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More on the Recovery Saga

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1. Today's Trading Playbook

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Last Thursday, Credit Agricole –Egypt- [CIEB] posted its 2021 preliminary figures. In general, the bank was able to achieve growth in bottom line of EGP1.6bn (+17% y/y), with net interest income growing to EGP2.9bn (+2.3% y/y). While we await the disclosure of the bank's full financials, here are our main takeaways:

- **Net interest income grew on lower funding costs:** CIEB achieved marginal growth in net interest income of only 2.3% to EGP2.9bn. The main driver for NII growth was lower funding costs, which declined by 2%. On the other hand, interest income for CIEB came mainly flat. CIEB was able to utilize a volume effect, only to the extent that even out weaker yields in 2021, resulting in a tepid net interest income growth.
- **Non-interest income and lower credit provisions supported earnings growth:** Despite faint net interest income growth, net earnings grew in a decent fashion (i.e. double-digit, mid-teens figure). This comes in light of higher net fees & commissions income, besides gains from the sale of a land in 5th settlement for EGP46mn. Furthermore, the bank booked 12% lower credit provisions during 2021, adding around EGP320mn. This occurred as NPLs ratio upped marginally by 27bps y/y to 3.3%. We note that effective tax rate came 160bps lower y/y at 28%.
- **Nifty balance sheet growth:** CIEB saw total assets grew by 16% y/y. Growth in total assets came accompanied by 17% y/y growth in total deposits to EGP48bn. Meanwhile, CIEB's loan portfolio grew 15%y/y to reach EGP31bn. Accordingly GLDR didn't move much at 64% vs. 65% a year earlier. CIEB's paid-in capital is now EGP5bn, distributed over 1.25bn shares, at a par value of EGP4.0/share. This comes in compliance with the new minimum paid capital requirements specified by the new banking law. We note that CIEB's ROAE has improved to 20% (+110bps y/y). The bank's BoD has suggested dividends distribution of EGP0.99/share, pending the approval of CBE and shareholders, and implying 11% in DY. CIEB is currently traded at TTM P/E and P/B of 6.8x and 1.25x respectively.

Now, on to the top news and analysis for the day.

2. TOP NEWS & ANALYSIS

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MACRO NEWS

In line with our expectations, the Central Bank of Egypt (CBE) left interest rates on hold for the tenth consecutive meeting last Thursday. ([CBE](#))

The government hiked fuel prices for the fourth time in less than a year. The fuel pricing committee decided to raise prices at the pump by another EGP0.25 per liter for 95, 92 and 80 octane fuel. The price for diesel remained unchanged at EGP6.75 per liter. ([Egyptian Cabinet](#))

CORPORATE NEWS

The subscription process for the public placement of Macro Group Pharmaceuticals [MCRO] was reportedly covered 6.49x as of last Thursday. First day of trading on shares of MCRO is expected to be on 10 February 2022. ([Amwal-Alghad](#))

Egyptian Financial & Industrial [EFIC] reported its standalone preliminary figures for 2021. EFIC reported net profit of EGP218.2mn (+203% y/y). Meanwhile top line grew to EGP1,2bn (+75% y/y). We note that EFIC's GPM has slipped to 39% (-4pp y/y). ([Company disclosure](#))

EPICO [PHAR] has announced that it started to produce "COVAPRAVIR", which is the new medicine used to treat Coronavirus. ([Mubasher](#))

Credit Agricole -Egypt- [CIEB] has announced its preliminary results for 2021. The bank achieved net earnings of EGP1.6bn (+17% y/y). Meanwhile, net Interest income upped to EGP2.9bn (+2.3% y/y). ([Company disclosure](#))

Odin Investments [ODIN] decreased its stake in Emerald Development & Projects Management [EMDE] to 49.5% from 50.0%. ([Mubasher](#))

GLOBAL NEWS

Oil prices surged to seven-year highs on Friday, extending their rally into a seventh week on ongoing worries about supply disruptions fueled by frigid U.S. weather and ongoing political turmoil among major world producers. OPEC+ decided last week to stick to moderate output increases, with the group already struggling to meet existing targets, despite pressure from top consumers to raise production more quickly. ([Reuters](#))

The U.S. economy created far more jobs than expected in January but despite the disruption to consumer-facing businesses from a surge in COVID-19 cases. This points to underlying strength that should sustain the expansion as the Federal Reserve starts to raise interest rates. ([Reuters](#))

The world's top central banks are about to embark on "the largest quantitative tightening in history", analysts at Morgan Stanley said, estimating that USD2.2tn worth of support would disappear over the next 12 months. ([Reuters](#))

The European Central Bank finally acknowledged mounting inflation risks and even opened the door a crack to an interest rate increase this year, marking a remarkable policy turnaround for one of the world's most dovish central banks. ([Reuters](#))

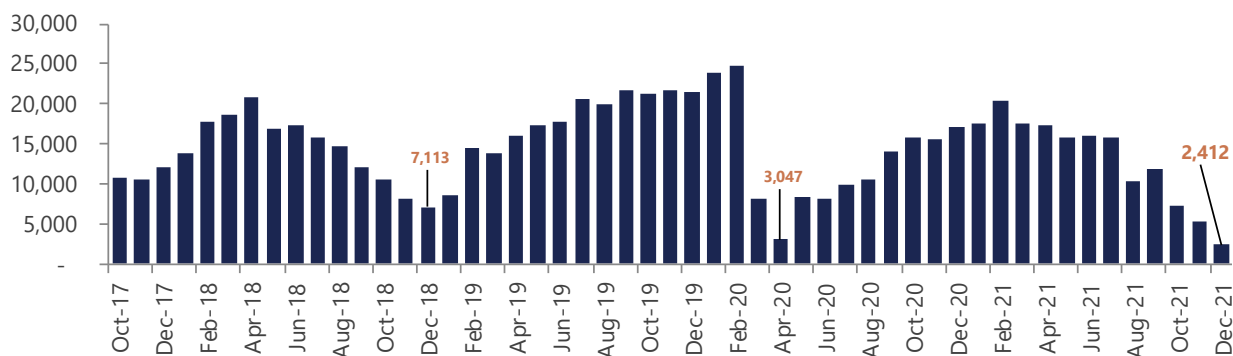
3. CHART OF THE DAY

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■ Total NFA at Banking Sector (USDmn)



Sources: CBE, prime Research.

By the end of 2021, Egypt's total stock of net foreign assets (NFA) (including NFA at commercial banks and CBE), fell sharply below the level following the 2018 and 2020 capital outflows waves.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
749.9					673.2 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	11,638.06	(0.46%)	(2.60%)		Gold	1,808.28	0.19%	(1.14%)
	EGX 30 TR	4,593.64	(0.48%)	(2.61%)		Silver	22.52	0.42%	(3.39%)
	EGX 70 EWI	2,163.20	(0.05%)	(1.75%)		Brent Oil	93.27	2.37%	19.92%
	EGX 100 EWI	3,193.02	(0.18%)	(1.91%)		WTI	92.31	2.26%	22.74%
	DFMGI	3,170.67	0.57%	(0.79%)		Natural Gas	4.57	(6.46%)	22.57%
	ADSMI	8,732.92	0.06%	2.88%	EGP	USD/EGP	15.73	(0.20%)	(0.12%)
	TASI	12,142.38	(0.41%)	7.63%	€	EUR/USD	1.14	0.08%	0.69%
	QE Index	12,654.78	0.35%	8.85%	£	GBP/USD	1.35	(0.49%)	(0.01%)
	S&P 500	4,500.53	0.52%	(5.57%)	¥	USD/JPY	115.26	(0.25%)	(0.16%)
	Dow 30	35,089.74	(0.06%)	(3.44%)		6M TB yield	12.10	4	(63)
	NASDAQ	14,098.01	1.58%	(9.89%)		1Y TB yield	13.21	0	44
	VIX	23.22	(4.64%)	34.84%		10Y TB yield	14.71	(1)	32
	STOXX 50	4,086.58	(1.31%)	(4.93%)		2Y TB yield	1.32	17	119
EM	MSCI Emerging	1,221.10	0.89%	(0.89%)		10Y TB yield	1.91	15	98
FM	MSCI Frontier	649.74	(0.00%)	(2.39%)		30Y TB yield	2.21	11	55

* As of market close. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

DATE	TICKER	TYPE	EVENT
6-Feb-22	MOIN	Cash dividend	Payment date for a dividend of EGP0.125/share (2nd installment).
12-Feb-22	DSCW	EGM	Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
13-Feb-22	ELSH	BoD meeting	Discussing agenda.
15-Feb-22	EAST	Cash dividend	Payment date for a dividend of EGP0.60/share (2nd installment).
15-Feb-22	CSAG	Cash dividend	Deadline for eligibility for a dividend of EGP1.27/share.
16-Feb-22	CSAG	Cash dividend	Ex-dividend date for EGP1.27/share.
17-Feb-22	BIOC	EGM	Discussing the sale of some assets.
17-Feb-22	AIFI	EGM	Amending Articles No. 5 & 6 of the company's bylaws.
20-Feb-22	CSAG	Cash dividend	Date for paying out a dividend of EGP1.27/share.
22-Feb-22	ETEL	EGM	Amending Article No. 21 of the company's bylaws.
23-Feb-22	ODID	EGM	Discussing applying a reward system for employees.
26-Feb-22	SPMD	OGM	A board reshuffle.
26-Feb-22	SPMD	EGM	Amending Article No. 21 of the company's bylaws.
26-Feb-22	OLFI	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
10-Mar-22	EGTS	OGM	Approving financial statements and other agenda items.
31-Mar-22	PACH	Cash dividend	Date for paying out a dividend of EGP0.50/share (2nd installment).

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
1-Feb-22	<u>MACROView – The Ripple Effect</u>
31-Jan-22	<u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u>
30-Jan-22	<u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u>
12-Jan-22	<u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u>
10-Jan-22	<u>MACROView – The Last Reading Ahead of a Cloudy Year</u>
30-Dec-21	<u>EGYPTCeramics – From Dusk to Dawn</u>
26-Dec-21	<u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u>
22-Dec-21	<u>MACROView – The Return of the ‘Vigilante’</u>
14-Dec-21	<u>MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation</u>
9-Dec-21	<u>MACROView – Another Retreat ... Until Further Notice</u>
8-Dec-21	<u>MACROView – For Stormy Days, Eyes on the Ball</u>
7-Dec-21	<u>EGYPTBanks – Takeoff Time</u>
5-Dec-21	<u>MACROView – Searching for Lost Momentum</u>
21-Nov-21	<u>TAKEStock – Nitrogen Fertilizers Local Price Hike</u>
17-Nov-21	<u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u>
17-Nov-21	<u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u>
15-Nov-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u>
15-Nov-21	<u>Elsowedy Electric [SWDY] – A Quarter to Forget?</u>
14-Nov-21	<u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u>
14-Nov-21	<u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u>
14-Nov-21	<u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u>
10-Nov-21	<u>MACROView – The Calm Before the Storm, or Maybe Not</u>
10-Nov-21	<u>CI Capital Holding [CICH] – Record-Breaking Quarter</u>
7-Nov-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u>
4-Nov-21	<u>MACROView – Underlying Strength, but Gathering Headwinds</u>
3-Nov-21	<u>MACROView – Gathering Clouds</u>
1-Nov-21	<u>TAKEStock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKEStock – Natural Gas Price Hike</u>
19-Oct-21	<u>MACROView – The Storm Is Gone but the Headwinds Persist</u>

13-Oct-21	<u>e-finance [EFIH] – An Eye-Opening IPO</u>
10-Oct-21	<u>MACROView – Walking a Tightrope</u>
6-Oct-21	<u>MACROView – On “Risk Control” Mode</u>
6-Oct-21	<u>MACROView – The Tortuous Path to Recovery</u>
19-Sep-21	<u>TAKEStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival</u>
15-Sep-21	<u>MACROView – Deciphering the Din of Battle</u>
14-Sep-21	<u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u>
9-Sep-21	<u>MACROView – Hot Summer Winds</u>
7-Sep-21	<u>MACROView – The Global Blessing Windfall</u>
6-Sep-21	<u>MACROView – Tempered, But Cautious, Optimism</u>
5-Sep-21	<u>Misr Chemical Industries [MICH] – Nice While It Lasted</u>
29-Aug-21	<u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u>
24-Aug-21	<u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u>
18-Aug-21	<u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u>
17-Aug-21	<u>Elsewedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>
16-Aug-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board</u>
11-Aug-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u>
10-Aug-21	<u>MACROView – July’s Feverous Inflation</u>
9-Aug-21	<u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u>
5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>
8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>
6-Jul-21	<u>MACROView – A Steady and Slow Recovery in the Making</u>
5-Jul-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-Jun-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-Jun-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-Jun-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-Jun-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>



6-Jun-21	<u>MACROView – Further Enhancement</u>
3-Jun-21	<u>MACROView – Contraction Eased</u>
23-May-21	<u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u>
23-May-21	<u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u>
22-May-21	<u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u>
20-May-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u>
20-May-21	<u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u>
18-May-21	<u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u>
18-May-21	<u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u>
17-May-21	<u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u>
11-May-21	<u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u>
9-May-21	<u>MACROView – Stability Prevailed</u>
6-May-21	<u>MACROView – The Road to Recovery Gets Longer</u>
18-Apr-21	<u>MACROView – Challenges Remain Daunting</u>
13-Apr-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u>
12-Apr-21	<u>Orascom Construction [ORAS] – Rich in Value</u>
11-Apr-21	<u>MACROView – Monthly Reading Pressured By Seasonality</u>
6-Apr-21	<u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u>
6-Apr-21	<u>MACROView – Still Downbeat</u>
28-Mar-21	<u>Taaleem Management Services [TALM] – Enriching the Education Sector</u>
18-Mar-21	<u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u>
10-Mar-21	<u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u>
8-Mar-21	<u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u>
7-Mar-21	<u>Al-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines</u>
3-Mar-21	<u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u>
2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
1-Mar-21	<u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u>
25-Feb-21	<u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u>
22-Feb-21	<u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u>
10-Feb-21	<u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u>

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