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## The Avalanche

### 1. Today's Trading Playbook

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Yesterday, the market went through a very violent trading session, with EGX 100 EWI down almost 5%. Both EGX 30 and EGX 70 EWI indices endured heavy losses of 1.2% and 6.3%, respectively. In spite of the market having a couple of stories or trading ideas, the negative dragging factors were overwhelming. They include (1) the overall geopolitical tension atmosphere with Russia's potential invasion of Ukraine, weighing on risk assets sentiment in general and energy markets in particular, (2) technical dislocations in the local small-cap universe, (3) poor performance by Macro Group Pharmaceuticals [**MCRO**] post its IPO (down 14% off its IPO price in just two trading sessions), and (4) intensifying margin calls. Post yesterday's session, EGX 30 is now traded at a 2022e P/E of 6.6x, implying a 15% earnings yield.

Elsewhere, Misr Chemical Industries [**MICH**] reported its Q2 2021/22 results. The performance in Q2 2021/22 represented a continuation of a remarkable performance, as MICH achieved a bottom line of EGP46mn vs. EGP40mn a year earlier (+15% y/y). The main driver behind such a strong earnings performance y/y is a solid top line of EGP132mn (+8% y/y), coupled with robust margins; GPM came in at 52.6% vs. 45.5% in Q2 2020/21 (+7.1pp y/y). However, the negative takeaway from Q2 2021/22 is the weak sequential performance, as revenues declined q/q by 5%, factoring in weaker sales volumes, pulling back bottom line 8% q/q. MICH has achieved an average monthly bottom line of EGP16mn during H1 2021/22. While we do not expect such a pace to continue, we see MICH achieving a low double-digit annual earnings growth, ending 2021/22 with a bottom line of EGP147mn (+10% y/y). MICH is currently traded at 2021/22e P/E of 5.0x and EV/EBITDA of 2.0x. In view of Q2 2021/22 results, we maintain our rating for MICH at Overweight. We also maintain our 12MPT at EGP13.9/share, offering a 42% upside to yesterday's closing price. We note that MICH is one of the 15 stocks we picked in our [STANDPoint 2022 strategy outlook](#) published on 30 January 2022. For more details, please check out our [results commentary note](#) published yesterday.

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

## 2. TOP NEWS & ANALYSIS

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### MACRO NEWS

**The trade balance deficit of Egypt dropped by 63.1% y/y in November 2021 to USD1.19bn.** The value of exports increased by 80% y/y, reaching USD4.5bn during November 2021. ([Zawya](#))

**The Minister of Supply & Internal Trade said that a committee has been formed in the Ministry of Finance to study policies to hedge against rising wheat prices.** The minister also stressed that the strategic reserve of wheat is safe and sufficient for a period of 5.4 months. ([Al-Borsa](#))

### CORPORATE NEWS

**Alexandria Mineral Oils Co.'s [AMOC] H1 2021/22 consolidated bottom line after minority came in at EGP399mn vs. net losses EGP48mn a year earlier.** Reverting to profitability was mainly caused by a 67% improvement in top line to EGP7.1bn, coupled with a 5pp improvement in GPM to 9%. While we see H2 2021/22 to be most likely weaker than H1 2021/22, AMOC is still traded at 2021/22e P/E of 7x. ([Company disclosure](#))

**Heliopolis Housing & Development [HELI] plans to complete several partnerships with real estate developers in New Heliopolis and East Cairo over the next five years.** HELI aims to develop 500 acres of land through partnership agreements. ([Al-Mal](#))

**Makadi Heights, a subsidiary of Orascom Development Egypt [ORHD], has signed a cooperation agreement with Solarise Egypt to build the city's first solar power plant with an initial investment of EGP18mn.** The plant will be built on an area of 15,000sqm and operations will start during 2023. ([Al-Borsa](#))

**Dice Sport & Casual Wear's [DSCW] EGM approved a cash capital increase, raising its issued capital by EGP265mn to EGP371mn at a par value of EGP0.20/share.** ([Company disclosure](#))

**Delta for Printing & Packaging [DTPP] recorded earnings of EGP19.9mn (-46% y/y) in 2021 on EGP253.3mn revenues (+3.2% y/y).** This contradiction comes from higher raw material prices which pulled GPM lower to 21% vs. 29% a year earlier. ([Company disclosure](#))

### GLOBAL NEWS

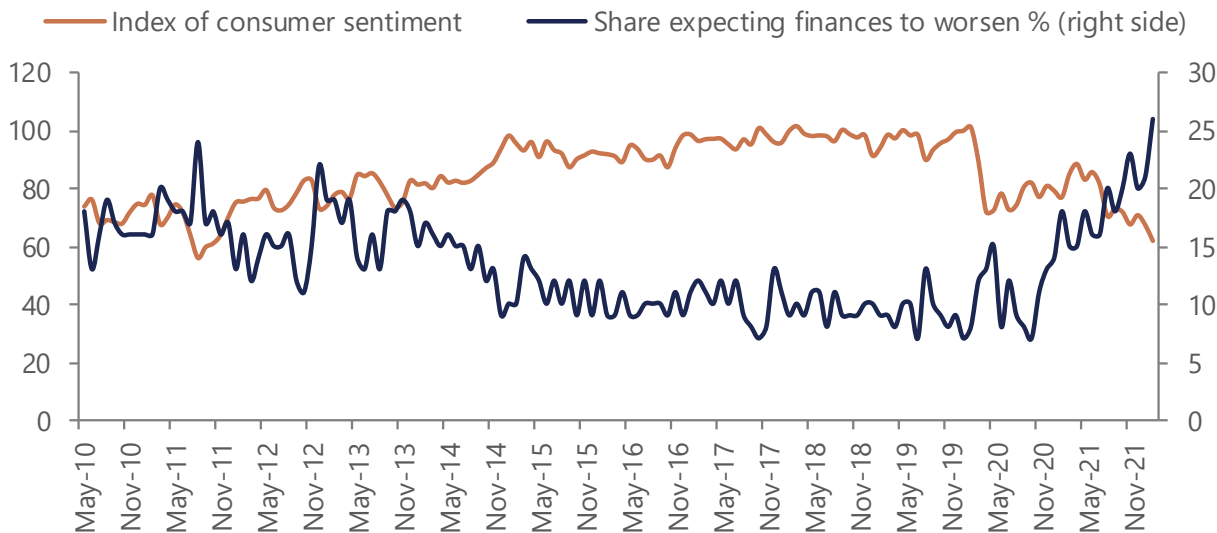
**Being too "abrupt and aggressive" with interest rate increases could be counter-productive to the Federal Reserve's goals, San Francisco Federal Reserve Bank President Mary Daly said on Sunday,** signaling she is not yet prepared to come out of the gate with a half-percentage-point interest rate hike next month. ([Reuters](#))

**Oil prices on Monday hit their highest in more than seven years** on fears that a possible invasion of Ukraine by Russia could trigger U.S. and European sanctions that would disrupt exports from the world's top producer in an already tight market. ([Reuters](#))

### 3. CHART OF THE DAY

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Sources: Bloomberg.

According to the University of Michigan's sentiment index, consumer sentiment in the U.S. has dropped to a new decade low as expectations for financial distress have deteriorated due to inflation concerns.

## 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						726.7		Equity turnover (EGPmn): Last, ytd avg.			1,023.5		1,178.6	

5-Mar-22	PRDC	EGM	Amending Article No. 32 of the company's bylaws.
5-Mar-22	OLFI	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
6-Mar-22	PRCL	OGM	A board reshuffle.
10-Mar-22	EGTS	OGM	Approving financial statements and other agenda items.
10-Mar-22	FAIT	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
15-16 Mar-22		FOMC	Discussing Policy Rate.
24-Mar-22		MPC Meeting	Determining the CBE's policy rate.
31-Mar-22	PACH	Cash dividend	Date for paying out a dividend of EGP0.50/share (2nd installment).

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
13-Feb-22	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
10-Feb-22	<a href="#"><u>MACROView – Ebb and Flow</u></a>
10-Feb-22	<a href="#"><u>MACROView – The Cloudy Year Has Just Begun</u></a>
9-Feb-22	<a href="#"><u>Elsewedy Electric [SWDY] – Ending 2021 on a Good Note</u></a>
8-Feb-22	<a href="#"><u>MACROView – A Fall in Disguise</u></a>
7-Feb-22	<a href="#"><u>Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock</u></a>
1-Feb-22	<a href="#"><u>MACROView – The Ripple Effect</u></a>
31-Jan-22	<a href="#"><u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u></a>
<b>30-Jan-22</b>	<b><a href="#"><u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u></a></b>
12-Jan-22	<a href="#"><u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u></a>
10-Jan-22	<a href="#"><u>MACROView – The Last Reading Ahead of a Cloudy Year</u></a>
<b>30-Dec-21</b>	<b><a href="#"><u>EGYPTCeramics – From Dusk to Dawn</u></a></b>
<b>26-Dec-21</b>	<b><a href="#"><u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u></a></b>
22-Dec-21	<a href="#"><u>MACROView – The Return of the 'Vigilante'</u></a>
14-Dec-21	<a href="#"><u>MACROView – When "Bad" Inflation Clouds the Path of "Good" Inflation</u></a>
9-Dec-21	<a href="#"><u>MACROView – Another Retreat ... Until Further Notice</u></a>
8-Dec-21	<a href="#"><u>MACROView – For Stormy Days, Eyes on the Ball</u></a>
<b>7-Dec-21</b>	<b><a href="#"><u>EGYPTBanks – Takeoff Time</u></a></b>
5-Dec-21	<a href="#"><u>MACROView – Searching for Lost Momentum</u></a>
21-Nov-21	<a href="#"><u>TAKESock – Nitrogen Fertilizers Local Price Hike</u></a>
17-Nov-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u></a>
17-Nov-21	<a href="#"><u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u></a>

15-Nov-21	<a href="#"><u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u></a>
15-Nov-21	<a href="#"><u>Elsewedy Electric [SWDY] – A Quarter to Forget?</u></a>
14-Nov-21	<a href="#"><u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u></a>
14-Nov-21	<a href="#"><u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u></a>
14-Nov-21	<a href="#"><u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u></a>
10-Nov-21	<a href="#"><u>MACROView – The Calm Before the Storm, or Maybe Not</u></a>
10-Nov-21	<a href="#"><u>CI Capital Holding [CICH] – Record-Breaking Quarter</u></a>
7-Nov-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u></a>
4-Nov-21	<a href="#"><u>MACROView – Underlying Strength, but Gathering Headwinds</u></a>
3-Nov-21	<a href="#"><u>MACROView – Gathering Clouds</u></a>
1-Nov-21	<a href="#"><u>TAKEStock – Separating the Wheat from the Chaff</u></a>
31-Oct-21	<a href="#"><u>TAKEStock – Natural Gas Price Hike</u></a>
19-Oct-21	<a href="#"><u>MACROView – The Storm Is Gone but the Headwinds Persist</u></a>
13-Oct-21	<a href="#"><u>e-finance [EFIH] – An Eye-Opening IPO</u></a>
10-Oct-21	<a href="#"><u>MACROView – Walking a Tightrope</u></a>
6-Oct-21	<a href="#"><u>MACROView – On “Risk Control” Mode</u></a>
6-Oct-21	<a href="#"><u>MACROView – The Tortuous Path to Recovery</u></a>
19-Sep-21	<a href="#"><u>TAKEStock – Consumer Staples (Food &amp; Beverage) – All You Can Eat Festival</u></a>
15-Sep-21	<a href="#"><u>MACROView – Deciphering the Din of Battle</u></a>
14-Sep-21	<a href="#"><u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u></a>
9-Sep-21	<a href="#"><u>MACROView – Hot Summer Winds</u></a>
7-Sep-21	<a href="#"><u>MACROView – The Global Blessing Windfall</u></a>
6-Sep-21	<a href="#"><u>MACROView – Tempered, But Cautious, Optimism</u></a>
5-Sep-21	<a href="#"><u>Misr Chemical Industries [MICH] – Nice While It Lasted</u></a>
29-Aug-21	<a href="#"><u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u></a>
24-Aug-21	<a href="#"><u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u></a>
18-Aug-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u></a>
17-Aug-21	<a href="#"><u>Elsewedy Electric [SWDY] – Impressive Set of Results</u></a>
17-Aug-21	<a href="#"><u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u></a>
16-Aug-21	<a href="#"><u>B Investments Holding [BINV] – Growth Dented Across the Board</u></a>
11-Aug-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u></a>
10-Aug-21	<a href="#"><u>MACROView – July’s Feverous Inflation</u></a>

9-Aug-21	<a href="#"><u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u></a>
5-Aug-21	<a href="#"><u>MACROView – The Sky Is No Blue</u></a>
4-Aug-21	<a href="#"><u>MACROView – Constrained Recovery</u></a>
26-Jul-21	<a href="#"><u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u></a>
13-Jul-21	<a href="#"><u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u></a>
8-Jul-21	<a href="#"><u>MACROView – Inflation Edged Up, As Expected</u></a>
8-Jul-21	<a href="#"><u>MACROView – External Buffers Still Powering Ahead</u></a>
6-Jul-21	<a href="#"><u>MACROView – A Steady and Slow Recovery in the Making</u></a>
<b>5-Jul-21</b>	<b><a href="#"><u>Abu Qir Fertilizers [ABUK] – Talking U</u></a></b>
16-Jun-21	<a href="#"><u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u></a>
14-Jun-21	<a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Earnings Flattened by Factoring Cost</u></a>
10-Jun-21	<a href="#"><u>MACROView – Inflation Risk Rising, but Still Within Target</u></a>
8-Jun-21	<a href="#"><u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u></a>
6-Jun-21	<a href="#"><u>MACROView – Further Enhancement</u></a>
3-Jun-21	<a href="#"><u>MACROView – Contraction Eased</u></a>
23-May-21	<a href="#"><u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u></a>
23-May-21	<a href="#"><u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u></a>
22-May-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u></a>
20-May-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u></a>
20-May-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u></a>
<b>18-May-21</b>	<b><a href="#"><u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u></a></b>
18-May-21	<a href="#"><u>Elsowedy Electric [SWDY] – Financials promise a buoyant year ahead</u></a>
17-May-21	<a href="#"><u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u></a>
11-May-21	<a href="#"><u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u></a>
9-May-21	<a href="#"><u>MACROView – Stability Prevailed</u></a>
6-May-21	<a href="#"><u>MACROView – The Road to Recovery Gets Longer</u></a>
18-Apr-21	<a href="#"><u>MACROView – Challenges Remain Daunting</u></a>
<b>13-Apr-21</b>	<b><a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u></a></b>
<b>12-Apr-21</b>	<b><a href="#"><u>Orascom Construction [ORAS] – Rich in Value</u></a></b>
11-Apr-21	<a href="#"><u>MACROView – Monthly Reading Pressured By Seasonality</u></a>
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28-Mar-21	<a href="#"><u>Taaleem Management Services [TALM] – Enriching the Education Sector</u></a>
18-Mar-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u></a>
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