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Distinctly Possible

1. Today's Trading Playbook

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U.S. equities surged notably on Tuesday, as the intensifying tension regarding Ukraine-Russia took a breather yesterday. This comes in light of Russia saying that it had withdrawn some of its troops near the Ukraine border. The impact of such announcement was a sentiment improving for risk assets, where Asian and European equities responded favorably. Meanwhile, Brent oil prices retreated, as easing geopolitical tension weaken the argument for a substantial supply destruction.

Here at home, the Central Bank of Egypt's (CBE) deputy governor Ramy Abonaga hosted a conference call yesterday to review recent macroeconomic trends and key projections. Among the important highlights from yesterday's call are:

- **NFA situation at commercial banks:** the banking sector's foreign currency liquidity ratio is healthy and the government's current shortfall in the NFA position is not unprecedented, Abonaga said, explaining the country encountered similar circumstances in 2016 and 2018. Throughout these periods, commercial banks were able to weather the storm without experiencing a disruption in their FX liquidity. In addition, the current situation reflects the banks' active attempts to secure their foreign currency needs at favorable conditions. Consequently, banks increase their liability to offset the potential negative effect of a faster-than-expected global tightening cycle.
- **Import regulation:** The recently announced import regulation requirements are consistent with the framework for import operation governance and the mandatory pre-registration system for shipments beginning in March.
- **Monetary policy:** The CBE's policy rate decision is data-dependent, and the current monetary policy setting is on track to meet the inflation objective of 7% (± 2 %) on average in Q4 2022 as well as achieve medium-term price stability. The CBE keeps a close eye on all economic events and will not hesitate to use all available measures to carry out its mandate of price stability.

That said, we will be sending a MACROView note, summarizing the event of the conference call.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The Central Bank of Egypt (CBE) is not about to reverse its decision requiring importers to get letters of credit for their purchases. ([Middle East news agency](#))

Egypt's unemployment declined fractionally to 7.4% in Q4 2021 from 7.5% the previous quarter, according to the latest data from CAPMAS. ([Enterprise](#))

The Suez Canal Authority (SCA) is considering selling 20% stakes in two or three of its companies on the EGX, authority boss Osama Rabie was quoted. ([CNBC ARABIA](#))

Emirates National Oil Company (ENOC) subsidiary Dragon Oil has discovered a 100mn-bbl oil field in the Gulf of Suez concessions it acquired from BP in 2020. ([Ministry of Petroleum](#))

CORPORATE NEWS

Palm Hills Developments [PHDC] has announced KPI for the year 2021. New Sales recorded EGP17.3bn, a growth of 35% y/y, the highest in the company's history. Sales growth was driven by 82% y/y increase in number of units sold, which reached 3,350 units during 2021 vs 1,840 units last year. Residential sales recorded EGP15.3bn where Badya contributed 26% to the total, a growth of 316% y/y. ([Company disclosure](#))

Eastern Company [EAST] Q2 2021/22 saw the company achieving net earnings of EGP1.3bn (-4% y/y). Reason for earnings slippage are: (1) flattish top line came y/y, growing by only 0.25% to EGP4.2bn, (2) early retirement related expenses of EGP375mn, and (3) slightly higher effective tax rate. ([Company disclosure](#))

Heliopolis Housing [HELI] Q2 2021/22 saw the company achieving net earnings of EGP91mn vs. net losses of EGP43m a year earlier. Turning to profitability was the product of 278% y/y higher gross profits of EGP103mn v. EGP27mn a year earlier, as well as higher leasing income. ([Company disclosure](#))

Egypt Aluminum [EGAL] reported its H1 2021/22 results. EGAL registered a net profit for the period of EGP814mn vs. net losses of EGP341mn a year earlier. Meanwhile topline recorded EGP6.7bn (+33.5% y/y). EGAL's GPM for the period was 18.8% vs. GLM of 9.5% a year earlier. Reasons for such performance turnaround are better sales volumes, coupled with a strong rally in aluminum base prices globally. ([Company disclosure](#))

Paint and Chemicals Industries [PACH] reported its preliminary consolidated figures for H1 2021/22. PACH reported net loss of EGP12.8mn vs. net profit of EGP35.4mn a year earlier.

While top line increased to EGP428mn vs. EGP415mn (+3.1% y/y). Turning to net loss was caused by lower margins as GPM dropped to 7.6% vs. 19.3% a year earlier. ([Company disclosure](#))

Emaar Misr for Development [EMFD] has contracted with Pioneers of Modern Engineering to implement the integrated “May Park” commercial center in the Downtown Mivida project in New Cairo, at a value of EGP1bn. The total area of the park is more than 42,000 sqm. ([Al-Borsa](#))

GLOBAL NEWS

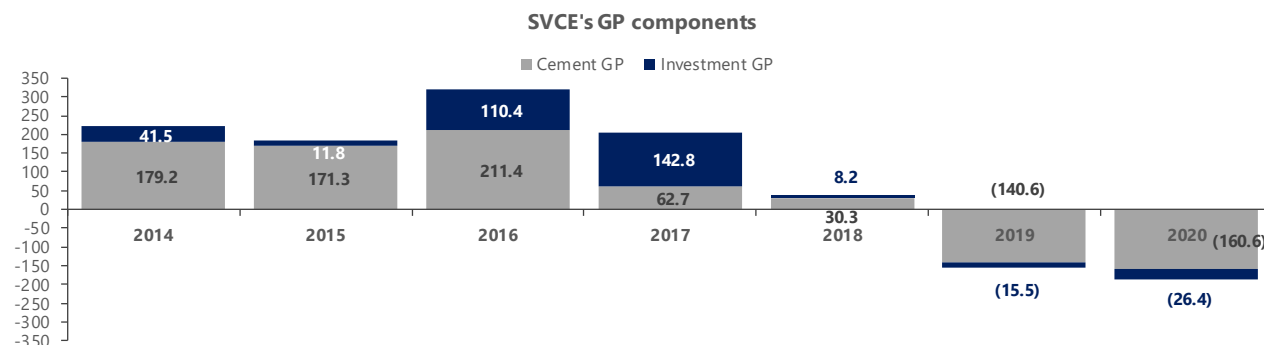
The U.S. Federal Reserve will kick off its tightening cycle in March with a 25bps interest rate hike, a Reuters poll of economists found, but a growing minority say it will opt for a more aggressive half-point move to tamp down inflation. ([Reuters](#))

Developing countries must quickly strengthen their financial sectors, the World Bank said on Tuesday, warning that rising inflation, interest rates and alarming levels of debt distress could trigger a global chain reaction not seen in generations. ([Reuters](#))

3. CHART OF THE DAY

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Sources: Company Financials.

SVCE's GP components: The graph shows how both cement and investing activities shapes SVCE's gross profit, cement GP was dominating in 2014 and 2015, then investing GP gave a huge boost (34% of total GP) in 2016. In 2017 after EGP flotation and cement margins sharply decreased, investing activities maintained SVCE's GP near historical average before falling in 2018.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						728.9	
						daily chg.	ytd chg.
		EGX 30	11,563.38	1.40%	(3.23%)		
		EGX 30 TR	4,567.73	1.45%	(3.16%)		
		EGX 70 EWI	1,986.56	1.18%	(9.78%)		
		EGX 100 EWI	2,994.32	1.14%	(8.01%)		
		DFMGI	3,278.86	0.96%	2.60%		
		ADSMI	9,135.18	0.32%	7.62%		
		TASI	12,350.64	1.20%	9.47%		
		QE Index	12,714.32	0.17%	9.36%		
		S&P 500	4,471.07	1.58%	(6.19%)		
		Dow 30	34,988.84	1.22%	(3.71%)		
		NASDAQ	14,139.76	2.53%	(9.62%)		
		VIX	25.70	(9.28%)	49.25%		
		STOXX 50	4,143.71	1.95%	(3.60%)		
		MSCI Emerging	1,229.05	0.71%	(0.24%)		
		MSCI Frontier	649.91	1.00%	(2.36%)		

Equity turnover (EGPmn): Last, ytd avg.						760.0 1,178.6	
						daily chg.	ytd chg.
		Gold	1,853.61	(0.94%)	1.40%		
		Silver	23.36	(2.00%)	0.46%		
		Brent Oil	93.28	0.03%	19.97%		
		WTI	92.07	0.17%	22.63%		
		Natural Gas	4.31	3.51%	19.49%		
EGP		USD/EGP	15.71	0.15%	0.01%		
€		EUR/USD	1.14	0.00%	(0.10%)		
£		GBP/USD	1.35	0.13%	0.18%		
¥		USD/JPY	115.61	(0.06%)	(0.49%)		
		6M TB yield	12.11	0	(62)		
		1Y TB yield	13.22	1	45		
		10Y TB yield	14.72	1	33		
		2Y TB yield	1.57	5	144		
		10Y TB yield	2.05	7	112		
		30Y TB yield	2.37	12	71		

* As of market close, except for commodities and currencies at 8.3am CLT. 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
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.
23-Feb-22	CANA	Stock dividend	Last date for eligibility for a 0.32-for-1 stock dividend.
24-Feb-22	CANA	Stock dividend	Date for distributing a 0.32-for-1 stock dividend.
24-Feb-22	ETEL	Earnings Announcement	Announcing 2021 financial results.
26-Feb-22	SPMD	OGM	A board reshuffle.
26-Feb-22	SPMD	EGM	Amending Article No. 21 of the company's bylaws.
3-Mar-22	RTVC	EGM	Approving valuation & selling Amban for tourism investments.
3-Mar-22	FWRV	EGM	Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
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
14-Feb-22	Abu Qir Fertilizers [ABUK] – Another Record-High Quarter
13-Feb-22	Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed
10-Feb-22	MACROView – Ebb and Flow
10-Feb-22	MACROView – The Cloudy Year Has Just Begun
9-Feb-22	Elsowedy Electric [SWDY] – Ending 2021 on a Good Note
8-Feb-22	MACROView – A Fall in Disguise
7-Feb-22	Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock

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>Elsewedy 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>Elsowedy 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>Elsowedy 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>

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