

TABLE OF CONTENTS

1. Today's Trading Playbook	2. Top News & Analysis	3. Chart of the Day
4. Markets Performance	5. Latest EGX Valuation Multiples	6. Key Dates
		7. Latest Research

The Russians Are In

1. Today's Trading Playbook

[**TABLE OF CONTENTS**](#)

KEY THEMES

Global equities fell under severe pressures this morning, where safe havens alongside with other commodities surged. The most recent escalation in the Russia-Ukraine situation saw Russia firing missiles at various Ukrainian cities, while troops landed on its south coast. This took place shortly after Russian President Vladimir Putin said he had authorized what he called a special military operation.

The oil market dealt with the news by sending Brent oil prices beyond the USD100/bbl mark for the first time in eight years. While the U.S. dollar has strengthened, gold prices were up too, with similar price action seen over other commodities including natural gas, aluminum, copper, wheat, corn, and soybeans.

It is unclear if Russia will only be subject to much tighter sanctions at this point, or we will have in our hands a wider range military combat. Strategic thinking seems a very challenging task in this specific situation, as investors enter risk off mood. Meanwhile, from a tactical standpoint, commodity linked stocks with local feedstock could come out as winners if the situation persists. Names such as Abu Qir Fertilizers [**ABUK**], Misr Fertilizers Production [**MFPC**], EK Holding [**EKHO**], Egyptian Financial and Industrial [**EFIC**], Egypt Aluminum [**EGAL**], Misr Chemical Industries [**MICH**], Sidi Kerir Petrochemicals [**SKPC**], Qalaa Holdings [**CCAP**], and Alexandria Mineral Oils [**AMOC**] should benefit depending on the direction and the degree of escalation between Russia, Ukraine, and NATO.

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

2. TOP NEWS & ANALYSIS

[**TABLE OF CONTENTS**](#)

MACRO NEWS

Egypt has reportedly appointed six international banks to manage its maiden USD2bn sovereign sukuk issuance. ([Bloomberg](#))



Egypt is “waiting for the final green light” from Washington, as well as a funding commitment between Beirut and the World Bank, before it goes ahead with plans to ship natural gas to Lebanon via Syria, Lebanese Energy Minister said. ([Bloomberg Asharq](#))

Egypt is scheduled to sign two memoranda of understanding with two companies from China and Germany to locally assemble electric cars at El Nasr Automotive Factory in the next few days. ([Al-Borsa](#))

CORPORATE NEWS

Oriental Weavers Carpet [ORWE] reported net income after minority of EGP1.1bn (+16% y/y) in 2021 on higher revenues of EGP11.4bn (+20% y/y), higher gross profit margin of 16.1% (+229bps). Meanwhile, ORWE's BoD proposed a dividend distribution of EGP1/share which suggests a dividend yield of 12%). (Company disclosure: [1](#), [2](#))

Orascom Construction [ORAS] is among eleven companies preparing their offers for national water desalination projects worth total EGP2.8bn. Meanwhile, ORAS is also among an alliance led by ALSTOM to submit technical and financial proposal for the 6th line of Cairo metro. (Al-Borsa)

EPICO [PHAR] standalone net earnings grew 7% y/y to EGP484mn on higher top line of EGP3.4bn (20.5% y/y). ([Company disclosure](#))

General Company for Ceramic and Porcelain Products [PRCL] has reported its audited financials for H1 2021/22 with net losses of EGP28.5mn vs. EGP21.9mn a year earlier. This comes in light of top line slippage by 7% y/y to EGP104.5mn. Meanwhile, GPM dropped to 2.9% from 12% the year earlier. This drop was caused mainly by higher raw material prices ([Company disclosure](#)).

GLOBAL NEWS

Saudi Aramco closed a deal to sell a stake in its natural-gas pipelines for USD15.5bn and entered into a pact with BlackRock to explore low carbon energy projects. ([Bloomberg](#))

Oil prices surged, with Brent breaching USD100 a barrel for the first time since 2014 on Thursday as Russia attacked Ukraine, exacerbating concerns that a war in Europe could disrupt global energy supplies. ([Reuters](#))

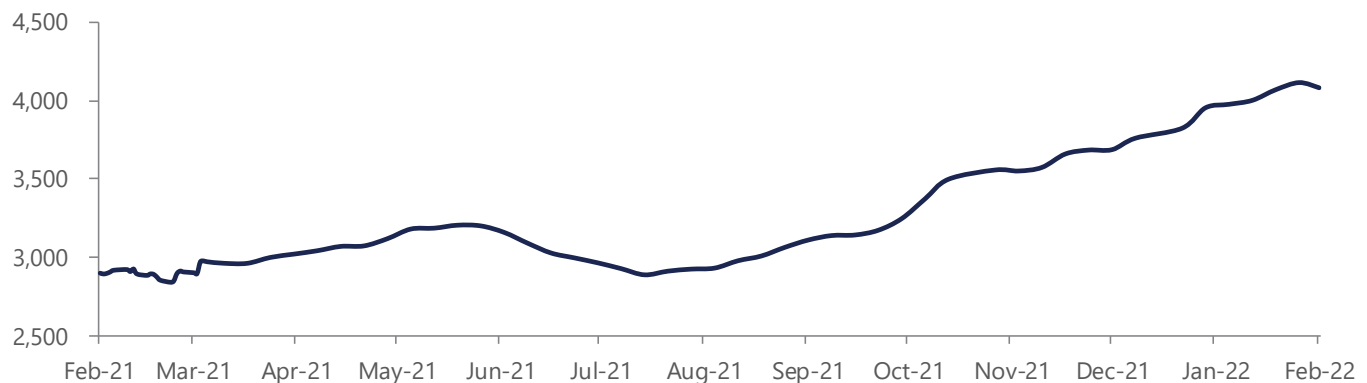
3. CHART OF THE DAY

TABLE OF CONTENTS

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Skim Milk Powder (SMP) Prices (USD/Ton) (Feb. 2022)













































Source: Bloomberg.

The price of skim milk powder (SMP) has surged 41% y/y to USD4,084/ton.

4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)						713.7		Equity turnover (EGPmn): Last, ytd avg.				625.9		1,178.6			
						daily chg.		ytd chg.						daily chg.		ytd chg.	
		EGX 30	11,301.08	(0.01%)	(5.42%)			Gold	1,909.01	0.55%		6.04%					
		EGX 30 TR	4,460.15	(0.04%)	(5.44%)			Silver	24.55	1.82%		7.22%					
		EGX 70 EWI	1,950.52	0.54%	(11.41%)			Brent Oil	96.84	5.53%		31.40%					
		EGX 100 EWI	2,934.54	0.48%	(9.85%)		WTI	92.10	5.28%		28.92%						
		DFMGI	3,335.79	0.80%	4.38%			Natural Gas	4.62	5.00%		30.13%					
		ADSMI	9,100.28	(0.03%)	7.21%	EGP		USD/EGP	15.71	0.01%		0.02%					
		TASI	12,527.63	(0.27%)	11.04%	€		EUR/USD	1.13	(0.59%)		(1.14%)					
		QE Index	12,749.24	0.46%	9.66%	£		GBP/USD	1.35	(0.30%)		(0.21%)					
			S&P 500	4,225.50	(1.84%)	(11.34%)	¥		USD/JPY	115.01	0.06%		0.52%				
			Dow 30	33,131.76	(1.38%)	(8.82%)			6M TB yield	12.10	(1)		(63)				
			NASDAQ	13,037.49	(2.57%)	(16.67%)			1Y TB yield	13.22	1		45				
		VIX	31.02	7.67%	80.14%		10Y TB yield	14.71	(1)		32						
		STOXX 50	3,973.41	(0.30%)	(7.56%)			2Y TB yield	1.49	(7)		136					
		MSCI Emerging	1,206.86	0.02%	(2.04%)			10Y TB yield	1.87	(7)		94					
		MSCI Frontier	639.36	0.04%	(3.95%)			30Y TB yield	2.20	(4)		54					

* 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

TABLE OF CONTENTS

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

6. KEY DATES

DATE	TICKER	TYPE	EVENT
24-Feb-22	CANA	Stock dividend	Date for distributing a 0.32-for-1 stock dividend.
24-Feb-22	MICH	BoD meeting	Follow up on production, sales and exports.
26-Feb-22	SPMD	OGM	A board reshuffle.
26-Feb-22	SPMD	EGM	Amending Article No. 21 of the company's bylaws.
27-Feb-22	EKHO	BoD meeting	Discussing financial results.
1-Mar-22	AIFI	EGM	Amending Articles No. 5 & 6 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.
3-Mar-22	ETEL	Earnings Announcement	Announcing 2021 financial results.
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.
13-Mar-22	PHDC	EGM	Concerning the company's obtaining financing for the Badia project.
15-16 Mar-22		FOMC	Discussing Policy Rate.
20-Mar-22	SPMD	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
23-Mar-22	ADIB	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
23-Mar-22	ADIB	EGM	Amending Articles No. 6, 7 & 25 of the bank's bylaws.
24-Mar-22		MPC Meeting	Determining the CBE's policy rate.
28-Mar-22	SWDY	OGM	Approving financial statements ending 31 Dec. 2021 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
22-Feb-22	Commercial International Bank (CIB) [COMI] - 2021, a Grand Finale
21-Feb-22	Crédit Agricole Egypt (CAE) [CIEB] - Non-Interest Income Saves the Day
20-Feb-22	Abu Dhabi Islamic Bank - Egypt [ADIB] – Wise Utilization Enhances Profitability
17-Feb-22	Al Baraka Bank Egypt [SAUD] – Earnings Pressured by Higher Cost of Risk
16-Feb-22	MACROView – A Soothing Message From the CBE ... and Our Takeaways
14-Feb-22	Abu Qir Fertilizers [ABUK] – Another Record-High Quarter

13-Feb-22	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
10-Feb-22	<u>MACROView – Ebb and Flow</u>
10-Feb-22	<u>MACROView – The Cloudy Year Has Just Begun</u>
9-Feb-22	<u>Elsewedy Electric [SWDY] – Ending 2021 on a Good Note</u>
8-Feb-22	<u>MACROView – A Fall in Disguise</u>
7-Feb-22	<u>Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock</u>
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>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>

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