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Ruined Correlations

1. Today's Trading Playbook

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KEY THEMES

After high-level talks yesterday between Ukraine and Russia, peace was not reached, yet the talks did not result in any sort of escalations either in the form of military conflict or fresh waves of economic sanctions. As a result, global equities took a breather, with Asian shares taking a break from a jittery trading. On the other hand, failure to achieve concrete progress continued to fuel the rally in oil prices, as worries over supply are still a thing amidst tight sanctions placed on Russia. We note that yesterday the Russian central bank raised its key interest rate to 20% from 9.5% in an emergency move to protect against dollarization. The U.S. dollar has been strengthening since the conflict kicked off, with the U.S. dollar index (**DX**) very close to the 100 mark. Historically, a stronger U.S. dollar is associated with softer commodity prices; however, markets today are pricing in unusual supply factors that are ruining long-established correlations.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's fiscal deficit increased during 7M FY22 to 4.7% of GDP, compared to 4.4% for the same period of the last fiscal year, under pressure from increased expenditures, especially interests payments and social subsidy. ([Asharq business](#))

State grain buyer GASC cancelled its wheat tender yesterday on the back of high prices. ([Bloomberg](#))

The Ministry of Finance (MoF) confirmed that the plan to offer 10 state-owned companies on the Egyptian Exchange during 2022 is still valid, adding "there is no tendency to postpone the government offering program due to the fluctuation of financial markets globally after the events of Ukraine." ([Asharq business](#))

CORPORATE NEWS

EK Holding's [EKHO] 2021 attributable net income came at USD171mn (+47% y/y) on the back of 38% y/y growth in top line of USD833.4mn, coupled with a 7pp expansion in GPM to 44%. EKHO saw strong growth coming from its fertilizer & petrochemicals segment, as the segment's net income grew by 73% y/y, driven from robust urea prices as well as higher volumes for Sprea's products. On the other hand, the energy and energy-related segment registered a 17% growth in bottom line, driven by increasing household connections at NatEnergy and growing contributions from Kahraba. We note that the BoD has suggested a cash dividend of USD0.07/share, implying a 5% yield. ([Company disclosure](#))

Madinet Nasr Housing & Development [MNHD] has posted its unaudited results for 2021 with a consolidated net profit of EGP283mn (-72%y/y). The company reported revenues of EGP2,230mn (-28% y/y) and a gross profit margin of 34% compared to 55% last year. MNHD is currently traded at 2021 P/E of 13.0x. ([Company disclosure](#))

TMG Holding [TMGH] announced its real estate new sales of EGP32.4bn during 2021 (+95%y/y), compared to EGP16.6bn a year earlier, where its newly-launched Noor project contributed EGP18.5bn. TMGH's real estate revenues grew by 2%, achieving EGP12.1bn vs. EGP11.8bn last year. ([Arab finance](#))

Housing & Development Bank's [HDBK] preliminary stand-alone 2021 figures showed flat net earnings of EGP1.8bn, despite a 17% higher net interest income of EGP3.7bn. We note that HDBK's BoD has suggested a DPS of EGP2.5/share, implying a 6% yield and pending CBE approval. ([Company disclosure](#))

Egyptian Financial & Industrial Co. [EFIC] net earnings in 2021 surged notably to EGP304mn (+139% y/y) on higher volumes and a leap in average selling prices. Top line grew 93% y/y to EGP2.7bn, while GPM registered 30% (-6pp y/y). ([Company discourse](#))

Kafr El-Zayat Pesticides & Chemicals' [KZPC] BoD has suggested a cash dividend of EGP4.0/share, implying a 13% yield. We note that KZPC's net earnings in 2021 came at EGP73mn (+168% y/y) on higher top line and improvement in GPM. ([Mubasher](#))

Ghazl El-Mahalla Football Co.'s (GMFC) public offering is targeted for the first two weeks in March, following the issuance of the approval of the Financial Regulatory Authority (FRA) on the IPO prospectus, provided that April will witness the start of trading on GMFC's shares. ([Al-Borsa](#))

GLOBAL NEWS

Asia's factories sustained a brisk recovery in February amid signs the coronavirus was having less of an impact of business, but the Ukraine crisis has rapidly emerged as a fresh risk that could disrupt supply chains and worsen cost pressures. ([Reuters](#))

Investors further reduced bets for interest rate hikes from major central banks this year, as the West ramped up sanctions against Russia for invading Ukraine, creating fresh uncertainty about the world economic outlook. ([Reuters](#))

Aluminum edged higher on Tuesday, propped up by supply jitters as an intensifying Ukraine conflict led Western countries to mount sanctions on Russia, a major metals producer. ([Reuters](#))

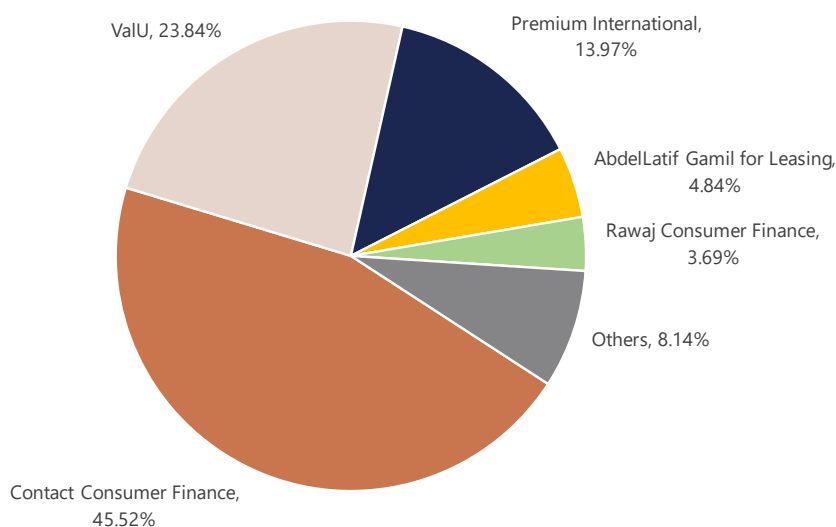
3. CHART OF THE DAY

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Egypt's Consumer Finance Top Five Players by Market Share
(ytd as of December 2021)



Source: FRA, Prime Research.

Egypt's consumer finance market reached EGP9.7bn by end of December 2021. Contact Consumer Finance, a Contact Financial Holding [**CNFN**] subsidiary, still leads with the highest market share of 45.52%, followed by ValU, EFG Hermes Holding's [**HRHO**] subsidiary, with a market share of 23.84%. Meanwhile, Rawaj Consumer Finance, a subsidiary of Arabia Investments Holding [**AIH**], ranked fifth with a market share of 3.69%.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
702.0					830.1 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	11,138.86	(0.32%)	(6.78%)		Gold	1,908.99	1.04%	4.17%
	EGX 30 TR	4,398.88	(0.34%)	(6.74%)		Silver	24.45	0.73%	4.63%
	EGX 70 EWI	1,819.36	(1.58%)	(17.37%)		Brent Oil	97.97	1.58%	27.95%
	EGX 100 EWI	2,787.33	(1.27%)	(14.37%)		WTI	95.72	1.36%	29.00%
	DFMGI	3,354.64	1.28%	4.97%		Natural Gas	4.40	0.23%	18.28%
	ADSMI	9,319.40	2.15%	9.79%	EGP	USD/EGP	15.71	0.18%	0.03%
	TASI	12,590.26	1.39%	11.60%	€	EUR/USD	1.12	(0.18%)	(1.50%)
	QE Index	12,948.75	2.28%	11.38%	£	GBP/USD	1.34	0.01%	(0.81%)
	S&P 500	4,373.94	(0.24%)	(8.23%)	¥	USD/JPY	115.00	0.48%	(0.01%)
	Dow 30	33,892.60	(0.49%)	(6.73%)		6M TB yield	12.07	(2)	(66)
	NASDAQ	13,751.40	0.41%	(12.10%)		1Y TB yield	13.20	(2)	43
	VIX	30.15	9.28%	75.09%		10Y TB yield	14.71	(1)	32
	STOXX 50	3,924.23	(1.17%)	(8.71%)		2Y TB yield	1.46	(12)	133
EM	MSCI Emerging	1,171.31	(0.06%)	(4.93%)		10Y TB yield	1.86	(11)	93
FM	MSCI Frontier	613.51	(1.03%)	(7.83%)		30Y TB yield	2.20	(8)	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

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

6. KEY DATES

DATE	TICKER	TYPE	EVENT
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.
3-Mar-22	ETEL	Conference Call	Discussing Q4 2021 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.

20-Mar-22	SKPC	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
20-Mar-22	SKPC	EGM	Amending Articles No. 4, 5 & 26 of the company's bylaws.
22-Mar-22	RMDA	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.
24-Mar-22	AUTO	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
24-Mar-22	AUTO	EGM	Discussing capital reduction and amending articles No. 6 & 7 of the company's bylaws.
26-Mar-22	MBSC	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
26-Mar-22	MBSC	EGM	Amending Article No. 5 of the company's bylaws.
28-Mar-22	SWDY	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
28-Mar-22	QNBA	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
28-Mar-22	QNBA	EGM	Amending Articles No. 23, 29 & 30 of the bank's bylaws.
30-Mar-22	CNFN	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
31-Mar-22	ORWE	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
31-Mar-22	CIEB	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
31-Mar-22	CIEB	EGM	Amending Articles No. 4 & 7 of the bank's bylaws.
31-Mar-22	MENA	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
31-Mar-22	ETRS	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).
31-Mar-22	KRDI	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
31-Mar-22	EXPA	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
27-Feb-22	Export Development Bank of Egypt [EXPA] – A Year to Forget
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	<u>Abu Qir Fertilizers [ABUK] – Another Record-High Quarter</u>
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>Elsowedy 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>TAKESock – 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>

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