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Taking a Breather

1. Today's Trading Playbook

TABLE OF CONTENTS**KEY THEMES**

Egypt's net international reserves (NIR) stabilized in April 2022, inching up slightly to USD37.12bn, from USD37.08bn at the end of March 2022 (+0.1% m/m). We view April NIR movements as a breathtaking moment, after reserves notably declined in March 2022, for the first time since the pandemic. Despite NIR stabilization in April, we see external pressures still lurking. Hence, measures to safeguard the country's external buffers will remain in place, in the event of a more persistent and protracted global situation and given the state of total FX position in the banking sector and significant pressures on the current account deficit (CAD). Such measures were taken last March, including a decision to hike interest rates by 100bps and loosen the grip on the local currency. After the Fed's decision and announced plans last Wednesday, the CBE will most likely affirm its tight monetary stance in next week's MPC meeting, with April inflation readings in sight. Meanwhile, the shape of global liquidity places more pressures on the local currency performance. However, given the strong impact of FX rate on inflation, we hypothesize that movements in FX rate will not be as wild as the latest March depreciation, as controlling inflation is such a high priority.

Moreover, the S&P Global PMI for Egypt pointed to a continuation of pressures on non-oil business activity in Egypt during April, due to higher material and energy costs in view of the war in Ukraine and a depreciation of the EGP in late March. New orders were also hit as customers reined in their spending, leading to a reduction in employment that was the most marked in exactly one year. The index reading came in at 46.9 in April, up slightly from 46.5 in March but still well beneath the 50.0 neutral threshold. The index signaled a deterioration in business conditions that was the second-fastest since June 2020. We see the PMI readings in April as no surprise within the context of mounting global inflation as well as the state of global growth and its implication on local conditions.

Elsewhere, the EGX 30 closed yesterday 0.6% higher, after recovering early intraday losses. We view yesterday's performance as positive, as the market was able to neutralize the negative impact of global equity market performance during the long vacation, focusing on the considerably low valuation levels. Despite thin trading activities, the index completed a 5-day winning streak. We note that the EGX 30 in USD terms is still c.14% beneath its level prior to the recent depreciation, i.e. before 21 March 2022.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The Ministry of Finance will set oil prices at USD80/bbl in FY22 budget. ([Enterprise](#))

The government is eying to bring down the debt-to-GDP ratio to 84% in FY22. ([Enterprise](#))

The House Budget Committee has approved legislative amendments that would unlock an extra EGP6bn to help Egypt meet its debt repayments as interest rates rise at home and abroad. ([Enterprise](#))

CORPORATE NEWS

Eastern Company [EAST] announced its 9M 2021/22 results, where net income came at EGP4.25bn (+9% y/y). Meanwhile, net revenues reported EGP12.8bn (+5% y/y). GPM came 3pp higher than the same period a year before, reaching 45%, while NPM showed an increase of 1pp y/y. ([Company disclosure](#))

Egypt Aluminum [EGAL] reported its preliminary 9M 2021/22 results, registering a net profit of EGP1.7bn vs. net losses of EGP348mn a year earlier. Meanwhile, the top line recorded EGP10.8bn (+32% y/y). EGAL's GPM for the period was 21.7% vs. GLM of 6.0% a year earlier. Reasons for such performance turnaround are better sales volumes, coupled with a strong rally in aluminum base prices globally. ([Company disclosure](#))

The Financial Regulatory Authority (FRA) approved GB Auto's [AUTO] proposal to reduce capital by writing off the 8.5mn treasury shares purchased through November and December to decrease AUTO's total number of shares to 1.09bn. ([FRA](#)).

Remco for Touristic Villages [RTVC] standalone net loss in Q1 2022 decreased to EGP51.2mn vs. a net loss of EGP272.6mn a year earlier. ([Mubasher](#))

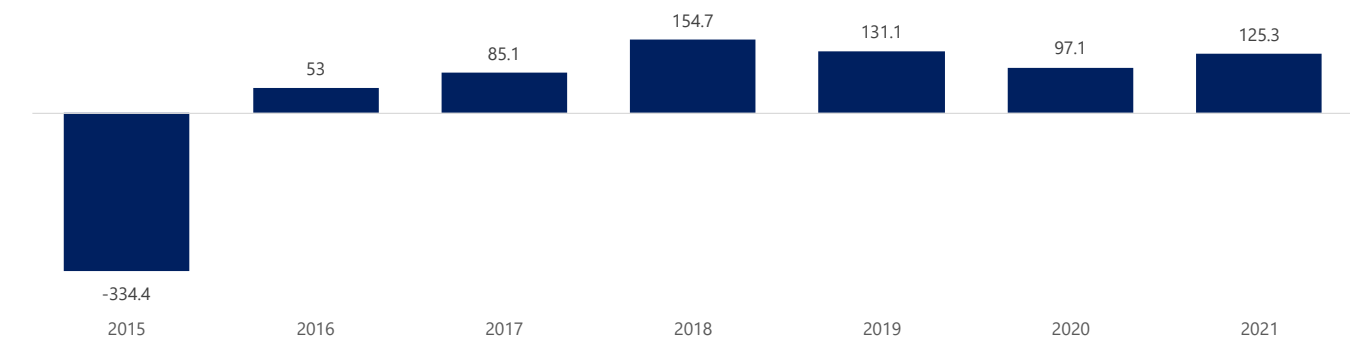
3. CHART OF THE DAY

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ORAS' Earnings Progression (2015-2021)













































Source: Company reports.

Orascom Construction's [**ORAS**] bottom line progression shows that it managed to recover from the heavy slump in 2015, surpassing the USD100mn mark several times, including the year 2021.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						718.5		Equity turnover (EGPmn): Last, ytd avg.						911.7		1,338.8			
						daily chg.		ytd chg.								daily chg.		ytd chg.	
		EGX 30	11,109.22	0.56%	(7.03%)														
		EGX 30 TR	4,462.85	0.40%	(5.38%)														
		EGX 70 EWI	1,880.84	0.37%	(14.58%)														
		EGX 100 EWI	2,862.02	0.38%	(12.08%)														
		DFMGI	3,694.89	(1.04%)	15.61%														
		ADSMI	10,073.03	(0.06%)	18.67%														
		TASI	13,820.35	0.63%	22.50%														
		QE Index	13,555.01	(0.26%)	16.59%														
		S&P 500	4,123.34	(0.57%)	(13.49%)														
		Dow 30	32,899.37	(0.30%)	(9.46%)														
		NASDAQ	12,144.66	(1.40%)	(22.37%)														
		VIX	30.19	(3.24%)	75.32%														
		STOXX 50	3,629.17	(1.82%)	(15.57%)														
		MSCI Emerging	1,031.50	(2.57%)	(16.28%)														
		MSCI Frontier	580.22	(0.94%)	(12.83%)														
		Gold	1,883.81	0.35%	2.36%														
		Silver	22.36	(0.67%)	(4.91%)														
			Brent Oil	112.39	(0.36%)	46.60%													
			WTI	109.77	(0.44%)	48.96%													
		Natural Gas	8.04	0.96%	117.69%														
		USD/EGP	18.49	(0.06%)	(14.98%)														
€		EUR/USD	1.06	(0.41%)	(7.58%)														
£		GBP/USD	1.23	(0.56%)	(9.26%)														
¥		USD/JPY	130.56	(0.28%)	(12.19%)														
		6M TB yield	13.67	5	94														
		1Y TB yield	13.69	6	92														
		10Y TB yield	14.71	(0)	32														
		2Y TB yield	2.68	11	255														
		10Y TB yield	3.13	36	220														
		30Y TB yield	3.23	37	157														

* 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
9-May-22	MOIL	EGM	Discussing capital reduction and amending article No.4 of the company's bylaws.
9-May-22	NINH	Cash dividend	Ex-dividend date for EGP0.05/share.
9-May-22	NEDA	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
9-May-22	ABUK	Cash dividend	Deadline for eligibility for a dividend of EGP1.00/share.
10-May-22	TMGH	Cash dividend	Deadline for eligibility for a dividend of EGP0.174/share.
10-May-22	ABUK	Cash dividend	Ex-dividend date for EGP1.00/share.
11-May-22	ELKA	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
11-May-22	NINH	Cash dividend	Date for paying out a dividend of EGP0.05/share.
12-May-22	ABUK	Cash dividend	Date for paying out a dividend of EGP1.00/share.
12-May-22	RTVC	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
12-May-22		MSCI	MSCI's May 2022 Semi-Annual Index Review Announcement.
12-May-22	UNIT	EGM	Discussing capital reduction.

13-May-22	EDBM	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
14-May-22	MTIE	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
14-May-22	MTIE	EGM	Amending Articles No. 3, 21, 24 & 31 of the company's bylaws.
15-May-22	TMGH	Cash dividend	Payment date for a dividend of EGP0.087/share (1st installment).
15-May-22	AMIA	Stock dividend	Last date for eligibility for a 0.20-for-1 stock dividend.
15-May-22	MOED	Stock dividend	Last date for eligibility for a 0.042-for-1 stock dividend.
16-May-22	MOED	Stock dividend	Date for distributing a 0.042-for-1 stock dividend.
16-May-22	CICH	Cash dividend	Deadline for eligibility for a dividend of EGP0.25/share.
16-May-22	AMIA	Stock dividend	Date for distributing a 0.20-for-1 stock dividend.
16-May-22	SVCE	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
16-May-22	EGTS	OGM	Approving financial statements and other agenda items.
16-May-22	ECAP	Cash dividend	Deadline for eligibility for a dividend of EGP0.550/share.
17-May-22	ECAP	Cash dividend	Ex-dividend date for EGP0.550/share.
19-May-22	CICH	Cash dividend	Payment date for a dividend of EGP0.125/share (1st installment).
19-May-22	ECAP	Cash dividend	Date for paying out a dividend of EGP0.550/share.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
28-Apr-22	<u>MACROView – Din of Battle Getting Louder</u>
17-Apr-22	<u>MACROView – Before the Grand Storm</u>
14-Apr-22	<u>EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB's Bid</u>
12-Apr-22	<u>MACROView – Mounting External Vulnerabilities</u>
10-Apr-22	<u>MACROView – Much Higher Inflation ... and Longer</u>
24-Mar-22	<u>EFG Hermes Holding [HRHO] – The Best Is Yet to Come</u>
23-Mar-22	<u>CI Capital Holding [CICH] – A Year to Remember</u>
22-Mar-22	<u>Orascom Construction [ORAS] – A Clear Devaluation Winner</u>
10-Mar-22	<u>MACROView – The Dizzying Speed</u>
6-Mar-22	<u>MACROView – On the Back Foot</u>
2-Mar-22	<u>MACROView – Calculating the Ferocity</u>
1-Mar-22	<u>Housing & Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth</u>
27-Feb-22	<u>Export Development Bank of Egypt [EXPA] – A Year to Forget</u>
22-Feb-22	<u>Commercial International Bank (CIB) [COMI] – 2021, a Grand Finale</u>
21-Feb-22	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Saves the Day</u>
20-Feb-22	<u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Wise Utilization Enhances Profitability</u>
17-Feb-22	<u>Al Baraka Bank Egypt [SAUD] – Earnings Pressured by Higher Cost of Risk</u>

16-Feb-22	<u>MACROView – A Soothing Message From the CBE ... and Our Takeaways</u>
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>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>TAKESock – 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>

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