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All Uphill from Here

1. Today's Trading Playbook

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KEY THEMES

Yesterday, we published [our MACROView note](#) in relation to the widely-anticipated upcoming MPC meeting tomorrow. In general, interest rates are likely to remain the **Central Bank of Egypt's (CBE)** main weapon of choice to tackle the current economic challenges as we head to another MPC meeting, during which we expect the CBE to increase interest rates by 100-150bps. Through this, the CBE will be sending a strong signal to the market, underscoring its ability to (1) bring down inflation to pre-pandemic levels and (2) bring real interest rates back in the positive territory by next year to encourage investment back into the local debt market, thus boosting foreign reserves and supporting the Egyptian pound (EGP). Meanwhile, we expect a cumulative 400-450bps overall move in 2022. Finally, we expect such policy action will stabilize the FX rate, which should in return slow down the inflation train. For more details, check out [our MACROView note](#) from yesterday.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The Egyptian government intends to fully exist from as many as 79 industries over the next three years as part of plans to restructure the economy in favor of the private sector. ([Hapi Journal](#))

Egypt's rising oil import bill could wipe out any gains from higher natural gas export this year, according to the Minister of Petroleum Tarek El-Molla. ([CNBC](#))

Automobile manufacturer Stellantis is interested in assembling electric vehicles in Egypt.

The automaker is reportedly interested in taking advantage of the government's incentives for the auto sector and is considering establishing a factory to produce electric vehicles for the local and overseas markets. ([Enterprise](#))

CORPORATE NEWS

The option to convert Amazon's [NASDAQ: AMZN] investment into a 4.255% stake in valU, a subsidiary of EFG Hermes Holding [HRHO], is valid for 5 years and if exercised will be regardless of the price of HRHO's GDRs or local shares at the time of exercise.

[\(Company disclosure\)](#)

Rameda [RMDA] announced its partnership with the International Finance Corporation (IFC) to support RMDA's strategy to align with the best standards and practices of environmental sustainability and increase its production efficiency. [\(Company disclosure\)](#)

Upper Egypt Flour Mills [UEFM] reported audited consolidated 9M 2021/2022 results, showing an increase in net profit to EGP99.7mn (+17% y/y). Meanwhile, total revenues hiked to EGP1,028.5mn (+30% y/y), while GPM retreated to 16.7% compared to 18.9% in the same period a year before. [\(Company disclosure\)](#)

Nozha International Hospital [NINH] announced its Q1 2022 results, reporting an increase in net profit to EGP18mn (+9% y/y). Meanwhile, revenues reached EGP75mn (+23.8% y/y) compared to EGP60mn for the same period a year ago. [\(Company disclosure\)](#)

Egypt Poultry [EPCO] announced its consolidated Q1 2022 results, reporting an increase in net loss to EGP2.7mn (-22% y/y). Meanwhile, there has been no revenues reported for this quarter, compared to EGP968mn for the same period in the last year. [\(Mubasher\)](#)

Arafa for Investment [AIVC] narrowed its net losses in 2021/22 to USD5.5mn vs. USD6.8mn a year earlier. Meanwhile revenues grew to USD184mn (+57%y/y). [\(Company disclosure\)](#)

Egypt Free Shops' [MFSC] standalone net earnings during 9M 2021/22 rose 49% y/y to EGP136mn on the back of a 30% y/y growth in top line to EGP652mn. [\(Mubasher\)](#)

Canal Shipping Agencies [CSAG] reported preliminary 9M 2021/22 results with net income of EGP143mn (-7% y/y). [\(Company disclosure\)](#)

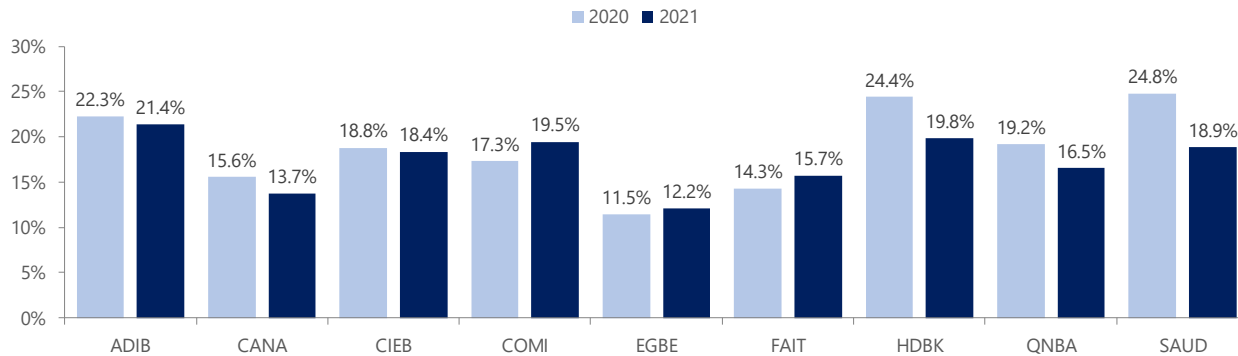
3. CHART OF THE DAY

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Amany Shaaban | Equity Analyst

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Banks' ROE profile



Source: Prime Research, Banks' financials.

Most banks saw their ROEs decline in 2021 as lower interest rates cast their shadows on banks' bottom line. Also, many banks had to go through capital increases to comply with the CBE's new capital requirement, which increased their equity and pushed their ROEs even lower. However, **COMI** and **FAIT** managed to increase their ROEs in 2021, as they have the highest annual earnings growth in the market.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						689.6	

* 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
19-May-22	ISPH	BoD meeting	Discussing financial results.
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.
19-May-22	DSCW	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
19-May-22	DSCW	EGM	Amending Article No. 5 of the company's bylaws.
19-May-22	ORAS	OGM	Approving financial statements and other agenda items.
19-May-22	AREH	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
19-May-22	TALM	EGM	Amending Article No. 3 of the company's bylaws.
19-May-22		MPC Meeting	Determining the CBE's policy rate.
21-May-22	AIFI	OGM	Approving financial statements ending 31 Dec. 2021 and other agenda items.
21-May-22	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
22-May-22	DAPH	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
24-May-22	SIPC	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
24-May-22	SIPC	EGM	Amending Articles No. 4 & 32 of the company's bylaws.
25-May-22	PHDC	Cash dividend	Deadline for eligibility for a dividend of EGP0.10/share.
25-May-22	IRAX	Cash dividend	Deadline for eligibility for a dividend of EGP60/share.
26-May-22	IRAX	Cash dividend	Ex-dividend date for EGP60/share.
26-May-22	EAST	OGM	Approving on Eastern Company's contribution to the capital of the United Tobacco Company, (UTC total capital EGP 100 million), through acquisition.
26-May-22	EAST	EGM	Amending Articles No. 7 & 21 of the company's bylaws.
26-May-22	ZMID	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
26-May-22	FWRY	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
30-May-22	IRAX	Cash dividend	Date for paying out a dividend of EGP60/share.
30-May-22	PHDC	Cash dividend	Payment date for a dividend of EGP0.05/share (1st installment).

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
17-May-22	MACROView – All Uphill from Here
15-May-22	EGYPTBanks – Harness the Hike
15-May-22	TAKEStock – Hidden "valu"

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>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>

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