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Loud and Clear

1. Today's Trading Playbook

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Well, the global community at large heard the U.S. Federal Reserve loud and clear: The Fed will do what it takes to rein in inflation. Period. At the end of its 2-day meeting yesterday, the Fed signaled it will continue its tightening policy in 2022 at the fastest pace in decades. The federal-funds target rate is now expected to end the year at 3.5%, up from past expectations. Also, another 75bps rate hike could be in the cards come July. Although the market was almost evenly split between hiking rates at 50bps or 75bps, the U.S. markets reacted positively to the higher hike. S&P 500 ended Wednesday up 1.5%, the Dow up 1%, and Nasdaq up 2.5%. Ironically, the U.S. 10-year Treasury yield slipped by some 20bps to 3.3%, having risen over the past couple of days in anticipation of the expected Fed rate hike. Now, it's a fact, and the markets will have to deal with it. For its part, the Fed decided to give more weight to inflation as opposed to growth. In an attempt to get in front of inflation with a target of 2%, the Fed decided to hike interest rates faster than previously thought, which will eventually cool down the U.S. economy. The fear here is if the economy cools down faster than projected, thus resulting in a recession before the Fed even realizes it.

Obviously, GCC central banks followed in the Fed's footsteps to defend their currency peg. But here in Egypt, the Central Bank of Egypt (CBE) will not meet until next Thursday, 23 June. Our initial view was two 100bps hikes, one in August and another in November 2022. However, in view of the higher-than-expected rate hike by the Fed and since the following CBE meeting will not be until two months later, we now think the CBE might find it plausible to preempt inflation from getting out of hand in Egypt by front-loading its rate hikes that have otherwise been planned for the remainder of the year. In other words, we could see a 100bps hike by the CBE next week, especially since recent Treasury auctions were only partially fulfilled due to much higher-than-expected yields offered.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The European Union has signed an MoU with Egypt and Israel to liquefy Israeli natural gas then export it to the EU with the promise of more investments into the Egyptian energy market.

Egypt's current account deficit for March 2022 decreased 40% y/y, reflecting higher exports mainly due to an increase in the value of exported gas prices (+129% y/y) and oil prices (+74% y/y).

The Senate Financial & Economic Affairs Committee recommended that the government raise education allocations by an additional EGP2.5bn in the state's general budget for FY23. ([Enterprise](#))

All 23 Cement producers in Egypt have sent official letters to the Egyptian Competition Authority (ECA) to extend the lower production quota decision for a maximum of 2 more years. ([Amwal Al-Ghad](#))

Real estate developers will be able to offer mortgage financing for customers on units still under construction after the Financial Regulatory Authority (FRA) approved a mandate to help grow mortgage financing. ([Al-Borsa](#))

CORPORATE NEWS

Tanmeyah, the microfinance arm of EFG Hermes Holding [HRHO], acquired Fatura Netherlands B.V. which specializes in Business-to-Business (B2B) platform. Fatura has a regional footprint of 22 governorates in Egypt. ([Company disclosure](#))

Fawry [FWRY] released a new service called "Cash-in & Cash-out" for the first time in Egypt through its POSs. This was in cooperation with Egyptian Banks Company and Banque Misr. ([Arab-finance](#))

Maridive & oil services [MOIL] announced its Q1 2022 results, where net loss narrowed to USD5.13mn vs. a net loss USD9.26mn in Q1 2021. Revenues also improved slightly to USD11.2mn in Q1 2022 vs. USD10mn a year before. ([Mubasher](#))

Rameda [RMDA] acquired a drug from antispasmodic family with the intention to expand its product portfolio. ([Company disclosure](#))

Aman Microfinance, a subsidiary of Raya Holding [RAYA], launched its first investment fund "Aman Youm-b-Youm", in partnership with Prime Holding [PRMH]. The investment fund size is set to reach EGP50mn. (Al-Mal)

GLOBAL NEWS

The Fed announced a 75bps hike yesterday, culminating to an average of 3.5% by end of 2022 and 4% by end of 2023. ([Bloomberg](#))

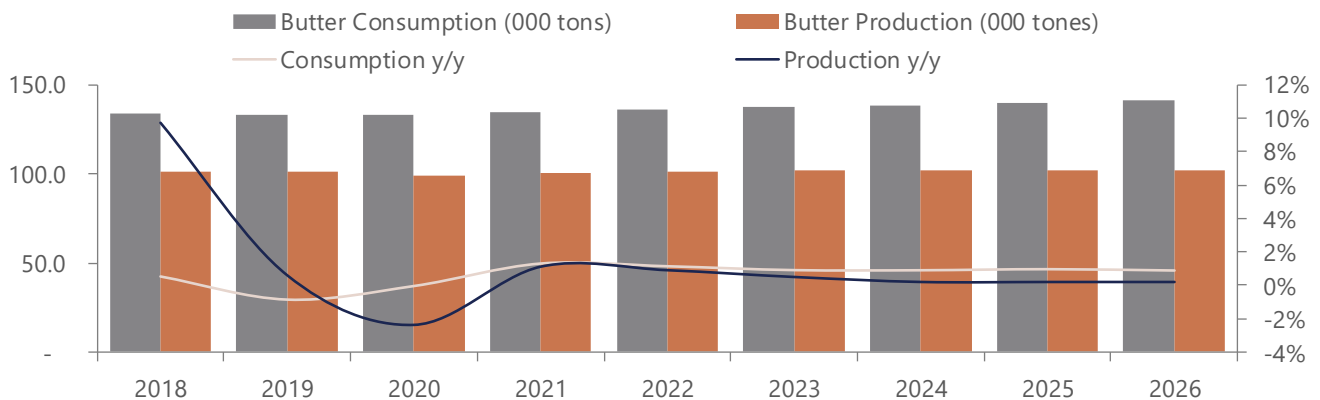
Freeport LNG announced that they expect a minimum of 3 months to get LNG operations back underway, curtailing the U.S. ability to export natural gas to the EU and raising European benchmark prices over 15%. ([Reuters](#))

3. CHART OF THE DAY

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Egypt's Butter Production & Consumption



Source: Source: Fitch Solutions.

According to Fitch Solutions, Egypt shows a higher growth in butter consumption than in production. Meanwhile, it is expected that growth rates will stabilize at 0.9% for consumption by 2026, reaching 140.9 tons, while production will stabilize at 0.2%, reaching 102.2 tons in the same year.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
661.8					817.9 827.3				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	9,969.97	(0.11%)	(16.56%)		Gold	1,833.82	1.40%	0.06%
	EGX 30 TR	4,031.42	(0.11%)	(14.53%)		Silver	21.69	3.04%	(7.24%)
	EGX 70 EWI	1,870.36	0.88%	(15.05%)		Brent Oil	118.51	0.71%	58.46%
	EGX 100 EWI	2,760.38	0.66%	(15.20%)		WTI	115.31	0.82%	59.74%
	DFMGI	3,335.79	1.15%	4.38%		Natural Gas	7.42	1.87%	102.65%
	ADSMI	9,584.33	0.39%	12.91%	EGP	USD/EGP	18.77	(0.16%)	(16.16%)
	TASI	11,978.51	(0.35%)	6.18%	€	EUR/USD	1.04	(0.24%)	(8.36%)
	QE Index	12,626.55	(0.82%)	8.96%	£	GBP/USD	1.22	(0.46%)	(10.40%)
	S&P 500	3,789.99	1.46%	(20.48%)	¥	USD/JPY	133.84	1.22%	(14.43%)
	Dow 30	30,668.53	1.00%	(15.60%)		6M TB yield	15.13	15	240
	NASDAQ	11,099.15	2.50%	(29.06%)		1Y TB yield	14.05	25	128
	VIX	29.62	(9.39%)	72.01%		10Y TB yield	14.68	30	29
	STOXX 50	3,532.32	1.64%	(17.82%)		2Y TB yield	3.40	(13)	327
EM	MSCI Emerging	1,020.10	0.22%	(17.20%)		10Y TB yield	3.45	8	252
FM	MSCI Frontier	519.83	(0.62%)	(21.91%)		30Y TB yield	3.41	6	175

* 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-Jun-22	MBSC	Cash dividend	Ex-dividend date for EGP2.090/share.
16-Jun-22	SAUD	Stock dividend	Date for distributing a 0.20-for-1 stock dividend.
16-Jun-22	HELI	Cash dividend	Payment date for a dividend of EGP0.08/share (2nd installment).
16-Jun-22	DSCW	EGM	Amending Article No. 5 of the company's bylaws.
16-Jun-22	ADIB	Right Issue	Deadline for eligibility for subscribing to the rights issue.
20-Jun-22	BINV	Cash dividend	Deadline for eligibility for a dividend of EGP0.500/share.
20-Jun-22	MBSC	Cash dividend	Date for paying out a dividend of EGP2.090/share.
20-Jun-22	SUGR	Cash dividend	Deadline for eligibility for a dividend of EGP0.500/share.
21-Jun-22	BINV	Cash dividend	Ex-dividend date for EGP0.500/share.
21-Jun-22	EMFD	OGM	Approval of participation in a residential, tourist, and commercial project in the North Coast region with Eagle Hills Egypt.
21-Jun-22	ADIB	Right Issue	Rights issue subscription starting date.
21-Jun-22	ADIB	Capital increase	Capital increase subscription starting date.
22-Jun-22	ORWE	OGM	Discussing the agenda of the BOD.
22-Jun-22	ORWE	EGM	Amending Articles No. 4 & 7 of the company's bylaws.
23-Jun-22	BINV	Cash dividend	Date for paying out a dividend of EGP0.500/share.
23-Jun-22	ALCN	OGM	Approving the 2022/23 budget.
23-Jun-22	ALCN	EGM	Considering approval some articles of the law.

23-Jun-22	CSAG	OGM	Approving the 2022/23 budget.
23-Jun-22		MPC Meeting	Determining the CBE's policy rate.
23-Jun-22	SUGR	Cash dividend	Date for paying out a dividend of EGP0.500/share.
26-Jun-22	MIPH	Cash dividend	Deadline for eligibility for a dividend of EGP2.9/share.
26-Jun-22	RAYA	EGM	Discussing applying a reward system for the company.
26-Jun-22	ASCM	OGM	Approving financial statements and other agenda items.
26-Jun-22	CCAP	OGM	Approving financial statements and other agenda items.
26-Jun-22	CCAP	EGM	Discussing the continuation of the company.
29-Jun-22	MIPH	Cash dividend	Date for paying out a dividend of EGP2.9/share.
29-Jun-22	JUFO	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
29-Jun-22	JUFO	EGM	Amending Articles No. 4, 25, 32, 44 & 47 of the company's bylaws.
1-Jul-22	GMFC	Subscription in the capital increase	Last day of subscription in the GMFC's EGP98mn capital increase.
3-Jul-22	CIRA	EGM	To approved to securitize CIRA's receivable portfolio worth of a maximum of EGP2bn.
3-Jul-22	PHDC	OGM	Discussing netting contracts.
3-Jul-22	PHDC	EGM	Considering canceling the reward and incentive programs for the employees, managers and executive members of the company's BoD.
6-Jul-22	IRON	OGM	Discussing the financial position.
6-Jul-22	TMGH	Cash dividend	Payment date for a dividend of EGP0.087/share (2nd installment).
7-Jul-22	ASCM	EGM	Discussing the continuation of the company.
18-Jul-22	EXPA	EGM	Discussing the amendment of article no.5 of the bank's internal system.
20-Jul-22	DSCW	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Right Issue	Rights issue subscription closing date.
24-Jul-22	AIFI	OGM	Approving financial statements.
26-27 Jul-2022		FOMC	Determining policy rate & monetary stance.
28-Jul-22	PHAR	Cash dividend	Payment date for a dividend of EGP1.5/share (2nd installment).

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
14-June-22	<u>Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own</u>
8-June-22	<u>TAKEStock – Delta Sugar [SUGR] - Sweet and Sour</u>
7-June-22	<u>TAKEStock – Orascom Financial Holding [OFH] - Triple-Digit Upside</u>
25-May-22	<u>TAKEStock – The Egyptian Cement Industry - Gauging the Impact</u>
23-May-22	<u>Cairo for Investment & Real Estate Development [CIRA] – Head of the Class</u>
19-May-22	<u>MACROView – A New Game Plan</u>
17-May-22	<u>MACROView – All Uphill from Here</u>
15-May-22	<u>EGYPTBanks – Harness the Hike</u>

15-May-22	<u>TAKEStock – Hidden “valu”</u>
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>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>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>TAKESock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKESock – 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>TAKESock – 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>TAKESock – 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>

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