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Earnings Season Is Heating Up

1. Today's Trading Playbook

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KEY THEMES

Commercial International Bank – Egypt [**COMI**] reported its financial results for Q2 2022 late last night. After an exceptionally high Q1 2022, the bank's net income subsided to EGP3.5bn (-17% q/q, +10% y/y) in Q2 2022. Although COMI's Net Interest Income (NII) increased to EGP7bn (+7.4% q/q, +18% y/y), it was curbed by many other factors sequentially. First, the bank's profit on the sale of financial investments went down 96% q/q to EGP44mn after hitting over EGP1bn last quarter on the sale of debt securities. Moreover, COMI booked credit provisions of EGP55mn (-82% y/y) in Q2 2022 against a reversal of EGP41mn in Q1 2022. Meanwhile, net trading income declined 58% q/q to EGP297mn, and the bank's effective tax rate upped to 33% from 22.4% a quarter before.

COMI's balance sheet showed a 17% ytd increase in loan portfolio to EGP170bn (+8% q/q), while the bank's pool of deposits remained flat q/q at EGP428bn (+5% ytd). Hence, the net loans-to-deposits ratio upped to 40% in H1 2022 vs. 36% in 2021. We note that COMI increased its Treasury exposure through buying financial investments (FVOCI) by EGP23.4bn (+12% ytd), again after selling some Treasuries the quarter before. This brought COMI's total Treasury exposure to EGP223bn (i.e. 43% of total assets). COMI's annualized Net Interest Margin now stands at 6.12%, up from 5.72% in Q1 2022, while ROAE stands at 23% and ROAA at 3%.

We note that COMI is one of the 15 stocks we had picked in our [**STANDPoint 2022 strategy outlook published on 30 January 2022**](#). We have an Overweight rating on COMI, with a 12MPT of EGP70.7/share (ETR +91%). COMI is currently traded at H1 2022 annualized P/E of 4.8x and P/B of 1.1x.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The Suez Canal Container Terminal (SCCT) wants to invest USD500mn to expand the capacity of East Port Said port. ([Enterprise](#))

Russian Foreign Minister Sergey Lavrov sought to ease Egyptian fears of a shortage of wheat and other grains during talks with President Abdel-Fattah El-Sisi and Foreign Minister Sameh Shoukry in Cairo yesterday. ([Enterprise](#))

CORPORATE NEWS

Orascom Development Egypt [ORHD] announced that its subsidiary Orascom for Real Estate (ORE) has signed an EGP1.5bn facility agreement with Commercial International Bank - Egypt [COMI] to partially finance the development and help accelerate the construction of the launched phases at its flagship development O West. EFG Hermes Holding [**HRHO**] was the advisor to the transaction. ([Company disclosure](#))

Obour Land Food Industries [OLFI] said they have not received any acquisition offers from any company. ([Company disclosure](#))

EIPICO [PHAR] announced that they did not receive any answer from UP Pharma regarding PHAR's initial offer to acquire ACDIMA's 99.9% stake in UP Pharma. ([Company disclosure](#))

Pioneers Properties for Urban Development [PRDC] has closed an EGP425mn securitized bond issuance, the second in a wider EGP3bn program. EFG Hermes Holding [**HRHO**] acted as the sole financial advisor, sole transaction manager and bookrunner, underwriter, and arranger on the issuance. ([Enterprise](#))

The Financial Regulatory Authority (FRA) wants to see NBFS lending more than double to EGP820bn by 2026. ([Enterprise](#))

3. CHART OF THE DAY

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U.S. Cocoa Price (USD/Metric ton)



U.S. cocoa prices have decreased 8.3% ytd, reaching USD2,292/ton by the third week of July 2022.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
624.2					575.0 805.5				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	9,276.28	(0.15%)	(22.37%)		Gold	1,727.64	0.51%	(5.71%)
	EGX 30 TR	3,749.48	(0.27%)	(20.51%)		Silver	18.60	(1.37%)	(20.24%)
	EGX 70 EWI	1,815.13	0.94%	(17.56%)		Brent Oil	103.20	(0.49%)	37.29%
	EGX 100 EWI	2,664.44	0.85%	(18.15%)		WTI	94.70	(0.74%)	31.36%
	DFMGI	3,256.96	0.03%	1.91%		Natural Gas	8.30	1.17%	125.09%
	ADSMI	9,662.23	0.67%	13.83%	EGP	USD/EGP	18.92	(0.03%)	(17.01%)
	TASI	11,975.14	(0.11%)	6.15%	€	EUR/USD	1.02	(0.15%)	(10.31%)
	QE Index	12,750.83	0.33%	9.68%	£	GBP/USD	1.20	(0.28%)	(11.58%)
	S&P 500	3,961.63	(0.93%)	(16.88%)	¥	USD/JPY	136.12	0.91%	(15.64%)
	Dow 30	31,899.29	(0.43%)	(12.22%)		6M TB yield	15.58	9	285
	NASDAQ	11,834.11	(1.87%)	(24.36%)		1Y TB yield	16.05	30	328
	VIX	23.03	(0.35%)	33.74%		10Y TB yield	14.68	30	29
	STOXX 50	3,596.49	(0.00%)	(16.33%)		2Y TB yield	2.99	(23)	286
EM	MSCI Emerging	990.37	(0.03%)	(19.61%)		10Y TB yield	2.76	(26)	183
FM	MSCI Frontier	514.45	(0.15%)	(22.71%)		30Y TB yield	2.98	(18)	132

* 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
25-Jul-22	SAIB	Stock dividend	Date for distributing a 0.05-for-1 stock dividend.
26-Jul-22	ZMID	Cash dividend	Deadline for eligibility for a dividend of EGP0.30/share.
26-27 Jul-22		FOMC	Determining policy rate & monetary stance.
27-Jul-22	CIRA	Conference Call	Discussing Q3 21/2022 results.
27-Jul-22	ELSH	Cash dividend	Payment date for a dividend of EGP0.075/share (1st installment).
28-Jul-22	PHAR	Cash dividend	Payment date for a dividend of EGP1.5/share (2nd installment).
30-Jul-22	ELNA	OGM	Approving financial statements and other agenda items.
30-Jul-22	ELNA	EGM	Approving cancelling Articles No. 21 & 23 of the company's bylaws.
31-Jul-22	ZMID	Cash dividend	Payment date for a dividend of EGP0.15/share (1st installment).
31-Jul-22	AJWA	OGM	Approving financial statements.
31-Jul-22	AJWA	EGM	Discussing the continuation of the company & amending Article No. 4 of the company's bylaws.
1-Aug-22	ORAS	EGM	Approval of appointing Renad Younes as Independent Non-Executive Director
3-Aug-22	MNHD	Stock dividend	Last date for eligibility for a 0.12-for-1 stock dividend.
4-Aug-22	MNHD	Stock dividend	Date for distributing a 0.12-for-1 stock dividend.
7-Aug-22	AIVC	OGM	Approving financials ended 31 January 2022.
11-Aug-22		MSCI	MSCI's August 2022 Quarterly Index Review Announcement.
11-Aug-22	UNIT	EGM	Approving decreasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
14-Aug-22	GMFC	Subscription in the capital increase	Last day of subscription in the GMFC's EGP98mn capital increase.
16-Aug-22	MNHD	OGM	To discuss allowing OCDI to conduct due diligence.
17-Aug-22	ETRS	EGM	To discuss selling the company's branch headquarters in Alexandria.

7. LATEST RESEARCH

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

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 [MACROView – Tempered, But Cautious, Optimism](#)
- 5-Sep-21 [Misr Chemical Industries \[MICH\] – Nice While It Lasted](#)
- 29-Aug-21 [Orascom Construction \[ORAS\] – Recovery on Track Although Below Estimates](#)
- 24-Aug-21 [Abu Qir Fertilizers \[ABUK\] – When the Stars Align](#)
- 18-Aug-21 [EFG Hermes Holding \[HRHO\] – Solid Business, Strong Financial Growth](#)
- 17-Aug-21 [Elsewedy Electric \[SWDY\] – Impressive Set of Results](#)
- 17-Aug-21 [Commercial International Bank \[COMI\] – Adjustment Post Stock Dividend](#)
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- 10-Aug-21 [MACROView – July’s Feverous Inflation](#)
- 9-Aug-21 [CI Capital Holding \[CICH\] – Robust Exit Saves the Day](#)
- 5-Aug-21 [MACROView – The Sky Is No Blue](#)
- 4-Aug-21 [MACROView – Constrained Recovery](#)

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