

## Banks and Banks

### TODAY'S TOP NEWS & ANALYSIS

Egypt Banks: The Causal Sequence + The RRR Effect

CBE hikes RRR

IMF deal is yet to be sealed

The Egyptian government finalized its State Ownership Policy

Madinet Nasr Housing aims expanding outside Cairo

EGBE expects 20% annual earnings growth in 2022

Domty announces its new shareholder structure

### NEW RESEARCH

#### Egypt Banks: The Causal Sequence + The RRR Effect

Last week, we published two research notes on the Egyptian banking sector, namely:

- [TAKES](#)tock: The Egyptian Banking Industry - The RRR Effect on Saturday, 24 September 2022
- [EGYPT](#)Banks – The Causal Sequence on Wednesday, 21 September 2022

For more details you can check out the reports one by one or if you prefer, you can listen to their summary on our [PRIMETalk](#) program.

### MACRO

#### CBE hikes RRR

The **Central Bank of Egypt (CBE)** hiked the required reserve ratio (RRR) from 14% to 18% while keeping interest rates unchanged in its MPC meeting last Thursday. This was against our expectation of a 100bps hike. Instead, the CBE preferred to hike the RRR, one of the monetary tools it can use to control liquidity in the banking system as a part of its tightening policy. According to the CBE, accelerating inflation (14.6% in August vs. 13.6% in July) is supply induced, which rendered the decision to hike the RRR more plausible than hiking interest rates in order to curb inflation; it will reduce the money supply. By way of background, this is not the first time for the CBE to use this monetary tool. The RRR has been raised before from 10% to 14% post the EGP floatation in 2016. We note that such a decision will impact banks, yet in an uneven way. For more details, [please check out our TAKES](#)tock note from yesterday. (CBE)

**IMF deal is yet to be sealed**

The ongoing negotiations for the **International Monetary Fund (IMF)** facility could reportedly wrap in another month or two, according to the Egyptian Minister of Finance. ([Enterprise](#))

**The Egyptian government finalized its State Ownership Policy**

The Egyptian government has allegedly finalized its State Ownership Policy ahead of the Economic Conference that is being planned for the end of this month, according to the Prime Minister. ([Enterprise](#))

**CORPORATE****Madinet Nasr Housing aims expanding outside Cairo**

Madinet Nasr Housing & Development [**MNHD**] is looking to sign contracting deals with number of contractors worth of EGP3bn until year end. Furthermore, MNHD is looking to expand its operations outside Cairo. ([Mubasher](#))

**EGBE expects 20% annual earnings growth in 2022**

Egyptian Gulf Bank [**EGBE**] expects annual net earnings growth in 2022 of 20%. This estimates 2022 bottom line at EGP835mn, which implies a forward P/E of 4.4x. ([Company disclosure](#))

**Domty announces its new shareholder structure**

Arabian Food Industries [**DOMT**] reported the newest shareholder structure with the highest stake going to **Expedition Investments** (32.90%), followed by Yahia bin Laden (15.65%), Trevi Holding (11.53%), and Omar El Damaty (9.20%). ([Company disclosure](#))

## MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
687.4					832.9 931.3				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	9,933.05	(0.23%)	(16.87%)		Gold	1,643.94	(1.63%)	(10.13%)
	EGX 30 TR	4,019.19	(0.18%)	(14.79%)		Silver	18.87	(3.90%)	(19.04%)
	EGX 70 EWI	2,192.33	0.17%	(0.43%)		Brent Oil	86.15	(4.76%)	16.69%
	EGX 100 EWI	3,127.17	0.14%	(3.93%)		WTI	78.74	(5.69%)	11.88%
	DFMGI	3,408.95	(0.72%)	6.67%		Natural Gas	6.83	(3.68%)	83.06%
	ADSMI	10,025.68	(0.67%)	18.11%	EGP	USD/EGP	19.49	0.01%	(19.56%)
	TASI	11,461.09	(0.37%)	1.59%	€	EUR/USD	0.97	(1.51%)	(14.80%)
	QE Index	12,643.80	(0.90%)	8.76%	£	GBP/USD	1.09	(3.57%)	(19.75%)
	S&P 500	3,693.23	(1.72%)	(22.51%)	¥	USD/JPY	143.31	(0.64%)	(19.70%)
	Dow 30	29,590.41	(1.62%)	(18.57%)		6M TB yield	16.46	40	373
	NASDAQ	10,867.93	(1.80%)	(30.53%)		1Y TB yield	17.33	40	456
	VIX	29.92	9.40%	73.75%		10Y TB yield	14.68	30	29
	STOXX 50	3,348.60	(2.29%)	(22.10%)		2Y TB yield	4.21	9	408
EM	MSCI Emerging	905.84	(1.82%)	(26.47%)		10Y TB yield	3.69	14	276
FM	MSCI Frontier	497.67	(1.18%)	(25.23%)		30Y TB yield	3.61	10	195

\* As of market close. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

## KEY DATES

DATE	TICKER	TYPE	EVENT
25-Sep-22	MFPC	EGM	Amending Articles No. 7 & 21 of the company's bylaws.
26-Sep-22	ICLE	Cash dividend	Deadline for eligibility for a dividend of EGP2.50/share.
27-Sep-22	MFSC	Cash dividend	Payment date for a dividend of EGP1.518/share.
28-Sep-22	ELSH	Cash dividend	Payment date for a dividend of EGP0.075/share (2nd installment).
28-Sep-22	MICH	OGM	Approving financial statements and the proposed dividends.
29-Sep-22	ICLE	Cash dividend	Payment date for a dividend of EGP1.25/share (1st installment).
29-Sep-22	RMDA	OGM	A board reshuffle.
29-Sep-22	SAUD	EGM	Amending Articles No. 6, 7, 20 and 27 of the bank's bylaws.
29-Sep-22	CICH	Cash dividend	Payment date for a dividend of EGP0.125/share (2nd installment).
29-Sep-22	AUTO	Cash dividend	Payment date for a dividend of EGP0.25/share (2nd installment).
2-Oct-22	EFIH	OGM	Discussing appointing two new members BOD & discussing netting contracts.
2-Oct-22	CIRA	OGM	Discuss the dividend distribution of EGP0.21/share
3-Oct-22	EFID	Buying treasury shares	Ending date to buy back shares.
4-Oct-22	ADIB	OGM	Approving increasing the issued capital.
4-Oct-22	ADIB	EGM	Amending Articles No. 6 & 7 of the bank's bylaws.
5-Oct-22	EHDR	EGM	Discussing merger contract.
17-Oct-22	DAPH	OGM	A board reshuffle.
17-Oct-22	EGAL	OGM	Approving financial statements 2021/22.

**LATEST RESEARCH**

DATE	PUBLISHED REPORT
24-Sep-22	<a href="#"><b><u>TAKEStock: The Egyptian Banking Industry - The RRR Effect</u></b></a>
21-Sep-22	<a href="#"><b><u>EGYPTBanks – The Causal Sequence</u></b></a>
24-Aug-22	<a href="#"><b><u>Arabian Food Industries (Domty) – Core Coverage Report</u></b></a>
22-Aug-22	<a href="#"><b><u>Credit Agricole Egypt [CIEB] – Core Coverage Update</u></b></a>
31-Jul-22	<a href="#"><b><u>Ghazl El-Mahalla Football Co. [GMFC] - IPO Update</u></b></a>
14-Jun-22	<a href="#"><b><u>Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own</u></b></a>
8-Jun-22	<a href="#"><u>TAKEStock – Delta Sugar [SUGR] - Sweet and Sour</u></a>
7-Jun-22	<a href="#"><u>TAKEStock – Orascom Financial Holding [OFH] - Triple-Digit Upside</u></a>
25-May-22	<a href="#"><u>TAKEStock – The Egyptian Cement Industry - Gauging the Impact</u></a>
23-May-22	<a href="#"><b><u>Cairo for Investment &amp; Real Estate Development [CIRA] – Head of the Class</u></b></a>
19-May-22	<a href="#"><u>MACROView – A New Game Plan</u></a>
17-May-22	<a href="#"><u>MACROView – All Uphill from Here</u></a>
15-May-22	<a href="#"><b><u>EGYPTBanks – Harness the Hike</u></b></a>
15-May-22	<a href="#"><u>TAKEStock – Hidden “valu”</u></a>
28-Apr-22	<a href="#"><u>MACROView – Din of Battle Getting Louder</u></a>
17-Apr-22	<a href="#"><u>MACROView – Before the Grand Storm</u></a>
14-Apr-22	<a href="#"><u>EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid</u></a>
12-Apr-22	<a href="#"><u>MACROView – Mounting External Vulnerabilities</u></a>
10-Apr-22	<a href="#"><u>MACROView – Much Higher Inflation ... and Longer</u></a>
24-Mar-22	<a href="#"><u>EFG Hermes Holding [HRHO] – The Best Is Yet to Come</u></a>
23-Mar-22	<a href="#"><u>CI Capital Holding [CICH] – A Year to Remember</u></a>
22-Mar-22	<a href="#"><u>Orascom Construction [ORAS] – A Clear Devaluation Winner</u></a>
10-Mar-22	<a href="#"><u>MACROView – The Dizzying Speed</u></a>
6-Mar-22	<a href="#"><u>MACROView – On the Back Foot</u></a>
2-Mar-22	<a href="#"><u>MACROView – Calculating the Ferocity</u></a>
1-Mar-22	<a href="#"><u>Housing &amp; Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth</u></a>
27-Feb-22	<a href="#"><u>Export Development Bank of Egypt [EXPA] – A Year to Forget</u></a>
22-Feb-22	<a href="#"><u>Commercial International Bank (CIB) [COMI] – 2021, a Grand Finale</u></a>
21-Feb-22	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Saves the Day</u></a>
20-Feb-22	<a href="#"><u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Wise Utilization Enhances Profitability</u></a>

17-Feb-22	<a href="#"><u>Al Baraka Bank Egypt [SAUD] – Earnings Pressured by Higher Cost of Risk</u></a>
16-Feb-22	<a href="#"><u>MACROView – A Soothing Message From the CBE ... and Our Takeaways</u></a>
14-Feb-22	<a href="#"><u>Abu Qir Fertilizers [ABUK] – Another Record-High Quarter</u></a>
13-Feb-22	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
10-Feb-22	<a href="#"><u>MACROView – Ebb and Flow</u></a>
10-Feb-22	<a href="#"><u>MACROView – The Cloudy Year Has Just Begun</u></a>
9-Feb-22	<a href="#"><u>Elsewedy Electric [SWDY] – Ending 2021 on a Good Note</u></a>
8-Feb-22	<a href="#"><u>MACROView – A Fall in Disguise</u></a>
7-Feb-22	<a href="#"><u>Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock</u></a>
1-Feb-22	<a href="#"><u>MACROView – The Ripple Effect</u></a>
31-Jan-22	<a href="#"><u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u></a>
<b>30-Jan-22</b>	<b><a href="#"><u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u></a></b>
12-Jan-22	<a href="#"><u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u></a>
10-Jan-22	<a href="#"><u>MACROView – The Last Reading Ahead of a Cloudy Year</u></a>
<b>30-Dec-21</b>	<b><a href="#"><u>EGYPTCeramics – From Dusk to Dawn</u></a></b>
<b>26-Dec-21</b>	<b><a href="#"><u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u></a></b>
22-Dec-21	<a href="#"><u>MACROView – The Return of the ‘Vigilante’</u></a>
14-Dec-21	<a href="#"><u>MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation</u></a>
9-Dec-21	<a href="#"><u>MACROView – Another Retreat ... Until Further Notice</u></a>
8-Dec-21	<a href="#"><u>MACROView – For Stormy Days, Eyes on the Ball</u></a>
<b>7-Dec-21</b>	<b><a href="#"><u>EGYPTBanks – Takeoff Time</u></a></b>
5-Dec-21	<a href="#"><u>MACROView – Searching for Lost Momentum</u></a>
21-Nov-21	<a href="#"><u>TAKEStock – Nitrogen Fertilizers Local Price Hike</u></a>
17-Nov-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u></a>
17-Nov-21	<a href="#"><u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u></a>
15-Nov-21	<a href="#"><u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u></a>
15-Nov-21	<a href="#"><u>Elsewedy Electric [SWDY] – A Quarter to Forget?</u></a>
14-Nov-21	<a href="#"><u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u></a>
14-Nov-21	<a href="#"><u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u></a>
14-Nov-21	<a href="#"><u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u></a>
10-Nov-21	<a href="#"><u>MACROView – The Calm Before the Storm, or Maybe Not</u></a>

- 10-Nov-21 [CI Capital Holding \[CICH\] – Record-Breaking Quarter](#)
- 7-Nov-21 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – Earnings Recover on Lower Provisions](#)
- 4-Nov-21 [MACROView – Underlying Strength, but Gathering Headwinds](#)
- 3-Nov-21 [MACROView – Gathering Clouds](#)
- 1-Nov-21 [TAKEStock – Separating the Wheat from the Chaff](#)
- 31-Oct-21 [TAKEStock – Natural Gas Price Hike](#)
- 19-Oct-21 [MACROView – The Storm Is Gone but the Headwinds Persist](#)
- 13-Oct-21 [e-finance \[EFIH\] – An Eye-Opening IPO](#)
- 10-Oct-21 [MACROView – Walking a Tightrope](#)
- 6-Oct-21 [MACROView – On “Risk Control” Mode](#)
- 6-Oct-21 [MACROView – The Tortuous Path to Recovery](#)

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