

New Year, New Start

FUNDAMENTAL THOUGHTS

Happy New Year, everyone, and welcome to another year that no one really knows how it will end. The last couple of years were a case in point when no one predicted the Russia-Ukraine war in 2022 and no one predicted COVID-19 in 2020. This is why we think investors should spend less time predicting the future and more time managing their risk. By reducing their risk as much as possible, we think investors have a better chance to protect their returns.

Speaking of which, we are starting the new year with a new section that we are adding to our daily flagship newsletter **PRIMETime** under the name of ***Fundamental Thoughts***, where we will speak our mind about anything we see of interest, be it globally/local or macro/micro.

With 2022 behind us, we now have 25 years of history for Egypt's EGX 30 index, so we just wanted to highlight a few takeaways from a quarter of a century of data:

- EGX 30 ended the year up 22.2%, beating all regional markets (the best performer was ADX +20.3%) as well as developed (US -19.4%), emerging (-22.4%), and frontier (-29%) markets. However, EGX 30 is still 21% off its all-time high of 18,414.11 recorded intraday in April 2018.
- In USD terms, EGX 30 was down 22.5% in 2022 and is 74% off its all-time high recorded intraday in May 2008.
- Since its inception in 1998, EGX 30 returned 11.3% p.a., whereas in USD terms, it only returned 2.8% p.a.
- Foreign investors have been net sellers in every month of 2022 with cumulative net outflows of EGP26bn. On the other hand, Arabs have been net buyers, thanks to stake sales of state-owned companies, which also explains to some extent why Egyptians (mainly institutions) have been net sellers.

With the above in mind, we think EGP stability is key before foreign investors tap into Egypt equities once again.

— Amr Hussein Elalfy, MBA, CFA | Head of Research

TODAY'S TOP NEWS & ANALYSIS

CBE cancels the use of letters of credit for imports

Cabinet announces the approval of the state ownership policy document

CBE is considering rules for digital currencies

National Council for Wages raises the minimum wage for private-sector

Low demand drives fodder prices down

Part of EFIH's shares transferred to its ESOP program

General Co. for Silos & Storage reports 5M preliminary results

Two block trades on ADIB's shares

EGAS targets net income of EGP309mn in 2023

MACRO

CBE cancels the use of letters of credit for imports

In a circular issued last Thursday, the **Central Bank of Egypt** cancelled the use of letters of credit (LCs) for imports to clear the backlog in ports. This means banks will return to accepting documentary collection (DCs) to carry out all import operations. ([CBE](#))

Cabinet announces the approval of the state ownership policy document

In a meeting held last Thursday, the **Cabinet** announced the **President's** ratification of the state ownership policy document which mainly aims at more inclusion for the private sector. It also sets target investment rates of 25-30% of GDP. ([Mubasher](#))

CBE is considering rules for digital currencies

As a part of its annual financial stability report, the **Central Bank of Egypt (CBE)** announced considering setting new rules for digital currencies, alongside other main focus points like digital wallets and electronic identification. (Al-Borsa)

National Council for Wages raises the minimum wage for the private sector

In a statement issued last Thursday, the **National Council for Wages** announced raising the minimum wage for the private sector by 12.5% to EGP2,700/month on the back of higher inflation. ([Cabinet](#))

Low demand drives fodder prices down

Fodder prices have reportedly decreased by 14% to an average of EGP21,000/ton. Despite the fact that fodder raw material costs are still increasing, the demand for fodder have decreased in the recent days. (Al-Borsa)

CORPORATE

Part of EFIH's shares transferred to its ESOP program

A transaction took place on e-finance [EFIH] shares totaling 12.82mn shares worth EGP184.69mn within the context of EFIH's ESOP program. ([Al-Mal](#))

General Co. for Silos & Storage reports 5M preliminary results

General Co. for Silos & Storage [GSSC] reported its preliminary 5M 2022/23 consolidated net profits of EGP48mn (+28% y/y). ([Company disclosure](#))











































Two block trades on ADIB's shares

Last Thursday, two block trades were carried out on Abu Dhabi Islamic Bank - Egypt's [ADIB] shares. The first was for 9.6mn shares at an average price of EGP16.2/share, while the second was on rights issue for 2.4mn rights at an average price of EGP6.5/right. ([Mubasher](#))

EGAS targets net income of EGP309mn in 2023

Egypt Gas [EGAS] targets a net income of EGP309mn in 2023, which implies a forward P/E of 11.6x. The company expects total revenues to reach EGP8.6bn in 2023. We note that EGAS's net income recorded EGP153mn in 9M 2022 (+260% y/y). ([Arab Finance](#))

MARKETS PERFORMANCE

Current equity market cap (EGPbn)						961.2		Equity turnover (EGPmn): Last, ytd avg.						1,849.4		1,139.4							
						daily chg.		ytd chg.								daily chg.		ytd chg.					
		EGX 30	14,598.53	0.14%	22.17%															Gold	1,824.02	0.50%	(0.28%)
		EGX 30 TR	6,004.78	0.12%	27.31%															Silver	23.95	0.25%	2.77%
		EGX 70 EWI	2,801.93	0.37%	27.26%															Brent Oil	85.91	2.94%	19.19%
		EGX 100 EWI	4,145.50	0.35%	27.35%															WTI	80.26	2.37%	16.72%
		DFMGI	3,336.07	0.22%	4.39%															Natural Gas	4.48	(1.84%)	19.97%
		ADSMI	10,211.09	(0.54%)	20.30%														EGP		USD/EGP	24.75	(0.00%)
		TASI	10,478.46	(0.07%)	(7.12%)													€		EUR/USD	1.07	0.41%	(5.85%)
		QE Index	10,681.07	(1.06%)	(8.13%)													£		GBP/USD	1.21	0.23%	(10.71%)
			S&P 500	3,839.50	(0.25%)	(19.44%)													¥		USD/JPY	131.12	1.46%
		Dow 30	33,147.25	(0.22%)	(8.78%)															6M TB yield	19.17	50	644
		NASDAQ	10,466.48	(0.11%)	(33.10%)															1Y TB yield	18.91	3	614
		VIX	21.67	1.07%	25.84%															10Y TB yield	14.68	30	29
		STOXX 50	3,793.62	(1.47%)	(11.74%)															2Y TB yield	4.42	5	429
EM		MSCI Emerging	956.38	(0.11%)	(22.37%)															10Y TB yield	3.88	2	295
FM		MSCI Frontier	472.32	0.03%	(29.04%)															30Y TB yield	3.97	2	231

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

Source: Bloomberg, CBE.

KEY DATES

DATE	TICKER	TYPE	EVENT
2-Jan-23	MOIN	Cash dividend	Deadline for eligibility for a dividend of EGP0.19/share.
3-Jan-23	CSAG	Cash dividend	Deadline for eligibility for a dividend of EGP0.78/share.
3-Jan-23	BIOC	Cash dividend	Deadline for eligibility for a dividend of EGP3.00/share.
4-Jan-23	BIOC	Cash dividend	Ex-dividend date for EGP3.00/share.
4-Jan-23	CSAG	Cash dividend	Ex-dividend date for EGP0.78/share.
4-Jan-23	SPMD	EGM	Approving increasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
5-Jan-23	MOIN	Cash dividend	Payment date for a dividend of EGP0.096/share (1st installment).
8-Jan-23	BIOC	Cash dividend	Payment date for a dividend of EGP3.00/share.
8-Jan-23	CSAG	Cash dividend	Payment date for a dividend of EGP0.78/share.
8-Jan-23	ATLC	Cash dividend	Deadline for eligibility for a dividend of EGP0.37/share.
9-Jan-23	ATLC	Cash dividend	Ex-dividend date for EGP0.37/share.
9-Jan-23	ARCC	Cash dividend	Deadline for eligibility for a dividend of EGP0.660/share.
9-Jan-23	CAED	Cash dividend	Deadline for eligibility for a dividend of EGP1.150/share.
10-Jan-23	CAED	Cash dividend	Ex-dividend date for EGP1.150/share.
10-Jan-23	ARCC	Cash dividend	Ex-dividend date for EGP0.660/share.
10-Jan-23	RAYA	Cash dividend	Deadline for eligibility for a dividend of EGP0.035/share.
11-Jan-23	RAYA	Cash dividend	Ex-dividend date for EGP0.035/share.
11-Jan-23	ATLC	Cash dividend	Payment date for a dividend of EGP0.37/share.
11-Jan-23	ADIB	Right Issue	Last day of trading the rights issue.
11-Jan-23	EGBE	Stock dividend	Last date for eligibility for a 0.10-for-1 stock dividend.
11-Jan-23	HELI	Cash dividend	Deadline for eligibility for a dividend of EGP0.22/share.
12-Jan-23	EGBE	Stock dividend	Date for distributing a 0.10-for-1 stock dividend.
12-Jan-23	CAED	Cash dividend	Payment date for a dividend of EGP1.150/share.
12-Jan-23	ARCC	Cash dividend	Payment date for a dividend of EGP0.660/share.
15-Jan-23	RAYA	Cash dividend	Payment date for a dividend of EGP0.035/share.
15-Jan-23	CIRA	OGM	Approving financial statements and the proposed dividends.
15-Jan-23	CIRA	EGM	Amending article No. 2 of the company's bylaws.
16-Jan-23	HELI	Cash dividend	Payment date for a dividend of EGP0.05/share (1st installment).
16-Jan-23	ADIB	Capital increase	Capital increase subscription closing date.
17-Jan-23	EHDR	OGM	Discussing netting contracts & board election.
17-Jan-23	EHDR	EGM	Discussing cancelling reward system.
22-Jan-23	EMFD	EGM	Amending article No. 3 of the company's bylaws.
22-Jan-23	PHDC	OGM	Discussing netting contracts.
25-Jan-23	CLHO	EGM	Discussing capital reduction by cancelling treasury stocks & amending Articles No. 6 & 7 of the company's bylaws.

LATEST RESEARCH

DATE	PUBLISHED REPORT
18-Dec-22	<u>Elsewedy Electric [SWDY] – Turning Copper Into Gold</u>
5-Dec-22	<u>Commercial International Bank [COMI] – Still Spearheading</u>
28-Nov-22	<u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Unmitigated Temerity</u>
20-Nov-22	<u>Alexandria Containers & Cargo Handling Co. [ALCN] – Gateway of the North</u>
14-Nov-22	<u>Obour Land for Food Industries [OLFI] – Wise and Clever</u>
13-Nov-22	<u>STANDPoint – Time to Catch Up: Updating our fundamental outlook</u>
3-Nov-22	<u>TAKEStock – Telecom Egypt [ETEL] – Life Above 40</u>
19-Oct-22	<u>Lecico Egypt [LCSW] – A Fragile Tile?</u>
27-Sep-22	<u>Commercial International Bank [COMI]: Commander-in-Chief</u>
24-Sep-22	<u>TAKEStock: The Egyptian Banking Industry - The RRR Effect</u>
21-Sep-22	<u>EGYPTBanks – The Causal Sequence</u>
24-Aug-22	<u>Arabian Food Industries (Domty) – Core Coverage Report</u>
22-Aug-22	<u>Credit Agricole Egypt [CIEB] – Core Coverage Update</u>
31-Jul-22	<u>Ghazl El-Mahalla Football Co. [GMFC] - IPO Update</u>
14-Jun-22	<u>Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own</u>
8-Jun-22	<u>TAKEStock – Delta Sugar [SUGR] - Sweet and Sour</u>
7-Jun-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>

Prime Securities

Shawkat El Maraghy

Managing Director

T +20233005622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +20233005784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +20233005612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head-Institutional Desk

T +20233005609

AAlaa@egy.primegroup.org

Mohamed ElMetwaly

Manager

T +20233005610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +20233005624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +20233008130

SRaslan@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +20233005173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +20233005724

AElalfy@egy.primegroup.org

Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.
Member of the Egyptian Exchange.

2 Wadi El Nil St, Liberty Tower, 7th Fl.
Mohandessin, Giza, Egypt

T +20233005700/770/650/649

F +20237607543

Branches

Heliopolis

7 Elheqaz Square
Heliopolis, Cairo, Egypt

T +20227770600

F +20227770604

Alexandria

7 Albert Al Awa St.
Smouha, Alexandria, Egypt

T +20233008170

F +20233054622

Website

www.primeholdingco.com

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