

2026 – A Year of Asset Classes in Tactical Rotation



Annual Strategy Note | Egypt

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مباشرة تداول
MUBASHER TRADE

2026 – A Year of Asset Classes in Tactical Rotation

Following 2025—a year marked by heightened uncertainty that drove a multi-layered shift from equities to precious metals and, within equities, from developed markets toward emerging and frontier markets—2026 is set to continue this global rotation across asset classes amid rising geopolitical challenges. In Egypt, similar dynamics unfolded, with investors oscillating between riskier assets and safe havens in pursuit of alpha, while cautiously leveraging early signs of economic restructuring. Looking ahead, we anticipate further tactical rotations throughout 2026, across asset classes and within sectors. Our objective is to guide clients in closely tracking these shifts and remaining agile in reallocating portfolios to capture optimal returns.

More specifically in this note, ...

- Review our 2026 outlook and strategic approach amid ongoing asset class rotations.
- Overview EGX performance versus Arab and emerging market peers.
- Target Price for EGX30 index; and define our alpha threshold.
- Analyze sector outlooks for 2026.
- Track high-alpha opportunities and recommended stock picks.
- Enable clients to act on tactical reallocation strategies for optimal returns.

For more details, please read on ...

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Prologue

With 2026 kicking off, we reflect on 2025—a year marked by a significant rotation across asset classes, driven by evolving monetary policies, shifting inflation trends, and persistent geopolitical uncertainty. The year began with high U.S. rates favoring global fixed income. Later, as the **U.S. Federal Reserve** turned dovish, emerging markets surged; stocks beat U.S. peers for the first time since 2017, yield gaps hit an 11-year low, and carry trades delivered their best returns since 2009. Meanwhile, by mid-year, as expectations of monetary easing gained traction and geopolitical risks intensified, investor sentiment pivoted toward safe havens. Precious metals, namely **Gold and Silver** emerged as the standout performer, surging to unprecedented levels above USD4,500 per ounce of gold and to USD79 per ounce of silver, closing 2025 slightly lower at USD4,325 (+65.2%) and USD71.3 (+150.5%), respectively. This historic rally was fueled by record central banks gold purchases, particularly from emerging economies seeking to diversify reserves away from the U.S. dollar, alongside heightened retail, institutional, & mutual funds demand.

Meanwhile, global equity markets exhibited mixed performance. Developed market equities faced headwinds from slowing growth, and compressed valuations, while selected sectors—such as technology and energy—benefited from structural themes like AI adoption and supply chain realignment. Emerging and frontier markets delivered better returns, supported by a weak U.S. dollar.

Beyond gold, commodities were mixed: **Oil** stayed volatile as **Venezuela** strikes clouded price outlook. Limited near-term impact from low output and intact infrastructure, while OPEC+ held output steady in its first 2026 meeting; escalation may heighten supply risks later.

Specifically, equities were among the global underperformers, with the **MSCI World Index**—which tracks equity markets across 23 developed economies—gained only 21.3%, despite the **Fed's** late-2025 rate cut aimed at supporting growth. Meanwhile, emerging markets defied expectations, delivering strong gains as structural reforms, attractive valuations, and a weaker U.S. dollar fueled investor inflows. The MSCI Emerging Markets Index surged 30.4% year-to-date, marking its best performance since 2009, with standout contributions from S.Korea (+79.6%), Czech Republic (+79.3%), Colombia (+74.8%), and Chile (+72%). Frontier markets also posted impressive returns, with the MSCI Frontier Markets Index advancing 40.9%, supported by selective rallies in regions such as Eastern Europe and Africa. This divergence underscored a clear **rotation toward emerging and frontier economies**, as global investors sought growth opportunities beyond the U.S. and Europe amid shifting trade dynamics and easing monetary conditions.

In essence, 2025 revealed a two-phase investment landscape: an early tilt toward yield-focused fixed income strategies, followed by a clear pivot to inflation hedges and safe-haven assets—ultimately defining the year as one of pronounced **asset class rotation** among equities, precious metals, and fixed-income instruments.

Prologue (Cont'd)

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In our previous annual strategy note dated 5 Jan 2025, titled “[2025 – Drifting Through Uncertainties](#),” we anticipated several key global developments: an escalation in the U.S.–China trade war disrupting supply chains, a de-escalation of conflicts in Ukraine and the Middle East easing geopolitical tensions, stabilizing oil, natural gas, and urea prices. Additionally, markets broadly anticipated that the Federal Reserve would pivot away from its tightening cycle by year-end, a shift that ultimately occurred. All these global expectations have largely materialized.

Similarly, in Egypt, persistently elevated policy rates—starting the year at 25.25% for overnight deposits and 26.25% for lending—drove strong demand for high-yield bank certificates, government issuances, and term deposits, offering returns up to 27% annually. These instruments became the cornerstone of local portfolio allocations, reflecting a defensive stance amid currency volatility and inflationary pressures.

Gold’s appeal was amplified by local currency depreciation and inflation concerns, prompting households and investment funds to increase allocations to bullion and gold-backed instruments.

In Egypt, equities—like other emerging markets—stood out as winners, fueled by the Central Bank’s aggressive easing cycle that began early 2025 and persisted through the year, with cumulative cuts of 725 bps after 800 bps hikes in 2024. This shift drove stocks to record highs: EGX30 closed up 40.6%, hitting 41,829 on 31 December. Other indices surged—EGX30 USD (+50%), EGX70 EWI (+61.2%), EGX100 EWI (+55.3%), and EGX30 Capped (+40%)—all at historic peaks. This exceptional run was supported by strong fundamentals: robust earnings, revenue growth, and expanding margins across a broad spectrum of companies.

In our previous annual strategy note, we also projected EGP stabilization around 50 per USD ($\pm 5\%$), and a disruptions in Suez Canal revenues due to geopolitical tensions—all of which largely materialized too.

So, what lies ahead for Egypt in 2026—will the rotation story continue?

With the ongoing easing cycle, as detailed in the macroeconomic section, we expect 2026 to see a continued shift away from defensive high-yield instruments (such as bank certificates, T-Bills, T-Bonds, and deposits) toward equities and precious metals. Despite these unprecedented gains in 2025, EGX30 index still trades at a relatively low forward P/E ratio of 7.8x based on expected full-year 2025 earnings (7.1x based on 2026 expected earnings), versus 17x for the Saudi market, 11x for Dubai Financial Market, 14x for Abu Dhabi, and 12.7x for Bahrain. This valuation gap signals long-term upside potential, though with a softer outlook in 2026, as reflected in [our EGX30 target section](#)—contingent on continued economic improvement, subdued geopolitical risks, and sustained corporate earnings strength.

Meanwhile, stable exchange rates support market momentum, reinforced by major projects—**Alam El Roum** with Qatari Diar (USD29.7bn) and **Ras El Hekma** with Emirati investments totaling up to USD150bn, of which USD35bn are deployed. These initiatives boosted net foreign reserves at the Central Bank, with Egypt’s international reserves surpassed a record of USD51.5bn by Dec 2025 end, aided by global gold price gains, while banking sector net foreign assets reached USD23.7bn. Alongside surging tourist arrivals—especially after the **Grand Egyptian Museum’s** opening—these factors are expected to sustain currency stability into 2026.

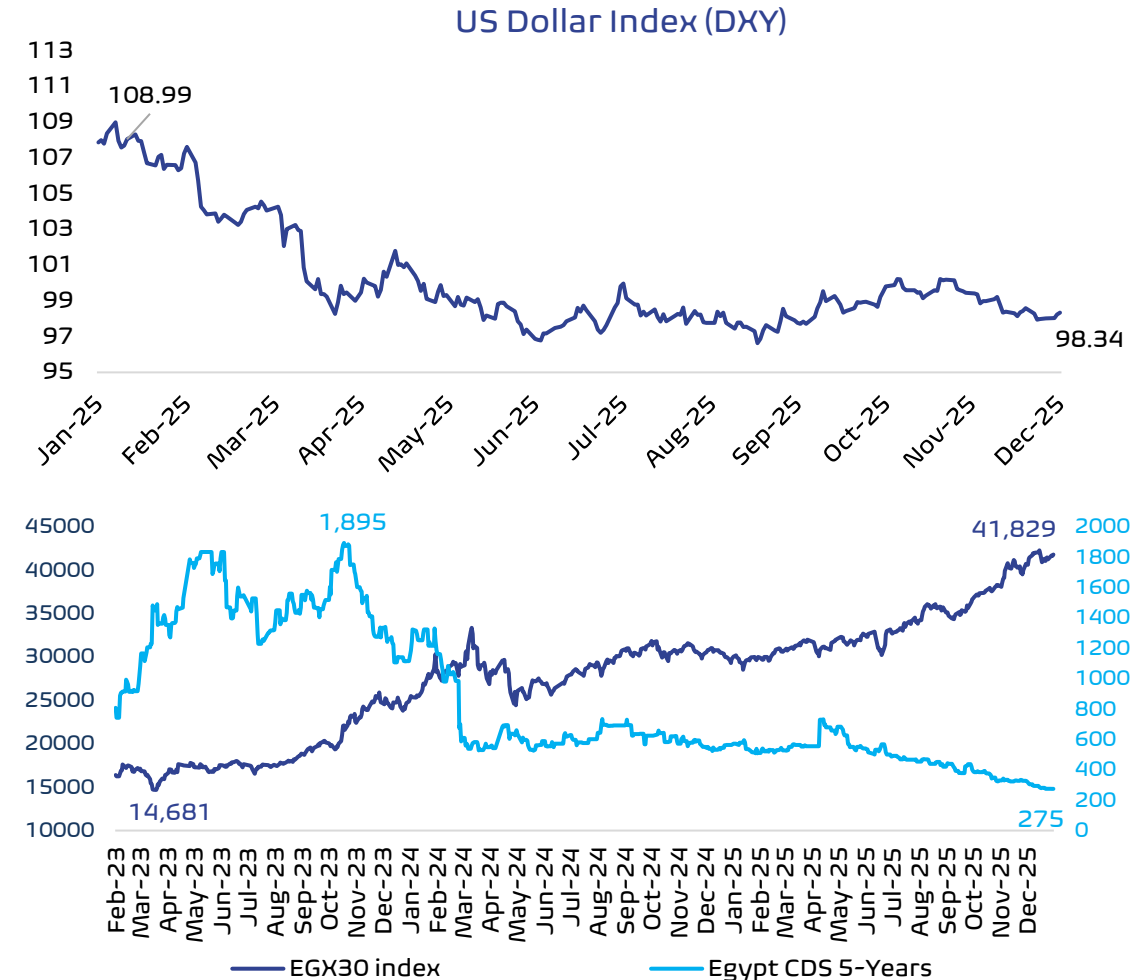
Prologue (Cont'd)

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And what lies ahead for exchange rates? The U.S. dollar lost 9% of its value against major currencies in 2025, with the Dollar Index (DXY) dropping to 96.65 by June, its lowest level since 2023 start. This decline stems from controversial U.S. trade policies (tariffs), concerns over **Federal Reserve** independence, expectations of rate cuts, and weaker U.S. growth—enhancing the relative strength of other currencies, including the Egyptian pound, into 2026. Analysts anticipate continued dollar weakness versus most major currencies in 2026, albeit with some volatility, as the greenback remains fundamentally overvalued based on the purchasing power parity (PPP) model according to OECD data.

Egypt's inflation rates saw a widely anticipated uptick by the end of 2025 after four months of declines, driven by fuel price adjustments and seasonal education-related costs at the start of 2025. As expected, this temporary uptick did not disrupt the ongoing rate-cutting cycle, with the CBE reducing rates by an additional 100 bps in its final meeting of 2025, bringing the total cuts for the year to 725 bps.

Egypt's credit standing has improved markedly, with **5-year CDS** tightening from its 2023 peak near 1,900 bps to about 650 bps by mid-2025 and now at only 275 bps—reflecting a 1,620 bps vs. 2023 peak. This substantial decline has reduced the cost of equity and lifted market valuations, playing a major role in the EGX30's strong 2025 rally (up 26,868 points Jan 2023 – Dec 2025). Since the start of 2023 until now, every 1 bps decline in CDS has corresponded to a 45-point gain in the EGX30. In 2026, We expect CDS to remain near current levels, supporting continued stability and enhancing Egypt's appeal to global investors—potentially paving the way for increased M&A activity in the year ahead.



Source: Bloomberg, investing.com.

Prologue (Cont'd)

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The Global Asset Rotation Story; Will It Continue in 2026?: 2025 has been notably constructive for **precious metals (Silver & Gold)**—highlighted in green on our below heat map—extending the 2024 trend as investments continued its rotation away from the U.S. dollar and U.S. Treasuries (both lost -9.2% in 2025). Key drivers included the **Fed's** easing cycle, renewed U.S. trade war, and the late-2025 U.S. government closure. On equities, we observe a rotation also out of Developed Markets (+20.2% in 2025)—which faces valuation pressure and earnings concentration risk—toward **Emerging** (+30.4%) and **Frontier** (+40.9%).

In 2026, gold is expected to maintain its upward trend to \$5,000 - \$5,500 levels, supported by ongoing global tensions, central-bank buying, stronger investment funds demand, and a Fed easing cycle that could pressure global fixed income while influencing the U.S. dollar, especially if U.S.–China trade ties keep improving. For equities, we foresee emerging markets to continue outperform due to cheaper valuations, China's recovery signals, and rising investment inflows. Developed markets, led by the U.S., may still gain from solid earnings and accelerating AI spending. Frontier markets provide high potential returns but come with elevated risk and low liquidity, keeping them selective opportunities.

Asset Classes Returns (Annual YTD)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Year-To-Date Performance											
															Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
S&P Global 100	-7.0%	10.4%	20.8%	-1.3%	-4.4%	5.3%	20.7%	-8.4%	27.2%	16.6%	24.0%	-17.9%	25.7%	25.1%	1.4%	1.0%	-4.4%	-4.6%	2.0%	7.0%	10.8%	13.9%	19.1%	25.1%	25.9%	26.4%
Frontier Markets	-22.1%	4.9%	21.4%	2.9%	-17.3%	-1.3%	27.7%	-19.1%	13.5%	-2.4%	16.4%	-29.0%	7.3%	5.1%	3.0%	4.9%	7.4%	5.6%	11.8%	17.2%	24.6%	32.3%	33.5%	34.2%	35.2%	40.9%
Developed Markets	-7.6%	13.2%	24.1%	2.9%	-2.7%	5.3%	20.1%	-10.4%	25.2%	14.1%	20.1%	-19.5%	21.8%	17.0%	3.5%	2.6%	-2.1%	-1.4%	4.2%	8.6%	9.9%	12.7%	16.2%	18.4%	18.6%	20.2%
MSCI All World	-9.4%	13.4%	20.3%	2.1%	-4.3%	5.6%	21.6%	-11.2%	24.0%	14.3%	16.8%	-19.8%	20.1%	15.7%	3.3%	2.6%	-1.7%	-0.9%	4.5%	9.1%	10.5%	13.1%	17.1%	19.6%	19.5%	21.3%
US Dollar Index	1.8%	-0.7%	3.3%	11.0%	9.0%	2.8%	-8.5%	3.1%	-0.9%	-5.4%	4.7%	6.2%	-2.7%	8.0%	-0.1%	-0.9%	-2.7%	-6.6%	-7.2%	-9.1%	-6.7%	-8.3%	-8.3%	-6.8%	-7.0%	-9.2%
Global High Yield	3.1%	19.6%	7.3%	0.0%	-2.7%	14.3%	10.4%	-4.1%	12.6%	7.0%	1.0%	-12.7%	14.0%	9.2%	1.4%	2.2%	1.8%	2.7%	4.4%	6.8%	7.2%	8.9%	9.6%	10.4%	11.0%	12.1%
Emerging Markets	-20.4%	15.1%	-5.0%	-4.6%	-17.0%	8.6%	34.3%	-16.6%	15.4%	15.8%	-4.6%	-22.4%	7.0%	5.1%	1.7%	2.0%	2.4%	3.5%	7.6%	13.7%	15.6%	17.0%	25.2%	30.3%	27.1%	30.4%
Sukuk	1.5%	3.7%	-3.4%	2.6%	-2.3%	0.8%	0.9%	-3.4%	6.9%	4.3%	-2.0%	-10.8%	1.7%	-0.7%	0.2%	0.9%	1.2%	1.5%	1.1%	1.7%	2.0%	2.6%	3.1%	3.3%	3.1%	2.9%
Asia ex. Japan	-19.2%	19.4%	0.7%	2.2%	-11.3%	2.9%	38.7%	-16.4%	15.4%	22.5%	-6.4%	-21.5%	3.6%	9.7%	0.6%	1.6%	1.4%	2.0%	7.1%	13.1%	15.7%	17.0%	24.7%	30.3%	26.5%	29.6%
USD Cash 3M	0.3%	0.5%	0.3%	0.3%	0.4%	0.9%	1.3%	2.3%	2.5%	0.9%	0.2%	1.7%	5.4%	5.5%	0.4%	0.7%	1.1%	1.5%	1.9%	2.3%	2.6%	3.0%	3.4%	3.8%	4.1%	4.5%
Real Estate EM	-28.1%	48.4%	-18.3%	-8.0%	-4.3%	-8.7%	53.3%	-16.9%	20.7%	-18.2%	-26.1%	-22.4%	-11.6%	4.4%	-3.0%	0.3%	-0.5%	1.7%	0.0%	2.4%	4.1%	3.7%	3.4%	1.7%	0.1%	-1.3%
Bloomberg Global Bond	5.6%	4.3%	-2.6%	0.6%	-3.2%	2.1%	7.4%	-1.2%	6.8%	9.2%	-4.7%	-16.2%	5.7%	-1.7%	0.6%	2.0%	2.6%	5.7%	5.3%	7.3%	5.7%	7.2%	7.9%	7.6%	7.9%	8.3%
Gold	10.1%	7.1%	-28.3%	-1.4%	-10.4%	8.1%	13.5%	-1.6%	18.3%	25.1%	-3.6%	-0.3%	13.1%	27.2%	6.6%	8.9%	19.0%	25.3%	25.3%	25.9%	25.4%	31.4%	47.0%	52.5%	61.5%	65.2%
Silver	-9.9%	9.0%	-35.8%	-19.3%	-11.9%	15.0%	6.3%	-8.5%	15.2%	47.9%	-11.7%	2.8%	-0.7%	21.5%	8.3%	7.8%	17.9%	12.9%	14.1%	24.9%	27.0%	37.4%	61.4%	68.5%	95.5%	150.5%
Commodities	2.1%	0.3%	-2.2%	-33.9%	-25.5%	27.8%	11.1%	-15.4%	16.5%	-6.1%	37.1%	8.7%	-12.2%	2.6%	2.2%	0.7%	3.4%	-5.7%	-4.5%	-1.2%	0.8%	0.0%	0.1%	1.3%	1.0%	0.8%
US 10 Yr. Treasury Bond	-43.4%	-6.1%	72.3%	-28.3%	4.6%	7.8%	-1.7%	11.7%	-28.6%	-52.2%	64.9%	156.5%	-0.3%	18.3%	-0.1%	-7.5%	-7.2%	-8.7%	-3.4%	-7.5%	-4.7%	-7.6%	-9.3%	-10.3%	-12.2%	-9.2%
Brent	13.3%	3.5%	-0.3%	-48.3%	-35.0%	52.4%	17.7%	-19.5%	22.7%	-21.5%	50.2%	10.5%	-10.3%	-3.1%	2.8%	-2.0%	0.1%	-15.4%	-14.4%	-9.4%	-2.8%	-8.7%	-10.2%	-12.8%	-15.3%	-17.4%
Bitcoin	1316.7%	217.9%	5428.4%	-57.5%	36.2%	120.3%	1375.1%	-73.8%	94.8%	305.1%	59.8%	-64.3%	157.0%	120.5%	9.0%	-10.1%	-12.1%	0.9%	11.9%	14.8%	24.3%	16.4%	22.3%	16.8%	-2.7%	-5.2%

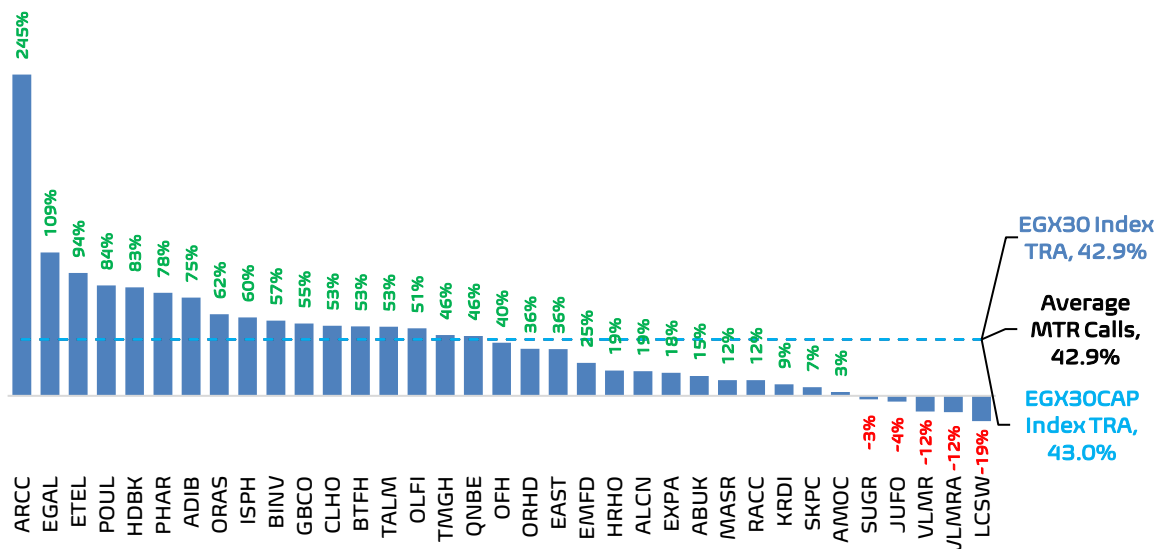
Source: Bloomberg. Color coding reflects relative performance within each matrix (annual and YTD) independently: **green** indicates the highest returns, while **red** represents the lowest relatively.

Prologue (Cont'd)

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Our previous top picks from the annual strategy note "[2025 – Drifting Through Uncertainties](#)" (published on January 5, 2025) delivered performance identically in line with the EGX30 benchmark, despite the heightened uncertainties we anticipated at the start of the year. We achieved an impressive 88% success rate, as 30 out of 34 selections ending the year in positive territory, while only four closed lower. Overall, our top picks posted average total return of 42.90% through 31 December 2025, identically matching EGX30 (+42.88%) and EGX30 CAP (+42.96%). The chart below illustrates the comparative performance of our 34 top picks against the EGX30 and EGX30 CAP indices.

MubasherTrade Research (MTR) Calls Performance



Source: Bloomberg, prices as of 31 December 2025. TRA = Total Return Analysis = Price return + DY.

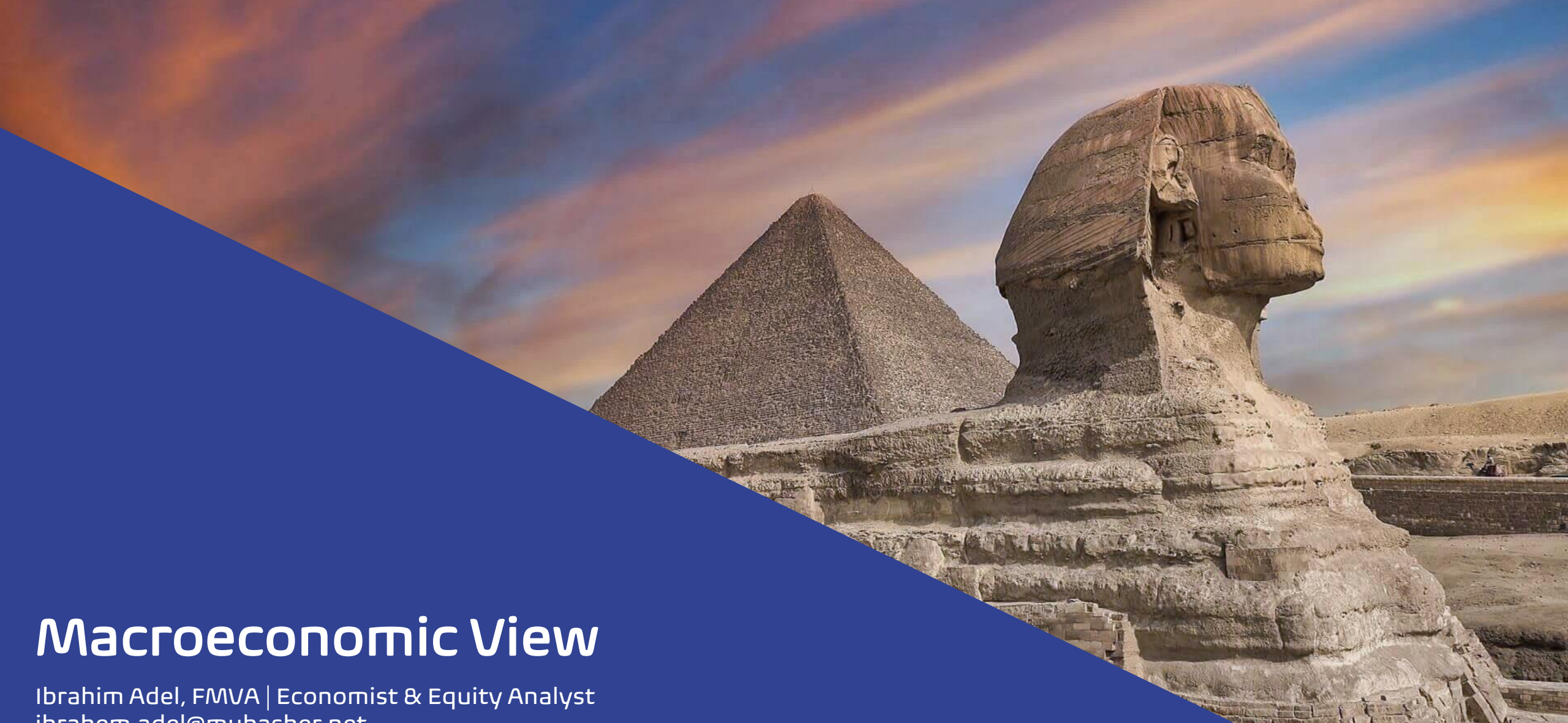
In our 2026 strategy note, we aim to provide clients with a clear roadmap for generating Alpha through our "[Alpha Map: Where to Invest in 2026?](#)" section. Alpha refers to the excess return a stock can deliver in 2026, surpassing the EGX30 index's expected total return of 26.4% in addition to 10.7% inflation target, as detailed on page 21. While this task has been particularly challenging this year given the exceptional performance across a broad spectrum of Egyptian equities. Nonetheless, we have outlined 10 stocks projected to deliver high alpha, another 10 with moderate alpha potential, and 18 names expected to offer limited upside all featured in our '[On the Radar: Key Other Top Picks](#)' section, namely:

- High Alpha:** TMGH, SAUD, CFGH, VALU, DSCW, MOIL, PHDC, GBCO, ORAS, and HDBK.
- Moderate Alpha:** RMDA, MTIE, EAST, ETEL, CANA, TALM, RAYA, BTFH, GTWL, and ARCC.
- Key Other Top Picks:** ADIB, FWRY, MPC1, JUFO, KRDI, ORWE, TAQA, EMFD, DOMT, ISPH, CSAG, EFID, POUL, BINV, CCAP, ORHD, EGAL, and SCTS.

Meanwhile, we are generally **Positive** on Banking, Cement, Consumer, Education, Energy, FinTech & Telecom, HC & Pharma, Industrials, Metals & Mining, NBFS, and Real Estate Industries, and **Negative** on Ceramics, Fertilizers, and Petrochemicals.

In our alpha map section, we will outline catalysts, investment thesis, and our fair value (FV) estimates for each of the three groups' selected stocks.

Please keep reading, for more details ...



Macroeconomic View

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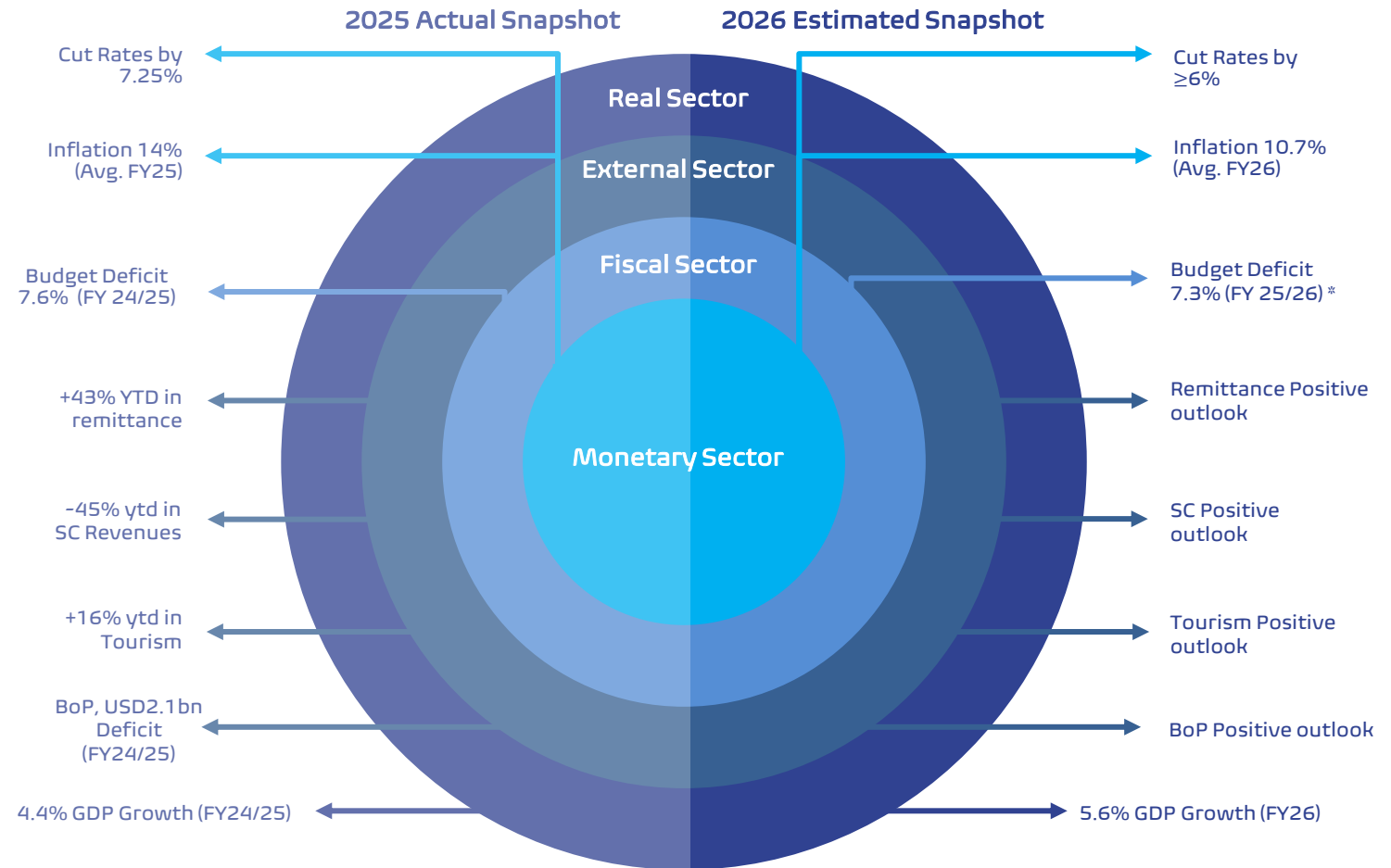
2026: From Monetary Discipline to Accelerated Growth—Building on 2025's Turning Points

2026 Outlook in Summary

Egypt enters 2026 amid a gradual improvement in economic fundamentals, supported by continued monetary easing, relative stability in the FX market, and improving real activity indicators, alongside fiscal efforts aimed at managing debt and budget deficits.

- On the **monetary policy front**, 2026 is expected to continue the easing cycle. Average inflation is projected to decline to around 10.7%, and interest rates are likely to be cut by at least 600 basis points, keeping real interest rates near 3.5%–4% by Dec 2026 end, with 2026 average projected to fall within 6.5%–7%.
- Externally**, a gradual improvement in Egypt's external position is expected, driven by a narrowing trade deficit, a stronger services balance with the recovery of **Suez Canal** revenues, and continued momentum in **tourism** and **remittances**. Foreign investment inflows are also expected to remain stable, supporting foreign reserves and maintaining EGP at 47–48 / USD ($\pm 5\%$), despite higher external debt obligations in 2026. The trade deficit is also expected to narrow amid lower imports and rising exports, while the financial and capital accounts are set to improve, supported by the Alam El-Roum deal.
- A positive outlook is maintained for **real sector**, with GDP growth expected at 5.6%, supported by a recovery in private consumption, improved exports, and greater private sector investment. The return of the Purchasing Managers' Index above 50 by the end of 2025 also reflects an improvement in non-oil production activity.
- On the fiscal side**, FY2025/26 budget aims for 4.5% growth, a gradual reduction in the budget deficit, a primary surplus of 4% of GDP, and continued debt reduction to 80% of GDP.

We see risks remaining related to commodity price volatility, foreign capital flows, & geopolitical and financial pressures. *We outline our outlook for four key sectors in the following pages.*



* Forecasted by Ministry of Finance (MoF).

I. Monetary Sector Outlook

We see 2026 as a year of continued monetary easing, alongside a phase of positive economic momentum.

We expect inflation to continue moderating in 2026, averaging around 10.7% for the year.

This outlook is underpinned by:

- Exchange rate stability, supported by steady FCY inflows.
- Lower and more stable global commodity prices, helping stabilize Egypt's import bill and limit imported inflation.
- A normalization in money supply growth, with M2 growth at c. 22%, close to its historical average of around 20%.

Interest Rates: We expect interest rates to decline further in 2026 by at least 600 basis points, with potential for additional cuts should inflation undershoot expectations. We also anticipate real interest rates to settle around 3.5% - 4% by Dec 2026 end, with 2026 average projected to fall within 6.5%-7%, depending on the trajectory of inflation and nominal rates.

The **Mandatory Reserve Ratio (MRR)** for commercial banks will only be reduced if excess liquidity and money supply pressures show a clear and sustained decline. **We expect** the CBE to consider lowering the MRR only after it fully scales back open market operations aimed at draining liquidity from the banking system.

Accordingly, we do not believe the timing is appropriate at this stage, although a future cut in the MRR would be highly positive for the banking sector, supporting liquidity, credit growth, and profitability.

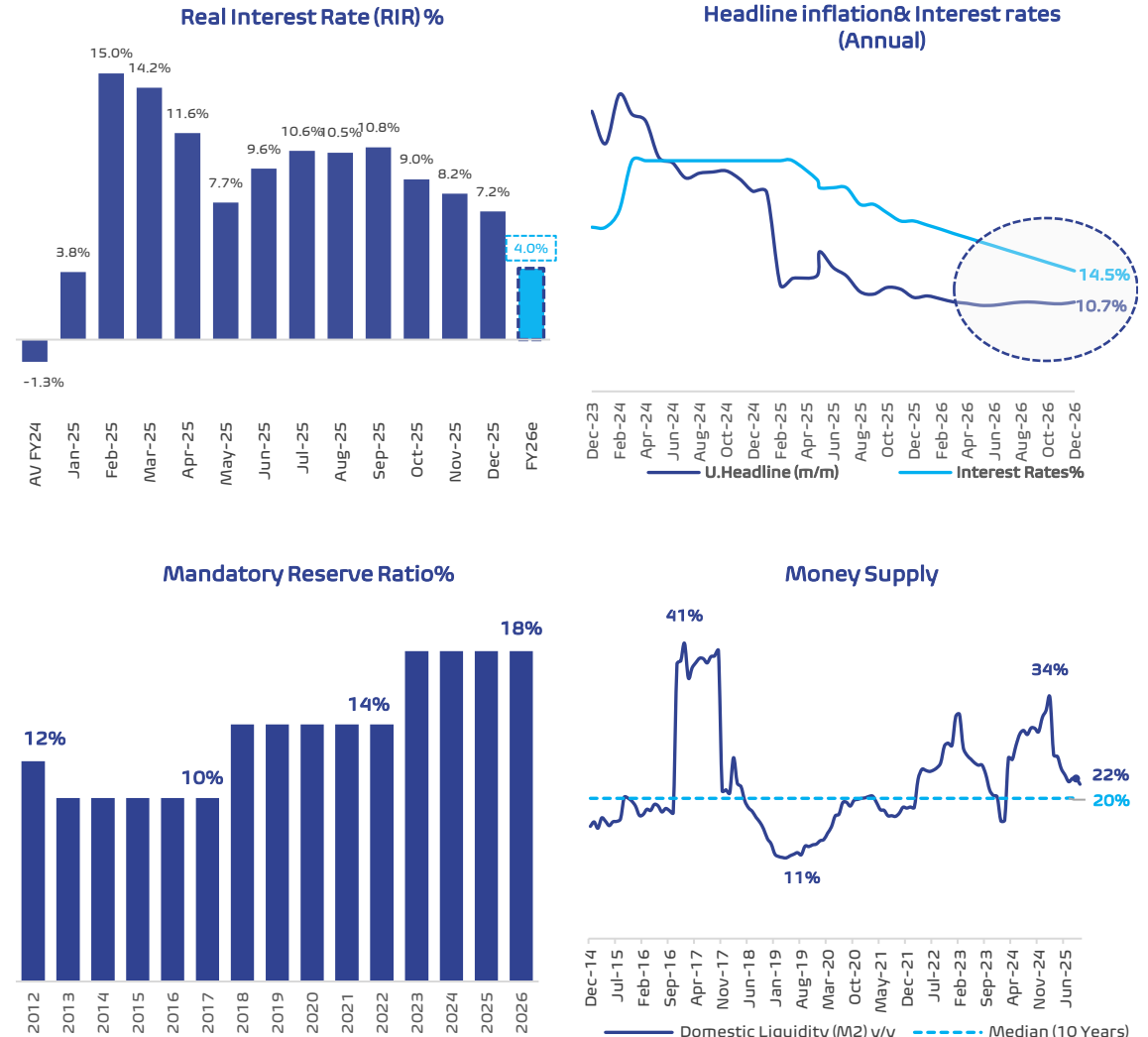
In principle, 2025 marked a turning point in Egypt's monetary policy stance, as the CBE shifted from a prolonged tightening cycle to a more accommodative policy framework.

Inflation followed a clear disinflationary path during 2025, declining from 24% in Jan 2025 to 12.3% in Nov 2025, resulting in an average inflation rate of 14.4% for the year. In parallel, the CBE delivered cumulative interest rate cuts totaling 725 basis points (7.25%).

This shift was supported by several factors, including improved regional stability that helped restore global supply chains, a decline in global inflation, relative stability of the EGP against the USD, and the CBE's success in containing inflationary pressures.

Risks:

- Inflation re-acceleration pushed by any global commodity price shocks or supply disruptions, which could slow or halt monetary easing.
- If foreign currency inflows weaken, directly feeding into higher inflation.
- Geopolitical or domestic fiscal risks that could hurt tourism, investments, and overall economic stability.



Source: CBE Data & Mubasher trade Egypt Projections

II. External Sector Outlook

Egypt's external position is expected to gradually improve, supported by a narrowing trade deficit, a stable-to-slightly appreciated EGP, lower global commodity prices, and government measures to boost exports and control imports. Services balances should strengthen through higher Suez Canal revenues, tourism growth, and remittances. Capital inflows are likely to remain stable, driven by strategic projects and continued FDI, supporting accumulation of Net International Reserves (NIR) and Net Foreign Assets (NFA), enhancing FX liquidity. Despite higher scheduled external debt repayments in 2026, improving domestic fundamentals and stronger FX buffers should maintain external stability, with the Egyptian pound broadly expected to stabilize around EGP 47–48/USD ($\pm 5\%$).

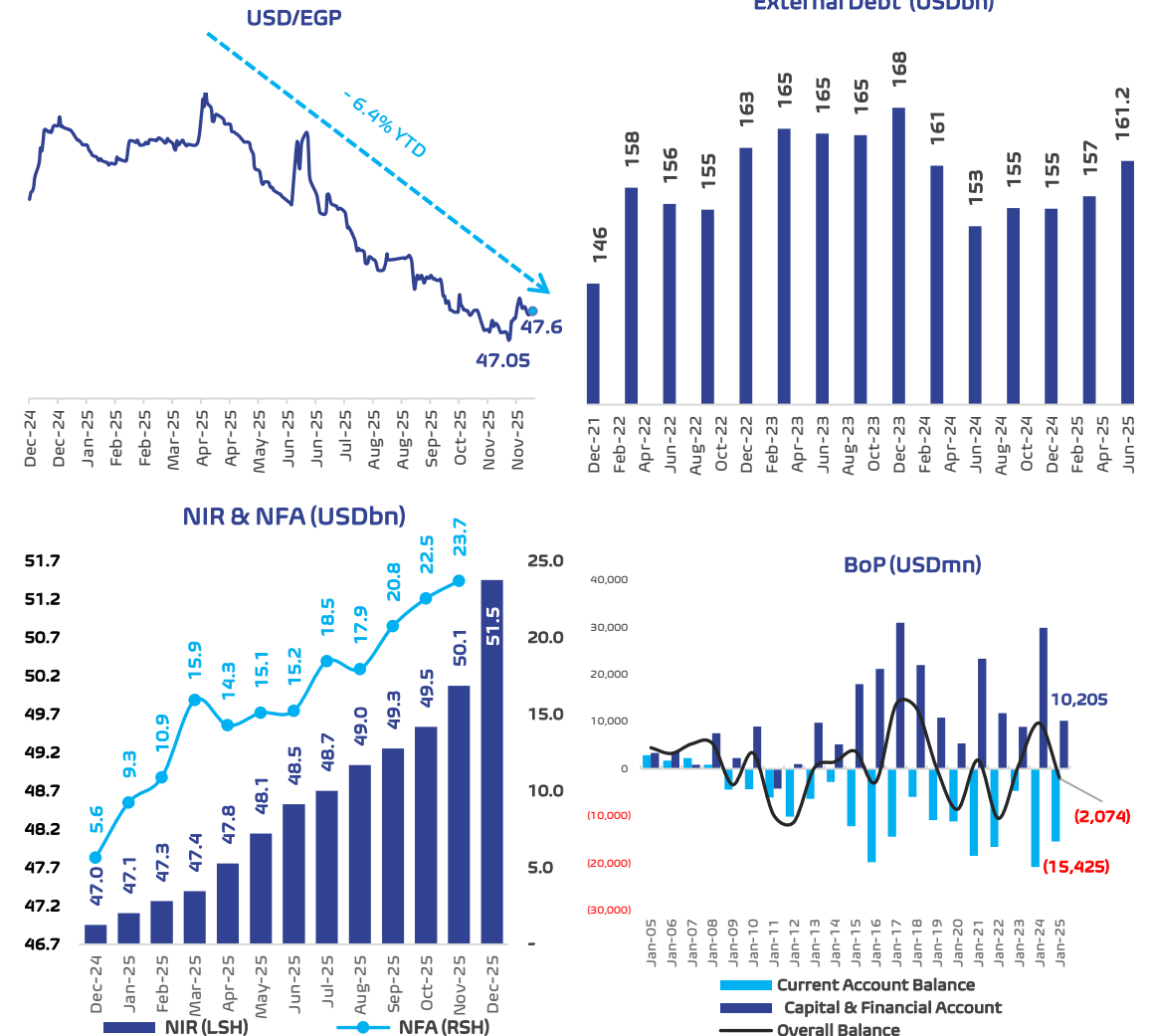
External Liquidity: We expect further improvement in external liquidity, with continued increases in net international reserves (NIR) and net foreign assets (NFA), supported by resilient remittance inflows, sustained tourism recovery (+20% y/y increase in number of tourists reaching around 18.8mn), and a gradual normalization of Suez Canal revenues. By 2025 end, Egypt's net international reserves reached USD51.5bn, covering approximately 6 or 7 months of imports, supported by gold purchases, rising global gold prices, and stable FX inflows. Meanwhile, net foreign assets stood at USD23.7bn, reinforcing confidence in the EGP and confirming the monetary sector's ability to meet FX demand without devaluation pressures.

External Debt: Egypt's external debt reached USD161.2bn at June 2025 end, up USD8.3bn (+5.5%) y/y. The Central Bank of Egypt revised its 2026 external debt service estimate upward to USD32.3bn, from USD29.2bn, reflecting an increase of USD3.16bn. Importantly, this upward revision is largely technical, driven by the inclusion of previously deferred or rescheduled bonds and loans in the updated repayment schedule, rather than a deterioration in borrowing dynamics.

Exchange Rate: The EGP's recent stability and modest appreciation against the USD have been driven by global USD weakness and improving domestic fundamentals. However, the EGP has depreciated against most major currencies, which is relevant given Egypt's debt currency composition. While the majority of external debt is USD-linked, only 68% is strictly USD-denominated, with the remainder in currencies that have appreciated against the USD, inflating the headline external debt figure. With FX inflows improving and reserves remaining adequate, the EGP is expected to remain broadly stable in 2026, within the EGP47–48 / USD range ($\pm 5\%$).

Risks:

- Red Sea / Suez Canal disruptions.
- Global Commodity Price Shocks.
- External Debt Refinancing Risks.
- Volatility in FDI and Portfolio Flows.
- Exchange rate pressures from Non-USD currencies.
- Tourism sensitivity to geopolitical tensions.



Source: CBE.

III. Real Sector Outlook

Looking ahead to 2026, we maintain a constructive outlook on Egypt's real sector, with GDP growth expected to reach 5.6%, supported by the following factors:

- **Private Consumption:** Expected to grow by c.7%, driven by increases in the minimum wage, gradual improvement in purchasing power, and lower interest rates, which should stimulate household spending.
- **Exports:** Forecast to grow by c.5.2%, supported by the government's import substitution strategy, export expansion initiatives, and FX stability, which should help contain import bill volatility.
- **Gross capital formation:** Expected to record modest growth of c.1%, reflecting the state's divestment policy and increased private sector participation, improving capital allocation efficiency over the medium term.

Importantly, leading indicators have turned supportive, as Egypt's Purchasing Managers' Index (PMI) surpassed the 50-point threshold in Nov & Dec 2025, signaling a return to expansion in industrial and productive sectors. This improvement reflects stronger demand conditions and new orders, reinforcing our optimistic growth outlook.

Previously: During FY2023/24, Egypt's GDP recorded 2.4%, a notably weak outcome that does not align with the size of the economy or its strong structural potential for employment generation and growth.

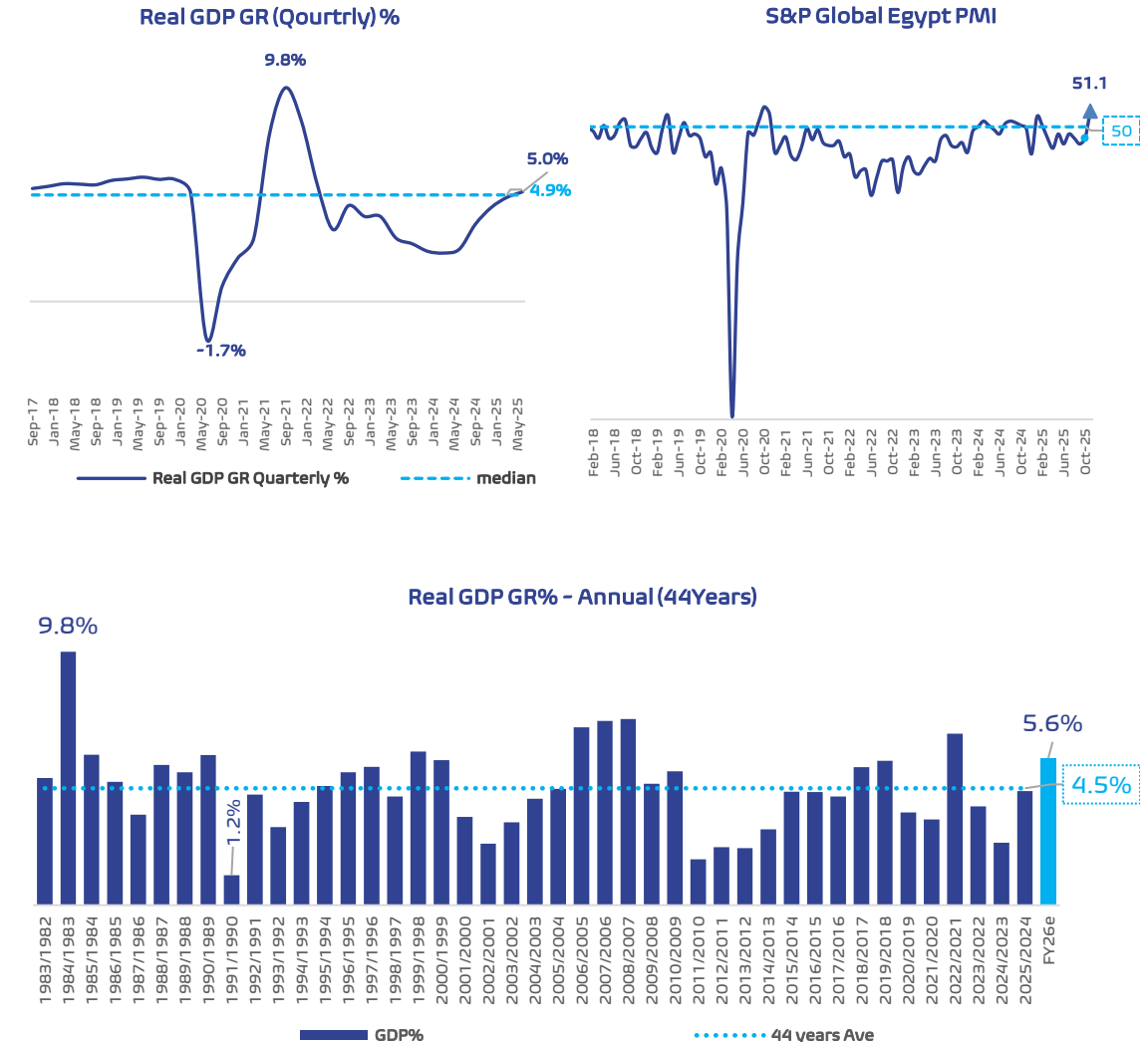
This subdued performance was primarily driven by:

- A c.11% contraction in exports, reflecting FX market disruptions, weakened competitiveness, and supply-side constraints.
- A c.5% increase in imports, resulting in a wider trade deficit and elevated net imports.
- A c.6% decline in gross fixed capital formation, amid tight monetary conditions and elevated financing costs, weighing on private investment.

This occurred despite private consumption growth of 8%, which represents the largest and most heavily weighted component of GDP, but proved insufficient to offset weakness in exports and investment.

Growth Recovery in FY2024/25: Economic activity showed a meaningful recovery in FY2024/25, with GDP growth accelerating to 4.4%, supported by several key drivers:

- A strong rebound in exports, growing by c.23.7%, underpinned by FX stability, improved availability of production inputs, and a gradual recovery in industrial activity.
- Private consumption growth of 9.2%, driven by easing inflationary pressures and a gradual improvement in real household incomes.
- This marks the beginning of a transition out of the sharp slowdown toward a more balanced growth trajectory.



Source: MPED & Mubasher trade Egypt Projections

IV. Fiscal Sector Outlook

In FY 2025/2026, We believe reducing the deficit from 7.3% to 5.5% of GDP during the coming 3 years is conservative. In practice, it relies more on revenue outperformance than on genuine expenditure restructuring. With debt service absorbing over 50% of total spending, fiscal consolidation has limited transmission to growth-enhancing or developmental outlays. More broadly, the budget prioritizes a higher primary surplus to stabilize debt dynamics, yet it falls short of addressing the structural imbalance on the expenditure side. As a result, fiscal sustainability remains conditional on external and cyclical factors—namely tax revenue expansion, tourism performance, and global commodity price stability—rather than on a comprehensive reform of the fiscal framework.

FY2025/26 General Budget:

Macro Objectives and Policies: Real GDP growth is projected to accelerate to 4.5% (up from 4.0% in FY 2024/2025 budget), with targeted inflation of 13% and an exchange rate assumption of EGP50/USD. The government aims to achieve a primary surplus of 4% of GDP (up from an expected 3.5% this year) and to gradually reduce the budget deficit from 7.3% in FY25/26 to 5.5% by FY28/29.

Public debt is projected to decline to 80% of GDP by June 2026, while external debt is expected to decrease by USD1–2bn annually.

Total Revenues: Estimated at EGP3.1tn (+23% y/y), including EGP2.6tn from taxes, primarily from goods and services, income taxes, customs duties, and property taxes.

Total Expenditures: Projected at EGP4.6tn (+19.2% y/y). The largest expenditure components are: 1) Debt service: 50.2%, 2) Subsidies: 16.2% and 3) Wages: 14.8%.

Subsidies Breakdown: Food subsidies: EGP160bn, Pensions: EGP153.4bn, Fuel: EGP75bn, Electricity: EGP75bn, Social safety: EGP54bn, Healthcare: EGP15.1bn, Housing: EGP13.6 bn, Healthcare: EGP 617.9bn, Pre-university education: EGP 684.8 bn, Higher education: EGP 358.3 bn, and Scientific research: EGP 173 bn (total education spending: EGP 858 bn).

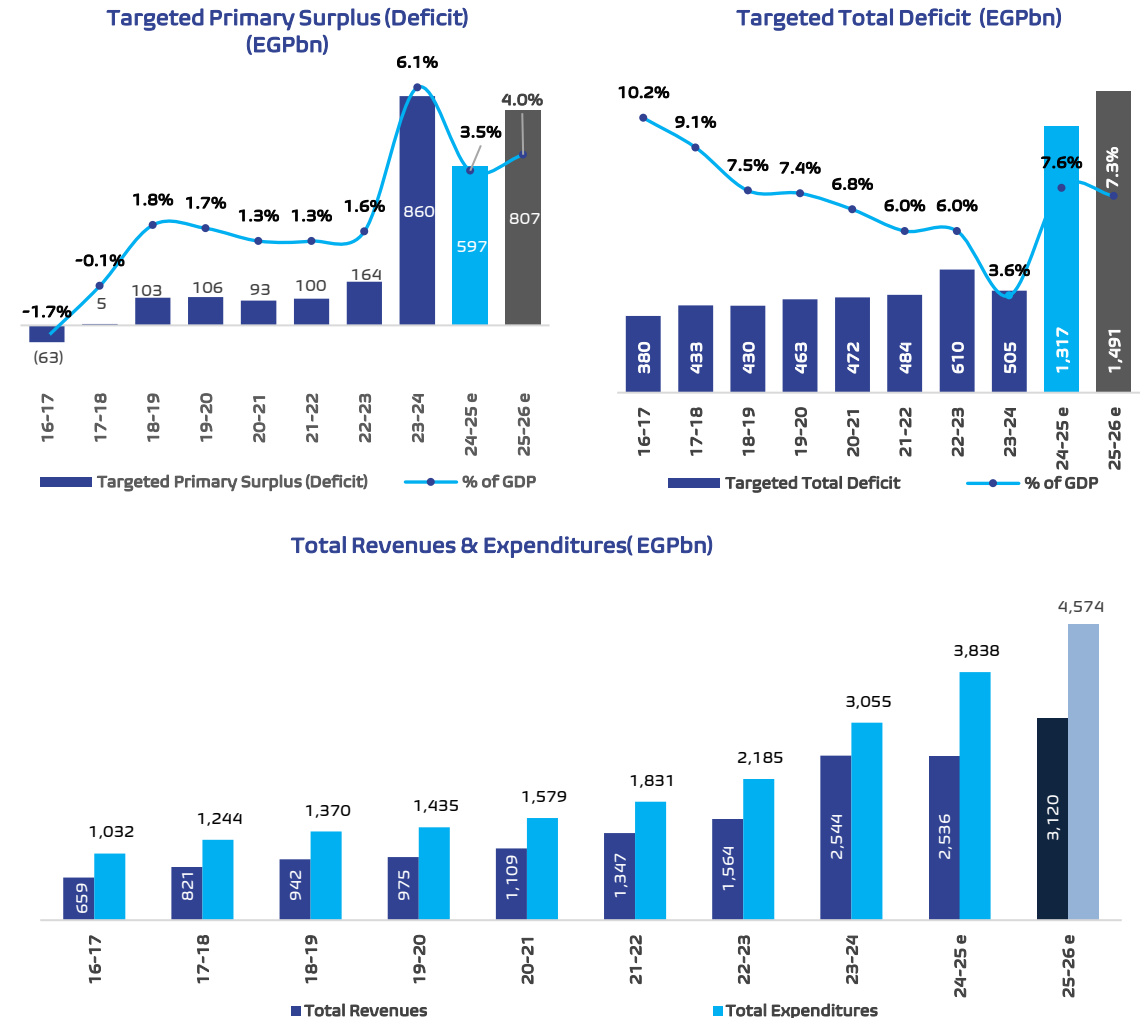
Tax Policy: The government will continue implementing tax reforms, expanding the tax base, simplifying procedures, integrating the informal economy, and raising tax revenue to 13% of GDP, the highest level in ten years.

Investments: Public investment: EGP1.2tn, Private investment: EGP1.9tn (62.7% of total), and Total investments: EGP3.5tn.

Global Price Assumptions: Brent crude: USD77/barrel, and Wheat: USD280/ton.

Risks:

- High debt service burden limits fiscal flexibility.
- Potential delays in projected revenue collections may pressure the budget.
- Global oil and wheat prices shocks could widen the deficit.
- Tourism performance and informal economy tax integration remain key challenges.



Source: Mof



Equity Strategy View

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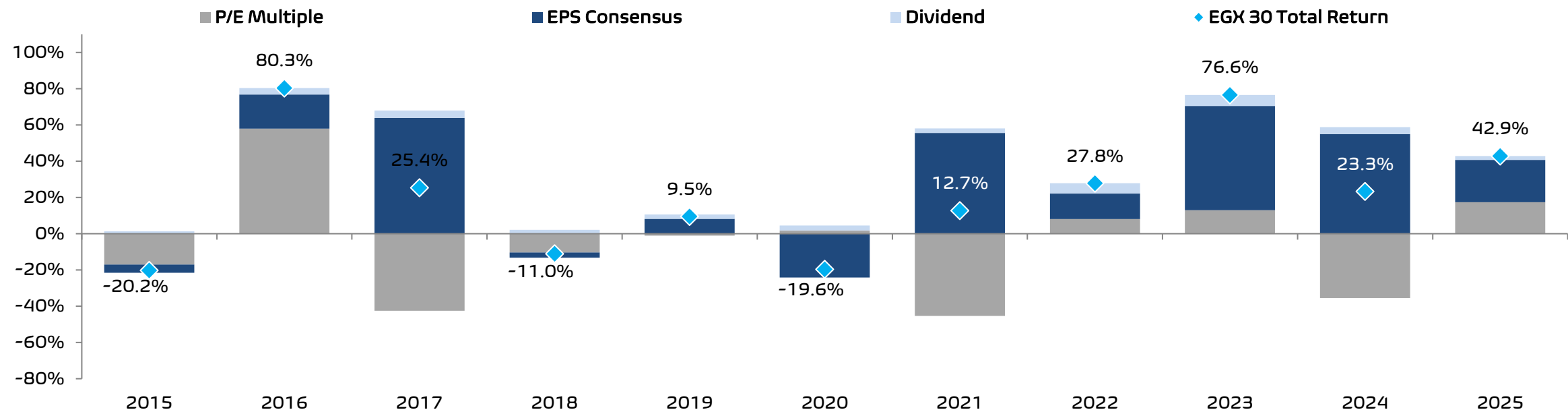
What Drove EGX30 Index In 2025?

To understand the EGX 30’s performance in 2025, the index’s total return (including dividends) can be broken down into three key drivers: (1) changes in analysts’ earnings expectations, reflected in forward earnings per share (EPS) for the index constituents; (2) valuation effects, captured by re-rating or de-rating through movements in the forward price-to-earnings (P/E) multiple, which is itself partly influenced by earnings expectations;

and (3) dividend yield (DY). As illustrated in the chart below, which details the EGX 30’s annual total return attribution over the past 10 years, the impressive +42.9% total return in 2025 was primarily driven by robust earnings expansion of 23%, a 17% P/E re-rating, and a 3.4% contribution from dividends. The key question, however, is: **What does this breakdown actually tell us about 2026 performance?**

Earnings growth in 2025 was likely muted, partly due to reduced foreign exchange gains resulting from stable currency rates compared to 2024—a base-year effect impacting many companies. This FX gains impact is expected to fade in 2026 as exchange rates remain steady. Consequently, the EGX30 index may deliver softer performance, resulting in a lower total return compared to 2025. *Our target price for the index is detailed on [page 17](#).*

EGX 30 Annually Total Return Attribution Analysis



Source: Bloomberg. Prices as of 31 December 2025.

But EGX Remains Undervalued Market Despite 2025's Strong Rally ..

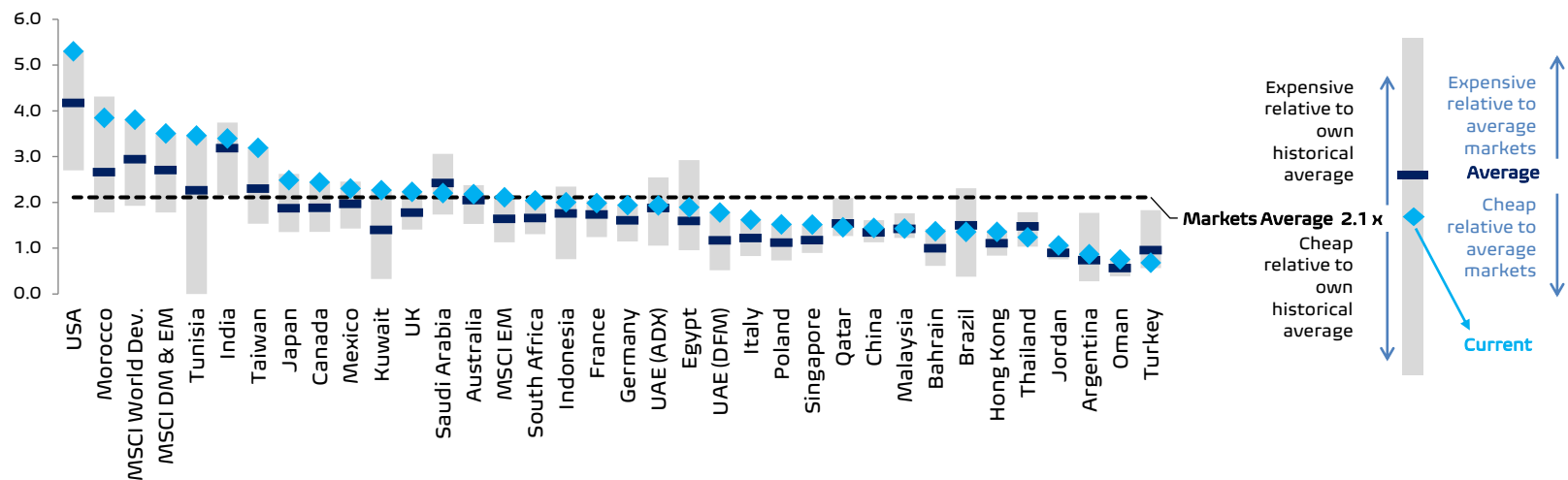
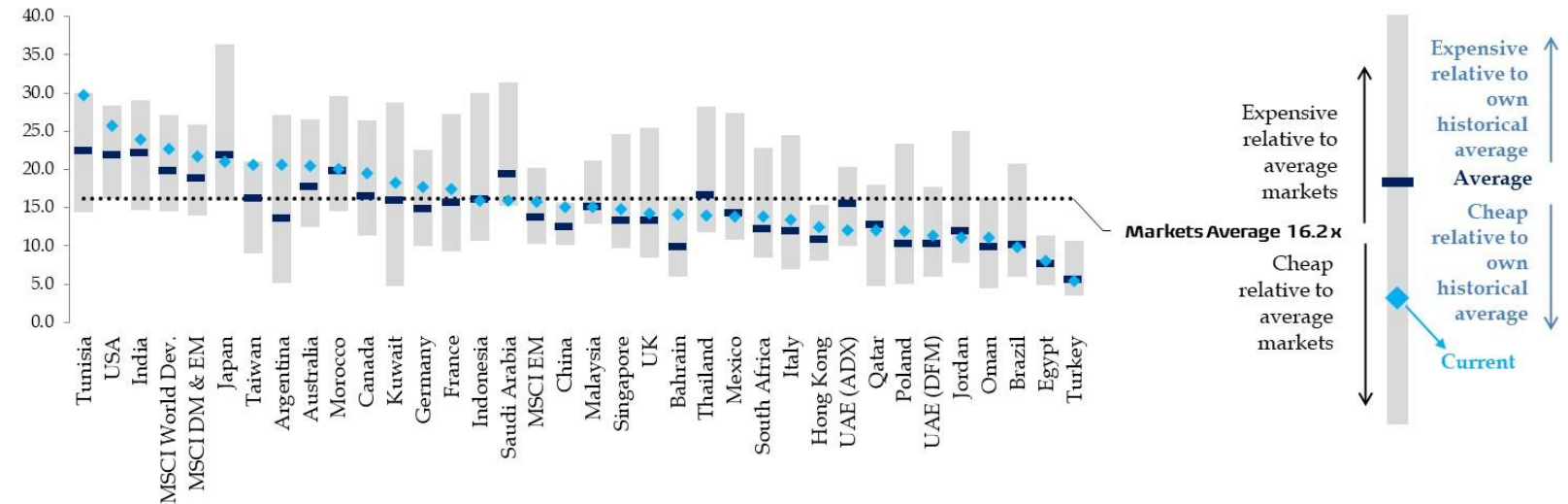
Where are Egyptian equities traded? To provide a broader perspective on the valuation of Egyptian equities compared to global and MENA markets, the charts on the right illustrate EGX30 and other market benchmarks using valuation KPIs, assessed (a) against their historical averages, and (b) in relation to other markets.

Egypt stands out as a relatively cheap market: On a **forward P/E basis**, it ranks as the second cheapest among global markets analyzed and the cheapest within the Arab region. Additionally, the EGX30 trades at a deep discount to the **MSCI Emerging Markets** index, slightly above its six-year historical average.

On a forward P/BV basis, Egypt ranks among the undervalued markets as well, trading at a discount to the **MSCI Emerging Markets** Index.

Moreover, the EGX30 offers an appealing dividend yield of 4.84%, positioning it as one of the highest within emerging markets.

Additionally, the index offers a high ROE of 21.74% by 2026 end.



Source: Bloomberg.

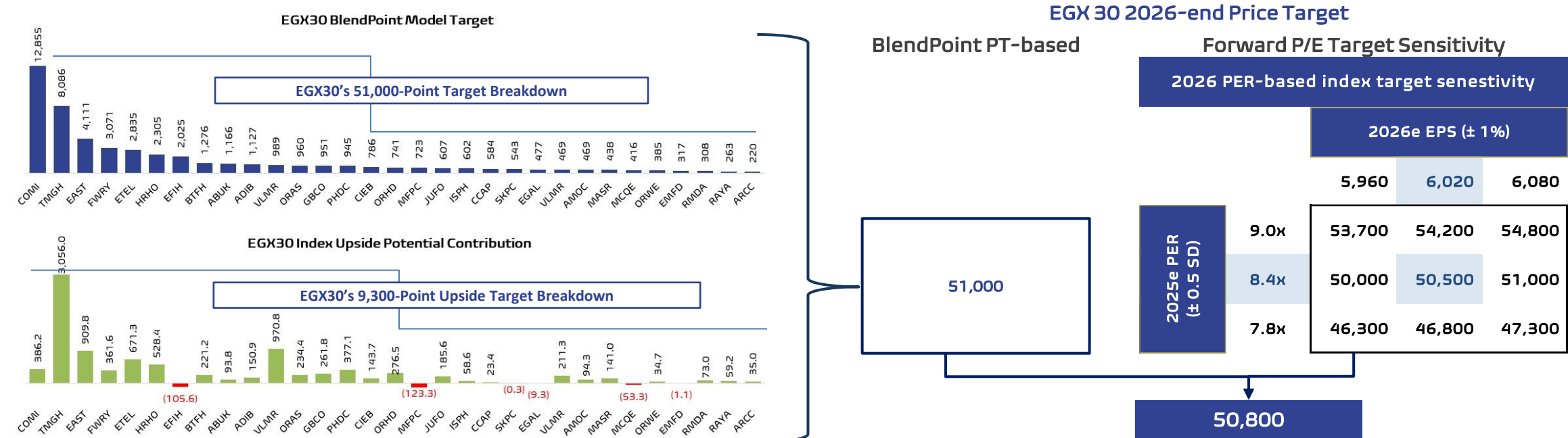
.. So, What's Next? What Is Our Target and Outlook for the EGX 30 Index in 2026?

EGX 30 target – 50,800 Pts (+26% expected total return):
Although a wide range of Egyptian equities reached peak levels in 2025, our outlook for the EGX 30 remains constructive yet restrained, pointing to 50,800 by 2026 end, supported by two complementary models as follow:

1. **BlendPoint Model – 51,000 Pts:** Our BlendPoint Model projects an equity index target by applying current constituent weights and integrating our proprietary fair values for covered stocks, consensus price targets for those beyond our coverage, and prevailing
2. **Multiples-based model – 50,500 Pts:** Using 2025 forward P/E of 8.4x and 2026 EPS for the index based on analyst consensus earnings estimates, we reached a target of 50,500. We also conducted a sensitivity analysis to show this target's sensitivity to changes in

EPS and P/E. Using a ±1% change in EPS and ±0.50 standard deviation of P/E, we reached a low of 46,300 and a high of 54,800.

Applying equal weights to both models, we reached our EGX 30 target of 50,800 Pts (+21.6% upside) in addition to a 2026e dividend yield of c.4.8%, implying an expected total return of 26%.



Source: Bloomberg and MubasherTrade Research estimates. Prices as of 31 December 2025.

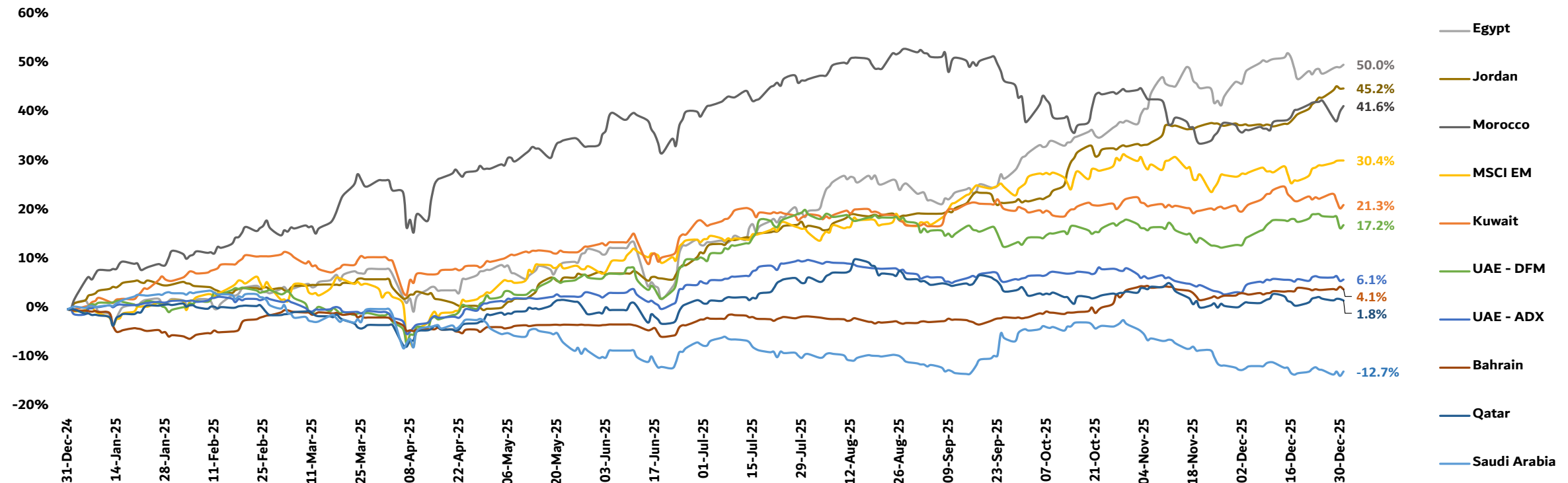
Egypt Leads Regional Gains in 2025—Yet Downgrade Risks Cast a Shadow ..

Egyptian Stocks Outperform Arab Markets in USD

Terms in 2025: Egyptian equities recorded a significant increase in 2025 compared to Arab markets, as indicated by the performance of the benchmark **EGX 30 index** in US dollars and similarly to the rest of the indices for ease of comparison. As illustrated in the chart, **Egypt's** EGX30 index surged 50% in 2025 (up to December 31), with most of the

gains occurring in the second half of the year, outperforming **MSCI EM** (+30.4%). Other regional markets also ended the year higher, except Saudi Arabia. **Jordan** and **Morocco** (+45.2% and +41.6%, respectively) were the only other markets to outperform MSCI EM alongside Egypt. In EGP terms, the EGX30 advanced by 41%. Although performance has been strong, **FTSE's** move to place

Egypt on its watch list for a possible downgrade to frontier market status may initially create negative sentiment. However, we believe this could ultimately increase Egypt's weighting within frontier markets, potentially attracting more inflows over the long term



Source: Bloomberg. Prices as of 31 December 2025.

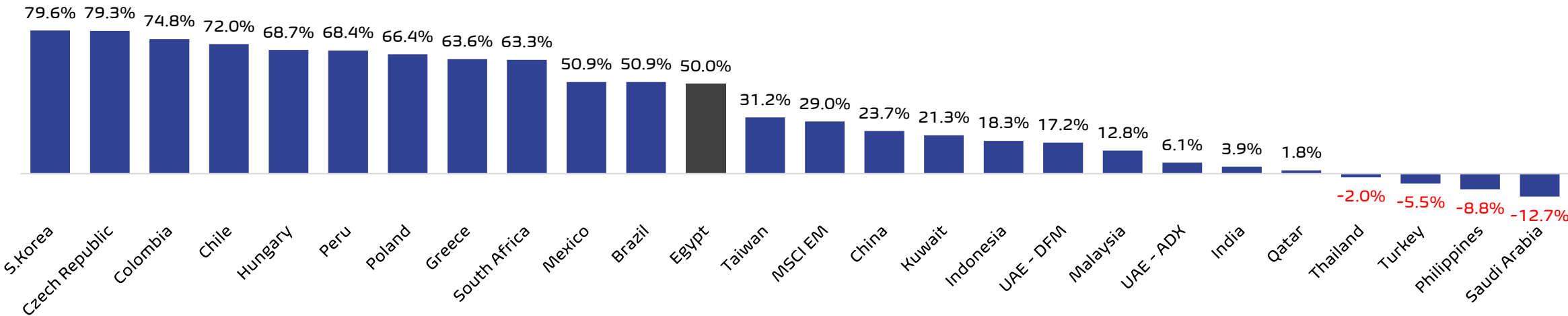
.. But The Wider Emerging Markets Picture Tells a Different Story—Egypt Lands Mid-League

Egypt was not the only market to deliver strong gains in 2025; nearly all emerging markets exhibited a similar upward trend, with performance measured in USD across all markets for consistency and ease of comparison. Apart from Saudi Arabia, the

Philippines, Turkey, and Thailand, all other EMs ended the year in positive territory, led by the **South Korea** (+79.6%), **Czech Republic** (+79.3%), and **Colombia** (+74.8%). This performance reflects the significant boost emerging markets received from a

weaker U.S. dollar, as noted earlier in page 3, and aligns with the asset classes rotation theme—this time within equities—shifting from developed to emerging and frontier markets.

Emerging Markets Performance 2025



Source: Bloomberg. Prices as of 31 December 2025.



Sector Signals & Stock Ideas

An Alpha Blueprint

Research Team
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مُبَاشِر تِجَارَةٌ
MUBASHER TRADE

High Alpha

Ticker	FV *	Upside	Ticker	FV *	Upside
SAUD	28.0	82%	MOIL	\$0.76	62%
CFGH	\$0.21	79%	PHDC	13.6	58%
TMGH	143.0	79%	GBCO	42.2	56%
VALU	15.9	69%	ORAS	656.4	53%
DSCW	2.87	62%	HDBK	135.0	51%

Moderate Alpha

Ticker	FV *	Upside	Ticker	FV *	Upside
RMDA	5.01	50%	TALM	22.8	47%
MTIE	10.8	50%	RAYA	4.99	44%
EAST	55.3	49%	BTFH	4.93	44%
ETEL	98.0	49%	GTWL	66.5	39%
CANA	57.0	48%	ARCC	69.9	38%

Our **Alpha Map** follows a bottom-up approach, selecting strong companies within our coverage based on solid business models and growth prospects. We classify picks into **High** and **Moderate Alpha** using a threshold derived from EGX30's 2026 total return (index 2026's target upside + dividend yield) plus inflation, as we believe equities should deliver real returns above inflation. Index target is based on our fundamental 'BlendPoint' and multiples model. ([see page 17](#)).

Our Alpha Threshold = EGX30 Upside + DY + Inflation target

$$= 21.6\% + 4.8\% + 10.7\% = 37.1\%$$

Stocks surpassing this threshold are categorized as **Moderate Alpha**, while those exceeding 50% qualify for the **High Alpha** badge. Remaining names with positive but smaller upside are grouped under 'On the Radar: Key Other Top Picks'. The three boxes show Alpha Map constituents by ticker, with *subsequent pages outlining investment theses, valuations, and upside potential for each stock*.

On the Radar: Key Other Top Picks

Ticker	FV *	Upside	Ticker	FV *	Upside
ADIB	40.0	34%	DOMT	33.5	27%
FWRY	21.3	32%	ISPH	14.9	27%
MPCI	203.9	31%	CSAG	44.2	27%
JUFO	33.0	31%	EFID	34.8	27%
KRDI	0.82	30%	POUL	31.8	23%
ORWE	30.0	29%	BINV	44.4	20%
TAQA	18.7	29%	CCAP	4.51	20%
EMFD	12.5	29%	ORHD	28.5	12%
EGAL	303.7	29%	SCTS	315.7	7%

Note: (1) All Alpha badges are expected (Mod = Moderate). * All fair values are in EGP, unless specified otherwise.

(2) Upside potential for the index and all stocks is calculated **based on prices as of 31 December 2025***.

(3) The three boxes color code will indicate expected alpha level on upcoming pages.

Banking - Positive

Catalysts & Investment Thesis

- We expect a broadly stable outlook for the banking sector next year.
- Earnings and revenues are likely to normalize following the end of FX-related volatility that previously distorted reported results.
- The sector should benefit significantly from expected interest rate cuts, supporting stronger loan growth and higher net interest income.
- An upgrade in Egypt's sovereign credit rating would provide additional support through improved confidence and lower funding costs.
- Rising NFA in the banking sector strengthen liquidity and overall financial stability.
- Any reduction in the required reserve ratio would be a strong positive catalyst for credit expansion and profitability.

Risks

- Any further supply chain disruptions may pressure FX and reduce net foreign assets.

📈 **Liked Stocks:** SAUD, ADIB, HDBK, CANA.

📉 **Disliked Stocks:** SAIB.

SAUD - Al Baraka Bank Egypt

Fair Value: EGP28/share (+82% Potential)



Investment thesis

- Completing acquisition of Amlak and plans to acquire up to 90% of ATLC via share swap, expanding market presence.
- Trading at low multiples (0.8x P/B, 2.8x P/E), signaling upside potential.
- Dividend income expected to rise next year from new acquisitions.
- Strong Funding & Asset Quality as CASA up 31% ytd (42% of deposits), NPLs low at 3%, coverage ratio 151%, CAR 18.2%.
- High Profitability as NIM reached 6%, ROA 3%, ROE 29%, indicating solid returns.

Risks: Cost/income ratio at 25% is a key area to monitor.

Valuation: Our average fair value (FV) is EGP28/share, derived from residual income Model (RIM) fair value of EGP28/share (weight 50%), and relative valuations: P/B FV EGP34, P/E FV EGP21, and justified P/B (JP/B) FV EGP31 (each weighted 17%).

HDBK – Housing and Development Bank

Fair Value: EGP 135/share (+51% Potential)



Investment thesis

- High exposure to housing revenues supports non-banking income.
- Strong EPS growth with attractive & stable cash dividends.
- Deposits and loans growing at steady rates of 12–13%.
- Majority of IBA allocated to financial investments.
- Healthy growth in net interest income of 53% during 9M2025.
- One of the highest CAR in the sector at 42.2%.
- CASA grew by 28%, representing 45% of total deposits.
- Very high interest spread at 16%, supporting NIM around 16%.
- Strong profitability with ROA at 10% and ROE at 40%.

Risks: We remain cautious on asset quality, with NPLs at 5%, however the high coverage ratio of 163% provides comfort.

Valuation: Our FV is EGP135/share, derived from RIM FV of EGP146 (w 50%), JP/B FV of EGP116 & PE FV of EGP131/share (W 25% each).

CANA– Suez Canal Bank

Fair Value: EGP 57/share (+48% Potential)



Investment thesis

- The fastest growing bank: Deposits +33% ytd, loans expanded by 40% ytd, with L/D ratio up to 61%.
- NIM up 62% in 9M25. Total banking income up 39%, despite FX losses.
- Solid funding structure: CASA up to 39% (interest spread of c. 6%).
- Low NPLs of 3% with a comfortable coverage ratio of 122%, while CAR at 16.7%.
- ROA of 4% and ROE of 41%, among the highest in the sector.

Risks: 1) Recording net foreign asset deficit, and 2) High cost/income ratio of 36% reflects some operational inefficiencies.

Valuation: Our average FV stands at EGP 57/share based on:

- RIM fair value of EGP65.6/share (Weight 50%).
- JP/B FV of EGP56.5/Share & PE FV of EGP38.9/share (wight 25% each).

ADIB - Abu Dhabi Islamic Bank Egypt

Fair Value: EGP 40/share (34% Potential)

Investment thesis

- Recent capital increase strengthens capital base and liquidity.
- Loan portfolio grew 43%, supported by 32% deposit growth.
- Focus on IBA for lending boosts profitability.
- CASA grew 45%, representing 45% of total deposits.
- NPL only 3%, with coverage ratio at 173%.
- CAR at 18.2% supports safe growth.
- Interest spread c.7%, & NIM 7%, maintaining strong deposit inflows.
- High operational efficiency, with cost/income ratio 14%.
- Strong profitability with ROA at 4%, ROE at 46%.

Risks: Multiples slightly above sector average but justified by growth and earnings.

Valuation: Our FV is EGP40/share, derived from RIM FV of EGP45.6 (w 50%), JP/B FV of EGP34.4 & PE FV of EGP33/share (W 25% each).

Cement - Positive

Catalysts & Investment Thesis

- **Regional Demand Growth:** Driven by reconstruction plans, new real estate projects, and EU import pressures from high energy costs.
- **Clinker Export Demand:** Boosted by European firms aiming to cut energy use and carbon emissions.
- **Renewable Energy Shift:** Solar station projects reduce costs and support green cement exports, improving margins and aligning with government strategy.
- **M&A Activity:** Cement companies pursue acquisitions, leveraging undervaluation after prolonged sector recession.

Risks

- Cement prices decline due to any oversupply as a result of suspended production cuts in the future.
- ECA prevention for any M&A to prevent monopoly.

📈 **Liked Stocks:** ARCC, MBSC, MCQE.

📉 **Disliked Stocks:** SVCE.

ARCC – Arabian Cement

Fair Value: EGP69.9/share (+38% Potential)



Investment thesis

- The largest EGX-listed cement producer with 5mn ton designed capacity.
- Potential low-OpEx without further CapEx thanks to the 2nd phase of the solar station, besides the current efficient energy cost management, relying on a diversified energy mix, hedging against energy risks.
- Growth in export revenues and FX streams, which represented 44.1% of total revenues in FY24 (33.2% in 9M 2025).

Valuation: We valued ARCC at **EGP69.9/share**, based on an equal weight of: (1) initial DCF fair value of EGP84, (2) P/E FV of EGP75.0, (3) EV/EBIT FV of EGP66.6, and EV/EBITDA FV of EGP53.8.

Consumer - Positive

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Catalysts & Investment Thesis

- Gradual recovery in consumer demand supported by easing inflation and lower interest rates.
- Export exposure providing FX hedging.
- Benefiting from global demand for wool and blended textile products (DSCW & GTWL on the scene)
- Structural market shift toward REEVs. (GBCO on the scene)
- Ongoing investment in Egypt's poultry sector should boost capacity and efficiency, driven by rising consumption and exports.

Risks

- Export demand volatility tied to global slowdowns.
- Subsidy reforms may increase consumer price sensitivity and weigh on discretionary spending.
- Volatility in global commodity prices (raw material and energy) may pressure input costs.
- Poultry production costs are heavily exposed to: Imported corn and FX volatility.

📌 **Liked Stocks:** DSCW, POUL, GBCO, GTWL, EAST, ORWE, EFID, DOMT, KRDI, JUFO.

📌 **Disliked Stocks:** SUGR, EPCO, NEDA, APSW.

DSCW– Dice Sport and Casual Wear

Fair Value: EGP2.87/share (+62% Potential)



Investment thesis

- Exports account for ~60% of revenue, providing a natural FX hedge and safeguarding margins against EGP depreciation.
- Capacity expansion underway, supported by Helwan land acquisition to enhance production and sustain growth.
- Additional projects in pipeline, positioning the company to capture rising export demand and strengthen its global presence.
- Benefiting from global demand for Egyptian textiles.

Valuation: We valued DSCW using our updated DCF model (previously showed in our [IoC report dated 22 Jul 2024](#)) and revised multiples approach, arriving at a **fair value (FV) of EGP 2.87/share**, based on: (1) DCF FV of EGP 2.87/share (70% weight), and DSCW's Median EV/EBITDA FV of EGP 2.86/share (30% weight).

CFGH – Concrete Fashion Group

Fair Value: USD0.205/share (+79% Potential)



Investment thesis

- Export-driven revenues partially hedge EGP depreciation and imported input-cost inflation.
- Local manufacturing reduces reliance on fully imported apparel, positioning CFGH favorably amid import restrictions, FX constraints, and higher customs costs.
- Benefiting from global demand for Egyptian textiles.

Valuation: We valued CFGH at **USD0.205/share**, based on: (1) our initial DCF model's fair value of USD0.217/share (70% weight), and (2) multiples fair value based on peers' median P/E after applying 50% discount of USD0.178/share (30% weight).

ORWE– Oriental Weavers

Fair Value: EGP30.01/share (+29% Potential)

Investment thesis

- Benefit from FX liberalization: stronger USD revenues and margin expansion.
- Stabilizing demand in key markets (US, EU, GCC).
- Stabilizing polypropylene costs across next 5 years supports profitability.
- Solid cash generation and consistent dividend track record.

Valuation: We valued ORWE using our initial discounted cash flow (DCF) along with multiple valuation models which yielded a **fair value (FV) of EGP30.01/share**.

GTWL– Golden Textiles and Clothes Wool

Fair Value: EGP66.5/share (+39% Potential)



Investment thesis

- Exports were launched in 2025 and reached a 73% of revenues within 9M 2025, indicating strong and rapid international demand uptake.
- The shift toward exports provides FX protection, supports margins, and reduces reliance on the local market amid inflationary pressures and low purchasing power.
- Interest-free expansion funding, as GTWL secured a USD1.5mn interest-free loan to finance machinery purchases, supporting capacity growth without financing pressure.

Valuation: We valued GTWL using our initial DCF model, which yielded a **FV of EGP66.5/share**.

Consumer - Positive

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EAST– Eastern Company

Fair Value: EGP55.30/share (+49% Potential)



Investment thesis

- Monopoly producer of cigarettes in Egypt.
- High cash generation and consistently attractive dividend yield.
- Strong y/y revenue growth supported by continuous price increases.
- Improved distribution and supply stability post-UTC agreement.
- Continuous improvement in selling prices and increasing top line consequently.

Valuation: We valued EAST using our initial discounted cash flow (DCF) (70% weight), along with P/E and EV/EBITDA multiple valuation models (15% weight each), which yielded a **fair value (FV) of EGP55.30/share**.

GBCO – GB Corp

Fair Value: EGP42.2/share (+56% Potential)



Investment thesis

- GB Corp is positioned to benefit from rising demand for REEVs and other new-energy vehicles.
- Easing FX pressures is driving lower vehicle prices and a gradual recovery in auto sales volumes.
- A shift toward lower interest rates is expected to support higher demand for consumer and auto loans, benefiting NBFS activities.
- The group operates a diversified consumer-finance platform generating recurring income streams.

Valuation: GBCO was valued by a SoTP valuation technique at EGP42.2/share, valuing **GB Auto** using DCF and multiples, while valuing **GB Capital** using residual income and multiples.

MTIE – MM Group for Ind. & Inter. Trade

Fair Value: EGP10.8/share (+50% Potential)



Investment thesis

- MTI is one of Egypt's largest distribution companies by geographic coverage with 90% geographic footprint.
- Diverse Business Model with multiple lines of business that are at different stages of maturity.
- MM Group's appointment as the official representative of **Lamborghini** brand in Egypt.

Valuation: We valued MTIE at EGP10.8/share, based on weights of: (1) 80% for our Initial DCF model with a fair value of EGP10.6/share, and (2) 20% for Peers's EV/EBITDA model with a FV of EGP12/share.

CSAG – Canal Shipping Agencies

Fair Value: EGP44.2/share (+27% Potential)

Investment thesis

- Beneficiary of SC traffic rebound as global routes normalize.
- Well-positioned to benefit from Egypt's port expansion.
- 20% stakes in Damietta and Port Said ensure stable recurring income.
- USD revenue provides a hedge against EGP depreciation.
- Growth at sister companies will boost earnings.

Valuation: In [our IoC report dated 3 Aug 2025](#), we valued CSAG based on our DCF model, multiple valuation using peers' median P/E & EV/EBITDA. We assigned 60%, 20%, and 20% weights to each technique, respectively, resulting in a **FV of EGP44.2/ share**.

Consumer - Positive

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POUL– Cairo Poultry

Fair Value: EGP31.8/share (+23% Potential)

Investment thesis

- One of the largest players in Egypt and the Middle East's poultry industry.
- Its strategic focus on high-margin, export-oriented fish and pet feed segments.
- A capacity expansion in its broiler operations.

Valuation: In [our IoC report dated 15 October 2025](#), We applied weights of 50% to DCF, 30% to historical multiples, and 20% to peers' multiples valuation models, resulting in a **weighted FV of EGP 31.8/share**. Accordingly, we recommend Buy with moderate risk.

JUFO – Juhayna Food Industries

Fair Value: EGP33.0/share (+31% Potential)

Investment thesis

- A market leader in Egypt's dairy and juice markets.
- Operates under a highly diversified business model.
- Works with vertical integration and a strong focus on export markets.
- Heavy investments in R&D to enhance product offerings.

Valuation: In our latest [valuation call report dated 3 Nov 2025](#), we applied weights of 70% to DCF, 30% to Precedent transaction to arrive at a weighted FV of EGP41.2/share. Hence, we assigned a Buy / Low Risk recommendation for JUFO's Shares. However, On 6 November 2025, we **adjusted our fair value to EGP33.0 per share**, reflecting the 0.25:1 bonus share.

EFID– Edita Food Industries

Fair Value: EGP34.79/share (+27% Potential)

Investment thesis

- Net Profit increased 42.7% y-o-y 9M2025.
- Powerful market share with a wide footprint in the industry.
- Strong recovery in Demand & Volumes.
- Signed an asset purchase agreement to acquire extra 4 production lines.

Valuation: We valued EFID at **EGP34.8/share**, based on: (1) DCF fair value of EGP34.39/share (weight 70%), and (2) EFID peers' P/E multiple valuation with FV of EGP35.74/share (Weight 30%).

DOMT– Arabian Food Industries

Fair Value: EGP33.45 /share (+27% Potential)

Investment thesis

- The planned split aims to unlock growth and investment opportunities aligned with each business segment, reinforcing its appeal as an acquisition target.
- Expanding with new innovative Products especially in Bakeries.
- 19% y/y Revenue growth in Bakery in 9M 2025.

Valuation: We valued DOMT at **EGP33.45/share**, based on weights of: (1) 70% for DCF fair value of EGP34.03/share, and (2) 30% weight for Peers's EV/EBITDA FV of EGP32.11/share.

KRDI – Al Khair River For Dev. Agr. Investment

Fair Value: EGP0.82/share (+30% Potential)

Investment thesis

- Operates across three core business segments, providing revenue diversification.

- Strong positioning in land reclamation and sustainable agriculture.
- Operational improvements and technology adoption enhance efficiency and reinforce competitive positioning.
- Planning to raise capital from EGP 200mn to EGP 390mn.

Valuation: We valued KRDI using our initial DCF and multiples model at **EGP0.82/share**, based on: (1) DCF FV of EGP0.83/share (weight 70%), with upside risk arising from revaluation of currently unutilized land **implies an additional EGP0.40/share**, and (2) Peers's EV/EBITDA multiple valuation of EGP0.80/share (weight 30%).

Education - Positive

Catalysts & Investment Thesis

- **Investment Surge:** Govt targets EGP154.1bn in education investment for FY25/26e (+60% y/y), with EGP90.6bn (58.8%) from the private sector.
- **Private Sector Incentives:** Planned benefits include tax breaks, joint land offers, golden licenses, and relaxed building requirements.
- **Education as Export Product:** Opportunity for companies to expand abroad, earn FX income, and reduce single-market risk.
- **Demand Shift:** Private university enrollment rose from 11% in FY22/23 to 15% in FY23/24, signaling a growing preference for private education.

Risks

- **Golden License:** Initiative not yet activated for the education sector.
- **Regulatory Instability:** Frequent changes create uncertainty for expansion plans.
- **Currency Restriction:** Law requiring tuition fees in EGP hurts profitability.

📈 **Liked Stocks:** TALM, SCTS, CIRA.

📉 **Disliked Stocks:** N/A.

TALM – Taaleem Management Services

Fair Value: **EGP22.8/share** (+47% Potential)



Investment thesis

- Regional expansion into KSA, through a partnership with **Dallah Albaraka** to build 15 schools in 10 years, through the parent company, PHDC, which increased its stake to 32.61%, highlighting strong investment appetite.
- Local expansion through existing universities, through: (1) launching three faculties at Badya University during FY24/25, (2) launching two faculties at Nahda University (NUB) during FY25/26, and (3) launching University of Memphis during FY25/26.

Valuation: In our [valuation call report dated 11 Nov 2025](#), we valued TALM at **EGP22.8 / share**, based on an equal weight of: (1) DCF fair value of EGP22.2/share, and (2) Precedent Transaction Analysis (PTA) of EGP23.3/share.

SCTS – Sues Canal for Technology Settling

Fair Value: **EGP315.7/share** (+7% Potential)

Investment thesis

- Expanding regionally via UAE office to attract GCC students to O6U University.
- Revenue growth driven by more students, new programs, and local/international university partnerships.
- New dividend policy: two payouts per fiscal year (vs. one), high payout ratio of 64.4%, and EGP12.26/share based on EPS of EGP19.05 for FY24/25.

Valuation: In our [valuation call report dated 11 Nov 2025](#), we valued SCTS at **EGP315.7/share**, based on an equal weight of: (1) DCF fair value of EGP315.7, and (2) Precedent Transaction Analysis (PTA) of EGP315.6.

Energy - Positive

Catalysts & Investment Thesis

- Positive demographic and economic fundamentals brighten the long-term outlook for energy demand more broadly, particularly across the power, industrial and transport sectors.
- The combination of rising capital investment and the unwinding of the OPEC+ production cut deal will drive robust production growth over 2025-2034.
- In the long term, price reforms will incrementally move prices closer to international levels, thereby subduing demand growth.

Risks

- Refined fuels and natural gas prices continue to be set by the state and are generally below market prices, dissuading foreign investment.
- Exploration drilling activity remains low in comparison to a decade ago.
- The state-owned **Egyptian Electricity Holding Company** dominates the market, limiting opportunities for private sector participation.

🟢 **Liked Stocks:** CCAP, TAQA, MOIL.

🔴 **Disliked Stocks:** AMOC.

CCAP – QALA For Financial Investments

Fair Value: **EGP4.51/share (+20% Potential)**

Investment thesis

- Long-term stability growth in revenue, with a stable and growing USD revenue generation from ERC.
- Management has implemented a debt optimization plan at ERC and is targeting full repayment of senior debt by 1Q 2026.
- Expecting reduction of the company's interest expense after debt restructuring paving the way for future profit growth and enhance investor confidence and support monetization of quality earnings.

Valuation: In our [valuation call report on 2 December 2025](#), we valued CCAP's shares using sum of the parts (SoTP) valuation model with Conglomerate Discount 20%, our **fair value (FV) stands at EGP4.51/share**, with **high-risk rating**.

MOIL – Maridive and Oil Services

Fair Value: **USD 0.76/share (+62% Potential)**

Investment thesis

- The largest provider of offshore marine and oil support services in Egypt and MENA region.
- Expanded its backlog with two new contracts in Qatar and the UAE, bringing the consolidated total to over USD1.7bn, covering projects through 2025-2039.
- Expecting annual growth in oil & gas capex in MENA region to be 4.2% over 2025-2029.

Valuation: We valued MOIL using our initial DCF model along with multiples valuation, our average **fair value (FV) stands at USD0.76/share**, based on an equal weight of DCF model and EV/EBITDA.



TAQA – Taqa Arabia

Fair Value: **EGP18.7/share (+29% Potential)**

Investment thesis

- Egypt's largest private energy distributor with 25+ years' experience. The Group serves more than 1.7mn customer with their daily needs of natural gas, electricity, renewable energy, petroleum products, and water in 50 Egyptian cities.
- Long-term stability growth in revenue supported by 5-years historical CAGR of 20%.
- Expansion plan in Saudi Arabia, alongside stepping up its expansions in East Africa – aiming to generate 50% of its revenues from outside Egypt over the next five years.

Valuation: In our [valuation call report on 2 December 2025](#), we valued TAQA's shares using multiples approach, our **FV stands at EGP18.7/share**, based on an equal weight to P/EBIT, and EV/EBITDA multiples.

FinTech & Telecom - Positive

Catalysts & Investment Thesis

- 5G spectrum rollout (420 MHz) accelerating network expansion.
- Ongoing digital transformation across telecom and financial services.
- Rising demand for digital services, AI, cloud, and mobile wallets.
- Rapid growth in data consumption and electronic payments.
- Strong government support driving financial inclusion and sector digitization.

Risks

- High CapEx requirements for 5G network deployment.
- Intense price competition among mobile operators may pressure margins.
- Limited financial literacy in certain population segments.
- Increasing cybersecurity and data protection risks.
- Ongoing investment needed to maintain growth momentum.

📈 **Liked Stocks:** FWRY, ETEL.

📉 **Disliked Stocks:** DGTZ.

FWRY – Fawry for Banking Technology and E-Payments

Fair Value: **EGP21.25/share (+32% Potential)**

Investment thesis

- Delivering comprehensive digital services to become an integrated financial platform.
- Expanding revenue streams and improving profit margins.
- Increasing **POS** and lending solutions for small and medium enterprises.
- Improving financial facilitation within the SME ecosystem to drive revenue growth.
- Entering the **Saudi Arabian** and **UAE** markets.
- Launching new digital banking products to unlock future initiatives and revenue opportunities.

Valuation: We valued FWRY at **EGP21.25/share**, based on:

- Initial DCF fair value of EGP21.1/share (weight 70%).
- EV/EBITDA FV of EGP23.9/share (weight 10%).
- P/E FV of EGP25.8/Share (weight 10%).
- P/BV FV of EGP17.1/Share (weight 10%).

ETEL – Telecom Egypt

Fair Value: **EGP98/share (+49% Potential)**



Investment thesis

- Robust growth outlook, Forecast 5-year revenue CAGR of 15%, supported by strong data demand growth, tariff normalization, and expanding enterprise and digital services.
- Relatively lower CapEx after a heavy investment cycle supports a return to be positive FCF.
- Expected shift to a net cash position by FY2030, supported by the planned **RDH** sale in 1Q26.
- Rising mobile penetration, growing population, expanding enterprise demand, and Egypt's strategic role in global connectivity.
- Its equity stake in **Vodafone Egypt** provides strong and stable earnings contribution.
- The stock trades at a deep discount to IT, FinTech & Telecom sector, despite strong fundamentals.

Valuation: We valued ETEL at an **average fair value (FV) of EGP98/share**, based on:

- Initial DCF fair value of EGP96.4/share (weight 80%).
- EV/EBITDA FV of EGP84.9/share (weight 10%).
- P/E FV of EGP124.4/Share (weight 10%).

Health Care & Pharmaceuticals - Positive

Catalysts & Investment Thesis

- Egypt's pharmaceutical sector is experiencing significant growth, driven by legislative efforts to expand universal health coverage and a growing population with increasing healthcare needs.
- Demographic shift with growing urban population and increasing incidence of chronic diseases.
- Multinational drug makers' interest in public-private partnerships with the government could accelerate the development of certain areas of the health sector.
- The EDA may decide readjust medicine prices in order to address macroeconomic headwinds.

Risks

- Strict pricing controls and reference pricing system reduces innovative drugmakers' potential earnings.
- High exposure to regional geopolitical instability and macroeconomic headwinds (eg, currency fluctuations).

📈 **Liked Stocks:** ISPH, RMDA, MPCl.

📉 **Disliked Stocks:** PHGC.

ISPH – Ibsina Pharma

Fair Value: **EGP14.9/share (+27% Potential)**

Investment thesis

- Egypt's largest pharmaceutical distributor, commanding a market share of 30.9% as of 9M25.
- The ongoing monetary easing cycle by Egypt's central bank is expected to boost the company's profitability.
- The sell of non-strategic assets will reduce related debt and interest that have positive impact on the company's profitability.
- Lower revenue volatility driven by diversified portfolio of clients (multinational companies, local manufacturers, and pharmacies).

Valuation: In our [valuation call report](#), we valued ISPH's shares using our initial DCF model which yielded a **fair value (FV) of EGP14.9/share**.

MPCl – Memphis Pharmaceuticals

Fair Value: **EGP203.9/share (+31% Potential)**

Investment thesis

- Long-term stability growth in revenue supported by 5-years historical CAGR of 24%.
- One of the leading pharmaceutical producers in Egypt, fielding a broad range of branded generics.
- Consistent dividend payer with a 3-year average payout ratio of 52%.
- Sales and distribution network covering most of the Middle East and Africa region as well as parts of Europe and Asia.

Valuation: We valued MPCl using our initial DCF model along with multiples valuation, our **average fair value (FV) stands at EGP203.9/share**, based on an 80%,10%,10% weights to the DCF, P/S, and EV/EBITDA multiples valuation models, respectively.

RMDA – Rameda

Fair Value: **EGP5.01/share (+50% Potential)**

Investment thesis

- Aggressive acquisition strategy (42 acquisition since 2012) that target high-margin, strong market share molecules.
- Sugarlo a market-leading oral anti-diabetic—which is on track to become one of rameda top-three products.
- Glow the cosmeceutical subsidiary that is targeting Egypt's booming freely priced cosmetics segment.
- Expectation of reprising Chronic disease medications (contribute 61% of rameda's portfolio).

Valuation: In our [IoC report](#), we valued RMDA at **EGP5.01/share** (adjusted for stock dividend), using DCF and multiples approach, based on 80%, 10%, 10% weights to DCF, P/E, and EV/EBITDA models, respectively.



Industrials - Positive

Catalysts & Investment Thesis

- Targeting industrial investments of about EGP 252.8 bn (~USD 5.2 bn) in FY25/26 (+154% y/y).
- Surging need for industrial zones using the industrial developer approach, as Egypt targets an industrial output of EGP2.9tn by the end of 2026 (+19%).
- Launching Golden License which grants a single comprehensive approval for construction and management.

Risks

- High borrowing costs, even amid gradual rate cuts, can constrain capex for mid-sized manufacturers.

📈 **Liked Stocks:** ORAS, SWDY.

📉 **Disliked Stocks:** AALR.

ORAS – Orascom Construction

Fair Value: **EGP656.4/share (+53% Potential)**



Investment thesis

- Potential construction, infrastructure & industrial leader via ORAS–OCI Global merger, unifying all Orascom operations.
- EGP devaluation benefits EGX investors, who will receive two stable cash dividends annually, denominated in USD and paid in EGP according to the FX rate on the announcement day.
- Stable backlog, reaching USD8.6bn by 9M25 (+8.3% y/y), driven by a diverse project portfolio globally, which supports the revenue stream.

Valuation: The merge deal's independent financial advisor valued ORAS using DCF and multiples model, reaching an **equity value of USD1.52bn and an FV of USD13.79/share**, implying EGP656.4/share using EGP47.60/USD.

Metals & Mining - Positive

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Catalysts & Investment Thesis

- Rising global prices of base metals throughout 2025, such as primary aluminum (+15%), copper (+37%), and iron ore (+5%), are pushing Egyptian companies to increase investments through strategic partners to increase production capacity and maximize export returns in foreign currency.
- Egypt aims to attract investments worth USD1bn in mining sector by 2030, supported by amendments to Mineral Resources Law that provide financial incentives to investors.
- 2024–2030 strategy aims to raise local content in manufacturing & mining to 60%–80%.

Risks

- High exposure to volatile global commodity prices for precious metals and base metals.
- Capital-intensive industry with long investments cycles and uncertain reserve outcomes.

📈 **Liked Stocks:** EGAL, ISMQ.

📉 **Disliked Stocks:** IRON, ASCM.

EGAL – Egypt Aluminum

Fair Value: EGP303.7/share (+29% Potential)

Investment thesis

- **Backward Integration** to cut costs via: (1) **Electricity:** Solar station with Scatec, zero CapEx, CBAM-compliant products, (2) **Alumina:** JV with **Alba** for alumina plant, and (3) **Carbon Anodes:** 20% stake in **Egypt Anode Co.** for local production, export focus, and FX inflows.
- **Forward Integration** to diversify products via: (1) wire products (capacity of 5k tons/month), (2) aluminum foil, (3) pharmaceutical packaging, and (4) automotive wheel.

Valuation: We valued EGAL at **EGP303.7/share**, using the average of: (1) our initial DCF FV of EGP295.2, (2) P/E FV of EGP313.7, and (3) EV/EBIT FV of EGP302.2.

NBFS - Positive

Catalysts & Investment Thesis

- Expected interest rate cuts reduce funding costs and boost demand.
- Recovery in domestic consumption supports BNPL and consumer finance
- Digitalization & financial inclusion enable faster scaling and wider reach.
- Supportive FRA regulations with clearer frameworks and new licensed activities.
- Growth in alternative financing (leasing, microfinance) benefits players.

Risks

- Funding costs still relatively high, despite easing expectations.
- Credit risk from rapid expansion in consumer finance.
- Tighter regulatory and capital requirements (governance, solvency).

📈 **Liked Stocks:** BINV, BTFH, VALU, RAYA.

📉 **Disliked Stocks:** ANFI, WKIN, ASPI.

BTFH - Beltone Holding

Fair Value: **EGP4.93/share (+44% Potential)**



Investment thesis

- Transitioning from restructuring to a scalable growth phase.
- Returned to profitability in 2023 with earnings growth in 2024 & 2025 after 2 major capital increases.
- Dual revenues (NBFS + investment banking) support stability.
- Regional and fintech expansion supports re-rating.
- Improving profitability creates scope for dividend distributions by 2026–2027.
- Attractive risk–reward profile at current valuation levels.

Valuation: Our **average fair value (FV) stands at EGP 4.93/share**, based on: (1) RIM FV of EGP5.20/share, and (2) Justified P/B FV of EGP4.66/Share.

BINV - B Investments Holding

Fair Value: **EGP44.4/share (+20% Potential)**

Investment thesis

- Diversified private equity (PE) platform across financial services, healthcare, real estate, and consumer sectors.
- Attractive dividend profile with a 5-year median yield of c.6%.
- Strong revenue model based on exits, dividends, and performance fees.
- Value creation focus through identifying and actively managing high-growth assets.
- Undervalued by the market, offering re-rating upside as assets mature and exits materialize.
- Proven exit track record, highlighted by Giza Systems and TotalEnergies (2022–2023).

Valuation: We valued BINV in our [valuation call report](#) using a net asset value (NAV) approach, with a **FV of EGP 44.4/share**.

RAYA – Raya Holding

Fair Value: **EGP4.99/share (+44% Potential)**



Investment thesis

- Balanced stability and growth with upside from asset monetization.
- Diversified platform across sectors lowers concentration risk.
- Recurring IT/outsourcing revenues ensure steady cash flow.
- NBFS growth driven by **Aman**, aligned with financial inclusion.
- Organic expansion and acquisitions leverage subsidiary synergies.
- Resilient operations sustain performance amid macro volatility.
- Potential Raya Foods exit offers cash flow and repricing catalysts.

Valuation: Our **fair value is EGP 4.99/share**, based on sector-specific P/E and P/B multiples per each business line, adjusted for peer size with a 35% discount and a final 30% conglomerate discount.

VALU– U Consumer Finance

Fair Value: **EGP15.9/share (+69% Potential)**



Investment thesis

- Valu is Egypt's leading BNPL platform, with ~25% market share.
- The company delivers strong revenue, profit, and GMV growth driven by rising transaction volumes.
- A large and growing active user base supports high usage frequency.
- Asset quality remains strong, with a low NPL ratio despite rapid expansion.
- A diversified business model beyond BNPL (consumer finance, cards, B2B) supports sustainable growth.
- Robust funding and securitization capacity enable continued scaling.
- Strategic partnerships and investors enhance credibility and long-term growth.

Valuation: Our **average fair value (FV) stands at EGP15.9/share** based on: RIM fair value (FV) of EGP16.9/share. & relative P/E FV of EGP14.9/Share.

Real Estate - Positive

Catalysts & Investment Thesis

- Hedge against inflation and EGP depreciation.
- Generates FX income via property sales to expats and foreigners.
- Strong return potential from land revaluation under new standards.
- Prices rose 20%–30% y/y in 2025; slower growth is expected in 2026.
- Attracted USD 1.4bn from private capital; 3rd largest construction market in MENA.

Risks

- Prices surged 200% since 2022, outpacing GDP per capita growth of 13% since 2019.
- Demand slowed as panic buying faded with economic stabilization post-2024.
- High-end real estate resale slumped, with owners struggling to sell or rent.

📈 **Liked Stocks:** TMGH, ORHD, EMFD, PHDC, MASR, BONY, OCDI.

📉 **Disliked Stocks:** RTVC.

TMGH – Talaat Moustafa Group Holding

Fair Value: **EGP143.0/share (+79% Potential)**



Investment thesis

- Regional real estate giant with expansions in Saudi Arabia, Oman, and Iraq, with a land portfolio outside Egypt reaching 29mn sqm.
- Local real estate leader with expansions in: (1) South Med, (2) Noor, and (3) Other potential projects in Sharm El Sheikh.
- Stellar achiever with a total land portfolio reaching 125.9mn sqm across all projects, and total sales exceed nine of the largest players in the market, reaching EGP 0.5tn in FY24.
- Owning a huge hospitality portfolio with the aim to reach 5k rooms by 2026, providing cash flows FX-denominated against EGP fluctuations.

Valuation: We valued TMGH at **EGP143/share** based on an equal weight of: (1) initial DCF FV of EGP141.8, and (2) Peers' EV/EBITDA FV of EGP144.3.

EMFD – Emaar Misr for Development

Fair Value: **EGP12.5/share (+29% Potential)**

Investment thesis

- Launching the Marassi Red Sea project in partnership with the government and GPPL, spanning 10mn sqm, with revenues reaching up to USD200mn annually from tourism activities.
- Leveraging the development plans for Ras El Hekma project through its ownership of the Marassi project and Soul project.
- Expanding in East Cairo through Mada project with MIDAR Company.
- Leading the real estate sector in cash balances, recording a 21.6% y/y increase in net cash, reaching EGP41.5bn by 9M25.

Valuation: We valued EMFD at **EGP12.5/share**, based on an equal weight of: (1) DCF of EGP12.5/share, and (2) EV/EBIT of EGP12.5/share.

ORHD – Orascom Development Egypt

Fair Value: **EGP28.5/share (+12% Potential)**

Investment thesis

- A favorable hospitality portfolio of 4,934 rooms spans over a land bank of more than 50mn sqm, generating FX-denominated income.
- Owning high-value assets recorded at book value, generating substantial returns from the sale of even small plots of land at market prices, providing a strong incentive to revalue ORHD's assets based on market value, particularly the El Gouna project, which enjoys significant market value.
- Diversification of income sources through expansion in the sports industry by establishing a specialized sports investment company.

Valuation: We valued ORHD at **EGP28.5/share**, based on an equal weight of: (1) DCF of EGP23/share, (2) NAV of EGP28.5/share, and (3) P/E of EGP33.9/share.

PHDC– Palm Hills Development

Fair Value: **EGP13.6/share (+58% Potential)**



Investment thesis

- Regional expansion includes a partnership with **Dallah Albaraka** in KSA.
- Penetrating the education sector through acquiring of a 32.61% in **TALM**.
- Strong demand for both new and existing projects, driven by a phased sales strategy aimed at maximizing project value.
- Diverse partnerships that diversify revenue streams, including the Ritz-Carlton Residences with Marriott International and Badya University with TALM.

Valuation: We valued PHDC at **EGP13.6/share**, based on an equal weight of: (1) DCF of EGP16.1/share, and (2) EV/EBIT FV of EGP11/share.

Disliked Industries

Ceramics

- Potential increase in supplied natural gas cost to factories, which directly erodes profit margins.
- Potential increase in competition from Chinese manufacturers in GCC amid governmental support for supplied natural gas prices to factories, as the MMBtu cost in some competing countries is lower than the local price, making the local product more expensive in global markets.
- With the EU set to implement carbon border adjustment mechanisms (CBAM) by 2026, ceramic producers reliant on natural gas may struggle to maintain export volumes unless they transition to cleaner energy sources, risking a loss of market share.

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Fertilizers

- Fertilizer output require a stable gas supplies, but Egypt's domestic production is shrinking to 4.2bcfd with a production deficit 2.5bcfd.
- Regional conflicts can disrupt gas imports – e.g. the June 2025 Israel–Iran war halted Israeli pipeline exports, triggering emergency plans and forcing Egyptian urea plants to halt.
- Expected global urea markets are weaker in 2026 vs. 2025 – urea prices are anticipated to average USD353.9/mt in FY26 and USD339.8/mt in FY27, as new capacities in East Asia comes online and a recovery in European production offsets shortfalls from Russia.
- Implementation of the EU CBAM will result in higher costs and additional compliance requirements for fertilizer imports. Given Egypt's higher emission intensity for some urea producers, CBAM exposure could materially reduce export margins and prompt trade diversion unless producers reduce carbon intensity or secure pass-through.

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Petrochemicals

- Global oil markets could face oversupply risks if OPEC+ members increase production. This pressure contributed to Brent crude sliding 18% in 2025—the sharpest annual decline since 2020—keeping prices structurally weak. Because crude drives naphtha and LPG feedstock costs, lower oil prices reduce input expenses but also depress commodity polymer prices (such as ethylene and polyethylene), tightening margins for producers.
- An influx of Venezuelan crude into global markets would exert additional downward pressure on oil prices. As with previous trends, weaker crude prices translate into lower chemical prices, with midstream chemicals typically dropping by 6–20% during major oil price collapses. Consequently, any supply shock—whether from OPEC+ actions or Venezuelan output—tends to cascade into falling petrochemical prices. This exposure represents a significant risk for Egyptian petrochemical firms, whose revenues and profitability are closely tied to global oil price movements.

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Analyst Certification

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