

Egypt Thematic

EFG Hermes Research
efgresearch@efg-hermes.com

Egypt's top CEOs poll: Bullish on economy, expect lower rates & stronger EGP

Macro Strategy Report

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We hosted a CEOs dinner at our 2nd Annual Egypt Day Conference, which was attended by CEOs from leading Egyptian companies, in addition to investors from world-renowned financial institutions. During the dinner we had a brief Q&A where attendees were asked to vote on 10 questions on the outlook of the Egyptian economy and investment climate. **The full results can be found in Figs. 1-10**

Consensus: bullish, would like to hire, but prefer lower rates

The majority of attendees (90.7%) said that they have seen an improvement in the business conditions for their companies over the past 12 months. The majority (79.6%) also added that they expect business conditions to continue to improve in 2018. The majority (60.7%) of attendees also expect to hire more workers in 2018. Most attendees (54%) saw high interest rates as the biggest constraint facing investments in Egypt.

Stocks key asset class, EGP at 16-17, RE prices likely up

Asked about which Egyptian asset class they would invest in, the majority (51.3%) of attendees said they would invest in listed equities over T-bills/CDs (23.1%). Most attendees (64.3%) saw the USD/EGP at 16-17 by end of 2018, which is in line with our expectations. Moreover, most attendees expected real estate prices in Egypt to go up (47.7%) from current levels, 31.8% said real estate prices are likely to be stable.

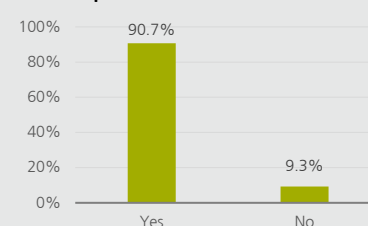
Zohr field the biggest positive, geopolitics the biggest risk

When asked about the factor likely to have the biggest positive impact on the economy over the coming period, attendees chose Zohr Gas field (35.2%) over FDIs (11.8%), tourism (23.5%), and falling rates (23.5%). When asked about the biggest risk, the largest number (27.8%) said that regional geopolitics is the key risk facing the Egyptian economy in 2018, although the vote was fragmented as decent numbers also cited terrorism (22.2%), higher interest rates (25%), and lower-than-expected private sector investments (22.2%) as key risks as well.

Priority for the next 10 years?

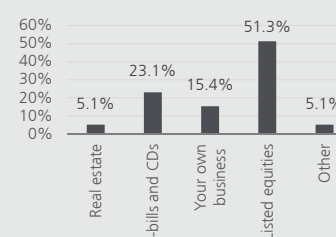
Last but not least, when asked about what the government's top priority should be for the next 10 years, the majority of attendees said education (65.4%) over infrastructure (15.4%), healthcare (3.9%), security (7.7%), and deregulation (7.7%).

Have business conditions improved for you over the past 12 months?



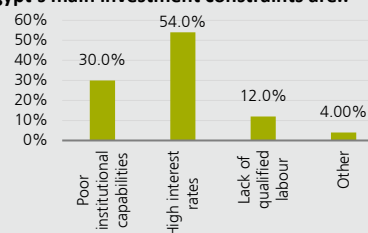
Source: EFG Hermes 2nd Annual Egypt Day Conference

In which of these will you invest in 2018?



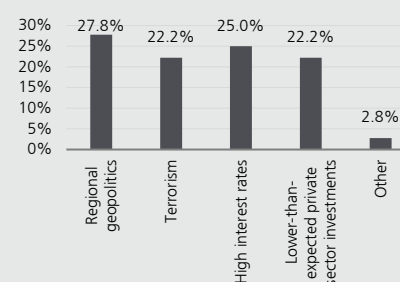
Source: EFG Hermes 2nd Annual Egypt Day Conference

Egypt's main investment constraints are..



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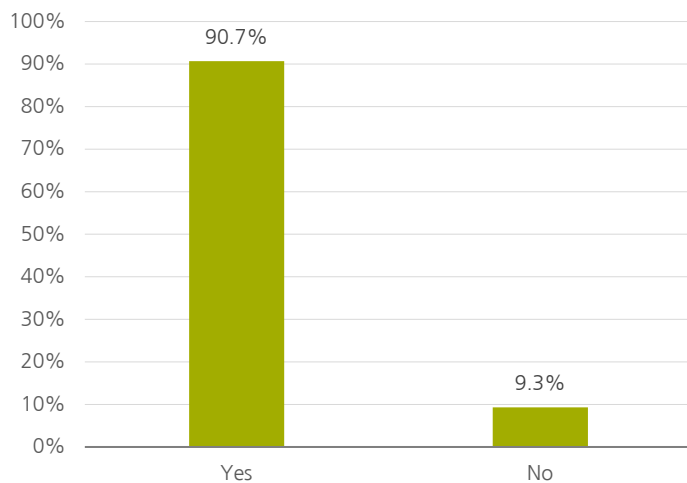
The biggest risks to the Egyptian economy in 2018 are...



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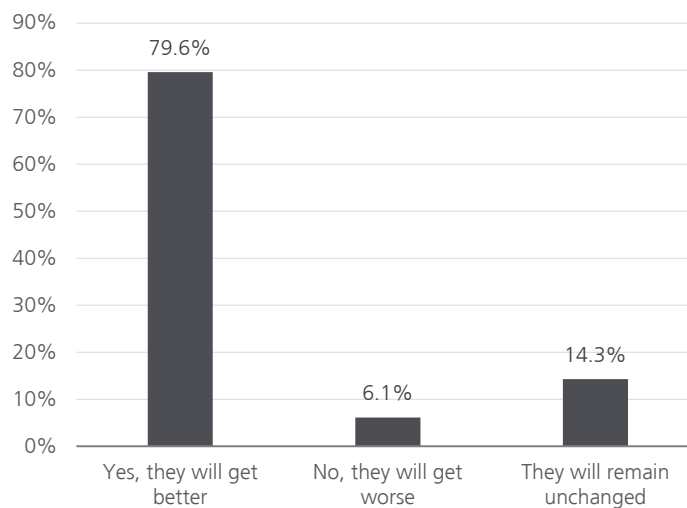
Q&A during the CEOs Dinner

Figure 1: Have business conditions improved for you in the past 12 months?



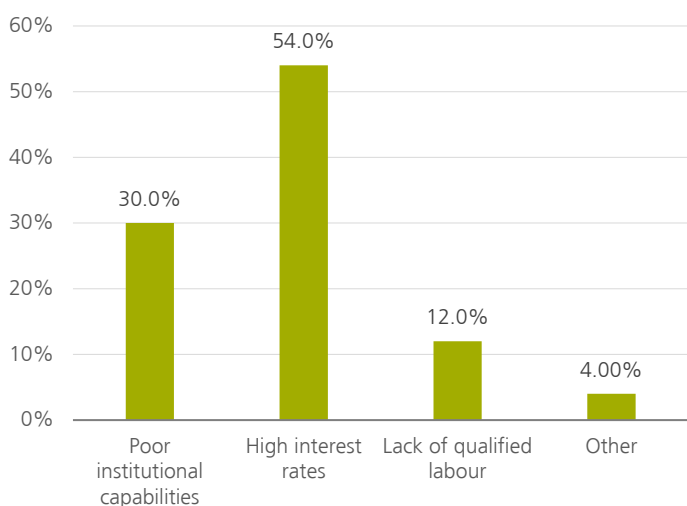
Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

Figure 2: Do you expect business conditions to improve in 2018?



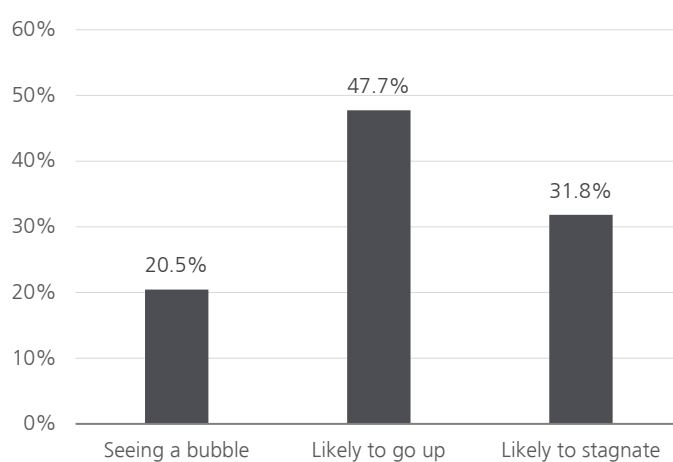
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Figure 3: Egypt's main investment constraints are...

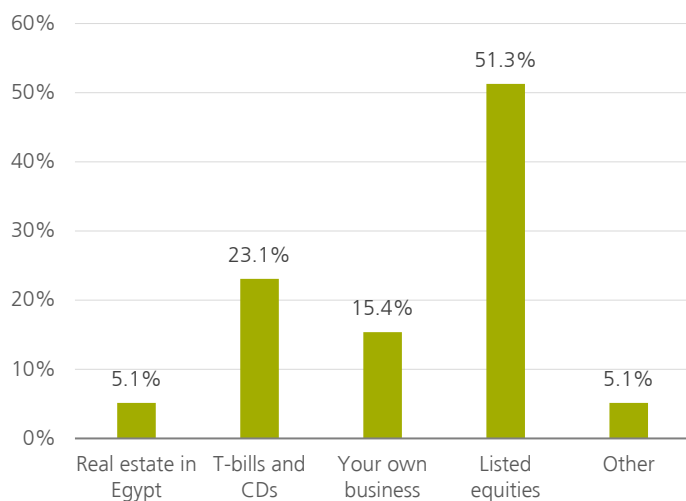


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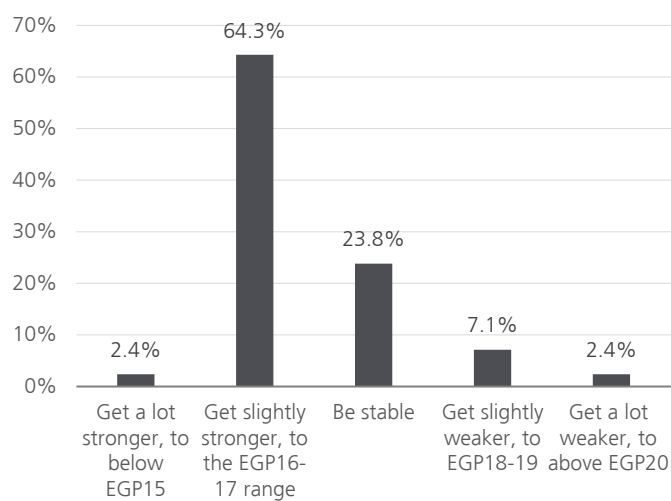
Figure 4: Egypt real estate prices are...



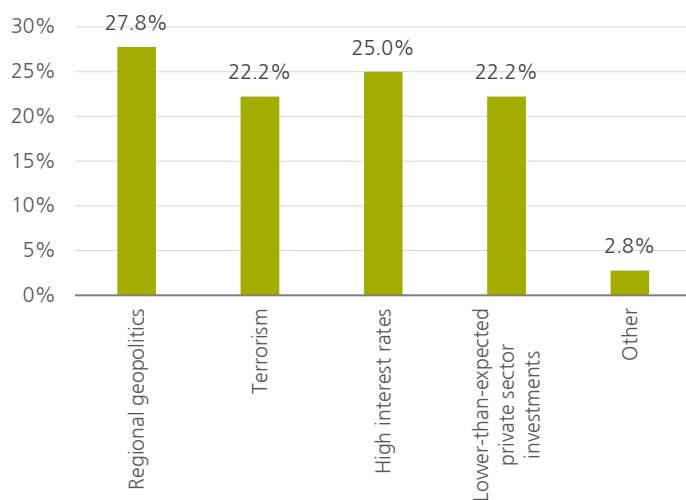
Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

Figure 5: In which of these will you invest in 2018?

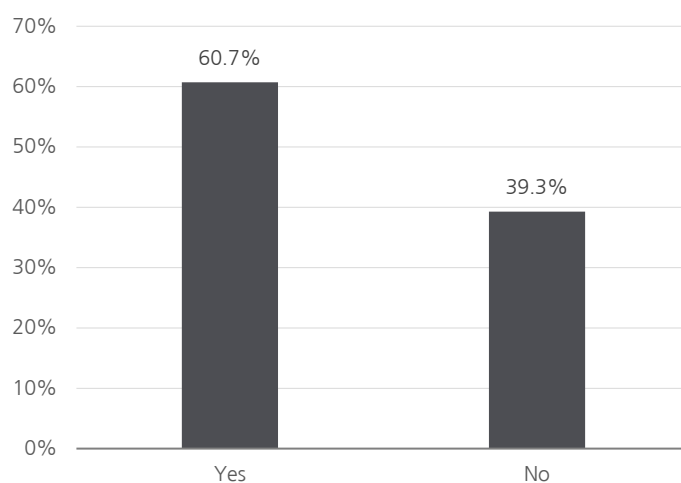
Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

Figure 6: The Egyptian pound in 2018 (USD/EGP) will...

Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

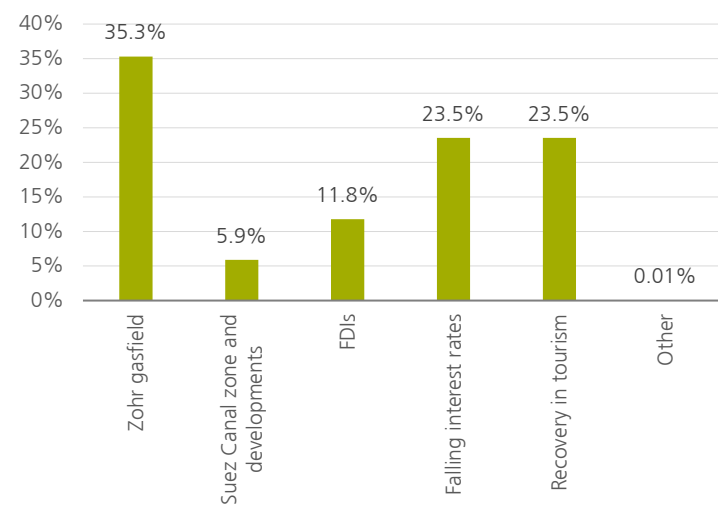
Figure 7: The biggest risks to the Egyptian economy in 2018 are...

Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

Figure 8: Will you be hiring new workers/employees in 2018?

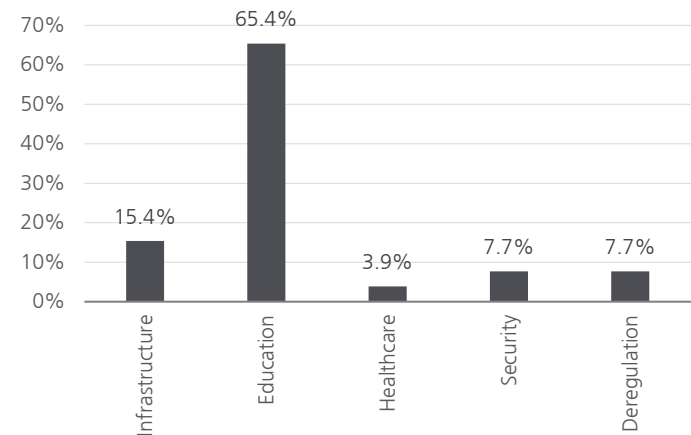
Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

Figure 9: Which will have the greatest positive impact on Egypt's economy over the next few years?



Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

Figure 10: The Government's top priority for the next 10 years should be...



Source: EFG Hermes Egypt 2nd Annual Egypt Day Conference

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Contacts and Statements

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Egypt Office	Dubai Office	Saudi Arabia Office	Jordan Office	Kuwait Office
Building B 129, Phase 3, Smart Village - Km 28 Cairo Alex. Desert Road, 6 th of Oct, 12577, Egypt	Level 6, The Gate, West Wing - DIFC Sheikh Zayed Road - P.O. Box 30727, Dubai, UAE	3 rd floor, Sky Towers, Northern Tower, Olaya, Riyadh, KSA	Building No. 85 Al Sharif Nasser Bin Jameel St., Shmeisani – Amman, Jordan	Kuwait Stock Exchange Building, 4 th floor, Mubarak Al Kabir Str., P.O. Box 22695 Safat, 13083, Kuwait
Tel: +20 2 3535 6140	Tel: +971 4 363 4008	Tel: +9661 279 8628	Tel: + 9626 5543 200	Tel. +965 2226 5000
Oman Office	Kenya Office	Pakistan Office	US Office	UK Office
Hormuz Building 3 rd floor, Ruwi, Sultanate of Oman P.O Box 1857, P.C. 114, Oman	8 th floor, Orbit Place, Westlands Road, P.O. BOX 349 00623, Nairobi, Kenya	Office no. 904, 9 th floor, Emerald Tower, Block-5, Clifton, Karachi, Pakistan	3 Columbus Circle, 15 th floor, Suite 1617, New York, NY 10019, USA	6 th floor, 103 Mount Street, London W1K 3NN, UK
Tel: +968 2476 0023	Tel: +254 (0)20 3743040	Tel: +92 (0) 21 35141100/01/02	Tel: +1 212 315 1292	Tel: +44207 518 2901

Sales Contacts**Institutional Sales****Cairo Office:**

Mohamed Aly
+20 2 35 35 6052
maly@efg-hermes.com

Wael El Tahawy
+20 2 35 35 6359
weltahawy@efg-hermes.com

Yasser Waly
+20 2 35 35 6339
ywaly@efg-hermes.com

Carol Aziz
+20 2 35 35 6312
caziz@efg-hermes.com

Dubai Office:

Ramy EL Essawy
+971 4 363 4093
ressawy@efg-hermes.com

Ayah Abou Steit
+971 4 363 4091
asteit@efg-hermes.com

Nairobi Office:

Muathi Kilonzo
+254 2037433032
mkilonzo@efg-hermes.com

London Office

Sruti Patel
+44 207 518 2903
spatel@efg-hermes.com

Ali Khalpey
+44 7818 444 210
akhalpey@efg-hermes.com

Karachi Office:

Junaid Iqbal
+92 2135141122
junaid.iqbal@efg-hermes.com

New York Office

Karim Baghdady
+1 212 315 1292
kbaghdady@efg-hermes.com

Miljana Asanovic
+1 212 315 1373
masanovic@efg-hermes.com

GCC High Net Worth Sales

Hatem Adnan
+20 2 35 35 6083
hadnan@efg-hermes.com

Hany Ghandour
+20 2 35 35 6007
hghandour@efg-hermes.com

Rami Samy
+971 4 363 4099
rsamy@efg-hermes.com

Loay Abdel Meneam
+9665 488 00544
labdelmeneam@efg-hermes.com

Individual Sales

Bassam Nour
+20 2 35 35 6069
bassam@efg-hermes.com