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#### EGYPT NEWS

##### Final framework for m-banking expected in one month

The Central Bank of Egypt (CBE) will have finalised the regulatory framework for mobile banking (m-banking) services in Egypt within a month, according to several newspapers. The Ministry of Communications and Information Technology (MCIT) is awaiting the CBE's approval of the framework in order to begin setting tariffs for m-banking services, in cooperation with the three mobile operators, according to Mahmoud El-Gowini, senior advisor to the minister for communication policies. (Al Mal, Al Masry Al Youm and Al Akhbar)

##### Mobinil EGP1.5 billion bond oversubscribed

The subscription period for Mobinil's EGP1.5 billion bond ended on 24 January. The issuance was made in two tranches: an EGP1.4 billion private tranche (14 million bonds) to institutional investors, which was oversubscribed c1.5x, and an EGP100 million (1 million bonds) public tranche to retail investors, which was oversubscribed c11.4x, financial advisor EFG Hermes said in a statement. The bond is a five-year bullet repayment bond with a fixed coupon rate of 12.25%. It has a senior unsecured unsubordinated ranking at least pari passu with all of Mobinil's other senior obligations. Mobinil will use the proceeds from the bond to cover capex needs, investments and network enhancements. EFG Hermes acted as sole financial advisor, lead arranger and sole underwriter on the bond.

The company decided to issue a bond as it was facing difficulties accessing funding via bank loans. This is due to the single obligor rule of the Central Bank of Egypt (CBE), which prevents any Egyptian bank from lending more than 20% of its capital to a single client or group of related clients (Orascom Telecom in this case). (EFG Hermes statement, Nadine Ghobrial)

**Mobinil: EGP227.97, Neutral, FV EGP229.2, MCap USD4,175 m, EMPN EY / EMOB.CA**

##### OCI and Morgan Stanley to form a JV to invest in infrastructure

Orascom Construction Industries (OCI) has agreed to form a 50/50 joint venture (JV) with Morgan Stanley Infrastructure to invest in infrastructure-related assets across the Middle East and Africa. Morgan Stanley Infrastructure currently manages USD4 billion in long-term investments in infrastructure assets. We are positive on this potential JV and believe it will be particularly important for OCI's key markets, such as Egypt, where aggressive infrastructure development plans are constrained by access to finance. We believe the JV will benefit from Public Private Partnership (PPP) plans and a growing trend among regional governments to facilitate active private sector participation in mega infrastructure projects. OCI has already been awarded Egypt's first PPP project in 2009, and we expect more of the same over the next couple of years. In 9M2009, OCI's total construction project awards amounted to USD2.8 billion, and we forecast total project awards of USD3.5bn in 2009e and USD4 billion in 2010e. OCI's total construction project backlog was USD7.2 billion as of 9M2009, of which 60% represented infrastructure projects. (OCI disclosure, Ahmed Shams El Din)

**OCI: EGP260.0, Neutral, FV EGP270.0, MCap USD9,854 m, OCIC:EY / OCIC.CA**

##### National Company for Fertilizers secures EGP850 million loan from NBE

The National Company for Fertilizers and Chemical Industries is about to receive final approval for an EGP850 million loan from the National Bank of Egypt (NBE) in order to construct a new 1.5 mtpa fertiliser plant in Sadat City. The plant, which will produce phosphate and compound fertilisers, has an investment cost of EGP1.3 billion and is to be completed in 30 months. The company is owned by the Egyptian Kuwaiti Holding Company and Alexandria Fertilisers. (Argaam)

##### Several new sugar factories to add an additional c1 million tonnes per year

A number of new sugar beet factories are currently under development by several companies, with a combined production capacity of over 1 million tonnes of sugar per annum, in an effort to narrow the supply-demand gap in Egypt. The combined investment cost of these expansions is cEGP8 billion (USD1.5 billion), and they will increase Egypt's sugar production to cover 84% of total consumption.

El Dakahleya Sugar Co. will begin operating its second line next year, which has a capacity of 127,000 tonnes per year. Nubareya Sugar Manufacturing & Refining is constructing a second line with a yearly capacity of 125,000 tonnes, for EGP1 billion (USD183 million). Delta sugar is also considering establishing a factory with the same capacity for EGP1.1 billion (USD202 million). Fayoum Sugar Company is undergoing capacity expansion, adding 250,000 tonnes of capacity for an investment of EGP850,000 (USD100,000). Additionally the private sector is completing a sugar factory in the Nubareya area, with a capacity of 150,000 tonnes per year, which will begin operating within days, in addition to obtaining a licence for a second factory. (Al Gomhoureya)

**QATAR NEWS****Qatar seeks bids for USD4 billion new Doha Port Project**

The first contracts for the New Doha Port Project (NDPP) will be awarded in July, Zawya Dow Jones quoted NDPP project executive director, Toufic Oueida, as saying. The new seaport, which has an investment cost of cUSD4 billion, will be developed in three phases and will include container, general cargo and vehicle terminals. Tender documents have been already issued for the project's first phase, which will have a capacity of 2 million twenty foot equivalent units (TEUs) upon completion in 2014. (Zawya Dow Jones)

**Barwa's project management unit manages USD20 billion worth of projects**

Qatar Project Management, a subsidiary of Barwa Real Estate Company (BRES.QA), announced that it has USD20 billion worth of projects currently under management. The company's portfolio of projects extend beyond Qatar to seven other countries, including Egypt, Syria, Morocco, Libya and Lebanon. Local projects represent 30% of these investments, according to Qatar Project Management's CEO, Nasser Kamal. (Zawya Dow Jones)

**SAUDI NEWS****Inflation accelerates to 4.2% Y-o-Y in December**

Inflation accelerated to 4.2% Y-o-Y in December, up from 4% in the previous month, according to data from the Central Department of Statistics & Information. The index for rent, fuel and housing-related services rose 12% Y-o-Y, and inched up 0.7% compared with November 2009. Food and beverage prices were up 1% Y-o-Y (0.8% M-o-M). These developments are in line with our view. We expect to see a pickup in inflation in 1Q2010, after the impact of the global crisis resulted in a sharp deceleration in 1Q2009. Rents will continue to drive domestic inflation in 2010e, given the shortage in housing. In addition, external inflation will be driven by a weaker forecast USD and higher food prices. We are forecasting an annual average inflation of 4.4% in 2010e. (Zawya Dow Jones, Monica Malik)

**EFG-HERMES RESEARCH****Egypt Economics Note - Consumption Recovery Drives Growth, but Investment Lags**

Better private consumption growth in 2Q2009 and 3Q2009 has led us to slightly increase our FY2009/10e real growth estimate, from 4.5% to 4.8%. Investment is taking longer to recover, although it will be positive in FY2009/10e after a 9% real contraction in FY2008/09. We do not expect investment to outpace GDP growth until FY2010/11e. We expect disinflation to continue in 2010e as growth stays below trend and food price inflation slows. The global environment will remain broadly favourable, and we expect the government to use subsidies to limit the impact of any global food commodity price rises on consumers. We therefore expect the CBE to keep rates on hold for much of 2010e, while maintaining a relatively stable trade-weighted EGP.

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