

HC resumes Egypt Ezz Steel, Ezz Dekheila with buy

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HC Brokerage resumed coverage of Egypt's Ezz Steel and its unit Ezz Dekheila Steel with "buy" ratings, and said it was positive on the steel sector in the country on expectations of an increase in demand

The brokerage estimates steel demand in Egypt to grow at a compound annual growth rate of 15.6 percent to reach 13.4 million tonnes per annum (mtpa) by 2013, driven in part by residential relocation and infrastructure spending.

Demand for steel in Egypt stood at 5.9 million tonnes in 2008, the brokerage said.

Demand will also be driven by Egypt's demographics, which imply that around 600,000 marriages take place every year, thereby adding to demand for new residential units and increasing the level of construction works across the country, the brokerage said.

"The local steel market proved to be resilient as demand for long products continued to increase based on fundamental economic factors," the brokerage said.

HC added that for Ezz Steel, the key growth drivers include resilient local demand for long products -- which are mainly used for construction -- and a global volume recovery that is expected to occur next year.

The brokerage has a price target of 17.2 Egyptian pounds on Ezz Steel stock, and 970 Egyptian pounds on Ezz Dekheila stock.

Shares of Ezz Steel rose more than 2 percent to 12.17 Egyptian pounds by 0857 GMT, while those of Ezz Dekheila were up about 1 percent at 710 Egyptian pounds.

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