
HC Brokerage positive on Ezz Steel and Ezz Dekheila

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HC Brokerage resumed coverage of Egypt's Ezz Steel and its unit Ezz Dekheila Steel with buy ratings and said that 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% to reach 13.4 million tonnes per annum by 2013, driven in part by residential relocation and infrastructure spending.

The brokerage said that demand for steel in Egypt stood at 5.9 million tonnes in 2008. 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.

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

HC said 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.

(Sourced from Reuters)

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