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Aluminum Penumbra

1. Today's Trading Playbook

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KEY THEMES

Sidi Kerir Petrochemicals' [**SKPC**] BoD has postponed its decision regarding selling the SKPC's polypropylene project license in exchange of 5% stake at **Red Sea National for Refining & Petrochemicals (RSNRPC)**. We don't know for sure the capital structure of RSNRPC, nor the accurate valuation for the company which is expected to commence operations in 2021. However, we tend to think that it would be a good idea for SKPC to escape future cash commitments towards its polypropylene project, which will involve a capital increase as well as all the risks associated with setting and running the facility. It could go either way, yet for the reasons mentioned earlier, we think accepting the offer is the way to go here.

Elsewhere, the rally in global commodity prices has pushed aluminum prices to levels not seen since October 2018. We remind you that the reason for the 2018 rally was a collaboration of trade war-related tariffs as well as sanctions on **UC Rusal**. Prices during the 2018 rally reached as high as USD2,556/ton before ending the year below the USD2,000/ton mark. While the dynamics of the current rally is different (as aluminum prices are now peaking on supply concerns), the result will be pleasant for Egypt Aluminum's [**EGAL**] Q3 2020/21 profitability, as at the very least we don't expect to see gross losses during the quarter.

POSITIVE

EGAL: Rising aluminum prices should enhance EGAL's P&L performance in Q3 2020/21.

Now, on to the top news and analysis for the day.



2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's fuel subsidies decreased by 45% to EGP8.4bn during H1 FY21, compared to EGP15.25bn in the year-ago period. ([Mubasher](#))

Egypt's Cabinet approved the EBRD finance of USD400mn (EGP6.267bn) to support Egypt's transformational Universal Health Insurance System. ([Zawya](#))

The safety and quality of service of Egypt's railways are getting an upgrade with a USD440mn loan from The World Bank, which reached an agreement with the Ministry of International Cooperation to allocate the funding for the Railway Improvement & Safety for Egypt (RISE) project. ([Enterprise](#))

CORPORATE NEWS

Heliopolis Housing & Development [HELI] will release the bid requirements for developing 1,695 feddans in its project Heliopark on 22 March 2021. Bidding will end on 27 May 2021. ([Company disclosure](#))

Abu Qir Fertilizers [ABUK] could be the subject to a valuation update by the committee responsible for the Public Offerings Program (POP). This comes as a means of readiness to reconsider the secondary issuance for ABUK once more post the pandemic. ([Company disclosure](#))

The Arab Ceramic Co.'s [CERA] BoD suggests distributing a cash dividend of EGP0.15/share, implying a 3.6% yield. ([Company disclosure](#))

Export Development Bank of Egypt [EXPA] aims to invest about USD15mn to develop electronic banking and financial services during the current FY2020/21. ([Al-Mal](#))

GLOBAL NEWS

Oil prices jumped about 3% on Friday, hitting their highest levels in more than a year, following a stronger-than-expected U.S. jobs report and a decision by OPEC and its allies not to increase supply in April. OPEC+ extended oil output curbs into April, granting small exemptions to Russia and Kazakhstan. Saudi Arabia had also decided to maintain its voluntary cut of 1mn bpd through April even after the oil price rally of the past two months on the back of COVID-19 vaccination programs around the globe. ([Reuters](#))



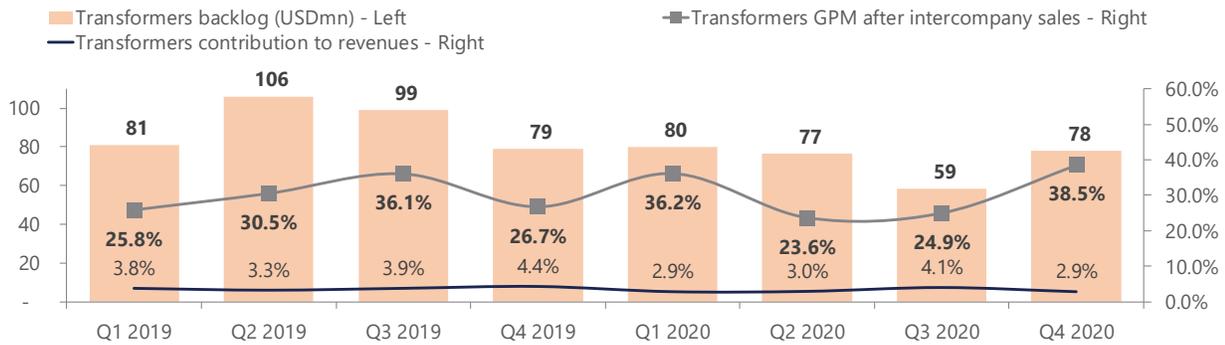
Emerging markets saw daily outflows for the first time since October last week as fears of rising rates caused investors to pull back from risk assets. A tracker run using data from 30 EMs showed that investors pulled c.USD290mn each day last week, compared to USD323mn of net inflows in February. (FT)

3. CHART OF THE DAY

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SWDY's Transformers Segment Quarterly Performance



Source: Company reports.

Transformers, one of Elsewedy Electric's [SWDY] high-margin segments, generated its highest gross profit margin in two years in Q4 2020, reaching 38.5% after intercompany sales. While the segment contributes low single digits to revenue (3% in Q4 2020), SWDY plans to expand in it through acquisitions in Indonesia and Pakistan.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
689.9						1,165.2 1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
	↓	EGX 30	11,333.86	(0.52%)	4.51%		↑	Gold	1,700.64	0.18%	(10.42%)
	↓	EGX 30 TR	4,369.10	(0.41%)	4.73%		↓	Silver	25.25	(0.43%)	(4.38%)
	↓	EGX 70 EWI	2,185.69	(0.24%)	1.89%		↑	Brent Oil	69.36	3.93%	33.90%
	↓	EGX 100 EWI	3,198.81	(0.15%)	3.26%		↑	WTI	66.09	3.54%	36.21%
	↓	DFMGI	2,569.32	(0.80%)	3.10%		↓	Natural Gas	2.70	(1.64%)	6.38%
	↓	ADSMI	5,692.75	(0.12%)	12.83%	EGP	↑	USD/EGP	15.69	0.02%	(0.30%)
	↓	TASI	9,242.28	(0.73%)	6.36%	€	↓	EUR/USD	1.19	(0.45%)	(2.46%)
	↓	QE Index	10,004.19	(0.40%)	(4.14%)	£	↓	GBP/USD	1.38	(0.39%)	1.25%
	↑	S&P 500	3,841.94	1.95%	2.29%	¥	↑	USD/JPY	108.31	0.31%	4.90%
	↑	Dow 30	31,496.30	1.85%	2.91%		↑	6M TB yield	13.25	6	51
	↑	NASDAQ	12,920.15	1.55%	0.25%		↓	1Y TB yield	13.22	(1)	45
	↓	VIX	24.66	(13.69%)	8.40%		↑	10Y TB yield	14.73	4	34
	↓	STOXX 50	3,669.54	(0.95%)	3.29%		↓	2Y TB yield	0.14	(0)	1
EM	↓	MSCI Emerging	1,339.31	(0.52%)	3.72%		↑	10Y TB yield	1.55	9	62
FM	↓	MSCI Frontier	570.21	(0.35%)	(0.25%)		↑	30Y TB yield	2.29	4	63

* As of market close. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

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DATE	TICKER	TYPE	EVENT
7-Mar-21	EGBE	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
7-Mar-21	EGBE	EGM	Amending articles 4, 52, 6 & 7 of the bylaws.
7-Mar-21	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
7-Mar-21	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
10-Mar-21	RTVC	EGM	Discussing an offer for its 99.95% stake in Orient Tours Hotels & Tourism Villages.
10-Mar-21	FWRY	Stock dividend	Record date for a dividend at 0.28-for-1 ratio.
10-Mar-21	MTIE	BoD meeting	Approving 2020 financial results.
10-Mar-21	EDBM	Stock split	Record date for a split at 5-for-1 ratio.
10-Mar-21	MENA	Stock split	Record date for a split at 2-for-1 ratio.
11-Mar-21	EDBM	Stock split	Distribution date for a split at 5-for-1 ratio.
11-Mar-21	MENA	Stock split	Distribution date for a split at 2-for-1 ratio.
11-Mar-21	FWRY	Stock dividend	Distribution date for a dividend at 0.28-for-1 ratio.



11-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
13-Mar-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
14-Mar-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in 6th of October project.
15-Mar-21	ETEL	EGM	Amending articles 21 & 43 of the bylaws.
16-Mar-21	SRWA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	EGM	Amending articles 4 & 7 of the bylaws.
17-Mar-21	OLFI	Cash dividend	Record date for EGP0.60/share.
18-Mar-21	OLFI	Cash dividend	Ex-dividend date for EGP0.60/share.
18-Mar-21	NBKE	OGM	Approving the financial statements ending 31 Dec. 2020.
18-Mar-21	SAIB	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Mar-21	FAIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Mar-21		MPC meeting	Discussing a policy rate decision.
19-Mar-21	NINH	OGM	Approving the financial statements ending 31 Dec. 2020.
19-Mar-21	NINH	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
22-Mar-21	OLFI	Cash dividend	Distribution date for EGP0.60/share.
23-Mar-21	ADIB	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	ADIB	EGM	Approving increasing the authorized capital from EGP4bn to EGP7bn, and amending article 6 of the bylaws.
23-Mar-21	EHDR	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
23-Mar-21	EHDR	EGM	Approving a stock dividend and amending articles 6 and 7 of the bylaws.
23-Mar-21	PORT	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	PORT	EGM	Discussing changing the name of the company.
24-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	EGM	Discussing the agenda.
25-Mar-21	UNIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MBSC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MCQE	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	PHAR	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MPRC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	MPRC	EGM	Amending articles 7 & 21 of the bylaws.
27-Mar-21	EFIC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	EFIC	EGM	Amending article No. 36 of the bylaws.



7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
3-Mar-21	<u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u>
2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
1-Mar-21	<u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u>
25-Feb-21	<u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u>
22-Feb-21	<u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u>
10-Feb-21	<u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u>
8-Feb-21	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
4-Feb-21	<u>MACROView – External Buffers Are Still Restoring Grounds</u>
3-Feb-21	<u>MACROView – A Fragile Improvement but Favorable Sentiment</u>
3-Feb-21	<u>MACROView – External Woes vs. Cautious Optimism</u>
2-Feb-21	<u>STANDPoint – Egypt 2021 Investing Playbook</u>
14-Jan-21	<u>CI Capital Holding [CICH] – New Expansions = Further Growth</u>
10-Jan-21	<u>MACROView – Below End-of-Year Target</u>
6-Jan-21	<u>MACROView – On the Path to Further Recovery</u>
5-Jan-21	<u>MACROView – Ruttled Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>
22-Dec-20	<u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u>
16-Dec-20	<u>CIB [COMI] – Earnings beat despite higher provisions</u>
10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>
25-Nov-20	<u>Misr Chemical Industries [MICH] – Pandemic Proof</u>
10-Nov-20	<u>MACROView – An expected rise as the new school year began</u>
4-Nov-20	<u>MACROView – The Stars Seem to Be Aligned for International Reserves</u>
3-Nov-20	<u>MACROView – The Highest Reading in Six Years</u>
25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>
11-Oct-20	<u>MACROView – Disinflationary trend interrupted</u>
11-Oct-20	<u>MACROView – External strains are slacking and reserves are growing</u>
6-Oct-20	<u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u>



- 5-Oct-20 [MACROView – Egypt’s recovery is broadening](#)
- 10-Sep-20 [MACROView – A Stunning Chapter Towards Targets](#)
- 8-Sep-20 [MACROView – Crawling Out of the Troughs](#)
- 3-Sep-20 [MACROView – Job losses and the bumpy road to recovery](#)
- 18-Aug-20 [Oriental Weavers Carpet \[ORWE\] – Q2 2020 Results](#)
- 13-Aug-20 [Credit Agricole Egypt \[CIEB\] – Q2 2020 Results](#)
- 10-Aug-20 [MACROView – Muted inflation environment still dominates](#)
- 9-Aug-20 [MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed](#)
- 5-Aug-20 [MACROView – Toward gradual recovery](#)
- 29-Jul-20 [MACROView – CAD gains eroded by financial account vulnerability](#)
- 14-Jul-20 [Commercial International Bank - \[COMI\] - Q2 2020 results](#)
- 9-Jul-20 [MACROView – Inflation driven by non-food baskets and unfavorable base effect](#)
- 8-Jul-20 [MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position](#)
- 7-Jul-20 [MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed](#)
- 25-Jun-20 [EFG Hermes Holding \[HRHO\] – Behind the Optics of the Arab Investment Bank Potential Acquisition](#)
- 10-Jun-20 [MACROView – Lowest annual reading in five months, but monthly figures show no changes](#)
- 8Jun-20 [Oriental Weavers Carpet \[ORWE\] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices](#)
- 8-Jun-20 [MACROView – Solid buffers and moderate depreciation: The CBE’s recipe to deal with COVID-19](#)
- 3-Jun-20 [MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy](#)
- 18-May-20 [Abu Dhabi Islamic Bank \[ADIB\] – Q1 2020 Results](#)
- 18-May-20 [Al Baraka Bank Egypt \[SAUD\] – Q1 2020 Results](#)
- 17-May-20 [Credit Agricole Egypt \[CIEB\] – Q1 2020 Results](#)
- 13-May-20 [MACROView – Yesterday’s CBE conference call with Deputy Governor](#)
- 11-May-20 [MACROView– Acceleration in April driven by food prices – as expected](#)
- 7-May-20 [MACROView – Keeping head above water amid pandemic uncertainties](#)
- 5-May-20 [Commercial International Bank \(CIB\) - Egypt \[COMI\] – Q1 2020 Results](#)

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