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Pick and Choose

1. Today's Trading Playbook

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KEY THEMES

It's official! EGX 70 EWI is now down on a year-to-date basis, having succumbed to pressure and fallen some 2.7% yesterday. Meanwhile, EGX 30, although was down 0.6% yesterday, is still up for the year (+3.5%). EGX 70 EWI performance was dragged by small-cap names that have been on a roll over the past year or so, while EGX 30 performance was held up by CIB [COMI]. We continue to prefer large caps over small caps for several reasons: **(1)** Large caps have underperformed small caps by a huge margin in 2020, **(2)** Small caps have been bid higher by retail investors, mostly using leverage, making the small-cap rally susceptible to any short-term downturn, and **(3)** large caps are at 3-year historical lows in terms of valuation, excluding the COVID-19 blip (i.e. P/E multiples), trading at 9x 2021e earnings vs. MSCI EM's 15.8x.

For a complete list of our EGX top picks, please refer to our [STANDPoint](#) report.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The minimum wage for civil servants will be raised to EGP2,400 from EGP2,000 as of the next fiscal year on the instructions of President Abdel-Fattah El-Sisi following a review of the draft budget. Civil servants whose employment is covered by the Civil Service Law will also get annual raises worth 7% of their gross salaries. The president also ordered a 13% hike for pensioners. ([Ittihadiya Statement](#))

Egypt's remittance inflows defied expectations and grew more than 10% in 2020 despite the shock of the pandemic. Remittance inflows rose to USD29.6bn last year, up 10.5% from the USD26.8bn in 2019. ([Ahram Online](#))

KSA-based Sharbatly Group plans to invest USD2.5bn in the Egyptian market over the next five years. Earlier this month, the Egyptian government met with 100 of the largest foreign companies operating in Egypt in a bid to encourage investments in the local market over the next five years. ([Zawya](#))

The Financial Regulatory Authority (FRA) officially rolled out its Regional Center for Sustainable Finance to encourage and facilitate sustainable investments. The center will support NBFS firms by providing third-party vetting and auditing to local companies to instill investor confidence when tapping regional markets. ([FRA](#))

CORPORATE NEWS

Egytrans's [ETRS] BoD approved hiring Grant Thornton Financial Consulting to determine the fair value of H.A. Utilities BV (DutchCo.). The board said that only after the fair values of both ETRS and H.A. Utilities BV (DutchCo.) are prepared, ETRS may sign the agreement to fully acquire H.A. Utilities BV (DutchCo.) in exchange for owing the potential acquiree's parent company H.A. Utilities Holding BV a debt that would be fulfilled by the issuance of additional ETRS shares. ([Company disclosure](#))

Suez Canal Bank's [CANA] request to increase its issued capital from EGP2.2bn to EGP2.9bn through a 70mn stock dividend has been approved by the Financial Regulatory Authority (FRA). ([Bank release](#))

Arabia Investments Holding's [AIH] BoD approved to participate with EGP20mn in the capital increase of its leasing subsidiary UE Finance. ([Company disclosure](#))

Bayet El-Khebra increased its stake in Egyptian Resorts Co. [EGTS] from 13.18% to 16.6% after purchasing 37.6mn shares for EGP53.9mn. ([Company disclosure](#))

Madinet Nasr for Housing & Development [MNHD] gained the financial regulator's approval to increase its issued capital by EGP57.6mn to EGP1.49bn through 2020 retained earnings. ([Company disclosure](#))

Palm Hills Developments [PHDC] partnered with Inspired Education Group (Inspired) to establish four schools within the developer's projects in Egypt. Inspired is planning to launch "King's School" in The Crown project in 2022, and the other three will be in Palm Hills Alexandria, Palm Hills New Cairo, and Badya. The opening dates will be announced at a later stage. ([Company disclosure](#))

Heliopolis Housing & Development [HELI] will deal out dividends of EGP0.21/share over two tranches. It will pay out EGP0.05/share on 31 March 2021 and EGP0.16/share on 29 June 2021, both with an ex-dividend date of 29 March 2021. ([Company disclosure](#))

Orascom Construction [ORAS] and Elsewedy Electric [SWDY] are among the winning companies set to generate energy from wastes. Phase I of the Ministry of Environment's project has an estimated investment value of USD375mn, including seven governorates. ([Al-Mal](#))

The CBE allocated EGP1.2bn to fund the 25% payment of the natural gas arrears owed by ceramics companies which can benefit from the Prime Minister's decision to reschedule the rest of the debt over ten years. ([Al-Borsa](#))

Speed Medical's [SPMD] BoD approved the fair value study prepared by an independent financial advisor for New Al-Safwa Specialized Hospital Co. for EGP726/share. Earlier this month, SPMD disclosed that its 30%-owned, Prime Speed Medical decided to acquire a 4.4% stake worth EGP8.3mn in New Al-Safwa. ([Company disclosure](#))

GLOBAL NEWS

Foreign buying of U.S. Treasuries grew the most in six months in January. Foreign investors led by China and Japan held USD7.119tn in Treasuries in January, up nearly USD49bn from USD7.07tn the previous month, representing the strongest buying of Treasuries by foreigners since July 2020. ([Reuters](#))

The coronavirus pandemic has significantly strengthened the market power of dominant firms, which could drag on medium-term growth and stifle innovation and investment, the International Monetary Fund said on Monday in a new research paper. ([Reuters](#))

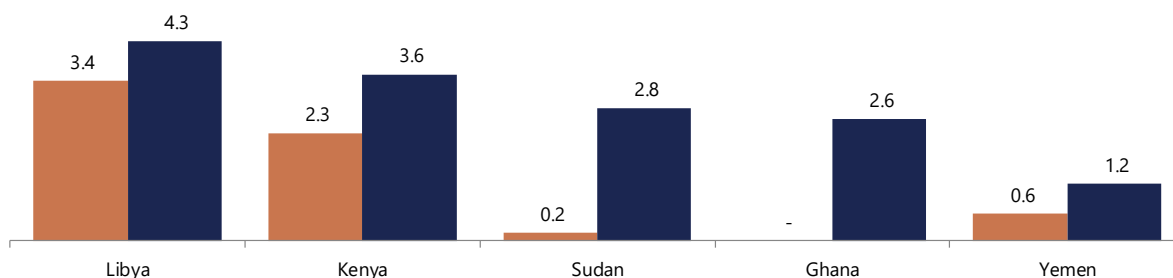
3. CHART OF THE DAY

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Egyptian Cement Export Destinations

■ Jan-20 ■ Jan-21















Source: ECBM.

Egyptian cement exports in January seem to be holding promise for the rest of 2021. Egypt's cement exports to Libya, albeit a troubled destination, increased by 25% y/y in January to USD4.3mn. Its exports to Sudan jumped to USD2.8mn, while Ghana surprisingly became the top fourth destination, receiving USD2.6mn worth of Egyptian exports. This ensures that increasing exports to African countries, where Egypt has a competitive advantage, may partially help with the oversupply challenge.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
680.6						1,131.5 1,178.6					
daily chg. ytd chg.						daily chg. ytd chg.					
	📉	EGX 30	11,222.33	(0.60%)	3.48%		📈	Gold	1,731.67	0.26%	(8.61%)
	📉	EGX 30 TR	4,306.42	(0.83%)	3.23%		📈	Silver	26.24	1.25%	(0.72%)
	📉	EGX 70 EWI	2,143.85	(2.71%)	(0.06%)		📉	Brent Oil	68.88	(0.83%)	31.87%
	📉	EGX 100 EWI	3,141.71	(2.25%)	1.42%		📉	WTI	65.39	(0.86%)	33.62%
	📈	DFMGI	2,618.92	0.72%	5.09%		📈	Natural Gas	2.48	0.28%	(1.89%)
	📈	ADSMI	5,707.83	0.42%	13.15%	EGP	📈	USD/EGP	15.70	0.03%	(0.25%)
	📉	TASI	9,645.74	(0.20%)	11.00%	€	📉	EUR/USD	1.19	(0.01%)	(2.36%)
	📈	QE Index	10,241.47	0.01%	(1.86%)	£	📉	GBP/USD	1.39	(0.27%)	1.41%
	📈	S&P 500	3,968.94	0.65%	5.67%	¥	📈	USD/JPY	109.13	0.05%	5.74%
	📈	Dow 30	32,953.46	0.53%	7.67%		📈	6M TB yield	13.36	4	63
	📈	NASDAQ	13,459.71	1.05%	4.43%		📈	1Y TB yield	13.35	6	58
	📉	VIX	20.03	(3.19%)	(11.96%)		📉	10Y TB yield	14.70	(2)	31
	📉	STOXX 50	3,829.84	(0.09%)	7.80%		📉	2Y TB yield	0.15	(1)	2
EM	📉	MSCI Emerging	1,340.25	(0.59%)	3.79%		📉	10Y TB yield	1.61	(1)	68
FM	📉	MSCI Frontier	573.15	(0.10%)	0.27%		📉	30Y TB yield	2.36	(3)	70

* As of market close, except for commodities and currencies at 8.2am CLT. 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
16-Mar-21	ALCN	BoD meeting	Discussing 8M 2020/21 financials ending Feb. 2021.
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	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
17-Mar-21	OLFI	Cash dividend	Record date for dividends of EGP0.60/share.
18-Mar-21	OLFI	Cash dividend	Payout date for ex-dividend of 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.
21-Mar-21	SIPC	Stock dividend	Record date for a dividend at a 0.14-for-1 ratio.
22-Mar-21	SIPC	Stock dividend	Distribution date for dividends at a 0.14-for-1 ratio.
22-Mar-21	OLFI	Cash dividend	Payout date for dividends of 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 36 of the bylaws.
27-Mar-21	EGAS	EGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MPCO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
28-Mar-21	HELI	Cash dividend	Record date for EGP0.05/share (1st installment).
28-Mar-21	UNIP	OGM	Approving the financial statements ending 31 Dec. 2020.
28-Mar-21	UNIP	EGM	Discussing a 10-for-1 stock split and amending articles 6 & 7 of the bylaws.
28-Mar-21	ODIN	OGM	Approving the financial statements ending 31 Dec. 2020.

28-Mar-21	TMGH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	UEGC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	GGCC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	AMIA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	ETEL	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	EFID	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing dividends distribution and other agenda items.
30-Mar-21	AMER	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	PHTV	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	PHTV	EGM	Amending article 4 of the bylaws.
30-Mar-21	ELEC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Mar-21	ELEC	EGM	Discussing a land sale.
30-Mar-21	ZMID	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Mar-21	MFPC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Mar-21	PRMH	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	PRMH	EGM	Discussing the agenda.
30-Mar-21	NEDA	EGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	EKHO	OGM	Approving the financial statements ending 31 Dec. 2020.
30-Mar-21	COMI	OGM	Approving the financial statements ending 31 Dec. 2020 and the employee profit share distribution.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
10-Mar-21	<u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u>
8-Mar-21	<u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u>
7-Mar-21	<u>Al-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines</u>
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 – Rutted 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	<u>MACROView – Egypt’s recovery is broadening</u>
10-Sep-20	<u>MACROView – A Stunning Chapter Towards Targets</u>
8-Sep-20	<u>MACROView – Crawling Out of the Troughs</u>
3-Sep-20	<u>MACROView – Job losses and the bumpy road to recovery</u>
18-Aug-20	<u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u>
13-Aug-20	<u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u>
10-Aug-20	<u>MACROView – Muted inflation environment still dominates</u>
9-Aug-20	<u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u>
5-Aug-20	<u>MACROView – Toward gradual recovery</u>
29-Jul-20	<u>MACROView – CAD gains eroded by financial account vulnerability</u>
14-Jul-20	<u>Commercial International Bank - [COMI] - Q2 2020 results</u>
9-Jul-20	<u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u>

8-Jul-20	<u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u>
7-Jul-20	<u>MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</u>
25-Jun-20	<u>EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</u>
10-Jun-20	<u>MACROView – Lowest annual reading in five months, but monthly figures show no changes</u>
8-Jun-20	<u>Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</u>
8-Jun-20	<u>MACROView – Solid buffers and moderate depreciation: The CBE’s recipe to deal with COVID-19</u>
3-Jun-20	<u>MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</u>
18-May-20	<u>Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results</u>
18-May-20	<u>Al Baraka Bank Egypt [SAUD] – Q1 2020 Results</u>
17-May-20	<u>Credit Agricole Egypt [CIEB] – Q1 2020 Results</u>
13-May-20	<u>MACROView – Yesterday’s CBE conference call with Deputy Governor</u>
11-May-20	<u>MACROView– Acceleration in April driven by food prices – as expected</u>
7-May-20	<u>MACROView – Keeping head above water amid pandemic uncertainties</u>
5-May-20	<u>Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results</u>

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