

TABLE OF CONTENTS**1. Today's Trading Playbook****2. Top News & Analysis****3. Chart of the Day****4. Markets Performance****5. Latest EGX Valuation Multiples****6. Key Dates****7. Latest Research**

Spaghettification

1. Today's Trading Playbook

TABLE OF CONTENTS**KEY THEMES**

The performance of the EGX 30 in 2021 comes defined by its violent ride that kicked off since last March. The notable downward movement, which lasted for about six weeks, has sent the index down to its worst levels since June 2020. The market finally showed a bounce back attitude last Thursday, gaining some 75.8 points or 0.74%. However, given the magnitude of the recent descend; stocks will need to show stronger momentum, to bandage their ytd losses.

Taking a simple look on market valuation, we opted to look at P/E on a single constituent basis.

Out of the 31 stocks currently forming the index, only 24 names have P/E data. Out of the aforementioned 24 sample, only eight stocks witnessed their P/E expanding between 31 December 2020 and 8 April 2021. Meanwhile, all of the remaining 16 index members have seen their P/E contract, with nine stocks contracting more than 5% on a ytd basis, including Egypt's standard MSCI index composites (i.e. COMI, EAST, and SWDY).

The above data shows that during a sell-off tide, it is normal to see valuation stretched at one side of the market, while being overly compressed at the other side.

Deciding on the age of the current disappointing performance of the EGX 30 is extremely tricky, yet we still believe that taking care of single stock stories is the way to go here.

Name	2020 P/E	TTM P/E	Change %
FWRV	143.8x	165.0x	14.7%
PHDC	5.9x	6.9x	17.6%
MTIE	18.7x	21.7x	15.9%
EKHO	10.5x	11.6x	10.3%
ORWE	4.9x	5.3x	8.6%
OCDI	6.5x	7.0x	6.9%
ORHD	10.0x	10.6x	6.1%
AUTO	4.0x	4.1x	4.8%
ABUK	12.6x	12.5x	-1.2%
MNHD	6.2x	6.1x	-1.3%
HRHO	8.6x	8.5x	-1.6%
PIOH	4.2x	4.1x	-2.0%
CLHO	32.2x	31.5x	-2.1%
EMFD	7.7x	7.5x	-2.5%
ETEL	5.1x	4.8x	-4.3%
COMI	9.5x	8.8x	-6.9%
SWDY	7.0x	6.5x	-8.0%
EFID	21.0x	19.3x	-8.3%
EAST	10.0x	9.1x	-8.7%
TMGH	8.1x	7.3x	-9.6%
CICH	8.4x	7.2x	-14.5%
EXPA	4.8x	3.9x	-17.8%
ISPH	27.8x	22.4x	-19.5%
CIEB	6.6x	5.1x	-22.8%

Source: Bloomberg

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

2. TOP NEWS & ANALYSIS

TABLE OF CONTENTS

MACRO NEWS

Annual headline inflation accelerated slightly to 4.8% in March, up from 4.6% in February.

On a monthly basis, headline inflation rose 0.6%m/m compared to a 0.2% monthly rise in February. On the other hand, Egypt's core inflation increased slightly to 3.7% y/y in March, from 3.65% in February. Monthly core CPI inflation, also inched up to 0.5% from 0.3% in February 2021. ([CAPMAS](#), [CBE](#))

JPMorgan said it had placed Egypt and Ukraine under review for inclusion in its widely tracked Government Bond Index Emerging Markets. In the event of index inclusion, Egypt would have a weight of about 1.8% in GBI-EM Global Diversified .JGEGDCM, with 14 Egypt government bonds with a total notional value of USD24bn under review for eligibility. ([Reuters](#))

Egypt should have 1000 natural gas filling stations set up nationwide by the end of the year under a government-backed program to expand natural gas refueling infrastructure as Egypt moves forward with its plan to convert or replace gasoline-fueled cars. ([Al-Mal](#))

Some 30 shipments of liquefied natural gas were reportedly exported from Egypt's Damietta and Idku liquefaction plants in Q1 2021, with more in the pipeline during April. ([Yom7s](#))

Egypt and Sudan turned down a proposal by Ethiopia to exchange data from the Grand Ethiopian Renaissance Dam ahead of the second filling this summer. ([Ministry of water resources and irrigation](#))

The Sovereign Fund of Egypt is partnering with state payments firm E-Finance, the Agricultural Bank of Egypt, and the Internal Trade Development Authority to set up a company that will focus on enhancing financial inclusion among farmers. ([Al-Mal](#))

CORPORATE NEWS

Egytrans [ETRS] studies expansion outside Egypt especially in Libya, Sudan and in Africa generally. Meanwhile, Europe may come in a second phase. ([Al-Borsa](#))

Arabian Food Industries Co. [DOMT] intends to launch a new production line for dairy products this week at a cost of USD2mn. ([Enterprises](#))

SODIC [OCDI] and Misr Italia purchased the conditions booklet for Heliopolis Housing & Development's [HELI] project Heliopark, bringing the total number of developers who purchased it to nine. (Al-Mal)

CI Capital Holding [CICH] announced the utilization of EGP970.2mn of the capital increase proceeds amounting EGP1.0bn. CICH spent EGP334.3mn for its share in EGY EDU Invest fund that owned 60% of Taaleem Management Services [**TALM**]. Moreover, CICH used the proceeds to expand its NBFS platform activities. ([Company disclosure](#))

Cleopatra Hospitals [CLHO] and Mabaret Al-Asafra Hospitals, in cooperation with its main partner Tana Africa Capital, join the bidders on **Abu Dhabi Commercial Bank's (ADCB)** 51% stake at Alexandria New Medical Center [**AMES**]. Mabaret Al-Asafra Hospitals consortium valued AMES at c. EGP650mn. (Al-Mal)

GLOBAL NEWS

The dollar has slipped this month as the Federal Reserve stuck to its message that it won't raise interest rates soon despite forecasts that the U.S. economy will recover faster than its peers. The greenback is down about 1.2% against the currencies of its biggest trading partners so far in April. Before a slight rise Friday, the dollar had seen its worst seven-day losing streak since December. ([WSJ](#))

Chinese regulators hit Alibaba with USD2.8bn fine in its anti-monopoly investigation of the tech giant, saying it abused its market dominance. ([CNBC](#))

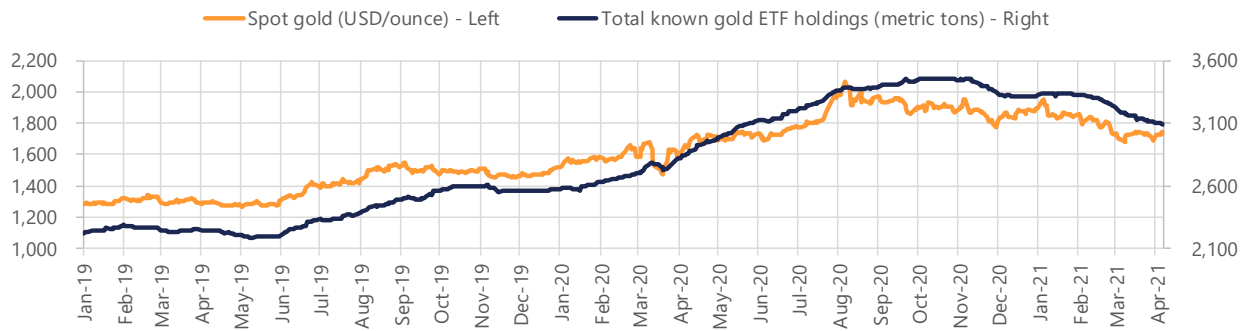
As President Joe Biden attempts to curry favor for his proposed corporate tax hike, the administration still has other ways it could try to fund and finance its USD2tn infrastructure legislation. Biden could decide, for example, to return to a campaign promise to ask the country's wealthiest households to contribute more in personal income taxes or lobby to increase the federal gasoline tax. ([CNBC](#))

3. CHART OF THE DAY

[TABLE OF CONTENTS](#)

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Source: Bloomberg.

Weaker appeal for precious metals: Global gold ETFs lost 226 metric tons since the beginning of 2021 and a round of 135 tons in March, marking outflows for the fourth time in five months. In USD terms, gold had its largest monthly decline in four years (-6.1% m/m) in February and continued to fall in March (-1.5% m/m), finishing at USD1,708 an ounce. According to World Gold Council, this is an unusual start to the year, as January/February has typically been the strongest two-month period during the year. However, gold performance is a reflection of the movement in the U.S. dollar and bond yields as investors weigh in the latest insights into the Fed monetary stance and its inflation projections. Growing optimism over the global recovery and rising bond yield curbed the appeal of precious metals as Fed officials remained united on the need to see more progress before scaling back the bond buying program.

4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
642.4						726.8 1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
		EGX 30	10,303.55	0.74%	(4.99%)			Gold	1,743.88	(0.68%)	(8.14%)
		EGX 30 TR	3,976.24	1.13%	(4.69%)			Silver	25.27	(0.76%)	(4.31%)
		EGX 70 EWI	1,876.56	1.97%	(12.52%)			Brent Oil	62.95	(0.40%)	21.53%
		EGX 100 EWI	2,794.05	1.67%	(9.81%)			WTI	59.32	(0.47%)	22.26%
		DFMGI	2,582.87	0.92%	3.65%			Natural Gas	2.53	0.16%	(0.51%)
		ADSMI	6,059.05	0.43%	20.09%	EGP		USD/EGP	15.71	0.01%	(0.21%)
		TASI	10,012.13	(0.02%)	15.22%	€		EUR/USD	1.19	(0.13%)	(2.59%)
		QE Index	10,541.53	0.41%	1.01%	£		GBP/USD	1.37	(0.20%)	0.27%
		S&P 500	4,128.80	0.77%	9.92%	¥		USD/JPY	109.67	0.38%	6.22%
		Dow 30	33,800.60	0.89%	10.44%			6M TB yield	13.39	(2)	66
		NASDAQ	13,900.19	0.51%	7.85%			1Y TB yield	13.37	(1)	60
		VIX	16.69	(1.53%)	(26.64%)			10Y TB yield	14.82	3	43
		STOXX 50	3,978.84	0.03%	12.00%			2Y TB yield	0.15	(1)	2
EM		MSCI Emerging	1,330.36	(0.97%)	3.03%			10Y TB yield	1.66	(1)	73
FM		MSCI Frontier	589.31	0.21%	3.09%			30Y TB yield	2.33	(3)	67

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

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

TABLE OF CONTENTS

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

6. KEY DATES

TABLE OF CONTENTS

DATE	TICKER	TYPE	EVENT
11-Apr-21	MCRO	IPO	Retail subscription opens.
11-Apr-21	CICH	Cash dividend	Last date for eligibility for EGP0.05/share (1st installment).
12-Apr-21	RAYA	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividends distribution and other agenda items.
12-Apr-21	AIFI	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividends distribution and other agenda items.
12-Apr-21	AIFI	EGM	Amending article 4 of the bylaws.
12-Apr-21	SRWA	Cash dividend	Last date for eligibility for EGP0.107/share.
14-Apr-21	CICH	Cash dividend	Payment date for EGP0.05/share (1st installment).
14-Apr-21	EKHO	Stock dividend	Last date for eligibility for 1-for-10.
14-Apr-21	EIUD	Stock dividend	Last date for eligibility for 0.25-for-1.
15-Apr-21	MCRO	IPO	Retail subscription closes.
15-Apr-21	SRWA	Cash dividend	Payout date for a dividend of EGP0.107/share.
15-Apr-21	EIUD	Stock dividend	Payout date for dividends at a ratio of 0.25-for-1.
15-Apr-21	EKHO	Stock dividend	Payout date for dividends at a ratio of 1-for-10.

15-Apr-21	CLHO	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
15-Apr-21	CLHO	EGM	Approve an employee incentive system.
15-Apr-21	SAUD	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
15-Apr-21	MENA	OGM	Approving the financial statements ending 31 Dec. 2020.
15-Apr-21	MOIN	OGM	Discussing netting contracts & a board reshuffle.
15-Apr-21	MOIN	EGM	Approving increasing the issued capital and amending articles 4, 6 & 7 of the bylaws.
18-Apr-21	CCRS	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
18-Apr-21	RMDA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Apr-21	RMDA	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
19-Apr-21	EFIC	Cash dividend	Last date for eligibility for EGP0.250/share.
19-Apr-21	DOMT	Cash dividend	Last date for eligibility for EGP0.20/share.
19-Apr-21	EFID	Cash dividend	Last date for eligibility for EGP0.21/share.
20-Apr-21	PHDC	Cash dividend	Last date for eligibility for EGP0.100/share.
21-Apr-21	PORT	EGM	Voting on a new company name.
22-Apr-21	EFID	Cash dividend	Date for a payout of EGP0.21/share.
22-Apr-21	EFIC	Cash dividend	Date for a payout of EGP0.250/share.
22-Apr-21	OCDI	OGM	Approving the financial statements, appointing an IFA to evaluate (ALDAR)'s offer, and discussing a dividend distribution and other agenda items.
22-Apr-21	KZPC	Cash dividend	Last date for eligibility for EGP2.500/share.
22-Apr-21	DOMT	Cash dividend	Date for a payout of EGP0.20/share.
24-Apr-21	CICH	OGM	Electing a new BoD and approving the financial statements.
24-Apr-21	MTIE	OGM	Approving the financial statements, and discussing dividend distribution and other agenda items.
24-Apr-21	MTIE	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
24-Apr-21	EDBM	OGM	Approving the financial statements and other agenda items.

7. LATEST RESEARCH

TABLE OF CONTENTS

DATE	PUBLISHED REPORT
6-Apr-21	<u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u>
6-Apr-21	<u>MACROView – Still Downbeat</u>
28-Mar-21	<u>Taaleem Management Services [TALM] – Enriching the Education Sector</u>
18-Mar-21	<u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u>
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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