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Untangled

1. Today's Trading Playbook

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Back [in January](#), we had discussed Raya Financial Holding [**RAYA**], citing its diversified investment portfolio. Yet, we note that RAYA tends to suffer from lack of coordination between its pieces. That said, RAYA has been on a big rally since the start of the year, triggered by its divestitures of certain holdings of its investment portfolio. These holdings included selling a 24% stake in Aman Holding to National Bank of Egypt, valuing the target company at EGP2bn. RAYA was also in talks to divest 100% of its subsidiary **Bariq**, the recycling business. More recently, RAYA managed to divest its 62% stake in its subsidiary **Ostool**, the logistics business, valuing the stake at EGP266mn. Our view is that the deal is in line with our valuation for RAYA which we had valued the company on 20 January 2021 at EGP2.7bn, with Ostool standing at EGP239mn. We believe divestiture news will be the main catalyst for RAYA's stock movements in the near future. However, while we still think RAYA possesses a nicely diversified portfolio, the recent stock rally left the stock pricier than ever.

Elsewhere, continuing with the mergers and acquisitions (M&A) theme that we referred to [yesterday](#), we have a few in the banking sector. **First Abu Dhabi Bank** is moving ahead with its acquisition of **Bank Audi Egypt** which is expected to be completed in 2022. Meanwhile, [media reports](#) have indicated that **Bank ABC** was going to finalize its acquisition of **BLOM Bank Egypt** after Ramadan. More recently, EFG Hermes Holding [**HRHO**] approved its acquisition of a 51% stake in **Arab Investment Bank (aiBank)**. Our takeaway from this is two-fold: (1) The banking sector is undergoing some sort of consolidation, which has been long coming after the Central Bank of Egypt (CBE) raised its minimum capital requirement. (2) Other Egyptian banks, most notably the ones listed on EGX, should eventually see their valuation re-rate. We remind you that we have an Overweight rating on both CIB [**COMI**] and Credit Agricole Egypt [**CIEB**].

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The European Bank for Reconstruction & Development (EBRD) will continue supporting the government's Egypt Vision 2030 through fresh investment and cooperation in Egypt's development projects. ([Egyptian Presidency](#))

The Egyptian government decided to allocate EGP150bn for the implementation of "Decent Life" initiative in FY22. The volume of investments during Phase One of the initiative amounted to EGP7.5bn by the end of 2020. ([Egypt Today](#))

More than 2mn Egyptians could return to work in Libya in the next three years as part of a reconstruction plan that aims to provide skilled Egyptian workers access to Libya's labor market. ([Masrawy](#))

CORPORATE NEWS

Raya Holding [RAYA] sold its 62.3% stake of transport outfit Ostool in a deal worth EGP266.6mn. This works out to EGP0.12/RAYA share or 4% of its closing price. ([Mubasher](#))

First Abu Dhabi Bank (FAB) announced it initiated the share transfer for fully acquiring the Egyptian unit of Lebanon's Bank Audi after securing regulatory approvals. Following the share transfer, the UAE's largest lender will begin merging its Egyptian assets and operations with those of Bank Audi Egypt. The merger is expected to be completed in 2022. ([Al-Mal](#))

EFG Hermes Holding's [HRHO] EFG Corp. Solutions received financing requests of EGP500mn from brokerage companies to finance margin trading. ([Al-Mal](#))

The Metallurgical Industries Holding Co. said Sahara Group - UK has not submitted the full documents needed for its proposed development project of Egyptian Iron & Steel [IRON]. By way of background, Sahara Group has claimed it sent the Ministry of Public Enterprise a letter of guarantee that affirms its financial ability to pursue Phase One of developing IRON at an estimated cost of USD400mn. ([Company disclosure](#))

The consortium interested in acquiring Abu Dhabi Commercial Bank's [ADCB] 51% stake in Alexandria Medical Services [AMES] intends to submit the final bid offer in the third week of May. The consortium includes Speed Medical [SPMD], a LimeVest Partners' managed investment vehicle, and Tawasol Holdings for Financial Investments. ([Al-Borsa](#))

GLOBAL NEWS

Oil prices extended their losses into a third day on Thursday as a surprise build-up in U.S. crude inventories and a resurgence of COVID-19 cases in India and Japan fueled fears that a recovery in global economy and fuel demand may be stalled. ([Reuters](#))

Emerging market central banks delivered five net interest rate hikes in March, marking the end of an easing cycle which started in 2019 as central banks in the developing world grapple with rising inflation pressures. ([Reuters](#))

3. CHART OF THE DAY

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Source: EGX.

Through the last 16 years, the total number of executed trades per year has grown by a 15-year CAGR (2005-2020) of c.5%. On the other hand, the average traded value in USD terms has slipped over the same period at a CAGR of c.2%. This is a reflection of subdued growth in total value traded in USD as well as higher participation by retail investors.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
654.2						909.0 1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
		EGX 30	10,642.49	0.21%	(1.87%)			Gold	1,793.79	0.85%	(5.59%)
		EGX 30 TR	4,088.67	(0.84%)	(1.99%)			Silver	26.55	2.76%	0.37%
		EGX 70 EWI	1,970.77	0.63%	(8.13%)			Brent Oil	65.32	(0.40%)	25.60%
		EGX 100 EWI	2,898.41	0.36%	(6.44%)			WTI	61.35	(0.42%)	25.91%
		DFMGI	2,599.95	(0.93%)	4.33%			Natural Gas	2.69	0.33%	6.38%
		ADSMI	6,061.31	(1.53%)	20.07%	EGP		USD/EGP	15.71	0.04%	(0.39%)
		TASI	10,095.36	(0.21%)	16.18%	€		EUR/USD	1.20	0.06%	(1.42%)
		QE Index	10,839.93	(0.68%)	3.87%	£		GBP/USD	1.39	0.09%	2.00%
		S&P 500	4,173.42	0.93%	11.11%	¥		USD/JPY	108.08	(0.12%)	4.55%
		Dow 30	34,137.31	0.93%	11.54%			6M TB yield	13.38	(2)	65
		NASDAQ	13,950.22	1.19%	8.24%			1Y TB yield	13.37	(1)	60
		VIX	17.50	(6.32%)	(23.08%)			10Y TB yield	14.84	2	45
		STOXX 50	3,976.41	0.91%	11.93%			2Y TB yield	0.15	(0)	2
EM		MSCI Emerging	1,336.87	(0.80%)	3.53%			10Y TB yield	1.54	(3)	61
FM		MSCI Frontier	613.56	(0.13%)	7.34%			30Y TB yield	2.23	(3)	57

* As of market close, except for commodities and currencies at 8.4am 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
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 EGP0.25/share.
22-Apr-21	OCDI	OGM	Approving the financial statements, appointing an IFA to evaluate ALDAR's offer to acquire no less than 51% for EGP18-19/share, and discussing a dividend distribution and other agenda items.
22-Apr-21	KZPC	Cash dividend	Last date for eligibility for dividends of EGP2.50/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 a 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.
25-Apr-21	CERA	Cash dividend	Last date for eligibility for EGP0.15/share.
25-Apr-21	AUTO	Cash dividend	Date for a payout of EGP0.25/share.
25-Apr-21	AMIA	Cash dividend	Last date for eligibility for dividends of EGP0.50/share.
25-Apr-21	ETRS	Cash dividend	Last date for eligibility for dividends of EGP0.375/share.

25-Apr-21	ORWE	Cash dividend	Last date for eligibility for dividends of EGP1.00/share.
25-Apr-21	PHDC	Cash dividend	Date for a payout of EGP0.100/share.
25-Apr-21	MFPC	Cash dividend	Last date for eligibility for dividends of EGP3.50/share.
25-Apr-21	ETEL	Cash dividend	Last date for eligibility for EGP0.75/share.
25-Apr-21	PHAR	Cash dividend	Last date for eligibility for EGP2.95/share.
27-Apr-21	KZPC	Cash dividend	Date for a payout of EGP2.50/share.
27-Apr-21	AJWA	OGM	Approving the financial statements and other agenda items.
27-Apr-21	AJWA	EGM	Discussing the continuation of the company.
28-Apr-21	CERA	Cash dividend	Date for a payout of EGP0.15/share.
28-Apr-21	ETEL	Cash dividend	Date for a payout of EGP0.75/share.
28-Apr-21	PHAR	Cash dividend	Date for a payout of EGP2.95/share.
28-Apr-21	MFPC	Cash dividend	Date for a payout of EGP3.50/share.
28-Apr-21	ORWE	Cash dividend	Date for a payout of EGP1.00/share.
28-Apr-21	ETRS	Cash dividend	Date for a payout of EGP0.375/share.
28-Apr-21	AMIA	Cash dividend	Date for a payout of EGP0.50/share.
28-Apr-21	ORHD	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
28-Apr-21	AREH	OGM	Approving the financial statements, and discussing a dividend distribution and other agenda items.
28-Apr-21	ACAMD	OGM	Approving the financial statements and other agenda items.
28-Apr-21	EGAL	OGM	Approving the budget estimates for FY2021/22.
28-Apr-21	EGCH	OGM	Approving the budget estimates for FY2021/22.
28-Apr-21	EGCH	EGM	Approving increasing the issued capital.
28-Apr-21	MNHD	Cash dividend	Last date for eligibility for EGP0.45/share.
29-Apr-21	PACH	Cash dividend	Date for a payout of EGP0.50/share (2nd round).
29-Apr-21	FWRY	OGM	Approving the financial statements and other agenda items.
29-Apr-21	AIH	OGM	Approving the financial statements and other agenda items.
29-Apr-21	BINV	OGM	Approving the financial statements, and discussing a dividend distribution and other agenda items.
29-Apr-21	CLHO	OGM	Approving the financial statements ending 31 Dec. 2020, and discussing a dividend distribution and other agenda items.
29-Apr-21	CLHO	EGM	Approving an employee incentive system.
6-May-21	MNHD	Cash dividend	Date for a payment of EGP0.15/share (1st round).
8-May-21	ECAP	OGM	Approving the financial statements and other agenda items.
8-May-21	ECAP	EGM	Amending articles 6 & 7 of the company's bylaws.
8-May-21	IRAX	OGM	Approving the financial statements and other agenda items.
8-May-21	IRAX	EGM	Discussing the agenda.
8-May-21	ESRS	OGM	Approving the financial statements and other agenda items.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
18-Apr-21	<u>MACROView – Challenges Remain Daunting</u>
13-Apr-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u>
12-Apr-21	<u>Orascom Construction [ORAS] – Rich in Value</u>
11-Apr-21	<u>MACROView – Monthly Reading Pressured By Seasonality</u>
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>
1-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>CIB [COMI] – Q1 2020 Results</u>

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