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Making Good

1. Today's Trading Playbook

TABLE OF CONTENTS**Amr Hussein Elalfy** | Head of Researchaelalfy@egy.primegroup.org

KEY THEMES

We could fairly say we were 2 out of 2 when it comes to the calls we made [yesterday](#). On one hand, the real estate sector was in focus, following news of the government's intention to limit new land sales to real estate developers, hence excluding individuals. Indeed, EGX real estate index [**REAL**] rose 1.7% yesterday, outperforming both **EGX 30** (+0.7%) and **EGX 70 EWI** (+1.3%). Porto Holding [**PORT**] (+4.7%) and Heliopolis Housing & Development [**HELI**] (+3.1%) led the sector's performance. On the other hand, Housing & Development Bank [**HDBK**] (-2.9%) was the worst performing bank stocks, albeit with only 50 shares traded!

Meanwhile, what was worth noting is the outstanding performance of Elsewedy Electric [**SWDY**] which jumped 9% on the day. We had made yet another positive call on SWDY [back on 17 May](#) following its exclusion from MSCI EM index. Since then, the stock has jumped 17% off an intraday low of EGP7.80 which it hit after some sell-off following the index exclusion news. However, the stock had pared most of its losses that same day. Still, we see further upside towards our 12-month price target of EGP12.7/share (+39%).

Elsewhere, EFG Hermes Holding [**HRHO**] is yet to close its acquisition of 51% stake in aiBank in Q3 2021, so we should expect its financials to be reflect the bank starting H2 2021. Meanwhile, with a market cap close to EGP40bn, Fawry [**FWRY**] is now the second largest company listed on EGX in terms of market cap behind CIB [**COMI**]. We note that FWRY's current market price reflects the expected 1.7bn shares it should have following conclusion of its EGP400mn capital increase, the second leg of which (only 0.09%) will be concluded over the coming two days.

POSITIVE

MTIE: We continue to like MM Group for Industry & International Trade [**MTIE**] given the country's more focus on fintech, the potential listing of Ebitkar, and a potential recovery in the consumer electronics segment.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The House Communications Committee approved in principle the draft fintech law in another step towards more financial inclusion with the Financial Regulatory Authority (FRA) to be granted the power to license and regulate non-banking financial service (NBFS) businesses and fintech start-ups. ([Masrawy](#))

The Parliament approved raising basic salaries for public sector employees, providing room for more household spending and real wage increase. Moreover, **the Ministry of Manpower approved the disbursement of the sixth and seventh batches of emergency aid to workers in the tourism sector.** ([Masrawy](#), [Mubasher](#))

The Ministry of Health announced that the local manufacture of the country's first 2mn Chinese Sinovac coronavirus vaccine doses will be completed within 6-7 weeks, in an effort to turn Egypt into a future hub for manufacturing a coronavirus vaccine in Africa. ([Zawya Egypt](#))

CORPORATE NEWS

EFG Hermes Holding's [HRHO] CEO announced that the acquisition of aiBank by HRHO and The Sovereign Fund of Egypt (TSFE) is expected to take place in Q3 2021. (Reuters)

Fawry's [FWRY] unsubscribed portion of its EGP400mn rights issue amounting to 0.09% or 720,000 shares worth EGP360,000 will be open for shareholders to subscribe to starting tomorrow for two days. (Al-Borsa)

Alexandria Medical Services' [AMES] major shareholder Abu Dhabi Commercial Bank decided to extend the period of receiving final binding offers from potential investors to acquire AMES until end of Thursday. (Al-Borsa)

National Bank of Egypt's e-payment arm, Al Ahly Momken, is targeting EGP1bn in monthly transaction value and the disbursement of additional 40,000 POSs during 2021 from a current 15,000. In comparison, Fawry [FWRY]—the only EGX listed e-payments company—processes EGP8.3bn in monthly transaction value with 231,400 POSs throughout Egypt. (Al-Borsa)

The Egyptian Export Council of Medical Industries (ECMI) said that the sector's total exports (including pharmaceutical, medical supplies, and cosmetics companies) grew 49% y/y to USD176mn in Q1 2021 with cosmetics exports contributing 57%. Africa is one of the key destinations that the council focuses on and enjoys shipping subsidies from the Export Support Program. (Al-Borsa)

GLOBAL NEWS

More taxes on big firms is a global trend as G7 is close to a deal on the taxation of the world's largest companies. (FT)

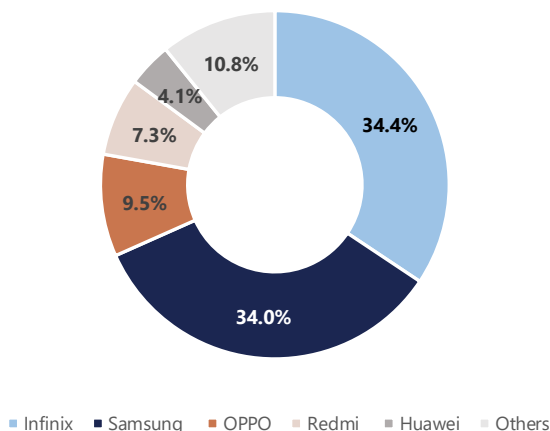
U.S. and Iran talks are still affecting the price of oil which recouped some of last week's losses on Monday after a potential snag emerged in reviving the 2015 Iran nuclear deal that could add more oil supply. (Reuters)

3. CHART OF THE DAY

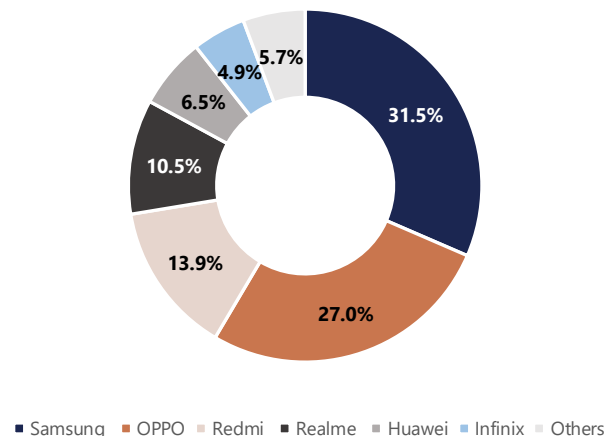
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The market share of mobile phone brands in terms of mobile phone sales of EGP1,000-2,000 mobile category



The market share of mobile phone brands in terms of mobile phone sales of EGP2,000-3,000 mobile category



Source: Al-Mal.

Samsung last March captured the lion's share of Egypt's sales of mobile phones belonging to the EGP7,000-10,000 price category, and the mobile phone segment whose price ranges between EGP2,000-3,000 with market shares of 58.6% and 31.5%, respectively. But it wasn't smooth sailing all the way for the global powerhouse, as **Infinix** had a 0.4% edge over **Samsung** which possessed a market share of 34% of the mobile phones priced between EGP1,000-EGP2,000. We expect these dominant numbers to reflect positively on Q1 2021 sales of MM Group for Industry & International Trade [MTIE], one of the main distributors of **Samsung**

phones in Egypt. Around 70% of MTIE's total sales come from consumer electronics, 75%+ of which is in turn dominated by the mobile phone sub-segment.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
674.6					1,296.4 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	10,812.06	0.75%	(0.31%)			Gold	1,881.25 0.22% (0.78%)
		EGX 30 TR	4,232.81	1.24%	1.46%			Silver	27.56 (0.69%) 4.98%
		EGX 70 EWI	2,258.44	1.31%	5.28%			Brent Oil	66.44 0.71% 29.17%
		EGX 100 EWI	3,214.30	1.04%	3.76%			WTI	63.58 0.69% 31.95%
		DFMGI	2,786.89	1.31%	11.83%			Natural Gas	2.91 (1.65%) 12.56%
		ADSMI	6,546.10	0.43%	30.14%	EGP		USD/EGP	15.68 (0.24%) (0.45%)
		TASI	10,343.86	0.04%	19.04%	€		EUR/USD	1.22 0.07% (0.21%)
		QE Index	10,652.62	(0.40%)	2.08%	£		GBP/USD	1.42 0.04% 3.56%
		S&P 500	4,155.86	(0.08%)	10.64%	¥		USD/JPY	108.96 (0.19%) 5.33%
		Dow 30	34,207.84	0.36%	11.77%			6M TB yield	13.39 (1) 66
		NASDAQ	13,470.99	(0.48%)	4.52%			1Y TB yield	13.34 (1) 57
		VIX	20.15	(2.52%)	(11.43%)			10Y TB yield	14.83 (0) 44
		STOXX 50	4,025.78	0.65%	13.32%			2Y TB yield	0.15 (1) 2
EM		MSCI Emerging	1,330.04	0.05%	3.00%			10Y TB yield	1.61 (6) 68
FM		MSCI Frontier	623.65	0.21%	9.10%			30Y TB yield	2.32 (5) 66

* As of market close, except for commodities and currencies at 8.35am 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
24-May-21	SWDY	Cash dividend	Date for a payout of EGP0.40/share.
24-May-21	BINV	Cash dividend	Last date for eligibility for a dividend of EGP1.25/share.
25-May-21	AREH	Stock Split	Last date for eligibility for a 10-for-1 stock Split.
25-May-21	AREH	Stock Split	Distribution date for a 10-for-1 stock split.
26-May-21	AJWA	EGM	Discussing the continuation of the company.
27-May-21	FAIT	EGM	Amending articles 2, 7, & 47 of the bylaws.
27-May-21	BINV	Cash dividend	Date for a payout of EGP1.25/share.
30-May-21	ISPH	BoD meeting	Discussing the financial results.
30-May-21	HRHO	EGM	Approving employees' incentive system and other agenda items.
2-Jun-21	ECAP	Cash dividend	Last date for eligibility for EGP1/share.
5-Jun-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
6-Jun-21	OCDI	Cash dividend	Last date for eligibility for a dividend of EGP0.550/share.
7-Jun-21	ECAP	Cash dividend	Payment date for a dividend of EGP1/share.



8-Jun-21	CCAP	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
9-Jun-21	OCDI	Cash dividend	Payment date for a dividend of EGP0.550/share.
10-Jun-21	RTVC	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
23-May-21	<u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u>
23-May-21	<u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u>
22-May-21	<u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u>
20-May-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u>
20-May-21	<u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u>
18-May-21	<u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u>
18-May-21	<u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u>
17-May-21	<u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u>
11-May-21	<u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u>
9-May-21	<u>MACROView – Stability Prevailed</u>
6-May-21	<u>MACROView – The Road to Recovery Gets Longer</u>
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 [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](#)
- 8-Jun-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](#)

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