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## The Narrative Fallacy

### 1. Today's Trading Playbook

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#### KEY THEMES

Yesterday, Iron & Steel for Mines & Quarries [**ISMQ**] debuted on the EGX, ending the day with a buy rush at EGP1.82 (+420%). The stock hit an intraday high of EGP2.25/share after opening at EGP1.50. Compared to the open price, ISMQ ended the day 21% higher. Investors cheered the newcomer on hopes of a successful turnaround story. However, the bullish run of ISMQ cannot be decoupled from other behavioral factors which drove its performance. Just like the case with former spin-offs, the spun-off company always seem underappreciated; thus investors rush on buying as was the case with Arab Co. for Asset Management & Development [**ACAMD**] on its debut day. As to how long ISMQ's upward run would continue depends on when behavioral factors end and when fundamentals start to take over.

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

### 2. TOP NEWS & ANALYSIS

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#### MACRO NEWS

**As the rebound in the global economy continues, the Egyptian government is now expecting net foreign direct investment to recover next fiscal year to a near pre-pandemic level to reach USD7.5bn in FY22.** ([Ministry of Planning](#))

**Another boost for the tourism sector is expected as the budget carrier Air Arabia will begin operating four weekly flights between Sharm El-Sheikh and Jeddah from 16 June.** ([Zawya](#))

**Investment in medical services is going to fund the largest medical complex at a cost of EGP3bn in Suez,** which will provide medical services to beneficiaries of the universal healthcare scheme. ([The Cabinet](#))

## CORPORATE NEWS

**Oriental Weavers Carpet [ORWE] reported net income after minority of EGP300mn (+72% y/y) in Q1 2021 on higher revenues of EGP2.8bn (+22% y/y) and stronger gross profit margin (+497bps.).** ORWE is currently trading at an LTM P/E of 4.4x. ([Company disclosure](#))

**Madinet Nasr for Housing & Development's [MNHD] preliminary results for Q1 2021 indicated smaller revenues of EGP449mn (-44% y/y) and lower net profits of EGP115mn (-69% y/y).** Meanwhile, MNHD's pre-sales fell to EGP1.46bn (-42% y/y). MNHD's performance was weakened by its land monetization as land sales tumbled from EGP1.14bn in 2020 to zero in 2021. Adjusted for land sales, real estate pre-sales improved by 6% y/y in Q1 2021. On another note, **MNHD's BoD approved loan offers of EGP1.8bn and securitization of receivables worth EGP500mn.** (Company disclosures: [1](#), [2](#))

**Orascom Investment Holding's [OIH] 2020 results showed a net loss of EGP105mn, shrinking from a loss of EGP418mn in 2019.** While revenues came in at EGP3.5bn (-3% y/y), better bottom line is due to better financing activities. ([Company disclosure](#))

**Egytrans [ETRS] said it could not contact Paradigm Logistics Ltd. regarding the latter's offer to sell its 72.3% stake in Ostool, citing unavailable contact details in the bidder's offer.** Paradigm Logistics' offer also entails creating a liability on ETRS that would be settled through an additional shares issue. ([Company disclosure](#))

**Misr Chemical Industries [MICH] posted its 10M 2020/21 indicators where bottom line stood at EGP117mn.** This implies monthly net income of c. EGP10mn in April vs. only EGP6mn in March. ([Company disclosure](#)) With two months left in 2020/21, MICH is on target to achieve our target bottom line of EGP141mn for the year.

**The BoD of the government's initiative to convert and replace cars to operate with a dual-fuel system will hold a meeting next week with GB Auto [AUTO] to discuss the shortage of car input components issue.** The number of requests for AUTO's cars decreased to 6,700 vs. 9,000 requests before the input components issue. (Al-Borsa)

**Speed Medical's [SPMD] 80.25%-owned subsidiary Speed Hospitals will no longer proceed with the acquisition of 10% of Alexandria Medical Services [AMES],** which was set to be through an alliance with **Tawasul Holdings** and **Limifest Holding** to acquire 100% of AMES. On a separate note, **Speed Hospitals decided to raise its offer for New Al-Safwa Specialist Hospital by an amount equivalent to the interest on the EGP185mn transaction value** calculated based on the CBE interest from 1 March until completion of the transaction. This is in response to complaints by the sellers over the lengthy regulatory procedures. ([Company disclosure](#))

**Egyptian Media Production City (EMPC) [MPRC] approved selling 218,500 treasury shares in a board meeting.** ([Company disclosure](#))

**EFG Hermes Holding's [HRHO] EFG Corp. Solutions, intends to securitize EGP500-800mn during 2021.** (Al-Mal)

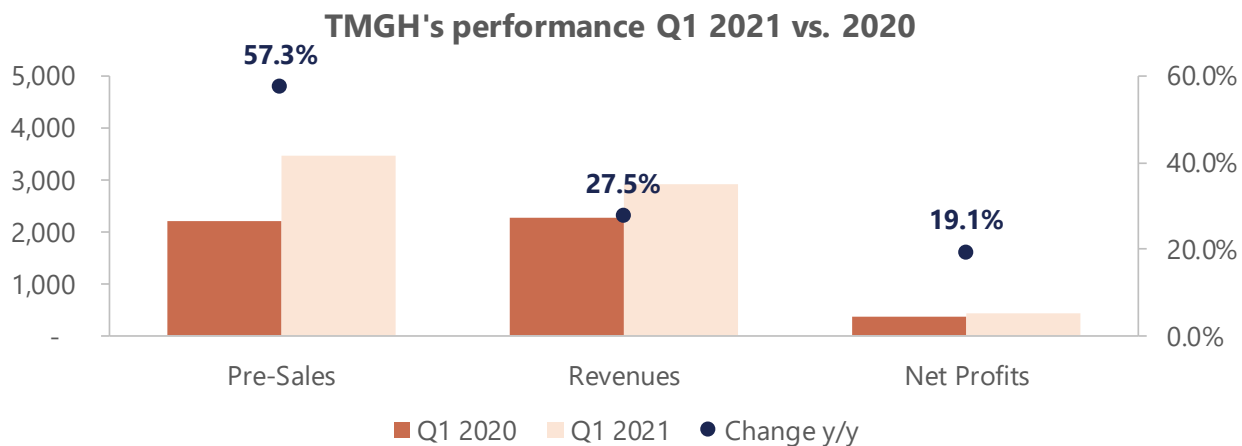
## GLOBAL NEWS

**After China, U.S. financial authorities are preparing to take a more active role in regulating the USD1.5tn cryptocurrency market** as concerns grow that a lack of proper oversight risks harming savers and investors. ([FT](#))

## 3. CHART OF THE DAY

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Source: Company Reports.

Talaat Mostafa Group Holding's **[TMGH]** Q1 2021 pre-sales surged to EGP3.46bn (+55.8% y/y), indicating a recovery in demand for real estate. Also, TMGH's revenues increased to EGP2.9bn (+27.5% y/y), while net profits grew to EGP447mn (+12.7% y/y).

## 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
655.9					1,374.9      1,178.6				

\* 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
31-May-21	EGCH	BoD meeting	Discussing the financial results.
2-Jun-21	ECAP	Cash dividend	Last date for eligibility for EGP1/share.
3-Jun-21	ECAP	Cash dividend	Date for ex-dividends of 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	OCDI	Cash dividend	Date for ex-dividends of EGP0.550/share.
7-Jun-21	ECAP	Cash dividend	Date for a payout 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	Date for a payout of EGP0.550/share.
10-Jun-21	RTVC	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
16-Jun-21	UNIT	EGM	Approving a capital reduction and amending article 6, 7 & 24 of the bylaws.
17-Jun-21	SCEM	OGM	Approving the 2020 financial statements and an asset sale.
17-Jun-21	SCEM	EGM	Amending articles in the bylaws.
17-Jun-21		MPC Meeting	Determining the CBE's policy rate.

21-Jun-21	MOIL	OGM	Approving the financial statements and other agenda items.
21-Jun-21	MOIL	EGM	Approving a capital reduction.
29-Jun-21	CIEB	OGM	Approving a capital increase and other agenda items.
29-Jun-21	CIEB	EGM	Amending articles 6 & 7 of the bylaws.
29-Jun-21	HELI	Cash dividend	Date for a payout of EGP0.16/share (2nd installment).
29-Jun-21	HELI		The deadline for buying a copy of the bidding terms for Heliopark.
30-Jun-21	CICH	Cash dividend	Date for a payout of EGP0.05/share (2nd round).
30-Jun-21	EGTS	OGM	Approving the financial statements and other agenda items.

## 7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
23-May-21	<a href="#"><u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u></a>
23-May-21	<a href="#"><u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u></a>
22-May-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u></a>
20-May-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u></a>
20-May-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u></a>
18-May-21	<b><a href="#"><u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u></a></b>
18-May-21	<a href="#"><u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u></a>
17-May-21	<a href="#"><u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u></a>
11-May-21	<a href="#"><u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u></a>
9-May-21	<a href="#"><u>MACROView – Stability Prevailed</u></a>
6-May-21	<a href="#"><u>MACROView – The Road to Recovery Gets Longer</u></a>
18-Apr-21	<a href="#"><u>MACROView – Challenges Remain Daunting</u></a>
<b>13-Apr-21</b>	<b><a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u></a></b>
<b>12-Apr-21</b>	<b><a href="#"><u>Orascom Construction [ORAS] – Rich in Value</u></a></b>
11-Apr-21	<a href="#"><u>MACROView – Monthly Reading Pressured By Seasonality</u></a>
6-Apr-21	<a href="#"><u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u></a>
6-Apr-21	<a href="#"><u>MACROView – Still Downbeat</u></a>
28-Mar-21	<a href="#"><u>Taaleem Management Services [TALM] – Enriching the Education Sector</u></a>
18-Mar-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u></a>
10-Mar-21	<a href="#"><u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u></a>
8-Mar-21	<a href="#"><u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u></a>
<b>7-Mar-21</b>	<b><a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a></b>
3-Mar-21	<a href="#"><u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u></a>
2-Mar-21	<a href="#"><u>MACROView – Commodity Supercycle: Real or Hype?</u></a>

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

18-Aug-20	<a href="#"><u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u></a>
13-Aug-20	<a href="#"><u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u></a>
10-Aug-20	<a href="#"><u>MACROView – Muted inflation environment still dominates</u></a>
9-Aug-20	<a href="#"><u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u></a>
5-Aug-20	<a href="#"><u>MACROView – Toward gradual recovery</u></a>
29-Jul-20	<a href="#"><u>MACROView – CAD gains eroded by financial account vulnerability</u></a>
14-Jul-20	<a href="#"><u>Commercial International Bank - [COMI] - Q2 2020 results</u></a>
9-Jul-20	<a href="#"><u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u></a>
8-Jul-20	<a href="#"><u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u></a>
7-Jul-20	<a href="#"><u>MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</u></a>
25-Jun-20	<a href="#"><u>EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</u></a>
10-Jun-20	<a href="#"><u>MACROView – Lowest annual reading in five months, but monthly figures show no changes</u></a>
8-Jun-20	<a href="#"><u>Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</u></a>
8-Jun-20	<a href="#"><u>MACROView – Solid buffers and moderate depreciation: The CBE's recipe to deal with COVID-19</u></a>
3-Jun-20	<a href="#"><u>MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</u></a>

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