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Against All Odds

1. Today's Trading Playbook

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KEY THEMES

With May 2021 pretty much in the history books, the EGX 30 hasn't had a single green monthly close except in January. What took place after is a 4-month losing streak between February and May. Yesterday, we provided a closer look on what constituents affected the EGX 30 bearish run during most 2021 (i.e. COMI and ABUK). However, today we took a historical dive to gauge the performance of EGX 30 during number of historical Junes.

Since 2005, the EGX 30 has had a total of 16 June's (not counting 2021 June yet). During such a period, the index monthly close in June came 37.5% (6 times) in the positive territory, whereas 62.5% (10 times), its monthly close came in red. Moreover, the index average monthly return in June during such period was -2.6%. In 37.5% of the time, when the index scored a positive monthly close, the average monthly return was 3.6%. However, in 62.5% of the time, when the index scored a negative monthly close, the average monthly return was -6.2%.

It appears that, from a historical perspective, June is not the smoothest month for EGX 30. However, after a 4-month losing streak, it's up to the index to overcome the odds, nullifying a legacy of bad performances during the sixth month of the year.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Driven by the lucrative real yield, foreign holdings of Egyptian treasury bills jumped to USD20.8bn as of the end of April, up from USD20bn. This strong sentiment is going to be tested by the recent pickup in inflation in U.S and how it's going to adopt its monetary policy to keep inflation within its target. ([CBE](#))



A new sale of Eurobond is not expected this year as Ministry of Finance (MoF) has denied report claimed that the MoF is planning a fresh sale of Eurobonds soon. However, this step is more expected in early next fiscal year that will start next July. ([Enterprise](#))

CORPORATE NEWS

Juhayna Food Industries' [JUFO] stock moved by the Egyptian Exchange (EGX) to List D effective 2 June 2021 as JUFO is yet to release its 2020 financial results. Stocks under List D have a price limit of 5%, with no pre-market sessions and no temporary trading halts. ([EGX](#), [Al-Mal](#))

EFG Hermes Holding's [HRHO] ValU targets an outstanding portfolio of EGP1.25bn for the year (more than our expectations of EGP1.17bn). On another note, ValU signed with Azadea Group, regional fashion retail company, to provide the installment facilities to customers. ([Al-Mal](#), [Al-Borsa](#))

Raya Contact Center's [RACC] request to reduce its issued capital to EGP109mn from EGP111mn has been approved by the Financial Regulatory Authority (FRA). ([FRA](#))

Contact Financial Holding [CNFN] will issue Wadi Degla's Sukuk worth EGP1.5bn. ([Al-Borsa](#))

Unipak's [UNIP] BoD approved distributing a cash dividend of EGP0.011/share, implying a yield of 0.9%. ([Company disclosure](#))

GLOBAL NEWS

Eurozone inflation rose to 2% in May, the first time the rate has surpassed the European Central Bank's target in more than two years, complicating next week's decision on whether to maintain ultra-loose monetary policy. ([FT](#))

OPEC+ stuck to its plan to hike oil output in July, but Saudi Arabia's energy minister kept the market guessing as to whether the group will add more supply later this year to keep pace with the accelerating global recovery. ([Bloomberg](#))

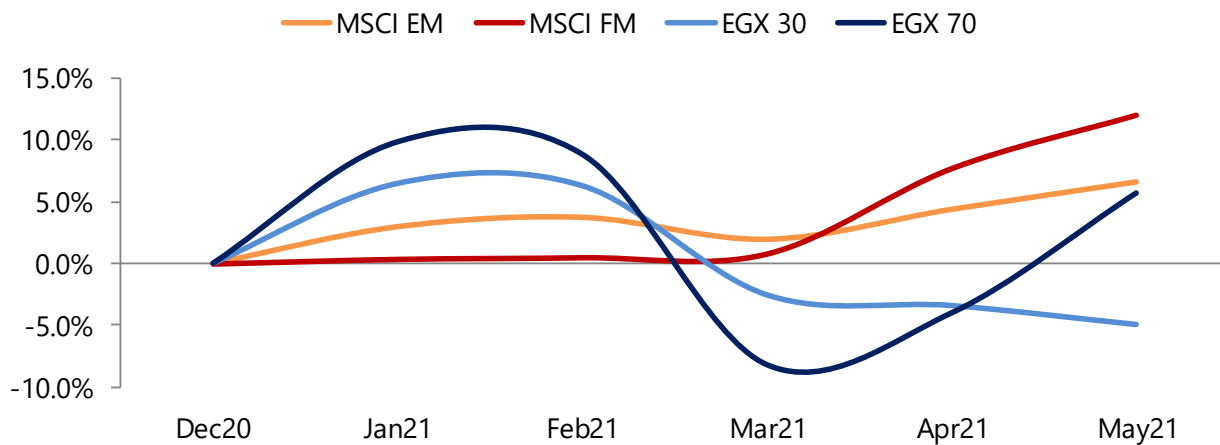
3. CHART OF THE DAY

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Performance of Egyptian indices vs. MSCI EM & MSCI FM (2021 ytd)



Source: Investing.com.

Since the start of 2021, the EGX 30 performance disappointed, slipping c.5% on a ytd basis at a time where its counterpart EGX 70 was up around 6% over the same period. While this behavior pattern was typical of the two indices throughout 2020, we note that the EGX 70's ytd return in 2021 is nearly matching that of the MSCI EM index. We also note that the bigger part of the EGX 70's gains came during May alone, as the index jumped 10%, reversing the losses achieved up until last April. It is fairly obvious how the EGX 30 is lagging both MSCI EM and MSCI FM, as institutional outflows bent down the curve of Egypt's blue chips index.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
653.9					1,539.5 1,178.6				
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↓	EGX 30	10,240.21	(0.67%)	(5.58%)		↓	Gold	1,900.44 (0.34%) (0.02%)
	↓	EGX 30 TR	3,972.70	(0.32%)	(4.77%)		↓	Silver	27.89 (0.48%) 5.05%
	↑	EGX 70 EWI	2,295.24	0.74%	7.00%		↑	Brent Oil	70.25 0.43% 36.20%
	↑	EGX 100 EWI	3,224.87	0.28%	4.10%		↑	WTI	67.72 0.32% 40.02%
	↑	DFMGI	2,837.17	1.42%	13.85%		↓	Natural Gas	3.10 (0.71%) 21.39%
	↑	ADSMI	6,613.37	0.83%	30.96%	EGP	↓	USD/EGP	15.67 (0.06%) (0.38%)
	↑	TASI	10,597.42	0.44%	21.96%	€	↑	EUR/USD	1.22 0.04% 0.02%
	↑	QE Index	10,778.05	0.28%	3.28%	£	↑	GBP/USD	1.42 0.06% 3.57%
	↓	S&P 500	4,202.04	(0.05%)	11.87%	¥	↑	USD/JPY	109.48 0.21% 6.26%
	↑	Dow 30	34,575.31	0.13%	12.97%		↑	6M TB yield	13.39 0 66
	↓	NASDAQ	13,736.48	(0.09%)	6.58%		↓	1Y TB yield	13.33 (1) 56
	↑	VIX	17.90	6.80%	(21.32%)		↑	10Y TB yield	14.84 1 45
	↑	STOXX 50	4,071.75	0.80%	14.61%		↑	2Y TB yield	0.15 0 2
EM	↑	MSCI Emerging	1,390.85	1.06%	7.71%		↓	10Y TB yield	1.61 (1) 68
FM	↑	MSCI Frontier	634.42	0.59%	10.98%		↓	30Y TB yield	2.29 (1) 63

* 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
2-Jun-21	ECAP	Cash dividend	Last date for eligibility for EGP1/share.
3-Jun-21	OCDI	Earnings Call	Discussing Q1 2021 results.
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	MTIE	BOD meeting	Discussing the financial results.
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 articles 6, 7 & 24 of the bylaws.
17-Jun-21	SCM	OGM	Approving the 2020 financial statements and an asset sale.
17-Jun-21	SCM	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 round).
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	<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	<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>

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