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Light at the End of the Tunnel

1. Today's Trading Playbook

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KEY THEMES

Despite being moved to the EGX's "List D" yesterday, Juhayna Food Industries' [JUFO] stock rose on Wednesday, ending a 3-day losing streak. The decision was due to JUFO's delay in releasing its 2020 financial results, let alone Q1 2021. The List D means that the price limits on the stock will be 5% with no pre-market session. Despite the string of negative news that surrounded the name in 2021, the market reacted positively yesterday, as the stock is wandering in an all-time low territory. Such performance may have been prompted by media reports that ADQ, the Abu Dhabi sovereign wealth fund, is interested to invest in JUFO as it seeks more investments in Egypt.

This is in line with our view that two events will likely move the market in the coming period: (1) earnings and (2) M&A activities. We think the news will definitely reflect positively on JUFO, especially after the violent sell-off that JUFO suffered ytd. We note that, JUFO is trading at a 2021e P/E of 6.7x, which we see as too repressed for a consumer player of its caliber.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's PMI rose from 47.7 in April to 48.6 in May, but remains in contraction for sixth consecutive month on the backdrop of further decreases in output and new business. ([PMI](#))

Real GDP grew by 2.9% y/y in Q3 FY21 and 1.9% y/y in 9M FY21 (vs. 5.4% in the corresponding period a year earlier). ([Mubasher](#))

Egyptian authorities have presented an amended invitation for tobacco companies to bid for a license to manufacture cigarettes, after four firms complained the terms were too narrow. This should end a decades-old monopoly by the state-controlled Eastern Company [EAST] which has a 70% market share. ([Reuters](#))

The six-year Russian flight ban to Red Sea is approaching to its end as the Direct Russian flights to Red Sea destinations may resume in the “near future”. ([Tass](#))

CORPORATE NEWS

Integrated Diagnostics Holding’s [IDHC] KPIs showed net income growing to EGP339mn (+230% y/y) in Q1 2021, mainly on higher revenues of EGP1.13bn (+126% y/y) and higher gross profit margin of 57% (+795bps). Excluding the accelerative effect of COVID-19 diagnostic tests on the company’s growth, revenues would grow by a mere 20%, based on IDHC’s historical average of revenue growth. ([Company disclosure](#))

Housing & Development Bank [HDBK] decided to increase its paid-in capital from EGP1.3bn to EGP1.5bn through distributing a 20% stock dividend on 17 June. (Bank release)

Orascom Financial Holding [OFH] reduced its stake in Beltone Financial Holding [BTFH] from 74.5% to 70.1%, selling 20mn shares at an average selling price of EGP3.58/share. ([Company disclosure](#))

Orascom Construction [ORAS] announced that Sustainable Capital Africa Alpha Fund increased its ownership stake to 11.1% up from 10.11%. Sustainable Capital Africa Alpha Fund bought 34,400 shares at EGP80/share. ([Company disclosure](#))

Ibnsina Pharma [ISPH] bought back 1.05mn treasury shares on 1 June. ([Company disclosure](#))

GLOBAL NEWS

U.S. bonds yields were mixed on Thursday morning as investors looked ahead to an upcoming economic data this week. Meanwhile, the U.S. Federal Reserve said on Wednesday that U.S. businesses are struggling to find enough workers and are thus offering higher wages to lure them into work. ([CNBC](#))

Oil prices could temporarily spike to USD80 per barrel or more this summer as demand comes roaring back. The reopening economy has already sent crude up about 40% since the start of the year. ([CNBC](#))

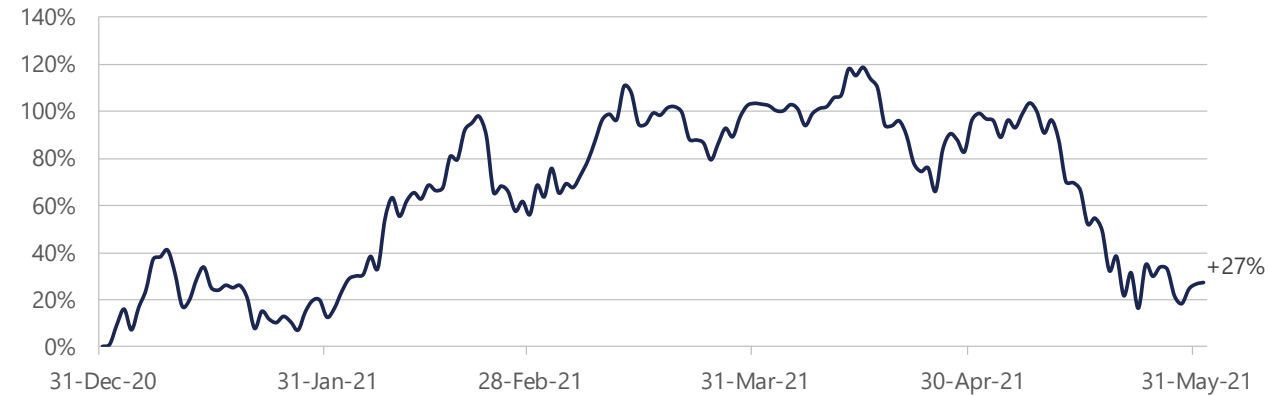
3. CHART OF THE DAY

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Bitcoin Performance in 2021 ytd



Source: Bloomberg.

The price of Bitcoin has been fluctuating heavily since 2021, now up 27% ytd. The world's biggest cryptocurrency has been stirring up controversy since Tesla [NASDAQ:TSLA] suspended vehicle purchases using Bitcoin, which CEO Elon Musk cited was out of concern over the rapidly increasing use of fossil fuels.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
651.2						1,717.1 1,178.6			
				daily chg.	ytd chg.			daily chg.	ytd chg.
	📉	EGX 30	10,120.95	(1.16%)	(6.68%)		📈	Gold	1,908.38 0.42% (0.08%)
	📉	EGX 30 TR	3,909.43	(1.59%)	(6.29%)		📈	Silver	28.17 1.00% 5.64%
	📈	EGX 70 EWI	2,330.87	1.55%	8.66%		📈	Brent Oil	71.35 0.56% 38.51%
	📈	EGX 100 EWI	3,251.93	0.84%	4.97%		📈	WTI	68.83 0.51% 42.58%
	📈	DFMGI	2,839.14	0.07%	13.93%		📈	Natural Gas	3.08 0.33% 21.50%
	📈	ADSMI	6,626.24	0.19%	31.27%	EGP	📈	USD/EGP	15.69 0.11% (0.35%)
	📈	TASI	10,656.81	0.56%	22.64%	€	📉	EUR/USD	1.22 (0.19%) (0.23%)
	📈	QE Index	10,804.71	0.25%	3.53%	£	📉	GBP/USD	1.42 (0.13%) 3.53%
	📈	S&P 500	4,208.12	0.14%	12.04%	¥	📈	USD/JPY	109.56 0.21% 6.33%
	📈	Dow 30	34,600.38	0.07%	13.05%		📈	6M TB yield	13.39 0 66
	📈	NASDAQ	13,756.33	0.14%	6.74%		📉	1Y TB yield	13.33 (1) 56
	📉	VIX	17.48	(2.35%)	(23.16%)		📈	10Y TB yield	14.84 1 45
	📈	STOXX 50	4,088.50	0.41%	15.08%		📉	2Y TB yield	0.14 (1) 1
EM	📉	MSCI Emerging	1,388.47	(0.17%)	7.53%		📉	10Y TB yield	1.59 (2) 66
FM	📈	MSCI Frontier	636.01	0.25%	11.26%		📉	30Y TB yield	2.28 (2) 62

* As of market close, except for commodities and currencies at 8.46am 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
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.
16-Jun-21	HDBK	Stock dividend	Last date for eligibility for a 1-for-5 stock dividend.
16-Jun-21	EHDR	Stock dividend	Last date for eligibility for a 0.1-for-1 stock dividend.
17-Jun-21	HDBK	Stock dividend	Date for a stock dividends at a 1-for-5 ratio.
17-Jun-21	EHDR	Stock dividend	Date for a stock dividends at a 0.1-for-1 ratio.
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.
24-Jun-21	MENA	EGM	Amending articles 5 & 39 of the bylaws.
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	Orascom Construction [ORAS] – Earnings Short of Our Estimates
23-May-21	CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense
22-May-21	Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions
20-May-21	Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth
20-May-21	EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track



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>
8Jun-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>

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