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Eastern Gambit Accepted

1. Today's Trading Playbook

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KEY THEMES

Eastern Company [**EAST**] is looking to monetize some of its unutilized assets that include land plots located in Alexandria and Giza. EAST, one of Egypt's main **MSCI EM** index members, slipped some 9.5% ytd. The decline in EAST's share price is the product of different factors which include but are not limited to: (1) Negative sentiment overall towards large caps, (2) Weaker participation from foreigners in Egyptian equities, and (3) Consumer-related names having not made their comeback yet since the beginning of pandemic.

On the other hand, EAST possesses one of the strongest balance sheets, with its net cash position representing c.32% of its market cap. With the stock slumping ytd, EAST's expected dividend yield is solidly in the low- to mid-teens. During a 9M 2020/21, EAST managed to grow its earnings by 24% to EGP3.9bn, where 2020/21 bottom line is estimated to hover around EGP5bn, bringing EAST forward P/E to a modest 5.3x.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

In line with our expectation, annual headline urban inflation increased to 4.8% in May, up from 4.1% in April, slightly below our expectation of 5% expected in May. Meanwhile, monthly inflation eased to 0.7% in May down from 0.9% in April. Annual headline figure came to reflect the surge in global commodity prices mainly food and unfavorable base year effect. The CBE will likely keep rates on hold in its next meeting. ([CAPMAS](#))

The Minister of Finance is expecting an additional USD4bn in foreign inflows into Egyptian debt on the back of Egypt's inclusion in the FTSE Russell's new frontier-market sovereign bond index. ([MoF](#))

The FRA approved a package of new decisions aiming to activate the secondary market for corporate bonds and facilitate numbers of procedural matters related to investment funds and to expand the volume of transactions in non-banking financial activities.

According to the new package, EGX-listed corporate bonds are now eligible for intraday trading. In addition, the new decision will also allow clearing house Misr for Central Clearing, Depository and Registry (MCDR) to settle transactions after the end of the trading day at the latest.

([Economy Plus](#))

CORPORATE NEWS

Misr Beni Suef Cement's [MBSC] preliminary financial indicators for Q1 2021 showed a lower net income of EGP37.4mn (-37% y/y), hit by weaker revenues of EGP255.9mn (-37% y/y). MBSC's BoD approved distributing a cash dividend of EGP1.5/share as of 5 September, implying a 9% yield. ([Company disclosure](#))

TMG Holding [TMGH] denied news suggesting it is part of Rawasi for Real Estate Development, which is a joint venture between **National Bank of Egypt (NBE)** and **Banque Misr.** ([Company disclosure](#))

The National Bank of Egypt (NBE) signed a subordinated loan agreement worth USD100mn with the **European Investment Bank (EIB)** to lend SMEs. ([Mubasher](#))

QNB Alahli [QNBA] signed a subordinated loan worth USD50mn from the European Bank for Reconstruction and Development (EBRD) to lend green and renewable energy projects. ([EBRD](#))

Maxim Investment Group is considering listing its shares on the EGX. The company operates in several sectors, however, it is known for its real estate segment as it owns Bo Islands in North Coast. Moreover, its hospitality segment is most known for Royal Maxim Palace Kempinski. ([Economy Plus](#))

Elsewedy Electric [SWDY] is one of six local entities that won two tenders to supply 500 km of cables for Behira Co. For Electricity Distribution. (Al-Mal)

GLOBAL NEWS

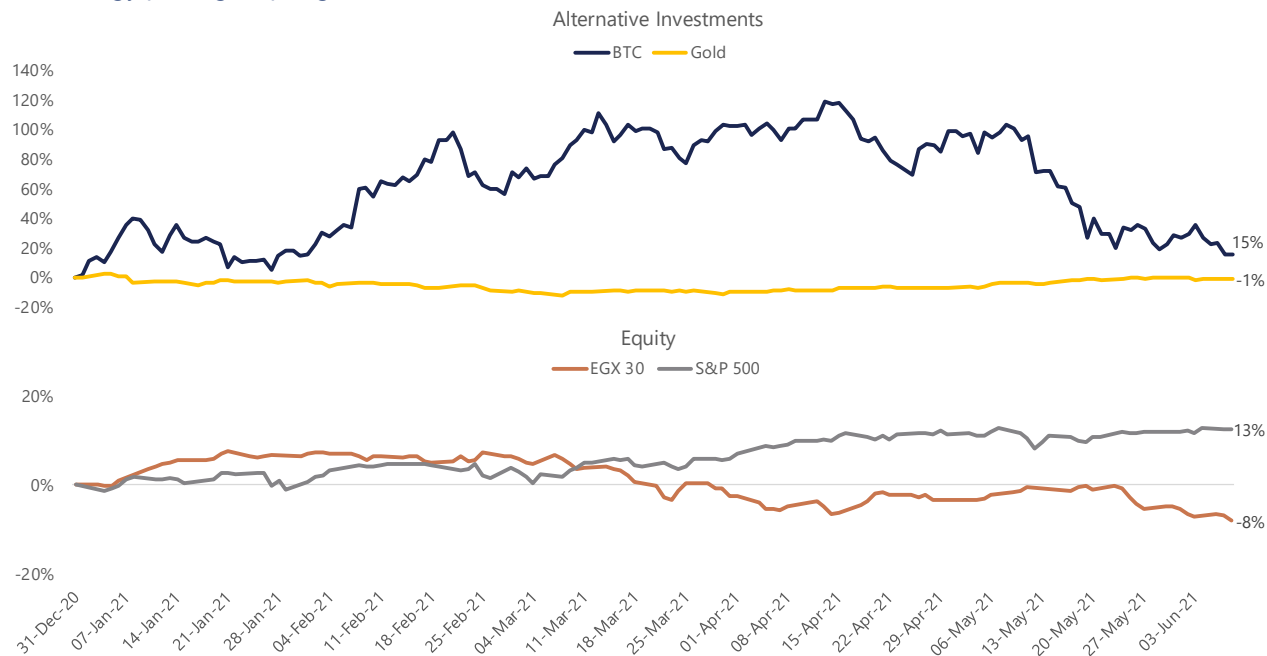
Saudi Arabian oil giant Aramco locked in another USD6bn on Wednesday to help fund a large dividend as it returned to the international debt markets with its first U.S. dollar-denominated sukuk sale. ([Reuters](#))

3. CHART OF THE DAY

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Source: Investing.com

Taking a look on ytd performance comparison of equity markets (represented by S&P 500 and our own EGX 30 Indices) and alternative investments (taking Bitcoin and Gold as examples) its observable that returns for the best performers for both classes have been hovering around same levels 15% and 13% for Bitcoin and S&P 500 respectively. However, S&P 500 has shown much less volatility along the way. EGX 30 and S&P 500 showed mixed performances with EGX 30 starting the year on a bullish basis outperforming S&P 500 then shifting direction by the end of Q1 2021 given geopolitical risk uncertainty.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
643.9						1,379.1 1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
		EGX 30	10,042.18	0.79%	(7.40%)			Gold	1,888.57	(0.23%)	(0.76%)
		EGX 30 TR	3,915.31	1.12%	(6.15%)			Silver	27.77	0.56%	4.75%
		EGX 70 EWI	2,383.50	1.24%	11.11%			Brent Oil	72.22	(0.69%)	38.46%
		EGX 100 EWI	3,334.56	1.30%	7.64%			WTI	69.96	(0.66%)	43.24%
		DFMGI	2,831.93	(0.13%)	13.64%			Natural Gas	3.13	0.86%	24.30%
		ADSMI	6,711.30	0.61%	33.02%	EGP		USD/EGP	15.69	(0.02%)	(0.31%)
		TASI	10,790.24	0.51%	24.18%	€		EUR/USD	1.22	(0.13%)	(0.43%)
		QE Index	10,691.13	0.23%	2.45%	£		GBP/USD	1.41	(0.07%)	3.20%
		S&P 500	4,219.55	(0.18%)	12.34%	¥		USD/JPY	109.63	(0.06%)	6.11%
		Dow 30	34,447.14	(0.44%)	12.55%			6M TB yield	13.39	1	66
		NASDAQ	13,911.75	(0.09%)	7.94%			1Y TB yield	13.33	(0)	56
		VIX	17.89	4.80%	(21.36%)			10Y TB yield	14.84	1	45
		STOXX 50	4,096.85	0.02%	15.32%			2Y TB yield	0.15	(1)	2
		MSCI Emerging	1,372.80	(0.34%)	6.31%			10Y TB yield	1.49	(5)	56
		MSCI Frontier	635.54	0.38%	11.18%			30Y TB yield	2.17	(5)	51

* As of market close, except for commodities and currencies at 8.03am 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
10-Jun-21	AMES	BoD meeting	Discussing the financial results.
10-Jun-21	MPRC	Stock dividend	Date for a stock dividend issue at a 0.052-for-1 ratio.
10-Jun-21	RTVC	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
14-Jun-21	AJWA	Reverse stock split	Last eligible date for 1:5.
15-Jun-21	AJWA	Reverse stock split	Execution date for 1:5.
15-Jun-21	UNIP	Cash dividend	Last date for eligibility for a dividend of EGP0.011/share.
16-Jun-21	UNIP	Cash dividend	Date for ex-dividends of EGP0.011/share.
16-Jun-21	UNIT	EGM	Approving a capital reduction and amending articles 6, 7 and 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 stock dividends at a 1-for-5 ratio.
17-Jun-21	EHDR	Stock dividend	Date for 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.
20-Jun-21	UNIP	Cash dividend	Payment date for a dividend of EGP0.011/share.
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 and 39 of the bylaws.
26-Jun-21	CSAG	OGM	Approving the estimated budget of FY 2021/22.
26-Jun-21	UASG	OGM	Approving the estimated budget of FY 2021/22.
26-Jun-21	ALCN	OGM	Approving the estimated budget of FY 2021/22.
28-Jun-21	DSCW	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
29-Jun-21	RACC	EGM	Discussing a capital decrease and amending articles 4, 6 and 7 of the bylaws.
29-Jun-21	CIEB	OGM	Approving a capital increase and other agenda items.
29-Jun-21	CIEB	EGM	Amending articles 6 and 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	IDHC	OGM	Approving financial statements and distributing dividends.
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
8-June-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-June-21	<u>MACROView – Further Enhancement</u>
3-June-21	<u>MACROView – Contraction Eased</u>
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>

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