

TABLE OF CONTENTS**1. Today's Trading Playbook****2. Top News & Analysis****3. Chart of the Day****4. Markets Performance****5. Latest EGX Valuation Multiples****6. Key Dates****7. Latest Research**

A Base Effect Festival

1. Today's Trading Playbook

[**TABLE OF CONTENTS**](#)

KEY THEMES

Lately, a bunch of quarterly results have popped up, given that we're already half way through June 2021. It's interestingly notable how solid Q1 2021 sounded for many companies so far. We note that, the majority of the names related to or owned by Pioneers Holding's [PIOH] have seen a robust growth y/y during Q1 2021. This includes United Housing & Development [UNIT] which achieved 38% growth in net earnings. Also, Electro Cable Egypt's [ELEC] bottom line grew 71% on higher revenues and improved GPM. Last but not least, both of Giza General Contracting [GGCC] and Elsaed Contracting [UEGC] have seen their EPS growing in Q1 2021 by 126% and 69%, respectively. The strong results are the product of improved fundamentals when compared to last year, as Q1 2020 is considered a relatively weak base to the majority of market sectors. We believe such set of results will decorate PIOH Q1 2021 consolidated figures. Also, this could reflect positively on the subsidiaries' market prices.

Elsewhere, we mentioned here before in our *Trading Playbook* [dated 2 June 2021](#), how historically June is a bad month for the EGX 30. We mentioned that since 2005, 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. We also said that in the 62.5% of time, when the index scores a negative monthly close, the average monthly return is -6.2%. So far into June, EGX 30 is down 4% month to date, while EGX 70 EWI is up a solid 2%.

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

2. TOP NEWS & ANALYSIS

[**TABLE OF CONTENTS**](#)

MACRO NEWS

Africa-focused e-commerce giant Jumia plans to invest over USD590mn in Egypt and other African countries over the upcoming years starting 2021. ([Enterprise](#))

The head of the Egyptian Exchange expects four companies in the information technology, agriculture, and chemicals industries to undertake initial public offerings (IPOs) in H2 2021. ([Reuters](#))

Egypt and France sign near EUR4bn in bilateral agreements and contracts. The French government will be providing Egypt with EUR2bn in credit facilities that will go towards developing the Cairo Metro Line VI. In addition, the French Development Agency (AFD) will be providing Egypt with EUR1bn in loans that cover railway, energy, wastewater treatment, and food security. ([Cabinet](#))

Egyptian cement exports increased by 135% y/y in 4M 2021 to USD98mn. ([ECBM](#))

CORPORATE NEWS

Electro Cable Egypt [ELEC] saw its Q1 2021 consolidated net income after minorities jump to EGP9mn (+71% y/y). Also in the first quarter this year, revenues increased to EGP432.7mn (+14% y/y). Meanwhile, gross profit margin improved to 11.1%, up from 8.4% in Q1 2020, and net profit margin hit 2.1%, up from 1.4% in Q1 2020. Currently, ELEC is trading at a TTM P/E of 11x. ([Company disclosure](#))

Elsaeed Contracting & Real Estate Investment Co.'s [UEGC] Q1 2021 net income surged to EGP34.2mn (+69% y/y). Meanwhile, revenues jumped to EGP317.8mn (+56% y/y). Currently, UEGC is trading at a TTM P/E of 7x. ([Company disclosure](#))

Giza General Contracting & Real Estate Investment Co.'s [GGCC] Q1 2021 net income shot up to EGP22.3mn (+126% y/y), boosted by higher revenues of EGP288.3mn (+16% y/y) and capital gains of EGP8.2mn. The company's backlog amounted to EGP1.9bn at the end of Q1 2021, up from EGP981mn at 2020-end. (Company disclosures: [1](#), [2](#))

Unipak's [UNIP] Q1 2021 net income edged up to EGP5.4mn (+1% y/y) and revenues increased to EGP122.1mn (+25% y/y). Meanwhile, gross profit margin reached 10.4%, down from 11.4% in Q1 2020. In the same quarter this year, net profit margin decreased to 4.4% from 5.5% in Q1 2020. ([Company disclosure](#))

Mansoura Poultry's [MPCO] Q1 2021 net income tumbled to EGP0.45mn (-95% y/y), dragged by lower net sales of EGP32.8mn (-32% y/y). Meanwhile, the BoD approved opening new branches in other governorates to support the company's sales. (Company disclosures: [1](#), [2](#))

El-Nasr Clothing & Textiles Co.'s [KABO] 9M 2020/21 unaudited net losses after minorities widened to EGP9.4mn compared to a net loss of EGP4.04mn a year before. Meanwhile, revenues fell to EGP196mn (-40% y/y). ([Company disclosure](#))

Arab Ceramic Co. (Ceramica Remas) [CERA] in a board meeting approved a 10-for-1 stock split, slashing its par value from EGP1/share to EGP0.1/share. ([Company disclosure](#))

Orascom Development Egypt [ORHD] announced that its villas phase Hillside in its project O West completely sold out after one month of its launch. ([Economy Plus](#))

EFG Hermes Holding [HRHO] was appointed by Americana Group as a financial advisor on sale of its subsidiary International Co. for Agricultural Production & Processing (ICAPP). The purpose of the sale is to restructure the subsidiaries of Americana Group. (Al-Borsa)

GLOBAL NEWS

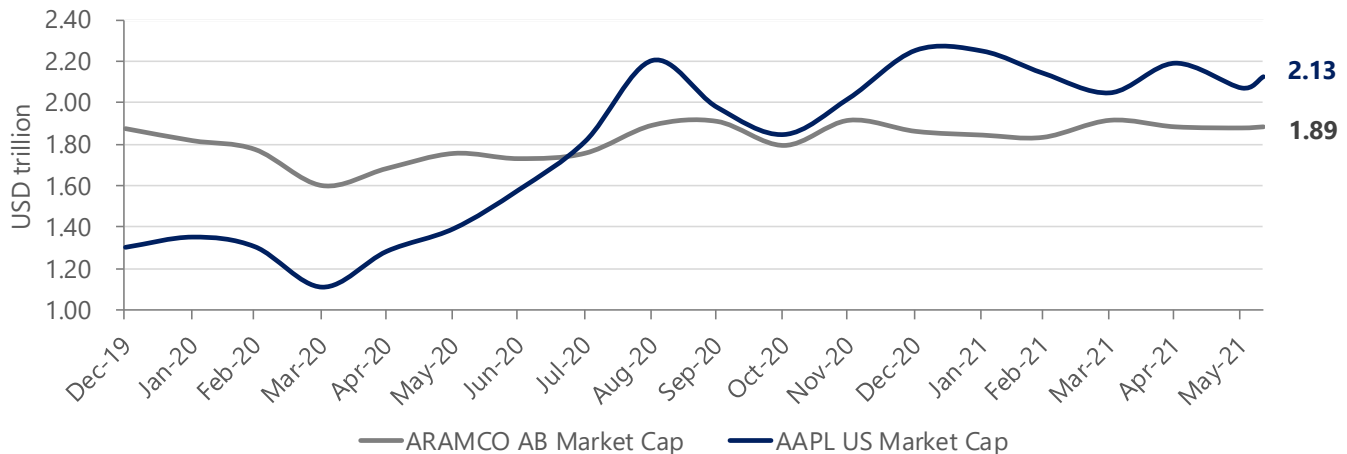
U.S. Treasuries registered their best week in a year, as investors shrugged off the highest inflation rate since 2008 and piled into government debt. ([FT](#))

3. CHART OF THE DAY

[TABLE OF CONTENTS](#)

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What is the Most Valuable Company in the World



Source: Bloomberg.

Since the start of 2020, Apple [**US: AAPL**] has managed to catch up with and even dethrone Aramco [**AB: ARAMCO**] as the most valuable company in the world. This could be justified by a big shift in investor sentiment towards high-tech names, driven by the early effect of COVID-19. Investors somewhat minimizing their exposure to the global oil and commodity markets is also a contributing factor.

4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)						635.7		Equity turnover (EGPmn): Last, ytd avg.				1,241.3		1,178.6	

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 the 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

TABLE OF CONTENTS

DATE	PUBLISHED REPORT
10-June-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-June-21	<u>TAKESStock – 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>CréditAgricole 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>CréditAgricole 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>Elsowedy 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>Elsowedy 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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