PRIMETime

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Egypt / Daily Newsletter

PRIME

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Surreal Performance

1. Today's Trading Playbook

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KEY THEMES

According to media reports quoting a statement by Baker McKenzie Cairo, TMG Holding [**TMGH**] sold assets worth EGP9bn to **Rawasi for Real Estate Development** which is a joint venture between **National bank of Egypt (NBE)** and **Banque Misr**. However, we note that TMGH has already been booked EGP4bn in 2020, which leaves the remaining EGP5bn to be confirmed by TMGH. At any rate, this helped TMGH re-rate higher during yesterday's session. Elsewhere, Zahraa Maadi Investment & Development [**ZMID**] has been on the rise lately, up a robust 121% since the last week of May 2021, with improved trading volumes every day. We like to direct your attention to the fact that ZMID is c.20% owned by **Arab Investment Bank (aiBank)**, which is the bank that EFG Hermes Holding [**HRHO**] has recently approved to acquire a 51% stake in. It is highly possible, and to some extent recommended, that HRHO will opt to monetize the bank's aforementioned investment. Hence, the hype around the name could be justified. We note that ZMID has a land bank close to 5mn sqm and has generated EGP490mn in revenues and EGP213mn in bottom line during 2020.

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

2. Top News & Analysis

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MACRO NEWS

The Suez Canal Authority will slash transit fees for car carriers travelling between Northern Europe and Southeast Asia by 5% starting 1 July as it looks to boost traffic. (Suez Canal)

The Ministry of Supply will start on 1 July to increase the minimum monthly income to obtain new ration cards to EGP2,400 instead of EGP1,500. Pensioners earning up to EGP1,500 (previously EGP1,200) will also be eligible for the cards — which allow holders access to subsidized bread and a range of other low-cost commodities, and enable them to add up to four family members to the card. (Al-Masry Al-Youm)

Residential electricity bills are going up by as much as 26% at the start of the new fiscal year as the government pushes ahead with its plan to gradually phase out electricity subsidies by 2025. The decision is expected to impact inflation readings in July/August along with expected increase in fuel prices if the pricing committee decides to increase the prices in its next meeting early next month. (Enterprise)

CORPORATE NEWS

Egyptian Iron & Steel [IRON] has stated that a Ukrainian company has submitted an offer to develop and manage IRON (which is currently subject to liquidation) through a revenue share agreement. IRON stated that the offer is currently being studied. (Company disclosure)

ASEC Co. for Mining's [ASCM] Q1 2021 consolidated net losses after minorities widened to EGP26.7mn compared to a net loss of EGP21.9mn in Q1 2020. This comes despite 3% higher revenues of EGP236mn. Wider losses came as a result of higher SG&A as well as higher borrowing costs. (Company disclosure)

South Cairo & Giza Flour Mills [SCFM] saw its net losses climb to EGP3.5mn in May 2021 (+9.5% y/y) from EGP3.2mn in the same month last year after costs escalated due to declining grinded quantities. On a legal note, the company will move to operate under Law No. 159 of 1981 and the Capital Market Law No. 95 of 1992, as approved in a board meeting. (Company disclosures: 1, 2)

GLOBAL NEWS

House prices have set records in the U.S. and parts of Europe as vast fiscal and monetary stimulus help residential property markets to continue shrugging off the impact of the coronavirus pandemic. (FT)

Bank of America has joined a number of commodities players to raise Brent crude price forecasts for this year and next, saying that tighter oil supply and demand balances in 2022 could push oil briefly to USD100 per barrel. (Reuters)

GlobalFoundries, a U.S.-Based semiconductor chips manufacturer, is considering establishing a USD4bn facility in Singapore to seize on the high demand of semiconductor chips worldwide. Semiconductor revenues, globally, are expected to increase 2.1x in the next eight years. (GlobalFoundries)

3. Chart of the Day

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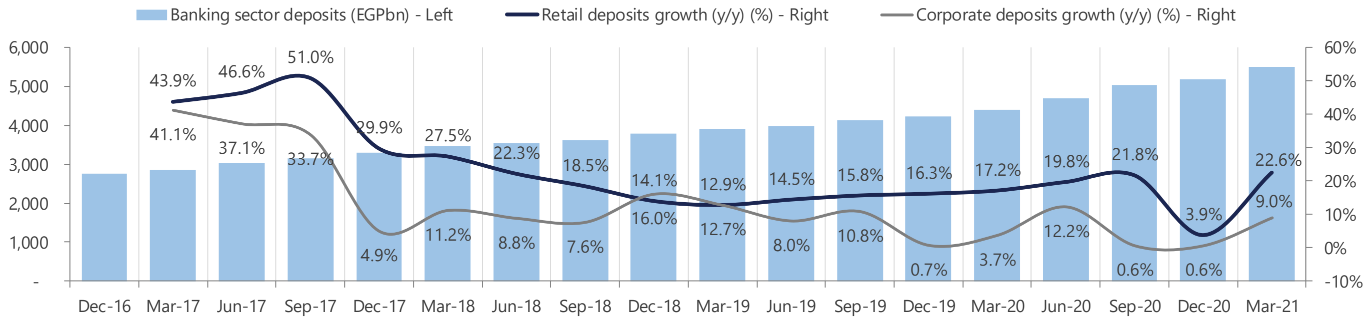

Source: CBE.

Banking sector deposits growth: As depicted above, retail deposits have shown somewhat higher growth levels than corporate deposits which have been fluctuating more. However, with the maturity of state-owned banks' high yield CDs in late September 2020, deposits growth normalized in Q4 2020 before rising again in Q1 2021. This came in line with new state-owned banks' issuance of 3-year CDs yielding 11% p.a., which converges to a large extent to the level of return on CDs in private banks that hovers between 9-11% annual rate.

4. Markets Performance

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Current equity market cap (EGPbn)	649.0		
		daily chg.	**ytd chg.**
EGX 30	10,206.24	1.44%	(5.89%)
EGX 30 TR	3,998.24	1.63%	(4.16%)
EGX 70 EWI	2,360.66	(0.45%)	10.05%
EGX 100 EWI	3,322.36	0.17%	7.25%
DFMGI	2,856.39	0.30%	14.62%
ADSMI	6,650.95	0.53%	31.82%
TASI	10,891.64	0.30%	25.34%
QE Index	10,776.49	0.34%	3.26%
S&P 500	4,246.44	0.51%	13.06%
Dow 30	33,945.58	0.20%	10.91%
NASDAQ	14,253.27	0.79%	10.59%
VIX	16.66	(6.88%)	(26.77%)
STOXX 50	4,123.13	0.26%	16.06%
EM MSCI Emerging	1,346.84	(0.27%)	4.30%
FM MSCI Frontier	636.38	(0.24%)	11.33%

Equity turnover (EGPmn): Last, ytd avg.	1,715.9	1,178.6	
		daily chg.	**ytd chg.**
Gold	1,778.74	(0.25%)	(6.15%)
Silver	25.78	(0.67%)	(1.83%)
Brent Oil	74.81	0.74%	45.48%
WTI	72.85	0.56%	50.99%
Natural Gas	3.26	0.34%	28.75%
EGP USD/EGP	15.69	0.18%	(0.31%)
€ EUR/USD	1.19	(0.10%)	(2.36%)
£ GBP/USD	1.39	(0.02%)	2.02%
¥ USD/JPY	110.65	0.14%	7.31%
6M TB yield	13.34	(4)	61
1Y TB yield	13.20	(9)	43
10Y TB yield	14.83	(0)	44
2Y TB yield	0.23	(3)	10
10Y TB yield	1.47	(1)	54
30Y TB yield	2.09	(1)	43

* As of market close, except for commodities and currencies at 8.15am 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
23-Jun-21	UASG	BoD meeting	Discussing the agenda.
23-Jun-21	AFMC	BoD meeting	Discussing the agenda.
24-Jun-21	MICH	BoD meeting	Following up on production, sales and exports.
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 approving 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.
1-Jul-21	AMES	EGM	Approving increasing the issued capital and amending articles 6 and 7 of the bylaws.
3-Jul-21	MTIE	OGM	BoD member's duration renewal.
4-Jul-21	OIH	OGM	Approving the financial statements and other agenda items.
5-Jul-21	MOIL	EGM	Approving cutting the authorized capital from USD1bn to USD940.5mn.
7-Jul-21	ELSH	Auction	Open bid for five residential buildings and 11 commercial plots.

7. Latest Research

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DATE	PUBLISHED REPORT
16-June-21	B Investments Holding [BINV] – Strong Financials, Growing Investments
14-June-21	Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost
10-June-21	MACROView – Inflation Risk Rising, but Still Within Target
8-June-21	TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends
6-June-21	MACROView – Further Enhancement
3-June-21	MACROView – Contraction Eased
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	**B Investments Holding [BINV] – Exits Kick Off, Unlocking Value**
18-May-21	Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead
17-May-21	Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth
11-May-21	MACROView – Inflation Eased but Stage Still Set for a Pick-Up
9-May-21	MACROView – Stability Prevailed
6-May-21	MACROView – The Road to Recovery Gets Longer
18-Apr-21	MACROView – Challenges Remain Daunting
13-Apr-21	**Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm**
12-Apr-21	**Orascom Construction [ORAS] – Rich in Value**
11-Apr-21	MACROView – Monthly Reading Pressured By Seasonality
6-Apr-21	MACROView – FX Assets Well Placed to Mitigate Potential Risks
6-Apr-21	MACROView – Still Downbeat
28-Mar-21	Taaleem Management Services [TALM] – Enriching the Education Sector
18-Mar-21	EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues
10-Mar-21	MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon
8-Mar-21	MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions
7-Mar-21	**Al-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines**
3-Mar-21	MACROView – Weak Demand Still Weighing on the Rebound Trajectory
2-Mar-21	MACROView – Commodity Supercycle: Real or Hype?
1-Mar-21	Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions
25-Feb-21	Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey
22-Feb-21	CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected
10-Feb-21	MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices
8-Feb-21	Misr Chemical Industries [MICH]– Annually Wild, Quarterly Tamed
4-Feb-21	MACROView – External Buffers Are Still Restoring Grounds
3-Feb-21	MACROView – A Fragile Improvement but Favorable Sentiment
3-Feb-21	MACROView – External Woes vs. Cautious Optimism
1-Feb-21	**STANDPoint – Egypt 2021 Investing Playbook**

14-Jan-21	**CI Capital Holding [CICH] – New Expansions = Further Growth**
10-Jan-21	MACROView – Below End-of-Year Target
6-Jan-21	MACROView – On the Path to Further Recovery
5-Jan-21	MACROView – Rutted Road to Recovery
28-Dec-20	**Elsewedy Electric [SWDY] – More Growth to Come**
22-Dec-20	**EFG Hermes Holding [HRHO] – Blueprinting Its Eminence**
16-Dec-20	CIB [COMI] – Earnings beat despite higher provisions
10-Dec-20	MACROView – The Highest Reading in Seven Months
7-Dec-20	MACROView – Restored Ground
6-Dec-20	MACROView – Lost Momentum
3-Dec-20	MACROView – Not as Severe as Expected but All Eyes on the Scars
25-Nov-20	**Misr Chemical Industries [MICH] – Pandemic Proof**
10-Nov-20	MACROView – An expected rise as the new school year began
4-Nov-20	MACROView – The Stars Seem to Be Aligned for International Reserves
3-Nov-20	MACROView – The Highest Reading in Six Years
25-Oct-20	CIB [COMI] – Short-term pain for longer-term gain
11-Oct-20	MACROView – Disinflationary trend interrupted
11-Oct-20	MACROView – External strains are slacking and reserves are growing
6-Oct-20	**CIB [COMI] – A Good Bet for the "Risk On" Mode**
5-Oct-20	MACROView – Egypt's recovery is broadening
10-Sep-20	MACROView – A Stunning Chapter Towards Targets
8-Sep-20	MACROView – Crawling Out of the Troughs
3-Sep-20	MACROView – Job losses and the bumpy road to recovery
18-Aug-20	Oriental Weavers Carpet [ORWE] – Q2 2020 Results
13-Aug-20	Credit Agricole Egypt [CIEB] – Q2 2020 Results
10-Aug-20	MACROView – Muted inflation environment still dominates
9-Aug-20	MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed
5-Aug-20	MACROView – Toward gradual recovery
29-Jul-20	MACROView – CAD gains eroded by financial account vulnerability
14-Jul-20	Commercial International Bank - [COMI] - Q2 2020 results
9-Jul-20	MACROView – Inflation driven by non-food baskets and unfavorable base effect
8-Jul-20	MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position
7-Jul-20	MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed

25-Jun-20	EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition

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