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Covering the Waterfront

1. Today's Trading Playbook

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KEY THEMES

Some news sources point to a potential reconsideration by Ministry of Trade & Industry next month to study the removal of anti-dumping fees on imported billets to counter the effect of rising steel prices. By way of background, last October, the government has lowered the fees to 13% (i.e. previously 16%) on steel billet import price with a minimum of USD60/ton. The plan back then was to gradually phase out the anti-dumping fees on steel billet imports with a subsequent cut scheduled last April 2021, bringing anti-dumping fees to 10% with a minimum of USD46/ton. Any decision about full termination of the anti-dumping fees system will not bode well for the integrated players, the likes of Ezz Steel [**ESRS**], as it will result in flooding the market with cheap billets.

Elsewhere, Qalaa Holdings [**CCAP**] slipped yesterday some 3% by market close, feeling the pain of Q1 2021 weak set of results. This confirms with our view on CCAP's fundamentals, with expectations of short-term pains to cloud the stock performance.

Furthermore, Misr Chemical Industries [**MICH**] posted its 11M 2020/21 indicators, showing bottom line of EGP129mn. This implies monthly net income for May of c. EGP12mn vs. EGP10mn in April 2021. With one month left in 2020/21. In the event of MICH replicating May's performance during June, the company will exactly hit our target bottom line for the year of EGP141mn. At the current market price, MICH 2020/21 forward P/E is only 6x. We remind you that we have an Overweight rating on the name, with a 12M PT of EGP13.9/share (ETR +18%).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The first local green bonds sale could go ahead in as little as two to three weeks. The USD100mn issuance is expected to be the country's first green bond issuance since the USD750mn issued by the government last year. ([Al-Mal](#))

Egypt is planning to list Ghazl El-Mahalla Sporting Club on the Egyptian Exchange (EGX) before the beginning of the new season, Minister of Public Enterprise revealed. ([Mubasher](#))

The Minister of Supply and Internal Trade approved setting up two new metal silos in Elminya and Beni suef governorates with storage capacity of 30,000 tons for each of them. ([Algumhoria online](#))

CORPORATE NEWS

Cairo for Investment & Real Estate Development [CIRA] will team up with Al Ahly Capital Holdings (AHC) to launch the first technological university in Egypt. Half of the EGP2bn project is expected to be financed by international financial institutions including EBRD, and the remainder will be managed by AHC and CIRA. ([Al-Mal](#))

RAYA Holding's [RAYA] OGM agreed to distribute EGP0.045/share in dividends from the profits generated in Q1 2021. RAYA's standalone statement for this period shows a net profit of EGP279mn, suggesting an EPS of EGP0.13/share and a dividend yield of 2%. ([Company disclosure](#))

CIB [COMI] received the central bank's approval to appoint Hussein Abaza as CEO and managing director. Moreover, COMI will issue green bonds for USD10mn with 5 years maturity ([CIB](#), [Al-Borsa](#))

Porto Group's [PORT] shareholder Hesham Hussein Atallah decreased his stake to 5.41% from 11.39% by selling 70mn shares over two days at a total value of EGP52mn (EGP0.743/share). (Company disclosures: [1](#), [2](#))

Pioneers Holding's [PIOH] request to split into three specialized companies has been approved by the financial regulator. The three companies are Pioneers Holding for Financial Investments (with a capital of EGP253.4mn), Pioneers Properties (with EGP4.75bn), and Gadwa for Industrial Development (with EGP2.03bn). ([Company disclosure](#))

Central Egypt Flour Mills [CEFM] is currently executing new projects to cope with the latest milling technology and contribute to the provision of bread flour to citizens, in addition to the establishment of metal silos, according to Mohamed Elgebaly the chairman and the managing director of the company. ([Al-Mal](#))

GLOBAL NEWS

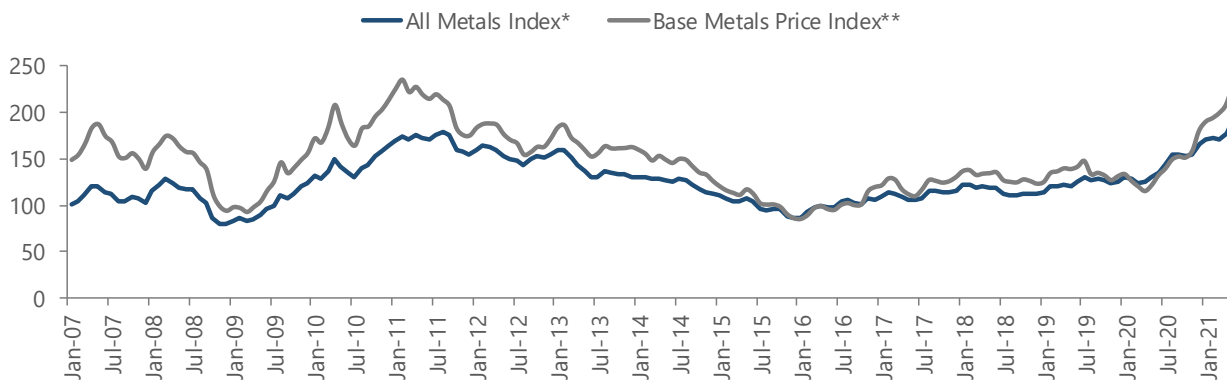
Profit growth at China's industrial firms slowed again in May as surging raw material prices squeezed margins and weighed on factory activity. ([Reuters](#))

Oil prices hit and then recoiled from highs last seen in October 2018 on Monday as investors eyed the outcome of this week's OPEC+ meeting as the United States and Iran wrangle over the revival of a nuclear deal, delaying a surge in Iranian oil exports. ([Reuters](#))

3. CHART OF THE DAY

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Source: IMF primary commodity prices system.

All metals index increased by more than 40% since mid-2020, while base metal index surged by 74%, reaching a nine-year high in May 2021. Metals prices accelerated by much more than other commodities, as (1) the manufacturing activity recovered from COVID-19 slump faster than the service sector, especially in China, (2) many mining operations were disrupted by COVID-19 fallout, (3) congestion in key ports drove freight cost on bulk materials to spike, (4) infrastructure programs in the U.S. and Europe are seen to boost the demand even further for metals, such as copper and iron ore, and (5) dynamics of the metal intensity of the global economy driven by the fast transition to a greener economy. Not all of these factors are temporary (mainly 4 and 5 only) which should keep the outlook for higher metal prices bright.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.						
654.3					1,258.2 1,178.6						
			daily chg.	ytd chg.				daily chg.	ytd chg.		
		EGX 30	10,305.02	0.25%	(4.98%)			Gold	1,781.44	0.35%	(6.01%)
		EGX 30 TR	4,017.84	0.24%	(3.69%)			Silver	26.10	0.60%	(0.93%)
		EGX 70 EWI	2,334.04	0.23%	8.81%			Brent Oil	76.18	(0.04%)	47.01%
		EGX 100 EWI	3,302.42	0.17%	6.60%			WTI	74.05	0.03%	52.66%
		DFMGI	2,870.69	0.48%	15.20%			Natural Gas	3.50	1.26%	39.42%
		ADSMI	6,706.66	1.99%	34.51%	EGP		USD/EGP	15.69	0.12%	(0.33%)
		TASI	10,966.71	0.43%	26.21%	€		EUR/USD	1.19	(0.04%)	(2.34%)
		QE Index	10,739.81	(0.20%)	2.91%	£		GBP/USD	1.39	0.16%	1.69%
		S&P 500	4,280.70	0.33%	13.97%	¥		USD/JPY	110.75	(0.06%)	7.20%
		Dow 30	34,433.84	0.69%	12.51%			6M TB yield	13.36	2	63
		NASDAQ	14,360.39	(0.06%)	11.42%			1Y TB yield	13.23	3	46
		VIX	15.62	(2.19%)	(31.34%)			10Y TB yield	14.83	(0)	44
			STOXX 50	4,120.66	(0.04%)	15.99%			2Y TB yield	0.28	1
EM		MSCI Emerging	1,379.59	0.89%	6.84%			10Y TB yield	1.53	4	60
FM		MSCI Frontier	640.82	0.28%	12.10%			30Y TB yield	2.15	4	49

* As of market close, except for commodities and currencies at 8.28am 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
28-Jun-21	EKHO	BOD Meeting	To consider the resignation submitted by Al Khair National for Stocks and Real Estate Co from the company's board of directors.
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 6and7 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).
1-Jul-21	AMES	EGM	Approving increasing the issued capital and amending articles 6 and 7 of the bylaws.
3-Jul-21	MTIE	OGM	Renewing the board term.

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.
11-Jul-21	EXPA	OGM	Date for ex-dividends at a 1-for-5 ratio.
11-Jul-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in the 6 th of October project.
11-Jul-21	MTIE	Stock dividend	Last date for eligibility for a 0.25-for-1 stock dividend.
12-Jul-21	MTIE	Stock dividend	Date for distributing a 0.25-for-1 stock dividend.
12-Jul-21	SVCE	EGM	Amending articles of the bylaws.
14-Jul-21	EXPA	OGM	Approving the estimated budget.
15-Jul-21	TMGH	Cash dividend	Payment date for EGP0.072/share (2 nd round).

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
16-June-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-June-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-June-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
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>

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