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Nitrogen Rush

1. Today's Trading Playbook

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KEY THEMES

With the Central Bank of Egypt's (CBE) decision to leave interest rates unchanged, investors' eyes will be back on Q2 2021 earnings reports. A couple of large-cap stocks are due to report this week, namely Ezz Steel [**ESRS**], Sidi Kerir Petrochemicals [**SKPC**], Telecom Egypt [**ETEL**], and Ibsina Pharma [**ISPH**]. Meanwhile, just this morning, Abu Qir Fertilizers [**ABUK**] and MOPCO [**MFPC**] reported their results ending 30 June 2021—both exhibiting double-digit earnings growth.

Abu Qir Fertilizers' [**ABUK**] preliminary indicators showed 2020/21 top line of EGP8.8bn (+3.3% vs. Prime Research estimates) because of robust urea prices during the last quarter. Consequently, ABUK's pretax income managed to beat our estimates of EGP4.2bn, recording EGP4.3bn (+2.8% vs. Prime Research estimates). However, lower effective tax rates resulted in relatively a wider beat in net earnings, which recorded EGP3.5bn (+8.0% vs. Prime Research estimates). ABUK managed to achieve a strong growth of 12% and 30% in top and bottom lines, respectively, supported by nearly 8pp expansion in GPM y/y.

Meanwhile, MOPCO [**MFPC**] stand-alone H1 2021 EPS grew to EGP2.86 (+16% y/y) as top line recorded EGP1.47bn (+25% y/y). Meanwhile, GPM has furthered improved by c.200bps to 59%. The very strong rally in global nitrogen fertilizer prices is showing evidence to continue during the rest of 2021 and a good part of the upcoming 2022. The reasons appear to be squeezed supply levels, coupled with higher natural gas prices globally, as well as higher crops' prices (e.g. wheat and soybeans). We note that the stock prices of nearly all members of the EGX industrial and materials universe have reflected the current rally in global commodity market, except for fertilizers', having been lagging despite a set of solid results.

We remind you that we have an Overweight rating on ABUK, with a 12M PT of EGP26/share (+34%). ABUK is currently traded at 2021/22 P/E and EV/EBITDA of 7.0 and 4.7x respectively. Meanwhile, our back-of-the-envelope valuation for MFPC gives us a 12M PT of EGP100/share (+28%).

POSITIVE

ABUK, MFPC: Each company reported a good set of results.

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 expectations, the CBE's Monetary Policy Committee (MPC) left interest rates unchanged for a sixth consecutive meeting on Thursday. [Check our story last week.](#) ([CBE](#))

Uber will start road-testing DongFeng E70 electric cars in Egypt this week, as state-owned El-Nasr Automotive has imported 13 of the vehicles from China, to be tested by Uber drivers over the next three months. ([Masrawy](#))

Foreign investment in Egyptian government debt currently stands at USD28bn. This is little changed from May, when total holdings amounted to USD28-29bn. ([Al-Arabiya](#))

The Sovereign Fund of Egypt is about to launch a sub-fund for education in all its fields to work on establishing hundreds of schools nationwide to provide distinguished education for Egypt's middle class segment. ([Youm7](#))

Moscow's Federal Air Transport Agency has issued permits to eight Russian airlines for regular flights to Egyptian tourist resorts in Hurghada and Sharm El-Sheikh. Meanwhile, Hurghada International Airport is due to receive tomorrow its first flight from Moscow in six years as Russia's flight ban finally comes to an end. ([Zawya](#), [youm7](#))

The Sovereign Fund of Egypt said that it will participate with a minimum share of 5% in the acquisition of Amoun Pharmaceutical, which was recently purchased by Ultra-welfareLtd, a subsidiary of the Abu Dhabi Holding Group (ADQ). ([Al-Mal](#))

CORPORATE NEWS

CIB [COMI], with the participation of other banks, will manage the offer securitization bonds worth EGP1.1bn, on behalf of Tamweel Holding Company through its subsidiaries. ([Al-Shorouk](#))

Taaleem Management Services [TALM] seeks to make expansions worth EGP480mn at Al-Nahda University in Beni Suef, with construction process expected to start before end of this month. Regarding Badya University, which is a joint investment between TALM (60%) and

Palm Hills Developments [**PHDC**] (40%), it is planned to start the construction process by September 2022, if necessary approvals obtained. Meanwhile, the coming years are expected to witness more earnings growth, to be mainly driven by an increase in student enrollments as well as the possibility of acquiring a new university. ([Al-Mal](#))

Canal Shipping Agencies [CSAG] achieved net income of EGP199mn in 2020/21 (-39% y/y), as per its unaudited financial indicators, and revenues of EGP54mn (-4% y/y). ([Company disclosure](#)) CSAG trades at a TTM P/E of 18.5x.

Egyptian Media Production City (EMPC) [MPRC] consolidated H2 2021 KPIs showed net income of EGP78mn. Revenues, meanwhile, reached EGP281mn. Last September, MPRC released its first consolidated financials after acquiring a controlling stake, 97.5%, in Arab Hotel Co. ([Company disclosure](#))

Nasr Co. for Civil Works' [NCCW] unaudited financial indicators for H1 2020 show a swing to a net loss of EGP9.5mn (vs. net profits of EGP5.9mn) and revenues of EGP66.9mn (-32% y/y). ([Company disclosure](#))

GLOBAL NEWS

Significant fiscal stimulus this year is speeding the economy's recovery so that the Federal Reserve is able to consider lifting interest rates from near zero by early 2023, said a top central bank official in a speech Wednesday. ([WSJ](#))

China's export growth unexpectedly slowed in July following outbreaks of COVID-19 cases, while imports also lost momentum, pointing to a slowdown in the country's industrial sector in the second half even as easing global lockdowns boost commerce. ([Reuters](#))

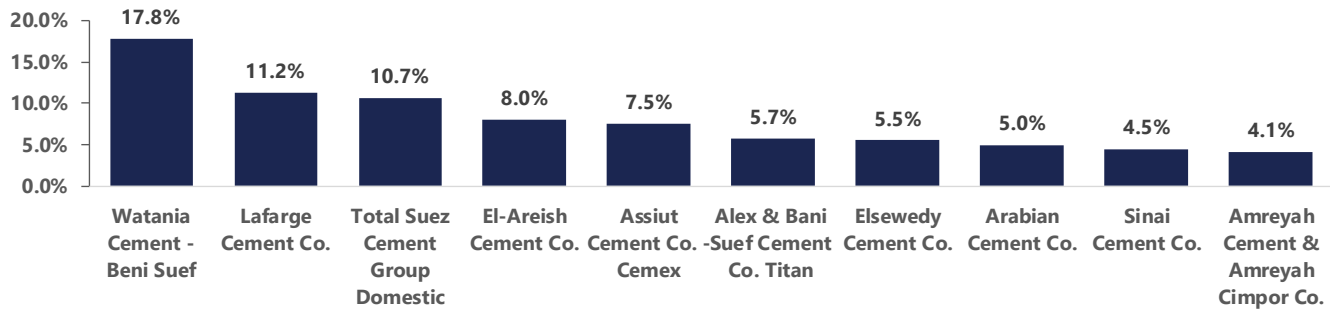
An unexpectedly strong jobs number for July has bolstered the case for investors who believe Treasury yields will head higher over the rest of the year, potentially weighing on an equity rally that has taken stocks to record highs. ([Reuters](#))

3. CHART OF THE DAY

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Dina Abdelbadie | Equity Analyst
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Top 10 Cement Producers in H1 2021

















































Source: Arabian Cement.

Arabian Cement [ARCC] reserved the eighth position in the top 10 cement producers in H1 2021. ARCC produced 5% of the total cement produced in H1 2021 (1.24mn tons). Meanwhile, ARCC reserved the fourth position in 2020 producing 8.7% of the total volume produced in 2020 (4.07mn tons).

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						703.1		Equity turnover (EGPmn): Last, ytd avg.				1,656.0		1,178.6					
						daily chg.		ytd chg.								daily chg.		ytd chg.	
		EGX 30	10,723.18	0.04%	(1.13%)			Gold	1,763.03	(2.29%)	(7.13%)			Silver	24.33	(3.29%)	(7.85%)		
		EGX 30 TR	4,179.63	0.12%	0.19%				Brent Oil	70.70	(0.83%)		36.49%		WTI	68.28	(1.17%)	40.73%	
		EGX 70 EWI	2,824.03	2.43%	31.65%				Natural Gas	4.14	0.00%		63.06%	EGP		USD/EGP	15.70	(0.10%)	(0.23%)
		EGX 100 EWI	3,804.78	1.79%	22.82%					EUR/USD	1.18		(0.61%)		(3.72%)			GBP/USD	1.39
		DFMGI	2,820.37	0.25%	13.18%			USD/JPY	110.25	0.44%	6.78%				6M TB yield	13.14	(1)	41	
		ADSMI	7,419.27	0.19%	47.99%			1Y TB yield	13.26	1	49				10Y TB yield	14.80	(2)	41	
		TASI	11,209.42	0.42%	29.00%			S&P 500	4,436.52	0.17%	18.12%				2Y TB yield	0.21	4	8	
		Dow 30	35,208.51	0.41%	15.04%			10Y TB yield	1.30	13	37								
		NASDAQ	14,835.76	(0.40%)	15.11%			30Y TB yield	1.95	10	29								
		VIX	16.15	(6.54%)	(29.01%)														
		STOXX 50	4,174.54	0.32%	17.51%														
		MSCI Emerging	1,292.53	(0.58%)	0.10%														
		MSCI Frontier	649.26	(0.04%)	13.58%														

* As of market close. 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
8-Aug-21	SKPC	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
9-Aug-21	SKPC	BoD meeting	Discussing Q2 financial results.
10-Aug-21	ETEL	Conference Call	Discussing Q2 2021 earnings.
10-Aug-21	OFH	OGM	Discussing the company's establishment expenses and other agenda items.
10-Aug-21	ORAS	Cash dividend	Date for paying out a dividend of USD0.2313/share.
10-Aug-21	RTVC	EGM	Discussing an offer for subsidiary Ambian for Tourism Investment.
10-Aug-21	HELI		Deadline for turning in the conditions brochure for Heliopark.
10-Aug-21	NBKE	BoD meeting	Discussing delisting.
11-Aug-21	ISPH	BoD meeting	Discussing Q2 financial results.
14-Aug-21	HELI	OGM	Approving the estimated budget of FY 2021/22.
14-Aug-21	HELI	EGM	Amending articles of the bylaws.
15-Aug-21	COMI	Stock dividend	The deadline for eligibility for a 0.33-for-1 stock dividend.
16-Aug-21	COMI	Stock dividend	Date for distributing a 0.33-for-1 stock dividend.
18-Aug-21	MOIN	OGM	Authorizing the board of directors to appoint a new member.
18-Aug-21	MOIN	EGM	Amending article 21 of the bylaws.
21-Aug-21	ELNA	OGM	Approving the financial statements and other agenda items.
22-Aug-21	PRCL	OGM	Reshuffling the board and discussing other agenda items.
22-Aug-21	PRCL	EGM	Amending the articles of association.
24-Aug-21	GOCO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Aug-21	NCCW	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
26-Aug-21	ELWA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Aug-21	EGTS	OGM	Approving the financial statements and other agenda items.
31-Aug-21	MBSC	Cash dividend	The deadline for eligibility for a dividend of EGP1.5/share.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
5-Aug-21	MACROView – The Sky Is No Blue
4-Aug-21	MACROView – Constrained Recovery
26-Jul-21	EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action
13-Jul-21	Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth
8-Jul-21	MACROView – Inflation Edged Up, As Expected
8-Jul-21	MACROView – External Buffers Still Powering Ahead

6-Jul-21	<u>MACROView – A Steady and Slow Recovery in the Making</u>
5-July-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
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 [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](#)

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