

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

Carpe Diem Time

1. Today's Trading Playbook

TABLE OF CONTENTS

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KEY THEMES

Oriental Weavers Carpet [**ORWE**] will receive the average base rate of subsidy for its exports, as part of what the carpet maker sees as one of the best Egyptian export subsidy programs since 2002. Non-applicable to sales generated by ORWE's subsidiaries OW US and OW China, the subsidies will be released over three phases starting FY21 (1 July 2020 - 30 June 2021) and ending FY23 (1 July 2022 - 30 June 2023).

ORWE estimates its export subsidy will average 7.5% in FY21 and 11.0% in FY22, comparing to less than 5% previously. Also, the subsidy rate could be brought higher in some cases including exporting to certain countries. But whether these rates will still apply for FY23 is undecided.

We expect ORWE to benefit greatly from the new program as it employs an export-heavy strategy. We believe ORWE could receive rebates of c.EGP400mn on its FY21 exports, amounting to c.30% of its FY21 earnings.

POSITIVE

ORWE: More visibility surrounding its export subsidy receipts should bode well for the stock, a high dividend yield play too.

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

2. TOP NEWS & ANALYSIS

TABLE OF CONTENTS

MACRO NEWS

Egypt' annual core inflation almost unchanged, falling to 4.5% in August vs. 4.6%. Monthly core prices fell 0.3% after accelerating at a 0.6% clip in July. Core inflation strips out volatile items such as food and fuel. ([CBE](#))

Egyptian officials are in talks with U.S. pharma giant Moderna to manufacture its mRNA COVID-19 vaccine locally, the Ministry of Health said. ([Egyptian Cabinet](#))

Exporters who are eligible for overdue subsidy payments under the latest incarnation of the subsidy program launched in July will receive payouts on 30 September and on 28 October. ([MoF](#))

Egypt has officially become the newest member state of the Africa Finance Corporation (AFC). The move may help Egypt unlock some USD1bn in investments. ([Arab finance](#))

CORPORATE NEWS

Qalaa Holding's [CCAP] Q2 2021 net losses narrowed to EGP402mn vs. EGP712mn a year ago on higher revenues of EGP10.2bn (+37% y/y) and a gross profit margin of 3% (vs. gross loss margin of 5% in Q2 2020). ([Company disclosure](#))

Tamweel, the mortgage finance arm of Basata, B Investments' [BINV] and MM Group's [MTIE] joint venture, is targeting a mortgage portfolio size of EGP900mn by end of 2021 vs. EGP600mn by end of H1 2021. (Al-Mal)

General Co. for Ceramic & Porcelain Products [PRCL] reported unaudited net losses of EGP15.7mn in 2020/21, compared to EGP54.3mn a year before, on the back of an EGP39mn one-off. Meanwhile, revenues decreased to EGP223.4mn (-16.5% y/y). PRCL's BoD suggested increasing the authorized capital to EGP350mn from EGP150mn and the paid-in capital to EGP302.2mn from EGP100.7mn through cash to be used in the company's restructure. This suggestion is subject to the EGM's approval. ([Company disclosure](#))

GLOBAL NEWS

The Federal Reserve will have to wind down its pandemic-era stimulus program quickly and raise U.S. interest rates in 2022 in response to higher inflation, according to a poll of leading academic economists for the Financial Times. 70% are penciling in a minimum 0.25% increase in 2022 and nearly a fifth thinking it will come in the first six months of the year. ([FT](#))

U.S. producer prices increased solidly in August, leading to the biggest annual gain in nearly 11 years, suggesting that high inflation is likely to persist for a while as the unrelenting COVID-19 pandemic continues to pressure supply chains. ([Reuters](#))

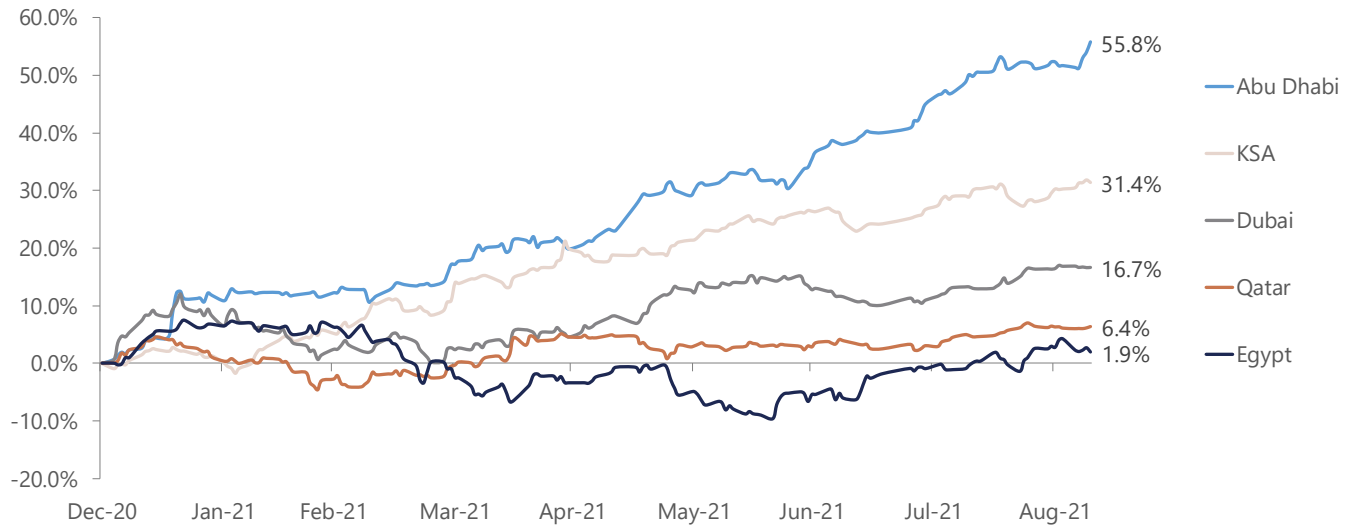
3. CHART OF THE DAY

[TABLE OF CONTENTS](#)

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Regional markets indices performance ytd



Source: Bloomberg.

The Egyptian Exchange's main index, EGX 30, has been underperforming its regional peers. Year to date, the EGX 30 has been trading below its 2020 close of 10,845 around 57% of the time. EGX 30 had risen 1.4% in September, but the recovery was short-lived as talks of the implementation of capital gains tax resurfaced.

4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
721.2						1,207.9 1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
	🔻	EGX 30	11,056.27	(0.71%)	1.95%		🔻	Gold	1,787.58	(0.39%)	(5.84%)
	🔻	EGX 30 TR	4,318.08	(0.65%)	3.51%		🔻	Silver	23.74	(1.23%)	(10.07%)
	🔻	EGX 70 EWI	2,807.74	(1.63%)	30.89%		🔼	Brent Oil	72.92	2.06%	40.77%
	🔻	EGX 100 EWI	3,795.37	(1.35%)	22.52%		🔼	WTI	69.72	2.32%	43.69%
	🔼	DFMGI	2,907.56	0.03%	16.68%		🔻	Natural Gas	4.94	(1.85%)	94.49%
	🔼	ADSMI	7,860.57	1.15%	55.79%		🔻	USD/EGP	15.71	(0.22%)	(0.20%)
	🔻	TASI	11,417.79	(0.33%)	31.40%	€	🔻	EUR/USD	1.18	(0.09%)	(3.29%)
	🔼	QE Index	11,100.32	0.22%	6.37%	£	🔼	GBP/USD	1.38	0.01%	1.24%
	🔻	S&P 500	4,458.58	(0.77%)	18.70%	¥	🔼	USD/JPY	109.94	0.20%	6.48%
	🔻	Dow 30	34,607.72	(0.78%)	13.07%		🔻	6M TB yield	12.68	(12)	(5)
	🔻	NASDAQ	15,115.49	(0.87%)	17.28%		🔻	1Y TB yield	12.99	(14)	22
	🔼	VIX	20.95	11.44%	(7.91%)		🔻	10Y TB yield	14.71	(8)	32
	🔻	STOXX 50	4,170.35	(0.16%)	17.39%		🔻	2Y TB yield	0.22	(0)	9
EM	🔼	MSCI Emerging	1,308.94	0.69%	1.37%		🔻	10Y TB yield	1.34	(0)	41
FM	🔻	MSCI Frontier	663.67	(0.12%)	16.10%		🔻	30Y TB yield	1.93	(3)	27

* As of market close. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

TABLE OF CONTENTS

[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

TABLE OF CONTENTS

DATE	TICKER	TYPE	EVENT
14-Sep-21	EKHO	Share conversion	Last day for shareholder to convert the trading currency of their EGX-listed shares from USD to EGP.
16-Sep-21		MPC Meeting	Determining the CBE's policy rate.
18-Sep-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
19-Sep-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in the 6th of October project.
21-Sep-21	CIRA	OGM	Discussing the dividend distribution suggested by the BoD.
21-22 Sep-21		FOMC	Determining the U.S. monetary stance.
22-Sep-21	RMDA	Stock dividend	The deadline for eligibility for a 0.30-for-1 stock dividend.
23-Sep-21	RMDA	Stock dividend	Date for distributing a 0.30-for-1 stock dividend.
25-Sep-21	ABUK	OGM	Approving the financial statements ending 30 Jun. 2021 and the proposed dividend.
25-Sep-21	ELNA	OGM	Approving the financial statements and other agenda items.

25-Sep-21	AMOC	OGM	Approving the financial statements ending 30 Jun. 2021 and other agenda items.
28-Sep-21	HRHO	OGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
29-Sep-21	DEIN	OGM	Approving financial statements and other agenda items.
29-Sep-21	CICH	EGM	Amending articles 4, 7 & 19 of the bylaws.
29-Sep-21	IFAP	OGM	Approving the financial statements and other agenda items.
29-Sep-21	IFAP	EGM	Amending articles 3, 24 & 31 of the bylaws.
30-Sep-21	AIFI	OGM	Discussing listing Atlas Siwa for Agricultural Development on the Nilex.
30-Sep-21	CICH	Cash dividend	Date for paying out EGP0.10/share (3rd round).
30-Sep-21	ZMID	Cash dividend	Date for paying out EGP0.15/share (3rd round).
30-Sep-21	ANFI	OGM	A board reshuffle.
30-Sep-21	ANFI	EGM	Amending article 7 of the bylaws.
30-Sep-21	MOED	OGM	Approving the financial statements and other agenda items.
30-Sep-21	MICH	OGM	Discussing a dividend distribution for FY2020/21.

7. LATEST RESEARCH

TABLE OF CONTENTS

DATE	PUBLISHED REPORT
9-Sep-21	<u>MACROView – Hot Summer Winds</u>
7-Sep-21	<u>MACROView – The Global Blessing Windfall</u>
6-Sep-21	<u>MACROView – Tempered, But Cautious, Optimism</u>
5-Sep-21	<u>Misr Chemical Industries [MICH] – Nice While It Lasted</u>
29-Aug-21	<u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u>
24-Aug-21	<u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u>
18-Aug-21	<u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u>
17-Aug-21	<u>Elsewedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>
16-Aug-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board</u>
11-Aug-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u>
10-Aug-21	<u>MACROView – July's Feverous Inflation</u>
9-Aug-21	<u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u>
5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>
8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>

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>

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