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## Brazil for the Win

### 1. Today's Trading Playbook

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**Sherif El-Etr** | Equity Analyst

[seletr@egy.primegroup.org](mailto:seletr@egy.primegroup.org)

#### KEY THEMES

Sometimes companies need certain corporate actions or pieces of news to unlock some of their hidden value. A case in point is Orascom Investment Holding [**OIH**] which whose BoD held a meeting on 11 September 2021, revealing that the company is in talks to sell one of its subsidiary's assets in Brazil worth the equivalent of EGP1.2bn. The assets are composed of seven floors in a building owned by OIH's Brazilian subsidiary. As per H1 2021 financials, the book value of the assets considered to be sold is EGP694mn (implying a 73% capital gain). We note that the proceeds of the potential sale is equal to c.100% of OIH's current market cap. We believe such proceeds could either **(1)** help deleverage OIH's balance sheet, bringing its net cash-to-market cap ratio to 65%, **(2)** be used to distribute special dividends, or **(3)** be used to acquire investments that complement OIH's investment strategy.

#### POSITIVE

**OIH:** We believe that regardless of H1 2021 results, the aforementioned trio of options should unlock hidden values within the OIH's investment portfolio.

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

### 2. TOP NEWS & ANALYSIS

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#### MACRO NEWS

**Siemens will sign up to USD6bn in contracts** to implement the second and third lines of Egypt's high-speed rail project within the next two months. ([Enterprise](#))

**Russia may increase the number of direct flights between the country and tourist hotspots Sharm El Sheikh and Hurghada.** ([Russian government statement](#))

**Egypt will be taken off the UK's "red list" this week** as the UK government is expected to review its "red list" of countries considered to pose the highest risk of COVID-19 variants later this week. ([The telegraph](#))

## CORPORATE NEWS

**Orascom Investment Holding [OIH] signed a loan agreement worth EGP311mn** with NBE to finance a sound and light project. Meanwhile, **OIH's BoD is in talks to sell one of the company's subsidiary's asset in Brazil for EGP1.2bn.** ([Economy Plus](#), [Company disclosure](#))

**Housing & Development Bank's [HDBK] request to increase its paid-in capital from EGP1.5bn to EGP5.3bn has been approved by the Financial Regulatory Authority (FRA),** which will increase the number of shares to a total of 531.3mn from 151.8mn. The capital hike will be financed from general and legal reserves and net income. ([FRA](#))

**Eastern Company's [EAST] retirement of 20mn treasury stocks at par value of EGP1/share has received the regulatory nod.** This will decrease EAST's capital by EGP20mn to EGP2.23bn. ([Company disclosure](#))

**EFG Hermes Holding's [HRHO] consumer finance arm ValU concluded its first securitization bond issuance of EGP322.6mn.** This offering is part of an EGP2bn securitization program that is already approved by the financial regulator. ValU's H1 2021 portfolio stands at EGP1.1bn. ([Company disclosure](#))

## GLOBAL NEWS

**U.S. inflation is expected today to have risen 0.4% in August m/m, a head of today's August inflation report,** according to a Dow Jones consensus estimate. On annual basis, CPI would then be up 5.4%, the same pace as it was in July. ([CNBC](#))

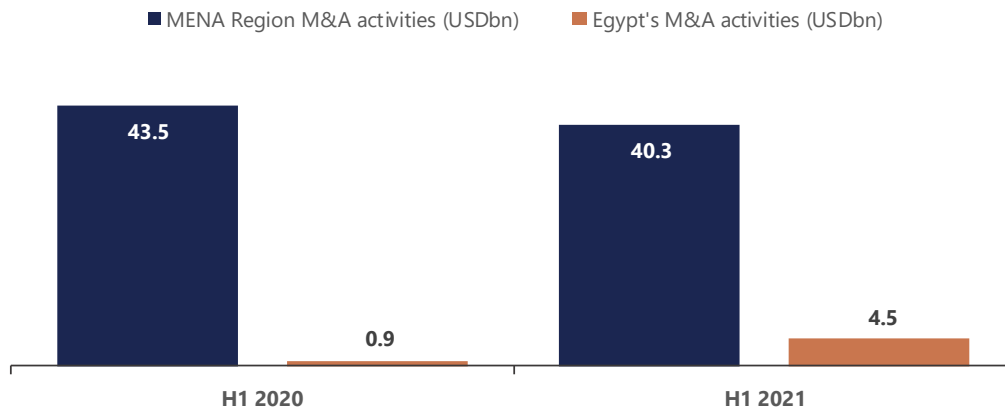
**Most investors are expecting a pullback in stock markets of 5% to 10%** before the end of the year, according to a survey from Deutsche Bank. ([CNBC](#))

### 3. CHART OF THE DAY

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**Nada Wagdy** | Equity Analyst  
[NWagdy@egy.primegroup.org](mailto:NWagdy@egy.primegroup.org)

#### Egypt's M&A activity values in H1 2021



Source: Baker McKenzie.

Although the uncertainties of COVID-19 still exist, Egypt's M&A activities skyrocketed during H1 2021 in both value and volume terms. Egypt recorded M&A deals worth USD4.5bn during H1 2021, a triple-digit growth of 394% y/y. In terms of volumes, Egypt saw a growth of 50% y/y, achieving 111 deals during the same period. This is compared to a decline of 7% y/y seen in Middle East M&A's deal values which registered USD40.3bn in H1 2021.

### 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
731.1					1,209.8		1,178.6	
			daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	11,140.22	0.94%	2.72%	Gold	1,793.75	0.35%	(5.55%)
	EGX 30 TR	4,349.91	0.95%	4.27%	Silver	23.74	(0.02%)	(10.13%)
	EGX 70 EWI	2,913.61	2.38%	35.82%	Brent Oil	73.51	0.78%	43.01%
	EGX 100 EWI	3,911.04	2.04%	26.25%	WTI	70.45	0.85%	46.43%
	DFMGI	2,888.82	(0.28%)	15.93%	Natural Gas	5.23	(0.71%)	104.57%
	ADAMI	7,764.69	(0.70%)	53.73%	USD/EGP	15.71	(0.01%)	(0.20%)
	TASI	11,386.38	0.38%	31.04%	EUR/USD	1.18	0.04%	(3.27%)
	QE Index	11,083.71	0.05%	6.21%	GBP/USD	1.38	0.07%	1.30%
	S&P 500	4,468.73	0.23%	18.97%	USD/JPY	109.99	0.01%	6.54%
	Dow 30	34,869.63	0.76%	13.93%	6M TB yield	12.69	1	(4)
	NASDAQ	15,105.58	(0.07%)	17.20%	1Y TB yield	13.02	4	25
	VIX	19.37	(7.54%)	(14.86%)	10Y TB yield	14.71	(8)	32
	STOXX 50	4,189.53	0.46%	17.93%	2Y TB yield	0.22	(0)	9
	MSCI Emerging	1,301.54	(0.57%)	0.80%	10Y TB yield	1.33	(1)	40
	MSCI Frontier	664.04	0.06%	16.17%	30Y TB yield	1.91	(2)	25

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
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 the 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

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DATE	PUBLISHED REPORT
9-Sep-21	<a href="#">MACROView – Hot Summer Winds</a>
7-Sep-21	<a href="#">MACROView – The Global Blessing Windfall</a>
6-Sep-21	<a href="#">MACROView – Tempered, But Cautious, Optimism</a>
5-Sep-21	<a href="#">Misr Chemical Industries [MICH] – Nice While It Lasted</a>
29-Aug-21	<a href="#">Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</a>



24-Aug-21	<a href="#"><u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u></a>
18-Aug-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u></a>
17-Aug-21	<a href="#"><u>Elsewedy Electric [SWDY] – Impressive Set of Results</u></a>
17-Aug-21	<a href="#"><u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u></a>
16-Aug-21	<a href="#"><u>B Investments Holding [BINV] – Growth Dented Across the Board</u></a>
11-Aug-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u></a>
10-Aug-21	<a href="#"><u>MACROView – July’s Feverous Inflation</u></a>
9-Aug-21	<a href="#"><u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u></a>
5-Aug-21	<a href="#"><u>MACROView – The Sky Is No Blue</u></a>
4-Aug-21	<a href="#"><u>MACROView – Constrained Recovery</u></a>
26-Jul-21	<a href="#"><u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u></a>
13-Jul-21	<a href="#"><u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u></a>
8-Jul-21	<a href="#"><u>MACROView – Inflation Edged Up, As Expected</u></a>
8-Jul-21	<a href="#"><u>MACROView – External Buffers Still Powering Ahead</u></a>
6-Jul-21	<a href="#"><u>MACROView – A Steady and Slow Recovery in the Making</u></a>
<b>5-July-21</b>	<b><a href="#"><u>Abu Qir Fertilizers [ABUK] – Talking U</u></a></b>
16-June-21	<a href="#"><u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u></a>
14-June-21	<a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Earnings Flattened by Factoring Cost</u></a>
10-June-21	<a href="#"><u>MACROView – Inflation Risk Rising, but Still Within Target</u></a>
8-June-21	<a href="#"><u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u></a>
6-June-21	<a href="#"><u>MACROView – Further Enhancement</u></a>
3-June-21	<a href="#"><u>MACROView – Contraction Eased</u></a>
23-May-21	<a href="#"><u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u></a>
23-May-21	<a href="#"><u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u></a>
22-May-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u></a>
20-May-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u></a>
20-May-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u></a>
<b>18-May-21</b>	<b><a href="#"><u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u></a></b>
18-May-21	<a href="#"><u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u></a>
17-May-21	<a href="#"><u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u></a>
11-May-21	<a href="#"><u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u></a>
9-May-21	<a href="#"><u>MACROView – Stability Prevailed</u></a>

6-May-21	<a href="#"><u>MACROView – The Road to Recovery Gets Longer</u></a>
18-Apr-21	<a href="#"><u>MACROView – Challenges Remain Daunting</u></a>
13-Apr-21	<b><a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u></a></b>
12-Apr-21	<b><a href="#"><u>Orascom Construction [ORAS] – Rich in Value</u></a></b>
11-Apr-21	<a href="#"><u>MACROView – Monthly Reading Pressured By Seasonality</u></a>
6-Apr-21	<a href="#"><u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u></a>
6-Apr-21	<a href="#"><u>MACROView – Still Downbeat</u></a>
28-Mar-21	<a href="#"><u>Taaleem Management Services [TALM] – Enriching the Education Sector</u></a>
18-Mar-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u></a>
10-Mar-21	<a href="#"><u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u></a>
8-Mar-21	<a href="#"><u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u></a>
7-Mar-21	<b><a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a></b>
3-Mar-21	<a href="#"><u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u></a>
2-Mar-21	<a href="#"><u>MACROView – Commodity Supercycle: Real or Hype?</u></a>
1-Mar-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u></a>
25-Feb-21	<a href="#"><u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u></a>
22-Feb-21	<a href="#"><u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u></a>
10-Feb-21	<a href="#"><u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u></a>
8-Feb-21	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
4-Feb-21	<a href="#"><u>MACROView – External Buffers Are Still Restoring Grounds</u></a>
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3-Feb-21	<a href="#"><u>MACROView – External Woes vs. Cautious Optimism</u></a>
1-Feb-21	<b><a href="#"><u>STANDPoint – Egypt 2021 Investing Playbook</u></a></b>
14-Jan-21	<b><a href="#"><u>CI Capital Holding [CICH] – New Expansions = Further Growth</u></a></b>
10-Jan-21	<a href="#"><u>MACROView – Below End-of-Year Target</u></a>
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28-Dec-20	<b><a href="#"><u>Elsewedy Electric [SWDY] – More Growth to Come</u></a></b>
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16-Dec-20	<a href="#"><u>CIB [COMI] – Earnings beat despite higher provisions</u></a>
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7-Dec-20	<a href="#"><u>MACROView – Restored Ground</u></a>

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3-Dec-20	<a href="#"><u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u></a>
<b>25-Nov-20</b>	<b><a href="#"><u>Misr Chemical Industries [MICH] – Pandemic Proof</u></a></b>
10-Nov-20	<a href="#"><u>MACROView – An expected rise as the new school year began</u></a>
4-Nov-20	<a href="#"><u>MACROView – The Stars Seem to Be Aligned for International Reserves</u></a>
3-Nov-20	<a href="#"><u>MACROView – The Highest Reading in Six Years</u></a>
25-Oct-20	<a href="#"><u>CIB [COMI] – Short-term pain for longer-term gain</u></a>
11-Oct-20	<a href="#"><u>MACROView – Disinflationary trend interrupted</u></a>
11-Oct-20	<a href="#"><u>MACROView – External strains are slacking and reserves are growing</u></a>
<b>6-Oct-20</b>	<b><a href="#"><u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u></a></b>
5-Oct-20	<a href="#"><u>MACROView – Egypt’s recovery is broadening</u></a>

**Prime Securities****Shawkat El Maraghy**

Managing Director

T +20233005622

[SElmaraghy@egy.primegroup.org](mailto:SElmaraghy@egy.primegroup.org)**Sales****Mohamed Ezzat**

Head of Sales &amp; Branches

T +20233005784

[MEzzat@egy.primegroup.org](mailto:MEzzat@egy.primegroup.org)**Mohamed Ashmawy**

Head of Institutional Sales

T +20233005612

[MAshmawy@egy.primegroup.org](mailto:MAshmawy@egy.primegroup.org)**Amr Alaa CFTe**

Team Head-Institutional Desk

T +20233005609

[AAlaa@egy.primegroup.org](mailto:AAlaa@egy.primegroup.org)**Mohamed ElMetwaly**

Manager

T +20233005610

[MElmetwaly@egy.primegroup.org](mailto:MElmetwaly@egy.primegroup.org)**Emad El Safoury**

Manager

T +20233005624

[EElsafoury@egy.primegroup.org](mailto:EElsafoury@egy.primegroup.org)**Shawkat Raslan**

Heliopolis Branch Manager

T +20233008130

[SRaslan@egy.primegroup.org](mailto:SRaslan@egy.primegroup.org)**Nashwa Abuelatta**

Alexandria Branch Manager

T +20233005173

[NAbuelatta@egy.primegroup.org](mailto:NAbuelatta@egy.primegroup.org)**Research****Amr Hussein Elalfy CFA**

Head of Research

T +20233005724

[AElalfy@egy.primegroup.org](mailto:AElalfy@egy.primegroup.org)**Head Office**

Prime Securities S.A.E.

Regulated by FRA License No. 179.  
Member of the Egyptian Exchange.2 Wadi El Nil St, Liberty Tower, 7<sup>th</sup> Fl.  
Mohandessin, Giza, Egypt

T +20233005700/770/650/649

F +20237607543

**Branches****Heliopolis**7 Elheqaz Square  
Heliopolis, Cairo, Egypt

T +20227770600

F +20227770604

**Alexandria**7 Albert Al Awa St.  
Smouha, Alexandria, Egypt

T +20233008170

F +20233054622

**Website**[www.primeholdingco.com](http://www.primeholdingco.com)**Disclaimer**

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