

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

Ever and Again

1. Today's Trading Playbook

[TABLE OF CONTENTS](#)

KEY THEMES

Over the past few months, the word "ever" seems to bring more harm than good. Earlier in the year, Egypt had to deal with Ever Given, one of the largest container ships in the world, which blocked the Suez Canal for six days, resulting in delays in global trade and costing Egypt lost revenues that the country had to settle for a compensation with the ship owner. Ever and again, we hear of another "ever" that is impacting global markets: China Evergrande Group, China's second largest property developer. China Evergrande Group owes the biggest debt burden of any publicly-traded real-estate management or development company in the world. It owes some USD300bn to more than 170 banks and financial institutions. Growing concerns about its ability to honor its debt has triggered a risk-off mode, leading global investors to dump risky assets (e.g. stocks, oil, and bitcoin) and jump into safer ones (e.g. U.S. Treasuries).

The toughest part of the Evergrande story is how it could expose a weakness in the Chinese policy making abilities, or worse, structural weaknesses in the Chinese economy. The Chinese government has been passing sweeping regulations to different aspects of China's property market, aiming at limiting speculation that had fueled wild price hikes. Among many procedures, the Chinese government limited financing to Chinese property developers, as well as limiting mortgage finance. This in return hindered the selling abilities of Chinese companies, besides posing difficulties to refinance their debts. In addition, building materials prices were soaring, as part of China's de-carbonization efforts. Some sources hint to a potential government intervention to bail out China Evergrande Group. Incidentally, U.S. futures are showing some sort of a rebound.

Back home, the EGX 30 (-1.6% d/d, -2.6% wtd) and EGX 70 EWI (-2.7% d/d, -6.2% wtd) have endured quite heavy losses yesterday, affected by global turbulence over the possible default of China Evergrande Group. Global equities and risk assets in general had a rough day on Monday, as investors weighed the possibilities of different spillover scenarios to other markets/segments. This of course was coupled with expectations of an imminent tapering by the Fed, further extinguishing enthusiasm for risk assets. That said, we believe we should be secluded from any regional/local financial consequences arising from any default by China Evergrande Group due to lack of exposure. However, the current situation affected Egyptian stock prices, which put a lid



on the prices of many high-flying small cap stocks. We believe the negative effect should be limited to thin trading activities, given the weak participation from foreign investors in the local market. However, global woes can still lead to a heightened level of volatility. Furthermore, many individual "recovery" stories in the large cap space should be unfazed by any global jitters, which should create some opportunities when the dust settles.

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

2. TOP NEWS & ANALYSIS

TABLE OF CONTENTS

MACRO NEWS

Five state companies could offer shares on the EGX during FY22 which ends in June 2022. ([CNBC Arabia](#))

Egypt could sell around USD1bn in sovereign green bonds this fiscal year. ([CNBC Arabia](#))

The Central Bank of Egypt (CBE) and the Financial Regulatory Authority (FRA) will collaborate to issue licenses for consumer finance companies, under the terms of a partnership agreement signed by both parties. ([Enterprise](#))

The Building Materials Chamber will have a meeting this month to request the cancellation of cutting production capacity for the cement producers. The request came as a result of the recent increase in cement prices of EGP200/ton. Cement prices reached EGP950-1100/ton and transportation costs/ton increased as well. (Al-Mal)

CORPORATE NEWS

Fawry [FWRY] announced the acquisition of a minority stake in social commerce platform Brimore, which enables SME manufacturers to overcome go-to-market challenges through nationwide distribution capability. ([Company disclosure](#))

EFG Hermes Holding's [HRHO] subsidiary EFG Hermes Corp-Solutions and KarmSolar, Egypt's largest private solar utility company, signed an agreement that will see EFG Hermes Corp-Solutions provide Arkan Mall tenants with financing services backed by their contracts with KarmSolar. ([Enterprise](#))

General Co. for Ceramic & Porcelain Products' [PRCL] BoD approved a 10-for-1 stock split, bringing the par value up to EGP0.2/share from EGP2/share. The stock split is still subject to FRA approval. ([Company disclosure](#))

Mohandes Insurance [MOIN] generated net profits of EGP124mn in FY2021 (-16% y/y).

Total revenues edged up to EGP611mn (+1.3% y/y) in FY2021, while operating costs rose to EGP475mn (+13% y/y). ([Company disclosure](#))

Micro finance player Tamweely intends to launch four new financing products over the coming period as part of its expansion plan. ([Al-Mal](#))

GLOBAL NEWS

Analysts played down the threat of Evergrande's troubles becoming the country's "Lehman moment," though concerns about the spillover risks of a messy collapse of what was once China's top-selling property developer have roiled financial markets. ([Reuters](#))

The gas market chaos, which has driven prices 280% higher in Europe this year and led to a 100%+ surge in the United States is being blamed on a range of factors from low storage levels to carbon prices to reduced Russian supplies. ([Reuters](#))

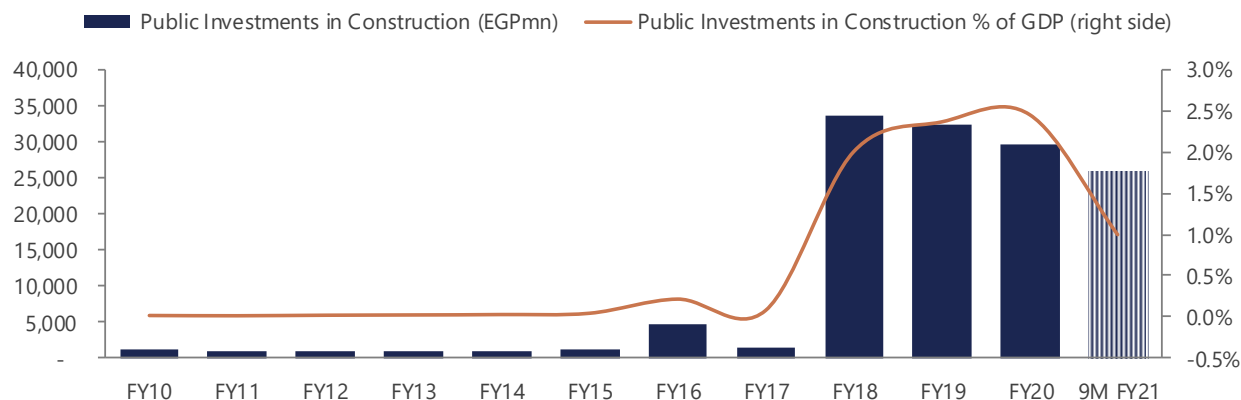
Weeks before the World Bank scrapped its flagship Doing Business rankings following a damning independent probe, a group of external advisers recommended an overhaul of the rankings to limit countries' efforts to "manipulate their scores." ([Reuters](#))

3. CHART OF THE DAY

[TABLE OF CONTENTS](#)

Mona Bedeir | Chief Economist

mbedeir@egy.primegroup.org



Source: Ministry of Planning.

Over the past few years, government investment in construction jumped from an average of 0.1% of GDP in the period of FY10-FY17 to 2.5% of GDP in FY20 before its fall due to the COVID-19 crisis to 1% during 9M FY21. According to IMF's latest research, an increase in public infrastructure investment equivalent to 1% of GDP could directly create more than 7mn jobs through its direct employment effects alone.



4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
706.8					1,216.3 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	10,710.56	(1.64%)	(1.24%)		Gold	1,764.16	0.56%	(7.11%)
	EGX 30 TR	4,182.52	(1.56%)	0.26%		Silver	22.27	(0.52%)	(15.35%)
	EGX 70 EWI	2,688.86	(2.71%)	25.35%		Brent Oil	73.92	0.97%	44.09%
	EGX 100 EWI	3,655.75	(2.60%)	18.01%		WTI	70.29	1.11%	46.48%
	DFMGI	2,872.03	(1.17%)	15.25%		Natural Gas	4.99	(0.56%)	95.23%
	ADSMI	7,745.70	(0.80%)	53.25%	EGP	USD/EGP	15.70	(0.07%)	(0.24%)
	TASI	11,328.33	(0.61%)	30.37%	€	EUR/USD	1.17	0.09%	(3.93%)
	QE Index	11,178.07	(0.41%)	7.11%	£	GBP/USD	1.37	0.16%	0.07%
	S&P 500	4,357.73	(1.70%)	16.02%	¥	USD/JPY	109.44	0.13%	6.13%
	Dow 30	33,970.47	(1.78%)	10.99%		6M TB yield	12.61	(8)	(12)
	NASDAQ	14,713.90	(2.19%)	14.16%		1Y TB yield	13.03	0	26
	VIX	25.71	23.55%	13.01%		10Y TB yield	14.71	(8)	32
	STOXX 50	4,043.63	(2.11%)	13.82%		2Y TB yield	0.22	1	9
EM	MSCI Emerging	1,258.23	(1.65%)	(2.56%)		10Y TB yield	1.31	(6)	38
FM	MSCI Frontier	660.05	(0.83%)	15.47%		30Y TB yield	1.85	(5)	19

* As of market close, except for commodities and currencies at 8.25am CLT. 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
21-Sep-21	CSAG	BoD meeting	Discussing changes in the company's bylaws.
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	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
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

TABLE OF CONTENTS

DATE	PUBLISHED REPORT
19-Sep-21	<u>TAKEStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival</u>
15-Sep-21	<u>MACROView – Deciphering the Din of Battle</u>
14-Sep-21	<u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u>
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>Elsowedy 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>TAKESStock – 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>Elsowedy 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>

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

Managing Director

T +20233005622

SElmaraghy@egy.primegroup.org**Sales****Mohamed Ezzat**

Head of Sales & Branches

T +20233005784

MEzzat@egy.primegroup.org**Mohamed Ashmawy**

Head of Institutional Sales

T +20233005612

MAshmawy@egy.primegroup.org**Amr Alaa CFTe**

Team Head-Institutional Desk

T +20233005609

AAlaa@egy.primegroup.org**Mohamed ElMetwaly**

Manager

T +20233005610

MElmetwaly@egy.primegroup.org**Emad El Safoury**

Manager

T +20233005624

EElsafoury@egy.primegroup.org**Shawkat Raslan**

Heliopolis Branch Manager

T +20233008130

SRaslan@egy.primegroup.org**Nashwa Abuelatta**

Alexandria Branch Manager

T +20233005173

NAbuelatta@egy.primegroup.org**Research****Amr Hussein Elalfy CFA**

Head of Research

T +20233005724

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, 7th Fl.
Mohandessin, Giza, Egypt

T +20233005700/770/650/649

F +20237607543

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

T +20227770600

F +20227770604

Alexandria7 Albert Al Awa St.
Smouha, Alexandria, Egypt

T +20233008170

F +20233054622

Websitewww.primeholdingco.com**Disclaimer**

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