

**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

## Self-Inflicted Wounds

### 1. Today's Trading Playbook

**TABLE OF CONTENTS****KEY THEMES**

Last Monday (the start of the global trading week), global markets felt the brunt of concerns over the potential credit default by China Evergrande Group, which we referred to [yesterday](#). However, global markets recovered much of their losses yesterday and today as well. However, in Egypt, the story is different. Small-cap-laden EGX 70 EWI fell some 9.3% so far on a week-to-date (wtd) basis (through yesterday), almost double the drop seen in EGX 30 which fell 4.5% in the same period. Along with global jitters, we believe continued weakness in the local market has been self-inflicted by three main local events:

- (1)** Uncertainty about the capital gains tax and its implications on trading.
- (2)** Sharp falls in the once-high-flying constituents of EGX 70 EWI triggering margin calls, which further exacerbates the impact.
- (3)** Local institutions ending yesterday as net sellers with some EGP224mn, probably in anticipation of funds redemption or potential margin calls.

This led EGX 30 to fall in tandem, albeit at a smaller magnitude. We note that EGX 30 has been lagging EGX 70 EWI for some time now (ytd: EGX 30 is -3%, EGX 70 EWI is +21%). In other words, it's the same old vicious cycle we get into once stock prices of highly-marginable names start falling. When the pressure of margin calls subsides, we could see the market stabilizing once more. A sign of optimism is that global markets are calmer today after an onshore unit of China Evergrande Group [said](#) it would make an interest payment this week.

Elsewhere, Egypt's real estate exhibition City Scape starts today through Saturday, 25 September, which may attract attention back to the sector following the sell-off seen recently.

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

## 2. TOP NEWS & ANALYSIS

### TABLE OF CONTENTS

### MACRO NEWS

**Real estate companies could face closer regulatory scrutiny under proposals designed to mitigate risk in the sector, a senior Ministry of Housing official suggested.** The Vice Minister for Housing said the measures could see auditors assigned to each real estate developer and a requirement to produce quarterly reports on their projects and activities. The ministry and the New Urban Communities Authority are also considering having real estate developers create separate bank accounts for each of their developments, which would allow auditors to monitor the projects' finances. ([Al-Mal](#))

**The UK is working with the Egyptian government on how to make Egyptian vaccine certificates recognized by the UK.** ([British embassy](#))

**Suez Canal revenues grew by 11.6% y/y during 8M 2021 to USD4.1bn,** compared to USD3.7bn in the same period last year. ([Economy Plus](#))

**Total assets for the banking sector witnessed a growth of 24% y/y in H1 2021 to EGP7.9tn,** as a result of 30% y/y surge in gross loans to EGP2.9tn, while total deposits grew by 22.3% y/y to EGP5.7tn. ([CBE](#))

### CORPORATE NEWS

**Cairo for Investment & Real Estate Development's [CIRA] OGM approved distributing a cash dividend of EGP0.1716/share,** implying a dividend yield of 1.4%. Meanwhile, The company's BoD approved to take a loan of EGP260mn to fund the company's new projects. (Company disclosures: [1](#), [2](#))

**Contact Financial Holding's [CNFN] subsidiary Contactcars.com acquired Sa3ar Technology Solutions which provides car valuation technology.** ([Company disclosure](#))

**General Co. for Ceramic & Porcelain Products' [PRCL] request for a 10-for-1 stock split has been rejected by the Financial Regulatory Authority,** leaving the stock par value unchanged at EGP2/share. ([Company disclosure](#))

### GLOBAL NEWS

**The Fed will release a policy statement along with the economic and interest rate forecasts it issues quarterly at the end of its two-day meeting today.** After Monday's market turbulence, the Federal Reserve's challenge will be to sound reassuring while acknowledging it's preparing to make its first major step away from the easy policies it put in place to fight the pandemic. ([CNBC](#))

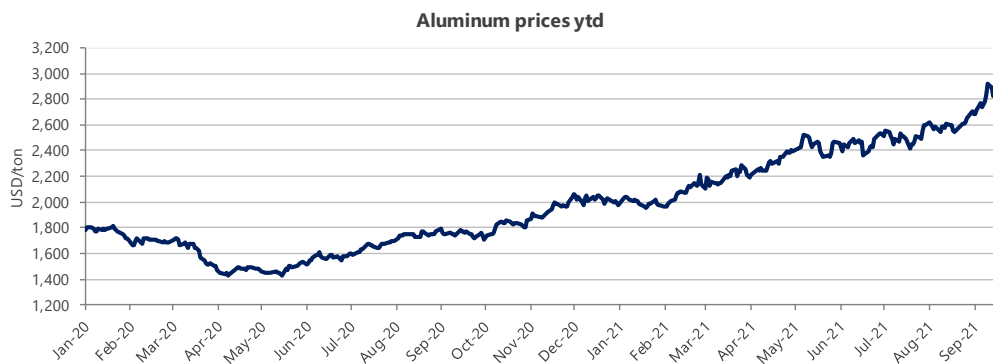
**China Evergrande Group's main unit said on Wednesday it would make a coupon payment on its domestic bonds on 23 September,** offering some relief to jittery markets that had been on edge over fears that a default of China's second largest developer could ripple through the global financial system. ([Reuters](#))

### 3. CHART OF THE DAY

#### TABLE OF CONTENTS

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Source: Investing.com.

After flirting with the USD3,000/ton level, aluminum prices retreated marginally by USD148/ton (-5%) as traders re-assess supply capabilities. Yet, prices generally remain elevated on potentially tighter supply, which could remain so into 2022.

### 4. MARKETS PERFORMANCE

#### TABLE OF CONTENTS

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
692.2					1,527.6 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	10,498.52	(1.98%)	(3.20%)		Gold	1,774.51	0.59%	(6.31%)
	EGX 30 TR	4,098.88	(2.00%)	(1.75%)		Silver	22.50	1.02%	(13.58%)
	EGX 70 EWI	2,598.96	(3.34%)	21.16%		Brent Oil	74.36	1.36%	45.50%
	EGX 100 EWI	3,535.65	(3.29%)	14.13%		WTI	70.49	1.55%	47.53%
	DFMGI	2,837.54	(1.20%)	13.87%		Natural Gas	4.81	0.98%	91.10%
	ADSMI	7,754.33	0.11%	53.83%		USD/EGP	15.73	0.15%	(0.20%)
	TASI	11,315.81	(0.11%)	30.22%	€	EUR/USD	1.17	0.05%	(3.96%)
	QE Index	11,143.45	(0.31%)	6.84%	£	GBP/USD	1.37	(0.01%)	(0.10%)
	S&P 500	4,354.19	(0.08%)	15.92%	¥	USD/JPY	109.23	0.30%	6.11%
	Dow 30	33,919.84	(0.15%)	10.83%		6M TB yield	12.61	(8)	(12)
	NASDAQ	14,746.40	0.22%	14.42%		1Y TB yield	13.03	0	26
	VIX	24.36	(5.25%)	7.08%		10Y TB yield	14.69	(2)	30
	STOXX 50	4,097.51	1.33%	15.34%		2Y TB yield	0.22	(0)	9
	MSCI Emerging	1,261.40	0.25%	(2.31%)		10Y TB yield	1.33	2	40
	MSCI Frontier	658.06	(0.30%)	15.12%		30Y TB yield	1.87	1	21

\* As of market close, except for commodities and currencies at 8.35am 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
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	<a href="#">TAKESock – Consumer Staples (Food &amp; Beverage) – All You Can Eat Festival</a>
15-Sep-21	<a href="#">MACROView – Deciphering the Din of Battle</a>
14-Sep-21	<a href="#">TAKESock – Orascom Investment Holding [OIH] — Monetization at Play</a>
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="#">Abu Qir Fertilizers [ABUK] – When the Stars Align</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>
<b>13-Apr-21</b>	<b><a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u></a></b>
<b>12-Apr-21</b>	<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>
<b>7-Mar-21</b>	<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>
3-Feb-21	<a href="#"><u>MACROView – A Fragile Improvement but Favorable Sentiment</u></a>
3-Feb-21	<a href="#"><u>MACROView – External Woes vs. Cautious Optimism</u></a>
<b>1-Feb-21</b>	<b><a href="#"><u>STANDPoint – Egypt 2021 Investing Playbook</u></a></b>
<b>14-Jan-21</b>	<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>
6-Jan-21	<a href="#"><u>MACROView – On the Path to Further Recovery</u></a>
5-Jan-21	<a href="#"><u>MACROView – Rutted Road to Recovery</u></a>
<b>28-Dec-20</b>	<b><a href="#"><u>Elsewedy Electric [SWDY] – More Growth to Come</u></a></b>
<b>22-Dec-20</b>	<b><a href="#"><u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u></a></b>
16-Dec-20	<a href="#"><u>CIB [COMI] – Earnings beat despite higher provisions</u></a>
10-Dec-20	<a href="#"><u>MACROView – The Highest Reading in Seven Months</u></a>
7-Dec-20	<a href="#"><u>MACROView – Restored Ground</u></a>
6-Dec-20	<a href="#"><u>MACROView – Lost Momentum</u></a>



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

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