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Silver Lining

1. Today's Trading Playbook

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KEY THEMES

The supply of chlorine and caustic soda is currently very tight inside the U.S. amid robust demand and logistics bottlenecks. The situation of disrupted supply got amplified by the fallout of hurricane Ida, which added to the woes of the recent flooding in Germany, causing a number of capacity outages. Furthermore, the limit of industrial usage of electricity in China further keeps the Asian output subdued. Prices of both of the Electrochemical Unit (ECU) components (i.e. chlorine and caustic soda) are now soaring, with some reports pointing to the possible continuation of the current supply tightness into 2022.

Solid caustic soda prices are very good news for chloralkali manufacturers here in Egypt. This should bode well for Misr Chemical Industries [**MICH**] and promises a strong Q1 2021/22 results. Just this morning, MICH announced its 2M 2021/22 indicators, showing a bottom line of EGP32mn (+15% y/y). We believe the current market conditions should strongly boost MICH's performance throughout 2021/22, where the bottom line is expected to remain in the triple-digit territory. MICH is currently traded at 2020/21 P/E of only 6x, where our 12M PT for the name is EGP13.9/share (+23%).

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Suez Canal recorded the highest daily transit rate in its history with 87 ships, at a total net tonnage of 4.8mn tons. ([Economy Plus](#))

Licensing rules for hotels and tourism companies may soon be simplified after the Cabinet approved a draft law that says "will improve the business climate and enhance competitiveness" of the tourism sector. ([Egyptian Cabinet](#))

CORPORATE NEWS

Orascom Investment Holding's [OIH] subsidiary, Orascom Pyramids, signed an agreement with Orascom Construction [ORAS] worth EGP170mn for the revamp of the Giza pyramids area. ([Hapi](#))

Arab Cotton Ginning Co.'s [ACGC] 2020/21 KPIs showed net losses narrowing to EGP23mn vs. EGP188mn a year ago. ACGC's performance improved on higher revenues of EGP1.3bn (+18% y/y) and a gross profit margin of 10% (vs. GLM of 0.65% in 2020/21). ([Company disclosure](#))

Beltone Financial Holding's [BTFH] request to increase its capital by EGP35.7mn to EGP957mn has received the financial regulator's nod. The capital raise would be used for an employee stock ownership plan. ([FRA](#))

GB Auto's [AUTO] consumer finance arm, Drive (a GB Capital subsidiary), intends to expand geographically by opening four new branches during Q1 2022. (Al-Borsa)

Environmental Protection Fund (EPF) decided to reevaluate Orascom Development Egypt's [ORHD] green charge of USD33.9mn (c. EGP0.5/share) laid by the government in relation to El-Gouna. (Al-Mal)

Faisal Islamic Bank of Egypt [FAIT] reduced its stake in the capital of the International Co. for Leasing (Incolease) to 8.99% instead of 9.99%. ([Hapi](#))

The 2Africa consortium, which consists of several companies including Telecom Egypt [ETEL], announced the addition of a new segment to the 2Africa submarine Internet cable under the name of 2Africa PEARLS. This new segment will extend to the Arab Gulf region, India and Pakistan and its length will increase by more than 45,000 km, making it today the longest submarine cable system for internet services in the world. ([Arab Finance](#))

Upper Egypt Flour Mills [UEFM] proposed a DPS of EGP10 for FY21, implying a dividend yield of 9.7%. ([Company disclosure](#))

Abu Auf's CEO expects the company's initial public offering of the 40-49% stake to yield around USD200mn. The company will use the proceeds to expand its operations in the Gulf region. ([Economy Plus](#))

GLOBAL NEWS

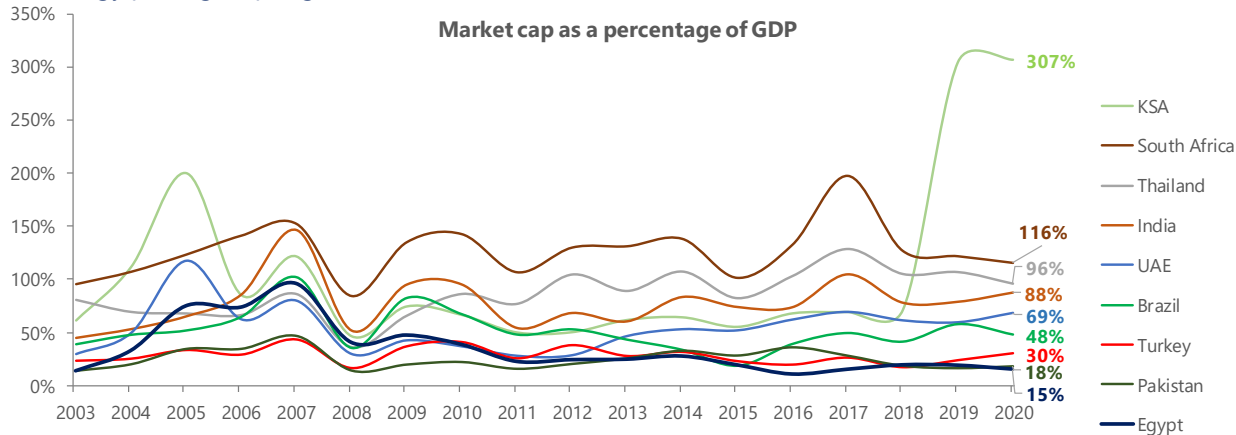
Global sovereign yields will have only drifted modestly higher by this time next year, but most bond strategists polled by Reuters appear convinced the only way is up and the gap between short and long-term maturities is set to widen. ([Reuters](#))

China's factory activity unexpectedly shrank in September due to wider curbs on electricity use and elevated input prices, while services returned to expansion as COVID-19 outbreaks receded, offering some relief to the world's second-biggest economy. ([Reuters](#))

3. CHART OF THE DAY

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Source: Bloomberg, Prime Research.

Compared to emerging and frontier markets, Egypt has the lowest market cap as percentage of GDP, at 15%. On the flipside of the same token, Saudi Arabia has the highest ratio at 307%, thanks to Saudi Aramco's [2222] initial public offering (IPO). This reflects the disconnect between the Egyptian economy and its capital market, which we hope will change with the new IPOs that will be executed on the Egyptian Exchange over the next six months or so.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
696.4					1,002.6 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	10,391.14	(0.53%)	(4.19%)		Gold	1,726.37	(0.44%)	(8.95%)
	EGX 30 TR	4,053.63	(0.61%)	(2.83%)		Silver	21.54	(4.10%)	(18.38%)
	EGX 70 EWI	2,699.85	(0.35%)	25.86%		Brent Oil	78.64	(0.08%)	51.70%
	EGX 100 EWI	3,631.95	(0.24%)	17.24%		WTI	74.83	0.05%	54.31%
	DFMGI	2,826.53	(0.15%)	13.43%		Natural Gas	5.48	0.88%	117.61%
	ADSMI	7,730.63	(0.33%)	53.39%	EGP	USD/EGP	15.71	0.01%	(0.23%)
	TASI	11,383.65	0.01%	31.00%	€	EUR/USD	1.16	0.03%	(5.03%)
	QE Index	11,431.15	0.39%	9.60%	£	GBP/USD	1.34	0.20%	(1.58%)
	S&P 500	4,359.46	0.16%	16.06%	¥	USD/JPY	111.96	(0.03%)	8.41%
	Dow 30	34,390.72	0.26%	12.36%		6M TB yield	12.61	(0)	(12)
	NASDAQ	14,512.44	(0.24%)	12.60%		1Y TB yield	13.03	0	26
	VIX	22.56	(2.97%)	(0.84%)		10Y TB yield	14.69	(2)	30
	STOXX 50	4,080.22	0.53%	14.85%		2Y TB yield	0.29	(1)	16
EM	MSCI Emerging	1,251.28	(0.76%)	(3.10%)		10Y TB yield	1.52	(2)	59
FM	MSCI Frontier	660.06	(0.06%)	15.47%		30Y TB yield	2.07	(3)	41

* As of market close, except for commodities and currencies at 8.4am CLT. 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
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	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.
2-Oct-21	NRPD	EGM	Amending article 46 of the bylaws.
4-Oct-21	CIRA	Cash dividend	Last date for eligibility for a dividend of EGP0.17/share.
5-Oct-21	CIRA	Cash dividend	Ex-dividend date for EGP0.17/share.
10-Oct-21	CIRA	Cash dividend	Date for paying out a dividend of EGP0.17/share.
10-Oct-21	DOMT	BoD meeting	Discussing the financial results.
11-Oct-21	ISMQ	OGM	Discussing 2020/21 financials.
11-Oct-21	ISMQ	EGM	Amending the articles of association.
13-Oct-21	IRON	OGM	Approving the financial statements and other agenda items.
14-Oct-21	CERA	EGM	Approving a 4-for-1 stock split



14-Oct-21	RAKT	OGM	Approving financial statements and other agenda items.
14-Oct-21	RAKT	EGM	Discussing article 38 of the bylaws.
17-Oct-21	WCDF	OGM	Approving the financial statements for FY2017-FY2021.
17-Oct-21	WCDF	EGM	Amending the articles of incorporation.
18-Oct-21	AMOC	Cash dividend	Last date for eligibility for a dividend of EGP0.150/share.
19-Oct-21	AMOC	Cash dividend	Date for ex-dividends of EGP0.150/share.
21-Oct-21	AMOC	Cash dividend	Date for paying out a dividend of EGP0.150/share.
25-Oct-21	SCFM	OGM	Approving the financial statements and other agenda items.
25-Oct-21	SCFM	EGM	Discussing the continuation of the company.
27-Oct-21	BTFH	OGM	Approving increasing issued capital and amending articles 6 & 7 of the bylaws.
27-Oct-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
28-Oct-21		MPC Meeting	Determining the CBE's policy rate.
30-Oct-21	EGTS	OGM	Approving the financial statements and other agenda items.
31-Oct-21	MNHD	Cash dividend	Date for paying out a dividend of EGP0.30/share (2nd round).

7. LATEST RESEARCH

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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>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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