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## Winter Is Coming

### 1. Today's Trading Playbook

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**KEY THEMES**

The fallout of Europe energy crisis on natural gas prices still hasn't eased out, with the winter season underway. Weak storage levels of natural gas since last winter, coupled with a tight Russian supply, rendered the situation worrisome, months before the usual winter season. Meanwhile, the scene in Asia isn't too different, especially with the state of the current power demand, in addition to soaring coal prices. Accordingly, both regions are now battling out any available **Liquefied Natural Gas (LNG)** supplies, leading spot prices per MMBTu to cross over the USD25.0 mark in both continents.

Right now, the market is carefully awaiting the weather forecast for November and December, as it will help guide expectations regarding the current supply shock. Despite the current rally in oil prices, with Brent trading very near the USD80/bbl level, many believe that Europe is on the verge of a gas-to-oil switch. Such strategy has already been followed by a number of regions in south Asia, amid surging spot LNG prices. We believe the gas-to-oil switch will reinforce demand for gasoil and **High Sulphur Fuel Oil (HSFO)**, which should bode well for refineries' margins and activities. Furthermore, higher coal and natural gas prices will help sustain the current rally in global nitrogen fertilizers' prices as we mentioned here before in our [Trading Playbook dated 29 September 2021](#).

**POSTIVE**

**ABUK, MFPC, AMOC:** Higher global coal and natural gas prices should help sustain the strength of global urea prices. Meanwhile, possible gas-to-oil switch in Europe and Asia should stimulate demand for fuel oils, particularly HSFO and gasoil.

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

## 2. TOP NEWS & ANALYSIS

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### MACRO NEWS

**Egypt's maiden sovereign sukuk offering could be in the range of USD500mn,** Finance Minister said. ([Al-Mal](#))

**Passenger car sales continued to strengthen in August, rising 15% y/y during the month,** according to industry figures released yesterday. ([Enterprise](#))

**The Net Foreign Assets of the banking sector fell further in August to USD10.1bn,** compared to USD15.67bn in July. More details will be covered in our NIR monthly note. ([CBE](#))

**The Export Council for Building Materials, Refractory & Metallurgy Industries requests a quick intervention to inject natural gas to cement factories** after the recent increase in coal prices to USD195/ton up from USD80/ton. ([Al-Borsa](#))

### CORPORATE NEWS

**Banking sources said that Telecom Egypt [ETEL] plans to return to the global debt markets for the first time since 2018 by borrowing c.USD500mn through a syndicated loan.** The loan tenor is expected to be 6 years and will be used to refinance ETEL's short-term debts as well as capital expenditures. ([CNBC](#))

**Obour Land for Food Industries [OLFI] intends to operate its company "Obour Farm" by 2022.** The EGP255mn investment is targeted to include 2,500 cow. ([Al-Borsa](#))

**TMG Holding [TMGH] studies expanding its business in Saudi Arabia and Iraq.** ([Arab Finance](#))

**GB Auto [AUTO] increased the prices of its Chery cars by a range of EGP2,000 to EGP9,000,** as the shortage of semiconductors and chips continues to weigh on global production. ([Al-Borsa](#))

**Nile Misr Healthcare platform, through its African arm, Elevate Healthcare, has started its initial steps towards expanding in Africa via injecting investments of USD130mn to four countries,** it is assumed that hospitals and specialized diagnostic and treatment centers will be established in each country separately. ([Al-Mal](#))

## GLOBAL NEWS

**OPEC and its allies meet today to debate how much oil to release into the red hot market,** where supply disruptions and recovering demand from the coronavirus pandemic have pushed oil above USD80 per barrel. ([Reuters](#))

**Distressed developer China Evergrande will sell a half-stake in its property management unit to Hopson Development for more than USD5bn,** after both Evergrande and Hopson requested trading halts ahead of a major transaction. ([Reuters](#))

**EM equities are looking very vulnerable to a spike in U.S. Treasury yields,** with data showing the sensitivity of EM assets to fluctuations in US treasuries at its highest level since 2017 last week. ([Bloomberg](#))

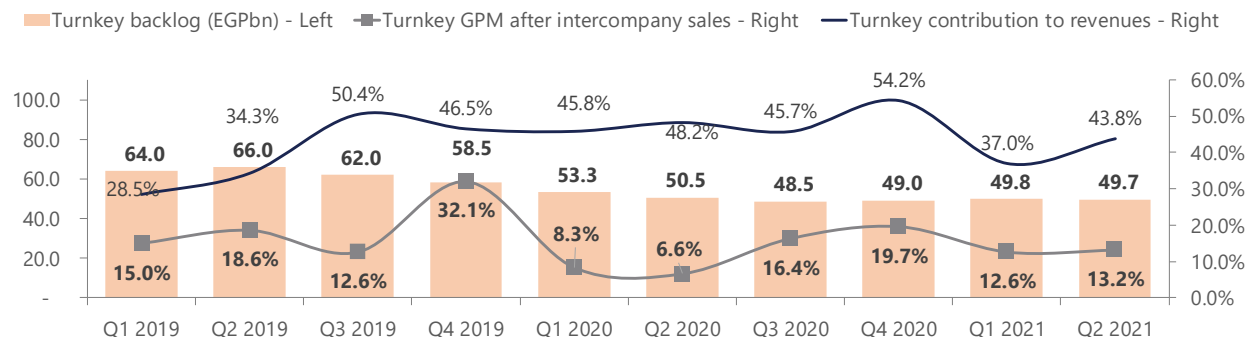
**Regional natural gas markets in the United States are seeing prices for this winter surge along with global record highs.** ([Reuters](#))

## 3. CHART OF THE DAY

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## SWDY's Turnkey Segment Quarterly Performance













































Source: Company reports.

Turnkey is one of the key contributors to the top line of Elsewedy Electric [SWDY] which managed to keep a decent backlog of EGP49.7bn in Q2 2021. We see a recovery in the segment's gross profit margin to 13.2% in Q2 2021, compared to 12.6% in Q1 2021 and 6.6% in Q2 2020, backed by an improved project mix.

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Current equity market cap (EGPbn)					696.5		Equity turnover (EGPmn): Last, ytd avg.					1,202.4		1,178.6			
					daily chg.	ytd chg.						daily chg.	ytd chg.				
		EGX 30	10,366.44	(1.43%)	(4.42%)			Gold	1,760.98	0.23%	(7.37%)			Silver	22.54	1.66%	(14.34%)
		EGX 30 TR	4,046.00	(1.46%)	(3.02%)												
		EGX 70 EWI	2,677.93	(1.64%)	24.84%			Brent Oil	79.28	(0.43%)	52.39%			WTI	75.88	(0.49%)	55.63%
		EGX 100 EWI	3,615.61	(1.53%)	16.71%												
		DFMGI	2,833.54	(0.42%)	13.71%			Natural Gas	5.62	2.17%	126.11%	EGP		USD/EGP	15.72	(0.04%)	(0.18%)
		ADSMI	7,718.79	0.26%	52.78%												
		TASI	11,453.25	(0.37%)	31.81%	€		EUR/USD	1.16	0.09%	(4.99%)	£		GBP/USD	1.35	0.06%	(0.85%)
		QE Index	11,462.96	(0.19%)	9.84%	¥		USD/JPY	111.05	(0.05%)	7.51%						
		S&P 500	4,357.04	1.15%	16.00%			6M TB yield	12.55	(6)	(18)			1Y TB yield	13.06	3	29
		Dow 30	34,326.46	1.43%	12.15%									10Y TB yield	14.69	(2)	30
		NASDAQ	14,566.70	0.82%	13.02%												
		VIX	21.15	(8.60%)	(7.03%)												
		STOXX 50	4,035.30	(0.32%)	13.59%			2Y TB yield	0.27	(2)	14			10Y TB yield	1.46	(6)	53
EM		MSCI Emerging	1,246.60	(0.52%)	(3.46%)												
FM		MSCI Frontier	662.76	(0.00%)	15.94%			30Y TB yield	2.03	(4)	37						

\* 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
4-Oct-21	CIRA	Cash dividend	Last date for eligibility for a dividend of EGP0.17/share.
5-Oct-21	CIRA	Cash dividend	Date for ex-dividends of 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 the 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.
17-Oct-21	ABUK	Cash dividend	Last date for eligibility for a dividend of EGP1.30/share.
18-Oct-21	AMOC	Cash dividend	Last date for eligibility for a dividend of EGP0.150/share.
18-Oct-21	SIPC	Stock dividend	Last date for eligibility for a 1-for-7 stock dividend.
19-Oct-21	SIPC	Stock dividend	Date for distributing a 1-for-7 stock dividend.
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.
21-Oct-21	ABUK	Cash dividend	Date for paying out a dividend of EGP0.30/share (1st round).
25-Oct-21	IFAP	EGM	Amending articles 3, 24 & 31 of the bylaws.
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	MILS	OGM	Approving the financial statements and the proposed dividend.
27-Oct-21	BTFH	OGM	Approving increasing the 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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19-Sep-21	<a href="#">TAKEStock – 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="#">TAKEStock – 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="#"><u>Misr Chemical Industries [MICH] – Nice While It Lasted</u></a>
29-Aug-21	<a href="#"><u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u></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>
<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>
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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>
<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>
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