

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

A Shift in the Making

1. Today's Trading Playbook

[TABLE OF CONTENTS](#)

KEY THEMES

The EGX 30 is now on a 5-day winning streak, gaining 3.4% since 3 October 2021. The current recovery is mainly anchored around CIB [**COMI**], followed by Fawry [**FWRY**], besides EK Holding [**EKHO**], MOPCO [**MFPC**], and Alexandria Mineral Oils [**AMOC**]. What's interesting is the apparent subdued trading activity by its neighbor index, the EGX 70 EWI, sending some notion that the tide might be actually starting to shift this time. We believe the existence of sizable offering, much like e-finance [**EFIH**], could be a liquidity booster, given its ability to attract some cash that was originally on the sidelines. Furthermore, yesterday the FRA approved for EFH to upsize its offering to include 23.5% of its shares, rather than the originally-targeted 14.5%, due to strong institutional demand.

Elsewhere, Orascom Construction [**ORAS**] added new awards of USD960mn in Q3 2021 (+42% y/y), bringing total new awards in 9M 2021 to USD2.8bn and achieving 89% of our estimates for 2021. New awards are still largely driven by Egypt which made up 65% of new awards in Q3 2021. ORAS is one of the stocks that have been feeling the pain of steep illiquidity, trading at a TTM P/E of only 5.2x. We remind you that we have an Overweight investment rating on the name, with a 12M PT of EGP146/share (ETR +100%).

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

2. TOP NEWS & ANALYSIS

[TABLE OF CONTENTS](#)

MACRO NEWS

Egypt's external debt grew 14.3% y/y to USD131.6bn in 2020, up from USD115.1bn in 2019, according to the World Bank's International Debt Statistics 2022 report. ([World Bank](#))

The Egyptian government has agreed with real estate developers on a number regulations. These include the implementation of real estate projects, the mechanisms for selling units, the controls for disposing of maintenance amounts collected from buyers, and the mechanism for dealing with cases of breach of terms and controls. ([Economy Plus](#))

CORPORATE NEWS

Orascom Construction [ORAS] added new awards of USD960mn in Q3 2021 (+42% y/y), bringing total new awards in 9M 2021 to USD2.8bn (achieving 89% of our estimated 2021 estimates). Meanwhile, the backlog is estimated to have reached USD6.1bn by end of Q3 2021 compared to our estimate of USD4.98bn by end of 2021. Egypt made up 65% of new awards during Q3 2021, which included Egypt's first high-speed rail system. Meanwhile, the balance came from the U.S., led mainly by projects in the student housing sector. ([Company disclosure](#)) ORAS is currently traded at a TTM P/E of only 5.2x.

e-finance [EFIH] received the FRA approval to increase the number of shares in its initial public offering (IPO) to 417.8mn from 257.8mn, which raises the stake offered to 23.5% from 14.5%. ([FRA](#))

Orascom Investment Holding [OIH] announced the completion of the sale of seven floors owned by its subsidiaries in Brazil. The proceeds from this transaction amount to c.USD77.6mn (c.EGP1.2bn). ([Company disclosure](#)) For more details, please refer to our [TAKEStock](#) titled [Monetization at Play](#).

EFG Hermes Holding's [HRHO] investment banking arm completed the advisory to Saudi Arabia's ACWA Power [2082] IPO listing of 11.1% stake worth of USD1.2bn. (Al-Borsa)

Arabian Food Industries Co. (Domty) [DOMT] turned to a bottom-line loss of EGP33mn in H1 2021 from a profit of EGP64mn last year. Meanwhile, revenues dropped to EGP1.3bn (-10% y/y), gross profit reached EGP273mn (-23% y/y), and GPM hit 20.7% (vs. last year 24.1%). ([Company disclosure](#))

GLOBAL NEWS

The World Bank on Monday warned of a significant 12% rise in the debt burden of the world's low-income countries to a record USD650bn in 2020 as a result of the COVID-19 pandemic and called for urgent efforts to reduce debt levels. ([World Bank](#))

China Evergrande Group on Tuesday missed its third round of bond payments in three weeks, intensifying market fears over a contagion involving other property developers as a wall of debt payment obligations come due in the near-term. ([Reuters](#))

Weeks of stock market volatility have done little to dent the record-setting pace of U.S. initial public offerings, with capital market insiders forecasting a strong finish to the year and a robust pipeline of listings in 2022. ([Reuters](#))

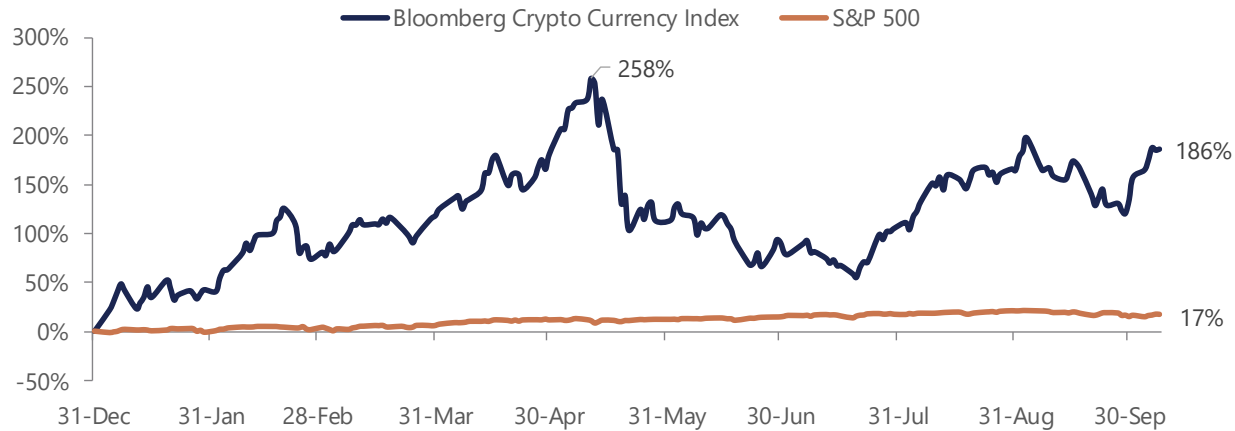
3. CHART OF THE DAY

TABLE OF CONTENTS

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Bloomberg Crypto Currency Index vs. S&P 500 ytd



* Note: Performance is ytd through 8 October 2021.
Source: Bloomberg, Prime Research.

Since 2021 kicked off, crypto currencies have been on a rally until they peaked in the first week of May 2021. Based on a Bloomberg index tracking the largest crypto currencies' performances, the index is up 186% since the start of the year. Meanwhile, U.S. equities remain less volatile but are still up 17% ytd as per S&P 500 index.

4. MARKETS PERFORMANCE

TABLE OF CONTENTS

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.		
704.5					2,142.6 1,178.6		
			daily chg.	ytd chg.			
🇪🇬	📈 EGX 30	10,714.78	0.49%	(1.20%)	📈 Gold	1,754.15	(0.17%) (7.16%)
	📈 EGX 30 TR	4,185.01	0.53%	0.32%	📈 Silver	22.58	(0.42%) (14.21%)
	📈 EGX 70 EWI	2,683.87	0.72%	25.11%	📈 Brent Oil	83.65	0.05% 61.56%
	📈 EGX 100 EWI	3,630.72	0.44%	17.20%	📈 WTI	80.52	(0.07%) 65.83%
🇦🇪	📈 DFMGI	2,770.08	(0.12%)	11.16%	📈 Natural Gas	5.35	0.49% 111.54%
	📈 ADSMI	7,782.54	0.68%	53.69%	EGP	USD/EGP	15.71 0.05% (0.16%)
🇸🇦	📈 TASI	11,512.11	(0.47%)	32.48%	€	EUR/USD	1.16 0.12% (5.32%)
🇺🇸	📈 QE Index	11,568.60	0.14%	10.76%	£	GBP/USD	1.36 0.06% (0.49%)
	📈 S&P 500	4,361.19	(0.69%)	16.11%	¥	USD/JPY	113.31 (0.19%) 9.53%
	📈 Dow 30	34,496.06	(0.72%)	12.71%	🇪🇬	6M TB yield	12.57 2 (16)
	📈 NASDAQ	14,486.20	(0.64%)	12.40%		1Y TB yield	13.11 6 34
🇪🇺	📈 VIX	20.00	6.55%	(12.09%)		10Y TB yield	14.70 1 31
	📈 STOXX 50	4,072.52	(0.02%)	14.63%	🇺🇸	2Y TB yield	0.31 3 18
	📈 MSCI Emerging	1,265.65	0.68%	(1.98%)		10Y TB yield	1.61 8 68
FM	📈 MSCI Frontier	669.30	0.02%	17.09%		30Y TB yield	2.17 6 51

* As of market close, except for commodities and currencies at 8.55am 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
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.
25-Oct-21	MICH	Cash dividend	Last date for eligibility for a dividend of EGP1.00/share.
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.
28-Oct-21	MICH	Cash dividend	Payment date for a dividend of EGP0.50/share (1st installment).
30-Oct-21	COSG	EGM	Discussing capital decrease.
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

[TABLE OF CONTENTS](#)

DATE	PUBLISHED REPORT
10-Oct-21	MACROView – Walking a Tightrope
6-Oct-21	MACROView – On “Risk Control” Mode
6-Oct-21	MACROView – The Tortuous Path to Recovery
19-Sep-21	TAKESStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival
15-Sep-21	MACROView – Deciphering the Din of Battle
14-Sep-21	TAKESStock – Orascom Investment Holding [OIH] — Monetization at Play
9-Sep-21	MACROView – Hot Summer Winds



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>

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