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## Flight to Quality

### 1. Today's Trading Playbook

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#### KEY THEMES

Yesterday, less than 24 hours before e-finance [**EFIH**]*—*Egypt's largest IPO in years*—*hits the market, trading on the EGX was halted after EGX 100 fell 5%, led down by EGX 70 EWI's constituents. On the other hand, EGX 30 only inched down 0.7%. EGX 70 EWI was pulled lower by the negative performance of many of its constituents that fell by around 20% apiece. While there is no clear reason behind such a fall, it does seem like a "flight to quality" trading behavior after many investors sold off the once-high-flying small-cap stocks in fear of potential margin calls. Indeed, the price rally we have all seen in EGX 70 EWI post-COVID-19 to date was fueled to an extent by margin loans, a double-edged sword. Fortunately, large caps have been lagging for more than a year, leaving many household stocks with room to head north, simply on a valuation basis. With EFIH's trading commencing today, we believe attention will be paid to large caps in general and EFIH in specific. Within our core coverage, names that we like in the large cap space include Abu Qir Fertilizers [**ABUK**], B Investments [**BINV**], CIB [**COMI**], EFG Hermes Holding [**HRHO**], Elsewedy Electric [**SWDY**], and Orascom Construction [**ORAS**].

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

### 2. TOP NEWS & ANALYSIS

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#### MACRO NEWS

**The Sovereign Fund of Egypt (SFE) is planning to launch two new sub-funds**, with one focused on education and the other on manufacturing and distribution chains. ([Masrawy](#))

**India-based self-drive car rental company Zoomcar is investing up to USD25mn in Egypt over the next three years.** ([Hapi](#))

**State grain buyer GASC is set to suspend the 15% price advantage currently extended to national shipping line National Navigation Co. (NNC)** on delivering wheat imports to Egypt. ([Zawya](#))

## CORPORATE NEWS

**Ezz Steel [ESRS] upped its selling prices by 3% to EGP15,000/ton, including VAT, effective 20 October 2021.** (Company release)

**Heliopolis Housing & Development's [HELI] 2020/21 net income decreased by 51% y/y to EGP180.2mn,** while revenues decreased by 45% y/y to EGP606.7mn. ([Company disclosure](#))

**Beltone Financial Holding's [BTFH] consumer finance arm, BelCash, will double its capital to EGP50mn.** BelCash targets an outstanding portfolio of EGP50mn in the current year. (Al-Mal)

**e-health, the joint venture between e-finance [EFIH] and the Universal Health Insurance Authority (UHIA)** will inject EGP100mn investments in the operating the healthcare technological services. (Al-Mal)

## GLOBAL NEWS

**Global FDI flows staged a strong comeback in H1 2021, jumping 78% y/y, according to UNCTAD.** Developed economies saw their FDI flows soar 193% y/y, while flows to developing economies is recovering at a much slower 28% y/y pace. ([UNCTAD](#))

**The Federal Reserve will wait until 2023 before raising interest rates,** according to a majority of economists in a Reuters poll who nonetheless said the greater risk for the U.S. economy was persistently higher inflation over the coming year. ([Reuters](#))

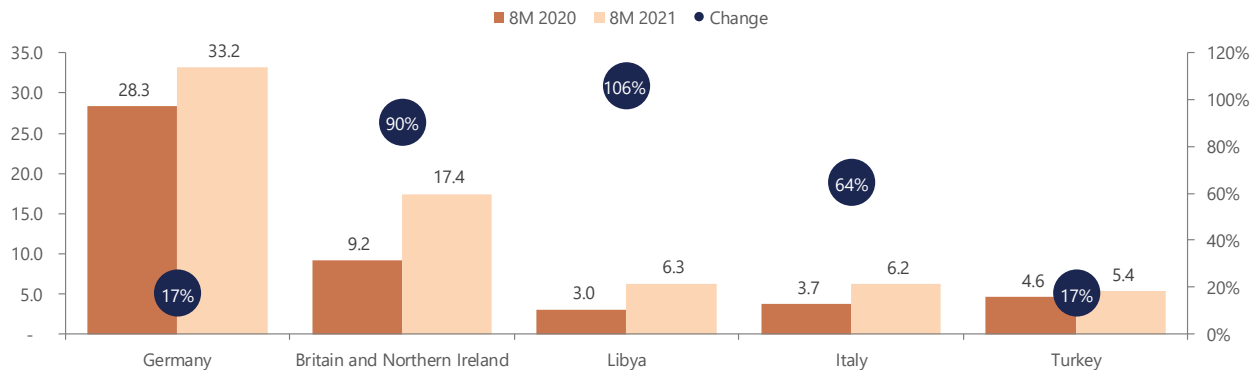
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Egyptian sanitary ware export destinations (USDmn)













































Source: ECBM.

Egyptian sanitary ware exports in 8M 2021 increased to USD110mn (+41% y/y). According to ECBM, Germany ranked first, having received USD33.2mn worth of exports (+17% y/y) during the period. Meanwhile, exports to Libya grew the most, hitting USD6.3mn exports (+106% y/y). Lastly, Britain and Northern Ireland exhibited the biggest absolute value change with exports increasing USD8.28mn to USD17.4mn in 8M 2021.

## 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						733.6		Equity turnover (EGPmn): Last, ytd avg.						1,264.7		1,178.6							
						daily chg.		ytd chg.								daily chg.		ytd chg.					
		EGX 30	11,195.05	(0.72%)	3.23%															Gold	1,769.29	0.25%	(6.44%)
		EGX 30 TR	4,383.99	(0.84%)	5.09%															Silver	23.67	2.04%	(9.54%)
		EGX 70 EWI	2,481.02	(6.70%)	15.66%															Brent Oil	85.08	(0.69%)	63.11%
		EGX 100 EWI	3,459.22	(4.99%)	11.67%														WTI	82.96	(0.68%)	69.83%	
		DFMGI	2,818.26	0.04%	13.09%															Natural Gas	5.09	(1.38%)	97.64%
		ADSMI	7,888.41	(0.06%)	56.29%													EGP		USD/EGP	15.74	(0.23%)	0.19%
		TASI	11,792.54	0.29%	35.71%													€		EUR/USD	1.16	0.05%	(4.72%)
		QE Index	11,767.45	0.21%	12.84%													£		GBP/USD	1.38	(0.09%)	0.83%
		S&P 500	4,519.63	0.74%	20.33%													¥		USD/JPY	114.38	(0.05%)	(9.82%)
		Dow 30	35,457.31	0.56%	15.85%															6M TB yield	12.60	4	(13)
		NASDAQ	15,129.09	0.71%	17.39%														1Y TB yield	13.16	5	39	
		VIX	15.70	(3.74%)	(30.99%)														10Y TB yield	14.73	3	33	
		STOXX 50	4,166.83	0.37%	17.29%															2Y TB yield	0.41	0	28
EM		MSCI Emerging	1,294.57	0.90%	0.26%														10Y TB yield	1.66	8	73	
FM		MSCI Frontier	679.70	(0.02%)	18.91%														30Y TB yield	2.10	9	44	

\* As of market close, except for commodities and currencies at 8.5am 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
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	Date for paying out a dividend of EGP0.50/share (1st round).
30-Oct-21	COSG	EGM	Discussing a 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).
1-Nov-21	ICLE	Cash dividend	Payment date for a dividend of EGP2.50/share.
1-Nov-21	SPIN	OGM	Approving financial results and other agenda items.
1-Nov-21	CEFM	OGM	Approving FY21 financial results and the proposed dividends.
2-Nov-21	KABO	OGM	Approving financial results and other agenda items.
2-Nov-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
2-Nov-21	EDFM	OGM	Approving FY21 financial results, the proposed dividends and other Agenda items.
2-Nov-21	EDFM	EGM	Amending articles of incorporation.
2-3 Nov-21		FOMC	Determining U.S. monetary stance.

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13-Oct-21	<a href="#">e-finance [EFIH] – An Eye-Opening IPO</a>
10-Oct-21	<a href="#">MACROView – Walking a Tightrope</a>
6-Oct-21	<a href="#">MACROView – On “Risk Control” Mode</a>
6-Oct-21	<a href="#">MACROView – The Tortuous Path to Recovery</a>
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="#"><u>MACROView – The Global Blessing Windfall</u></a>
6-Sep-21	<a href="#"><u>MACROView – Tempered, But Cautious, Optimism</u></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>
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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>
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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>
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<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>
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<b>12-Apr-21</b>	<b><a href="#"><u>Orascom Construction [ORAS] – Rich in Value</u></a></b>
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6-Apr-21	<a href="#"><u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u></a>
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28-Mar-21	<a href="#"><u>Taaleem Management Services [TALM] – Enriching the Education Sector</u></a>
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<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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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>



22-Dec-20	<b><u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u></b>
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25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>

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