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Still Bittersweet

1. Today's Trading Playbook

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Sugar prices continued to soar globally as supply shortages hit hardest. Prices of sugar usually correlate with oil prices, as the majority of global sugar capacity is sugar cane-based. This makes both sugar and ethanol production compete for the same main input. When oil prices get higher, sugar cane gets more directed towards ethanol production, thus limiting sugar global supply. Higher global sugar prices are a good omen for Delta Sugar [**SUGR**], supporting its average selling prices. SUGR has reported earnings of EGP344mn in just H1 2021. Despite expectations of a robust 2021, to replicate the performance through 2022 depends heavily on the impact of SUGR's inventory change on margins. For margins to remain rich going into 2022, SUGR has to end this year with relatively thin inventory in addition to stable global sugar prices.

Elsewhere, Misr Chemical Industries [**MICH**] rose notably yesterday, gaining 4.7%, closing the day at EGP11.53/share. MICH is on the lookout to deliver yet another triple-digit bottom line going into 2021/22. The chloralkali manufacturer has previously announced its 2M 2021/22 indicators, showing a bottom line of EGP32mn (+15% y/y). Selling prices for MICH are expected to remain in a good shape in 2021/22 due to supply tightness of chlorine and caustic soda in the U.S. amid robust demand. The situation of disrupted supply got amplified by the fallout of hurricane Ida and the woes of the flooding in Germany, causing a number of capacity outages. Furthermore, the limit of industrial usage of electricity in China further kept the Asian output subdued. Over the long run, news about increasing Egypt's [water desalination capacity](#), besides allowing the private sector to take part should serve as a main long-term catalyst for MICH. MICH is currently traded at 2020/21 P/E of only 6x, while our 12M PT for the name is EGP13.9 (+21%). We note that today is the last day for eligibility for MICH's EGP1.00 cash dividend per share.

POSITIVE

SUGR, MICH: Higher global commodity prices in general bode well for the two names' top lines and in turn profitability.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt is on track to reach its target of fuel self-sufficiency by 2023 as large-scale upgrades to oil refineries and new facilities expected to cost USD7bn come online. ([Bloomberg](#))

The Arab Authority for Agricultural Investment & Development (AAAID) could invest USD220mn in Egypt's agriculture sector. On the other hand, Saudi garment and textile company **Alaseel** is looking at Egypt as part of its ambitious regional expansion plan. ([Hapi, CNBC Arabia](#))

Pre-registering for a COVID-19 vaccine in Egypt could soon be cancelled; citizens will instead be allowed to go directly to vaccination centers and wait for their turn. ([Youm7](#))

The Export Council for Building Materials, Refractory & Metallurgy Industries (ECBM) intends to request holding the natural gas price constant at USD4.5/mmbtu for at least three years. It will request to re-use the natural gas again for cement factories to avoid any fluctuations in production costs. (Al-Borsa)

CORPORATE NEWS

Edita Food Industries [EFID] raised its bakery product's Molto prices by EGP1.00/pack for two SKUs to EGP3.00/pack and EGP4.00/pack. This came on the back of higher raw materials globally that put pressure on costs. ([Company disclosure](#))

Abu Dhabi Islamic Bank - Egypt [ADIB] has obtained regulatory approval to launch its consumer finance arm, ADI-Consumer Finance. ([Enterprise](#))

Alexandria Flour Mills [AFMC] reported higher net profit after taxes of EGP5.7mn in Q1 2021/22 (+44% y/y). This came in despite revenues contracting to EGP46.1mn (-1.8% y/y), as gross profit margin improved to 20.2% from 15.3%. The increase in profits can also be attributed to a one-off gain from selling assets valued at EGP2.5mn. ([Company disclosure](#))

South Cairo & Giza Flour Mills' [SCFM] Q1 2021/22 results showed a net loss of EGP10.6mn (compared with a net loss of EGP9.2mn same period last year). Revenues contracted to EGP36.0mn (-22.1% y/y) in Q1 2021/22, leading to a decline in gross profit margin to 19.9% compared from 23.8%. The decline in revenues can be attributed to the decline in milled quantities. ([Company disclosure](#))

GLOBAL NEWS

A modest 0.5% rise in bond yields could see bondholders lose as much as USD2.6tn.
([Bloomberg](#))

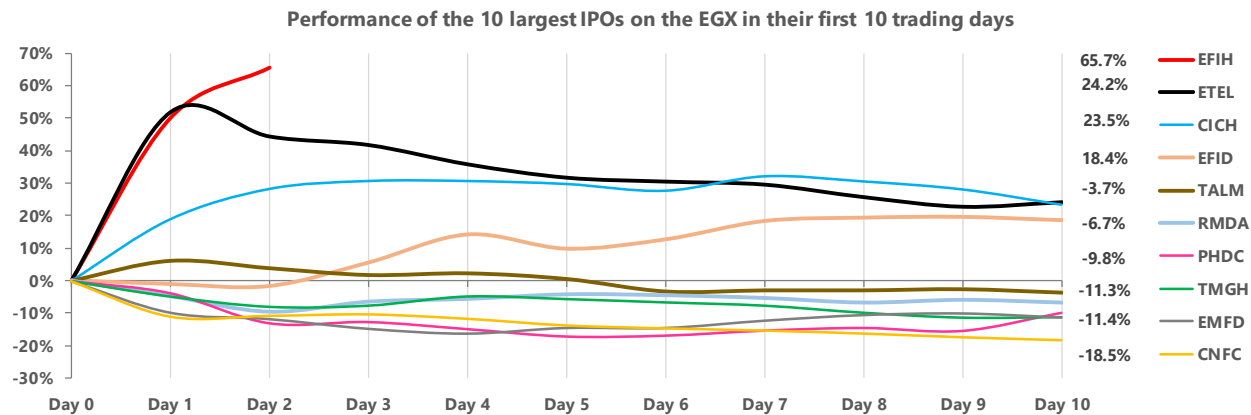
China's technology giants have been pushing to develop their own semiconductors or chips, a move seen as progress toward China's goal to become self-reliant in the critical technology. ([CNBC](#))

Turkey's state banks are expected to cut borrowing costs on loans by around 200bps on Monday, according to three people with knowledge of the plan, following last week's unexpectedly hefty rate cut by the central bank. ([Reuters](#))

3. CHART OF THE DAY

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Amongst the 10 largest IPOs in EGX history, e-finance [**EFIH**] experienced the highest market's trading activities for two days in a row, rising 66% off its IPOs price. Also, EFIH has registered the second highest return on the first day of trading (+50%) behind Telecom Egypt [**ETEL**] (+52%), followed by CI Capital Holding [**CICH**] (+19%).

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
750.1					1,408.2 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	↗	EGX 30	11,185.88	0.48%	3.14%		↗	Gold	1,792.65 0.55% (5.22%)
	↗	EGX 30 TR	4,385.01	0.51%	5.11%		↗	Silver	24.32 0.69% (7.28%)
	↗	EGX 70 EWI	2,433.60	0.83%	13.45%		↗	Brent Oil	85.53 0.80% 66.43%
	↗	EGX 100 EWI	3,419.17	0.86%	10.37%		↗	WTI	83.76 0.91% 74.20%
	↗	DFMGI	2,880.61	0.82%	15.60%		↗	Natural Gas	5.28 4.24% 116.78%
	↗	ADSMI	7,949.44	0.93%	57.56%	EGP	↘	USD/EGP	15.70 (0.00%) 0.25%
	↘	TASI	11,848.05	(0.77%)	36.35%	€	↗	EUR/USD	1.16 0.13% (4.57%)
	↘	QE Index	11,820.72	(0.43%)	13.27%	£	↗	GBP/USD	1.38 0.17% 0.79%
	↘	S&P 500	4,544.90	(0.11%)	21.00%	¥	↗	USD/JPY	113.50 0.43% (9.05%)
	↗	Dow 30	35,677.02	0.21%	16.57%		↗	6M TB yield	12.63 3 (10)
	↘	NASDAQ	15,090.20	(0.82%)	17.08%		↗	1Y TB yield	13.18 1 41
	↗	VIX	15.43	2.80%	(32.18%)		↗	10Y TB yield	14.73 3 33
	↗	STOXX 50	4,188.81	0.80%	17.91%		↗	2Y TB yield	0.46 5 33
EM	↗	MSCI Emerging	1,293.14	0.01%	0.15%		↘	10Y TB yield	1.64 (2) 71
FM	↗	MSCI Frontier	678.50	0.19%	18.70%		↘	30Y TB yield	2.07 (3) 41

* As of market close, except for commodities and currencies at 8.15am 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
25-Oct-21	MICH	BoD meeting	Following up on production, sales and exports.
25-Oct-21	MICH	Cash dividend	Last date for eligibility for a dividend of EGP1.00/share.
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.
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 the 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 the 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 the U.S. monetary stance.
3-Nov-21	MOIN	OGM	Approving the financial statements and other agenda items.
4-Nov-21	FWRY	EGM	Amending articles 3, 4 & 21 of the company's bylaws.
4-Nov-21	UEFM	OGM	Approving FY21 financial results, the proposed dividends and other agenda items.
4-Nov-21	UEFM	EGM	Discussing the continuation of the company.
7-Nov-21	JUFO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividends.
7-Nov-21	AFMC	OGM	Approving the financial statements and proposed the dividend.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
19-Oct-21	<u>MACROView – The Storm Is Gone but the Headwinds Persist</u>
13-Oct-21	<u>e-finance [EFIH] – An Eye-Opening IPO</u>
10-Oct-21	<u>MACROView – Walking a Tightrope</u>
6-Oct-21	<u>MACROView – On “Risk Control” Mode</u>
6-Oct-21	<u>MACROView – The Tortuous Path to Recovery</u>
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>AI-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>Elsowedy 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>Elsowedy 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>

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