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Buying the Future

1. Today's Trading Playbook

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KEY THEMES

Yesterday, Madinet Nasr Housing & Development [**MNHD**] announced four momentous board decisions:

- (1) The appointment of Eng. Abdallah Sallam as CEO.
- (2) A 25% capital increase of EGP374mn to EGP1.87bn through a 1-to-4 cash rights issue.
- (3) The acquisition of two companies owned by Sallam's family, namely **MINKA Developments** and **EGYCAN Real Estate Development**.
- (4) As part of the takeover transaction, Sallam family will raise its stake in MNHD to c.5%, thus becoming the third major shareholder behind **BPE Partners'** managed funds (29%) and **National Co. for Construction & Development** (15%).

These decisions have filled investors with curiosity over MNHD's future strategy. To clear the picture a bit, we first note that since MNHD's previous CEO stepped down last May 2021, B Investments' [**BINV**] chairman has been filling the role as an interim CEO. Now, MNHD has found its new leader with real estate and entrepreneurship experience. Second, we think MNHD's capital increase will be used in part to pay for the two abovementioned acquisitions, which will help avoid any potential conflict of interest. Lastly, we see the announced acquisitions adding further value to MNHD's land portfolio.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's state of emergency will be lifted for the first time in years, President Abdel Fattah El-Sisi said. ([Reuters](#))

Egypt received 1.06mn Johnson & Johnson vaccine doses yesterday. ([Ministry of Health](#))

More Russian tourists are expected to flock to Hurghada and Sharm El-Sheikh starting the first week of November, with tour operators reporting record demand for flight and hotel bookings. ([Association of Tour Operators of Russia](#))

Deutsche Bank expected, in a report, the continued strong growth of the Egyptian economy by 5.5% during FY22, supported by the recovery of demand and the manufacturing, agriculture, communications and information technology sectors within the framework of the second phase of the economic reform program. Also, the expected rise in tourism revenues with Global travel restrictions being removed. ([Al-Borsa](#))

CORPORATE NEWS

Madinet Nasr Housing & Development [MNHD] decided to increase its paid-in capital by EGP374mn to EGP1.87bn through cash and appoint Eng. Abdallah Sallam as CEO in a board meeting that took place on Sunday. The BoD also approved the acquisition of two companies: **MINKA Developments** and **EGYCAN Real Estate Development**. (Company disclosures: [1](#), [2](#))

EFG Hermes Holding's [HRHO] Corp Solutions intends to issue corporate bonds worth more than EGP1bn by early next year. ([Al-Mal](#))

Alexandria Container & Cargo Handling's [ALCN] preliminary indicators for Q1 2021/22 showed net income growth of 21% y/y to EGP336mn, backed by higher gross profits of EGP340mn (+5% y/y). Accordingly, GPM strengthened to 63.2% vs. 59.1% a year earlier. Meanwhile, revenues decreased to EGP538mn (-2% y/y). ([Company disclosure](#))

Raya Holding [RAYA] announced the conclusion of the sale of 100% of its shares in BariQ for a total of EGP571mn. ([Company disclosure](#))

Nasr Co. for Civil Works [NCCW] was awarded by MNHD the infrastructure work for Taj City worth EGP166.2mn. ([Company disclosure](#))

GLOBAL NEWS

Modern Land [HK: 1107] reported a missed payment on Tuesday, the latest Chinese property developer to do so, adding to worries about spiraling effects of the debt crisis at behemoth **China Evergrande Group [HK: 3333]** and dragging on shares in the sector. ([Reuters](#))

The Bank of Japan is set to maintain its massive stimulus program on Thursday and slash this year's inflation forecast in a sign it has no intention to follow other central banks eyeing exits from crisis-mode policies. ([Reuters](#))

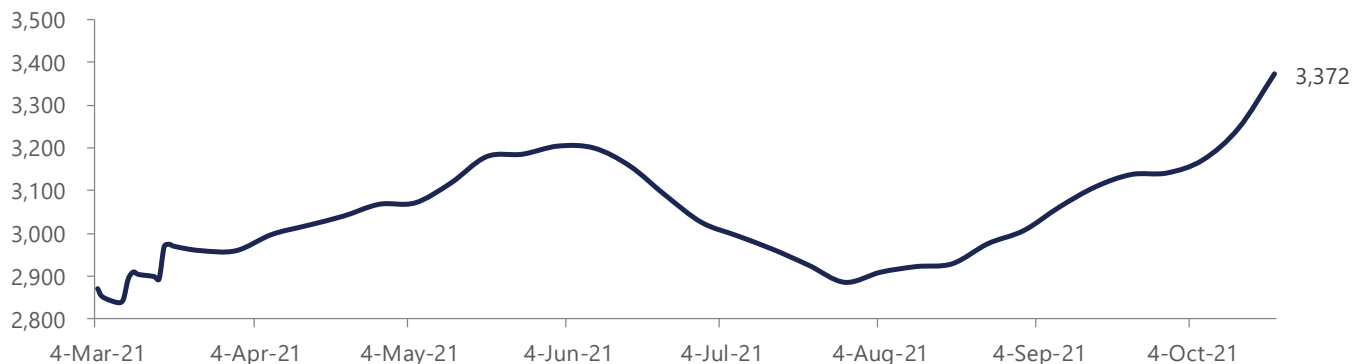
Facebook [NASDAQ: FB] reported Q3 2021 results, with EPS beating analysts' estimates. However, revenue growth came a bit short of expectations. ([Reuters](#))

3. CHART OF THE DAY

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Skimmed Milk Powder (SMP) Prices (USD/ton) (ytd, 20 Oct. 2021).



Source: Bloomberg.

The price of skimmed milk powder (SMP) has surged 23% ytd to USD3,372/ton in the third week of October amid global commodity prices rally. SMP is a key input in dairy production and the fluctuation in prices would affect cheese players like Domty [**DOMT**] and Obour Land Food Industries [**OLFI**].

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
742.0					1,731.4 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	11,178.00	(0.07%)	3.07%		Gold	1,807.73	0.84%	(4.88%)
	EGX 30 TR	4,386.37	0.03%	5.14%		Silver	24.57	1.01%	(7.40%)
	EGX 70 EWI	2,345.93	(3.60%)	9.36%		Brent Oil	85.99	(0.05%)	65.93%
	EGX 100 EWI	3,323.58	(2.80%)	7.29%		WTI	83.76	(0.13%)	72.40%
	DFMGI	2,865.67	(0.52%)	15.00%		Natural Gas	5.90	2.37%	137.81%
	ADSMI	7,933.87	(0.20%)	57.24%	EGP	USD/EGP	15.70	0.02%	0.27%
	TASI	11,889.84	0.35%	36.83%	€	EUR/USD	1.16	(0.03%)	(5.00%)
	QE Index	11,834.18	0.11%	13.40%	£	GBP/USD	1.38	(0.01%)	0.70%
	S&P 500	4,566.48	0.47%	21.58%	¥	USD/JPY	113.71	(0.18%)	(9.33%)
	Dow 30	35,741.15	0.18%	16.78%		6M TB yield	12.63	3	(10)
	NASDAQ	15,226.71	0.90%	18.14%		1Y TB yield	13.18	1	41
	VIX	15.24	(1.23%)	(33.01%)		10Y TB yield	14.73	3	33
	STOXX 50	4,188.31	(0.01%)	17.89%		2Y TB yield	0.44	(2)	31
EM	MSCI Emerging	1,297.26	0.32%	0.46%		10Y TB yield	1.64	1	71
FM	MSCI Frontier	676.49	(0.30%)	18.34%		30Y TB yield	2.09	2	43

* 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
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 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 the 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>Elsowedy 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>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>

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