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## Divergence

### 1. Today's Trading Playbook

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Performance differential between EGX 30 and EGX 70 EWI was yet again present in Wednesday's session, as EGX 30 extended a 2-day winning streak, whereas EGX 70 EWI continued a 2-day losing streak. Ending on a mixed note for two days in a row brought the year-to-date performance gap between the two indices to negligible readings. On a ytd perspective, EGX 30 is now up 4.78%, which is compared to 4.84% for EGX 70 EWI, bringing the spread between the two indices performance to only 6bps. We remind you that just before October, the spread between the two indices performance was a staggering 2,995bps!

Here's an interesting statistic: Throughout 2021, we had 198 trading sessions, where in 29% of the time, we had divergence between the two indices closing status. When divergence occurred in 2021, EGX 70 EWI was the favorite index in 57% of the time. However, taking a step back, looking at 2021 (except for October), we find that out of 181 trading sessions, we had 28% with performance divergence, yet EGX 70 EWI was the favorite in 65% of the time, compared to 57% during 2021 so far.

Elsewhere, today is the MPC day. Mounting inflation has been a hot topic lately, not just from a national standpoint, but also globally. However, we still think that it continues to be caged within the CBE announced targets, and thus limiting the chance for a shift in monetary policy stance, at least for the rest of 2021. Hence, we expect the CBE to keep interest rates unchanged in today's MPC meeting.

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

### 2. TOP NEWS & ANALYSIS

**TABLE OF CONTENTS****MACRO NEWS**

**The World Bank has approved an USD360mn development policy financing (DPF) loan to support Egypt's post-pandemic recovery. ([Reuters](#))**

**Two U.S. firms will work with the Egyptian military to locally manufacture desalination technology.** ([Enterprise](#))

**An issue in how Egypt calculates the withholding tax on government securities is what's been delaying making the country's debt Euroclearable.** ([Reuters](#))

**The General Authority for Land & Dry Ports, affiliated with the Ministry of Transport, aims to develop the Salloum land port at a cost of EGP1.6bn from the state's general budget,** which has been developed by 70% so far within the investment plan implemented by the authority for the current fiscal year. ([Al-Borsa](#))

**The revenues of the Suez Canal witnessed a remarkable increase during 2021, as navigation statistics during the period from January-25 October of this year achieved USD5.1bn,** compared to USD4.53bn during the same period last year, according to the head of the Suez Canal Authority. ([Al-Borsa](#))

## CORPORATE NEWS

**Telecom Egypt's [ETEL] BoD approved its 2022 budget.** The BoD expects (1) an early double-digit revenue growth, (2) EBITDA margins to hover around mid to high thirties, and (3) early double digit FCFF to EBITDA. ETEL showed revenue and earnings growth of 16% y/y and 88% y/y in H1 2021, respectively. ([Company disclosure](#))

**Alexandria Medical Investment's subsidiary TAT Medical Service decided not to proceed with its acquisition offer of up to 100% of Alexandria Medical Services' [AMES] shares.** ([EGX](#))

**Central Egypt Flour Mills [CEFM] saw its net profit in Q1 2021/22 rise to EGP26.0mn (+7.1% y/y) from EGP24.2mn in the same period last year.** Also in Q1 2021/22, its revenues slipped to EGP124.9mn (-0.13% y/y) and GPM retreated to 39.4% (vs. 43.7% in Q1 2020/2021). The company in Q1 2021/22 used EGP0.07mn of the EGP22mn capex approved for 2021/22. ([Company disclosure](#))

**Alexandria Flour Mills [AFMC] proposed a DPS of EGP0.2 for FY21, implying a dividend yield of 1.7%.** ([Company disclosure](#))

## GLOBAL NEWS

**China's state planner has set an immediate price target for thermal coal in its most direct intervention yet to cool the market for the key power-generating fuel amid a severe power crunch.** ([Reuters](#))

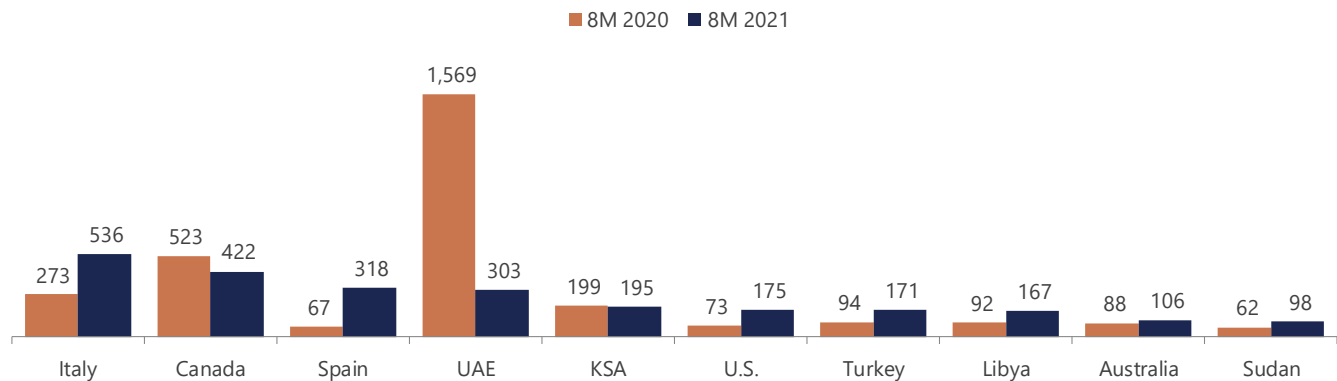
**Spanish inflation accelerated to the highest level since the country joined the euro,** fueled by surging energy costs that risk holding back the recovery of the region's No. 4 economy. ([Bloomberg](#))

### 3. CHART OF THE DAY

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**Top 10 Building Materials Export Destinations (USDmn)**



Source: ECBM.

Total exports of building materials decreased in 8M 2021 to USD2.5bn (-18% y/y), as UAE (-81% y/y), Canada, and KSA took in less. Meanwhile, Italy received the most exports at USD536mn (+96% y/y). On the other hand, exports to Spain in 8M 2021 exhibited the biggest percentage change of +375% y/y to USD318mn.

## 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
740.0					1,220.9 1,178.6				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	↗	EGX 30	11,364.20	0.96%	4.78%		↗	Gold	1,796.81 0.22% (5.10%)
	↗	EGX 30 TR	4,452.98	0.91%	6.74%		↘	Silver	24.06 (0.39%) (9.00%)
	↘	EGX 70 EWI	2,249.08	(0.54%)	4.84%		↘	Brent Oil	84.58 (1.11%) 61.47%
	↘	EGX 100 EWI	3,230.02	(0.49%)	4.27%		↘	WTI	82.66 (1.08%) 68.53%
	↘	DFMGI	2,864.17	(0.07%)	14.94%		↘	Natural Gas	6.20 (2.43%) 138.32%
	↘	ADSMI	7,853.70	(0.62%)	56.29%	EGP	↘	USD/EGP	15.71 (0.01%) 0.27%
	↘	TASI	11,807.79	(0.33%)	35.89%	€	↘	EUR/USD	1.16 (0.05%) (5.07%)
	↘	QE Index	11,665.71	(0.35%)	12.38%	£	↗	GBP/USD	1.37 0.05% 0.60%
	↘	S&P 500	4,551.68	(0.51%)	21.18%	¥	↗	USD/JPY	113.83 0.29% (9.17%)
	↘	Dow 30	35,490.69	(0.74%)	15.96%		↗	6M TB yield	12.63 3 (10)
	↗	NASDAQ	15,235.84	0.00%	18.21%		↗	1Y TB yield	13.18 1 41
	↗	VIX	16.98	6.26%	(25.36%)		↗	10Y TB yield	14.73 3 33
	↘	STOXX 50	4,220.88	(0.07%)	18.81%		↗	2Y TB yield	0.54 3 41
EM	↘	MSCI Emerging	1,282.89	(1.02%)	(0.65%)		↘	10Y TB yield	1.56 (7) 63
FM	↗	MSCI Frontier	685.18	0.79%	19.86%		↘	30Y TB yield	1.96 (9) 30

\* As of market close, except for commodities and currencies at 8.3am 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
28-Oct-21	ICLE	Cash dividend	Date for ex-dividends of EGP2.50/share.
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	UASG	BoD Meeting	Discussing the agenda.
31-Oct-21	MCQE	Cash dividend	Date for paying out a dividend of EGP0.25/share.
31-Oct-21	MNHD	Cash dividend	Date for paying out a dividend of EGP0.30/share (2nd round).
1-Nov-21	ICLE	Cash dividend	Date for paying out 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	FWRV	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.
9-Nov-21	DEIN	Cash dividend	Last date for eligibility for a dividend of EGP0.40/share.
10-Nov-21	DEIN	Cash dividend	Date for ex-dividends of EGP0.40/share.

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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="#">MACROView – The Global Blessing Windfall</a>
6-Sep-21	<a href="#">MACROView – Tempered, But Cautious, Optimism</a>
5-Sep-21	<a href="#">Misr Chemical Industries [MICH] – Nice While It Lasted</a>
29-Aug-21	<a href="#">Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</a>
24-Aug-21	<a href="#">Abu Qir Fertilizers [ABUK] – When the Stars Align</a>
18-Aug-21	<a href="#">EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</a>
17-Aug-21	<a href="#">Elsewedy Electric [SWDY] – Impressive Set of Results</a>
17-Aug-21	<a href="#">Commercial International Bank [COMI] – Adjustment Post Stock Dividend</a>
16-Aug-21	<a href="#">B Investments Holding [BINV] – Growth Dented Across the Board</a>
11-Aug-21	<a href="#">Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</a>
10-Aug-21	<a href="#">MACROView – July’s Feverous Inflation</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>AI-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a></b>
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2-Mar-21	<a href="#"><u>MACROView – Commodity Supercycle: Real or Hype?</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>
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<b>28-Dec-20</b>	<b><a href="#"><u>Elsewedy Electric [SWDY] – More Growth to Come</u></a></b>
<b>22-Dec-20</b>	<b><a href="#"><u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u></a></b>
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10-Nov-20	<a href="#"><u>MACROView – An expected rise as the new school year began</u></a>
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