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Back on Track?

1. Today's Trading Playbook

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U.S. equities ended Tuesday with sharp gains in light of a number of positive earnings reports as well as a receding U.S dollar which helped risk assets recover. Moreover, Asian shares joined the recovery early Wednesday on strong U.S. corporate earnings and the expected resumption of Russian gas supply to Europe.

Here at home, Elsewedy Electric [SWDY] will go ahead and write off a total of 13.4mn in treasury shares in order to boost its earnings per share (EPS). This should bode well for the sentiment around SWDY. We note that this is exactly the right thing to do for companies whose stock prices are deeply undervalued in the market, as we have predicted back in [our Trading Playbook dated 7 July 2022](#). Back then, we alluded to the fact that given Egypt's high corporate earning yield (now standing at around 20% based on EGX 30 constituents and exceeding both cash and debt after-tax yields), we thought it was wise to undertake what we called "real share buybacks", where companies end up writing off their treasury shares afterward to further support their EPS, ROE, and hence share prices. Hence, we think we should expect more share buybacks to be announced over the coming weeks.

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

2. TOP NEWS & ANALYSIS

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Egyptian President Abdel-Fattah El-Sisi is visiting Serbia to discuss strengthening political and economic ties between the two countries. ([Egyptian President's spokesperson](#))

Egyptian Prime Minister met with ministers yesterday to discuss the social protection measures, including the addition of more families to *Takaful* and *Karama* program, besides raising the personal income tax exemption level from EGP2,000 to EGP2,500. ([Cabinet](#))

AfDB will loan Egypt USD271mn to aid in the financing of the country's food security and economic resilience. ([AfDB](#))

CORPORATE NEWS

SODIC [OCDI] said it will not revise its offer price to acquire Madinet Nasr Housing & Development [MNHD], given that it has not been yet allowed to perform due diligence. ([Company disclosure](#))

The FRA approved the offer submitted by UAE-based Chimera Investment to acquire between 51-90% of Beltone Financial Holding [BTFH] at EGP1.485/share. ([Company disclosure](#))

The FRA approved the capital reduction of Elsewedy Electric [SWDY] which will write off 13.4mm treasury shares, 0.6% of its listed shares. Meanwhile, Turbo Solutions finished automation of the manufacturing process for Elsewedy Electric's [SWDY] Sixth of October factory. Also, the Egyptian Electricity Holding Co. addressed 10 local companies, including SWDY, Egytech Cables Elsewedy, Energia Cables, Giza Power, and others to supply up to 11.5km of low-voltage cables. The contract's total value is expected to exceed EGP400mn. ([Arab Finance](#), [Al-Mal](#), [Al-Mal](#))

Egyptian Natural Gas Holding (EGAS) bought Toyota's stake (30% stake) in Egyptian Offshore Drilling Company (EDC) for EGP660.2mn, valuing the company at c.EGP2.2bn. **Prime Securities,** the brokerage arm of Prime Holding [**PRMH**], acted as the buyer and seller broker. ([Al-Borsa](#))

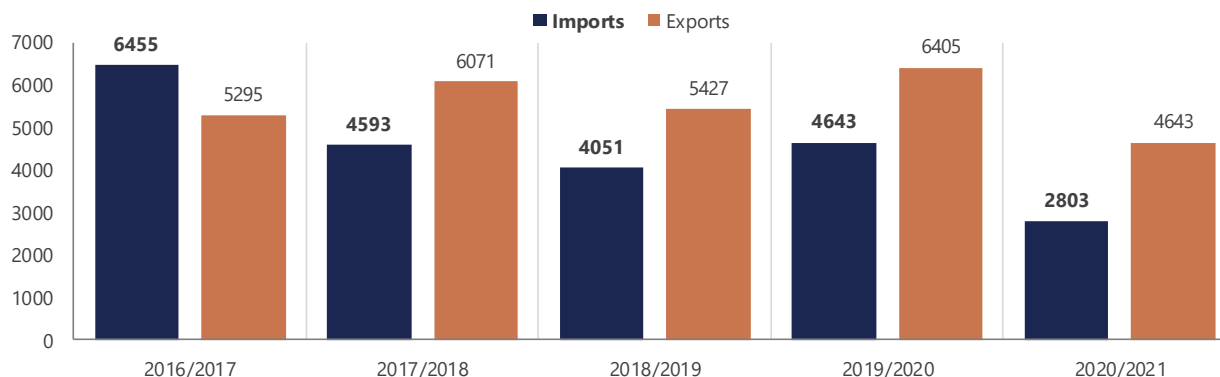
3. CHART OF THE DAY

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Free zones trade with the rest of the world (USDmn)



Source: General Authority for Investment & Free Zones (GAFI).

Egypt's free zone exports decreased in FY21 by 27.5% y/y to USD4.64bn. Likewise, free zone imports also decreased by 40% y/y to USD2.8bn. This is mainly due to the global supply chain problems and COVID-19.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
611.6					1,197.3 805.3				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	9,033.53	1.87%	(24.40%)		Gold	1,711.67	0.14%	(6.50%)
	EGX 30 TR	3,657.58	1.98%	(22.46%)		Silver	18.76	0.33%	(19.43%)
	EGX 70 EWI	1,745.89	1.17%	(20.71%)		Brent Oil	107.35	(0.87%)	42.27%
	EGX 100 EWI	2,559.92	1.30%	(21.36%)		WTI	104.22	(0.33%)	43.94%
	DFMGI	3,186.43	0.49%	(0.30%)		Natural Gas	7.26	(1.02%)	92.76%
	ADSMI	9,307.61	0.52%	9.65%		USD/EGP	18.91	0.06%	(16.92%)
	TASI	11,761.35	1.79%	4.25%	EGP	EUR/USD	1.02	0.17%	(9.90%)
	QE Index	12,129.41	0.30%	4.33%	€	GBP/USD	1.20	0.31%	(11.08%)
	S&P 500	3,936.69	2.76%	(17.40%)	£	USD/JPY	138.19	(0.04%)	(16.58%)
	Dow 30	31,827.05	2.43%	(12.41%)	¥	6M TB yield	15.50	(2)	277
	NASDAQ	11,713.15	3.11%	(25.13%)		1Y TB yield	15.75	14	298
	VIX	24.50	(3.16%)	42.28%		10Y TB yield	14.68	30	29
	STOXX 50	3,587.44	2.15%	(16.54%)		2Y TB yield	3.24	7	311
EM	MSCI Emerging	979.94	(0.06%)	(20.46%)		10Y TB yield	3.03	5	210
FM	MSCI Frontier	511.67	0.38%	(23.13%)		30Y TB yield	3.19	3	153

* 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

DATE	TICKER	TYPE	EVENT
20-Jul-22	JUFO	EGM	Amending Articles No. 4, 25, 32, 44 & 47 of the company's bylaws.
20-Jul-22	DSCW	Capital increase	Capital increase subscription closing date.
20-Jul-22	FWRY	OGM	Discussing netting contracts & board election.
20-Jul-22	ELSH	Stock dividend	Last date for eligibility for a 0.25-for-1 stock dividend.
21-Jul-22	ELSH	Stock dividend	Date for distributing a 0.25-for-1 stock dividend.
21-Jul-22	ADIB	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Right Issue	Rights issue subscription closing date.
22-Jul-22	CCAP	EGM	Discussing agenda items.
24-Jul-22	SAIB	Stock dividend	Last date for eligibility for a 0.05-for-1 stock dividend.
24-Jul-22	AIFI	OGM	Approving financial statements.
25-Jul-22	SAIB	Stock dividend	Date for distributing a 0.05-for-1 stock dividend.
26-Jul-22	ZMID	Cash dividend	Deadline for eligibility for a dividend of EGP0.30/share.
26-27 Jul-22		FOMC	Determining policy rate & monetary stance.
27-Jul-22	ELSH	Cash dividend	Payment date for a dividend of EGP0.075/share (1st installment).
28-Jul-22	PHAR	Cash dividend	Payment date for a dividend of EGP1.5/share (2nd installment).
30-Jul-22	ELNA	OGM	Approving financial statements and other agenda items.
30-Jul-22	ELNA	EGM	Approving cancelling Articles No. 21 & 23 of the company's bylaws.
31-Jul-22	ZMID	Cash dividend	Payment date for a dividend of EGP0.15/share (1st installment).
31-Jul-22	AJWA	OGM	Approving financial statements.
31-Jul-22	AJWA	EGM	Discussing the continuation of the company & amending Article No. 4 of the company's bylaws.
1-Aug-22	ORAS	EGM	Approval of appointing Renad Younes as Independent Non-Executive Director
3-Aug-22	MNHD	Stock dividend	Last date for eligibility for a 0.12-for-1 stock dividend.
4-Aug-22	MNHD	Stock dividend	Date for distributing a 0.12-for-1 stock dividend.
7-Aug-22	AIVC	OGM	Approving financials ended 31 January 2022.
11-Aug-22		MSCI	MSCI's August 2022 Quarterly Index Review Announcement.
11-Aug-22	UNIT	EGM	Approving decreasing the issued capital & amending Articles No. 6 & 7 of the company's bylaws.
14-Aug-22	GMFC	Subscription in the capital increase	Last day of subscription in the GMFC's EGP98mn capital increase.
16-Aug-22	MNHD	OGM	To discuss allowing OCDI to conduct due diligence.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
14-Jun-22	Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own
8-Jun-22	TAKESock - Delta Sugar [SUGR] - Sweet and Sour
7-Jun-22	TAKESock - Orascom Financial Holding [OFH] - Triple-Digit Upside

25-May-22	<u>TAKEStock – The Egyptian Cement Industry - Gauging the Impact</u>
23-May-22	<u>Cairo for Investment & Real Estate Development [CIRA] – Head of the Class</u>
19-May-22	<u>MACROView – A New Game Plan</u>
17-May-22	<u>MACROView – All Uphill from Here</u>
15-May-22	<u>EGYPTBanks – Harness the Hike</u>
15-May-22	<u>TAKEStock – Hidden “valu”</u>
28-Apr-22	<u>MACROView – Din of Battle Getting Louder</u>
17-Apr-22	<u>MACROView – Before the Grand Storm</u>
14-Apr-22	<u>EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid</u>
12-Apr-22	<u>MACROView – Mounting External Vulnerabilities</u>
10-Apr-22	<u>MACROView – Much Higher Inflation ... and Longer</u>
24-Mar-22	<u>EFG Hermes Holding [HRHO] – The Best Is Yet to Come</u>
23-Mar-22	<u>CI Capital Holding [CICH] – A Year to Remember</u>
22-Mar-22	<u>Orascom Construction [ORAS] – A Clear Devaluation Winner</u>
10-Mar-22	<u>MACROView – The Dizzying Speed</u>
6-Mar-22	<u>MACROView – On the Back Foot</u>
2-Mar-22	<u>MACROView – Calculating the Ferocity</u>
1-Mar-22	<u>Housing & Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth</u>
27-Feb-22	<u>Export Development Bank of Egypt [EXPA] – A Year to Forget</u>
22-Feb-22	<u>Commercial International Bank (CIB) [COMI] – 2021, a Grand Finale</u>
21-Feb-22	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Saves the Day</u>
20-Feb-22	<u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Wise Utilization Enhances Profitability</u>
17-Feb-22	<u>Al Baraka Bank Egypt [SAUD] – Earnings Pressured by Higher Cost of Risk</u>
16-Feb-22	<u>MACROView – A Soothing Message From the CBE ... and Our Takeaways</u>
14-Feb-22	<u>Abu Qir Fertilizers [ABUK] – Another Record-High Quarter</u>
13-Feb-22	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
10-Feb-22	<u>MACROView – Ebb and Flow</u>
10-Feb-22	<u>MACROView – The Cloudy Year Has Just Begun</u>
9-Feb-22	<u>Elsewedy Electric [SWDY] – Ending 2021 on a Good Note</u>
8-Feb-22	<u>MACROView – A Fall in Disguise</u>
7-Feb-22	<u>Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock</u>
1-Feb-22	<u>MACROView – The Ripple Effect</u>



31-Jan-22	<u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u>
30-Jan-22	<u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u>
12-Jan-22	<u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u>
10-Jan-22	<u>MACROView – The Last Reading Ahead of a Cloudy Year</u>
30-Dec-21	<u>EGYPTCeramics – From Dusk to Dawn</u>
26-Dec-21	<u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u>
22-Dec-21	<u>MACROView – The Return of the ‘Vigilante’</u>
14-Dec-21	<u>MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation</u>
9-Dec-21	<u>MACROView – Another Retreat ... Until Further Notice</u>
8-Dec-21	<u>MACROView – For Stormy Days, Eyes on the Ball</u>
7-Dec-21	<u>EGYPTBanks – Takeoff Time</u>
5-Dec-21	<u>MACROView – Searching for Lost Momentum</u>
21-Nov-21	<u>TAKESStock – Nitrogen Fertilizers Local Price Hike</u>
17-Nov-21	<u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u>
17-Nov-21	<u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u>
15-Nov-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u>
15-Nov-21	<u>Elsewedy Electric [SWDY] – A Quarter to Forget?</u>
14-Nov-21	<u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u>
14-Nov-21	<u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u>
14-Nov-21	<u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u>
10-Nov-21	<u>MACROView – The Calm Before the Storm, or Maybe Not</u>
10-Nov-21	<u>CI Capital Holding [CICH] – Record-Breaking Quarter</u>
7-Nov-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u>
4-Nov-21	<u>MACROView – Underlying Strength, but Gathering Headwinds</u>
3-Nov-21	<u>MACROView – Gathering Clouds</u>
1-Nov-21	<u>TAKESStock – Separating the Wheat from the Chaff</u>
31-Oct-21	<u>TAKESStock – Natural Gas Price Hike</u>
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>

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