

THE END OF A STATE OF EMERGENCY PROPELS EGYPT'S INDEX TO VICTORY IN OCTOBER

Peru's Lost Opportunity: As I wrote in a recent report, the MSCI Peru, with its impressive month-to-date returns of 17.6% as of October 22, led the closest competitors in the 50-country-stock-index field - MSCI Indonesia and MSCI Egypt - by 6.9% and 8.4%, respectively. ¹ Please find the Performance Tables, including the month-to-date total returns (price appreciation plus dividends), by following the link to the report mentioned above. It is titled "*Unknown Unknowns or A Delayed Confirmation Vote for Peru's Cabinet of Ministers*":

<http://bbistrategies.com/our-publications--events/unknown-unknowns-or-a-delayed-confirmation-vote-for-perus-cabinet-of-ministers>

I believe the MSCI Peru Index's rally was sparked by an appointment of Mirtha Vasquez, a moderate Leftist, as Peru's new Prime Minister on October 6. ² Ms. Vasquez replaced Guido Bellido, a belligerent Marxist-Leninist who used gas industry nationalization threats during his short (two months and nine days) but tumultuous tenure as Peru's Prime Minister. Peru's Congress was to vote to confirm (or not) Mirtha Vasquez's cabinet of ministers on October 26, 2021. However, the vote was postponed to November 4, 2021, due to the death of Congressman Fernando Herrera Mamani. As a result of the delay and uncertainty associated with the confirmation, the MSCI Peru Index ended the month on a negative note by declining by 3.6% during the last week of the month (October 25-29, 2021).

On the positive side, the MSCI Peru Index's performance in October, with total returns of 13.4%, allowed the index to get off the last, 50th place, in our rankings. The index was rooted to the bottom of the table after the country elected Marxist-Leninist President Pedro Castillo in July 2021. During his presidential campaign, Mr. Castillo also pledged to nationalize Peru's mining and hydrocarbon sectors. ³ However, promises made on the political campaign trails, especially the most extreme ones, often, luckily, become less feasible when a person assumes the reins of power. An elected official must deal with the reality of governing (i.e., negotiating with influential people and groups with opposite views) rather than just sloganeering with the supporters.

The October Stage Winner: At the same time, the MSCI Egypt, which was in the third position before the last week, posted the second-best result during the week of October (5.5%) and won the October stage with a total return of 15.2%. In just one month, the MSCI Egypt's total returns exceeded the 2021 average assumed annual rate of returns of state public pension funds of 7.2%. ⁴ (Of course, the index, as any other equity investment, does not always go up and may lose value as well). I believe that the MSCI Egypt has clearly benefited from the end of a state of emergency on October 25, four years after it was imposed. Egypt imposed the state of emergency in April 2017 after the deadly bombings of two Coptic Christian churches by the local ISIS affiliate that led to the deaths of more than 40 people and wounds to dozens more. ⁵ Since it was imposed, the state of emergency was routinely extended at three-month intervals. ⁶ The state of emergency was lifted because "Egypt has become ... an oasis of security and stability in the region," as Egypt's President Abdel Fattah Al-Sisi wrote in a Facebook post. ⁷ Egypt's business community welcomed the President's decision anticipating that it would

¹ Vitaly Veksler, Beyond Borders Investment Strategies, "Unknown Unknowns or a Delayed Confirmation Vote for Peru's Cabinet of Ministers," October 26, 2021.

² Reuters, "Peru's Congress Postpones Cabinet Confirmation Vote to Next Week," October 25, 2021.

³ BBC, "Pedro Castillo Declared President-Elect of Peru," July 20, 2021.

⁴ Equable Institute, "State of Pensions 2021: National Pension Funding Trends," September 23, 2021.

⁵ Al Jazeera, "Egypt's el-Sisi Lifts State of Emergency in Force since 2017," October 26, 2021.

⁶ Reuters, "Egypt's President Sisi Ends State of Emergency for the First Time in Years," October 26, 2021.

⁷ Ibid.

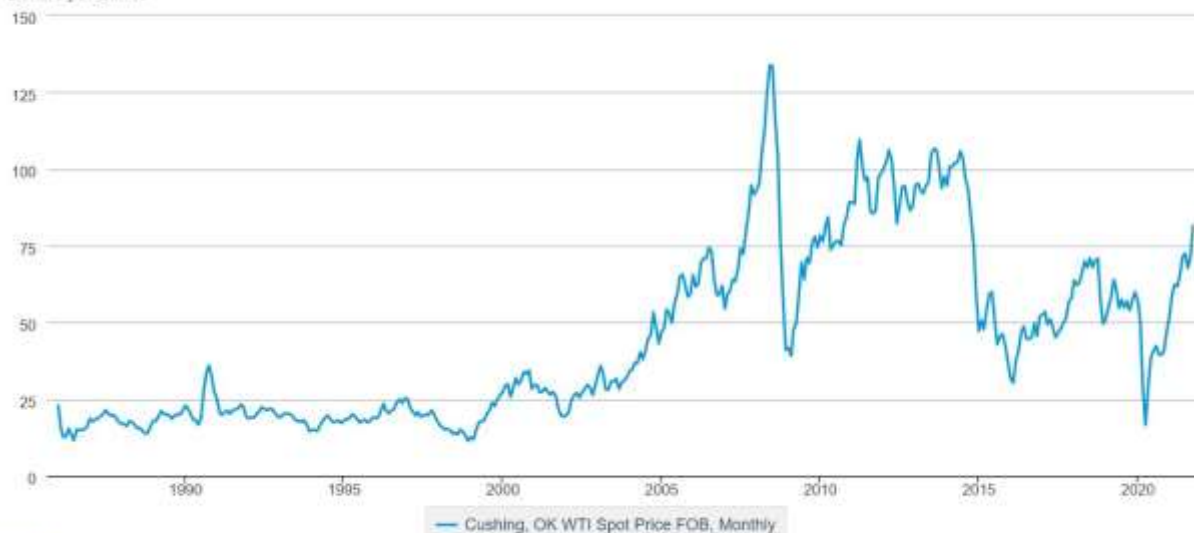
bring more investments in Egyptian businesses in such sectors as Financials, Information Technology, and Communication Services.⁸

Year-to-Date Leaders: Due to high and still increasing oil prices in 2021, oil-exporting and oil-refining countries continue to occupy seven out of the top eight places in terms of their 2021 year-to-date performance. According to the US Energy Information Administration (EIA), the West Texas Intermediate (WTI) oil price increased by 392% from the end of April 2020 (\$16.55) – the pandemic low – to the end of October 2021 (\$81.48).⁹ Please see *Chart 1 for the monthly WTI prices*. From the beginning of 2021 to the end of October, the WTI price increased by 73%, from \$47.02 to \$81.48. Saudi Arabia tops the list, followed by the UAE, Russia, Argentina, Netherlands, Norway, and Canada. The only Top Eight country that is not a traditional oil producer, Austria (in the fourth place), has a sizable Energy sector weight, 24.29%, as of September 30, 2021.¹⁰ For as long as the oil prices stay high, especially if they continue to increase, the indices of the oil-exporting countries are likely to perform well.

Chart 1. Oil Price (West Texas Intermediate)

Cushing, OK WTI Spot Price FOB, Monthly

Dollars per Barrel



THOMSON REUTERS Source: U.S. Energy Information Administration

Please let me know if you have any questions about BBIS, its investment strategies or would like to invest some of your funds with the firm. Thank you.

Best regards,

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⁸ Daily News Egypt, "Egypt's Business Community Welcomes President's Decision to Lift State of Emergency," October 26, 2021.

⁹ US Energy Information Administration (EIA), Petroleum & Other Liquids, Price Table, November 3, 2021.

¹⁰ MSCI Austria Index, Factsheet, September 30, 2021.

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PERFORMANCE TABLES

Year to Date September 30, 2021			Month to Date October 29, 2021			Week October 25 - October 29, 2021			Year to Date October 29, 2021		
1	Saudi Arabia	38.8%	1	Egypt	15.2%	1	Pakistan	5.5%	1	Saudi Arabia	43.0%
2	UAE	36.1%	2	Peru	13.4%	2	Egypt	5.5%	2	UAE	39.1%
3	Austria	35.1%	3	Argentina	10.8%	3	Vietnam	3.6%	3	Russia	37.6%
4	Russia	31.9%	4	Pakistan	9.7%	4	Argentina	3.4%	4	Austria	36.7%
5	India	26.8%	5	Indonesia	8.4%	5	Belgium	2.3%	5	Argentina	34.6%
6	Netherlands	23.5%	6	Canada	7.7%	6	Turkey	2.3%	6	Netherlands	31.9%
7	Norway	23.4%	7	USA (S&P 500)	7.0%	7	Spain	1.4%	7	Norway	27.8%
8	Argentina	21.5%	8	USA (MSCI)	7.0%	8	USA (S&P 500)	1.3%	8	Canada	27.2%
9	Vietnam	18.7%	9	Netherlands	6.8%	9	USA (MSCI)	1.2%	9	Vietnam	26.0%
10	Canada	18.2%	10	Portugal	6.8%	10	Switzerland	0.9%	10	India	25.9%
11	Taiwan	16.9%	11	Denmark	6.7%	11	France	0.8%	11	USA (S&P 500)	24.0%
12	Sweden	15.9%	12	Switzerland	6.2%	12	Denmark	0.5%	12	USA (MSCI)	23.4%
13	USA (S&P 500)	15.9%	13	Vietnam	6.1%	13	Italy	0.5%	13	Sweden	22.7%
14	Mexico	15.5%	14	Sweden	5.9%	14	Taiwan	0.3%	14	Denmark	20.6%
15	USA (MSCI)	15.3%	15	Italy	5.3%	15	Qatar	0.2%	15	Taiwan	17.7%
16	Denmark	12.9%	16	Israel	5.1%	16	Nigeria	0.2%	16	France	17.6%
17	France	12.6%	17	France	4.5%	17	UAE	0.2%	17	Qatar	16.9%
18	Qatar	12.3%	18	Russia	4.3%	18	Chile	0.2%	18	United Kingdom	16.7%
19	Greece	12.2%	19	Poland	4.2%	19	Ireland	0.0%	19	Poland	16.3%
20	United Kingdom	12.2%	20	Singapore	4.2%	20	United Kingdom	0.0%	20	Italy	15.5%
21	Poland	11.6%	21	Qatar	4.2%	21	Germany	-0.1%	21	Mexico	15.3%
22	Italy	9.7%	22	United Kingdom	4.0%	22	Netherlands	-0.3%	22	Singapore	14.0%
23	Singapore	9.4%	23	Spain	4.0%	23	Hong Kong	-0.4%	23	Israel	13.3%
24	Ireland	8.2%	24	Australia	3.9%	24	Japan	-0.4%	24	Switzerland	13.3%
25	Israel	7.8%	25	Norway	3.6%	25	Colombia	-0.5%	25	Greece	11.5%
26	Australia	7.3%	26	Philippines	3.3%	26	South Korea	-0.5%	26	Australia	11.5%
27	Finland	6.9%	27	Belgium	3.2%	27	Thailand	-0.7%	27	Ireland	9.7%
28	Switzerland	6.7%	28	China	3.2%	28	Brazil	-0.8%	28	Finland	8.1%
29	Japan	6.2%	29	Saudi Arabia	3.0%	29	New Zealand	-0.8%	29	Germany	7.3%
30	Germany	5.0%	30	Thailand	3.0%	30	Australia	-0.9%	30	Spain	7.1%
31	South Africa	4.7%	31	Colombia	2.8%	31	Singapore	-0.9%	31	Portugal	6.0%
32	Nigeria	4.2%	32	Malaysia	2.5%	32	Canada	-1.1%	32	Nigeria	5.8%
33	Spain	3.0%	33	UAE	2.2%	33	Poland	-1.1%	33	Egypt	4.7%
34	Belgium	0.9%	34	Germany	2.2%	34	Israel	-1.2%	34	South Africa	4.6%
35	Hong Kong	-0.4%	35	New Zealand	2.0%	35	Malaysia	-1.5%	35	Indonesia	4.4%
36	Portugal	-0.7%	36	Nigeria	1.6%	36	India	-1.7%	36	Belgium	4.1%
37	Indonesia	-3.6%	37	Ireland	1.4%	37	Portugal	-1.8%	37	Japan	2.6%
38	Thailand	-4.0%	38	Hong Kong	1.3%	38	Russia	-1.8%	38	Hong Kong	0.9%
39	Chile	-6.7%	39	Austria	1.2%	39	Saudi Arabia	-2.0%	39	Thailand	-1.2%
40	Philippines	-6.9%	40	Finland	1.1%	40	Sweden	-2.0%	40	Philippines	-3.8%
41	South Korea	-7.3%	41	Taiwan	0.6%	41	Indonesia	-2.1%	41	Malaysia	-5.6%
42	Malaysia	-7.9%	42	South Africa	-0.1%	42	Greece	-2.4%	42	Colombia	-8.9%
43	Egypt	-9.1%	43	Mexico	-0.2%	43	Mexico	-2.5%	43	South Korea	-9.4%
44	Colombia	-11.3%	44	Turkey	-0.3%	44	Austria	-2.6%	44	New Zealand	-11.7%
45	Brazil	-11.6%	45	Greece	-0.7%	45	Finland	-2.6%	45	Chile	-12.6%
46	New Zealand	-13.4%	46	India	-0.8%	46	Philippines	-3.2%	46	China	-14.0%
47	China	-16.6%	47	South Korea	-2.3%	47	Peru	-3.6%	47	Pakistan	-14.4%
48	Turkey	-18.8%	48	Japan	-3.4%	48	South Africa	-4.2%	48	Peru	-17.7%
49	Pakistan	-22.0%	49	Chile	-6.3%	49	China	-4.3%	49	Turkey	-19.1%
50	Peru	-27.4%	50	Brazil	-9.0%	50	Norway	-4.5%	50	Brazil	-19.6%

Sources: Refinitiv, Beyond Borders Investment Strategies (BBIS). Used MSCI country index performance for 48 countries - all but the US. The US performance is represented by MSCI USA and S&P 500 indices. All performance series measure total returns of US Dollar-denominated indices.

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