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Disinflation Interrupted

1. Today's Trading Playbook

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KEY THEMES

Yesterday, inflation figures for February came out, showing a slight uptick in annual headline inflation from 4.3% to 4.5%. The readings represent an interruption to the disinflation trend; however, we still see demand-side pressures not materializing. Such a view was later validated by the core inflation readings which remained unchanged at 3.6% from an annual perspective, yet dropped on a monthly basis from 0.5% to 0.3%. Despite weak demand-side forces, cost-driven factors started to appear on the horizon from the recently changing dynamics in the global commodity market, especially food prices. In view of the recent inflation figures, we see the next MPC meeting likely to result in interest rates kept unchanged. For more details, please read our [MACROView note](#), published yesterday.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Fitch Ratings affirmed Egypt's long-term FX issuer default rating at 'B+' with a 'stable' outlook. ([Fitch ratings](#))

Annual core inflation remained unchanged at 3.6% in February 2021. On a monthly basis, the core rate dropped to 0.3% from 0.5%. ([CBE](#))

Egypt's economy grew 2% in Q2 FY21, accelerating from 0.7% the previous quarter, as the tourism sector contracted at a slower pace. Growth during H1 FY21 clocked in at 1.35%, and the economy is expected to grow 2.8% in Q3 FY21. ([Cabinet meeting](#))

The eight-year Damietta LNG plant ownership dispute is now officially over after final settlement agreements were signed. Some 40 agreements were signed to settle claims between the government, state-owned EGAS, plant operator Spanish Egyptian Gas Co. (Segas),

and Union Fenosa Gas (UGS), the JV between Naturgy and Eni, the statement said. ([Ministry of Petroleum](#))

Egypt was the region's fourth-largest destination in MENA for startup funding in February after five firms received a combined USD11mn in finance during the month. ([Wamda](#))

Hilton Hotels will open nine new properties in Egypt in the coming five years, adding 1,700 more rooms to its Egypt portfolio. ([Reuters](#))

CORPORATE NEWS

Al-Shams Housing & Development's [ELSH] preliminary 2020 results showed that revenues climbed to EGP327mn (+49% y/y), and net profits grew to EGP150mn (+10% y/y). On another note, ELSH sold a receivables portfolio of EGP105mn for EGP69mn to Egyptian Arab Land Bank. (Company disclosures: [1](#), [2](#)) Overall, the results are more or less in line with our estimates as published in [our Core Coverage Report on ELSH](#), where we had expected revenues to hit EGP313mn (+4% variance) and net profits to reach EGP156mn (-4% variance).

Egytrans [ETRS] received an offer to fully acquire H.A. Utilities BV (DutchCo.) in exchange for owing the potential acquiree's parent company H.A. Utilities Holding BV a debt that would be fulfilled by issuing additional ETRS shares. The bidder expects the fair value per ETRS share, which would be determined by an independent financial consultant as part of the deal, to range between EGP12-13. The parent company also expects the fair value of DutchCo. to hit the EGP680-800mn range. ([Company disclosure](#))

Remco for Tourism Villages Construction [RTVC] will not get a cash return from selling its subsidiary Orient Tours Hotels & Tourism Villages as its ownership will be transferred to Technolease for Financial Leasing, in order to offset a debt of EGP826mn. ([Company disclosure](#))

Gulf Canadian Real Estate Investment's [CCRS] request to split its stock 12-to-1 was rejected by the Financial Regulatory Authority (FRA) which allowed the resumption of trading on the stock starting 11 March 2021. ([Company disclosure](#))

Edita Food Industries' [EFID] capital reduction has been approved by the FRA. The capital will be reduced to EGP144.6mn from EGP145mn through the cancellation of 2.3mn treasury shares. ([Company disclosure](#))

Fawry [FWRY] signed an agreement with Castle Development to collect the latter's customers' installments through its platforms. ([Economy Plus](#))

GLOBAL NEWS

U.S. consumer prices increased solidly in February, with households paying more for gasoline, but underlying inflation remained tepid amid weak demand for services like airline travel and hotel accommodation. ([Reuters](#))

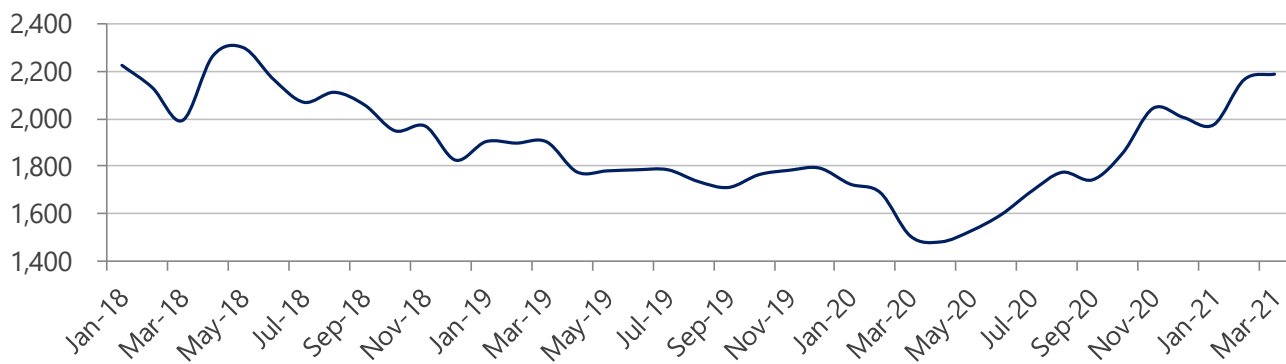
Auto sales in China, the world's biggest auto market, surged 365% in February over the same month a year earlier, marking their eleventh month of gains as the country leads the global industry's recovery from the COVID-19 pandemic. ([Reuters](#))

3. CHART OF THE DAY

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Aluminum Prices (USD/ton)



Source: Investing.com.

Aluminum prices extended the rally which kicked off since May 2020, crossing over the USD2,200/ton mark. The notable reason for the recent price uptick comes in view of fears of supply shortage coming out of China. Prices currently are flirting with the USD2,200/ton level.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
687.2						1,456.5 1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
	↓	EGX 30	11,235.60	(0.90%)	3.60%		↗	Gold	1,726.71	0.62%	(8.68%)
	↓	EGX 30 TR	4,314.13	(0.24%)	3.41%		↗	Silver	26.21	1.07%	(0.36%)
	↓	EGX 70 EWI	2,197.65	(0.96%)	2.45%		↗	Brent Oil	67.90	0.60%	31.87%
	↓	EGX 100 EWI	3,204.17	(0.84%)	3.43%		↗	WTI	64.44	0.64%	33.66%
	↗	DFMGI	2,547.34	0.34%	2.22%		↓	Natural Gas	2.69	(0.15%)	5.87%
	↗	ADSMI	5,606.82	0.42%	11.47%	EGP	↗	USD/EGP	15.73	0.00%	(0.07%)
	↗	TASI	9,595.45	1.29%	10.43%	€	↓	EUR/USD	1.19	(0.04%)	(2.39%)
	↗	QE Index	10,272.11	1.52%	(1.57%)	£	↔	GBP/USD	1.39	0.00%	1.92%
	↗	S&P 500	3,898.81	0.60%	3.80%	¥	↗	USD/JPY	108.38	0.35%	5.34%
	↗	Dow 30	32,297.02	1.46%	5.52%		↗	6M TB yield	13.32	8	59
	↓	NASDAQ	13,068.83	(0.04%)	1.40%		↗	1Y TB yield	13.29	7	52
	↓	VIX	22.56	(6.12%)	(0.84%)		↓	10Y TB yield	14.70	(2)	31
	↗	STOXX 50	3,819.92	0.89%	7.52%		↓	2Y TB yield	0.16	(1)	3
EM	↗	MSCI Emerging	1,324.90	0.53%	2.61%		↓	10Y TB yield	1.52	(1)	59
FM	↗	MSCI Frontier	569.49	0.36%	(0.37%)		↗	30Y TB yield	2.25	0	59

* As of market close, except for commodities and currencies at 8.2am 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
11-Mar-21	EDBM	Stock split	Distribution date for a stock split at 5-for-1 ratio.
11-Mar-21	MENA	Stock split	Distribution date for a stock split at 2-for-1 ratio.
11-Mar-21	FWRV	Stock dividend	Distribution date for a dividend at 0.28-for-1 ratio.
11-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
13-Mar-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
14-Mar-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in a 6th of October City project.
15-Mar-21	ETEL	EGM	Amending articles 21 & 43 of the bylaws.
16-Mar-21	SRWA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
16-Mar-21	ALUM	EGM	Amending articles 4 & 7 of the bylaws.
17-Mar-21	OLFI	Cash dividend	Record date for dividends of EGP0.60/share.
18-Mar-21	OLFI	Cash dividend	Ex-dividend date for dividends at EGP0.60/share.



18-Mar-21	NBKE	OGM	Approving the financial statements ending 31 Dec. 2020.
18-Mar-21	SAIB	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Mar-21	FAIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Mar-21		MPC meeting	Discussing a policy rate decision.
19-Mar-21	NINH	OGM	Approving the financial statements ending 31 Dec. 2020.
19-Mar-21	NINH	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
21-Mar-21	SIPC	Stock dividend	Record date for a dividend at a 0.14-for-1 ratio.
22-Mar-21	SIPC	Stock dividend	Distribution date for dividends at a 0.14-for-1 ratio.
22-Mar-21	OLFI	Cash dividend	Payout date for dividends of EGP0.60/share.
23-Mar-21	ADIB	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	ADIB	EGM	Approving increasing the authorized capital from EGP4bn to EGP7bn, and amending article 6 of the bylaws.
23-Mar-21	EHDR	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
23-Mar-21	EHDR	EGM	Approving a stock dividend and amending articles 6 and 7 of the bylaws.
23-Mar-21	PORT	OGM	Approving the financial statements ending 31 Dec. 2020.
23-Mar-21	PORT	EGM	Discussing changing the name of the company.
24-Mar-21	CICH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Mar-21	AUTO	EGM	Discussing the agenda.
25-Mar-21	UNIT	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MBSC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MCQE	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	PHAR	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MPRC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	MPRC	EGM	Amending articles 7 & 21 of the bylaws.
27-Mar-21	EFIC	OGM	Approving the financial statements ending 31 Dec. 2020.
27-Mar-21	EFIC	EGM	Amending article 36 of the bylaws.
27-Mar-21	EGAS	EGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
27-Mar-21	MPCO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
28-Mar-21	UNIP	OGM	Approving the financial statements ending 31 Dec. 2020.
28-Mar-21	UNIP	EGM	Discussing a 10-for-1 stock split and amending articles 6 & 7 of the bylaws.
28-Mar-21	ODIN	OGM	Approving the financial statements ending 31 Dec. 2020.
28-Mar-21	TMGH	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	UEGC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	GGCC	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.

29-Mar-21	AMIA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Mar-21	ETEL	OGM	Approving the financial statements ending 31 Dec. 2020.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
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>Al-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>
2-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>
25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>
11-Oct-20	<u>MACROView – Disinflationary trend interrupted</u>
11-Oct-20	<u>MACROView – External strains are slacking and reserves are growing</u>
6-Oct-20	<u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u>
5-Oct-20	<u>MACROView – Egypt’s recovery is broadening</u>
10-Sep-20	<u>MACROView – A Stunning Chapter Towards Targets</u>
8-Sep-20	<u>MACROView – Crawling Out of the Troughs</u>
3-Sep-20	<u>MACROView – Job losses and the bumpy road to recovery</u>
18-Aug-20	<u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u>
13-Aug-20	<u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u>
10-Aug-20	<u>MACROView – Muted inflation environment still dominates</u>
9-Aug-20	<u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u>
5-Aug-20	<u>MACROView – Toward gradual recovery</u>
29-Jul-20	<u>MACROView – CAD gains eroded by financial account vulnerability</u>
14-Jul-20	<u>Commercial International Bank - [COMI] - Q2 2020 results</u>
9-Jul-20	<u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u>
8-Jul-20	<u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u>
7-Jul-20	<u>MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</u>
25-Jun-20	<u>EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</u>
10-Jun-20	<u>MACROView – Lowest annual reading in five months, but monthly figures show no changes</u>
8-Jun-20	<u>Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</u>
8-Jun-20	<u>MACROView – Solid buffers and moderate depreciation: The CBE’s recipe to deal with COVID-19</u>
3-Jun-20	<u>MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</u>
18-May-20	<u>Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results</u>
18-May-20	<u>Al Baraka Bank Egypt [SAUD] – Q1 2020 Results</u>
17-May-20	<u>Credit Agricole Egypt [CIEB] – Q1 2020 Results</u>
13-May-20	<u>MACROView – Yesterday’s CBE conference call with Deputy Governor</u>
11-May-20	<u>MACROView– Acceleration in April driven by food prices – as expected</u>
7-May-20	<u>MACROView – Keeping head above water amid pandemic uncertainties</u>
5-May-20	<u>Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results</u>

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