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Concrete Action

1. Today's Trading Playbook

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KEY THEMES

The Egyptian Competition Authority (ECA) approved placing caps over the utilization rates of 23 cement manufacturers. While the decision was suggested by these 23 companies, the ECA approval comes in view of the tough conditions the industry has been suffering from. Furthermore, the cut in capacity of each company will be according to a certain formula that takes into consideration each manufacturer's total capacity, production line, and number of years in service. We note that the equation allocates the highest cuts to companies with more production lines as well as older companies. While the decision will help put a lid on the market oversupply, we believe the benefit of the decision will only come in handy if selling prices reacted proportionately to lower levels of excess supply. Compared to bigger players with higher capacities, we think small players will be the ones facing lower salability challenges and hence more capable to benefit from price hikes.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The Ever Given saga will be finally settled, as the Ismailia Economic Court ordered the release of the ship today upon the request of the Suez Canal Authority. ([Al-Shorouk](#))

Hotel occupancy rates in key Egyptian holiday destinations rose to 35-40% in the first six months of 2021. Meanwhile, European travel operator TUI has cancelled all summer holiday packages to Egypt until 31 July amid "ongoing uncertainty around travel", according to a press release by the company. Joining Egypt in the list of cancelled summer destinations by TUI are Turkey, Morocco, Greece, Tunisia, Costa Rica, and the U.S. state of Florida. ([Reuters](#), [TUI](#))

The UN Security Council will hold its long-awaited meeting tomorrow to discuss the Grand Ethiopian Renaissance Dam (GERD). The UN Security Council held a consultation session yesterday to discuss Egypt and Sudan's draft resolution. ([Reuters](#))

Egypt's foreign currency reserves inched up by almost USD116mn in June 2021 to USD40.58bn from USD40.47bn in May 2021. ([CBE](#))

The Egyptian Competition Authority (ECA) approved cutting the production capacity for 23 cement companies as per their request. This decision will be applied starting from 15 July 2021 and will last for a year. ([Al-Mal](#)) This may help address the over-supply gap which the cement sector has been suffering from.

The Ministry of Agriculture (MoA) with the Ministry of Communications & Information Technology (MCIT) are launching the smart assistant app for the farmer ("Hodhod"), according to an MoA report. The app uses artificial intelligence to provide farmers with the latest agricultural information on different crops with regards to prices and their expectations, integrated agricultural pest control, and technical recommendations for improving strategic crops yields. ([Al-Mal](#))

Under the new listing rules announced by the Financial Regulatory Authority (FRA) yesterday, the boards of EGX-listed firms and non-banking financial services companies will be required to be at least 25% women. ([FRA](#))

CORPORATE NEWS

Maridive & Oil Services [MOIL] said negotiations on the USD48mn offer by Al Subeai Investment Group to fully acquire Maridive Offshore Projects (MOP) have collapsed. The offer for MOIL's 99.98%-owned subsidiary MOP had been initially greenlit on 14 February. ([Company disclosure](#)) We note that our back-of-the-envelope valuation for MOP was USD42.2mn.

EFG Hermes Holding's [HRHO] consumer finance arm, ValU, signed a strategic partnership with Saudi German Health to provide the latter's clients with financing facilities. ([Economy plus](#))

Crédit Agricole Egypt's (CAE) [CIEB] signed a cooperation protocol with City Edge Real Estate Development Co., as part of the new real estate financing initiative launched by the Central Bank of Egypt (CBE), which offers long-term loans at low interest. ([Mubasher](#))

Qalaa Holdings' [CCAP] TAQA Arabia's subsidiary TAQA Power signed two contracts with Abu Soma Touristic Development (ASDC). This is to build two photovoltaic (PV) power stations in Soma Bay in the Red Sea. Total investments worth USD4mn. ([Mubasher](#))

Remco for Tourism Villages Construction [RTVC] Board of directors approved studying a letter of intent received to fully acquire RTVC's subsidiary Ambian for Tourism Investment. ([Company disclosure](#))

The value of the contributions of the most prominent founders in the Lighthouse platform for educational investments amounted to EGP425mn, as the contracts of the Insurance Holding Co., Egypt's sovereign fund and Banque Misr amounted to EGP125mn, EGP100mn, and EGP100mn, respectively. The educational platform aims to complete its first closure, worth EGP500mn, within weeks. (Al-Borsa)

GLOBAL NEWS

More clues on just when and how the U.S. Federal Reserve may begin to cut its pandemic-induced bond-buying spree are likely to emerge today when the central bank publishes minutes of last month's pivotal meeting. ([Reuters](#))

OPEC's sudden disarray would seem to be an opportunity for U.S. shale producers to lock in profits, with oil prices near multi-year-highs, but sources at those companies say they are not taking chances with the market's volatility. ([Reuters](#))

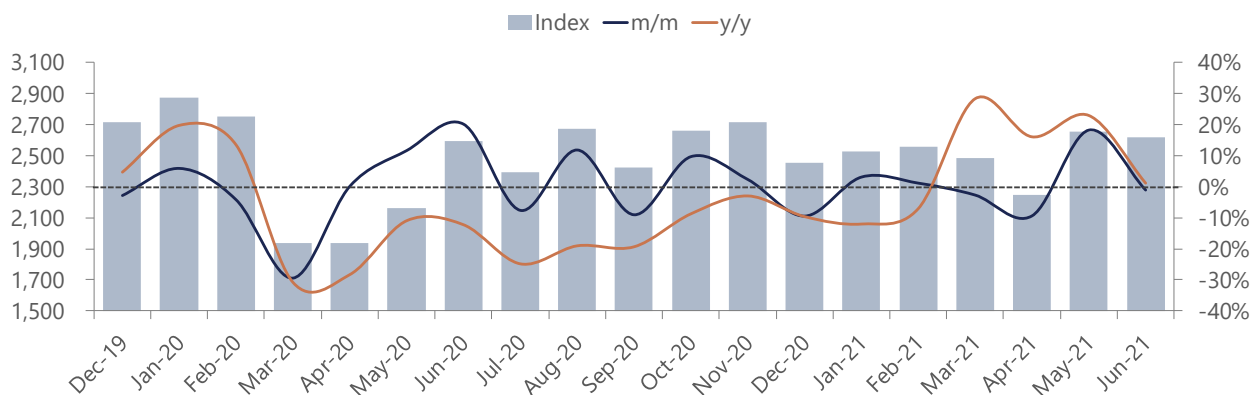
OPEC+ brinkmanship has taken oil prices towards USD80 a barrel, the highest since 2018, threatening to upend central banks' transitory inflation narrative as well as the post-pandemic economic recovery. ([Reuters](#))

3. CHART OF THE DAY

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Aqaarmap Real Estate Demand Index



Source: Aqaarmap, Prime Research.

Demand for real estate properties declined in June 2021 (-1.2% m/m), as per Aqaarmap's index. However, it is still higher on a year-to-date basis (+6.7% ytd) and on an annual basis (+1.1% y/y). Aqaarmap's index gauges demand using the website's traffic and economic and statistical data.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
657.2						1,125.2 1,178.6					
daily chg. ytd chg.						daily chg. ytd chg.					
	📉	EGX 30	10,154.79	(1.87%)	(6.37%)		📈	Gold	1,797.08	0.30%	(5.07%)
	📉	EGX 30 TR	3,987.71	(0.88%)	(4.41%)		📉	Silver	26.16	(1.21%)	(0.27%)
	📉	EGX 70 EWI	2,292.85	(2.49%)	6.89%		📈	Brent Oil	74.53	0.12%	44.05%
	📉	EGX 100 EWI	3,229.42	(2.52%)	4.25%		📈	WTI	73.37	0.22%	51.55%
	📉	DFMGI	2,782.69	(0.73%)	11.67%		📈	Natural Gas	3.64	1.24%	45.02%
	📉	ADSMI	6,984.89	(0.15%)	38.44%	EGP	📉	USD/EGP	15.71	(0.01%)	(0.17%)
	📉	TASI	10,971.21	(0.27%)	26.26%	€	📈	EUR/USD	1.18	0.06%	(3.15%)
	📉	QE Index	10,781.41	(0.17%)	3.31%	£	📈	GBP/USD	1.38	0.09%	1.04%
	📉	S&P 500	4,343.54	(0.20%)	15.64%	¥	📉	USD/JPY	110.63	(0.03%)	7.12%
	📉	Dow 30	34,577.37	(0.60%)	12.97%		📉	6M TB yield	13.35	(1)	62
	📈	NASDAQ	14,663.64	0.17%	13.77%		📈	1Y TB yield	13.27	4	50
	📈	VIX	16.44	9.09%	(27.74%)		📉	10Y TB yield	14.82	(1)	43
	📉	STOXX 50	4,052.67	(0.85%)	14.07%		📉	2Y TB yield	0.22	(2)	9
EM	📉	MSCI Emerging	1,346.58	(0.58%)	4.28%		📉	10Y TB yield	1.35	(9)	42
FM	📉	MSCI Frontier	637.75	(1.23%)	11.57%		📉	30Y TB yield	1.98	(7)	32

* As of market close, except for commodities and currencies at 8am 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
7-Jul-21	ELSH	Auction	Open bid for five residential buildings and 11 commercial plots.
11-Jul-21	EXPA	Stock dividend	Last date for eligibility for a 0.2-for-1 stock dividend.
11-Jul-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in the Sixth of October City project.
11-Jul-21	MTIE	Stock dividend	Last date for eligibility for a 0.25-for-1 stock dividend.
12-Jul-21	EXPA	Stock dividend	Date for distributing a 0.2-for-1 stock dividend.
12-Jul-21	MTIE	Stock dividend	Date for distributing a 0.25-for-1 stock dividend.
12-Jul-21	SVCE	EGM	Amending articles of the bylaws.
13-Jul-21	RAYA	Cash dividend	Last date for eligibility for a dividend of EGP0.045/share.
14-Jul-21	RAYA	Cash dividend	Date for ex-dividends of EGP0.045/share.
14-Jul-21	EXPA	OGM	Approving the estimated budget.
15-Jul-21	TMGH	Cash dividend	Date for a payout of EGP0.072/share (2nd round).
18-Jul-21	RAYA	Cash dividend	Date for paying out a dividend of EGP0.045/share.
21-Jul-21	PHDC	Decreasing issued capital	Decreasing the issued capital to EGP6.16bn from EGP6.23bn by writing off 36.5mn treasury shares.
24-Jul-21	PIOH	EGM	Ratification of PIOH's split.



26-Jul-21	MICH	EGM	Approving new articles of association and other agenda items.
27-Jul-21	HELI		Last day for buying a copy of the bidding terms for Heliopark.
29-Jul-21	ZMID	Cash dividend	Payment date for EGP0.15/share (2nd installment).

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
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>Elsewedy 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>
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>

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