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The Big Picture

1. Today's Trading Playbook

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Annual urban headline inflation edged up in June to 4.9% from 4.8% in May, driven by food prices and base year effect. The acceleration in some core food items in June drove also the core inflation to increase to 3.8% from 3.4% in May. With Inflation figures being broadly in line with our expectations, we believe interest rates will remain unchanged through next MPC meeting and likely until the end of 2021.

Furthermore, the lack of a decisive response by the **UN Security Council** towards the second filling of Grand Ethiopian Renaissance Dam (GERD), raise number of question marks regarding future steps. This in turn could blur the view for the EGX 30 and large caps in general, in the very short-term at least. Meanwhile, disruptions to the small-cap universe may not be as tough. We note that performance divergence between the EGX 30 and EGX 70 EWI still persists, with the former down some 6% ytd, whereas the latter up around 8% since the start of the year.

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

2. TOP NEWS & ANALYSIS

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In line with our expectations, annual urban headline inflation edged up in June from 4.8% in May to 4.9% driven by food prices and base year effect. The acceleration in some core food inflation in June drove also the core inflation to increase to 3.8% from 3.4% in May. We believe the CBE's **Monetary Policy Committee (MPC)** will keep rates unchanged at its upcoming meeting in August and most likely until the end of 2021. (For further details please read our [inflation note](#)). ([CAPMAS](#), [CBE](#))

Remittances from Egyptian abroad rose to USD2.5bn in April, up 34% y/y from USD1.8bn in April 2020. ([Mubasher](#))

President Vladimir Putin scrapped Russia's ban on charter flights to Egypt on Thursday, six years after suspending them for national security reasons in the aftermath of a plane crash. ([Reuters](#))

Egypt will receive its first shipment of Pfizer and Johnson & Johnson vaccines, as well as a new batch of the Oxford-AstraZeneca jab in the coming days, Minister of Health said. ([MBC Masr](#))

After the long-awaited Security Council session on Thursday, Egypt's Foreign Minister stated on Saturday that the situation within the Security Council is "complicated" due to political considerations, alignments and interlocking interests. The minister was referring to the Security Council's unwillingness to handle GERD issue because "they are not of importance worthy of the council's handling." ([Ahram online](#))

CORPORATE NEWS

Telecom Egypt [ETEL] was contracted by the Egyptian government to build a terrestrial communications network for six out of a targeted 14 villages under the presidential initiative, *Decent Life*. ([Arab finance](#))

CI Capital Holding [CICH] appointed KARVY Financial Advisory Services as an independent financial advisor to value its consumer finance subsidiary Sohuoola as CICH is looking to explore alternative investment options. ([Company disclosure](#))

Al Shams Housing & Development [ELSH] auctioned three land plots totaling a GLA of 1,608 sqm in its Sixth of October project. The lands were sold at a weighted average price of EGP7,995/sqm, implying a value of c. EGP12.9mn for the three plots. ([Company disclosure](#))

Raya Contact Center [RACC] seeks to expand in the outsourcing services in the Gulf market by acquiring a stake of up to 85% of the Bahraini company Gulf Customer Experience, specialized in outsourcing services. The acquisition agreement will take place this week, with a total deal value of USD12mn. ([Arab finance](#))

Remco for Tourism Villages Construction [RTVC] tapped Dar Alkhebra Company to value its subsidiary Ambian for Tourism Investment. ([Company disclosure](#))

GLOBAL NEWS

OPEC and its allies left the oil market hanging when they indefinitely postponed talks to resolve a disagreement over production curbs. Crude prices first surged to six-year highs, and then retreated, and uncertainty continues to hang over future OPEC+ policy. On Friday, Oil prices rose as the market reacted to falling U.S. inventories, and signs of strong Asian demand from both China and India added support. ([CNBC](#), [Reuters](#))

China has cut the reserve requirement ratio (RRR) for all banks by 50 bps, releasing around what's worth USD154bn in long-term liquidity to underpin a post-COVID economic recovery that is starting to lose momentum. ([Reuters](#))

Shortages of materials and "difficulties in hiring" are holding back the U.S. economic recovery from COVID-19 and have driven a "transitory" bout of inflation, the Federal Reserve said on Friday. ([Reuters](#))

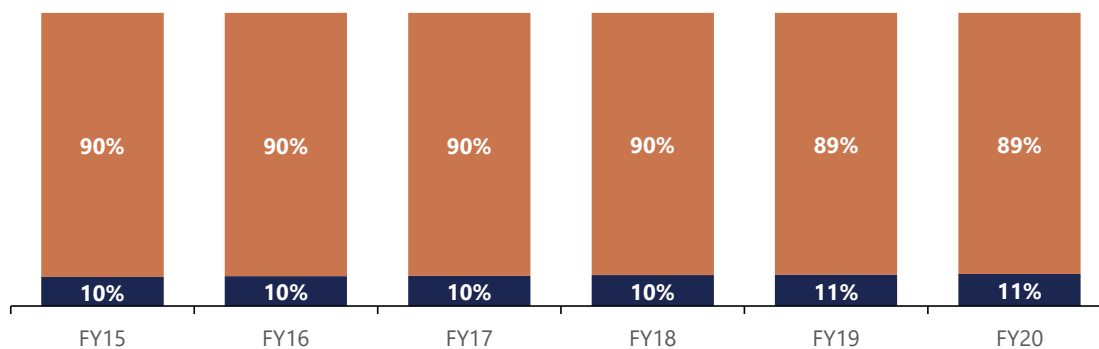
3. CHART OF THE DAY

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Structure of K-12 students enrolled in Egyptian schools

■ K-12 students enrolled in Egypt's private schools (% of total) ■ K-12 students enrolled in Egypt's public schools (% of total)



Source: Ministry of Education.

There were around 17.5mn students enrolled in Egypt's schools in FY15 (pre-primary, primary, preparatory and secondary phases), merely 10% of them or 1.7mn were enrolled in private schools. This compares to a total of 21mn students enrolled in FY20 (5-year CAGR of 4%), of whom 2.3mn were in private schools (11% of total, and a 5-year CAGR of 6%). These figures display the untapped opportunities for private investors to invest in Egypt's educational sector.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)		657.8		Equity turnover (EGPmn): Last, ytd avg.		1,245.8	1,178.6
		daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	10,184.80	(0.90%) (6.09%)		Gold	1,808.32	0.30% (4.74%)
	EGX 30 TR	3,952.32	(1.49%) (5.26%)		Silver	26.10	0.65% (1.13%)
	EGX 70 EWI	2,319.93	(0.93%) 8.15%		Brent Oil	75.55	1.93% 45.85%
	EGX 100 EWI	3,253.52	(0.96%) 5.03%		WTI	74.56	2.22% 53.67%
	DFMGI	2,779.75	(0.08%) 11.55%		Natural Gas	3.67	(0.38%) 44.70%
	ADSMI	6,963.23	(0.09%) 38.01%	EGP	USD/EGP	15.69	0.01% (0.33%)
	TASI	10,825.01	(1.22%) 24.58%	€	EUR/USD	1.19	0.26% (2.78%)
	QE Index	10,842.99	(0.21%) 3.90%	£	GBP/USD	1.39	0.83% 1.69%
	S&P 500	4,369.55	1.13% 16.33%	¥	USD/JPY	110.14	0.38% 6.67%
	Dow 30	34,870.16	1.30% 13.93%		6M TB yield	13.35	(1) 62
	NASDAQ	14,701.92	0.98% 14.07%		1Y TB yield	13.27	4 50
	VIX	16.18	(14.84%) (28.88%)		10Y TB yield	14.82	(1) 43
	STOXX 50	4,068.09	1.91% 14.51%		2Y TB yield	0.22	(1) 9
EM	MSCI Emerging	1,318.18	0.15% 2.08%		10Y TB yield	1.36	5 43
FM	MSCI Frontier	635.56	(0.76%) 11.18%		30Y TB yield	1.99	7 33

* As of market close. 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-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.
25-Jul-21	HRHO	Stock dividend	Last date for eligibility for a 0.2-for-1 stock dividend.
25-Jul-21	ECAP	Stock dividend	Last date for eligibility for a 0.045-for-1 stock dividend.

25-Jul-21	NBKE	Stock dividend	Last date for eligibility for a 2.33-for-1 stock dividend.
25-Jul-21	MNHD	Stock dividend	Last date for eligibility for a 0.04-for-1 stock dividend.
26-Jul-21	HRHO	Stock dividend	Date for distributing a 0.2-for-1 stock dividend.
26-Jul-21	ECAP	Stock dividend	Date for distributing a 0.045-for-1 stock dividend.
26-Jul-21	NBKE	Stock dividend	Date for distributing a 2.33-for-1 stock dividend.
26-Jul-21	MNHD	Stock dividend	Date for distributing a 0.04-for-1 stock dividend.
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 EGPO.15/share (2nd installment).

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>
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>CréditAgricole 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>CréditAgricole 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>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>Elsowedy 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>Elsowedy 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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