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Stating The Obvious

1. Today's Trading Playbook

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Commercial International Bank [**COMI**] has posted H1 2021 results, with net profits growing to EGP6.1bn (+22% y/y) despite lower net interest income of EGP11.7bn (-6.4% y/y). The growth in bottom line came mainly sponsored by significantly lower credit provisions of EGP1.1bn (-55% y/y). While the figures point to very strong annual growth, benefiting from very weak base in 2020, there are some facts we like to state.

First, the bank lower net interest income is the product of the maturity of an exceptionally high yielding bonds previously purchased. Second, the bank managed to lower its effective tax rate by as much of 400bps. Third, from ytd perspective, the bank grew its balance sheet by a 10%, with lending shadowing total assets growth. Fourth, the bank possesses a whopping 32% Capital Adequacy Ratio (CAR). Fifth, according to our estimates, the name is about to deliver a 3-year projected earnings growth CAGR of 23%, with annualized ROAE of 20.3%, yet trading at P/BV of only 1.2x.

The aforementioned observations suggest that the current market price is already eligible for cherry pickers attention, yet It remains the issue of lacking a short-term catalyst, holding COMI's momentum back.

For more details, [please read our comment](#) on COMI's recently announced H1 2021 results.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Tobacco players will be able to bid for a license to establish Egypt's second major tobacco company from 1 August. The Industrial Development Authority (IDA) has now revised the conditions booklet and plans to open the tender for bidding at the beginning of next month. ([Al-shorouk](#))

CORPORATE NEWS

CIB's [COMI] H1 2021 separate net profits grew 22% y/y to EGP6.1bn as a result of lower provisions build-up of EGP1.02bn (-55% y/y). This was despite lower net interest income (NII) of EGP11.7bn (-6.4% y/y). Net interest margin (NIM) retreated 137bps y/y to 5.8% in Q2 2021. Meanwhile, from a quarterly perspective, NIM stabilized due to stable cost of funds of 4.6%. Furthermore, ROAE almost unchanged at 20.3%, thanks to lower cost of risk (-200bps y/y), and a subdued effective tax rate of c.30%. ([Bank release](#)) COMI is currently traded at a forward P/E of 5.8x and forward P/BV of 1.2x.

Raya Contact Center [RACC] is negotiating with three local and European banks to borrow USD7mn to finance c.50% of its potential acquisition of the Bahraini company, Gulf Customer Experience (GCX). Earlier this week, RACC said that it is considering expanding in the outsourcing services in the Gulf market by acquiring a stake of up to 85% of the Bahraini company GCX, specialized in outsourcing services. The acquisition agreement is expected this week, with a total deal value of USD12mn. ([Al-Mal](#))

Al Ahly for Development and Investment (AFDI) Q1 2021 consolidated net income slipped 10% y/y to EGP5.1mn on the back of 56% lower revenues of EGP13mn. ([Company disclosure](#))

Russian Rosatom will provide between USD3bn to USD4bn to several Egyptian contractors working at the site of the Dabaa nuclear power plant as soon as permits are issued and construction begins. ([Enterprise](#))

GLOBAL NEWS

China's exports grew much faster than expected in June, as solid global demand led by easing lockdown measures and vaccination drives worldwide eclipsed virus outbreaks and port delays. ([Reuters](#))

Recent price rallies in U.S. government debt drove flows into exchange-traded funds tracking longer-dated Treasuries. ([Reuters](#))

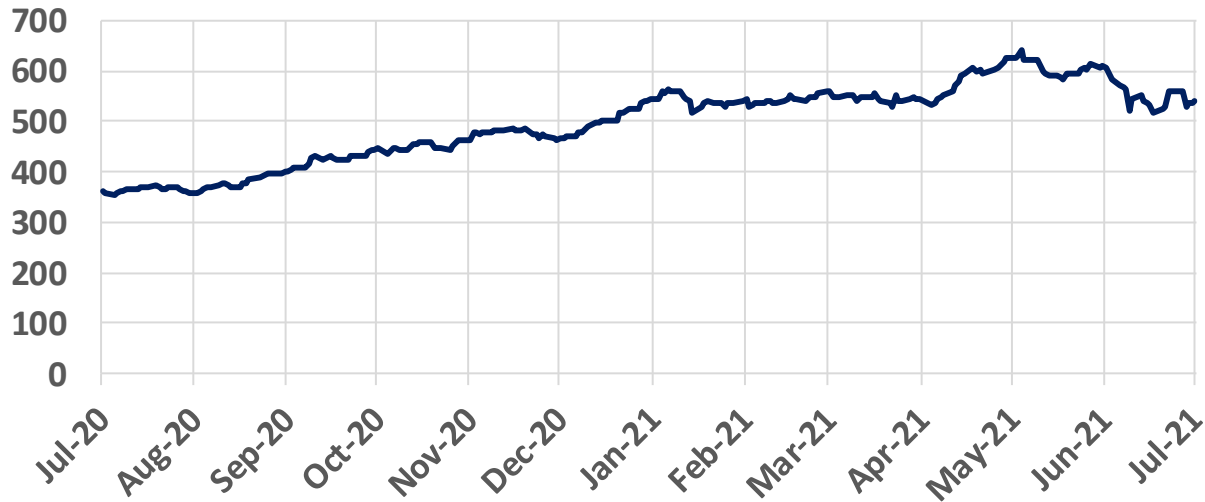
3. CHART OF THE DAY

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Mohamed Saad | Senior Equity Analyst

Msaad@egy.primegroup.org

Soybeans prices (USD/ton)



Source: Bloomberg.

Soybeans prices have rallied notably since mid last year on the back of revived demand and fewer than expected planting in US. Tighter supply added to soybeans price nearly USD180/ton (i.e. 33%) since last year, replicating similar movements in corn and wheat during the same period. We note that, higher soybeans, wheat, and corn prices are of the reasons that attribute the rally in global nitrogen fertilizers market, and urea in specific.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
659.3					1,205.9		1,178.6	
			daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	10,233.70	0.79%	(5.64%)		Gold	1,806.28	(0.11%) (4.61%)
	EGX 30 TR	3,997.64	1.01%	(4.18%)		Silver	26.20	0.37% (0.48%)
	EGX 70 EWI	2,321.60	1.09%	8.23%		Brent Oil	75.16	0.41% 45.69%
	EGX 100 EWI	3,257.01	1.00%	5.14%		WTI	74.10	0.43% 53.38%
	DFMGI	2,758.00	(0.10%)	10.68%		Natural Gas	3.75	(0.32%) 47.18%
	ADSMI	7,022.68	0.42%	39.51%		USD/EGP	15.70	0.09% (0.24%)
	TASI	10,698.54	0.10%	23.12%		EUR/USD	1.19	(0.01%) (2.91%)
	QE Index	10,776.34	(0.17%)	3.26%		GBP/USD	1.39	(0.01%) 1.54%
	S&P 500	4,384.63	0.35%	16.73%		USD/JPY	110.37	(0.01%) 6.89%
	Dow 30	34,996.18	0.36%	14.34%		6M TB yield	13.32	(2) 59
	NASDAQ	14,733.24	0.21%	14.32%		1Y TB yield	13.28	6 51
	VIX	16.17	(0.06%)	(28.92%)		10Y TB yield	14.82	(1) 43
	STOXX 50	4,093.38	0.62%	15.22%		2Y TB yield	0.23	2 10
	MSCI Emerging	1,326.83	0.66%	2.75%		10Y TB yield	1.37	1 44
	MSCI Frontier	631.19	(0.69%)	10.42%		30Y TB yield	2.00	1 34

* 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

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DATE	TICKER	TYPE	EVENT
13-Jul-21	RAYA	Cash dividend	Last date for eligibility for a dividend of EGP0.045/share.
14-Jul-21	OCDI	MTO	The submission deadline for Aldar Properties' [ADX: ALDAR] MTO for a minimum of 51% stake in SODIC [OCDI].
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 EGP0.15/share (2nd installment).
1-Aug-21	FWRY	OGM	Discussing netting contracts & approving the financial statements ending 31 Dec. 2020.
2-Aug-21	POUL	OGM	Appointment of independent board member & amending board of directors capacities.
2-Aug-21	PHDC	OGM	Discussing netting contracts
2-Aug-21	ORAS	Cash dividend	Last date for eligibility for a dividend of USD0.2313/share.
5-Aug-21		MPC Meeting	Determining the CBE's policy rate.
5-Aug-21	DAPH	EGM	Increasing capital from EGP249.48mn to EGP299.37mn and amending articles No. 4, 6 & 7 of the bylaws.
8-Aug-21	SKPC	EGM	Approving increasing the issued capital and amending articles No. 6 & 7 of the bylaws.
10-Aug-21	ORAS	Cash dividend	Date for paying out a dividend of USD0.2313/share.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>
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>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>

Prime Securities

Shawkat El Maraghy

Managing Director

T +20233005622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +20233005784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +20233005612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head-Institutional Desk

T +20233005609

AAlaa@egy.primegroup.org

Mohamed ElMetwaly

Manager

T +20233005610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +20233005624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +20233008130

SRaslan@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +20233005173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +20233005724

AElalfy@egy.primegroup.org

Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.
Member of the Egyptian Exchange.

2 Wadi El Nil St, Liberty Tower, 7th Fl.
Mohandessin, Giza, Egypt

T +20233005700/770/650/649

F +20237607543

Branches

Heliopolis

7 Elheqaz Square
Heliopolis, Cairo, Egypt

T +20227770600

F +20227770604

Alexandria

7 Albert Al Awa St.
Smouha, Alexandria, Egypt

T +20233008170

F +20233054622

Website

www.primeholdingco.com

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