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Made in China

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1. Today's Trading Playbook

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KEY THEMES

Iron ore prices continued to drift downward, scoring a low on August below USD160/ton, before regaining some ground last Friday. The strong declines seen over iron ore prices represent a continuation to the direction that formed since last May. The reason for August's stiff slippage is China's steel output curb, as part of the Chinese government de-carbonization efforts, forcing steel mills to operate at low utilization rates, resulting in weaker steel output in H2 2021. Weaker iron ore prices should later support Ezz Steel [**ESRS**] cash spreads, given solidified steel selling prices.

Elsewhere, aluminum prices remained solid during H2 2021, on the back of yet another subdued output from China. Weaker Chinese production is caused by power shortage, especially in Chinese Yunnan province. This comes due to the fact that most of the electricity used by aluminum smelters in Yunnan is generated through hydropower sources, at a time where a drought has weakened Yunnan's hydropower capacity. We believe tight global supply of aluminum, could fuel prices for the remainder of 2021, and a good portion of 2022. This should bode well for Egypt Aluminum's [**EGAL**] financial performance in 2021/2022. However, at a price above EGP20/share for EGAL, we believe the stock could be more than reflecting the current rally in aluminum prices.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The Sovereign Fund of Egypt (SFE) seeks private-sector partnerships to build and run 17 new desalination plants at an aggregate cost of about USD2.5bn. The news comes as the country tries to tackle looming water scarcity. ([Bloomberg](#))



The government is targeting 6% inflation rate in FY22, down from 13.3% in FY19, under its medium-term fiscal plans. The plan also targets reducing the unemployment rate to 7.3% by the end of FY22, down from the 9.6% recorded in the preceding year. ([MoP](#))

The Central Bank of Egypt is studying a new initiative for real estate financing with a maximum of EGP3mn. The new initiative will target those who looking to buy housing units worth between EGP1.5mn and EGP3mn, to support above-average housing units. ([Economy Plus](#))

Egypt could receive EUR250mn loan from the European Bank for Reconstruction and Development (EBRD) to finance upgrades at Cairo Metro Line 2. ([EBRD](#))

The government plans to deliver some 300 natural gas powered minibuses each month starting August as part of the state's plan to replace old vehicles with new models that have dual-fuel engines. ([MoF](#))

CORPORATE NEWS

EFG Hermes Holding [HRHO] healthcare arm Rx Healthcare Management, one of HRHO's private equity investments, is close to finalize acquisitions worth of EGP1bn. Meanwhile, HRHO's consumer finance arm, ValU, is intending to securitize EGP300mn of its portfolio in the short-term. ([Al-Mal](#), [Al-Borsa](#))

Qalaa Holding [CCAP] has said that the lawsuit related to a NSF check filed against CCAP's chairman, Ahmed Haikal, has reached to a settlement among the concerning parties. ([Company disclosure](#))

Alexandria Container & Cargo Handling's [ALCN] net income in July 2021/22 increased by 5% y/y to EGP90mn. Meanwhile, revenues decreased by 16% y/y to EGP144mn. ([Company disclosure](#))

GLOBAL NEWS

Oil prices closed out their biggest week of losses in more than nine months with another down day on Friday, as investors sold futures in anticipation of weakened fuel demand worldwide due to a surge in COVID-19 cases. ([Reuters](#))

Volkswagen said that it may cut production further due to the worldwide semiconductor supply shortage. This decision came after Toyota said that it will cut its output by 40% in September. ([Reuters](#))

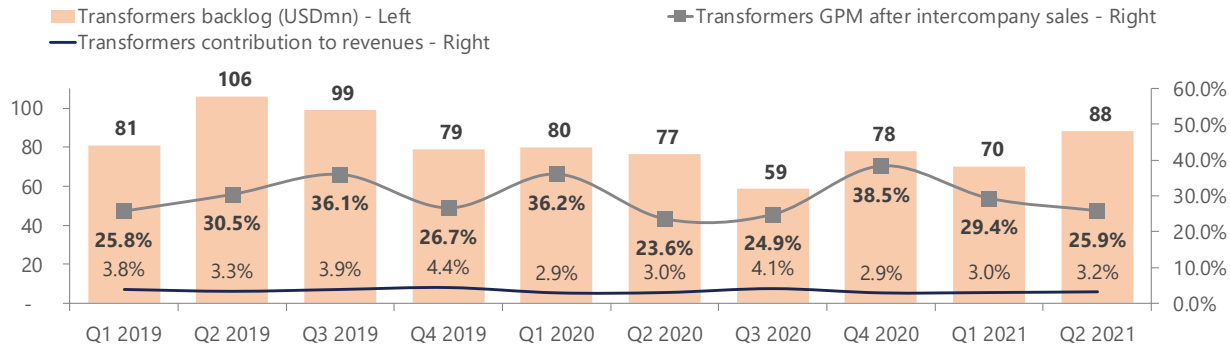
3. CHART OF THE DAY

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SWDY's Transformers Segment Quarterly Performance



Source: Company reports.

Transformers is one of SWDY's high-margin, yet its contribution to revenues is small (3.2% in Q2 2021). SWDY's management puts high hopes on the segment's growth. Transformers backlog increased significantly to USD88mn in Q2 2021 (+15% y/y, +26% q/q).

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
715.2					1,900.3 1,178.6			
			daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	10,808.70	(0.91%)	(0.34%)		Gold	1,781.11	0.04% (6.18%)
	EGX 30 TR	4,195.86	(0.84%)	0.58%		Silver	23.03	(0.97%) (12.79%)
	EGX 70 EWI	2,908.04	(0.83%)	35.56%		Brent Oil	65.18	(1.91%) 25.83%
	EGX 100 EWI	3,870.19	(0.84%)	24.93%		WTI	62.14	(2.14%) 28.07%
	DFMGI	2,838.24	(0.83%)	13.90%		Natural Gas	3.85	0.55% 51.67%
	ADSMI	7,620.21	(0.97%)	51.04%		USD/EGP	15.70	(0.00%) (0.27%)
	TASI	11,201.64	(1.26%)	28.91%		EUR/USD	1.17	0.20% (4.24%)
	QE Index	11,033.44	0.34%	5.73%		GBP/USD	1.36	(0.12%) (0.34%)
	S&P 500	4,441.67	0.81%	18.25%		USD/JPY	109.78	0.04% 6.32%
	Dow 30	35,120.08	0.65%	14.75%		6M TB yield	13.14	(1) 40
	NASDAQ	14,714.66	1.19%	14.17%		1Y TB yield	13.27	2 50
	VIX	18.56	(14.35%)	(18.42%)		10Y TB yield	14.80	0 41
	STOXX 50	4,147.50	0.55%	16.74%		2Y TB yield	0.23	1 10
	MSCI Emerging	1,220.78	(0.94%)	(5.46%)		10Y TB yield	1.26	(0) 33
	MSCI Frontier	651.97	(0.92%)	14.05%		30Y TB yield	1.87	(3) 21

* 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
22-Aug-21	PRCL	OGM	Reshuffling the board and discussing other agenda items.
22-Aug-21	PRCL	EGM	Amending the articles of association.
23-Aug-21	ORWE	Conference Call	Discussing Q2 2021 earnings.
24-Aug-21	GOCO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Aug-21	NCCW	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
26-Aug-21	ELWA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
29-Aug-21	ORAS	Earnings release	Announcing H1 2021 financial results.
30-Aug-21	EGTS	OGM	Approving the financial statements and other agenda items.
31-Aug-21	MBSC	Cash dividend	The deadline for eligibility for a dividend of EGP1.5/share.
1-Sep-21	AMES	Stock dividend	Last date for eligibility for a 0.09-for-1 stock dividend.
1-Sep-21	MBSC	Cash dividend	Date for ex-dividends for EGP1.5/share.
1-Sep-21	MSCI		The effective date for MSCI's August 2021 Quarterly Index Review.

2-Sep-21	AMES	Stock dividend	Date for distributing a 0.09-for-1 stock dividend.
2-Sep-21	DAPH	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
5-Sep-21	MBSC	Cash dividend	Date for paying out a dividend of EGP1.5/share.
8-Sep-21	CNFN	EGM	Adding investment banking to the company's activities.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
18-Aug-21	<u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u>
17-Aug-21	<u>Elsewedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>
16-Aug-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board</u>
11-Aug-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u>
10-Aug-21	<u>MACROView – July's Feverous Inflation</u>
9-Aug-21	<u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u>
5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
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>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>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>

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