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## To Strike a Balance

### 1. Today's Trading Playbook

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#### KEY THEMES

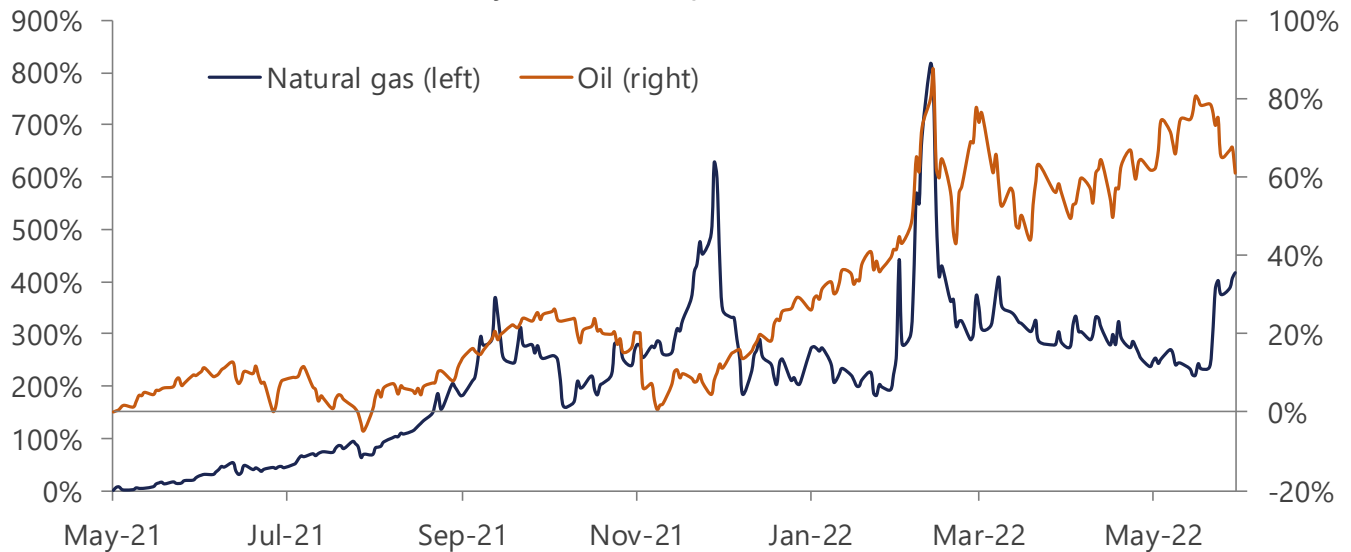
**Today, the Central Bank of Egypt's (CBE) Monetary Policy Committee (MPC) will meet to decide on interest rates. Against the backdrop of global financial tightening and high commodity prices, the MPC finds itself in a tough balancing act between taming inflation, stabilizing the exchange rate, and maintaining the country's economic growth.**

**A volatile global environment:** Global financial conditions are continuing to tighten to rein in the respective inflation rates across the different regions. In addition, the Russia-Ukraine war continues to strain global supply chains and push fossil fuel prices higher. Thus, we are heading into an uncertain period with respect to Egypt's balance of payments and current account deficit (CAD). The March CAD data released this month, however, showed a 40% y/y improvement to USD2.26bn. This was a welcomed surprise despite oil and wheat prices hitting record highs, which was mitigated by a massive increase in gas prices in the EU (at the time of writing 300%+ y/y as we step into the summer— seasonally the lowest prices). This led to an increase in the value of Egypt's LNG and fertilizer exports. If this trend continues through the next fiscal year with current import controls maintained, we could see CAD levels stabilizing at the current fiscal year's level, even if we account for further EGP depreciation. Ironically, high oil prices that hampered Egypt's economy have become a boon to its BoP in terms of remittances from the GCC where the economies continue to grow and enjoy comparatively lower inflation rates. Thus, we expect remittances to increase, boosting foreign reserves. Overall, the global landscape is still extremely fragile, and Egypt is not immune to any global volatility, so we prefer to err on the side of caution.

**The Egyptian pound will continue to be under some pressure, albeit slowly:** The Fed increased interest rates by 75bps last week and is likely to do the same next month. We see the U.S. dollar continuing to appreciate within the next 12 months, placing further pressure on the Egyptian pound. We expect the EGP to weaken slowly until the local market absorbs the government's implementation of its import substitution program to limit FX outflows. Overall, the CBE will ensure that the exchange rate does not materially affect the CPI by undertaking future hikes, if necessary.

**We expect a 100bps hike today:** The MPC's previous cumulative 300bps hike has begun to produce some positive results on inflation thus far. Indeed, the May headline inflation reading of 13.5% came well below consensus but was in line with our expectations. As we noted in [PRIMETime dated 16 June 2022](#), we think that a 100bps hike is a balanced approach to ensure that inflation continues on a stable path while at the same time not stifling investments or constraining government finances.

### Benchmark price of European natural gas vs. Brent oil 1-year relative performance



Source: Investing.com

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

## 2. TOP NEWS & ANALYSIS

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### CORPORATE NEWS

**Emaar Misr for Development's [EMFD] OGM agreed to partner with Eagle Hills Egypt in a residential, tourism, and commercial project on Egypt's North Coast.** ([Arab finance](#))

**GB Auto's [AUTO] investment MNT-Halan acquired the business-to-business (B2B) e-commerce platform "Talabeyah",** which provides small merchants, retailers, and soon consumers, with fast-moving consumer goods (FMCG) through next-day delivery of the order. ([Company disclosure](#))

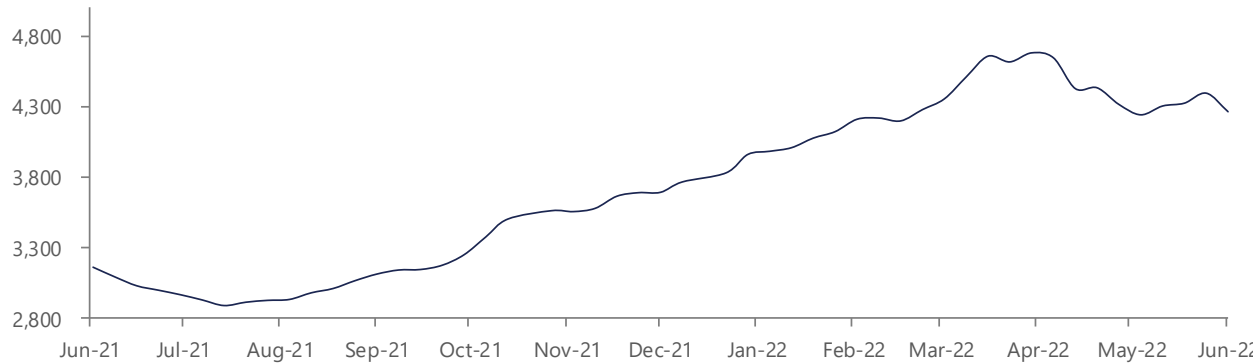
## 3. CHART OF THE DAY

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Skim Milk Powder (SMP) Prices (USD/ton)



Source: Bloomberg.

SMP prices have increased by 35% y/y, reaching USD4,259/ton in June 2022.

## 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
642.4						436.2      820.4					
daily chg.    ytd chg.						daily chg.    ytd chg.					
		EGX 30	9,612.90	(0.88%)	(19.55%)			Gold	1,837.72	0.26%	0.24%
		EGX 30 TR	3,884.59	(0.95%)	(17.64%)			Silver	21.42	(1.24%)	(8.45%)
		EGX 70 EWI	1,800.50	(0.68%)	(18.23%)			Brent Oil	111.74	(1.10%)	46.72%
		EGX 100 EWI	2,661.55	(0.72%)	(18.24%)			WTI	106.19	(1.37%)	45.13%
		DFMGI	3,235.98	(0.87%)	1.25%			Natural Gas	6.86	(0.76%)	82.47%
		ADSMI	9,301.87	(1.78%)	9.58%		EGP		USD/EGP	18.74	0.05%
		TASI	11,319.88	(2.91%)	0.34%	€		EUR/USD	1.06	(0.04%)	(7.11%)
		QE Index	11,943.18	(1.10%)	2.73%	£		GBP/USD	1.23	(0.24%)	(9.57%)
			S&P 500	3,759.89	(0.13%)	(21.11%)	¥		USD/JPY	136.26	0.23%
		Dow 30	30,483.13	(0.15%)	(16.11%)			6M TB yield	15.24	12	251
		NASDAQ	11,053.08	(0.15%)	(29.35%)			1Y TB yield	14.07	2	130
		VIX	28.95	(4.11%)	68.12%			10Y TB yield	14.68	30	29
		STOXX 50	3,464.64	(0.84%)	(19.40%)			2Y TB yield	3.17	(6)	304
EM		MSCI Emerging	993.59	(2.30%)	(19.35%)			10Y TB yield	3.25	(4)	232
FM		MSCI Frontier	514.92	(0.36%)	(22.64%)			30Y TB yield	3.32	(2)	166

\* 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

DATE	TICKER	TYPE	EVENT
23-Jun-22	BINV	Cash dividend	Date for paying out a dividend of EGP0.500/share.
23-Jun-22	ALCN	OGM	Approving the 2022/23 budget.
23-Jun-22	ALCN	EGM	Approving some articles of the bylaws.
23-Jun-22	CSAG	OGM	Approving the 2022/23 budget.
23-Jun-22		MPC Meeting	Determining the CBE's policy rate.
23-Jun-22	SUGR	Cash dividend	Date for paying out a dividend of EGP0.500/share.
26-Jun-22	MIPH	Cash dividend	Deadline for eligibility for a dividend of EGP2.9/share.
26-Jun-22	RAYA	EGM	Discussing applying a reward system for the company.
26-Jun-22	ASCM	OGM	Approving financial statements and other agenda items.
26-Jun-22	CCAP	OGM	Approving financial statements and other agenda items.
26-Jun-22	CCAP	EGM	Discussing the continuation of the company.
29-Jun-22	MIPH	Cash dividend	Date for paying out a dividend of EGP2.9/share.
29-Jun-22	JUFO	OGM	Approving financial statements ending 31 Dec. 2021 and the proposed dividends.
29-Jun-22	JUFO	EGM	Amending Articles No. 4, 25, 32, 44 & 47 of the company's bylaws.
1-Jul-22	GMFC	Subscription in the capital increase	Last day of subscription in the GMFC's EGP98mn capital increase.
3-Jul-22	CIRA	EGM	To approved to securitize CIRA's receivable portfolio worth of a maximum of EGP2bn.
3-Jul-22	PHDC	OGM	Discussing netting contracts.
3-Jul-22	PHDC	EGM	Considering canceling the reward and incentive programs for the employees, managers and executive members of the company's BoD.
6-Jul-22	IRON	OGM	Discussing the financial position.
6-Jul-22	TMGH	Cash dividend	Payment date for a dividend of EGP0.087/share (2nd installment).
7-Jul-22	ASCM	EGM	Discussing the continuation of the company.
18-Jul-22	SVCE	OGM	Considering the shareholders request to present the obstacles facing the cement sector in Egypt.
18-Jul-22	EXPA	EGM	Discussing the amendment of article no.5 of the bank's internal system.
20-Jul-22	DSCW	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Right Issue	Rights issue subscription closing date.
24-Jul-22	AIFI	OGM	Approving financial statements.
26-27 Jul-2022		FOMC	Determining policy rate & monetary stance.
28-Jul-22	PHAR	Cash dividend	Payment date for a dividend of EGP1.5/share (2nd installment).

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
14-June-22	<a href="#"><u>Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own</u></a>
8-June-22	<a href="#"><u>TAKEStock – Delta Sugar [SUGR] - Sweet and Sour</u></a>
7-June-22	<a href="#"><u>TAKEStock – Orascom Financial Holding [OFH] - Triple-Digit Upside</u></a>
25-May-22	<a href="#"><u>TAKEStock – The Egyptian Cement Industry - Gauging the Impact</u></a>
<b>23-May-22</b>	<b><a href="#"><u>Cairo for Investment &amp; Real Estate Development [CIRA] – Head of the Class</u></a></b>
19-May-22	<a href="#"><u>MACROView – A New Game Plan</u></a>
17-May-22	<a href="#"><u>MACROView – All Uphill from Here</u></a>
<b>15-May-22</b>	<b><a href="#"><u>EGYPTBanks – Harness the Hike</u></a></b>
15-May-22	<a href="#"><u>TAKEStock – Hidden “valu”</u></a>
28-Apr-22	<a href="#"><u>MACROView – Din of Battle Getting Louder</u></a>
17-Apr-22	<a href="#"><u>MACROView – Before the Grand Storm</u></a>
14-Apr-22	<a href="#"><u>EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid</u></a>
12-Apr-22	<a href="#"><u>MACROView – Mounting External Vulnerabilities</u></a>
10-Apr-22	<a href="#"><u>MACROView – Much Higher Inflation ... and Longer</u></a>
24-Mar-22	<a href="#"><u>EFG Hermes Holding [HRHO] – The Best Is Yet to Come</u></a>
23-Mar-22	<a href="#"><u>CI Capital Holding [CICH] – A Year to Remember</u></a>
22-Mar-22	<a href="#"><u>Orascom Construction [ORAS] – A Clear Devaluation Winner</u></a>
10-Mar-22	<a href="#"><u>MACROView – The Dizzying Speed</u></a>
6-Mar-22	<a href="#"><u>MACROView – On the Back Foot</u></a>
2-Mar-22	<a href="#"><u>MACROView – Calculating the Ferocity</u></a>
1-Mar-22	<a href="#"><u>Housing &amp; Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth</u></a>
27-Feb-22	<a href="#"><u>Export Development Bank of Egypt [EXPA] – A Year to Forget</u></a>
22-Feb-22	<a href="#"><u>Commercial International Bank (CIB) [COMI] – 2021, a Grand Finale</u></a>
21-Feb-22	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Saves the Day</u></a>
20-Feb-22	<a href="#"><u>Abu Dhabi Islamic Bank - Egypt [ADIB] – Wise Utilization Enhances Profitability</u></a>
17-Feb-22	<a href="#"><u>Al Baraka Bank Egypt [SAUD] – Earnings Pressured by Higher Cost of Risk</u></a>
16-Feb-22	<a href="#"><u>MACROView – A Soothing Message From the CBE ... and Our Takeaways</u></a>
14-Feb-22	<a href="#"><u>Abu Qir Fertilizers [ABUK] – Another Record-High Quarter</u></a>
13-Feb-22	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
10-Feb-22	<a href="#"><u>MACROView – Ebb and Flow</u></a>



10-Feb-22	<a href="#"><u>MACROView – The Cloudy Year Has Just Begun</u></a>
9-Feb-22	<a href="#"><u>Elsewedy Electric [SWDY] – Ending 2021 on a Good Note</u></a>
8-Feb-22	<a href="#"><u>MACROView – A Fall in Disguise</u></a>
7-Feb-22	<a href="#"><u>Macro Group Pharmaceuticals [MCRO] – Not the Usual Pharma Stock</u></a>
1-Feb-22	<a href="#"><u>MACROView – The Ripple Effect</u></a>
31-Jan-22	<a href="#"><u>Obour Land For Food Industries [OLFI] – Double-Digit Growth Complements a Resilient Story</u></a>
<b>30-Jan-22</b>	<b><a href="#"><u>STANDPoint – Egypt Valuation Repertoire — 2022 Outlook</u></a></b>
12-Jan-22	<a href="#"><u>QNB Alahli [QNBA] – Slow Earnings Pace Despite Assets Growth</u></a>
10-Jan-22	<a href="#"><u>MACROView – The Last Reading Ahead of a Cloudy Year</u></a>
<b>30-Dec-21</b>	<b><a href="#"><u>EGYPTCeramics – From Dusk to Dawn</u></a></b>
<b>26-Dec-21</b>	<b><a href="#"><u>Obour Land For Food Industries [OLFI] – A Play on Consumption Recovery</u></a></b>
22-Dec-21	<a href="#"><u>MACROView – The Return of the ‘Vigilante’</u></a>
14-Dec-21	<a href="#"><u>MACROView – When “Bad” Inflation Clouds the Path of “Good” Inflation</u></a>
9-Dec-21	<a href="#"><u>MACROView – Another Retreat ... Until Further Notice</u></a>
8-Dec-21	<a href="#"><u>MACROView – For Stormy Days, Eyes on the Ball</u></a>
<b>7-Dec-21</b>	<b><a href="#"><u>EGYPTBanks – Takeoff Time</u></a></b>
5-Dec-21	<a href="#"><u>MACROView – Searching for Lost Momentum</u></a>
21-Nov-21	<a href="#"><u>TAKEStock – Nitrogen Fertilizers Local Price Hike</u></a>
17-Nov-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Earnings Growth Skyrocketing ex-One-Offs</u></a>
17-Nov-21	<a href="#"><u>Orascom Construction [ORAS] – BESIX – Back on Track Again</u></a>
15-Nov-21	<a href="#"><u>B Investments Holding [BINV] – Growth Dented Across the Board – Take 2</u></a>
15-Nov-21	<a href="#"><u>Elsewedy Electric [SWDY] – A Quarter to Forget?</u></a>
14-Nov-21	<a href="#"><u>Misr Chemical Industries [MICH] – A Healthy Kick-off to a Promising Year</u></a>
14-Nov-21	<a href="#"><u>Abu Qir Fertilizers [ABUK] – A “One-of-a-Kind” Quarter</u></a>
14-Nov-21	<a href="#"><u>Commercial International Bank [COMI] – Elegant Earnings Growth on All Fronts</u></a>
10-Nov-21	<a href="#"><u>MACROView – The Calm Before the Storm, or Maybe Not</u></a>
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7-Nov-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – Earnings Recover on Lower Provisions</u></a>
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3-Nov-21	<a href="#"><u>MACROView – Gathering Clouds</u></a>
1-Nov-21	<a href="#"><u>TAKEStock – Separating the Wheat from the Chaff</u></a>
31-Oct-21	<a href="#"><u>TAKEStock – Natural Gas Price Hike</u></a>



19-Oct-21	<a href="#"><u>MACROView – The Storm Is Gone but the Headwinds Persist</u></a>
13-Oct-21	<a href="#"><u>e-finance [EFIH] – An Eye-Opening IPO</u></a>
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19-Sep-21	<a href="#"><u>TAKEStock – Consumer Staples (Food &amp; Beverage) – All You Can Eat Festival</u></a>
15-Sep-21	<a href="#"><u>MACROView – Deciphering the Din of Battle</u></a>
14-Sep-21	<a href="#"><u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u></a>
9-Sep-21	<a href="#"><u>MACROView – Hot Summer Winds</u></a>
7-Sep-21	<a href="#"><u>MACROView – The Global Blessing Windfall</u></a>
6-Sep-21	<a href="#"><u>MACROView – Tempered, But Cautious, Optimism</u></a>
5-Sep-21	<a href="#"><u>Misr Chemical Industries [MICH] – Nice While It Lasted</u></a>
29-Aug-21	<a href="#"><u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u></a>
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6-Jul-21	<a href="#"><u>MACROView – A Steady and Slow Recovery in the Making</u></a>
5-Jul-21	<a href="#"><u><b>Abu Qir Fertilizers [ABUK] – Talking U</b></u></a>

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