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Welcome Back!

1. Today's Trading Playbook

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Welcome back everyone after this long vacation! Despite being an off week, it was an eventful one. As a result, the market has to digest many data points that took place on both the global and local fronts.

For a starter, U.S. consumer prices jumped 9.1% y/y in June, up from May's 8.6% rise. The CPI figures which came ahead of consensus expectations really made a number on U.S. equities throughout this past week, only for the market to find some footing at the end of such week on fine retail sales data, coupled with soothing message from the Fed officials that a 100bps rate hike is not on the cards. Consequently, the U.S. dollar gained more ground, going into parity with the Euro, and substantially pressuring commodity prices, with oil prices slipping below USD100/bbl.

Here at home, we have a bunch of very important economic data. Inflation has slowed down in June, with annual headline inflation hitting 14.7%, down from 15.3% in May 2022. On the other hand, monthly inflation came in the negative territory, registering -0.3% m/m. Calmer inflation figures on a monthly basis came thanks to negative food inflation of 2.2%. Such figures in a way came in line with the CBE's decision not to hike interest rates last June. We continue to think that inflation should peak in August, with a gradual normalization towards CBE's target zone to follow.

Elsewhere, Egypt's Net International Reserves (NIR) continued to drift lower, falling to USD33.4bn in June, down by 6% m/m to USD35.5bn, reflecting mounting external pressures on the country's net foreign reserves, in the aftermath of a drastic change to the global liquidity situation.

Finally, the Egyptian government hiked fuel price, including diesel prices, in an announcement that followed the fuel pricing committee meeting. Diesel prices were hiked by 7.4% to EGP7.25 /liter from EGP6.75/liter previously. On the other hand, Octane prices got hiked across the board by a rate ranging from 7% to 10%. Moreover, Mazut prices rose by 8.7% for all sectors except food and electricity. While hiking fuel prices should ease some pressure off the state budget, it

will surely push inflation higher, further weakening Egyptians' purchasing power as their disposable incomes narrow.

Although the overall macro picture still poses many unsolved questions, we continue to believe that individual stock stories should be a pivotal factor in building your investment strategy for the time being. That said, we continue to favor stocks with stable business models and stable USD-linked revenue streams, as we believe they will demonstrate the best fundamentals across the roster of Egypt's equities. For more details please refer to our Trading Playbook issued on 21 March 2022.

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

2. TOP NEWS & ANALYSIS

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CORPORATE NEWS

QNB Alahli [QNBA] announced its Q2 2022 stand-alone results last Thursday, achieving an 18% y/y increase in net income reaching EGP2.4bn. The bank's Net Interest Income (NII) grew 23% y/y to EGP4.5bn on the back of higher yield. While provisions increased 36% y/y, yet decreased 37% q/q to EGP631mn, which boosted the bank's bottom line this quarter. The bank still chooses to remain conservative after the higher interest rates, with a coverage ratio of 136%. As for QNBA's balance sheet, total assets went up 13% ytd to EGP400bn, for the bank managed to grow its loan book by 12% to EGP196bn, with NPL ratio of 4.08%. We also note that treasury bills leaped 70% to EGP46bn ytd. On the other side, Deposits reached EGP338bn (+14% ytd) with GLDR steady at 61%. QNBA's annualized NIM increased q/q from 4.76% to 5.04% in light of higher yield, while ROAE and ROAA increased to 20% and 2.4%, respectively. The bank is currently traded at a P/B of 0.7x and an annualized P/E of 3.6x.

Speed Medical [SPMD] exited Prime Speed Medical Services by selling its 30% stake (or 30,000 shares) at par value. Last November, SPMD decided to exit Prime Speed Medical Services and Misr Labs for Medical Services. ([Company disclosure](#))

Banque du Caire's [BDQC] IPO is to be postponed due to adverse market conditions. ([Al-Borsa](#))

Abu Auf parent company is selling 60% stake to the Emarati Agthia. According to Agthia, the acquisition's initial price is expected to be up to EGP2.9bn. Ahmed Auf, Mohamed Auf, and Ayman Auf will retain a 30% stake, while Tanmiya Capital Ventures (TCV) will retain a 10% stake. CI Capital Holding [CICH] was the adviser to Agthia, while EFG Hermes Holding [HRHO] was the adviser to the seller. ([Entreprise](#))

Saybad Industrial Investment made a non-binding tender offer to acquire up to 90% of Paints & Chemical Industries Co. [PACH] with an average price of EGP16.25/share, which values the company at EGP390mn. ([Mubasher](#))

Orascom Development [ORHD] is planning to launch the O West club in the third quarter of 2023. (Al-Borsa)

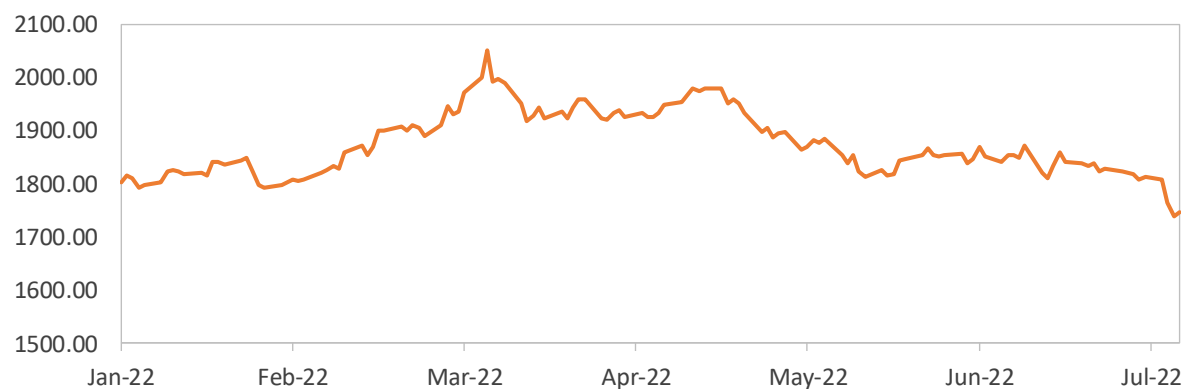
3. CHART OF THE DAY

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Gold Spot in USD (YTD)



Source: Bloomberg.

Spot gold reached USD1,745 per ounce, declining by more than USD300 since the Federal Reserve began raising interest rates in March to tame unruly inflation.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
597.7						552.6 805.3					
				daily chg.	ytd chg.					daily chg.	ytd chg.
		EGX 30	8,764.25	1.09%	(26.65%)			Gold	1,708.17	(0.10%)	(6.62%)
		EGX 30 TR	3,543.77	0.99%	(24.87%)			Silver	18.71	1.56%	(19.71%)
		EGX 70 EWI	1,693.76	1.47%	(23.07%)			Brent Oil	101.16	2.08%	35.24%
		EGX 100 EWI	2,484.55	1.22%	(23.67%)			WTI	97.59	1.89%	35.22%
		DFMGI	3,160.22	0.20%	(1.12%)			Natural Gas	7.02	6.30%	88.10%
		ADSMI	9,249.97	0.07%	8.97%	EGP		USD/EGP	18.89	(0.06%)	(16.81%)
		TASI	11,163.02	(1.12%)	(1.05%)	€		EUR/USD	1.01	0.62%	(11.35%)
		QE Index	11,867.75	(0.13%)	2.08%	£		GBP/USD	1.19	0.26%	(12.39%)
		S&P 500	3,863.16	1.92%	(18.95%)	¥		USD/JPY	138.57	0.28%	(16.95%)
		Dow 30	31,288.26	2.15%	(13.90%)			6M TB yield	15.51	28	278
		NASDAQ	11,452.42	1.79%	(26.80%)			1Y TB yield	15.61	152	284
		VIX	24.23	(8.22%)	40.71%			10Y TB yield	14.68	30	29
		STOXX 50	3,477.20	2.37%	(19.10%)			2Y TB yield	3.13	17	300
EM		MSCI Emerging	961.85	(0.37%)	(21.93%)			10Y TB yield	2.92	(0)	199
FM		MSCI Frontier	510.98	0.13%	(23.23%)			30Y TB yield	3.08	(4)	142

* 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

DATE	TICKER	TYPE	EVENT
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.
18-Jul-22	HRHO	Stock dividend	Last date for eligibility for a 0.20-for-1 stock dividend.
19-Jul-22	HRHO	Stock dividend	Date for distributing a 0.20-for-1 stock dividend.
20-Jul-22	JUFO	EGM	Amending Articles No. 4, 25, 32, 44 & 47 of the company's bylaws.
20-Jul-22	DSCW	Capital increase	Capital increase subscription closing date.
20-Jul-22	FWRY	OGM	Discussing netting contracts & board election.
20-Jul-22	ELSH	Stock dividend	Last date for eligibility for a 0.25-for-1 stock dividend.
21-Jul-22	ELSH	Stock dividend	Date for distributing a 0.25-for-1 stock dividend.
21-Jul-22	ADIB	Capital increase	Capital increase subscription closing date.
21-Jul-22	ADIB	Right Issue	Rights issue subscription closing date.
22-Jul-22	CCAP	EGM	Discussing agenda items.
24-Jul-22	AIFI	OGM	Approving financial statements.
26-Jul-22	MOIL	OGM	Discussing agenda items.
26-Jul-22	ZMID	Cash dividend	Deadline for eligibility for a dividend of EGP0.30/share.

26-27 Jul-2022		FOMC	Determining policy rate & monetary stance.
27-Jul-22	ELSH	Cash dividend	Payment date for a dividend of EGP0.075/share (1st installment).
28-Jul-22	PHAR	Cash dividend	Payment date for a dividend of EGP1.5/share (2nd installment).
30-Jul-22	ELNA	OGM	Approving financial statements and other agenda items.
30-Jul-22	ELNA	EGM	Approving cancelling Articles No. 21 & 23 of the company's bylaws.
31-Jul-22	ZMID	Cash dividend	Payment date for a dividend of EGP0.15/share (1st installment).
31-Jul-22	AJWA	OGM	Approving financial statements.
31-Jul-22	AJWA	EGM	Discussing the continuation of the company & amending Article No. 4 of the company's bylaws.
1-Aug-22	ORAS	EGM	Approval of appointing Renad Younes as Independent Non-Executive Director

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
14-Jun-22	<u>Ghazl El-Mahalla Football Co. [GMFC] - In a League of Its Own</u>
8-Jun-22	<u>TAKEStock – Delta Sugar [SUGR] - Sweet and Sour</u>
7-Jun-22	<u>TAKEStock – Orascom Financial Holding [OFH] - Triple-Digit Upside</u>
25-May-22	<u>TAKEStock – The Egyptian Cement Industry - Gauging the Impact</u>
23-May-22	<u>Cairo for Investment & Real Estate Development [CIRA] – Head of the Class</u>
19-May-22	<u>MACROView – A New Game Plan</u>
17-May-22	<u>MACROView – All Uphill from Here</u>
15-May-22	<u>EGYPTBanks – Harness the Hike</u>
15-May-22	<u>TAKEStock – Hidden “valu”</u>
28-Apr-22	<u>MACROView – Din of Battle Getting Louder</u>
17-Apr-22	<u>MACROView – Before the Grand Storm</u>
14-Apr-22	<u>EFG Hermes Holding [HRHO] – Rating Cut on Withdrawal of FAB’s Bid</u>
12-Apr-22	<u>MACROView – Mounting External Vulnerabilities</u>
10-Apr-22	<u>MACROView – Much Higher Inflation ... and Longer</u>
24-Mar-22	<u>EFG Hermes Holding [HRHO] – The Best Is Yet to Come</u>
23-Mar-22	<u>CI Capital Holding [CICH] – A Year to Remember</u>
22-Mar-22	<u>Orascom Construction [ORAS] – A Clear Devaluation Winner</u>
10-Mar-22	<u>MACROView – The Dizzying Speed</u>
6-Mar-22	<u>MACROView – On the Back Foot</u>
2-Mar-22	<u>MACROView – Calculating the Ferocity</u>
1-Mar-22	<u>Housing & Development Bank [HDBK] – Credit Provisions Flattened Earnings Growth</u>



- 27-Feb-22 [Export Development Bank of Egypt \[EXPA\] – A Year to Forget](#)
- 22-Feb-22 [Commercial International Bank \(CIB\) \[COMI\] – 2021, a Grand Finale](#)
- 21-Feb-22 [Crédit Agricole Egypt \(CAE\) \[CIEB\] – Non-Interest Income Saves the Day](#)
- 20-Feb-22 [Abu Dhabi Islamic Bank - Egypt \[ADIB\] – Wise Utilization Enhances Profitability](#)
- 17-Feb-22 [Al Baraka Bank Egypt \[SAUD\] – Earnings Pressured by Higher Cost of Risk](#)
- 16-Feb-22 [MACROView – A Soothing Message From the CBE ... and Our Takeaways](#)
- 14-Feb-22 [Abu Qir Fertilizers \[ABUK\] – Another Record-High Quarter](#)
- 13-Feb-22 [Misr Chemical Industries \[MICH\] – Annually Wild, Quarterly Tamed](#)
- 10-Feb-22 [MACROView – Ebb and Flow](#)
- 10-Feb-22 [MACROView – The Cloudy Year Has Just Begun](#)
- 9-Feb-22 [Elsowedy Electric \[SWDY\] – Ending 2021 on a Good Note](#)
- 8-Feb-22 [MACROView – A Fall in Disguise](#)
- 7-Feb-22 [Macro Group Pharmaceuticals \[MCRO\] – Not the Usual Pharma Stock](#)
- 1-Feb-22 [MACROView – The Ripple Effect](#)
- 31-Jan-22 [Obour Land For Food Industries \[OLFI\] – Double-Digit Growth Complements a Resilient Story](#)
- 30-Jan-22** [**STANDPoint – Egypt Valuation Repertoire — 2022 Outlook**](#)
- 12-Jan-22 [QNB Alahli \[QNBA\] – Slow Earnings Pace Despite Assets Growth](#)
- 10-Jan-22 [MACROView – The Last Reading Ahead of a Cloudy Year](#)
- 30-Dec-21** [**EGYPTCeramics – From Dusk to Dawn**](#)
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- 14-Nov-21 [Misr Chemical Industries \[MICH\] – A Healthy Kick-off to a Promising Year](#)

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10-Nov-21	<u>CI Capital Holding [CICH] – Record-Breaking Quarter</u>
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19-Oct-21	<u>MACROView – The Storm Is Gone but the Headwinds Persist</u>
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10-Oct-21	<u>MACROView – Walking a Tightrope</u>
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5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>

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