



Inflation increased in May, thanks to a spike in food prices, an unfavorable base effect, and skyrocketing global commodities. Annual headline rate accelerated to 4.8% in May compared to 4.1% in April. It is noteworthy that the increase was in line with our expectations, especially in light of rising fruit and vegetable prices and the base effect, which confirms that prices will continue to increase in the coming months. It is expected that the inflation will inch up to an average 6.7% in H2-2021 while the CBE will leave the interest rates on hold when its Monetary Policy Committee meets on Thursday.

01 Inflation will remain within the CBE's target range and is seen picking up to an average 6.7% in H2-2021, this should allow the central bank to keep the real policy rate positive, giving it scope for a small rate cut by the end of the year provided global conditions improve. The MPC will also likely want to monitor the effect of planned public sector wage and pension hikes that come into effect in July on inflation.

02 Egypt and France sign around EUR 4 bn in bilateral agreements and contracts: The biggest chunk of the funding will go towards the Cairo Metro, with around EUR 2 bn in credit facilities going towards its expansion. Agreements for development aid in the areas of energy, food security, railway and wastewater treatment were also signed. France' ambitions is to make Egypt among the top three trading partners from a current eighth. It is worth noting that France already is big on renewables in Egypt focusing in specific on green hydrogen technology.

03 Egypt and Sudan have again called for the international community to push Ethiopia to restart negotiations over the Grand Ethiopian Renaissance Dam (GERD), as time runs out before Addis Ababa resumes filling the dam in the coming weeks. Ethiopia has so far managed to only raise as much as six meters of the spillway, which is not enough to hold the 13.5 bn cubic meters of water that is supposed be held after the second phase of the filling this summer.

04 Egypt is expected to produce its first vial of locally manufactured Sinovac vaccine this week. Health Minister Hala Zayed said earlier that Vacsera will have produced its first batch of the Chinese vaccine by 15 June, with the vaccines expected to be ready for dispatch to clinics in August. This would surely have a positive impact on Egypt economy situation.

05 Banque du Caire and at least three other companies must IPO before year's end: The FRA has given listed companies that have not yet offered shares for sale till 31 December to do so under a new deadline extension, while Reuters reports that the companies in question include Banque du Caire (BdC), Sky Light Touristic Development, New Castle Sports Investment and City Trade Securities and Brokerage. The companies are required to submit by Sept. 30 a timeline approved by the stock exchange's board for how they will implement the offerings.

06 Ebtikar has narrowed the deadline for its planned EGX debut to Q4-2021, after having eyed a larger window within H2-2021 to pull the trigger on its IPO. The sale of a 20% stake in each of Bee and Masary to Vodafone Egypt is due to be finalized "in the next few days. Moreover, Real estate player Tabarak Holding is planning an EGX debut next year and expects to raise up to EGP 1 bn from selling 30-40% of its shares on the main market.

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