



PRIMETime

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The Flexible EGP

1. TODAY'S TRADING PLAYBOOK

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KEY THEMES

This week is filled mostly with macro data. Indeed, we have seen Egypt's PMI reading Monday morning (an improvement vs. prior month), and yesterday we saw Egypt's foreign reserves stage a comeback (another improvement vs. prior month)—albeit expected, thanks to inflows of USD9.77bn from the IMF and Eurobond issuance. Tomorrow, inflation numbers for June are due. We have seen the Egyptian pound (EGP) appreciate slightly this week by almost 1%, back to almost where it started the year after paring the 3% ytd gain it had made by late February. We note that “exchange rate flexibility” has been noted by the IMF as one of the essential elements to improve the economy's resilience to shocks while maintaining competitiveness. With foreign inflows coming back to the Egyptian debt market, it will only be a matter of time until we see foreign equity inflows come back.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

After receiving the first tranche of the IMF's 12-month SBA, Egypt's net foreign reserves increased to USD38.2bn in June from USD36bn in May. Please keep an eye out for more analysis in our monthly NIR coverage by end of the day. ([Zawya](#))

As widely expected, the Ministry of Planning expects total investment in the tourism sector to fall by 28.8% in FY21 due to the fallout of the pandemic outbreak. UNCTAD estimates that the world's tourism sector could lose at least USD1.2trn (or 1.5% of global GDP) due to coronavirus pandemic. Developing countries could suffer the steepest GDP losses as Kenya, Egypt, and Malaysia could lose over 3% of their GDPs. ([Mubasher](#), [UNCTAD](#))

The Egyptian government is ready to take all necessary actions to curtail the negative impacts of the crisis on the national economy. The FY21 budget will be revised, in coordination with the Parliament, after the end of Q1 FY21 depending on the crisis developments. ([Al-Ahram](#))

Egypt vehicles' imports (passenger cars, buses, and trucks) dropped by 6% y/y to USD1.18bn in 4M 2020. ([Al-Mal](#))

In line with the Egyptian government's goal towards financial inclusion, the Financial Regulatory Authority (FRA) added new products for consumer finance companies to offer its customers, including, but not limited to, the purchase of furniture, clothing, jewelry, medical products, toys, books, food, auto parts, and others. ([Enterprise](#))

CORPORATE NEWS

Palm Hills Developments' [PHDC] subsidiary signed a syndicated loan worth EGP365mn with the Arab African International Bank and Banque Misr. ([Hapi](#))

The Financial Regulatory Authority (FRA) is currently reviewing the fair value report presented by Ernst & Young Corporate Finance for the minorities' share in Egyptian Co. for International Touristic Projects [EITP] at EGP5/share. ([Company disclosure](#))

Orange Egypt is competing for a government tender to automate 13 university hospitals and link them to the health insurance system. ([FollowICT](#))

GB Auto [AUTO], the Egyptian agent for Hyundai, Mazda, Geely, and Chery, will begin distributing China's Karry Q22 minivan in Egypt by 2021 at price points ranging from EGP152,000 to EGP155,000 for the 2020 and 2021 models, respectively. ([Al-Mal](#))

MTI Industry & International Trade [MTIE] plans to open a new showroom for Jaguar and Land Rover brands in El-Sheikh Zayed during Q3 2020. This follows the opening of the after-sales service and maintenance center in Abu Rawash, prompting MTIE to serve El-Sheikh Zayed and the Sixth of October City. European cars have been exempted from custom duties under the European Partnership Agreement effective January 2019, which led to a spike in demand in these two particular brands. We note that automotive revenues represent 20% of MTI's total revenue. ([Al Mal](#))

GLOBAL NEWS

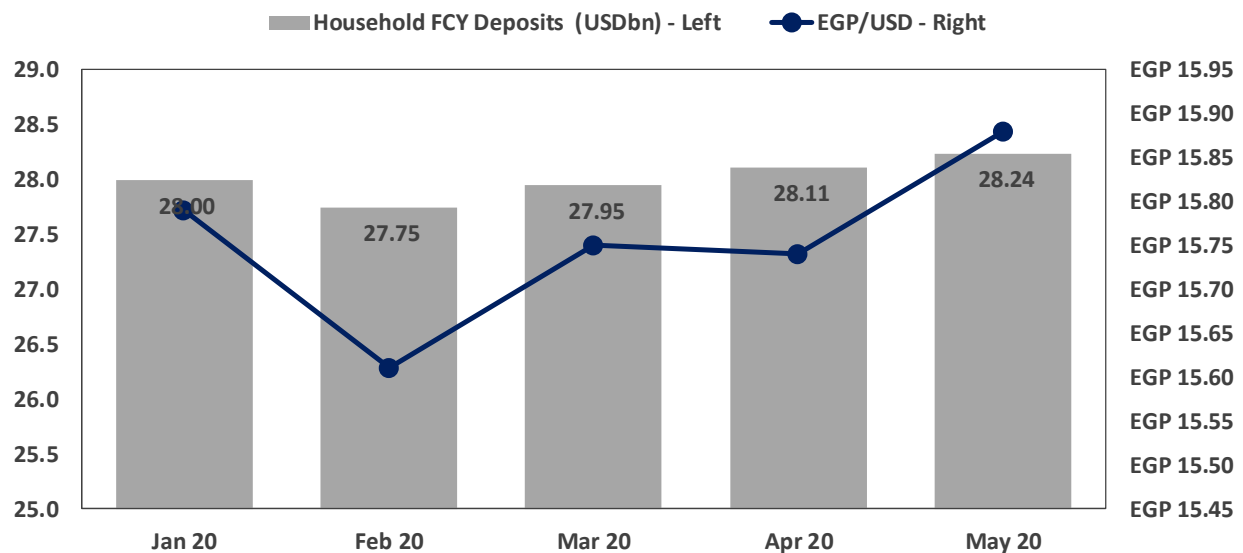
U.S. hiring surged to a record high in May and layoffs fell as businesses reopened, but the improvement in the labor market is likely to be blunted by a resurgence in COVID-19 cases that has forced some enterprises to shut down again. ([Reuters](#))

The African Development Bank (AfDB) forecast that the continent's economies will contract by 3.4% in 2020 if the pandemic continues into the second half of the year, compared to a pre-COVID-19 projection for growth of 3.9%. ([Reuters](#))

The euro zone economy will drop deeper into recession this year and rebound less steeply in 2021 than previously thought, the European Commission forecast, with France, Italy, and Spain struggling the most due to the COVID-19 pandemic. ([Reuters](#))

Unemployment among Saudi Arabian citizens fell to 11.8% in Q1 2020 from 12% in Q4 2019 and 12.5% in Q1 2019. ([Reuters](#))

3. CHART OF THE DAY



Source: CBE.

Egyptian households' foreign-currency deposits have been creeping higher since February despite the low interest provided by banks (e.g. below LIBOR+1%).

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
607.2					1,807.6 792.5			
			daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	11,050.20	(0.34%)	(20.85%)		Gold	1,794.86	0.57% 18.29%
	EGX 30 TR	4,221.52	0.04%	(18.32%)		Silver	18.27	(0.00%) 2.59%
	EGX 70 EWI	1,543.98	0.39%	21.85%		Brent Oil	43.08	(0.05%) (31.77%)
	EGX 100 EWI	2,375.79	0.28%	8.75%		WTI	40.62	(0.02%) (30.63%)
	DFMGI	2,097.87	0.50%	(24.12%)		Natural Gas	1.88	2.51% (14.76%)
	ADAMI	4,341.04	0.52%	(14.48%)		USD/EGP	16.02	(0.33%) (0.13%)
	TASI	7,400.53	0.13%	(11.79%)		EUR/USD	1.13	(0.31%) 0.49%
	QE Index	9,243.83	0.51%	(11.33%)		GBP/USD	1.25	0.40% (5.37%)
	S&P 500	3,145.32	(1.08%)	(2.65%)		USD/JPY	107.52	0.16% (0.98%)
	Dow 30	25,890.18	(1.51%)	(9.28%)		6M TB yield	13.49	30 (152)
	NASDAQ	10,343.89	(0.86%)	15.28%		1Y TB yield	13.52	40 (105)
	VIX	29.43	5.33%	113.57%		10Y TB yield	14.10	0 40
	STOXX 50	3,321.56	(0.85%)	(11.31%)		2Y TB yield	0.16	0 (141)
	MSCI Emerging	1,052.54	(0.75%)	(5.57%)		10Y TB yield	0.65	(3) (127)
	MSCI Frontier	483.82	(0.33%)	(17.43%)		30Y TB yield	1.38	(6) (101)

* As of market close, except for commodities and currencies at 8.12am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

DATE	TICKER	TYPE	EVENT
8-Jul-20	MOIL	BoD meeting	Discussing the financial results.
8-Jul-20	ACAMD	OGM	Approving the sale of a land plot.
8-Jul-20	QNBA	Cash dividend	Distribution date of EGP1.00/share.
9-Jul-20	RTVC	EGM	Amending article No. 5 of the company's bylaws.
11-Jul-20	ECAP	OGM	Approving the financial statements ending 31 Dec. 2019 and proposed dividend.
11-Jul-20	ECAP	EGM	Amending articles No. 4 & 5 of the company's bylaws.
12-Jul-20	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
13-Jul-20	ZMID	Stock dividend	Record date for 1:1.
14-Jul-20	ZMID	Stock dividend	Distribution date for 1:1.
14-Jul-20	FERC	OGM	Considering its netting contracts.
14-Jul-20	ALEX	EGM	Discussing delisting and amending article No. 4 of the company's bylaws.
14-Jul-20	IRAX	OGM	Approving the financial statements ending 31 Dec. 2019.
14-Jul-20	IRAX	EGM	Amending articles No. 3, 4, 19, 20, 25, 39, 40, 42, 43, 45, 46, 47, 49, 51, 56 of the company's bylaws.
15-Jul-20	EEII	EGM	Approving splitting the par value per share and amending articles No. 4, 6 & 7 of the company's bylaws.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
7-Jul-20	MacroView – Non-oil private sector keeps perking up in June, but demand stays depressed-oil
25-Jun-20	EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition
10-Jun-20	MacroView on Inflation May reading – Lowest annual reading in five months, but monthly figures show no changes
8-Jun-20	Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices
8-Jun-20	MacroView on Reserves May figures – Solid buffers and moderate depreciation: The CBE's recipe to deal with COVID-19
3-Jun-20	MacroNote on PMI May reading – Non-oil private sector took a breather in May, but outlook remains cloudy
18-May-20	Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results
18-May-20	Al Baraka Bank Egypt [SAUD] – Q1 2020 Results
17-May-20	Credit Agricole Egypt [CIEB] – Q1 2020 Results
13-May-20	MacroView – Yesterday's CBE conference call with Deputy Governor
11-May-20	Inflation – Acceleration in April driven by food prices – as expected
7-May-20	MacroNote – Keeping head above water amid pandemic uncertainties
5-May-20	Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results

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