



PRIMETime

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Buying More Time

1. TODAY'S TRADING PLAYBOOK

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KEY THEMES

The MoU signed earlier 2020 between Saudi **STC** and **Vodafone Group** to acquire the latter's 55% stake in **Vodafone Egypt [VODE]** was further extended today for another 60 days. The next date to look forward to is now Thursday, 10 September 2020. As a reminder, if STC makes a bid for Vodafone Group's 55% stake in VODE, **Telecom Egypt [ETEL]**, which owns the remaining 45%, will need to decide on its next step. We note three options for ETEL: (1) use its right of first refusal and acquire the 55% stake at the same price, (2) tag along with Vodafone Group and request that STC buys its 45% stake at the same company valuation, or (3) keep still and retain its 45% stake in VODE but re-negotiate another shareholder agreement with STC. ETEL's financial advisors are yet to announce their recommendations on the subject. As [mentioned here before](#), regardless of the outcome, ETEL is ridiculously cheap at current levels.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's core annual inflation plummeted to a historical low of 1% in June from 1.5% in May and remained well below its 10-year average of 10%. Driven by muted core and food inflationary pressure, the average change in the monthly prices of core items, gauged by monthly core inflation, declined by 0.31% in June against a 0.26% increase in averages prices in May. Both figures are sending clear signs of softening demand pressures and subdued inflation outlook. ([CBE](#), Prime Research)

The Egyptian government will bring forward the disbursement of public sector salaries for July, August, and September. For July, salaries will be available available on 20-22 July. As for August, employees will receive their salaries between 23-25, while the September salaries will be available between 21-24. ([Zawya](#))

The hotels sector is expected to recover starting Q4 2020 through 2021, according to Colliers International's MENA Hotel Forecasts. Hotel occupancy rates in 2020 are expected to reach 44% in Cairo and Alexandria and 30% in Sharm El-Sheikh. ([Zawya](#))

Egypt's gold reserves continued to accelerate to a new record of USD4.1bn in June, up from USD3.8bn in May. On an annual basis, gold reserves jumped by 44% (or USD1.25bn) from USD2.8bn in June 2019. ([Mubasher](#))

The Egyptian Ministry of International Cooperation signed six new grant agreements with U.S. Agency for International Development (USAID) at a combined value of USD90mn, involving the establishment of several developmental projects in basic education, higher education, scientific research, technology, health, agriculture, trade, and investment. ([Mubasher](#))

Egypt's imports of locally-assembled auto units dropped by 16.5%y/y in 4M 2020 to USD257mn vs. USD308mn during the corresponding period of 2019. ([Al-Mal](#))

EBRD increased the total limit of its Trade Facilitation Program (TFP) to EUR3bn, up from EUR2bn in 2020 in response to record demand for trade finance amid the COVID-19 crisis. ([EBRD](#))

Egypt's average internet ground speed advanced four positions to rank 109 globally during June 2020 and came in 5th in Africa, among 174 countries, registering 23.01 MB/sec. The average global download speed reached 78.26 MB/sec. and 42.06 MB/sec. for upload. ([Al-Mal](#))

The Ministry of Electricity & Energy plans to sign contracts with values exceeding EGP8bn next month with Schneider and General Electric to build and upgrade 15 local and regional control centers. ([Al-Mal](#))

CORPORATE NEWS

Saudi Telecom Co. (STC) and Vodafone Group have agreed to extend their MoU again for 60 days starting from today, 12 July 2020. This came due to the logistical challenges caused by COVID- 19, which made STC need more time to complete the deal procedures including the due diligence process. ([Mubasher](#))

Maridive & Oil Services' [MOIL] BoD decided to allow Khalid Abdallah ElSebaey Co. to conduct the due diligence on the potential acquisition of 99.9% of Maridive Offshore Projects (MOP). MOIL will hire an independent financial advisor to set MOP's fair value. Meanwhile, **MOIL's stand-alone financial indicators for Q1 2020 showed that net losses widened to USD7.5mn** from USD1.4mn a year ago, hit by a 28% y/y decrease in revenues to USD13mn, while gross profit margin tumbled to 4.6% compared to 43% in 2018. ([Company disclosure](#))

Madinet Nasr Housing & Development's [MNHD] pre-sales (contracted sales and reservations) for H1 2020 jumped 83% y/y to EGP3.78bn. The surge in pre-sales was encouraged by robust demand in *Sarai* and a land plot sold in Q1 2020 for EGP1.15bn. ([Mubasher](#))

Arabia Investments Holding's [AIH] leasing subsidiary UE Finance agreed on an EGP50mn finance loan from MSMEDA, as part of the Egyptian MSME development agency's initiative to support SMEs in upper Egypt. ([EGX](#))

Telecom Egypt [ETEL] expects to end upgrading its optical fiber infrastructure during 2020. On a separate note, ETEL clarified that its agreement with Google is aimed at securing international traffic to the world's top internet advertiser, denying it being a transit agreement. ([Youm 7](#), [Youm 7](#))

GB Auto [AUTO], the local agent for Hyundai, Mazda, Chery, and Geely, started distributing 2021 Chery Tiggo 3 in the local market at a price of up to EGP239,900. ([Al-Mal](#))

Nile Cotton Ginning [NCGC] sent back the amended fair value study of its stock to the Financial Regulatory Authority (FRA) as the company has not obtained licenses to change the purpose of its land and related activities. ([Al-Borsa](#))

The National Bank of Egypt (NBE) and Banque Misr announced that their proceeds from the 15% fixed rate CDs since its launch March 2020 until now reached EGP230bn, benefiting more than 1.33mn citizens. ([Al-Borsa](#))

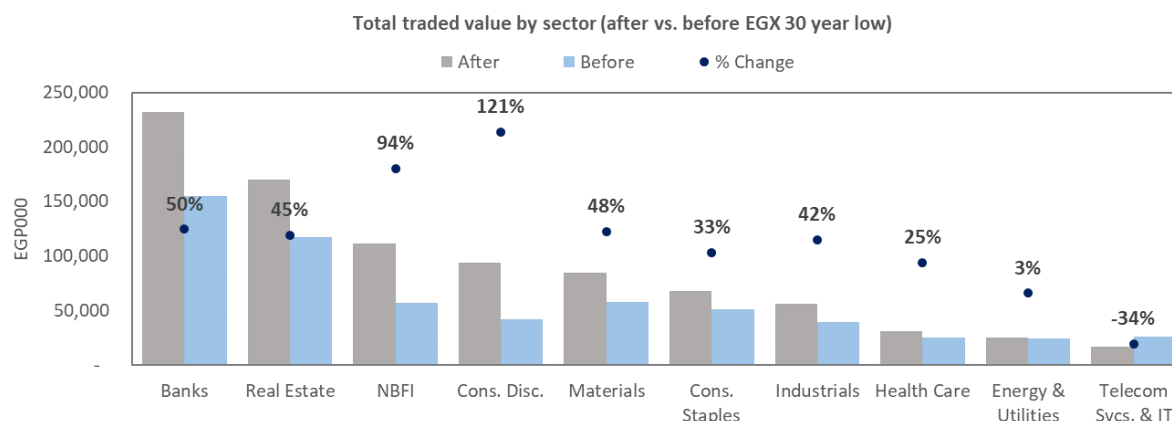
GLOBAL NEWS

U.S. producer prices unexpectedly fell in June as rising costs for energy goods were offset by weakness in services, pointing to subdued inflation that should allow the Federal Reserve to keep pumping money into the economy to arrest a downward spiral. ([Reuters](#))

New bank lending in China rose 22.3% in June as authorities continued to boost credit and ease policy to get the world's second-largest economy humming again after a sharp coronavirus-induced contraction. ([Reuters](#))
























Weekly jobless claims in the U.S. were lower than expected last week as workers slowly returned to their jobs in the wake of rising coronavirus cases. Claims for the week ended July 4 totaled 1.314mn compared with the 1.39mn expected from economists surveyed by Dow Jones. The total marked a decrease of 99,000 from a week earlier. ([CNBC](#))






















3. CHART OF THE DAY



Observing the average daily traded value (ADTV) on the EGX so far into the year 2020, we noticed an increased trading liquidity across almost all sectors. We analyzed the ADTV from the beginning of the year to its bottom “YTB” (8,756; the lowest point EGX 30 reached on 18 March) and from that bottom to date “BTD” (i.e. from 19 March through 9 July). We split the ADTV into the 10 sectors we use when looking at the Egyptian stock market ([please see the stocks within each sector from this table](#)). We note that Consumer Discretionary is leading the pack, up 121% vs. YTB to EGP94mn, due to DSCW’s ADTV of EGP30mn (+303% vs. YTB). Also, NBFI’s ADTV jumped 94% vs. YTB to EGP111mn, reflecting investors’ appetite for the sector, given its resilience post COVID-19.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						596.8			
						daily chg.		ytd chg.	
		EGX 30	10,957.02	(1.54%)	(21.52%)				
		EGX 30 TR	4,197.37	(0.70%)	(18.79%)				
		EGX 70 EWI	1,477.36	(4.20%)	16.60%				
		EGX 100 EWI	2,289.80	(3.73%)	4.82%				
		DFMGI	2,082.19	(0.05%)	(24.69%)				
		ADSMI	4,295.48	(0.38%)	(14.98%)				
		TASI	7,416.67	0.30%	(11.24%)				
		QE Index	9,316.44	0.99%	(10.68%)				
		S&P 500	3,185.04	1.05%	(1.42%)				
		Dow 30	26,075.30	1.44%	(8.63%)				
		NASDAQ	10,617.44	0.66%	18.33%				
		VIX	27.29	(6.73%)	98.04%				
		STOXX 50	3,296.22	1.07%	(11.99%)				
		MSCI Emerging	1,069.27	(0.97%)	(4.07%)				
		MSCI Frontier	483.35	(0.18%)	(17.51%)				

Equity turnover (EGPmn): Last, ytd avg.						1,320.2		802.4	
						daily chg.		ytd chg.	
		Gold	1,798.70	(0.27%)	18.55%				
		Silver	18.72	0.37%	4.86%				
		Brent Oil	43.24	2.10%	(31.29%)				
		WTI	40.55	2.35%	(30.46%)				
		Natural Gas	1.81	1.46%	(17.54%)				
EGP		USD/EGP	15.99	(0.01%)	(0.32%)				
€		EUR/USD	1.13	0.13%	0.78%				
£		GBP/USD	1.26	0.13%	(4.79%)				
¥		USD/JPY	106.93	(0.25%)	(1.55%)				
		6M TB yield	13.52	3	(149)				
		1Y TB yield	13.61	9	(96)				
		10Y TB yield	14.10	0	40				
		2Y TB yield	0.17	1	(140)				
		10Y TB yield	0.61	(4)	(131)				
		30Y TB yield	1.32	(6)	(107)				

* As of market close, except for commodities and currencies at 8.17am 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
12-Jul-20	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
13-Jul-20	ZMID	Stock dividend	Record date for 1.00:1.
14-Jul-20	ZMID	Stock dividend	Distribution date for 1.00:1.
14-Jul-20	FERC	OGM	Considering the 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.
15-Jul-20	TMGH	Cash dividend	Distribution date for EGP0.044/share (2 nd installment).
15-Jul-20	AREH	Cash dividend	Record date for EGP0.50/share.
16-Jul-20	AREH	Cash dividend	Ex-dividend date for EGP0.50/share.
18-Jul-20	SMPP	OGM	Approving the financial statements ending 31 Dec. 2019.
18-Jul-20	SMPP	EGM	Amending article No. 4 of the Company's bylaws.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
9-Jul-20	MACROView: Inflation driven by non-food baskets and unfavorable base effect
8-Jul-20	MacroView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position
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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