



PRIMETime

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Pay Day Ready

1. TODAY'S TRADING PLAYBOOK

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KEY THEMES

As we continue to monitor the Q2 2020 earnings season, we should not forget that some companies are also wrapping up their fiscal years ended 30 June. This means it's dividend season for state-owned enterprises (SOEs), most of which end their fiscal years on 30 June. We believe stocks with relatively high dividend yields can safeguard portfolios from the volatility we are experiencing nowadays, let alone double-digit yields in some instances. We think attention will soon be paid to such companies, of which we pick seven stocks and two industries (mainly SOEs) with relatively high dividend yields. The seven stocks are **ABUK**, **ALCN**, **CSAG**, **EAST**, **EXPA**, **MICH**, and **PACH**. The two industries are **mills** (namely **EDFM**, **CEFM**, **SCFM**, **UEFM**, **WCDF**) and **pharmaceuticals** (namely **ADCI**, **AXPH**, **CPCI**, and **NIPH**).

POSITIVE

While the market was down last Thursday, **RAYA** stood out as one of the few gainers in the market. The stock jumped 7.2% on the day, absent any disclosure at the time. Over the weekend, [Al-Mal reported](#) that National Bank of Egypt has submitted an offer to acquire a minority stake in RAYA's subsidiary Aman Holding, the conglomerate's financial services arm. The news in itself is not new to the market; RAYA had earlier in the year received interest from several institutions. However, FWRY's recent performance may support Aman Holding's valuation and hence extend RAYA's positive stock performance.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's internal trade contributes 18% to GDP, with unorganized trade alone accounting for 12% of that figure. ([Egypt Today](#))

Egypt paid EGP339mn worth of subsidies to c.295,000 private- and public-sector workers in 3,098 facilities in the tourism and spinning & weaving sectors. ([Mubasher](#))

The New & Renewable Energy Authority is getting ready to issue an international tender to construct a 50 MW solar plant in Aswan in August. ([Al-Mal](#))

Egyptian tour operators and others in the sector are struggling to collect USD 1 bn in receivables from offshore travel companies. ([Al-Shorouk](#))

The Egyptian Tax Authority signed a cooperation protocol with the Customs Authority and Alexandria Chamber of Shipping to set a mechanism to apply value-added tax on advanced freight services (ADV FRI) that involve the exempted goods and commodities prescribed in the value-added tax law. ([Egypt Today](#))

Egypt raised the stamp duty tax on telecom services starting July, marking the first increase since the introduction of the tax in 2012. ([Ahram Online](#))

Egypt is working on setting up a number of online platforms as e-commerce channels to boost trade exchange with countries, especially in Africa, that have trade agreements with Egypt. ([Ahram Online](#))

The electricity interconnection lines between Egypt and Saudi Arabia will be delayed to 2023, due to changes in NEOM city lines. ([Al-Shorouk](#))

The Ministry of Supply is planning to construct logistic zones in South Sinai. ([Al-Mal](#))

CORPORATE NEWS

National Bank of Egypt has reportedly submitted a tender offer to acquire a minority stake (said to be 20-25%) in Raya Holding's [RAYA] subsidiary Aman Holding. ([Al-Mal](#))

Orascom Construction's [ORAS] BoD approved distributing a cash dividend of USD0.21/share on 12 August this year (implying a 5% yield), with a record date of 5 August. (Company disclosures: [1](#), [2](#))

Egypt Aluminum [EGAL] has received bids from three companies for the purpose of technical consultancy regarding the seventh line capacity upgrade project. ([Company disclosure](#))

Sarwa Capital Holding's [SRWA] subsidiary Sarwa Sukuk submitted to the FRA a preliminary prospectus to issue EGP2.5bn worth of sukuk. ([Mubasher](#))

Amer Group Holding [AMER] signed a protocol to issue sukuk with Sarwa Promotion and Misr Capital. ([Company disclosure](#))

Cairo for Investment & Real Estate Development's [CIRA] BoD agreed to increase the capital of its subsidiary Star Light Educational (DMCC) by 60%. The board also decided to change DMCC's fiscal year to end on 31 August rather than 31 December. ([Mubasher](#))

Egyptian Media Production City [MPRC] bought back 503,208 Treasury shares on 15 July 2020. ([Company disclosure](#))

GLOBAL NEWS

The U.S. dollar was broadly lower on Friday as the euro rose to just under a four-month high, with negotiations underway between European Union leaders on a recovery fund that could lift the bloc out of the current recession. ([Reuters](#))

The U.S. economy is forecast to shrink by 6.6% in 2020 due to the shock of the coronavirus pandemic, but a resurgence in coronavirus infections and a systemic increase in poverty could worsen that outlook, the staff of the International Monetary Fund warned on Friday. ([Reuters](#))

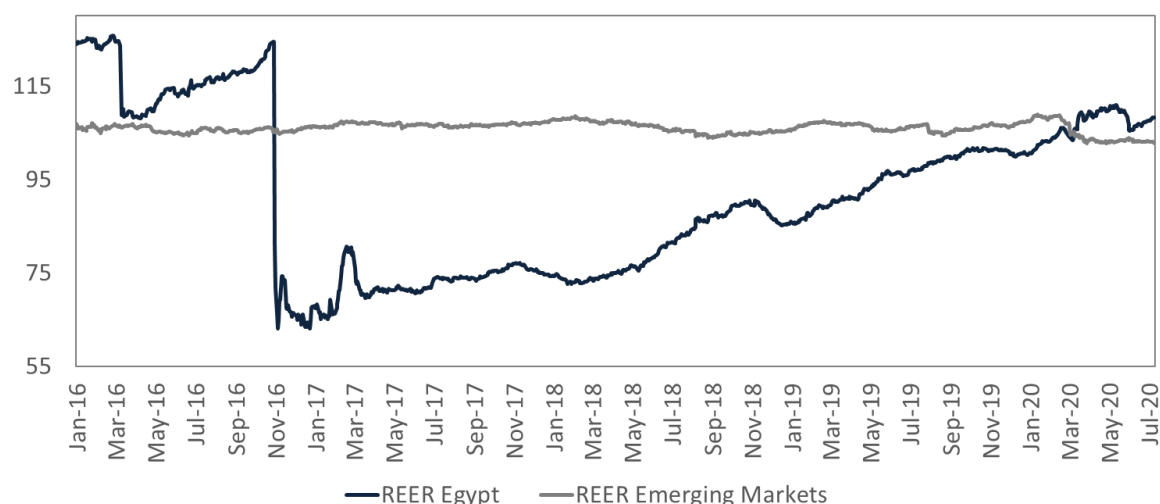
Construction of U.S. homes jumped 17.3% in June as some states re-opened, but the pace still lags last year after this spring's massive slowdown in building activity due to the coronavirus outbreak. ([CNBC](#))

China's economy expanded 3.2% in Q2 2020 compared to the same period last year. It was an abrupt turnaround from Q1 2020, when the economy shrank 6.8%, the first contraction that the world's second-largest economy has seen in nearly half a century. ([NY Times](#))

EU car sales dropped 38% y/y in H1 2020, but they began to recover in May 2020. ([Al-Mal](#))

3. CHART OF THE DAY

EGP and EMs REER JP Morgan CPI based



Source: Bloomberg.

Following the last round of the nominal EGP appreciation versus the USD (prior to COVID-19), the EGP appreciated by c.26% in real effective terms over the period from January 2019 to March 2020. The significant shock that hit Egypt's external sector, especially tourism, spurred the need to boost Egypt's competitiveness, given that most EM currencies were weakened by the coronavirus turmoil. This raises the question whether the CBE is willing to abandon its caution and deliver another interest rate cut this year, given the recent rebound in carry trade inflows and the normalization of global economic activity.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
574.9					819.4 816.3			
			daily chg.	ytd chg.			daily chg.	ytd chg.
🇪🇬	📉 EGX 30	10,441.20	(1.66%)	(25.21%)	📈	Gold	1,810.42	0.74% 19.32%
	📉 EGX 30 TR	4,003.80	(0.42%)	(22.53%)	📈	Silver	19.33	0.89% 8.26%
	📉 EGX 70 EWI	1,423.55	(2.62%)	12.35%	📉	Brent Oil	43.14	(0.53%) (31.45%)
	📉 EGX 100 EWI	2,199.33	(2.43%)	0.68%	📉	WTI	40.59	(0.39%) (30.39%)
🇦🇪	📈 DFMGI	2,052.67	0.22%	(25.76%)	🔥	Natural Gas	1.72	(0.29%) (21.52%)
	📈 ADSMI	4,274.46	1.26%	(16.09%)	EGP	📉 USD/EGP	15.96	(0.23%) (0.52%)
🇸🇦	📈 TASI	7,426.76	0.12%	(11.25%)	€	📈 EUR/USD	1.14	0.39% 1.92%
	📉 QE Index	9,310.66	(0.89%)	(10.34%)	£	📈 GBP/USD	1.26	0.12% (5.20%)
🇺🇸	📈 S&P 500	3,224.73	0.28%	(0.19%)	¥	📉 USD/JPY	107.02	(0.23%) (1.46%)
	📉 Dow 30	26,671.95	(0.23%)	(6.54%)	🇪🇬	🔄 6M TB yield	13.52	0 (149)
	📈 NASDAQ	10,503.19	0.28%	17.06%		🔄 1Y TB yield	13.61	0 (96)
	📉 VIX	25.68	(8.29%)	86.36%		📈 10Y TB yield	14.43	33 73
	📈 STOXX 50	3,365.60	0.01%	(10.13%)	🇺🇸	📉 2Y TB yield	0.15	(2) (142)
EM	📈 MSCI Emerging	1,055.06	0.86%	(5.35%)		📉 10Y TB yield	0.62	(1) (130)
FM	📉 MSCI Frontier	480.78	(0.26%)	(17.95%)		📉 30Y TB yield	1.31	(3) (108)

* As of market close, except for commodities and currencies at 9.28am 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
19-Jul-20	AJWA	OGM	Approving the financial statements ending 31 Dec. 2019.
19-Jul-20	AJWA	EGM	Amending article No. 4 of the company's bylaws.
19-Jul-20	MFPC	OGM	Considering discharging the representatives of Agrium Egyptian Holdings from their liability as MOPCO's board members.
19-Jul-20	SKPC	Cash dividend	Record date for EGP0.15/share (1st installment).
20-Jul-20	AREH	Cash dividend	Distribution date for EGP0.50/share.
22-Jul-20	SKPC	Cash dividend	Distribution date for EGP0.15/share (1st installment).
22-Jul-20	NHPS	EGM	Amending the terms of the reimbursement program for the sale of Le Meridien Heliopolis hotel.
25-Jul-20	ELWA	OGM	Approving the financial statements ending 31 Dec. 2019.
25-Jul-20	ELWA	EGM	Approving splitting the par value per share and amending articles No. 4, 6 & 7 of the company's bylaws.
25-Jul-20	EALR	EGM	Approving articles of association for the Arab Co. for Land Reclamation.
26-Jul-20	ORWE	Cash dividend	Record date for EGP0.650/share.
26-Jul-20	MTIE	Stock dividend	Record date for 0.25:1.
26-Jul-20	ATLC	Stock dividend	Record date for 0.225:1.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
14-Jul-20	Commercial International Bank - [COMI] - Q2 2020 results
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 – 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 – Solid buffers and moderate depreciation: The CBE's recipe to deal with COVID-19
3-Jun-20	MACROView – 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	MACROView– Acceleration in April driven by food prices – as expected
7-May-20	MACROView – Keeping head above water amid pandemic uncertainties
5-May-20	Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results

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