



PRIMETime

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Got Cash?

1. Today's Trading Playbook

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KEY THEMES

A few trading days left before Eid Al-Adha with many market participants on holidays already ahead. Absent major market moving news, we expect a subdued trading activity.

POSITIVE

Misr Hotels [MHOT]: Yesterday, we introduced a contrarian play on the Egyptian tourism industry with a quick valuation exercise for **Misr Hotels [MHOT]**. Please read it [here](#) if you missed it. Yesterday, **National Housing for Professional Syndicates [NHPS]**—another hotel operator that is often overlooked, probably because its name does not reveal what the company does—has reminded us with [yet another hotel valuation](#), which underpins our valuation for MHOT. NHPS owns *Le Meridien Heliopolis* hotel, a 283-room hotel in East Cairo, that it is selling for EGP604mn, implying a market cap value for the hotel alone at EGP2.1mn/room vs. only EGP0.8mn for MHOT (as a two-hotel company).

NEGATIVE

Fawry [FWRY]: The high-flying e-payment firm's stock (up 118% ytd, even after its drop over the last three days), has just revealed plans to double up its capital. *Please read the news below.* We had mentioned [here](#) before that the stock is optimistically valued on a P/E ratio basis, surpassing the valuation of **PayPal Holdings [NASDAQ: PYPL]** for example. FWRY has risen to as high as EGP19.47 intraday on 19 July before giving up all its gain since 5 July. As the market values the stock based on potential growth, the question is now whether the market will appreciate that growth more than the company's need for cash—usually a negative catalyst for EGX-listed stocks—as investors prefer to avoid doling out cash in the form of capital increases.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's economy grew 3.8% in FY20 despite COVID-19 fallout, according to official preliminary figures. ([Zawya](#))

Egypt's non-oil imports fell USD263mn (-5% y/y) to USD5.3bn in June. ([Mubasher](#))

Egypt's car imports increased 14% y/y during H1 2020, after agents and importers managed to release 54,218 cars compared to 47,474 cars during the same period last year. (Al-Mal)

Egypt's mobile phone imports dropped 54% y/y to USD222mn during first 4M 2020, compared to USD479mn during the same period last year. ([Al-Mal](#))

Egypt aims to produce 2.5-2.6mn tons of sugar in FY21. ([Mubasher](#))

CORPORATE NEWS

Abu Qir Fertilizers' [ABUK] 2019/20 preliminary indicators showed EPS at EGP1.79 (-14.8% y/y) due to 8% drop in revenues of EGP7.9bn. Meanwhile, GPM dropped to 36% against 40% in 2018/19. ([Company disclosure](#))

Fawry's [FWRY] board of directors proposed a capital increase of up to EGP400mn that would be used to finance investments and planned expansions. ([Company disclosure](#))

Emaar Misr for Development [EMFD] has reportedly received the approval of the Minister of Housing, Utilities & Urban Communities concerning its master plan for a plot of land in El-Sheikh Zayed City with an area of 120.9 acres to establish an integrated urban project. ([El-Nabaa](#))

Beltone Financial Holding [BTFH] submitted a request to the FRA to acquire a consumer finance license. ([Company disclosure](#))

SODIC [OCDI] has developed several scenarios to reconsider the sales and investment costs that it was planning during the current year, on the back of the severe effect of COVID-19 outbreak on the economy. On the other hand, SODIC is in talks with AAIB for an EGP2.5bn loan to finance construction at *Villette* and expects an agreement within three months. (Al-Mal: [1](#), [2](#))

MM Group for Industry & International Trade's [MTIE] 25% stock dividend has been approved by the EGX, raising issued and paid-in capital from EGP384mn to EGP480mn. ([Mubasher](#))

Saudi Egyptian Industrial Investment Co. sold stakes in Arab Cotton Ginning Co. [ACGC] for EGP19mn, reducing its stake in ACGC from 6.42% to 2.5%. ([Company disclosure](#))

GLOBAL NEWS

The Federal Reserve's asset buying is taking a summer break after surging in the spring, but that does not mean the central bank has dialed back its support for markets or the economy. ([WSJ](#))

U.S. President Trump's top economic advisers say they still expect a rapid economic recovery

despite surges in new coronavirus infections that have rattled consumers and led to new limits on business activity. ([WSJ](#))

The Saudi government is still keen to raise billions of riyals over the next few years by privatizing state-owned assets

to boost its finances and fulfill its Vision 2030 reform plan. ([Zawya](#))

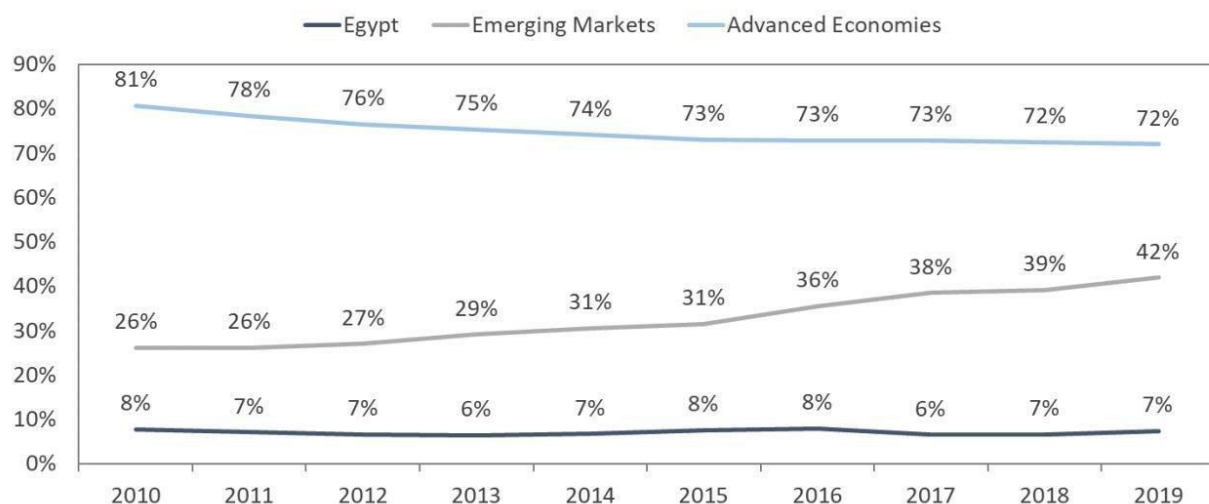
China's crude oil imports from Saudi Arabia rose 15% in June from a year ago, as refiners ordered record volumes of the fuel in March and April when oil prices tumbled, cementing the kingdom's position as the top oil supplier to China. ([Reuters](#))

Vodafone Group's service revenues from Egypt grow 15.3% y/y to EGP6.7bn (EUR361mn) in Q1 2020/21 ended 30 June 2020, compared to EGP5.8bn (c.EUR313mn) in the same period last year. Global revenue fell 1.4% y/y to EUR10.51bn, down from EUR10.65bn. ([Company disclosure](#))

3. CHART OF THE DAY

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Source: BIS, Prime Research

Egypt's extremely low level of household debt as a percentage of GDP, vs. emerging markets and advanced economies, sheds light on the huge opportunities missed by Egyptians to leverage capital. Given that the majority of Egypt's population is still unbanked and a lot of those who are banked (only 38% of Egypt's population is currently estimated to be banked) still have minimal access to banking solutions while lacking unconventional lending solutions, investors are left with an obvious play on this underserved, high-potential segment: fintech.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.						
580.5					979.0 821.4						
			daily chg.	ytd chg.				daily chg.	ytd chg.		
		EGX 30	10,524.45	0.62%	(24.62%)			Gold	1,902.02	0.77%	27.46%
		EGX 30 TR	4,044.07	1.01%	(21.76%)			Silver	22.77	0.78%	35.28%
		EGX 70 EWI	1,515.42	1.40%	19.60%			Brent Oil	43.34	0.07%	(31.37%)
		EGX 100 EWI	2,319.13	1.38%	6.16%			WTI	41.29	0.54%	(29.39%)
		DFMGI	2,059.08	0.31%	(25.53%)			Natural Gas	1.81	1.29%	(18.96%)
		ADSMI	4,285.30	0.57%	(15.47%)	EGP		USD/EGP	15.99	(0.01%)	(0.34%)
		TASI	7,434.05	0.10%	(11.39%)	€		EUR/USD	1.17	0.52%	4.42%
		QE Index	9,375.40	0.08%	(10.07%)	£		GBP/USD	1.28	0.42%	(3.23%)
		S&P 500	3,215.63	(0.62%)	(0.47%)	¥		USD/JPY	106.14	(0.67%)	(2.76%)
		Dow 30	26,469.89	(0.68%)	(7.25%)			6M TB yield	13.45	7	(156)
		NASDAQ	10,363.18	(0.94%)	15.50%			1Y TB yield	13.59	10	(98)
		VIX	25.84	(0.92%)	87.52%			10Y TB yield	14.48	5	78
		STOXX 50	3,310.89	(1.80%)	(11.60%)			2Y TB yield	0.15	(1)	(142)
EM		MSCI Emerging	1,060.47	(1.59%)	(4.86%)			10Y TB yield	0.59	(1)	(133)
FM		MSCI Frontier	469.11	(0.56%)	(19.94%)			30Y TB yield	1.23	(7)	(116)

* As of market close, except for commodities and currencies at 8.21am 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
27-Jul-20	OCPH	Cash dividend	Ex-dividend date for EGP1.50/share.
27-Jul-20	ATLC	Stock dividend	Distribution date for 0.225:1.
27-Jul-20	ORWE	Cash dividend	Ex-dividend date for EGP0.650/share.
27-Jul-20	MTIE	Stock dividend	Distribution date for 0.25:1.
28-Jul-20	EITP	OGM	Board election.
28-Jul-20	ESGI	OGM	Discussing netting contracts.
28-Jul-20	CICH	OGM	Discussing Taaleem's (a CICH subsidiary) potential establishment of a joint stock company along with a subsidiary of Palm Hills.
28-Jul-20	MTIE	BoD meeting	Discussing 2019/20 financial statements.
28/29-Jul-20		FOMC	Deciding on USD interest rate.
29-Jul-20	OCPH	Cash dividend	Distribution date for EGP1.50/share.
29-Jul-20	ORWE	Cash dividend	Distribution date for EGP0.650/share.
29-Jul-20	NCGC	EGM	Approving increasing issued capital and amending articles No. 4, 6 & 7 of the company's bylaws.
29-Jul-20	SMCS	OGM	Approving the financial statements ending 31 Dec. 2019.
29-Jul-20	SMCS	EGM	Discussing relinquishing a plot of land in New Cairo.

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
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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