



PRIMETime

Thursday, 6 August 2020 (9:23 AM)

Three-Week Harvest

1. Today's Trading Playbook

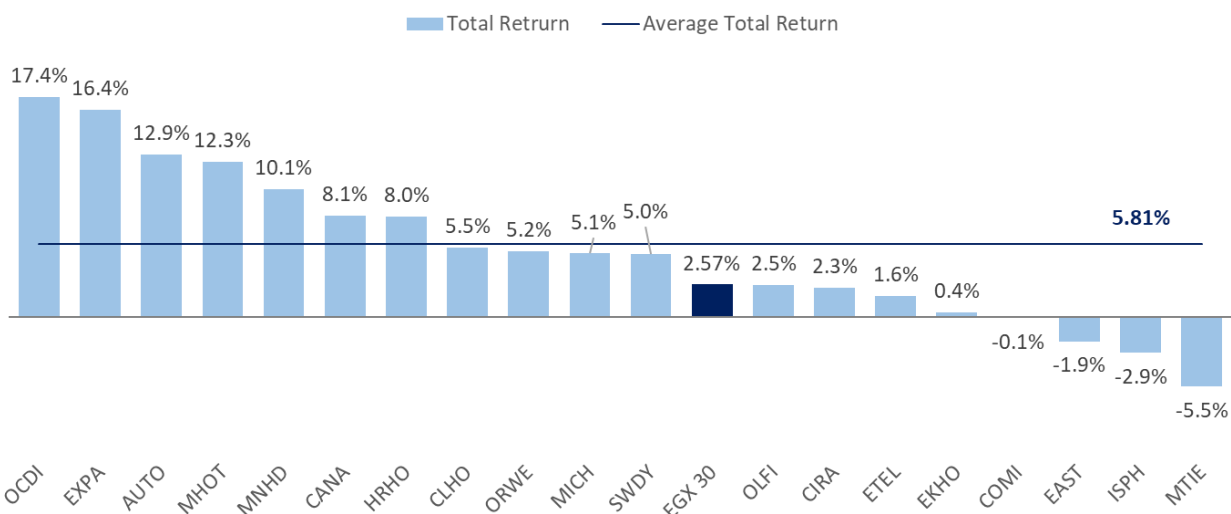
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KEY THEMES

Exactly three weeks ago, we listed [here](#) 19 stock picks across different sectors. From time to time, we like to keep track of our stock picks' performance versus the market. Below is a chart showing the performance of those 19 stock picks, all of which averaged a positive 5.81% vs. 2.57% for EGX 30. A quick view on the underperformers' list, we note that **COMI** and **EAST** are lagging, probably because foreign investors are still net sellers in the market. On the other hand, the outperformers' list includes real estate, small-cap banks, and a select few of the consumer names – all listed below.

11 outperformers vs. EGX 30: OCDI, EXPA, AUTO, MHOT, MNHD, CANA, HRHO, CLHO, ORWE, MICH, SWDY.

8 underperformers vs. EGX 30: OLF1, CIRA, ETEL, EKHO, COMI, EAST, ISPH, MTIE.



Source: Bloomberg.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Losses in tourism proceeds exceeding 2% of GDP are expected to be concentrated among large net tourism exporters, such as Egypt, Costa Rica, and Turkey, according to the IMF's External Sector Report. Meanwhile, the significant decline of foreign exchange reserves in cases like Turkey and Egypt points to strong underlying depreciation pressures. ([IMF](#))

Egyptian citizens who are paid salaries of EGP24,000 or less annually will be exempted from income taxes. ([Arab Finance](#))

Fitch Solutions expects Egypt auto sales to contract by 8.2% y/y this year to reach 165,132 vehicles vs a growth of 9.7% y/y previously expected. ([Al-Borsa](#))

The Egyptian Electricity Transmission Co. canceled a tender to construct a solar power plant in west Nile with a capacity of 200MW, then informed the eligible companies. We note that Orascom Construction [ORAS] was one of the 13 eligible companies. ([Al-Borsa](#))

Gold prices continued its rising trend in the Egyptian market, reaching an all-time high of EGP1,046/gram of 24-karat bars on Wednesday. ([Mubasher](#))

CORPORATE NEWS

Orascom Investment Holding [OIH] announced the termination of its negotiations with Qatari Diar Real Estate Investment Co. and Bawabet Al-Sharq Misr for Real Estate Development to acquire a stake in Bawabet Al-Sharq Al-Qahira Al-Guedida for Real Estate Development, the owner of City Gate project, as negotiations expired without a deal. ([Company disclosure](#))

Arab Cotton Ginning's [ACGC] initial KPIs for 9M 2019/20 showed a net loss of EGP65mn vs. a net profit of EGP19mn in 9M 2018/19. Revenues dropped 33% y/y to EGP1bn and gross profits reached EGP91mn, down from EGP212mn in 9M 2018/19. On a separate note, **the BoD approved to increase the capital of ACGC's 99.89% subsidiary Nile Modern Cotton Co.** ([Company disclosure](#))

Emaar Misr for Development [EMFD] obtained the Ministry of Housing approval for the blueprint of its EGP11.5bn Cairo Gate residential project in Sheikh Zayed City, which will be implemented within seven years, reports. ([Al-Borsa](#))

Alexandria Pharmaceuticals' [AXPH] 2019/20 net profit rose 54% y/y to EGP174mn as revenues rose 24% y/y to EGP1.02bn and gross profits reached EGP323mn (GPM of 31.5% vs. 26.5% a year before). ([Company disclosure](#))

Egyptian Media Production City [MPRC] bought back 500,000 treasury shares on 4 August 2020. ([Company disclosure](#))

Eastern Co. [EAST] bought back 1.9mn treasury shares on 4 August 2020. ([Company disclosure](#))

Alexandria Portland Cement [ALEX] requested delisting its shares from the Egyptian Exchange at a par value of EGP6.3/share. ([EGX](#))

Remco for Tourism Villages Construction's [RTVC] hotels occupancy rate increased during the seasonal Eid Al-Adha holiday to the 50% maximum capacity previously announced by the Egyptian government. ([Al-Mal](#))

GLOBAL NEWS

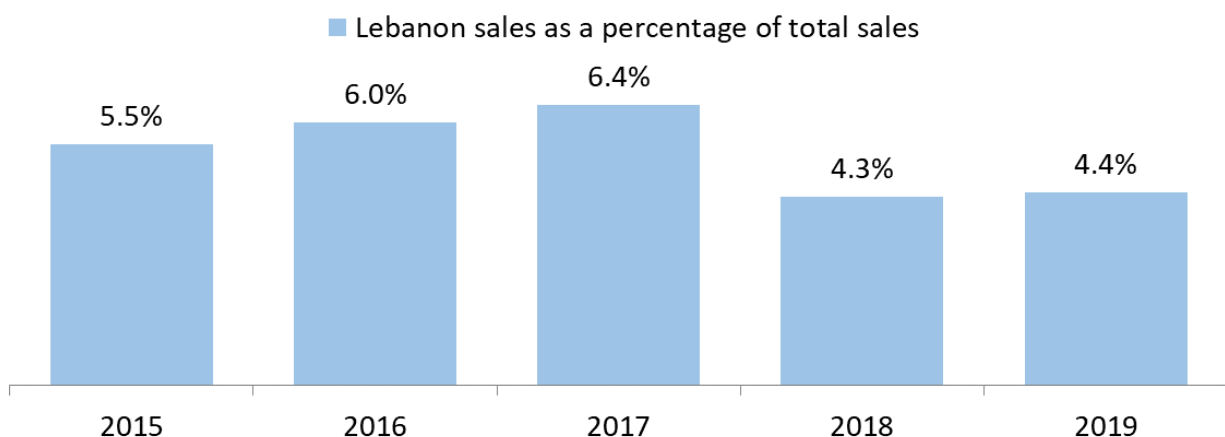
U.S. private employers hired far fewer workers than expected in July as companies exhausted loans to help with wages and new COVID-19 infections flared up across the country, supporting the view that the nascent economic recovery was faltering. ([Reuters](#))

The U.S. trade deficit narrowed in June as exports rebounded following several months of decreases, suggesting an improvement in global demand after being depressed by the COVID-19 pandemic. ([Reuters](#))

Eurozone business activity returned to modest growth in July as some curbs imposed to stop the spread of the coronavirus were lifted, but the rebound in the bloc's dominant service industry was not as sharp as expected. ([Reuters](#))

3. CHART OF THE DAY

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Source: Company reports.

Lecico Egypt [LCSW] is a key producer of sanitary ware and tiles in Egypt, the destination for 38% of its sales in 2019 – with the remainder exported to the Middle East and Europe. Lecico Lebanon produces and sells inside and outside Lebanon representing a minor 4.4% of its total sales in 2019, higher than the 6.0% and 6.4% seen in 2016 and 2017, respectively. Unfortunately, Beirut Port was hit by a blast two days ago, leaving Lebanon so far still counting the death toll and property losses.

However, LCSW's risk is limited. In 2019, LCSW had managed to increase its volume sold in Lebanon by lowering prices and selling old stock, while its sales value declined by 12%.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
593.5					1,257.1 831.2				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	10,704.33	0.79%	(23.33%)			Gold	2,038.12 0.94% 35.15%
		EGX 30 TR	4,094.35	0.42%	(20.78%)			Silver	26.96 3.66% 55.25%
		EGX 70 EWI	1,579.11	0.88%	24.63%			Brent Oil	45.17 1.67% (27.79%)
		EGX 100 EWI	2,421.56	0.96%	10.85%			WTI	42.19 1.18% (27.39%)
		DFMGI	2,079.39	0.03%	(24.79%)			Natural Gas	2.19 (0.09%) 1.87%
		ADSMI	4,305.92	(0.28%)	(14.88%)	EGP		USD/EGP	15.99 0.11% (0.32%)
		TASI	7,470.26	0.15%	(10.95%)	€		EUR/USD	1.19 0.51% 5.93%
		QE Index	9,321.96	(0.49%)	(10.36%)	£		GBP/USD	1.31 0.33% (0.73%)
		S&P 500	3,327.77	0.64%	3.00%	¥		USD/JPY	105.60 (0.11%) (2.87%)
		Dow 30	27,201.52	1.39%	(4.68%)			6M TB yield	13.57 12 (144)
		NASDAQ	10,998.40	0.52%	22.58%			1Y TB yield	13.69 10 (88)
		VIX	22.99	(3.24%)	66.84%			10Y TB yield	14.48 5 78
		STOXX 50	3,268.38	0.43%	(12.73%)			2Y TB yield	0.12 2 (145)
EM		MSCI Emerging	1,103.03	1.23%	(1.04%)			10Y TB yield	0.56 5 (136)
FM		MSCI Frontier	482.18	0.66%	(17.71%)			30Y TB yield	1.23 4 (116)

* As of market close, except for commodities and currencies at 8.52am 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
6-Aug-20	ORAS	Cash dividend	Ex-Dividend date for EGP3.36/share.
6-Aug-20	ECAP	Cash dividend	Ex-Dividend date for EGP0.225/share.
6-Aug-20	EGTS	OGM	Approving the financial statements ending 31 Dec. 2019.
9-Aug-20	MEPA	EGM	Approving a stock split and amending articles No. 4, 6 & 7 of the company's bylaws.
9-Aug-20	NRPD	OGM	Approving the financial statements ending 31 Dec. 2019.
10-Aug-20	ECAP	Cash dividend	Distribution date for EGP0.225/share.
11-Aug-20	ACGC	OGM	Electing new board members.
12-Aug-20	ORAS	Cash dividend	Distribution date for EGP3.36/share.
12-Aug-20	DOMT	Conference call	Discussing Q2 2020 results.
13-Aug-20		MPC meeting	EGP interest rate decision.
15-Aug-20	ABUK	EGM	Amending articles No. 4, 21 & 50 of the company's bylaws.
16-Aug-20	AJWA	EGM	Amending article No. 4 of the company's bylaws.
17-Aug-20	ROTO	Cash dividend	Distribution date for EGP0.375/share (2nd installment).

18-Aug-20	PHDC	OGM	Approving the decisions of the company's board of directors in its meeting held on 25/6/2020.
18-Aug-20	PHDC	EGM	Considering cancelling the international certificates of deposit program.
19-Aug-20		FOMC	Releasing the minutes of the last meeting.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
5-Aug-20	MACROView – Toward gradual recovery
29-Jul-20	MACROView – CAD gains eroded by financial account vulnerability
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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