



PRIMETime

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So Far So Good

1. Today's Trading Playbook

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KEY THEMES

As we mentioned on Sunday, this week will be eventful, but so far no surprises. Inflation has proved to be in the mid-single-digit range (as expected). This further supports our view (as well as market consensus) that the CBE will hold rates when it meets later on this Thursday. We see the market maintaining its positive sentiment against this backdrop.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's core inflation decreased to 0.7% in July, down from 1% in June. ([Reuters](#))

The Egyptian Minister of Supply & Internal Trade said that the establishment of the Egyptian Commodities Exchange will be announced before the end of August. ([Mubasher](#))

The National Telecom Regulatory Authority (NTRA) issued a regulatory framework to offer new licenses for the construction and leasing wireless communication towers within the governorates, aiming to ensure high-quality telecommunication services and create investment opportunities in a fair competitive environment. ([Amwal Al-Ghad](#))

The Ministry of Trade & Industry is studying the establishment of a new export support program for the pharmaceutical and healthcare sector, with aims to increase the sector's exports. (Al-Ahram)

CORPORATE NEWS

Prime Holding [PRMH] announced the establishment of Prime FinTech, a platform that will be involved in setting up NBFI companies engaged in consumer finance, factoring, leasing, and cards and wallets. With a capital of EGP50mn, PRMH pursues a holistic approach in addressing the NBFI market. Meanwhile, **PRMH has decreased its stake in Al Tawfeek for Financial Lease [ATLC] from 6.13% to 3.9%** with the intention to sell the remaining stake at the right price and coinciding with the establishment of its NBFI arm. ([Company disclosure](#), [Hapi](#))

EIPICO's [PHAR] H1 2020 net profit fell 34% y/y to EGP262mn as revenues dropped 17% y/y to EGP1.5bn, and gross profit reached EGP379mn vs. EGP463mn in H1 2019. ([Company disclosure](#))

Heliopolis Housing & Development's [HELI] plan will be approved by the Ministry of Public Enterprise early next week, according to chairman of the Holding Co. for Construction & Development. ([Al-Borsa](#))

CI Capital Holding [CICH] and EFG Hermes Holding [HRHO have been retained as advisors for the potential acquisition of BLOM Bank Egypt by Emirates NBD. CICH is reportedly tapped by the buyer and HRHO by the seller. (Hapi, Al-Mal)

Amer Group [AMER] has secured an approval from the New Urban Communities Authority (NUCA) to reduce the area of its new urban project in New Minya City to 45 acres. ([Al Mal](#))

Mansoura Poultry's [MPCO] Q2 2020 net profit shot up 344% y/y to EGP9.4mn as revenues surged to EGP43mn vs. EGP28mn in Q2 2019. Meanwhile, gross profit reached EGP11.3mn, up from EGP2.91mn in Q2 2019. ([Company disclosure](#))

GLOBAL NEWS

China's auto sales in July climbed 16.4% y/y, the fourth consecutive month of gains as the world's biggest vehicle market comes off lows hit during the country's coronavirus lockdown. ([Reuters](#))

After two months of feeling slightly better about their odds in the labor market, Americans grew more pessimistic in July, according to a survey released Monday by the New York Federal Reserve. ([Reuters](#))

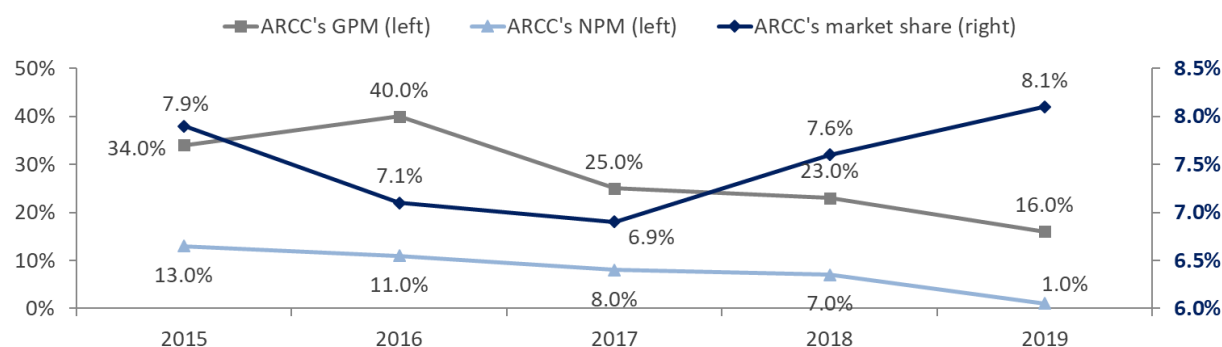
The Federal Reserve in July bought up more bonds from blue-chip companies, including Microsoft and Coca-Cola, while it added to its positions in junk debt and made its biggest Main Street loan to a ski resort and casino in the Pocono Mountains. ([CNBC](#))

Turkey's labor participation rate languished at 47.6% in the April-June period as a coronavirus lockdown weighed, while a ban on layoffs saw the unemployment rate edge up just slightly to 12.9%, data showed on Monday. ([Reuters](#))

Interest rate moves by central banks across a group of 37 developing economies showed a net eight cuts in July following 16 cuts in June and May each. ([Reuters](#))

3. CHART OF THE DAY

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Source: Company Presentations.

The Profitability-Market Share Paradox: The cement sector has been suffering lately from the relatively high costs, decrease in demand, and difficulty to export due to the product's nature which cannot be stored for long. In addition to the fragmented market in Egypt limits the producers' pricing power when competing to keep their market share. Arabian Cement [ARCC] is one of the leading cement producers in Egypt that has managed to grow its market share over the last couple of years. However, its profitability, as measured by net profit margin, has deteriorated to just 1% in 2019. Fortunately, margins improved in Q1 2020 y/y to 2.4% vs. only 0.5% a year before with the same market share of 8.4%.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
604.5					1,243.2 839.2				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
🇪🇬	📉 EGX 30	10,938.23	(0.22%)	(21.65%)	📉 Gold	2,027.34	(0.40%)	31.63%	
	📉 EGX 30 TR	4,173.22	(0.78%)	(19.26%)	📈 Silver	29.13	2.93%	56.66%	
	📈 EGX 70 EWI	1,614.35	0.64%	27.41%	📈 Brent Oil	44.99	1.33%	(28.49%)	
	📈 EGX 100 EWI	2,475.26	0.43%	13.31%	📈 WTI	41.94	1.75%	(27.83%)	
🇪🇬	📈 DFMGI	2,093.80	0.01%	(24.27%)	🔥 Natural Gas	2.15	(3.80%)	(0.37%)	
	📈 ADSMI	4,353.72	0.51%	(13.61%)	EGP	USD/EGP	16.02	0.28%	(0.37%)
🇸🇦	📈 TASI	7,535.96	0.08%	(10.17%)	€	EUR/USD	1.17	(0.42%)	4.57%
🇺🇸	📈 QE Index	9,417.88	0.20%	(9.47%)	£	GBP/USD	1.31	0.16%	(1.50%)
	📈 S&P 500	3,360.47	0.27%	4.01%	¥	USD/JPY	105.96	0.04%	(2.22%)
	📈 Dow 30	27,791.44	1.30%	(2.62%)	🇪🇬	6M TB yield	13.65	0	(136)
	📉 NASDAQ	10,968.36	(0.39%)	22.24%		1Y TB yield	13.79	0	(78)
🇪🇺	📉 VIX	22.13	(0.36%)	60.60%		10Y TB yield	14.48	0	78
	📈 STOXX 50	3,259.71	0.22%	(12.96%)	🇺🇸	2Y TB yield	0.13	(1)	(144)
	📉 MSCI Emerging	1,086.45	(0.26%)	(2.53%)		10Y TB yield	0.58	1	(134)
	📈 MSCI Frontier	486.73	0.67%	(16.94%)		30Y TB yield	1.26	2	(113)

* As of market close, except for commodities and currencies at 8.28am 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
11-Aug-20	ACGC	OGM	Electing new board members.
11-Aug-20	CSAG	BoD meeting	Discussing 2019/20 financial statements.
12-Aug-20	ORAS	Cash dividend	Distribution date for EGP3.36/share.
12-Aug-20	DOMT	Conference call	Discussing Q2 2020 results.
12-Aug-20	ISPH	BoD meeting	Discussing Q2 2020 results.
13-Aug-20		MPC meeting	Deciding on EGP interest rate.
13-Aug-20	ETEL	Earnings Announcement	Announcing Q2-2020 earnings.
13-Aug-20	CICH	Conference Call	Discussing H1 2020 results.
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 board decisions taken 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.
22-Aug-20	ESRS	OGM	Approving the financial statements ending 31 Dec. 2019.
22-Aug-20	ALRA	OGM	Board election.
24-Aug-20	MFSC	OGM	Discussing 2019/20 financial statements and proposed dividend.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
10-Aug-20	<u>MACROView – Muted inflation environment still dominates</u>
9-Aug-20	<u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u>
5-Aug-20	<u>MACROView – Toward gradual recovery</u>
29-Jul-20	<u>MACROView – CAD gains eroded by financial account vulnerability</u>
14-Jul-20	<u>Commercial International Bank - [COMI] - Q2 2020 results</u>
9-Jul-20	<u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u>
8-Jul-20	<u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u>
7-Jul-20	<u>MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</u>
25-Jun-20	<u>EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</u>
10-Jun-20	<u>MACROView – Lowest annual reading in five months, but monthly figures show no changes</u>
8-Jun-20	<u>Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</u>
8-Jun-20	<u>MACROView – Solid buffers and moderate depreciation: The CBE’s recipe to deal with COVID-19</u>
3-Jun-20	<u>MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</u>
18-May-20	<u>Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results</u>
18-May-20	<u>Al Baraka Bank Egypt [SAUD] – Q1 2020 Results</u>
17-May-20	<u>Credit Agricole Egypt [CIEB] – Q1 2020 Results</u>
13-May-20	<u>MACROView – Yesterday’s CBE conference call with Deputy Governor</u>
11-May-20	<u>MACROView– Acceleration in April driven by food prices – as expected</u>
7-May-20	<u>MACROView – Keeping head above water amid pandemic uncertainties</u>
5-May-20	<u>Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results</u>

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