



PRIMETime

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Cherry-Picking Winners

1. Today's Trading Playbook

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KEY THEMES

With most Q2 2020 results out, we now turn to look at each stock separately, considering its idiosyncratic catalysts. These could be in the form of corporate actions, M&A activities, or simply reassuring signs of solid financial results down the road.

POSITIVE

MICH, ISPH: Misr Chemical Industries [**MICH**] continues to deliver sustainable profitability month after month, which is one of the reasons we had included the stock on our stock picks list. Meanwhile, Ibnsina Pharma [**ISPH**] which has underperformed so far in 2020 may be buoyed by its proposed 17% bonus share.

NEUTRAL

EXPA: Export Development Bank of Egypt's [**EXPA**] 2019/20 results may not be much of a catalyst for the stock in the short term. But there are two medium-term catalysts that we see: (1) a potential bonus share distribution to prop up its capital as a step to meet the CBE's new minimum capital requirement and (2) a lifting of foreign ownership limits. For now, we see the results as neutral.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

The European Bank for Reconstruction & Development (EBRD) granted Egypt about USD54mn in financing for the construction and development of a 200 MW solar PV project located in Kom Ombo area. ([Zawya](#))

The Egyptian Ministry of Supply & Internal Trade announced that local and international investors were invited to submit bids for four strategic commodity warehouses at an investment cost of EGP12bn. ([Mubasher](#))

Egypt's natural gas exports more than doubled to 4.5bn cbm in 2019, up from 2bn cbm in 2018, BP said in its annual Statistical Review of World Energy. ([BP](#))

The USD2bn Emirates NBD and First Abu Dhabi Bank (FAB)-arranged loan requested last week to plug government financing gaps is reportedly going to be disbursed to the CBE at some point this week. ([Al-Mal](#))

President Abdel-Fattah El-Sisi ordered the industrial zones operating at the Suez Canal Economic Zone (SCZone) to centralize the industry and give priority to the production of goods that are imported by Egypt. ([Egypt Today](#))

CORPORATE NEWS

TMG Holding's [TMGH] subsidiary Arab Co. for Projects & Urban Development teamed up with National Bank of Egypt (NBE) and Banque Misr as part of an EGP4bn partnership to develop projects in residential communities Al-Rehab and Madinaty. ([Hapi](#))

Export Development Bank of Egypt's [EXPA] consolidated net profit retreated marginally by 0.9% y/y to EGP1.09bn in 2019/20. Higher administrative costs of EGP1.06bn (+33% y/y) in 2019/20 nudged down net profit despite NII rising 9% y/y to EGP1.97bn. NIM was unchanged at 4.3%, while ROAE edged down to c.20% in 2019/20 vs. 22.5% in 2018/19. EXPA currently trades at a P/B of 0.54x. ([Bank disclosure](#))

Qalaa Holding [CCAPP] decreased its stake in Asec Company for Mining [ASCM] from 61.32% to 54.05% cashing in EGP25.25mn. ([Company Disclosure](#))

Bank ABC in Egypt is mulling vying with Emirates NBD for BLOM Bank Egypt. ([Hapi](#)) If it manages to successfully acquire the Lebanese lender's subsidiary, Bank ABC would see its assets capture 1.14% of the market, up from around 0.5%, or EGP30bn, in H1 2020.

Commercial International Bank (CIB) [COMI] recorded a 100% q/q increase in digital banking transactions through the mobile banking service until July 2020 on the back of the significant increase in reliance on electronic services that coincided with the COVID-19 pandemic. ([Al Mal](#))

Raya Holding [RAYA] denied what was circulated last week that its subsidiary BariQ got FRA's approval to issue EUR40mn worth of green bonds. RAYA mentioned that neither the holding nor BariQ requested such an approval ([Company Disclosure](#))

IMEX International faces obstacles in acquiring 50% of the Nile Cotton Ginning [NCGC] , after majority shareholder and his related group rejected IMEX's offer of EGP50/share, saying EGP70/share is a minimum price for the offer to be considered instead. ([Al Mal](#))

Ibnsina Pharma's [ISPH] BoD approved to increase the company's issued capital to EGP240mn through a 17% stock dividend amounting to EGP35mn. ([Company disclosure](#))

Electro Cable Egypt's [ELEC] Q2 2020 consolidated net income after minorities jumped to EGP76.9mn vs. EGP20.8mn a year ago, backed by a capital gain of EGP86mn from the sale of assets (mostly land). Meanwhile, sales decreased 12% y/y to EGP421.7mn, while gross profit margin fell sharply to 11% (-599 bps). ([Company disclosure](#))

Development & Engineering Consulting's "Tameer" [DAPH] H1 2020 net loss widened to EGP9.6mn vs. EGP3.1mn a year before. ([Company disclosure](#))

Al Ahli bank of Kuwait - Egypt's (ABK) net profit grew 54% y/y in H1 2020 to EGP354mn. While the operating income increased 44% y/y to EGP631mn in H1 2020. ABK's Total assets reached EGP37.6bn (+5.3% ytd) in H1 2020, while total deposits reached EGP29.5bn (+5% ytd) in H1 2020. ([Hapi](#))

GLOBAL NEWS

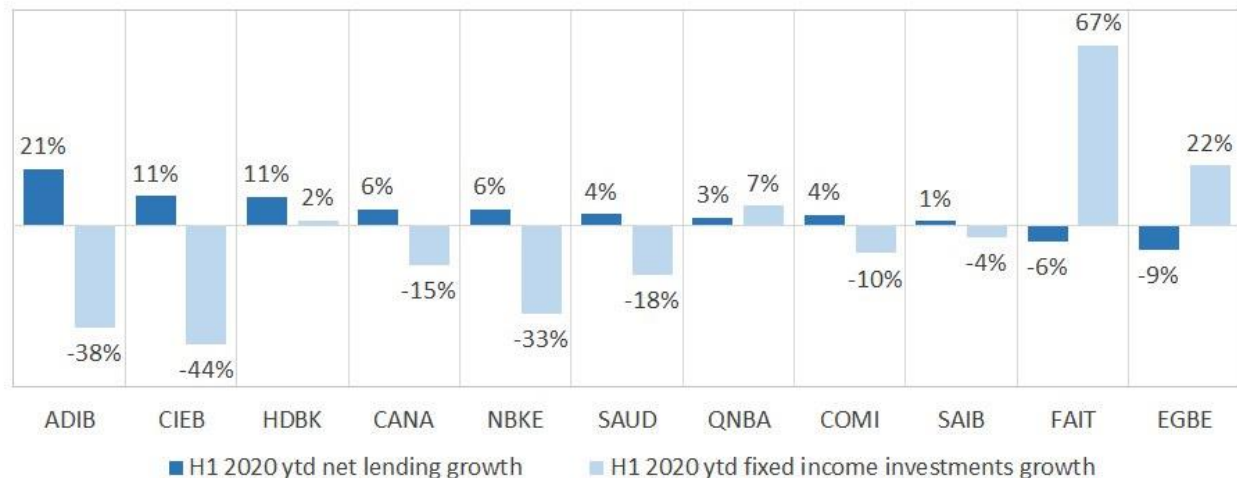
St. Louis Fed President said he believes the recession caused by the coronavirus pandemic is over but that the central bank will continue its accommodative stance toward the U.S. economy. ([CNBC](#))

China official manufacturing Purchasing Manager's Index (PMI) fell slightly to 51 in August from 51.1 in July, but remained above the 50-point mark that separates growth from contraction on a monthly basis. ([Reuters](#))

The Saudi stock exchange known as Tadawul launched the kingdom's first exchange-traded derivatives market and clearing house. Using Nasdaq technology, the Saudi Futures 30 Index Futures Contract is based on the MSCI Tadawul 30, the first exchange-traded derivatives product. **Meanwhile, Goldman Sachs Saudi Arabia became a member of the Saudi Stock Exchange (Tadawul)** with the right to conduct brokerage services for derivatives trading and to deal as a principal and as an agent for the new market launch. ([Reuters](#))

3. CHART OF THE DAY







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Source: Banks' financials.

Egypt Banks' H1 Lending vs. Fixed Income Investments Growth: EGX-listed banks showed satisfactory lending growth in H1 2020, except for Faisal Islamic Bank - Egypt [FAIT] and Egyptian Gulf Bank [EGBE], of which fixed-income investments grew by 67% and 22% ytd, respectively. While companies' capacities are currently weakened by COVID-19, Abu Dhabi Islamic Bank - Egypt [ADIB] generated the strongest growth in H1 2020. This shows early signs of lending recovery that we expect to extend into H2 2020, helped by a bounce in demand and the current lucrative lending rates.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
634.0					1,339.9 893.3				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	11,434.81	(0.24%)	(18.10%)			Gold	1,964.83 1.83% 29.58%
		EGX 30 TR	4,378.22	(0.15%)	(15.29%)			Silver	27.50 1.80% 56.71%
		EGX 70 EWI	1,860.52	2.22%	46.84%			Brent Oil	45.81 0.46% (26.74%)
		EGX 100 EWI	2,779.86	1.76%	27.25%			WTI	42.97 (0.16%) (26.07%)
		DFMGI	2,261.47	(0.34%)	(18.21%)			Natural Gas	2.66 3.02% 20.33%
		ADSMI	4,537.53	0.05%	(10.46%)	EGP		USD/EGP	15.87 0.10% (1.07%)
		TASI	7,983.82	0.62%	(4.83%)	€		EUR/USD	1.19 0.69% 6.11%
		QE Index	9,922.52	0.40%	(4.82%)	£		GBP/USD	1.34 1.15% 0.55%
		S&P 500	3,508.01	0.67%	8.58%	¥		USD/JPY	105.37 (1.13%) (2.72%)
		Dow 30	28,653.87	0.57%	0.40%		⇌	6M TB yield	13.67 0 (134)
		NASDAQ	11,695.63	0.60%	30.35%		⇌	1Y TB yield	13.82 0 (75)
		VIX	22.96	(6.17%)	66.62%		⇌	10Y TB yield	14.78 0 108
		STOXX 50	3,315.54	(0.47%)	(11.47%)		⇌	2Y TB yield	0.16 0 (141)
EM		MSCI Emerging	1,121.60	0.39%	0.62%		⇌	10Y TB yield	0.72 0 (120)
FM		MSCI Frontier	508.36	0.25%	(13.24%)		⇌	30Y TB yield	1.50 0 (89)

* As of market close, except for commodities and currencies at 8.27am 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
31-Aug-20	UASG	BoD meeting	Discussing Q2 2020 Results.
31-Aug-20	LCSW	OGM	Approving the financial statements ending 31 Dec. 2019.
31-Aug-20	ZMID	Cash dividend	Distribution date for EGP0.25/share (2nd installment).
31-Aug-20	OBRI	Cash dividend	Distribution date for EGP0.300/share.
31-Aug-20	BIOC	Cash dividend	Record date for EGP0.500/share.
1-Sep-20	MENA	OGM	Approving the financial statements ending 31 Dec. 2019.
1-Sep-20	PHDC	Conference Call	Discussing Q2 2020 results.
1-Sep-20	ARCC	Conference Call	Discussing Q2 2020 results.
1-Sep-20	BIOC	Cash dividend	Ex-Dividend date for EGP0.500/share.
3-Sep-20	BIOC	Cash dividend	Distribution date for EGP0.500/share.
9-Sep-20	DAPH	OGM	Discussing netting contracts.
9-Sep-20	CPCI	Stock dividend	Record date for 25% stock dividend.
10-Sep-20	CPCI	Stock dividend	Distribution date for a 25% stock dividend.
10-Sep-20	SPHT	EGM	Amending article No. 4, 6, 7 & 60 of the company's bylaws.
12-Sep-20	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
15/16-Sep-20		FOMC	Deciding on the USD interest rate.

17-Sep-20	ORAS	EGM	Voting on hiring Nada Shousha as an independent non-executive independent director.
17-Sep-20	RMDA	EGM	Amending article No. 4 of the company's bylaws.
20-Sep-20	ORWE	EGM	Amending some articles of the company's bylaws.
21-Sep-20	EHDR	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
21-Sep-20	CICH	OGM	Discussing adding two seats to the BoD.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
18-Aug-20	Oriental Weavers Carpet [ORWE] - Q2 2020 Results
13-Aug-20	Credit Agricole Egypt [CIEB] – Q2 2020 Results
10-Aug-20	MACROView – Muted inflation environment still dominates
9-Aug-20	MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed
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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