PRIMETime

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Movers and Shakers

1. Today's Trading Playbook

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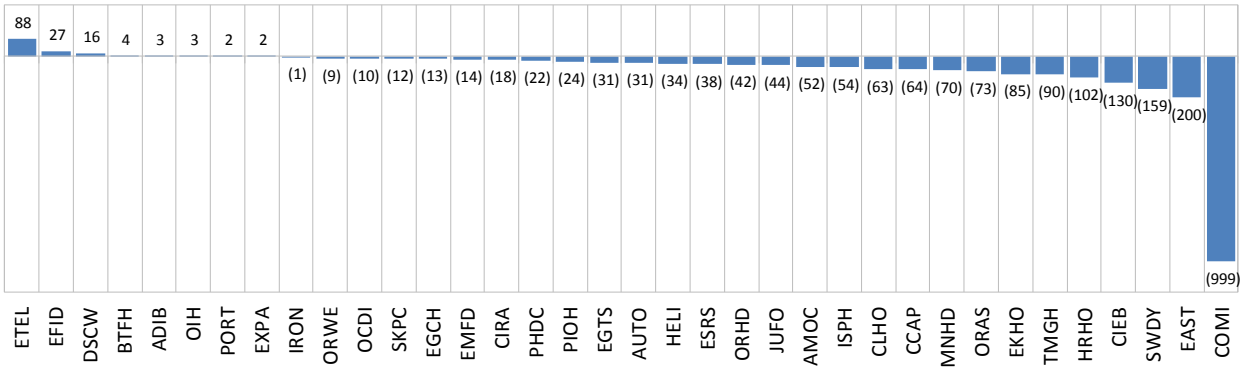
KEY THEMES

Eight months of the eventful 2020 have passed so far, during which the EGX 30 shed 2,595.57 points or 18.6% ytd. This period is characterized by strong fluctuations; despite bottoming out in March, the market behavior wasn't short of jittery afterwards. The below chart depicts the 36 stocks that were needle-movers for the EGX 30 in 2020 ytd (including stocks added/removed in the index rebalancing). Measured in terms of points, each name's contribution is shown. Of those 36 stocks, only eight had a partial positive influence on the index's movement. It was not surprising to see telecom or consumers topping the board. Interestingly, the heaviest laggards were stocks in Egypt's standard MSCI index (shown in a descending order).

On a related note, we remind our clients that changes to MSCI indices, including MSCI Emerging Markets Index, were to be executed as of the close of the trading session on 31 August. Usually, the application takes two days or so, but since Egypt had no changes in the composites, it should not create too much of a hype for the next two days.



Source: Bloomberg

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

2. Top News & Analysis

MACRO NEWS

The Ministry of Communication & Information Technology will launch an electronic system to manage the state's property using artificial intelligence technology. (Al-Mal)

Egypt signed a USD2bn conventional and Islamic loan with several international and regional banks, aiming at "financing the state budget and supporting the Egyptian economy in order to maintain its strong path in the face of fluctuations prevailing in global markets." (MoF)

Foreigners' holdings of T-bills rebounded slightly for the first time since February by c.USD500mn from USD7.1bn in May to USD7.6bn in June 2020. (CBE)

Egypt's New Administrative Capital and the fourth development stage of new Egyptian cities are expected to stimulate the construction sector over the medium term, Oxford Business Group (OBG) said in a new report released on Monday. (Ahram Online)

Total assets of the banking sector increased 2.5% m/m to EGP6.6tn in May 2020. The provision build-up dipped to EGP143bn (+EGP2bn m/m). Banks' capital grew marginally by EGP521mn m/m to EGP157bn in May 2020.Total loans of the banking sector inched up by EGP42bn m/m to EGP2.15tn in May 2020, whereas total deposits inched up by c.EGP85bn m/m to c.EGP46tn in May 2020 (CBE)

Banque du Caire [BQDC] increased its SMEs lending by 23% to EGP11bn during H1 2020, Chairman Tarek Fayed said in a statement on Monday. (Hapi)

CORPORATE NEWS

Lecico Egypt's [LCSW] OGM approved a no-dividend policy for 2019. (Company disclosure)

United Arab Stevedoring [UASG] said the offer it extended in an auction for managing and operating three port yards in Safaga was unsuccessful. (Company disclosure)

Orascom Construction's [ORAS] CEO Osama Bishai has reportedly told that ORAS is back again to work full capacity 95%-100% in 50 projects in the local market. (Al-Mal)

Arabia Investments Holding [AIH] will establish a factoring company by end of year with a capital of EGP20mn. AIH got FRA's preliminary approval already (Al-Mal). Meanwhile, AIH's subsidiary Kahromika has reportedly secured the October-ElKureimat line project with an offer of EGP95.3mn. (Al-Alam El-Youm)

Elsewedy Electric's [SWDY] has the lowest price in Abu Kir/ Etay Elbarod electricity line offer with EGP88mn. (Al-Alam El-Youm)

GB Auto [AUTO] announced a partnership with Higer Bus Company for exclusive representation in Egypt and local assembly of buses at GB Polo. (LinkedIn)

ABC Bank has submitted a request to CBE to conduct due diligence on BLOM Bank's Egypt assets ahead of a potential acquisition.(Hapi)

Egyptian Resorts Co. (ERC) [EGTS] saw its net profit after minority reach EGP25mn (NPM of 28%) in Q1 2020 vs. a net loss after minority of EGP8.7mn a year earlier (NLM of -30%). A leap of 208% y/y in revenues to EGP89mn turned EGTS to that net profit. Gross profit of EGP46mn was recorded in Q1 2020 (yielding a GPM of 51%), against a gross loss of EGP6.7mn in Q1 2019 (GLM of -23%). (Company disclosure)

Joining its peers in the NBFI's race, Al Ahly Capital, NBE's investment banking arm, is close to acquire a controlling stake in Momkn for e-payments. (Al-Borsa) Meanwhile, Al Ahly Capital is looking to set up NBFS holding company, Tamkeen, to house its micro-lending and e-payments operations. (Al-Mal)

GLOBAL NEWS

While the S&P boasted its steepest August percentage gain in more than three decades, it ended Monday slightly lower and the Dow also lost ground as investors took a pause although the Nasdaq closed higher thanks to high-flying stocks including Apple Inc. (Reuters)

Turkey's economy contracted by 9.9% in the second quarter as a coronavirus lockdown brought activity to a near standstill, according to data on Monday that showed its worst year-over-year performance in a decade. (Reuters)

India's economy shrank by nearly a quarter in April-June, much more than forecast and pointing to a longer than previously expected recovery with analysts calling for further stimulus. (Reuters)

Oil prices dropped on Monday, with Brent slipping from a five-month high as global demand remained below pre-COVID levels while U.S. production edged up. (Reuters)

3. Chart of the Day

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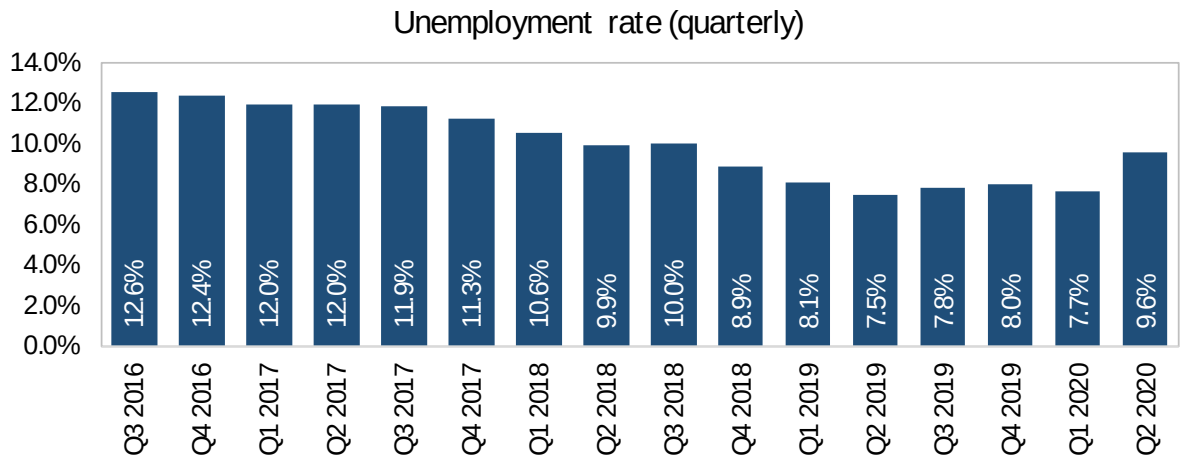

Source: CAPMAS.

The economic blow of COVID-19 pushed Egypt's unemployment to rise faster towards its highest level in two years. In line with this trend, PMI unemployment sub-index extended its downward curve in July to approach its ninth consecutive month of employment contraction. This suggests that the unemployment rate should remain high in Q3 2020.

4. Markets Performance

Current equity market cap (EGPbn)	630.9

Equity turnover (EGPmn): Last, ytd avg.	1,571.4	897.6

			daily chg.	ytd chg.
	EGX 30	11,365.99	(0.60%)	(18.59%)
	EGX 30 TR	4,310.56	(1.55%)	(16.60%)
	EGX 70 EWI	1,848.57	(0.64%)	45.89%
	EGX 100 EWI	2,763.15	(0.60%)	26.49%
	DFMGI	2,245.29	(0.72%)	(18.79%)
	ADSMI	4,519.32	(0.40%)	(10.53%)
	TASI	7,940.70	(0.54%)	(5.35%)
	QE Index	9,845.17	(0.78%)	(5.57%)
	S&P 500	3,500.31	(0.22%)	8.34%
	Dow 30	28,430.05	(0.78%)	(0.38%)
	NASDAQ	11,775.46	0.68%	31.24%
	VIX	26.41	15.03%	91.65%
	STOXX 50	3,272.51	(1.30%)	(12.62%)
EM	MSCI Emerging	1,101.50	(1.79%)	(1.18%)
FM	MSCI Frontier	512.28	0.77%	(12.58%)

			daily chg.	ytd chg.
	Gold	1,967.80	0.15%	30.96%
	Silver	28.14	2.33%	60.72%
	Brent Oil	45.28	(1.16%)	(27.32%)
	WTI	42.61	(0.84%)	(26.24%)
	Natural Gas	2.63	(1.02%)	21.93%
EGP	USD/EGP	15.87	(0.01%)	(1.08%)
€	EUR/USD	1.19	0.28%	6.89%
£	GBP/USD	1.34	0.13%	1.14%
¥	USD/JPY	105.91	0.51%	(2.71%)
	6M TB yield	13.67	0	(134)
	1Y TB yield	13.82	0	(75)
	10Y TB yield	14.78	0	108
	2Y TB yield	0.12	(4)	(145)
	10Y TB yield	0.71	(1)	(121)
	30Y TB yield	1.48	(2)	(91)

* As of market close, except for commodities and currencies at 8.25am 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
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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