



PRIMETime

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Faring With a Year and Half Record

1. Today's Trading Playbook

Amr Hussein Elalfy CFA, Head of Research
AElalfy@egy.primegroup.org

KEY THEMES

Last week, the EGX 30 ended down 2.5%. This coincided with global equities, particularly the U.S., flirting with all-time highs. The EGX 70, on the other hand, closed the week up 1.6%. We still think that the remainder of the year will see the return of foreign investors, albeit partially, which should bode well for large caps after a strong run for small caps ytd.

Here's an interesting stat: Since February 2019, the EGX 30 failed to achieve a 2-month winning streak. Now with the index ending August up 7.23%, it's important for September's performance to be positive to break such record. This would be key—we think—for good performance through the end of 2020.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's Cabinet on Thursday approved a draft law to establish an entity for managing "recovered or seized" money looted in transnational smuggling operations, Prime Minister Mostafa Madbouly said. ([Zawya](#))

Egypt allocated EGP18bn to the water and wastewater sectors, representing 10% of government investments. ([Mubasher](#))

Egypt's GDP grew by 3.5% in FY20, down from a previous forecast of 5.8%, pressured by the COVID-19 crisis, the Ministry of Planning said. ([Mubasher](#)) According to our estimates, GDP was projected to grow by 3.8% in FY20, driven by a plunge in the contribution of private consumption expenditures (PCE) and exports.

The Sovereign Fund of Egypt established a new sub-fund for financial services and digital transformation with an authorized capital of EGP30bn and an issued capital of EGP500mn. ([Mubasher](#))

National Bank of Egypt (NBE) has signed a EUR800mn financing agreement with the European Investment Bank (EIB) to fund SMEs that have been impacted by COVID-19, International Cooperation Minister Rania Al Mashat announced. ([Cabinet](#))

The Export Subsidy Fund will dole out EGP400mn in export subsidies next month after inking 35 new agreements with exporters to disburse EGP2bn in subsidy arrears, Finance Minister said in a statement yesterday. ([Egyptian Cabinet](#))

CORPORATE NEWS

Cleopatra Hospital Co. [CLHO] Q2 2020 results showed net profit after minority dropped 58% y/y to EGP18.5mn (NPM of 5% vs 11% a year ago). This came mainly due to (1) 74% y/y decline in gross profit and (2) a significant increase in cost of acquisition activities that reached (EGP4.9mn vs EGP0.08mn in Q2 2019). ([Company disclosure](#))

Arabian Food Industries [DOMT] and FrieslandCampina, a Dutch multinational dairy company, signed MOU to investigate cooperation between both companies to develop exports of cheese to African countries. ([Company disclosure](#))

Extracted Oils (ZEOT) endured losses due to a fire that started in its Moharm Bek unit. Initial estimates of the losses came at EGP7.4mn. ([Mubasher](#))

Amer Group Holding [AMER] are planning to issue a sukuk estimated at EGP2bn. AMER currently preparing the documents required by Financial Regulatory Authority (FRA) in order to gain approval for the issuance. ([Al-Borsa](#))

The Chairman of the BoD and Managing Director of Egyptian for Tourism Resorts [EGTS] announced his resignation, provided that he will run business until the selection of a new Managing Director and Chairman of the BoD. ([Company disclosure](#))

Ibnsina Pharma's [ISPH] BoD approved the establishment of a new company to invest in the health care sector, with the authorized capital being EGP750mn. ([Al-Borsa](#))

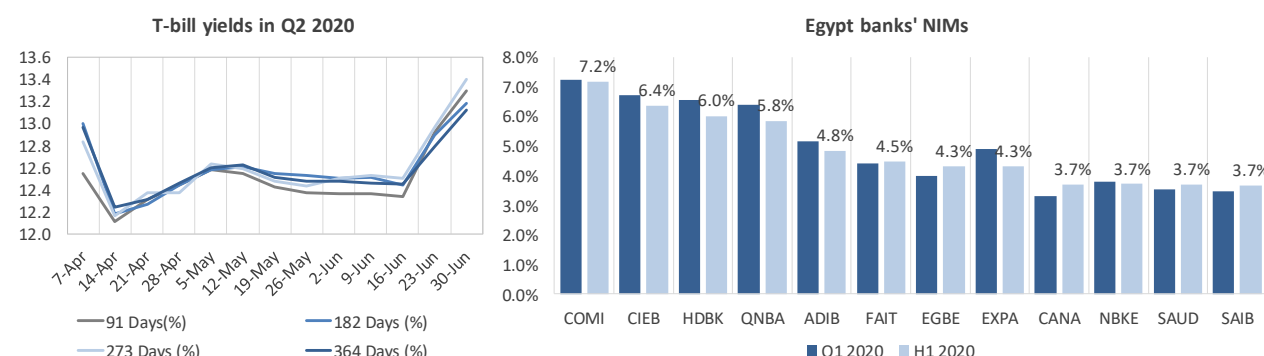
GLOBAL NEWS

U.S. employment growth slowed further in August and permanent job losses increased as money from the government started running out, raising doubts on the sustainability of the economy's recovery from the deep COVID-19 recession. ([Reuters](#))

Interest rates are likely to stay low for years as the economy fights its way back from the coronavirus pandemic, Federal Reserve Chairman Jerome Powell said in remarks published Friday afternoon. ([CNBC](#))

3. CHART OF THE DAY

Shihab M. Helmy, Equity Analyst
SMohammed@egy.primegroup.org



Source: CBE, Banks' financials.

Egypt Banks' NIMs: EGX-listed banks saw a minimal decline in their NIMs as a result of the 300bps cut in corridor rates back in March 2020. Lower NIMs were partially offset by higher T-bill yields in Q2 2020, particularly in June by an average +40bps q/q (+80bps m/m in June) among different maturities. This was coupled with a retreat in banks' cost of funds. We expect the banks' NIMs will continue to fall in H2 2020, except for CIB [COMI] which locked 23% of its assets in T-bonds.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
627.4					1,111.4 903.4				
daily chg. ytd chg.					daily chg. ytd chg.				
	EGX 30	11,180.81	(0.30%)	(19.92%)		Gold	1,933.94	0.16%	27.46%
	EGX 30 TR	4,262.67	(0.17%)	(17.53%)		Silver	26.91	1.22%	50.74%
	EGX 70 EWI	1,849.26	0.78%	45.95%		Brent Oil	42.66	(3.20%)	(32.21%)
	EGX 100 EWI	2,748.22	0.44%	25.80%		WTI	39.77	(3.87%)	(31.80%)
	DFMGI	2,282.70	1.02%	(17.44%)		Natural Gas	2.59	4.06%	18.23%
	ADSMI	4,552.20	0.11%	(10.75%)	EGP	USD/EGP	15.81	0.02%	(1.42%)
	TASI	8,045.09	0.39%	(4.10%)	€	EUR/USD	1.18	(0.12%)	5.57%
	QE Index	9,836.22	0.25%	(5.65%)	£	GBP/USD	1.33	(0.02%)	0.17%
	S&P 500	3,426.96	(0.81%)	6.07%	¥	USD/JPY	106.24	0.05%	(2.18%)
	Dow 30	28,133.31	(0.56%)	(1.42%)		6M TB yield	13.48	(19)	(153)
	NASDAQ	11,313.13	(1.27%)	26.09%		1Y TB yield	13.55	(27)	(102)
	VIX	30.75	(8.48%)	123.15%		10Y TB yield	14.78	0	108
	STOXX 50	3,260.59	(1.32%)	(12.94%)		2Y TB yield	0.15	1	(142)
EM	MSCI Emerging	1,099.50	(0.84%)	(1.36%)		10Y TB yield	0.72	7	(120)
FM	MSCI Frontier	513.41	(0.33%)	(12.38%)		30Y TB yield	1.47	9	(92)

* As of market close, except for commodities and currencies at 8.46am 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
9-Sep-20	DAPH	OGM	Discussing netting contracts.
9-Sep-20	CPCI	Stock dividend	Record date for a 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 the interest rate on USD.
16-Sep-20	AMES	Stock dividend	Record date for dividends at a ratio of 0.083:1.
17-Sep-20	AMES	Stock dividend	Distribution date for dividends at a ratio of 0.083:1.
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.
21-Sep-20	MFSC	Cash dividend	Record date for EGP0.995/share.
22-Sep-20	MFSC	Cash dividend	Ex-Dividend date for EGP0.995/share.
24-Sep-20	MFSC	Cash dividend	Distribution date for EGP0.995/share.
24-Sep-20		MPC Meeting	Discussing interest rate decision.
26-Sep-20	IFAP	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	ABUK	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	CPCI	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	AXPH	OGM	Approving the financial statements ending 30 Jun. 2020.
26-Sep-20	ADCI	OGM	Approving the financial statements ending 30 Jun. 2020.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
3-Sep-20	MACROView: Job losses and the bumpy road to recovery
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	<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>

PRIME SECURITIES

Shawkat El Maraghy

Managing Director

Tel.: +202 3300 5622

SElmaraghy@egy.primegroup.org

SALES

Mohamed Ezzat

Head of Sales & Branches

Tel.: +202 3300 5784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

Tel.: +202 3300 5612

MAshmawy@egy.primegroup.org

Amr Alaa, CFTe

Team Head – Institutional Desk

Tel.: +202 3300 5609

AAlaa@egy.primegroup.org

Mohamed El Metwaly

Manager

Tel.: +202 3300 5610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

Tel.: +202 3300 5624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

Tel.: +202 3300 5110

SRaslan@egy.primegroup.org

Mohamed El Henawy

Nasr City Branch Manager

Tel.: +202 3300 5166

MElhenawy@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

Tel.: +202 3300 5173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy, CFA

Head of Research

Tel.: +202 3300 5724

AElalfy@egy.primegroup.org

HEAD OFFICE

PRIME SECURITIES S.A.E.

Regulated by FRA License No. 179.

Member of the Egyptian Exchange.

2 Wadi Elnil St., Liberty Tower, 7th Fl.

Mohandessin, Giza

Egypt

Tel: +202 3300 5700/770/650/649

Fax: +202 3760 7543

BRANCHES

HELIOPOLIS

7 Elhegag Square

Heliopolis, Cairo

Egypt

Tel: +202 2777 0600

Fax: +202 2777 0604

NASR CITY

9 Elbatrawy St.

Nasr City, Cairo

Egypt

Tel: +202 3300 8160

Fax: +202 3305 4622

ALEXANDRIA

7 Albert Al Awal St.

Smouha, Alexandria

Egypt

Tel: +202 3300 8170

Fax: +202 3305 4622

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