



PRIMETime

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The Gas Price Saga Continues

1. Today's Trading Playbook

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KEY THEMES

Some [news reports](#) suggested that a government committee is about to decide on gas prices for industry players, reportedly considering lowering the price of natural gas this month. Some talks pointed that magnitude of the cut will be curtailed to only USD0.5/mmbtu. While this sits on the lower end of industrials expectations, it remains something to cherish given the current view of global commodity market. [You can check out our Trading Playbook published here on 16 August 2020 for more details.](#)

POSITIVE

ABUK, SKPC, EGCH, EKHO, ESRs: Regardless of the cut magnitude, such names are poised to benefit from a cut in gas prices.

NEUTRAL

MFPC, Cement: Misr Fertilizers Production [MFPC] is most likely out of this picture, given its urea-linked pricing formula. Also, cement producers are mostly reliant on other sources (e.g. coal and refuse-derived fuel).

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

The commodity exchange targets trading of cotton and certain minerals. (Hapi)

The Egyptian Ministry of Trade & Industry extended a ban on white and raw sugar imports, excluding those needed for pharmaceutical manufacturing, for three more months. The extension is meant to safeguard the national sugar industry from global price fluctuations. ([Mubasher](#), [Reuters](#))

Suez Canal Economic Zone's (SCZone) investments amounted to USD15bn during the last five years. ([Mubasher](#))

CORPORATE NEWS

Sources familiar with Saudi Telecom Co.'s (STC) deal to acquire 55% stake in Vodafone Egypt Telecommunications [VODE] said that STC is expected to submit its final purchase offer before the end of this month. The sources expected the expiry of the memorandum of understanding between the two companies will be extended again if a satisfactory agreement is reached and emphasized that STC is very interested in investing in the Egyptian telecom market. ([Investing.com](#))

Bank ABC has confirmed in a letter to the director of Bahrain Listing & Issuers Affairs, that it's engaged in talks to acquire the Blom Bank - Egypt. ([Bank release](#))

The Egyptian Gulf Bank [EGBE] participated in a syndicated loan by 15% of EGP1.1bn for the benefit of Madinet Nasr for Housing & Development [MNHD], led by CIB [COMI]. ([Al-Borsa](#))

The Financial Regulatory Authority (FRA) approved a draft mandatory purchase offer deposited by IMIX International for up to 52.9mn of Nile Cotton Ginning's [NCGC] shares (100% of NCGC's shares) at a cash price of EGP50/share, provided that at least a 51% acquisition is completed. ([FRA](#))

The Egyptian Exchange (EGX) suspended trading on the Egyptian Co. for International Touristic Projects' [EITP] shares, effective 8 September 2020. ([EGX](#))

The Financial Regulatory Authority (FRA) agreed to open the door for subscription to the shareholders of Speed Medical Co. [SPMD] starting from 28 September to 28 October in order to increase the capital. ([Al Mal](#))

GLOBAL NEWS

The global economy is likely to recover to pre-pandemic levels by early next quarter, about three months earlier than previously expected, economists at Morgan Stanley said. ([Reuters](#))

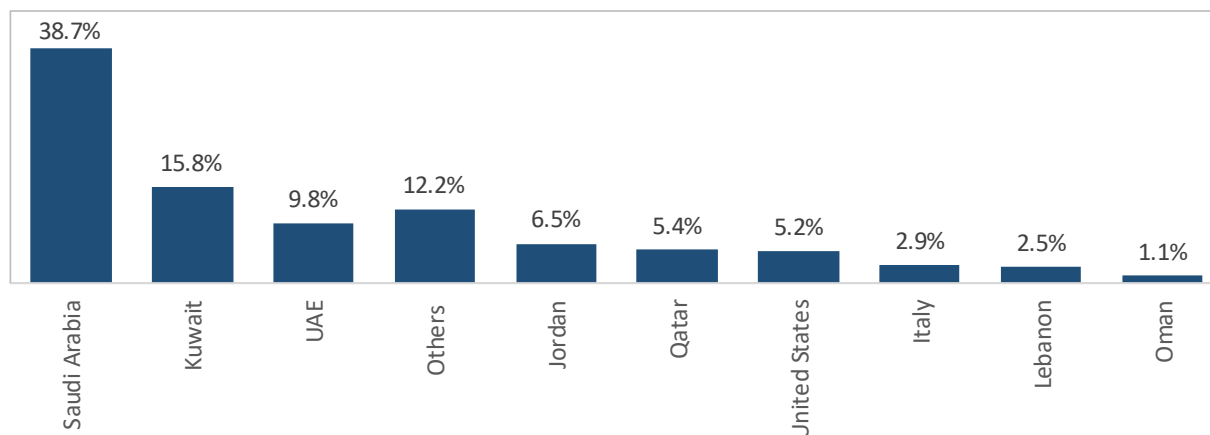
U.K. and EU negotiators are unlikely to reach a trade agreement in the coming months, Jean-Claude Juncker, the former president of the European Commission, said at an event Tuesday. ([CNBC](#))

Oil futures settled sharply lower on Tuesday, with Brent sinking below \$40 a barrel for the first time since June and U.S. crude falling nearly 8% after Saudi Arabia cut its October selling prices and COVID-19 cases rebounded in several countries. ([Reuters](#))

3. CHART OF THE DAY

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Top Remittance Source Countries for Egypt (2018)



Source: The World Bank Migration and Remittances Data.

COVID-19 induced slowdown in GCC countries and the devastating oil price rout create a perfect storm for remittance inflows to Egypt, given that the GCC countries are the source of more than 70% of total remittance inflows to Egypt.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)				611.4	Equity turnover (EGPmn): Last, ytd avg.				1,239.3	907.0
			daily chg.	ytd chg.				daily chg.	ytd chg.	
🇸🇦	➡	EGX 30	10,951.29	(1.66%)	(21.56%)	📊	➡	Gold	1,932.03	(0.08%) 27.01%
	➡	EGX 30 TR	4,190.15	(1.21%)	(18.93%)	📊	➡	Silver	26.67	(0.60%) 48.76%
	➡	EGX 70 EWI	1,792.68	(3.27%)	41.48%	📊	➡	Brent Oil	39.78	(5.31%) (37.34%)
	➡	EGX 100 EWI	2,653.97	(3.24%)	21.49%	📊	➡	WTI	36.76	(7.57%) (37.59%)
🇪🇬	↗	DFMGI	2,287.98	0.73%	(17.25%)	🔥	➡	Natural Gas	2.40	(7.26%) 8.22%
	↗	ADSMI	4,519.56	0.26%	(11.17%)	EGP	↗	USD/EGP	15.80	0.02% (1.48%)
🇸🇦	↗	TASI	8,089.54	0.49%	(3.57%)	€	➡	EUR/USD	1.18	(0.33%) 4.93%
🇺🇸	↗	QE Index	9,760.68	0.36%	(6.38%)	£	➡	GBP/USD	1.30	(1.40%) (2.38%)
	➡	S&P 500	3,331.84	(2.78%)	3.13%	¥	➡	USD/JPY	106.03	(0.23%) (2.55%)
	➡	Dow 30	27,500.89	(2.25%)	(3.64%)	🇸🇦	➡	6M TB yield	13.48	(19) (153)
	➡	NASDAQ	10,847.69	(4.11%)	20.90%		➡	1Y TB yield	13.55	(27) (102)
	↗	VIX	31.46	2.31%	128.30%		➡	10Y TB yield	14.70	(8) 100
🇪🇺	➡	STOXX 50	3,267.37	(1.41%)	(12.76%)	🇺🇸	➡	2Y TB yield	0.14	(1) (143)
EM	➡	MSCI Emerging	1,087.51	(0.64%)	(2.44%)		➡	10Y TB yield	0.68	(4) (124)
FM	➡	MSCI Frontier	509.06	(0.29%)	(13.13%)		➡	30Y TB yield	1.42	(5) (97)

* As of market close, except for commodities and currencies at 8.3am 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 25% stock dividend.
10-Sep-20	CPCI	Stock dividend	Distribution date for a 25% stock dividend.
10-Sep-20	SPHT	EGM	Amending articles 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 a dividend at ratio of 0.083:1.
17-Sep-20	AMES	Stock dividend	Distribution date for a dividend at 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
8-Sep-20	MACROView – Crawling Out of the Troughs
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	<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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