



# PRIMETime

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## About Time

### 1. Today's Trading Playbook

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#### KEY THEMES

Fitch Ratings has affirmed CIB's [COMI] long-term issuer default rating at 'B+', while removing the ratings from rating watch negative (RWN). COMI stock performance lately reflects soothing selling pressures given the colossal declines the stock witnessed since last March.

The stock is currently confronting with its best levels since last June 2020, with a P/B of 1.9x, well below its long term historical average. Meanwhile, so far in H2 2020, COMI was responsible for moving the EGX30 381 point in the green direction. We note that the trading range between COMI and its GDRs has been subdued after a wild range achieved last March.

The bank's results so far in 2020 showed healthy growth in net interest income, with credit provisions as well as effective tax rate being the two strong disrupters to bottom line growth. Given that we didn't get a significant deterioration in credit worthiness out of COVID-19, we think COMI's H2 2020 will be enough booster to the stock performance for reverting back to a more normal trading multiples.

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

### 2. TOP NEWS & ANALYSIS

#### MACRO NEWS

**Italy's Eni and BP announced on Wednesday a new gas discovery in Egypt's Great Nooros Area in the Mediterranean Sea.** ([Mubasher](#)).

**Egypt's exports of engineering industries generated around USD2.5bn annually,** Middle East News Agency (MENA) reported. ([Mubasher](#)).

**A six-month export ban on medical supplies has ended and will not be extended past the mid-September cut-off** now that there is a surplus in local production, according to a Trade & Industry Ministry statement. ([Ministry statement](#))

**A new cotton trading system was rolled out in Beheira and Sharqia on Tuesday**, with public auctions due to be held across the two governorates until mid-December, the Public Enterprises Ministry in a statement. ([Official statement](#))

## CORPORATE NEWS

**Fitch Ratings affirmed CIB's [COMI] long-term issuer default rating at 'B+', and viability rating (VR) at 'b+', and removed the ratings from rating watch negative (RWN).** A negative outlook has been assigned. Fitch is less optimistic about CIB's asset quality to deteriorate in 2020-2021 as a result of delay the recognition of impaired/stage 3 loans under IFRS 9 and understate the actual level of problem loans in the sector. ([Fitch](#)) *In our view, CIB's strong asset quality is expected to absorb any unexpected credit losses in 2021, and the economic recovery is most likely expected in 2021 given improving demand, practically their foreign-currency (FC) funding and liquidity which are expected to bounce back by 2021.* **On a further note, COMI BoD approved increasing the paid-in capital from EGP1.469bn to EGP1.477bn** distributed on 8.6mn shares (at par value of EGP10) related to ESOP. The EGX's listing committee nodded for listing the new shares starting Sunday. ([Bank disclosure](#))

**Fawry [FWRY] is planning to establish a new FinTech company. As per CEO, FWRY would have a clear vision on its plan by early 2021.** (Al-Mal)

**The Egyptian Listing Committee decided to register Ibsina Pharma's [ISPH] EGP35mn increase in issued and paid-in capital to EGP240mn.** ([Company disclosure](#))

**General Co. for Ceramic & Porcelain Products' (PRCL) unaudited 2019/20 net losses contracted to EGP53.2mn** vs. a net loss of EGP59.7 in 2018/19. Meanwhile, PRCL turned to a gross profit of EGP2.95mn vs. a gross loss of EGP3.9mn, as its ceramics production lines returned to operation. PRCL increased its revenues by 9% y/y to EGP269.7mn. ([Company disclosure](#))

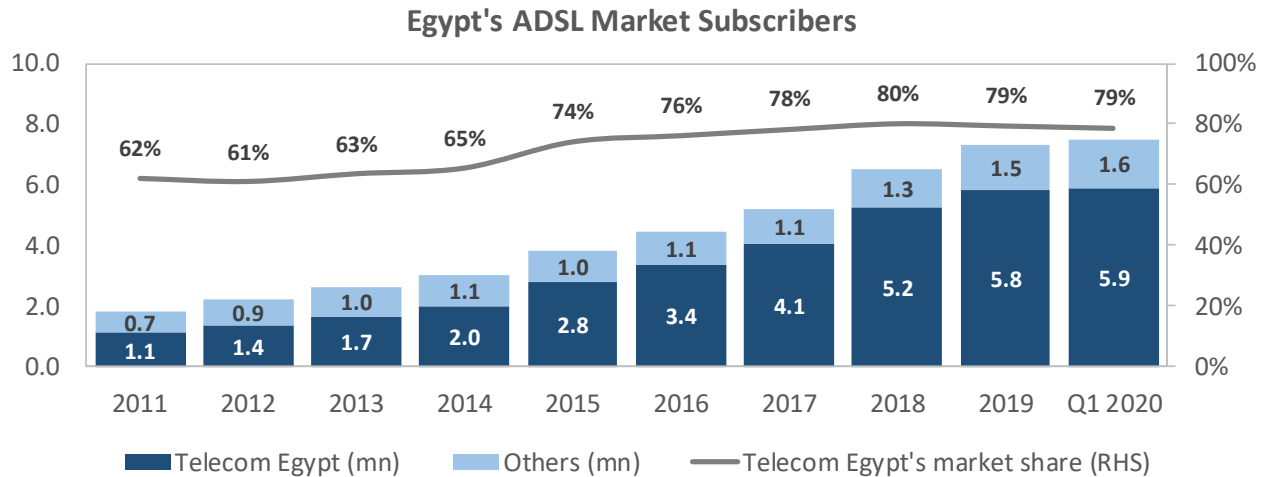
## GLOBAL NEWS

**The Fed left rates unchanged** in its last meeting before the 2020 presidential election in November. It also indicated rates were unlikely to rise until at least 2023. ([CNBC](#))

**U.S. consumer spending appeared to slow in August** as extended unemployment benefits were cut for millions of Americans, offering more evidence that the economic recovery from the Covid-19 recession was faltering. ([CNBC](#))

### 3. CHART OF THE DAY














































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Source: Ministry of Communications and Information Technology.

In the past nine years (2011-2019), Telecom Egypt's [ETEL] ADSL customer base surged at an 8-year CAGR of 23% to 5.8mn subscribers by end of 2019, then grew to 5.9mn by end of Q1 2020. This growth outpaced the market by 4 percentage points (ppt) and other local players by 13ppts. ETEL grew its market share by 17ppts to 79% in 2019 vs. 62% in 2011.

### 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.									
616.8					1,199.9      911.4									
daily chg.    ytd chg.					daily chg.    ytd chg.									
		EGX 30	11,088.20	0.55%	(20.58%)			Gold	1,959.26	0.26%	28.11%			
		EGX 30 TR	4,251.59	0.85%	(17.74%)				Silver	27.16	0.08%	50.04%		
		EGX 70 EWI	1,910.09	2.08%	50.75%					Brent Oil	42.22	4.17%	(33.99%)	
		EGX 100 EWI	2,794.45	1.70%	27.92%						WTI	40.16	4.91%	(32.33%)
		DFMGI	2,301.13	0.35%	(16.77%)						Natural Gas	2.27	(4.02%)	2.47%
		ADSMI	4,505.33	(0.08%)	(11.39%)		EGP				USD/EGP	15.76	0.10%	(1.75%)
		TASI	8,311.21	(0.13%)	(0.93%)			€			EUR/USD	1.18	(0.26%)	4.95%
		QE Index	9,941.43	0.49%	(4.64%)				£		GBP/USD	1.30	0.61%	(2.41%)
			S&P 500	3,385.49	(0.46%)	4.79%				¥		USD/JPY	104.95	(0.46%)
			Dow 30	28,032.38	0.13%	(1.77%)						6M TB yield	13.58	10
			NASDAQ	11,050.47	(1.25%)	23.16%					1Y TB yield	13.65	10	(92)
		VIX	26.04	1.76%	88.97%				10Y TB yield		14.70	(8)	100	
		STOXX 50	3,338.84	0.20%	(10.85%)						2Y TB yield	0.15	0	(142)
			MSCI Emerging	1,116.99	0.39%		0.21%				10Y TB yield	0.70	2	(122)
				MSCI Frontier	516.01		0.23%	(11.94%)				30Y TB yield	1.46	3

\* As of market close, except for commodities and currencies at 8.17am 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
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	MNHD	Lawsuit	A court decision discussing legal disputes relevant to the company.
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.
27-Sep-20	CIRA	OGM	Discussing dividend distribution.
27-Sep-20	AIH	Lawsuit	A court Session discussing legal disputes relevant to the company.
27-Sep-20	NCGC	OGM	Approving the financial statements ending 30 Jun. 2020.
28-Sep-20	NCGC	EGM	Amending some articles of the company's bylaws.
28-Sep-20	ESGI	EGM	Amending articles No. 4, 7, 21, 26, & 29 of the Company's bylaws.
30-Sep-20	MNHD	Cash dividend	Distribution date for EGP0.30/share (2nd installment).
30-Sep-20	EXPA	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	AMOC	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	NIPH	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MHOT	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MHOT	EGM	Discussing a note on an amicable settlement on VAT.
30-Sep-20	DEIN	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MPCI	OGM	Approving the financial statements ending 30 Jun. 2020.
30-Sep-20	MPCI	EGM	Approving increasing issued capital.
1-Oct-20	NCGC	OGM	Discussing the agenda.
1-Oct-20	ACGC	OGM	Approving the financial statements ending 30 Jun. 2020.
3-Oct-20	EFIC	EGM	Amending articles No. 26 and 36 of the company's bylaws.
4-Oct-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
10-Sep-20	<a href="#">MACROView – A Stunning Chapter Towards Targets</a>
8-Sep-20	<a href="#">MACROView – Crawling Out of the Troughs</a>

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

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