



PRIMETime

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Summer Wind

1. Today's Trading Playbook

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KEY THEMES

Today is officially the last day of summer with only 10 days before Q3 2020 ends. We should expect higher trading activity stepping into Q3, followed by the release of third-quarter results which should be better than the prior quarter. The market will likely continue to be hyped about Egypt's "financial inclusion" initiative as reflected in the upbeat performance of Fawry [FWRY] so far, especially with a potential stake sale of Ebtikar's Masary and Bee which are indirectly owned by B Investments [BINV] and MM Group [MTIE]. Meanwhile, EFG Hermes Holding [HRHO] just exited one of its solar power investments at a 14% IRR on a GBP-denominated investment in just three years. HRHO continues its due diligence for Arab Investment Bank (aiBank), which would complement the firm's financial services with commercial banking.

POSITIVE

HRHO, BINV, MTIE: All three names are yet to reflect further value unlocked by M&A activity and asset monetization.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's General Organization for Export & Import Control (GOEIC) announced on Thursday that Egypt's non-oil exports amounted to roughly USD16bn during 8M 2020 (-4.7% y/y). ([Zawya](#))

Egypt increased its holdings of U.S. Treasury bonds by 4.3% y/y or c.USD93mn in July, marking its highest level since October 2018. ([Mubasher](#))

The investments injected in renewable energy, including governmental and private projects, totaled nearly EGP6bn this year. ([Egypt Today](#))

The Egyptian government is cutting import customs on components imported for locally-assembled cars if they amount to 10% of total value vs. 30% previously, according to a presidential decree. ([Al-Mal](#))

The Egyptian Natural Gas Co. (GASCO) is in talks with several local banks to borrow USD200mn for expansion works at its Western Desert Gas Complex in Alexandria. ([Al-Shorouk](#))

CORPORATE NEWS

Telecom Egypt [ETEL] submitted a financial and technical offer to the National Telecom Regulatory Authority (NTRA) to apply for additional spectrum within the 2600MHz band, utilizing TDD technology, with a right of use of 10 years. ([Company disclosure](#)) Similarly, Vodafone Egypt [VODE] submitted another offer for new cellular frequencies. ([Youm 7](#)) Meanwhile, ETEL is reportedly considering forming an alliance with local and foreign banks to acquire Vodafone Group's stake of 55% in VODE, according to Al-Shorouk. ([Al-Shorouk](#))

EFG Hermes Holding's [HRHO] private equity arm sold a controlling stake in Vortex III, a UK solar-energy portfolio, at an enterprise value of GBP500mn to a Malaysian utility in a deal that values the assets at USD647mn. HRHO would now be exiting its remaining Vortex portfolio investment, having exited from Vortex I and Vortex II in 2019. On a further note, Tanmeyah, HRHO's microfinance arm, targets to reach 320 branches by end of 2021. ([Company disclosure](#), Al-Borsa)

Ezz Steel [ESRS] is reportedly looking to increase its loans with a banking consortium from EGP5.8bn to EGP6.5bn in exchange for extending its repayment period from six to eight years. ([Enterprise](#))

Egyptian Iron & Steel's [IRON] EGM, to be held on 12 October 2020, will be discussing the separation of the mining and quarrying activities from the rest of the company's activities through establishing a new company. ([Mubasher](#))

Fawry [FWRY] secured CBE's preliminary approval to offer Egyptians abroad real-time transaction services which would facilitate transactions movements. (Al-Mal) On another note, FWRY reached a new milestone of 3.5mn daily transaction through its POS's. (Al-Borsa)

El-Shams Housing & Urbanization [ELSH] sold a receivables portfolio worth EGP54mn to Egyptian Arab Land Bank from the proceeds of Sixth of October City project. Meanwhile, ELSH is choosing between five developers to partner with for the development of its New Administrative Capital project. ([Al-Borsa](#))

Maridive & Oil Services' [MOIL] Q2 2020 stand-alone net losses widened to USD10.5mn compared to USD2.2mn in Q2 2019. MOIL turned to a gross loss of USD1.4mn vs. a gross profit of USD6.9mn, pulled back by a 38% y/y decrease in revenues to USD11.02mn. ([Company disclosure](#))

The CEO of Ebtikar, a JV between B Investment [BINV], BPE Partners, and MM Group [MTIE], revealed that several investors are in talks to acquire a stake in Masary and Bee. The JV previously intended to establish a holding company for the two e-payments companies to be offered to the public. (Al-Mal)

Orascom Construction's [ORAS] EGM approved hiring Ms. Nada Shousha as a non-executive independent Director instead of Mr. Khaled Bichara. ([Company disclosure](#))

Speed Medical's [SPMD] fair value has been set at EGP3.62/share "pre-money" and EGP3.91/share "post-money," in preparation for SPMD's capital increase to EGP222mn. ([Company disclosure](#))

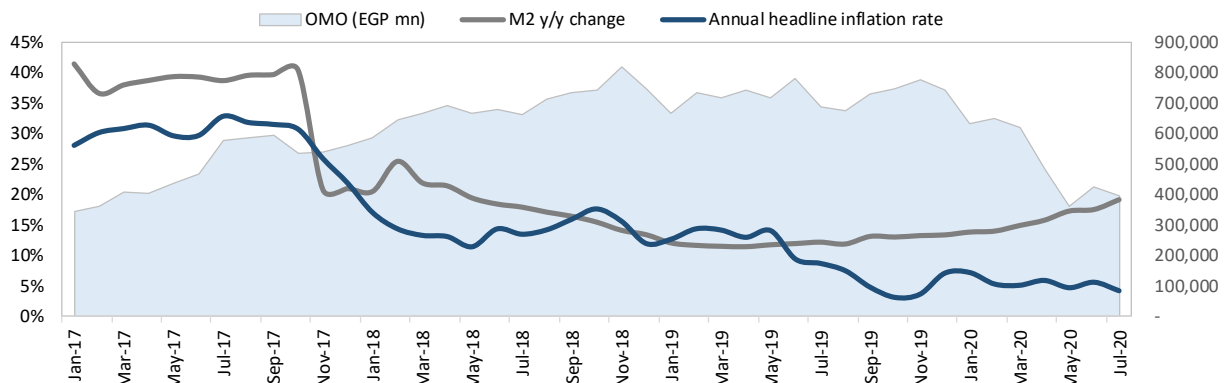
GLOBAL NEWS

U.S. consumer sentiment increased in early September, with Democrats growing more upbeat about the economy's outlook ahead of the 3 November 2020 presidential election while Republicans' optimism waned slightly. ([Reuters](#))

China's benchmark lending rate will likely remain steady for a fifth straight month at its September fixing on Monday after the central bank left rates on its medium-term lending facility (MLF) loans unchanged this week, a Reuters survey showed. ([Reuters](#))

3. CHART OF THE DAY











































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Source: CBE.

The Central Bank of Egypt (CBE) has been releasing liquidity through open market operations (OMO) to support business lending activity since COVID-19 struck. This was evident by the fall in OMO from EGP686mn (13% of GDP) in July 2019 to EGP339mn (6% of GDP) in July 2020. The accommodative stance was gaining support from the muted inflationary environment and the CBE's willingness to keep the yield on government debt instruments high and lucrative to spur foreign inflows.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
617.1					1,501.2 914.9				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	11,050.89	(0.34%) (20.85%)			Gold	1,950.86	0.33% 28.58%
		EGX 30 TR	4,219.38	(0.76%) (18.36%)			Silver	26.78	(0.93%) 50.03%
		EGX 70 EWI	1,935.60	1.34% 52.76%			Brent Oil	43.15	(0.35%) (31.43%)
		EGX 100 EWI	2,824.66	1.08% 29.30%			WTI	41.11	0.34% (29.50%)
		DFMGI	2,320.87	0.86% (16.06%)			Natural Gas	2.05	0.29% (6.44%)
		ADSMI	4,510.60	0.12% (11.13%)	EGP		USD/EGP	15.76	0.27% (1.76%)
		TASI	8,337.88	0.32% (0.32%)	€		EUR/USD	1.18	(0.07%) 5.59%
		QE Index	9,942.06	0.01% (4.76%)	£		GBP/USD	1.29	(0.43%) (2.56%)
		S&P 500	3,319.47	(1.12%) 2.75%	¥		USD/JPY	104.57	(0.16%) (3.72%)
		Dow 30	27,657.42	(0.88%) (3.09%)			6M TB yield	13.57	(1) (144)
		NASDAQ	10,793.28	(1.07%) 20.29%			1Y TB yield	13.67	2 (90)
		VIX	25.83	(2.38%) 87.45%			10Y TB yield	14.70	0 100
		STOXX 50	3,283.69	(0.99%) (12.32%)			2Y TB yield	0.14	(0) (143)
EM		MSCI Emerging	1,108.53	0.15% (0.55%)			10Y TB yield	0.70	0 (122)
FM		MSCI Frontier	518.03	0.11% (11.59%)			30Y TB yield	1.46	0 (93)

* 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
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	MACROView – A Stunning Chapter Towards Targets
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	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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