



# PRIMETime

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## V-Shaped Performance

### 1. Today's Trading Playbook

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#### KEY THEMES

In line with [our call yesterday](#), the market's intraday dip quickly recovered with the **EGX 30** ending the day higher, turning from an intraday loss of 0.8% to a gain of 0.5%. This was reflected in an intraday v-shaped performance. We had said that any sell-off should be considered an opportunity to accumulate on good names. Any negative sentiment related to the global money-laundering document leaks was more than offset by the positive sentiment related to the potential reduction of energy prices, including natural gas. Hence, we saw Ezz Steel [**ESRS**], Abu Qir Fertilizers [**ABUK**], and Sidi Kerir Petrochemicals [**SKPC**] continue their positive performance. We had mentioned these three names exactly one week ago [here](#). Meanwhile, if the Central Bank of Egypt (CBE) keeps interest rates unchanged tomorrow, we believe the tone of the accompanying press release will be key in discerning the CBE's direction going forward.

#### POSITIVE

**Banks, NBFS names:** We continue to prefer the financial sector as a whole, including both banks and non-banking financial service (NBFS)-related names.

#### NEGATIVE

**ALCN:** Results of the first two months of Alexandria Container & Cargo Handling [**ALCN**] (please see below) foretells another bad year for the company.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**Remittances from Egyptians living abroad rose, for the second month in a row, by 9.5% y/y in July.** ([Mubasher](#))

**The Eastern Mediterranean Gas Forum is now officially an established organization headquartered in Cairo after six of the seven founding states signed its charter yesterday, marking another key step in Egypt's path to becoming the region's premier energy hub.** ([Egyptian Cabinet](#))

**The European Bank for Reconstruction & Development (EBRD) is in talks with two unnamed local banks to deploy USD100-200mn for lending to SMEs before the end of the year.** ([Al-Mal](#))

**The Central Bank of Egypt (CBE) instructed local banks to calculate their expected credit losses and to deliver reports of their audit and risk assessment departments within a month.** ([CBE](#))

**The consumer spending initiative launched by the Egyptian government in July will come to an end on 26 October, Minister of Finance said yesterday.** ([Mubasher](#))

**The Egyptian Cabinet approved an agreement with Siemens for the repair of a steam turbine and generator at El-Kureimat solar power plant.** ([Mubasher](#))

**Total banking sector's net profits reached EGP50.05bn in H1 2020, while the net profit for the top 10 banks reached EGP41.4bn in H1 2020.** (CBE: [1](#), [2](#))

### CORPORATE NEWS

**Alexandria Container & Cargo Handling's [ALCN] net income in 2M 2020/21 ended 31 August 2020 fell by 35% y/y to EGP204.1mn, hurt by a 17% y/y decrease in revenues to EGP364mn and a lower gross profit margin of at 61% vs. 66%.** ([Company disclosure](#))

**CI Capital Holding's [CICH] shareholders approved adding two seats to its BoD, one of which is non-executive representing Banque Misr which had increased its stake in CICH to 24.7% last month to become its biggest shareholder.** ([Company disclosure](#))

**Arabian Cement Co. [ARCC] denied news related to injecting investment in a factory in Brazil, explaining that it was its parent company Cementos La Union that had been eyeing this investment, not ARCC as reported in the media. ARCC expects a revenue of EGP2.5bn, EBITDA of EGP250mn, and a net loss of EGP50mn in 2020.** ([Company disclosure](#))

**Banque du Caire [BQDC] is looking to set up a new e-payment arm within a few months after receiving a preliminary nod from the CBE.** ([Al-Mal](#))

**Palm Hills Developments [PHDC] said it used so far an additional EGP257mn in H1 2020 from its EGP1.54bn issued capital**, increasing the total amount spent to EGP968mn and leaving EGP571mn to be used. (Company disclosures: [1](#), [2](#))

**Amer Group Holding [AMER] decided to dismiss their plan to purchase New Sohag land** after conducting financial and marketing studies. ([Company disclosure](#))

**GB Auto's [AUTO] Drive Finance received preliminary approval from the Financial Regulatory Authority (FRA) to launch consumer financing activities besides auto loans** aiming to widen and deepen AUTO's exposure to various market segments. ([Company disclosure](#))

**Egyptians for Housing & Development's [EHDR] extraordinary general meeting (EGM) approved an 8-for-1 stock split from a par value of EGP2/share to EGP0.25/share** which would increase the number of shares from 120mn to 960mn. ([Company disclosure](#))

**Speed Medical [SPMD] has contracted with Al-Madina Fertility Medicine Co. and Al-Madina Group to manage all the private medical laboratories owned by the group in Alexandria.** The agreement will add three new branches to SPMD's labs in Alexandria and will increase SPMD's revenues by 7%. (Al-Borsa)

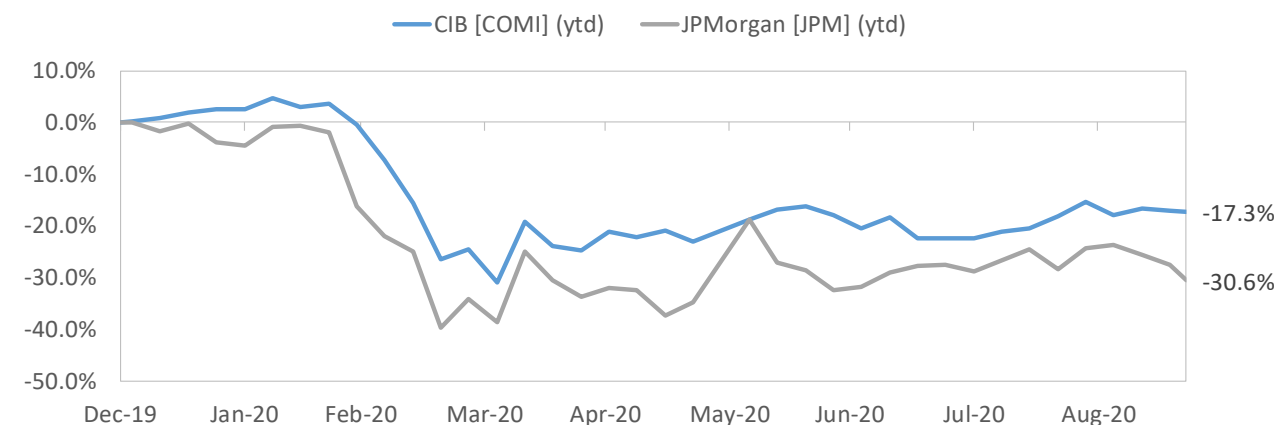
## GLOBAL NEWS

**Top U.S. economic policymakers opened the door on Tuesday to further aid for small businesses hit by the coronavirus-triggered recession** but differed over how broad it might extend and the manner in which it should be delivered. ([Reuters](#))

**U.S. home sales surged to their highest level in nearly 14 years in August as the housing market continued to outperform the overall economy**, but record-high home prices could squeeze first-time buyers out of the market. ([Reuters](#))

## 3. CHART OF THE DAY











































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Source: Bloomberg.

**CIB vs. JPMorgan:** When comparing the share performance of Commercial International Bank (CIB) [COMI] (-17.3%) and JPMorgan Chase [NYSE: JPM] (-30.6%), it is clear that the U.S. bank's stock has underperformed COMI on a year-to-date basis. This reflects the healthy banking environment in Egypt, with JPM's stock performance impacted more by COVID-19 and other events. For instance, since media reports of leaked U.S. Treasury's FinCen confidential documents circulated in the market, JPM dropped 4%, while COMI slipped by only 0.3%.

#### 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
617.2					1,304.3 922.0				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	10,963.01	0.48%	(21.48%)			Gold	1,900.21 (0.64%) 23.82%
		EGX 30 TR	4,226.84	1.47%	(18.22%)			Silver	24.40 (1.28%) 29.74%
		EGX 70 EWI	1,970.52	0.60%	55.52%			Brent Oil	41.72 0.68% (34.37%)
		EGX 100 EWI	2,857.95	0.59%	30.82%			WTI	39.80 0.66% (32.58%)
		DFMGI	2,264.22	(0.26%)	(18.11%)			Natural Gas	1.83 (0.05%) (16.77%)
		ADSMI	4,498.23	0.13%	(11.16%)	<b>EGP</b>		USD/EGP	15.77 0.18% (1.66%)
		TASI	8,244.82	(0.56%)	(1.72%)	€		EUR/USD	1.17 (0.54%) 4.21%
		QE Index	9,841.32	0.79%	(5.60%)	£		GBP/USD	1.27 (0.66%) (4.18%)
		S&P 500	3,315.57	1.05%	2.62%	¥		USD/JPY	104.93 0.27% (3.21%)
		Dow 30	27,288.18	0.52%	(4.38%)			6M TB yield	13.57 (1) (144)
		NASDAQ	10,963.64	1.71%	22.19%			1Y TB yield	13.67 2 (90)
		VIX	26.86	(3.31%)	94.92%			10Y TB yield	14.64 (5) 94
		STOXX 50	3,164.13	0.10%	(15.51%)			2Y TB yield	0.14 (0) (143)
<b>EM</b>		MSCI Emerging	1,082.87	(0.69%)	(2.85%)			10Y TB yield	0.68 1 (124)
<b>FM</b>		MSCI Frontier	522.59	0.44%	(10.82%)			30Y TB yield	1.43 1 (96)

\* As of market close, except for commodities and currencies at 8.35am 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
23-Sep-20	ZMID	BoD meeting	Reviewing agenda items, including sale of land.
24-Sep-20	MFSC	Cash dividend	Distribution date for EGP0.995/share.
24-Sep-20		MPC Meeting	Discussing an 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.
30-Sep-20	MOIN	Stock dividend	Record date for 0.25:1.
30-Sep-20	ISPH	Stock dividend	Record date for 0.170:1.
1-Oct-20	MOIN	Stock dividend	Distribution date for 0.25:1.
1-Oct-20	ISPH	Stock dividend	Distribution date for 0.170:1.
1-Oct-20	ACGC	OGM	Approving the financial statements ending 30 Jun. 2020.

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

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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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