



# The Neglected

## 1. Today's Trading Playbook

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### KEY THEMES

It's the last day of the week, with almost half the month of October behind us. EGX 30 is up 3.1% mtd, while EGX 70 EWI is down 0.4% - in line with the big shift we alluded to [here](#) earlier in October. Market performance continues to be led by the financial sector (mainly banks). Meanwhile, GB Auto [**AUTO**] hit an 8-month high yesterday as investors re-rate its GB Capital non-banking financial business and in view of a potential recovery in car sales. Generally speaking, we believe investors should consider other EGX 30 index components that have been lagging behind, including Telecom Egypt [**ETEL**] and TMG Holding [**TMGH**]. We suggest you scan the market by taking a look at our [EGX Valuation Multiples daily report](#) to pick out those neglected stocks.

### POSITIVE

**TMGH, ETEL:** News of another mega project for TMGH in Capital Gardens City, the new city planned near Badr City and close to the New Administrative Capital, may help re-rate the stock higher over the coming days, especially with tourism recovering slowly. The new project will add more than 50% to TMGH's current land bank. Elsewhere, we remind our clients with **ETEL** which—withstanding any deal concerning Vodafone Egypt [**VODE**—is very cheap.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**The impact of COVID-19 on the Egyptian government's finances may not be as drastic as previously feared**, according to the IMF's October 2020 Fiscal Monitor Report. ([IMF](#))

**Egypt could seal the first USD250mn tranche of USD500mn loan from the Japanese International Cooperation Agency (JICA) before end of year.** ([Al-Borsa](#))



**Garment manufacturers have reduced their winter clothing production by up to 50% this year compared to last year**, in fear of a second wave of COVID-19 in the winter season.

([Masrawy](#))

## CORPORATE NEWS

**TMG Holding [TMGH] is in talks with the New Urban Communities Authority (NUCA) to develop 5,000 feddans in the new Capital Gardens City through a partnership agreement.**

Ongoing negotiations between the two parties will determine how the land value will be paid, be it in cash, in-kind, or a combination of both. ([Al-Borsa](#))

**The tender offers for Suez Cement [SUCE] and Tourah Portland Cement [TORA] will start today.** The former will be for EGP7.5/share and run for 20 working days, while the latter will be for EGP7.18/share and run for 25 working days. (EGX: [1](#), [2](#))

**Telecom Egypt [ETEL] will clear its dues to the General Authority for Roads, Bridges & Land Transport**, as part of an out-of-court settlement that involves benefits for the telco. ([Youm 7](#))

**EFG Hermes Holding's [HRHO] consumer finance arm ValU signed an agreement with El-Saba Automotive** to provide customers with financing facilities for car maintenance services. (Al-Mal)

**Sarwa Capital [SRWA] signed an agreement with Banque Misr and Misr Capital for the issuance of an EGP2.5bn sukuk by SRWA's subsidiary.** ([Al-Borsa](#))

**A.T. Lease [ATLC] said it has started factoring operations earlier this month.** ([Company disclosure](#))

**Speed Medical's [SPMD] BoD approved to purchase 100% of Al-Hayah Labs for a maximum of EGP4mn**, with EGP500,000 to be paid upon signing the contract and the remainder on 25 January 2021, subject to a 3-month due diligence running through 19 January 2021. The deal value is based on annualized revenues of EGP3mn (or EGP750,000 in three months), with any shortfall leading to an adjustment in the deal value. ([Company disclosure](#))

## GLOBAL NEWS

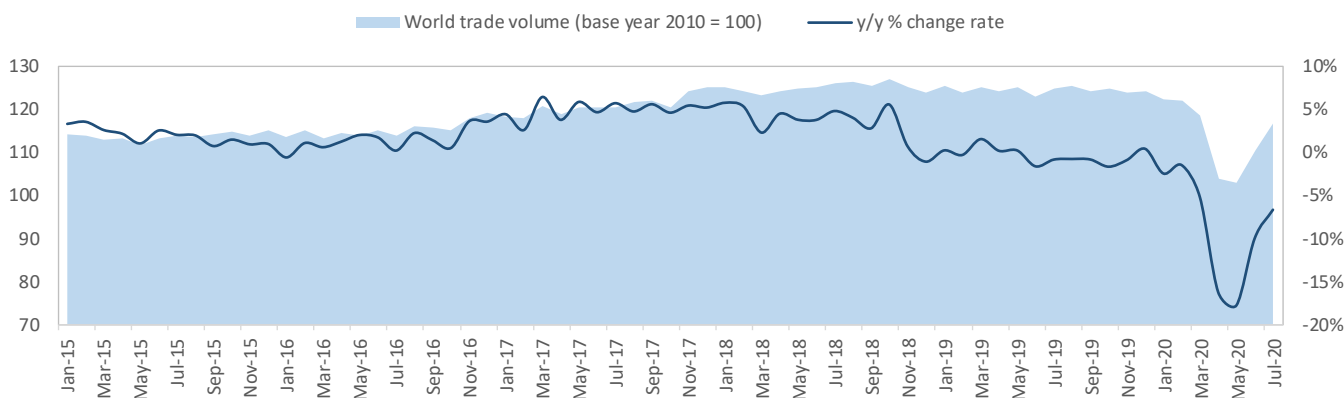
**Saudi Aramco is in talks with BlackRock and other investors on a planned deal worth over USD10bn to sell a stake in its pipeline business.** ([Reuters](#))

**Financial leaders from the Group of 20 major economies underscored the urgent need to bring the spread of the coronavirus pandemic under control** and vowed to “do whatever it takes” to support the global economy and financial stability. ([Reuters](#))

### 3. CHART OF THE DAY

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Source: CPB World Trade Monitor.

After reaching its trough in May 2020, world trade volume continued restoring some of its lost ground in July, standing at 116.6 (-6.2% ytd) (base year 2010 = 100). World trade was down as much as 17% ytd level in May before starting to recover in June when it was down 11% ytd.



## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
631.7						1,317.8 948.4			
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↗	EGX 30	11,333.91	0.37%	(18.82%)		↗	Gold	1,901.52 0.54% 25.20%
	↗	EGX 30 TR	4,351.32	0.90%	(15.81%)		↗	Silver	24.27 0.53% 35.49%
	↗	EGX 70 EWI	1,994.97	1.13%	57.45%		↗	Brent Oil	43.32 2.05% (31.30%)
	↗	EGX 100 EWI	2,931.25	1.09%	34.18%		↗	WTI	41.04 2.09% (29.79%)
	↘	DFMGI	2,218.21	(0.86%)	(19.77%)		↘	Natural Gas	2.64 (7.67%) 21.75%
	↗	ADSMI	4,573.00	0.61%	(9.97%)	EGP	↘	USD/EGP	15.69 (0.00%) (2.14%)
	↘	TASI	8,592.10	(0.10%)	2.42%	€	↔	EUR/USD	1.17 0.00% 4.78%
	↘	QE Index	10,026.04	(0.31%)	(3.83%)	£	↗	GBP/USD	1.30 0.58% (1.91%)
	↘	S&P 500	3,488.67	(0.66%)	7.98%	¥	↘	USD/JPY	105.17 (0.29%) (3.07%)
	↘	Dow 30	28,514.00	(0.58%)	(0.09%)		↘	6M TB yield	13.34 (4) (167)
	↘	NASDAQ	11,768.73	(0.80%)	31.16%		↘	1Y TB yield	13.44 (2) (113)
	↗	VIX	26.40	1.27%	91.58%		↗	10Y TB yield	14.66 2 96
	↘	STOXX 50	3,273.28	(0.18%)	(12.60%)		↘	2Y TB yield	0.14 (0) (143)
EM	↘	MSCI Emerging	1,135.56	(0.08%)	1.88%		↔	10Y TB yield	0.73 0 (119)
FM	↗	MSCI Frontier	534.09	0.31%	(8.85%)		↘	30Y TB yield	1.51 (0) (88)

\* 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
15-Oct-20	CLHO	EGM	Discussing applying a reward system for employees.
15-Oct-20	CIRA	Cash dividend	Distribution date for EGP0.144/share.
15-Oct-20	ALCN	BoD meeting	Discussing financial results.
18-Oct-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
18-Oct-20	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
19-Oct-20	OIH	EGM	Approving a horizontal demerger.
19-Oct-20	ABUK	Cash dividend	Record date for EGP0.30/share (1st installment).
20-Oct-20	ADCI	Cash dividend	Record date for EGP4.00/share.
21-Oct-20	MICH	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.
21-Oct-20	MICH	EGM	Amending articles of the company's bylaws.
21-Oct-20	RAKT	OGM	Approving the financial statements ending 30 Jun. 2020.



21-Oct-20	RAKT	EGM	Amending articles of the company's bylaws.
22-Oct-20	SKPC	Cash dividend	Distribution date for EGP0.15/share (2nd installment).
22-Oct-20	ABUK	Cash dividend	Distribution date for EGP0.30/share (1st installment).
24-Oct-20	MTIE	EGM	Amending article No. 5 of the company's bylaws.
24-Oct-20	WKOL	OGM	Approving the financial statements ending 30 Jun. 2020.
24-Oct-20	WKOL	EGM	Discussing the continuation of the company.
25-Oct-20	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
25-Oct-20	EAST	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.
25-Oct-20	MBSC	Cash dividend	Record date for EGP1.500/share.
25-Oct-20	SUGR	Cash dividend	Record date for EGP0.25/share.
25-Oct-20	ADCI	Cash dividend	Distribution date for EGP4.00/share.

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
11-Oct-20	<a href="#"><u>MACROView – Disinflationary trend interrupted</u></a>
11-Oct-20	<a href="#"><u>MACROView – External strains are slacking and reserves are growing</u></a>
6-Oct-20	<a href="#"><u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u></a>
5-Oct-20	<a href="#"><u>MACROView – Egypt’s recovery is broadening</u></a>
10-Sep-20	<a href="#"><u>MACROView – A Stunning Chapter Towards Targets</u></a>
8-Sep-20	<a href="#"><u>MACROView – Crawling Out of the Troughs</u></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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