



Unappreciated Growth

1. Today's Trading Playbook

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KEY THEMES

Egypt is among a few countries globally that have delivered positive economic growth despite COVID-19. Please see the section below. This should help attract investors' attention as the world braces for a possible second wave of COVID-19. With Egypt's main index EGX 30 (-20% ytd) diverging from economic figures, we see a good potential for recovery in large caps. If push comes to shove, investors will be vying for sustainable high-growth opportunities.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt managed to achieve a positive economic growth amid the COVID-19 crisis, growing by 3.6% in FY20, according to the Ministry of Finance. The overall budget deficit represented 7.9% of GDP in FY20 compared to 8.2% in FY19. The country also achieved a primary surplus of 1.8% of GDP, despite the economic repercussions of the pandemic.

([MoF](#))

Egypt will invest EGP135bn until 2030 to double the country's water desalination capacity.

([Al Borsa](#))

Egypt is currently negotiating with foreign investors on new wind and solar projects that will generate a combined 2GW of power. ([CNBC Arabia](#))

Egypt is prioritizing investments in the transport, oil and gas, renewable energy, and manufacturing sectors. ([MoF](#))



CORPORATE NEWS

Faisal Islamic Bank of Egypt's [FAIT] stand-alone net profit after tax fell 36% y/y to EGP1.3bn in 9M 2020. Meanwhile, NII decreased 4% y/y to EGP3.2bn in 9M 2020. ([Bank release](#))

Oriental Weavers Carpet's [ORWE] BoD approved appointing Yasmine Farid Khamis as a non-executive chairperson. ([Company disclosure](#))

EIPICO [PHAR] is currently finalizing the engineering drawings for an EGP1.2bn project producing vital drugs and biological alternatives, with construction to be tendered soon. ([Company disclosure](#))

According to CIB's [COMI] CEO, the bank's loan exposure to any sector does not exceed 10% or 12% of its total credit portfolio, noting that the tourism sector is one of the most important sectors financed by the bank. ([Al-Borsa](#))

Egyptian Gulf Bank [EGBE] submitted documents to the EGX to increase its issued capital to USD423mn from USD391mn, to be financed from 2019 earnings, implying an 8% stock dividend. ([Al-Mal](#))

Palm Hills Developments [PHDC] is in talks to sign a 5-year loan worth EGP300mn to finance the development of an international school and a community club in their Sixth of October project Badya. ([Al-Mal](#))

Prime Holding's [PRMH] NBFS arm, Prime FinTech, revealed that its new subsidiary Endorse is the first company to acquire three licenses within one entity. The three licenses are for leasing, factoring, and consumer finance. ([Mubasher](#))

Heliopolis Housing & Development [HELI] is planning to sign with a telecom company to build the digital infrastructure in their project New Heliopolis. ([Hapi](#))

Amer Group [AMER] is planning to launch a new phase and renovate its old units and hotel in its Red Sea project Porto Sokhna. ([Economy Plus](#))

GLOBAL NEWS

U.S. government debt prices were lower Monday morning amid renewed optimism that a coronavirus aid package could be agreed in the coming weeks. ([CNBC](#))

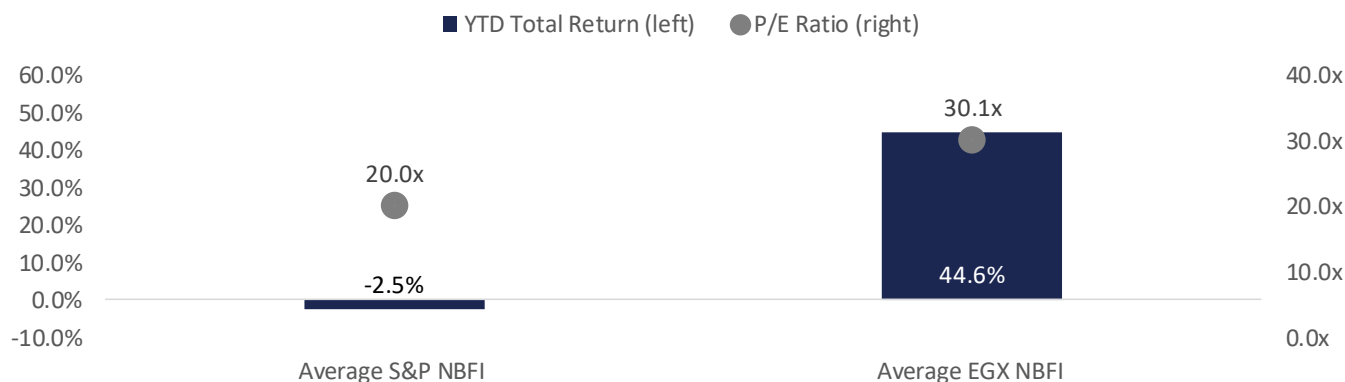


China's economic recovery accelerated in the third quarter as consumers shook off their coronavirus caution, although the weaker-than-expected headline growth suggested persistent risks for one of the few drivers of global demand. ([Reuters](#))

3. CHART OF THE DAY

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Source: Bloomberg, Prime Research.

We compared S&P 500's financials and IT services segment vs. EGX (based on our handpicked stocks within the NBFI segment including in [our valuation multiples report](#)) in terms of ytd performance and P/E ratio. Against the backdrop of COVID-19, EGX selected stocks averaged +44.6% ytd vs. S&P's -2.5%. The former was driven by Fawry's **[FWRY]** 265% jump, while the latter saw PayPal Holdings' **[NASDAQ: PYPL]** +89% return offset by Citigroup's **[NYSE: C]** -44% return. So, how do current market prices compare vis-à-vis earnings? While EGX selected stocks may seem overvalued, the potential growth of NBFI companies should not be overlooked.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
624.2					846.7 948.7			
			daily chg.	ytd chg.			daily chg.	ytd chg.
	↓	EGX 30	11,185.15	(1.21%) (19.89%)		↓	Gold	1,899.29 (0.49%) 25.87%
	↓	EGX 30 TR	4,262.35	(1.27%) (17.53%)		↓	Silver	24.16 (0.59%) 37.82%
	↓	EGX 70 EWI	1,951.62	(1.62%) 54.03%		↓	Brent Oil	42.93 (0.53%) (32.07%)
	↓	EGX 100 EWI	2,869.45	(1.62%) 31.35%		↓	WTI	40.88 (0.20%) (30.18%)
	↓	DFMGI	2,181.22	(0.61%) (21.11%)		↓	Natural Gas	2.77 (0.07%) 21.93%
	↓	ADSMI	4,546.95	(0.16%) (10.22%)	EGP	↗	USD/EGP	15.70 0.13% (2.12%)
	↗	TASI	8,560.81	0.08% 2.05%	€	↗	EUR/USD	1.17 0.09% 4.42%
	↗	QE Index	10,009.76	0.10% (3.99%)	£	↗	GBP/USD	1.29 0.05% (2.43%)
	↗	S&P 500	3,483.81	0.01% 7.83%	¥	↓	USD/JPY	105.40 (0.05%) (2.94%)
	↗	Dow 30	28,606.31	0.39% 0.24%		↗	6M TB yield	13.37 4 (164)
	↓	NASDAQ	11,671.56	(0.36%) 30.08%		↗	1Y TB yield	13.51 7 (106)
	↗	VIX	27.41	1.63% 98.91%		↗	10Y TB yield	14.66 2 96
	↗	STOXX 50	3,245.47	1.65% (13.34%)		↗	2Y TB yield	0.15 0 (142)
EM	↗	MSCI Emerging	1,124.08	0.32% 0.85%		↗	10Y TB yield	0.75 2 (117)
FM	↗	MSCI Frontier	533.43	0.10% (8.97%)		↗	30Y TB yield	1.53 2 (86)

* As of market close, except for commodities and currencies at 8.32am 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
19-Oct-20	MPCO	BoD Meeting	Amending articles of the company's bylaws.
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 dividends.
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 DPS.
25-Oct-20	SUGR	Cash dividend	Record date for EGP0.25 DPS.
25-Oct-20	ADCI	Cash dividend	Distribution date for EGP4.00 DPS.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
11-Oct-20	<u>MACROView – Disinflationary trend interrupted</u>
11-Oct-20	<u>MACROView – External strains are slacking and reserves are growing</u>
6-Oct-20	<u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u>
5-Oct-20	<u>MACROView – Egypt’s recovery is broadening</u>
10-Sep-20	<u>MACROView – A Stunning Chapter Towards Targets</u>
8-Sep-20	<u>MACROView – Crawling Out of the Troughs</u>
3-Sep-20	<u>MACROView – Job losses and the bumpy road to recovery</u>
18-Aug-20	<u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u>
13-Aug-20	<u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u>
10-Aug-20	<u>MACROView – Muted inflation environment still dominates</u>
9-Aug-20	<u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u>
5-Aug-20	<u>MACROView – Toward gradual recovery</u>
29-Jul-20	<u>MACROView – CAD gains eroded by financial account vulnerability</u>
14-Jul-20	<u>Commercial International Bank - [COMI] - Q2 2020 results</u>
9-Jul-20	<u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u>
8-Jul-20	<u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u>
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>
8Jun-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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