



## Déjàvu

### 1. Today's Trading Playbook

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#### KEY THEMES

Yesterday, the market sold off around midday with many stocks feeling the brunt. As usual whenever the market goes down, market participants go their way trying to explain or at least rationalize what went wrong for the market to go down. However, they often seem to forget that what goes up must come down at some point in the future. But human nature needs an explanation to put the nervousness to rest! Well, we might have one explanation that has to do with the overall market—no guarantees though that this is the only explanation. With the COVID-19 pandemic casting its shadows once again around many countries around the globe, investors may have become more worried that Egypt could be up for a second wave of the pandemic. With the Egyptian Prime Minister voicing his concerns in [yesterday's weekly Cabinet meeting](#), investors may have had a déjàvu of the market sell-off back in mid-March when the pandemic first struck. That said, we think we are not close to where we were back in March. For one, by now the people have more health awareness of what it takes to deal with the pandemic. However, what may have triggered the market nervousness is concerns over any economy lockdowns over the coming months if the number of new COVID-19 cases continues to rise. For this, we advise our clients to stick to names that are not as prone to the pandemic, some of which we list below.

#### POSITIVE

- **Banks:** CIB [COMI], Export Development Bank of Egypt [EXPA].
- **Consumer Discretionary:** Cairo for Investment & Real Estate Development [CIRA], MM Group [MTIE].
- **Consumer Staples:** Eastern Co. [EAST], Obour Land Food Industries [OLFI], Juhayna Food Industries [JUFO].
- **Health Care:** Ibsina Pharma [ISPH], small pharma stocks.
- **Materials:** Misr Chemical Industries [MICH].
- **NBFI:** EFG Hermes Holding [HRHO].
- **Telecom:** Telecom Egypt [ETEL].



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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**The Egyptian government decided to extend the presidential initiative for consumer spending for a month starting from 26 October**, which helped retailers and factories achieve average daily sales of EGP20.3mn, for one more month. ([Mubasher](#))

**The Egyptian Cabinet approved a hike of 50% or EGP3bn in the allowance and incentives of public school teachers**, effective January 2021. ([Mubasher](#))

**Egypt is getting a USD9.5mn from Japan to fund emergency medical equipment needed to fight COVID-19** after International Cooperation Minister and Japanese Ambassador Masaaki Nuki yesterday put pen to paper to unlock the funding that will take Japan's total support for Egyptian health and education programs to USD54.5mn. ([Egyptian Cabinet](#))

**The Egyptian government will not issue loan guarantees for future electrical projects.** This decision will include the projects in plan already. ([Al-Borsa](#))

### CORPORATE NEWS

**Juhayna Food industries' [JUFO] 9M 2020 net profit after minority increased 32% y/y to EGP384mn (NPM of 7% Vs NPM of 5% a year earlier).** The increase is mainly attributable to (1) a 7% y/y growth in gross profit (GPM of 33% vs. GPM of 31% in 9M 2019) despite a 1% decrease in revenues to EGP5.71bn and (2) a decrease of 53% y/y in net interest expenses to EGP124mn. (Company disclosure)

**Eastern Co.'s [EAST] BoD approved raising the selling prices of Mondial (red/blue/silver) and Mondial Switch to EGP20/pack and EGP23/pack, respectively, effective 21 October.** Meanwhile, EAST is studying to increase its production capacity by 10-15% to expand local cigarette products and flavored cigarettes, after the increase in cigarettes demand amid COVID-19. (Company disclosure, Al-Mal)

**Amer Group Holding's [AMER] subsidiary Amer Tourism Development signed yesterday a deal to develop a 5,200 sqm land** that belongs to Giza & Cairo for Tourism Development. Execution of the contract is subject to Administrative Capital for Urban Development's (ACUD) approval. ([Company disclosure](#))

## GLOBAL NEWS

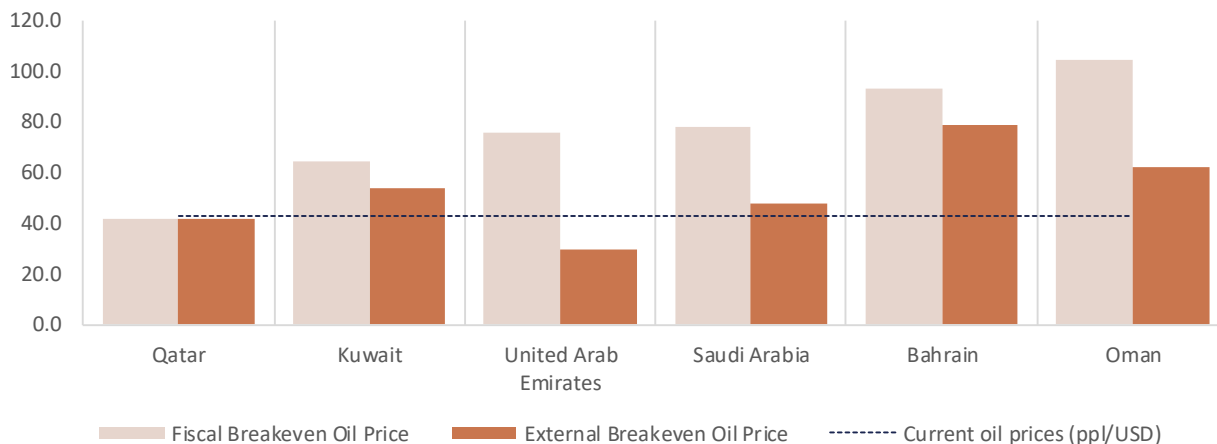
**Over 2,800 companies have been paid by the Export Subsidy Fund as part of ongoing efforts to pay out at least 30% of the arrears the fund owes to exporters by the end of the year.** ([Enterprise](#))

**The EU's maiden corona bond issuance has been met with "outrageous demand" from investors,** with bankers reporting the offering generated the largest ever order book in the global bond market. ([Financial Times](#))

**GCC sovereigns and corporates have sold the equivalent of USD102bn in debt so far this year, already exceeding the highest full-year figure.** ([Bloomberg](#))

### 3. CHART OF THE DAY

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Source: IMF.

In GCC countries, fiscal break-even oil price (the price required to balance the budget) and external break-even oil price (the price required to keep the current account at zero) show large imbalances this year compared to the current oil prices. In GCC countries, except for Qatar, current oil prices are significantly lower than their fiscal break-even oil prices. For external break-even oil prices, the UAE and Qatar seem to be in a better position.



## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
617.9						1,154.5 949.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
	📉	EGX 30	11,101.63	(0.50%)	(20.48%)		📈	Gold	1,924.33	0.91%	26.34%
	📉	EGX 30 TR	4,220.42	(1.19%)	(18.34%)		📈	Silver	25.05	1.65%	39.59%
	📉	EGX 70 EWI	1,918.20	(1.25%)	51.39%		📉	Brent Oil	41.73	(3.31%)	(33.61%)
	📉	EGX 100 EWI	2,818.07	(1.27%)	29.00%		📉	WTI	40.03	(4.00%)	(31.37%)
	📉	DFMGI	2,171.18	(0.44%)	(21.47%)		📈	Natural Gas	3.02	3.78%	38.92%
	📈	ADSMI	4,543.70	0.02%	(10.35%)	EGP	📉	USD/EGP	15.70	(0.03%)	(2.13%)
	📉	TASI	8,496.85	(0.42%)	1.28%	€	📈	EUR/USD	1.19	0.33%	5.67%
	📉	QE Index	9,965.03	(0.50%)	(4.49%)	£	📈	GBP/USD	1.31	1.55%	(0.98%)
	📉	S&P 500	3,435.56	(0.22%)	6.34%	¥	📉	USD/JPY	104.59	(0.86%)	(3.75%)
	📉	Dow 30	28,210.82	(0.35%)	(1.15%)		📈	6M TB yield	13.37	4	(164)
	📉	NASDAQ	11,484.69	(0.28%)	28.00%		📈	1Y TB yield	13.51	7	(106)
	📉	VIX	28.65	(2.39%)	107.91%		📈	10Y TB yield	14.73	7	103
	📉	STOXX 50	3,180.70	(1.46%)	(15.07%)		📈	2Y TB yield	0.15	0	(142)
EM	📈	MSCI Emerging	1,137.91	0.35%	2.09%		📈	10Y TB yield	0.82	3	(109)
FM	📈	MSCI Frontier	531.36	0.30%	(9.32%)		📈	30Y TB yield	1.64	4	(75)

\* As of market close, except for commodities and currencies at 9.15am 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
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.
26-Oct-20	SUGR	Cash dividend	Ex-Dividend date for EGP0.25/share.
26-Oct-20	MBSC	Cash dividend	Ex-Dividend date for EGP1.500/share.
26-Oct-20	ROTO	Cash dividend	Distribution date for EGP0.375/share (3rd installment).
28-Oct-20	MBSC	Cash dividend	Distribution date for EGP1.500/share.



28-Oct-20	SUGR	Cash dividend	Distribution date for EGP0.25/share.
28-Oct-20	PRCL	OGM	Approving the financial statements ending 30 Jun. 2020.
28-Oct-20	PRCL	EGM	Discussing the continuation of the company.
28-Oct-20	ZEOT	OGM	Approving the financial statements ending 30 Jun. 2020.
28-Oct-20	ACRO	OGM	Approving the proposed dividend.
1-Nov-20	EGAL	OGM	Approving the financial statements ending 30 Jun. 2020.
1-Nov-20	EGAL	EGM	Amending articles of the company's bylaws.

## 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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