



The Market Bellwether

1. Today's Trading Playbook

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KEY THEMES

Investors will be looking today at the market's bellwether: CIB's local shares [**COMI**] traded on the EGX and its corresponding GDRs [**CBKD**] traded on London Stock Exchange. COMI makes up more than 40% of EGX 30. How it will perform today will pretty much set the scene for the whole market as investors will be taking cue from its performance following a rather heated weekend of events. (Please read our view [here](#) on the events) While we are in the midst of the third-quarter earnings season, investors have put this in the backseat for now. What matters more today is the overall market sentiment than financial results. Meanwhile, we reiterate our risk-off stock picks that we have mentioned [last week](#). Indeed, some of the stocks that we had picked last week continue to perform well despite the overall market sell-off. Leading the list is Ibsina Pharma [**ISPH**] which is up 4.1% since Wednesday following its 17% stock dividend distribution. Interest is coming back to this stock which has been lagging. What [remains to be seen](#) though is whether or not natural gas prices will be lowered for the industrial sector and if so, when. This would make the difference for certain stocks like Ezz Steel [**ESRS**] and some fertilizer manufacturers.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Investment in short-term Treasury bills and long-term bonds more than doubled to USD21.1bn as of mid-October from USD10.4bn in May. ([Bloomberg](#))

Dana Gas has agreed to sell most of its Egypt assets to IPR Wastani Petroleum for as much as USD236mn, allowing the company to double down on its operations in Iraqi Kurdistan. ([Company statement](#))



CORPORATE NEWS

Telecom Egypt [ETEL] said it is building Egypt's largest international data center facility which will be operational early 2021, with access the international submarine cable systems in Egypt. ([Company disclosure](#))

Raya Contact Center's [RACC] BoD approved a non-binding proposal to acquire a call center firm in the GCC. On a separate note, the board also agreed to study selling 10.4mn treasury shares which have been bought early March. ([Company disclosure](#))

Export Development Bank of Egypt's [EXPA] BoD was briefed on the memo by the Head of the Financial Supervisory Group to increase its paid-in capital by 20%, or EGP546mn, to EGP3.27bn through a 20% stock dividend at a par value of EGP10/share. ([Bank release](#)) We see this hike in paid-in capital giving the bank's CAR ratio a 0.5-1.3% boost to 15-15.8% and opening up growth opportunities for the bank.

Egyptian Financial & Industrial Co.'s (EFIC) 9M 2020 stand-alone preliminary figures showed a 32% y/y drop in net earnings to EGP37.2mn on the back of 37% lower top line of EGP396mn. Meanwhile, GPM improved to 41% vs. 38% a year earlier. ([Company disclosure](#))

Commercial International Bank's (CIB) [COMI] recently-appointed Non-Executive Chairman Mr. Sherif Samy affirmed the bank's strong balance sheet, dismissing any risk to its depositors. ([Sky News](#), [Al-Mal](#))

Sabaa International Co. for Pharmaceutical & Chemical Industries [SIPC] expects to start producing two new drugs to treat COVID-19 before the end of this year, after obtaining final approvals from the National Organization for Drug & Control Research. Meanwhile, SIPC plans to launch three new immunomodulatory preparations. ([Al-Mal](#))

GLOBAL NEWS

The European Central Bank could increase its monetary stimulus program by another EUR500bn by December as countries revert to lockdowns in response to surging COVID-19 cases, according to predictions by economists surveyed. ([Bloomberg](#))

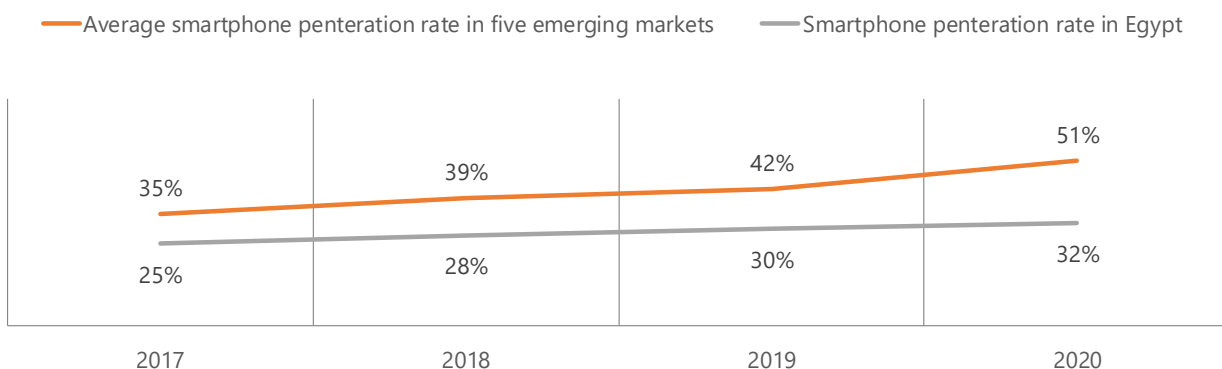
A Democratic sweep in the coming U.S. elections will likely unleash more fiscal stimulus, but it could also cause the Federal Reserve to hike interest rates earlier than expected. ([CNBC](#))



3. CHART OF THE DAY

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Source: Newzoo estimates, Prime Research estimates.

The average smartphone penetration rate in five emerging markets (i.e. China, India, Brazil, Indonesia, and Mexico) increased by 16 percentage points from 35% in 2017 to 51% in 2020. Meanwhile, Egypt's smartphone penetration rate increased by just 6 percentage points from 25% to 32% over the same period. However, we believe the Egyptian government's plan towards digital transformation and financial inclusion will narrow the gap between Egypt and other emerging markets in terms of smartphone penetration rate.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						598.7		Equity turnover (EGPmn): Last, ytd avg.				890.8		950.7									
						daily chg.		ytd chg.						daily chg.		ytd chg.							
		EGX 30	10,987.43	(1.03%)	(21.30%)			Gold	1,902.05	(0.11%)	25.36%				Silver	24.61	(0.41%)	37.84%					
		EGX 30 TR	4,079.95	(2.83%)	(21.06%)				Brent Oil	41.77	(1.63%)	(33.62%)				WTI	39.85	(1.94%)	(31.66%)				
		EGX 70 EWI	1,820.69	(5.08%)	43.69%				Natural Gas	2.97	(1.20%)	35.72%		EGP		USD/EGP	15.71	(0.12%)	(2.07%)				
		EGX 100 EWI	2,692.53	(4.45%)	23.25%		€		EUR/USD	1.19	0.36%	5.77%			£		GBP/USD	1.30	(0.34%)	(1.64%)			
		DFMGI	2,189.30	0.17%	(20.82%)			6M TB yield	13.45	8	(156)					2Y TB yield	0.17	2	(140)				
		ADSMI	4,550.53	(0.14%)	(10.35%)		¥		USD/JPY	104.71	(0.14%)	(3.59%)				10Y TB yield	13.59	8	(98)				
		TASI	8,505.18	0.10%	1.38%				1Y TB yield	13.59	8	(98)				10Y TB yield	14.73	7	103				
		QE Index	9,958.37	(0.07%)	(4.48%)				2Y TB yield	0.17	2	(140)				30Y TB yield	1.64	1	(75)				
		S&P 500	3,465.39	0.34%	7.26%				Dow 30	28,335.57	(0.10%)	(0.71%)			EM		MSCI Emerging	1,136.45	(0.01%)	1.95%			
		NASDAQ	11,548.28	0.37%	28.71%					VIX	27.55	(1.99%)	99.93%			FM		MSCI Frontier	532.99	0.46%	(9.04%)		
		STOXX 50	3,198.86	0.87%	(14.59%)					Dow 30	28,335.57	(0.10%)	(0.71%)						VIX	27.55	(1.99%)	99.93%	
		VIX	27.55	(1.99%)	99.93%						Dow 30	28,335.57	(0.10%)	(0.71%)						VIX	27.55	(1.99%)	99.93%

* As of market close, except for commodities and currencies at 9.17am 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
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.
1-Nov-20	MHOT	OGM	Approving the financial statements ending 30 Jun. 2020.
1-Nov-20	MHOT	EGM	Amending articles of the company's bylaws.
1-Nov-20	AFMC	OGM	Approving the financial statements ending 30 Jun. 2020.
1-Nov-20	OCDI	OGM	Approving increasing issued capital by 2% and amending articles No. 6 & 7 of the company's bylaws.
1-Nov-20	CPCI	Cash dividend	Record date for EGP3.20/share.
1-Nov-20	AXPH	Cash dividend	Record date for EGP15.50/share.
1-Nov-20	NIPH	Cash dividend	Record date for EGP1.00/share.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
11-Oct-20	CIB [COMI] – Short-term pain for longer-term gain
11-Oct-20	MACROView – Disinflationary trend interrupted
11-Oct-20	MACROView – External strains are slacking and reserves are growing
6-Oct-20	CIB [COMI] – A Good Bet for the “Risk On” Mode
5-Oct-20	MACROView – Egypt’s recovery is broadening
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	<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>
8-Jun-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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