



Playing the News

1. Today's Trading Playbook

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KEY THEMES

CIB's [**COMI**] volatile trading (be it in shares or GDRs) seem to have settled just about the equivalent to EGP60/share—in line with our initial assessment following the heated events of last weekend. Now, we think investors should start to look elsewhere around the market for opportunities, one of which we can infer from the news related to Oriental Weavers Carpet [**ORWE**]. ORWE's decision to go for the discount offered by the Ministry of Finance will release immediate cash before yearend rather than having to wait for four more years. Meanwhile, investors long Egyptian Iron & Steel [**IRON**] are between a rock and a hard place; the status quo for the business is not profitable, and the spin-off of the company into two could weaken the overall group. It remains to be seen how it will all play out. Until then, we prefer to stay away from taking risky bets without visibility.

POSITIVE

ORWE: The stock has reacted well to the news yesterday, jumping 4%. We believe the decision will be value accretive but the magnitude of the positive impact will be limited. We calculate it will add just around 1% to ORWE's valuation, assuming a 15% cost of capital. But if this turns out to be the norm going forward, it would be much more valuable for ORWE. Even so, at 7x LTM earnings and 0.6x P/BV, the stock offers some upside. Cash raised from the abovementioned decision may further support the company's already-high dividend payments (a 10% yield).

NEUTRAL

AMER: The negative impact of the arbitration cases filed against Amer Group Holding [**AMER**] by Arabtec Egypt Construction (please read the news below) will be minimal, if AMER were to lose both cases. The total amounts in question are less than 2% of AMER's equity.

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



2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt's external debt jumped by 14.7% at the end of last fiscal year to USD123.5bn, compared to USD108.7bn at the end of June 2019. ([CBE](#))

All public-sector salaries will be paid out through Meeza cards within a year, replacing the government-issued cards currently in use. ([Cabinet statement](#))

The executive regulations of the SMEs Law should get the House of Representatives' final approval at the end of November. ([Alshorouk](#))

Egypt's Idku plant is expected to resume LNG production after a three-month hiatus. ([Reuters](#))

Egypt is willing to establish investment projects in South Sudan, with co-operation in priority fields, such as water and infrastructure projects. ([Facebook](#))

CORPORATE NEWS

Oriental Weavers Carpet [ORWE] will apply to collect EGP317mn in export rebates before year end as part of the Ministry of Finance's initiative allowing export companies to receive 85% of export rebates as a lump-sum distribution until 30 June 2019. This program will substitute the protocols signed in 2019 by OWT, OWI, MAC, and New MAC, which stated that the payment of rebates would take place over four years provided certain capital investments are made. ([Company disclosure](#))

Cairo for Investment & Real Estate Development [CIRA] said the New Mansoura School will begin this academic year. The number of students enrolled was about 60 students, a figure seen by CIRA as good considering the low population density in New Mansoura. ([Al-Mal](#))

EFG Hermes Holding's [HRHO] consumer finance arm ValU will sign five contracts with vendors to provide Gouna residents with installment services. ValU has already signed with Gouna International School to provide ValU's services for students' fees. ([Al-Mal](#))

A study by industry experts proposed that the Ministry of Military Production take over Egyptian Iron & Steel [IRON], either as an outright acquisition or through a BOT system. The study claims the decision to separate its mining operations could be dangerous to the company's financial stability. ([Masrawy](#))



Amer Group Holding [AMER] said Arabtec Egypt Construction filed two arbitration cases against subsidiary Tropi 2 for Tourism Development. Arabtec Egypt Construction is claiming EGP15.5mn plus interest for work on the Hanging Gardens project, while laying another claim to EGP16.5mn plus interest by virtue of the contract inked for the first phase of Porto South Beach. ([Company disclosure](#))

Mena for Tourstic & Real Estate Investment [MENA] said it is not aware of any negotiations by UAE-based FAM to buy MENA shares owned by Lamar Holding and Aref Investment Group. ([Company disclosure](#)) We note that Lama Holding owns 17.53%, and Aref Investment Group owns 9.07% in MENA.

Gulf Canadian Real Estate Investment [CCRS] appointed Solid Capital for Financial Advisory, an independent financial advisor, to determine the fair value of its stock as requested by the Financial Regulatory Authority (FRA). ([Company disclosure](#))

GLOBAL NEWS

Floods, droughts, hotter weather and a desert locust invasion — the impacts of climate change are hitting Africa hard, and worse is ahead for the region's food supplies, economy and health, the U.N. climate agency said on Monday. ([Reuters](#))

Economic activity in the United States grew at the fastest pace in more than 1.5 years as businesses anticipated greater demand, an easing of coronavirus-related restrictions and less uncertainty following November's election. The picture in Europe differed. ([WSJ](#))

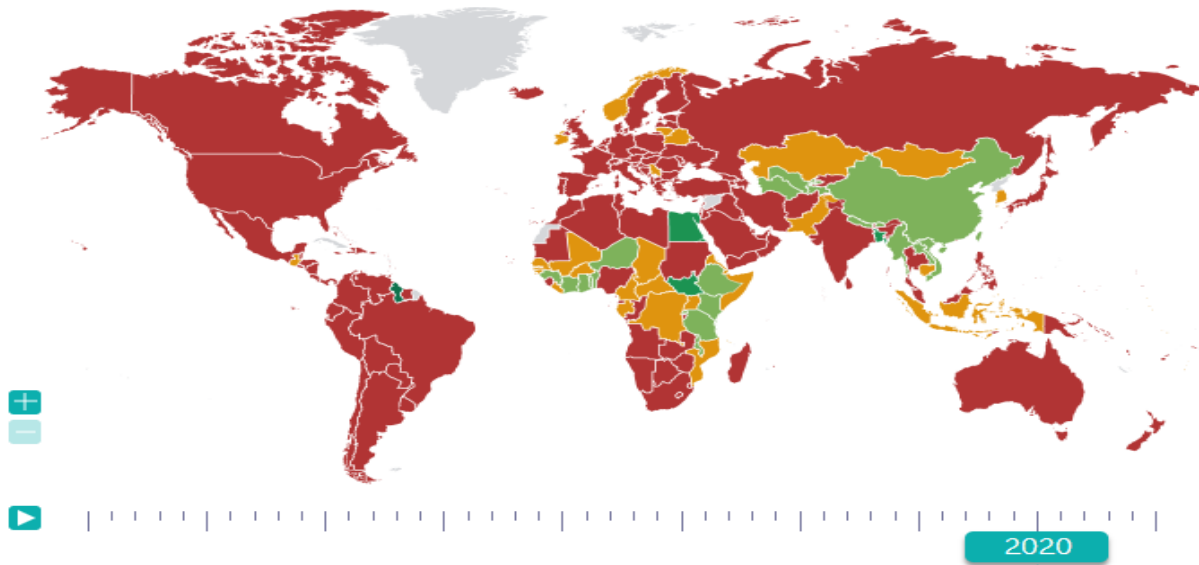


3. CHART OF THE DAY

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● 6% or more ● 3% - 6% ● 0 - 3% ● -3% - 0 ● less than -3% ● no data



Source: IMF.

The IMF's real GDP expectations for 2020 highlight Egypt's diligent efforts to build a resilient economy. Egypt, along with China, is leading the emerging markets in terms of real GDP growth.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
600.1						964.4 950.3			
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↓	EGX 30	10,511.94	(0.86%)	(24.71%)		↑	Gold	1,902.08 0.00% 25.85%
	↓	EGX 30 TR	4,037.82	(1.03%)	(21.88%)		↓	Silver	24.28 (1.33%) 37.64%
	↑	EGX 70 EWI	1,814.47	1.68%	43.20%		↓	Brent Oil	40.46 (3.14%) (35.15%)
	↑	EGX 100 EWI	2,679.70	1.31%	22.67%		↓	WTI	38.56 (3.24%) (33.32%)
	↓	DFMGI	2,166.51	(0.50%)	(21.64%)		↑	Natural Gas	3.02 1.78% 38.78%
	↑	ADSMI	4,624.85	1.24%	(8.42%)	EGP	↑	USD/EGP	15.71 0.01% (2.13%)
	↑	TASI	8,155.31	0.01%	(2.79%)	€	↓	EUR/USD	1.18 (0.42%) 5.52%
	↓	QE Index	9,807.53	(0.01%)	(5.93%)	£	↓	GBP/USD	1.30 (0.12%) (1.64%)
	↓	S&P 500	3,400.97	(1.86%)	5.27%	¥	↑	USD/JPY	104.84 0.12% (3.59%)
	↓	Dow 30	27,685.38	(2.29%)	(2.99%)		↑	6M TB yield	13.45 8 (156)
	↓	NASDAQ	11,358.94	(1.64%)	26.60%		↑	1Y TB yield	13.59 8 (98)
	↑	VIX	32.46	17.82%	135.56%		↑	10Y TB yield	14.73 7 103
	↓	STOXX 50	3,105.25	(2.93%)	(17.09%)		↓	2Y TB yield	0.15 (3) (142)
EM	↓	MSCI Emerging	1,130.65	(0.51%)	1.43%		↓	10Y TB yield	0.80 (4) (111)
FM	↓	MSCI Frontier	524.59	(1.58%)	(10.47%)		↓	30Y TB yield	1.60 (5) (79)

* As of market close, except for commodities and currencies at 8.31am 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
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.
2-Nov-20	AXPH	Cash dividend	Ex-Dividend date for EGP15.50/share.
2-Nov-20	CPCI	Cash dividend	Ex-Dividend date for EGP3.20/share.
2-Nov-20	NIPH	Cash dividend	Ex-Dividend date for EGP1.00/share.
2-Nov-20	IRON	OGM	Approving the financial statements ending 30 Jun. 2020.
2-Nov-20	IRON	EGM	Discussing the continuation of the company.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>
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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