



# Spectator Mode

## 1. Today's Trading Playbook

**Mohamed Saad** | Equity Analyst  
[MSaad@egy.primegroup.org](mailto:MSaad@egy.primegroup.org)

### KEY THEMES

Global markets are kicking off a very noisy week, with a great deal of speculation towards Tuesday's U.S. presidential elections. US futures are currently trading unchanged, with a moderate decline on the U.S. 10-year Treasury yield. However, oil prices are down some 3-4% this morning, held back by renewal of lockdown measures across various countries in Europe.

Meanwhile, the EGX 30 went down moderately yesterday, amid average trading activity, as investors enter "spectator mode" to outcomes on the global front. Q3 2020 earnings season should also be on investors' watch for November. Some companies already started to release some figures. Egypt Aluminum's [EGAL] preliminary Q1 2020/21 figures showed narrower net losses y/y as lower electricity costs put a lid on gross losses. We calculate that, at the current FX rate, aluminum base prices need to edge over USD2,000/ton for EGAL to break even on a gross level.

### NEUTRAL

**EGAL:** We view the company's recent set of figures as fairly predictable despite managing to narrow its losses.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**Tourist arrivals to Egypt dropped 62% y/y in H1 2020** as COVID-19 travel restrictions and border closures vaporized international travel. ([UNWTO](#))

**The House of Representatives has passed amendments to the Unified Tax Law that impose harsher penalties for late tax filing.** ([Al-Shorouk](#))



**Final approval was given to an amendment to the Investment Law that allows natural gas-intensive industries to apply for licenses to operate in free zones.** Projects involving the refining, liquefaction and transportation of natural gas, as well as the production of fertilizers were banned from free zones under the 2017 law. ([Al-Shorouk](#))

## CORPORATE NEWS

**Emirates ENBD completed the due diligence for BLOM Bank - Egypt ahead of submitting a tender offer.** ([Al-Shorouk](#))

**Pioneers Holding's [PIOH] extraordinary general meeting will be held on 23 November to approve splitting the company into three units** focusing on financial services, real estate, and industrial services. ([Company disclosure](#))

**Egypt Aluminum's [EGAL] preliminary Q1 2020/21 results showed that net losses narrowed to EGP151mn** vs. EGP278mn a year earlier. This comes in light of a 16% y/y rise in revenues to EGP2.2bn and lower gross losses. EGAL still saw its GLM shrink to 11% compared to 30% a year earlier. These figures indicate higher sales volume, given weaker aluminum base prices and a stronger EGP. We note that aluminum base prices averaged c.USD1,730/ton (-2% y/y) during Q1 2020/21. ([Company disclosure](#)) For EGAL to report zero gross losses, aluminum base prices need to edge above USD2,000/ton, according to our calculation at current FX rates.

**Arab Cotton Ginning Co.'s [ACGC] BoD agreed to assign Egytrend Financial Consultancy to conduct a study for evaluating the company's stake in El-Nasr Clothing & Textiles [KABO]** which is owned by ACGC's unit Amwal Al-Arabia for Cotton Co. In August, ACGC denied selling its stake in KABO. ([Company disclosure](#), [Mubasher](#))

**Al-Ahly Capital, the investment arm of National Bank of Egypt (NBE), will acquire 100% of Cairo West; which fully owns Al-Nada Hospital.** ([Al-Mal](#))

**A consortium of five banks of Export Development Bank of Egypt [EXPA], Housing & Development Bank [HDBK], Suez Canal Bank [CANA], the Industrial Development Bank, and the Egyptian Arab Land Bank, granted a syndicated loan worth EGP650mn** to finance a new factory in the industrial zone in Burj Al Arab for Vetopharm International for Pharmaceuticals. ([Al-Borsa](#))

## GLOBAL NEWS

**Central banks became gold sellers for the first time since 2010 as some producing nations exploited near-record prices to soften the blow from the coronavirus pandemic.** Net sales



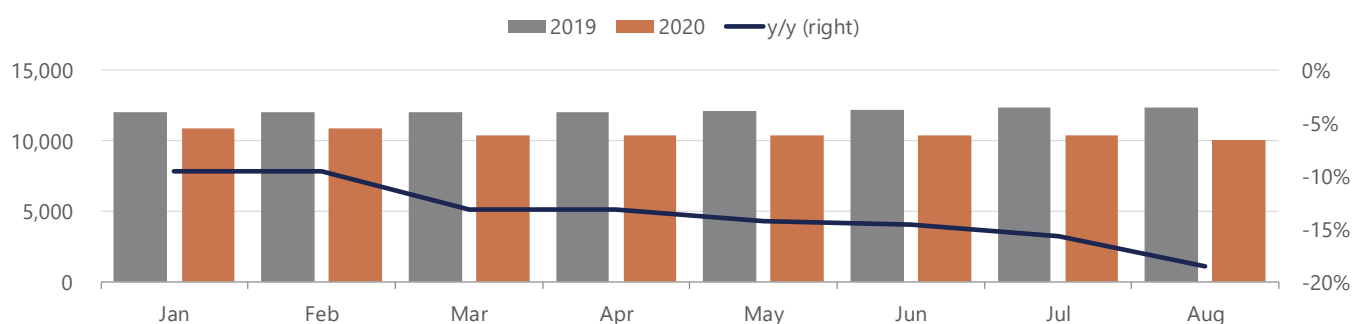
totaled 12.1 tons of bullion in the third quarter, compared with purchases of 141.9 tons a year earlier, according to a report by the World Gold Council. ([Bloomberg](#))

**International investors will see reduced red tape accessing China's capital markets**, thanks to new measures that came into effect yesterday expediting the application process and removing restrictions on the scope of investments. ([Financial Times](#))

### 3. CHART OF THE DAY

**Kareem Farid** | Equity Analyst  
[KFarid@egy.primegroup.org](mailto:KFarid@egy.primegroup.org)

Change in Steel Prices (EGP/ton)



Source: CAPMAS.

Steel prices have been weaker in 2020, down 14% y/y on average (January through August) and 7.3%. ytd.



## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
601.1						917.0		954.2	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	10,456.33	(0.56%)	(25.11%)			Gold	1,878.81	0.60% 24.23%
	EGX 30 TR	3,989.52	(0.97%)	(22.81%)			Silver	23.66	1.71% 34.08%
	EGX 70 EWI	1,854.20	(0.88%)	46.34%			Brent Oil	37.94	(3.16%) (41.62%)
	EGX 100 EWI	2,718.56	(0.91%)	24.44%			WTI	35.79	(3.69%) (40.88%)
	DFMGI	2,152.40	(1.62%)	(22.15%)			Natural Gas	3.35	(0.15%) 52.99%
	ADSMI	4,634.54	(0.55%)	(8.48%)		EGP	USD/EGP	15.70	0.01% (1.98%)
	TASI	7,864.78	(0.54%)	(6.25%)		€	EUR/USD	1.16	(0.05%) 3.82%
	QE Index	9,640.11	(0.53%)	(8.03%)		£	GBP/USD	1.29	(0.35%) (2.68%)
	S&P 500	3,269.96	(1.21%)	1.21%		¥	USD/JPY	104.66	0.08% (3.56%)
	Dow 30	26,501.60	(0.59%)	(7.14%)			6M TB yield	13.45	8 (156)
	NASDAQ	10,911.59	(2.45%)	21.61%			1Y TB yield	13.59	8 (98)
	VIX	38.02	1.14%	175.91%			10Y TB yield	14.73	7 103
	STOXX 50	2,958.21	(0.06%)	(21.01%)			2Y TB yield	0.18	3 (139)
EM	MSCI Emerging	1,103.46	(1.49%)	(1.00%)			10Y TB yield	0.88	10 (104)
FM	MSCI Frontier	520.31	0.45%	(11.21%)			30Y TB yield	1.66	11 (73)

\* As of market close, except for commodities and currencies at 8.36am 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
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.
4-Nov-20	EDFM	OGM	Approving the financial statements ending 30 Jun. 2020.
4-Nov-20	SPIN	OGM	Approving the financial statements ending 30 Jun. 2020.
4-Nov-20	AXPH	Cash dividend	Distribution date for EGP15.50/share.
4-Nov-20	CPCI	Cash dividend	Distribution date for EGP3.20/share.
4-Nov-20	NIPH	Cash dividend	Distribution date for EGP1.00/share.
4/5-Nov-20		FOMC	Discussing FED's policy rate decision
8-Nov-20	CEFM	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.



8-Nov-20	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in 6th of October project.
8-Nov-20	EGBE	Stock dividend	Record date dividends at ratio of for 0.0822:1.
9-Nov-20	EGBE	Stock dividend	Distribution date for dividends at ratio of 0.0822:1.
9-Nov-20	KABO	OGM	Approving the financial statements ending 30 Jun. 2020.
9-Nov-20	CICH	BoD meeting	Approving 9M 2020 financial statements
11-Nov-20	GSSC	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.
11-Nov-20	ZMID	EGM	Amending articles No. 3 & 4 of the company's bylaws and creating a JV company with Premier for Real Estate Investment.
11-Nov-20	EGAL	OGM	Approving the financial statements ending 30 Jun. 2020.
11-Nov-20	EGAL	EGM	Amending articles of the company's bylaws.
12-Nov-20		MPC Meeting	Discussing CBE's policy rate decision.
12-Nov-20	PRCL	OGM	Approving the financial statements ending 30 Jun. 2020.
12-Nov-20	PRCL	EGM	Discussing the continuation of the company.

## 7. LATEST RESEARCH

### DATE

### PUBLISHED REPORT

25-Oct-20	<a href="#"><u>CIB [COMI] – Short-term pain for longer-term gain</u></a>
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>
8Jun-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>



## Prime Securities

### Shawkat El Maraghy

Managing Director

T +202 3300 5622

[SElmaraghy@egy.primegroup.org](mailto:SElmaraghy@egy.primegroup.org)

## Sales

### Mohamed Ezzat

Head of Sales & Branches

T +202 3300 5784

[MEzzat@egy.primegroup.org](mailto:MEzzat@egy.primegroup.org)

### Mohamed Ashmawy

Head of Institutional Sales

T +202 3300 5612

[MAshmawy@egy.primegroup.org](mailto:MAshmawy@egy.primegroup.org)

### Amr Alaa CFTe

Team Head –Institutional Desk

T +202 3300 5609

[AAlaa@egy.primegroup.org](mailto:AAlaa@egy.primegroup.org)

### Mohamed El Metwaly

Manager

T +202 3300 5610

[MElmetwaly@egy.primegroup.org](mailto:MElmetwaly@egy.primegroup.org)

### Emad El Safoury

Manager

T +202 3300 5624

[EElsafoury@egy.primegroup.org](mailto:EElsafoury@egy.primegroup.org)

### Shawkat Raslan

Heliopolis Branch Manager

T +202 3300 5110

[SRaslan@egy.primegroup.org](mailto:SRaslan@egy.primegroup.org)

### Mohamed El Henawy

Nasr City Branch Manager

T +202 3300 5166

[MElhenawy@egy.primegroup.org](mailto:MElhenawy@egy.primegroup.org)

### Nashwa Abuelatta

Alexandria Branch Manager

T +202 3300 5173

[NAbuelatta@egy.primegroup.org](mailto:NAbuelatta@egy.primegroup.org)

## Research

### Amr Hussein Elalfy CFA

Head of Research

T +202 3300 5724

[AElalfy@egy.primegroup.org](mailto:AElalfy@egy.primegroup.org)

## Head Office

Prime Securities S.A.E.

Regulated by FRA License No. 179.  
Member of the Egyptian Exchange.

2 Wadi Elnil St., Liberty Tower, 7<sup>th</sup> Fl.  
Mohandessin, Giza, Egypt

T +202 3300 5700 / 770 / 650 / 649

F +202 3760 7543

## Branches

### Heliopolis

7 Elheqaz Square  
Heliopolis, Cairo, Egypt

T +202 2777 0600

F +202 2777 0604

### Nasr City

9 Elbatrawy St.  
Nasr City, Cairo, Egypt

T +202 3300 8160

F +202 3305 4622

### Alexandria

7 Albert Al Awal St.  
Smouha, Alexandria, Egypt

T +202 3300 8170

F +202 3305 4622

## Disclaimer

Information included in this report has no regard to specific investment objectives, financial situation, advices or particular needs of the report users whether they received them directly or through any research pool and other specialized websites. The report is published for information purposes only and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Unless specifically stated otherwise, all price information is only considered as indicator. No express or implied representation or guarantee is provided with respect to completeness, accuracy or reliability of information included in this report. Past performance is not necessarily an indication of future results. Fluctuation of foreign currency rates of exchange may adversely affect the value, price, or income of any products mentioned in this report. Information included in this report should not be regarded by report users as a substitute for the exercise of their own due diligence and analysis based on own assessment and judgment criteria. Any opinions given are subject to change without notice and may significantly differ or be contrary to opinions expressed by other Prime business areas as a result of using different assumptions and criteria. Prime Group is under no obligation responsible to update or keep current the information contained herein. Prime Group, its directors, officers, employees or clients may have or have had interests or long or short positions in the securities and/or currencies referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Prime Group, its related entities, directors, employees, and agents accept no liability whatsoever for any loss or damage of any kind arising from the use of all or part of these information included in this report whether it is received directly or through research pools and other specialized websites. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall, in no way, constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Furthermore, Prime Group or any of the group companies may have or have had a relationship with or may provide or have provided other services, within its objectives to the relevant companies.

Copyrights © 2020, Prime Group, ALL RIGHTS RESERVED. You are hereby notified that distribution and copying of this document is strictly prohibited without the prior approval of Prime Group.