



Will History Repeat Itself?

1. Today's Trading Playbook

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KEY THEMES

Yesterday was the fourth anniversary of the Egyptian pound flotation which took place back on Thursday, 3 November 2016. It was the kick start of Egypt's economic reform program which was key to Egypt's maintaining its economic composure through ups and downs globally, including the latest coronavirus pandemic. As of yesterday, EGX 30 is up only 23% from its 2 November 2016 level but is down 43% off its intraday high during April 2018. Coinciding with the EGP flotation anniversary, we also had yesterday the highly-contested U.S. Presidential elections. In our *Chart of the Day* (please see below), we illustrate how the U.S. stock market, as measured by S&P 500, reacted to a Trump win. The 30 days before election day in 2016 and 2020 are somewhat rhyming with S&P 500 having fallen off the prior month's peak. The question is: If Trump wins again, will S&P 500 jump through the end of year like it did back in 2016? Back home, we have the real estate exhibition Cityscape launch today which should be positive for real estate developers as they attract demand with new installment schemes, noting that this is the first real estate exhibition since COVID-19 outbreak early in the year.

POSITIVE

DSCW, Real Estate: Dice Sport & Casual Wear [**DSCW**], following in the footsteps of Oriental Weavers Carpet [**ORWE**], decided to take on the offer by the Ministry of Finance and cash out on some outstanding export rebates. We think this should be positive for DSCW, albeit marginally. We also think real estate stocks could react positively to the Cityscape event.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

The Egyptian government is preparing new incentives for consumers who want to convert their cars to run on natural gas instead of petrol. ([Egyptian Presidency](#))



Egypt's foreign reserves grew for the fifth consecutive month in October, climbing to USD39.22bn from USD38.43bn in September. ([CBE](#)) Our report will be published soon.

Tourism companies will be able to receive emergency funding to cover salaries for another three months after the Central Bank of Egypt amended its subsidized loan program introduced in response to the COVID-19 pandemic. ([CBE](#))

The Central Bank of Egypt announced the introduction of new amendments to the initiative to finance the payment of salaries and wages of workers in the tourism sector with the guarantee of the Ministry of Finance for six months instead of three months. The initiative amounts to EGP3bn, with a reduced interest of 5%. ([CBE](#))

The *Takaful* and *Karama* welfare programs will be getting their own dedicated investment fund after the Prime Minister approved a proposal during a meeting of the Social Justice Committee on Tuesday. ([The Cabinet](#))

The Financial Regulatory Authority (FRA) issued a new regulation for SMEs lenders which will now be obliged to be set up as joint-stock companies with (1) a minimum capital of EGP30mn, (2) at least 50% owned by legal entities, and (3) financial institutions holding no less than 25%. ([FRA](#))

Cityscape, a real estate exhibition, is launching today and ends on 7 November, where real estate developers launch special offers including extended and customized payment plans and up to 40% cash discounts.

CORPORATE NEWS

Madinet Nasr Housing & Development's [MNHD] preliminary 9M 2020 net profits were almost unchanged at EGP728mn as revenues grew by 22% to EGP1.76bn. Meanwhile, MNHD's board approved the sale of a land in Taj City with c.20,000 sqm (allocated for an international school) with an estimated EGP215mn. ([Company disclosure](#))

Egyptian Gulf Bank's [EGBE] 9M 2020 consolidated net profit retreated marginally (-1% y/y) to EGP455.2mn despite a higher net interest income (+42% y/y) to EGP1.97bn. Net loans retreated 5% ytd to EGP22.1bn as of September 2020, while deposits inched up 9% to EGP61.2bn. ([Bank release](#)) We calculate EGBE's 9M 2020 ROAE at 12.5%.

Dice Sport & Casual Wear [DSCW] said it will apply to collect EGP100mn in export rebates as part of the Ministry of Finance's recent initiative allowing exporters to receive 85% of export rebates as a lump-sum distribution. (Al-Mal) We believe the decision will be positive for



DSCW as it will add around 2% to DSCW's valuation, according to our calculation assuming a 15% cost of capital.

Sharkia National Food [SNFC] reduced its stake in Mansoura Poultry [MPCO] from 3.29% to 1.47%. ([Company disclosure](#))

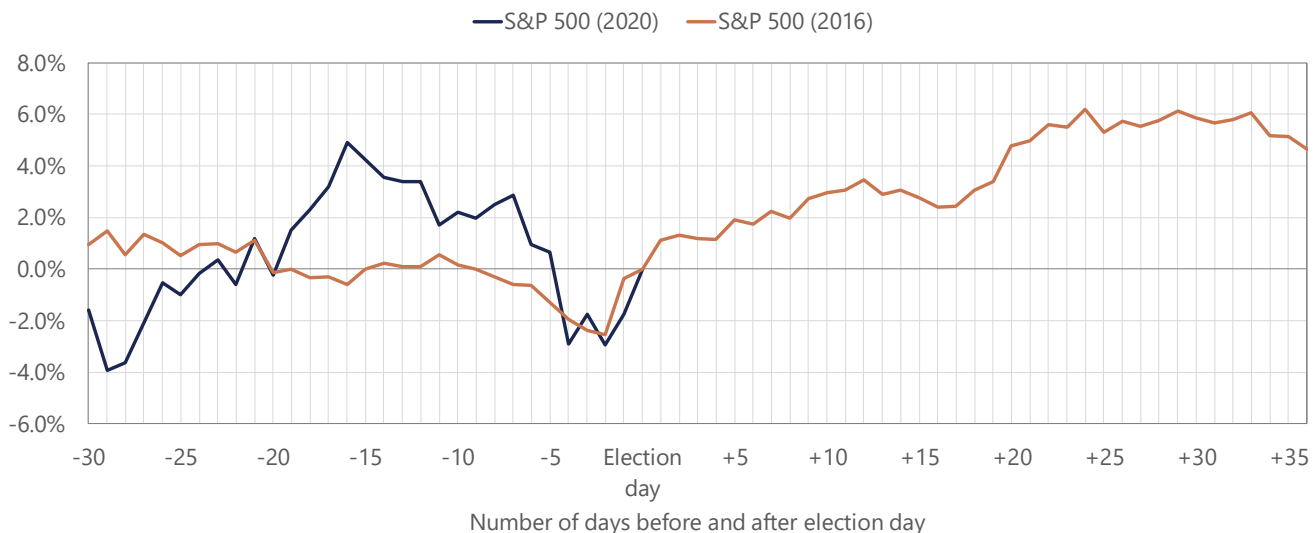
GLOBAL NEWS

Oil prices could further slump as Libya resumes oil exports and Iraq and Nigeria exceed their production quotas. ([Bloomberg](#))

The recovery in China's service sector activity extended into a sixth straight month in October, an industry survey showed on Wednesday, with hiring picking up to the highest level in a year but overseas demand slipping. ([Reuters](#))

3. CHART OF THE DAY

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Source: Bloomberg.

U.S. Presidential Elections Déjàvu: As shown in the above chart, back in 2016 at the time of the last U.S. presidential elections, S&P 500 (the U.S. stock market index) jumped following the election day on 8 November 2016 all the way through the end of that year after Republican Donald Trump was declared the new U.S. President, winning against the Democrat Hilary Clinton. In the days leading up to the election day back in 2016, S&P 500 was on a downtrend, reaching an abyss of 2,085 on 4 November 2016 before ending the year at 2,239. This year, S&P 500 fell from a peak of 3,534 on 12 October 2020 to trade last at 3,369 by the end of election day.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
603.3						836.2 955.5					
				daily chg.	ytd chg.					daily chg.	ytd chg.
	↗	EGX 30	10,512.16	0.79%	(24.71%)		↗	Gold	1,909.17	0.72%	25.15%
	↗	EGX 30 TR	4,035.94	0.77%	(21.91%)		↗	Silver	24.23	0.57%	33.18%
	↗	EGX 70 EWI	1,821.44	0.05%	43.75%		↗	Brent Oil	39.71	2.12%	(35.56%)
	↘	EGX 100 EWI	2,671.74	(0.02%)	22.30%		↗	WTI	37.66	2.18%	(34.01%)
	↘	DFMGI	2,139.67	(1.19%)	(22.61%)		↗	Natural Gas	3.06	0.33%	40.20%
	↗	ADSMI	4,649.43	0.25%	(7.72%)	EGP	↘	USD/EGP	15.72	(0.19%)	(2.00%)
	↘	TASI	7,998.59	(0.28%)	(4.66%)	€	↘	EUR/USD	1.17	(0.50%)	3.95%
	↗	QE Index	9,701.00	0.64%	(6.95%)	£	↘	GBP/USD	1.31	(0.51%)	(2.00%)
	↗	S&P 500	3,369.16	1.78%	4.28%	¥	↗	USD/JPY	104.49	0.41%	(3.40%)
	↗	Dow 30	27,480.03	2.06%	(3.71%)		↗	6M TB yield	13.49	4	(152)
	↗	NASDAQ	11,160.57	1.85%	24.38%		↗	1Y TB yield	13.66	7	(91)
	↘	VIX	35.55	(4.26%)	157.98%		↗	10Y TB yield	14.79	6	109
	↗	STOXX 50	3,098.72	2.62%	(17.26%)		↔	2Y TB yield	0.17	0	(140)
EM	↗	MSCI Emerging	1,120.88	0.55%	0.56%		↗	10Y TB yield	0.89	4	(103)
FM	↗	MSCI Frontier	522.56	1.06%	(10.82%)		↗	30Y TB yield	1.66	3	(73)

* As of market close, except for commodities and currencies at 8.37am 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
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
10-Nov-20	MTIE	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	EAST	Cash dividend	Record date for EGP1.429/share.
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.
15-Nov-20	EAST	Cash dividend	Distribution date for EGP0.714/share (1st installment).

7. LATEST RESEARCH

DATE

PUBLISHED REPORT

3-Nov-20	<u>MACROView – The Highest Reading in Six Years</u>
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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