



# It Remains to Be Seen

## 1. Today's Trading Playbook

**Amr Hussein Elalfy** CFA | Head of Research  
[AElalfy@egy.primegroup.org](mailto:AElalfy@egy.primegroup.org)

### KEY THEMES

With the [U.S. Presidential elections](#) almost behind us, it looks like Joe Biden, a Democrat, will be the U.S. 46<sup>th</sup> President of the United States. This means that Donald Trump, a Republican, will be the first U.S. President who could not secure a second 4-year term in 28 years. Ironically, the last U.S. President that could not do just that was also a Republican: George Bush, Sr. who lost to the Democrat Bill Clinton in 1992. Still, it is early to tell what this could mean for the world economy at large, especially when the Senate is likely to remain dominated by the Republicans, while the Democrats are still a couple of seats short to claim majority at the House of Representatives. This sort of legislative gridlock may be good for U.S. companies as potentially higher corporate taxes could be blocked. That said, generally speaking, we believe global investors will be looking forward to less aggressive stance by the United States when it comes to global trade, especially with China. Indeed, global investors have been pricing in a Biden win by bidding global stock prices and overall commodities higher.

Back home in Egypt, investors should look forward to a few events as we kick off the second week of November today. **First off**, from the top down, the Central Bank of Egypt (CBE) will hold its Monetary Policy Committee meeting this Thursday ([12 November](#)), leaving only one last meeting in December before the year is over. We are of the view that the CBE may opt to keep rates unchanged this time around, with a higher probability to cut rates further by 50bps in the December meeting. We will run a full story about this in our Thursday's issue, explaining our rationale.

**Second**, companies will continue to report their Q3 earnings with a handful of them holding board meetings to discuss the results, namely CI Capital Holding [**CICH**] on [9 November](#), MM Group [**MTIE**] on [10 November](#), and Ibsina Pharma [**ISPH**] on [12 November](#), the same day that Telecom Egypt [**ETEL**] is expected to release its Q3 earnings. Meanwhile, investors will be on the lookout for CIB's [**COMI**] earnings report, which we think will be out Monday night ([9 November](#)). They will be keen to see how the financials hold up following the discharge of the bank's chairman and managing director.



**Third**, some investors (mostly institutional) would be looking forward to Tuesday night (10 November) when **MSCI** announces its Semi-Annual Index Review. We note that the announced changes would take place on 1 December (effective date), but stocks added or removed from the indices often see a hike in their trading activities around the announcement date and a day or two before the effective date. For Egypt, we do not expect changes to Egypt's three stocks in MSCI Emerging Markets index (namely **COMI**, Eastern Co. [**EAST**], and Elsewedy Electric [**SWDY**]).

## POSITIVE

**MTIE**: While it has been one of our top picks since July, MM Group [**MTIE**] could be a beneficiary of a Biden win. We wonder if a new U.S. administration would mean less troubles for Huawei and hence more growth for its mobile handsets which are distributed by MTIE.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**S&P Global Ratings has affirmed Egypt's B sovereign credit rating with a stable outlook**, despite elevated external risks from covid-19. (S&P)

**The International Center for the Settlement of Investment Disputes (ICSID) has dismissed claims brought against the Egyptian government by Spanish cement group Cementos La Union despite finding Egypt in breach of a bilateral investment treaty.** (GAR)

**National Bank of Egypt (NBE) will provide the Cairo Airport Co. almost half of the EGP2.2bn loan needed to develop Cairo International Airport's Terminal 1.** (Al-Mal)

**Six international companies have submitted bids in the tender to consult on the construction of an EGP1.4bn, 50 MW solar power station in Kom Ombo.** (Al-Mal)

**Air Serbia is planning to operate charter flights to Hurghada and Sharm El-Sheikh at the end of December and beginning of January**, including two special flights to Hurghada for the New Year holidays. (Air Serbia).



## CORPORATE NEWS

**Arab Contractors and Elsewedy Electric's [SWDY] execution rate of Tanzania's Rufiji Dam and Hydropower Plant, a project awarded in 2018, was hailed by the Egyptian Ministry of Housing.** ([Al-Shorouk](#))

**Al Ahly Capital, an NBE investment arm, announced the acquisition of 94.5% of Al-Nada Hospital.** ([Youm 7](#))

**Amer Group Holding [AMER] is eyeing a hotel development in Salam City in East Port Said and an inquiry has been sent to East Port Said Authority regarding available lands.** If AMER acquires this land, this would be the second hotel in Port Said as their project Porto Said stretches over 95 feddans in West Port Said. ([Al-Mal](#))

**CI Capital Holding's [CICH] leasing arm, Corplease, intends to issue its biggest securitized bond worth of EGP2.25bn.** ([Al-Mal](#))

**Giza General Contracting & Real Estate Investment Co.'s [GGCC] consolidated Q3 2020 net income after minorities jumped by 90% y/y to EGP15mn, backed by a 6% y/y increase in revenues to EGP273.4mn.** Margins improved significantly; gross profit margin improved to 10% (+345bps) and net profit margin improved to 6% (+244bps). ([Company disclosure](#))

**Solid Capital for Financial Advisory, an independent financial advisor, will use an asset valuation model to set Gulf Canadian Real Estate Investment's [CCRS] fair value,** it told the financial regulator. In its update, the IFA added the documents it requested from CCRS are not yet delivered. ([Company disclosure](#))

**Select International, an IT-focused firm, intends to acquire an Egyptian e-payments company.** It has not disclosed any further details. ([Al-Borsa](#))

## GLOBAL NEWS

**The US unemployment rate fell by one percentage point to 6.9% in October** as employers added 684,000 jobs. ([U.S. Labor Department](#)).

**The Turkish President dismissed the head of the country's central bank following a period of high inflation and record lows for the lira.** ([AP](#))

**The Federal Reserve kept its loose monetary policy intact on Thursday** and pledged again to do whatever it can in coming months to sustain a U.S. economic recovery losing speed amid a

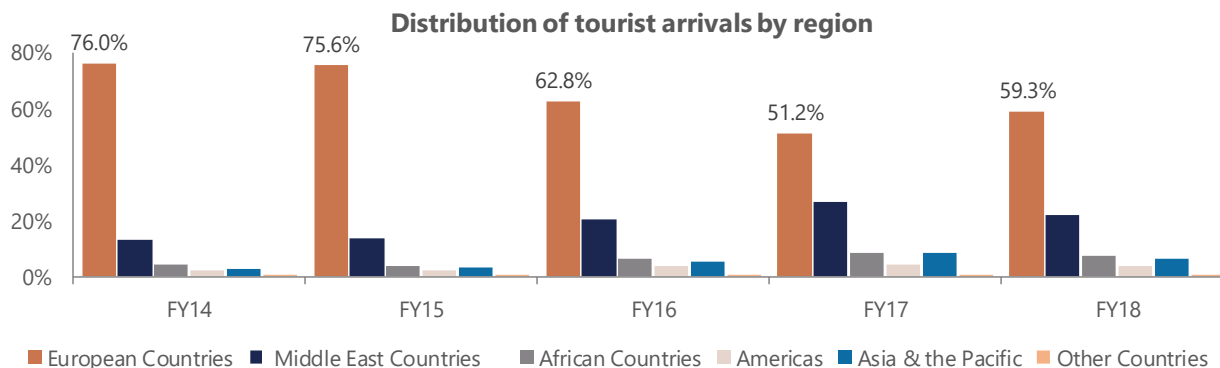


spreading coronavirus pandemic and facing uncertainty over a still-undecided presidential election. ([Reuters](#))

### 3. CHART OF THE DAY

**Mona Bedeir** | Senior Economist

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



It seems Egypt is not going to celebrate Christmas this year as the new travel restrictions in Europe, the most important tourism market for the country, will prolong the agony of its tourism sector.

### 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.			
609.6					977.3 954.8			
			daily chg.	ytd chg.			daily chg.	ytd chg.
	EGX 30	10,629.29	0.69%	(23.87%)		Gold	1,929.14	1.38% 27.15%
	EGX 30 TR	4,060.12	0.17%	(21.44%)		Silver	24.87	4.05% 39.31%
	EGX 70 EWI	1,857.19	0.39%	46.57%		Brent Oil	41.01	(0.53%) (34.83%)
	EGX 100 EWI	2,717.21	0.36%	24.38%		WTI	38.83	(0.82%) (33.41%)
	DFMGI	2,160.44	0.32%	(21.86%)		Natural Gas	3.07	0.62% 40.02%
	ADSMI	4,718.01	0.60%	(7.05%)	EGP	USD/EGP	15.69	(0.13%) (2.17%)
	TASI	8,089.15	0.01%	(3.58%)	€	EUR/USD	1.18	0.99% 5.61%
	QE Index	9,889.46	1.67%	(5.14%)	£	GBP/USD	1.31	0.72% (1.32%)
	S&P 500	3,443.44	2.20%	6.58%	¥	USD/JPY	103.72	(0.77%) (4.50%)
	Dow 30	27,847.66	1.34%	(2.42%)		6M TB yield	13.49	4 (152)
	NASDAQ	11,590.78	3.85%	29.18%		1Y TB yield	13.66	7 (91)
	VIX	26.53	(10.28%)	92.53%		10Y TB yield	14.79	6 109
	STOXX 50	3,202.95	1.32%	(14.48%)		2Y TB yield	0.17	2 (140)
EM	MSCI Emerging	1,135.26	1.28%	1.85%		10Y TB yield	0.82	4 (110)
FM	MSCI Frontier	522.45	(0.02%)	(10.84%)		30Y TB yield	1.61	6 (78)

\* As of market close, except for commodities and currencies at 8.22am 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
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	COMI	Earnings Announcement	Announcing Q3-2020 earnings.
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	COMI	Conference Call	Discussing 9M 2020 results.
10-Nov-20	CICH	Conference Call	Discussing 9M 2020 results.
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	ETEL	Earnings Announcement	Announcing Q3-2020 earnings.
12-Nov-20	ISPH	BoD meeting	Approving 9M 2020 financial statements.
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).
16-Nov-20	WCDF	Cash dividend	Record date for EGP12.00/share.
16-Nov-20	MICH	Cash dividend	Record date for EGP1.00/share.
17-Nov-20	AUTO	Conference Call	Discussing 9M 2020 results.
17-Nov-20	MICH	Cash dividend	Ex-Dividend date for EGP1.00/share.
17-Nov-20	UEFM	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.
17-Nov-20	UEFM	EGM	Amending some articles of the company's bylaws.



## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
4-Nov-20	<a href="#"><u>MACROView – The Stars Seem to Be Aligned for International Reserves</u></a>
3-Nov-20	<a href="#"><u>MACROView – The Highest Reading in Six Years</u></a>
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>
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>



## 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

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