



The Cure

1. Today's Trading Playbook

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KEY THEMES

Everyone is now probably talking about the cure, the COVID-19 vaccine. However, the cure we are talking about today is—once again—consumption. The Egyptian government's focus should be to further stimulate consumption as much as it can because consumption is and continues to be the main driver of the economy. With interest rates being reduced, the monetary policy seems to be on track. It is now the fiscal policy's turn to push for another round of consumption revival campaign. Yesterday, we mentioned a couple of names that could be benefitting off lower interest rates, namely Palm Hills Developments [**PHDC**] (+0.6% d/d) and TMG Holding [**TMGH**] (+3.3% d/d). Today, we remind our clients with a few consumption or consumption-related plays, such as GB Auto [**AUTO**], MM Group [**MTIE**], and B Investments [**BINV**].

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

The Egyptian government is prepared to dole out further stimulus should a second wave of COVID-19 take hold in Egypt, the Minister of Finance said. He also announced that the government will make amendments to the budget in December. (Al-Arabiya)

The budget deficit narrowed to 2.6% of GDP during the first four months of FY21, compared to 3.1% in the same period last year. The primary surplus was considerably weaker this year though, coming in at EGP5.5bn compared to EGP12bn last year. (Al-Mal)

The EBRD, along with the U.K.'s Commonwealth Development Corporation (CDC) Group and UK-based Africa-focused Development Partners International (DPI), have created a joint investment platform focusing on the pharma industry in Egypt with an initial commitment of USD250mn. (Enterprise)

The government has pushed the IPO of fintech player E-Finance to Q1 2021. (Masrawy)



Egypt could be looking at an additional USD1bn in annual building materials exports to Iraq as the two nations draw closer following a raft of agreements signed last month. ([Al-Shorouk](#))

The Ministry of Finance has submitted the draft law governing sovereign sukuk to the House of Representatives after it won Cabinet approval earlier this month. ([Al-Borsa](#))

Cruise ships passing through the Suez Canal will get a 50% discount on fees provided that they spend no less than 48 hours in two Egyptian ports. ([SCA](#))

The CBE agrees to extend the term of its repo financing facility with a syndicate of international Banks. The CBE is pleased to confirm that it has agreed to a 1.5-year extension of the original 4.5-year transaction, therefore achieving an overall maturity of 6 years. The transaction has been unanimously supported by the current consortium of banks. ([CBE](#))

CORPORATE NEWS

Palm Hills Developments [PHDC] has been awarded a prime commercial land spanning c.41 feddans in West Cairo by the New Urban Communities Authority (NUCA) at a net present value of EGP3,620/sqm (estimated total cost of EGP624mn). PHDC will pay for the land over three years after a 35% down payment. The land is located between Palm Hills October (phases 1-5) and Bamboo and will be the new downtown of Palm Hills October. PHDC expects to deliver within 4.5 years and the BUA of the project to be 98,000 sqm. Meanwhile, PHDC is going to securitize a receivable portfolio of EGP1.3bn with CI Capital Holding [**CICH**] and Arab African International Bank (AAIB) acting as financial advisors for the offering. ([Company Disclosure](#), [Al-Mal](#))

Commercial International Bank's (CIB) [COMI] Chairman Sherif Samy denied any material negative impact on the financial position of the bank based on initial internal examination, and the bank is continuing its plans, futuristic and expansive without any change. ([Al-Borsa](#))

Egypt Kuwait Holding Co. [EKHO] increased its stake in Mohandes Insurance [MOIN] by 1.7% at EGP14.1/share, raising its stake to 22.1%. ([Company disclosure](#))

HeidelbergCement France's mandatory offer to acquire c.32.9% of Suez Cement [SUCE] at EGP7.5/share in order to become a full owner has drawn response from holders of 25.7mn shares only (14.15% of the company's capital). Heidelberg will delist the company once the offer is executed. ([Company disclosure](#)) We note that the number of free floated shares of the company before the offer was 67.1mn (c.36.9%).



South Valley Cement Co. [SVCE] explained that the increase in net profits from its non-continued operations was derived from interest income. ([Company disclosure](#))

Alexandria Container & Cargo Handling's [ALCN] net income in 4M 2020/21 ended 31 October fell by 30% y/y to EGP368.8mn, hit by lower revenues of EGP721.3mn (-17% y/y), higher SG&A costs of EGP81.2mn (+19% y/y), and lower investment income of EGP54.9mn (-44% y/y). ([Company disclosure](#))

Cairo Poultry [POUL] saw its Q3 2020 net profit rise to EGP33mn (+30% y/y), mainly on lower net interest expenses (-29% y/y). Revenues, however, decreased to EGP1.04bn (-5% y/y). ([Company disclosure](#))

EFG Hermes Holding's [HRHO] consumer finance ValU agreed with New Giza Club to offer installment facilities to 4,000 member. ([Al-Borsa](#))

Raya Holding's [RAYA] subsidiary, Aman for e-Payments, grew its electronic wallet four times amid COVID-19 implications. Aman is witnessing 1.25mn transactions daily on its network and is targeting 150,000 merchant by 2021. ([Al-Borsa](#))

ASEC Co. for Mining's [ASCM] Q3 2020 consolidated net losses after minorities widened to EGP32mn compared to EGP9.4mn last year, dragged by (1) higher SG&A costs, (2) lower interest income, and (3) higher financing costs. Meanwhile, revenues increased marginally to EGP227mn (0.5% y/y). ([Company disclosure](#))

GLOBAL NEWS

Moderna says its vaccine is more than 94% effective based on preliminary data from stage three clinical trials, the company said in a statement. ([Moderna](#))

The real recovery in emerging markets is just getting started, with accelerating growth, monetary easing, and progress toward a vaccine guiding currencies and stocks to two-year highs. ([Bloomberg](#))

China's factory output rose faster-than-expected in October and retail sales sped up, as the recovery in the world's second-largest economy from its COVID-19 slump gathered momentum. ([Reuters](#))

Endeavour Mining plans to acquire Teranga Gold in a deal worth USD1.86bn. ([Al-Borsa](#))

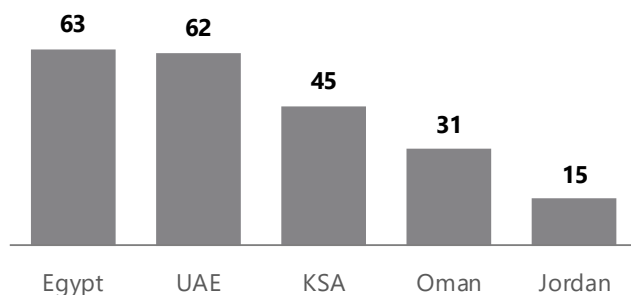


3. CHART OF THE DAY

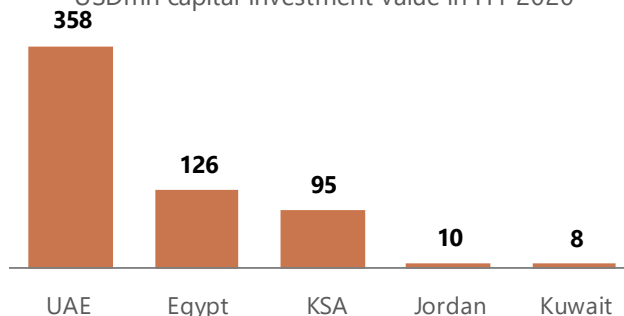
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Top 5 countries by number of deals across MENA in H1 2020



Top 5 countries in MENA in terms of venture USDmn capital investment value in H1 2020



Source: MAGNiTT.

According to MAGNiTT's MENA Venture Investment Report, Egypt remained the most active venture capital market in the MENA region during H1 2020. The country maintained its high ranking of MENA countries in terms of number of deals (with 63 deals) in H1 2020. The report also revealed that the value of finance funneled to start-ups in Egypt doubled during the H1 2020, bringing the total investment value to nearly USD126mn.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
630.3						1,464.3 969.4			
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	10,991.61	0.35%	(21.27%)		Gold	1,888.95	(0.01%) 24.42%
		EGX 30 TR	4,256.35	0.74%	(17.65%)		Silver	24.77	0.41% 38.08%
		EGX 70 EWI	1,997.01	0.33%	57.61%		Brent Oil	43.82	0.87% (29.76%)
		EGX 100 EWI	2,923.36	0.40%	33.82%		WTI	41.34	0.70% (28.61%)
		DFMGI	2,299.05	1.32%	(16.85%)		Natural Gas	2.70	0.48% 23.80%
		ADSMI	4,951.87	1.64%	(2.20%)		EGP USD/EGP	15.66	0.13% (2.44%)
		TASI	8,526.64	0.29%	1.64%	€	EUR/USD	1.19	0.05% 5.75%
		QE Index	10,227.20	0.24%	(1.90%)	£	GBP/USD	1.32	0.11% (0.33%)
		S&P 500	3,626.91	1.16%	12.26%	¥	USD/JPY	104.58	(0.07%) (3.77%)
		Dow 30	29,950.44	1.60%	4.95%		6M TB yield	13.30	(22) (171)
		NASDAQ	11,924.13	0.80%	32.89%		1Y TB yield	13.35	(33) (122)
		VIX	22.45	(2.81%)	62.92%		10Y TB yield	14.79	6 109
		STOXX 50	3,466.21	0.99%	(7.45%)		2Y TB yield	0.18	(0) (139)
		MSCI Emerging	1,203.04	1.24%	7.93%		10Y TB yield	0.90	1 (102)
		MSCI Frontier	531.57	(1.00%)	(9.28%)		30Y TB yield	1.66	1 (73)

* As of market close, except for commodities and currencies at 8.33am 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
17-Nov-20	PHDC	Conference Call	Discussing 9M 2020 results.
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 articles of the company's bylaws.
18-Nov-20	RACC	OGM	Approving the financial statements ending 31 Dec. 2019.
18-Nov-20	RACC	EGM	To discuss selling some of the depreciated fixed assets.
18-Nov-20	HRHO	Earnings Announcement	Announcing Q3 2020 earnings.
19-Nov-20	ORAS	Earnings Announcement	Announcing Q3 2020 earnings.
19-Nov-20	HRHO	Conference Call	Discussing 9M 2020 results.
19-Nov-20	MICH	Cash dividend	Distribution date for EGP1.00/share.
19-Nov-20	ORWE	EGM	Amending articles of the company's bylaws.
19-Nov-20	WCDF	Cash dividend	Distribution date for EGP12.00/share.
21-Nov-20	COSG	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
22-Nov-20	MILS	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.
22-Nov-20	MILS	EGM	Approving selling three production lines.
22-Nov-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
22-Nov-20	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
22-Nov-20	NRPD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in the 6th of October project.
23-Nov-20	AJWA	EGM	Amending article No. 4 of the company's bylaws.
24-Nov-20	PIOH	EGM	Approving splitting the company into three entities.
28-Nov-20	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
28-Nov-20	MPCO	OGM	Board election.
28-Nov-20	MPCO	EGM	Approving splitting the par value per share and amending articles No. 6, 7 & 21 of the company's bylaws.
28-Nov-20	HELI	OGM	Approving the financial statements ending 30 Jun. 2020.
28-Nov-20	HELI	EGM	Amending article No. 20 of the company's bylaws.



7. LATEST RESEARCH

DATE	PUBLISHED REPORT
10-Nov-20	<u>MACROView – An expected rise as the new school year began</u>
4-Nov-20	<u>MACROView – The Stars Seem to Be Aligned for International Reserves</u>
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>
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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