



The Countdown

1. Today's Trading Playbook

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KEY THEMES

Yesterday saw a considerable trading volume with c.EGP2.2bn worth of stocks changing hands. Foreigners were net sellers with a huge amount of EGP226mn, led by what seems to be special transactions in Edita Food Industries [**EFID**] (+1.7% d/d). At almost EGP105mn of daily turnover, it's most likely that some foreign institutions sold portions of their EFID shares to local institutions. Meanwhile, TMG Holding [**TMGH**] continued to do well. We had mentioned here [just two days](#) ago that TMGH could be one of the key beneficiaries of lower interest rates. Still, the market is dominated by retail investors and hence small caps. While Commercial International Bank's (CIB) [**COMI**] Q3 results are yet to come out, we believe the market will be focusing more on the government's potential initiative to cut energy prices, namely natural gas. To investors, the clock has started ticking, and the countdown continues. We believe it's a matter of when, not if. That "when", however, is yet to be known.

POSITIVE

HRHO: EFG Hermes Holding [**HRHO**] just reported its Q3 2020 results this morning (please read below), posting strong double-digit earnings growth.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt expects to meet the terms and conditions to allow its local debt issuances to be cleared with Euroclear in a year's time. ([Enterprise](#))

Average monthly tourism revenues for 2020 have declined 85-92%, with tourism bringing in between USD80-150mn a month compared to an average of USD1bn a month last year. ([Al-Mal](#))



The value of Egyptian cement exports fell 8.8% y/y in 9M 2020 to USD113mn from the USD123mn last year. ([Al-Mal](#))

CORPORATE NEWS

EFG Hermes Holding [HRHO] reported Q3 2020 bottom line of EGP422mn (+18% y/y, +29% q/q) in a sign of recovery. Earnings growth was backed by higher group revenues of EGP1.4bn (+21% y/y, +7% q/q) with investment banking platform dominating the top line with a 77% contribution. (Company disclosures: [1](#), [2](#)) The stock is now trading at P/BV of 0.8x.

Fawry [FWRY] agrees with Banque du Caire to provide real-time money transfer for Egyptian expats. ([Al-Mal](#))

Prime Holding [PRMH] intends to float Prime FinTech, its non-banking financial services arm, on the Egyptian Exchange (EGX) by 2023. ([Mubasher](#))

Dice Sports & Casual Wear's [DSCW] auditor found the value, c. EGP155mn, assigned to Cairo Cotton Center's (CCC) assets by the independent financial advisor to be acceptable. DSCW's auditor also drew the same conclusion on the contract signed by DSCW on 12 February to buy CCC's fixed assets for EGP120mn. (Company disclosures: [1](#), [2](#))

EIPICO [PHAR] will sell 1.6mn treasury shares (1.6% of total outstanding shares) starting 17 November to 31 December, as per a board decision on 10 November. ([Company disclosure](#))

GB Auto's [AUTO] subsidiary GB Lease will issue a securitized bond worth of EGP1bn by Q1 2021. ([Al-Mal](#))

Bank ABC has confirmed that it is in preliminary discussions with BLOM Bank (Lebanon) regarding the potential acquisition of its Egypt unit, but there is no certainty that any transaction will be completed. ([Bank release](#))

GLOBAL NEWS

U.S. retail sales increased less than expected in October and could slow further, restrained by spiraling new COVID-19 infections and declining household income as millions of unemployed Americans lose government financial support. ([Reuters](#))

The Saudi's Public Investment Fund (PIF) plans to invest US40bn in the Saudi economy over the coming two years in a bid to pull it out of its worst recession in three decades. ([Bloomberg](#))

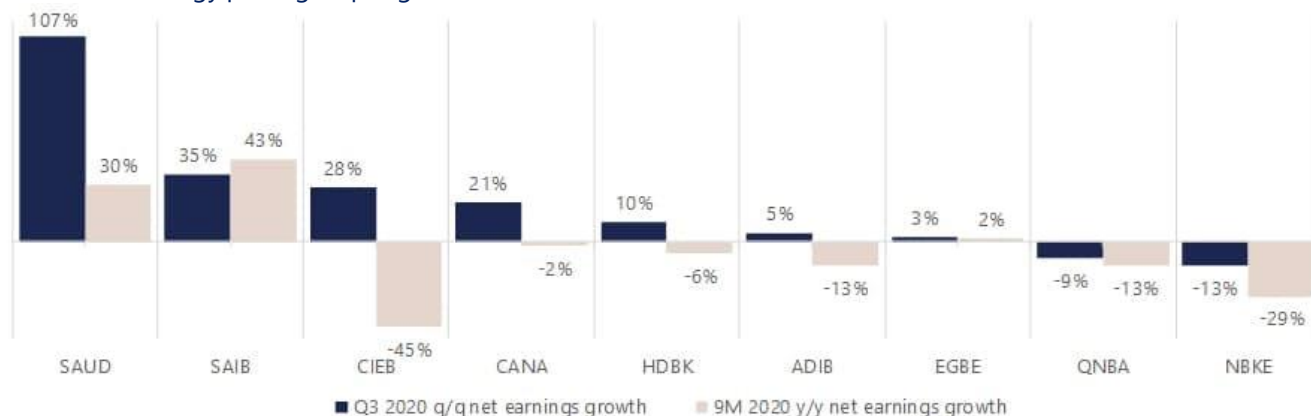


Saudi Aramco returned to the bond market yesterday as it looks to scrape together the funds to meet its USD75bn dividend payout. The energy giant sold USD8bn of bonds in five tranches in the first issuance since its highly subscribed and record-breaking USD12bn offering in April last year. ([Bloomberg](#))

3. CHART OF THE DAY

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Source: Banks Financials.

Egypt Banks' Q3 2020 Earnings Growth: EGX-listed banks exhibited some recovery in Q3 2020 when it came to earnings growth after negative growth in Q1 2020. Earnings growth in Q3 2020 derived from slower provision build-up, in line with early lending recovery, coupled with less funding costs on the back of 350bps lower corridor rates. As depicted above, Al Baraka Bank - Egypt [**SAUD**] achieved the highest q/q earnings growth in Q3 2020, thanks to 8% q/q growth in net lending volume. Societe Arabe Internationale de Banque [**SAIB**] came in second in terms of q/q earnings growth on the back of 27% higher fees & commissions' income and lending recovery.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
636.2					2,196.9 975.2				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
		EGX 30	11,063.98	0.66%	(20.75%)			Gold	1,880.38 (0.45%) 23.81%
		EGX 30 TR	4,260.83	0.11%	(17.56%)			Silver	24.49 (1.13%) 36.91%
		EGX 70 EWI	2,016.46	0.97%	59.14%			Brent Oil	43.75 (0.02%) (30.49%)
		EGX 100 EWI	2,958.73	1.21%	35.44%			WTI	41.43 (0.27%) (29.14%)
		DFMGI	2,317.31	0.79%	(16.19%)			Natural Gas	2.69 (0.04%) 22.93%
		ADSMI	4,960.13	0.17%	(2.43%)	EGP		USD/EGP	15.62 (0.25%) (2.62%)
		TASI	8,572.73	0.54%	2.19%	€		EUR/USD	1.19 0.07% 5.86%
		QE Index	10,211.33	(0.16%)	(2.05%)	£		GBP/USD	1.32 0.10% 0.02%
		S&P 500	3,609.53	(0.48%)	11.72%	¥		USD/JPY	104.19 (0.14%) (4.21%)
		Dow 30	29,783.35	(0.56%)	4.36%			6M TB yield	13.30 (22) (171)
		NASDAQ	11,899.34	(0.21%)	32.62%			1Y TB yield	13.35 (33) (122)
		VIX	22.71	1.16%	64.80%			10Y TB yield	14.51 (29) 81
		STOXX 50	3,468.48	0.07%	(7.39%)			2Y TB yield	0.18 0 (139)
EM		MSCI Emerging	1,201.43	(0.13%)	7.78%			10Y TB yield	0.88 (3) (104)
FM		MSCI Frontier	535.36	0.71%	(8.64%)			30Y TB yield	1.62 (4) (77)

* As of market close, except for commodities and currencies at 8.3am 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
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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