



Pandemic Proof

1. Today's Trading Playbook

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KEY THEMES

Yesterday, we issued [our core coverage note](#) on Misr Chemical Industries [**MICH**], a stock we picked first back [on 16 July 2020](#) along with 18 other EGX-listed stocks. MICH was our only materials stock at the time that we liked. Since then, the stock is up 87% from EGP5.93 to trade last yesterday at EGP11.10, having hit an intraday high of EGP12.40 along the way (a 109% return). So, is it all over for MICH yet? Well, we tend to think there is still value to be had, especially given the continuation of the current COVID-19 scene. Indeed, our 12M price target of EGP13.9 suggests a 25% off yesterday's close. According to Mohamed Saad, MICH came in this year with an interesting turnaround story, anchored by (1) considerable cost savings and (2) resilient top-line figures. Through the years, the chloralkali manufacturer has been exposed to risks associated with hikes in electricity prices and fluctuating caustic soda and chlorine markets. However, the COVID-19 pandemic brought about sound demand for MICH's key products and byproducts. Going forward, we believe MICH's performance will stabilize at levels above historical average, driven by this pandemic-related recovery.

POSITIVE

MICH: Please read our core coverage report [here](#).

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

The Egyptian Cabinet has approved an EGP10bn long-term co-financing which will be provided by National Bank of Egypt and Banque Misr to the General Authority for Suez Canal Economic Zone. ([Mubasher](#))

The Minister of Social Solidarity said there is a mandate to launch a presidential fund to support irregular workers against different risks. Through the fund, irregular employees will



receive financial aid as a compensation in case of interruption of income due to emergency economic circumstances or pandemics. ([Mubasher](#))

Egypt's production of sugar in the public sector reached a value of EGP12.2bn in FY18, up 31% from EGP9.3bn a year earlier, according to the statistical yearbook issued by CAPMAS. ([Mubasher](#))

CORPORATE NEWS

Al Ezz for Ceramics & Porcelain [ECAP] will raise its capital by EGP11.5mn to EGP266.7mn, drawing on 2019 retained earnings. ([Company disclosure](#))

Golden Coast Co.'s [GOCO] Q3 2020 revenues dived to EGP4.1mn (-71% y/y), and net profits hit EGP1.28mn (-64% y/y). In 9M 2020, revenues stood at EGP14.4mn (-64% y/y), and net profits reached EGP5.6mn (-48% y/y). ([Company disclosure](#))

Edita Food Industries [EFID] signed a strategic partnership agreement with SAP to launch a new digital system to enhance the efficiency of its selling and distribution. ([Middle East Business](#))

GLOBAL NEWS

The number of Americans filing first-time claims for jobless benefits increased further last week, suggesting that an explosion in new COVID-19 infections and business restrictions were boosting layoffs and undermining the labor market recovery. ([Reuters](#))

China has accused India of discriminatory practices that violate World Trade Organization rules after New Delhi banned another 43 Chinese mobile apps. New Delhi issued an order to block those apps, claiming they engaged in activities that threatened India's national security. ([CNBC](#))

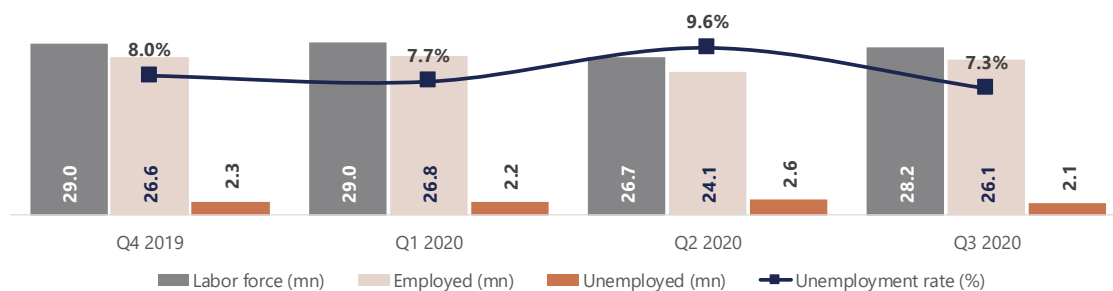
U.S. gross domestic product grew at an unrevised 33.1% annualized rate, the government said in its second estimate of third-quarter output, confirming the economy's historic pace of expansion in the third quarter. The economy contracted at a 31.4% rate in the second quarter, the deepest since the government started keeping records in 1947, the Commerce Department reported. ([CNBC](#))



3. CHART OF THE DAY

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Source: CAPMAS.

Egypt's unemployment rate fell sharply during Q3 2020 to 7.3% vs. 9.6% in Q2 2020, thanks mainly to a mass return to work following the easing of health-related restrictions and lockdown measures, the latest data by CAPMAS suggested. However, the data also showed that the size of labor force in Q3 2020 remained below the Q1 2020-end levels, indicating that a large number of people, especially women, have exited the labor market. The number of females in the labor force during Q1 2020 was around 5mn, while in Q3 2020 females in the labor force dropped by 13% to 4.4mn. Also, the total number of employees slid in Q3 2020 by 2.5% comparing to pre-COVID-19 levels in Q1 2020.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
639.3						2,131.2 994.9					
				daily chg.	ytd chg.					daily chg.	ytd chg.
		EGX 30	11,068.44	0.65%	(20.72%)			Gold	1,807.56	(0.00%)	19.32%
		EGX 30 TR	4,261.73	0.43%	(17.54%)			Silver	23.36	0.38%	30.45%
		EGX 70 EWI	2,037.52	(1.31%)	60.81%			Brent Oil	48.61	0.53%	(22.34%)
		EGX 100 EWI	2,984.08	(0.89%)	36.60%			WTI	45.71	0.48%	(21.23%)
		DFMGI	2,413.20	0.57%	(12.72%)			Natural Gas	2.90	4.36%	32.30%
		ADSMI	4,989.13	0.85%	(2.01%)	EGP		USD/EGP	15.68	0.02%	(2.37%)
		TASI	8,688.76	0.61%	3.57%	€		EUR/USD	1.19	0.16%	6.45%
		QE Index	10,303.89	0.42%	(1.17%)	£		GBP/USD	1.34	0.11%	1.04%
		S&P 500	3,629.65	(0.16%)	12.35%	¥		USD/JPY	104.46	(0.13%)	(3.95%)
		Dow 30	29,872.47	(0.58%)	4.67%			6M TB yield	13.25	(5)	(177)
		NASDAQ	12,094.40	0.48%	34.79%			1Y TB yield	13.36	1	(121)
		VIX	21.25	(1.80%)	54.21%			10Y TB yield	14.51	(29)	81
		STOXX 50	3,511.90	0.11%	(6.23%)			2Y TB yield	0.16	0	(141)
		MSCI Emerging	1,218.29	(0.63%)	9.30%			10Y TB yield	0.88	0	(103)
		MSCI Frontier	546.84	0.05%	(6.68%)			30Y TB yield	1.62	2	(77)

* 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
26-Nov-20	ZEOT	Cash dividend	Distribution date for EGP0.060/share.
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.
30-Nov-20	ESGI	OGM	A board reshuffle.
30-Nov-20	ZMID	Cash dividend	Distribution date for EGP0.25/share (3rd installment).
30-Nov-20	AFMC	Cash dividend	Distribution date for EGP0.180/share.
30-Nov-20	EDFM	Cash dividend	Record date for EGP11.00/share.
1-Dec-20	EDFM	Cash dividend	Ex-dividend date for EGP11.00/share.
1-Dec-20	CIRA	OGM	Approving the financial statements ending 31 Aug. 2020.
1-Dec-20	CIRA	EGM	Amending article No. 4 of the company's bylaws.
2-Dec-20	ELEC	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
3-Dec-20	NCGC	OGM	Approving the financial statements ending 30 Jun. 2020.
3-Dec-20	EDFM	Cash dividend	Distribution date for EGP11.00/share.
5-Dec-20	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
5-Dec-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
7-Dec-20	ASCM	OGM	Discussing appointing a second auditor for the company's accounts for the current year ending 31 Dec..
7-Dec-20	ASCM	EGM	Amending article No. 4 of the company's bylaws.
8-Dec-20	CEFM	Cash dividend	Record date for EGP3.250/share.
8-Dec-20	BTFH	OGM	Discussing netting contracts.
8-Dec-20	OIH	OGM	Approving to enter into a sale and lease with its subsidiary Beltone Financial Holding and renting an office space to it spin-off company Orascom Financial Holding.
8-Dec-20	OIH	EGM	Approving to enter into a sale and lease back for one of its tangible assets.



7. LATEST RESEARCH

DATE	PUBLISHED REPORT
25-Nov-20	<u>Misr Chemical Industries [MICH] – Pandemic Proof</u>
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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