



Hello Aluminum

1. Today's Trading Playbook

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KEY THEMES

After the Egyptian pound was devalued more than four years ago back in November 2016, the stocks of certain companies whose business models relied on a stronger U.S. dollar began to react positively. One of these stocks was Egypt Aluminum [**EGAL**] which had the best of both worlds. On one hand, EGAL's revenues jumped in EGP terms. On the other hand, its opex—mainly electricity, even if it remained fixed, fell as a percentage of revenues, hence boosting its profit margin noticeably. Later on, the price of electricity increased in EGP terms before the Egyptian government cut electricity prices in March 2020. However, electricity prices rose in USD terms given a stronger EGP. Earlier in the year, EGAL was plagued with low aluminum prices that hit around USD1,400 in April 2020 and a weaker USD (vs. EGP) and hence weaker revenues with an effectively higher opex burden. More recently, the price of aluminum globally began to head north of USD2,000/ton (up 40%+ since April 2020)—a clear positive for EGAL. However, the more sustainable aluminum prices remain above that threshold, the higher the profitability for EGAL, which is why investors need to monitor the development of aluminum prices globally. Although EGAL jumped 7% over the past two trading sessions, we could still see further re-rating, especially if the price of electricity is revisited by the government.

POSITIVE

EGAL: With the company raising selling prices in view of higher global aluminum prices, the remainder of this fiscal year could see the company improve its bottom line.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

The Central Bank of Egypt (CBE) decided to extend its tourism initiatives until December 2021. During this period, requests by tourism workers for deferring repayment of retail loans for up to three years should continue to be accepted as part of the CBE's initiatives. ([CBE](#))



The CBE is pushing ahead with a plan to have 1mn points of sale machines in use nationwide within three years. ([CBE](#))

Some 11,000 of Egypt's largest taxpayers will begin filing taxes through the government's new unified tax platform from 1 January as the Egyptian Tax Authority begins to overhaul the way it collects and monitors taxes. ([Enterprise](#))

Egypt's budget deficit shrank to EGP134.9bn or 2.1% of GDP in Q1 FY21 vs. 2.3% a year before. The narrower deficit is attributed to an 18.4% y/y uptick in state revenues to EGP204.7bn, which was partially driven by a 14.1% hike in tax revenues. On the flipside, state spending was up 11% y/y to EGP336.8bn in the quarter. ([MoF](#))

Remittances from Egyptians living abroad shot up 19.6% y/y in Q3 2020 to USD8bn from USD6.7bn a year before. (CBE)

CORPORATE NEWS

The Minister of Petroleum & Mineral Resources and the Minister of Public Enterprise signed a debt settlement for state-owned companies, where debt owed for gas withdrawals and will be exchanged for land. The settlement is between the Egyptian General Petroleum Corporation and the Egyptian Natural Gas Co. ([Ministry of Petroleum](#))

Ezz Steel's [ESRS] Q3 2020 net losses after minorities contracted to EGP929mn vs. a net loss of EGP1.49bn a year before, as revenues fell 8% y/y and lower net financing costs. ([Company disclosure](#))

The General Authority for Land & Dry Ports is getting ready to sign the Sixth of October Port's contract mid-December. The winning consortium includes Elsewedy Electric [[SWDY](#)], 3A International, and the German DB Schenker Egypt, with investments amounting to USD176mn. ([Al-Borsa](#))

Dice Sport & Casual Wear [DSCW] expects better results in Q4 2020, backed by the implementation of its cost-cutting plan. (Al-Mal)

GLOBAL NEWS

Emaar Properties [UAE: EMAAR], Dubai's largest developer, is temporarily halting new projects amid a property glut that, combined with the coronavirus pandemic, has shaved nearly a third off house prices in the past six years. ([Bloomberg](#))



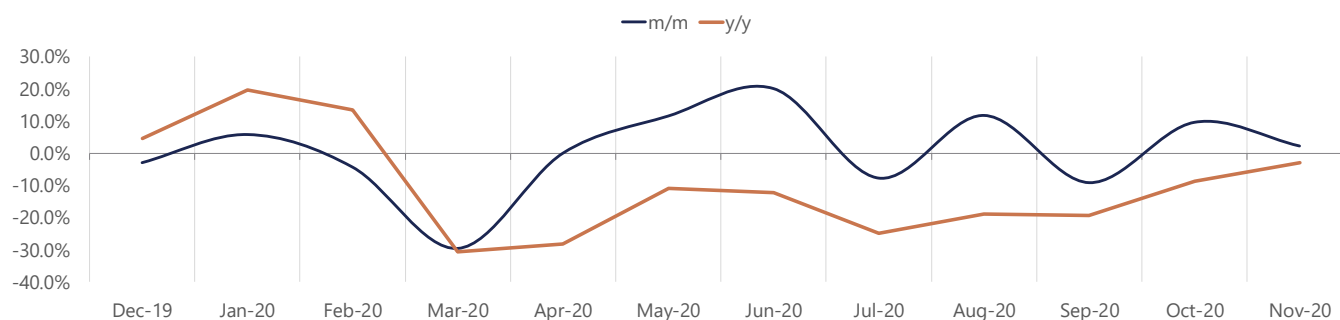
China's foreign currency reserves rose more than expected to the highest in more than four years in November as the country's continued economic recovery supported the yuan. China's foreign exchange reserves, the largest in the world, rose USD50.5bn in November to USD3.18tn—the highest since August 2016. ([Reuters](#))

The combination of COVID-19 and a failure to secure a post-Brexit trade deal with the European Union could cost the United Kingdom around GBP134bn (USD174bn) each year in lost GDP for a decade. ([Reuters](#))

3. CHART OF THE DAY

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Aqaarmap Real Estate Demand Index



Source: Aqaarmap.

Based on Aqaarmap's index, demand for real estate properties has risen by 2.2% m/m in November. However, demand has been improving on a y/y basis, flattening ytd so far. The index gauges demand using the website's traffic and economic and statistical data.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
651.5						1,770.4		1,016.5	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↓	EGX 30	10,995.13	(0.27%)	(21.25%)		↑	Gold	1,862.73 1.30% 23.22%
	↓	EGX 30 TR	4,229.61	(0.67%)	(18.17%)		↑	Silver	24.49 1.24% 38.10%
	↑	EGX 70 EWI	2,131.03	0.56%	68.19%		↓	Brent Oil	48.79 (0.72%) (23.03%)
	↑	EGX 100 EWI	3,088.62	0.43%	41.38%		↓	WTI	45.76 (0.59%) (21.99%)
	↑	DFMGI	2,482.66	0.03%	(10.21%)		↑	Natural Gas	2.41 2.58% 12.75%
	↑	ADSMI	5,042.43	0.18%	(0.65%)	EGP	↑	USD/EGP	15.71 0.20% (2.25%)
	↑	TASI	8,633.38	0.60%	2.91%	€	↑	EUR/USD	1.21 0.07% 8.06%
	↓	QE Index	10,603.54	(0.18%)	1.71%	£	↓	GBP/USD	1.34 (0.19%) 0.74%
	↓	S&P 500	3,691.96	(0.19%)	14.27%	¥	↑	USD/JPY	104.05 0.01% (4.19%)
	↓	Dow 30	30,069.79	(0.49%)	5.37%		↓	6M TB yield	13.22 (2) (179)
	↑	NASDAQ	12,519.95	0.45%	39.54%		↓	1Y TB yield	13.29 (2) (128)
	↑	VIX	21.30	2.45%	54.57%		↔	10Y TB yield	14.49 0 79
	↓	STOXX 50	3,530.08	(0.26%)	(5.74%)		↓	2Y TB yield	0.14 (1) (143)
EM	↑	MSCI Emerging	1,253.39	0.19%	12.45%		↓	10Y TB yield	0.93 (4) (99)
FM	↑	MSCI Frontier	553.37	0.25%	(5.56%)		↓	30Y TB yield	1.69 (5) (70)

* As of market close, except for commodities and currencies at 8.39am 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-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 (1) a sale-leaseback agreement with its subsidiary Beltone Financial Holding and (2) renting an office space to its spinoff company Orascom Financial Holding.
8-Dec-20	OIH	EGM	Approving a sale-and-lease back agreement for one of its tangible assets.
9-Dec-20	EGAS	Stock dividend	Record date for 1:1 dividend.
10-Dec-20	EGAS	Stock dividend	Distribution date for 1:1 dividend.
10-Dec-20	CIEB	EGM	Discussing the assignment of a land plot owned by the Urban Communities Authority for EGP100mn.
10-Dec-20	ACAMD	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
10-Dec-20	ICLE	Cash dividend	Record date for EGP2.50/share.
12-Dec-20	ALCN	OGM	Approving the financial statements ending 30 Jun. 2020 and the proposed dividend.



12-Dec-20	ALCN	EGM	Amending article No. 19 of the company's bylaws.
12-Dec-20	UASG	OGM	Approving the financial statements ending 30 Jun. 2020.
12-Dec-20	UASG	EGM	Amending article No. 22 of the company's bylaws.
12-Dec-20	CSAG	OGM	Approving the financial statements ending 30 Jun. 2020 and proposed dividend.
12-Dec-20	CSAG	EGM	Amending article No. 19 of the company's bylaws.
13-Dec-20	CEFM	Cash dividend	Distribution date for EGP3.250/share.
13-Dec-20	MNHD	OGM	Approval on Nasr Utilities & Installations' sales contract. Restructuring the board and revising its term. Revisiting the dividend policy.
13-Dec-20	UEFM	Cash dividend	Record date for EGP10.00/share.
14-Dec-20	UEFM	Cash dividend	Ex-Dividend date for EGP10.00/share.
15-Dec-20	ICLE	Cash dividend	Distribution date for EGP2.50/share.
15/16-Dec-20		FOMC	Determining the direction of the monetary policy and benchmarks policy rates.
16-Dec-20	UEFM	Cash dividend	Distribution date for EGP10.00/share.
16-Dec-20	PACH	OGM	Approving the financial statements ending 30 Jun. 2020 and the proposed dividend.
16-Dec-20	PACH	EGM	Amending article No. 4 of the company's bylaws.
16-Dec-20	MILS	Cash dividend	Record date for EGP0.500/share.
17-Dec-20	MILS	Cash dividend	Ex-Dividend date for EGP0.500/share.
19-Dec-20	GGCC	EGM	Discussing a stock split and amending articles No. 6 & 7 of the company's bylaws.
21-Dec-20	MILS	Cash dividend	Distribution date for EGP0.500/share.
21-Dec-20	TORA	OGM	A board reshuffle.
21-Dec-20	TORA	EGM	Amending articles No. 21 & 28 of the company's bylaws.
21-Dec-20	SUCE	OGM	Discussing netting contracts and a BoD reshuffle.
21-Dec-20	SUCE	EGM	Amending articles No. 20 and 26 of the company's bylaws.
21-Dec-20	ACRO	Cash dividend	Record date for EGP1.750/share.
22-Dec-20	ACRO	Cash dividend	Ex-Dividend date for EGP1.750/share.
22-Dec-20	CIRA	EGM	Discuss the sale of some assets.
22-Dec-20	AJWA	EGM	Amending article No. 4 of the company's bylaws.
24-Dec-20	ACRO	Cash dividend	Distribution date for EGP1.750/share.
24-Dec-20		MPC Meeting	Determining the CBE's policy rate.
24-Dec-20	ROTO	Cash dividend	Distribution date for EGP0.375/share (4th installment).
27-Dec-20	EKHO	OGM	Approving the financial statements ending 30 Jun. 2020 and the proposed dividend.
27-Dec-20	EKHO	EGM	Approving increasing the issued capital.
27-Dec-20	PRMH	EGM	Approving adding a mutual fund activity by itself or with others.
27-Dec-20	MOIL	EGM	Discussing the changing and hiring for key positions.
30-Dec-20	ELSH	Cash dividend	Distribution date for EGP0.100/share (2nd installment).
31-Dec-20	ABUK	Cash dividend	Distribution date for EGP0.90/share (2nd installment).
31-Dec-20	NRPD	Lawsuit	A court session discussing legal disputes relevant to the company.



7. LATEST RESEARCH

DATE	PUBLISHED REPORT
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>
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>
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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