



No Red Flags

1. Today's Trading Playbook

Amr Hussein Elalfy CFA | Head of Research
AElalfy@egy.primegroup.org

KEY THEMES

At last, CIB [**COMI**] released its Q3 2020 results over night. From the outside, the results (please read the *Corporate News* section below) may seem to be a short-term negative in view of higher provisions y/y as well as q/q. However, the bank looks to be on track to exceed EGP10bn in earnings this year, which would be ahead of our estimates of EGP9.3bn [dated 25 October 2020](#). The bank continues to boast an even higher NPL coverage ratio of 289% with an NPL ratio of less than 4%. We will publish our detailed analysis of the results later on today.

NEUTRAL

COMI: Q3 2020 results raise no red flags about COMI's sustainability in the aftermath of the Central Bank of Egypt's probe. We see the results assuring investors of the bank's future.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

The draft law that lays the groundwork for Egypt's first sovereign sukuk sale is being put on hold until the new members of parliament (MPs) are seated in the House of Representatives next month. ([Al-Mal](#))

The Ministry of Petroleum's exploration contracts include one with BP to explore in the Gulf of Suez and one with Ganope in the Eastern Desert. ([Al-Mal](#))

President Abdel-Fattah El-Sisi met with the prime minister, ministers, and officials, addressing the mechanisms for dealing with the challenges facing some sectors, especially iron, steel, cement, and ceramics. ([Presidency](#))



CORPORATE NEWS

Commercial International Bank – Egypt (CIB)’s [COMI] Q3 2020 separate net profit retreated 25% y/y to EGP2.4bn as a result of higher provisions build-up which more than tripled to EGP1.6bn. Net lending declined marginally 0.6% ytd to EGP118.5bn, while deposits jumped 9% ytd to EGP331bn. Annualized ROAE reached 19% in 9M 2020. COMI is currently traded at a P/B of 1.7x. ([Bank release](#))

Arab Ginning Cotton’s [ACGC] initial KPIs for Q1 2020/21 showed a narrower net loss of EGP4.7mn (vs. EGP25mn a year earlier) after revenues dropped 27% to EGP245mn. ([Company disclosure](#))

Alexandria Container & Cargo Handling [ALCN] said some of its workers are peacefully protesting against a decision by the general assembly to reduce employee incentives. ALCN stated it is operating normally. ([Company disclosure](#))

Arabian Food Industries Co. (Domty) [DOMT] expects its Q4 sales to hit a year peak of EGP800mn, leaping 24% from 2019 (+10% q/q) and supported by an increase in the volume and value of its cheese and bakery segments. DOMT also expects a slight y/y growth in its bottom line for the same quarter, where it saw its third bakery production line become operational. ([Company disclosure](#))

Development & Engineering Consulting Co. (Tameer) [DAPH] turned into losses of EGP13.4mn in 9M 2020 despite higher revenues of EGP147mn (+27% y/y). This is attributed to provisions of EGP58.6mn. ([Company disclosure](#))

Target for Real Estate Investment, Development, Agricultural Reclamation & Tourism Development reduced its stake in Dice Sports & Casual Wear [DSCW] from 6.37% to 4.69%. ([Company disclosure](#))

The mandatory tender offer to buy a controlling stake (up to 90% with a minimum of 51%) in El-Nasr Co. for Civil Works [NCCW] at EGP11/share has been submitted and is currently being studied at the FRA. The acquirers are led by Odin Investments [**ODIN**], along with Odin Capital Group, Redcon Development, Egyptian Real Estate Investment Fund, New Smart Industrial & Commercial Investments, and Unimix. ([FRA](#))

GLOBAL NEWS

The Ministry of Finance reportedly plans to sell USD7bn worth of EUR- and USD-denominated Eurobonds in H1 2021. ([Bloomberg](#))



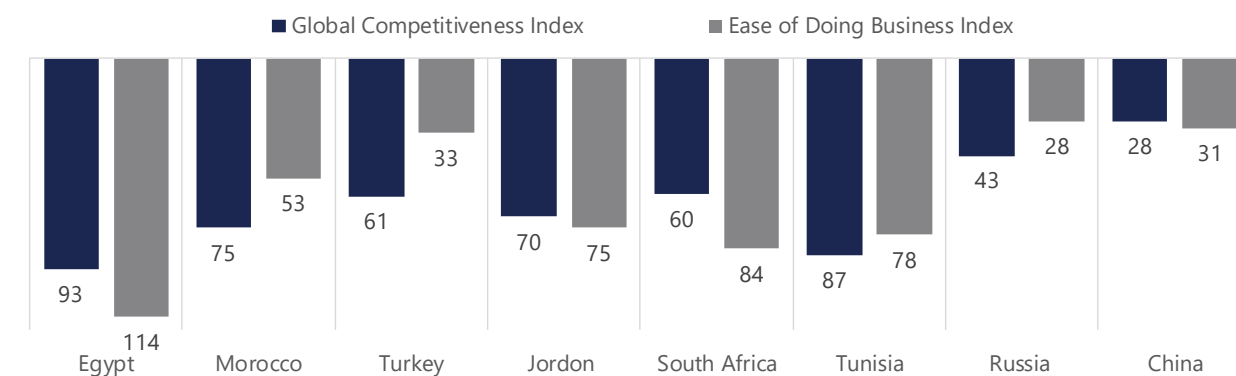
Saudi Arabia announced a SAR990bn (USD264bn) budget for 2021 on Tuesday, around 7% less than estimated spending for this year, as the world's biggest oil exporter seeks to tame a huge deficit caused by lower oil revenues and the coronavirus crisis. ([Reuters](#))

The Fed may see a brighter long-term outlook when it releases its economic forecasts on Wednesday due to vaccine developments, but it also has the opportunity to disappoint at least some investors who are expecting immediate changes in its bond buying program. ([CNBC](#))

3. CHART OF THE DAY

Mona Bedeir | Senior Economist

Mbedeir@egy.primegroup.org



Source: World Bank and world economic forum.

Despite its progress on the back of the Economic Reform Program in 2016, Egypt was ranked low among emerging countries in 2019 Global Competitiveness Index and its transaction costs were found high in the 2020 Ease of Doing Business survey. This should underline the need for Egypt to adopt wider structural reforms that focus on enhancing its competitiveness and reducing its transaction costs to support the export sector.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
654.7						1,635.8		1,029.3	
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	11,057.62	0.09%	(20.80%)			Gold	1,853.64 1.44% 22.47%
		EGX 30 TR	4,248.80	(0.49%)	(17.79%)			Silver	24.49 2.75% 38.76%
		EGX 70 EWI	2,126.54	(0.15%)	67.83%			Brent Oil	50.76 (0.37%) (19.64%)
		EGX 100 EWI	3,081.35	(0.14%)	41.05%			WTI	47.62 (0.38%) (18.64%)
		DFMGI	2,530.56	(0.97%)	(8.47%)			Natural Gas	2.68 (1.01%) 21.29%
		ADSMI	5,132.87	(0.41%)	1.38%	EGP		USD/EGP	15.74 0.25% (1.94%)
		TASI	8,659.37	(0.01%)	3.22%	€		EUR/USD	1.22 0.09% 8.46%
		QE Index	10,480.69	(0.01%)	0.53%	£		GBP/USD	1.35 0.04% 1.57%
		S&P 500	3,694.62	1.29%	14.36%	¥		USD/JPY	103.67 (0.14%) (4.68%)
		Dow 30	30,199.31	1.13%	5.82%			6M TB yield	12.97 (25) (205)
		NASDAQ	12,595.06	1.25%	40.37%			1Y TB yield	13.01 (29) (157)
		VIX	22.89	(7.40%)	66.11%			10Y TB yield	14.27 (22) 57
		STOXX 50	3,521.50	0.50%	(5.97%)			2Y TB yield	0.12 0 (145)
EM		MSCI Emerging	1,250.21	(0.02%)	12.16%			10Y TB yield	0.91 1 (101)
FM		MSCI Frontier	558.12	(0.24%)	(4.75%)			30Y TB yield	1.65 1 (74)

* 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
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 board 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	FWRY	OGM	Discussing netting contracts.
31-Dec-20	FWRY	EGM	Approving increasing the issued capital through stock dividends and rights issue.
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
10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
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>
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>



Prime Securities

Shawkat El Maraghy

Managing Director

T +202 3300 5622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +202 3300 5784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +202 3300 5612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head –Institutional Desk

T +202 3300 5609

AAlaa@egy.primegroup.org

Mohamed El Metwaly

Manager

T +202 3300 5610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +202 3300 5624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +202 3300 5110

SRaslan@egy.primegroup.org

Mohamed El Henawy

Nasr City Branch Manager

T +202 3300 5166

MElhenawy@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +202 3300 5173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +202 3300 5724

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, 7th 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

Disclaimer

Information included in this report has no regard to specific investment objectives, financial situation, advices or particular needs of the report users whether they received them directly or through any research pool and other specialized websites. The report is published for information purposes only and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Unless specifically stated otherwise, all price information is only considered as indicator. No express or implied representation or guarantee is provided with respect to completeness, accuracy or reliability of information included in this report. Past performance is not necessarily an indication of future results. Fluctuation of foreign currency rates of exchange may adversely affect the value, price, or income of any products mentioned in this report. Information included in this report should not be regarded by report users as a substitute for the exercise of their own due diligence and analysis based on own assessment and judgment criteria. Any opinions given are subject to change without notice and may significantly differ or be contrary to opinions expressed by other Prime business areas as a result of using different assumptions and criteria. Prime Group is under no obligation responsible to update or keep current the information contained herein. Prime Group, its directors, officers, employees or clients may have or have had interests or long or short positions in the securities and/or currencies referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Prime Group, its related entities, directors, employees, and agents accept no liability whatsoever for any loss or damage of any kind arising from the use of all or part of these information included in this report whether it is received directly or through research pools and other specialized websites. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall, in no way, constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Furthermore, Prime Group or any of the group companies may have or have had a relationship with or may provide or have provided other services, within its objectives to the relevant companies.

Copyrights © 2020, Prime Group, ALL RIGHTS RESERVED. You are hereby notified that distribution and copying of this document is strictly prohibited without the prior approval of Prime Group.