



# Time Will Tell

## 1. Today's Trading Playbook

**Amr Hussein Elalfy** CFA | Head of Research  
[AElalfy@egy.primegroup.org](mailto:AElalfy@egy.primegroup.org)

### KEY THEMES

After CIB [**COMI**] had reported its Q3 2020 results with no red flags—in our opinion, investors' eyes will now shift to somewhat macro drivers. This includes the interest rate decision by the Central Bank of Egypt next week (which we think would be a hold). With the COVID-19 vaccine make inroads into more countries around the world, the overall investment sentiment should be conducive to global markets recovery. Yesterday, the Fed vowed to maintain interest rates on the U.S. dollar close to zero until at least 2023. Thus, it should be a matter of time until global investors find their way back to certain emerging markets, such as Egypt.

Speaking of Egypt's market bellwether, COMI's Q3 2020 conference call yesterday, which our banking analyst **Shihab M. Helmy** attended, assured investors of the bank's health. The bank's CEO said that one third of the EGP1.6bn provisions booked in Q3 were precautionary in nature based on the CBE guidance with the rest of the provisions due to IFRS9. The CEO said that the CBE's audit report was related to the compliance and control departments to ensure adherence to the CBE rules and regulations, but the final report is not finalized yet and is expected to be out by the beginning of next year. What is more soothing to investors is perhaps that we should not expect any material upcoming provisions in Q4. As for 2021, the bank is targeting loan growth of 20-25%, driven mainly by local currency loans as they are not expecting any near-term recovery in foreign currency loans. Working capital loans will continue to lead the loans growth, particularly with 60-70% capacity utilization for companies in sectors such as oil and gas, while the tourism sector is not expected to recover any time soon. The bank's CEO expects EGP to appreciate in view of expected foreign currency inflows into the country, thanks to carry trade and remittances. That said, we should not expect any dividends for 2020, which is not only limited to COMI but has been prevalent across the banking sector in Egypt. Dividends should resume starting 2021 if the bank's CAR ratio remains around the 30% level.

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



## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**The Egypt-UK post-Brexit trade agreement will come to effect on New Year's Eve. It is hoped that the agreement will unlock a spate of U.K. investments in Egypt,** including in the Suez Canal Economic Zone, oil and gas, manufacturing, agribusiness, and health care and education sectors. ([Ahram Online](#))

**The Ministry of Finance set aside EGP1bn in its budget reserves for the fight against COVID-19.** ([Enterprise](#))

**Assiut Oil Refining Co.'s USD450mn new high-octane fuels plant will begin trial operations this week.** ([Youm 7](#))

**Some 250,000 old cars will be taken off the road and outfitted with dual-fuel engines,** as part of the first phase of the government's multi-year natural gas transition plan which will kick off at the start of 2021. ([On TV](#))

**Egypt's holdings of U.S. Treasuries continued its upward trend, rising to USD2.22bn in October,** its highest level in two years compared to USD2.17bn in the corresponding month a year earlier. ([Mubasher](#))

**Egypt is expected to receive 500,000 doses of the Chinese vaccine before the end of this December.** ([Al-Borsa](#))

### CORPORATE NEWS

**Commercial International Bank – Egypt (CIB)'s [COMI] Chairman expects the gradual improvement in economic activities as a whole will begin during 2021.** He expects the banking sector will restore normal operating environment as the effects of COVID-19 weakens over next year, coinciding with the first phase of vaccines. ([Al-Borsa](#))

**SODIC's [OCDI] latest project Karmell in New Zayed sold out on its first launch date.** The project is part of OCDI's 500-acre land in New Zayed spreading over 240 acres. ([Company disclosure](#))

**Sarwa Capital's [SRWA] insurance arm, Sarwa for Insurance, aims to expand its services to cover credit assurances against risk of default.** ([Al-Mal](#))



**Damietta Container & Cargo Holding Co.'s (DCHC) 2019/20 net income decreased by 35% y/y to EGP794mn**, dragged by lower revenues of EGP1.37bn (-14% y/y) and lower FX rate. (Al-Mal) This means lower dividends for Canal Shipping Agencies [**CSAG**], which owns a 20% stake in DCHC.

**Paints & Chemical Industries' [PACH] OGM approved distributing a cash dividend of EGP1/share (a 5.3% yield)**, to be paid in two equal installments in January and April 2021. PACH's OGM also approved starting the procedures to convert the Qobba land purpose from industrial to residential. ([Company disclosure](#))

**Arabia Investments Holding [AIH] sold 25mn shares of its treasury stock yesterday**, with AIH's stock closing at EGP0.697/share. ([Company disclosure](#))

**LaFarge Egypt's CEO said that the Egyptian cement industry is facing challenges that are not expected to be solved by decreasing production costs.** ([Enterprise](#))

**Tourah Portland Cement's [TORA] and Suez Cement's [SUCE] BoDs approved a voluntary delisting from the Egyptian Exchange.** The board of both names will buy the objecting stockholders' shares at the same deal prices. (Company disclosures: [1](#), [2](#))

**Target for Real Estate Investment, Development, Agricultural Reclamation & Tourism Development raised its stake in Dice Sports & Casual Wear [DSCW] from 2.87% to 5.80%.** ([Company disclosure](#))

## GLOBAL NEWS

**The Federal Reserve on Wednesday vowed to keep funneling cash into financial markets until the U.S. economic recovery is secure**, a promise of long-term help that fell short of hopes of an immediate move to shore up a recent pandemic-related slide. ([Reuters](#))

**Ten U.S. states said yesterday that they are suing Google for anti-competitive behavior in the advertising market.** The search giant is accused of having conspired with Facebook to rig the ad market. This comes just days after the U.S. Federal Trade Commission said it is investigating Facebook, Amazon, and seven other tech giants and as the European Commission moves to rein in big tech. ([Reuters](#))

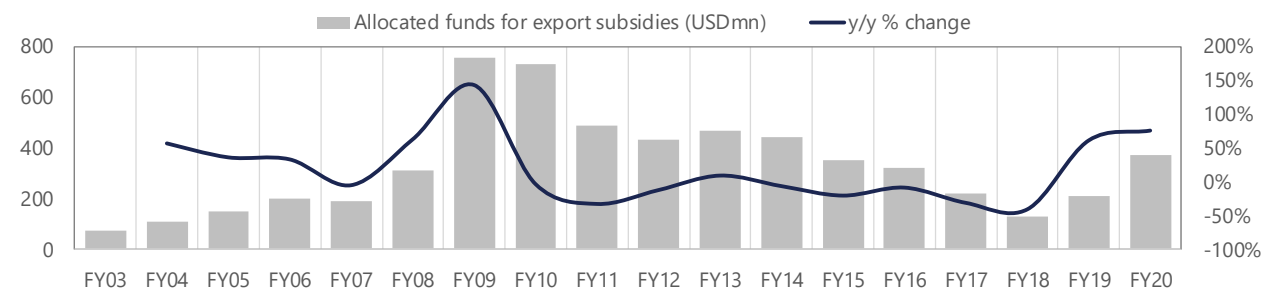
**Saudi Arabia is pouring hundreds of billions of Saudi riyals into local investments through its wealth funds to narrow its budget deficit as of next year**, after its economy was battered this year by low oil prices. ([Bloomberg](#))



### 3. CHART OF THE DAY

**Mona Bedeir** | Senior Economist

[MBedeir@egy.primegroup.org](mailto:MBedeir@egy.primegroup.org)



Source: MoF.

Annual allocations for export subsidies have averaged USD330mn since the start of the export subsidy program in FY03. These allocations reached their highest level in FY09 and FY10 before dwindling until FY18.

### 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
649.5						1,522.2 1,031.4			
				daily chg.	ytd chg.			daily chg.	ytd chg.
	📉	EGX 30	10,983.03	(0.67%)	(21.33%)		📈	Gold	1,864.80 0.60% 23.27%
	📉	EGX 30 TR	4,219.54	(0.69%)	(18.36%)		📈	Silver	25.33 3.40% 42.82%
	📉	EGX 70 EWI	2,084.07	(2.00%)	64.48%		📈	Brent Oil	51.08 1.14% (17.91%)
	📉	EGX 100 EWI	3,026.16	(1.79%)	38.52%		📈	WTI	47.82 1.21% (17.00%)
	📈	DFMGI	2,541.44	0.43%	(8.08%)		📈	Natural Gas	2.68 1.64% 24.30%
	📈	ADSMI	5,153.89	0.41%	1.38%	EGP	📉	USD/EGP	15.70 (0.28%) (2.06%)
	📈	TASI	8,721.18	0.71%	3.96%	€	📈	EUR/USD	1.22 0.25% 9.07%
	📉	QE Index	10,478.61	(0.02%)	0.51%	£	📈	GBP/USD	1.35 0.35% 2.26%
	📈	S&P 500	3,701.17	0.18%	14.56%	¥	📉	USD/JPY	103.47 (0.18%) (4.91%)
	📉	Dow 30	30,154.54	(0.15%)	5.66%		📉	6M TB yield	12.97 (25) (205)
	📈	NASDAQ	12,658.19	0.50%	41.08%		📉	1Y TB yield	13.01 (29) (157)
	📉	VIX	22.50	(1.70%)	63.28%		📉	10Y TB yield	14.27 (22) 57
	📈	STOXX 50	3,543.00	0.61%	(5.40%)		📈	2Y TB yield	0.14 2 (143)
EM	📈	MSCI Emerging	1,263.82	1.09%	13.38%		📈	10Y TB yield	0.93 2 (99)
FM	📈	MSCI Frontier	561.77	0.65%	(4.13%)		📈	30Y TB yield	1.67 2 (72)

\* 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
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
16-Dec-20	<a href="#">CIB [COMI] – Earnings beat despite higher provisions</a>
10-Dec-20	<a href="#">MACROView – The Highest Reading in Seven Months</a>
7-Dec-20	<a href="#">MACROView – Restored Ground</a>
6-Dec-20	<a href="#">MACROView – Lost Momentum</a>
3-Dec-20	<a href="#">MACROView – Not as Severe as Expected but All Eyes on the Scars</a>
25-Nov-20	<a href="#">Misr Chemical Industries [MICH] – Pandemic Proof</a>
10-Nov-20	<a href="#">MACROView – An expected rise as the new school year began</a>
4-Nov-20	<a href="#">MACROView – The Stars Seem to Be Aligned for International Reserves</a>
3-Nov-20	<a href="#">MACROView – The Highest Reading in Six Years</a>



25-Oct-20	<a href="#"><u>CIB [COMI] – Short-term pain for longer-term gain</u></a>
11-Oct-20	<a href="#"><u>MACROView – Disinflationary trend interrupted</u></a>
11-Oct-20	<a href="#"><u>MACROView – External strains are slacking and reserves are growing</u></a>
6-Oct-20	<a href="#"><u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u></a>
5-Oct-20	<a href="#"><u>MACROView – Egypt’s recovery is broadening</u></a>
10-Sep-20	<a href="#"><u>MACROView – A Stunning Chapter Towards Targets</u></a>
8-Sep-20	<a href="#"><u>MACROView – Crawling Out of the Troughs</u></a>
3-Sep-20	<a href="#"><u>MACROView – Job losses and the bumpy road to recovery</u></a>
18-Aug-20	<a href="#"><u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u></a>
13-Aug-20	<a href="#"><u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u></a>
10-Aug-20	<a href="#"><u>MACROView – Muted inflation environment still dominates</u></a>
9-Aug-20	<a href="#"><u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u></a>
5-Aug-20	<a href="#"><u>MACROView – Toward gradual recovery</u></a>
29-Jul-20	<a href="#"><u>MACROView – CAD gains eroded by financial account vulnerability</u></a>
14-Jul-20	<a href="#"><u>Commercial International Bank - [COMI] - Q2 2020 results</u></a>
9-Jul-20	<a href="#"><u>MACROView – Inflation driven by non-food baskets and unfavorable base effect</u></a>
8-Jul-20	<a href="#"><u>MACROView – Propped up by FX inflows, CBE amasses more reserves, turns NFA to net asset position</u></a>
7-Jul-20	<a href="#"><u>MACROView – Non-oil private sector keeps perking up in June, but demand stays depressed</u></a>
25-Jun-20	<a href="#"><u>EFG Hermes Holding [HRHO] – Behind the Optics of the Arab Investment Bank Potential Acquisition</u></a>
10-Jun-20	<a href="#"><u>MACROView – Lowest annual reading in five months, but monthly figures show no changes</u></a>
8-Jun-20	<a href="#"><u>Oriental Weavers Carpet [ORWE] – Operating margins improve despite COVID-19, thanks to lower PP and nylon prices</u></a>
8-Jun-20	<a href="#"><u>MACROView – Solid buffers and moderate depreciation: The CBE’s recipe to deal with COVID-19</u></a>
3-Jun-20	<a href="#"><u>MACROView – Non-oil private sector took a breather in May, but outlook remains cloudy</u></a>
18-May-20	<a href="#"><u>Abu Dhabi Islamic Bank [ADIB] – Q1 2020 Results</u></a>
18-May-20	<a href="#"><u>Al Baraka Bank Egypt [SAUD] – Q1 2020 Results</u></a>
17-May-20	<a href="#"><u>Credit Agricole Egypt [CIEB] – Q1 2020 Results</u></a>
13-May-20	<a href="#"><u>MACROView – Yesterday’s CBE conference call with Deputy Governor</u></a>
11-May-20	<a href="#"><u>MACROView– Acceleration in April driven by food prices – as expected</u></a>
7-May-20	<a href="#"><u>MACROView – Keeping head above water amid pandemic uncertainties</u></a>
5-May-20	<a href="#"><u>Commercial International Bank (CIB) - Egypt [COMI] – Q1 2020 Results</u></a>



## Prime Securities

### Shawkat El Maraghy

Managing Director

T +202 3300 5622

[SElmaraghy@egy.primegroup.org](mailto:SElmaraghy@egy.primegroup.org)

## Sales

### Mohamed Ezzat

Head of Sales & Branches

T +202 3300 5784

[MEzzat@egy.primegroup.org](mailto:MEzzat@egy.primegroup.org)

### Mohamed Ashmawy

Head of Institutional Sales

T +202 3300 5612

[MAshmawy@egy.primegroup.org](mailto:MAshmawy@egy.primegroup.org)

### Amr Alaa CFTe

Team Head –Institutional Desk

T +202 3300 5609

[AAlaa@egy.primegroup.org](mailto:AAlaa@egy.primegroup.org)

### Mohamed El Metwaly

Manager

T +202 3300 5610

[MElmetwaly@egy.primegroup.org](mailto:MElmetwaly@egy.primegroup.org)

### Emad El Safoury

Manager

T +202 3300 5624

[EElsafoury@egy.primegroup.org](mailto:EElsafoury@egy.primegroup.org)

### Shawkat Raslan

Heliopolis Branch Manager

T +202 3300 5110

[SRaslan@egy.primegroup.org](mailto:SRaslan@egy.primegroup.org)

### Mohamed El Henawy

Nasr City Branch Manager

T +202 3300 5166

[MElhenawy@egy.primegroup.org](mailto:MElhenawy@egy.primegroup.org)

### Nashwa Abuelatta

Alexandria Branch Manager

T +202 3300 5173

[NAbuelatta@egy.primegroup.org](mailto:NAbuelatta@egy.primegroup.org)

## Research

### Amr Hussein Elalfy CFA

Head of Research

T +202 3300 5724

[AElalfy@egy.primegroup.org](mailto: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, 7<sup>th</sup> 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

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