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## How to Play the Partial Lockdown Story

### 1. Today's Trading Playbook

**TABLE OF CONTENTS****Amr Hussein Elalfy, CFA** | Head of Research[aelalfy@egy.primegroup.org](mailto:aelalfy@egy.primegroup.org)

#### KEY THEMES

Once again, the market trading failed to cross the EGP1bn mark yesterday, as the Holy month of Ramadan draws to a close. We now have four trading days left in Ramadan (including today) before we embark on another long weekend (in observance of Eid El-Fitr this time) end of next week from Wednesday through Sunday. Not only are we going to have fewer trading days in May because of the vacations, but we will also have fewer operating hours for stores, shopping malls, coffee shops, cafeterias, restaurants, and cinemas, and theaters—all running up to only 9 pm for the next two weeks, ending 21 May. Also, conferences or events are prohibited throughout that period. In effect, this is a “partial lockdown” after COVID-19 cases started to rise again and the appearance of new virus variants around the world, especially coming from India, are posing a threat to an already shaky global economic recovery.

So, how can investors play this partial lockdown story? We suggest focusing on COVID-19-proof plays, such as EFG Hermes Holding [**HRHO**] (please see below), Fawry [**FWRY**], Misr Chemical Industries [**MICH**] (up 7.3% yesterday on good Q3 2020/21 results), Speed Medical [**SPMD**], and Telecom Egypt [**ETEL**—all in alphabetical order.

#### POSITIVE

**HRHO:** An [Al-Mal interview](#) with the CEO of **EFG Corp-Solutions** could be a reminder for investors on how **HRHO** is expanding its traditional investment banking business model to include non-banking financials as well as commercial banking with its acquisition of **aiBank**. The stock, for which we have a 12-month price target of EGP17.7, offers a 25% return off market price. HRHO is trading at TTM and 2021 P/E of 8.4x and 7.9x and P/BV of 0.8x and 0.7x, respectively.

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

## 2. TOP NEWS & ANALYSIS

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### MACRO NEWS

**Egypt's net foreign reserves rose slightly to USD40.343bn in April from USD40.337bn in March.** ([CBE](#))

**Egypt's PMI fell from 48.0 in March to 47.7 in April,** marking the lowest reading since June 2020 and signaling a deterioration in the health of the non-oil economy. ([Markit](#))

**The vast majority of Egyptians are open to using new payment methods, signaling that the pandemic has spurred a major shift in spending habits,** according to a survey by **Mastercard**. The poll of 1,000 Egyptians found that 94% of respondents are considering using new methods of payment, such as cryptocurrency, biometrics, digital wallets, money transfers, contactless payments, and QR codes. ([Enterprise](#))

**The National Telecommunications Regulatory Authority (NTRA) will double fines for telecom companies that offer poor quality of service starting H2 2021,** saying the move is designed to protect consumers. ([TRA](#))

**The Ministry of Trade & Industry plans to increase its shipping subsidies for building materials exports to Africa by 25% to reach 75% of the shipping cost.** This is part of the proposed export support program which will become effective in July and will last for a year. Meanwhile, export councils are calling for the increase of shipping subsidies to 100% during this COVID-19-induced exceptional period. ([Al-Borsa](#))

### CORPORATE NEWS

**EFG Hermes Holding's [HRHO] factoring and leasing entity, EFG Corp-Solutions aims to expand its financing portfolio by EGP3bn in 2021.** It has added leasing agreements in Q1 2021 worth of EGP1bn to end the quarter with an outstanding portfolio of EGP6.1bn. *This compares to our forecast for outstanding portfolio to reach EGP7.5bn by end of 2021.* ([Al-Mal](#)) Meanwhile, **HRHO has completed its advisory services for Bank Audi in the process of First Abu Dhabi Bank's (FAB) acquisition of 100% of Bank Audi Egypt,** after securing the necessary regulatory approvals to complete the acquisition. ([Hapi](#))

**Ramedia [RMDA] recorded a net profit of EGP30mn in Q1 2021 (+26% y/y, -31% q/q)** on 17% y/y higher revenues of EGP271mn. ([Company disclosure](#))

**LSE-listed Integrated Diagnostics Holding [LSE: IDHC] obtained the approval of the EGX Listing Committee for the dual listing of its ordinary shares on EGX.** ([Zawya](#), [Al-Borsa](#))

**GlaxoSmithKline [BIOC] said its OGM will meet on 26 May 2021 to discuss the possible merger with Amoun Pharmaceutical Co.** Last March, **Bausch Health Companies Inc.** and certain of its affiliates agreed to sell Amoun Pharmaceutical Co. to Abu Dhabi's sovereign wealth fund **ADQ** for USD740mn. ([Company disclosure](#), [Bausch Health](#))

## GLOBAL NEWS

**Signs of inflation are picking up, with a mounting number of consumer-facing companies warning in recent days that supply shortages and logistical logjams may force them to raise prices.** Tight inventories of materials as varied as semiconductors, steel, lumber and cotton are showing up in survey data, with manufacturers in Europe and the U.S. this week flagging record backlogs and higher input prices as they scramble to replenish stockpiles and keep up with accelerating consumer demand. ([Bloomberg](#))

**Saudi Arabia lowered oil prices for customers in its main market of Asia** as a surge in coronavirus cases crimps demand in India, the world's third largest crude importer. ([Bloomberg](#))

## CORRECTION

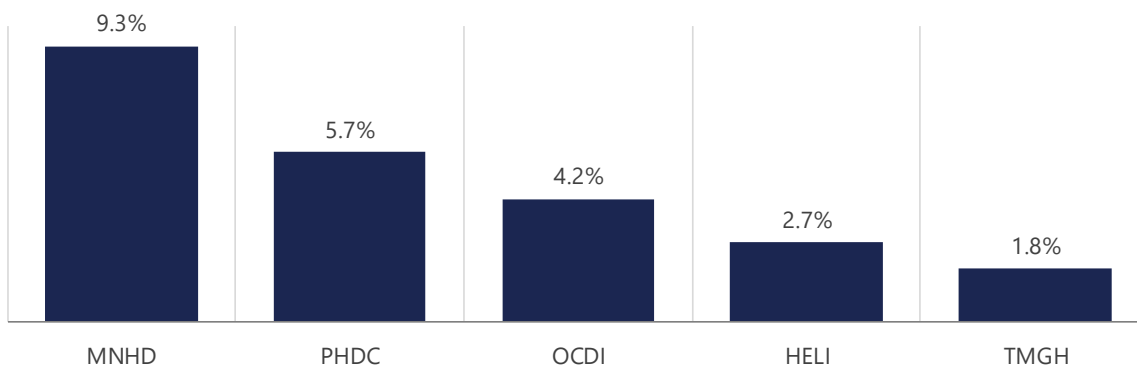
*Raya Holding [RAYA] was misreported, in our PRIMETime report [yesterday](#), to have submitted a binding offer to acquire a company in the Gulf. The story corrects to *Raya Contact Center [RACC]*, a 52.4%-owned subsidiary of Raya Holding [RAYA], submitted a binding offer to acquire a controlling stake in an unnamed company operating in the Gulf region. The story has since been corrected.*

## 3. CHART OF THE DAY

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**EGX 30 Real Estate Companies Dividend Yield for 2020**  
(based on share prices end of 2019)




















































Source: Company reports.

Most EGX 30 companies under the real estate sector announced dividends distribution for 2020, except for Orascom Development Egypt [ORHD] and Emaar Misr for Development [EMFD] which has not distributed dividends since its IPO in 2015 and despite of its strong cash balance. Based on end of 2019 share prices, Madinet Nasr for Housing & Development [MNHD] boasted the highest yield (9.3%), while TMG Holding [TMGH] had the lowest yield (1.8%) among the real estate companies that distributed dividends for 2020.

#### 4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						655.3		Equity turnover (EGPmn): Last, ytd avg.				898.7		1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.								
		EGX 30	10,512.84	0.45%	(3.07%)			Gold	1,786.87	0.44%	(5.53%)								
		EGX 30 TR	4,098.28	0.55%	(1.76%)				Silver	26.49	(0.07%)	1.26%							
		EGX 70 EWI	2,123.71	1.06%	(1.00%)					Brent Oil	68.96	0.32%	33.55%						
		EGX 100 EWI	3,037.57	0.77%	(1.94%)						WTI	65.63	0.20%	35.53%					
		DFMGI	2,650.18	0.24%	6.35%						Natural Gas	2.94	0.31%	16.07%					
		ADSMI	6,115.94	(0.02%)	21.63%		EGP				USD/EGP	15.68	0.03%	(0.45%)					
		TASI	10,252.15	(0.65%)	17.98%			€			EUR/USD	1.20	0.02%	(1.70%)					
			QE Index	10,896.86	0.01%				4.42%	£		GBP/USD	1.39	(0.04%)	1.68%				
			S&P 500	4,167.59	0.07%	10.96%			¥			USD/JPY	109.21	0.13%	5.91%				
			Dow 30	34,230.34	0.29%	11.84%						6M TB yield	13.38	(1)	65				
			NASDAQ	13,582.42	(0.37%)	5.39%						1Y TB yield	13.36	(2)	59				
		VIX	19.15	(1.69%)	(15.82%)						10Y TB yield	14.83	(1)	44					
		STOXX 50	4,002.79	1.99%	12.67%						2Y TB yield	0.16	(1)	3					
			MSCI Emerging	1,333.05	(0.15%)		3.24%					10Y TB yield	1.58	(2)	65				
				MSCI Frontier	613.52		0.17%	7.33%					30Y TB yield	2.24	(2)	58			

\* 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

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[Find out](#) how your favorite stocks compare to the rest of the market.

#### 6. KEY DATES

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DATE	TICKER	TYPE	EVENT
6-May-21	RMDA	Earnings update call	To comment on Q1 2021 results.
6-May-21	TALM	Stabilization fund	OPR closes.
6-May-21	MNHD	Cash dividend	Date for a payout of EGP0.15/share (1st round).
8-May-21	ECAP	OGM	Approving the financial statements and other agenda items.
8-May-21	ECAP	EGM	Amending articles 6 & 7 of the bylaws.

8-May-21	IRAX	OGM	Approving the financial statements and other agenda items.
8-May-21	IRAX	EGM	Discussing the agenda.
8-May-21	ESRS	OGM	Approving the financial statements and other agenda items.
8-May-21	AIFI	EGM	Amending article 4 of the bylaws.
9-May-21	ELSH	OGM	Approving the financial statements and other agenda items.
9-May-21	TMGH	Cash dividend	Last date for eligibility for an EGP0.145/share dividend to be issued over two equal payouts.
9-May-21	CCRS	OGM	Approving the financial statements ending 31 Dec. 2020 and other agenda items.
9-May-21	UNIP	Stock Split	Last eligibility date for a 10-for-1 stock split.
9-May-21	AMIA	Stock split	Last eligibility date for a stock split.
10-May-21	SVCE	OGM	Approving the financial statements and other agenda items.
10-May-21	ZMID	OGM	A board reshuffle.
10-May-21	ZMID	EGM	Amending articles 20, 29 & 30 of the bylaws.
11-May-21	ETEL		Releasing its Q1 2021 financial results
11-May-21	ETEL	Earnings update call	To comment on Q1 2021 results
12-May-21	TMGH	Cash dividend	Date for a payout of EGP0.072/share (1st round).
16-May-21	MNHD	Lawsuit	To recover EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in the 6th of October project.
17-May-21	NCCW	OGM	A board reshuffle.
17-May-21	NCCW	EGM	Amending articles 21, 24, 31 & 32 of the bylaws.
17-May-21	POUL	Cash dividend	Last date for eligibility for a dividend of EGP0.160/share.
19-May-21	FWRV	Right Issue	The closing date for a rights issue subscription.
19-May-21	ESGI	OGM	Approving the financial statements and other agenda items.
19-May-21	RMDA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
19-May-21	RMDA	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
19-May-21	ORAS	OGM	Approving the financial statements and a cash dividend of USD0.23/share.
20-May-21	POUL	Cash dividend	Date for a payout of EGP0.160/share.
20-May-21	HRHO	OGM	Approving a capital increase of EGP768.6mn through retained earnings and approving other agenda items.
20-May-21	HRHO	EGM	Approving an employee incentive system and other agenda items.
27-May-21	FAIT	EGM	Amending articles 2, 7, & 47 of the bylaws.

## 7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
18-Apr-21	<a href="#"><u>MACROView – Challenges Remain Daunting</u></a>
13-Apr-21	<a href="#"><u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u></a>
12-Apr-21	<a href="#"><u>Orascom Construction [ORAS] – Rich in Value</u></a>
11-Apr-21	<a href="#"><u>MACROView – Monthly Reading Pressured By Seasonality</u></a>
6-Apr-21	<a href="#"><u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u></a>
6-Apr-21	<a href="#"><u>MACROView – Still Downbeat</u></a>
28-Mar-21	<a href="#"><u>Taaleem Management Services [TALM] – Enriching the Education Sector</u></a>



18-Mar-21	<a href="#"><u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u></a>
10-Mar-21	<a href="#"><u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u></a>
8-Mar-21	<a href="#"><u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u></a>
<b>7-Mar-21</b>	<b><a href="#"><u>Al-Shams Housing &amp; Development [ELSH] – Making Hay While the Sun Shines</u></a></b>
3-Mar-21	<a href="#"><u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u></a>
2-Mar-21	<a href="#"><u>MACROView – Commodity Supercycle: Real or Hype?</u></a>
1-Mar-21	<a href="#"><u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u></a>
25-Feb-21	<a href="#"><u>Elsowedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u></a>
22-Feb-21	<a href="#"><u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u></a>
10-Feb-21	<a href="#"><u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u></a>
8-Feb-21	<a href="#"><u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u></a>
4-Feb-21	<a href="#"><u>MACROView – External Buffers Are Still Restoring Grounds</u></a>
3-Feb-21	<a href="#"><u>MACROView – A Fragile Improvement but Favorable Sentiment</u></a>
3-Feb-21	<a href="#"><u>MACROView – External Woes vs. Cautious Optimism</u></a>
<b>1-Feb-21</b>	<b><a href="#"><u>STANDPoint – Egypt 2021 Investing Playbook</u></a></b>
<b>14-Jan-21</b>	<b><a href="#"><u>CI Capital Holding [CICH] – New Expansions = Further Growth</u></a></b>
10-Jan-21	<a href="#"><u>MACROView – Below End-of-Year Target</u></a>
6-Jan-21	<a href="#"><u>MACROView – On the Path to Further Recovery</u></a>
5-Jan-21	<a href="#"><u>MACROView – Rutted Road to Recovery</u></a>
<b>28-Dec-20</b>	<b><a href="#"><u>Elsowedy Electric [SWDY] – More Growth to Come</u></a></b>
<b>22-Dec-20</b>	<b><a href="#"><u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u></a></b>
16-Dec-20	<a href="#"><u>CIB [COMI] – Earnings beat despite higher provisions</u></a>
10-Dec-20	<a href="#"><u>MACROView – The Highest Reading in Seven Months</u></a>
7-Dec-20	<a href="#"><u>MACROView – Restored Ground</u></a>
6-Dec-20	<a href="#"><u>MACROView – Lost Momentum</u></a>
3-Dec-20	<a href="#"><u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u></a>
<b>25-Nov-20</b>	<b><a href="#"><u>Misr Chemical Industries [MICH] – Pandemic Proof</u></a></b>
10-Nov-20	<a href="#"><u>MACROView – An expected rise as the new school year began</u></a>
4-Nov-20	<a href="#"><u>MACROView – The Stars Seem to Be Aligned for International Reserves</u></a>
3-Nov-20	<a href="#"><u>MACROView – The Highest Reading in Six Years</u></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><b>CIB [COMI] – A Good Bet for the “Risk On” Mode</b></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>
8Jun-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>

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