

Today's Story

Foreigners Invest Heavily in Financials, Unlike Egyptians

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(in Arabic)

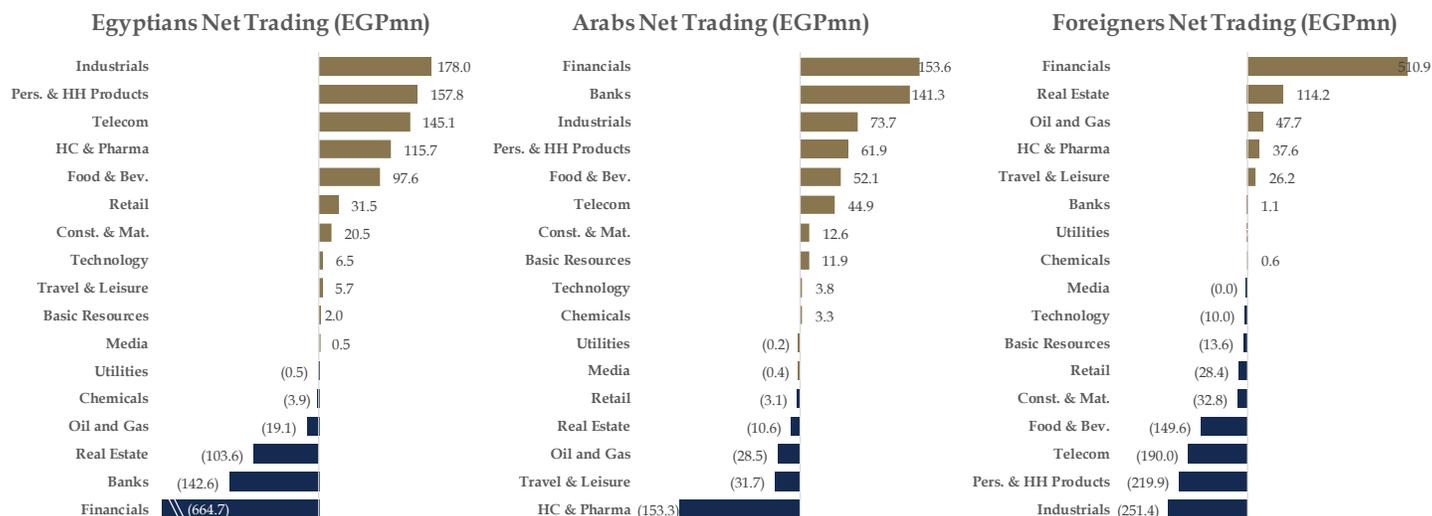
The Daily Cast
البث اليومي



In addition to identifying what type of investors (Egyptians, foreigners, or Arabs) turned net buyers or sellers over a certain period, in *Today's Story*, we will examine which sectors their investments were redirected to. In our exercise, we calculate the net trading value contributed by each type of investor within the different sectors as categorized by the Egyptian Exchange (EGX) from 24 February through 3 June 2019. We note that the EGX began to provide data on investor type by sector on a weekly basis starting 24 February 2019.

- Foreigners invested heavily in the financials and real estate sectors:** While foreigners ended up being **net sellers** overall with **EGP157mn net outflows** during the above-mentioned period, they injected substantial investments into the **financials** sector with EGP511mn inflows. We note that the EGX classifies **Qalaa Holding (CCAP)** under the financials sector, so it may partly be the destination of these heavy inflows given the positive sentiment towards the stock, thanks to its new mega refining plant that is about to be officially launched by its subsidiary **Egyptian Refining Co. (ERC)**. This also coincided with their remarkable inflows into the **real estate** and **oil & gas** sectors at EGP114mn and EGP48mn, respectively. Meanwhile, foreign outflows from the **industrials** and **personal & household products** sectors were recorded at EGP251mn and EGP220mn, respectively.
- Egyptians exchanged roles:** While Egyptians were also **net sellers** during the period with **EGP174mn net outflows**, it seems that they are the complementary part of the story as they invested EGP178mn in **industrials** and EGP158mn in **personal & household products**. Meanwhile, their outflows from **financials** were recorded at EGP665mn, **banks** at EGP143mn, **real estate** (EGP104m) and **oil & gas** (EGP19mn).
- Arabs preferred financials and banks:** While Arabs were **net buyers** during the period with **EGP331mn net inflows**, they preferred **financials**, like foreigners, pumping EGP154mn into the sector and EGP141m into **banks**. Meanwhile, they were sellers when it came to **healthcare & pharmaceuticals**, with a net outflow of EGP153mn, surprisingly so as the sector is defensive by nature.

The three charts below depict net trading by type of investor across sectors during the above-mentioned period.



Note: Odd transactions are excluded.
Source: EGX.

Top Headlines

Corporate

- **VEON Ltd.** (NASDAQ: VEON), **Global Telecom Holding's** (GTHE) parent company, has agreed in principle to pay as much as EGP2.2bn to end the tax dispute between the **Egyptian Tax Authority** and GTHE. The final agreement is expected to take place by mid-month. The settlement will be paid in two installments, one after the signing and another after Veon's memorandum tender offer for the 42.3% of GTH that it doesn't already own. ([Enterprise](#))
- **Heliopolis Housing** (HELI) has announced that the auction to resume the sale of land plots located in Sheraton zone will take place on 15 June 2019 instead of 17 June 2019. ([Company disclosure](#))
- **Arabia Investments Holding's** (AIH) lawsuit against **French Peugeot** has been postponed to 21 July 2019. ([Company disclosure](#))

Non-Corporate

- Urban annual inflation recorded 14.1% in May, up from 13% in April, while monthly inflation recorded 1.1% in May, up from 0.5% in the previous month. ([CAPMAS](#))
- **Egypt's Emirates NBD PMI** dipped back into contraction in May, to 48.2 in May from 50.8 in April, driven by lower output and new orders. ([Emirates NBD](#))
- **The House of Representatives** approved an increase to the minimum pensions to reach EGP900, effective 1 July. ([Al-Borsa](#))
- **Average yields on 182-day and 364-day T-bills** were marginally down in an auction held on **9 June 2019**. ([CBE](#))

- **182 days: 17.621%** (-2.4bps vs. 17.645%).

Required	Submitted	Accepted	Bid-to-cover ratio
EGP8.25bn	EGP14.86bn	EGP8.25bn	1.8

- **364 days: 17.299%** (-4bps vs. 17.339%).

Required	Submitted	Accepted	Bid-to-cover ratio
EGP8.75bn	EGP24.87bn	EGP14.49bn	2.8

Markets

↗ EGX 30	13,911.66	0.90%	↗ EGX 70	601.20	0.64%
↗ DFMGI	2,650.95	1.17%	↘ ADSMI	4,956.25	(0.95%)
↗ TASI	8,699.22	2.15%	↘ QE Index	10,295.78	(0.23%)
↗ S&P 500	2,873.34	1.05%	↗ MSCI EM	1,007.39	0.46%
↘ Gold	1,327.00	(1.03%)	↗ Brent Oil	63.50	0.33%

*As of market close, except for commodities at spot price as of 8.13am CLT.

- **MENA Markets:** Egypt's benchmark **EGX 30** ended higher on Sunday, thanks to gains in **TMGH, EAST, and EKHO**. **UAE** markets ended on a mixed note; **DFMGI** was driven up by **real-estate** and **banking** stocks, while **ADSMI** was pressured down by its **banking** and **telecommunication** names. **Saudi Arabia's** markets ended substantially higher, posting a two-session winning streak.
- **Global Markets:** **Asian shares** rose in early trading, responding to news that the US will not proceed with trade tariffs on Mexico. Meanwhile, Oil prices rose on the back continuity of supply cut expectations. Gold retreated notably on stronger **US dollar index (DXY)**.

Number of the Day

2.084%

The 10-year US Treasury yield as of 7 June 2019.

Today's Quiz

What was the cash dividend per share paid by Oriental Weavers Carpet (ORWE) for 2018?

(Answer located at the end of this newsletter)

Corporate Events

Company	Ticker	Event Type	Event Date	Reason
Medinet Nasr for Housing & Development	MNHD	Bonus Shares	10-Jun	Bonus shares distribution date (20%)
Egyptian Resorts Co.	EGTS	EGM	11-Jun	Amending some of the company's articles of incorporation
Egyptian Resorts Co.	EGTS	AGM	11-Jun	Reviewing Agenda Items
MM Group for Industry	MTIE	Dividends	13-Jun	Ex-date (EGP0.25/share); Last eligible date (12 Jun)
Raya Holding	RAYA	Dividends	16-Jun	Ex-date (EGP0.15/share); Last eligible date (15 Jun)
South Valley Cement	SVCE	AGM	20-Jun	Reviewing Agenda Items
Amer Group Holding	AMER	Lawsuit	23-Jun	Legal Disputes Relevant to <i>Porto Tartous</i> project
Porto Group Holding	PORT	Lawsuit	23-Jun	Legal Disputes Relevant to <i>Porto Tartous</i> project
Global Telecom Holding	GTHE	AGM	26-Jun	Discussing capital increase
Qalaa Holdings	CCAP	AGM	26-Jun	Reviewing Agenda Items
Ezz Steel	ESRS	AGM	26-Jun	Reviewing Agenda Items
Misr Cement (Qena)	MCQE	Dividends	27-Jun	Payment date (EGP0.25/share)
Egyptian Transport and Commercial	ETRS	Dividends	27-Jun	Payment date (EGP0.50/share)
South Valley Cement	SVCE	Results	30-Jun	1Q 2019 results
Amer Group Holding	AMER	Lawsuit	4-Jul	Legal Disputes Relevant to the Company
Porto Group Holding	PORT	Lawsuit	4-Jul	Legal Disputes Relevant to the Company
Egyptian Resorts Co.	EGTS	Lawsuit	4-Jul	Appeal against TDA regarding Sahl Hasheesh
TMG Holding	TMGH	Dividends	15-Jul	Payment date (EGP0.088/share)
Orascom Construction	ORAS	Results	8-Aug	1H 2019 results
Ismailia Misr Poultry	ISMA	Dividends	8-Aug	Payment date (EGP0.10/share)
Sidi Kerir Petrochemicals	SKPC	Dividends	22-Aug	Payment date (EGP0.50/share)
Sidi Kerir Petrochemicals	SKPC	Dividends	16-Oct	Payment date (EGP0.25/share)
Misr Cement (Qena)	MCQE	Dividends	31-Oct	Payment date (EGP0.25/share)

Quiz Answer

EGP1.50/share, implying a 12% yield on the announcement date (11 March 2019).

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