



# Reality Check

## 1. Today's Trading Playbook

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

### KEY THEMES

Yesterday, the main market's index EGX 30 jumped more than 1% despite CIB [**COMI**] barely moving. The 1%+ performance was driven by large caps that we have touted here at least once or twice, such as Elsewedy Electric [**SWDY**], TMG Holding [**TMGH**], Orascom Construction [**ORAS**], EFG-Hermes Holding [**HRHO**], and Palm Hills Developments [**PHDC**]. The market's turnover exceeded EGP1.8bn (the highest in five days), 82% of which was driven by individual investors. The remaining 18% was more than 50% dominated by Egyptian institutions, which may explain the surge in the aforementioned large cap names. Egyptian institutions ended the day net buyers for the third day in a row with EGP44mn, raising their total net buys over the last three days to EGP135mn.

Meanwhile, as we mentioned yesterday, Arab Co. for Asset Management & Development [**ACAMD**] snapped its 6-day winning streak, pulling back 2.7% after news of a potential land sale. In case you missed it, please read [here](#) our four-caveat view on that land sale. Also, the FRA released yesterday by end of the trading day a summary of the IFA fair value study for Gulf Canadian Real Estate Investment [**CCRS**], suggesting the stock's fair value is EGP9.74, some 82% below its closing price last Sunday after which the stock was suspended from trading for two days. While we are not surprised of the outcome of the IFA fair value study, we are raising the flag on other small-cap stocks that have risen in price without substantiated fundamentals or being driven by company-specific events. Yesterday, we published [a technical analysis note](#) discussing just that, which you may review here to learn more about those stocks that could be poised for a sharp pullback.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**The Ministry of Finance intends to pay EGP209bn to the Central Bank of Egypt (CBE) of foreign currency debt evaluation differences resulting from the revaluation of the assets & liabilities balances in foreign currencies.** ([Al-Borsa](#))



**Some 72% of Egyptians have been online shopping more since the pandemic began, a new study by Mastercard found.** Nearly two thirds said they have bought more clothing online, while 56% said they purchased more electronics, and 55% reported using online platforms to buy meds. ([Mastercard](#))

**The Suez Canal Economic Zone and The Sovereign Fund of Egypt signed an agreement yesterday to set up the National Egyptian Co. for Railroad Industries (NERIC)** — the new company specialized in producing and refurbing locomotives. The company is expected to invest USD10bn over the next few years. (Ministry of Planning)

**Hotel occupancy rates in Cairo fell by 67% y/y so far this year amid the pandemic-induced slump in tourism.** Hurghada and Sharm El-Sheikh's occupancy rates have also fallen 57% and 55% ytd. Alexandria was the least affected of the Egyptian cities but still saw occupancy rates falling 47% y/y. ([Colliers International's MENA Hotels Quarterly](#))

**Shipping companies will now be allowed to submit their cargo lists 24 hours before shipments arrive in the country,** instead of the 48 hours written in the legislation to speed up clearance procedures. ([Enterprise](#))

**The Central Bank of Egypt's financial inclusion strategy seems to be moving forward after the bank yesterday set up a company to develop tech infrastructure and support digital payments.** ([Al-Borsa](#))

## CORPORATE NEWS

**Financial Regulatory Authority (FRA) said an independent financial advisor set Gulf Canadian Real Estate Investment's [CCRS] fair value at EGP9.74/share, 81.5% below the closing price of EGP52.77/share on 22 November.** ([Company disclosure](#))

**Heliopolis Housing & Development [HELI] turned into losses of EGP41mn in Q1 2020/2021** as revenues sank to EGP34mn (-85% y/y). ([Company disclosure](#))

**Consukorra for Trade Agencies & Technical Consultations reduced its stake in Cairo Oils & Soap [COSG] from 66.57% to 65.29%.** ([Company disclosure](#))

**Orascom Construction's [ORAS] CEO announced that ORAS will spend EUR2bn to execute the two monorail lines.** ([Al-Mal](#))



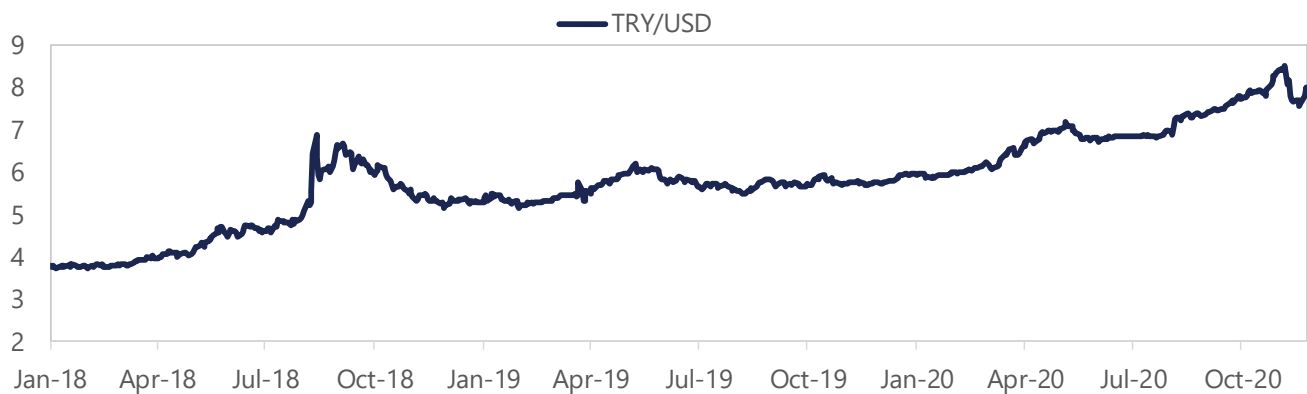
## GLOBAL NEWS

**U.S. stocks rallied on Tuesday and the Dow Jones Industrial Average breached the 30,000 level for the first time**, as investors anticipated a 2021 economic recovery on coronavirus vaccine progress and the formal clearance for President-elect Joe Biden's transition to the White House. ([Reuters](#))

**The future of oil producer group OPEC+ has been called into question by analysts at Goldman Sachs**, as the alliance prepares to secure a new mandate on output curbs. ([CNBC](#))

## 3. CHART OF THE DAY

**Mona Bedeir** | Senior Economist  
[MBedeir@egy.primegroup.org](mailto:MBedeir@egy.primegroup.org)



Source: Bloomberg.

The Central Bank of Turkey raised its benchmark one-week repo rate by 475bps to 15% during its November meeting after the lira slumped to a record low of TRY8.51/USD earlier this month. However, the lira fell by 3% to TRY7.7862/USD, declining for the fourth day and erasing the gains it made after a central bank rate hike.



## 4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
638.5						1,844.4 989.7			
				daily chg.	ytd chg.			daily chg.	ytd chg.
	➔	EGX 30	10,997.35	1.03%	(21.23%)		➔	Gold	1,807.59 (1.65%) 19.03%
	➔	EGX 30 TR	4,243.68	0.97%	(17.89%)		➔	Silver	23.27 (1.38%) 29.94%
	➔	EGX 70 EWI	2,064.56	1.19%	62.94%		➔	Brent Oil	47.86 0.69% (23.42%)
	➔	EGX 100 EWI	3,010.82	1.28%	37.82%		➔	WTI	44.91 0.47% (22.62%)
	➔	DFMGI	2,399.50	1.92%	(13.21%)		➔	Natural Gas	2.78 (1.51%) 24.85%
	➔	ADSMI	4,947.28	(0.54%)	(2.38%)				
	➔	TASI	8,636.14	0.29%	2.94%				
	➔	QE Index	10,261.19	(0.66%)	(1.58%)	EGP	➔	USD/EGP	15.68 0.22% (2.44%)
	➔	S&P 500	3,635.41	1.62%	12.52%	€	➔	EUR/USD	1.19 0.01% 6.06%
	➔	Dow 30	30,046.24	1.54%	5.28%	£	➔	GBP/USD	1.34 (0.11%) 0.64%
	➔	NASDAQ	12,036.79	1.31%	34.15%	¥	➔	USD/JPY	104.44 0.07% (3.77%)
	➔	VIX	21.64	(4.50%)	57.04%		➔	6M TB yield	13.25 (5) (177)
	➔	STOXX 50	3,507.98	1.30%	(6.33%)		➔	1Y TB yield	13.36 1 (121)
EM	➔	MSCI Emerging	1,225.99	0.45%	9.99%		➔	10Y TB yield	14.51 (29) 81
	➔	MSCI Frontier	546.58	0.41%	(6.72%)		➔	2Y TB yield	0.16 (0) (141)
							➔	10Y TB yield	0.88 4 (103)
							➔	30Y TB yield	1.61 5 (78)

\* As of market close, except for commodities and currencies at 8.32am 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
25-Nov-20	AFMC	Cash dividend	Record date for EGP0.180/share.
26-Nov-20	ZEOT	Cash dividend	Distribution date for EGP0.060/share.
28-Nov-20	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
28-Nov-20	MPCO	OGM	Board election.
28-Nov-20	MPCO	EGM	Approving splitting the par value per share and amending articles No. 6, 7 & 21 of the company's bylaws.
28-Nov-20	HELI	OGM	Approving the financial statements ending 30 Jun. 2020.
28-Nov-20	HELI	EGM	Amending article No. 20 of the company's bylaws.
30-Nov-20	ESGI	OGM	A board reshuffle.
30-Nov-20	ZMID	Cash dividend	Distribution date for EGP0.25/share (3rd installment).
30-Nov-20	AFMC	Cash dividend	Distribution date for EGP0.180/share.
30-Nov-20	EDFM	Cash dividend	Record date for EGP11.00/share.
1-Dec-20	EDFM	Cash dividend	Ex-dividend date for EGP11.00/share.



1-Dec-20	CIRA	OGM	Approving the financial statements ending 31 Aug. 2020.
1-Dec-20	CIRA	EGM	Amending article No. 4 of the company's bylaws.
2-Dec-20	ELEC	EGM	Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws.
3-Dec-20	EDFM	Cash dividend	Distribution date for EGP11.00/share.
5-Dec-20	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
5-Dec-20	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
7-Dec-20	ASCM	OGM	Discussing appointing a second auditor for the company's accounts for the current year ending 31 Dec., 2020.
7-Dec-20	ASCM	EGM	Amending article No. 4 of the company's bylaws.

## 7. LATEST RESEARCH

DATE	PUBLISHED REPORT
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>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>
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>
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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