



# A Bet for Contrarian Investors

## 1. Today's Trading Playbook

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### KEY THEMES

Market activity looks to have tilted towards real estate stocks trading below EGP5 a share, namely Amer Group [**AMER**], Porto Group [**PORT**], and Emaar Misr for Development [**EMFD**]. AMER has risen in 12 of the last 13 trading sessions, up a staggering 44% since 15 November. The stock was up 9% yesterday alone. Also, its spinoff PORT rose but only in nine of the last 13 trading sessions, up just 23% over the same period. It was up just 1.5% yesterday. Meanwhile, EMFD rose in 10 of the last 13 trading sessions, up 17.5% over the same period but 59% of that jump was in the last two days alone. However, yesterday's top news was concerning Juhayna Food Industries [**JUFO**], Egypt's EGP6bn leading dairy and juices producer, whose chairman was arrested pending investigations by the authorities (please read the news below for more details). JUFO's stock dropped 6.3% on the news yesterday, marking the fourth negative day in a row – down 11% overall. Trading on JUFO was initially suspended then resumed in the last hour of the trading session. Our consumer analyst **Nada Wagdy** reminds us of JUFO's stock performance five and four years ago when similar news surrounding the company's chairman arose, if history is any guidance. Nada reminds us that this is not the first time we hear news surrounding JUFO's chairman. She points to two dates:

- On [Thursday, 13 August 2015](#), news came out on the freezing of JUFO Chairman Safwan Thabet's wealth to leave JUFO's stock price dropping 7.5% the following day (16 August 2015) before paring some of its losses on 17 August 2020 when it just rose 1.3%.
- On [Thursday, 25 February 2016](#), media reported the freezing of Thabet's 7.2% stake in JUFO through Pharon fund. The following Sunday, the stock fell 7% in response to the news.

In the first incident mentioned above, the stock recovered all its losses in 34 days, while in the second, it only took the stock 19 days to be where it was before the incident. Please check out our Chart of the Day section today for an illustration of the stock performance in both incidents, including the worst performance following the news.



## POSITIVE

**JUFO:** For those who like to take a contrarian approach, it might be worthwhile picking JUFO's stock following the one-day blip, if history was to repeat itself. The stock is now trading at a not-too-demanding P/E of 14.5x. The stock is down 25% ytd, in line with the EGX 30.

**ORWE:** Oriental Weavers Carpet [**ORWE**] said it started receiving backdated export rebates after applying the recently-introduced 15% discount, which could be positive for the stock.

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

## 2. TOP NEWS & ANALYSIS

### MACRO NEWS

**Egypt's headline PMI came above the 50.0 for the third month in a row at 50.9 in November.** The index fell from 51.4 in October as growth in both output and new business softened. ([PMI Markit](#))

**Egypt is doubling down on its plans to go green, with a strategy to exclusively back green projects by 2023.** The minister had said that Egypt would invest EGP36.7bn in green projects in FY21 (14% of its investment budget for the fiscal year). The government plans to have 30% of its investment projects to operating under green economy, with the aim to bring that figure to 100% within three years. ([MoP](#))

**Private-sector companies will be invited to bid in a new tender to construct solar projects with a combined capacity of 550 MW.** The combined cost of the plants is expected to come at EGP9.5bn. ([Al-Mal](#))

**Property owners in violation of the building code now have until the end of December to submit their settlement requests.** ([Egyptian Cabinet](#))

**The Ministry of Transport reached an agreement with The World Bank for a USD500mn soft loan to add a duplicate set of tracks to the Imbaba-Mansheya-Alexandria railway line.** ([Al-Mal](#))

**More middle-income households now have access to social housing after the government raised the maximum monthly individual and household incomes to be eligible for President Abdel-Fattah El-Sisi's "a home for every Egyptian" initiative.** The monthly income threshold for families is now EGP14,000 (up from EGP9,000) and EGP10,000 for individuals (up from EGP 7,000). ([Enterprise](#))



**The Ministry of Electricity & Renewable Energy is negotiating with national and international investors to construct solar projects with investments of USD600mn.** ([Al-Mal](#))

**The Egyptian Cabinet agreed to authorize the Ministers of Finance and Health & Population to take necessary measures to provide COVID-19 vaccines** and to contract with the Global Alliance for Vaccines and Immunizations (GAVI) for providing 20mn doses of COVID-19 vaccines. ([Al-Borsa](#))

## CORPORATE NEWS

**Juhayna Food Industries [JUFO] said its Chairman Safwan Thabet has been kept in custody pending investigations** of which details have not been provided. Meanwhile, JUFO's CEO and Deputy Chairman Seifeldien Thabet will continue to wield full authority in running the company's day-to-day operations. ([Company disclosure](#))

**BLOM Bank (Lebanon) said it has entered into exclusive discussions with Bank ABC to potentially sell its 99.42% stake in BLOM Bank (Egypt).** Meanwhile, First Abu Dhabi Bank (FAB) is reportedly accelerating its due diligence on Bank Audi Egypt and plans to make an offer this month or early next year. ([BLOM release](#), [Masrawy](#))

**EFG Hermes Holding's [HRHO] brokerage arm is close to issue its second short term note worth EGP400mn.** ([Al-Mal](#))

**Speed Medical's [SPMD] move to raise its capital to EGP221.8mn has been approved by the Listing Committee at the Egyptian Exchange.** The committee also agreed to transfer the registration of SPMD from Nilex to the main market on Sunday in a first for the Egyptian stock market. ([Al-Mal](#))

**Oriental Weavers Carpet [ORWE] received a total of EGP235mn as export rebate settlement under the latest initiative announced by the Ministry of Finance after applying the 15% discount.** ORWE said it has not yet received further details for the remained backlog. ([Company disclosure](#))

**Electro Cable Egypt's [ELEC] EGM approved the company's 5-for-1 stock split to a par value of EGP0.20.** ([Company disclosure](#))

**Arab Cotton Ginning Co. [AGCG]'s shareholder Sherif Adlei raised his stake from 4.26% to 5.1%.** ([Company disclosure](#))



**General Company for Ceramic & Porcelain Products' [PRCL] preliminary indicators showed a wider Q1 2020/21 net loss of EGP12mn vs. a net loss of EGP9mn a year ago** as revenues declined by 26% y/y to EGP52mn. ([Company disclosure](#))

**Egypt-focused Australian gold miner Centamin will invest USD595mn between 2021 and 2024 to up productivity and cut operating costs at its Sukari mine in the Eastern Desert.** ([Centamin statement](#))

## GLOBAL NEWS

**The S&P 500 climbed to a record-high close on Wednesday and the Nasdaq Composite dipped** as investors weighed upbeat vaccine developments and a potential coronavirus fiscal package against a bleak private jobs report. ([Reuters](#))

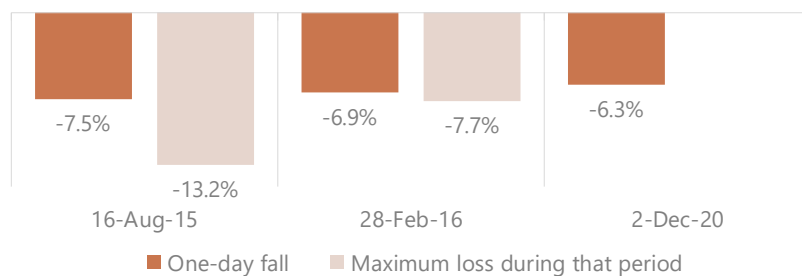
**U.S. manufacturing activity slowed in November**, with new orders retreating from their highest level in nearly 17 years, as a resurgence in COVID-19 cases across the nation kept workers at home and factories temporarily shut down to sanitize facilities. ([Reuters](#))

**Chinese industrial activity has snapped back to pre-coronavirus growth levels, with factory surveys hitting multi-year highs in November**, but the headline expansion masks struggles for smaller firms and looming pressures for exporters. ([Reuters](#))

## 3. CHART OF THE DAY

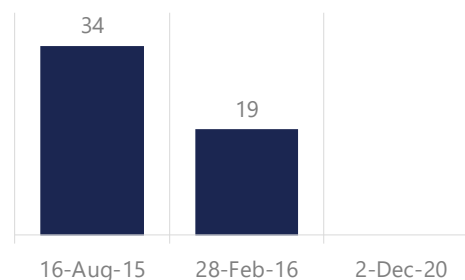
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JUFO's stock reaction to the news



Source: Investing.com

Days it took to recover all losses



It took JUFO's stock a fewer days to recoup all its losses back in February 2016 compared to August 2015 when the negative news concerning its chairman broke.



## 4. MARKETS PERFORMANCE

| Current equity market cap (EGPbn) |               |           |         |            |          | Equity turnover (EGPmn): Last, ytd avg. |              |            |                  |
|-----------------------------------|---------------|-----------|---------|------------|----------|-----------------------------------------|--------------|------------|------------------|
| 641.7                             |               |           |         |            |          | 1,817.5 1,008.9                         |              |            |                  |
|                                   |               |           |         | daily chg. | ytd chg. |                                         |              | daily chg. | ytd chg.         |
|                                   | EGX 30        | 11,023.34 | (0.16%) | (21.05%)   |          |                                         | Gold         | 1,831.28   | 0.88% 20.83%     |
|                                   | EGX 30 TR     | 4,218.74  | (0.92%) | (18.38%)   |          |                                         | Silver       | 24.10      | 0.42% 34.42%     |
|                                   | EGX 70 EWI    | 2,081.77  | 0.63%   | 64.30%     |          |                                         | Brent Oil    | 48.25      | (0.50%) (23.71%) |
|                                   | EGX 100 EWI   | 3,030.35  | 0.46%   | 38.72%     |          |                                         | WTI          | 45.28      | (0.68%) (22.88%) |
|                                   | DFMGI         | 2,419.60  | 0.82%   | (12.49%)   |          |                                         | Natural Gas  | 2.78       | (1.37%) 25.26%   |
|                                   | ADSMI         | 4,964.94  | (0.42%) | (2.18%)    |          | EGP                                     | USD/EGP      | 15.65      | (0.02%) (2.28%)  |
|                                   | TASI          | 8,694.13  | (0.32%) | 3.63%      |          | €                                       | EUR/USD      | 1.21       | 0.03% 8.08%      |
|                                   | QE Index      | 10,391.86 | (0.03%) | 0.15%      |          | £                                       | GBP/USD      | 1.34       | 0.24% 1.06%      |
|                                   | S&P 500       | 3,669.01  | 0.18%   | 13.56%     |          | ¥                                       | USD/JPY      | 104.42     | 0.03% (3.83%)    |
|                                   | Dow 30        | 29,883.79 | 0.20%   | 4.71%      |          |                                         | 6M TB yield  | 13.24      | 0 (178)          |
|                                   | NASDAQ        | 12,349.37 | (0.05%) | 37.63%     |          |                                         | 1Y TB yield  | 13.31      | 0 (126)          |
|                                   | VIX           | 21.17     | 1.93%   | 53.63%     |          |                                         | 10Y TB yield | 14.66      | 18 96            |
|                                   | STOXX 50      | 3,521.32  | (0.11%) | (5.98%)    |          |                                         | 2Y TB yield  | 0.16       | (1) (141)        |
|                                   | MSCI Emerging | 1,228.71  | 0.38%   | 10.23%     |          |                                         | 10Y TB yield | 0.95       | 2 (97)           |
|                                   | MSCI Frontier | 547.24    | 0.57%   | (6.61%)    |          |                                         | 30Y TB yield | 1.69       | 2 (70)           |

\* As of market close, except for commodities and currencies at 8.17am 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                                                                                                                                                           |
|----------|--------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3-Dec-20 | NCGC   | OGM           | Approving the financial statements ending 30 Jun. 2020.                                                                                                         |
| 3-Dec-20 | EDFM   | Cash dividend | Distribution date for a dividend of 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.                                                           |
| 7-Dec-20 | ASCM   | EGM           | Amending article No. 4 of the company's bylaws.                                                                                                                 |
| 8-Dec-20 | CEFM   | Cash dividend | Record date for EGP3.250/share.                                                                                                                                 |
| 8-Dec-20 | BTFH   | OGM           | Discussing netting contracts.                                                                                                                                   |
| 8-Dec-20 | OIH    | OGM           | Approving (1) a sale-leaseback agreement with its subsidiary Beltone Financial Holding and (2) renting an office space to its spinoff company Orascom Financial |



|              |       |                |                                                                                                      |
|--------------|-------|----------------|------------------------------------------------------------------------------------------------------|
| 8-Dec-20     | OIH   | EGM            | Holding.<br>Approving a sale-and-lease back agreement for one of its tangible assets.                |
| 9-Dec-20     | EGAS  | Stock dividend | Record date for 1:1 dividend.                                                                        |
| 10-Dec-20    | EGAS  | Stock dividend | Distribution date for 1:1 dividend.                                                                  |
| 10-Dec-20    | CIEB  | EGM            | Discussing the assignment of a land plot owned by the Urban Communities Authority for EGP100mn.      |
| 10-Dec-20    | ACAMD | EGM            | Approving splitting the par value per share and amending articles No. 6 & 7 of the company's bylaws. |
| 10-Dec-20    | ICLE  | Cash dividend  | Record date for EGP2.50/share.                                                                       |
| 12-Dec-20    | ALCN  | OGM            | Approving the financial statements ending 30 Jun. 2020 and the proposed dividend.                    |
| 12-Dec-20    | ALCN  | EGM            | Amending article No. 19 of the company's bylaws.                                                     |
| 15-Dec-20    | ICLE  | Cash dividend  | Distribution date for EGP2.50/share.                                                                 |
| 15/16-Dec-20 |       | FOMC           | Determining the direction of monetary policy and benchmarks policy rates.                            |
| 16-Dec-20    | PACH  | OGM            | Approving the financial statements ending 30 Jun. 2020 and proposed dividend.                        |
| 16-Dec-20    | PACH  | EGM            | Amending article No. 4 of the company's bylaws.                                                      |
| 19-Dec-20    | GGCC  | EGM            | Discussing a stock split and amending articles No. 6 & 7 of the company's bylaws.                    |
| 21-Dec-20    | SUCE  | OGM            | Discussing netting contracts & reshuffling the board members.                                        |
| 22-Dec-20    | CIRA  | EGM            | To discuss the sale of some assets.                                                                  |
| 22-Dec-20    | AJWA  | EGM            | Amending Article No. 4 of the company's bylaws.                                                      |
| 24-Dec-20    |       | MPC Meeting    |                                                                                                      |
| 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 proposed dividend.                        |
| 27-Dec-20    | EKHO  | EGM            | To approve increasing issued capital.                                                                |
| 27-Dec-20    | PRMH  | EGM            | Approving the addition of mutual fund activity by itself or with others.                             |
| 30-Dec-20    | ELSH  | Cash dividend  | Distribution date for EGP0.100/share (2nd installment).                                              |
| 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

|           |                                                                                     |
|-----------|-------------------------------------------------------------------------------------|
| 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="#">CIB [COMI] – Short-term pain for longer-term gain</a>                   |
| 11-Oct-20 | <a href="#">MACROView – Disinflationary trend interrupted</a>                       |
| 11-Oct-20 | <a href="#">MACROView – External strains are slacking and reserves are growing</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>                                             |





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