



Great Expectations

1. Today's Trading Playbook

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KEY THEMES

Last week, we alluded to the “high hopes” that investors have for the New Year in terms of market performance. This represents the demand side of the market, whether coming from individual, high net worth, institutional, or foreign investors. However, it takes two to tango for the market to be balanced. More recently, those high hopes—it seems—have started to reverberate throughout the rest of the market, namely the supply side. While we need investor diversity on one hand, we also need investment diversity. More companies now, including a handful of military-owned companies, are lining up to tap the EGX. We hope that those “great expectations” building up for the New Year do not evaporate the same way the government’s public offerings program has when market conditions turned sour. For now, we do not see any reasons not to be optimistic.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Three more military-affiliated companies will open up to private ownership in 2021. The three unnamed companies will join **Wataniya Petroleum** and the **National Co. for Producing & Bottling Water (Safi)**, which will be open for full private ownership as early as Q1 2021. The Sovereign Fund of Egypt's (TSFE) looks to hold 20-30% of both companies, with the remainder to strategic investors with the ultimate objective to list on the EGX. EFG Hermes Holding [**HRHO**] is said to be the advisor on both companies. Meanwhile, HRHO and TSFE are expected to finalize the acquisition of **aiBank** sometime in Q1 2021. ([Mubasher](#), [Bloomberg](#), [Hapi](#))

Exporters have to register on the Egyptian Tax Authority's electronic invoicing system before July in order to get export subsidies. The move is in line with a recent Cabinet decision banning local authorities from entering into contracts with parties not registered on the system by the same deadline. ([Al-Shorouk](#))



Egypt recorded a primary surplus of EGP5.2bn in 4M FY21, down from EGP14.7bn. The minister had previously said the primary surplus could fall to just 0.6% in the current fiscal year, based on a scenario where the crisis continues to December. ([Cabinet statement](#))

Underpinned by a diversified economy, Egypt's economic strength supports the B2 issuer credit rating that Moody's has assigned to Egypt in its periodic review of the country's credit rating, which does not involve a rating or outlook update. Egypt's credit rating remains at B2 with a stable outlook. ([Moody's](#))

The New & Renewable Energy Authority will sign within days an EUR36mn contract with Germany's Belectrico to establish a 50MW solar power plant in Zaafarana. ([Al-Boursa](#))

Egypt agreed to export electricity to Iraq through Jordan. The initial cost to expand the interconnection line between Egypt and Jordan reaches USD2.15bn. ([Al-Mal](#))

CORPORATE NEWS

Egyptian Iron & Steel's [IRON] EGM will be held on 11 January 2021 to ratify the final demerger proposal. ([Company disclosure](#))

Ibnsina Pharma [ISPH] said that it has invested EGP29mn during 2020 in digital services projects, including the Ibnsina Pharma application. ISPH plans to invest c. EGP12mn in digital service projects during 2021. ([Arab Finance](#))

Al-Ezz for Ceramics & Porcelain [ECAP] will raise its capital through a 4.5% stock dividend by EGP11.5mn to EGP266.7mn be financed from 2019 retained earnings. ([Company disclosure](#))

Egyptian Gulf Bank's [EGBE] BoD approved its budget for 2021, targeting an earnings growth of 15% y/y. ([Bank release](#))

Canal Shipping Agencies [CSAG] clarified that its proposed cash dividend will be EGP1.38/share (a 10.6% yield) instead of the mistakenly written of EGP1.33/share. ([Company disclosure](#))

GLOBAL NEWS

The U.S. Federal Open Market Committee kicks off later today its two-day policy-setting meeting. This Fed meeting is of particular importance to emerging market policymakers and investors, who are eager to see if it will reinforce an already-low interest rate environment. ([Bloomberg](#))



China's factory output grew at the fastest pace in 20 months in November, as revived consumer spending and a gradual easing of COVID-19 restrictions in major trading partners lifted demand for the country's manufactured goods. ([Reuters](#))

Global jet fuel markets are coming back to life, resuscitated by a rebound in air cargo demand, gradually recovering passenger traffic and hopes that COVID-19 vaccines will spur more international flights in 2021. ([Reuters](#))

Oil prices fell on Tuesday as tighter lockdowns in Europe and a forecast for a slower recovery in demand next year outweighed relief from vaccination rollouts and concerns about a flare-up of tension in the Middle East. ([Reuters](#))

3. CHART OF THE DAY

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Source: World Tourism Organization (UNWTO).

Egypt saw the number of tourists jump by 8% y/y in January and February, which had suggested a prosperous year ahead for the sector. However, with the emergence of COVID-19 globally and its spread in Egypt, the number of tourist arrivals to the country declined sharply starting March on pressure from a series of precautionary measures. The crisis peaked in the April-June period before showing some improvement in July and August. Still, the number of tourist arrivals so far in 8M 2020 is down 69% y/y.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
654.7						1,607.6		1,026.8	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	↗	EGX 30	11,047.97	0.40%	(20.87%)		↘	Gold	1,827.35 (0.68%) 21.23%
	↗	EGX 30 TR	4,269.75	0.43%	(17.39%)		↘	Silver	23.84 (0.47%) 34.97%
	↗	EGX 70 EWI	2,129.70	0.88%	68.08%		↘	Brent Oil	50.29 (0.60%) (20.56%)
	↗	EGX 100 EWI	3,085.73	0.80%	41.25%		↘	WTI	46.99 (0.53%) (19.84%)
	↗	DFMGI	2,555.33	0.34%	(7.58%)		↘	Natural Gas	2.68 (0.04%) 22.48%
	↗	ADSMI	5,154.09	0.26%	1.36%	EGP	↘	USD/EGP	15.70 (0.04%) (2.06%)
	↗	TASI	8,660.31	0.18%	3.23%	€	↗	EUR/USD	1.21 0.05% 8.36%
	↗	QE Index	10,481.96	0.16%	0.54%	£	↗	GBP/USD	1.33 0.14% 0.65%
	↘	S&P 500	3,647.49	(0.44%)	12.90%	¥	↗	USD/JPY	104.05 0.03% (4.17%)
	↘	Dow 30	29,861.55	(0.62%)	4.64%		↘	6M TB yield	12.97 (25) (205)
	↗	NASDAQ	12,440.04	0.50%	38.64%		↘	1Y TB yield	13.01 (29) (157)
	↗	VIX	24.72	6.05%	79.39%		↔	10Y TB yield	14.49 0 79
	↗	STOXX 50	3,503.96	0.52%	(6.44%)		↘	2Y TB yield	0.11 (1) (146)
EM	↘	MSCI Emerging	1,250.45	(0.57%)	12.18%		↗	10Y TB yield	0.91 2 (101)
FM	↗	MSCI Frontier	559.45	0.64%	(4.53%)		↗	30Y TB yield	1.64 1 (75)

* As of market close, except for commodities and currencies at 8.4am 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
15-Dec-20	ICLE	Cash dividend	Distribution date for EGP2.50/share.
15/16-Dec-20		FOMC	Determining the direction of the monetary policy and benchmarks policy rates.
16-Dec-20	UEFM	Cash dividend	Distribution date for EGP10.00/share.
16-Dec-20	PACH	OGM	Approving the financial statements ending 30 Jun. 2020 and the proposed dividend.
16-Dec-20	PACH	EGM	Amending article No. 4 of the company's bylaws.
16-Dec-20	MILS	Cash dividend	Record date for EGP0.500/share.
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 dividend 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

10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>
25-Nov-20	<u>Misr Chemical Industries [MICH] – Pandemic Proof</u>
10-Nov-20	<u>MACROView – An expected rise as the new school year began</u>
4-Nov-20	<u>MACROView – The Stars Seem to Be Aligned for International Reserves</u>
3-Nov-20	<u>MACROView – The Highest Reading in Six Years</u>
25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>
11-Oct-20	<u>MACROView – Disinflationary trend interrupted</u>
11-Oct-20	<u>MACROView – External strains are slacking and reserves are growing</u>
6-Oct-20	<u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u>
5-Oct-20	<u>MACROView – Egypt’s recovery is broadening</u>
10-Sep-20	<u>MACROView – A Stunning Chapter Towards Targets</u>
8-Sep-20	<u>MACROView – Crawling Out of the Troughs</u>
3-Sep-20	<u>MACROView – Job losses and the bumpy road to recovery</u>



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



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