



Look for Company-Specific Events

1. Today's Trading Playbook

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KEY THEMES

We are in the last week of what has been a momentous, yet infamous, year. Some investors, mostly foreign ones, are likely on vacations for Christmas and New Year' Eve, so we might see some quiet trading in the last trading sessions of the year. However, we could still see some company-specific events standing out.

One of these events just popped up this morning, where Cleopatra Hospital [**CLHO**] seems to have finally come to an agreement with Alameda's shareholders to acquire 100% of their healthcare group for as much as USD500mn, including debt. While we believe such a valuation is close to CLHO's current enterprise value, we think resulting synergies from such a deal will help drive CLHO's stock price a bit higher.

Another company-specific event is related to Ezz Steel [**ESRS**] which has raised its selling prices over the weekend effective today by EGP1,000 or 8% to EGP13,654/ton (including the 14% value-added tax "VAT"). Interestingly, ESRS has raised its selling prices by a cumulative 35% so far since mid-September when it was selling at EGP10,100/ton (including VAT). While we think the increase in selling prices reflects a somewhat improved environment in the sector (especially with the resumption of building permits), we think it also reflects higher iron ore global prices which rose by 35% over the same period.

POSITIVE

CLHO: The stock is likely to react positive to the news on hopes of a revaluation of CLHO's equity as well as potential synergies resulting from the deal. The stock is trading below its 3-year median P/E. Please see *Chart of the Day* below.

ESRS: We expect ESRS to react positively to the news in the short term, but the long term picture will be determined to a large extent by other factors, including the cost of natural gas, the price of iron ore, and the company's sales volume.



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

2. TOP NEWS & ANALYSIS

MACRO NEWS

In line with our expectation, the Central Bank of Egypt's Monetary Policy Committee left rates on hold in its policy meeting on Thursday. The CBE also adjusted its inflation target to a range of 7% \pm 2% by Q4 2022, from a previous target range of 9% \pm 3% and compared to our forecasted range of 6% \pm 3%. ([CBE](#))

Health insurance provider Axa will provide its services under Egypt's new universal health care system after signing an agreement with the General Health Care Authority. ([Ministry of Health](#))

Factories will not be getting the real estate tax exemption they have been vying for, but could instead see a significant reduction in their property tax dues under a new draft law the Ministries of Finance and Trade & Industry have drafted. ([Al-Borsa](#))

Egypt recorded a budget deficit of EGP462bn, or 7.9% of GDP in FY20. The overall deficit fell short of the ministry's forecasts of 7.2% of GDP at the end of the fiscal year but is still an improvement from the 8.2% recorded in FY19. ([MoF](#))

The Prime Minister gave the final approval for the new central clearing and depository company that will handle all the clearing and registry of government debt issuances. ([Enterprise](#))

The Ministry of Transport is in talks with The World Bank for two loans worth a combined USD400mn for a planned railway upgrade project. ([Al-Shorouk](#))

CORPORATE NEWS

Cleopatra Hospital [CLHO] has entered into a sale and purchase agreement to acquire 100% of Alameda Healthcare Group assets in Egypt, which could be finalized during H1 2021. CLHO is expected to make the acquisition by issuing convertible loan notes to the shareholders of Alameda which could be valued between USD450-500mn, including debt. ([Company disclosure](#), [Bloomberg](#))

The Assets & Liabilities Management Committee (ALM) of National Bank of Egypt (NBE) and Banque Misr decided to reduce the annual return on their 3-year CDs by 100bps, from 12% paid annually to 11% paid monthly. (Al-Borsa: [1](#), [2](#))



Ezz Steel [ESRS] upped its selling prices by 8% to EGP13,654/ton (including VAT) effective 27 December 2020. (Company release)

Vodafone Egypt [VODE] plans to launch a nano lending service to consumers in cooperation with Bank of Alexandria through mobile phone wallet. ([Bloomberg](#))

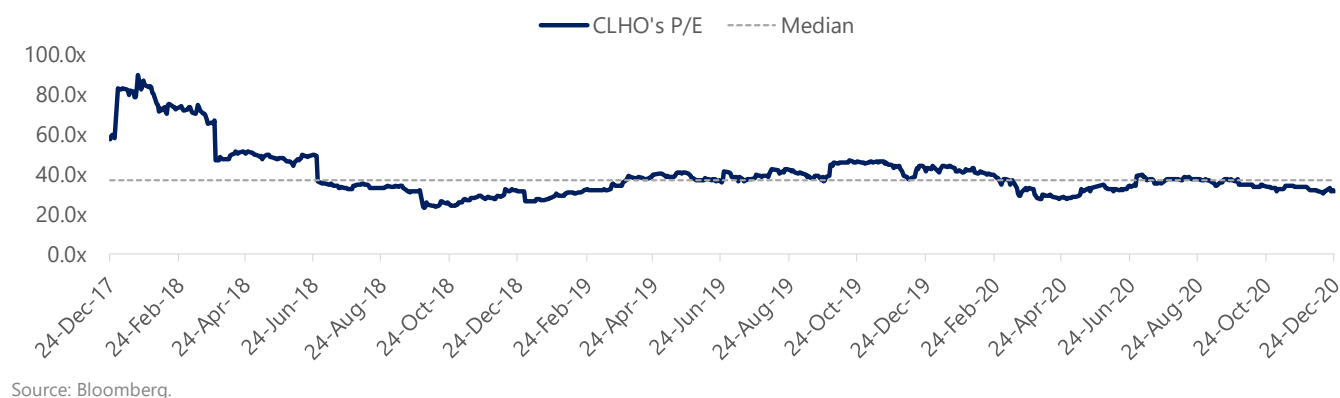
GLOBAL NEWS

U.K. Prime Minister's post-Brexit trade deal is unique in that it will leave businesses facing more barriers to trade than they did while Britain was a member of the European Union. ([Bloomberg](#))

China will overtake the United States to become the world's biggest economy in 2028, five years earlier than previously estimated due to the contrasting recoveries of the two countries from the COVID-19 pandemic. ([Reuters](#))

Turkey will bring in structural reforms to break the "triangle of evil" of interest rates, inflation and exchange rates, the Turkish President said on Saturday, adding Ankara was determined to form a system based on production and employment. Turkey's central bank hiked interest rates by 200 basis points to 17% on Thursday, seeking to cool double-digit inflation and bolster its credibility under new central bank governor. ([Reuters](#))

3. CHART OF THE DAY



Despite weaker momentum of COVID-19 new cases in Q3 2020, Cleopatra Hospital [CLHO] is still trading below its 3-year median P/E ratio.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.						
638.5					990.3 1,035.1						
		daily chg.		ytd chg.				daily chg.		ytd chg.	
		EGX 30	10,694.62	0.16%	(23.40%)			Gold	1,883.46	0.56%	24.13%
		EGX 30 TR	4,112.21	(0.33%)	(20.44%)			Silver	25.83	1.13%	44.69%
		EGX 70 EWI	2,057.09	1.75%	62.35%			Brent Oil	51.29	0.18%	(18.50%)
		EGX 100 EWI	2,974.83	1.39%	36.18%			WTI	48.23	0.23%	(17.29%)
		DFMGI	2,527.53	0.64%	(8.58%)			Natural Gas	2.52	(3.45%)	15.03%
		ADSMI	5,125.93	(0.32%)	0.79%	EGP		USD/EGP	15.70	(0.18%)	(2.10%)
		TASI	8,702.68	(0.21%)	3.74%	€		EUR/USD	1.22	0.05%	8.74%
		QE Index	10,538.16	0.32%	1.08%	£		GBP/USD	1.36	0.01%	2.29%
		S&P 500	3,703.06	0.35%	14.62%	¥		USD/JPY	103.43	(0.21%)	(4.77%)
		Dow 30	30,199.87	0.23%	5.82%			6M TB yield	12.65	(32)	(236)
		NASDAQ	12,804.73	0.26%	42.71%			1Y TB yield	12.67	(33)	(190)
		VIX	21.53	(7.64%)	56.24%			10Y TB yield	14.27	(22)	57
		STOXX 50	3,543.28	0.11%	(5.39%)			2Y TB yield	0.12	(1)	(145)
		MSCI Emerging	1,255.20	0.13%	12.61%			10Y TB yield	0.93	(2)	(98)
		MSCI Frontier	562.83	0.16%	(3.95%)			30Y TB yield	1.66	(2)	(73)

* As of market close. 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
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.
27-Dec-20	SCTS	Cash dividend	Record date for EGP1.50/share.
28-Dec-20	MICH	BoD meeting	Follow up on production, sales and exports.
28-Dec-20	GSSC	Cash dividend	Record date for EGP3.450/share.
28-Dec-20	MENA	EGM	Discussing a stock split and amending articles No. 6 & 7 of the bylaws.
29-Dec-20	CAED	Cash dividend	Record date for EGP0.90/share.
30-Dec-20	SCTS	Cash dividend	Distribution date for EGP1.50/share.
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 dividends 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.
31-Dec-20	GSSC	Cash dividend	Distribution date for EGP3.450/share.
2-Jan-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Jan-21	CAED	Cash dividend	Distribution date for EGP0.90/share.
3-Jan-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Jan-21	GMCI	OGM	Approving the financial statements ending 31 Dec. 2019.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
22-Dec-20	<u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u>
16-Dec-20	<u>CIB [COMI] – Earnings beat despite higher provisions</u>
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>
8-Jun-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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