



Will We See A Santa Claus Rally?

1. Today's Trading Playbook

Amr Hussein Elalfy CFA | Head of Research
aelfy@egy.primegroup.org

KEY THEMES

The market was a bit active yesterday given that it's the last week of the month and the year. It was not all about small caps hitting new highs, but also some large cap names flourishing. For instance, Ezz Steel [**ESRS**] rose 10% yesterday (now up c.17% in three days since our call on [27 December](#)). The stock hit a 52-week high at EGP11.11. Similarly, GB Auto [**AUTO**] rose 7% yesterday (now up 10% since our call on [20 December](#)). Also, Elsewedy Electric [SWDY], which rose 5% yesterday following our core coverage note that we published on [28 December](#). Elsewhere, Sidi Kerir Petrochemicals [**SKPC**] (+6% d/d), Alexandrian Mineral Oils Co. [**AMOC**] (+7% d/d), and Qalaa Holdings [**CCAP**] (+3% y/y) all rose perhaps buoyed by higher oil prices.

Meanwhile, Misr Chemical Industries [**MICH**] posted its 5M 2020/21 indicators, showing bottom line of EGP72mn. This implies monthly net income for November of c. EGP14mn vs. that of October's EGP16mn. While November is slightly lower than October, this is still conforming to the average monthly net income of EGP14mn since March 2020. While we anticipate a bottom line of EGP141mn this year, based on a normalization in selling prices projected for H2 2020/21, the situation with a second wave of COVID-19 could extend MICH's astounding performance for the second half as well. We remind you that our 12M PT for the name is EGP13.9/share, implying a 28% upside potential from yesterday's close, where MICH is currently trading at 2020/21 P/E of 5.6x.

POSITIVE

MICH: The likelihood of continuing a strong performance throughout the entirety of 2020/21.

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



2. TOP NEWS & ANALYSIS

MACRO NEWS

The CBE is launching a multicurrency real-time gross settlement (RTGS) system next year.

The CBE has had an RTGS system — which is used to process large-value and “the most important types of funds” — in place since 2009, but the system will be upgraded to include multiple foreign currencies. ([Enterprise](#))

El Nasr Automotive postponed the signing of the agreement of manufacturing electric cars in Egypt with China’s Dongfeng until an international arbitration venue is agreed upon. ([Masrawy](#))

A EUR1.128bn development financing agreement covering the transport sector has been signed between Egypt and EIB.([Zawya](#))

CORPORATE NEWS

Ministry of Public Enterprise has reportedly concluded a settlement deal with Italian Tecnimont. The deal includes tapping Tecnimont for the second stage of KIMA II project, related to Egyptian Chemical Industries (KIMA) [[EGCH](#)]. (Alalam Elyoum)

Orascom Construction’s [ORAS] BoD approved distributing a cash dividend of USD0.21/share in January 2021 (implying a 4% dividend yield). ([Company disclosure](#))

Amer Group [AMER] announced that its recent land acquisition of 56 feddans in New Minya will cost EGP388mn. ([Company disclosure](#))

Raya Holding [RAYA] will invest EGP100mn in a new venture capital fund focusing on fintech. (Al-Mal)

Elsaeed Contracting & Real Estate Investment's [UEGC] BoD decided to resume buying back treasury shares starting from 29 December 2020 through 29 March 2020. The BoD decision will see UEGC raising its holding of treasury shares from a current 8.52% to up to 10%. (Company disclosures: [1](#), [2](#))

Macro Pharma is considering to float part of its shares on the EGX during H2 2021. (Al-Mal)



GLOBAL NEWS

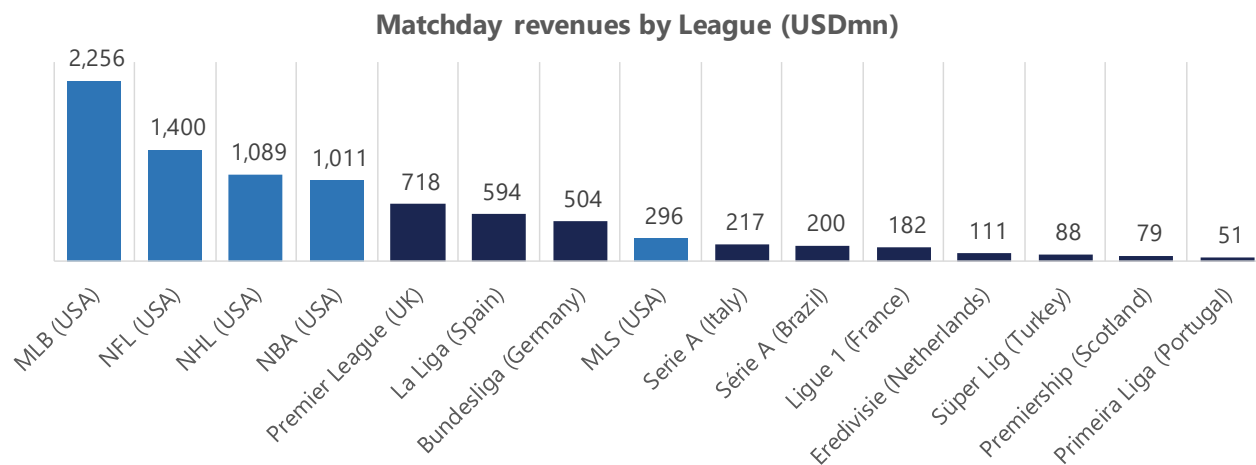
The Trump administration will begin sending stimulus payments of up to USD600 to millions of Americans as early as Tuesday evening. This represents the second such direct payment to Americans amid historic unemployment and ongoing business closures. ([CNBC](#))

Oil gained more ground on Wednesday as a U.S. coronavirus fiscal aid package and a decline in crude oil inventories lifted prices. ([Reuters](#))

3. CHART OF THE DAY

Mona Bedeir | Senior Economist

mbedeir@egy.primegroup.org



Source: Sports Value.

The global sports market in 2019 moved more than USD756bn annually, according to Sports Value. The global matchday market alone exceeded USD50bn annually, led by the U.S. leagues which generate more than USD6bn.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
642.2						1,919.1		1,034.6	
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	10,736.88	0.73%	(23.10%)			Gold	1,878.18 0.24% 23.97%
		EGX 30 TR	4,161.05	1.36%	(19.49%)			Silver	26.21 (0.13%) 47.20%
		EGX 70 EWI	2,082.72	1.01%	64.37%			Brent Oil	51.09 0.14% (18.70%)
		EGX 100 EWI	3,018.45	1.09%	38.17%			WTI	48.00 0.27% (17.46%)
		DFMGI	2,524.96	0.41%	(8.68%)			Natural Gas	2.47 (1.86%) 10.60%
		ADSMI	5,099.04	(0.14%)	0.49%	EGP		USD/EGP	15.76 0.33% (1.94%)
		TASI	8,746.76	0.36%	4.26%	€		EUR/USD	1.22 0.24% 9.51%
		QE Index	10,500.09	(0.56%)	0.72%	£		GBP/USD	1.35 0.22% 2.08%
		S&P 500	3,727.04	(0.22%)	15.36%	¥		USD/JPY	103.58 (0.22%) (4.84%)
		Dow 30	30,335.67	(0.22%)	6.30%			6M TB yield	12.73 8 (228)
		NASDAQ	12,850.22	(0.38%)	43.22%			1Y TB yield	12.77 10 (180)
		VIX	23.08	6.36%	67.49%			10Y TB yield	14.39 13 69
		STOXX 50	3,581.37	0.17%	(4.37%)			2Y TB yield	0.13 0 (144)
EM		MSCI Emerging	1,266.77	1.15%	13.65%			10Y TB yield	0.93 1 (98)
FM		MSCI Frontier	568.87	0.66%	(2.92%)			30Y TB yield	1.67 1 (72)

* As of market close, except for commodities and currencies at 8.33am 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
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.
5-Jan-21	ELSH	EGM	Amending articles 4, 6, 26, 45 & 48 of the bylaws.
5-Jan-21	ALCN	Cash dividend	Record date for EGP0.776/share.
6-Jan-21	ACAMD	EGM	Discussing a stock split and amending articles 6 & 7 of the bylaws.
9-Jan-21	ARVA	EGM	Amending article 4 of the bylaws.
11-Jan-21	ALCN	Cash dividend	Distribution date for EGP0.776/share.
11-Jan-20	IRON	OGM	Approving transferring ownership of some lands held by Egyptian Iron and Steel Company.
11-Jan-20	IRON	EGM	Approving splitting the company, amending articles 6 & 7 of the bylaws and discussing the continuation of the company.
14-Jan-21	SMCS	EGM	Discussing netting contracts.
16-Jan-21	EPPK	OGM	Examining violations to article 160.
17-Jan-21	MNHD	Lawsuit	For recovering EGP24.8mn owed by MNHD to NRPD for the development of 32 buildings in a 6th of October project.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
28-Dec-20	Elsewedy Electric [SWDY] – More Growth to Come
22-Dec-20	EFG Hermes Holding [HRHO] – Blueprinting Its Eminence
16-Dec-20	CIB [COMI] – Earnings beat despite higher provisions
10-Dec-20	MACROView – The Highest Reading in Seven Months
7-Dec-20	MACROView – Restored Ground
6-Dec-20	MACROView – Lost Momentum
3-Dec-20	MACROView – Not as Severe as Expected but All Eyes on the Scars
25-Nov-20	Misr Chemical Industries [MICH] – Pandemic Proof
10-Nov-20	MACROView – An expected rise as the new school year began
4-Nov-20	MACROView – The Stars Seem to Be Aligned for International Reserves
3-Nov-20	MACROView – The Highest Reading in Six Years
25-Oct-20	CIB [COMI] – Short-term pain for longer-term gain
11-Oct-20	MACROView – Disinflationary trend interrupted
11-Oct-20	MACROView – External strains are slacking and reserves are growing
6-Oct-20	CIB [COMI] – A Good Bet for the “Risk On” Mode
5-Oct-20	MACROView – Egypt’s recovery is broadening
10-Sep-20	MACROView – A Stunning Chapter Towards Targets
8-Sep-20	MACROView – Crawling Out of the Troughs
3-Sep-20	MACROView – Job losses and the bumpy road to recovery



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>



Prime Securities

Shawkat El Maraghy

Managing Director

T +202 3300 5622

SElmaraghy@egy.primegroup.org

Sales

Mohamed Ezzat

Head of Sales & Branches

T +202 3300 5784

MEzzat@egy.primegroup.org

Mohamed Ashmawy

Head of Institutional Sales

T +202 3300 5612

MAshmawy@egy.primegroup.org

Amr Alaa CFTe

Team Head –Institutional Desk

T +202 3300 5609

AAlaa@egy.primegroup.org

Mohamed El Metwaly

Manager

T +202 3300 5610

MElmetwaly@egy.primegroup.org

Emad El Safoury

Manager

T +202 3300 5624

EElsafoury@egy.primegroup.org

Shawkat Raslan

Heliopolis Branch Manager

T +202 3300 5110

SRaslan@egy.primegroup.org

Mohamed El Henawy

Nasr City Branch Manager

T +202 3300 5166

MElhenawy@egy.primegroup.org

Nashwa Abuelatta

Alexandria Branch Manager

T +202 3300 5173

NAbuelatta@egy.primegroup.org

Research

Amr Hussein Elalfy CFA

Head of Research

T +202 3300 5724

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, 7th 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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