



The Art of Picking

1. Today's Trading Playbook

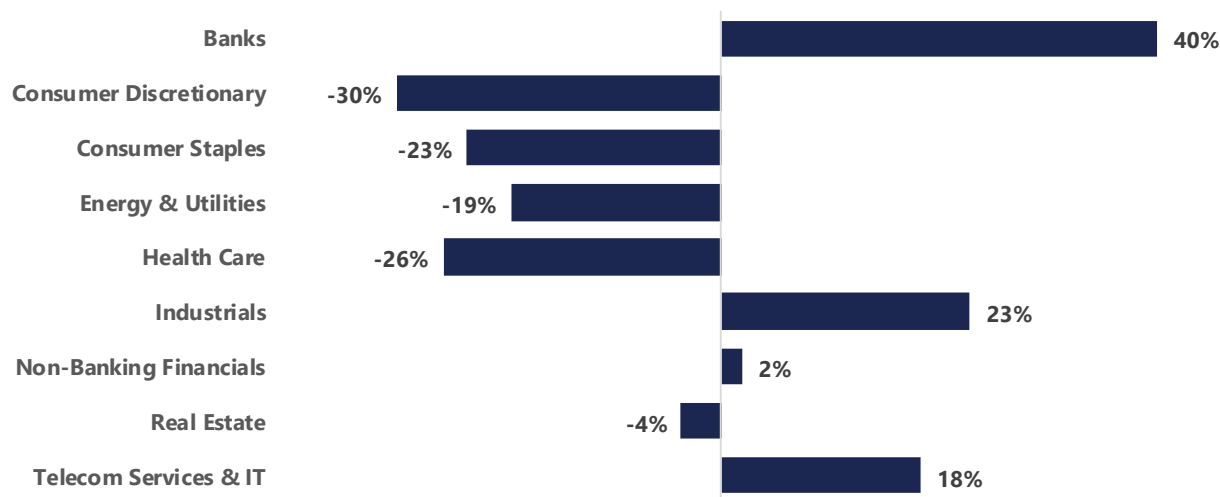
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KEY THEMES

The past year was not necessarily the most user-friendly year for most of investors. Together we saw many momentum switches, liquidity travels, correlations being broken, and others newly established. However, this whole thing is only a fair translation to investors' quest to price the effect of current reality on future results.

Here is an interesting figure, out of the current EGX 30 constituents, 24 name had viable P/E data on both 31 December 2019 and 31 December 2020. Out of the 24 sample, 14 (or 58%) stocks had witnessed a P/E de-rating, whereas 10 stocks (or 42%) have seen their P/E re rate higher.

The name that saw its P/E bounce back the most was **EXPA**, where the stock that saw its P/E slid the most was **AUTO**. It is worthy to mention that the EGX 30 P/E discount to MSCI EM widened during the period from 20% to 54%. The below chart depicts the average y/y P/E change summarized per sector.



Source: Bloomberg, Prime Research

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



2. TOP NEWS & ANALYSIS

MACRO NEWS

Banks, including the central lender, saw their net foreign assets (NFA) rise 31.5% m/m to USD20.5bn (equivalent to EGP321bn) in November 2020, despite decreasing 5.3% ytd.

Egypt's M2 money supply increased marginally 1.1% m/m to USD309.5bn (equivalent to EGP4.84tn) in the same month and surged 21% ytd. (CBE [1](#), [2](#))

The Central Bank of Egypt (CBE) decided the credit facilities covered by Credit Guarantee Company (CGC) will not be counted as part of the borrower and affiliates' quota, which is set at 25% of the lender's capital. (CBE) The banks have already been endeavoring to broaden their capital base, which, along with this move by the CBE, should deepen their lending scope even further.

The number of tourists to visit Egypt fell more than 70% y-o-y in 2020 to 3.6mn, down from 13mn in 2019. Tourism revenues plunged to EGP4bn during the year, down from EGP13bn in 2019, as average monthly receipts declined 85-92% due to COVID-19. ([Tourism revenues](#))

The Oil Ministry signed nine oil and gas exploration agreements worth more than USD1bn with six international and Egyptian companies to drill 17 new wells in parts of the Mediterranean and Red Sea. ([Bloomberg](#))

The Egyptian cabinet approved a draft decision, authorizing the state-run General Authority For Supply Commodities (GASC) to co-establish a joint stock shipping company. The purpose of the company, to be named Atlantic Pacific Company for Shipping and Trade, is the marine shipping of commodities inside Egypt and abroad, according to a statement on Thursday. ([Mubasher](#))

CORPORATE NEWS

Heliopolis Housing & Development's [HELI] BoD approved auctioning two land plots with a total area of 270 feddans in New Heliopolis. The BoD also gave a preliminary nod for offering a 1,695-feddan land in Heliopark for development in a partnership deal. (Company disclosure [1](#), [2](#))

Abu Dhabi Commercial Bank (ADCB) has acquired a 51.5% stake in Alexandria Medical [AMES] in a transaction worth EGP275mn as part of a settlement owed to the bank by Emirati healthcare company NMC Health. ([Hapi](#))



CI Capital Holding [CICH] leasing arm Corplease closed EGP2.7bn securitized bond issuance at the weekend. ([Enterprise](#))

NI Capital, state-owned investment bank closed its acquisition of formerly owned Bank Audi's Arabeya Online Brokerage in a deal worth of EGP75.2mn. ([Enterprise](#))

The European Investment Bank (EIB) is providing Banque Misr with a EUR425mn credit line to support SMEs that have been impacted by the COVID-19, and boost their ability to lead the economic recovery in the country. ([EIB](#))

Beltone Financial Holding [BTFH] got the US Financial Industry Regulatory Authority (FINRA) approval to finalize its sale of BTFH 60% stake in New York-based brokerage Auerbach Grayson. ([Company disclosure](#)).

CIB [COMI] picked up EGP500mn of Sarwa Capital's [SRWA] most recent EGP1.6bn securitized bond issuance that was backed by the portfolios of Sarwa subsidiary Contact Credit and its affiliate companies. ([Al-Mal](#))

GB Lease, GB AUTO's [AUTO] subsidiary, has completed its fourth securitized bond offering in the amount of EGP2bn. Proceeds from the transaction will be used to deleverage GB Lease's balance sheet to improve its liquidity position, create new borrowing limits with lender banks and support the company's future growth plans. Meanwhile, AUTO's subsidiary Drive Finance has completed its second securitized bond offering in the amount of EGP892mn. ([Company disclosure](#) [1](#), [2](#))

Orascom Development Egypt [ORHD] announced that the construction of its project in Amoun and Qelada islands has been temporarily suspended due to the challenges and difficulties facing the project for years. ([Company Disclosure](#))

GLOBAL NEWS

China will take "necessary measures" to safeguard the interests of its companies after the New York Stock Exchange began delisting three Chinese telecom firms that Washington says have military ties, the country's commerce ministry said on Saturday. ([Reuters](#))

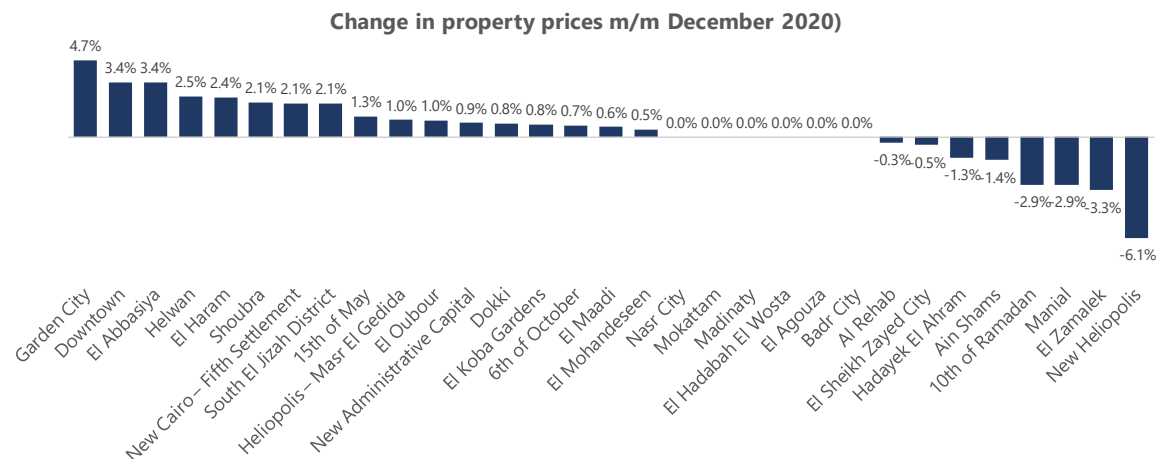
Digital currency Bitcoin extended its record-smashing rally on Saturday, beginning the year with a surge over USD30,000 for the first time, with ever more traders and investors betting that it is on its way to becoming a mainstream payment method. ([Reuters](#))



3. CHART OF THE DAY

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Source: Aqaarmap.

Based on the average property listings in Aqaarmap, the average price of listings has increased by 0.4% with the highest increase of 4.7% being in Garden City, while New Heliopolis declined the most at 6.1%.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
650.9					1,590.8 1,037.1				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
	EGX 30	10,845.26	(0.21%)	(22.32%)		Gold	1,898.67	0.23%	25.14%
	EGX 30 TR	4,171.85	(0.36%)	(19.28%)		Silver	26.40	(1.00%)	47.89%
	EGX 70 EWI	2,145.15	0.66%	69.30%		Brent Oil	51.80	0.33%	(17.69%)
	EGX 100 EWI	3,097.82	0.33%	41.81%		WTI	48.52	0.25%	(16.79%)
	DFMGI	2,491.97	(1.03%)	(9.87%)		Natural Gas	2.54	4.83%	15.99%
	ADSMI	5,045.32	(0.84%)	(0.35%)	EGP	USD/EGP	15.81	0.30%	(1.44%)
	TASI	8,689.53	(0.81%)	3.58%	€	EUR/USD	1.22	(0.67%)	8.94%
	QE Index	10,435.96	(0.94%)	0.10%	£	GBP/USD	1.37	0.34%	3.13%
	S&P 500	3,756.07	0.64%	16.26%	¥	USD/JPY	103.20	0.01%	(4.98%)
	Dow 30	30,606.48	0.65%	7.25%		6M TB yield	12.73	8	(228)
	NASDAQ	12,888.28	0.14%	43.64%		1Y TB yield	12.77	10	(180)
	VIX	22.75	(0.09%)	65.09%		10Y TB yield	14.39	13	69
	STOXX 50	3,552.64	(0.53%)	(5.14%)		2Y TB yield	0.12	(0)	(145)
	MSCI Emerging	1,291.75	0.04%	15.89%		10Y TB yield	0.92	(1)	(100)
	MSCI Frontier	571.63	0.00%	(2.45%)		30Y TB yield	1.65	(1)	(74)

* 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
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-21	IRON	OGM	Approving transferring ownership of some lands held by Egyptian Iron and Steel Company.
11-Jan-21	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.
19-Jan-21	ORAS	Cash dividend	Record date for USD0.21/share.
21-Jan-21	GPPL	OGM	Approving the financial statements ending 31 Dec. 2019 & a board reshuffle.
23-Jan-21	DSCW	OGM	Approving the financial statements ending 31 Dec. 2019 & a board reshuffle.
26-Jan-21	ORAS	Cash dividend	Distribution date for USD0.21/share.

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	<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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