



First vs. Second Mover Advantage

1. Today's Trading Playbook

KEY THEMES

Here are some interesting stats, during the 52 weeks of 2020, the EGX 30 ended 26 weeks shedding losses, and 26 weeks were green. However, the index weekly return averaged -2.9% for the weeks ended in red, and about 2.1% for the green ones. In return, this has resulted in a -22.3% overall annual performance in 2020.

What's interesting is, after a bloody losing streak between 9 February and 15 March, which lasted for six weeks, the index only retaliated with an equal 6-week winning streak between 19 July and 30 August. Yet afterwards, the EGX 30 failed to accumulate green weeks above two. Going into 2021, it's highly likely that "two" could remain the maximum we could get for a bit longer, unless blue chips see a "momentum switch".

Elsewhere, US equities fell notably yesterday, after touching an all-time peak during intraday trading. The retreat was the product of a ramp-up in COVID-19 cases during this second wave. Should this persist; other potential spillovers to emerging market are highly probable.

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

2. TOP NEWS & ANALYSIS

MACRO NEWS

Egypt PMI fell below the 50.0 in December, registering 48.2 to signal a moderate deterioration in the health of the non-oil sector. After posting 50.9 in November, the latest reading ended a three-month upturn in the economy that followed a sharp downturn caused by the pandemic. ([PMI Markit](#))

The Central Bank of Egypt (CBE) obligated the banks to follow a new method for measuring operational risks, in calculation of the capital adequacy ratio (CAR), CBE gave the banks a period to adjust their positions until the end of the current year. ([CBE](#))



State-owned investment bank NI Capital is planning to launch new investment funds “within days” to attract fresh local and international investments. ([Enterprise](#))

The government’s fuel pricing committee will announce new rates when it meets on Sunday, 10 January. Oil Ministry Spokesperson said. ([Enterprise](#))

The government is in talks with nine companies to locally produce 12 models of natural gas cars, minibuses, and taxis, Trade minister said yesterday. ([Ministry of Trade](#))

CORPORATE NEWS

Ezz Steel’s [ESRS] BoD held on 4 January 2021 has approved a share buyback up to 1% of the company’s issued shares. The period and the price at which the buyback will take place are yet to be decided. ([Company disclosure](#))

A.T. Lease [ATLC] gets preliminary approval from FRA for its Q1 2021 securitized bond sale worth of EGP1bn. ([Company disclosure](#))

EIPICO [PHAR] announced to sell 1.6mn treasury shares (1.6% of total outstanding shares) starting 4 January 2021 to 28 February 2021. ([Company disclosure](#))

Beltone Financial Holding [BTFH] sold its 60% stake in New York-based brokerage Auerbach Grayson to an Indonesian financial services company named PT MNC Kapital. ([Enterprise](#))

Orascom Investment Holding [OIH] sets up as the sole bidder for the development of the sound and light show at the Giza Pyramids. The Sound and Light Cinema Company is now ready to discuss the offer with OIH with a requirement that OIH make an investment of at least USD15mn. ([Arab Finance](#))

GLOBAL NEWS

Governments and companies could issue up to USD500bn in green bonds this year as policymakers prioritize a green-led recovery from the pandemic. ([Financial times](#))

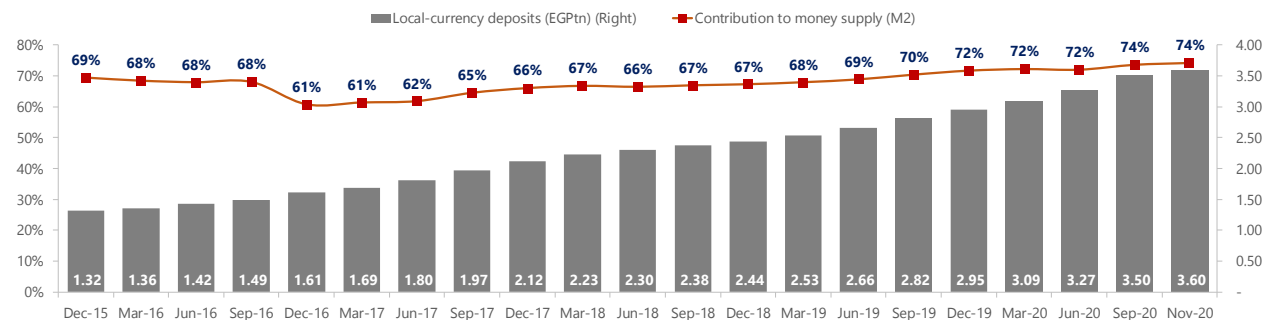
Oil dropped the most in two weeks with OPEC+ yet to resolve an impasse on whether to keep raising production at a time when the pandemic threatens demand. Futures fell 1.9% in New York alongside a broader market selloff. Talks between OPEC and its allies will continue for a second day after most members, including Saudi Arabia, opposed Russia’s proposal for another output increase in February. (Bloomberg)



3. CHART OF THE DAY

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Source: CBE.

Local currency deposits vs. money supply: As depicted above, local-currency deposits contributed more to money supply, exceeding pre-floatation levels since EGP interest rates are higher than foreign-currency interest rates. However, decreasing by 400bps in 2020, EGP interest rates are still more attractive given the decline in interest rates on foreign deposits.

4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)					Equity turnover (EGPmn): Last, ytd avg.				
653.5					1,175.1 1,025.2				
			daily chg.	ytd chg.			daily chg.	ytd chg.	
🇪🇬	EGX 30	10,813.78	(0.29%)	(0.29%)	🇺🇸	Gold	1,942.90	2.33%	2.31%
	EGX 30 TR	4,170.24	(0.38%)	(0.04%)	🇺🇸	Silver	27.24	3.16%	3.66%
	EGX 70 EWI	2,143.51	(0.80%)	(0.08%)	🇲🇪	Brent Oil	51.09	(0.47%)	(1.83%)
	EGX 100 EWI	3,096.85	(0.70%)	(0.03%)	🇲🇪	WTI	47.62	(0.36%)	(2.21%)
🇦🇪	DFMGI	2,579.00	2.90%	3.49%	🇲🇪	Natural Gas	2.58	2.75%	4.45%
	ADSMI	5,115.46	0.72%	1.23%	🇪🇬	USD/EGP	15.71	(0.63%)	(0.07%)
🇸🇦	TASI	8,667.66	0.64%	(0.11%)	€	EUR/USD	1.22	0.18%	0.44%
🇺🇸	QE Index	10,477.12	0.38%	1.58%	£	GBP/USD	1.36	0.23%	(0.50%)
	S&P 500	3,700.65	(1.48%)	(1.48%)	¥	USD/JPY	103.13	(0.18%)	(0.30%)
	Dow 30	30,223.89	(1.25%)	(1.25%)	🇪🇬	6M TB yield	12.92	19	19
	NASDAQ	12,698.45	(1.47%)	(1.47%)	🇪🇬	1Y TB yield	12.95	18	18
	VIX	26.97	18.55%	18.55%	🇪🇬	10Y TB yield	14.39	13	0
🇪🇺	STOXX 50	3,564.39	0.33%	0.33%	🇺🇸	2Y TB yield	0.13	0	(1)
EM	MSCI Emerging	1,304.43	0.98%	1.02%	🇺🇸	10Y TB yield	0.92	(0)	(2)
FM	MSCI Frontier	574.79	0.55%	0.55%	🇪🇬	30Y TB yield	1.66	1	(0)

* As of market close, except for commodities and currencies at 8.21am 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
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.
24-Jan-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
26-Jan-21	ORAS	Cash dividend	Distribution date for USD0.21/share.
28-Jan-21	SKPC	EGM	Discussing a board proposal to amend articles 2, 3 & 4 of the bylaws.
30-Jan-21	ALRA	EGM	Amending articles No. 6 & 7 of the bylaws.

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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