



Four Drivers Pushing the Market Higher

1. Today's Trading Playbook

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KEY THEMES

The market was very active yesterday with many investors coming back to the market from the holidays for the New Year and Christmas seasons. The main market's EGX 30 seems to be on track to recover some of its lost ground as we expect it to do so in 2021, jumping 2.4% on the day and outperforming its EGX 70 EWI counterpart which added only 1.3%. EGX 30's performance came so far into the New Year (+3.4%) came in line with MSCI EM which is up 4.8% already on a year-to-date basis. We see a couple of reasons driving Egypt's market performance so far: **(1)** global markets are generally up on hopes of the distribution of the COVID-19 vaccines as well as a peaceful transition of power in the United States, **(2)** foreign investors ended yesterday net buyers which was reflected positively on CIB [**COMI**] (+3.5% d/d)—the EGX 30 main component, **(3)** higher oil prices (+6.7% ytd) in anticipation of an improved global outlook which filtered through to some of the names whose end products are linked to oil, such as Sidi Kerir Petrochemicals [**SKPC**] (+6.6% d/d), AMOC [**AMOC**] (+5.5% d/d), and Qalaa Holdings [**CCAP**] (+3.4% d/d), and **(4)** the CBE probably opting to resume its easing cycle early 2021 (in February and March meetings) given subsided inflationary pressures and a stable Egyptian pound. Indeed, December inflation figures released yesterday showed a deceleration in food inflation, leading annual headline inflation to ease for the first time in three months. Annual urban headline fell to 5.4% in December, down from 5.7% in November, ending 2020 at average inflation of 5.1%. For more details, please read [our macro inflation note](#) published on 10 January 2020.

POSITIVE

SKPC: After abandoning capex related to its polypropylene project in 2021.

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



2. TOP NEWS & ANALYSIS

MACRO NEWS

Annual core inflation reached 3.8% in December, down from 4% in November. On a monthly basis, the index recorded a rate of 0% in December compared to -0.2% in the same month a year before. ([CBE](#))

The Ministry of Planning & Economic Development has allocated EGP50mn from FY21 public budget for the Ministry of Communication & IT to roll out the "Digital Egypt Builders" initiative. ([Ahram Online](#))

The CBE is planning to issue the first batch of new EGP10 polymer banknotes in June 2021, and the new EGP20 polymer banknotes are expected to follow later in the year. ([Masrawy](#))

NI Capital Holding, the investment arm of National Investment Bank, has opened the subscription to its first cash fund "Seyoula" ("liquidity" in Arabic). ([Egypt Today](#))

CORPORATE NEWS

Sidi Kerir Petrochemicals' [SKPC] BoD held on 6 January 2020 approved the company's investment budget for 2021, with total expenditures of EGP87mn. Management decided not to through with any capex related to the propylene and polypropylene facility until updating its economic feasibility. ([Company disclosure](#))

Arabia Investments Holding [AIH] intends to issue sukuk worth of EGP500mn to finance its NBFS expansion plans. ([Economy Plus](#))

Lift Slab Misr [EDBM] said its EGM will discuss a board proposal to split its share's par value from EGP1.24 to EGP0.25. ([Company disclosure](#))

A consortium of Al-Raed for Agricultural Production & Real Estate Investment and New Smart for Construction submitted an offer to acquire a controlling stake (up to 90%) in El-Nasr for Manufacturing Agricultural Crops [ELNA]. ([FRA disclosure](#))

GLOBAL NEWS

Emerging market USD-denominated bonds posted their first weekly drop since October, with yields on the 10-year benchmark Treasury note creeping above 1%. The USD strengthened against other currencies during the first week of 2021, putting upward pressure on



yields. This came despite a booming Friday for EM equities, which guided the MSCI gauge of stocks to record levels. ([Bloomberg](#))

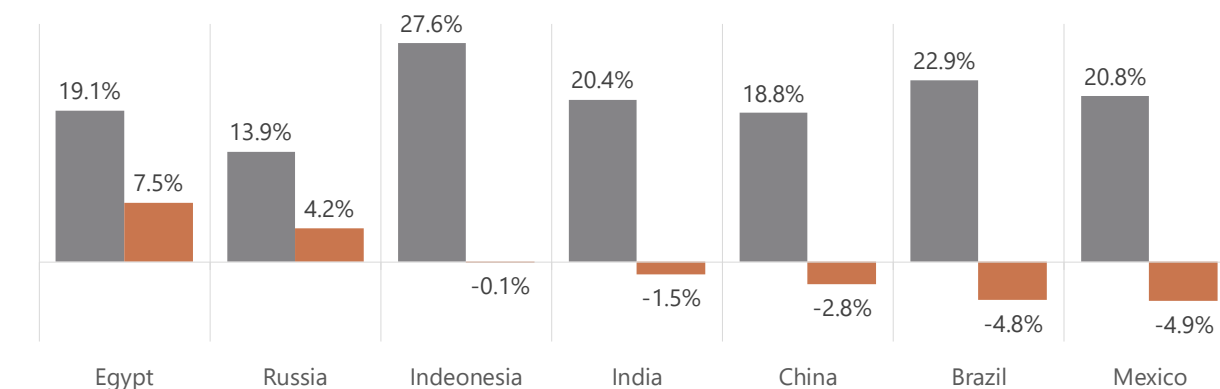
Saudi Arabia is offering perks to multinationals in a bid to convince them to relocate their regional HQs from Dubai to Riyadh. Companies, such as Google and Siemens, are being offered 50-year tax breaks and exemptions from future regulations as Saudi Arabia looks to revitalize plans to establish the country as a business center. ([Financial Times](#))

3. CHART OF THE DAY

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■ Estimated growth rate of population ages 65+ (2020-2025) ■ Estimated growth rate of population ages 25 and below (2020-2025)



Source: United Nations.

Egypt's population is expected to approach 112mn, according to the United Nations. Egypt's population aged 25 and below will continue to grow by 2025, unlike the six largest populated emerging markets except Russia, while still boasting a higher growth rate of 7.5% in the 2020-2025 period. This bodes well for sectors in Egypt whose growth relies more on youth.



4. MARKETS PERFORMANCE

Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
669.4						1,605.5		1,178.6	
				daily chg.	ytd chg.			daily chg.	ytd chg.
	➔	EGX 30	11,213.48	2.39%	3.40%		➔	Gold	1,849.01 (3.39%) (2.94%)
	➔	EGX 30 TR	4,336.41	2.48%	3.94%		➔	Silver	25.42 (6.33%) (6.23%)
	➔	EGX 70 EWI	2,179.60	1.25%	1.61%		➔	Brent Oil	55.99 (1.27%) 6.72%
	➔	EGX 100 EWI	3,168.94	1.40%	2.30%		➔	WTI	52.24 (0.86%) 6.74%
	➔	DFMGI	2,674.30	1.85%	7.32%		➔	Natural Gas	2.70 (3.04%) 3.11%
	➔	ADSMI	5,176.11	0.24%	2.69%	EGP	➔	USD/EGP	15.70 0.00% (0.26%)
	➔	TASI	8,817.05	0.91%	1.47%	€	➔	EUR/USD	1.22 (0.28%) (0.26%)
	➔	QE Index	10,725.73	0.44%	2.78%	£	➔	GBP/USD	1.36 (0.47%) (1.21%)
	➔	S&P 500	3,824.68	0.55%	1.83%	¥	➔	USD/JPY	103.94 0.20% 0.87%
	➔	Dow 30	31,097.97	0.18%	1.61%		➔	6M TB yield	12.79 (13) 6
	➔	NASDAQ	13,201.98	1.03%	2.43%		➔	1Y TB yield	12.87 (8) 10
	➔	VIX	21.56	(3.62%)	(5.23%)		➔	10Y TB yield	14.39 13 0
	➔	STOXX 50	3,645.05	0.62%	2.60%		➔	2Y TB yield	0.14 1 1
EM	➔	MSCI Emerging	1,353.53	2.36%	4.82%		➔	10Y TB yield	1.11 16 18
FM	➔	MSCI Frontier	584.37	0.58%	2.23%		➔	30Y TB yield	1.87 17 21

* As of market close, except for commodities and currencies at 8.2am 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
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.
24-Jan-21	PACH	Cash dividend	Record date for EGP1.00/share.
24-Jan-21	CSAG	Cash dividend	Record date for EGP1.382/share.
25-Jan-21	CSAG	Cash dividend	Ex-Dividend date for EGP1.382/share.
26-Jan-21	ORAS	Cash dividend	Distribution date for USD0.21/share.
27-Jan-21	PACH	Cash dividend	Distribution date for EGP0.50/share (1st installment).
27-Jan-21	CSAG	Cash dividend	Distribution date for EGP1.382/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 6 & 7 of the bylaws.
3-Feb-21	ETRS	OGM	Discussing adding a new board member.
3-Feb-21	ETRS	EGM	Amending articles 5 & 22 of the company's bylaws.

7. LATEST RESEARCH

DATE	PUBLISHED REPORT
10-Jan-21	<u>MACROView – Below End-of-Year Target</u>
6-Jan-21	<u>MACROView – On the Path to Further Recovery</u>
5-Jan-21	<u>MACROView – Ruttet Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>
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>
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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