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Wishful Ending

1. Today's Trading Playbook

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KEY THEMES

It's the last trading session before the weekend, where the EGX 30 is currently up 1.27% for the week. Fun fact, if the index closed this week in the green, it would be the fourth consecutive green week. How is this important? Well, we note that this hasn't happened since last August, when the index was enjoying the then-potential natural gas price cut story.

Meanwhile, the announcement of **First Abu Dhabi Bank (FAB)** reaching a final agreement to acquire 100% of **Bank Audi Egypt** should further reinforce bank stocks performance overall, especially if the final valuation were to come close that of **Bank ABC's** acquisition of **BLOM Bank Egypt** (i.e. 1.4x book equity). This comes as bank stocks are still recovering from the slump caused earlier in the year by the **Central Bank of Egypt's** decision prohibiting cash dividend distribution until further notice. Elsewhere, the **Ministry of Education's (MoEd)** negating its earlier decision to limit foreign ownership in international and private schools is a boon for the sector.

POSITIVE

Banks: The FAB-Bank Audi Egypt transaction should attract attention once again to the sector.

CIRA: Cairo for Investment & Real Estate Development [**CIRA**] could see its stock re-rate a bit in view of the Ministry of Education's decision to allow foreigner ownership in the sector.

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



2. TOP NEWS & ANALYSIS

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MACRO NEWS

International and private schools in Egypt will no longer face limits on foreign ownership after the Ministry of Education reversed the 20% cap imposed in 2019. The decision allows schools to be fully owned by individuals, funds, or companies with foreign or dual nationalities, provided they are registered and based in Egypt. ([Enterprise](#))

The Egyptian banking system will remain stable in 2021 even as bottom lines “come under pressure” from rising loan losses and lower interest income, Moody’s Investors Service said. ([Moody’s](#))

CORPORATE NEWS

Madinet Nasr for Housing & Development [MNHD] achieved pre-sales of EGP7bn (+11% y/y) in 2020, breaking its record for the fifth consecutive year. ([Company disclosure](#))

First Abu Dhabi Bank (FAB) signed an agreement to acquire 100% of Bank Audi Egypt from the lender’s Lebanese parent Bank Audi after an initial approval from the Central Bank of Egypt (CBE) was secured. The acquisition is expected to complete within the next few months. ([Amwal Al-Ghad](#))

Export Development Bank of Egypt’s [EXPA] BoD approved a proposal to distribute a 20% stock dividend of 54.56mn shares, increasing its paid-in capital from EGP2.728bn to EGP3.274bn. to be financed from 2020 net profit. Moreover, the BoD approved increasing the bank’s authorized capital from EGP5bn to EGP10bn. ([Bank release](#))

Suez Canal Bank [CANA] is looking to value some of its direct investments in cooperation with an independent financial advisor Elite Consultancy House which is also helping in the restructuring of these mostly minority investments. (Al-Borsa, [Arab Finance](#))

Faisal Islamic Bank of Egypt’s [FAIT] standalone 2020 total assets grew 12% y/y to EGP11.5bn, while its deposits grew 13% y/y to EGP97bn. ([Bank release](#))

Arabia Investments Holding’s [AIH] consumer finance arm, Rawaj, securitized EGP308mn of its portfolio. ([Company disclosure](#))

Juhayna Food Industries’ [JUFO] BoD approved appointing Ahmed El-Wakil as an independent non-executive board member after accepting the resignation of Safwan Thabet as a board member. ([Company disclosure](#))



E-Finance appointed BDO Egypt as a financial consultant to advise on its IPO on the Egyptian Exchange (EGX). The transaction is expected to take place in Q2 2021. (Al-Borsa).

GLOBAL NEWS

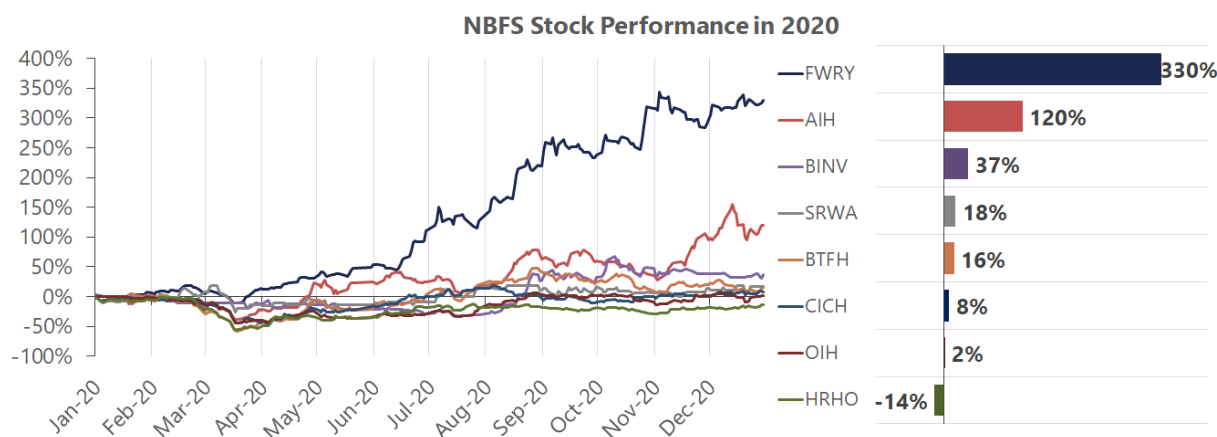
The Bahraini government closed a USD2bn three-tranche bond sale as the pandemic and low oil prices continue to weigh on its fiscal deficit and pushed its debt dues to USD40bn. (Reuters)

A global shipping container shortage has sent prices skyrocketing to more than three times their price just two months ago. The sudden increase has been attributed to a supply chain "bottleneck" as a sharp rebound in western demand for Asian goods has left companies battling for access to containers and shipping lines. (Financial times)

3. CHART OF THE DAY

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Source: Investing.com.

The chart above shows the performance of non-banking financial services (NBFS) stocks during 2020. The NBFS segment has seen some mixed sentiment towards COVID-19 implications, as investors tipped the scale in favor of players that are more adoptive of financial inclusion (i.e. **FWRY** and **BINV**) than traditional investment banking firms.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.			
690.1						1,722.1		1,178.6	
				daily chg.	ytd chg.			daily chg.	ytd chg.
		EGX 30	11,598.90	0.98%	6.95%			Gold	1,871.84 1.71% (1.29%)
		EGX 30 TR	4,480.90	0.60%	7.41%			Silver	25.84 2.45% (1.58%)
		EGX 70 EWI	2,302.85	1.06%	7.35%			Brent Oil	56.08 (0.09%) 8.17%
		EGX 100 EWI	3,313.21	1.27%	6.95%			WTI	53.31 (0.17%) 9.69%
		DFMGI	2,792.31	1.41%	12.05%			Natural Gas	2.54 (1.06%) (1.06%)
		ADSMI	5,676.15	0.25%	12.75%	EGP		USD/EGP	15.73 (0.08%) (0.07%)
		TASI	8,878.30	(0.26%)	2.17%	€		EUR/USD	1.21 0.23% (0.67%)
		QE Index	10,799.22	0.28%	3.48%	£		GBP/USD	1.37 0.34% 0.22%
		S&P 500	3,851.85	1.39%	2.55%	¥		USD/JPY	103.54 (0.14%) 0.14%
		Dow 30	31,188.38	0.83%	1.90%			6M TB yield	12.84 4 11
		NASDAQ	13,457.25	1.97%	4.41%			1Y TB yield	12.88 1 11
		VIX	21.58	(7.14%)	(5.14%)			10Y TB yield	14.38 (1) (1)
		STOXX 50	3,624.04	0.80%	2.01%			2Y TB yield	0.13 (1) (1)
EM		MSCI Emerging	1,400.97	1.42%	8.50%			10Y TB yield	1.09 0 16
FM		MSCI Frontier	581.49	(0.11%)	1.72%			30Y TB yield	1.83 (1) 17

* As of market close, except for commodities and currencies at 8.22am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

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DATE	TICKER	TYPE	EVENT
21-Jan-21	SKPC	BoD meeting	Presenting the draft operating budget for 2021 to the board.
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.
24-Jan-21	SUCE	Auction	Auctioning a 51% stake in Kuwait-based Hilal Cement at a starting price of KWD0.058/share.
25-Jan-21	CSAG	Cash dividend	Ex-Dividend date for EGP1.382/share.
26-Jan-21	ORAS	Cash dividend	Distribution date for EGP3.313/share.
26-Jan-21	ELEC	Stock Split	Record date for EGP0.20/share.
27-Jan-21	ELEC	Stock Split	Distribution date for EGP0.20/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.
31-Jan-21	PORT	Lawsuit	A court session discussing legal disputes relevant to the company.
31-Jan-21	AMER	Lawsuit	A court session discussing legal disputes relevant to the company.
3-Feb-21	ETRS	OGM	Discussing adding a new board member.
3-Feb-21	ETRS	EGM	Amending articles 5 & 22 of the bylaws.
4-Feb-21	AMES	OGM	Approving increasing the issued capital.
6-Feb-21	EDBM	EGM	Discussing cutting the share par value and amending articles 6 & 7 of the bylaws.
8-Feb-21	MFPC	EGM	Amending articles 4, 7, 25, 21, 29, 46, 48 & 55 of the bylaws.
8-Feb-21	EIUD	EGM	Amending articles 3, 4, 6 & 7 of the bylaws.
9-Feb-21	RAYA	EGM	Discussing a stock split and articles 6 & 7 of the bylaws.
9-Feb-21	EGCH	EGM	Approving increasing the issued capital and amending article 6 of the bylaws.
13-Feb-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
15-Feb-21	SRWA	EGM	Increasing BoD members from 11 to 13.
15-Feb-21	EAST	Cash dividend	Distribution date for EGP0.714/share (2nd installment).
15-Feb-21	HELI	Auction	Open bid for 270 feddans in New Heliopolis



7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
14-Jan-21	<u>CI Capital Holding [CICH] – New Expansions = Further Growth</u>
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 – Rutted 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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