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Here Goes January

1. Today's Trading Playbook

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KEY THEMES

Today's session marks the end of the first month of 2021. So far, the EGX 30 staged a 6.8% rally in January with one trading session left in the month. Still, it is interesting to notice how the EGX 70 EWI continued to outperform, up 10.2% ytd. It's also the MPC meeting week, where we anticipate a hold decision by the CBE. For this week, we think two major variables will shape the market's short-term outlook, namely **(1)** anticipation of the MPC decision and **(2)** digestion of the semiannual review of the EGX 30 index. Effective tomorrow, 1 February, five names will be replaced in the EGX 30, as follows:

Out: Beltone Financial Holding [**BTFH**], Cairo for Investment & Real Estate Development [**CIRA**], Dice Sport & Casual Wear [**DSCW**], Egyptian Iron & Steel [**IRON**], and Juhayna Food Industries [**JUFO**].

In: Abu Qir Fertilizers [**ABUK**], AMOC [**AMOC**], CI Capital Holding [**CICH**], Fawry [**FWRY**], and MM group [**MTIE**].

That said, it is hard to argue that the names exiting the EGX 30 and moving to the EGX 70 EWI should suffer, given that the score in 2021 still favors the latter.

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

2. TOP NEWS & ANALYSIS

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MACRO NEWS

The Ministry of Communication & IT's (MCIT) goal is to see investments in the sector grow by 40% this fiscal year. MCIT also targets to raise the sector's contribution to GDP to 8% over the next three years. (Al-Borsa)



The Ministry of Finance may extend the deadline for businesses to file wage tax returns until the end of February amid pressure on the electronic filing system. ([Al-Borsa](#))

Egypt is set to boost exports of liquefied natural gas by restarting one of its two production plants. The Damietta facility, which has been idled for eight years, will reopen by the end of February. It will process about 4.5mn tons of LNG a year and raise the nation's capacity to 12.5mn tons. ([Bloomberg](#))

Goods and services from special economic zones (SEZs) may soon be made VAT-exempt under draft legislative amendments approved by the House Planning & Budgeting Committee. ([Al-Mal](#))

The universal health care program should be fully rolled out in 10 years instead of 15. ([The Cabinet](#))

Egypt ranked #117 out of 180 in Transparency International's 2020 Corruption Perception Index, falling 11 spots from 106 last year. Egypt came in with a score of 33 in this year's index, down from 35 in 2019. The index focuses on the perceived levels of public sector corruption around the world, giving a score from 0 to 100 to each country, with 0 being "highly corrupt" and 100 being "very clean." ([Transparency International](#))

CORPORATE NEWS

Orascom Construction [ORAS] saw the Egyptian cassation court uphold a favorable ruling obliging QNB Alahli [QNBA] to seize Golden Pyramids Plaza's [GPPL] accounts in a suit lodged by the developer on back of a dispute over a City Stars expansion project. ([Al-Borsa](#))

Juhayna Food Industries [JUFO] launched five SKUs under its new sub-brand N&G (nuts & grains) to become the first Egyptian company to introduce a full line of UHT milk to the market. This came in line with global trends and increasing consumer demand for dairy alternatives as part of their daily diet. (Company disclosure)

EFG Hermes Holding's [HRHO] consumer finance arm, ValU, intends to expand its operations across borders to Saudi Arabia by Q4 2021. (Hapi)

Arab Moltaqa Investments [AMIA] targets to increase its assets under management from EGP5bn in 2020 to EGP6bn in 2021. In addition, AMIA plans to invest in the e-payment segment. (Al-Borsa)

The National Bank of Egypt (NBE) cut 3.75% off its interest rates on the one-year investment certificates to 6%. The certificates are issued by NBE on behalf of National Investment Bank (NIB). ([Bank disclosure](#), [Masrawy](#))

GLOBAL NEWS

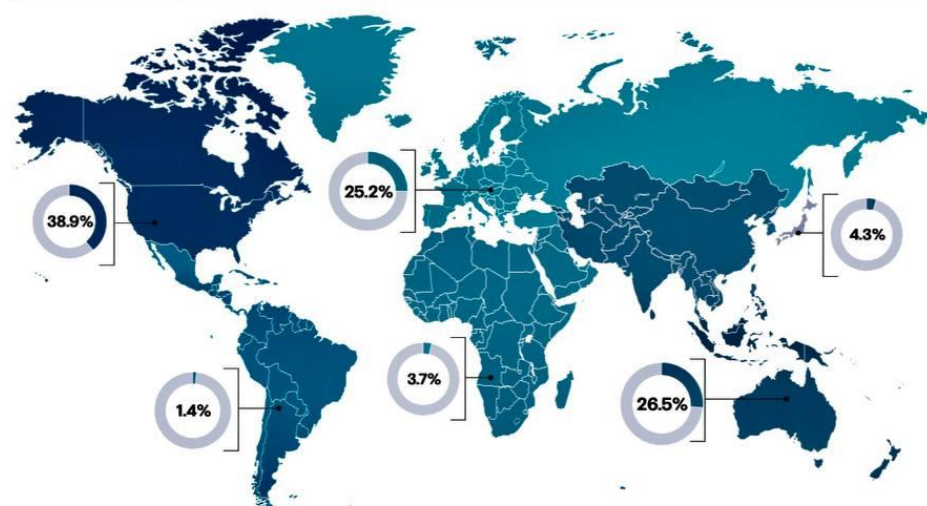
Consistent with market expectations, the Federal Reserve's Federal Open Market Committee said it was keeping its benchmark short-term borrowing rate anchored near zero. The Fed will maintain its asset purchasing program, buying at least USD120bn a month. (CNBC)

India's government plans to introduce a bill in the country's lower house that would ban private cryptocurrencies, such as bitcoin and create a national cryptocurrency. (CNBC)

3. CHART OF THE DAY

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Global M&A	USD 1.86tn	-28.0% vs. 1Q-3Q19
Cross-border	USD 711.7bn	-36% vs. 1Q-3Q19
Top sector: Technology	USD 343.8bn	12.3% vs. 1Q-3Q19

The % values on the map indicate market shares by value in global M&A

North America	USD 722.5bn	-47.0% vs. YTD19
Inbound	USD 106.7bn	-46.1%
Outbound	USD 229.5bn	-13.3%
Technology	USD 198.3bn	7.0%
Latin America	USD 25.6bn	-59.6% vs. YTD19
Inbound	USD 7.4bn	-81.4%
Outbound	USD 1.7bn	-75.9%
Energy, Mining & Utilities	USD 5.7bn	-78.1%
Europe	USD 467.2bn	-20.7% vs. YTD19
Inbound	USD 175.4bn	-30.2%
Outbound	USD 102.2bn	-48.0%
Technology	USD 85.1bn	57.5%
MEA	USD 69.1bn	-47.3% vs. YTD19
Inbound	USD 23.8bn	-41.6%
Outbound	USD 7.4bn	-22.5%
Energy, Mining & Utilities	USD 34.0bn	32.3%
APAC (ex. Japan)	USD 493.1bn	22.7% vs. YTD19
Inbound	USD 84.6bn	3.9%
Outbound	USD 34.3bn	-51.0%
Energy, Mining & Utilities	USD 130.6bn	218.0%
Japan	USD 79.7bn	174.0% vs. YTD19
Inbound	USD 11bn	-4.4%
Outbound	USD 28.9bn	-57.9%
Telecoms	USD 42.6bn	644321.0%

Source: Mergermarket.

Although the value of global mergers and acquisitions (M&A) plunged 28% y/y to USD1.86trn during 9M 2020, Asia-Pacific (excluding Japan) saw M&A value grow 23% y/y to c.USD493bn, while Japan's M&A value surged 174% y/y to c.USD80bn. In the meantime, North America successfully acquired an M&A market share of 39% or USD722.5bn, the most, amongst other regions.



4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)	695.4
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Equity turnover (EGPmn): Last, ytd avg.	1,774.6	1,178.6
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				daily chg.	ytd chg.
		EGX 30	11,578.84	0.45%	6.76%
		EGX 30 TR	4,465.39	0.38%	7.04%
		EGX 70 EWI	2,364.45	0.40%	10.22%
		EGX 100 EWI	3,390.84	0.36%	9.46%
		DFMGI	2,697.15	(1.07%)	8.23%
		ADSMI	5,641.77	(0.35%)	11.82%
		TASI	8,807.02	0.26%	1.35%
		QE Index	10,544.54	(0.97%)	1.04%
		S&P 500	3,714.24	(1.93%)	(1.11%)
		Dow 30	29,982.62	(2.03%)	(2.04%)
		NASDAQ	13,070.69	(2.00%)	1.42%
		VIX	33.09	9.53%	45.45%
		STOXX 50	3,481.44	(2.13%)	(2.00%)
		MSCI Emerging	1,329.57	(1.56%)	2.97%
		MSCI Frontier	573.32	1.15%	0.30%

				daily chg.	ytd chg.
		Gold	1,847.65	0.24%	(2.67%)
		Silver	26.99	1.83%	2.22%
		Brent Oil	55.04	(0.11%)	6.25%
		WTI	52.20	(0.27%)	7.58%
		Natural Gas	2.56	(3.75%)	0.98%
EGP		USD/EGP	15.71	0.01%	(0.19%)
€		EUR/USD	1.21	0.12%	(0.65%)
£		GBP/USD	1.37	(0.09%)	0.28%
¥		USD/JPY	104.68	0.42%	1.38%
		6M TB yield	12.89	6	16
		1Y TB yield	13.00	11	23
		10Y TB yield	14.69	31	30
		2Y TB yield	0.11	(1)	(2)
		10Y TB yield	1.06	2	13
		30Y TB yield	1.83	4	17

* As of market close. 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
31-Jan-21	ZMID	BoD meeting	Approving FY 2020 unaudited financial results.
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.
2-Feb-21	CCRS	BoD meeting	Discussing a 12 by 1 split and other bylaws.
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	A) Increasing the BoD seats from 11 to 13. B) Amending authorized capital to comply with FRA's bylaws. C) Changing company name to Contact Financial Holding.
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.
15-Feb-21	AREH	EGM	Discussing a stock split and amending articles 6 & 7 of the bylaws.
18-Feb-21	QNBA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
18-Feb-21	QNBA	EGM	Amending articles 4 & 39 of the bylaws.
22-Feb-21	FWRY	EGM	Discussing applying a reward system for employees.
23-Feb-21	OLFI	OGM	Approving the financial statements ending 31 Dec. 2020 and the dividend distribution.

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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