

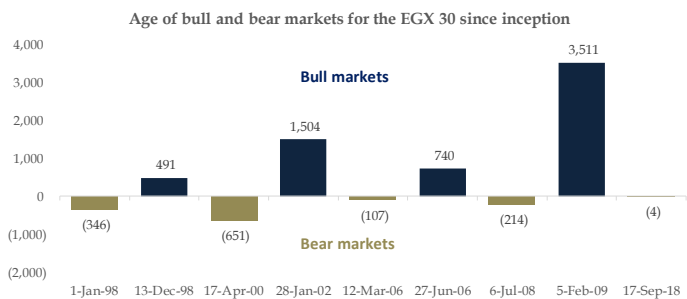
Today's Story

The Anatomy of the EGX 30 Bull and Bear Markets

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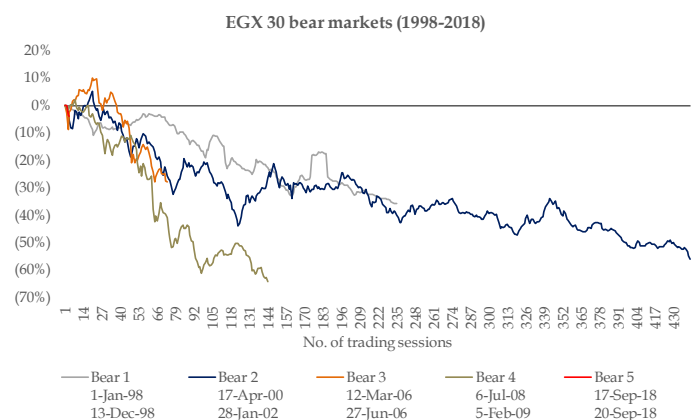
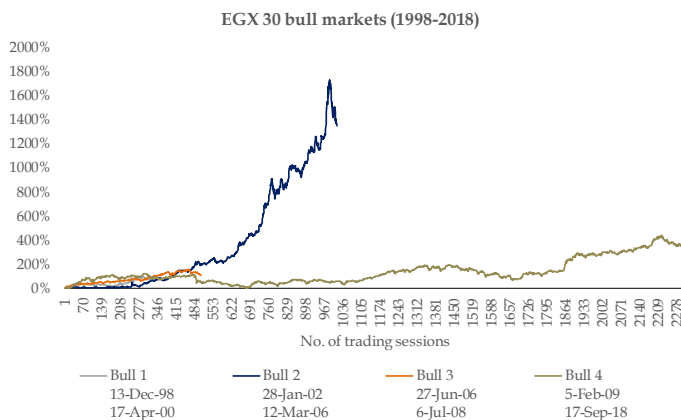
- As the saying goes, history does not repeat itself, but it rhymes, and so it did last Thursday. We had highlighted in [The Daily Beam published last Thursday, 20 September 2018](#) that the history of **EGX 30** index suggested that it would close on Thursday (the day after it had recorded a loss larger than 3% the day before) at -0.22% (based on its historical average). While the index was up earlier on Thursday by as much as 1.9%, it started on a slippery slope by midday to end the day down -0.11% (in line with the historical average we had noted).
- One bad thing about investing in the stock market is its volatility, especially nowadays. However, one good thing about it is the historical fact that over the long term, investors are rewarded handsomely with price appreciation as well dividends. However, this does not come free of risk. There are times when the market goes into a downturn which is often called a “bear” market. Of all the different definitions out there, we apply here the commonly-used definition of a bear market when closing prices drop by more than a 20% off their prior peak. Take the **S&P 500** performance for instance. Over the past 72 years or so, the index has had 13 bear markets and 13 bull markets. In **Egypt**, the EGX 30 has so far had 5 bear markets and 4 bull markets since its inception back in 1998 (a 20+ years of history). We note that the EGX 30 has just stepped into its latest bear market (Bear 5) last week on Monday, 17 September 2018 when it closed at 14,650.97, 20.22% down off its prior peak of 18,414.11 reached on 29 April 2018.

Market Type	Date			No. of days	Value		
	Start	End			Start	End	% Change
Bear 1	1-Jan-98	13-Dec-98	346	1,000.00	640.69	(35.93%)	
Bull 1	13-Dec-98	17-Apr-00	491	640.69	1,015.44	58.49%	
Bear 2	17-Apr-00	28-Jan-02	651	1,015.44	445.53	(56.12%)	
Bull 2	28-Jan-02	12-Mar-06	1,504	445.53	6,467.75	1351.70%	
Bear 3	12-Mar-06	27-Jun-06	107	6,467.75	4,652.84	(28.06%)	
Bull 3	27-Jun-06	6-Jul-08	740	4,652.84	9,526.91	104.75%	
Bear 4	6-Jul-08	5-Feb-09	214	9,526.91	3,389.31	(64.42%)	
Bull 4	5-Feb-09	17-Sep-18	3,511	3,389.31	14,650.97	332.27%	
Bear 5	17-Sep-18	20-Sep-18	4	14,650.97	14,083.48	(3.87%)	
4 Bull	Average	1,562	461.80%				
5 Bear	Average	264	(37.68%)				



Source: EGX, SHUAA Securities Egypt database

- Analyzing all 4 bull and 4 bear markets (excluding Bear 5 which just started), we note the key takeaways:
 - On average, **bull markets last longer** (1,562 days vs. 264 days) and **generate much higher returns** (+462% vs. -38%).
 - The best performing bull market was Bull 2** (+1,352%), while **the worst performing bear market was Bear 4** (-64%).
 - The longest bull market was Bull 4** which lasted for almost ten years and just ended last week (+332%).
 - The longest bear market was Bear 2** which lasted for almost two years (-56%).
 - The shortest bull market was Bull 1** which lasted for just over one year (+58%).
 - The shortest bear market was Bear 3** which lasted for 107 days (-28%).
 - The age of bull and bear markets does not necessarily mean a higher positive return or lower negative return, respectively.** Bull and bear markets seem to be **getting shorter with time**.



Source: EGX, SHUAA Securities Egypt database

Top Headlines

Corporate

- **Telecom Egypt's** (ETEL) BoD approved the acquisition of a 50% of its subsidiary **Egyptian International Submarine Cable Company (EISCC)** at a value of USD 15mn. On 17 September 2018, ETEL announced that EISCC had completed the acquisition of **MENA Cable** from **Orascom Investment Holding (OIH)** at a total enterprise value of USD9omn. Earlier in August, ETEL had signed a Memorandum of Understanding (MoU) with **Bharti Airtel**, under which ETEL will bundle assets of its international submarine network with MENA Cable assets. The deal, which is expected to be concluded soon, will enable ETEL to recover its entire investment in MENA Cable. Meanwhile, ETEL just announced this morning the launch of its "one bill" offering under the name *indigo PLUS*, marking its transformation to a fully-integrated total telecom operator. This comes at the first anniversary of the launch of the WE brand and its mobile service. ([Company Disclosure](#))
- **Orascom Investment Holding's** (OIH) Executive Chairman, Naguib Sawiris, tweeted Thursday night that OIH's **Koryolink of North Korea** has obtained a **UN** exemption. However, no further elaboration was made concerning any regain of control over the North Korean associate. ([Twitter](#))
- **Cairo Investment & Real Estate Development's** (CIRA) institutional offering has been 10.36x oversubscribed, with the stock priced at EGP6/share. ([Al-Mal](#))
- **Heliopolis Housing & Development** (HELI) is studying offering its *Heliopark* 1,700-feddan project for partnership with leading real estate developers before end of this year to construct an integrated luxurious residential city. *Heliopark* is located between *Al-Rehab* and *Madinaty* on the Cairo-Suez Desert Road. ([Al-Borsa](#))

Non-Corporate

- **Average yields** went up on T-bills in the auction dated 20 September. The yield on **182-day T-bills** rose to 19.622% compared to 19.501%, and the yield on **one-year T-bills** recorded 19.439% compared to 19.296% in the last comparable auction. ([CBE](#))
- The **Ministry of Finance** is planning to amend FY2018/19 budget deficit target from 8.4% to 8.6%. This is due to higher US interest rates and oil prices. ([Enterprise](#))
- **Egypt** signed a USD352mn contract with **Siemens** and **Siemens Technologies** to manage three new power plants built to plug a gap in Egypt's electricity needs. The two companies will manage, operate and maintain the three power stations. ([Reuters](#))
- **Moody's** said that **Egypt** is likely to issue sukuk worth USD1bn within the next 18 months and is expected to issue Islamic bonds in both local and foreign currencies in the following years. ([Zawya](#))
- The **Minister of Trade & Industry** denied that the government will put on hold a tariff cut on cars imported from the **EU**, after some media reports had said that the government will delay the cut. ([Enterprise](#))

Markets

↓	EGX 30	14,083.48	(0.11%)	↓	EGX 70	682.88	(1.68%)
↑	DFMGI	2,764.38	0.86%	↓	ADSMI	4,883.42	(0.01%)
↑	TASI	7,768.31	0.50%	↓	QE Index	9,766.33	(0.40%)
↓	S&P 500	2,929.67	(0.04%)	↑	MSCI EM	1,051.43	1.40%
↓	Gold	1,200.04	(0.59%)	↑	Brent Oil	78.80	0.13%

*As of market close

- **MENA Markets:** The **EGX 30** ended Thursday down after it pared its morning gains, dragged by **OIH**, **IRON**, and **PORT**. **TASI** ended higher on gains in the **financials** and **materials** sectors. **UAE indices** were mixed, with **DFMGI** ending higher, driven by the **financials** and **real estate** sectors, while **ADSMI** closed marginally lower.

- **Global Markets: US equities** closed mixed on Friday, ignoring the potential escalation in trade conflicts with **China**. **Oil** prices rose as traders cheered signs of tightening US output, though sentiment was soured by a report suggesting major oil producers were ready to discuss plans to ramp up output.

Number of the Day

EGP780bn

The current market capitalization of Egyptian stocks.

Today's Quiz

What was Banque du Caire's earnings in H1 2018?

(Answer located at the end of this newsletter)

Corporate Events

Company	Ticker	Event Type	Event Date	Reason
Canal Shipping Agencies	CSAG	GM	23-Sep	Reviewing Agenda Items
Alexandria Containers Handling	ALCN	GM	24-Sep	Reviewing Agenda Items
Middle Egypt Flour Mills	CEFM	Lawsuit	25-Sep	Legal Disputes Relevant to the Company
Misir Beni Suef Cement	MBSC	Dividends	25-Sep	Distribution of cash dividends of EGP 2.0 per share
Orange Egypt for Telecommunications	OREG	EGM	25-Sep	Reviewing the voluntary delisting decision
South Cairo & Giza Mills	SCFM	Lawsuit	26-Sep	Legal Disputes Relevant to the Company
Elsewedy Electric	SWDY	Stock split	27-Sep	Trading the stock after the stock split
October Pharma	OCPH	Dividends	27-Sep	Distribution of cash dividends of EGP 2.0 per share
International Company for Leasing	ICLE	Dividends	28-Sep	Distribution of cash dividends of EGP 1.125 per share
Alexandria Co for Pharmaceuticals	AXPH	GM	29-Sep	Discussing distribution of EGP8.25 per share cash dividends
Arab Pharmaceuticals	ADCI	GM	29-Sep	Reviewing Agenda Items
Abou Kir Fertilizers & Chemicals	ABUK	EGM	29-Sep	Reviewing Agenda Items
International Agricultural Products	IFAP	EGM	29-Sep	Reviewing Agenda Items
Alexandria Mineral Oils	AMOC	Dividends	30-Sep	Record date for cash dividends eligibility of EGP 0.85 per share
Alexandria Mineral Oils	AMOC	Dividends	3-Oct	Distribution of 1th installment of cash dividends of EGP 0.55 per share
Middle East Glass Manufacturing Co	MEGM	EGM	4-Oct	Reviewing Agenda Items
Pioneers Holding	PIOH	Right issue	8-Oct	End date for right issue trading separately
Egypt Aluminum	EGAL	EGM	8-Oct	Discussing capital increase
Alexandria Spinning & Weaving	SPIN	GM	8-Oct	Reviewing Agenda Items
Export Development Bank	EXPA	EGM	8-Oct	Reviewing Agenda Items
Golden Coast	GOCO	Dividends	9-Oct	Distribution of 2nd installment of cash dividends of EGP 0.1 per share
Suez Canal Bank	CANA	Lawsuit	9-Oct	Legal Disputes Relevant to the Company
Extracted Oils	ZEOT	GM	10-Oct	Reviewing Agenda Items
Egyptian Iron & Steel	IRON	GM	10-Oct	Reviewing Agenda Items
Union National Bank Egypt	UNBE	EGM	13-Oct	Reviewing Agenda Items
MM Group for Industry	MTIE	EGM	13-Oct	Reviewing Agenda Items
Nozha International Hospital	NINH	GM	15-Oct	Reviewing Agenda Items (Bonus Shares)
General Silos & Storage	GSSC	Lawsuit	15-Oct	Legal Disputes Relevant to the Company
Alexandria Flour Mills	AFMC	GM	17-Oct	Reviewing Agenda Items
Al Ahram Co for Printing	EPFK	GM	25-Oct	Reviewing Agenda Items
Egyptian Resorts Co.	EGTS	Lawsuit	27-Oct	Legal Disputes Relevant to the Company
Alexandria Flour Mills	AFMC	Lawsuit	29-Oct	Legal Disputes Relevant to the Company
El Nasr Co for Transformers	NASR	Dividends	31-Oct	Distribution of 3rd installment of cash dividends of EGP 0.1 per share
Porto Group Holding	PORT	Lawsuit	29-Nov	Legal Disputes Relevant to the Company

Quiz Answer

EGP1.2bn.

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