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Egypt Stocks Fall Most in 2 Years; Pound Hit as Protests Persist  
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By Ahmed A Namatalla and Zahra Hankir

Jan. 27 (Bloomberg) -- Egypt stocks tumbled the most in more than two years and bonds fell as protests against the country's government persisted and calls for another mass rally tomorrow mounted. The pound slumped to a six-year-low.

The benchmark EGX30 Index plunged 11 percent, the most since October 2008, to 5,646.50 at the 2:30 p.m. close in Cairo. That brought the two-day drop to 16 percent. The cost to insure against the country's debt soared 30 basis points to 375, the highest since May 2009, according to CMA prices.

"The international investment community has taken a decision that what's happening in Egypt is serious and therefore are exiting their positions," said Mohammed Ali Yasin, chief investment officer at Abu Dhabi-based financial services company CAPM Investments PJSC.

Cairo is under heavy security for a second day to prevent the repeat of the Jan. 25 protests, when thousands took to the streets of the capital and major cities to denounce President Hosni Mubarak, inspired by the revolt that toppled Tunisia's leader. Groups organizing the protests, including the National Association for Change, are calling for another round of protests tomorrow, Abdel Rahman Youssef, a leading figure in the opposition movement, said by text message.

Egyptian protesters clashed with police in Ismailiya and set a police station on fire in Suez, Al Arabiya reported, without saying how it got the information.

Egyptian bonds fell, with the yield on the \$500 million 30-year government bond maturing in April 2040 rising 8 basis points to 7.10 percent, according to prices on Bloomberg. The yield has soared 70 basis point this year. The currency fell 0.4 percent to 5.8580, the lowest since January 2005.

#### No 'Quick Rebound'

Persian Gulf shares fell, sending Abu Dhabi's index to the lowest level in four months, on investor concern political protests in Egypt will escalate, hurting local companies with investments in the North African country.

Orascom Construction Industries, the North African country's largest publicly traded builder, tumbled 11 percent, the most since October 2008, to 227.07 pounds. Commercial International Bank Egypt SAE, Egypt's largest publicly traded lender, lost 8.9 percent to 36.49 pounds.

Shares valued at about 1.24 billion pounds (\$212 million) traded today, compared with 1.5 billion yesterday. Trading was suspended from 10:40 a.m. to 11:30 a.m. following a 6 percent drop in the main index in the first 10 minutes of trading.

Foreign and Arab investors were net sellers of 105.2 million pounds in stock, according to the Egyptian Exchange website. Trading was suspended from 10:40 a.m. to 11:30 a.m.

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"We could see more downside as fundamentals are not paid attention to by retail investors, thus causing equities to be dumped," said Omair Ansari, equity strategist at Dubai-based Gulfmena Alternative Investments. "I don't believe we will see a quick rebound anytime soon."

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