

Thursday, 22nd June 2017

Morning Round Up

BOE's Haldane sees case for raising rates.

Yesterday the pound fell to a two month low before the Queen's speech in parliament. However, Andy Haldane, Chief Economist of the Bank of England comments prompted a reversal later in the afternoon. He said that the risks of leaving policy tightening too late are rising and that he considered voting for an interest-rate increase this month. The pound rallied after the comments by Haldane, usually on the more dovish side of the BOE's Monetary Policy Committee. It is another example of how the currency has been buffeted by a growing split among policy makers. In contrast earlier this week Governor Mark Carney signalled he wasn't in a hurry to raise interest rates any time soon. The divergence among policy makers is only adding to the currency's volatility as traders grapple with Britain's exit from the European Union and an inconclusive election that has left the longevity of May's premiership in doubt.

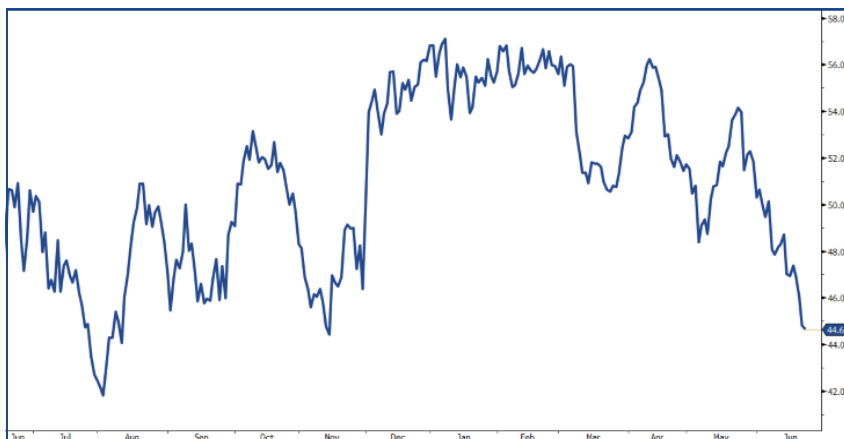
May retreats from manifesto pledges.

In a ceremony to mark the formal opening of Parliament in London on Wednesday, Queen Elizabeth II outlined a Brexit dominated legislative program to the House of Commons. Of note, a repeal bill designed to transpose all current EU legislation into British law in 2019. In a statement accompanying the speech May said, "that means getting a deal which delivers the result of last year's referendum and does so in a way which commands maximum public support". May also announced she'll review counter-terrorism strategy to ensure police and the security services have the powers they need, as well as set up a new commission to counter extremism.

Without a meaningful bullish factor oil slips.

Oil traded below \$44 yesterday, as falling inventories fail to impress the market. One prominent bearish influence is that U.S. production has risen to its highest level in almost two years. Oil has returned to levels last seen before the Organization of Petroleum Exporting Countries and allies including Russia decided in November to cut production in an attempt to drain a global glut. Without a bullish factor to lift prices, the U.S. relentless supply and the renewed output from Libya are putting that OPEC effort in jeopardy. A joint OPEC, non-OPEC committee concluded on Tuesday that the market won't rebalance until the second quarter of 2018, beyond the current expiration of the group's output agreement.

Oil - price chart



Key Upcoming Events

26/06/17 - US Durable Goods Orders

Market View

Chinese equities rallied for a second day after its inclusion in the MSCI Emerging Market Index. However, European equities opened flat this morning and were under pressure yesterday from continued weakness in oil prices. On Tuesday WTI oil prices officially entered a bear market, and yesterday, Brent officially entered a bear market too. The 2 benchmarks closed below \$43 and \$45 respectively. A slight drawdown in official US oil stockpiles yesterday wasn't enough to halt the negative sentiment in oil prices. Key market focus today will be Theresa May's meeting with EU officials to discuss passporting rights of UK and EU citizens who already live in each other's countries. This will be very relevant for the estimated 330k Irish living in the UK.

Market Moves

| | Value | Change | % Change | % Change YTD |
|-----------|-------|--------|----------|--------------|
| Dow Jones | 21410 | -57.11 | -0.27% | 8.34% |
| S&P | 2436 | -1.42 | -0.06% | 8.79% |
| Nasdaq | 6234 | 45.92 | 0.74% | 15.81% |

| | | | | |
|-----------|--------|--------|--------|--------|
| Nikkei | 20,111 | -28.28 | -0.14% | 5.21% |
| Hang Seng | 25,776 | 81.76 | 0.32% | 17.16% |

| | | | | |
|-----------|-------|-------|--------|---------|
| Brent Oil | 44.79 | -0.03 | -0.07% | -21.17% |
| WTI Oil | 42.51 | -0.02 | -0.05% | -20.87% |
| Gold | 1253 | 6.53 | 0.52% | 9.19% |

| | | | | |
|------|--------|--------|-------|-------|
| €/\$ | 1.1173 | 0.0005 | 0.04% | 6.24% |
| €/£ | 0.8816 | 0.0003 | 0.03% | 3.29% |
| £/\$ | 1.2673 | 0.0002 | 0.02% | 2.70% |

| | Yield | Change |
|----------------|-------|---------|
| German 10 Year | 0.26% | -0.007% |
| UK 10 Year | 1.03% | 0.037% |
| US 10 Year | 2.15% | -0.012% |

| | | |
|---------------|-------|---------|
| Irish 10 Year | 0.67% | 0.000% |
| Spain 10 Year | 1.36% | -0.007% |
| Italy 10 Year | 1.90% | -0.008% |

Facebook (Outperform) - Instagram user numbers confirm accelerating growth.

Closing Price - \$138.07

News

The recent worries regarding the potential challenge to Instagram by Snapchat appears have been put to bed. Recently released figures showed Instagram Stories now has 250 million daily active users versus 166 million for Snap. Instagram has already replicated many of the features available to Snap users and had recently added another much used Snapchat feature; the ability to digitally add animal ears and other filters to their selfies. Facebook CEO Mark Zuckerberg has said camera tools like face filters will be a major strategy this year as a stepping stone to an augmented reality world.

Comment

This is welcome news and further reinforces Facebook's continuing dominance in this space. Management has guided for a slowdown in ad load and revenue in the second half of this year, primarily driven by longer term strategic considerations regarding the right balance of advertisements relative to what users will tolerate. To compensate for this management is committed to increasing the amount of video content in users' feeds along with monetizing other platforms including WhatsApp and Instagram. Higher margin video content allied with continuing strong growth on Instagram should allow FB to weather any slowdown in ad load in the second half the year. From a longer term perspective we believe FB has shown the necessary innovation and acquisitive trends to maintain its growth trajectory and remain the dominant player in online advertising along with Alphabet. We maintain our Outperform.

[Will Heffernan | Investment Analyst](#)**AIB** - Pricing ranges narrows once again to €4.30 to €4.50**News**

On the 12th of June, the Department of Finance (DOF) published the Equity Prospectus and set the price range for the upcoming 25% equity sale of its shareholding in Allied Irish Banks (AIB). The equity price range was originally set between €3.90 - €4.90 a share which values AIB with a market cap range of between €10.6bn - €13.3bn. This equity sale would raise between €2.6bn - €3.3bn for the Irish State. On Tuesday, the Department of Finance and the Joint Global Co-ordinators released an updated pricing range which narrowed to €4.20 - €4.60 and yesterday it narrowed the range further to €4.30 to €4.50. Taking the mid-point of this price range of €4.40 it would value the bank at €11.9bn. A report in the Irish Times also suggested retail intermediaries have received €400m of orders from their private clients, which was below the €900m expected by the Co-Leads on the deal. It is also speculated in the media that €300m will be allocated to retail investors translating initially a 75% fill for retail clients. Institutional clients have until mid-day today to submit their orders for the deal.

Comment

The bank has returned to sustainable profitably in the region of €1bn annually, and has a CET1 ratio of 16% at March 2017. AIB's Net Interest Margin position was 2.46% as at March 2017. We are no longer taking orders for the upcoming AIB IPO. The final price and allocation will be available before market opens (8am) on Friday 23rd June. Conditional trading begins at 8am that same day and unconditional trading begins Tuesday the 27th June at 8am.

[Stephen Hall, CFA | Investment Analyst](#)

Please refer to page 5 for disclaimers associated with this article.

Greencore (Outperform) - Capital Markets Day

Closing Price - £2.52

News

On Tuesday, Greencore hosted its second Capital Markets Day (CMD) of the year in Chicago. Management showcased its assembly facilities in Carol Stream which manufactures meal kits and Romeoville which manufactures frozen breakfast sandwiches and snack trays. The goal of the CMD was to improve US institutional shareholders awareness of Greencore and grow its US shareholder registrar.

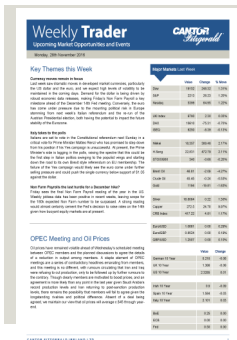
Comment

Greencore's key customer base in the US consists of large Consumer Packaged Goods (CPG) players such as Tyson Foods, Kraft Heinz, Dole, Apio, Nestle, Taylor Farms, Publix, Kellogg's and convenience store formats such as Starbucks and 7-Eleven. The primary food categories it operates in are breakfast sandwiches, meal kits and salad kits within the Food-To-Go space across 14 different sites this is in addition to the 16 facilities in the UK. The business has long standing strategic supply relationships in place with its core CPG customers base which gives the Group strong visibility on future earnings. In FY18, management expects a revenue split of £1.5bn (55.5%) in the UK & Ireland and £1.2bn (44.5%) from the US. Greencore is benefitting from attractive organic underlying volume growth across all categories it operates in the US. Breakfast sandwiches are growing by 3% p.a, salad kits by 15% p.a, meal kits by 7% and fresh sandwiches by 7%. Growth in convenience foods is a key focus for Greencore's key CPG customers and is a key source of growth within a difficult operating environment. The structural shift for increasing consumer demand towards more convenience foods is a theme which Greencore is well positioned to capitalise on. Greencore operates a Pass-Through model in the US to manage inflation too, which is an attractive feature which reduces earnings volatility.

Greencore's key capabilities are in product ideation and creation, consumer insight, technical leadership, customer centricity, project leadership should enable it to win future contracts or a bigger share of existing contracts with its existing customer base within a competitive and highly fragmented market in the US. Future revenue growth can come from strengthening production share with existing customers, from developing further outsourced solution for new and existing CPG customer, cross selling Greencore fresh capabilities with customers and adding new customers. Improved profitability and margin expansion should come through delivering on cost and revenue synergies outlined in the Peacock Foods prospectus and optimising its network. We remain positive on the long term growth potential of both Greencore's UK and US businesses. The stock is currently trading at 15.7x calendar 2017 earnings which is an unjustified 31% discount to the broader Euro Stoxx 600 Food and Beverage Index at 22.5x earnings. Management didn't update financial targets, however it does forecast mid-single digit volume growth in the UK and mid-to-high digit volume growth in the US. Over the long term it also anticipates that improved operational efficiencies will see profit growth outpaces volume growth.

Stephen Hall, CFA | Investment Analyst

Cantor Publications & Resources



Weekly Trader

On Mondays, we release our Weekly note in which we provide a view on Equity markets for the coming days, and highlight a number of Equities which we believe provide exposure to the important themes unfolding in the markets. Our in-house Investment Committee meet on a weekly basis to craft this strategy, thereby allowing clients to dynamically position portfolios to take advantage of the most up to date market developments

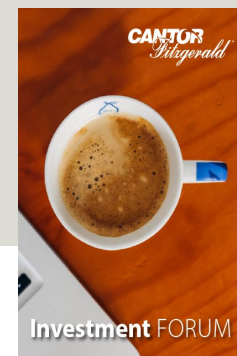
[Click Here](#)



Monthly Investment Journal

Each month our Private Client and Research departments collaborate to issue a publication which highlights the performance of our flagship products, funds and our core portfolio, including the Green Effects fund, most recent Private Equity deals and structured product investment opportunities.

[Click Here](#)



Investment Forum

Through our investment Forum we bring you the latest market news, investment insights and a series of informative articles from our experts.

[Click here](#)

AIB Disclaimer

NOT FOR RELEASE, PUBLICATION, DISTRIBUTION OR TRANSMISSION, DIRECTLY OR INDIRECTLY, TO ANY PERSON, INCLUDING TO ANY PERSON IN THE UNITED STATES, CANADA, AUSTRALIA, JAPAN, SWITZERLAND OR SOUTH AFRICA OR IN ANY OTHER TERRITORY WHERE TO DO SO WOULD BREACH APPLICABLE LAWS OR REGULATIONS

This communication has been published by Cantor Fitzgerald Ireland Limited.

Cantor Fitzgerald Ireland Limited ("Cantor Ireland") is regulated by the Central Bank of Ireland. Cantor Fitzgerald Ireland Ltd is a member firm of the Irish Stock Exchange and the London Stock Exchange.

The information contained in this communication must not be transmitted or otherwise sent to any person, including to any person in the United States, Canada, Australia, Japan, Switzerland, South Africa, Switzerland or any other territory where to do so would breach applicable laws or regulations. Neither Cantor Fitzgerald Ireland Limited ("Cantor"), Allied Irish Banks, plc (the "Company") nor the Minister for Finance (the "Selling Shareholder") accepts any responsibility for any contravention of applicable securities laws and regulations by persons as a result of false information provided by such persons.

This communication is an advertisement and not a prospectus. Investors should not subscribe for or purchase any securities referred to in this communication except on the basis of information contained in a final form prospectus expected to be published by the Company in due course in connection with the offer and the admission of its ordinary shares to the primary listing segment of the official list of the Irish Stock Exchange and the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main securities market of the Irish Stock Exchange and the main market of the London Stock Exchange (the "Prospectus") (the "Offer"). Copies of the Prospectus, and any supplement thereto, may, once published, be obtained (subject to certain jurisdictional restrictions) from the Company's website at <https://aib.ie/investorrelations>, from the Company's registered office at Bankcentre, Ballsbridge, Dublin 4, Ireland and at the Irish offices of the following stockbrokers J&E Davy, Goodbody Stockbrokers UC and Investec Bank plc (Irish Branch) and at the offices in the UK of Deutsche Bank AG, London Branch, Merrill Lynch International, Citigroup Global Markets Limited, Goldman Sachs International, J.P. Morgan Securities PLC and UBS Limited,. This communication does not constitute a recommendation by the Company, the Selling Shareholder or any other party to sell or buy securities in the Company.

This communication has been prepared by and is the sole responsibility of Cantor Fitzgerald Ireland Limited of 75 St Stephens Green, Dublin 2, which is an authorised person for the purposes of the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) in Ireland or the Financial Services and Markets Act 2000 in the United Kingdom.

This communication is not an offer of securities for sale in the United States. The securities to which this communication relates have not been registered under the United States Securities Act of 1933, as amended (the "US Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act. There will be no public offering of the securities in the United States.

None of the Minister for Finance, the Department of Finance, the Irish Government, the National Treasury Management Agency or any person controlled by or controlling any such person, or any entity or agency of or related to the Irish State, or any director, officer, official, employee or adviser (including, without limitation, legal and financial advisers) of any such person (each such person, a "relevant person" for the purposes of this paragraph) accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the accuracy, completeness or fairness of any information in, this communication or any document referred to in this communication or any supplement or amendment thereto (each a "transaction document" for the purposes of this paragraph) or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or its securities or the Offer and nothing in the Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. To the fullest extent permitted by law, each relevant person expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of any transaction document or any such statement. No relevant person has authorised or will authorise the contents of any transaction document, or has recommended or endorsed the merits of the offering of securities or any other course of action contemplated by any transaction document.

This information does not constitute or form part of an offer or recommendation concerning the shares in AIB or advice about purchasing shares in AIB. Any decision to purchase any securities must be made on the basis of the information contained in the Prospectus in its final form which is to be published by AIB in due course.

Cantor Fitzgerald Ireland Ltd. restricts access to non-public information about its clients to those who need to know that information in order to provide products or services. Cantor Fitzgerald Ireland Ltd. maintains physical, electronic, and procedural safeguards to guard your non-public personal information. Please be advised when formally subscribing for shares on the basis of the published Prospectus, you will be consenting to the transmission of your data outside of the EU/EEA where this is permitted under the Data Protection legislation in Ireland.

This communication does not constitute an offer for the purchase or sale of any financial instruments, trading strategy, product or service. No one receiving these should treat any of their contents as constituting advice. They do not take into account the investment objectives or financial situation of any particular person. Investors should determine whether an investment is appropriate to their own personal circumstances.

The trading in AIB shares is on a conditional basis, with the seller reserving the right to withdraw and cancel the offer prior to admission to the Office Exchange Lists (Irish Stock Exchange "ISE" and London Stock Exchange "LSE") which is expected to occur Tuesday June 27th at 8am. In the event that the seller exercises this right all AIB subscription monies received will be returned to investors without interest. Furthermore any AIB share transactions entered into during this period of conditional dealing, i.e. from Friday June 23rd to Tuesday June 27th will be voided and any ensuing loss will be for the account of the person entering into such an AIB conditional share transactions and Cantor Fitzgerald Ireland Limited will have no liability thereof.

Warning: The value of your investment may go down as well as up and you may lose some or all of the money you invest. Past performance is not a reliable guide to future performance.

Subsequent sales or certification of AIB shares will be subject to Cantor's normal fees and charges which are included at rate card.



Dublin: 75 St. Stephen's Green, Dublin 2. Tel: +353 1 633 3633.

email : ireland@cantor.com web : www.cantorfitzgerald.ie



Twitter : @cantorireland



Linkedin : Cantor Fitzgerald Ireland

Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

AIB: Allied Irish Banks plc (AIB) attracts deposits and offers commercial banking services. The Bank offers mortgage, automobile, business, plant and equipment purchase, and lease financing loans, investment banking, securities brokerage, asset management and treasury services, and discounts invoices. AIB operates in Ireland, the United Kingdom, and the United States.

Facebook: Facebook Inc. operates a social networking website. The Company website allows people to communicate with their family, friends, and coworkers

Greencore: Greencore Group plc manufactures and distributes a diverse range of primary foods and related products, food ingredients and prepared foods to the consumer and industrial sectors.

Historical Recommendation

AIB: Not rated

Facebook: We have been positive on the outlook for Facebook, and it was added to the core portfolio on the 11/05/2015 and no changes to our recommendation have been since.

Greencore: We have upgraded our recommendation for Greencore, to Outperform from Not Rated, as of 25/11/2015.

http://www.cantorfitzgerald.ie/research_disclosures.php

This material is approved for distribution in Ireland by Cantor Fitzgerald Ireland Ltd. It is intended for Irish retail clients only and is not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to local law or regulation. Cantor Fitzgerald Ireland Ltd ("CFIL") is regulated by the Central Bank of Ireland. Cantor Fitzgerald Ireland Ltd is a member firm of the Irish Stock Exchange and the London Stock Exchange.

Where CFIL wishes to make this and other Cantor Fitzgerald research available to Retail clients, such information is provided without liability and in accordance with our terms and conditions that are available on the CFIL website.

No report is intended to and does not constitute a personal recommendation or investment advice nor does it provide the sole basis for any evaluation of the securities that may be the subject matter of the report. Specifically, the information contained in this report should not be taken as an offer or solicitation of investment advice, or to encourage the purchase or sale of any particular security. Not all recommendations are necessarily suitable for all investors and CFIL recommends that specific advice should always be sought prior to investment, based on the particular circumstances of the investor either from your CFIL investment adviser or another investment adviser.

CFIL takes all responsibility to ensure that reasonable efforts are made to present accurate information but CFIL gives no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. This is entirely at the risk of the recipient of the report. Nor shall CFIL, its subsidiaries, affiliates or parent company or any of their employees, directors or agents, be liable for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk

All estimates, views and opinions included in this research note constitute CANTOR IRELAND's judgment as of the date of the note but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this research note has not been disclosed to the covered issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse effect on the value of the investments, sale proceeds, and on dividend or interest income. The income you get from your investment may go down as well as up. Figures quoted are estimates only; they are not a reliable guide to the future performance of this investment.

[Conflicts of Interest & Share Ownership Policy](#)

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other than CANTOR IRELAND business units including Fund Management and Stock broking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, CANTOR IRELAND is satisfied that the objectivity of views and recommendations contained in this note has not been compromised. Nonetheless CANTOR IRELAND is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this research note, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research note.



Dublin: 75 St. Stephen's Green, Dublin 2. Tel: +353 1 633 3633.

email : ireland@cantor.com web : www.cantorfitzgerald.ie



Twitter : @cantorireland



LinkedIn : Cantor Fitzgerald Ireland