Daily Note

Views, news and topics from today's markets

Thursday, 7th December 2017

Morning Round Up

US Yield Curve Continues to Flatten

The difference between 2 and 10 year US yields fell to 52 basis points yesterday. It has compressed by 33 basis points over the past 30 days. This is the quickest rate of compression since 2008 and faster than the European sovereign debt crisis in 2011. A pronounced flattening of the yield curve has historically been a harbinger of recessions. However, this time it *might* be driven by other factors. Progress of US tax reform may have increased expectations of US growth (and inflation) in the short term without having a similar impact on the longer end of the curve. Increased expectations of Fed hiking have also helped push up the short end. Lastly, foreign buyers of Treasuries have been very active lately as US Treasury yields are still attractive considering the yield on other government debt, most notably in Europe where yields are at multi-year lows.

China Weakness Continues

We have been monitoring Chinese equity markets over the past few weeks as they have been experiencing prolonged weakness. Hong Kong listed shares fell to their lowest levels in 2 months yesterday with a lot of the bigger names such as Tencent bearing the brunt. Chinese equities had enjoyed a stellar run up until the recent Party Congress. Following on from that, the government has stepped up its crackdown on financial leverage and speculation. Investors have used this period to take profits on double digit returns and ultimately this shake-out should be healthy for the market. This recent weakness has not really spread to other Asian or major markets, which implies that it is not much of a worry for markets presently. However, it does bear monitoring as we move into year end.

Brexit Deal Hits Stumbling Blocks

What a difference a week can make. From the initial optimism early on the week, it would now appear that striking a Brexit deal by the EU Council meeting on the 14th December is looking increasingly difficult. Theresa May's discussions with the DUP yesterday did not produce any progress of note. The Irish government has stated it stands by a draft text agreed on Monday, a text which the DUP adamantly opposed. It remains to be seen if a deal has been scuppered but the focus is now on whether Mrs May can bring the DUP on board. Separately, Mrs May is again facing increasing opposition from within her own party, with noted Euro-sceptic MPs taking pot-shots at her negotiation skills. Media reports this morning have stated that Jean Claude-Juncker fears her government may collapse next week if talks remain deadlocked.

EURGBP - 4 Day Chart



Source: Bloomberg, CF Research November 2017



Key Upcoming Events

08/12/2017 US Debt Ceiling Deadline 12/12/2017 Federal Reserve Board Meeting 14/12/2017 ECB Council Meeting 21/12/2017 US Quarterly GDP

Market View

Asian markets were generally positive overnight with the one exception being China, where investors continue to worry about the crackdown on leverage and speculation. US Tech rallied yesterday after a few days of weak trading on the back of rotation in stocks that are seen to benefit from US tax reform. Sterling continued to weaken as lack of progress in Brexit talks dominated headlines yesterday. The Bank of Canada rate meeting yesterday produced no hike as it reiterated caution. Market focus w ill be on the upcoming US debt ceiling tomorrow, any Brexit related stories and US NFP on Friday.

Market Moves						
	Value	Change	% Change	% Change YTD		
Dow Jones	24141	-39.73	-0.16%	22.15%		
S&P	2629	-0.30	-0.01%	17.44%		
Nasdaq	6776	14.16	0.21%	25.88%		
Nikkei	22,498	320.99	1.45%	17.70%		
Hang Seng	28,303	78.39	0.28%	28.65%		
Brent Oil	61.43	0.21	0.34%	8.11%		
WTI Oil	56.14	0.18	0.32%	4.50%		
Gold	1258	-5.83	-0.46%	9.59%		
€/\$	1.1795	-0.0001	-0.01%	12.15%		
€/£	0.8815	0.0007	0.08%	3.28%		
£/\$	1.338	-0.0013	-0.10%	8.43%		
			Yield	Change		
German 10 Year			0.30%	0.006%		
UK 10 Year			1.23%	0.000%		
US 10 Year			2.33%	-0.004%		
Irish 10 Year			0.49%	-0.002%		
Spain 10 Year			1.43%	-0.005%		
Italy 10 Year		1.72%	-0.012%			
Source: Bloo	mberg, CF I	Research No	ovember 2017			

Source: Bloomberg, CF Research November 2017

Cantor Publications & Resources

Weekly Trader	CANTON Titugerald			
Wordsy, 28th November 2016				
Key Themes this Week	Nepr Manus	Lat free		
Currency reason needs in fease Last sent san clangts nows indensitient rationary patients.	· ·	Volue 1	(new	1.80
Lad werk say transition on a developed natural common, particularly the US state and the work, and we exact high levels of voteths to be	2m	1810	100.00	1.14
	14.0	-	-	127
robust economic data raileases, making Friday's Non Farm Paynil a key minetone atead of the December 14th Fed meeting, Converses, the euro-	Reality .		-	120
atoming from next week's taken referencian and the re-can of the Automa Devolverial electron, both basics the potential to pread the future.	of the	124	2.00	1.10
Autoral Prospectal Beccol, con railing the politice to repaid the future which of the Europea	but .	1924	250	479
	840	670	4.00	40
Rely taken to the polls Indexe are set to rate in the Constitutional Information and Earlies in a				
colour and the Prime Margan Materia Resources in the provided to the story of a	100.0	10.102	20.0	
			42.3	
We note to sole to begang in the party, some give specifie that this could be the first stee in taken authors prevents to the possible risks and starting	n.Sang	20,654	40.9	211
down the road to its own livest share whereaster on EU ner bench. The	8101064	- 24	-08	4.27
	And In	44.41	20	412
selling pressure and could push the single currency below support of \$7.05 ansated the shifts				
	CLOP DI	41.40	-034	-4.52
Non Farm Proposite the land learning for a Secondar Islan?	0.4	194	-10.01	-1.82
Entry sees the final Nor-Fairs Payral making of the poor is the US- Vitably interacting has been resulted in recent seeds, lagging seesa for				
	204	10.034	0.2	1.50
would almost certainly centent the Ped's decision to cake rates on the 143	Cesw	223	2.3	837
given have bacqued acquily mathetic are of pressent.	CRE Have	47.22	4.01	117
	Exvision	1891	08	6.29
	Levill ¹	0.804	0.0	6.12
OPEC Meeting and Oil Prices	081680	1247	- 048	4.1.2
Of prices have ensured votile shead of Westweaks's scheduled meeting induses OTIC members and the planned decasions to agree the details			160	Owe
of a selucian in subpl among markets. A sliple alarent of DNIC	Deman 13 Tear		6.210	-43
meetings are a series of contradictory headhest enanding from members, and this meeting is no different, with namous circulation that they and the	04.107mar		1,306	-4.3
were where a production, sets to be followed up by further names to the control. Through there's members are methods to bood proces, and as	45 YO THEF		2328	6.2
	Inter 15 Year			-4.9
india, fors smains to possibly that nambers will be to aprecipion the implementsy makine and policies ofference. Advent of a deal being	Spain 10 Fear		1.514	-4.2
impacting manus are potent observer, search in a our tang agreet, we martain our view that of prices will average c SH through you- and	Edy TI Yest		1.64	
en.	84		125	
	674		1.14	

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 meets 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

Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Historical Recommendation:

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 retails 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 recommendations 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 purchased or sale of any particular security. Not all recommendations are necessarily suitable for all investors and CFIL recommend 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 to 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 affect 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 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 : <u>ireland@cantor.com</u> web : <u>www.cantorfitzgerald.ie</u>

Twitter : @cantorIreland Linkedin : Cantor Fitzgerald Ireland

Cantor Fitzgerald Ireland Ltd 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..