Weekly **Trader**

Upcoming Market Opportunities and Events

CANTOR Fitzgerald

Monday, 5th February 2018

Key Themes This Week

Our thoughts on the recent sell off

We had been guiding investors that the equity market returns we had seen in January were quite extraordinary and that we needed some form of correction in the near term as part of a healthy shakeout. Last week this took place and it appears to be continuing this morning with European equities down 0.5 - 1%. The Dow had its worse day in two years on Friday and Asia fell overnight by approx. 2%. In the short term ,some profit taking was always going to happen considering the S&P was up 6% in under a month. Underlying economic growth and earnings remain quite strong, so from a fundamental perspective the story is still solid. However with the recent rapid tick up in yields, investors have been somewhat spooked. The US 10 year is now 2.84%, driven by hawkish Fed minutes and a general uptick in inflation expectations on behalf of household and consumers. Likewise in Europe, the German 10 year yield has moved from 0.3% to 0.73%.

With the 3% level in sight and most surveys stating that investors view that level as where it gets troublesome for equities, there is a risk that the recent bearish sentiment we have seen takes a more permanent hold. Not only has the equity risk premium (what investors get paid for holding equity over bonds) declined but jobs data on Friday in the US showed that wage inflation is now 2.9%, the highest rate since May 2009. This will increase fears about margins and may put pressure on earnings expectations as we move further into 2018. Where this goes from here is key. There have been several examples of companies using cash generated from recent tax reform to give their employees once of bonuses and pay rises. But this trend has been sparse enough so far. Unless this takes hold across the board we are unlikely to see a significant move up in wage inflation, despite a pretty tight labour market at full employment. Without wage inflation it is unlikely to see a major consumption shift which would drive core inflation higher.

The market currently expects 2.5 hikes from the Fed this year and the Fed is guiding for 3. Likewise in Europe, Mr Draghi is blue in the face from emphasising the timeline for tightening. Bond buying to finish in September, perhaps being wound down over a 3 month period. No rate rises until 2019 at the earliest. With significant slack in the European labour market we see little chance of a spike in wage inflation. Core inflation should remain muted, decreasing the possibility of Mr Draghi moving early. It must also be noted that the recent moves may mean yields are more attractive for longer-term investors who are looking to match off liabilities. If they start buying again that should help restrain yields in the near-term.

The market is definitively moving into a period of rising rates. But the critical factor for us is not the direction. It is the trajectory and speed at which is moves. If rates continue to move like they have so far this year, it is highly like equity markets will experience an entrenched sell-off in the near term. But, if as we expect, the recent yield movements retrace, growth and earnings dynamics remain strong enough to sustain decent equity returns into 2018. Markets may remain staid this week however as investors watch where yields go from here.

This week: Ryanair, PayPal, Facebook, Apple & Amazon

Major Markets Last Week

	Value	Change	% Move
Dow	25521	-1095.75	-4.12%
S&P	2762	-110.74	-3.85%
Nasdaq	7241	-264.83	-3.53%
UK Index	7358	-313.43	-4.09%
DAX	12698	-626.54	-4.70%
ISEQ	6800	-259.31	-3.67%
Nikkei	22,682	-947.26	-4.01%
H.Seng	32,245	-721.67	-2.19%
STOXX600	384	-16.07	-4.02%
Brent Oil	68.22	-1.24	-1.79%
Crude Oil	65.27	-0.29	-0.44%
Gold	1336	-4.07	-0.30%
Silver	16.7944	-0.37	-2.17%
Copper	320.25	0.85	0.27%
CRB Index	443.46	3.51	0.80%
Euro/USD	1.2466	0.01	0.67%
Euro/GBP	0.8830	0.00	0.37%
GBP/USD	1.4118	0.00	0.31%

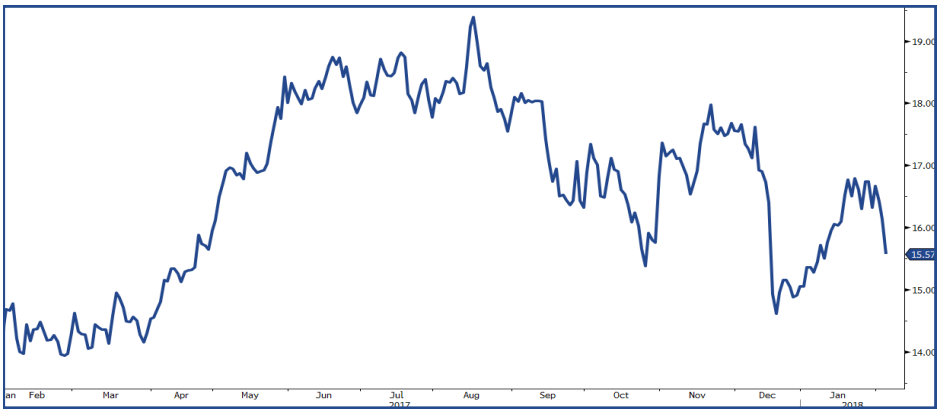
	Value	Change
German 10 Year	0.737	0.04
UK 10 Year	1.571	0.12
US 10 Year	2.8489	0.16
Irish 10 Year	1.151	0.03
Spain 10 Year	1.436	0.02
Italy 10 Year	2.014	-0.01
BoE	0.5	0.00
ECB	0.00	0.00
Fed	1.50	0.00

All data sourced from Bloomberg

Ryanair – Cautious guidance drives price action

Closing Price: €16.135

Will Heffernan | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue (€'bn)	7.02	7.612	8.36
EPS (€)	1.195	1.265	1.399
Price/ Earnings	13.02	12.3x	11.12x
Div Yield	0.46%	0.47%	0.33%

Share Price Return	1 Mth	3 Mth	YTD
RYA ID	2.0%	-9.5%	3.49%

Source: All data & charts from Bloomberg & CFI

Ryanair released Q3 results this morning. Management announced a €750m buyback that will start in February and is expected to complete in September. The rest of the results were generally in line with expectations. Q3 revenue was €1.4bn vs consensus of €1.389bn, an increase of 4.4% YoY. This was driven by increased passenger numbers (+6% YoY) and a 12% uptick in ancillary revenue. This indicates that the additional uplift we were expecting from My Ryanair and Ryanair Rooms is coming through. Q3 net income came in at €106m vs estimates of €101m. Management maintained FY18 guidance for net income to remain in the range €1.4bn to €1.45bn.

Costs are expected to tick-up in FY19, driven by €300m in fuel increases and a further €100m in staff costs. The company still expects unit costs to be down by 2% in FY18, a testament to the resilience of the Ryanair model. Management has guided for 130m passengers carried in FY18 (up from 129m) and for this to increase by 6% in FY19. Disappointingly, it expects fares to remain under pressure, unlike its peers (who had guided for increasing fares this year). Regarding FY19 fares, management stated "while we have practically no visibility on FY 19 fares, and our budget is not yet finalised, we do not share the optimism of competitors and market commentators for summer 2018 fare rises".

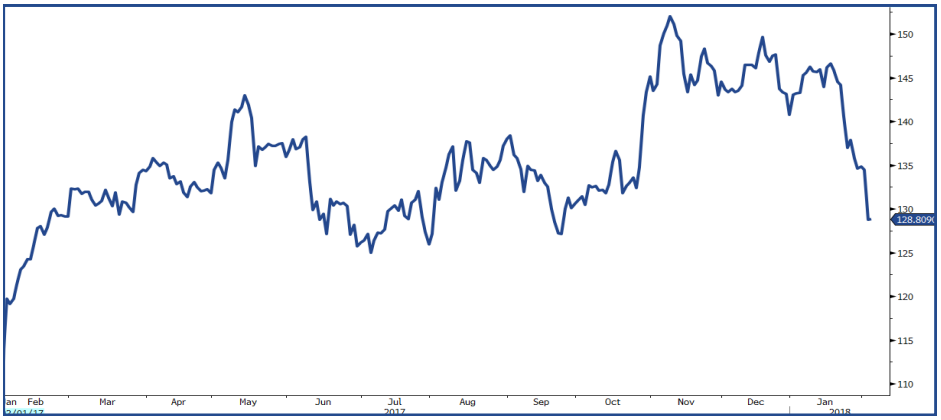
On a brighter note, management did say that this decline could be offset by continuing growth in ancillary revenue. But overall this cautious guidance is likely to weigh on the stock in the immediate term. Regarding fuel cost increases, it is now 70% hedged for FY19 at approx. $55 a barrel. FX hedged remains high as well with 90% hedging at an average EURUSD rate of $1.25 in FY19 (up from $1.12 in FY18). Management was keen to emphasise the increased cost advantages from 2019 onwards due to the new generation of aircraft coming on broad will add 4% more seats and will be 16% more fuel efficient than any other model Ryanair currently has in its fleet. This should add further to the cost per seat advantage Ryanair maintains over its rivals.

These numbers are unlikely to result in earnings upgrades for the stock. While it should be noted that management has a history of conservatively guiding, the expectations on fare prices is at odds with the rest of the peers and somewhat disappointing. However, the €750m buyback announcement is definitely welcome and indicative of management's continuing confidence in the model. The market may view these results and guidance as somewhat underwhelming. But it highlights that the Ryanair model is still intact from a longer term perspective. It must also be noted that some of the caution in the guidance may be due to management allowing for unforeseen roadblocks in the remaining staff negotiations and potential disruption later in the year.

The market expectation is for tightening capacity in Europe and supply demand/dynamics being supportive for airlines. If this scenario bears fruit, Ryanair will re-rate higher. Ryanair and the overall sector had performed well year to date. The stock is down 3% in early trading, driven by these results and general weakness in European equity markets. There has been no positive reaction to the buyback announcement, which is a surprise. We maintain our Outperform.

Apple - Declining iPhone sales offset by average handset price gains Closing Price: $160.50

Will Heffernan | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue ($'bn)	265	274.7	280.37
EPS ($)	11.5	13.03	14.07
Price/Earnings	13.9x	12.3x	11.4x
Div Yield	1.67%	1.86%	2.17%

Share Price Return	1 Mth	3 Mth	YTD
AAPL ID	-8.29%	-6.69%	-5.16%

Source: All data & charts from Bloomberg & CFI

Apple released Q1 results last week that contained some positives and negatives but were received favourably overall by the market. We had been highlighting the increasing worries in advance of these results that iPhone X sales may come in below estimates. This came to pass with total units sold at 77.3m vs estimates of 80.2m. Despite this miss, investors' concerns were assuaged by the fact that the Average Selling Price (ASP) rose from $767 to $796 (+12% YoY). Concerns were further allayed when management stated on the call that the iPhone X (with an ASP of $999) has been the best selling model since its introduction in November, indicating high take-up rates and the Apple brand continues to resonate with the consumer. Phone sales recovered in China as we were expecting, posting 11% growth after a year of declines.

Other than that, the Q1 data was solid. EPS came in at $3.89 vs estimates of $3.84. Overall revenue came in at $88.3bn vs estimate of $87.3 Gross margin was in line with expectations at 38.4%. Services revenue was a slight miss at $8.47bn, up 18.1% from the previous quarter. Services revenue is an important factor in smoothing out quarterly swings in device sales. It now accounts for 9.6% of total sales. With an installed base of 1.3bn devices (up 30% in under 2 years) this is only going to grow from here. The cash pile grew from $268bn to $285.1bn. On the call management discussed its recent announcement to move the majority of this cash back to the US, implying that about $100bn could eventually be put to work. The CFO stated that it could be used for acquisitions and additional buybacks but gave no specific details. There is a general market expectation that a high percentage of this cash will be returned to shareholders in one form or another.

Apple's Other Products business generated Q1 revenue of $5.5bn (+36%YoY), driven by sales of its top-set TV box, continuing growth in AirPods and a resurgence in Apple Watch sales after some recent upgrades. This division is expected to continue to perform well due to the recent release of the HomePod wireless speaker, which so far has crushed similar products from competitors apart from the Amazon Alexa.

The stock initially fell due to iPhone sales miss and Q2 guidance that was below Street Estimates. Management stated that its Q2 revenue is likely to be $60 - $62bn, missing analysts' expectation of $65.8bn. Management also guided for a margin of 38 - 38.5%, behind estimates of 39%. But in general these results were quite solid and the stock recovered. The Services revenue number imply that Apple remains on track to reach its target of $50bn annual services revenue by 2020 and should account for 30% of gross profit by 2021. This is important if Apple is to become less dependent on the annual product launches and product super-cycles.

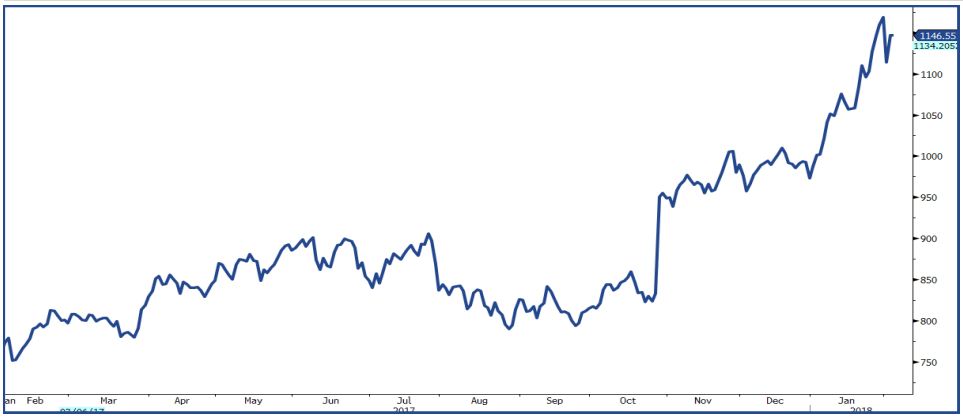
With such a large install base and a dedicated following from its consumers, Apple remains on track to capture more its customers time and revenue in the Services it provides. Continuing above average phone sales in EM, most notably China, should accelerate this trend. This is one of the near term catalysts, which also include margin expansion, tax reform, return of cash to shareholders and potential increase in M&A activity. The near term risks include any unexpected downturn in device sales or services revenue, maturing markets in developed countries, continued risk to reputation from battery and fault issues, mobile carriers lengthening their replacement cycles and regulatory risk as Apple gains a larger market share of the mobile devices market.

The longer term question is whether or not Apple can continue to innovate and the market has been somewhat sceptical of this over the past few years. 2017 will represent the 5th year in a row that R&D growth has been larger than revenue growth. We believe this has and will continue to result in new products and services over time. Apple is not considered a tech stock in the true sense of the word anymore but it is likely to be weak if the weak market action we seen last week continues. We maintain our Outperform in the long term.

Amazon - Blowout quarter results in earnings upgrades

Closing Price: $1429.9

Will Heffernan | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue ($'bn)	232.9	282.49	337.12
EPS ($)	16.60	25.16	36.85
EV/EBITDA	26.2x	19.8x	15.17x
Div Yield	N/A	N/A	N/A

Share Price Return	1 Mth	3 Mth	YTD
AMZN US	16.34%	28.64%	22.3%

Source: All data & charts from Bloomberg & CFI

Amazon rose 6.3% in after-market trading following results release last Thursday.Q4 EPS came in at $3.75, an all-time high. The consensus estimate from the Street had been $1.83 (range $1.21- $2.34), meaning it beat by 104%.Q4 net sales of $60.45bn (+38%) was ahead of estimates at $59.84bn and was the biggest increase since 2009. Operating income had a major beat at $2.13bn vs estimates of $1.48bn. Amazon Web Services, its cloud division, also performed very strongly with sales up 45% to $5.11bn and managed to grow margin (+30bps to 26.5%), despite other competitors in this sector performing well, implying limited effects from pricing pressures. Prime subscription rates showed robust member growth. Revenue from warehousing, packaging and other logistics services for other businesses increased by 41% to $10.5bn. Q4 results included a one off tax benefit of $789m.

North America excluding physical stores grew by 25% YoY as it continues to take market share from bricks and mortar retailers. Operating margins also improve to 4.5% driven by increased ad revenues and strong top-line volumes. International revenue grew 29% in Q4. On a constant currency basis, international revenue actually declined to +22% growth compared to 28% in Q3, largely due to the fact that Prime Day occurred in Q3. International margins were -5.1% mainly due to the higher level of investment abroad in fulfilment, content and launch of services in major markets. On the call management noted that more customers joined India's Prime service tin in the first year than in any other country. Physical stores revenue came in at $4.5bn, up 215 QoQ.

Forward guidance was also positive. Q1 net sales are expected to be in the $47.74bn - $50.75bn range. Guidance implies 34 - 42% YoY growth with approx. 330bps of FX impact. One the call, CEO Jeff Bezos and other executives were very excited about the future of Alexa, Amazon's interactive intelligence voice-controlled home device and guided for increased investment in the service. Management also stated that the integration of Whole Foods and Amazon's move into the grocery market is only in the very early stages and has substantial growth potential.

Amazon has a habit of significantly overshooting or undershooting analysts' estimates and this time was no different. Its investment spending can swing significantly from quarter to quarter. On the call management guided for continuing heavy investment in both its retail and cloud business, expanding its content plans, growing new markets such as India and Brazil and entering new categories such as healthcare. Historically during periods such as this, management has still been able to deliver above average returns on investment with average Cash Return on Cash Invested (CROCI) well above peers at 26.3%. It would appear that the market has finally become comfortable with Amazon's level of capex.

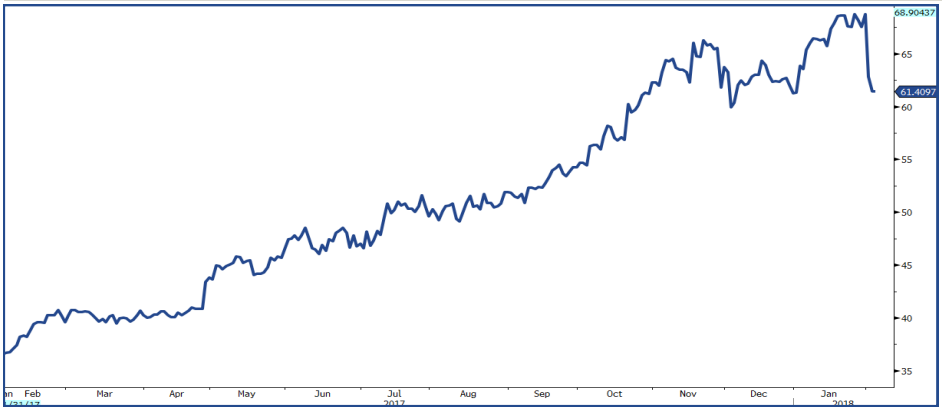
This release showed that management continues to execute its growth strategy well and has now strong margin growth (at least in the US) as well. Its cloud division continues to perform very well in a competitive market and the number of markets/sectors that Amazon could potentially move into over the next 5 years remains high (grocery, online advertising, real estate, logistics, B2B services, pharma distribution). We believe Amazon will continue to take market share from both traditional and other online retailers. Its retains substantial flexibility in pushing its own lower cost products versus third party versions on the platform. The runway for growth in Emerging Market countries remains substantial and its Prime offering continues to add subscribers at a very strong rate.

Its level of investment spending and capex will undoubtedly remain high but excellent performance in AWS gives us the confidence that this should not be too much of a headwind. It should also be noted that Amazon management's guidance is always somewhat conservative. Of the last 8 quarters, Amazon has beaten the high end of its income guidance by an average of 24% in those periods. Inclusive of all 8 periods, it has beaten it by 11%. The obvious headwinds are any substantial upside surprise in this investment spending, slower than expected Prime membership growth, consumer trends deteriorating and from a longer term perspective, increased regulatory scrutiny as Amazon grows larger. In the wake of this result, that average price target moved up from €1,375 to €1,609, an increase of 28.9%. FY18 EPS expectations moved up 14% from to $16.879. The stock is up 16.34% YTD in dollar terms and was up 6% on the back of this move. We believe it can push on further in the long term and would advise picking it up. The stock may continue to weak in the short term as part of the general market retracement we are currently experiencing.

PayPal - eBay news a short term negative

Closing Price: $76.57

Will Heffernan | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue ($'bn)	15.27	17.75	20.81
EPS ($)	2.28	2.78	3.23
Price/ Earnings	33.5x	27.5x	23.64x
Div Yield	N/A	N/A	N/A

Share Price Return	1 Mth	3 Mth	YTD
PYPL US	-2.71%	4.33%	4.01%

Source: All data & charts from Bloomberg & CFI

PayPal released Q4 EPS last week that were solid enough but with somewhat disappointing forward guidance. The stock traded down 11% after market due to this and news that eBay will stop offering PayPal as a payment option after 2023. Q4 EPS came in at 55c, ahead of the consensus Street estimate of 52c. Q4 net revenue was ahead at €3.74bn. Q4 payments growth was 16%. Overall customer accounts grew by 8.7m bringing the total number of active customer accounts to 227m. Operating margin was ahead of expectations at 21.8% and transactions per account also beat estimates at 33.6. Now for the negatives. Venmo, its social payment platform processed about $10.4bn of payments in Q4. This was up 86% from the previous year but down from last quarters growth of 93%. Management guidance left the market slightly disappointed with FY net revenue at $15bn - $15.25bn behind the consensus Street estimate of $15.26bn. Q1 EPS guidance is 52c - 54c with Street estimates at 53c. FY EPS is guided to be $2.24 - $2.30, with Street estimate at $2.24. The remainder of Q1/18 guidance was in line. The other major factor to weigh on the stock was the announcement from eBay management that it will intermediate payments on its marketplace platform between PayPal and Ayden.

PayPal was up 15% year to date and 117% since the start of 2017. We had been guiding that it was in need of a pull-back and after three exceptional quarters, it was always going to be difficult for management to sustain the recent levels of growth. That said, these results were generally very solid with the only real negative being the slight downgrade on FY revenue guidance. However, the results have been put on the backburner with the market focusing solely on eBay's announcement.

eBay is PayPal's largest partner so it obviously has weighed on the stock. At the time the split between eBay and PayPal was announced in 2014, eBay accounted for 30% of PayPal's revenue and 50% of its profits. Management does not break out the required figures in results anymore but it is generally accepted those percentages have declined substantially. The two companies had signed a 5 year operating agreement that expired in 2020 but this announcement will see PayPal being a payment option until 2023. The addition of Ayden will occur in 2019 so PayPal eBay volume is likely to be affected from then on. Once we hit 2020,PayPal will have to compete with others for payment volume share with other providers that eBay may choose to promote. PayPal currently retains 80% checkout market share on eBay and historical data shows that transitions such as this usually sees this decline to 50%. It is of course dependent on what percentage of eBay users switch and how quick any transition occurs

Management expects that if current trends continue, eBay volume would represent less that 4% of total trading volume and less than 10% of revenues by 2020. We would see minimal P&L impact in the short term with the greatest risk being to 2021 earnings following the end of the 5 year agreement in 2020. Volume loss will be mostly "unbranded" which is lower margin. There will also be some cost savings as PayPal incurs significant fraud and other costs associated with eBay. One final potential positive to note is that PayPal was contractually restricted from providing services to some of eBay's main competitors (potentially Amazon and Alibaba) but it should now be able to offer these merchants services from 2020 onwards.

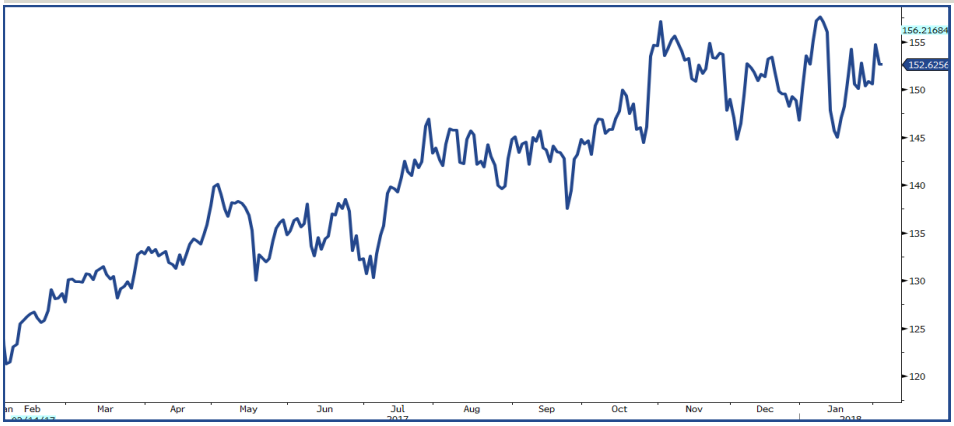
PayPal has spent the last few years diversifying its revenue stream away from over-reliance on eBay through the signing of multiple partnerships with financial institutions and retailers, rapidly moving from a competitor to the payment partner of choice. Over the past 18 months PayPal has signed 24 partnerships including deals with Apple, Visa and JP Morgan. Management is at the very early stages of these agreements so there is considerable headroom for account and payment volume growth. While undoubtedly the eBay news is a blow, we believe this work done by management should largely offset lost revenue from eBay in the longer term.

In general, PayPal management has performed excellently in implementing a very solid strategic shift for the platform and we would expect no less when handling this issue over the next 5 years. We would expect the impact to be manageable given the long timeframe. Prior to this release, investors had been expected a renewal of the eBay agreement so it obviously has come as a shock. This may explain the 11% decline in after market trading, which in our opinion is an overreaction. The stock may continue to de-rate in the short term due this negative news. After its performance in 2017 and year to date we not necessarily see this as a bad thing and would advise picking it up on dips. We maintain our long term Outperform.

Facebook - Slowing growth likely to be a short term drag

Closing Price: $190.28

Will Heffernan | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue ($'bn)	55.12	69.787	85.721
EPS ($)	8.967	10.931	16.4
Price/ Earnings	26.3x	21.6	17.59
Div Yield	N/A	N/A	N/A

Share Price Return	1 Mth	3 Mth	YTD
FB US	1.84%	6.35%	7.83%

Source: All data & charts from Bloomberg & CFI

Facebook reported Q4 results last week that were generally solid but contained some trends that caused worry for investors. Firstly, the numbers. Q4 EPS came in at $2.255, missing estimates of $2.392. Q4 revenue of $12.97bn (+47% yoy, +26% qoq) was ahead of estimates at $12.55bn. EBITDA at $9.019bn was another beat, ahead of the Street's consensus estimate of $8.599bn. The main metrics that drove share price action after market was the Daily Active Users (DAUs) and average amount of time spent on the platform. Q4 DAUs came in at 1.4bn, behind estimates of 1.41bn. This is just 14% growth in DAUs on a yearly basis, the slowest rate on record. Management also stated that DAUs in the US and Canada fell for the first time in the company's history, from 185m to 184m. Overall time spent on Facebook declined by 50m hours a day or 5% in total. Monthly Active Users (MAUs) was in line with market expectations at 2.13bn.

From a revenue perspective the picture remains strong. Average revenue per user increased across all geographies. Recent tax changes forced management to set aside more money to pay taxes, cutting 77c off earnings. The stock traded down 5% initially upon release of earnings but finished up 2% higher after management stated on the call that it does not think the declining DAU trend in North America will persist. It also reaffirmed its previous guidance that 2018 operating expenses will increase 45%-60%, driven mainly by the shift in model and increased security spending in the wake of the fallout from Russian meddling in the US election.

Facebook management over recent quarters had been guiding for all of the above trends to begin to occur. Unfortunately, the market at the time did not really pay attention and the stock continued to rally. Though well flagged, the initial negative DAU news did cause the stock to sell off initially.

In the short term, any pullback in DAU/MAU figures are likely to have a negative reaction. The market focuses very strongly on these two specific metrics. We had expected some decline or consolidation in users in North America simply because Facebook was reaching tipping point but do not believe this is too much of a headwind. Likewise, the current shift that management is implementing is likely to also be a short-term headwind. On the call CEO Mark Zuckerberg stated that changes implemented in Q4 had cut the number of viral videos in users' feeds and reduced the overall time spent on the platform. These changes are part of management's efforts to increase trust in the platform, reduce ad load in feeds and improve the overall user experience. As ad load growth slows, it is key that management maintains/increases margins with a successfully implemented video strategy. These changes are likely to weigh on user interaction in the short term. In essence, the company is attempting to change its core business while continuing to very important satellite businesses. We believe management has proven themselves adept enough in the past to do this.

Longer term, we believe those satellite businesses, specifically Instagram and WhatsApp, have huge monetization potential. Management indicated on the call that Stories will likely overtake posts and feeds as the most common way for people to post. Instagram Stories and WhatsApp Statuses each have more than 300m DAUs and are expected to increase substantially. Stories ultimately means more video sharing and video advertisements, which are a higher margin product than the generic sterile ads in users' feeds. This will be further enhanced by Facebook's move into providing sporting, series and organic content on its platform. We believe there is considerable headroom for user, ad volume and margin growth across both these platforms. Instagram has performed excellently so far and despite WhatsApp only being at the initial stages of monetization, we believe it retains the same potential. We would also see considerably runway left with Facebook's main platform due to the changes management are currently undertaking.

As outlined, short term headwinds are likely to weigh on the stock in the near term. The major headwind in the longer term is the increasing scrutiny by regulators, especially in Europe, of Big Tech. But we continue to believe Facebook will retain the lion's share of the online advertising market (along with Alphabet). In the US online advertising is expected to grow by 16% in 2018 and 13% in 2019. The comparative market for TV and print is expected to decline by -1.9% and -4.0% in the same years. Facebook should be able to leverage its very sizeable database and significant capabilities in Artificial Intelligence to ensure it has a competitive advantage when developing targeted ads, critical for a population with an every declining attention span. We maintain our Outperform rating.

Cantor Core Portfolio - In Detail

Performance YTD	%
Portfolio	4.0%
Benchmark	0.6%
Relative Performance	3.3%
P/E Ratio	20.49x
Dividend Yield	2.2%
ESMA Rating	6
Beta	1.03

Sectors	Portfolio	Benchmark	+ / -
Consumer Discretionary	6%	11%	
Consumer Staples	5%	14%	
Energy	5%	6%	
Financials	24%	15%	
Health Care	5%	9%	
Industrials	21%	15%	
Information Technology	16%	9%	
Telecommunication Services	0%	3%	
Utilities	0%	3%	
Materials	18%	15%	
Real Estate	0%	2%	

FX	Portfolio	Benchmark
EUR	63%	54%
GBP	21%	26%
USD	16%	20%

Currency YTD %	
GBP	1.65%
USD	-3.13%

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	YTD Return (EUR)	Weekly Return	Currency Contribution	Total Contribution	
ISEQ 20 INDEX	EUR	16	Neutral	32%	-1.1%	-0.9%	0.0%	-0.3%	
UK 100 INDEX	GBP	15	Neutral	26%	-0.4%	-0.4%	1.5%	-0.1%	
S&P 500 INDEX	USD	18	Neutral	20%	2.4%	-0.1%	-3.3%	0.5%	
IBEX 35 INDEX	EUR	14	Positive	6%	4.5%	-0.1%	0.0%	0.3%	
DAX INDEX	EUR	14	Positive	16%	2.1%	-0.3%	0.0%	0.3%	
Total				100%		-1.8%	-1.82%		0.6%

Core Portfolio

Weighted Average Contribution

Stock	Currency	Yield*	Hold / Sold	Sector	Weighting	Total Return Local	Weekly Return	Currency Contribution	Total Contribution	
GLANBIA PLC	EUR	1.1	H	Consumer Staples	5%	-8%	-0.1%	0.0%	-0.4%	
RYANAIR HOLDINGS PLC	EUR	0.0	H	Industrials	5%	11%	0.0%	0.0%	0.5%	
INDUSTRIA DE DISENO TEXTIL	EUR	2.6	H	Consumer Discretionary	6%	-1%	0.0%	0.0%	0.0%	
LLOYDS BANKING GROUP PLC	GBp	5.9	H	Financials	5%	2%	-0.2%	1.6%	0.2%	
BANK OF IRELAND	EUR	1.9	H	Financials	5%	11%	-0.1%	0.0%	0.5%	
ALLIANZ SE-REG	EUR	4.0	H	Financials	5%	6%	0.0%	0.0%	0.3%	
FACEBOOK INC-A	USD	0.0	H	Information Technology	4%	6%	0.0%	-3.4%	0.1%	
PAYPAL HOLDINGS INC	USD	0.0	H	Information Technology	4%	16%	0.1%	-3.7%	0.5%	
ALPHABET INC-CL A	USD	0.0	H	Information Technology	4%	12%	0.0%	-3.6%	0.3%	
AMAZON.COM INC	USD	0.0	H	Information Technology	4%	24%	0.3%	-3.9%	0.8%	
iShares STOXX Europe 600 Banks ETF	EUR	4.0	H	Financials	5%	5%	-0.1%	0.0%	0.3%	
SIEMENS AG-REG	EUR	3.1	H	Materials	6%	5%	0.0%	0.0%	0.3%	
VINCI SA	EUR	2.7	H	Industrials	5%	2%	0.0%	0.0%	0.1%	
SMURFIT KAPPA GROUP PLC	EUR	3.0	H	Materials	6%	0%	-0.2%	0.0%	0.0%	
ALLIED IRISH BANKS PLC	EUR	2.4	H	Financials	4%	2%	0.0%	0.0%	0.1%	
CRH PLC	EUR	2.2	H	Materials	6%	0%	-0.2%	0.0%	0.0%	
KINGSPAN GROUP PLC	EUR	1.0	H	Industrials	5%	2%	0.0%	0.0%	0.1%	
ROYAL DUTCH SHELL PLC	GBp	5.4	H	Energy	5%	0%	-0.1%	1.6%	0.1%	
DCC PLC	GBp	1.6	H	Industrials	6%	-1%	-0.1%	1.5%	0.0%	
GLAXOSMITHKLINE PLC	GBp	6.0	H	Health Care	5%	0%	-0.1%	1.6%	0.1%	
Total					100%		-0.9%	-8.25%		4.0%

*Red Denotes Deletions

*Green Denotes Additions

*Yields are based on the mean of analyst forcast

All data taken from Bloomberg up until 31/01/2018.

Warning : Past performance is not a reliable guide to future performance

Warning : The value of your investment may go down as well as up.

From the News - Monday's Headlines

- **Global** Equity market tumble as sell-off deepens
- **US** Democrats warn of constitutional crisis over FBI memo
- **Europe** Resolutions in sight for German coalition talks
- **UK** Downing Street rules out customs union to assuage Brexiters
- **Ireland** Stripe chief warns about Dublin housing costs as a new engineering hub is announced

Current Stock Trading News

From a market trading perspective we are long Bank of Ireland, Inditex, Kerry Group, and Kingspan.

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	**Corporate**	**Corporate**	**Corporate**	**Corporate**
Ryanair Intesa Sanpaolo	Hargreaves Lansdowne BP	Smurfit Kappa Tullow Imperial Brands Vinci GSK	Total Twitter	AIG
Economic	**Economic**	**Economic**	**Economic**	**Economic**
CN Caixin PMI EU Retail Sales US ISM PMI	DE Factory Orders US JOLTs EU Retail PMI	UK House Prices DE Ind. Production	CN Balance of Trade BOE IR Decision	CN Inflation UK Construction & Industrial Output

Upcoming Events

12/02/2018	Cisco
13/02/2018	Kering. Daimler
14/02/2018	N/A
15/02/2018	Norwegian Air. IRES REIT. Shire. Nestle
16/02/2018	Air France KLM. Danone. Allianz

12/02/2018	IE Construction PMI. CN Loan Growth
13/02/2018	UK RPI. UK Inflation Rate. JP GDP
14/02/2018	DE GDP. DE Inflation Rate. EU GDP. US Inflation
15/02/2018	US NY Manf. Index. US PPI
16/02/2018	UK Retail Sales. US Housing Starts & Permits

All data sourced from Bloomberg

Cantor Publications & Resources

Daily Note

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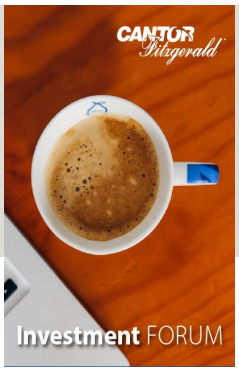

Investment Forum

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

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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Bank of Ireland: Bank of Ireland provides a range of banking, life insurance and other financial services to customers in Ireland and United Kingdom

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

Inditex: Industria de Diseno Textil, S.A. designs, manufactures and distributes apparel. The company operates retail chains in Europe, the Americas, Asia and Africa.

Ryanair: Ryanair Holdings plc provides low fare passenger airline services to destinations in Europe.

ICG: Irish Continental Group plc markets holiday packages and provides passenger transport, roll-on and roll-off freight transport, and container lift on and lift-off freight services between Ireland, the United Kingdom and Continental Europe.

Siemens: Siemens AG is an engineering and manufacturing company. The Company focuses on four major business sectors including infrastructure and cities, healthcare, industry and energy. Siemens AG also provides engineering solutions in automation and control, power, transportation, and medical.

Lloyds: Lloyds offers a range of banking and financial services including retail banking, mortgages, pensions, asset management, insurance services, corporate banking and treasury services.

Allianz: Allianz, through it subsidiaries, provides insurance and financial services.

Facebook: Facebook Inc. operates a social networking site.

PayPal: PayPal operates a technology platform that enables digital and mobile payments on behalf of customers and merchants.

Alphabet: Alphabet provides web based search, advertisement, maps, software applications, mobile operating systems, consumer content and other software services.

Amazon: Amazon is an online retailer that offers a wide range of products.

Smurfit Kappa: Smurfit Kappa manufactures paper packaging products.

CRH: CRH is a global building materials group.

Kingspan: Kingspan is a global market player in high performance insulation and building envelope technologies.

Royal Dutch Shell: Royal Dutch Shell explores, produces and refines petroleum.

DCC: DCC is a sales, marketing, distribution and business support services company.

GlaxoSmithKline: GSK is a research based pharmaceutical company.

Kerry: Kerry Group PLC is a major international food corporation. The Group develops, manufactures, and delivers innovative taste solutions and nutritional and functional ingredients.

VINCI SA: VINCI is a global player in concessions and construction with expertise in building, civil, hydraulic, and electrical engineering

Glanbia: Glanbia plc is an international dairy, consumer foods, and nutritional products company. The Company conducts operations primarily in Ireland, the United Kingdom, and the United States

Datalex: Datalex plc provides e-business infrastructure and solutions to customers in the global travel industry. The Group's services encompass Internet booking engines that link to reservation systems of travel providers, as well as support systems that allow travel companies to gather marketing information from airline data.

One51: The One51 Group comprises two operating divisions focused on Plastics and Environmental Services. One51 is a grey market stock and is not listed on a traditional exchange. Client should be aware that are increased liquidity risks associated with trading these type of stocks.

Green REIT: Green REIT plc operates as a property investment company. The Company invests in a portfolio of long-lease and freehold, primarily commercial and mainly Dublin-based properties

SAP: SAP is a German software company whose products allow businesses to track customer and business interaction

Hibernia REIT: Hibernia REIT plc operates as a real estate investment trust. The Company invests in commercial properties including offices, industrial properties, retail stores, warehousing and distribution centers, and other related property asset

Apple: Apple Inc. designs, manufactures, and markets personal computers and related personal computing and mobile communication devices along with a variety of related software, services, peripherals, and networking solutions. The Company sells its products worldwide through its online stores, its retail stores, its direct sales force, third-party wholesalers, and resellers.

None of the above recommendations have been disclosed to the relevant issuer prior to dissemination of this Research.

Historical Record of recommendation

Ryanair: Ryanair was added to the Core Portfolio at inception in and have had an Outperform recommendation since then

Apple: We changed our rating on Apple to Outperform from Market Perform, as of 02/08/2017

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.

PayPal: We added PayPal to our Core Portfolio on the 20/07/15 and have an Outperform outlook on the stock

Amazon: We have an Outperform recommendation for Amazon since 26/07/13, and no changes have been made since then.

CANTOR Fitzgerald

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