

Friday 18th May 2018

Morning Round Up

PayPal in talks to buy iZettle

News broke overnight that [PayPal](#) is in talks to buy iZettle for more than \$2bn. iZettle is a Swedish payment start-up that was on its way to becoming the biggest fintech in Europe. Media reports indicate that PayPal has offered about double the amount that iZettle was aiming for in its IPO, which was scheduled to take place at the end of the month. The official offer could be as soon as today according to reports. iZettle offers ecommerce services to small businesses and individuals and was reportedly seeking a valuation of \$1.1bn in its listing. It is still loss making and was aiming to break even by 2020. [As we expected](#), this acquisition is in Europe, continuing management's strategy of growing market share outside of the US.

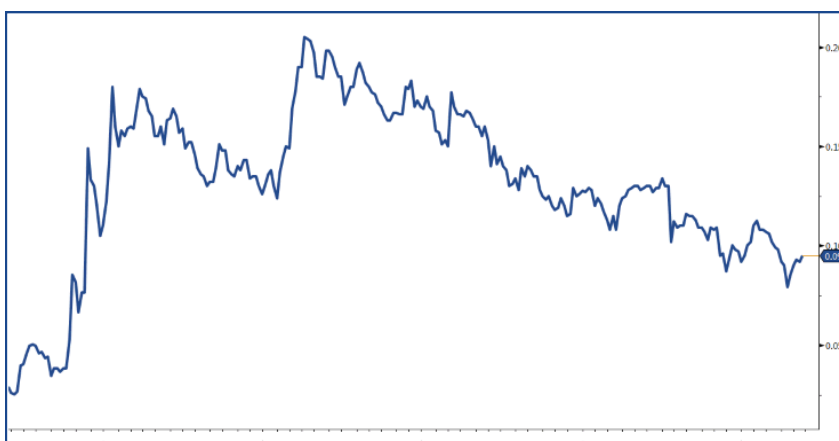
Lloyds exit Ireland

Lloyds announced the sale of its Irish residential mortgage portfolio this morning to Barclays. The portfolio has a gross loan value of £4.3bn, with £0.3bn in impaired loans. Lloyds will receive a cash consideration of £4bn, which will generate £110m loss in FY18. The transaction is expected to generate 25bps of capital due to reduced risk weighted assets (RWA). Lloyds have been slowly reducing its exposure to Ireland since 2008, this deal marks the completion of that strategy. At a group level it won't have a significant impact as it represents less than 1% of group loans to customers.

INM AGM today

INM has its AGM today in what we would expect will be an interesting afternoon. Management will face some questions regarding the much publicised debacle with the ODCE (Office of Director of Corporate Enforcement). Prior to the AGM, the Chairman has released an introductory statement. In the statement it highlights its opposition to the ODCE application. Along with being informed on the 23rd of March of the Director's notice of intention to apply to the court, INM management received new information that indicated the possibility of personal data breach. In response to the matter, the Board has appointed Deloitte to conduct a full investigation into the matter. The statement reiterates its concern over the appointment, its impact on stakeholders and the potential ongoing cost. It had established a formal independent review to examine the possible acquisition of Newstalk and related matters and has subsequently adopted in full the Report of the review. Therefore it does not deem the appointment of inspector be either justified or proportionate particularly given its co-operation and the fact that that the Data Protection Commissioner is conducting its own investigation. Finally, it confirmed that it's performance year to date is in line with the market expectations despite the weather in March and higher than anticipated declines in Digital advertising.

INM Price Chart



Source: Bloomberg, CF Research May 2018

Key Upcoming Events

30/06/2018 US Tariff Exemption Deadline

Market View

Energy stocks were the best performer overnight as Brent continues to hold above \$80 a barrel. Wider equity markets moved sideward overnight as conflicting messages on trade came out. US officials stated that there remains major differences between US and China, while Chinese officials have signalled their willingness to make concessions. Focus will continue to be on those ongoing talks in Washington along with North Korea, where recent progress has suffered a setback. Analysts will also continue to keep an eye on yields as the US 10 year moves past the 3.12% mark.

Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	24714	-54.95	-0.22%	-0.02%
S&P	2720	-2.33	-0.09%	1.74%
Nasdaq	7382	-15.82	-0.21%	6.94%

Nikkei	22,930	91.99	0.40%	0.73%
Hang Seng	31,134	192.18	0.62%	4.06%

Brent Oil	79.49	0.19	0.24%	18.87%
WTI Oil	71.63	0.14	0.20%	18.55%
Gold	1290	-0.49	-0.04%	-0.96%

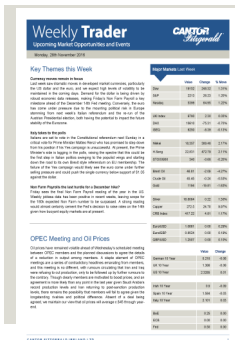
€/\$	1.1816	0.0021	0.18%	-1.57%
€/£	0.8746	0.0019	0.22%	-1.52%
£/\$	1.351	-0.0006	-0.04%	-0.02%

	Yield	Change
German 10 Year	0.63%	-0.010%
UK 10 Year	1.55%	-0.012%
US 10 Year	3.10%	-0.011%

Irish 10 Year	1.05%	-0.006%
Spain 10 Year	1.42%	0.008%
Italy 10 Year	2.14%	0.025%

Source: Bloomberg, CF Research May 2018

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 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.

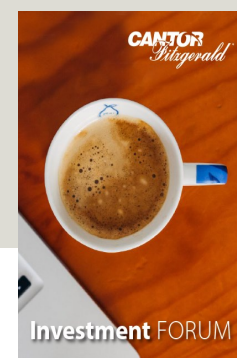
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Investment Forum

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Issuer Descriptions: (Source: Bloomberg)

Independent News and Media: Independent News & Media PLC (INM) is an international media group

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

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

Historical Recommendation:

INM: We updated our recommendation to Market Perform from Outperform on 19/05/17

Lloyds: We have been positive on Core Portfolio stock, Lloyds, since 01/03/14 and no change has been made to our recommendation since

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

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