

Friday, 29<sup>th</sup> June 2018

## Morning Round Up

### EU Progress on Immigration

It seems like that we have only been able to bring [bad news](#) from [Europe](#) lately. Today is different. We had been highlighting Ms Merkel's recent [internal coalition struggles](#) over immigration and yesterday she took the first steps to resolving the issue. EU leaders struck a deal that will send migrants to processing centres across the EU in a plan that was agreed to by Italy, its staunchest opponent so far. The Italians and Hungarians won some concessions including the stipulation that all measures would be voluntary. This leaves some uncertainty as to how practical the agreement is when it comes to implementation. But in general it is a positive step with the Italian Prime Minister stating that "Italy is no longer alone after this EU summit". The agreement also endorsed the idea of processing centres outside the EU, most probably in Africa. The euro rallied strongly against all currencies and European equities opened up 1.5% this morning. It should also be noted that recent European economic data, which had a [very poor Q1](#), has been beating estimates of late. Whisper it quietly but the worst may be over for Europe.

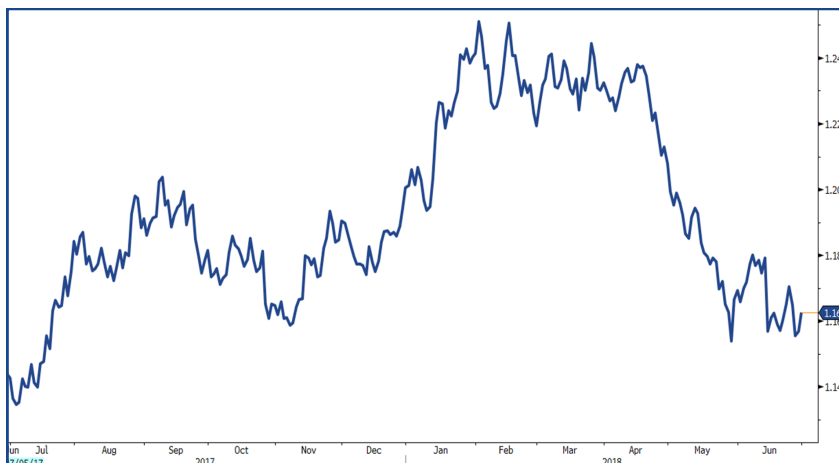
### Further disruption from Amazon

Amazon announced the acquisition of an online pharmacy group PillPack for approx. \$1bn. PillPack is a solely online pharmacist focused on customers who have multiple daily prescriptions. As [previously highlighted](#), we expected Amazon to make a move in the low margin, high volume pharmacy business and it would appear Amazon has bought a model with the correct infrastructure (pharmacy licenses in 50 states) that does not have a physical store network. Other large pharmacy business including Walgreen and CVS dropped by 7-10% on the day. This purchase fits in with Amazon's quest to make itself a [one stop shop](#) for everything a consumer needs. We maintain our Outperform rating.

### Fed Stress Tests

Round two of the Federal Reserve stress test were released yesterday, with Deutsche Bank's US operations failing the evaluation. The second round review is a qualitative assessment of banks capital planning process. The board's concerns included material in the firm's data capabilities and controls supporting its capital planning process. The board issued a conditional non-objection to the capital plans of both [Goldman Sachs](#) and Morgan Stanley and both firms will maintain their capital distributions at the levels they paid in recent years, which will allow them to build capital over the next year. US financials traded up yesterday on the back of the approved capital distribution plans.

### EURUSD Price Chart



Source: Bloomberg, CF Research June 2018

### Key Upcoming Events

06/07/2018 Implementation of US Tariffs

### Market View

Asian markets rallied on the news that Angela Merkel has reached some form of agreement. Likewise, Europe opened up very strongly as investors breathed a sigh of relief. Though this is undoubtedly a positive, we are not out of the woods just yet as we now move to the most difficult phase, implementation of the agreement. EURUSD was the major mover overnight as a result. Market focus today will be on any comments regarding that deal, US PCE data, EU inflation data and the final number for UK Q1 GDP data.

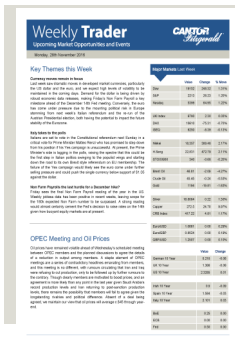
### Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	24216	98.46	0.41%	-2.04%
S&P	2716	16.68	0.62%	1.60%
Nasdaq	7504	58.60	0.79%	8.70%
Nikkei	22,305	34.12	0.15%	-2.02%
Hang Seng	28,937	439.53	1.54%	-3.28%
Brent Oil	78.06	0.21	0.27%	16.73%
WTI Oil	73.16	-0.29	-0.39%	21.09%
Gold	1250	1.81	0.15%	-4.05%
€/\$	1.1629	0.0060	0.52%	-3.13%
€/£	0.8867	0.0022	0.24%	-0.16%
£/\$	1.3116	0.0038	0.29%	-2.94%

	Yield	Change
German 10 Year	0.33%	0.014%
UK 10 Year	1.29%	0.022%
US 10 Year	2.85%	0.018%
Irish 10 Year	0.86%	0.004%
Spain 10 Year	1.36%	-0.010%
Italy 10 Year	2.74%	-0.042%

Source: Bloomberg, CF Research June 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.

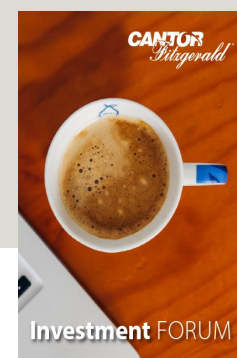
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Each month our Private Client and Research departments collaborate to issue a publication which highlights the performance of our flagship products, funds and our Core Portfolio, including the Green Effects fund, most recent private equity deals and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

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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)

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

### Historical Recommendation:

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

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