

Tuesday, 18<sup>th</sup> December 2018

## Morning Round Up

### Market rout continue

The S&P posted its fourth straight day of losses yesterday, dropping below February's close to end the day at 2545.94. The next point of support for the index is 2532 the intraday low from February. Fears over global growth and the end of the 9 year bull run have come to the fore despite positive developments on trade and the Italian budget. The S&P is now trading at a 12m forward P/E of 14.59x, its lowest level since 2014 and 20% below its valuation at the start of the year. While in Europe, the Stoxx 600 is trading at a 12m forward P/E of 12.25x, its lowest level since 2013. The recent rout has made the Fed's meeting even more important tomorrow. However, it is difficult to gauge how the market will respond to any of the potential scenarios, with a dovish hike likely to be most welcomed. We continue to advise clients that the market will remain volatile for the foreseeable, but based on the fundamental backdrop we are positive into H1 2019, we will update should this change.

### Corbyn tables a motion of no confidence in PM

After forcing Mrs May to confirm a date for the parliamentary vote on Brexit, Labour party leader Jeremy Corbyn has tabled a vote of no confidence in the Prime Minister due to her failure to allow parliament to have a meaningful vote "straightaway". Mr Corbyn has tabled a motion against the PM and not the entire government, which smaller opposition parties have criticised. Mrs May is likely to survive the motion as dissenting Tories and the DUP are set to support the PM. Labour and Mr Corbyn's issue is they are unlikely to win a full confidence vote with the DUP supporting Mrs May. Further to a confidence vote, Labour strategists are not certain if they could win a general election, which is giving May some breathing room. As of now, the meaningful vote is scheduled for the week starting the 14th of January. Brexit uncertainty will continue to drive volatility until the market sees a clear path to a resolution.

### AIB appoint Colin Hunt to the top office

In a swift and encouraging appointment by the board, Colin Hunt will take the top job at the bank from early next year. Mr Hunt, an internal candidate leading the bank's Wholesale and Institutional business, has held various roles across the financial sector having previously been Chief Economist at Goodbody, a special adviser to former ministers for finance and transport and more recently he led Australian Bank Macquarie's Irish operation. A swift internal appointment should be positive for the stock and avoids any issues relating to pay caps that an external appointment might bring. An internal appoint also increases the probability of a shareholder distribution in FY20 but we will have to wait for guidance, on how Mr Hunt views the bank's excess capital. Please see [our latest views](#) on AIB.

### Dalata update

Dalata released a year end trading update this morning with management reporting that they expect to meet FY 2018 expectations and that new developments completed in H2 2018 will drive deliver both revenue and earnings growth in FY 2019. Dalata reported RevPar growth in Dublin, UK and Regional Ireland of 8.8%, 3.2% and 5.3% respectively. While the pace of RevPar growth has slowed modestly on interim 2018, the growth rates remain extremely attractive for a company trading on 11x 2018 earnings. We reiterate our "Buy" recommendation. See our [latest thoughts](#) here.

### Key Upcoming Events

19/12/2018 FOMC interest rate decision

### Market View

US markets closed down over 2% yesterday as investors question growth. Meanwhile, Trump made his feelings on interest rate policy clear ahead of the Fed meeting this week. Asian trading continued in the same vein on disappointment from Chinese President Xi's speech offering no further stimulus. European markets followed this morning opening lower, while US futures are pointing to a positive open. As investors begin to finish up ahead of the holiday period, the Fed remains the most important event this week. On the data front, there is an Ifo Business Climate number out of German, some US housing data and Japanese trade data.

### Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	23593	-507.53	-2.11%	-4.56%
S&P	2546	-54.01	-2.08%	-4.78%
Nasdaq	6754	-156.93	-2.27%	-2.17%

Nikkei	21115	-391.43	-1.82%	-7.25%
Hang Seng	25814	-273.73	-1.05%	-13.72%

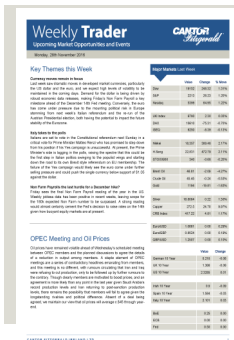
Brent Oil	58.68	-0.93	-1.56%	-12.25%
WTI Oil	48.03	-1.85	-3.71%	-20.51%
Gold	1248	2.36	0.19%	-4.19%

€/\$	1.1371	0.0023	0.20%	-5.28%
€/£	0.8998	0.0006	0.07%	1.32%
£/\$	1.2637	0.0013	0.10%	-6.48%

	Yield	Change
German 10 Year	0.237	-0.019
UK 10 Year	1.243	-0.023
US 10 Year	2.828	-0.029

Irish 10 Year	0.935	-0.030
Spain 10 Year	1.39	-0.009
Italy 10 Year	2.972	0.012

# 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.

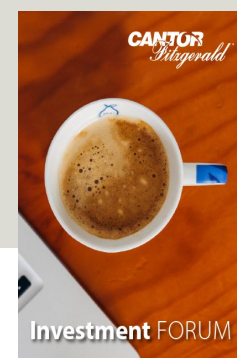
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## Regulatory Information

### Issuer Descriptions: (Source: Bloomberg)

**AIB Group:** AIB Group plc attracts deposits and offers commercial banking services.

**Dalata Hotel Group:** Dalata Hotel Group owns and operates as a chain of hotels.

### Historical Recommendation:

**AIB Group:** We moved our rating from market perform to outperform on the 12/12/2018

**Dalata Hotel Group:** We initiated an Outperform rating on Dalata on the 21/11/2018

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