

Friday, 21th December 2018

Morning Round Up

US House passes funds for Trump wall

Republicans in the US House of Representatives on Thursday added \$5bn to a government spending bill to help President Donald Trump make good on a pledge to build a border wall, a move that made a partial federal government shutdown more likely this weekend. The Senate is highly unlikely to pass the legislation, which funds agencies responsible for federal law enforcement activities, airport security screenings, space exploration and farm programmes, by a midnight deadline on Friday. Trump had said he would not sign a Senate-passed bill to keep the government running through February 8 because it lacked funds for the wall, a signature promise of his 2016 run for office, so Republicans in the House of Representatives scrambled to add money to appease the President. Trump demanded \$5bn to put toward a wall on the US border with Mexico that he argues is needed to keep out illegal immigrants and drugs, a down payment on a massive project which Democrats have rejected as ineffective and wasteful.

The funding uncertainty weighed on markets on Thursday but it was later dwarfed by another bombshell from the Trump administration: the resignation of Defence Secretary Jim Mattis.

Nike surges on results

Nike jumped by 7% in after market trading last night after Q2/19 results came in above market estimates. Revenue grew by 9.59% to \$9.37bn, ahead of estimates of \$9.16bn. EPS grew by 13% to \$0.52, above estimates of \$0.46. Sales grew in almost all categories with footwear and apparel posting double digit growth during the quarter. Profits were aided by higher average prices, boosting the gross profit margin to 43.8%. Both the US, Nikes largest market, and China showed robust growth. While it did not mention the controversial Colin Kaepernick ad campaign in the release, it does appear to be successful in generating consumer interest. Sales guidance increased for the year with Nike now expecting currency neutral revenue growth to be in the high single digits over the full year. These are welcome results for the retail sector, which has seen weakness of late most notably after ASOS's profit warning.

Managed Care sector weak after US court ruling

Late last Friday a Federal Judge in Texas ruled that the Affordable Care Act (ACA) was unconstitutional. While this will heighten concerns over Medicaid expansion in the US, it remains unlikely to be upheld and faces into a lengthy appeal process. In the bear case scenario and the ruling is upheld two years down the line, UnitedHealth Group (a preferred US healthcare name) faces limited downside given its structure in the Medicaid market and its diversified revenue streams. It will also benefit on the removal of a number of regulations implemented as a result of the ACA, notably the health insurer tax. With volatility likely to remain in the near term we see this as an opportunity to pick up UnitedHealth Group on weakness.

UNH one year stock price



Source: Bloomberg, CF Research December 2018

Key Upcoming Events

02/01/2018 US PMI

Market View

European markets have followed US and Asian markets lower this morning as sentiment remains negative after a more hawkish than expect Fed on Wednesday and further political uncertainty from the US. Oil has opened up higher this morning following a week of declines. The US 10 year yield has moved down to 2.79%, its lowest level since March. Investors will look to the latest personal income and spending data today from the US to gauge inflation trends into the new year. Volumes will be light over the next week with the Christmas holiday season.

Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	22860	-464.06	-1.99%	-7.52%
S&P	2467	-39.54	-1.58%	-7.71%
Nasdaq	6528	-108.42	-1.63%	-5.43%

Nikkei	20166	-226.39	-1.11%	-11.42%
Hang Seng	25753	129.89	0.51%	-13.92%

Brent Oil	54.76	0.41	0.75%	-18.11%
WTI Oil	46.27	0.39	0.85%	-23.42%
Gold	1261	0.74	0.06%	-3.24%

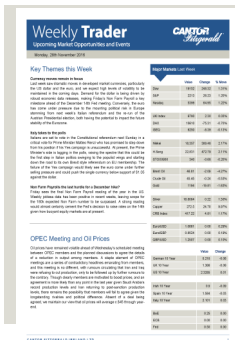
€/\$	1.1459	0.00	0.11%	-4.55%
€/£	0.9031	0.00	-0.13%	1.69%
£/\$	1.2688	0.00	0.25%	-6.11%

	Yield	Change
German 10 Year	0.244	0.02
UK 10 Year	1.29	0.02
US 10 Year	2.7956	-0.01

Irish 10 Year	0.887	0.02
Spain 10 Year	1.379	0.01
Italy 10 Year	2.79	0.0500

Source: Bloomberg, CF Research December 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.

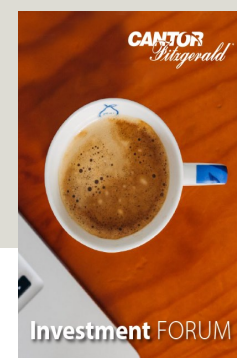
[Click Here](#)



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)

UnitedHealth Group: Incorporated owns and manages organized health systems in the United States and internationally

NIKE Inc: NIKE designs, develops, and markets athletic footwear, apparel, equipment, and accessory products for men, women, and children.

Historical Recommendation:

UnitedHealth Group: We have had an outperform rating on UnitedHealth Group since 09/07/2018

NIKE Inc: At present we do not have a rating on Nike
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 retail 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 recommendation 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 purchase or sale of any particular security. Not all recommendations are necessarily suitable for all investors and CFIL recommends 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 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 effect 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 from 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.

We have assessed the publication and have classed it as Research under MIFID II. All charges in relation to this publication will be borne by Cantor



Dublin: 75 St. Stephen's Green, Dublin 2. Tel: +353 1 633 3633.

email : ireland@cantor.com **web :** www.cantorfitzgerald.ie



Twitter : @cantorireland



LinkedIn : Cantor Fitzgerald Ireland