

Thursday, 6th December 2018

Morning Round Up

Datalex announces new contract with Aer Lingus

Datalex have announced a new five year digital commerce agreement with Aer Lingus. The new contract builds on the ten year relationship between the two parties. Going forward the partnership will focus on optimizing digital retail experiences and accelerating time-to-market for new revenue-generating product and service offers across web, mobile and partner retail platforms. Further positive news for Datalex following the recent [SAS deal](#). With Lufthansa and Multiplus set to go live before year end we expect further contract developments over the coming months. With an FY19 EV/EBITDA of 10.5x the valuation remains attractive. However given its size we advise clients to be cognisant of the illiquidity of the stock.

Smurfit Kappa announces acquisitions

Smurfit Kappa announced the acquisition of two packaging facilities in West France yesterday for an undisclosed fee. Management commented that it is a nice fit to their existing portfolio. The acquisition is not significant given that they are only acquiring 200 staff versus 46,000 staff at present. DS Smith, a European peer of Smurfit Kappa released interim FY2019 results this morning reporting 15% revenue growth and management were upbeat about the outlook for the second half period. We rate Smurfit Kappa a "Buy" at current levels given it trades on 8.5x earnings and offers a 4% dividend yield. IP had bid €39 for Smurfit Kappa earlier this year versus current share price of €22.50.

ISEQ approaching lows

The ISEQ, @ 5,550 is trading at the lowest weekly level since the UK's EU membership referendum result in June 2016. The ISEQ list of companies have had a number of headwinds to contend with including weaker sterling, concerns about domestic UK post Brexit and growth outlook concerns as the US initiates tariffs on competing regions. In the UK, there is a view now that the Brits would prefer to stay in the EU than have a "No-Deal Brexit" and that they could decide to revoke Article 50 – remaining in the EU. A number of investment banks have raised the outlook for domestic UK on this piece of news. The ISEQ rallied by c.16% off current levels through H2 2016 and H1 2017 as investors decided that the UK would avoid a cliff-edge outlook. Revoking Article 50 could be a catalyst for similar. The ISEQ's lowest intraday level was 5,300 which would imply 5% downside.

ISEQ 5 Year history



Source: Bloomberg, CF Research December 2018

Key Upcoming Events

06/12/2018 OPEC meeting
 11/12/2018 UK Parliament vote on Brexit
 13/12/2018 ECB Meeting
 13/12/2018 EU Summit

Market View

European equities have dropped by over a percent this morning following Asian markets which suffered overnight. Again fears over trade between the US and China have turned sentiment. The latest story being the arrest of Huawei's CFO (and daughter of the CEO), Wanzhou Meng, in Canada on a request from US for breaching Iranian sanctions. The futures market is pointing to a 1% drop on open, however it is unlikely to hit the key 2600 support level. OPEC are meeting today in Vienna to discuss potential production cuts into next year. A cut of 1m b/d + should see a bounce in oil prices which have been weaker on supply concerns.

Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	25027	-799.36	-3.10%	1.25%
S&P	2700	-90.31	-3.24%	0.99%
Nasdaq	7158	-283.09	-3.80%	3.69%

Nikkei	21502	-417.71	-1.91%	-5.55%
Hang Seng	26156	-663.30	-2.47%	-12.58%

Brent Oil	60.98	-0.58	-0.94%	-8.81%
WTI Oil	52.45	-0.44	-0.83%	-13.19%
Gold	1237	-0.59	-0.05%	-5.07%

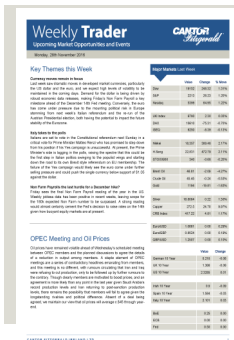
€/\$	1.1333	0.00	-0.10%	-5.60%
€/£	0.8902	0.00	-0.08%	0.24%
£/\$	1.2731	0.00	-0.02%	-5.79%

	Yield	Change
German 10 Year	0.256	-0.02
UK 10 Year	1.299	-0.02
US 10 Year	2.9063	-0.01

Irish 10 Year	0.886	-0.01
Spain 10 Year	1.454	-0.01
Italy 10 Year	3.08	0.0220

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.

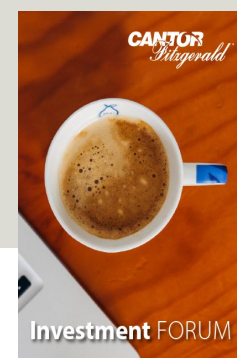
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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Datalex: Datalex provides e-business infrastructure and solutions to customers in the global travel industries.

Smurfit Kappa: Smurfit Kappa manufactures paper packaging products.

Historical Recommendation:

Datalex: We have an Outperform rating on Datalex

Smurfit Kappa: We have added Smurfit Kappa to our core portfolio on the 01/01/2016 and we have upgraded our recommendation from Market Perform to Outperform

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