

Tuesday, 08th January 2019

Morning Round Up

Profit warnings drag Korea lower

Samsung and LG Electronics both reported profit guidance overnight ahead of full year results later in the month. Samsung estimated operating profits will be 38.5% lower for the last three months of 2018 compared to the same period a year earlier at Won 10.8tr. Estimated revenue for the quarter was 10.6% lower at Won 59tr. Samsung flagged slowing demand for smart phones and lower microchip demand as the primary factors for the weaker performance.

Electronics manufacturer, LG Electronics, also report weak profit guidance this morning. Fourth quarter operating profit is expected to fall by 80% from Q4 17 to Won 75.3bn, while revenues have been guided 7% lower. The source of weakness is expected to stem from its communication business, which includes its smartphones business and LG Innotex, an Apple supplier.

Finally in the Asia region, Japan's conglomerate Softbank has cut its planned investment in coworking start up WeWork from a once discussed \$16bn to \$2bn. Softbank is a significant player providing capital to early stage companies by private investment, investee companies include Uber. While private market valuations haven't retracted to the same degree as public markets, weakening demand from investors reflects the growth concerns for early stage growth companies.

Glenveagh releases trading update

Glenveagh Properties released a 2018 year end trading update on Friday last, reporting that they have gone sale agreed/sold 275 units in 2018 at an average selling price of €287,000 per unit. Including a non-core €5m land sale, Glenveagh Properties will report €84m for 2018 which is 10% ahead of our expectations. Glenveagh has also announced the acquisition of a 43 acre site in Douglas, Cork for €25m which is capable of delivering 500 units. This is equivalent to €50,000 per unit relative to its average site cost of €55,000 to date.

Management have maintained their guidance for the sale of 725 units in 2019 with c.200 of these units already reserved by customers. Further to this, in regard to outlook, management stated that the industry backdrop remains very favourable for starter home sales. Glenveagh shares rose by 7.5% on the day of the results but still trades at a 20% discount to book value and 32% discount to the recent capital raising price of €1.15 per share. We while retaining a preference for Cairn Homes.

Euro STOXX 50 1 Year Price Chart



Source: Bloomberg, CF Research January 2019

Key Upcoming Events

09/01/2019 FOMC December Meeting Minutes
 15/01/2019 (*Est) UK Parliament Vote on Brexit
 23/01/2019 Bank of Japan Interest Rate Decision
 24/01/2019 ECB Interest Rate Decision
 30/01/2019 Fed Interest Rate Decision

Market View

US markets closed off their highs yesterday, with the NASDAQ finishing up 1.26%. Optimism stemming from positive soundings from US-China talks in Beijing on Monday. Asian markets were mixed over night with Japan finishing higher, while profit warnings from Samsung and LG weighed on Korea finishing down 0.58%. European markets opened positive this morning. US and German yields moved higher with the 10 year maturities at 2.70% and 24.4bps respectively. The market will be watching FOMC meeting minutes tomorrow. Brexit is expected to dominate as the UK parliament return from its Christmas break with a meaningful vote scheduled for early next week.

Market Moves

| | Value | Change | % Change | % Change YTD |
|-----------|-------|--------|----------|--------------|
| Dow Jones | 23531 | 98.19 | 0.42% | 0.87% |
| S&P | 2550 | 17.75 | 0.70% | 1.71% |
| Nasdaq | 6823 | 84.61 | 1.26% | 2.84% |

| | | | | |
|-----------|-------|--------|-------|-------|
| Nikkei | 20204 | 165.07 | 0.82% | 0.95% |
| Hang Seng | 25875 | 39.75 | 0.15% | 0.12% |

| | | | | |
|-----------|-------|-------|--------|-------|
| Brent Oil | 57.56 | 0.23 | 0.40% | 6.99% |
| WTI Oil | 48.78 | 0.26 | 0.54% | 7.42% |
| Gold | 1284 | -5.45 | -0.42% | 0.10% |

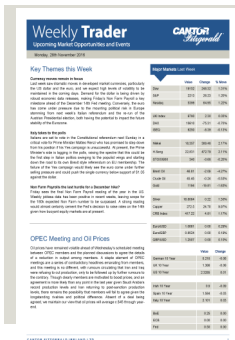
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|------|--------|------|--------|--------|
| €/\$ | 1.1453 | 0.00 | -0.18% | -0.12% |
| €/£ | 0.8963 | 0.00 | -0.18% | -0.29% |
| £/\$ | 1.2778 | 0.00 | 0.01% | 0.19% |

| | Yield | Change |
|----------------|-------|--------|
| German 10 Year | 0.244 | 0.02 |
| UK 10 Year | 1.28 | 0.03 |
| US 10 Year | 2.703 | 0.01 |

| | | |
|---------------|-------|--------|
| Irish 10 Year | 0.977 | 0.02 |
| Spain 10 Year | 1.529 | 0.03 |
| Italy 10 Year | 2.92 | 0.0230 |

Source: Bloomberg, CF Research January 2019

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.

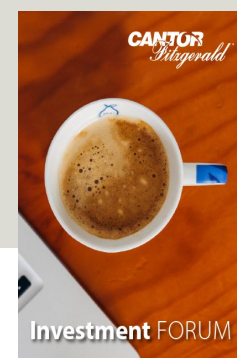
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Investment Forum

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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Samsung Electronics Co., Ltd.: Samsung manufactures a wide range of consumer and industrial electronic equipment and products such as semi-conductors, personal computers, peripherals, monitors, televisions, and home appliances including air conditioners and microwave ovens.

LG Electronics Inc.: LG manufactures and markets digital display equipment and home appliances.

Glenveagh Properties plc: Glenveagh operates as a homebuilder.

Historical Recommendation:

Samsung Electronics Co., Ltd.: We do not currently rate this stock

LG Electronics Inc.: We do not currently rate this stock

Glenveagh Properties plc: We do not currently rate this stock

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