

Tuesday, 5th March 2019

Morning Round Up

US/China – What kind of trade deal and market impact?

There continues to be growing optimism over a US/China deal with prospects that this could be sealed later this month in a meeting between Trump/Xi. Here are some thoughts on what kind of deal and likely impact we can expect. (1) media reports suggest that a deal will likely involve China removing its retaliatory tariffs and this might include some that were levied in years prior to the latest trade spat. On the US side this will mean the removal of tariffs on \$200bn of Chinese imports but could involve retaining tariffs on the initial \$50bn where the US was targeting Made in China 2025 sectors. (2) China will increase imports of energy, aircrafts and soybeans largely through the state highlighting a shift toward the political aspect to trade flows. These purchases will likely provide more potent leverage in the future should trade tensions between US/China resurface. (3) in terms of enforcement, recent reports have suggested the US is looking for monthly (lower-level officials), quarterly (vice-ministerial level) and semi-annual (ministerial level) meetings as part of any final deal. The threat of tariffs is not gone but simply a stick to ensure compliance/progress. (4) after the failed Trump/Kim meeting last week one might think that Trump is willing to walk away from a bad deal. However, it is more likely that the failure with Kim means that Trump the negotiator is more desperate for a deal with China. (5) in terms of market impact, we are already seeing the more positive sentiment in Chinese equities that are up sharply since the beginning of the year. This more positive tone has also filtered into global stock markets creating the risk of more in the way of upside surprises for a market that has already had soothing comments/stimulus from the major central banks. (6) the more positive equity backdrop will likely keep major bond market yields biased to the upside having already corrected from the lows. Note that the S&P 500 is back to the upper end of the October-December 2018 trading range when the 10-year Treasury yield was trading north of 3% (compared to 2.73% currently).

EU set for trade talks with the US on March 6 amid concern over tariffs

The European Union's top trade officials will update their US counterparts this week on progress in obtaining a negotiating mandate for a EU-US trade deal on industrial goods and raise concern over existing and potential future US tariffs. EU Trade Commissioner Cecilia Malmstrom will meet US Trade Representative Robert Lighthizer on March 6 in Washington and the Secretary-General of the European Commission, Martin Selmayr, will meet the Director of the United States National Economic Council Larry Kudlow on March 7. The European Union's executive arm, the European Commission, has the sole responsibility for negotiating trade deals for the whole 28-nation bloc of 513 million people and has been in close discussions with Washington over trade policy since last July to avert the threat of US tariffs on EU cars and car parts. The European Commission has asked member countries to approve two negotiating mandates so that formal talks can begin. Germany is keen to start quickly, while France is reluctant. Rather than negotiating a comprehensive trade deal that could take a very long time, the EU is keen to reach a quicker agreement with the United States on trade in industrial goods alone, excluding agriculture that tends to be more controversial. This could help resolve the issue of US tariffs on European steel and aluminium and avert the threat of US tariffs on EU-made cars and car parts.

Vodafone issue Mandatory Convertible Bond (MCB)

Vodafone announced the intent to raise €4bn in sterling denominated mandatory convertible bonds (MCB) as part of the planned financing of the acquisition of Liberty Global's assets. The initial release announcing the acquisition expected €3bn in MCB.

Key Upcoming Events

07/03/2019 ECB Meeting
08/03/2019 US Non Farm Payrolls
12/03/2019 Commons vote on Withdrawal Agreement

Market View

US markets were weaker yesterday as investors look for concrete details on the US-China trade agreement, as the S&P 500 closed below 2,800. Weaker sentiment led to a mixed trading day in Asia overnight with Chinese equities advancing on a government tax cut, while Europe opened positive this morning. Futures point to a positive open in the US later today. The National People's Congress continues today in Beijing, as markets assess the impact of Chinese fiscal stimulus. Central banks are in focus this week with the Reserve Bank of Australia holding rates at 1.5%. On the data front, there is PMI data from the US and Europe.

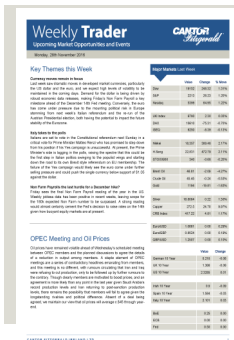
Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	25170	-220.77	-0.87%	7.90%
S&P	2706	-25.56	-0.94%	7.95%
Nasdaq	7288	-86.93	-1.18%	9.84%
Nikkei	20333	-418.11	-2.01%	1.59%
Hang Seng	27946	-43.89	-0.16%	8.13%
Brent Oil	61.46	-0.17	-0.28%	14.24%
WTI Oil	52.46	-0.18	-0.34%	15.53%
Gold	1309	-1.13	-0.09%	2.07%
€/\$	1.1331	-0.0010	-0.09%	-1.19%
€/£	0.8763	0.0008	0.09%	-2.52%
£/\$	1.2931	-0.0021	-0.16%	1.39%

	Yield	Change
German 10 Year	0.114	-0.001
UK 10 Year	1.177	0.000
US 10 Year	2.650	-0.007

Irish 10 Year	0.883	0.005
Spain 10 Year	1.24	-0.007
Italy 10 Year	2.938	-0.013

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.

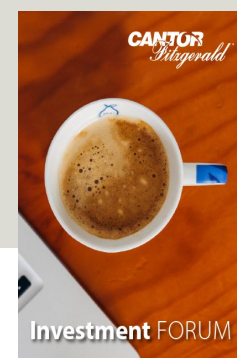
[Click Here](#)



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)

Historical Recommendation:

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