Daily **Note**

Views, news and topics from today's markets

CANTOR Fitzgerald

Thursday, 14th March 2019

Morning Round Up

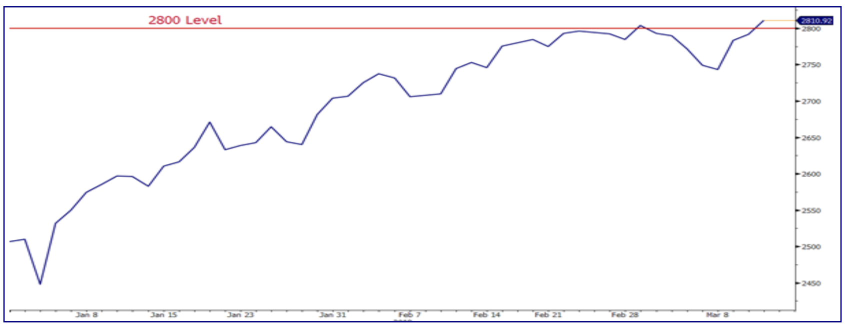
"Brexit" set for delay after May wounded by rejection of no deal

The British parliament on Wednesday rejected leaving the European Union without a deal, further weakening Prime Minister Theresa May and paving the way for a vote that could delay "Brexit" until at least the end of June. After a day of high drama, lawmakers defied the government by voting 321 to 278 in favour of a motion that ruled out a potentially disorderly "no-deal Brexit" under any circumstances. It went further than the government's position of keeping the threat of a "no-deal Brexit" on the negotiating table -- a stance many in her party said was essential to push Brussels to make further concessions to the deal they have rejected. While the approved motion has no legal force and ultimately may not prevent a no-deal exit, it carries considerable political force, especially as it passed thanks to a rebellion by members of May's own Conservative Party and her cabinet. May, who still insists it is not possible to rule out a "no-deal Brexit" entirely, said lawmakers would need to agree a way forward before an extension could be obtained. The European Commission repeated that a delay would indeed require a justification - but positive comments from Germany and Ireland suggested that EU members at last saw a prospect that a viable deal would be found, and were inclined to help. The government said there were now two choices - agree a deal and try to secure a short delay to "Brexit", or fail to agree anything and face a much longer delay. May said her preference was for a short delay, which would mean the government trying to pass the deal she negotiated by the middle of next week.

China industrial output growth falls to 17-year low

Growth in China's industrial output fell to a 17-year low in the first two months of the year, pointing to further weakness in the world's second-biggest economy that is likely to trigger more support measures from Beijing. But a mixed bag of major data on Thursday also showed property investment is picking up, while overall retail sales were sluggish but steady, suggesting the economy is not in the midst of a sharper slowdown at present. China is ramping up assistance for the economy as 2019 growth looks set to plumb 29 -year lows, but support measures are taking time to kick in. Most analysts believe activity may not convincingly stabilise until the middle of the year. Premier Li Keqiang last week announced hundreds of billions of dollars in additional tax cuts and infrastructure spending, even as officials vowed they would not resort to massive stimulus like in the past, which produced swift recoveries in China and strong reflationary pulses worldwide. The latest data should partially ease concerns about a sharp slowdown at the start of the year. But the near-term outlook still looks downbeat. In particular, infrastructure investment has not improved as much as hoped after the government began fast-tracking road and rail projects last year, raising the risk of a milder-than-expected bounce in construction when work resumes in warmer weather. Industrial output rose 5.3% in January-February, less than expected and the slowest pace since early 2002. Growth had been expected to slow to 5.5% from December's 5.7%.

S&P 500 Year to Date Price Chart



Source: Bloomberg, CF Research March 2019

Key Upcoming Events

15/03/2019 BOJ Interest Rate Decision
20/03/2019 FOMC Interest Rate Decision
21/03/2019 BOE Interest Rate Decision
29/03/2019 UK leaves the European Union

Market View

US markets advanced with oversold sectors, like Healthcare, leading the gainers. The S&P 500 closed above 2800, at 2810.9. Asian markets were weaker on weak Chinese data overnight, while Europe has opened positive this morning. Futures indicate another positive open in the US later today. The Commons vote to politically rule out a "no-deal" Brexit saw the Pound trade to £0.851 this morning. Brexit continues to dominate attentions with a third vote in Commons this evening to request an extension of the Article 50 exit date from Europe. On the data front, there is German and French inflation figures, while in the US, there is some import/export price data.

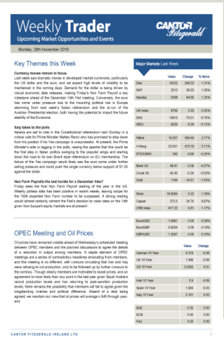
Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	25703	148.23	0.58%	10.18%
S&P	2811	19.40	0.69%	12.13%
Nasdaq	7643	52.37	0.69%	15.19%
Nikkei	21287	-3.22	-0.02%	6.36%
Hang Seng	28851	43.94	0.15%	11.63%
Brent Oil	68.13	0.58	0.86%	26.64%
WTI Oil	58.63	0.37	0.64%	29.11%
Gold	1303	-6.51	-0.50%	1.57%
€/$	1.1332	0.00	0.04%	-1.18%
€/£	0.8509	0.00	0.19%	-5.35%
£/$	1.3319	0.00	-0.14%	4.43%

	Yield	Change
German 10 Year	0.09	0.03
UK 10 Year	1.242	0.04
US 10 Year	2.6357	0.01
Irish 10 Year	0.713	0.01
Spain 10 Year	1.187	0.00
Italy 10 Year	2.53	-0.0200

Source: Bloomberg, CF Research March 2019

Cantor Publications & Resources



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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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Monthly Investment Journal

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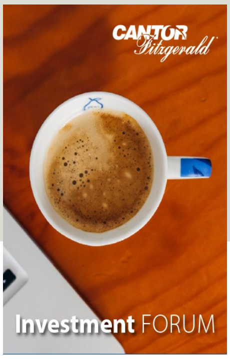

Investment Forum

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