

Thursday, 06<sup>th</sup> June 2019

## Morning Round Up

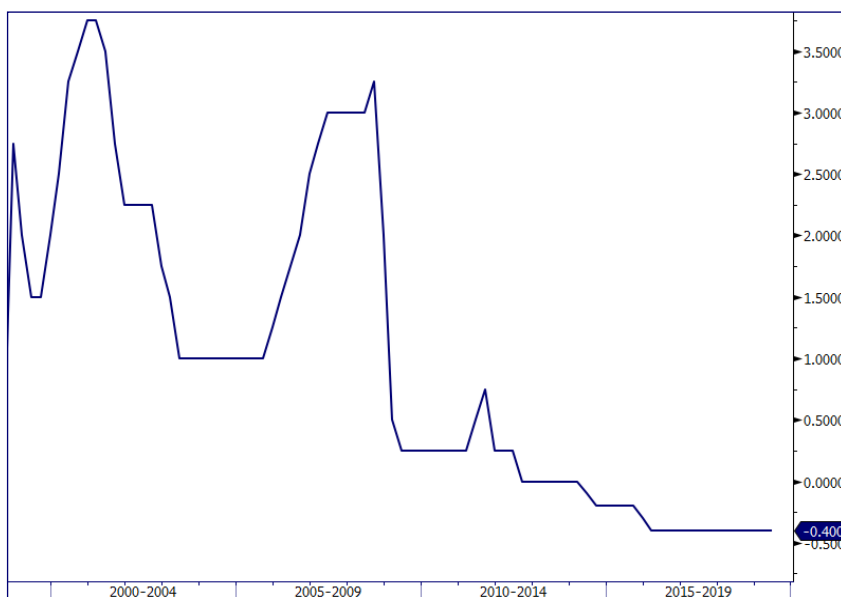
### Aviva Investor Day sees some corporate change

Aviva's new CEO Maurice Tulloch is hosting investors today, to lay out his strategic vision for the business. Mr Tulloch is planning to separate the life insurance and general insurance business and has appointed CEOs to both new segments. As part of the restructure, management have announced a £300m cost reduction by 2022, which will include staff cuts of 1,800 to its total work force of c. 30,000. Management also committed to the capital allocation policy relating to a progressive dividend and a debt reduction target of at least £1.5bn. The end goal is to make the business simpler, more competitive and more commercial. Debt reduction is a key aspect to delivering shareholder value for Aviva and progress on this front will be closely watched. The update also included a comment that year to date performance has been in line with 2018 with growth in Europe and Asia offset by weaker investment returns. Canada has been the weakest performing market for Aviva in recent years with this morning's release indicating progress with its turnaround strategy in the region, which will be welcomed by investors. Aviva remains an attractive long-term investment, however, short-term heads relating to Brexit and sovereign yields will likely weigh on the business. We would recommend clients reduce exposure to financials in favour of more defensive sectors such as Consumer Staples, Healthcare and Utilities.

### ECB to meet later today

The latest ECB meeting occurs today with an announcement due at 12.45pm around the main refinancing rate (0%), marginal lending rate (0.25%) and deposit facility rate (-0.4%). There is no change expected in any of these key rates but investors will be monitoring the terms of the latest round of TLTRO which is due to be launched in September. The key condition will be the set rate with some commentators expecting it to be as low as the deposit rate. Expectations are that the ECB could raise their 2019 growth expectations post a relative better Q1 period while also stating their concerns of risks to the downside. With European inflation trending down, 1.7% to 1.2% recently, expectations are that the first rate hike by the ECB could be pushed out until 2021.

### ECB Deposit Facility



Source: Bloomberg, CF Research June 2019

### Key Upcoming Events

06/06/2019 ECB Decision  
19/06/2019 FOMC Decision  
20/06/2019 BoJ Decision

### Market View

US markets finished higher yesterday as investors maintained optimism relating to Mexican tariffs. However, optimism did not feed through to Asia overnight with Japan and Shanghai weaker on tariff concerns. Europe opened positive this morning with utilities and healthcare leading the market. The ECB meet later today. This will be an important meeting as investors look to monetary policy to curb the recent weakening in economic activity. After a mixed ADP jobs number in the US, investors now turn to Friday's Jobs report looking for any cracks in the employment data. Today's trade data will also be watched as the market looks for the impact of trade policy.

### Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	25540	207.39	0.82%	9.48%
S&P	2826	22.88	0.82%	12.74%
Nasdaq	7575	48.36	0.64%	14.17%

Nikkei	20774	-2.06	-0.01%	3.79%
Hang Seng	26936	40.48	0.15%	4.22%

Brent Oil	60.86	0.23	0.38%	13.12%
WTI Oil	51.82	0.14	0.27%	14.12%
Gold	1335	4.36	0.33%	4.07%

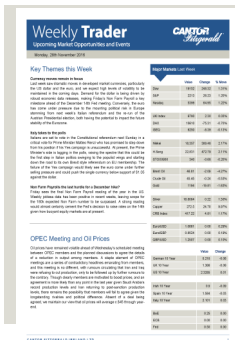
€/\$	1.1234	0.00	0.12%	-2.03%
€/£	0.8858	0.00	0.14%	-1.46%
£/\$	1.2682	0.00	-0.04%	-0.56%

	Yield	Change
German 10 Year	-0.23	0.00
UK 10 Year	0.851	-0.01
US 10 Year	2.107	-0.03

Irish 10 Year	0.336	-0.02
Spain 10 Year	0.603	-0.03
Italy 10 Year	2.44	-0.0260

Source: Bloomberg, CF Research June 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.

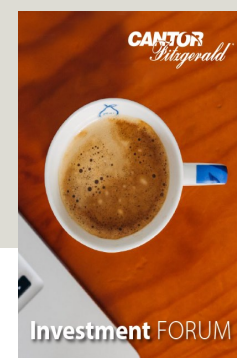
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Each month our Private Client and Research departments collaborate to issue a publication which highlights the performance of our flagship products, funds and our Core Portfolio, including the Green Effects fund, most recent private equity deals and structured product investment opportunities.

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## Investment Forum

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## Regulatory Information

### Issuer Descriptions: (Source: Bloomberg)

**Aviva plc:** Aviva PLC is an international insurance company that provides all classes of general and life assurance, including fire, motor, marine, aviation, and transport insurance

### Historical Recommendation:

**Aviva plc:** Aviva is currently on market perform.

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