

Wednesday, 4th September 2019

Morning Round Up

UK parliament in disarray as Johnson loses majority

Last night Boris Johnson's opponents, which includes 21 conservative MP's, succeeded in taking control of the Commons order paper. This means the "rebel alliance" can vote on legislation today that will stop the UK leaving the EU on the 31st of October without a deal, delaying the departure to the 31st of January. Johnson retaliated by firing the 21 defectors from the conservative party. Should the bill pass, Johnson will immediately look for a general election. However, under the Fixed Term Parliament act, he will be unable to call this election without the support of two thirds of parliament. Jeremy Corbyn, the leader of the Labour Party, has stated he will only support the general election if the no deal legislation goes through. The markets have reacted positively to last night's developments with sterling strengthening and Irish stocks outperforming.

Hong Kong stocks get some relief from news that extradition bill to be formally withdrawn

The South China Morning Post reports this morning that Hong Kong Leader, Carrie Lam, will meet with pro-establishment political figures this morning before formally withdrawing the China extradition bill that has been central to months of unrest in Hong Kong. The Hang Seng Index rallied by 3.5% this morning, having declined by 16% from highs seen in April, led by Hong Kong developers. This is one of five demands requested by the protesters which also included an independent inquiry into police violence, amnesty for those arrested and universal suffrage. Prudential, HSBC and Burberry are trading up this morning on the back of the news.

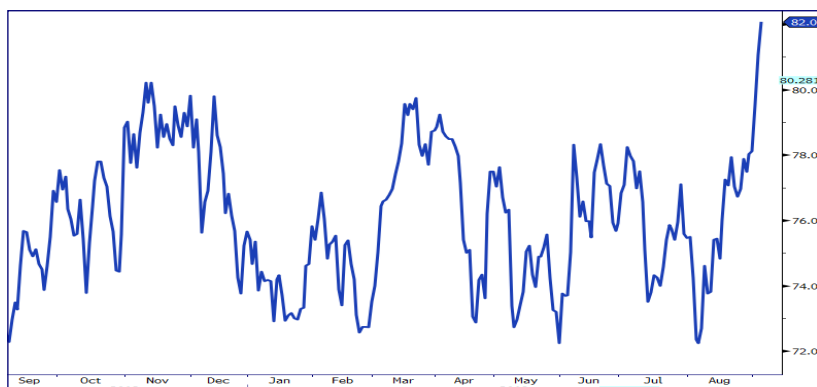
Dalata management buy shares post results

Dalata Hotel Group management have been buying shares in the hotel group over the last two days since results. Dalata CEO, Pat McCann, has bought €255,000 worth of shares this week in a further signal that management are comfortable that the fall out from Brexit will be limited for the Clayton/Maldron hotel chain.

Sanofi raised to Buy with €95 price target at peer investment bank

A peer investment bank upgraded one of our Core Pharma holdings, Sanofi, to a conviction buy with 17% upside to their target price. They argue that Sanofi have been making a number of changes that combined will have a significant positive impact on profit margin and earnings over the medium term. Sanofi have sold off non-core businesses, cut costs across the group and focused acquisitions on rare diseases. We added to Sanofi for these reasons and also attracted to the valuation multiple (13x earnings) and 3.8% dividend yield. The stock closed up 1.9% yesterday on the back of this upgrade. The investment case on Sanofi was included in our June Investor Journal.

Sanofi one year share price



Source: Bloomberg, CF Research September 2019

Key Upcoming Events

06/09/2019 US Nonfarm payrolls
09/09/2019 UK Parliament Prorogued
12/09/2019 ECB Governing Council

Market View

Stocks rose this morning as the risk of a no-deal Brexit on October the 31st was reduced. Sterling has strengthened to \$1.215. Global markets were further boosted by the news that the city's chief executive will withdraw the contentious extradition bill that led to weeks of protests. Hong Kong shares rose the most since 2018, gaining over 3.5%. These two positive news stories should lead to a recovery in US shares today after selling off yesterday afternoon following the weak ISM figures. Elsewhere, oil has risen slightly this morning, gold has fallen and the yen is weaker.

Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	26118	-285.26	-1.08%	11.96%
S&P	2906	-20.19	-0.69%	15.93%
Nasdaq	7874	-88.72	-1.11%	18.67%

Nikkei	20649	23.98	0.12%	3.17%
Hang Seng	26536	1007.76	3.95%	2.67%

Brent Oil	58.55	0.29	0.50%	8.83%
WTI Oil	54.38	0.44	0.82%	19.75%
Gold	1537	-9.79	-0.63%	19.87%

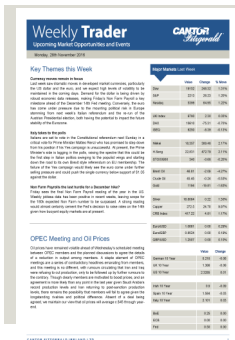
€/\$	1.099	0.00	0.15%	-4.16%
€/£	0.9041	0.00	-0.44%	0.57%
£/\$	1.2155	0.01	0.61%	-4.70%

	Yield	Change
German 10 Year	-0.684	0.02
UK 10 Year	0.452	0.05
US 10 Year	1.4775	0.02

Irish 10 Year	-0.046	0.02
Spain 10 Year	0.122	0.01
Italy 10 Year	0.82	-0.0520

Source: Bloomberg, CF Research September 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.

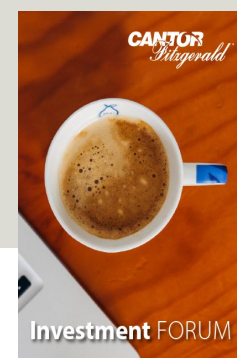
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Issuer Descriptions: (Source: Bloomberg)

Historical Recommendation:

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