Daily Note

Views, news and topics from today's markets

Thursday, 5<sup>th</sup> September 2019

# **Morning Round Up**

#### Boris backed into a corner with nowhere to go

Boris Johnson has had a difficult start to his premiership with the current farcical parliamentary developments closer to a TV drama then the day to day political discourse in Westminster. Mr Johnson no longer commands a majority in the House after Philip Lee defected to the Lib Dem benches. The issue compounded shortly after Tuesday night's move by the opposition to seize control of Parliament, with the support of 21 conservative party members. Having suspended the whip of those 21 members the government will struggle to pass any legislation leaving a general election as the only possible outcome. The timing of such an election is what matters. As the opposition pass the "no-deal" Brexit law, forcing the PM to seek an extension to Article 50 deadline if the House has not agreed to a deal or a no-deal by the 19th of October. The law is expected to make its way through the House of Lords today and receive Royal Accent on Friday. Meanwhile, Mr Johnson called a vote vesterday evening to dissolve parliament and hold a general election on the 15th of October, which required a two thirds majority but was defeated. The opposition has held their position that removing the risk of a no -deal Brexit on the 31st of October is there primary goal, with an election likely to follow once this is secured. The pound has rallied against the dollar (from below \$1.20 to \$1.2256) and the euro (from below €1.10 to €1.11) on the immediate relief that the UK will not crash out of the EU in 8 weeks time. However, Brexit risk remains high with no conclusion in sight. A general election will be fought on Brexit positions. The Liberal Democrats and the Scottish Nationalists wholeheartedly supporting remain, Labour supporting remain with somewhat less conviction, with the Tories and Brexit Party backing leave. The immediate risk of a no deal has subsided, leaving us marginally more optimistic but the market will now look to a general election to break the current impasse, which will likely go down as one of the most divisive in modern history.

#### Yew Grove interim results as expected

Yew Grove REIT, the €100m Irish commercial property REIT focused on leased office real estate outside of Dublin CBD, released interim 2019 financial results yesterday reporting an EPRA NAV of €1.04 (+3.8% YoY), annualised rent roll currently of €8m and 1.7% vacancy rate. Yew Groves portfolio is valued with an 8.3% gross yield, has 6.6 years to expiry (3.8 years to break) and is leased to the government(33%) & large FDI corporate tenants.

Yew Grove's current portfolio is valued at €103m relative to an enterprise value of €88m implying it is trading at c.15% discount to its fair value. Its shares pay a quarterly dividend and its forecast dividend yield for the next twelve months is c.5%. So far Yew Grove REIT has kept under the radar but if they can continue to purchase low risk income generating assets yielding 7-10%, with further scale and continued increase in dividend – their shares will gain more interest.

### ISEQ gains 2% on Brexit news

ISEQ has gained by 2% over the last two days led by AIB Group, Irish Continental Group, Bank of Ireland, Cairn Homes and Glenveagh. All of these listed shares have been under significant pressure due to hard Brexit concerns. Shares reacted positively to the expected passing of "no-deal" law which is expected to prevent a no-deal crash out come October 31st. If a nodeal is avoided, some of these shares offer great value.



### **Key Upcoming Events**

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

### **Market View**

Equity markets rose this morning after news that American and Chinese officials will meet early next month for negotiations on trade. Risk assets have rose this morning as a result with cyclical equity sectors (Tech, Industrials, Consumer Discretionary and Energy) rising by c.1%. Global bond yields have risen with the German 10 year yield back at 66bps. Sterling has held up (EURGBP at 0.902) after a turbulent couple of days. Elsewhere, oil has held up at \$60 a barrel (Brent). On the data front German factory orders, US ADP and US ISM Non-Manufacturing will all be important today, particularly given the weaker numbers released earlier in the week.

Market Moves						
	Value	Change	% Change	% Change YTD		
Dow Jones	26355	237.45	0.91%	12.98%		
S&P	2938	31.51	1.08%	17.19%		
Nasdaq	7977	102.72	1.30%	20.22%		
Nikkei	21086	436.80	2.12%	5.35%		
Hang Seng	26377	-146.57	-0.55%	2.05%		
Brent Oil	60.61	-0.09	-0.15%	12.66%		
WTI Oil	56.04	-0.22	-0.39%	23.41%		
Gold	1544	-8.06	-0.52%	20.43%		
€/\$	1.1042	0.00	0.06%	-3.71%		
€/£	0.9017	0.00	0.11%	0.30%		
£/\$	1.2247	0.00	-0.05%	-3.98%		
			Yield	Change		
German 10 Year			-0.644	0.03		
UK 10 Year			0.53	0.04		
US 10 Year			1.5111	0.05		
Irish 10 Year			-0.03	0.02		
Spain 10 Year			0.189	0.04		
Italy 10 Year			0.86	0.0460		

Source: Bloomberg, CF Research September 2019

Source: Bloomberg, CF Research September 2019

# **Cantor Publications & Resources**

Weekly Trader	CANTON Titugerald			
Wordsy, 28th November 2016				
Key Themes this Week	Nepr Manus	Lat free		
Currency reason needs in fease Last sent san clangts nows indensitient rationary patients.	· ·	Volue 1	(new	1.80
Lad werk say transition on a developed natural common, particularly the US state and the work, and we exact high levels of voteths to be	2m	1810	100.00	1.14
	14.0	-	-	127
robust economic data raileases, making Friday's Non Farm Paynil a key minetone atead of the December 14th Fed meeting, Converses, the euro-	Reality .		-	120
atoming from next week's taken referencian and the re-can of the Automa Devolverial electron, both basics the potential to pread the future.	of the	124	2.00	1.10
Autoral Prospectal Beccol, con railing the politice to repaid the future which of the Europea	but .	1924	250	479
	840	670	4.00	40
Rely taken to the polls Indexe are set to rate in the Constitutional Information and Earlies in a				
colour and the Prime Margan Materia Resources in the provided to the story of a	100.0	10.102	20.0	
			42.3	
We note to sole to begang in the party, some give specifie that this could be the first stee in taken authors prevents to the possible risks and starting	n.Sang	20,654	40.9	211
down the road to its own livest share whereaster on EU ner bench. The	8101064	- 24	-08	4.27
	And In	44.41	20	412
selling pressure and could push the single currency below support of \$7.05 ansated the shifts				
	CLOP DI	41.40	-034	-4.52
Non Farm Proposite the land learning for a Secondar Islan?	0.4	194	-10.01	-1.82
Entry sees the final Nor-Fairs Payral making of the poor is the US- Vitably interacting has been resulted in recent seeds, lagging seesa for				
	204	10.034	0.2	1.50
would almost certainly centent the Ped's decision to cake rates on the 143	Cesw	223	2.3	837
given have bacqued acquily mathetic are of pressent.	CRE Have	47.22	4.01	117
	Exvision	1891	08	6.29
	Levill <sup>1</sup>	0.804	0.0	6.12
OPEC Meeting and Oil Prices	081680	1247	- 048	4.1.2
Of prices have ensured votile shead of Westweaks's scheduled meeting induses OTIC members and the planned decasions to agree the details			160	Owe
of a selucian in subpl among markets. A sliple alarent of DNIC	Deman 13 Tear		6.210	-43
meetings are a series of contradictory headhest enanding from members, and this meeting is no different, with namous circulation that they and the	04.107mar		1,306	-4.3
were where a production, sets to be followed up by further names to the control. Through there's members are methods to bood proces, and as	45 YO THEF		2328	6.2
	Inter 15 Faur			-4.9
india, fors smains to possibly that nambers will be to aprecipion the implementsy makine and policies ofference. Advent of a deal being	Spain 10 Fear		1.514	-4.2
impacting manus are potent observer, search in a our tang agreet, we martain our view that of prices will average c SH through you- and	Edy TI Yest		1.64	
en.	84		125	
	674		1.14	

## 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 retails 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 recommendations 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 purchased or sale of any particular security. Not all recommendations are necessarily suitable for all investors and CFIL recommend 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 to 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 affect 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 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.



**Dublin:** 75 St. Stephen's Green, Dublin 2. Tel: +353 1 633 3633. email : <u>ireland@cantor.com</u> web : <u>www.cantorfitzgerald.ie</u>

Twitter : @cantorIreland in Linkedin : Cantor Fitzgerald Ireland

Cantor Fitzgerald Ireland Ltd 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..