Daily Note

Views, news and topics from today's markets

Thursday, 10th October 2019

Morning Round Up

Ryanair price target increase

Following the recent failures of Thomas Cook, Adria Airwarys, XL Airways and Aigle Azur and easyJet's update on Tuesday we are increasing our PT on Ryanair from €10.80 to €12.50. The consolidation story that has been at play in the airline sector for the past two years continues to play out. The recent failures (particularly of Thomas Cook) will be supportive of the supply demand dynamics in the sector and subsequently will put upward pressure on airline fares. We expect further airlines failures within the sector this Winter (period of weaker cash flows). This is highly supportive for Ryanair who remain best placed to capitalise on competitors leaving the market. Adding to this is the slowing capacity growth from other major airlines. This has meant capacity growth has fallen to its lowest level in approximately 5 years (<2%) with numerous locations experiencing negative growth. EasyJets results were also important as earnings came in ahead of the midpoint of initial guidance, something that has been rare in the sector for the past year. This was aided by the revision upward in unit revenue for H2 from "slightly down" to +0.8%. Adding to the positive news from Ryanair, industrial relations tensions have eased with recent deals in the UK and Germany. Recent airlines failure have also weakened the pilot and cabin crews hand with a surplus of staff now in the market.

Our price target of €12.50 reflects an increase to our fare assumptions (-3% to -2%) and an increase in EV/EBITDAR multiple back to 8.8x, reflecting the improvement in the sector and our expectation for earnings to inflect this year. Brexit and the Boeing MAX issues remain a significant headwind and clarity is needed over the coming months. We will watch commentary closely from both Ryanair and it competitors at results next month. Should the fare environment continue to improve and should Ryanair's capacity growth (MAX's) uncertainty be clarified we should see earnings accelerate and with this continued gains in the share price. Maintain Outperform rating

Mondi lower on softer demand

Mondi, a peer of Smurfit Kappa, reported lower EBITDA in Q3 due to softer demand and lower prices. The paper and packaging group saw EBITDA fall 18% on the same quarter last year to €383mln. Management reporting lower average selling prices offsetting the benefits of its ongoing profit improvement initiatives. Like for like (LFL) sales volumes were marginally lower, with weak paper volumes partly offset by stronger corrugated packaging volumes. Pricing across Europe for packaging is showing signs of stabilising, with management seeing prices in Q4 marginally lower but offset by a lower cost base. The read through for Smurfit Kappa is concerning as weaker demand will likely weigh on Smurfit's Q3 numbers after a strong set of H1 numbers.

LVMH post stronger than expected sales growth

LVMH, the luxury goods giant, saw organic sales growth of 11% (est. 9%) delivering €13.3bn in Q3. The stock opened up 5.5% on the release as revenues have remained robust in the face of global trade tensions and political unrest in Hong Kong. The group's core Fashion & Leather segment delivered 18% organic growth as well as reporting strong demand from China. The outlook statement was cautious noting the difficult geopolitical environment but emphasised management's targeted geographical expansion and the group's strong brand recognition supporting revenue growth. Names across the luxury sector have been spurred higher by LVMH's results.



Key Upcoming Events

17/10/2019 ECB Leaders Summit 31/10/2019 Brexit Day

Market View

US markets recovered after a three day losing streak, on a upbeat outlook for trade talks. Asian trading was mixed overnight, with Japan posting a strong recovery intraday and China's indices posting gains. Europe has opened lower this morning with investors taking a wait and see approach. The trade outlook remains volatile as both sides give and take. Latest reports expect the US to concede ground on Huawei but crackdown on contraband goods, while the Chinese side have indicated they can increase purchases of US agricultural products but have cut short today's talks. On the data front, we have a range of data on the UK economy including Construction Output,

Value Change % Change YTD Dow Jones 26346 181.97 0.70% 12.94 S&P 2919 26.34 0.91% 16.46 Nasdaq 7904 79.97 1.02% 19.12 Nikkei 21552 95.60 0.45% 7.66 Hang Seng 25701 18.03 0.07% -0.56 Brent Oil 57.98 -0.34 -0.58% 7.77 WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00	Market N	loves				
S&P 2919 26.34 0.91% 16.46 Nasdaq 7904 79.97 1.02% 19.12 Nikkei 21552 95.60 0.45% 7.66 Hang Seng 25701 18.03 0.07% -0.56 Brent Oil 57.98 -0.34 -0.58% 7.77 WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.2243 0.0037 0.30% -4.01 £/\$ 1.2243 0.0037 0.30% -4.01	Value Change		% Change	% Change YTD		
Nasdaq 7904 79.97 1.02% 19.12 Nikkei 21552 95.60 0.45% 7.68 Hang Seng 25701 18.03 0.07% -0.56 Brent Oil 57.98 -0.34 -0.58% 7.77 WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.2243 0.0037 0.30% 4.01 Yield Change German 10 Year -0.541 0.00	Dow Jones	26346	181.97	0.70%	12.94%	
Nikkei 21552 95.60 0.45% 7.68 Hang Seng 25701 18.03 0.07% -0.56 Brent Oil 57.98 -0.34 -0.58% 7.77 WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.2243 0.0037 0.30% -4.01 £/\$ 1.2243 0.0037 0.30% -4.01 German 10 Year -0.541 0.00 0.00	S&P	2919	26.34	0.91%	16.46%	
Hang Seng 25701 18.03 0.07% -0.56 Brent Oil 57.98 -0.34 -0.58% 7.77 WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.2243 0.0037 0.30% -4.01 £/\$ 1.2243 0.0037 0.30% -4.01 German 10 Year -0.541 0.00 0.00	Nasdaq	7904	79.97	1.02%	19.12%	
Hang Seng 25701 18.03 0.07% -0.56 Brent Oil 57.98 -0.34 -0.58% 7.77 WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.2243 0.0037 0.30% -4.01 £/\$ 1.2243 0.0037 0.30% -4.01 German 10 Year -0.541 0.00 0.00						
Brent Oil 57.98 -0.34 -0.58% 7.77 WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00	Nikkei	21552	95.60	0.45%	7.68%	
WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/£ 0.8997 0.0008 0.09% 0.09 £/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00	Hang Seng	25701	18.03	0.07%	-0.56%	
WTI Oil 52.31 -0.28 -0.53% 15.19 Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/£ 0.8997 0.0008 0.09% 0.09 £/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00						
Gold 1509 3.56 0.24% 17.67 €/\$ 1.1015 0.0044 0.40% -3.94 €/\$ 1.1015 0.0048 0.09% 0.09 £/\$ 0.8997 0.0037 0.30% -4.01 £/\$ 1.2243 0.0037 0.30% -4.01 German 10 Year -0.541 0.00	Brent Oil	57.98	-0.34	-0.58%	7.77%	
€/\$ 1.1015 0.0044 0.40% -3.94 €/£ 0.8997 0.0008 0.09% 0.09 £/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00	WTI Oil	52.31	-0.28	-0.53%	15.19%	
€/£ 0.8997 0.0008 0.09% 0.09 £/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00	Gold	1509	3.56	0.24%	17.67%	
€/£ 0.8997 0.0008 0.09% 0.09 £/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00						
£/\$ 1.2243 0.0037 0.30% -4.01 Yield Change German 10 Year -0.541 0.00	€/\$	1.1015	0.0044	0.40%	-3.94%	
Yield Change German 10 Year -0.541 0.00	€/£ 0.8997 0.0008		0.09%	0.09%		
German 10 Year -0.541 0.00	£/\$ 1.2243 0.0037		0.30%	-4.01%		
				Yield	Change	
UK 10 Year 0 475 0 07	German 10 Year			-0.541	0.007	
0.0	UK 10 Year			0.475	0.015	
US 10 Year 1.577 -0.00	US 10 Year			1.577	-0.007	
Irish 10 Year 0.02 0.07	Irish 10 Year			0.02	0.013	
Spain 10 Year 0.16 0.07	Spain 10 Year			0.16	0.010	
Italy 10 Year 0.891 0.02	Italy 10 Year			0.891	0.022	

Source: Bloomberg, CF Research October 2019

Source: Bloomberg, CF Research October 2019

Cantor Publications & Resources

	$\begin{split} & \begin{array}{l l l l l l l l l l l l l l l l l l l $	Weekly Trader		<i>I</i> a	19170	U
	$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	Worday, 28th November 2018				
	 	Key Themes this Week	Nepr Manut	Lat free		
	$ \begin{array}{ccc} & & & & & & & & & & & & & & & & & &$	Currenzy mouth remain in local				
····································		Lad west saw standis noves a developed variatiourises, particularly	-			
	$ \frac{1}{1} = 1$	the US states and the must, and we expect high lowers of votability to be maintenant is the common down. Nexuent has the states in being down for				1.34
a	$ \begin{array}{c c c c c c c c c c c c c c c c c c c $				26.0	1.20
The matrix of the mat	The matrix structure of the mat		Reside:	538	848	+ 25
Image: Section 1 Image: Section 2 Image: Section 2<	Image:	has some shoe pressure due to the mounting policier rate in Europe intermine from most want's taken references and the second the				
Image:		Autrian Presidential alaction, both hearing the potential to inspart the future				6.36
Control Control <t< td=""><td>Normal matrix is an intermediation of the section of the s</td><td>stability of the European</td><td></td><td></td><td></td><td>479</td></t<>	Normal matrix is an intermediation of the section of the s	stability of the European				479
Set of the state of t	Company	to start to the set	689	676	- 428	4.0
The probability of the probabil	$ \frac{1}{1} \sum_{i=1}^{n} \sum_{j=1}^{n} \sum_{i=1}^{n} \sum_{i=1}$					
	··································	ortical vote for Prime Minister Matter Renzi who has promised to step down	Total at	18.27	20-6	
عن من	The problem of the p		a lines	10404	1777	2/1
$ \frac{1}{10000000000000000000000000000000000$						42
$\label{eq:constraint} (1) = 0 \\ (1$	$ \begin{array}{ $		1-21244			
Prior 100 Prior 100 <t< td=""><td>14년11년 10년 11년 11년 11년 11년 11년 11년 11년 11년</td><td>failure of the Tex company: volub Hely see the ward come under further</td><td>And its</td><td>44.41</td><td>210</td><td>412</td></t<>	14년11년 10년 11년 11년 11년 11년 11년 11년 11년 11년	failure of the Tex company: volub Hely see the ward come under further	And its	44.41	210	412
		agend the solar	(man)			410
					-	-147
					1000	
Barbardinarity of several sever						120
		the 19th expected from Fairs survive to be surposed. A strong maring				
Image: State		sould almost defaining dense tilte Perfix decision to some rates on the 143 store, have becaused and by the ball, and of present				8.37
CPEC Identity and OTPICs Image Ima	CPEC Identify and CI Prices Image Image <thi< td=""><td>for an information of the</td><td>CRE Have</td><td>407.22</td><td>4.01</td><td>119</td></thi<>	for an information of the	CRE Have	407.22	4.01	119
CPEC Identity and OTPICs Image Ima	CPEC Identify and CI Prices Image Image <thi< td=""><td></td><td>Factor 1</td><td>1.000</td><td>- 10</td><td></td></thi<>		Factor 1	1.000	- 10	
CPCEC Management Control Control <thcontrol< th=""> <thcontrol< th=""></thcontrol<></thcontrol<>	CPEC Detains Month			1.874	- 100	6.12
Open was not unit and private was been as the set of t		OPEC Meeting and Oil Prices			-	-
Market 小学していたいます。 オート かくかい うくかい いっかい いっかい いっかい いっかい いっかい いっかい いっかい い	March 10% Control works in more than its more					
d minister a minister 20111 2011 <td>4 absolution State Action State Action</td> <td></td> <td></td> <td></td> <td>YMDA</td> <td>Ching</td>	4 absolution State Action				YMDA	Ching
relation 100 mm 100 m	methy as a result of and addy by which is more by the result 100 mm 100 mm methy as a result of and addy by which is more by add addy of a result of result of a result of result of result of result of a result of result of a result of a result of re	of a milution is subpl among markets. A sliple alarted of DNE	Common 11 Team		1211	-11
we where play a planations on the law before structure the structures. This planation is the structure of the structures appearers are also the target part of the structures of the structures appearers are also the target processing appearers and the structures to appearers are also the structures of the structures appearers are also the structures of the structures to appearers are also the structures of the structures the structures of the structures of the structures and the structures of the structures of the structures and and the structures of the structures of the structures and and the structures of the structures of the structures and the structures of the structures of the structures of the structures and the structures of the structu	were verlange find japanistiker, wie is is felden als is full er souzzie troopen, find japanistiker als endand to fakte souzie troopen, find japanistiker als endand to fakte souzie werd japanistiker werd and fakte souzie is die find find film als ander als endand to fakte souzie werd verden als endand to fakte souzie troopen als ander als endand to fakte souzie troopen als ander als endand to fakte souzie end endand to provide als endand to fakte souzie endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide als endand to provide als endand endand to provide als endand to provide				1.900	
the custors) have provided as an ended of body prove, used as a second of the custors of the custors of the custor of the custors of the cust	The outers "here do not prove the are ended to lood zone, and an ender produce here do not ender the produced by	and this meeting is no different, with runnous circulating that two and tag	an where		1110	
most particles web and iner storing to poly-and poly-and long from reserve poly-and the first party-party-in- ingents of nation and poly-and diseases. Asset if a deal long gend, with nation an viewfield spress all arrange (54 mody) year- ed. Mark 11 me 138 Seguet with nation an viewfield spress all arrange (54 mody) year- ed. Mark 11 me 139	independent week and two interves to poly-interves poly and the state of the s					
node paraceter winn in the probability that meaning to plan be to prove provide implementing markets and probability the means of the to provide provides implementing markets and probability differences whereast it is doed level applied with markets and whereast all provides and provide provides and provide and pr	loon, fan arman fe poleitig fan armelen wit fe gespenste gegen fan armen en poleitig fan armelen wit fe gespenste gegen fan armen en verste stjeren et an oer fan gespenste en de state en armelen ar verste stjeren et an oer fan gespenste en de state en armelen armelen et gespenste fan armelen et armelen armelen et gespenste en armelen et armelen et gespenste en armelen et armelen et gespenste en armelen et armelen et gespenste et armelen et armelen et armelen et armelen et armelen et armelen et armelen et armelen et armelen et armelen et armelen	agreement is now they than any point in the last year given South Anders.	100 11 100			
Impleming nution and polited ofference. Abart of a deal bang factor of the triane factor of t	Ingentige nation and patient of press, Alexet of a deal lang spectrum and the nation and worked of press with average of bit free of years and the spectrum and	record prateries reveal and than returning to poet-anchin production				
el 15	ad 22					
84 8.25	846. 2.25 508 0.06		Edy TITES		1.64	
	604 8.01		24			
	Per 150					

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 : ireland@cantor.com web : www.cantorfitzgerald.ie

Twitter : @cantorIreland 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..