

Weekly Trader

Upcoming Market Opportunities and Events

CANTOR
Fitzgerald

Monday, 18th May 2020

Key Themes This Week

The Week Ahead

In last week's Weekly Trader comment we noted how major indices, particularly the S&P 500 were meeting resistance at key technical levels and last week highlighted the impact of technical levels even more. These technical levels, both resistance and support were challenged as market volatility returned. While volatility as measured by the CBOE Volatility Index (Vix) is more than 50% below the market sell-off peak of 81.42 hit on 16th March, it has started to trend higher as investors grapple with a number of uncertainties.

Amongst the issues facing investors, apart from the expected collapse in key economic readings, were an increase in tension in US-China relations and signs of a possible re-emergence of the virus in countries that have commenced the process of exiting lockdown restrictions.

On the US-China front, President Trump doubled down on his accusation that China failed to deal with the virus outbreak and as a consequence was responsible for the global spread of the pandemic. After initial comments from White House officials that the US would work to complete the Phase One trade deal, Pres. Trump then reversed course by suggesting that he might break all ties with the communist state while at the same time banning all US companies from using Chinese telecoms equipment. This deterioration in relationships, while possibly just a move by Trump to galvanise his voter base given that he is now 8% behind presidential rival Joe Biden, highlighted the fragility of the relationship between the two largest global economies. Given how sensitive equity markets were to trade negotiations throughout 2019, it is easy to see how such uncertainty could impact markets this time around, particularly during a period of global economic contraction.

Equally, concerns over the threat of a resurgence of the virus following the re-emergence of cases in countries such as South Korea, Germany and China, countries who have relaxed lockdown restrictions, has thrown into doubt hopes of a 'V' shaped recovery since any resurgence in cases will ultimately lead to a period of renewed or extended lockdowns. Indeed, this was a point highlighted by Federal Reserve Chairman Powell in a speech he gave last week in which he stated that even in the current situation any economic recovery would be slow and that in the opinion of the Fed 'significant downside risks remain'.

These factors have all weighed on investor sentiment in recent weeks and have thrown enough uncertainty into the mix to cap the near 35% rally in markets from their mid-March lows and have left markets range bound since the middle of April. This leads us back nicely to the opening point of technical market levels. Since mid-April the S&P has traded in a 5% range with support at 2,785 and resistance at 2,930, both being key technical levels covering the range from the February high and the March low. In the absence of any clear news, either positive or negative, we would expect this trading range to continue and clients should use any moves to these upper and lower bounds as a basis for their investment strategy.

For the week ahead the main focus will continue to be on US-China rhetoric, virus headlines and economic data releases in the form of PMI readings from all the major economic regions.

Major Markets Last Week

	Value	Change	% Move
Dow	23,685	-645.90	-2.65%
S&P	2,864	-66.10	-2.26%
Nasdaq	9,015	-106.76	-1.17%

MSCI UK	12,979	-295.81	-2.23%
DAX	10,465	-439.31	-4.03%
ISEQ	5279	-132.82	-2.45%

Nikkei	20,134	-256.93	-1.26%
Hang.Seng	23,882	-720.44	-2.93%
STOXX 600	328	-12.81	-3.76%

Brent Oil	33.64	4.01	13.53%
Crude Oil	31.1	6.96	28.83%
Gold	1765	66.74	3.93%

Silver	17.28	1.80	11.61%
Copper	236.75	-1.25	-0.53%

Euro/USD	1.0824	0.00	0.16%
Euro/GBP	0.8938	0.02	2.01%
GBP/USD	1.2109	-0.02	-1.83%

	Value	Change
German 10 Year	-0.52%	-0.01
UK 10 Year	0.23%	0.00
US 10 Year	0.65%	-0.06

Irish 10 Year	0.10%	-0.03
Spain 10 Year	0.78%	-0.04
Italy 10 Year	1.86%	-0.02

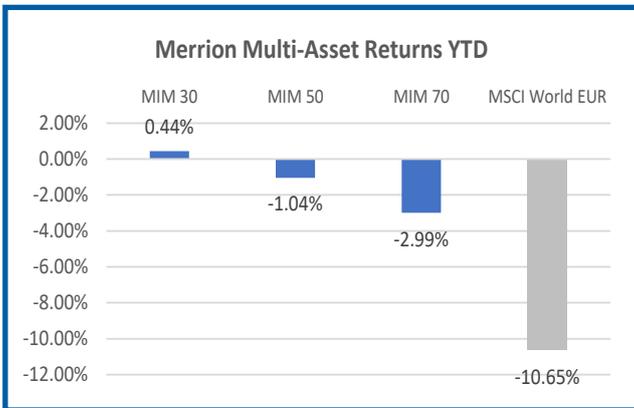
BoE	0.1	0.00
ECB	0.00	0.00
Fed	0.25	0.00

All data sourced from Bloomberg

Opportunities this week

CFI Research Team

Merrion Investment Managers Multi Asset Range (30/50/70)



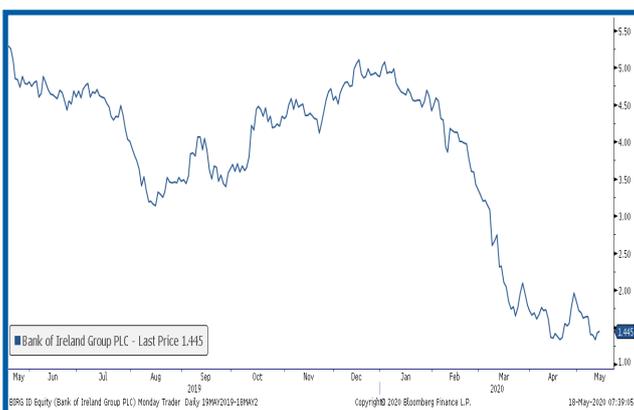
Total Return	YTD
MIM 30	0.44%
MIM 50	-1.04%
MIM 70	-2.99%
MSCI World (EUR)	-10.65%

Returns as of the 14/05/2020
Gross Returns

- MIM multi asset (30/50/70) funds offer well-diversified exposure with the ability to perform in different market environments. Year to date the funds have outperformed peers and benchmarks during both strong and weak market episodes
- Excellent choice across the range, to suit the different risk profiles of our client base
- Diversification with active management can deliver very strong returns with reduced volatility in times of market stress as this month has once again illustrated
- The changes we have made over the last few weeks were triggered by the signals coming from our three-pillar investment process
- We entered the crisis at the lower end of the range in growth assets which meant we were able to exploit the opportunities presented by the market crash
- Currently the funds are positioned at the upper end of the ranges for growth assets. Within growth assets we are continuing with our twin track approach of focusing on the opportunities this crisis has presented, namely the acceleration of secular growth themes and finding value in the cyclical sectors that were most effected by the shutdown
- These are a combination of strategic and tactical changes. Strategically, equities are attractive, but risk management around certain levels will lead to tactical changes to asset allocation, as always
- This highlights the proactive nature of our process, pointing out areas in the market where excessive positioning/risks have built up and avoiding them
- We continue to monitor the numerous risks and opportunities that will present themselves, especially as western economies will try and re open as we enter into the illiquid summer months

Bank of Ireland Group Plc (BIRG ID)

Closing Price: €1.44



- Bank of Ireland: Return to Debt Markets a Positive**
- Last week Bank of Ireland announced that it had raised €675m through the issue of an AT1 bond with a coupon of 7.5% and a maturity of 5.5 years, the first European bank to return to the debt market since the virus hit.
- The bond was issued to refinance the current €750m 7.375% AT1 bond which is callable on 18th June
- Demand for the new bond was strong with demand double the final issue size which represents a strong vote of confidence in the bank from Debt Markets
- This positive reaction contrasts to continued negative sentiment to the banks underlying equity which is trading at multi-year lows
- The renewed weakness in Bank of Ireland's equity followed a disappointing trading update last Monday which saw NIM contract and loan demand weaken
- Bank of Ireland is currently trading on a Price/Book valuation of just 0.2 times, a near 50% discount to the European banking sector
- While the sector continues to face challenges such as negative ECB deposit rates, negative bond yields and sub-trend economic growth, this vote of confidence from the debt markets is a positive development
- This was reflected in an uplift in the share prices of both Bank of Ireland and AIB Group and while broader macro risks remain, this positive development should offer support the equity of the two main Irish banks

Key Metrics	2020e	2021e	2022e
Revenue (€'Mn)	2541.7	2653.1	2699.9
EPS (€)	-0.20	0.31	0.45
Price/ Earnings	-	4.61x	3.21x
Div Yield	-	8.17%	12.18%

Total Return	1 Mth	3 Mth	YTD
BIRG ID	-10.14%	-64.94%	-70.40%

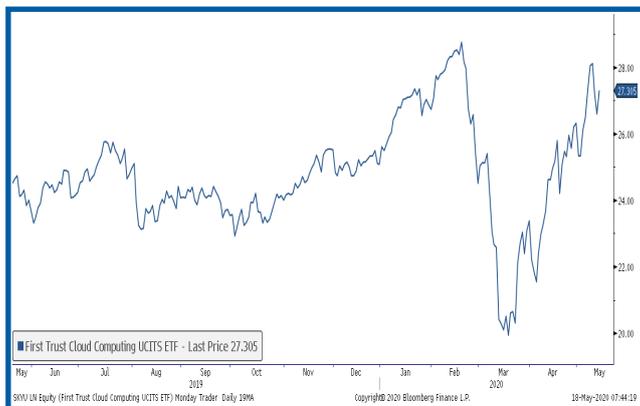
Source: All data & charts from Bloomberg & CFI

Opportunities this week

CFI Research Team

First Trust Cloud Computing UCITS ETF

Closing Price: \$27.30



- We have been positive on the Cloud computing theme for some time and in the current environment of remote working, the importance of Cloud has been amplified. Also, recent strong results from the cloud computing divisions of companies such as Microsoft, SAP, Amazon and Alphabet highlight the growth dynamics of the sector.
- The First Trust Cloud Computing UCITS ETF is based on the ISE CTA Cloud Computing TM Index. The index is a modified equal weighted index designed to track the performance of companies involved in the cloud computing industry and is a comprehensive, rules based index designed to measure the performance of companies engaged in a business activity in the cloud computing industry.
- All securities are classified according to the following three business categories: Infrastructure-as-a-Service (IaaS): Companies that deliver cloud computing infrastructure – servers, storage, and networks – as an on-demand service. Platform-as-a-Service (PaaS): Companies that deliver a platform for the creation of software in the form of virtualization, middleware, and/or operating systems, which is then delivered over the Internet. Software-as-a-Service (SaaS): Companies that deliver software applications over the Internet enabling other companies to conduct their operations using the application.
- The ETF has 62 holdings, is limited to 80 and is rebalanced quarterly.
- Top 5 holdings: Microsoft Corp, Amazon.com Inc, Alphabet Inc, Oracle Corp & Alibaba Group
- [Link to Factsheet](#)
- [Link to KIID](#)

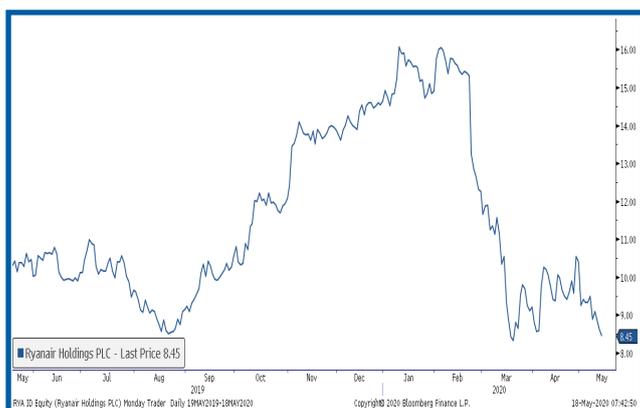
Total Return	1 Mth	3 Mth	YTD
SKYU LN	10.91%	-4.14%	8.92%

Ticker	DIV	TER
SKYU LN	-	0.60%

Source: All data & charts from Bloomberg & CFI

Ryanair Holdings Plc (RYA ID)

Closing Price: €8.45



Ryanair Full Year 2020 Results

- Ryanair this morning reported a better than expected set of full-year 2020 results
- Profit After Tax of €1.002bn was at the upper-end of its previous guidance for between €950m and €1bn
- Ancillary revenues of €2.9bn were in-line with forecasts for €2.92bn
- Load Factor for the year was 95% slightly below estimates for 95.5%
- Revenues from fares of €5.57bn missed forecasts for €5.68bn due to a 48% decline in March passenger numbers
- The company has boosted its net cash position to €4.1bn through a £600m loan from the UK government's Covid Corporate Financing Facility
- The company has reduced its weekly cash burn to €60m from €200m through cost cuts
- Fuel costs increased 14% during the year. The company is 90% hedged for FY 2021 at \$61 per barrel and is 25% hedged for FY 2022 at circa \$35 per barrel
- The company provided no FY 2021 guidance but expects a loss of €200m in Q1 2021 and a smaller loss in Q2 2021
- It expects to carry 80m passengers in FY 2021 compared to its previous target of 154m
- These are a solid set of results and the company's financial strength leaves it in the strongest position of all European carriers. Buy

Key Metrics	2020	2021e	2022e
Revenue (€'Mn)	8495	5372.2	8061.5
EPS (€)	0.895	0.14	1.08
Price/ Earnings	15.54x	33.57x	7.86x
Div Yield	0	0.32%	0.39%

Total Return	1 Mth	3 Mth	YTD
RYA ID	-13.37%	-45.82%	-42.24%

Source: All data & charts from Bloomberg & CFI

Cantor Core Portfolio - In Detail

Performance YTD	%	Sector	Portfolio	Benchmark	+ / -	FX	Portfolio	Benchmark
Portfolio	-14.2%	Consumer Discretionary	12%	10%		EUR	43%	32%
Benchmark	-14.8%	Consumer Staples	7%	11%		GBP	15%	15%
Relative Performance	0.6%	Energy	3%	5%		USD	42%	40%
P/E Ratio	19.94x	Financials	8%	16%		Other	0%	14%
Dividend Yield	2.4%	Health Care	8%	14%				
ESMA Rating	6	Industrials	14%	12%				
Beta	0.98	Information Technology	11%	13%				
		Communication Services	12%	7%				
		Utilities	9%	4%				
		Materials	9%	6%				
		Real Estate	4%	2%				
		Emerging Markets	3%	0%				

Currency YTD %		
GBP	-5.06%	
USD	3.90%	

Core Portfolio

Weighted Average Contribution

Stock	Currency	Yield*	Hold /Sold	Sector	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
Alphabet Inc	USD	0.0%	H	Communication Services	2%	2.5%	-0.8%	1373	0.1%
Verizon Communications Inc	USD	4.5%	H	Communication Services	5%	-9.0%	-4.0%	54.71	-0.3%
BT Group*	GBP	4.2%	H	Communication Services	5%	-44.0%	2.6%	1.08	-2.3%
Dalata Hotel Group Plc	EUR	0.0%	H	Consumer Discretionary	2%	-51.1%	-2.3%	2.52	-1.0%
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	4%	30.4%	1.3%	2410	1.4%
McDonald'S Corp	USD	2.9%	H	Consumer Discretionary	3%	-11.5%	-4.1%	173.81	-0.2%
Carnival	USD	0.0%	H	Consumer Discretionary	3%	-74.6%	-10.1%	12.78	-2.2%
Glanbia Plc	EUR	2.9%	H	Consumer Staples	4%	-9.0%	-6.1%	9.18	-0.4%
Danone	EUR	3.4%	H	Consumer Staples	3%	-17.9%	-5.3%	60.66	-0.5%
Royal Dutch Shell Plc*	GBP	4.3%	H	Energy	3%	-45.9%	-5.9%	11.76	-1.7%
Total Sa	EUR	8.5%	S	Energy	0%	-35.2%	-6.4%	30.86	-0.2%
Allianz Se	EUR	6.5%	H	Financials	4%	-28.7%	-6.9%	146.84	-1.1%
ING Groep Nv	EUR	0.0%	H	Financials	4%	-54.2%	-3.4%	4.90	-2.2%
Sanofi	EUR	3.7%	H	Health Care	3%	0.8%	-2.6%	87.22	0.0%
Pfizer Inc	USD	4.0%	H	Health Care	5%	-1.6%	1.5%	37.76	0.1%
Vinci Sa	EUR	3.2%	H	Industrials	4%	-26.3%	-4.9%	73.00	-1.1%
Siemens Gamesa Renewable Energy	EUR	0.3%	H	Industrials	3%	-12.0%	1.2%	13.77	-0.4%
DCC Plc	GBP	2.4%	H	Industrials	4%	-13.0%	-2.3%	56.94	-0.7%
Fedex Corp	USD	2.4%	H	Industrials	3%	-28.5%	-10.7%	107.52	-0.8%
SAP Se	EUR	1.6%	H	Information Technology	4%	-13.8%	-3.7%	103.74	-0.6%
Paypal Holdings Inc	USD	0.0%	H	Information Technology	4%	34.5%	0.4%	145.51	1.6%
Microsoft Corp	USD	1.1%	H	Information Technology	3%	16.5%	-0.8%	183.16	0.6%
Smurfit Kappa Group Plc	EUR	0.0%	H	Materials	3%	-20.4%	-6.7%	27.26	-0.6%
Newmont Corp	USD	1.4%	H	Materials	3%	56.7%	5.2%	67.90	1.9%
Invesco Physical Gold ETC	USD	0.0%	H	Materials	3%	14.4%	2.4%	169.06	0.4%
Kennedy Wilson Holdings Inc	USD	7.0%	H	Real Estate	4%	-41.7%	-12.3%	12.80	-1.6%
Engie	EUR	0.0%	H	Utilities	5%	-34.9%	-4.3%	9.38	-1.7%
Greencoat Renewables Plc	EUR	5.5%	H	Utilities	4%	-3.0%	-2.2%	1.12	-0.1%
JPMorgan Emerging Markets Trust	GBP	2.0%	H	Emerging Markets	3%	-18.6%	-0.9%	8.61	-0.7%
Total					100%				-14.22%

All data taken from Bloomberg up until 15/05/2020.

Warning : Past performance is not a reliable guide to future performance**Warning : The value of your investment may go down as well as up.**

*Red Denotes Deletions

*Green Denotes Additions

*Yields are based on the mean of analyst forecast

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	Corporate	Corporate	Corporate	Corporate
Ryanair Holdings Plc	Walmart Inc Home Depot Inc Kohl's Corp	Target Corp	Hewlett Packard Enterprise Co NVIDIA Corp	Deere & Co
Economic	Economic	Economic	Economic	Economic
	German ZEW Economic Sentiment US Housing Starts	European Final HICP European Flash Consumer Confidence UK CPI UK PPI US FOMC Minutes	European Flash Markit Composite UK Flash Markit Composite US Initial Jobless Claims US Philly Fed Index US Flash Markit Composite PMI US Existing Home Sales	UK Retail Sales

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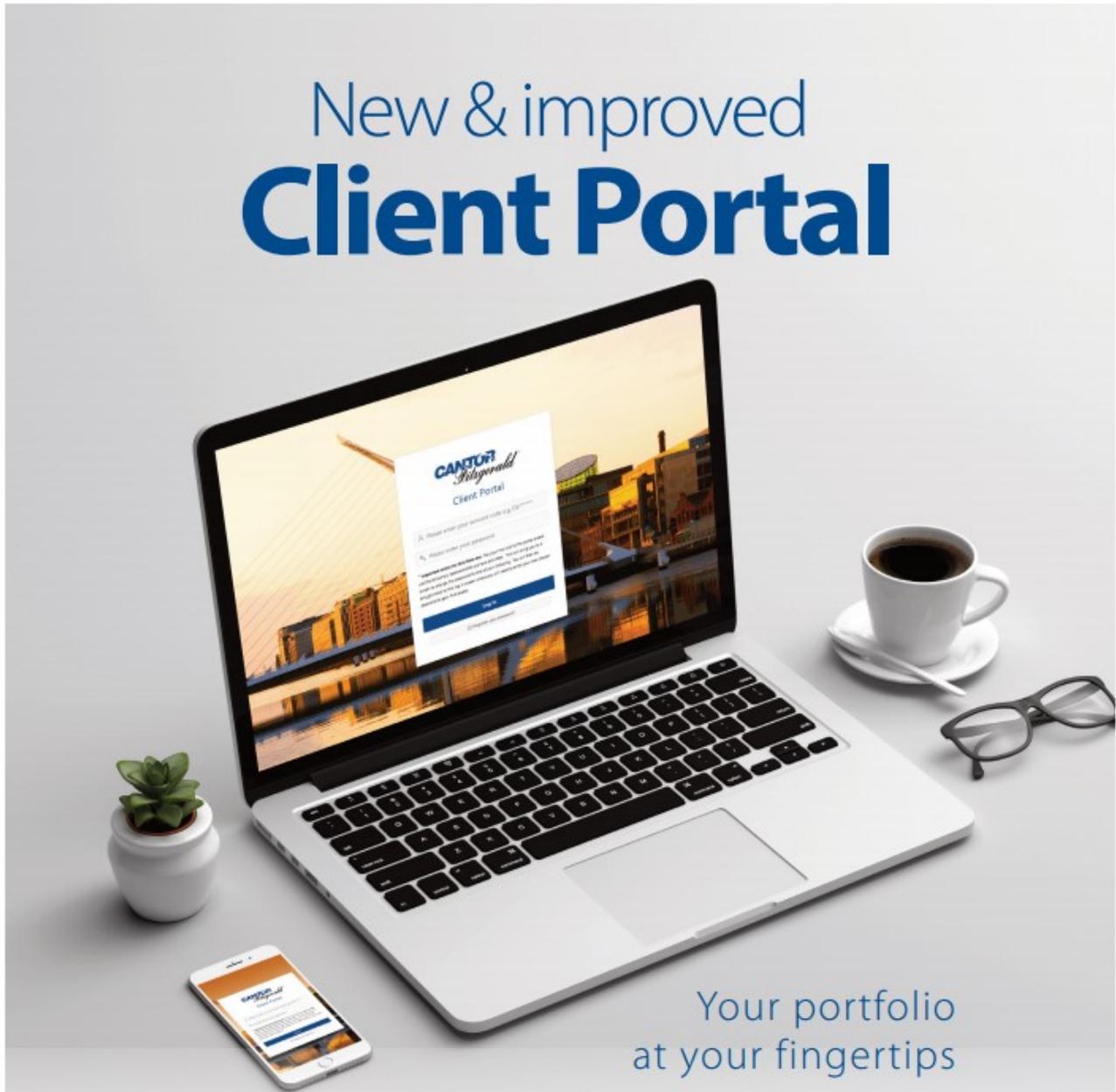


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Issuer Descriptions: (Source: Bloomberg)

Allianz: Allianz through its subsidiaries, provides insurance and financial services.

Alphabet: Alphabet provides web-based search, advertisement, maps, software applications, mobile operating systems, consumer content and other software services.

Amazon: Amazon is an online retailer that offers a wide range of products.

Dalata Hotel Group: Dalata Hotel Group owns and operates as a chain of hotels.

Danone: Danone operates as a food processing company.

DCC: DCC is a sales, marketing, distribution and business support services company.

Glanbia: Glanbia plc is an international dairy, consumer foods, and nutritional products company. The Company conducts operations primarily in Ireland, the United Kingdom, and the United States

Microsoft: Microsoft Corporation develops, manufactures, licenses, sells, and supports software products.

PayPal: PayPal operates a technology platform that enables digital and mobile payments on behalf of customers and merchants

Pfizer: Pfizer Inc. operates as a pharmaceutical company. The Company offers medicines, vaccines, medical devices, and consumer healthcare products for oncology, inflammation, cardiovascular, and other therapeutic areas

Royal Dutch Shell: Royal Dutch Shell explores, produces, and refines petroleum

SAP: SAP is a software corporation that makes enterprise software

Smurfit Kappa: Smurfit Kappa manufactures paper packaging products

Verizon: Verizon Communications Inc. is an integrated telecommunications company that provides wire line voice and data services, wireless services, internet services, and published directory information.

VINCI SA: VINCI is a global player in concessions and construction with expertise in building, civil, hydraulic, and electrical engineering

Total: TOTAL S.A. explores for, produces, refines, transports, and markets oil and natural gas. The Company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives, and resins.

Newmont Goldcorp: Newmont acquires, explores, and develops mineral properties.

Greencoat Renewables: Greencoat operates as an investment company. The Company invests in wind and renewable electricity generation assets.

Sanofi: Sanofi operates as a pharmaceutical company. The Company manufactures prescription pharmaceuticals and vaccines. Sanofi also develops cardiovascular, thrombosis, metabolic disorder, central nervous system, and oncology medicines and drugs.

Engie: Engie is a global energy and services utility company

FedEx: FedEx delivers packages and freight to multiple countries and territories through an integrated global network

Kennedy Wilson: Kennedy-Wilson Holdings, Inc. operates as a global real estate investment company

ING Groep: ING Groep is a global financial institution providing retail and wholesale financial services.

BT Group: BT Group is a UK based telecommunications company.

Carnival: Carnival operates and owns cruise ships

Siemens Gamesa: SGRE designs and manufactures renewables energy equipment

Historical Recommendation:

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