Weekly **Trader**

Upcoming Marketing Opportunities and Events

MONDAY, 4th APRIL 2022

Key Themes This Week

The Week Ahead
Last week saw the end to the first quarter which was marked but heightened volatility due initially to hawkish pivots by global central banks, particularly the US Federal Reserve, as a result of rising inflation, and then more recently by the invasion of Ukraine by Russia on 24th February. The net effect of this volatility resulted in one of the weakest first quarters for many years with European equity markets declining by on average 8.5% and US equity markets fairing slightly better with average declines of 3.9%.

Also fairing badly during the first quarter were global bond markets which, per the Barclays Global Aggregate Total Return Bond Index declined by 5.3%, one of the worst quarters on record for global bond markets. In yield terms, the yield on the US 10 Year Treasury Note increased from 1.60% at the start of the year to 2.43% currently while in Europe the yield on the 10 Year German Bund increased from -0.12% to 0.58%, with these yield moves reflecting expectations for an aggressive pace of rate hikes from the Fed and an earlier than anticipated move higher in rates from the ECB.

While expectations for higher interest rates were certainly the driving force for the volatility seen in the first two months of the year, geo-political risks have merely added to the volatility. This was clearly evident last week within both equity markets and the energy complex. While markets finished the week with marginal gains of circa 0.3%, intraday volatility remained high with for example, European stocks gaining 3% on Tuesday following reports of progress on the ongoing peace talks between the Ukraine and Russia but then reversing all of this gain in the following two trading sessions as the realisation hit that no real progress had been made.

This headline volatility has not been confined to equity markets. Oil and gas prices have also whipsawed on headline news adding to supply risks that has seen the price of Brent crude increase by 32% year-to-date despite the dramatic announcement from President Biden last week of a 1m barrels per day release for six months from the US Strategic Petroleum Reserve.

This surge in energy prices, along with other commodities such as wheat (+31% YTD), are adding to the spiralling inflation situation facing central banks which was reflected in 40 year high readings for German CPI and the US Core PCE last week. While we expect these inflationary pressures to moderate later in the year, upward pressure is likely to persist in the immediate future as geo-political tensions persist and also due to potential supply chain disruptions caused by renewed lockdowns in Shanghai.

While we maintain our positive outlook for risk assets for the medium to longer term, we see the current period of market volatility continuing in the short-term with the main drivers of this volatility continuing to be geo-political headlines, as well as uncertainty ahead of the next Fed meeting on the 4th May. While markets have now moved to price in a 50 basis point increase in rates at this meeting, the uncertainty lies in the what Chair Powell might communicate about the possibility of further 50 basis point rate increases and also on the timing and pace of balance sheet reduction.

Next week we will get a clearer indication of how the aforementioned geo-political and inflationary headwinds are impacting companies with the start of the Q1 earnings season. Apart from any impact recent events might have had on actual Q1 earnings, we will get a better indication on management are seeing for the coming quarters in terms of demand, margins and supply chain disruptions.

In this week's Trader we include comments on three of our ACL stocks, specifically materials & aggregates group **CRH**, airline group **Ryanair Holdings** and UK banking group **Barclays**.

Major Markets Last Week

	Value	Change	% Move
Dow	34818	-42.97	-0.12%
S&P	4546	2.80	0.06%
Nasdaq	14262	92.20	0.65%
MSCI UK	18292	180.47	1.00%
DAX	14446	140.72	0.98%
ISEQ	7178	4.42	0.06%
Nikkei	27682	-261.55	-0.94%
Hang Seng	22368	682.92	3.15%
STOXX 600	458	4.79	1.06%
Brent Oil	104.58	-7.90	-7.02%
Crude Oil	99.3	-6.66	-6.29%
Gold	1919.48	-3.32	-0.17%
Silver	24.688	-0.19	-0.76%
Copper	469.55	-3.00	-0.63%
Euro/USD	1.1048	0.01	0.57%
Euro/GBP	0.8420	0.00	-0.33%
GBP/USD	1.3121	0.00	0.25%

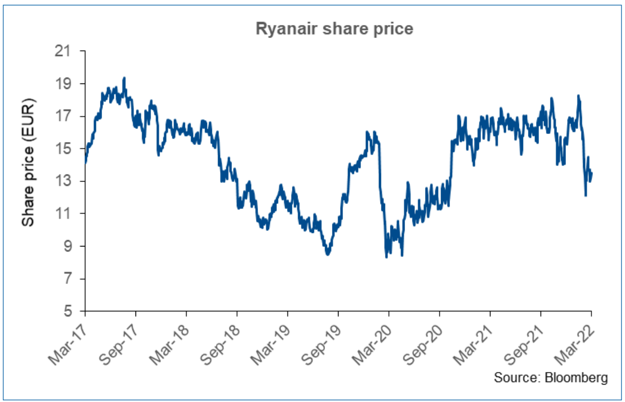
	Value	Change
German 10 Year	0.56%	-0.03%
UK 10 Year	1.61%	-0.09%
US 10 Year	2.41%	-0.05%
Irish 10 Year	1.13%	-0.02%
Spain 10 Year	1.47%	0.03%
Italy 10 Year	2.09%	0.01%
BoE	0.75	0.00
ECB	0	0.00
Fed	0.5	0.00

All data sourced from Bloomberg

Opportunities this week

Ryanair

Closing Price: €13.53



Key Metrics	2022e	2023e	2024e
Revenue (EURbn)	4.96	9.63	11.50
EPS (EUR)	-0.31	1.20	1.42
Price/ Earnings	n/a	11.44x	9.64x
Div Yield	0.00%	0.00%	0.00%

Share Price	1 Mth	3 Mth	YTD
rya id	-2.94%	-11.25%	-11.25%

Source: All data and charts from Bloomberg & CFI

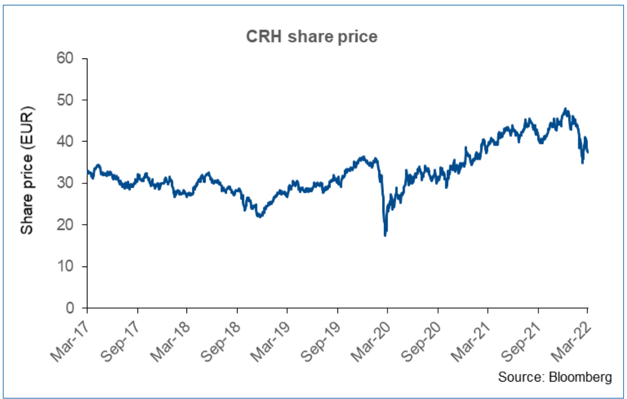
This morning, management tightened net loss guidance to the €350m to €400m range (consensus €339m). Ryanair CEO, Michael O'Leary, commented positively to journalists last week on strong pent-up demand for air travel during the peak summer months, which is boosting both volumes and pricing. He also predicted Ryanair could make €1bn in profits in the current year, recovering from two years of losses post the pandemic. This is however predicated on no new resurgence of Covid related travel restrictions and the war in Ukraine not escalating to other countries. For the current financial year, which runs from 1st April, Ryanair expect to carry 165m passengers compared to just under 100m in the year just ended and 150m pre-pandemic.

With the oil price trading through $100 post the Russian invasion of Ukraine, the airline sector, including Ryanair, has sold off significantly partially on concerns over rising fuel costs. Ryanair however this morning confirmed it is 80% hedged at $63 through to March 2023, and almost 10% hedged for summer 2023 (H124). This hedging for the current financial year puts Ryanair at a significant advantage to many of its peers who have less comprehensive fuel price hedging in place. IAG on 25th February reported hedging of 70% for Q1 2022 falling to 45% by Q4. Easyjet on 27th January reported 60% hedging for the year ended September 2022, whilst Wizz Air generally employs little hedging.

Ryanair has the strongest balance sheet and lowest cost operating model in the European airline industry, which together with the new fleet on order from Boeing, should enable it to achieve its target of carrying 225m passengers by 2026, compared to 150m pre-pandemic. On current year forecasts Ryanair trades at a PE of 11x, well below its pre-pandemic average. Our price target on Ryanair is 19.44 euro, offering some 40% upside from current levels.

CRH

Closing Price: €36.23



Key Metrics	2022e	2023e	2024e
Revenue (USDbn)	28.75	30.07	31.78
EPS (USD)	2.92	3.23	3.60
Price/ Earnings	12.29x	11.1x	9.98x
Div Yield	3.26%	3.48%	3.71%

Share Price	1 Mth	3 Mth	YTD
crh id	-7.95%	-22.12%	-22.12%

Source: All data and charts from Bloomberg & CFI

CRH's share price has experienced considerable volatility over the first three months of 2022. Having appreciated 42% in 2021 on steady, predictable, progress the company had made over the year, subsequent external factors saw the share price down 25% at one point before rallying 17% in the first two weeks of March to then all but give up those gains into the end of the month, closing out the quarter down 22%. We believe, however, that the current dip provides an ideal opportunity to acquire stock at a very reasonable valuation, close to long-term support at €35, with organic and acquisitive growth giving potential for upside surprise to forecasts.

CRH's FY21 numbers came in marginally ahead of forecasts. Management noted that it was another year of record delivery driven by the company's integrated solutions strategy. There was good underlying demand, strong profit growth and margin improvement through the year, resulting in continued strong cash generation. Looking forward, management provided the customary qualitative trading outlook statement noting that it expects the underlying demand and pricing backdrop to remain favourable in 2022 albeit against a number of challenges and uncertainties, including an inflationary input cost environment and continued supply chain challenges. CRH is withdrawing from the Russian market, which should have minimal impact on the business, while its operations in Ukraine account for less than 1% of Group revenue.

We believe that the sale of the Oldcastle Building Envelope increases the chances of upside surprise to numbers through material acquisitions in H222 and/or increased returns to shareholders, both catalysts for the share price. The deal, for $3.45bn in cash is expected to complete in mid-2022. We forecast that this sale, coupled with operating cash flow will result in net debt falling to $1.23bn at FY22 year-end with net debt/EBITDA dropping to 0.2x. For a company with a record of growing through acquisitions, this could, in theory, give a war chest of over $12bn, which if allocated to acquisitions could drive an over 15% upside to FY23 earnings.

Opportunities this week

Barclays

Closing Price: 147p

Key Metrics	2022e	2023e	2024e
Revenue (GBPbn)	21.98	23.08	23.78
EPS (GBP)	0.27	0.29	0.30
Price/ Earnings	5.63x	5.29x	4.96x
Div Yield	5.04%	5.83%	6.49%

Share Price	1 Mth	3 Mth	YTD
barc ln	-15.11%	-21.37%	-21.37%

Source: All data and charts from Bloomberg & CFI

On 28th March, Barclays announced a £450m loss related to their structured products division in the US. Essentially the bank issued some $36bn of structured products but only had regulatory permission to issue $20.8bn. Barclays are obliged to buy back the additional securities at their original offer price resulting in this estimated loss. This loss, will should be partially mitigated by hedges Barclays have in place, will marginally impact their Core equity tier one ratio by some 15bps but the £1bn buyback announced in February will still go ahead in Q2. Subsequently a major undisclosed shareholder announced the placement of 575m shares representing under 5% of the total share capital, at a price of 150p compared to previous close of 160p.

This poorly received announcement from Barclays come after they announced record profits for the FY 2021 in late February. Pre-tax profit came in at an all-time £8.4bn compared to £3.1bn in FY 2020, with EPS of 37.5p compared to 8.8p and a record 13.4% return on equity. The group declared a final dividend of 4p making a total for 2021 of 6p, Barclays had been prevented from paying a final dividend in FY 2020. Core equity tier one ratio, the key measure of balance sheet strength, was unchanged at 15.1%, though this will fall in 2022 due to expected regulatory changes and the buyback but remain comfortably within regulatory requirements. The shares responded well to these results however within days Russia had invaded Ukraine sparking a sharp sell-off in equity markets, particularly in Europe, which saw Barclays give back these gains and more.

The further sell-off post yesterday's announcement and subsequent share placing takes the stock into even deeper discounted valuation territory. Price: Book now stands at under 0.5X and the forward PE is under 7X, with a dividend yield of almost 5%. The structured product loss should prove to be a one-off incident with relatively limited impact on profitability or balance sheet strength, though new management will have questions to answer from investors. The shares remain a Buy at these levels, given the rising interest rate environment that generally benefits banking earnings, with significant upside to our 255p price target.

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	**Corporate**	**Corporate**	**Corporate**	**Corporate**
	John Wood Group	Christian Hansen Conagra Brands		
Economic	**Economic**	**Economic**	**Economic**	**Economic**
German Trade Balance US Factory Orders (Feb) - durable goods	Ireland AIB Services PMI EU-19/UK/US Final S&P Composite PMI (Mar) US Non-Manufacturing ISM (Mar)	German Industrial Orders (Feb) EU-19 Producer Prices (Feb) US FED Meeting Minutes	German Industrial Output (Feb) EU-19 Retail Sales (Feb) EU-19 ECB Monetary Policy Account Ireland CPI Inflation (Mar) US Initial Jobless Claims	

Analyst Conviction List

The Analyst Conviction List highlights the buy-rated stocks that we feel have the greatest potential for share price upside at the current time and where new money purchases could be made. In addition to traditional analytical methods including valuation, industry background and competitive positioning, we also consider ESG factors in our equity research process.

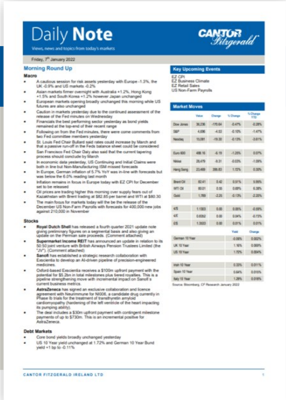
Our current Analyst Conviction List is provided below:

Company	FX	Industry	Price when in ACL	Current price	Price target	Div yield	Fwd P/E (x)	3m move	ESG Score (0-100)
Flutter Entertainment PLC	EUR	Entertainment	147.3	103.65	195.00	0.00%	28.2	-25.43%	29
LVMH	EUR	Apparel	708.9	649.60	775.00	1.54%	24.7	-10.65%	84
TotalEnergies SE	EUR	Oil&Gas	43.41	46.76	48.00	5.65%	5.6	4.76%	86
Shell PLC	GBp	Oil&Gas	16.83	2119.50	20.50	3.32%	6.1	30.69%	84
Barclays PLC	GBp	Banks	192.00	147.04	255.00	4.08%	5.5	-21.37%	88
FedEx Corp	USD	Transportation	242.77	224.56	355.00	1.34%	10.9	-13.18%	63
Ryanair Holdings PLC	EUR	Airlines	18.12	13.54	18.50	0.00%	11.3	-11.25%	18
Caterpillar Inc	USD	Machinery-Constr&Mining	205.88	220.81	230.00	2.01%	18.0	6.81%	94
Microsoft Corp	USD	Software	336.06	306.79	380.00	0.81%	32.4	-8.78%	96
Apple Inc	USD	Computers	151.28	172.32	170.00	0.51%	28.0	-2.96%	25
ASML Holding NV	EUR	Semiconductors	737.1	606.70	900.00	1.22%	36.2	-14.15%	95
Smurfit Kappa Group PLC	EUR	Forest Products&Paper	45.07	40.64	55.00	3.09%	12.4	-16.10%	66
CRH PLC	EUR	Building Materials	42.93	36.23	53.00	3.00%	12.4	-22.12%	92
Volkswagen	EUR	Auto Manufacturers	151.74	157.36	245.00	4.80%	5.1	-11.34%	78
Closed trades			**Entry price**	**Exit price**	**Profit**				
Hibernia REIT	EUR	REITS	1.31	1.634	**24.7%**				
Deere & Co	USD	Machinery	353.87	422.29	**19.3%**				

Source: Bloomberg

Warning: The value of your investment may go down as well as up. You may get back less than you invest

Cantor Publications & Resources



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Each day we produce a market commentary outlining critical economic and company developments. We leverage off our global network of analysts and investment professionals to provide clients with critical insights from our local teams first thing in the morning.

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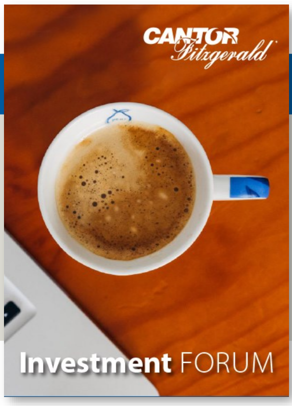

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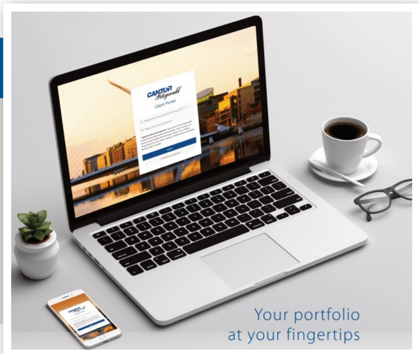

Client Portal

Access all of your information through a single login and view information updates in the Notifications Centre with our easy to use, intuitive user interface.

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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Flutter Entertainment PLC

Flutter Entertainment provides and mobile and inline gambling and gaming services primarily in the UK, Australia, the US and Ireland. The company offers betting on a wide range of sporting events as well as offering online games, including bingo, casino games and poker. The more recent acquisition of stakes in FanDuel (now owns 95%) makes it the largest online sports betting business in the US.

LVMH Moet Hennessy Louis Vuitton

LVMH Moet Hennessy Louis Vuitton is a diversified luxury goods group. The company produces and sells wine, cognac, perfumes, cosmetics, luggage and watches and jewelry

TotalEnergies SE

TotalEnergies SE engages in the exploration and production of fuels, natural gas and low carbon electricity. Headquartered in Courbevoie, France, it operates through the following business segments: Exploration & Production; Integrated Gas, Renewables & Power; Refining & Chemicals and Marketing & Services divisions.

Royal Dutch Shell PLC

Royal Dutch Shell Plc, through subsidiaries, explores, produces, and refines petroleum. The Company produces fuels, chemicals, and lubricants. Royal Dutch Shell owns and operates gasoline filling stations worldwide. It operates through the following segments: Integrated Gas, Upstream, Oil Products, Chemicals and Corporate. The company was founded in February 1907 and is headquartered in The Hague, Netherlands.

Barclays PLC

Barclays PLC is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management, and investment management services.

FedEx Corp

FedEx Corp. delivers packages and freight to multiple countries and territories through an integrated global network. The company provides worldwide express delivery , ground small parcel delivery, less-than-truckload freight delivery, supply chain management services, customs brokerage services and trade facilitation and electronic commerce solutions

Ryanair Holdings PLC

Ryanair is one of the largest airlines in Europe. The carrier flies to c.190 destinations, serving more than 30 countries throughout Europe, plus Morocco. It specialises in short-haul routes between secondary and regional airports, operating a fleet of c.300 Boeing 737-800s from 75 bases. Under normal conditions the company flies around 116m passengers annually from airports in Ireland, UK, Belgium, France, Germany, Italy, Spain and Sweden.

Caterpillar Inc

Caterpillar designs, manufactures and markets construction, mining and forestry machinery. The company also manufactures engines and other related parts for it equipment and offers financing and insurance. It distributes its products through a worldwide organisation of dealers.

Microsoft Corp

One of the world's leading technology companies, Microsoft Corporation develops, manufactures, licences, sells and supports software products. Microsoft also develops video game consoles (e.g. Xbox) and digital music entertainment devices. Its products include the Windows operating system, Office productivity applications and Azure cloud services. It also owns LinkedIn, the business-oriented social network..

Apple Inc

Apple Inc. designs, manufactures and markets mobile communication devices, personal computers and related equipment along with a variety of related software, services, peripherals and networking solutions. Apple sells its products worldwide through its online stores, retail stores, direct sales force, third-party wholesalers and resellers. Half of its revenue comes from iPhone sales and over half its revenue is generated outside the Americas.

ASML Holding NV

ASML Holding N.V. develops, produces and markets semiconductor manufacturing equipment, specifically machines for the production of chips through lithography. The company services clients worldwide.

Smurfit Kappa Group PLC

Smurfit Kappa Group PLC manufactures paper packaging products. The company offers container boards, corrugated containers, and other paper-based packaging products. Smurfit Kappa Group serves clients globally.

CRH PLC

CRH is an Irish-based international company that makes and distributes cement, concrete, aggregate, glass and asphalt for commercial, residential and infrastructure projects across the globe. CRH has over 3,100 operating locations and a presence in circa 30 c ountries. It is one of the main building materials suppliers in North America and the largest heavy-side materials business in Europe.

Volkswagen

Volkswagen manufactures and sells vehicles. The company offers economy and luxury automobiles, sports cars, trucks and commercial vehicles worldwide. Volkswagen also provides leasing and financial services.

Hibernia REIT PLC

Hibernia REIT operates as a real estate investment trust. The company invests in commercial properties including offices. While it has the scope to invest in industrial properties, retail stores, warehousing and distribution centres and other related property assets, Hibernia focusses on high-end office properties in Dublin, Ireland, with strong and improving ESG credentials.

Deere & Co

Deere & Company manufactures and distributes a range of agriculture, construction, forestry and commercial and consumer equipment worldwide. Deere, which trades mainly through the John Deere brand, also provides servicing and financing for its product range.

Regulatory Information

Historical record of recommendation

Flutter Entertainment rating:	Buy; issued 11th March 2022; previous Buy: 7th October 2021
LVMH rating:	Buy; issued 24th March 2022: previous Buy: 22nd September 2021
TotalEnergies rating:	Buy; issued 12th January 2022; previous Buy: 22nd June 2021
Royal Dutch Shell rating:	Buy; issued 8th Oct 2021; previous: none: initiation
Barclays rating:	Buy; issued 1st April 2022; previous Buy: 17th December 2021
Fedex rating:	Buy; issued 9th February 2022; previous Buy 2nd June 2021
Ryanair rating:	Buy; issued 11th February 2022; previous Buy: 2nd July 2021
Caterpillar rating:	Buy; issued 5th November 2021; previous none: initiation
Microsoft rating:	Buy; issued 10th February 2022; previous 26th August 2021
Apple Inc rating:	Buy; issued 4th February 2022; previous 15th July 2021
ASML rating:	Buy; issued 16th March 2022; previous Buy 22nd September 2021
Smurfit Kappa rating:	Buy; issued 17th February 2022; previous Buy 24th August 2021
CRH rating:	Buy; issued 16th March 2022; previous: Buy: 10th March 2021
Volkswagen rating:	Buy; issued 14th January 2022; previous none: initiation
Hibernia REIT rating:	Buy; issued 31st Aug 2021: previous: none: initiation
Deere & Co rating	Buy; issued 24th February 2022; previous Buy: issued 9th Nov 2021

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