

Key Themes This Week

The Week Ahead

In last week's Weekly Trader we commented that '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'.

Price action in markets last week did little to change this view and while there was a bit more clarity from the US Federal Reserve on its likely course of policy action at its next policy meeting, the geo-political crisis in Ukraine deteriorated further and remains a source of uncertainty for markets. For the week, equity markets declined by on average 1%, with the UK market being the only market to register a positive return boosted by strong performances from the utility and pharmaceutical sectors.

The main economic focal point on the week was the release of the minutes of the Fed meeting of 16th March with these minutes outlining in part, the likely path of monetary policy from the world's most influential central bank. The minutes showed, that only for the Russian attack on Ukraine, the committee would have voted to increase interest rates by 50bps at the last policy meeting rather than the actual increase of 25bps, which essentially indicates that a 50bps increase in virtually guaranteed at the next meeting on 4th May. On balance sheet reduction, the committee outlined a strategy for a \$95bn per month reduction starting as early as next month which was somewhat more aggressive than the market had been expecting.

The details of these minutes, along with extremely hawkish comments from the Fed Vice-Chair Brainard, resulted in a sharp move higher in bond yields with the 10 Year yield increasing by 32bps on the week to finish at 2.69%, a move that unwound some of the yield curve inversion seen over the last three weeks since the last Fed meeting. This move higher in bond yields reversed the recent gains seen in the technology sector and left the NASDAQ underperforming on the week with a decline of circa 3%. While these minutes helped give some more colour on the thought process of the Fed, markets will be anxious to hear more specific details of the intended path and pace of both interest rate increases and balance sheet reduction when Chair Powell conducts his press conference after next months meeting.

The other factor keeping markets in check over the past week were the appalling developments in Ukraine and the resultant sanctions imposed by both the US and Europe. While the US has moved to block all oil imports from Russia, divisions emerged amongst EU member states over a similar embargo on oil and gas, with Germany the most vocal in its opposition to such a move. Instead, the EU included a phased ban on coal imports, but support is growing among the majority of member states for oil and gas to be included in the next round of sanctions. Any such move will undoubtedly see a return of oil and gas price volatility which will leave Europe exposed to a potential hit to economic growth as a result of potential further inflationary pressures.

The first quarter earnings season commences this week with the US banks (with the exception of **Bank of America**) all reporting before the Easter Holiday. Expectations for bank earnings have declined over the last month and the S&P Banking sector has underperformed the broader market by 12.5% since the end of February. This underperformance has largely been due to the recent inversion of the US yield curve, however last week's reversal of this inversion could see US banks outperform into and after the results announcements.

In this week's Trader we highlight the potential opportunities in the banking sector including **AIB** and **Barclays**, along with comments on US technology group **Alphabet** on which we initiated coverage last week, along with a comment on semiconductor component manufacturer **ASML** who report results on 20th April.

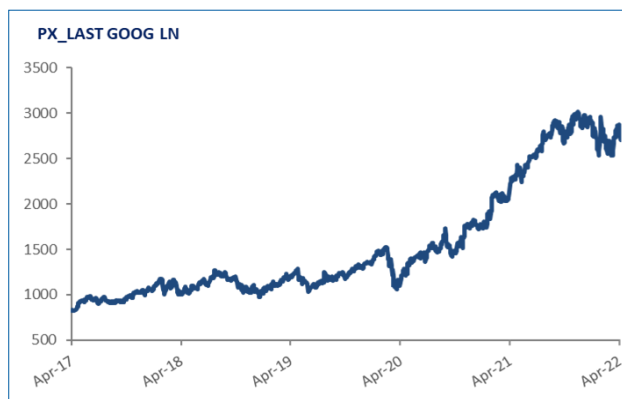
Major Markets Last Week

	Value	Change	% Move
Dow	34721	-97.15	-0.28%
S&P	4488	-57.58	-1.27%
Nasdaq	13711	-550.50	-3.86%
MSCI UK	18680	388.36	2.12%
DAX	14284	-162.81	-1.13%
ISEQ	7081	-97.93	-1.36%
Nikkei	26986	-680.18	-2.46%
Hang Seng	21872	-124.84	-0.57%
STOXX 600	461	2.63	0.57%
Brent Oil	102.78	-1.61	-1.54%
Crude Oil	98.26	-1.01	-1.02%
Gold	1948	21.86	1.14%
Silver	24.773	0.14	0.58%
Copper	472.5	3.65	0.78%
Euro/USD	1.0877	-0.02	-1.50%
Euro/GBP	0.8348	-0.01	0.86%
GBP/USD	1.3025	-0.01	-0.68%
		Value	Change
German 10 Year		0.71%	0.15%
UK 10 Year		1.75%	0.14%
US 10 Year		2.70%	0.32%
Irish 10 Year		1.38%	0.24%
Spain 10 Year		1.70%	0.23%
Italy 10 Year		2.40%	0.30%
BoE		0.75%	0.00%
ECB		0.00%	0.00%
Fed		0.50%	0.00%

Opportunities this week

Alphabet Inc

Closing Price: \$2680.21



Alphabet is divided into two main divisions, Google Services and Google Cloud. Google Services provides some 90% of group revenues and, as well as the search engine, includes Android the leading mobile phone operating system; YouTube, the world's most popular video-sharing site and the likes of Maps; Chrome and many other Google branded internet services. Google Services derives its revenue predominantly from advertising on its search engine and YouTube and other Google platforms, benefitting directly from the rapid growth in ecommerce and Google's unparalleled ability to driver consumers to its advertisers' e-commerce sites. Alphabet has been active on the M&A front recently and in March 2022 acquired cybersecurity firm, Mandiant, for \$5.4bn in an agreed cash offer. In early 2021 Google completed the \$2.1bn acquisition of wearable technology maker, Fitbit. Despite generating strong free-cash flow which totalled over \$18bn in Q4, Alphabet does not pay a dividend, preferring to return capital to shareholders via share buybacks, which in Q4 totalled \$13.5bn up from \$12.6bn in Q3. In FY 2021 Alphabet bought back \$50bn of shares, close to 3% of its average market cap during the year. Alphabet also proposed a 20 for 1 stock split with the results, effective from 15th July for shareholders on the register on 1st July.

Like other technology giants, Alphabet has emerged from the Covid pandemic in a stronger financial and competitive position, as secular trends towards digitisation, ecommerce and remote working all benefit its two main divisions. Despite a recent modest pullback the shares trade close to an all-time high and have almost trebled since pandemic lows. On a 2023 PE of 21X however, Google's modest premium to the broader US market looks fully justified, with forecast compound annual revenue % growth in the mid-teens between 2021 and 2024, a significant premium to the S&P 500. Alphabet Q1 2022 results are due on April 27th. We recently initiated on Alphabet with a \$3300 price target which is 24X 2023 forecast EPS, which are likely to prove conservative, offering some 20% upside to the current share price.

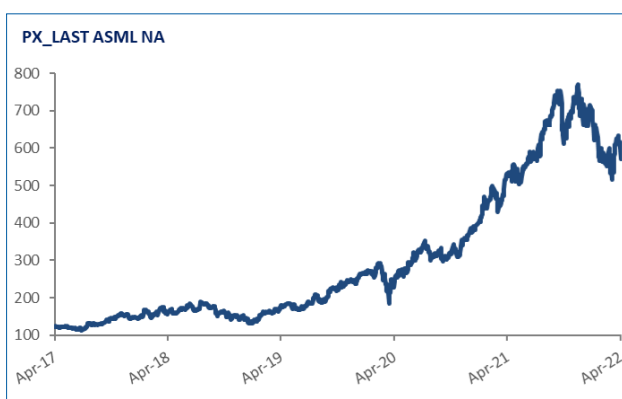
Key Metrics	2021e	2022e	2023e
Revenue (\$Mn)	249846	294899	333807
EPS (\$)	124.72	147.57	170.82
Price/ Earnings	21.68x	18.32x	15.83x
Div Yield	0.00%	0.00%	0.00%

Total Return	1 Mth	3 Mth	1 Year
GOOG US	7.91%	-0.79%	55.79%

Source: All data & charts from Bloomberg & CFI

ASML Holdings NV

Closing Price: €567.4



ASML, the global leader in manufacturing semiconductor equipment, was caught up in the sell-off in tech stocks at the beginning of the year, prompted by rising US bond yields. Continued strong operational performance however was evidenced by full-year results in January. Net profit came in at 1.77bn euros, an increase of 31% year-on-year and ahead of expectations on an improved 54% gross margin, up from 52% in Q4 2020. Revenue for the quarter was 5.0bn euros compared to 4.25bn, an increase of 15%. ASML continues to generate very strong free cash flow and this was reflected in a doubling of the dividend to 5.50 euro. In an outlook statement, ASML predicted revenue growth for the full-year of around 20%, despite the fact some six EUV machines, representing around a billion euro of sales, are expected to be shipped in 2022 but not invoiced until 2023.

ASML remain very confident on the demand picture for their chipmaking machinery with the CEO commenting earlier this year that the semiconductor industry would double in size to \$1trn by the end of this decade. This will require ASML to continue to invest in expanding capacity to meet exceptional demand, something the group is well-placed financially to do.

ASML's share price have fallen almost 20% year-to-date, reflecting the broader decline in global tech stocks, although in recent weeks they have found support despite continued market volatility. ASML remains one of Europe's strongest top-line growth stories and we consider recent weakness to represent a buying opportunity, as the valuation has fallen back to 2020 levels, erasing all last year's re-rating. ASML report Q1 results on April 20th when we once again expect the company's strong fundamentals to be asserted. Our price target of 700 euro offers almost 20% upside from current levels.

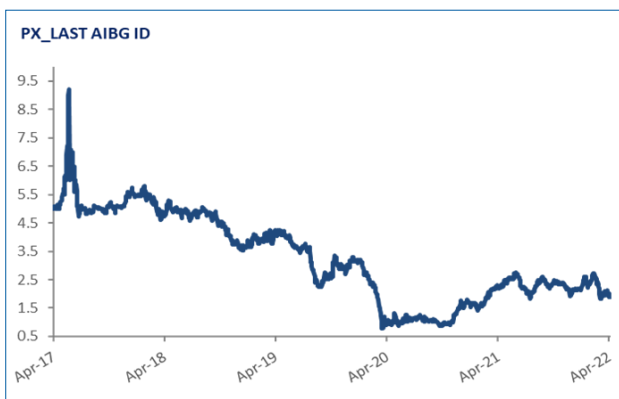
Key Metrics	2021e	2022e	2023e
Revenue (€Mn)	22243	24904	26600
EPS (€)	16.78	19.82	22.57
Price/ Earnings	33.93x	28.73x	25.22x
Div Yield	0.94%	1.09%	1.29%

Total Return	1 Mth	3 Mth	1 Year
ASML NA	4.96%	-13.83%	42.72%

Source: All data & charts from Bloomberg & CFI

Opportunities this week

Financials



The US Q122 reporting season kicks off this week and as usual banks are amongst the first to report, bringing financial stocks into focus. We have noted the sell-off in JP Morgan shares, which are down 17% year-to-date underperforming the broader market. The shares now trade on a forward PE multiple of under 12X and yield 3%, which looks attractive for one of the world's leading banks, who should benefit from a rising interest rate environment, and is due to report on Wednesday.

Financial stocks have been volatile this year and very much driven by the macroeconomic and (more-recently) geopolitical outlook. A rising rate environment bodes well for banks with respect to higher income generated from lending activities, and central banks have been clear in signalling its intent to raise rates to combat the widespread inflation we are seeing in the economy. However, we do acknowledge that the risk-reward in the near-term has turned more against the favour of banks in recent weeks compared to the start of the year with the worsening stagflationary outlook and increased geopolitical risk.

With respect to stocks under our own formal coverage, AIB has suffered in recent weeks, pulling back from a high of €2.74 in mid-February to €1.97 where it currently sits, down c.8% YTD. We see the pullback as representing strong medium-term value, with AIB remaining very cheap on a P/B basis relative to its peers, as well as reporting strong FY21 results recently, with the bank beginning a return of cash to shareholders through the announced share buyback and management commenting that they are likely to continue doing so with excess capital given the low P/B ratio, with capital ratios remain strong in addition. Our 12-month price target of €2.70 is conservative relative to the market consensus and implies 38% upside. Similarly, Barclays has suffered at the hands of the market this year, down c.23% YTD, with a significant amount of the downside coming in recent weeks after the reported loss associated with the bank's US structured product division. 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.

Key Metrics (AIBG)	2022e	2023e	2024e
Revenue (€Mn)	2462	2629	2718
EPS (€)	0.19	0.25	0.29
Price/ Earnings	10.19x	7.96x	6.78x
Div Yield	3.51%	6.15%	7.67%

Total Return	1 Mth	3 Mth	1 Year
AIBG ID	3.00%	-17.70%	12.31%

Source: All data & charts from Bloomberg & CFI

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	Corporate	Corporate	Corporate	Corporate
	LVMH	Tesco PLC Delta Airlines Inc BlackRock Inc JP Morgan Chase	UnitedHealth Group Wells Fargo & Co Morgan Stanley Goldman Sachs Citigroup State Street Corp	
Economic	Economic	Economic	Economic	Economic
UK GDP UK Industrial Output	UK Unemployment Rate EZ Economic Sentiment US CPI	UK CPI UK PPI US PPI Final Demand	Irish Resi PPI ECB Rate decision ECB Press Conference US Initial Jobless Claims	US NY Fed US Industrial Production

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.

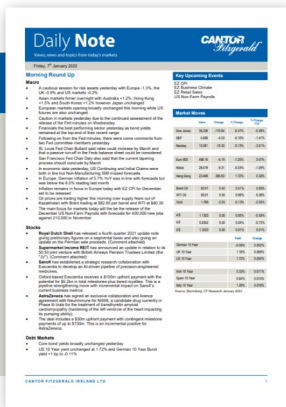
Our initial Analyst Conviction List is provided below:

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	147.30	99.9	195.00	0.00%	16.28	-25.6%	42
LVMH Moët Hennessy Louis Vuitton	EUR	Apparel	708.90	631.7	775.00	1.58%	21.72	-11.7%	89
TotalEnergies SE	EUR	Oil&Gas	43.41	45.66	54.00	5.78%	5.76	-1.7%	90
Shell PLC	GBp	Oil&Gas	1683.00	2168.00	2300.00	3.25%	6.34	24.8%	82
Barclays PLC	GBp	Banks	192.00	144.60	255.00	4.15%	5.13	-29.5%	92
FedEx Corp	USD	Transportation	242.77	201.52	355.00	1.49%	8.91	-23.7%	69
Ryanair Holdings PLC	EUR	Airlines	18.12	13.76	18.50	0.00%	11.45	-18.7%	27
Caterpillar Inc	USD	Machinery- Constr&Mining	205.88	217.03	230.00	2.04%	14.95	-3.2%	94
Microsoft Corp	USD	Software	336.06	296.97	380.00	0.84%	27.67	-5.4%	97
Apple Inc	USD	Computers	151.28	170.09	186.00	0.52%	25.93	-1.2%	34
ASML Holding NV	EUR	Semiconductors	737.10	569.30	700.00	1.30%	28.73	-14.4%	93
Smurfit Kappa Group PLC	EUR	Forest Products&Paper	45.07	36.79	55.00	3.41%	10.59	-25.9%	66
CRH PLC	EUR	Building Materials	42.93	36.11	53.00	3.01%	10.93	-23.0%	92
Volkswagen AG	EUR	Auto Manufacturers	159.48	153.04	245.00	4.96%	4.54	-18.5%	78
<i>*Closed trades</i>									
			Entry price	Exit Price	Profit				
Hibernia REIT	EUR	REITS	1.31	1.634	24.70%				
Deere & Co	USD	Machinery	353.87	422.29	19.30%				

Source: Bloomberg

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

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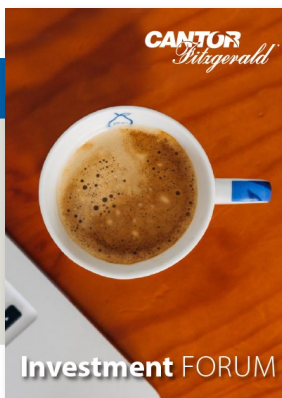
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Investment Journal

Each quarter our Private Client and Research departments collaborate to issue a publication which highlights the very best current stock ideas, through our Analyst Conviction List along with the performance of our flagship products and funds, most recent private equity deals and structured product investment opportunities.

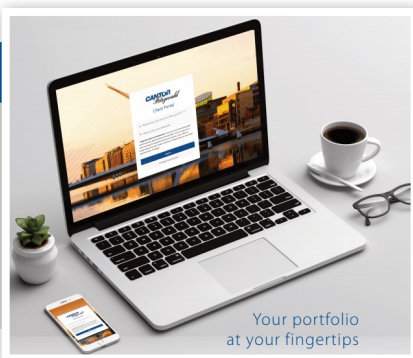
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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Flutter Entertainment PLC

Flutter Entertainment provides and mobile and online 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 Moët Hennessy Louis Vuitton

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

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 its 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 countries. 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 7th October 2021; previous: Hold; issued 16th July 2021
LVMH rating:	Buy; issued 22nd September; previous: none: initiation
TotalEnergies rating:	Buy; issued 22nd June 2021; previous: none: initiation
Royal Dutch Shell rating:	Buy; issued 08 Oct 2021; previous: none: initiation
Barclays rating:	Buy; issued 17th October 2021; previous: none: initiation
Fedex rating:	Buy; issued 2nd June 2021; previous: Buy; 24th November 2020
Ryanair rating:	Buy; issued 2nd July 2021; previous: Buy 19th November 2020
Caterpillar rating:	Buy; issued 5th November 2021; previous none: initiation
Microsoft rating:	Buy; issued 26th August 2021: previous: Buy: 17th June 2020
Apple Inc rating:	Buy; issued 15th July 2021; previous: none: initiation
ASML rating:	Buy; issued 22nd September; previous: none: initiation
Smurfit Kappa rating:	Buy; issued 24th August 2021; previous: Buy: 9th June 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 31 Aug 2021: previous: none: initiation
Deere & Co rating	Buy; issued 24th February 2022; previous Buy: issued 9th Nov 2021

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