

Key Themes This Week

The Week Ahead

The recent pattern of market volatility continued last week as bond yields continued to move higher putting further downward pressure on risk assets. For the week, global equity markets registered average declines of 1.7% however within this average performance there were significant inter-day moves with for example, the NASDAQ gaining over 3% on Wednesday, only to decline by 5% on Thursday. Despite these extreme moves, as of the close of business on Thursday the index, along with other US indices, was actually unchanged on the week, prior to further market weakness on Friday.

The catalyst for this extreme volatility was the US Federal Reserve meeting last Wednesday. At the meeting the central bank, as expected, announced a 0.50% increase in the Federal Funds rate and also confirmed that it would commence the reduction of its near \$9trn balance sheet on the 1st June. During the post-meeting press conference, Fed Chair, Jerome Powell addressed the matter of a possible 0.75% rate increase at a future meeting, something that had been gaining traction ahead of last week's meeting. In response to a question about whether the Fed was contemplating such an aggressive increase, Mr. Powell said that a 75 basis point increase was not actively being considered by the committee, but that further rate increases of 50 basis points were likely at the June and July meetings.

The clarification on this point triggered an aggressive rally in equity markets and also resulted in a move lower in bond yields, particularly at the shorter end of the curve. This rally in equities proved to be short-lived however with a significant decline being registered on Thursday accompanied by an equally aggressive move higher in bond yields.

In reality however, nothing really changed in respect of the Fed's messaging, other than the fact that a 75 basis point increase was not on the cards for the next two meetings. The fact remains that Chair Powell maintained the heretofore hawkish message that the Fed would take whatever action was required to rein in the elevated rate of inflation with the likelihood of further significant moves higher in US interest rates by year-end.

Also adding to the nervousness within equity markets was the extremely downbeat outlook delivered by the Bank of England following its latest 0.25% increase in UK interest rates. The downgrade of growth projections to essentially zero for both 2023 and 2024, accompanied by a warning from Governor Bailey that UK inflation could hit 10% by October did little to assist risk assets.

While we continue to be optimistic for a rebound in risk assets in the second half of the year, we see the continuing hawkishness from global central banks, concerns over Chinese growth, renewed supply chain disruptions, and the ongoing Ukrainian crisis as factors that will see market volatility continue for the foreseeable future, thereby off-setting what has in overall terms, been a better-than-expected first-quarter earnings season.

In this week's Weekly Trader we include comments on **Allianz** ahead of results on Wednesday along with comments on **Ryanair Holdings** who report full-year results next Monday and **AIB Group** who last week provided a positive trading update.

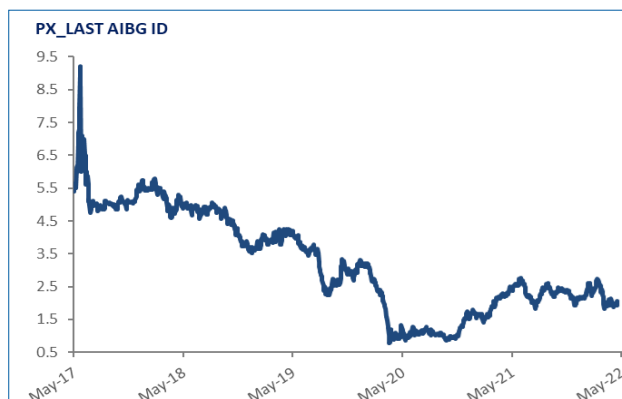
Major Markets Last Week

	Value	Change	% Move
Dow	32899	-77.84	-0.24%
S&P	4123	-8.59	-0.21%
Nasdaq	12145	-189.98	-1.54%
MSCI UK	18060	-350.59	-1.90%
DAX	13674	-423.59	-3.00%
ISEQ	7050	-277.29	-3.78%
Nikkei	26319	-380.77	-1.43%
Hang Seng	20002	-274.21	-1.35%
STOXX 600	430	-20.48	-4.55%
Brent Oil	112.13	4.55	4.23%
Crude Oil	109.2	4.03	3.83%
Gold	1871	8.20	0.44%
Silver	22.147	-0.49	-2.18%
Copper	421	-5.80	-1.36%
Euro/USD	1.0506	0.00	-0.01%
Euro/GBP	0.8562	0.02	-1.79%
GBP/USD	1.2271	-0.02	-1.77%
		Value	Change
German 10 Year		1.14%	0.17%
UK 10 Year		2.00%	0.09%
US 10 Year		3.14%	0.16%
Irish 10 Year		1.82%	0.21%
Spain 10 Year		2.24%	0.23%
Italy 10 Year		3.17%	0.31%
BoE		1.00%	25.00%
ECB		0.00%	0.00%
Fed		1.00%	50.00%

Opportunities this week

AIB Group PLC

Closing Price: €2.10



AIB issued a strong Q122 trading update on Thursday highlighting strong first quarter performance, improved FY22 guidance, and the commencement of the share buyback programme. The update shows that AIB continues to execute its strategy at pace, delivering both inorganic and organic growth. As announced last week, AIB has received competition clearance for the acquisition of Ulster Bank's corporate and commercial loans and are in exclusive discussions with NatWest Group for the acquisition of Ulster Bank's performing tracker mortgage loan book of c.€6bn.

In the quarter, total income increased by 4% YoY, driven by a 14% increase in other income while net interest income was stable. AIB maintains its continued focus on cost discipline, with the €230m cost savings programme by FY23-end on track, reporting broadly flat operating expenses in Q122. Management also reported a net credit impairment writeback of c. €50m. New lending grew by 18% YoY with Green lending represented 22% of new lending. Meanwhile NPEs are down to €3.0bn or 5.1% of gross loans (Dec 21: €3.1bn or 5.4%). Fully loaded CET1% of 16.6% increased marginally from FY21-end ratio of 16.5%, well ahead of the >13.5% target by the end of FY-23 and further increasing the scope for outsized shareholder returns over the coming years.

AIB announced that from last Thursday it will commence a share buyback programme for up to €91m which will include both an on-market buyback of shares and a directed buyback of shares from the Minister for Finance. AIB largely confirmed 2022 guidance, however, it is now guiding net interest income to increase by a high single-digit percentage on the back of improved interest rate sensitivities. We remain positive on AIB with the buyback starting and the updated guidance on net interest income, and it remains extremely cheap on a P/B basis, trading at 0.4x P/B and at a significant discount to its peers. We remain buyers with our €2.70 price target implying c.34% upside.

Key Metrics	2021e	2022e	2023e
Revenue (€Mn)	2464	2646	2738
EPS (€)	0.20	0.26	0.30
Price/ Earnings	10.53x	8.21x	7.08x
Div Yield	3.44%	5.73%	7.20%

Total Return	1 Mth	3 Mth	1 Year
AIB ID	7.99%	-16.39%	-2.06%

Source: All data & charts from Bloomberg & CFI

Allianz SE

Closing Prices: €195.70



Allianz, the global leader in insurance, reports Q1 results on Thursday 12th May, with revenues of around 43.6bn and operating profit of just over 3bn euros expected. This follows their Capital Markets Day in December, the first since 2018, where they provided guidance for the three years out to 2024. Allianz raised their previous guidance for earnings per share over this period from 5% to 5-7% and committed to a dividend that grows at least 5% year-on-year. The group also expects to generate 12bn euro in excess capital from internal operational efficiency improvements. Solvency II target ratio of 180% is targeted by 2024 and a 13% return on equity, both of which look comfortably achievable.

December's CMD and full-year results in February both illustrated that Allianz is in robust shape operationally and financially and the shares have held up recently well in recent market turmoil, being down only 5% year-to-date, helped by investor rotation into financials on anticipation of higher interest rates. Despite this share price resilience, Allianz still trades on an attractive valuation, with a forward PE of under 10X and prospective yield over 5% with the prospect of both earnings and dividend growth.

At next week's results, investors will hope for an update on reaching a financial settlement with the US Justice department over the failure of some hedge funds controlled by Allianz during the early stages of the pandemic in 2020. As the world's largest bond fund manager through PIMCO, comments on fund flows into bond funds will be of interest, given the sell-off in fixed interest markets year-to-date. Allianz is one of our preferred European financials and we rate the stock a buy with a 242-euro price target.

Key Metrics	2021e	2022e	2023e
Revenue (€Mn)	146669	151140	163295
EPS (€)	21.19	24.35	25.59
Price/ Earnings	9.3x	8.09x	7.7x
Div Yield	5.78%	6.17%	6.56%

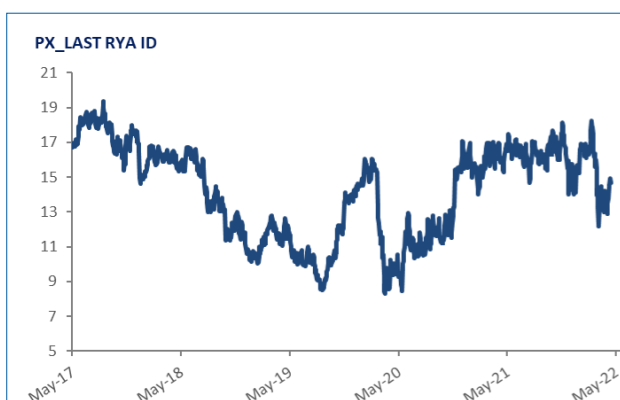
Total Return	1 Mth	3 Mth	1 Year
ALV GY	-9.44%	-13.31%	-9.06%

Source: All data & charts from Bloomberg & CFI

Opportunities this week

Ryanair PLC

Closing Prices: €13.66



Ryanair, the low-cost airline, reports earnings for the full year to 31st March on Monday 16th May. This follows April traffic figures announced on Wednesday that saw the airline carry 14.24m passengers, up 27% on the previous month and compared to only 1.04m passengers in April 2021. Load factors were 91% versus 67% a year ago. Whilst Ryanair is expected to post a loss for the financial year just ended of around 400m euros, investors will be looking for reiteration of previous guidance that it should make over euro1bn in profits in the current year, as virtually all travel restrictions have now been lifted. 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 recently confirmed it is 80% hedged at \$63 through to March 2023, although it is currently less than 10% hedged for summer 2023. Investors will be seeking further updates on 2023 hedging with these results. 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.

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 significant upside from current levels.

Key Metrics	2021e	2022e	2023e
Revenue (€Mn)	4961	9720	11658
EPS (€)	-0.31	1.19	1.35
Price/ Earnings	N/A	11.53x	10.2x
Div Yield	0.00%	0.00%	0.00%

Total Return	1 Mth	3 Mth	1 Year
RYA ID	2.32%	-19.89%	-10.46%

Source: All data & charts from Bloomberg & CFI

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	Corporate	Corporate	Corporate	Corporate
Infineon Technologies		Walt Disney Co HeidelbergCement AG	Siemens AG Allianz SE	
Economic	Economic	Economic	Economic	Economic
EZ Sentix Index China Trade Balance BoE Speakers	Fed Speakers	ECB Speakers Chinese CPI US CPI	UK GDP US Initial Jobless Claims US PPI	EZ 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.

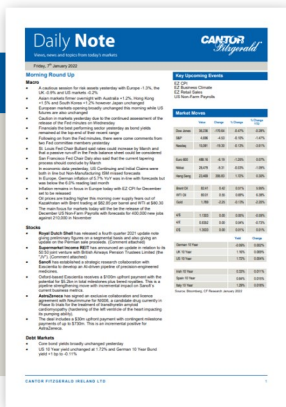
Our initial Analyst Conviction List is provided below:

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	99.4	154.00	0.00%	16.65	-24.3%	42
LVMH Moët Hennessy Louis Vuitton	EUR	Apparel	708.90	561.9	775.00	1.78%	18.79	-21.6%	89
TotalEnergies SE	EUR	Oil&Gas	43.41	50.60	54.00	5.28%	5.67	-3.4%	90
Shell PLC	GBp	Oil&Gas	1683.00	2299.50	2550.00	3.52%	6.68	13.4%	82
Barclays PLC	GBp	Banks	192.00	148.64	255.00	4.04%	5.23	-28.5%	92
FedEx Corp	USD	Transportation	242.77	210.21	355.00	1.43%	9.29	-13.9%	69
Ryanair Holdings PLC	EUR	Airlines	18.12	13.66	19.44	0.00%	11.13	-23.0%	27
Caterpillar Inc	USD	Machinery- Constr&Mining	205.88	214.65	230.00	2.07%	14.63	5.4%	94
Microsoft Corp	USD	Software	336.06	274.73	380.00	0.90%	25.55	-11.7%	97
Apple Inc	USD	Computers	151.28	157.28	186.00	0.58%	24.02	-10.8%	34
ASML Holding NV	EUR	Semiconductors	737.10	524.40	700.00	1.41%	25.72	-10.9%	93
Smurfit Kappa Group PLC	EUR	Forest Prod- ucts&Paper	45.07	39.13	55.00	3.20%	10.99	-18.0%	66
CRH PLC	EUR	Building Materials	42.93	36.99	53.00	2.94%	10.77	-18.3%	92
Volkswagen AG	EUR	Auto Manufactur- ers	152.56	145.86	245.00	5.17%	4.23	-22.1%	78
Alphabet Inc	USD	Internet	2503.00	2313.20	3300.00	0.00%	15.80	-18.2%	94
<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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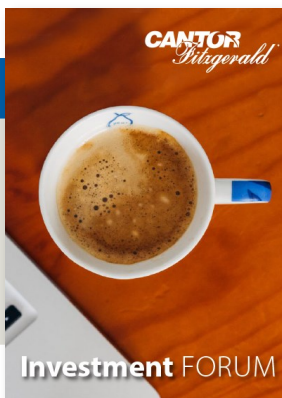
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Investment Journal

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.

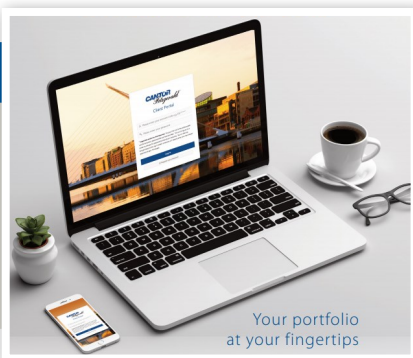
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Regulatory Information

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 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 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.

Alphabet Inc.

Alphabet Inc. operates as a holding company. The Company, through its subsidiaries, provides web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products.

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
Alphabet Inc rating	Buy; issued 7th April 2022; previous none: initiation

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Dublin: Cantor Fitzgerald House, 23 St. Stephen's Green, Dublin 2, D02 AR55.
Tel: +353 1 633 3800.

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

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