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## The Cut - Edition 47

### Introducing the very best of Independent Research from the IRF Providers

IRF Events Calendar

### Company & Sector Research

#### Europe

- **Forensic Accounting Training with Paul Nagy of [PN Finance](#)** - Focuses on key KPIs to look out for and walks through case studies such as: **Steinhoff, Carillion, Arcadis, Conviviality, Micro Focus.** [IRF Event](#)
- **'Too Hot for Iceland'** - A rare hidden gem (€2bn mkt cap) with secular industry growth, sustainable competitive advantages and high returns that has no Western European sell side coverage... yet. [StockViews](#)  
[Request Info](#)
- **Bobst Group (BOBNN SW)** - Supplier of equipment and services to the packaging industry. Strong market positions, high FCF, low historic valuation; trades at 6.6x EV/EBITDA(E). [Research Partners](#) [IRF Event](#)
- **Fiat Chrysler (FCA IM)** - Selling Magneti Marelli for \$7.1bn. SOTP story. De-leveraging will make them attractive for a potential merger. Jeep and Ram can be Spun off in the near future; Comau could be sold/spun-off as well. [The Edge](#) [IRF Event](#)
- **Getlink (GET FP)** - Impressive performance with Eurostar beating in Q3 on strong summer traffic and the new London-Amsterdam route. DCF based TP is €19; 'Blue sky' TP €23. [Insight Investment Research](#)  
[IRF Event](#)
- **Novo Nordisk (NOVOB DC)** - Thesis playing out following Q3 results. GLP-1 franchise will surprise on the upside. Oral Sema to take 10% of target market. Expect 10% CAGR EPS growth. TP of DKK360. [New](#)

[Street Research Healthcare](#)[Request Info](#)

- **Energy sector** - Favourable fundamentals and valuations, focus on quality names. Companies mentioned: **RDSA LN**, **AKERBP NO**, **LUPE SS**, **FTI FP**, **SPM IM**, **AKSO NO**. US onshore oil services fundamental bullish story is broken. [Palissy Advisors](#) [Request Info](#)
- **Global Autos** - Exposure to motor vehicle manufacturers hits a new 7-year low. Tilt away from Asian car companies towards their European peers, with Italy the standout and most notably **Ferrari**. [Copley Fund Research](#) [Request Info](#)

## North America

- **Facebook** (FB) - Focus on stories is fraught with challenges. Creating compelling ads comes with unique challenges making them expensive and time consuming and potentially slowing adoption. [Blueshift Research](#) [Request Info](#)
- **LyondellBasell** (LYB) - Stock down 25% since call initiated. Faces long term secular challenge of excess supply, falling prices and rising costs; margins will deteriorate significantly. TP \$60. [Research 360°](#) [Request Info](#)
- **Mohawk Industries** (MHK) - Classic value story, distressed price for a market leader. Declined ~60% since Nov 2017 high. 6.7x EV/EBITDA; New \$500m buyback program. Prev ideas: **LTHM**, **WTB LN**, **ATKR**, **TVPT**, **PLYA**, **APOG**, **UNVR**. [Etalon Investment Research](#) [Request Info](#)
- **PPG Industries** (PPG) - Setting the stage for a fight; Trian takes a stake, calls for McGarry's removal. Bunch (former CEO) behind the move, wants to breakup the company and is counting on Peltz to help. Company's directors to turn on CEO soon. [Gordon Haskett Research Advisors](#) [Request Info](#)
- **Stryker** (SYK) - Organic growth remains strong, led by strength in Neurotech & Spine and MedSurg Equipment. Raises 2018 and 2019 forecasts to better reflect the momentum in the business. [Northcoast Research](#) [IRF Event](#)
- **FAANG stocks: Technical Analysis** - **Apple** the strongest, support is at \$195. Then **Alphabet**, which is near strong support. Other three look weak; **Amazon** falling below \$1400 would be extremely negative. [Phases & Cycles](#) [Request Info](#)
- **Retail: Holiday spending to beat expectations** - Sales forecast to rise 5.1%. CE and Apparel will outpace other merchandise sectors. 17th

Annual Holiday Forecast provides a top-down and bottom-up forecast of the consumer spending outlook for 40 major retailers. **Tapestry, Costco, Lululemon** highlighted. [Customer Growth Partners](#) [Request Info](#)

- **Tax Loss Buy Candidates** - These 12 stocks made 52-week lows in October, based partially on Mutual Fund tax loss selling. Expect selling pressure to now subside and prices improve into mid-February. Boasts an avg. absolute return of 11% since 2000. [Smart Insider](#) [Request Info](#)

## RoW

- **Nio** - IPO funds will barely cover the next 12 months. Highly competitive market, no advantage by operating at the lower end of the luxury segment. Government's role introduces a high level of uncertainty in the future of all contenders. [J Capital Research](#) [Request Info](#)

## Macro Research

### Developed Markets

- **Global liquidity falling at the fastest rate since 2008** - [Summary here](#)  
[CrossBorder Capital](#) [Request Info](#)
- **US elections** - More competitive end game should belie residual 'black swan' concerns. Also reduces bond/currency market fears of more pro-cyclical tax cuts. 30-page Election Risk Report details ramifications by sector of a Democrat House, Republican Senate. [Capital Alpha Partners](#)  
[IRF Event](#)
- **Italy vs. EC** - EC will back down on its demand for a new budget from Italy. No interest in triggering a constitutional crisis now. Gains nothing by fueling the argument that Eurocrats in Brussels have no business telling member governments how to serve their people. [HFE](#) [Request Info](#)
- **France: Financial system continues to expand rapidly** - Despite their weak BoP position. Will emerge as a significant borrower from the already stretched TARGET2 system. Once again, the 'one size fits all monetary policy stance' is creating tensions within the EZ. [Andrew Hunt Economics](#)  
[IRF Event](#)
- **USD targets more strength vs. Yen** - The breakout (USDJPY) targets an initial 5% rise (11% intermediate term). This should coincide with a

decline in gold prices and a rise in Japanese/US equity prices. [Asbury Research](#) [Request Info](#)

- **2019 investment issues** - Peak earnings growth and the multiple contraction inherent with Fed hawkishness has structurally altered the narrative for global equity and credit markets. With it goes the investment opportunities for tactical portfolios. [View from the Peak](#) [Request Info](#)
- **Turning off the gas** - Can be done without disrupting growth, but not without disrupting the old economic stalwarts and their vested interests. Trump is not the only politician who refuses to commit any political capital to future generations. China uniquely suited to meet the challenge. [Independent Strategy](#) [Request Info](#)

## Emerging Markets

- **Brazil favoured...**
  - Election result sets the stage for a combination of both regulatory and monetary easing (BCB's hawkishness to fade). This will come at a time where cyclical activity looks set to pick up. [Longview Economics](#) [Request Info](#)
  - Technical Analysis: Ibovespa the single exception, otherwise outright bearish EMs (& Europe). [Tempus Investment Research](#) [Request Info](#)
- **Trade war may be silver lining for Southeast Asia's global export aspirations** - Thailand, Vietnam, Malaysia and Cambodia to benefit most from the ongoing relocation of manufacturing production out of China. [Centennial Asia Advisors](#) [IRF Event](#)
- **AMLO cancels new Mexican airport** - Clear he will now choose political gain over economic stability. Disdain for property rights, reduces the new government's credibility. Rhetoric much more anti-business than any statement made recently. [GlobalSource Partners](#) [Request Info](#)
- **Chinese spending significance** - Chinese demand has been key to the global recovery since 2009 and the waning of this demand will intrude in the forecasting models that have relied on the past trajectory of export driven growth. [Sumberg Advisors](#) [Request Info](#)
- **China's globalised electricity grid** - Has spent prolifically on purchasing shares of electricity providers worldwide. From ecosystems to geoeconomics, China is becoming more assertive in pushing forward its international agenda as US retreats. [Inferential Focus](#) [Request Info](#)

## Commodities

- **Canadian oil prices** - Investigates the impacts of widening differentials and why they expect tightening in 2019 as US demand is robust, shortfalls peak next year with crude-by-rail ramping up and refinery utilisation picking up. [Veritas Investment Research](#) 
- **Gold stocks and The Three Bears** - Beaten-down gold equities deserve a reappraisal in the face of the maturing of the three bear market threats: The Inconvenient Threat, The Avoidable Threat and The Unavoidable Threat. [Economic Perspectives](#) 

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