

Week in Review: October 22 – 26, 2018

WEEKLY COMMENTARY

The United States' (US) Real Gross Domestic Product (GDP) increased by 3.5% in the third quarter of 2018 ending September 30, 2018, according to the advance estimate released by the Bureau of Economic Analysis (BEA). This is above consensus estimates of around 3.3%. In the second quarter of 2018 ending June 2018, real GDP had increased by 4.2%. The increase in real GDP reflected increases in consumer spending, inventory investment, government spending, and business investment. The increase in consumer spending reflected increases in spending on both goods and services.

With 10 days to go before the U.S.' midterm election on the 6th of November 2018, the second and third quarter GDP numbers will be a valuable talking point for Republicans on the campaign trail. These growth figures represent the strongest back-to-back growth since 2014. We believe that these strong growth figures are likely to reflect in increased interest rates as well as further downward pressure on equity valuations.

Currency Markets

International Currency Market

Currency	26-Oct	19-Oct	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.140	1.151	0.25%	-0.96%	-5.01%	-2.13%
GBP: USD	1.283	1.310	0.10%	-1.88%	-5.05%	-2.52%
USD: CAD	1.310	1.310	0.22%	-0.01%	4.23%	1.99%
USD: JPY	111.890	112.550	-0.47%	-0.59%	-0.71%	-1.83%

Local Foreign Currency Market

Currency	26-Oct	25-Oct	19-Oct	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	129.62	130.29	131.54	-0.51%	-1.46%	3.70%
GBP:JMD	167.49	169.00	172.72	-0.90%	-3.03%	0.27%
CAD:JMD	99.45	99.14	101.42	0.32%	-1.94%	2.11%

Global Interest Rates

Rates	26-Oct	19-Oct	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	3.08%	3.19%	-4.00	-11.00	67.00	62.00
10 Year UK Gilt	1.38%	1.58%	-6.00	-20.00	19.00	0.00
GOJ 2025 Global Bond	5.10%	5.09%	-1.00	1.00	66.00	74.00
5 Year US Treasury Bond	2.91%	3.05%	-5.00	-14.00	70.00	83.00
5 Year UK Gilt	0.97%	1.15%	-6.00	-18.00	25.00	14.00

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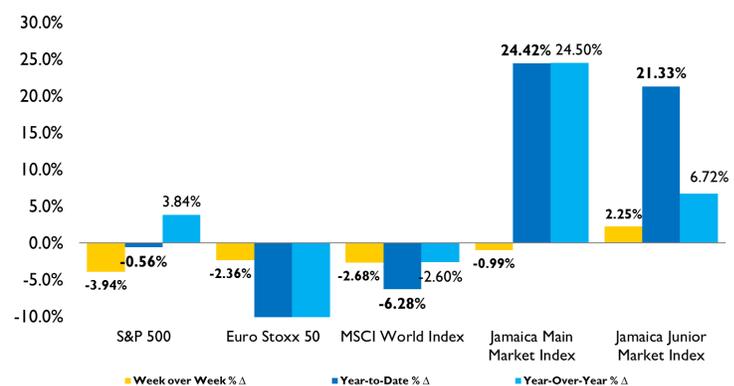
Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
PTL	23.18%	SALF	-13.58%
LASM	19.16%	KW	-12.75%
1834	15.56%	BIL	-12.43%

JSE Main Market activity resulted from trading in 34 stocks of which 11 advanced, 21 declined and 2 traded. Market volume amounted to 23,401,262 units valued at over \$397,107,862. JSE Junior Market activity resulted from trading in 34 stocks of which 17 advanced, 13 declined and 4 traded firm. Market volume amounted to 3,398,029 units valued at over \$14,722,677.

Global Equity Indices



Upcoming Week: October 29 – November 2, 2018

Report	Country	Period	Forecast	Prior
Change in Nonfarm Payrolls	US	Oct	189k	134k
Initial Jobless Claims	US	27-Oct	213k	215k
FOMC Rate Decision (Upper Bound)	US	8-Nov	2.25%	2.25%
CPI MoM	US	Oct	0.30%	0.10%
ISM Manufacturing	US	Oct	59.00	59.80
Bank of England Bank Rate	UK	1-Nov	0.75%	0.75%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	SYMBOL	YTD %		52 WEEK RANGE		VALUATION STATISTICS					JNFM's Recommendation				
		Oct-26-2018	YTD %	High	Low	Price/Earning Ratio	Book Value Per Share	Price/Book	Return on Equity	T12M Dividend	T12M Dividend Yield	Strong Buy at	Strong Sell at	Potential upside/downside	Recommendation
		\$	%	\$	\$		\$		%		%	\$	\$	%	
MAIN MARKET															
FINANCE															
JMMB Group Ltd	JMMBGL	33.82	51.05%	40.00	22.00	14.04	15.48	2.18	15.55%	0.47	1.39%	\$ 21.46	\$ 35.76	-15.41%	SELL
NCB Financial Group Ltd	NCBFG	124.46	25.24%	134.00	89.25	12.12	54.01	2.30	19.02%	2.70	2.17%	\$ 113.12	\$ 188.53	21.18%	BUY
Scotia Group Jamaica Ltd	SGJ	51.75	-1.73%	64.00	48.00	12.08	35.06	1.48	12.22%	1.92	3.71%	\$ 44.09	\$ 73.48	13.58%	HOLD
Victoria Mutual Investments Ltd	VMIL	3.89	20.06%	4.85	3.01	19.42	1.66	2.34	12.07%	0.02	0.51%	\$ 2.93	\$ 4.88	0.26%	HOLD
MANUFACTURING															
Wisynco Ltd	WISYNCO	10.25	-16.26%	13.81	8.70	16.76	2.32	4.42	26.39%	0.06	0.59%	\$ 8.64	\$ 14.40	12.39%	HOLD
REAL ESTATE															
Sagikor Real Estate X Fund Ltd	XFUND	13.20	-12.00%	17.50	10.68	10.99	10.36	1.27	11.60%	0.14	1.06%	\$ 13.98	\$ 23.30	41.21%	STRONG BUY
JUNIOR MARKET															
FINANCE															
Access Financial Services Ltd	AFS	48.50	33.13%	56.00	32.00	17.89	9.24	5.25	29.36%	0.96	1.98%	\$ 43.44	\$ 72.40	19.42%	BUY
Lasco Financial Services Ltd	LASF	5.50	3.97%	6.60	4.00	24.16	1.16	4.73	19.59%	0.08	1.45%	\$ 4.68	\$ 7.80	13.45%	HOLD
MANUFACTURING															
Caribbean Cream Ltd	KREMI	5.90	22.66%	8.25	4.50	19.67	1.93	3.05	15.52%	0.05	0.81%	\$ 4.61	\$ 7.69	4.24%	HOLD
Lasco Manufacturing Ltd	LASM	3.67	-2.91%	4.77	3.00	21.77	1.12	3.28	15.08%	0.04	1.04%	\$ 2.86	\$ 4.76	3.81%	HOLD
RETAIL															
Caribbean Producers Jamaica Ltd	CPJ	6.80	51.79%	7.15	3.61	27.34	2.69	2.53	9.24%	0.06	0.88%	\$ 5.89	\$ 9.81	15.44%	BUY
Everything Fresh Ltd	EFRESH	1.91	-23.60%	2.80	1.80	27.36	0.83	2.29	8.37%	0.00	0.00%	\$ 1.30	\$ 2.16	-9.42%	HOLD
Jetcon Corp Ltd	JETCON	3.77	-21.62%	5.00	3.25	14.04	0.89	4.25	30.30%	0.11	2.79%	\$ 3.38	\$ 5.63	19.36%	BUY
LEISURE															
Main Event Entertainment Group	MEEG	6.37	20.64%	8.00	5.00	18.14	1.84	3.46	19.10%	0.00	0.00%	\$ 4.70	\$ 7.84	-1.57%	HOLD

NCB Financial Group Ltd. - The NCB Financial Group (NCBFG) achieved net profit of J\$20.95B for the year-to-date second quarter ending June 30, 2018, an increase of 42.35% over the prior year. NCBFG continues to place emphasis on strategic initiatives in restructuring its core business by seeking opportunities to grow organically and inorganically throughout the Caribbean by utilizing technology to improve efficiency and enhance profitability.

JMMB Group Ltd. - During the the first quarter ended June 30th , 2018 (Q1 2019), JMMBGL's net profit increased by 56% year-over-over to J\$956.6M for the corresponding period of 2017 as result of a 8.00% increase in net interest income relative to the prior period. JMMB continues to remain focused on operationalizing their commercial bank and increasing their crossing-selling efforts. In alignment with JMMB's strategy to provide customized financial solutions they continue to see growth in their off-balance sheet products.

Jetcon Corporation Ltd. - Jetcon's financial performance declined during the second quarter ended June 30th, 2018 (Q2). Jetcon's Net profit for the quarter fell over 12% YoY, moving from J\$42.90M in Q2 2017 to J\$38.4M, in Q2 2018.

Pan Jam Investment Limited - Net profit for the quarter ended March 31, 2018 (Q1 2018) amounted to \$827M, an improvement relative to the \$830M recorded in Q1 2017. Pan-Jam continues to benefit from its 31.5% investment in Sagikor Group and increased property income.

Sagikor Real Estate X Fund - XFUND reported net profit attributable to shareholders for the YTD second quarter ending June 30th, 2018 was \$770.2M, 2% lower than June 2017's YTD net profit of \$785.2M. Despite this lower quarterly performance, the optimistic outlook for travel & Tourism sector in 2018 bodes well X Fund.

Access Financial Services - Net profit for the first quarter ended June 30, 2018 increased to J\$216.72M from J\$188.46M when compared to the corresponding period last year. During the period under review net operating income marginally declined which was tempered by a decline in operating expenses by 11%.

Kingston Wharves Ltd. - KWL has been aggressively upgrading its facilities, seeking to integrate its logistics services and expanding its range of cargo services. For the quarter ended March 31, 2018, net profit increased by 11% or \$36 million, to \$368M from \$332M in Q1 2017.



Mutual Funds

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JN MUTUAL FUNDS

October 25, 2018

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.0509	17.22%	11.09%	2.70%
Global Equity	J\$13.1782	11.34%	13.41%	0.00%
Global Fixed Income	J\$11.3081	7.74%	5.44%	4.86%
Global Money Market (US\$)	US\$10.0542	0.75%	0.54%	1.14%
Global Fixed Income (US\$)	US\$9.9129	-	-0.87%	3.01%
Local Money Market	J\$10.3178	3.92%	3.18%	2.13%

	Global Money Market Fund	Local Money Market Fund	Global Fixed Income Funds	Global Diversified Income Fund	Global Equity Fund
Objective	To preserve capital whilst providing US dollar (US\$) money market returns	To preserve capital whilst providing Jamaican Dollar (J\$) money market returns	To achieve an attractive total return through capital injection and income growth. This is offered through two separate Funds: (i) A Jamaican dollar (J\$) and (ii) A US dollar (US\$) fund.	To provide long-term investment growth through exposure to a diversified range of asset classes.	To provide long-term capital growth and risk diversification.
Strategy	To invest in local and global money market instruments for safety, liquidity and yield.	To invest in local and global money market instruments for safety and liquidity and yield	To invest in regional, sovereign debt securities, local and international corporate bonds.	To invest in fixed income, high dividend yielding stocks, REITs and structured products	To invest in the shares of local and international companies which offer strong growth possibilities and consistent income

With a suite of six investment portfolios, each with a distinct financial profile, JN Mutual Funds offers a premium opportunity for investors to align their personal financial strategy with their goals, time horizons and risk profile.

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