

ECB rate has small impact on inflation, biggest impact expected in 2024

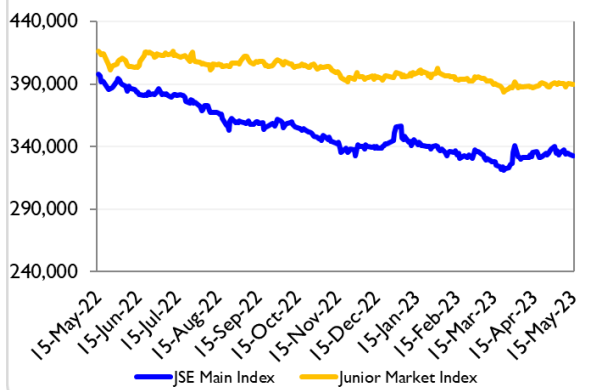
Rapid European Central Bank (ECB) rate hikes lowered inflation modestly last year but the biggest impact is expected only in 2024, the ECB said in an Economic Bulletin article on Monday, reaffirming a long-held view that policy works with big lags. The ECB has raised rates by a combined 375 basis points since July to curb inflation which hit double digits last autumn and will take until 2025 to fall back to the bank's 2% target.

Inflation is still 7% across the 20 nations sharing the euro and underlying price growth is becoming increasingly stubborn, suggesting that its slowdown will be protracted, even as energy and commodity prices have tumbled. The ECB added that rate hikes' impact on growth is quicker, and the bank was already curbing activity, which in turn cools demand and holds back price increases.

Monetary policy normally works with 12 to 18-month lags and some policymakers used this argument to slow the pace of rate hikes to 25 basis points this month, arguing that past moves are still working their way through the economy. The ECB added that the reduction of its government debt portfolio is expected to lift 10-year bond yields by 55 basis points in the 2022 to 2025 period.

Source: Reuters

Local Market Indices



Foreign Exchange Market

| Currency | 15-May | 12-May | DoD % Δ | YTD% Δ |
|----------|--------|--------|---------|--------|
| USD:JMD | 155.70 | 155.69 | 0.01% | 2.40% |
| GBP:JMD | 194.16 | 194.30 | -0.07% | 6.63% |
| CAD:JMD | 115.49 | 115.32 | 0.14% | 6.45% |

Caribbean & Latam

- The Bank of Mexico is expected to hold the country's benchmark interest rate on Thursday, halting a cycle of rate hikes that began in June 2021, a Reuters poll of analysts showed on Monday.

USA & Canada

- The S&P 500 and the Dow ended with modest gains on Monday after manufacturing data raised concerns about a slowing U.S. economy amid ongoing debt ceiling negotiations, while a rise in Meta shares helped lift the Nasdaq.

Europe

- European stocks rose on Monday as investors assessed uncertainties around U.S. debt ceiling talks and a runoff election in Turkey, while awaiting data this week for clues on the state of the global economy.

Asia

- Asian stocks started the week on a cautious note as investors braced for the release of China's industrial and retail data, while awaiting a host of U.S. Federal Reserve officials to speak to vindicate market pricing of rate cuts this year.

Local Equity Market

| Stock Index | Today's close | DoD Δ | DoD% Δ | YTD % Δ | YoY% Δ |
|------------------------------|---------------|-----------|--------|---------|---------|
| JSE Combined Index | 344,604.10 | -1,238.27 | -0.36% | -6.51% | -15.96% |
| JSE Index | 332,634.38 | -1,073.25 | -0.32% | -6.54% | -16.10% |
| All Jamaican Composite Index | 367,275.61 | -2,299.52 | -0.62% | -8.88% | -19.27% |
| JSE Select Index | 8,092.38 | 14.10 | 0.17% | -9.04% | -22.02% |
| Junior Market Index | 3,739.75 | -25.87 | -0.69% | -6.19% | -14.51% |

BEST AND WORST PERFORMERS

| ADVANCERS | | DECLINERS | |
|-----------|--------|-----------|---------|
| CPFV | 21.29% | CAC | -13.88% |
| TJH | 10.44% | GWEST | -11.00% |
| LEARN | 9.39% | PTL | -9.96% |

Today's combined market activity (excluding preference and deferred shares) resulted in trading of **95** stocks, of which **34** advanced, **52** declined and **9** traded firm.

International Markets

| International Equity Markets | | | | | International Currency Market | | | | |
|------------------------------|-----------|---------|--------|--------|-------------------------------|--------|---------|--------|--------|
| Index | 15-May | DoD % Δ | YTD% Δ | YoY% Δ | Currency | 15-May | DoD % Δ | YTD% Δ | YoY% Δ |
| S&P 500 | 4,136.28 | 0.30% | 7.73% | 3.20% | EUR: USD | 1.0874 | 0.23% | 1.58% | 4.22% |
| Dow Jones | 33,348.60 | 0.14% | 0.61% | 3.49% | GBP: USD | 1.25 | 0.56% | 3.68% | 1.70% |
| FTSE All Share | 4,236.96 | 0.31% | 3.97% | 2.83% | USD: CAD | 1.35 | -0.61% | -0.63% | 4.84% |
| Euro Stoxx 50 | 4,316.41 | -0.03% | 13.78% | 17.12% | USD: JPY | 136.11 | 0.30% | 3.81% | 5.38% |
| Nikkei 225 | 29,626.34 | 0.81% | 2.90% | 11.60% | | | | | |
| MSCI World Index | 651.63 | 0.37% | 7.64% | 3.79% | | | | | |

| Global Interest Rates | | | | | Commodities | | | | |
|---------------------------|--------|----------|----------|----------|-------------|----------|---------|---------|---------|
| Rates | 15-May | DoD Δbps | YTD Δbps | YoY Δbps | Commodity | 15-May | DoD % Δ | YTD% Δ | YoY% Δ |
| 10 -Year US Treasury Bond | 3.50% | 4.00 | -37.00 | 62.00 | Crude Oil | 71.3 | 1.80% | -11.16% | -37.57% |
| 10-Year UK Gilt | 3.82% | 4.00 | 15.00 | 209.00 | Gold | 2,016.26 | 0.27% | 10.54% | 10.53% |
| GOJ 2025 Global Bond | 6.61% | 1.00 | 257.00 | 99.00 | Silver | 24.08 | 0.48% | 0.54% | 11.40% |
| | | | | | Aluminium | 2,267.00 | 1.59% | -4.67% | -19.95% |



Mutual Funds

Fund Managers Ltd.

A member of the JN Group

JN MUTUAL FUNDS

May 12, 2023

| JN Mutual Funds | NAV Price | 12 Months Growth Rate | YTD Growth Rate | Yield (Estimated Yearly Income) |
|-----------------------------------|-------------|-----------------------|-----------------|---------------------------------|
| Global Diversified Income | J\$13.0149 | -7.66% | 0.51% | 3.44% |
| Global Equity | J\$13.9994 | -9.63% | -3.99% | 0.00% |
| Global Fixed Income | J\$14.2631 | 5.85% | 3.48% | 6.49% |
| Global Money Market (US\$) | US\$11.5627 | 4.30% | 1.47% | 3.92% |
| Global Fixed Income (US\$) | US\$11.6216 | 2.64% | 1.57% | 4.82% |
| Local Money Market | J\$12.5274 | 6.76% | 3.76% | 6.97% |

| | 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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