

US Retail Sales Rose Less than Market Expectations in July

The United States' (US) Census Bureau monthly retail report showed that retail sales advanced by 1.2% in July 2020, lower than the 8.4% recorded in June 2020 and below market expectations for a 1.9% increase. The movement in retail sales in July was due to an increase in sales for 'electronics and appliances', which was up by 22.9%; 'clothing', up by 5.7% and bars and restaurants advancing by 5%. However, these increases were tempered by a decline in sales for 'motor vehicle parts and dealers', 'sporting goods and bookstores' and 'home and garden' down by 1.2%, 5% and 2.9%, respectively.

Despite advancing for a third consecutive month, the uncertainty surrounding the duration of the coronavirus continues to present many downside risks to the US' consumer spending. According to the University of Michigan's preliminary results, consumer sentiment in the month of August has been relatively flat as consumers continue to worry about the impact of COVID-19 pandemic on the economy. In light of this and the prevailing high unemployment rate, we believe that the pace of consumer spending in the short term will depend heavily on the timing and extent of the government's emergency benefits being provided.

Currency Markets

International Currency Market

Currency	14-Aug	7-Aug	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.184	1.179	0.20%	0.43%	5.57%	6.28%
GBP: USD	1.309	1.310	0.14%	0.25%	-1.30%	8.50%
USD: CAD	1.327	1.340	0.32%	-0.89%	2.12%	-0.41%
USD: JPY	106.630	105.920	-0.28%	0.67%	-1.82%	0.68%

Local Foreign Currency Market

Currency	14-Aug	13-Aug	7-Aug	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	150.34	150.36	149.23	-0.01%	0.75%	13.41%
GBP:JMD	198.05	195.13	193.61	1.50%	2.29%	15.4%
CAD:JMD	114.41	114.41	112.34	0.00%	1.85%	14.2%

Global Interest Rates

Rates	14-Aug	7-Aug	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.71%	0.56%	-1.00	15.00	-121.00	-87.00
10 Year UK Gilt	0.24%	0.14%	0.00	10.00	-58.00	-21.00
GOJ 2025 Global Bond	4.40%	4.35%	0.00	5.00	55.00	-3.00
5 Year US Treasury Bond	0.30%	0.23%	-2.00	7.00	-139.00	-119.00
5 Year UK Gilt	-0.02%	-0.07%	-1.00	5.00	-62.00	-36.00

Week in Review: Aug 10 - Aug 14, 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
I38SL	19.52%	KREMI	-24.39%
SIL	16.35%	tTech	-17.72%
CAC	14.95%	GWEST	-15.73%

JSE Main Market activity (excluding preference shares) resulted from trading in **43** stocks of which **15** advanced, **28** declined and **0** traded firm. Market volume (excluding preference shares) amounted to **55,280,740** units valued at over **\$411,641,196**. JSE Junior Market activity (excluding preference shares) resulted from trading in **39** stocks of which **14** advanced, **24** declined and **1** traded firm. Market volume (excluding preference shares) amounted to **21,112,224** units valued at over **\$64,309,167**.

Global Equity Indices

Index	31-Dec	7-Aug	14-Aug	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,230.65	3,351.28	3,372.85	0.64%	4.40%	18.74%
Euro Stoxx 50	3,745.15	3,252.65	3,305.05	1.61%	-11.75%	0.50%
MXWD Index	565.24	563.24	570.82	1.35%	0.99%	14.48%
JSE Main Market Index	509,916.44	368,853.34	368,870.63	0.00%	-27.66%	-29.64%
JSE Junior Market Index	3,348.97	2,606.15	2,599.86	-0.24%	-22.37%	-29.02%
JSE Combined Index	505,253.98	367,407.83	367,356.38	-0.01%	-27.29%	-29.61%

Upcoming Week: Aug 17 - Aug 21, 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless Claims	15-Aug	990,000	963,000
US	MBA Mortgage Applications	14-Aug-20	--	6.80%
US	Markit US Manufacturing PMI	Aug P	51.50	50.90
JN	Industrial Production MoM	Jun F	--	2.70%
JN	Core Machine Orders MoM	Jun	2.00%	1.70%
UK	CPI YoY	Jul	0.60%	0.60%
CA	CPI YoY	Jul	0.50%	0.70%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
August 14, 2020						
JMMB Group Ltd (JMMBGL)	<p>Current Price \$30.27</p> <p>52 Week High \$55.00</p> <p>53 Week Low \$29.90</p> <p>WoW % -2.33%</p> <p>YTD % -34.98%</p>	<p>EPS \$3.61</p> <p>BVPS \$21.06</p> <p>T12M Div. \$0.49</p> <p>Div. Yield % 1.62%</p>	 	<p>ROE 17.16%</p> <p>P/E 8.38</p> <p>P/B 1.44</p>	<p>ROE 17.68%</p> <p>P/E 14.64</p> <p>P/B 1.44</p>	<p>JMMBGL is one of Jamaica's largest financial services corporations, entering the market in 1992 as the first Money Market Brokerage firm. The holding company, JMMB Group Limited, was formed as a parent to house the group of companies. To date, the JMMB Group Ltd. has extended its reach across the Caribbean, including the Dominican Republic and Trinidad and Tobago. The Group has over 316,000 clients and continues to grow steadily. We believe that in addition to its core businesses, key strategic partnerships such as the 22.2% stake in Sagcor Financial Corporation allows JMMBGL to achieve further diversification and increased profitability.</p>
Access Financial Services Ltd (AFS)	<p>Current Price \$22.55</p> <p>52 Week High \$45.00</p> <p>53 Week Low \$17.65</p> <p>WoW % -5.24%</p> <p>YTD % -34.58%</p>	<p>EPS \$0.72</p> <p>BVPS \$8.16</p> <p>T12M Div. \$0.49</p> <p>Div. Yield % 2.17%</p>	 	<p>ROE 8.83%</p> <p>P/E 31.30</p> <p>P/B 2.76</p>	<p>ROE 25.36%</p> <p>P/E 59.43</p> <p>P/B 2.47</p>	<p>AFS has experienced fluctuating results over the last four years, which has translated into less than steady growth in net profits. Due to the microfinance industry's importance in meeting the needs of the "unbanked", the industry has been in the focus of the government in recent times and is expected to face new regulations in the near term. Among others, the Microcredit Act tabled in parliament in 2019, is expected to curb the "excessive interest rates" being charged by microlenders. However, this and other regulations could likely make the industry less attractive and may ultimately lead to a slowing of funding flows to the vital MSMEs. The current coronavirus pandemic is another major downside risk that is already leading to a curtailment of economic activity in Jamaica. As AFS' loan portfolio is heavily skewed towards personal loans, we project that the company will struggle to grow its loan portfolio over the short to medium term due to the expected decline in loan demand and that its provision for credit losses will increase as its borrowers' creditworthiness becomes impaired.</p>
Caribbean Producers Jamaica Ltd (CPJ)	<p>Current Price \$2.49</p> <p>52 Week High \$5.30</p> <p>53 Week Low \$2.00</p> <p>WoW % 3.43%</p> <p>YTD % -52.10%</p>	<p>EPS (\$0.02)</p> <p>BVPS \$2.72</p> <p>T12M Div. \$0.00</p> <p>Div. Yield % 0.00%</p>	 	<p>ROE -0.77%</p> <p>P/E -118.69</p> <p>P/B 0.91</p>	<p>ROE 16.14%</p> <p>P/E 30.32</p> <p>P/B 2.75</p>	<p>CPJ is a leading foodservice supplier to the hospitality sector in Jamaica, with over 25 years of experience. Over the years, the Company has focused on generating operational efficiencies in order to remain competitive in a fast-changing industry and where the cost structure of the business is such that its gross and profit margins are extremely low. The knock-on effect of the low margins is that the Company does not have the flexibility to absorb cost shocks before generating losses. Over the years, CPJ has tried to diversify its business to serve clients in the wider hospitality and retail sectors, however, its revenues are still dominated by its transactions within the tourism industry. As a result, with the current virtual shuttering of hotels and the limit placed on others in the hospitality sector, such as bars and restaurants, and supermarkets, our projection is that over the short to medium term CPJ's profitability is likely to be significantly impaired.</p>
Wigton Windfarm Ltd(WIG)	<p>Current Price \$0.79</p> <p>52 Week High \$1.15</p> <p>53 Week Low \$0.50</p> <p>WoW % 6.58%</p> <p>YTD % -18.59%</p>	<p>EPS \$0.06</p> <p>BVPS \$0.31</p> <p>T12M Div. \$0.00</p> <p>Div. Yield % 0.00%</p>	 	<p>ROE 19.17%</p> <p>P/E 13.15</p> <p>P/B 2.52</p>	<p>ROE 7.47%</p> <p>P/E 21.35</p> <p>P/B 1.26</p>	<p>We believe that Wigton Windfarm provides an advantage for investors in three main ways. The first is diversification, as it is an alternative energy investment which becomes more crucial in the midst of global warming. The second is an increase in medium to long term value driven by profitability. The third is liquidity as the availability of shares is wide and allows a tidy entry into or exit out of the investment. Wigton Windfarm has potential competition from MPC Caribbean and New Fortress Energy but they together form an ecosystem which is needed to move the Caribbean away from its reliance on Fossil Fuels, the 2nd most expensive item on Jamaica's import bill.</p>













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LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE	
August 14, 2020						
Jamaica Broilers Group Ltd (JBG)	Current Price	\$25.93	EPS	\$1.13	ROE 8.56%	 ROE 13.51%  P/E 24.44  P/B 3.08
	52 Week High	\$41.00	BVPS	\$13.25	P/E 22.87	
	53 Week Low	\$21.00	T12M Div.	\$0.57	P/B 1.96	
	WoW %	-4.97%	Div. Yield %	2.20%		
	YTD %	-36.61%				
BUY						
Wisynco Ltd (WISYNCO)	Current Price	\$17.47	EPS	\$0.81	ROE 23.69%	 ROE 13.51%  P/E 24.44  P/B 3.08
	52 Week High	\$27.00	BVPS	\$3.41	P/E 21.63	
	53 Week Low	\$11.50	T12M Div.	\$0.19	P/B 5.12	
	WoW %	1.14%	Div. Yield %	1.09%		
	YTD %	-25.05%				
HOLD						
Seprod Ltd (SEP)	Current Price	\$55.16	EPS	\$2.21	ROE 9.96%	 ROE 13.51%  P/E 24.44  P/B 3.08
	52 Week High	\$60.00	BVPS	\$22.18	P/E 24.96	
	53 Week Low	\$30.00	T12M Div.	\$1.00	P/B 2.49	
	WoW %	-0.05%	Div. Yield %	1.81%		
	YTD %	8.19%				
HOLD						

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Mutual Funds

JN MUTUAL FUNDS

August 13, 2020

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JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.6425	-4.29%	-6.57%	2.16%
Global Equity	J\$14.0833	-20.30%	-22.11%	0.00%
Global Fixed Income	J\$12.5234	6.06%	4.51%	4.52%
Global Money Market (US\$)	US\$10.4771	2.96%	2.08%	3.71%
Global Fixed Income (US\$)	US\$10.5153	2.56%	1.74%	5.10%
Local Money Market	J\$10.9112	3.63%	2.57%	4.34%

	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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