

Bank of Jamaica Holds Policy Rate at 0.5% in August 2021

The Bank of Jamaica's (BOJ) Monetary Policy Committee (MPC) announced on August 19, 2021, that they will continue to hold the policy rate at the historic low of 0.5% per annum. Notably, the Committee had indicated that at its next policy meeting in September 2021 it will decide to consider commencing tightening of monetary policy as well as to immediately implement other measures aimed at moderating inflation expectations, including the containment of Jamaican dollar liquidity expansion. The Committee indicated that, while the central bank does not target any specific level of the exchange rate, the BOJ will seek to ensure that movements in the exchange rate do not affect the inflation target.

These decisions were based on the MPC's assessment that while inflation is likely to breach the upper bound of the central bank's target range over the next year (starting from as early as the September 2021 quarter), inflation will gradually decline thereafter as the transitory effects of the pandemic ease. The MPC further indicated that conditional on the gradual tightening of monetary accommodation, inflation is projected to remain at 5.0% over the medium term. In terms of Gross Domestic Product growth, the Committee indicated that the risks are balanced and the growth for FY2021/22 is projected within the range of 7.0% to 10.0% and is expected to moderate within a range of 2.0% to 4.0% for FY2022/23.

Currency Markets

International Currency Market

Currency	20-Aug	13-Aug	DoD % Δ	WoW % Δ	YTD% Δ	YoY% Δ
EUR: USD	1.170	1.180	0.20%	-0.84%	-4.24%	-1.37%
GBP: USD	1.362	1.387	-0.12%	-1.75%	-0.34%	3.10%
USD: CAD	1.282	1.252	-0.05%	2.45%	0.75%	-2.77%
USD: JPY	109.780	109.590	0.04%	0.17%	6.32%	3.76%

Local Foreign Currency Market

Currency	20-Aug	19-Aug	13-Aug	DoD % Δ	WoW % Δ	YTD% Δ
USD:JMD	154.27	154.58	155.50	-0.20%	-0.79%	8.15%
GBP:JMD	209.62	210.81	215.26	-0.57%	-2.62%	10.3%
CAD:JMD	120.75	121.45	124.88	-0.58%	-3.31%	9.3%

Global Interest Rates

Rates	20-Aug	13-Aug	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	1.26%	1.28%	1.17	-2.17	34.18	60.41
10 Year UK Gilt	0.52%	0.57%	-1.50	-5.00	32.60	29.80
GOJ 2025 Global Bond	3.50%	3.53%	0.00	-3.00	5.20	-79.30
5 Year US Treasury Bond	0.78%	0.77%	1.48	0.86	42.09	50.94
5 Year UK Gilt	0.24%	0.30%	-2.00	-5.30	32.70	27.20

Week in Review: Aug 16 - Aug 20, 2021

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
RJR	60.55%	PJX	-23.26%
FESCO	31.52%	KLE	-22.76%
ECL	22.95%	SSLVC	-21.95%

JSE Main Market activity (excluding preference shares) resulted from trading in **47** stocks of which **13** advanced, **32** declined and **2** traded firm. Market volume (excluding preference shares) amounted to **296,067,630** units valued at over **\$5,110,232,242**. JSE Junior Market activity (excluding preference shares) resulted from trading in **40** stocks of which **14** advanced, **23** declined and **3** traded firm. Market volume (excluding preference shares) amounted to **61,007,221** units valued at over **\$189,457,260**.








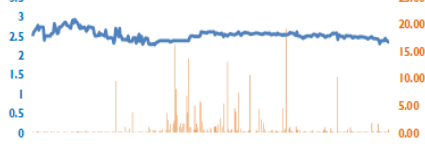








Global Equity Indices

Index	31-Dec	13-Aug	20-Aug	WoW % Δ	YTD% Δ	YoY% Δ
S&P 500	3,756.07	4,468.00	4,441.67	-0.59%	18.25%	31.20%
Euro Stoxx 50	3,552.64	4,229.70	4,147.50	-1.94%	16.74%	26.68%
MXWD Index	646.27	736.02	722.58	-1.83%	11.81%	26.85%
JSE Main Market Index	395,614.93	416,728.75	414,361.10	-0.57%	4.74%	13.12%
JSE Junior Market Index	2,643.38	3,269.43	3,311.18	1.28%	25.26%	30.40%
JSE Combined Index	392,435.92	418,639.76	416,860.99	-0.42%	6.22%	14.41%

Upcoming Week: Aug 23 - Aug 27, 2021

Country	Report	Period	Forecast	Prior
US	Initial Jobless Claims	21-Aug	350,000	348,000
US	GDP Annualized QoQ	2Q S	6.70%	6.50%
US	U. of Mich. Sentiment	Aug F	70.60	70.20
US	Durable Goods Orders	Jul P	-0.30%	0.90%
UK	Markit UK PMI Manufacturing SA	Aug P	59.50	60.40
JN	Tokyo CPI Ex-Fresh Food YoY	Aug	-0.10%	0.10%
EC	Markit Eurozone Manufacturing	Aug P	62.00	62.80
JN	Tokyo CPI YoY	Aug	-0.40%	-0.10%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
August 20, 2021					
Guardian Holdings Ltd. (GHL)	Current Price \$609.77	EPS \$80.71	 ROE 18.20%	ROE 15.75%	Guardian is one of the region's leading financial institutions with a long history of delivering strong revenue growth and profitability. The company operates in most of the countries in the Caribbean and is rated among the top five in the major markets in which it operates. Like most companies regionally, the Guardian Group was severely challenged in 2020. However, in 2020, the Group delivered operational and financial results which were creditable along several metrics and especially when taken in the context of the pandemic. While we are very aware that the COVID-19 pandemic is not over, it is very likely that the worst is behind us. With vaccination programme being rolled out regionally and as respective governments continue to ease out of the pandemic the companies within the region continue to gradually recover from the crisis. This recovery is also evident for Guardian Group which posted revenues and profits in Q1 2021 which are significantly above its previous year's.
	52 Week High \$1,134.90	BVPS \$443.33	 P/E 7.56	P/E 12.02	
BUY	53 Week Low \$600.00	TT12M Div. \$0.00	 P/B 1.38	P/B 2.05	
	WoW % -1.48%	Div. Yield % 0.00%			
Derrimon Trading Co Ltd (DTL)	Current Price \$2.35	EPS \$0.09	 ROE 7.36%	ROE 15.78%	Derrimon is vertically integrated whereby it manufactures and distributes through its own channels such as Sampars and its Select grocers retail outlets. Over the last five years the company has gone through a tremendous transformation driven by its organic growth in its primary distribution segment and through acquisitions. Consequently, it has delivered expansion which has seen its revenue more than double in five years and profits more than tripled. Although the coronavirus pandemic has slowed business activity in Jamaica generally, and has slowed Derrimon's revenue growth by approximately 1.0% up to September 2020, DTL has remained very profitable. Over the period, the Group delivered profit growth of 27.0% which is a signal of its strength and resiliency given the context of the COVID-19 pandemic.
	52 Week High \$3.00	BVPS \$1.24	 P/E 25.78	P/E 20.66	
BUY	53 Week Low \$2.00	TT12M Div. \$0.01	 P/B 1.90	P/B 3.08	
	WoW % -1.12%	Div. Yield % 0.47%			
Sepro Ltd (SEP)	Current Price \$64.17	EPS \$3.79	 ROE 15.47%	ROE 18.15%	With the onset of COVID-19, restaurants, supermarkets, bakeries and corner shops in communities have been forced to operate within restricted parameters or have completely shuttered. Although the COVID-19 pandemic has had a negative impact on Seprod's operations, the Group's diversified portfolio has proven to be resilient thus far. Looking ahead, there are still risks that could negatively impact global supply chains and ultimately affect raw material prices, consumer income and economic growth. Notwithstanding, given our estimate that the worst part of the covid-19 restrictions may be behind us, we are expecting that the companies good performance could likely continue into at least the short term. Over the last five years, the group has invested significantly in strengthening its operations and its resiliency. The investments include consolidating aspects of its business where costs were being duplicated, which is a move to position itself for continued resilience and competitiveness in face of the uncertainty which lies ahead. Over the medium-term, the group has further investments plans to improve its distribution, warehousing and logistics efforts that are expected to augment the Groups' profitability over time.
	52 Week High \$85.00	BVPS \$24.48	 P/E 16.94	P/E 24.23	
HOLD	53 Week Low \$51.00	TT12M Div. \$1.10	 P/B 2.62	P/B 4.08	
	WoW % -4.67%	Div. Yield % 2.03%			
Jamaica Producers Group (JP)	Current Price \$23.34	EPS \$2.17	 ROE 15.06%	ROE 12.38%	Undoubtedly, COVID-19 has had a negative impact on aspects of the business and is likely to continue to weigh on those segments for the remainder of this year, even as the company adjusts its operations to deal with the pandemic. Some segments have remained strong; however, the pandemic has created opportunities for new retail channels to offset the downturn seen in some segments. Importantly, JP is further seeking to strengthen its business over the medium term to improve its capacity, to drive long term growth at the same time it continues to invest in strong food and logistics businesses. Despite COVID-19, JP remains strong with several key financial metrics, including its large and growing cash and securities balance, providing the group with the flexibility to manage and execute on strategies of acquiring undervalued assets.
	52 Week High \$31.00	BVPS \$14.38	 P/E 10.78	P/E 13.02	
HOLD	53 Week Low \$19.00	TT12M Div. \$0.20	 P/B 1.62	P/B 1.59	
	WoW % 5.96%	Div. Yield % 0.90%			




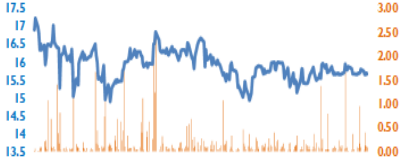



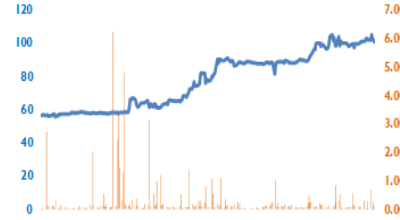
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LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
August 20, 2021					
Wisynco Ltd (WISYNCO)	Current Price \$15.67	EPS \$0.70	 ROE 17.64%	ROE 18.15%	Wisynco's customers typically include restaurants, supermarkets retail and whole-sale outlets, schools and other food service outlets. As a result of the social distancing orders being enforced by the Government to curb the spread of the virus, the operations of the Company's customers base have been severely disrupted. We acknowledged, however, that the Company's strong brand presence in the food manufacturing and distribution sector, strong balance sheet and distribution network will go a far way to ensure that Wisynco remain resilient over the long-term. We believe that the Management's experience in distribution and the Company's investment in Innovation will be huge drivers of equity return over time. Notwithstanding, over the short to medium term (up to three years) Wisynco's profitability will be challenged as over 95% of the Company's revenues are generated locally and local consumer demand has declined and likely to remain subdued over the short to medium term. In our scenario, the Company is projected to return to pre-COVID state in the FY 2024/FY 2025.
	52 Week High \$17.50	BVPS \$3.97	 P/E 22.36	P/E 24.23	
	53 Week Low \$13.00	T12M Div. \$0.30	 P/B 3.94	P/B 4.08	
	WoW % -0.80%	Div. Yield % 1.78%			
BUY	YTD % -6.96%				
					
GraceKennedy Ltd (GK)	Current Price \$100.53	EPS \$7.09	 ROE 11.11%	ROE 12.38%	Despite the impact of COVID 19 on economic activity in Jamaica and other source markets, Grace Kennedy demonstrated strong resiliency and remained profitable. During 2020, the company made significant changes to ensure that its products and services were delivered to clients across many channels by ensuring its international supply chains remained strong, active and efficient. GK's recent deal with Nestle is one example of a strategy it has implemented to increase distribution as it moves closer to accomplishing its goal of creating a wider wingspan in the global arena. Additionally, GK's strategic vision of expanding its financial services business in the region is aligned with the acquisition of Scotia Insurance Eastern Caribbean. This addition could help to boost the already thriving insurance segment which grew by more than 20% in 2020 alone. GK's results delivered over the 6-month period ending June 2021, which saw profit after tax coming in at 30% above the amount posted in the same period in the previous year is a further reflection of its continued progress towards improving the operating margins and overall efficiency which will serve it well in the future.
	52 Week High \$105.99	BVPS \$63.83	 P/E 14.17	P/E 13.02	
	53 Week Low \$55.01	T12M Div. \$1.85	 P/B 1.57	P/B 1.59	
	WoW % -1.32%	Div. Yield % 3.28%			
HOLD	YTD % 60.39%				
					

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Mutual Funds



A member of the Group

JN MUTUAL FUNDS

August 19, 2021

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$14.0473	3.84%	1.49%	2.22%
Global Equity	J\$16.0774	15.60%	6.78%	0.00%
Global Fixed Income	J\$13.0787	4.23%	3.33%	4.93%
Global Money Market (US\$)	US\$10.8540	3.55%	2.22%	2.40%
Global Fixed Income (US\$)	US\$11.2260	6.71%	1.93%	3.15%
Local Money Market	J\$11.4081	4.44%	3.42%	4.19%

	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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