

Jamaica's Point to Point Inflation Fell to 4.3% in November

According to the Statistical Institute of Jamaica (STATIN), Jamaica's monthly inflation rate for November 2020 recorded an increase of 0.6% compared to the 0.8% recorded in the previous month. The rise in November's inflation rate was due mainly to the 1.7% increase in the heavily weighted 'Food and Non-Alcoholic Beverages' division influenced by higher prices for agricultural produce. There was also a negligible increase in the 'Housing, Water, Electricity, Gas and Other Fuels' division from higher electricity rates resulting from a 3.8% increase in the index for the 'Electricity, Gas and Other Fuels' subgroup. The division's movement was however moderated by the 2.3% decline in the 'Rentals for Housing' group. For the fiscal year-to-date, calendar year-to-date and point to point, the inflation rate was up 3.7%, 5.0% and 4.3%, respectively.

Currently, the point-to-point inflation for Jamaica, at 4.3%, remains within the central bank's target range of 4.0% to 6.0%. Despite the optimism surrounding the vaccine and the uncertainty surrounding the timing, production and distribution continue to present downside risk to the economy and our inflation outlook. The downside risk also stems from the low international oil prices which have significantly declined during the pandemic due to weak oil demand as a result of COVID-19, constraints and generally lower prices, particularly for non-essential goods. Increasing price pressures on key commodities such as oil and agricultural products, on the other hand, are key risks on the upside. However, we expect Jamaica's point-to-point inflation to climb closer to the upper end of the BOJ's target range of 4.0% to 6.0% over the short-term. This is mainly attributed to the increase in agricultural prices due to lower crop yields resulting from the recent floods.

Currency Markets

International Currency Market

Currency	18-Dec	11-Dec	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.225	1.211	-0.14%	1.15%	9.26%	10.23%
GBP: USD	1.349	1.320	-0.72%	1.99%	1.73%	3.13%
USD: CAD	1.278	1.280	0.46%	0.07%	-1.63%	-2.57%
USD: JPY	103.320	104.040	0.20%	-0.69%	-4.87%	-5.69%

Local Foreign Currency Market

Currency	18-Dec	17-Dec	11-Dec	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	144.19	144.02	144.46	0.12%	-0.19%	8.76%
GBP:JMD	194.27	194.88	191.00	-0.31%	1.71%	13.2%
CAD:JMD	111.87	113.67	112.46	-1.58%	-0.53%	11.7%

Global Interest Rates

Rates	18-Dec	11-Dec	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.95%	0.90%	2.00	5.00	-97.00	-97.00
10 Year UK Gilt	0.25%	0.17%	-4.00	8.00	-57.00	-53.00
GOJ 2025 Global Bond	3.56%	3.61%	0.00	-5.00	-29.00	-32.00
5 Year US Treasury Bond	0.38%	0.37%	0.00	1.00	-131.00	-135.00
5 Year UK Gilt	-0.04%	-0.10%	-3.00	6.00	-64.00	-61.00

Week in Review: Dec 14 - Dec 18 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS			DECLINERS		
1834	19.51%	↑	CBNY	-18.18%	↓
CAC	18.62%		MTL	-15.38%	
RJR	16.51%		PTL	-11.69%	

JSE Main Market activity (excluding preference shares) resulted from trading in 44 stocks of which 21 advanced, 18 declined and 5 traded firm. Market volume (excluding preference shares) amounted to 82,245,046 units valued at over \$1,605,488,266. JSE Junior Market activity (excluding preference shares) resulted from trading in 40 stocks of which 20 advanced, 17 declined and 3 traded firm. Market volume (excluding preference shares) amounted to 71,876,632 units valued at over \$185,650,075.

Global Equity Indices

Index	31-Dec	11-Dec	18-Dec	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,230.65	3,663.46	3,709.41	1.25%	14.82%	16.24%
Euro Stoxx 50	3,745.15	3,485.84	3,545.74	1.72%	-5.32%	-5.17%
MXWD Index	565.24	629.83	639.94	1.61%	13.22%	14.35%
JSE Main Market Index	509,916.44	392,235.25	387,995.08	-1.08%	-23.91%	-22.87%
JSE Junior Market Index	3,348.97	2,550.79	2,573.05	0.87%	-23.17%	-23.05%
JSE Combined Index	505,253.98	388,337.07	384,670.24	-0.94%	-23.87%	-22.90%

Upcoming Week: Dec 21 - Dec 25 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless	19-Dec	875k	885k
US	GDP Annualized	3Q T	33.10%	33.10%
US	U. of Mich.	Dec F	81	81.4
US	Conf. Board	Dec	97	96.1
UK	GDP QoQ	3Q F	15.50%	15.50%
UK	GDP YoY	3Q F	-9.60%	-9.60%
CA	GDP MoM	Oct	0.30%	0.80%
JN	Jobless Rate	Nov	3.10%	3.10%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE	
December 18, 2020						
JMMB Group Ltd (JMMBGL)	Current Price	\$34.18	EPS	\$3.42	ROE 13.08%	ROE 20.31%
	52 Week High	\$48.50	BVPS	\$26.13	P/E 10.00	P/E 17.14
	53 Week Low	\$28.00	T12M Div.	\$0.49	P/B 1.31	P/B 2.16
	WoW %	2.39%	Div. Yield %	1.43%		
	YTD %	-26.58%				
BUY						<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>
Seprod Ltd (SEP)	Current Price	\$66.02	EPS	\$4.26	ROE 18.90%	ROE 16.47%
	52 Week High	\$70.00	BVPS	\$22.55	P/E 15.49	P/E 21.05
	53 Week Low	\$30.00	T12M Div.	\$1.00	P/B 2.93	P/B 3.28
	WoW %	0.12%	Div. Yield %	1.51%		
	YTD %	29.49%				
BUY						<p>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.</p>
Wigton Windfarm Ltd (WIG)	Current Price	\$0.74	EPS	\$0.05	ROE 14.85%	ROE 5.99%
	52 Week High	\$1.00	BVPS	\$0.35	P/E 14.14	P/E 21.08
	53 Week Low	\$0.50	T12M Div.	\$0.00	P/B 2.10	P/B 1.16
	WoW %	-0.02%	Div. Yield %	0.00%		
	YTD %	-23.80%				
HOLD						<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				
December 18, 2020									
Jamaica Broilers Group Ltd (JBG)	Current Price	\$28.45	EPS	\$1.50	ROE	10.36%	ROE	16.47%	Having been in operation for over sixty years, JBG has grown into an iconic brand in Jamaica and now has an increasing presence in the region. The Company's Jamaican operations continue to have a significant impact in the local marketplace through its Best Dressed Chicken and Hi-Pro divisions. However, the local market is mature with growth expected to be low in the medium term. With operations already firmly set in Haiti, JBG moved further to cement a stronghold and presence along the supply chain in the US with its recent acquisitions. In our view, these acquisitions and other inorganic initiatives are expected to be the catalyst for JBG's growth going forward.
	52 Week High	\$41.00	BVPS	\$14.48	P/E	18.96	P/E	21.05	
	53 Week Low	\$21.00	T12M Div.	\$0.57	P/B	1.96	P/B	3.28	
	WoW %	1.22%	Div. Yield %	2.00%					
	YTD %	-30.45%							
BUY									
Wisynco Ltd (WISYNCO)	Current Price	\$15.87	EPS	\$0.65	ROE	17.51%	ROE	16.47%	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	\$25.00	BVPS	\$3.70	P/E	24.51	P/E	21.05	
	53 Week Low	\$11.50	T12M Div.	\$0.19	P/B	4.29	P/B	3.28	
	WoW %	-2.53%	Div. Yield %	1.20%					
	YTD %	-31.92%							
HOLD									
Jamaica Producers Group (JP)	Current Price	\$20.98	EPS	\$3.41	ROE	23.55%	ROE	11.78%	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	\$28.50	BVPS	\$14.47	P/E	6.15	P/E	15.79	
	53 Week Low	\$15.00	T12M Div.	\$0.15	P/B	1.45	P/B	1.48	
	WoW %	-3.48%	Div. Yield %	0.72%					
	YTD %	-23.02%							
BUY									

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Mutual Funds

JN MUTUAL FUNDS

December 17, 2020

Managed by



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JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.6716	-6.15%	-6.37%	2.29%
Global Equity	J\$14.6379	-17.38%	-19.04%	0.00%
Global Fixed Income	J\$12.6799	5.57%	5.81%	5.03%
Global Money Market (US\$)	US\$10.6045	3.38%	3.32%	3.66%
Global Fixed Income (US\$)	US\$10.9721	6.25%	6.15%	4.76%
Local Money Market	J\$11.0454	3.91%	3.83%	4.12%

	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.

Contact us

Kingston & St. Andrew

Paul Penn – 876-564-8276 pennp@jngroup.com

Peta-Gay Walker - 876-588-8886 pmiller@jngroup.com

Kimberly Savage – 876-307-9461 ksavage@jngroup.com

Tamara Honeyghan - 876-557-0082 tamarah@jngroup.com

Gayon Knight - 876-564-9563 gknight@jngroup.com

Mandeville

Horace Walters – 876-487-9267 waltersh@jngroup.com

St. Catherine

Nickesha Mullings-Gilling - 876-891-4736 nmullings@jngroup.com

Montego Bay

Marissa Williams - 876-465-3726 mwilliams1@jngroup.com

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