

US Business Activity Expands at a Faster Pace in January 2021

According to the latest release from IHS Markit, the United States' (US) Flash Composite Output Index, which measures services and manufacturing activity, recorded a preliminary reading of 58.0 in January 2021, which was higher than the 55.3 recorded in December and the second-fastest pace since March 2015. January's release being above the 50-point threshold, indicates a further expansion in private sector output. Private sector businesses had a strong start to January with notable increases in output and new orders. Despite this increase, however, there were significant supply chain delays caused by restrictions due to COVID-19, raw material shortages, and evidence of stockpiling at goods producers, which pushed input prices higher.

Despite the negative impact of COVID-19, the U.S. has managed to remain in expansion territory since July 2020 when compared to its trading partners the United Kingdom and Eurozone which have fluctuated between expansion and contraction. January's strong start was buoyed on the optimism surrounding vaccine developments and the new US administration's proposed policies. However, the timing and success of both will be crucial in determining the outlook surrounding supply and demand and unemployment. In light of this, we believe that US private-sector output is likely to continue its expansion over the short term but the pace is dependent on the timing and level of fiscal support amid the high level of unemployment.

Currency Markets

International Currency Market

Currency	22-Jan	15-Jan	DoD % Δ	WoW % Δ	YTD% Δ	YoY% Δ
EUR: USD	1.217	1.208	0.04%	0.72%	-0.38%	9.70%
GBP: USD	1.369	1.360	-0.34%	0.71%	0.12%	4.14%
USD: CAD	1.273	1.270	0.70%	-0.05%	0.01%	-3.11%
USD: JPY	103.770	103.850	0.26%	-0.08%	0.50%	-5.53%

Local Foreign Currency Market

Currency	22-Jan	21-Jan	15-Jan	DoD % Δ	WoW % Δ	YTD% Δ
USD:JMD	146.77	145.97	144.82	0.55%	1.35%	2.89%
GBP:JMD	201.19	201.29	198.34	-0.05%	1.44%	3.9%
CAD:JMD	114.22	116.64	118.45	-2.08%	-3.57%	2.5%

Global Interest Rates

Rates	22-Jan	15-Jan	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	1.09%	1.08%	-2.00	1.00	18.00	-68.00
10 Year UK Gilt	0.31%	0.29%	-2.00	2.00	11.00	-33.00
GOJ 2025 Global Bond	3.35%	3.36%	0.00	-1.00	-10.00	-42.00
5 Year US Treasury Bond	0.43%	0.45%	-2.00	-2.00	7.00	-114.00
5 Year UK Gilt	-0.04%	-0.04%	-2.00	0.00	5.00	-48.00

Week in Review: Jan 18 - Jan 22 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
LUMBER	31.54%	DCOVE	-23.77%
PURITY	22.39%	MJE	-18.60%
KLE	20.69%	CAC	-13.47%

JSE Main Market activity (excluding preference shares) resulted from trading in **44** stocks of which **23** advanced, **20** declined and **1** traded firm. Market volume (excluding preference shares) amounted to **51,041,237** units valued at over **\$283,774,888**. JSE Junior Market activity (excluding preference shares) resulted from trading in **40** stocks of which **20** advanced, **19** declined and **1** traded firm. Market volume (excluding preference shares) amounted to **37,687,964** units valued at over **\$85,570,359**.

Global Equity Indices

Index	31-Dec	15-Jan	22-Jan	WoW % Δ	YTD% Δ	YoY% Δ
S&P 500	3,756.07	3,768.25	3,852.02	2.22%	2.55%	15.96%
Euro Stoxx 50	3,552.64	3,599.55	3,602.41	0.08%	1.40%	-4.44%
MXWD Index	646.27	655.86	667.55	1.78%	3.29%	15.64%
JSE Main Market Index	395,614.93	389,411.86	385,859.59	-0.91%	-2.47%	-22.34%
JSE Junior Market Index	2,643.38	2,702.59	2,749.66	1.74%	4.02%	-13.95%
JSE Combined Index	392,435.92	387,355.78	384,586.87	-0.71%	-2.00%	-21.76%

Upcoming Week: Jan 25 - Jan 29 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless	23-Jan	878,000	900,000
US	FOMC Rate	27-Jan	0.25%	0.25%
US	GDP Annualized	4Q A	4.40%	33.40%
US	U. of Mich.	Jan F	79.20	79.20
UK	Jobless Claims	Dec	--	64,300
UK	ILO	Nov	5.10%	4.90%
JN	Industrial	Dec P	-1.50%	-0.50%
JN	Jobless Rate	Dec	3.00%	2.90%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
January 22, 2021						
JMMB Group Ltd (JMMBGL)	Current Price	\$32.37	EPS \$3.42	ROE 13.08%	ROE 20.33%	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 Sagico Financial Corporation allows JMMBGL to achieve further diversification and increased profitability.
	52 Week High	\$48.49	BVPS \$26.13	P/E 9.47	P/E 16.69	
BUY	53 Week Low	\$28.00	T12M Div. \$0.25	P/B 1.24	P/B 2.05	
	WoW %	-0.98%	Div. Yield % 0.77%			
	YTD %	-6.70%				
Derrimon Trading Co Ltd (DTL)	Current Price	\$2.38	EPS \$0.10	ROE 21.04%	ROE 14.07%	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	\$3.10	BVPS \$0.49	P/E 22.88	P/E 26.54	
BUY	53 Week Low	\$1.40	T12M Div. \$0.01	P/B 4.82	P/B 2.68	
	WoW %	0.00%	Div. Yield % 0.50%			
	YTD %	0.15%				
Seprod Ltd (SEP)	Current Price	\$63.50	EPS \$4.26	ROE 18.90%	ROE 16.47%	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	\$70.00	BVPS \$22.55	P/E 14.90	P/E 22.48	
BUY	53 Week Low	\$30.00	T12M Div. \$1.30	P/B 2.82	P/B 3.40	
	WoW %	-0.89%	Div. Yield % 2.05%			
	YTD %	-2.15%				
Wigton Windfarm Ltd(WIG)	Current Price	\$0.74	EPS \$0.05	ROE 14.85%	ROE 5.99%	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.
	52 Week High	\$0.98	BVPS \$0.35	P/E 14.11	P/E 20.92	
HOLD	53 Week Low	\$0.50	T12M Div. \$0.00	P/B 2.10	P/B 1.12	
	WoW %	0.00%	Div. Yield % 0.34%			
	YTD %	-1.50%				

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LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE				
January 22, 2021									
Jamaica Broilers Group Ltd (JBG)	Current Price	\$29.00	EPS	\$1.50	ROE	10.36%	ROE	16.47%	<p>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.</p>
	52 Week High	\$39.70	BVPS	\$14.48	P/E	19.33	P/E	22.48	
	53 Week Low	\$21.00	T12M Div.	\$0.31	P/B	2.00	P/B	3.40	
	WoW %	2.80%	Div. Yield %	1.07%					
	YTD %	-1.56%							
BUY									
Wisynco Ltd (WISYNCO)	Current Price	\$16.30	EPS	\$0.65	ROE	17.51%	ROE	16.47%	<p>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 acknowledge, 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.</p>
	52 Week High	\$23.50	BVPS	\$3.70	P/E	25.17	P/E	22.48	
	53 Week Low	\$11.50	T12M Div.	\$0.18	P/B	4.41	P/B	3.40	
	WoW %	0.49%	Div. Yield %	1.10%					
	YTD %	-3.23%							
HOLD									
Jamaica Producers Group (JP)	Current Price	\$19.81	EPS	\$3.41	ROE	23.55%	ROE	11.78%	<p>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.</p>
	52 Week High	\$26.95	BVPS	\$14.47	P/E	5.81	P/E	16.12	
	53 Week Low	\$15.00	T12M Div.	\$0.20	P/B	1.37	P/B	1.49	
	WoW %	1.07%	Div. Yield %	1.01%					
	YTD %	-5.67%							
BUY									

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Mutual Funds

JN MUTUAL FUNDS
January 21, 2021



A member of the Group

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.6850	-5.32%	-1.13%	2.17%
Global Equity	J\$14.8861	-15.87%	-1.13%	0.00%
Global Fixed Income	J\$12.7314	5.17%	0.59%	5.89%
Global Money Market (US\$)	US\$10.6366	3.48%	0.17%	3.71%
Global Fixed Income (US\$)	US\$10.9751	6.01%	-0.35%	4.74%
Local Money Market	J\$11.0857	3.97%	0.50%	4.31%

	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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