

Jamaica's Net International Reserves Up by 5.5% in December 2020

Jamaica's Net International Reserves (NIR) increased by US\$163.37 million or 5.5% in December 2020 to US\$3.13 billion. The movement in the NIR was driven by a simultaneous increase in foreign assets and a decline in foreign liabilities. Foreign assets increased by US\$148.76 million, due to increased currency and deposits and securities and a marginal increase in Special Drawing Rights & IMF Reserve Position. Foreign liabilities declined by US\$14.61 million as a result of higher International Monetary Fund liabilities. Jamaica's NIR has declined by 1.15% year to date from the US\$3.16 billion recorded at the end of 2019. Notwithstanding, at the current level, the NIR represents more than 38 weeks of goods and services imports, which is more than three times the 12-weeks benchmark.

Jamaica's economy is highly dependent on foreign exchange inflows from remittances and tourism and given the disruption caused by COVID-19 on its main source markets, the flow of foreign exchange to Jamaica remains uncertain. However, considering that a few vaccines are now being distributed in some of these countries and the approval stage for delivery to Jamaica is set for the first half of FY 2020/21, it is anticipated that there could be some return to normalcy in the near term and is the main upside risk to Jamaica's foreign exchange inflows and reserves level. The relatively high level of NIR at the end of December 2020, sends a positive signal about the Jamaican economy and provides confidence about the Central Bank's ability to support the Jamaican dollar, which could come under pressure over the next few months in the absence of the usual foreign exchange flows. Notwithstanding, we anticipate that the NIR will likely remain above the 12-weeks benchmark in the short term.

Currency Markets

International Currency Market

Currency	8-Jan	31-Dec	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.222	1.222	-0.39%	0.07%	0.07%	10.08%
GBP: USD	1.356	1.370	-0.04%	-0.79%	-0.79%	3.55%
USD: CAD	1.270	1.270	0.03%	-0.24%	-0.24%	-2.64%
USD: JPY	103.960	103.250	0.14%	0.69%	0.69%	-4.73%

Local Foreign Currency Market

Currency	8-Jan	7-Jan	31-Dec	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	143.55	143.20	142.65	0.24%	0.63%	8.28%
GBP:JMD	195.36	195.87	193.67	-0.26%	0.87%	13.8%
CAD:JMD	112.92	113.88	111.41	-0.85%	1.35%	12.7%

Global Interest Rates

Rates	8-Jan	31-Dec	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	1.11%	0.91%	3.00	20.00	20.00	-76.00
10 Year UK Gilt	0.29%	0.20%	1.00	9.00	9.00	-53.00
GOJ 2025 Global Bond	3.23%	3.25%	-2.00	-2.00	-2.00	-55.00
5 Year US Treasury Bond	0.48%	0.36%	2.00	12.00	12.00	-118.00
5 Year UK Gilt	-0.04%	-0.09%	2.00	5.00	5.00	-67.00

Week in Review: Jan 4 - Jan 8 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS			DECLINERS		
KLE	19.13%	↑	CAC	-18.08%	↓
SILUS	17.65%		RJR	-14.62%	
ICREATE	15.25%		CPFV	-13.00%	

JSE Main Market activity (excluding preference shares) resulted from trading in **44** stocks of which **17** advanced, **22** declined and **5** traded firm. Market volume (excluding preference shares) amounted to **73,481,149** units valued at over **\$211,060,812**. JSE Junior Market activity (excluding preference shares) resulted from trading in **40** stocks of which **18** advanced, **16** declined and **6** traded firm. Market volume (excluding preference shares) amounted to **23,631,908** units valued at over **\$55,013,944**.








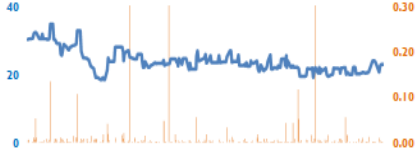



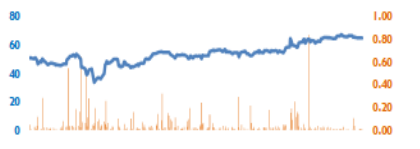




Global Equity Indices

Index	31-Dec	31-Dec	8-Jan	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,756.07	3,756.07	3,824.68	1.83%	1.83%	17.57%
Euro Stoxx 50	3,552.64	3,552.64	3,645.05	2.60%	2.60%	-3.38%
MXWD Index	646.27	646.27	662.52	2.51%	2.51%	16.88%
JSE Main Market Index	509,916.44	395,614.93	394,081.24	-0.39%	-22.72%	-22.31%
JSE Junior Market Index	3,348.97	2,643.38	2,645.45	0.08%	-21.01%	-18.36%
JSE Combined Index	505,253.98	392,435.92	391,045.87	-0.35%	-22.60%	-22.05%

Upcoming Week: Jan 11 - Dec 15 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless	9-Jan	785,000	787,000
US	CPI MoM	Dec	0.40%	0.20%
US	U. of Mich.	Jan P	80	80.7
US	MBA Mortgage	8-Jan	--	1.70%
UK	Industrial	Nov	0.50%	1.30%
JN	BoP Current	Nov	1.56T	2.14T
JN	Core Machine	Nov	-6.70%	17.10%
JN	PPI YoY	Dec	-2.20%	-2.20%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
January 8, 2021					
JMMB Group Ltd (JMMBGL)	Current Price \$33.27	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 Sagcor Financial Corporation allows JMMBGL to achieve further diversification and increased profitability.
	52 Week High \$48.50	BVPS \$26.13	 P/E 9.74	P/E 17.33	
BUY	53 Week Low \$28.00	T12M Div. \$0.25	 P/B 1.27	P/B 2.20	
	WoW % -4.10%	Div. Yield % 0.75%			
Derrimon Trading Co Ltd (DTL)	Current Price \$2.35	EPS \$0.10	 ROE 21.04%	ROE 14.87%	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 22.60	P/E 20.60	
BUY	53 Week Low \$1.40	T12M Div. \$0.01	 P/B 4.75	P/B 2.57	
	WoW % -1.12%	Div. Yield % 0.51%			
Seprod Ltd (SEP)	Current Price \$64.38	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 15.11	P/E 21.19	
BUY	53 Week Low \$30.00	T12M Div. \$1.30	 P/B 2.86	P/B 3.30	
	WoW % -0.80%	Div. Yield % 2.02%			
Wigton Windfarm Ltd(WIG)	Current Price \$0.75	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 \$0.99	BVPS \$0.35	 P/E 14.30	P/E 21.30	
HOLD	53 Week Low \$0.50	T12M Div. \$0.00	 P/B 2.12	P/B 1.17	
	WoW % -0.17%	Div. Yield % 0.33%			

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LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
January 8, 2021					
Jamaica Broilers Group Ltd (JBG)	Current Price	\$27.51	EPS (\$0.07)	ROE 189.98%	ROE 16.47%
	52 Week High	\$40.50	BVPS \$18.34		
	53 Week Low	\$21.00	T12M Div. \$0.03	P/E 1.50	P/E 21.19
	WoW %	-6.62%	Div. Yield % 31.00%		
	YTD %	1026.00%		P/B 14.48	P/B 3.30
BUY					<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>
Wisynco Ltd (WISYNCO)	Current Price	\$16.32	EPS (\$0.03)	ROE 441.31%	ROE 16.47%
	52 Week High	\$24.00	BVPS \$25.21		
	53 Week Low	\$11.50	T12M Div. \$0.15	P/E 0.65	P/E 21.19
	WoW %	-3.11%	Div. Yield % 18.00%		
	YTD %	0.00%		P/B 3.70	P/B 3.30
HOLD					<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 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.</p>
Jamaica Producers Group (JP)	Current Price	\$20.77	EPS (\$0.01)	ROE 143.50%	ROE 11.78%
	52 Week High	\$27.46	BVPS \$6.09		
	53 Week Low	\$15.00	T12M Div. \$0.07	P/E 3.41	P/E 16.62
	WoW %	-1.10%	Div. Yield % 0.00%		
	YTD %	3100.00%		P/B 14.47	P/B 1.55
BUY					<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>

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Mutual Funds



A member of the Group

JN MUTUAL FUNDS

January 7, 2021

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.8380	-4.41%	-0.02%	2.25%
Global Equity	J\$14.9603	-15.91%	-0.64%	0.00%
Global Fixed Income	J\$12.6936	5.58%	0.29%	4.90%
Global Money Market (US\$)	US\$10.6244	3.46%	0.06%	3.73%
Global Fixed Income (US\$)	US\$11.0073	6.43%	-0.06%	4.76%
Local Money Market	J\$11.0547	3.84%	0.22%	4.36%

	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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