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## US inflation trending lower; consumer spending strong in December

U.S. prices rose marginally in December, keeping the annual increase in inflation below 3% for a third straight month, bolstering expectations that the Federal Reserve will start cutting interest rates this year. The timing of the anticipated rate cut is, however, uncertain, as the report from the Commerce Department on Friday also showed consumer spending surging at the end of 2023 as Americans splurged over the holidays. Financial markets have pushed the odds of a March rate cut to below 50% in a nod to the economy's continued resilience. The U.S. central bank is expected to keep its policy rate unchanged at the current 5.25% to 5.50% range at its meeting next week.

The Personal Consumption Expenditures (PCE) price index increased 0.2% last month after an unrevised 0.1% drop in November, the Commerce Department's Bureau of Economic Analysis said. Food prices rose by 0.1% and the cost of energy products increased by 0.3%. In the 12 months through December, the PCE price index increased by 2.6%, matching November's unrevised gain. The inflation readings were in line with economists' expectations. Excluding the volatile food and energy components, the PCE price index gained 0.2% last month after rising 0.1% in November. The core PCE price index increased 2.9% year-on-year, the smallest advance since March 2021, after rising 3.2% in November.

The Fed tracks the PCE price measures for its 2% inflation target. Monthly inflation readings of 0.2% over time are necessary to bring inflation back to target, economists say. Easing inflation, rising wages, and households tapping their savings all combine to boost consumer spending and support the overall economy. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, jumped 0.7% last month after rising 0.4% in November. There were gains in outlays of both services and goods.

Source: Reuters

### Currency Markets

#### International Currency Market

Currency	26-Jan	19-Jan	DoD % Δ	WoW % Δ	YTD% Δ	YoY% Δ
EUR: USD	1.085	1.090	0.06%	-0.41%	-1.68%	-0.36%
GBP: USD	1.270	1.270	-0.06%	-0.02%	-0.24%	2.35%
USD: CAD	1.345	1.340	-0.20%	0.14%	1.55%	0.95%
USD: JPY	148.150	148.120	0.33%	0.02%	5.04%	13.77%

#### Local Foreign Currency Market

Currency	26-Jan	25-Jan	19-Jan	DoD % Δ	WoW % Δ	YTD% Δ
USD:JMD	156.40	156.41	156.08	-0.01%	0.20%	0.93%
GBP:JMD	199.88	198.43	197.90	0.73%	1.00%	1.2%
CAD:JMD	116.37	120.93	116.49	-3.77%	-0.10%	-1.3%

### Global Interest Rates

Rates	26-Jan	19-Jan	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	4.14%	4.12%	2.00	2.00	26.00	65.00
10 Year UK Gilt	3.96%	3.93%	-2.00	3.00	42.00	64.00
GOJ 2025 Global Bond	6.61%	6.50%	-13.00	11.00	257.00	17.00
5 Year US Treasury Bond	4.04%	4.05%	4.00	-1.00	19.00	45.00
5 Year UK Gilt	3.89%	3.85%	-3.00	4.00	43.00	70.00

### Week in Review: January 22 - January 26, 2024

#### Local Equity Market

##### BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
SCIUSD	27.92%	LAB	-13.14%
KLE	22.28%	CABROKERS	-10.67%
FIRSTROCKUSD	17.18%	MGL	-9.09%

JSE Main Market activity (excluding preference shares) resulted from trading in **50** stocks of which **24** advanced, **22** declined and **4** traded firm. Market Volume (excluding preference shares) amounted to **57,204,003** units valued at over **\$319,546,556**. JSE Junior Market activity (excluding preference shares) resulted from trading in **47** stocks of which **28** advanced, **16** declined and **3** traded firm. Market volume (excluding preference shares) amounted to **44,168,836** units valued at over **\$119,921,913**.

#### Global Equity Indices

Index	29-Dec	19-Jan	26-Jan	WoW % Δ	YTD% Δ	YoY% Δ
S&P 500	4,769.83	4,839.81	4,890.97	1.06%	2.54%	20.45%
Euro Stoxx 50	4,521.44	4,448.83	4,635.47	4.20%	2.52%	11.06%
MXWD Index	727.00	724.32	733.62	1.28%	0.91%	13.16%
JSE Main Market Index	325,699.79	321,375.67	323,274.84	0.59%	-0.74%	-4.46%
JSE Junior Market Index	3,848.33	3,729.58	3,759.37	0.80%	-2.31%	-3.21%
JSE Combined Index	339,158.12	334,062.80	336,104.77	0.61%	-0.90%	-4.32%

### Upcoming Week: January 29 — February 2, 2024

Country	Report	Period	Forecast	Prior
US	Change in Nonfarm Payrolls	Jan	180,000	216,000
US	Initial Jobless Claims	27-Jan	210,000	214,000
US	FOMC Rate Decision (Upper)	31-Jan	5.50%	5.50%
US	ISM Manufacturing	Jan	47	47.4
UK	Bank of England Bank Rate	1-Feb	5.25%	5.25%
UK	S&P Global UK Manufacturing	Jan F	47.3	47.3
CA	S&P Global Canada Manufacturing	Jan	46.5	45.4
JN	Industrial Production MoM	Dec P	2.50%	-0.90%

# LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	
January 26, 2024						
Grace Kennedy Ltd (GK)	Current Price	\$76.16	EPS	\$7.86	ROE	10.05%
	52 Week High	\$85.00	BVPS	\$78.16	P/E	9.70
	53 Week Low	\$60.00	T12M Div.	\$2.06	P/B	0.97
	WoW %	-0.79%	Div. Yield %	2.62%		
BUY	YTD %	-4.10%				
Jamaica Producers Group (JP)	Current Price	\$22.13	EPS	\$11.81	ROE	41.56%
	52 Week High	\$27.00	BVPS	\$28.41	P/E	1.87
	53 Week Low	\$18.00	T12M Div.	\$0.30	P/B	0.78
	WoW %	0.50%	Div. Yield %	1.50%		
BUY	YTD %	0.59%				
Wisynco Ltd (WISYNCO)	Current Price	\$21.00	EPS	\$1.38	ROE	22.82%
	52 Week High	\$22.50	BVPS	\$6.04	P/E	15.25
	53 Week Low	\$16.00	T12M Div.	\$0.42	P/B	3.48
	WoW %	3.55%	Div. Yield %	2.53%		
BUY	YTD %	#N/A				
JMMB Group Ltd (JMMBGL)	Current Price	\$24.00	EPS	\$6.24	ROE	24.27%
	52 Week High	\$36.00	BVPS	\$25.70	P/E	3.85
	53 Week Low	* 23.72	T12M Div.	\$0.00	P/B	0.93
	WoW %	-2.32%	Div. Yield %	0.00%		
BUY	YTD %	-7.41%				

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# LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	
January 26, 2024						
Jamaica Broilers Group Ltd (JBG)	Current Price	\$33.06	EPS	\$4.09	ROE	17.83%
	52 Week High	\$39.99	BVPS	\$22.96	ROE	11.61%
Jamaica Broilers Group Ltd (JBG)	53 Week Low	\$28.50	T12M Div.	\$0.78	P/E	8.08
	WoW %	1.41%	Div. Yield %	2.58%	P/E	12.45
Jamaica Broilers Group Ltd (JBG)	YTD %	-3.19%			P/B	1.44
					P/B	2.46
Jamaica Broilers Group Ltd (JBG)						
	BUY					
Sygnus Real Estate Finance Limited (SRFJMD)	Current Price	\$10.20	EPS	\$1.34	ROE	3.27%
	52 Week High	\$15.00	BVPS	\$40.92	ROE	7.17%
Sygnus Real Estate Finance Limited (SRFJMD)	53 Week Low	\$8.90	T12M Div.	\$0.00	P/E	7.62
	WoW %	-0.49%	Div. Yield %	0.00%	P/E	15.38
Sygnus Real Estate Finance Limited (SRFJMD)	YTD %	-0.39%			P/B	0.25
					P/B	0.77
Sygnus Real Estate Finance Limited (SRFJMD)						
	BUY					
Scotia Group Jamaica Ltd (SGJ)	Current Price	\$40.22	EPS	\$5.50	ROE	15.05%
	52 Week High	\$41.51	BVPS	\$36.58	ROE	5.70%
Scotia Group Jamaica Ltd (SGJ)	53 Week Low	\$30.00	T12M Div.	\$1.30	P/E	7.31
	WoW %	3.02%	Div. Yield %	3.74%	P/E	10.87
Scotia Group Jamaica Ltd (SGJ)	YTD %	4.88%			P/B	1.10
					P/B	1.30
Scotia Group Jamaica Ltd (SGJ)						
	BUY					

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# Mutual Funds



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## JN MUTUAL FUNDS

January 25, 2024

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.4504	4.09%	-0.21%	3.13%
Global Equity	J\$14.4161	0.38%	-0.27%	0.00%
Global Fixed Income	J\$15.0671	8.50%	0.75%	7.16%
Global Money Market (US\$)	US\$11.5725	1.30%	0.21%	3.20%
Global Fixed Income (US\$)	US\$11.4752	-0.15%	0.17%	3.32%
Local Money Market	J\$13.1527	7.81%	0.88%	7.40%

	Global Money Market Fund	Local Money Market Fund	Global Fixed Income Funds	Global Diversified Income Fund	Global Equity Fund
<b>Objective</b>	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.
<b>Strategy</b>	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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