

US Business Activity Expands at Slower Pace for a Second Consecutive Month

According to the most recent IHS Markit report, the United States (US) Flash Composite Output Index, which measures services and manufacturing activity, recorded a preliminary reading of 59.7 in July 2021, down from the final reading of 63.7 in June. Despite the month-over-month decline, the reading remains above the 50-mark threshold which indicates an expansion in private sector output. However, July's reading was the slowest rate of expansion in the last four months and was attributable to a slower upturn in new business across the service sector. The overall movement in business activity was offset by an increase in the manufacturing sector as new orders rose, new and existing customers increased their spending and foreign client demand increased. Business confidence eased to a seven-month low because of increased labour and material shortages, rising inflationary pressures, and continued concerns surrounding the pandemic. Despite the decline however, business confidence remains at an optimistic level.

Businesses continue to be concerned about inflationary pressures, supply constraints, the path of COVID-19 pandemic, especially since currently the highly transmissible Delta variant is the dominant strain in the US. These downside risks are likely impacting the pace of reopening, business and consumer confidence and ultimately the level of business activity in the ensuing periods. Notwithstanding, at 59.7, US businesses are currently expanding at a relatively rapid pace.

Currency Markets

International Currency Market

Currency	23-Jul	16-Jul	DoD % Δ	WoW % Δ	YTD% Δ	YoY% Δ
EUR: USD	1.177	1.181	-0.01%	-0.30%	4.97%	1.50%
GBP: USD	1.375	1.377	-0.13%	-0.12%	3.72%	7.92%
USD: CAD	1.256	1.261	0.01%	-0.39%	-3.28%	-6.31%
USD: JPY	110.550	110.070	0.37%	0.44%	1.79%	3.45%

Local Foreign Currency Market

Currency	23-Jul	22-Jul	16-Jul	DoD % Δ	WoW % Δ	YTD% Δ
USD:JMD	155.34	154.86	155.00	0.31%	0.22%	8.90%
GBP:JMD	213.89	213.94	214.32	-0.02%	-0.20%	12.5%
CAD:JMD	127.14	126.18	124.49	0.77%	2.13%	15.1%

Global Interest Rates

Rates	23-Jul	16-Jul	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	1.28%	1.29%	0.14	-1.06	-63.78	70.23
10 Year UK Gilt	0.58%	0.63%	1.80	-4.20	-23.80	46.00
GOJ 2025 Global Bond	3.44%	3.43%	-0.20	1.20	-41.00	-106.00
5 Year US Treasury Bond	0.71%	0.77%	-0.51	-6.00	-97.76	44.27
5 Year UK Gilt	0.28%	0.33%	1.30	-4.90	-32.20	39.00

Week in Review: July 19 - July 23, 2021

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
RJR	26.95%	ELITE	-11.67%
PURITY	19.05%	EPLY	-11.55%
PJX	12.36%	MDS	-10.04%

JSE Main Market activity (excluding preference shares) resulted from trading in 47 stocks of which 17 advanced, 28 declined and 2 traded firm. Market volume (excluding preference shares) amounted to 93,062,288 units valued at over 576,492,548. JSE Junior Market activity (excluding preference shares) resulted from trading in 40 stocks of which 11 advanced, 25 declined and 4 traded firm. Market volume (excluding preference shares) amounted to 19,572,374 units valued at over \$55,532,877.

Global Equity Indices

Index	31-Dec	16-Jul	23-Jul	WoW % Δ	YTD% Δ	YoY% Δ
S&P 500	3,230.65	4,327.16	4,411.79	1.96%	36.56%	36.35%
Euro Stoxx 50	3,745.15	4,035.77	4,109.10	1.82%	9.72%	21.87%
MXWD Index	565.24	719.17	727.13	1.11%	28.64%	31.61%
JSE Main Market Index	395,614.93	420,071.66	419,356.37	-0.17%	6.00%	13.04%
JSE Junior Market Index	2,643.38	3,400.73	3,369.03	-0.93%	27.45%	30.46%
JSE Combined Index	392,435.92	423,042.60	422,064.63	-0.23%	7.55%	14.35%

Upcoming Week: July 26 - July 30, 2021

Country	Report	Period	Forecast	Prior
US	Initial Jobless	24-Jul	380,000	419,000
US	FOMC Rate	28-Jul	0.25%	0.25%
US	GDP	2Q A	8.50%	6.40%
US	U. of Mich.	Jul F	80.80	80.80
JN	Industrial	Jun P	5.00%	-6.50%
JN	Jobless Rate	Jun	3.00%	3.00%
CA	CPI YoY	Jun	3.20%	3.60%
UK	Nationwide	Jul	0.30%	0.70%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
July 23, 2021					
Guardian Holdings Ltd. (GHL)	Current Price \$647.49	EPS \$91.05	ROE 20.98%	ROE 13.78%	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 \$434.00	P/E 7.11	P/E 13.61	
BUY	53 Week Low \$640.00	T12M Div. \$0.00	P/B 1.49	P/B 2.10	
	WoW % -1.54%	Div. Yield % 0.00%			
	YTD % 11.16%				
Derrimon Trading Co Ltd (DTL)	Current Price \$2.48	EPS \$0.08	ROE 6.79%	ROE 15.50%	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 \$1.21	P/E 30.19	P/E 28.87	
BUY	53 Week Low \$2.20	T12M Div. \$0.01	P/B 2.05	P/B 3.35	
	WoW % 0.02%	Div. Yield % 0.48%			
	YTD % 4.47%				
Seprod Ltd (SEP)	Current Price \$67.52	EPS \$3.81	ROE 16.16%	ROE 16.85%	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 \$23.55	P/E 17.75	P/E 29.15	
HOLD	53 Week Low \$50.10	T12M Div. \$0.60	P/B 2.87	P/B 4.37	
	WoW % -4.68%	Div. Yield % 1.15%			
	YTD % 4.05%				
Jamaica Producers Group (JP)	Current Price \$23.81	EPS \$3.34	ROE 11.92%	ROE 10.74%	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 \$28.03	P/E 7.13	P/E 13.24	
HOLD	53 Week Low \$19.00	T12M Div. \$0.20	P/B 0.85	P/B 1.37	
	WoW % -2.79%	Div. Yield % 0.88%			
	YTD % 13.40%				
Wisynco Ltd (WISYNCO)	Current Price \$15.66	EPS \$0.70	ROE 17.64%	ROE 16.85%	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 \$18.00	BVPS \$3.97	P/E 22.34	P/E 29.15	
BUY	53 Week Low \$13.00	T12M Div. \$0.19	P/B 3.94	P/B 4.37	
	WoW % 0.07%	Div. Yield % 1.09%			
	YTD % -7.02%				

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Mutual Funds

JN MUTUAL FUNDS

July 22, 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\$14.0795	3.08%	1.72%	2.21%
Global Equity	J\$16.2527	14.52%	7.95%	0.00%
Global Fixed Income	J\$13.0469	4.78%	3.08%	5.25%
Global Money Market (US\$)	US\$10.8259	3.54%	1.96%	2.40%
Global Fixed Income (US\$)	US\$11.1885	7.05%	1.59%	3.17%
Local Money Market	J\$11.3831	4.75%	3.20%	4.17%

	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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