

## Jamaica's Net International Reserves Marginally Declined in June 2021

According to the Bank of Jamaica, Jamaica's Net International Reserves (NIR) declined by US\$30.19 million or 0.88% in June 2021 to US\$3.39 billion. June's NIR movement was driven by a decline in foreign assets and a simultaneous decline in foreign liabilities. The Foreign assets decreased by US\$ 63.24 million which was primarily due to a decline in currency and deposits, while foreign liabilities declined by US\$ 33.05 million as a result of a reduction in liabilities to the International Monetary Fund (IMF). Year-to-date, Jamaica's NIR increased by 8.40% and at the current level, represents approximately 30 weeks of goods and services imports, which are higher than the 12-weeks benchmark.

Given the improvements in economic conditions since the start of the pandemic, we anticipate that Jamaica's remittance could remain high and at a sufficient level over the short term. This is further boosted by the relatively speedy progress towards normalcy return in Jamaica's main trading partner countries (such as the United States and the United Kingdom), coupled with the reduction of COVID-19 cases and vaccinations locally. However, given the fact that new, more transmissible variants have emerged, which could lead to another round of lockdowns, and impact Jamaica's tourism and remittance inflows, the trajectory of the Jamaica's net international reserves remain uncertain.

### Currency Markets

#### International Currency Market

Currency	9-Jul	2-Jul	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.188	1.187	0.29%	0.12%	-2.76%	5.26%
GBP: USD	1.390	1.380	0.81%	0.53%	1.66%	10.24%
USD: CAD	1.245	1.230	-0.69%	1.02%	-2.18%	-8.38%
USD: JPY	110.130	111.050	0.37%	-0.83%	6.66%	2.73%

#### Local Foreign Currency Market

Currency	9-Jul	8-Jul	2-Jul	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	153.89	153.61	150.45	0.18%	2.28%	7.88%
GBP:JMD	212.54	207.80	206.65	2.28%	2.85%	11.8%
CAD:JMD	123.85	119.57	119.92	3.58%	3.28%	12.1%

### Global Interest Rates

Rates	9-Jul	2-Jul	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	1.36%	1.42%	7.00	-6.00	45.00	75.00
10 Year UK Gilt	0.66%	0.70%	5.00	-4.00	46.00	50.00
GOJ 2025 Global Bond	3.48%	3.51%	-3.00	-3.00	3.00	-132.00
5 Year US Treasury Bond	0.78%	0.86%	4.00	-8.00	42.00	50.00
5 Year UK Gilt	0.30%	0.32%	4.00	-2.00	39.00	36.00

### Week in Review: July 5 - July 9, 2021

#### Local Equity Market

##### BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
SSLVC	36.51%	PJX	-24.34%
MPCCEL	25.64%	KEX	-18.43%
FIRSTROCKUSD	20.30%	TJHUSD	-16.85%

JSE Main Market activity (excluding preference shares) resulted from trading in 46 stocks of which 24 advanced, 18 declined and 4 traded firm. Market volume (excluding preference shares) amounted to 43,211,385 units valued at over 945,777,222. JSE Junior Market activity (excluding preference shares) resulted from trading in 42 stocks of which 19 advanced, 20 declined and 3 traded firm. Market volume (excluding preference shares) amounted to 24,233,937 units valued at over \$89,449,951.

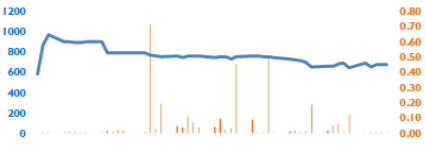
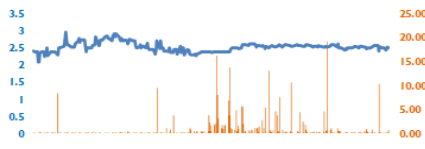
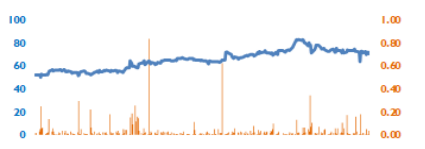
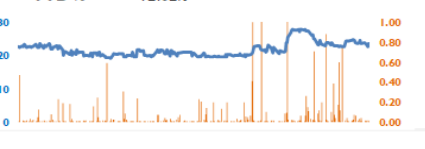

#### Global Equity Indices

Index	31-Dec	2-Jul	9-Jul	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,756.07	4,352.34	4,369.55	0.40%	16.33%	38.63%
Euro Stoxx 50	3,552.64	4,084.31	4,068.09	-0.40%	14.51%	24.74%
MXWD Index	646.27	724.66	723.60	-0.15%	11.97%	34.38%
JSE Main Market Index	395,614.93	424,163.22	426,626.34	0.58%	7.84%	15.31%
JSE Junior Market Index	2,643.38	3,402.30	3,355.95	-1.36%	26.96%	29.27%
JSE Combined Index	392,435.92	426,876.85	428,675.22	0.42%	9.23%	16.38%

### Upcoming Week: July 12 - July 16, 2021

Country	Report	Period	Forecast	Prior
US	Initial Jobless Claims	10-Jul	350,000	373,000
US	CPI MoM	Jun	0.50%	0.60%
US	U. of Mich. Sentiment	Jul P	86.50	85.50
US	Retail Sales Advance MoM	Jun	-0.60%	-1.30%
UK	CPI YoY	Jun	2.20%	2.10%
UK	CPI MoM	Jun	0.20%	0.60%
UK	Jobless Claims Change	Jun	--	-92,600
JN	Industrial Production MoM	May F	--	-5.90%

# LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	Js	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
July 9, 2021						
Guardian Holdings Ltd. (GHL)	BUY	<p>Current Price <b>\$674.68</b></p> <p>52 Week High <b>\$1,134.90</b></p> <p>53 Week Low <b>\$640.00</b></p> <p>WoW % <b>5.15%</b></p> <p>YTD % <b>15.83%</b></p> 	<p>EPS <b>\$91.05</b></p> <p>BVPS <b>\$434.00</b></p> <p>T12M Div. <b>\$0.00</b></p> <p>Div. Yield % <b>0.00%</b></p>	<p>ROE <b>20.98%</b></p> <p>P/E <b>7.41</b></p> <p>P/B <b>1.55</b></p>	<p>ROE <b>14.32%</b></p> <p>P/E <b>16.29</b></p> <p>P/B <b>2.16</b></p>	<p>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.</p>
Derrimon Trading Co Ltd (DTL)	BUY	<p>Current Price <b>\$2.50</b></p> <p>52 Week High <b>\$3.10</b></p> <p>53 Week Low <b>\$2.05</b></p> <p>WoW % <b>0.00%</b></p> <p>YTD % <b>5.20%</b></p> 	<p>EPS <b>\$0.08</b></p> <p>BVPS <b>\$1.21</b></p> <p>T12M Div. <b>\$0.01</b></p> <p>Div. Yield % <b>0.55%</b></p>	<p>ROE <b>6.79%</b></p> <p>P/E <b>30.39</b></p> <p>P/B <b>2.06</b></p>	<p>ROE <b>13.51%</b></p> <p>P/E <b>36.19</b></p> <p>P/B <b>3.39</b></p>	<p>Derrimon is vertically integrated whereby it manufactures and distributes through its own channels such as Sompars 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.</p>
Seprod Ltd (SEP)	HOLD	<p>Current Price <b>\$71.82</b></p> <p>52 Week High <b>\$85.00</b></p> <p>53 Week Low <b>\$50.00</b></p> <p>WoW % <b>1.60%</b></p> <p>YTD % <b>10.67%</b></p> 	<p>EPS <b>\$3.81</b></p> <p>BVPS <b>\$23.55</b></p> <p>T12M Div. <b>\$0.60</b></p> <p>Div. Yield % <b>1.19%</b></p>	<p>ROE <b>16.16%</b></p> <p>P/E <b>18.87</b></p> <p>P/B <b>3.05</b></p>	<p>ROE <b>16.85%</b></p> <p>P/E <b>30.76</b></p> <p>P/B <b>4.57</b></p>	<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>
Jamaica Producers Group (JP)	HOLD	<p>Current Price <b>\$23.65</b></p> <p>52 Week High <b>\$31.00</b></p> <p>53 Week Low <b>\$19.00</b></p> <p>WoW % <b>0.34%</b></p> <p>YTD % <b>12.62%</b></p> 	<p>EPS <b>\$3.34</b></p> <p>BVPS <b>\$28.03</b></p> <p>T12M Div. <b>\$0.20</b></p> <p>Div. Yield % <b>0.82%</b></p>	<p>ROE <b>11.92%</b></p> <p>P/E <b>7.08</b></p> <p>P/B <b>0.84</b></p>	<p>ROE <b>10.74%</b></p> <p>P/E <b>13.66</b></p> <p>P/B <b>1.40</b></p>	<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>
Wisynco Ltd (WISYNCO)	BUY	<p>Current Price <b>\$15.72</b></p> <p>52 Week High <b>\$18.26</b></p> <p>53 Week Low <b>\$13.00</b></p> <p>WoW % <b>-1.50%</b></p> <p>YTD % <b>-6.68%</b></p> 	<p>EPS <b>\$0.70</b></p> <p>BVPS <b>\$3.97</b></p> <p>T12M Div. <b>\$0.19</b></p> <p>Div. Yield % <b>1.05%</b></p>	<p>ROE <b>17.64%</b></p> <p>P/E <b>22.43</b></p> <p>P/B <b>3.96</b></p>	<p>ROE <b>16.85%</b></p> <p>P/E <b>30.76</b></p> <p>P/B <b>4.57</b></p>	<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>

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# Mutual Funds

## JN MUTUAL FUNDS

July 8, 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\$14.0947	3.03%	1.83%	1.99%
Global Equity	J\$16.3004	15.78%	8.27%	0.00%
Global Fixed Income	J\$12.9801	4.72%	2.55%	5.40%
Global Money Market (US\$)	US\$10.8117	3.56%	1.82%	2.40%
Global Fixed Income (US\$)	US\$11.1779	8.25%	1.49%	3.21%
Local Money Market	J\$11.3086	4.39%	2.52%	4.13%

	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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