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## Oil Demand Forecast Improves, But Outlook Highly Uncertain

In their latest monthly report dated July 2020, the International Energy Agency (IEA) forecasts a slight improvement in global oil demand for 2020. The agency anticipates that demand will improve to now average 92.1 million barrels per day (mb/d) this year, down by 7.9 mb/d when compared to 2019.

The IEA's June 2020 forecast was for an 8.1 mb/d decline. The improved projection for 2020 was attributable to the less severe decline in oil demand during the second quarter of 2020 than previously anticipated. The easing of lockdown measures in many countries supported the pick-up in oil deliveries over the last three months. The IEA anticipates that global oil refining activity will fall by 6.4 mb/d in 2020 and a demand recovery of 5.31 mb/d in 2021.

Despite the improvements in oil demand, the IEA warns that the increase in the number of COVID-19 cases has led to a re-imposition of lockdowns in some regions including North and Latin America, which presents downside risk for the global demand oil outlook. With the increase in COVID-19 cases and the possibility of an increase in the US/China trade tensions, global demand for oil remains highly uncertain.

### Currency Markets

#### International Currency Market

Currency	10-Jul	3-Jul	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.130	1.125	0.12%	0.44%	0.76%	0.42%
GBP: USD	1.262	1.250	0.13%	1.12%	-4.78%	0.97%
USD: CAD	1.360	1.350	0.09%	0.38%	4.68%	3.94%
USD: JPY	106.930	107.510	-0.25%	-0.54%	-1.55%	-1.41%

#### Local Foreign Currency Market

Currency	10-Jul	9-Jul	3-Jul	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	144.05	143.94	142.20	0.08%	1.30%	8.66%
GBP:JMD	183.66	183.53	179.57	0.07%	2.28%	7.0%
CAD:JMD	107.77	106.67	106.32	1.04%	1.36%	7.6%

### Global Interest Rates

Rates	10-Jul	3-Jul	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.64%	0.67%	3.00	-3.00	-128.00	-142.00
10 Year UK Gilt	0.16%	0.19%	0.00	-3.00	-66.00	-60.00
GOJ 2025 Global Bond	4.73%	4.74%	-7.00	-1.00	88.00	34.00
5 Year US Treasury Bond	0.30%	0.30%	2.00	0.00	-139.00	-153.00
5 Year UK Gilt	-0.07%	-0.04%	-1.00	-3.00	-67.00	-63.00

### Week in Review: July 6 – July 10, 2020

#### Local Equity Market

##### BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
ISP	33.17%	CFF	-23.47%
INDIES	27.04%	KEX	-17.57%
PJX	22.45%	AMG	-16.77%

JSE Main Market activity (excluding preference shares) resulted from trading in 44 stocks of which 12 advanced, 30 declined and 2 traded firm. Market volume (excluding preference shares) amounted to 29,464,227 units valued at over \$353,971,712. JSE Junior Market activity (excluding preference shares) resulted from trading in 38 stocks of which 13 advanced, 22 declined and 3 traded firm. Market volume (excluding preference shares) amounted to 62,627,458 units valued at over \$158,449,295.












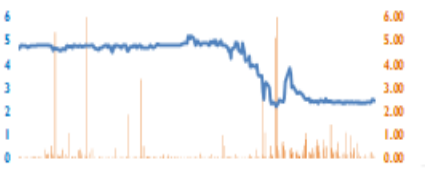




#### Global Equity Indices

Index	31-Dec	3-Jul	10-Jul	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,230.65	3,130.01	3,185.04	1.76%	-1.41%	6.41%
Euro Stoxx 50	3,745.15	3,294.38	3,296.22	0.06%	-11.99%	-5.86%
MXWD Index	565.24	532.50	538.49	1.12%	-4.73%	2.00%
JSE Main Market Index	509,916.44	378,603.79	367,397.15	-2.96%	-27.95%	-23.60%
JSE Junior Market Index	3,348.97	2,539.19	2,532.08	-0.28%	-24.39%	-17.43%
JSE Combined Index	505,253.98	375,664.33	365,273.89	-2.77%	-27.70%	-23.18%

### Upcoming Week: July 13 – July 17, 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless Claims	11-Jul	--	1,310,000
US	CPI MoM	Jun	--	-0.10%
US	U. of Mich. Sentiment	Jul P	--	78.10
CA	Bank of Canada Rate Decision	15-Jul	--	0
UK	CPI YoY	Jun	--	0.50%
JN	Industrial Production MoM	May F	--	-8.40%
EC	ECB Main Refinancing Rate	16-Jul	--	0.00%

# LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	Js	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
July 10, 2020						
JMMB Group Ltd (JMMBGL)	Current Price \$30.72 52 Week High \$55.07 53 Week Low \$30.01 WoW % -2.27% YTD % -34.01%		EPS \$2.48 BVPS \$26.29 T12M Div. \$0.49 Div. Yield % 1.60%	 ROE 9.44%  P/E 12.38  P/B 1.17	ROE 16.00% P/E 14.19 P/B 1.46	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.
BUY						
Access Financial Services Ltd (AFS)	Current Price \$23.23 52 Week High \$47.95 53 Week Low \$17.65 WoW % -3.20% YTD % -32.60%		EPS \$1.20 BVPS \$7.91 T12M Div. \$0.49 Div. Yield % 2.11%	 ROE 15.19%  P/E 19.34  P/B 2.94	ROE 30.05% P/E 50.05 P/B 2.59	AFS has experienced fluctuating results over the last four years, which has translated into less than steady growth in net profits. Due to the microfinance industry's importance in meeting the needs of the "unbanked", the industry has been in the focus of the government in recent times and is expected to face new regulations in the near term. Among others, the Microcredit Act tabled in parliament in 2019, is expected to curb the "excessive interest rates" being charged by microlenders. However, this and other regulations could likely make the industry less attractive and may ultimately lead to a slowing of funding flows to the vital MSMEs. The current coronavirus pandemic is another major downside risk that is already leading to a curtailment of economic activity in Jamaica. As AFS' loan portfolio is heavily skewed towards personal loans, we project that the company will struggle to grow its loan portfolio over the short to medium term due to the expected decline in loan demand and that its provision for credit losses will increase as its borrowers' creditworthiness becomes impaired.
SELL						
Caribbean Producers Jamaica Ltd (CPJ)	Current Price \$2.45 52 Week High \$5.30 53 Week Low \$2.00 WoW % 2.65% YTD % -52.80%		EPS (\$0.02) BVPS \$2.72 T12M Div. \$0.00 Div. Yield % 0.00%	 ROE -0.77%  P/E -116.97  P/B 0.90	ROE 16.84% P/E 17.48 P/B 2.76	CPJ is a leading foodservice supplier to the hospitality sector in Jamaica, with over 25 years of experience. Over the years, the Company has focused on generating operational efficiencies in order to remain competitive in a fast-changing industry and where the cost structure of the business is such that its gross and profit margins are extremely low. The knock-on effect of the low margins is that the Company does not have the flexibility to absorb cost shocks before generating losses. Over the years, CPJ has tried to diversify its business to serve clients in the wider hospitality and retail sectors, however, its revenues are still dominated by its transactions within the tourism industry. As a result, with the current virtual shuttering of hotels and the limits placed on others in the hospitality sector, such as bars and restaurants, and supermarkets, our projection is that over the short to medium term CPJ's profitability is likely to be significantly impaired.
SELL						
Wigton Windfarm Ltd (WIG)	Current Price \$0.78 52 Week High \$1.15 53 Week Low \$0.50 WoW % -0.42% YTD % -19.53%		EPS \$0.05 BVPS \$0.31 T12M Div. \$0.00 Div. Yield % 0.00%	 ROE 15.00%  P/E 16.79  P/B 2.52	ROE 6.95% P/E 16.22 P/B 1.60	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.
HOLD						

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# LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
July 10, 2020					
Jamaica Broilers Group Ltd (JBG)	<p>Current Price <b>\$25.86</b></p> <p>52 Week High <b>\$43.63</b></p> <p>53 Week Low <b>\$21.00</b></p> <p>WoW % <b>-9.79%</b></p> <p>YTD % <b>-36.77%</b></p>	<p>EPS <b>\$1.75</b></p> <p>BVPS <b>\$13.39</b></p> <p>T12M Div. <b>\$0.57</b></p> <p>Div. Yield % <b>2.20%</b></p>	<p>ROE <b>13.10%</b></p> <p>P/E <b>14.74</b></p> <p>P/B <b>1.93</b></p>	<p>ROE <b>13.99%</b></p> <p>P/E <b>24.89</b></p> <p>P/B <b>3.25</b></p>	<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 H-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>
<b>BUY</b>					
Wisynco Ltd (WISYNCO)	<p>Current Price <b>\$17.53</b></p> <p>52 Week High <b>\$30.00</b></p> <p>53 Week Low <b>\$11.50</b></p> <p>WoW % <b>-1.49%</b></p> <p>YTD % <b>-24.78%</b></p>	<p>EPS <b>\$0.81</b></p> <p>BVPS <b>\$3.41</b></p> <p>T12M Div. <b>\$0.19</b></p> <p>Div. Yield % <b>1.08%</b></p>	<p>ROE <b>23.69%</b></p> <p>P/E <b>21.70</b></p> <p>P/B <b>5.14</b></p>	<p>ROE <b>13.99%</b></p> <p>P/E <b>24.89</b></p> <p>P/B <b>3.25</b></p>	<p>Wisynco's customers typically include restaurants, supermarkets retail and wholesale 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>
<b>HOLD</b>					
Seprod Ltd (SEP)	<p>Current Price <b>\$51.58</b></p> <p>52 Week High <b>\$70.00</b></p> <p>53 Week Low <b>\$30.00</b></p> <p>WoW % <b>-0.80%</b></p> <p>YTD % <b>1.17%</b></p>	<p>EPS <b>\$1.84</b></p> <p>BVPS <b>\$21.30</b></p> <p>T12M Div. <b>\$1.00</b></p> <p>Div. Yield % <b>1.94%</b></p>	<p>ROE <b>8.63%</b></p> <p>P/E <b>28.07</b></p> <p>P/B <b>2.42</b></p>	<p>ROE <b>13.99%</b></p> <p>P/E <b>24.89</b></p> <p>P/B <b>3.25</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. The restrictions being placed on some of Seprod's key customer groups are likely to lead to a depression in the consumption of the company's products, notwithstanding, that most of what Seprod manufactures and distributes are 'necessity items. Our estimate is that Seprod's revenues will contract by ~14% in FY 2020. As thousands of Jamaicans have lost their jobs, unemployment will likely increase in the short to medium term. Even in cases where jobs are retained, some employers have looked to salary cuts in keeping employees. With the expected reduction in income it is likely that the support for the company's "normal goods" will be low.</p>
<b>HOLD</b>					

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# Mutual Funds

## JN MUTUAL FUNDS

July 9, 2020

Fund Managers Ltd.

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JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
<b>Global Diversified Income</b>	J\$13.5989	-1.83%	-6.87%	2.27%
<b>Global Equity</b>	J\$14.0385	-12.75%	-22.36%	0.00%
<b>Global Fixed Income</b>	J\$12.4082	5.76%	3.55%	4.70%
<b>Global Money Market (US\$)</b>	US\$10.4413	2.84%	1.73%	3.69%
<b>Global Fixed Income (US\$)</b>	US\$10.3383	0.98%	0.02%	5.20%
<b>Local Money Market</b>	J\$10.8395	3.30%	1.89%	3.47%

	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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