

US Consumer Confidence Rose Moderately in June 2020

The University of Michigan Consumer Sentiment Index increased to 78.1 in June 2020 compared to the 72.3 recorded in May. Notwithstanding the uptick, June's reading was lower than the preliminary reading of 78.9 and below market expectations for a 79.2 increase. The improvement month over month was due to the growing optimism that the US economy would recover as jobs are restored, which should help to slowly improve consumer demand that is needed for the US economy to recover. However, at the same time, the confidence index is well below pre-pandemic levels, highlighting consumers' ongoing uncertainty about economic prospects and job retention. Consumers' current finances remained near the lows recorded in April. Approximately 39% of all households captured in the June survey reported that their finances had recently improved, however, this was considerably below the 58% recorded in February 2020. Overall confidence in government economic policies fell in June to the lowest level since President Trump entered office.

Although the reopening of the US economy has helped to boost consumer confidence in May and early June, the recent rise in coronavirus cases, especially in the South could result in further setbacks to the economy. This is likely to further spark fears in consumers as it relates to job insecurity and their propensity to spend. Additionally, the government plans to stop paying the additional \$600 per week for unemployment benefits on July 31, 2020, which is likely to weigh on consumers spending power and weaken demand over the short to medium term.

Currency Markets

International Currency Market

Currency	26-Jun	19-Jun	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.122	1.118	0.04%	0.40%	0.09%	-1.28%
GBP: USD	1.234	1.240	-0.68%	-0.12%	-6.95%	-2.80%
USD: CAD	1.368	1.360	0.30%	0.53%	5.30%	4.21%
USD: JPY	107.180	106.870	-0.01%	0.29%	-1.32%	-0.57%

Local Foreign Currency Market

Currency	26-Jun	25-Jun	19-Jun	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	140.00	139.88	140.54	0.08%	-0.39%	5.60%
GBP:JMD	177.52	177.57	177.19	-0.03%	0.18%	3.4%
CAD:JMD	106.00	106.14	105.62	-0.13%	0.37%	5.8%

Global Interest Rates

Rates	26-Jun	19-Jun	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.64%	0.69%	-5.00	-5.00	-128.00	-141.00
10 Year UK Gilt	0.17%	0.24%	2.00	-7.00	-65.00	-66.00
GOJ 2025 Global Bond	5.09%	5.15%	3.00	-6.00	124.00	43.00
5 Year US Treasury Bond	0.30%	0.33%	-3.00	-3.00	-139.00	-150.00
5 Year UK Gilt	-0.04%	0.01%	1.00	-5.00	-64.00	-67.00

Week in Review: June 22 – June 26, 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
PROVEN	14.18%	CFF	-16.43%
SSLVC	13.33%	PAL	-14.01%
FOSRICH	12.08%	KREMI	-13.54%

JSE Main Market activity (excluding preference shares) resulted from trading in 44 stocks of which 24 advanced, 19 declined and 1 traded firm. Market volume (excluding preference shares) amounted to 428,265,060 units valued at over \$1,620,948,275. JSE Junior Market activity (excluding preference shares) resulted from trading in 38 stocks of which 15 advanced, 20 declined and 3 traded firm. Market volume (excluding preference shares) amounted to 52,535,823 units valued at over \$192,007,031.

Global Equity Indices

Index	31-Dec	19-Jun	26-Jun	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,230.65	3,097.74	3,009.05	-2.86%	-6.86%	3.27%
Euro Stoxx 50	3,745.15	3,269.10	3,204.17	-1.99%	-14.44%	-6.94%
MXWD Index	565.24	526.81	523.75	-0.58%	-7.34%	0.95%
JSE Main Market Index	509,916.44	375,463.29	380,156.43	1.25%	-25.45%	-17.59%
JSE Junior Market Index	3,348.97	2,618.25	2,584.29	-1.30%	-22.83%	-16.80%
JSE Combined Index	505,253.98	373,621.05	377,576.68	1.06%	-25.27%	-17.54%

Upcoming Week: June 29 – July 2, 2020

Country	Report	Period	Forecast	Prior
US	Change in Nonfarm Payrolls	Jun	3,000,000	2,510,000
US	Initial Jobless Claims	27-Jun	1,340,000	1,480,000
US	ISM Manufacturing	Jun	49.40	43.10
US	Conf. Board Consumer Confidence	Jun	90	86.6
JN	Jobless Rate	May	2.80%	2.60%
CA	Markit Canada Manufacturing PMI	Jun	--	40.60
UK	GDP QoQ	IQ F	-2.00%	-2.00%
UK	GDP YoY	IQ F	-1.60%	-1.60%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE	
June 26, 2020						
JMMB Group Ltd (JMMBGL)	Current Price	\$33.00	EPS	\$2.48	ROE 9.44%	ROE 17.07%
	52 Week High	\$55.07	BVPS	\$26.29	P/E 13.29	P/E 14.31
	53 Week Low	\$30.72	T12M Div.	\$0.49	P/B 1.26	P/B 1.48
	WoW %	-2.24%	Div. Yield %	1.49%		
BUY	YTD %	-29.12%				
						<p>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.</p>
Access Financial Services Ltd (AFS)	Current Price	\$21.56	EPS	\$0.95	ROE 10.41%	ROE 18.92%
	52 Week High	\$47.95	BVPS	\$9.15	P/E 22.62	P/E 39.14
	53 Week Low	\$17.65	T12M Div.	\$0.49	P/B 2.36	P/B 2.27
	WoW %	-12.88%	Div. Yield %	2.27%		
SELL	YTD %	-37.44%				
						<p>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 MSMEMs. 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.</p>
Caribbean Producers Jamaica Ltd (CPJ)	Current Price	\$2.34	EPS	(\$0.02)	ROE -0.77%	ROE 16.84%
	52 Week High	\$5.30	BVPS	\$2.72	P/E -111.80	P/E 17.64
	53 Week Low	\$2.00	T12M Div.	\$0.00	P/B 0.86	P/B 2.80
	WoW %	-2.23%	Div. Yield %	0.00%		
SELL	YTD %	-54.88%				
						<p>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 limit 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.</p>
Wigton Windfarm Ltd (WIG)	Current Price	\$0.81	EPS	\$0.05	ROE 15.00%	ROE 11.61%
	52 Week High	\$1.15	BVPS	\$0.31	P/E 17.28	P/E 16.74
	53 Week Low	\$0.50	T12M Div.	\$0.00	P/B 2.59	P/B 1.57
	WoW %	6.60%	Div. Yield %	0.00%		
HOLD	YTD %	-17.21%				
						<p>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.</p>

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LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE				
June 26, 2020									
Jamaica Broilers Group Ltd (JBG)	Current Price	\$29.01	EPS	\$1.75	ROE	13.10%	ROE	13.99%	<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>
	52 Week High	\$43.63	BVPS	\$13.39	P/E	16.53	P/E	26.50	
	53 Week Low	\$21.00	T12M Div.	\$0.57	P/B	2.17	P/B	3.43	
	WoW %	2.07%	Div. Yield %	1.97%					
	YTD %	-29.09%							
BUY									
Wisynco Ltd (WISYNCO)	Current Price	\$18.31	EPS	\$0.81	ROE	23.69%	ROE	13.99%	<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>
	52 Week High	\$30.00	BVPS	\$3.41	P/E	22.67	P/E	26.50	
	53 Week Low	\$11.50	T12M Div.	\$0.19	P/B	5.37	P/B	3.43	
	WoW %	3.55%	Div. Yield %	1.04%					
	YTD %	-21.42%							
HOLD									
Seprod Ltd (SEP)	Current Price	\$52.87	EPS	\$1.84	ROE	8.63%	ROE	13.99%	<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>
	52 Week High	\$70.00	BVPS	\$21.30	P/E	28.77	P/E	26.50	
	53 Week Low	\$30.00	T12M Div.	\$1.00	P/B	2.48	P/B	3.43	
	WoW %	0.49%	Div. Yield %	1.89%					
	YTD %	3.70%							
HOLD									

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Mutual Funds

JN MUTUAL FUNDS

June 25, 2020



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\$13.6722	-1.06%	-6.36%	2.15%
Global Equity	J\$14.3589	-7.58%	-20.58%	0.00%
Global Fixed Income	J\$12.3313	5.48%	2.90%	4.75%
Global Money Market (US\$)	US\$10.4251	2.78%	1.57%	3.68%
Global Fixed Income (US\$)	US\$10.2678	0.32%	-0.66%	5.20%
Local Money Market	J\$10.8125	3.09%	1.64%	3.53%

	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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