

US Retail Sales Rises Above Market Expectations in September

The United States' (US) Census Bureau monthly retail report showed that retail sales advanced by 1.9% in September 2020, higher than the 0.6% recorded in August 2020 and above market expectations for a 0.7% increase. All sectors except 'electronics and appliance stores' contributed to the uptick in retail sales in September. Notable increases were seen in categories such as: 'clothing and clothing accessories', which was up by 11%; 'sporting goods, hobby musical instrument and book stores, up by 5.6%; 'motor vehicles and parts dealers', up by 3.6%; and 'food services and drinking place', up by 2.1%.

Overall, US retail sales have risen above February levels, key component areas such as leisure activities and clothing are still well below pre-pandemic levels. The uncertainty surrounding the duration of the coronavirus continues to pose a range of downside risks to consumer spending in the US and although the preliminary assessments from the University of Michigan shows an increase in consumer sentiment in early October, it continues to be well below pre-pandemic levels. Notably, the current conditions component of the measure of US sentiment fell as consumers remain sceptical about the slowing jobs growth, the rise in infections and the absence of a second stimulus plan. These sentiments have led to and are likely to continue to weigh on the pace of growth in US retail sales over the short term.

Currency Markets

International Currency Market

Currency	16-Oct	9-Oct	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.172	1.183	0.09%	-0.91%	4.50%	5.83%
GBP: USD	1.292	1.304	0.05%	-0.93%	-2.58%	0.65%
USD: CAD	1.319	1.312	-0.24%	0.52%	1.53%	-0.10%
USD: JPY	105.400	105.620	-0.05%	-0.21%	-2.96%	-3.09%

Local Foreign Currency Market

Currency	16-Oct	15-Oct	9-Oct	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	146.65	145.74	147.16	0.62%	-0.35%	10.62%
GBP:JMD	191.75	190.94	189.70	0.42%	1.08%	11.7%
CAD:JMD	110.81	112.77	113.39	-1.73%	-2.28%	10.6%

Global Interest Rates

Rates	16-Oct	9-Oct	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.75%	0.77%	1.34	-2.81	-117.19	-99.39
10 Year UK Gilt	0.18%	0.28%	0.20	-9.80	-64.00	-53.10
GOJ 2025 Global Bond	4.16%	4.17%	1.60	-1.20	30.60	12.90
5 Year US Treasury Bond	0.32%	0.34%	0.81	-1.57	-136.93	-123.91
5 Year UK Gilt	-0.08%	-0.03%	-0.20	-5.00	-67.70	-57.70

Week in Review: Oct 12 - Oct 16, 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
ISP	37.81%	PURITY	-17.69%
KEX	20.04%	MPCCEL	-17.16%
AMG	15.53%	SSLVC	-16.67%

JSE Main Market activity (excluding preference shares) resulted from trading in 44 stocks of which 19 advanced, 21 declined and 4 traded firm. Market volume (excluding preference shares) amounted to 109,203,403 units valued at over \$2,557,751,558. JSE Junior Market activity (excluding preference shares) resulted from trading in 37 stocks of which 15 advanced, 17 declined and 5 traded firm. Market volume (excluding preference shares) amounted to 17,259,721 units valued at over \$45,708,211.

Global Equity Indices

Index	31-Dec	9-Oct	16-Oct	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,230.65	3,477.13	3,483.81	0.19%	7.84%	16.53%
Euro Stoxx 50	3,745.15	3,273.12	3,245.47	-0.84%	-13.34%	-9.83%
MXWD Index	565.24	584.60	583.11	-0.25%	3.16%	11.01%
JSE Main Market Index	509,916.44	371,394.93	377,798.93	1.72%	-25.91%	-24.29%
JSE Junior Market Index	3,348.97	2,502.49	2,511.50	0.36%	-25.01%	-26.08%
JSE Combined Index	505,253.98	368,633.23	374,625.71	1.63%	-25.85%	-24.43%

Upcoming Week: Oct 19 - Oct 23, 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless	17-Oct	848,000	898,000
US	MBA Mortgage	16-Oct	--	-0.70%
US	Manufacturing	Oct P	53.40	53.20
JN	Jibun Bank	Oct P	--	47.70
UK	CPI YoY	Sep	0.60%	0.20%
UK	CPI MoM	Sep	0.40%	-0.40%
CA	CPI YoY	Sep	--	0.10%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
October 16, 2020					
JMMB Group Ltd (JMMBGL)	<p>Current Price \$28.59</p> <p>52 Week High \$48.50</p> <p>53 Week Low \$28.00</p> <p>WoW % -3.75%</p> <p>YTD % -38.58%</p>	<p>EPS \$3.44</p> <p>BVPS \$24.01</p> <p>T12M Div. \$0.49</p> <p>Div. Yield % 1.71%</p>	<p>ROE 14.33%</p> <p>P/E 8.31</p> <p>P/B 1.19</p>	<p>ROE 16.49%</p> <p>P/E 17.04</p> <p>P/B 2.27</p>	<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 Sagicor Financial Corporation allows JMMBGL to achieve further diversification and increased profitability.</p>
Access Financial Services Ltd (AFS)	<p>Current Price \$19.45</p> <p>52 Week High \$41.98</p> <p>53 Week Low \$17.65</p> <p>WoW % -11.93%</p> <p>YTD % -43.58%</p>	<p>EPS \$0.72</p> <p>BVPS \$8.16</p> <p>T12M Div. \$0.49</p> <p>Div. Yield % 2.52%</p>	<p>ROE 8.83%</p> <p>P/E 27.00</p> <p>P/B 2.38</p>	<p>ROE 22.83%</p> <p>P/E 58.11</p> <p>P/B 2.69</p>	<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 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.</p>
Seprod Ltd (SEP)	<p>Current Price \$58.04</p> <p>52 Week High \$59.00</p> <p>53 Week Low \$30.00</p> <p>WoW % 4.52%</p> <p>YTD % 13.85%</p>	<p>EPS \$2.29</p> <p>BVPS \$22.18</p> <p>T12M Div. \$1.00</p> <p>Div. Yield % 1.72%</p>	<p>ROE 10.32%</p> <p>P/E 25.37</p> <p>P/B 2.62</p>	<p>ROE 12.55%</p> <p>P/E 28.46</p> <p>P/B 3.14</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>
Wigton Windfarm Ltd (WIG)	<p>Current Price \$0.72</p> <p>52 Week High \$1.15</p> <p>53 Week Low \$0.50</p> <p>WoW % -5.49%</p> <p>YTD % -25.70%</p>	<p>EPS \$0.05</p> <p>BVPS \$0.34</p> <p>T12M Div. \$0.00</p> <p>Div. Yield % 0.00%</p>	<p>ROE 15.89%</p> <p>P/E 13.32</p> <p>P/B 2.12</p>	<p>ROE 6.04%</p> <p>P/E 26.19</p> <p>P/B 1.12</p>	<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 <small>Js</small>	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE		
October 16, 2020							
Jamaica Broilers Group Ltd (JBG)	Current Price	\$26.90	EPS	\$1.15	ROE 8.33%	<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	\$41.00	BVPS	\$13.83	ROE 12.55%		
	53 Week Low	\$21.00	T12M Div.	\$0.57	P/E 23.35		P/E 28.46
	WoW %	3.46%	Div. Yield %	2.12%	P/B 1.94		P/B 3.14
	YTD %	-34.24%					
BUY							
Wisynco Ltd (WISYNCO)	Current Price	\$16.05	EPS	\$0.77	ROE 22.37%	<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	\$26.00	BVPS	\$3.46	ROE 12.55%		
	53 Week Low	\$11.50	T12M Div.	\$0.19	P/E 20.75		P/E 28.46
	WoW %	-0.08%	Div. Yield %	1.18%	P/B 4.64		P/B 3.14
	YTD %	-31.12%					
HOLD							

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Mutual Funds

JN MUTUAL FUNDS

October 15, 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\$13.5085	-4.60%	-7.49%	2.24%
Global Equity	J\$13.9207	-17.75%	-23.01%	0.00%
Global Fixed Income	J\$12.6372	5.93%	5.46%	4.69%
Global Money Market (US\$)	US\$10.5377	3.25%	2.67%	3.74%
Global Fixed Income (US\$)	US\$10.5946	2.98%	2.50%	4.90%
Local Money Market	J\$10.9870	3.84%	3.28%	4.06%

	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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