

## Eurozone's GDP Rises above Market Expectations in the Third Quarter

According to the latest news release from Eurostat, the preliminary flash estimate for the Eurozone for the third quarter of 2020 shows that the economy expanded by 12.7%, which was better than the 11.8% contraction in the second quarter of 2020 and the 0.3% growth recorded in the comparable quarter of 2019. The rate of expansion in the third quarter was the sharpest increase recorded for the Eurozone since the series began in 1995 and was higher than market expectations for a 9.4% increase. Among the member states that recorded the highest increase during the quarter are France, Italy and Spain, with growths of 18.2%, 16.7% and 16.1%, respectively.

Eurozone's third quarter Gross Domestic Product (GDP) reflected the increased activity recorded across member states in the period as the economies climb out of the severe lockdowns in the second quarter. However, considering that new restrictions are being imposed in many of the member countries to curtail the spread amid the second wave of the virus, growth in the region is likely to be slower. The adverse economic conditions in the Eurozone has led to increased bankruptcies, a reality which is likely to contribute to higher unemployment and ultimately lower consumer demand. We therefore anticipate that consumer and business confidence will continue to wane over the short-term and economic activity reduced in the Eurozone during the fourth quarter. However, the pace of contraction is highly dependent on how quickly the European Central Bank can provide another stimulus package to prevent a deeper downturn.

### Currency Markets

#### International Currency Market

Currency	30-Oct	23-Oct	DoD % Δ	WoW % Δ	YTD% Δ	YoY% Δ
EUR: USD	1.165	1.186	-0.23%	-1.80%	3.87%	4.45%
GBP: USD	1.295	1.300	0.13%	-0.71%	-2.34%	0.35%
USD: CAD	1.332	1.310	-0.03%	1.49%	2.55%	1.23%
USD: JPY	104.660	104.710	0.05%	-0.05%	-3.64%	-3.85%

#### Local Foreign Currency Market

Currency	30-Oct	29-Oct	23-Oct	DoD % Δ	WoW % Δ	YTD% Δ
USD:JMD	145.20	147.58	146.74	-1.61%	-1.05%	9.53%
GBP:JMD	191.07	190.71	193.12	0.19%	-1.06%	11.3%
CAD:JMD	110.93	111.49	112.62	-0.50%	-1.50%	10.8%

### Global Interest Rates

Rates	30-Oct	23-Oct	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.87%	0.84%	5.00	3.00	-105.00	-90.00
10 Year UK Gilt	0.26%	0.28%	4.00	-2.00	-56.00	-43.00
GOJ 2025 Global Bond	4.20%	4.17%	-2.00	3.00	35.00	20.00
5 Year US Treasury Bond	0.38%	0.38%	1.00	0.00	-131.00	-123.00
5 Year UK Gilt	-0.04%	-0.03%	3.00	-1.00	-64.00	-52.00

### Week in Review: Oct 26 - Oct 30, 2020

#### Local Equity Market

##### BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
SILUS	41.09%	MEEG	-18.38%
PROVEN	31.27%	FIRSTROCKUSD	-17.56%
CCC	26.83%	DCOVE	-12.45%

JSE Main Market activity (excluding preference shares) resulted from trading in 44 stocks of which 18 advanced, 23 declined and 3 traded firm. Market volume (excluding preference shares) amounted to 64,430,063 units valued at over \$454,416,651. JSE Junior Market activity (excluding preference shares) resulted from trading in 40 stocks of which 14 advanced, 22 declined and 4 traded firm. Market volume (excluding preference shares) amounted to 26,730,223 units valued at over \$86,597,362.

#### Global Equity Indices

Index	31-Dec	23-Oct	30-Oct	WoW % Δ	YTD% Δ	YoY% Δ
S&P 500	3,230.65	3,465.39	3,269.96	-5.64%	1.22%	7.33%
Euro Stoxx 50	3,745.15	3,198.86	2,958.21	-7.52%	-21.01%	-18.29%
MXWD Index	565.24	581.91	551.00	-5.31%	-2.52%	2.96%
JSE Main Market Index	509,916.44	376,431.65	375,386.40	-0.28%	-26.38%	-23.64%
JSE Junior Market Index	3,348.97	2,467.78	2,470.24	0.10%	-26.24%	-26.04%
JSE Combined Index	505,253.98	372,900.79	371,964.70	-0.25%	-26.38%	-23.83%

### Upcoming Week: Nov 2 - Nov 6, 2020

Country	Report	Period	Forecast	Prior
US	Change in	Oct	600,000	661,000
US	Initial Jobless	31-Oct	746,000	751,000
US	Unemployment	Oct	7.70%	7.90%
US	ISM	Oct	56	55
CA	Unemployment	Oct	--	9.00%
UK	Manufacturing	Oct F	53.3	53.3
UK	Bank of England	5-Nov	0.10%	0.10%

# LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
October 30, 2020					
JMMB Group Ltd (JMMBGL)	<p>Current Price <b>\$29.78</b></p> <p>52 Week High <b>\$48.50</b></p> <p>53 Week Low <b>\$28.00</b></p> <p>WoW % <b>0.59%</b></p> <p>YTD % <b>-36.02%</b></p>	<p>EPS <b>\$3.44</b></p> <p>BVPS <b>\$24.01</b></p> <p>T12M Div. <b>\$0.49</b></p> <p>Div. Yield % <b>1.65%</b></p>	<p>ROE <b>14.33%</b></p> <p>P/E <b>8.66</b></p> <p>P/B <b>1.24</b></p>	<p>ROE <b>16.49%</b></p> <p>P/E <b>16.20</b></p> <p>P/B <b>2.22</b></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 Sagico Financial Corporation allows JMMBGL to achieve further diversification and increased profitability.</p>
	<b>BUY</b>				
Access Financial Services Ltd (AFS)	<p>Current Price <b>\$22.02</b></p> <p>52 Week High <b>\$41.98</b></p> <p>53 Week Low <b>\$17.65</b></p> <p>WoW % <b>0.90%</b></p> <p>YTD % <b>-36.12%</b></p>	<p>EPS <b>\$0.72</b></p> <p>BVPS <b>\$8.16</b></p> <p>T12M Div. <b>\$0.49</b></p> <p>Div. Yield % <b>2.23%</b></p>	<p>ROE <b>8.83%</b></p> <p>P/E <b>30.56</b></p> <p>P/B <b>2.70</b></p>	<p>ROE <b>22.83%</b></p> <p>P/E <b>63.51</b></p> <p>P/B <b>2.89</b></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>
	<b>SELL</b>				
Seprod Ltd (SEP)	<p>Current Price <b>\$61.14</b></p> <p>52 Week High <b>\$70.00</b></p> <p>53 Week Low <b>\$30.00</b></p> <p>WoW % <b>2.73%</b></p> <p>YTD % <b>19.93%</b></p>	<p>EPS <b>\$3.19</b></p> <p>BVPS <b>\$22.55</b></p> <p>T12M Div. <b>\$1.00</b></p> <p>Div. Yield % <b>1.64%</b></p>	<p>ROE <b>14.14%</b></p> <p>P/E <b>19.17</b></p> <p>P/B <b>2.71</b></p>	<p>ROE <b>14.94%</b></p> <p>P/E <b>25.74</b></p> <p>P/B <b>3.21</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>				
Wigton Windfarm Ltd (WIG)	<p>Current Price <b>\$0.78</b></p> <p>52 Week High <b>\$1.15</b></p> <p>53 Week Low <b>\$0.50</b></p> <p>WoW % <b>-2.22%</b></p> <p>YTD % <b>-19.88%</b></p>	<p>EPS <b>\$0.05</b></p> <p>BVPS <b>\$0.34</b></p> <p>T12M Div. <b>\$0.00</b></p> <p>Div. Yield % <b>0.00%</b></p>	<p>ROE <b>15.89%</b></p> <p>P/E <b>14.37</b></p> <p>P/B <b>2.28</b></p>	<p>ROE <b>6.04%</b></p> <p>P/E <b>26.51</b></p> <p>P/B <b>1.19</b></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>
	<b>HOLD</b>				

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# LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS <small>J\$</small>	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE				
October 30, 2020									
Jamaica Broilers Group Ltd (JBG)	Current Price	\$26.91	EPS	\$1.15	ROE	8.33%	ROE	14.94%	<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>
	52 Week High	\$41.00	BVPS	\$13.83	ROE	8.33%	ROE	14.94%	
	53 Week Low	\$21.00	T12M Div.	\$0.57	P/E	23.36	P/E	25.74	
	WoW %	-3.28%	Div. Yield %	2.12%	P/B	1.95	P/B	3.21	
BUY	YTD %	-34.21%							
Wisynco Ltd (WISYNCO)	Current Price	\$15.58	EPS	\$0.73	ROE	21.42%	ROE	14.94%	<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 customer 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>
	52 Week High	\$26.00	BVPS	\$3.43	ROE	21.42%	ROE	14.94%	
	53 Week Low	\$11.50	T12M Div.	\$0.19	P/E	21.23	P/E	25.74	
	WoW %	-4.63%	Div. Yield %	1.22%	P/B	4.55	P/B	3.21	
HOLD	YTD %	-33.16%							

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# Mutual Funds

JN MUTUAL FUNDS

October 29, 2020

**JN Fund Managers Ltd.**

A member of the Group

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
<b>Global Diversified Income</b>	J\$13.4640	-5.57%	-7.79%	2.21%
<b>Global Equity</b>	J\$14.0557	-16.64%	-22.26%	0.00%
<b>Global Fixed Income</b>	J\$12.6672	5.82%	5.71%	4.66%
<b>Global Money Market (US\$)</b>	US\$10.5477	3.24%	2.76%	3.76%
<b>Global Fixed Income (US\$)</b>	US\$10.6187	3.14%	2.74%	4.94%
<b>Local Money Market</b>	J\$11.0152	3.99%	3.54%	4.29%

	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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