

US' Unemployment Rate Declined to 7.9% in September 2020

According to the United States Bureau of Labour Statistics (BLS), US' non-farm payroll rose by 661,000 jobs in September, lower than the 1.43 million jobs added in August and below market expectations for an increase of 850,000 jobs. The rise in employment was mainly attributed to increased employment in the 'leisure and hospitality' sector, which added 318,000 workers. Other notable job gains were in 'retail', 'healthcare and social assistance' and in 'professional and business services'. However, these were offset by reductions in government employment, as the contractual period for temporary workers hired for the Census ended and there were also layoffs at state and local government education departments. The unemployment rate moved from 8.4% to 7.9%, which was lower than the market expectations for a higher outturn of 8.2%. The decline in the unemployment rate came with a 0.3 percentage point drop in the labour force participation rate to 61.4%, representing a decline of almost 700,000 participants.

The non-farm employment in September was below February's pre-pandemic level by 10.7 million or 7.0%. Given the uncertainty surrounding the second fiscal stimulus plan, combined with the rising coronavirus cases and some companies laying off employees, the already slowing recovery in US jobs could stall over the ensuing months. In light of this, we believe US' employment is likely to decline and unemployment could rise over the short-term at the same time.

Currency Markets

International Currency Market

Currency	2-Oct	25-Sep	DoD % Δ	WoW % Δ	YTD% Δ	YoY% Δ
EUR: USD	1.172	1.163	-0.26%	0.74%	4.49%	6.92%
GBP: USD	1.294	1.270	0.36%	1.51%	-2.41%	5.16%
USD: CAD	1.331	1.340	0.13%	-0.60%	2.43%	-0.15%
USD: JPY	105.330	105.580	-0.19%	-0.24%	-3.02%	-1.73%

Local Foreign Currency Market

Currency	2-Oct	1-Oct	25-Sep	DoD % Δ	WoW % Δ	YTD% Δ
USD:JMD	143.96	143.54	141.98	0.29%	1.39%	8.59%
GBP:JMD	186.57	184.78	183.32	0.97%	1.78%	8.7%
CAD:JMD	109.04	107.89	108.02	1.07%	0.94%	8.9%

Global Interest Rates

Rates	2-Oct	25-Sep	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.70%	0.65%	2.00	5.00	-122.00	-90.00
10 Year UK Gilt	0.25%	0.19%	2.00	6.00	-57.00	-25.00
GOJ 2025 Global Bond	4.28%	4.18%	10.00	10.00	43.00	24.00
5 Year US Treasury Bond	0.29%	0.27%	2.00	2.00	-140.00	-114.00
5 Year UK Gilt	-0.06%	-0.09%	1.00	3.00	-66.00	-36.00

Week in Review: Sept 28 - Oct 2, 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
KREMI	19.33%	SSLVC	-24.32%
KEY	16.00%	PAL	-19.75%
TROPICAL	15.00%	CBNY	-18.75%

JSE Main Market activity (excluding preference shares) resulted from trading in 45 stocks of which 16 advanced, 26 declined and 3 traded firm. Market volume (excluding preference shares) amounted to 49,906,592 units valued at over \$652,969,852. JSE Junior Market activity (excluding preference shares) resulted from trading in 39 stocks of which 17 advanced, 18 declined and 4 traded firm. Market volume (excluding preference shares) amounted to 88,909,035 units valued at over \$163,261,989.

Global Equity Indices

Index	31-Dec	25-Sep	2-Oct	WoW % Δ	YTD% Δ	YoY% Δ
S&P 500	3,230.65	3,298.46	3,348.42	1.51%	3.65%	15.96%
Euro Stoxx 50	3,745.15	3,137.06	3,190.93	1.72%	-14.80%	-6.52%
MXWD Index	565.24	555.21	564.10	1.60%	-0.20%	11.14%
JSE Main Market Index	509,916.44	372,604.36	368,099.75	-1.21%	-27.81%	-28.89%
JSE Junior Market Index	3,348.97	2,539.17	2,567.42	1.11%	-23.34%	-25.08%
JSE Combined Index	505,253.98	370,142.40	366,291.17	-1.04%	-27.50%	-28.63%

Upcoming Week: Oct 5 - Oct 9, 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless Claims	3-Oct	823,000	837,000
US	MBA Mortgage Applications	2-Oct-20	--	-4.80%
US	Trade Balance	Aug	-66,100,000,000	-63,600,000,000
UK	Industrial Production MoM	Aug	2.80%	5.20%
UK	Manufacturing Production MoM	Aug	3.00%	6.30%
JN	BoP Current Account Balance	Aug	2,060,000,000,000	1,470,000,000,000
CA	Unemployment Rate	Sep	--	10.20%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
October 2, 2020					
JMMB Group Ltd (JMMBGL)	<p>Current Price \$28.98</p> <p>52 Week High \$48.50</p> <p>53 Week Low \$28.01</p> <p>WoW % -1.71%</p> <p>YTD % -37.75%</p> <p>BUY</p>	<p>EPS \$3.44</p> <p>BVPS \$24.01</p> <p>T12M Div. \$0.49</p> <p>Div. Yield % 1.69%</p>	<p>ROE 14.33%</p> <p>P/E 8.42</p> <p>P/B 1.21</p>	<p>ROE 16.49%</p> <p>P/E 16.44</p> <p>P/B 2.22</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>
Access Financial Services Ltd (AFS)	<p>Current Price \$24.00</p> <p>52 Week High \$45.00</p> <p>53 Week Low \$17.65</p> <p>WoW % -1.84%</p> <p>YTD % -30.38%</p> <p>SELL</p>	<p>EPS \$0.72</p> <p>BVPS \$8.16</p> <p>T12M Div. \$0.49</p> <p>Div. Yield % 2.04%</p>	<p>ROE 8.83%</p> <p>P/E 33.31</p> <p>P/B 2.94</p>	<p>ROE 21.46%</p> <p>P/E 48.81</p> <p>P/B 2.44</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 \$55.46</p> <p>52 Week High \$59.00</p> <p>53 Week Low \$30.00</p> <p>WoW % -0.96%</p> <p>YTD % 8.78%</p> <p>HOLD</p>	<p>EPS \$2.21</p> <p>BVPS \$22.18</p> <p>T12M Div. \$1.00</p> <p>Div. Yield % 1.80%</p>	<p>ROE 9.96%</p> <p>P/E 25.10</p> <p>P/B 2.50</p>	<p>ROE 12.32%</p> <p>P/E 28.72</p> <p>P/B 3.11</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 \$0.77</p> <p>52 Week High \$1.15</p> <p>53 Week Low \$0.50</p> <p>WoW % -2.54%</p> <p>YTD % -21.14%</p> <p>HOLD</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 14.14</p> <p>P/B 2.25</p>	<p>ROE 6.04%</p> <p>P/E 27.41</p> <p>P/B 1.19</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	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE		
October 2, 2020							
Jamaica Broilers Group Ltd (JBG)	Current Price	\$26.20	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 12.32%		
	53 Week Low	\$21.00	T12M Div.	\$0.57	P/E 22.74		P/E 28.72
	WoW %	0.80%	Div. Yield %	2.18%	P/B 1.89		P/B 3.11
	YTD %	-35.95%					
BUY							
Wisynco Ltd (WISYNCO)	Current Price	\$15.03	EPS	\$0.75	ROE 21.60%	<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 12.32%		
	53 Week Low	\$11.50	T12M Div.	\$0.19	P/E 20.12		P/E 28.72
	WoW %	-6.33%	Div. Yield %	1.26%	P/B 4.35		P/B 3.11
	YTD %	-35.49%					
HOLD							

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Mutual Funds

JN MUTUAL FUNDS

October 1, 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\$13.4408	-6.24%	-7.95%	2.27%
Global Equity	J\$14.0109	-20.06%	-22.51%	0.00%
Global Fixed Income	J\$12.5606	5.85%	4.82%	4.74%
Global Money Market (US\$)	US\$10.5215	3.18%	2.51%	3.77%
Global Fixed Income (US\$)	US\$10.4844	2.01%	1.44%	4.89%
Local Money Market	J\$10.9535	3.68%	2.96%	4.15%

	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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