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US Inflation Slightly Above Market Expectation in August 2020

According to the United States' (US) Bureau of Labor Statistics, August's inflation rose by 0.4% month over month and was slightly above market expectations for a 0.3% increase. The increased inflation in August was primarily due to higher prices for used cars and trucks, which jumped by 5.4%, for the largest gain since March 1969. The prices for shelter, recreation, household furnishings and operations, apparel, motor vehicle, insurance and airline fares also rose. For the 12 months ending August 2020, the inflation rate was 1.3% which was higher than the 1.0% recorded for the 12 months up to the end of July 2020. Excluding the usually volatile food and energy prices, core inflation, increased by 0.4% month over month and by 1.7% for the 12 months ending August 2020.

The uncertainties surrounding the duration of the coronavirus and the second stimulus plan, coupled with high levels of unemployment will likely continue to weigh on consumer demand, especially for non-essential services, over the short term. In light of this, we anticipate that inflation may be lower over the ensuing months and economic growth in the US to be subdued.

Currency Markets

International Currency Market

Currency	11-Sep	4-Sep	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.185	1.184	0.27%	0.08%	5.65%	7.60%
GBP: USD	1.280	1.330	-0.07%	-3.64%	-3.48%	3.81%
USD: CAD	1.318	1.310	-0.07%	0.93%	1.49%	-0.08%
USD: JPY	106.150	106.240	0.02%	-0.08%	-2.26%	-1.55%

Local Foreign Currency Market

Currency	11-Sep	10-Sep	4-Sep	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	143.87	144.48	147.42	-0.42%	-2.41%	8.52%
GBP:JMD	187.83	189.65	197.28	-0.96%	-4.79%	9.4%
CAD:JMD	110.75	110.03	111.19	0.65%	-0.40%	10.6%

Global Interest Rates

Rates	11-Sep	4-Sep	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.67%	0.72%	-1.00	-5.00	-125.00	-107.00
10 Year UK Gilt	0.18%	0.26%	-5.00	-8.00	-64.00	-46.00
GOJ 2025 Global Bond	4.18%	4.18%	0.00	0.00	33.00	18.00
5 Year US Treasury Bond	0.25%	0.30%	-2.00	-5.00	-144.00	-134.00
5 Year UK Gilt	-0.12%	-0.04%	-3.00	-8.00	-72.00	-57.00

Week in Review: Sept 7 - Sept 11, 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
GWEST	27.78%	PAL	-13.33%
PJX	21.08%	KREMI	-13.05%
KPREIT	19.05%	tTech	-12.13%

JSE Main Market activity (excluding preference shares) resulted from trading in 44 stocks of which 26 advanced, 15 declined and 3 traded firm. Market volume (excluding preference shares) amounted to 54,336,529 units valued at over \$204,619,893. JSE Junior Market activity (excluding preference shares) resulted from trading in 39 stocks of which 21 advanced, 17 declined and 1 traded firm. Market volume (excluding preference shares) amounted to 10,912,648 units valued at over \$31,033,299.

Global Equity Indices

Index	31-Dec	4-Sep	11-Sep	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,230.65	3,426.96	3,340.97	-2.51%	3.41%	11.33%
Euro Stoxx 50	3,745.15	3,260.59	3,315.81	1.69%	-11.46%	-5.72%
MXWD Index	565.24	573.04	565.47	-1.32%	0.04%	7.78%
JSE Main Market Index	509,916.44	367,100.77	367,526.77	0.12%	-27.92%	-28.94%
JSE Junior Market Index	3,348.97	2,469.98	2,514.82	1.82%	-24.91%	-26.93%
JSE Combined Index	505,253.98	364,335.56	365,208.18	0.24%	-27.72%	-28.81%

Upcoming Week: Sept 7 - Sept 11, 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless Claims	12-Sep	840,000	884,000
US	FOMC Rate Decision (Upper Bound)	16-Sep-20	0.25%	0.25%
US	U. of Mich. Sentiment	Sep P	75.00	74.10
JN	Industrial Production MoM	Jul F	--	8.00%
CA	CPI YoY	Aug	--	0.10%
UK	Bank of England Bank Rate	17-Sep	0.10%	0.10%
UK	CPI MoM	Aug	-0.60%	0.40%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE					
September 11, 2020										
JMMB Group Ltd (JMMBGL)	Current Price	\$29.50	EPS	\$3.44	ROE	14.33%	ROE	16.49%	<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>	
	52 Week High	\$49.75	BVPS	\$24.01	P/E	8.57	P/E	15.48		
	53 Week Low	\$29.10	T12M Div.	\$0.49	P/B	1.23	P/B	1.53		
	WoW %	-1.58%	Div. Yield %	1.66%						
	YTD %	-36.63%								
	BUY									
Access Financial Services Ltd (AFS)	Current Price	\$23.85	EPS	\$0.72	ROE	8.83%	ROE	21.46%	<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>	
	52 Week High	\$45.00	BVPS	\$8.16	P/E	33.10	P/E	48.70		
	53 Week Low	\$17.65	T12M Div.	\$0.49	P/B	2.92	P/B	2.44		
	WoW %	4.41%	Div. Yield %	2.05%						
	YTD %	-30.81%								
	SELL									
Barita Investments Ltd (BIL)	Current Price	\$57.34	EPS	\$2.77	ROE	15.02%	ROE	16.49%	<p>Undoubtedly, the COVID-19 pandemic has disrupted financial markets locally and globally and is likely to pose significant challenges for businesses going forward. So far, however, Barita has responded well to the pandemic from a social and operational perspective. For the 9 months ended June 30, 2020 the Company posted record net profits of J\$2.0B, an amount which has so far surpassed the net profits posted for the entire FY 2019. For the quarter ended June 30, 2020, set on the backdrop of COVID-19 pandemic, the company recorded its highest quarterly net profit ever.</p>	
	52 Week High	\$90.00	BVPS	\$18.47	P/E	20.67	P/E	15.48		
	53 Week Low	\$45.00	T12M Div.	\$1.27	P/B	3.10	P/B	1.53		
	WoW %	0.61%	Div. Yield %	2.21%						
	YTD %	-20.75%								
	BUY									
Wigton Windfarm Ltd (WIG)	Current Price	\$0.79	EPS	\$0.05	ROE	15.89%	ROE	6.04%	<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>	
	52 Week High	\$1.15	BVPS	\$0.34	P/E	14.58	P/E	27.20		
	53 Week Low	\$0.50	T12M Div.	\$0.00	P/B	2.32	P/B	1.20		
	WoW %	1.13%	Div. Yield %	0.00%						
	YTD %	-18.70%								
	HOLD									

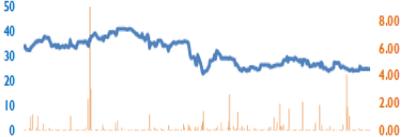
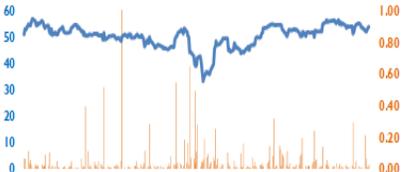
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LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	J\$	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE
September 11, 2020						
Jamaica Broilers Group Ltd (JBG)	Current Price	\$24.68	EPS	\$1.15	 ROE 8.33%	ROE 12.32%
	52 Week High	\$41.00	BVPS	\$13.83	 P/E 21.42	P/E 27.82
	53 Week Low	\$21.00	T12M Div.	\$0.57	 P/B 1.78	P/B 3.11
	WoW %	-0.16%	Div. Yield %	2.31%		
	YTD %	-39.66%				
BUY			<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>			
Wisynco Ltd (WISYNCO)	Current Price	\$16.54	EPS	\$0.75	 ROE 21.60%	ROE 12.32%
	52 Week High	\$26.00	BVPS	\$3.46	 P/E 22.14	P/E 27.82
	53 Week Low	\$11.50	T12M Div.	\$0.19	 P/B 4.78	P/B 3.11
	WoW %	0.25%	Div. Yield %	1.15%		
	YTD %	-29.02%				
HOLD			<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>			
Seprod Ltd (SEP)	Current Price	\$53.98	EPS	\$2.21	 ROE 9.96%	ROE 12.32%
	52 Week High	\$59.00	BVPS	\$22.18	 P/E 24.43	P/E 27.82
	53 Week Low	\$30.00	T12M Div.	\$1.00	 P/B 2.43	P/B 3.11
	WoW %	0.75%	Div. Yield %	1.85%		
	YTD %	5.88%				
HOLD			<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>			

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Mutual Funds

JN MUTUAL FUNDS

September 10, 2020



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JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.6315	-4.12%	-6.64%	2.32%
Global Equity	J\$14.0429	-20.17%	-22.33%	0.00%
Global Fixed Income	J\$12.5060	5.26%	4.36%	4.42%
Global Money Market (US\$)	US\$10.5033	3.05%	2.33%	3.69%
Global Fixed Income (US\$)	US\$10.5432	2.69%	2.01%	5.51%
Local Money Market	J\$10.9178	3.49%	2.63%	4.30%

	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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