

## DAILY MARKET SUMMARY

LOCAL STOCK MARKET: (JS) <sup>+</sup>

Stock Symbol	HONBUN	CPJ	NCBFG	SJ	LASM
Current Price (\$)	5.00	3.70	102.21	39.87	3.96
Trailing EPS (\$)	0.19	0.30	7.80	3.23	0.15
P/E (times)	25.77	12.39	13.11	12.35	26.24
Projected P/E	22.37	9.11	10.36	12.61	19.50
Projected EPS (\$)*	0.22	0.41	9.87	3.16	0.20
Book Value per share (\$)	1.14	2.56	43.14	15.32	1.12
Price/Book Value (times)	4.39	1.45	2.37	2.60	3.54
Dividend Yield (2017 YTD %)	0.80%	N/A	1.76%	N/A	N/A
Volumes	11,449	182,833	26,721	71,333	42,484
Recommendation	SELL	BUY	HOLD	BUY	HOLD

SJ



## STOCK OF THE DAY: Sagicor Group Jamaica Limited (SJ)

For the six months ended June 30, 2017:-

Total Revenues increased by 5% to \$30.36 billion from \$29 billion in 2016, while for the second quarter Total Revenues were down 1% to total 15.09 billion compared to 15.29 billion in 2016. Total revenue was broken down as follows; Net premium revenue increased by 12% to a total of \$17.41 billion compared to \$15.61 billion last year. Net Investment Income declined to \$8.96 billion from \$10.05 billion in 2016, an 11% decline. Fees and other revenue increased 19% to \$3.99 billion from \$3.34 billion in 2016.

Benefits and Expenses totaled \$23.60 billion for the period, a slight decline of 0.3% from \$23.67 billion, while for the second quarter Benefits and Expenses were down 10% to close at \$11.11 billion relative to \$12.28 billion in 2016. This was mainly driven by increases in commission and related expense and administration expenses and a decline in Changes in insurance and annuity liabilities. Commission and related expenses grew by 15% to \$2.38 billion from \$2.07 billion while administration expenses increased by 31% to \$9.27 billion (2016:\$7.1 billion). The company highlighted that "the increases were influenced by business expansion - in particular the Cards and Payments business." Changes in insurance and annuity liabilities decline by 86% to total \$465.34 million relative to \$3.26 billion in 2016.

Share of profit from joint venture amounted to \$16.53 million relative to \$10.96 million a year prior. Share of profit from associate for the period totaled \$233.13 million compared to \$329.43 million last year. As such, Profit before Taxation amounted to \$7.01 billion, a 24% gain when compared to the \$5.67 billion booked in 2016. Investment and corporation taxes of \$1.35 billion was reported for the period (2016: \$1.37 billion), as such net profit for the six months totaled \$5.65 billion (2016:\$4.31 billion), an increase of 31%. Profit for the quarter amounted to \$3.06 billion relative to \$2.40 billion in 2016. Earnings per share for the quarter amounted to \$0.783 (2016:\$0.615), while EPS for the period totaled \$1.45 relative \$1.10 in 2016. The twelve month trailing EPS amounted to \$3.22.

## FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	128.300	100.000	126.9874	140.870	120.500	127.8132
CAN	109.280	73.880	102.3952	113.270	97.500	102.7627
GBP	171.500	123.000	166.3682	188.830	162.500	167.6422
EURO	152.000	109.910	145.3515	154.680	146.600	151.9436

\*Rates as at October 19, 2017

## MONEY MARKET

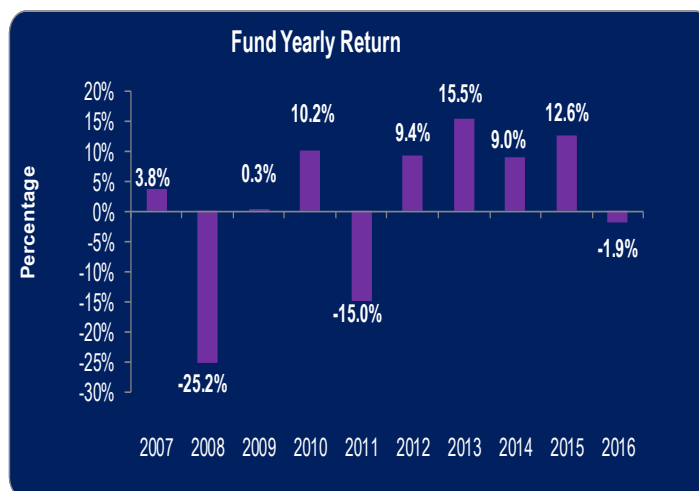
The Jamaican dollar fixed income market was illiquid in today's (October 20, 2017) trading session. The overnight rates were quoted around 2.30% to 3.25% while the 30-day rates were between 5.00% to 5.15%.

The US dollar fixed income market was also liquid during today's (October 20, 2017) trading session; The overnight market rates were quoted at 1% while the 30-day market rates stood around 1.2% to 1.4%.

## OVER THE COUNTER FUNDS (CI FUNDS)

## CI Pacific Corporate Class

This fund's objective is to obtain maximum long-term capital growth. It invests primarily in equity and equity-related securities of established companies that the portfolio advisor believes have good growth potential. The fund has a 3 year return of 9.4% and a 5 year return of 9% as at September 30, 2017. The Fund also has a 1 year return of 9.2%.



## US: U.S. Posts Its Largest Budget Deficit Since 2013

“The U.S. posted its largest budget deficit since 2013 in the fiscal year that just ended, as a pickup in spending exceeded revenue gains. The federal government’s gap grew to \$665.7 billion in the 12 months through Sept. 30, compared with a \$585.6 billion shortfall in fiscal 2016, the Treasury Department said Friday in a report released in Washington. That was in line with the Congressional Budget Office’s estimate of \$668 billion. Treasury Secretary Steven Mnuchin and Budget Director Mick Mulvaney, in a statement accompanying the report, blamed weaker-than-expected tax receipts on historically “sub-par” economic growth. “These numbers should serve as a smoke alarm for Washington, a reminder that we need to grow our economy again and get our fiscal house in order,” Mulvaney said in the statement. “We can do that through smart spending restraint, tax reform, and cutting red tape.” Congress could be on track to worsen the deficit situation, according to most economic growth assumptions. The Senate on Thursday night approved a budget resolution that would fast-track up to \$1.5 trillion in tax cuts through Congress this year.”

<https://www.bloomberg.com/news/articles/2017-10-20/u-s-registers-largest-fiscal-year-budget-shortfall-since-2013>

## PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at October 17, 2017	
	Percentage (%)
Yield to Maturity	4.65
Weighted Average Coupon	5.02
Current Yield	4.99

The platinum portfolio has an effective maturity of 13.56 years and duration of 4.36 years.

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### MIL Ratings System:

**BUY:** We believe the stock is attractively valued. The company has sound or improving fundamentals that should allow it to outperform the broader market. We anticipate the stock will outperform the market over the next 12 months. The risk factors to achieving price targets are minimal.

**HOLD:** We believe the stock is fairly valued at the current price. The company may have issues affecting fundamentals that could take some time to resolve. Alternatively, company fundamentals may be sound, but this is fully reflected in the current stock price. The risk factors to achieving price targets are moderate. Some volatility is expected. In addition, technically it may be difficult to attain additional volume of the stock(s) at current price.

**SELL:** We believe the stock is overpriced relative to the soundness of the company’s fundamentals and long-term prospects.

**SPECULATIVE BUY:** We believe the prospects for capital appreciation exist, however there is some level of uncertainty in revenue growth.

Source: [www.jamstockex.com](http://www.jamstockex.com), [www.bloomberg.com](http://www.bloomberg.com), [www.investopedia.com](http://www.investopedia.com), [www.tradewire.com](http://www.tradewire.com)

## EUROPE: Merkel’s Support Hands May a Chance to Make Brexit Concessions

“Theresa May left the European Union summit with as much as she could have realistically hoped for. Now she needs to take a punt on her political future and make concessions that will allow a breakthrough in talks. German Chancellor Angela Merkel had warm words of encouragement for May at the two-day leaders’ meeting, offering her the political cover she’s been asking for to allow her to take more steps to move talks on. Merkel said it was up to both sides to move forward so that negotiations -- deadlocked over the divorce bill -- could take a leap forward in December. “The next eight weeks will be the most challenging for British Prime Minister Theresa May and the most consequential for Brexit,” Mujtaba Rahman of Eurasia Group said in a note. “May’s premiership will face maximum danger at the point her government concedes more ground on money.”

<https://www.bloomberg.com/news/articles/2017-10-20/may-handed-chance-to-make-brexit-concession-by-merkel-s-support>

## STRUCTURED PRODUCT

### Mayberry Managed Equity Portfolio (MMEP)

We offer a managed equity portfolio for both institutions and individuals. The MMEP is a full discretionary managed portfolio of a diversified group of stocks. The stocks included in the portfolio represent Mayberry’s top recommended stocks. Persons who find it difficult to manage their equity portfolios on a day to day basis should consider the MMEP. Further, the MMEP is for individuals and institutions who would like to pursue a medium to long term equity strategy.

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