

DAILY MARKET SUMMARY



LOCAL STOCK MARKET: (J\$) +

Stock Symbol	JSE	BIL	KW	WISYNCO	ECL
Current Price (\$)	7.00	7.94	30.92	9.96	4.50
Trailing EPS (\$)	0.24	0.46	1.12	0.61	0.12
P/E (times)	28.72	17.44	27.49	16.22	36.06
Projected P/E	20.00	15.86	25.73	14.64	16.26
Projected EPS (\$)*	0.35	0.50	1.20	0.68	0.28
Book Value per share (\$)	1.34	6.23	13.61	1.91	0.34
Price/Book Value (times)	5.23	1.28	2.27	5.22	13.24
Dividend Yield (2017 %)	2.08%	1.39%	N/A	N/A	N/A
Volumes	NIL	2,466	22,061	1,751,629	11,214
Recommendation	SELL	SELL	SELL	HOLD	BUY

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	125.520	100.010	123.5991	133.800	115.000	124.8006
CAN	100.700	74.880	98.6794	110.740	96.000	100.2220
GBP	173.000	124.500	168.0727	191.830	163.650	171.1750
EURO	149.000	110.250	146.7506	169.560	147.000	155.1244

*Rates as at January 17, 2018

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (January 18, 2017) trading session. The overnight rates were quoted around 2% to 2.3% while the 30-day rates were between 3.65% to 3.85%.

The US dollar fixed income market was also liquid during today's (January 18, 2017) trading session; The overnight market rates were quoted at 1% while the 30-day market rates



STOCK OF THE DAY: Express Catering Limited (ECL)

Revenues increased by 14% for the period to US\$6.88 million (2016: US\$6.02 million). Revenue for the quarter advanced 20% to close at \$2.26 million relative to \$1.89 million reported the previous year. Cost of sales (COS) increased by 22% for the period to US\$1.85 million (2016: US\$1.52 million). As a result gross profit increased year-on-year for the six month period by 12%, from US\$4.50 million in 2016 to US\$5.03 million in 2017. Gross profit for the second quarter improved from US\$1.89 million in 2016 to US\$2.26 million for the six months ended November 30, 2017.

Total expenses decreased by 12% for the period in review to US\$3.48 million for 2017, down from US\$3.96 million booked for the six months ended November 2016. The decrease was associated with a 13% decline in administrative expenses to US\$3.19 million from US\$3.67 million. Depreciation and Amortization saw a 3% decline to US\$271,721 compared to US\$279,672 for 2016. Promotional expenses saw a 32% increase from US\$16,209 to US\$21,386. Total expenses for the quarter slid 9% to close at US\$1.63 million (2016: \$1.80 million). Consequently, operating profit increased by 187% to US\$1.55 million (2016: US\$539,689). Operating profit for the quarter totaled US\$630,143, a surge of 615% relative to US\$88,130 booked for the corresponding quarter of 2016.

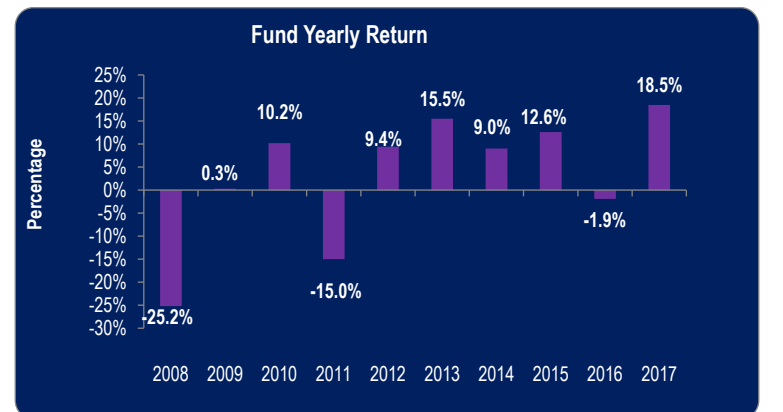
Finance cost of US\$174.76 (2016: US\$188,368) was incurred, while foreign exchange gain declined to US\$4,208 (2016: US\$38,402). Consequently, profit for the period amounted to US\$1.38 million, 254% above the US\$389,723 recorded for the first six months of 2016. For the quarter, profits amounted to US\$544,622 versus US\$37,092 booked for the comparable period in 2016. Management indicated, "the second quarter is traditionally the lowest earning quarter for the fiscal year. Based on this trajectory, we are very encouraged by the earning prospects for the full year."

The twelve-month earnings-per-share was US0.0975 cents while for first six month ended November 2017, it amounted to US0.084 cents (2016: US0.024 cents). Earnings per share for the quarter amounted to US0.0333 cents (2016: US0.0023 cents). The number of shares used in our calculations was 1,637,500,000. ECL stock price closed the trading period on January 10, 2018 at \$4.50.

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. These companies operate in or are listed on stock exchanges in the Asia and Pacific Rim region. The fund has a 3 year return of 9.4% and a 5 year return of 10.5% as at December 31, 2017. The Fund also has a 3 month return of 7%.



*Prices are as at January 18, 2018 *Projections are for the forward 12 months from the most recent quarter results

U.S.: U.S. housing starts fall; jobless claims hit 45-year low

U.S. homebuilding fell more than expected in December, recording its biggest drop in just over a year, amid a steep decline in the construction of single-family housing units following two months of hefty gains. Other data on Thursday showed the number of Americans filing for unemployment benefits dropped to a 45-year low last week. The decline in claims for jobless benefits, however, probably exaggerated the health of the labor market as data for seven states, including California, were estimated. Housing starts decreased 8.2 percent to a seasonally adjusted annual rate of 1.192 million units, the Commerce Department said. November's sales pace was revised up to 1.299 million units from the previously reported 1.297 million units. The percentage drop for housing starts in December was the largest since November 2016. Economists polled by Reuters had forecast housing starts decreasing to a pace of 1.275 million units last month. U.S. financial markets were little moved by the data. Homebuilding increased 2.4 percent to 1.202 million units in 2017, the highest level since 2007. December's moderation in homebuilding is likely to be temporary amid strong demand for housing that is being driven by a robust labor market. Builders, however, continue to struggle with labor and land shortages as well as more expensive lumber. A survey on Wednesday showed confidence among homebuilders slipping from an 18-year high in January. Builders expected a dip in buyer traffic and sales over the next six months.

<https://www.reuters.com/article/us-usa-economy-unemployment/u-s-housing-starts-fall-jobless-claims-hit-45-year-low-idUSKBN1F71S2>

Europe: S&P cuts Brazil debt rating as pension reform doubts grow

Ratings agency Standard & Poor's cut Brazil's credit rating further below investment grade on Thursday as doubts grew about a presidential election in October and a push to trim its costly pension system, seen as vital to closing a huge fiscal deficit. S&P lowered its long-term rating for Brazil sovereign debt to BB- from BB previously, with a stable outlook, citing less timely and effective policymaking. S&P also cited a risk of greater policy uncertainty after this year's elections. The decision underscored concerns that a business-friendly reform agenda proposed by the unpopular President Michel Temer may stall this year as a looming presidential race shortens the legislative calendar. The Finance Ministry said in a statement that it would continue to push for an overhaul of Brazil's social security and tax policies, adding that S&P's decision underscored the urgency of those fiscal reforms. Finance Minister Henrique Meirelles had met with ratings agencies to try and stave off a downgrade after the government delayed until February a vote on pension reform that had been expected last year. "I think it's a warning of the economic and social consequences of not approving pension reform," said Wellington Moreira Franco, secretary-general for President Michel Temer. The move by S&P brings its long-term sovereign rating for Brazil three notches below investment grade. Brazil is rated Ba2 by Moody's Investors Service and BB by Fitch Ratings, both two notches into "junk" territory.

<https://www.reuters.com/article/us-brazil-sovereign-downgrade/sp-cuts-brazil-debt-rating-as-pension-reform-doubts-grow-idUSKBN1F101Q>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at January 12, 2018	
	Percentage (%)
Yield to Maturity	4.89
Weighted Average Coupon	4.928
Current Yield	4.89

The platinum portfolio has an effective maturity of 21.06 years and duration of 5.07 years.

STRUCTURED PRODUCT

Mayberry Individual Retirement Plan (IRP)

IRP is a Retirement Scheme for all persons who are self-employed or are employed in non-pensionable positions and do not otherwise contribute to an approved Superannuation Fund or another approved Retirement Scheme. The IRP will help some people make substantially greater contributions than they might otherwise do.

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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, www.bloomberg.com, www.investopedia.com, www.tradewire.com