

## DAILY MARKET SUMMARY

LOCAL STOCK MARKET: (J\$) <sup>+</sup>

Stock Symbol	KW	JP	KREMI	XFUND	GENAC
Current Price (\$)	45.80	16.51	6.09	14.02	2.98
Trailing EPS (\$)	1.16	0.83	0.24	1.20	0.23
P/E (times)	39.35	19.89	25.69	11.67	13.19
Projected P/E	36.04	9.77	22.96	10.64	11.46
Projected EPS (\$)*	1.27	1.69	0.27	1.32	0.26
Book Value per share (\$)	16.40	10.22	1.68	10.36	1.89
Price/Book Value (times)	2.79	1.62	3.62	1.35	1.57
Dividend Yield (2018 %)	N/A	N/A	N/A	N/A	N/A
Volumes	4,190	1,373	NIL	30,587	1,000
Recommendation	SELL	BUY	SELL	BUY	BUY

## FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	134.200	102.910	130.7628	141.180	102.910	132.2052
CAN	101.750	71.320	99.6022	114.120	92.000	101.1148
GBP	177.150	122.270	168.8444	201.000	165.000	176.3729
EURO	149.968	109.720	144.9984	175.560	111.400	155.9088

\*Rates as at June 18, 2018

## MONEY MARKET

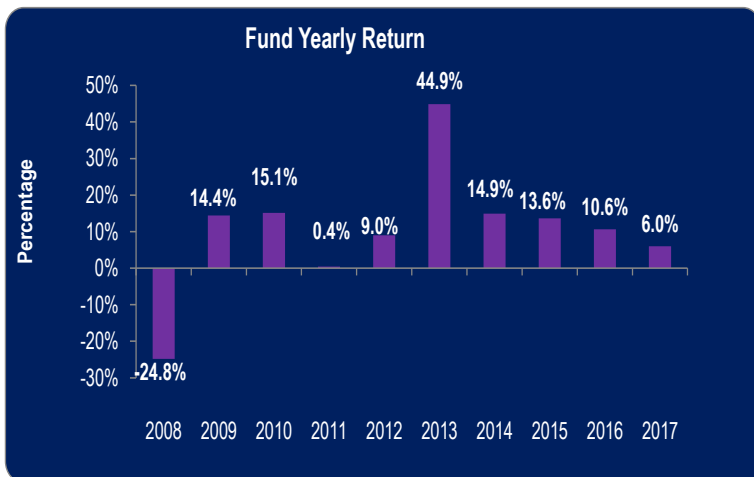
The Jamaican dollar fixed income market was liquid in today's (June 19, 2018) trading session. The over night rate stood at 1.35% while the 30-day rate stood 2.40%.

The US dollar fixed income market was also liquid during today's (June 19, 2018) trading session; The overnight market rates were quoted at 1.00% while the 30-day market rates stood at 1.70%.

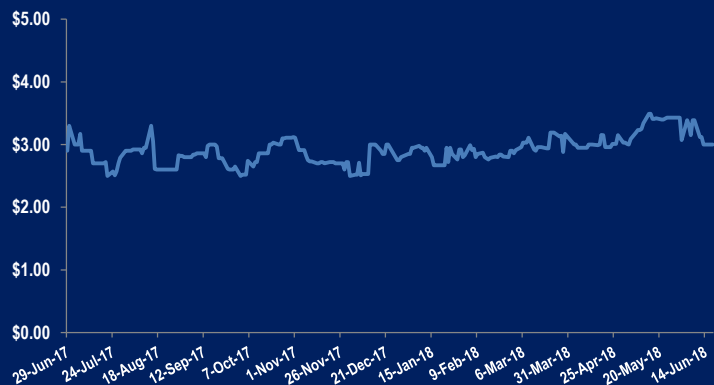
## OVER THE COUNTER FUNDS (CI FUNDS)

## CI American Small Companies Fund

This fund's objective is to seek above-average capital growth. It invests primarily in equity and equity-related securities of small to mid-capitalization North American companies. The fund has a 3 year return of 7.3% and a 5 year return of 13.2% as at May 31, 2018. The Fund also has a 10 year return of 9.7%.



## GENAC



## STOCK OF THE DAY: General Accident Insurance Company Limited (GENAC)

## For the three months ended March 31, 2018:

General Accident Insurance Company Limited (GENAC) reported Net Premium Written of \$430.59 million for the first quarter of the 2018 financial year, a 25% increase from the \$344.45 million reported in 2017. This increase was driven by 12% increase in Gross Premium Written to \$2.21 billion in 2018 from \$1.97 billion in 2017. Reinsurance Ceded grew by 9% totaling \$1.75 billion in 2017 from \$1.60 billion in 2017. Excess of Loss Reinsurance Cost amounted to \$30.77 million (2017: \$22.54 million) a 37% uptick.

Net Changes in Unearned Premiums totaled \$65.93 million, compared to \$40.39 million that was recorded last year. This resulted in Net Premium Earned of \$364.66 million for the quarter relative to \$304.06 million, a 20% increase.

Commission Income went up by 46%, year over year, from \$128.15 million in 2017 to \$187.30 million while Commission Expenses increased by 20% from \$96.36 million to \$115.72 million.

Claims Expenses saw a 6% increase, closing the period at \$248.08 million (2017: \$233.20 million), while Management Expenses rose 29% to total \$172.31 million from \$133.69 million in 2017. Management noted that, "our operating expenses grew by 29% resulting primarily from increased staff cost and restructuring."

As a result, GENAC reported an underwriting loss of \$7.26 million compared to a loss of \$17.03 million in 2017.

Investment Income closed at \$43.24 million, moving up 3% when compared with last year's \$42.10 million. Other Income grew significantly to \$9.09 million for the quarter relative to \$2.77 million in 2017.

In addition, other operating expenses went up by 40% to total \$10.20 million in 2018 relative to \$7.26 million in 2017.

Profit before Taxation amounted to \$34.88 million (2017: \$20.58 million). Taxation for the period was \$5.81 million (2016: \$3.2 million). Consequently, Net Profit totaled \$29.07 million relative to \$17.37 million in 2016, representing a 67% increase.

As such, EPS for the period is \$0.028 (2017: \$0.017). The twelve month trailing EPS amounted to \$0.23.

U.S. stocks fell, though major indexes traded well off session lows as a flare up in trade tensions eased to a simmer. Treasuries rose with the dollar. The Dow Jones Industrial Average notched a sixth straight loss in its longest slump in more than a year, and the S&P 500 equaled its biggest drop in three weeks. The declines came after steep losses in Asia and Europe sparked by renewed concern the U.S. and China are headed for a full-blown trade war. Neither side escalated attacks Tuesday after President Donald Trump threatened fresh tariffs and China promised to retaliate in kind. Tough trade talk is nothing new for investors in 2018, but the perception that stress is ratcheting up between the U.S. and China hit markets hard on Tuesday morning before U.S. shares saw some relief in afternoon trading. The protectionist moves come at a time when many are already voicing concern that global growth could lose momentum as the U.S. tightens monetary policy and Europe pulls back on stimulus. "The degree of both rhetoric and substance behind the proposals that have gone back and forth recently is worrisome," Mark Howard, a senior multi-asset specialist at BNP Paribas, said in an interview on Bloomberg TV. "This has caused a bit of a risk-off trade today, and it's a cause of caution by major investors." The euro dropped after the latest dovish message from the European Central Bank, and the pound weakened as the U.K. prepared for another knife-edge Brexit vote Wednesday ...

<https://www.bloomberg.com/news/articles/2018-06-18/asian-stocks-head-for-mixed-start-oil-rebounds-markets-wrap>

☐ PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at June 18, 2018	
	Percentage (%)
Yield to Maturity	5.76
Weighted Average Coupon	5.55
Current Yield	5.61

The platinum portfolio has an effective maturity of 13.55 years and duration of 4.76 years.

☐ DISCLAIMER

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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)

China and the United States sank into a deepening trade conflict that roiled financial markets Tuesday after U.S. President Donald Trump threatened to impose tariffs on an additional \$200 billion of Chinese products, prompting Beijing to accuse Washington of starting a trade war. Trump said Monday his threat was retaliation for China's decision to raise tariffs on \$50 billion of U.S. goods over the weekend, a move that itself was in response to additional U.S. tariffs on Chinese products announced Friday. The sheer size of Trump's latest threat makes it impossible for an in-kind response from China since the value of the goods involved exceeds by \$70 billion the total value of U.S. imports to China last year, U.S. data shows. China could be prompted to react in other ways. Here are some possible scenarios. After threatening on Friday additional tariffs of 25 percent on \$50 billion of American products, China can raise tariffs on more U.S. goods, such as aircraft. It could also increase the size of the tariffs on the goods that it is targeting. China imported \$129.89 billion of U.S. goods last year, compared with U.S. purchases of \$505.47 billion of Chinese products, according to U.S. data. The figures differ from those provided by Chinese customs, which showed China imported \$153.9 billion of U.S. goods and the U.S. purchased \$429.8 billion of Chinese products. Either way, even if Trump goes on to impose tariffs on \$300 billion or even \$400 billion of Chinese goods, Beijing could only levy...

<https://www.reuters.com/article/us-usa-trade-china-scenarios-explainer/explainer-what-can-beijing-do-if-china-u-s-trade-row-worsens-idUSKBN1JF180>

☐ STRUCTURED PRODUCT

**USD Money Market**

This portfolio is a full discretionary managed bond portfolio, ideal for clients who have short-term USD liquidity needs. Assets within the portfolio can be used as collateral for loans. The product provides a solid short term investment option in hard currency and allows the individual to hedge against the prevailing devaluation in the local currency.

