

## DAILY RECOMMENDATION



### LOCAL STOCK MARKET: (J\$) +

Stock Symbol	JSE	BIL	XFUND	LASD	MEEG
Current Price (\$)	8.09	9.80	11.07	4.00	5.98
Trailing EPS (\$)	0.44	0.58	1.22	0.30	0.36
P/E (times)	18.30	16.89	9.11	13.44	16.75
Projected P/E	14.41	16.22	8.45	15.96	14.93
Projected EPS (\$)*	0.56	0.60	1.31	0.25	0.40
Book Value per share (\$)	1.47	7.23	10.75	1.38	1.76
Price/Book Value (times)	5.52	1.36	1.03	2.91	3.40
Dividend Yield (2018 %)	3.70%	3.06%	N/A	2.93%	N/A
Volumes	1,100	NIL	107,782	99,646	4,465
Recommendation	HOLD	SELL	BUY	HOLD	HOLD

### FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

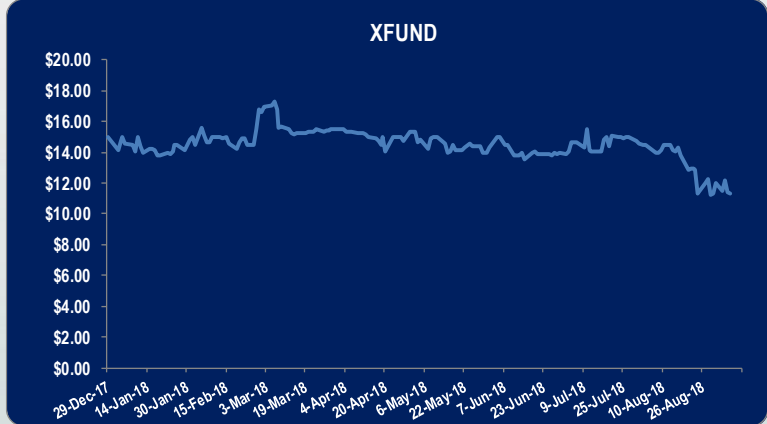
	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	138.100	100.000	135.6626	146.810	100.000	137.2574
CAN	106.000	74.620	102.9065	119.400	96.000	104.1510
GBP	181.010	140.000	176.4387	201.770	165.000	177.6684
EURO	156.000	114.000	151.9264	162.500	147.000	160.9924

\*Rates as at September 07, 2018

### MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (September 10, 2018) trading session. The overnight rate stood at 0.85% while the 30-day rate ranged between 1.50% and 1.60%.

The US dollar fixed income market was also liquid during today's (September 10, 2018) trading session; The overnight market rates were quoted at 1.20% while the 30-day market rates stood at 1.60% to 1.80%.



### STOCK OF THE DAY: Sagicor Real Estate XFUND Limited (XFUND)

For the six months ended June 30, 2018:

Hotel revenue for the six months period increased to \$2.89 billion relative to \$2.44 billion in 2017, an 18% improvement year over year. Net Investment expenses and net capital gains on financial assets and liabilities both increased to close at \$137.94 million (2017: \$31.65 million) and \$603.31 million (2017: \$432.32 million) respectively. Hotel revenue from discounted operations slipped 12% to close at \$2.71 billion relative to \$3.09 billion.

The company stated that, "Effective June 1, 2018 the Group sold the Hilton Rose Hall Resort and Spa (Hilton Rose Hall), three (3) of the Jewel hotels as well as lands that were owned by the Sigma Real Estate Portfolio (Sigma Portfolio) and a part of the Jewel Grande to Playa Hotels and Resort N.V. (Playa)."

Operating Expenses slightly increased 1% to \$4.96 billion (2017: \$4.91 billion). Whereas, Hotel Expenses increased by 10% to \$1.88 billion (2017: \$1.71 billion) and a 4% decrease in Interest Expense to \$702.90 million (2017: \$731.26). Hotel expenses for the quarter totaled \$916.13 million compared to \$892.24 million in 2017.

There was depreciation of \$305.55 million (2017: \$137.14 million) for the period under review. Depreciation for the quarter totaled \$164.99 million (2017: \$73.03 million). The company mentioned that, "This was primarily driven by major renovation of our directly owned hotel- namely DoubleTree Universal in Orlando, Florida (DoubleTree) during 2016 through 2017 in keeping with the franchisors' brand standards."

Other operating expenses increased to \$38.07 million (2017: \$12.67 million). However, for the quarter, there was an increase to XFUND booked \$20.56 million for other operating expenses versus \$4.04 million).

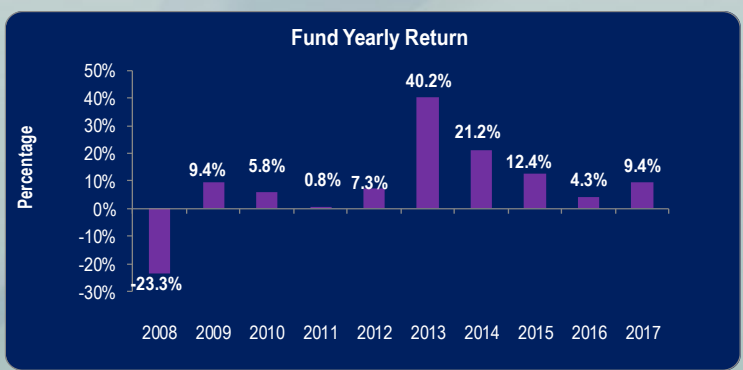
The company's Profit before Tax climbed 6% to \$1.11 billion (2017: \$1.04 billion) for the six months. After incurring tax charges of \$336.95 million (2017: \$256.33 million), Net Profit attributable to stockholders reduced slightly by 2% to \$770.17 million, down from \$785.20 million for the comparable period in 2017. However, for the second quarter, Net Profit increased by 13% to close at \$277.54 million (2017: \$245.70 million).

The earnings per share (EPS) for the six months closed at \$0.34 (2016: \$0.35). While, the EPS for the quarter amounted at \$0.12 (2017: \$0.11). The trailing twelve-month EPS is \$1.22. The number of shares used in our calculations was 2,243,005,125. As at August 14, 2018, the stock traded at \$14.14.

### OVER THE COUNTER FUNDS (CI FUNDS)

#### CI American Value Corporate Class

This fund's objective is to provide superior returns with a limited level of risk by investing in a diversified portfolio of high quality undervalued companies. It invests primarily in equity and equity-related securities of companies in the United States. Any change to the investment objective must be approved by a majority of votes cast at a meeting of shareholders held for that reason. The fund has a 3 year return of 7.1% and a 5 year return of 13.7% as at July 31, 2018. The Fund also has a 10 year return of 9.4%.



\*Prices are as at September 10, 2018 \*Projections are made to the company's financial year end

**U.S.: Fed's Rosengren Wants Two More Hikes in 2018 as Economy**

“One more interest rate hike in 2018 won’t satisfy Eric Rosengren’s definition of gradual. In an interview, the president of the Federal Reserve Bank of Boston made clear that, barring an unexpected turn for the U.S. economy, he’ll push for two more increases before year’s end. With unemployment low and likely to keep falling, and with inflation at the central bank’s 2 percent target and likely to rise, Rosengren said Saturday “I don’t see any reason why we wouldn’t continue to gradually increase rates.” Rosengren said he forecasts the U.S. economy to expand at a 3 percent clip in the second half of the year. Fed officials are widely expected to lift rates when they meet later this month. While the prospects of another increase in December have also been rising in the eyes of investors, it remains unclear whether policy makers will follow through on what would be a fourth move in 2018. Rosengren had no hesitation in favouring a fourth increase and went further, saying he wants to keep rates moving higher next year as well.”

<https://www.bloomberg.com/news/articles/2018-09-10/fed-s-rosengren-wants-two-more-hikes-in-2018-as-economy-grows?srnd=economics-vp>

**Europe: U.K. Economy Posts Fastest Growth in Almost a Year on Services**

“The U.K. economy grew at the fastest pace in almost a year between May and July, as construction output rebounded, and a heatwave boosted retail sales and the powerhouse services sector. Gross domestic product increased 0.6 percent from the three months through April, the most since August last year, the Office for National Statistics said Monday. That’s more than economists forecast and up from 0.4 percent in the second quarter. The figures appear to vindicate the Bank of England’s decision to raise interest rates last month. Annualized growth in the latest period was 2.4 percent, well above the pace policy makers believe will fuel inflation. The pound edged higher following the figures. BOE officials, expected to keep policy unchanged on Thursday, have indicated that further modest hikes will be needed to bring inflation back target. The solid performance in the latest period came as a prolonged heatwave helped the economy rebound from a snow-blighted start to the year. Construction output jumped 3.3 percent, while services, the largest part of the economy, rose 0.6 percent with retail sales benefiting from the warm weather and soccer World Cup, the ONS said.”

<https://www.bloomberg.com/news/articles/2018-09-10/u-k-economy-posts-fastest-growth-in-almost-a-year-on-services?srnd=economics-vp>

**PLATINUM PORTFOLIO**

**Platinum Portfolio Yield Measures as at September 10, 2018**

	Percentage (%)
Yield to Maturity	5.93
Weighted Average Coupon	5.60
Current Yield	5.79

The platinum portfolio has an effective maturity of 15.60 years and duration of 5.74 years.

**STRUCTURED PRODUCT**

**Mayberry Gold**

This portfolio is ideal for investors, both retail and corporate, seeking a conservative, short-term investment. The securities in the Gold are directly owned by the client and provide them with a safe investment option. Our Gold portfolio can also provide investors with coupon payments that can generate a positive income stream.

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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

OVER 20 YEARS OF EXPERIENCE + CUTTING EDGE MARKET RESEARCH  
 = POSITIVE TRANSFORMATION FOR OUR CLIENTS  
 MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS

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