

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (J\$) +

Stock Symbol	JSE	NCBFG	CHL	SEP	SALF
Current Price (\$)	8.35	131.21	13.75	49.53	20.45
Trailing EPS (\$)	0.44	10.16	0.37	1.68	1.36
P/E (times)	18.89	12.92	37.40	29.52	15.03
Projected P/E	14.87	12.83	33.99	28.56	13.17
Projected EPS (\$)*	0.56	10.23	0.40	1.73	1.55
Book Value per share (\$)	1.47	50.36	1.04	18.62	8.04
Price/Book Value (times)	5.69	2.61	13.16	2.66	2.54
Dividend Yield (2018 %)	3.59%	1.07%	1.78%	1.01%	2.44%
Volumes	137,876	232,956	3,400	3,289	5,941
Recommendation	HOLD	HOLD	SELL	SELL	BUY

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	135.500	103.200	132.8792	149.500	128.000	134.0180
CAN	106.460	79.500	104.6712	120.600	99.000	104.2896
GBP	178.570	138.170	173.0618	202.200	167.000	175.7914
EURO	151.500	119.040	146.0784	179.160	149.800	156.1463

*Rates as at October 04, 2018

MONEY MARKET

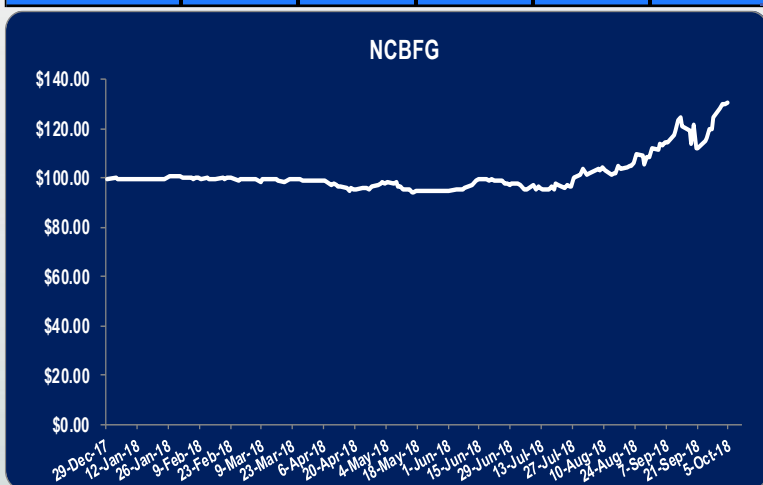
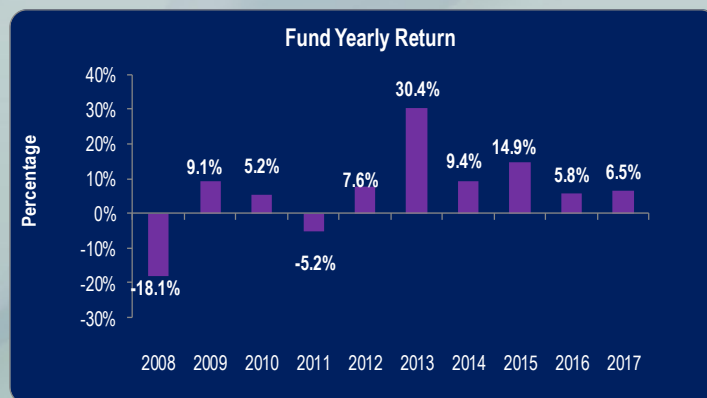
The Jamaican dollar fixed income market was liquid in today's (October 05, 2018) trading session. The overnight rate stood at 0.85% to 1.20%, while the 30-day rate ranged between 1.50% and 1.80%.

The US dollar fixed income market was also liquid during today's (October 05, 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%.

OVER THE COUNTER FUNDS (CI FUNDS)

CI Global Value Corporate Class

This fund's objective is to obtain maximum long-term capital growth by identifying securities that the portfolio advisor believes are undervalued and have the potential for future growth. It invests primarily in equity and equity-related securities of companies around the world. The fund may make large investments in any country, including emerging markets or emerging industries of any market. The fund has a 3 year return of 7.1% and a 5 year return of 11% as at August 31, 2018. The Fund also has a 10 year return of 7.2%.



STOCK OF THE DAY: NCB Financial Group Limited (NCBFG)

For The Nine Months Ended June 30, 2018:

Net Interest Income increased by 15%, relative to the corresponding period in 2017, to total \$25.42 billion (2017: \$22.19 billion), "resulting from volume growth in the loan portfolio and the consolidation of Clarien's results", Management noted. For the quarter, Net Interest Income improved 26% to close at \$9.51 billion (2017: \$7.56 billion). Interest income for the period rose 20% year over year to \$37.92 billion compared to \$31.63 billion in 2017, while interest expense amounted to \$12.51 billion relative to \$9.44 billion for the corresponding period in 2017.

Net Fees and Commission Income amounted to \$11.75 billion, an increase of 13% on 2017's \$10.42 billion. The company highlighted that "Investment management and banking, brokerage, trust and advisory fees earned by Clarien are now included in this income line. In addition to the consolidation of Clarien's results, we continue to experience higher transaction volumes at our e-commerce channels and increased pension fee income."

Total Operating Expenses for the period amounted to \$36.98 billion, an increase of 32% compared to the \$28 billion reported for the nine months ended June 30, 2017. Expenses for the quarter rose 36% to close at \$12.07 billion compared to \$8.88 billion in 2017. According to NCBFG, "we continue to re-tool the organisation to bolster our capacity to innovate and improve service standards to customers."

Provision for credit losses increased 176% to \$1.37 billion (2017: \$497.30 million) while depreciation and amortization grew by 43% to \$2.46 billion (2017: \$1.72 billion). Policyholders' and annuitants' benefits and reserves increased by 62% to \$4.31 billion relative to \$2.65 billion for the prior year's corresponding period.

Consequently, operating profit increased 17% to total \$18.97 billion (2017: \$16.21 billion). 'Share of profit of associates' declined by 18% to total \$1.81 billion compared to \$2.22 billion in 2017. The Bank also reported negative goodwill on acquisition of subsidiary of \$4.39 billion relative to a nil in 2017. This was as related to "the acquisition of Clarien". Consequently, profit before taxation increased 37% to \$25.17 billion relative to \$18.44 billion in 2017.

Net profit attributable to shareholders closed at \$20.66 billion for the nine months. Earnings per share (EPS) for the nine months ended June 30, 2018 totalled \$8.38 relative to \$5.97 booked for the comparable period of 2017. The EPS for the third quarter amounted to \$2.77 (2017: \$2.13). The trailing twelve-month EPS amounted to \$10.16. The number of shares used in our calculations amounted to 2,466,762,828 units. NCBFG stock price closed the trading period at a price of \$96.79 on July 26, 2018.

U.S.: U.S. Trade Gap Hits Six-Month High as Soybean Exports Plunge 28%

"The U.S. trade deficit widened in August to the biggest in six months as soybean exports plunged and a measure of the gap with China hit a record, showing how the Trump administration's trade war is dragging on economic growth. The gap in goods and services trade increased 6.4 percent to \$53.2 billion, from a revised \$50 billion in the prior month, Commerce Department data showed Friday. Imports rose 0.6 percent and exports fell 0.8 percent. Soybean exports dropped \$1 billion, or 28 percent, to \$2.58 billion, reversing a run-up earlier this year ahead of retaliatory levies from China. A widening trade deficit is set to drag on the economy in the third quarter after a narrower gap helped boost the pace of expansion in the prior period to the fastest since 2014. The latest figures show how President Donald Trump's tariffs on goods from China and other nations, which have raised prices and disrupted some businesses, are starting to weigh on an otherwise solid pace of U.S. growth. The median estimate of economists surveyed by Bloomberg called for a trade deficit of \$53.6 billion. Preliminary figures last week had showed a wider trade gap in merchandise. Exports fell to \$209.4 billion, spanning declines in other items including crude oil and petroleum products. Imports rose to \$262.7 billion, boosted by consumer goods and automobiles."

<https://www.bloomberg.com/news/articles/2018-10-05/u-s-trade-gap-hits-six-month-high-as-soybean-exports-plunge-28?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at October 01, 2018

	Percentage (%)
Yield to Maturity	5.87
Weighted Average Coupon	5.54
Current Yield	5.73

The platinum portfolio has an effective maturity of 13.19 years and duration of 4.51 years.

DISCLAIMER

Analyst Certification -The views expressed in this research report accurately reflect the personal views of Mayberry Investments Limited Research Department about those issuer (s) or securities as at the date of this report. Each research analyst (s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation (s) or view (s) expressed by that research analyst in this research report.

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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

Asia: NAFTA's China Clause Is Latest Blow to Trudeau's Asia Ambitions

"Justin Trudeau dreams of closer Canadian ties with China. The deal he just made with Donald Trump makes it harder for that to happen. The new trade agreement between the U.S., Canada and Mexico includes a provision that requires one member to notify the others if it launches trade talks with a non-market economy. If those talks lead to a deal, the signatory could potentially be frozen out of the North American pact. It's essentially a China clause, with the Trump administration gearing up for trade war with Beijing. It's also partially symbolic. But for Trudeau, it's either a concession or an admission that his aspirations for a free-trade deal China have fallen flat. The Canadian prime minister's visit to China fizzled last year, and he rejected a major takeover this spring. But in a cabinet shuffle this summer -- when the fate of the North American Free Trade Agreement was still unclear -- he added "diversification" to his new trade minister's title. And now he's effectively siding with the U.S. against the Asian powerhouse. "The U.S. is going to get all its partners to gang up on China, but it's clear that Canada did this because there was a gun to its head," said Mary Lovely, an economics professor at Syracuse University who studies trade issues. "Now Canada has its hands tied."

<https://www.bloomberg.com/news/articles/2018-10-04/nafta-s-china-clause-is-latest-blow-to-trudeau-s-asia-ambitions?srnd=economics-vp>

STRUCTURED PRODUCT

Mayberry Platinum

The Mayberry Platinum portfolio is ideal for investors seeking a short to medium-term investment with returns denominated in hard currency. The portfolio comprises Investment Grade corporate and sovereign bonds, which provide strong yield and performance. The primary objective of this product is to provide our clients with income as well as capital appreciation. The Platinum portfolio enables the client to take full advantage of a diversified bond portfolio and is ideal for persons who do not have the time to actively manage their own portfolio.

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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