

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (JS) +

Stock Symbol	GK	GENAC	CAR	AFS	BPOW
Current Price (\$)	58.51	3.70	8.94	45.50	6.50
Trailing EPS (\$)	4.40	0.30	0.73	2.71	0.18
P/E (times)	13.29	12.37	12.23	16.78	35.92
Projected P/E	12.48	14.90	11.87	15.87	31.67
Projected EPS (\$)*	4.69	0.25	0.75	2.87	0.21
Book Value per share (\$)	45.62	1.96	0.38	9.24	1.35
Price/Book Value (times)	1.28	1.89	23.27	4.93	4.81
Dividend Yield (2018 %)	1.45%	N/A	7.61%	1.74%	2.92%
Volumes	6,606	26,850	569,061	200	2,500
Recommendation	HOLD	HOLD	BUY	BUY	SELL

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

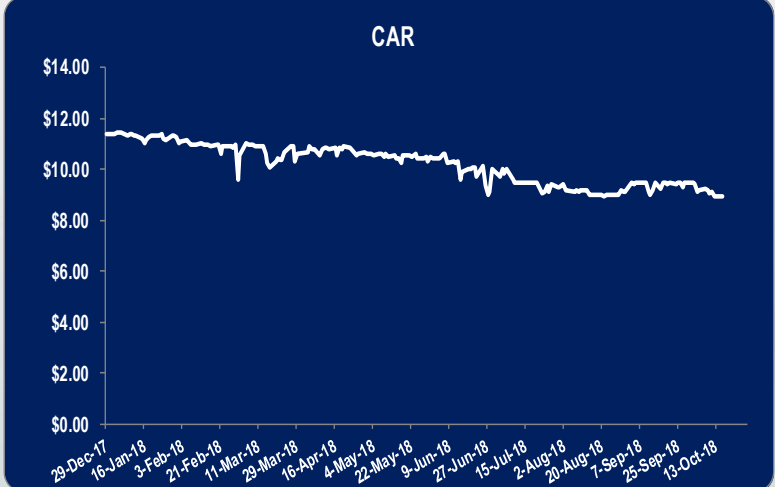
	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	135.000	100.000	130.9585	147.200	100.000	132.1679
CAN	104.790	83.040	101.7172	117.840	93.000	102.0928
GBP	178.500	143.820	169.9461	203.040	165.000	174.4353
EURO	151.800	118.400	145.2254	177.600	147.000	152.9199

*Rates as at October 16, 2018

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (October 17, 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 17, 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: Carreras Limited (CAR)

For the three months ended June 30, 2018:

Carreras Limited, for the three months, reported Operating Revenue of \$3.15 billion, 12% increase relative to \$2.82 billion booked in 2017. The company highlighted that, "This increase over the prior period is due mainly to an increase in sales volumes albeit over a lower volume base as well as effective management of costs."

CAR also noted that, "Based on the improved performance for the quarter, we remain cautious though optimistic regarding the outlook for the rest of the financial year. The company continues to reap the reward of continuous investment in our brands, particularly our core brands, Craven "A" and Matterhorn. The strength of our brands, people and relationships continue to position us for the future."

The company mentioned that, "The increase in sales for the period is on a lower volume bases as a result of the excise increase implemented last year. Overall, we continue to be negatively impacted by excise increases implemented in prior periods, which in turn has unintentionally resulted in the increased illicit trade in cigarettes."

Cost of Operating Revenue also climbed year over year by 12%, amounting to \$1.57 billion from \$1.39 billion. As such, Gross Operating Profit rose by 11% to total \$1.58 billion relative to the \$1.42 billion in 2017. Other Operating Income fell by 65% moving from \$121.37 million in 2017 to \$42.12 million.

Administrative, distribution and marketing expenses decreased 7% to total \$490.05 million (2017: \$529.41 million). Management noted that, "Continued cost-cutting, and containment initiatives are being reflected in the 7% reduction in overheads over the prior period. It is noteworthy, that this reduction was achieved despite a 2.8% increase in inflation."

Profit before Income Tax was recorded at \$1.13 billion relative to \$1.01 billion in 2017. Taxation of \$308.23 million was incurred for the period (2017: \$255.64 million).

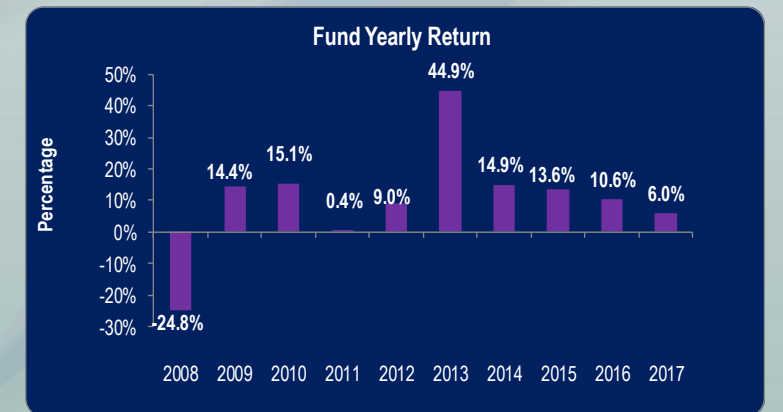
Consequently, Net Profit for the three months increased 8% to \$821.09 million relative to \$758.34 million booked in 2017.

The Earnings per share (EPS) for the period was \$0.17 as compared to \$0.16 for the corresponding period of last year. The twelve-month trailing EPS amounted to \$0.73. The number of shares used in the computations amounted to 4,854,400,000 units. CAR's stock price last traded on August 13, 2018 at \$9.17.

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 8.4% and a 5 year return of 12.1% as at September 30, 2018. The Fund also has a 10 year return of 10.8%.



U.S.: U.S. Beats Singapore to Top of Global Competitiveness Rankings

“The U.S. is back at the top of the global competitiveness league, according to the World Economic Forum, which praised the nation’s entrepreneurial culture and financial system while noting its “weakening social fabric.” In a report that President Donald Trump is likely to see as validating his “Make America Great Again” drive, the U.S. placed ahead of Singapore and Germany in the 140-nation table. The 2018 edition of the rankings used an overhauled methodology that focuses more on factors such as idea generation and agility. Despite the U.S. top billing for the first time in almost a decade, WEF -- which brings together leaders from public and private-sector institutions -- took a swipe at the protectionism advocated by the Trump administration. It said countries that ranked highly on measures such as low tariffs, ease of hiring foreign labor and collaboration in patent application tended to do well on innovation and market efficiency. “At a time of escalating trade tensions and a backlash against globalization, the report also reveals the importance of openness for competitiveness,” it said. “Global economic health would be positively impacted by a return to greater openness and integration.”

<https://www.bloomberg.com/news/articles/2018-10-16/u-s-beats-singapore-to-top-of-global-competitiveness-rankings?srd=economics-vp>

Europe: U.K. Inflation Slowdown Gives BOE Time Amid Brexit Perils

“U.K. inflation slowed more than expected in September, giving the Bank of England room to move slowly on the path of raising interest rates. While faster pay growth may be strengthening price pressures, the uncertainty from Britain’s imminent divorce from the European Union is also undermining the economy. BOE Governor Mark Carney says a limited and gradual series of rate hikes are needed to keep inflation in check, and markets expect the next move to come after the U.K. formally leaves the bloc in March. If the inflation rate “falls below the 2 percent target next year, that’s going to constrain the pace at which the BOE raises,” said Samuel Tombs, an economist at Pantheon Macroeconomics. Wednesday’s data “really weaken the case to raise interest rates again before we know what’s going to happen with Brexit.” Annual consumer-price growth dipped to 2.4 percent from 2.7 percent in August, the Office for National Statistics said. The forecast in a Bloomberg survey was 2.6 percent. Downward pressure came mainly from food prices, which fell 0.2 percent on the month with chocolate and meat the key drivers. There was also pressure from ferry prices, clothing and recreation and culture such as theatre tickets and computer games.”

<https://www.bloomberg.com/news/articles/2018-10-17/u-k-inflation-slows-more-than-expected-on-food-transport?srd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at October 16, 2018	
	Percentage (%)
Yield to Maturity	6.09
Weighted Average Coupon	5.599
Current Yield	6.75

The platinum portfolio has an effective maturity of 15.44 years and duration of 5.66 years.

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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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

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 = POSITIVE TRANSFORMATION FOR OUR CLIENTS
 MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS

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