

## DAILY RECOMMENDATION



### LOCAL STOCK MARKET: (JS) +

Stock Symbol	PAL	ISP	JP	CAR	MDS
Current Price (\$)	1425.00	20.00	29.65	8.95	7.20
Trailing EPS (\$)	86.18	0.48	0.74	0.73	0.43
P/E (times)	16.54	41.27	40.31	12.25	16.75
Projected P/E	15.38	39.34	37.53	11.88	16.23
Projected EPS (\$)*	92.64	0.51	0.79	0.75	0.44
Book Value per share (\$)	336.35	2.91	10.22	0.38	2.63
Price/Book Value (times)	4.24	6.87	2.90	23.30	2.74
Dividend Yield (2018 %)	N/A	N/A	N/A	7.60%	1.44%
Volumes	NIL	NIL	32,600	169,810	1,000
Recommendation	BUY	SELL	SELL	BUY	HOLD

### FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

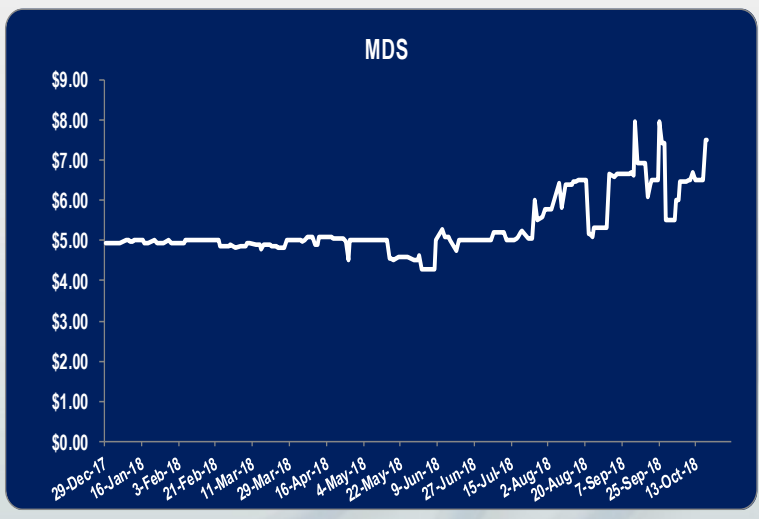
	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	135.000	99.600	130.5788	146.740	100.000	131.5423
CAN	101.700	82.870	100.6464	117.000	88.900	101.4207
GBP	174.000	142.540	167.9565	201.240	165.000	172.7235
EURO	150.500	116.800	145.5208	176.400	144.500	152.6242

\*Rates as at October 18, 2018

### MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (October 19, 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 19, 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: Medical Disposables & Supplies Limited (MDS)

For the three months ended June 30, 2018:

Revenue amounted to \$541.11 million, an increase of 13% compared to the \$480.59 million booked in 2017. This according to Management, "reflected continued growth in sales. This performance was mainly attributable to growth in the consumer business segment and prices increases."

Cost of Sales increased \$46.25 million to total \$424.33 million relative to \$378.09 million in 2017, a 12% increase. As a result, Gross Profit grew by 14% or \$14.28 million to total \$116.78 million in 2018 compared to \$102.50 million in 2017.

Total Operating Cost rose 7% to close at \$86.71 million (2017: \$81.03 million). Of this total, Selling and Promotional costs slid 2% to \$32.25 million relative to \$33.02 million in 2017. Administrative Expenses went up by 17% to close the three-month period at \$48.64 million (2017: \$41.42 million).

MDS recorded Other Operating Expenses of \$689,248 for the first quarter of 2017 relative to an income of \$284,831 for the comparable period of 2018. Depreciation increased by 4% to close the quarter at \$6.11 million (2017: \$5.91 million). Management noted the increase in expenses were mainly due to a growth in business activities and staff complement in the warehouse and sales department and infrastructural improvements. MDS also indicated, "General insurance increased by \$0.8M or 47% consistent with the increased levels of inventories and other assets."

As a result, Operating Profit closed the first quarter at \$31.43 million relative to \$22.55 million in 2017, this represents a 39% increase. MDS reported Loss on Foreign Exchange of \$4.20 million versus a gain of \$1.18 million twelve months earlier. This according to MDS was due mainly to, "the devaluation of the Jamaican Dollar in relation to the United States currency."

Finance Cost for the three months amounted to \$8.04 million relative to the \$8.05 million reported in 2017, a marginal decline year over year.

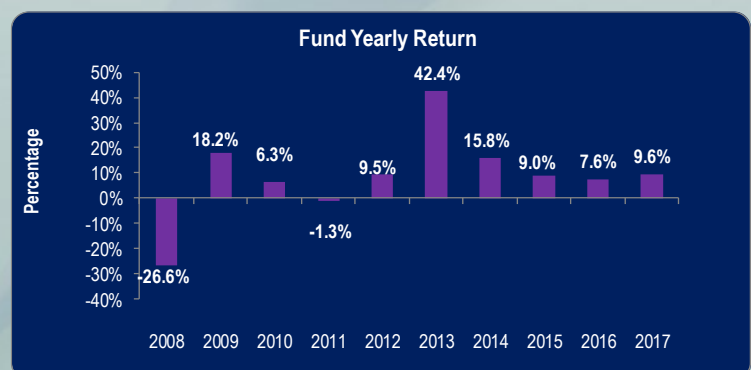
Pre-tax profit totalled \$19.21 million, up from the \$15.69 million booked for the corresponding quarter of 2017, a 22% increase. Profit for the quarter amounted to \$19.21 million relative to \$15.66 million booked for the first three months of 2017 after taxation of \$30,000 relative to nil for the first quarter of 2018.

Earnings per Share for the first quarter amounted \$0.07 (2017: \$0.06). The trailing earnings per share amounted to \$0.43. The number of shares used in the calculation was 263,157,895. MDS stock price closed the trading period on August 03, 2018 at \$5.80.

### OVER THE COUNTER FUNDS (CI FUNDS)

#### CI American Managers Corporate Class

This fund's objective is to obtain maximum long-term capital growth. It invests primarily in equity and equity-related securities of companies believed to have good growth potential. These companies are located in countries that have signed the North American Free Trade Agreement (NAFTA), or its successor. These countries currently include the United States, Canada and Mexico, but may also include countries that become members of NAFTA in the future. The fund has a 3 year return of 10.8% and a 5 year return of 12.8% as at September 30, 2018. The Fund also has a 10 year return of 10.2%.



**U.S.: U.S. Takes Aim at China in WTO, Escalating Stakes of Trade War**

“The U.S. asked the World Trade Organization to investigate possible violations related to China’s intellectual property policies, a point of contention for President Donald Trump that’s served to justify his ongoing trade war. The move escalates the conflict between the world’s two largest economies and sets the stage for the Geneva-based trade organization, which itself has been a target of Trump’s ire, to decide if China’s policies are illegal. The U.S. has already imposed tariffs on \$250 billion worth of Chinese products and has threatened duties that would more than cover all imports. The U.S. complaint says that various Chinese regulations violate the terms of the WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights, which sets international norms for such policies. The WTO dispute settlement body will consider the U.S. request at its Oct. 29 meeting in Geneva. China “appears to be breaking WTO rules by denying foreign patent holders, including U.S. companies, basic patent rights to stop a Chinese entity from using the technology after a licensing contract ends,” according to the U.S. complaint. “China also appears to be breaking WTO rules by imposing mandatory adverse contract terms that discriminate against and are less favourable for imported foreign technology.”

<https://www.bloomberg.com/news/articles/2018-10-19/u-s-takes-aim-at-china-in-wto-escalating-stakes-of-trade-war?smd=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.

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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: Japan's Inflation Creeps Up Again, Fuelled by Energy Prices**

“Japan’s most closely watched gauge of inflation edged up again in September with the help of costlier energy to tally with Governor Haruhiko Kuroda’s latest view that consumer prices are rising at about half the pace targeted by the central bank. While Kuroda has taken a more bullish view on the current strength in inflation, economists said the latest data offered little beyond the gains in energy and food prices to suggest that inflation can make major progress in the near term. Energy prices rose 8.1 percent from a year earlier, contributing more than half of the overall movement in consumer prices excluding fresh food in September. Unless domestic consumption can maintain the improved pace seen in the April-June quarter, it’s difficult to see prices gaining more momentum, said Kengo Tanahashi, an economist at Nomura Securities. Kuroda himself said in a Bloomberg interview last week, that the critical element needed to drive inflation toward 2 percent is higher pay that can fuel consumption. Still, his view that inflation is now stronger at around 1 percent compared with the BOJ’s official 0.5-1 percent view, suggests the central bank may raise its assessment of inflation when it meets at the end of the month to review its price projections and decide on policy.”

<https://www.bloomberg.com/news/articles/2018-10-18/japan-inflation-rises-for-third-month-with-energy-price-push?smd=economics-vp>

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

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