

## DAILY RECOMMENDATION



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

Stock Symbol	PAL	ISP	JP	JETCON	MDS
Current Price (\$)	1425.00	20.00	27.63	3.79	7.20
Trailing EPS (\$)	86.18	0.48	0.74	0.28	0.43
P/E (times)	16.54	41.27	37.56	13.76	16.75
Projected P/E	15.38	39.34	34.98	12.82	16.23
Projected EPS (\$)*	92.64	0.51	0.79	0.30	0.44
Book Value per share (\$)	336.35	2.91	10.22	0.82	2.63
Price/Book Value (times)	4.24	6.87	2.70	4.62	2.74
Dividend Yield (2018 %)	N/A	N/A	N/A	0.92%	1.44%
Volumes	NIL	NIL	8,968	99,501	NIL
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	132.500	99.680	129.9558	146.160	100.000	130.8867
CAN	103.900	81.680	99.7136	116.160	96.100	101.7146
GBP	174.200	140.000	170.4911	191.980	165.000	171.4366
EURO	151.500	112.640	144.9206	157.500	145.300	150.7243

\*Rates as at October 19, 2018

### MONEY MARKET

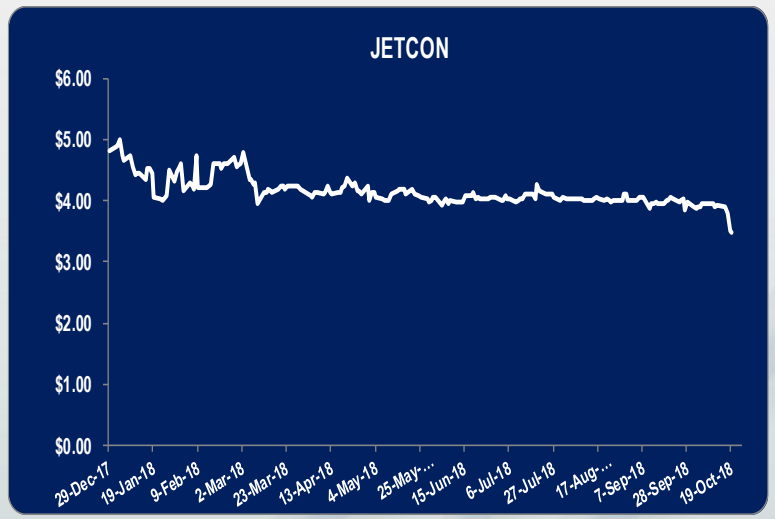
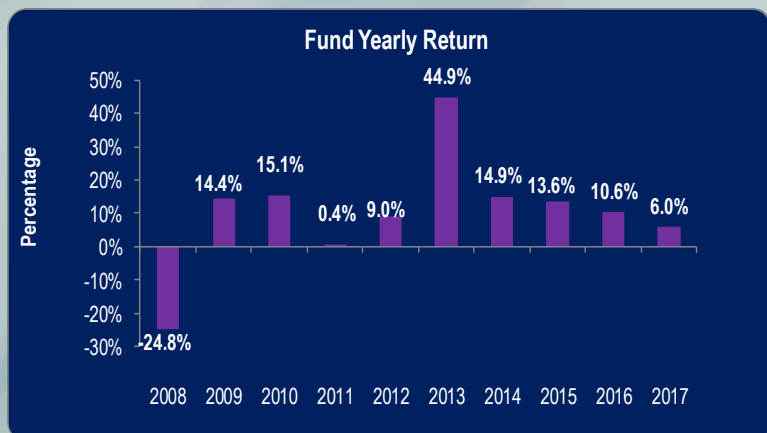
The Jamaican dollar fixed income market was liquid in today's (October 22, 2018) trading session. The overnight rate stood at 0.85% to 1.20%, while the 30-day rate ranged between 1.50% and 1.80%.

The US dollar fixed income market was also liquid during today's (October 22, 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 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%.



### STOCK OF THE DAY: JETCON Corporation Limited (JETCON)

#### For the six months June 30, 2018:

JETCON for the six months ended June 30, 2018 reported total turnover of \$605.48 million, 9% more than the \$553.03 million reported for the corresponding period in 2017.

Cost of Sales for the period increased by 11% to 484.26 million (2017: \$438.74 million). As such, Gross Profit for the period increased by 5% to \$120.21 million compared to \$114.30 million in 2017.

Total Expenses for the period increased by 10% to \$38.25 million (2017: \$34.66 million). Selling and Marketing Expenses for the period increased to \$13 million (2017: \$11.04 million), while Administrative and Other Expenses recorded an increase of 13%, closing at \$19.56 million (2017: \$17.23 million). Finance costs closed the period at \$592,682, a 722% increase when compared to the \$72,003 million the prior year. Other operating cost for the six months closed \$5.10 million relative to \$6.32 million booked for the corresponding period 2017.

Consequently, Profit Before Taxation amounted to \$82.88 million relative to \$79.97 million in 2017, representing a 4% increase year-on-year for the period.

There were no taxation charges for the period as such, net profit for the period amounted to \$82.88 million relative to \$79.97 million.

Total comprehensive income for the period amounted to \$82.89 million (2017: \$79.99 million).

As such, the earnings-per-share for the year amounted to \$0.14 relative to \$0.14 last year. The twelve months EPS is 0.27 where the number of shares used in our calculation is 583,500,000. JETCON's last traded price as at August 16, 2018, was \$4.07.

\*Prices are as at October 22, 2018 \*Projections are made to the company's financial year end

**U.S.: Fed's Bostic Sees 'Positive' U.S. Growth With Gradual Rate Hikes**

“The steady pace of U.S. economic growth, supported in part by monetary policy, is consistent with the central bank’s plan to continue gradually lifting interest rates, said Raphael Bostic, president of the Federal Reserve Bank of Atlanta. “We’ve seen the economy continue to strengthen and continue to perform in a very positive way,” Bostic, a voting member of the Fed’s committee that sets interest rates, said during a community conversation at the Atlanta bank’s headquarters Saturday. He said it’s been more than nine years since the recession ended and the goal of policymakers is “to try to keep this going as long as possible.” Even after recent increases, the Fed’s key overnight lending rate is set at a range of 2 percent to 2.25 percent -- still below the 2.5 percent to 3 percent range that the Fed considers neutral because it neither stimulates nor restrains growth, Bostic said. “There’s still a couple more moves that are left,” he said. The economy has been expanding since the end of the recession in mid-2009, helping drive unemployment to a 48-year low. President Donald Trump recently stepped up criticism of the central bank’s moves to raise interest rates to keep growth from triggering an increase in inflation, saying “the Fed has gone crazy” and blaming it for stock-market losses.”

<https://www.bloomberg.com/news/articles/2018-10-20/fed-s-bostic-sees-positive-u-s-growth-with-gradual-rate-hikes?smd=economics-vp>

**PLATINUM PORTFOLIO**

Platinum Portfolio Yield Measures as at October 22, 2018	
	Percentage (%)
Yield to Maturity	6.06
Weighted Average Coupon	5.548
Current Yield	6.81

The platinum portfolio has an effective maturity of 13.07 years and duration of 4.32 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

**Europe: Italy Won't Back Down on Budget Deficit**

“Italy’s populist government told the European Union that it is willing to temper its budget for next year, but it needs to break deficit rules to help out its poorest citizens. In a letter to the European Commission published Monday, Finance Minister Giovanni Tria said he won’t let the country’s budget deficit widen further than the 2.4 percent target for 2019. He said he knows that the plans don’t comply with EU rules and he wants "constructive" talks with officials in Brussels. Prime Minister Giuseppe Conte said the shortfall could even come in below target. The decision to increase spending was “difficult though necessary,” Tria said in his letter. He cited slow economic growth and the “difficult economic situation the poorest segments of the Italian society are facing.” Conte and Tria have come under fire from European officials and investors since bowing to pressure from Italy’s coalition heavyweights Matteo Salvini and Luigi Di Maio to allocate resources to their key election promises: tax cuts, more benefits spending, and a lower retirement age. The Commission expressed “serious concern” about Italy’s budget plans in a letter on Thursday. Conte, speaking in Rome, said that the government was willing to cut spending if faced with economic difficulties. Over the weekend Cabinet Undersecretary Giancarlo Giorgetti said that the government can’t ignore the risk to banks posed by this month’s bond-market selloff.”

<https://www.bloomberg.com/news/articles/2018-10-22/italy-set-to-tell-eu-it-won-t-back-down-on-2-4-deficit-target?smd=economics-vp>

**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.

OVER 20 YEARS OF EXPERIENCE + CUTTING EDGE MARKET RESEARCH  
 = POSITIVE TRANSFORMATION FOR OUR CLIENTS  
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