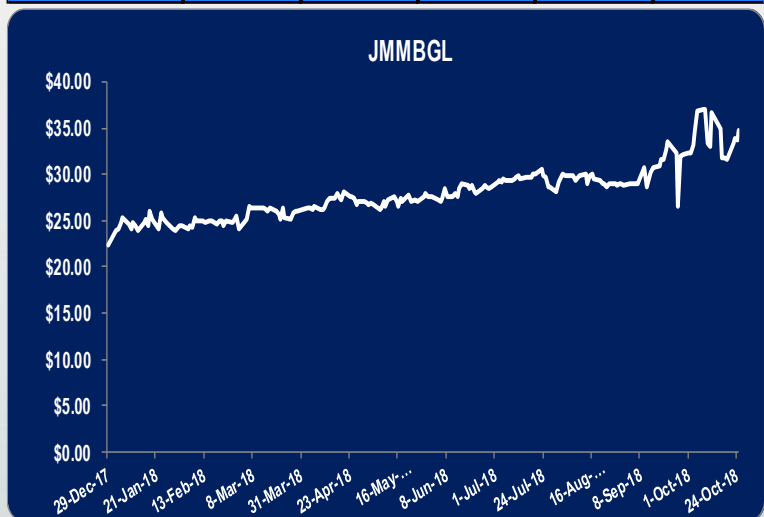


## DAILY RECOMMENDATION

LOCAL STOCK MARKET: (J\$) <sup>+</sup>

Stock Symbol	SALF	KW	ISP	WISYNCO	JMMBGL
Current Price (\$)	21.51	70.08	20.00	10.25	33.82
Trailing EPS (\$)	1.36	1.21	0.48	0.61	2.38
P/E (times)	15.81	57.97	41.27	16.76	14.23
Projected P/E	13.85	54.23	39.34	16.48	13.10
Projected EPS (\$)*	1.55	1.29	0.51	0.62	2.58
Book Value per share (\$)	8.04	16.27	2.91	2.32	15.48
Price/Book Value (times)	2.67	4.31	6.87	4.42	2.18
Dividend Yield (2018 %)	2.32%	0.29%	N/A	1.35%	0.80%
Volumes	NIL	7,629	NIL	138,251	60,884
Recommendation	BUY	SELL	SELL	BUY	HOLD



## STOCK OF THE DAY: JMMB Group Limited (JMMBGL)

## For the three months ended June 30, 2018

JMMB Group Limited - (JMMBGL) for the three months ended June 30, 2018 booked Net interest income of \$2.07 billion compared to \$1.91 billion in 2017, an increase of 8%. Of this, Interest income grew by 7% to close at \$4.24 billion, from the \$3.96 billion booked in 2017, while interest expenses increased by 6% to total \$2.17 billion relative to \$2.04 billion in the prior year. JMMBGL highlighted that, "there was strong growth in the loan and investment portfolios."

Fees and commission income for the quarter amounted to \$481.64 million, an improvement of 32% on the \$363.83 million last year's corresponding period. According to the company, this was, "due to significant growth in managed funds and collective investment schemes across the Group." Foreign exchange margins from Cambio trading recorded an increase of 117% year over year to close the quarter at \$514.65 million (2017: \$237.54 million), while net gains from securities trading showed an increase of 4% totalling \$1.60 billion (2017: \$1.54 billion).

Operating expenses amounted to \$3.34 billion, a growth of 11% (2017: \$3.00 billion) which led to an operating profit of \$1.21 billion, an increase when compared to the \$958.05 billion booked the year prior. According to JMMBGL, "This was attributed primarily to costs associated with our integrated Group sales and support framework coupled with the continued build-out of commercial banking services in Jamaica. The Group will continue to focus on extracting operational efficiency from all entities through the launch of its standardization and process improvements project."

Following taxes of \$258.88 million (2017: \$381.07 million), JMMBGL booked a 56% increase in net profit to \$956.61 million compared to \$613.39 million reported for the similar period of 2017.

Net profit attributable to the shareholders of the company totalled \$935.90 million relative to \$616.54 million in 2017, a 52% improvement year over year.

As a result, earnings per share (EPS) for the three months amounted to \$0.57 (2017: \$0.38). The twelve month trailing EPS amounted to \$2.38 where the number of shares used in the calculations amounted to 1,630,552,530 units. Notably, JMMBGL's stock price closed trading on August 14, 2018 at \$29.04.

## FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	132.500	100.000	128.6421	144.900	100.000	129.6238
CAN	98.700	80.920	96.0171	114.240	95.500	99.4513
GBP	168.429	138.120	163.5000	172.632	162.000	167.4854
EURO	151.190	114.240	142.6877	172.200	143.000	150.2673

\*Rates as at October 25, 2018

## MONEY MARKET

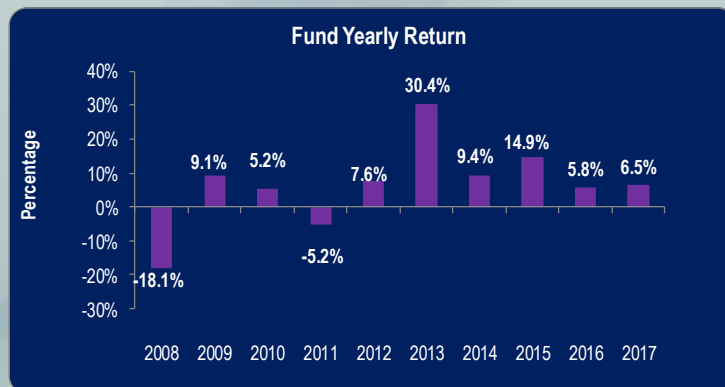
The Jamaican dollar fixed income market was liquid in today's (October 26, 2018) trading session. The overnight rate stood at 1.20% to 1.50%, while the 30-day rate ranged between 1.80% and 2.10%.

The US dollar fixed income market was also liquid during today's (October 26, 2018) trading session; The overnight market rates were quoted at 1.30% to 1.50% while the 30-day market rates stood at 1.90% to 2.25%.

## 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 8.3% and a 5 year return of 10.3% as at September 30, 2018. The Fund also has a 10 year return of 8.2%.



## U.S.: U.S. GDP Grows Above-Forecast 3.5% on Consumers, Inventories

"The U.S. economy expanded at a 3.5 percent pace in the third quarter as consumers opened their wallets, businesses restocked inventories and governments boosted spending, marking the strongest back-to-back quarters of growth since 2014. The annualized rate of gains in gross domestic product compared with the 3.3 percent median estimate in a Bloomberg survey and followed a 4.2 percent advance in the prior three months, according to Friday's report from the Commerce Department. Consumer spending, which accounts for about 70 percent of the economy, unexpectedly accelerated to a 4 percent increase -- the best since 2014 -- while the 0.8 percent gain in non-residential business investment was the weakest in almost two years. In two volatile categories, inventories provided the biggest contribution since early 2015, while the drag from trade was the largest in 33 years. Government spending rose by the most since 2016. The data indicate a robust job market and lower taxes continued to propel demand, giving President Donald Trump an opportunity to showcase his policies heading into the midterm congressional elections. At the same time, tariff-related bottlenecks and the trade war with China are headwinds for the nation's second-longest economic expansion on record, while the weakness in business investment suggests the boost from corporate tax cuts may be wearing off."

<https://www.bloomberg.com/news/articles/2018-10-26/u-s-gdp-grows-above-forecast-3-5-on-consumption-inventories?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

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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](http://www.jamstockex.com), [www.bloomberg.com](http://www.bloomberg.com), [www.investopedia.com](http://www.investopedia.com), [www.tradewire.com](http://www.tradewire.com)

## Europe: Russia Pauses Rate Hikes but Warns Further Tightening Possible

"Russia's central bank kept borrowing costs unchanged, pausing after a surprise hike last month but warning that inflation risks may prompt more tightening. "Pro-inflationary risks remain elevated, especially over a short-term horizon," it said in a statement on Friday. "The Bank of Russia will consider the necessity of further increases in the key rate, taking into account inflation and economic dynamics against the forecast, as well as risks posed by external conditions and the reaction of financial markets." The key interest rate will stay at 7.5 percent, according to the statement. The decision was forecast by 39 of 41 economists surveyed by Bloomberg, with the rest predicting an increase to 7.75 percent. A tide of monetary tightening across emerging markets has slowed this month as policy makers from Indonesia to Turkey took advantage of the respite in volatility. Governor Elvira Nabiullina is following suit after shocking the market in September with Russia's first rate increase since 2014 to restrain inflationary risks stemming both from domestic policy and fear of further U.S. sanctions. "The window for the next hike in December 2018 remains wide open," said Vladimir Miklashevsky, a strategist at Danske Bank A/S in Helsinki. The decision "will depend purely on external factors."

<https://www.bloomberg.com/news/articles/2018-10-26/bank-of-russia-holds-rate-in-pause-for-inflation-threats-to-come?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.

OVER 20 YEARS OF EXPERIENCE + CUTTING EDGE MARKET RESEARCH

= POSITIVE TRANSFORMATION FOR OUR CLIENTS

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