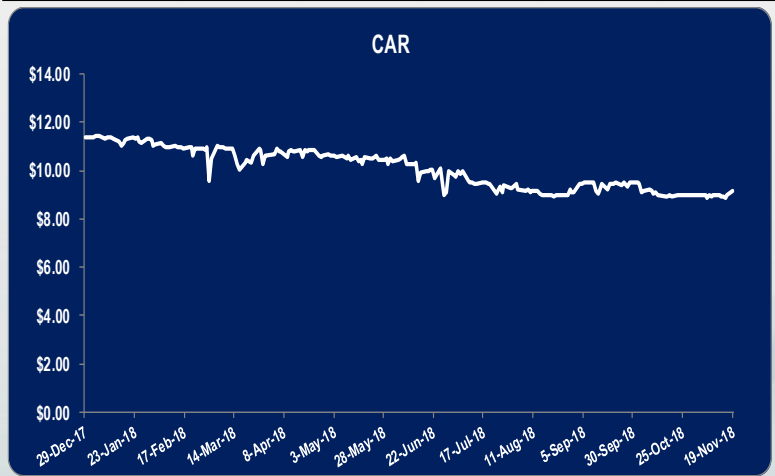


## DAILY RECOMMENDATION



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

Stock Symbol	JSE	CFE	LASD	BIL	CAR
Current Price (\$)	10.41	19.30	3.95	19.11	9.13
Trailing EPS (\$)	0.52	1.05	0.30	0.84	0.73
P/E (times)	20.01	18.37	13.04	22.78	12.47
Projected P/E	22.05	16.95	12.25	22.48	11.89
Projected EPS (\$)*	0.47	1.14	0.32	0.85	0.77
Book Value per share (\$)	1.45	4.71	1.44	7.30	0.30
Price/Book Value (times)	7.17	4.10	2.74	2.62	30.62
Dividend Yield (2018 %)	2.88%	1.30%	2.96%	4.66%	9.53%
Volumes	26,977	3,000	11,105	10,276	32,622
Recommendation	SELL	HOLD	BUY	SELL	BUY



### STOCK OF THE DAY: Carreras Limited (CAR)

**For the six months ended September 31, 2018:**

Carreras Limited (CAR) for the six months ended September 30, 2018 reported operating revenue of \$6.31 billion, 4% more than the \$6.03 billion booked in 2017. Revenue for the quarter however declined by 3% compared to the corresponding quarter in 2017 moving from \$3.25 billion in 2017 to \$3.16 billion in 2017. Management noted, “the effective management of the cost base and to a lesser extent the recovery in volumes, which were evident in the first quarter, have continued into the second quarter.”

Gross operating profit increased by 3% to total \$3.15 billion relative to the \$3.06 billion in 2017. Other operating income declined 52% moving from \$162.04 million in 2017 to \$77.26 million.

Administrative, distribution and marketing expenses declined 8% to total \$906.90 million (2017: \$989.68 million). Management indicated, “this 8% decline in overheads versus the similar period last year, is as a result of continued cost management and cost reduction initiatives implemented to achieve significant savings in the short term.”

Net profit for the six months increased 4% to \$1.74 billion relative to \$1.67 billion booked in 2017. Net Profit for the second quarter saw a 1% increase to \$921.54 million compared to the \$914.39 million reported in the second quarter 2017 period. Total comprehensive income attributable to shareholders for the period closed at \$1.76 billion compared to \$1.67 billion reported for the corresponding quarter in 2017. Total Comprehensive Income attributable to shareholders for the quarter totalled \$921.54 million (2017: \$914.01 million)

Profit attributable to shareholders amounted to \$1.74 billion (2017: \$1.67 billion), while for the quarter CAR booked 921.53 million for the second quarter relative to \$914.36 million for the comparable quarter of 2017.

The Earnings per share (EPS) for the period was \$0.36 as compared to \$0.34 for the corresponding period of last year, while EPS for the quarter, the EPS amounted to \$0.19 (2017: \$0.19). 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 closed the trading period on November 15, 2018 at a price of \$8.86.

\*Prices are as at November 19, 2018 \*Projections are made to the company’s financial year end

### FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	127.500	95.550	124.9501	140.870	102.230	126.7225
CAN	95.200	71.370	92.6063	105.450	91.700	95.4300
GBP	162.700	121.680	159.1827	179.400	155.000	162.9554
EURO	145.100	103.310	143.5663	158.410	138.000	144.9311

\*Rates as at November 16, 2018

### MONEY MARKET

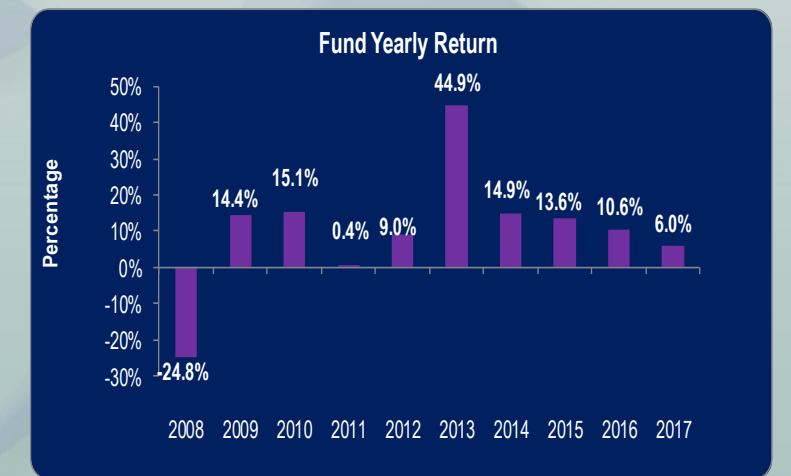
The Jamaican dollar fixed income market was liquid in today’s (November 19, 2018) trading session. The overnight rate stood at 1.00% to 1.40%, while the 30-day rate ranged between 1.60% and 1.90%.

The US dollar fixed income market was also liquid during today’s (November 19, 2018) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.80% to 2.10%.

### 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 4.3% and a 5 year re-turn of 9.2% as at October 31, 2018. The Fund also has a 10 year return of 11.2%.



**U.S: Corporate America's Debt Boom Looks Like a Bust for the Economy**

“Despite strong incentives in the Republican tax plan for American executives to expand, invest and ultimately boost the U.S. economy’s growth potential, a lot of the debt companies are issuing appears to be motivated by something else. Non-financial corporate debt stands at 45.6 percent of gross domestic product, near the highest in post-war record keeping. Despite that, non-residential investment -- a broad category in the national accounts that includes everything from office buildings to software -- has only been bouncing around the 13 percent of GDP range since 2012. “You would think that companies want to add to productivity capacity, but we really haven’t seen it,” said Priya Misra, head of global rates strategy at TD Securities USA. “If they view the economy as in the late stages of the expansion, then there isn’t a lot of confidence about the outlook and it is easier to buy back stock.” It’s difficult to trace the uses of money raised from debt through the various accounts in the economy. But one worry is that rising corporate borrowing isn’t sustainable if the trend is more about transferring cash to owners rather than investing in assets or innovations that can produce more cash to pay future bills.”

<https://www.bloomberg.com/news/articles/2018-11-19/corporate-america-s-debt-boom-looks-like-a-bust-for-the-economy?smd=economics-vp>

**Asia: China Is Paying for Most of Trump's Trade War, Research Says**

“President Donald Trump is succeeding in making China pay most of the cost of his trade war. That’s the conclusion of a new paper from EconPol Europe, a network of researchers in the European Union. U.S. companies and consumers will only pay 4.5 percent more after the nation-imposed 25 percent tariffs on \$250 billion of Chinese goods, and the other 20.5 percent toll will fall on Chinese producers, according to authors Benedikt Zoller-Rydzek and Gabriel Felbermayr. The trade dispute between the U.S. and China is showing slim hope of abating as the leaders of the two nations prepare to meet in Argentina this month. According to Zoller-Rydzek and Felbermayr, the tariffs will do what Trump has longed for: They will cut American imports of affected Chinese goods by more than a third and lower the bilateral trade deficit by 17 percent. The Trump administration selected products with the highest “price elasticity,” or high availability of substitutes, according to Zoller-Rydzek and Felbermayr. The Chinese products hit by Trump’s tariffs can mostly be replaced by other goods, forcing exporters to cut selling prices to keep buyers.”

<https://www.bloomberg.com/news/articles/2018-11-19/china-is-paying-for-most-of-trump-s-trade-war-research-says?smd=economics-vp>

**PLATINUM PORTFOLIO**

**Platinum Portfolio Yield Measures as at November 19, 2018**

	Percentage (%)
<b>Yield to Maturity</b>	<b>6.2</b>
<b>Weighted Average Coupon</b>	<b>5.570</b>
<b>Current Yield</b>	<b>7.78</b>

The platinum portfolio has an effective maturity of 13.00 years and duration of 4.22 years.

**STRUCTURED PRODUCT**

**Mayberry Individual Retirement Plan (IRP)**

IRP is a Retirement Scheme for all persons who are self employed or are employed in non-pensionable positions and do not otherwise contribute to an approved Superannuation Fund or an-other approved Retirement Scheme. The IRP will help some people make substantially greater contributions than they might otherwise make.

**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, www.bloomberg.com, www.investopedia.com, www.tradewire.com

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

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