

## DAILY RECOMMENDATION



### LOCAL STOCK MARKET: (JS) +

Stock Symbol	KPREIT	MDS	JBG	GK	PTL
Current Price (\$)	5.95	6.20	29.89	55.17	2.15
Trailing EPS (\$)	0.20	0.43	1.80	4.04	0.02
P/E (times)	29.17	14.47	16.58	13.66	104.29
Projected P/E	30.65	13.33	17.79	11.59	59.89
Projected EPS (\$)*	0.19	0.46	1.68	4.76	0.04
Book Value per share (\$)	5.62	2.59	11.10	48.65	0.48
Price/Book Value (times)	1.06	2.40	2.69	1.13	4.44
Dividend Yield (2018 %)	1.26%	1.68%	0.57%	2.45%	1.86%
Volumes	NIL	NIL	339,292	903	25,000
Recommendation	SELL	BUY	HOLD	HOLD	SELL

### FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

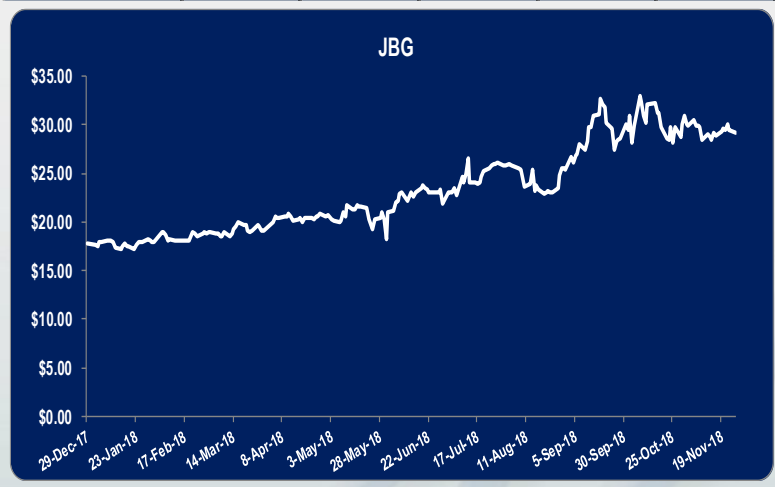
	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	128.000	95.550	124.9855	140.870	95.550	126.8716
CAN	95.200	71.370	91.6937	105.970	90.000	94.7892
GBP	166.667	122.460	158.7764	180.550	155.000	162.3963
EURO	141.200	103.870	136.5482	159.270	138.800	144.9929

\*Rates as at November 26, 2018

### MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (November 27, 2018) trading session. The overnight rate stood at 1.50%, while the 30-day rate ranged at 2.40%.

The US dollar fixed income market was also liquid during today's (November 27, 2018) trading session; The overnight market rates were quoted at 1.90% while the 30-day market rates stood at 2.70%.



### STOCK OF THE DAY: Jamaica Broilers Group (JBG)

**For the three months ended July 31, 2018:**

Jamaica Broilers Group (JBG) reported total revenues of \$12.16 billion, a 6% increase on the \$11.49 billion reported in 2017. Total revenue was broken down as follows. Of total revenues:

The Jamaica Operations contributed \$8.24 billion, a 5% increase compared to \$7.87 billion for the same period of 2017.

US Operations recorded an increase of 7% to total \$3.32 billion relative to \$3.09 billion last year. According to the company, "Our US Operations reported a segment result of \$300 million, which was a 6% decrease from the prior year's result of \$318 million. This decrease was primarily attributable to one-off staff cost elements and acquisition costs related to the recent feed mill purchase; these cost elements are not expected to recur. Total revenue for this segment increased by 8% over the prior year driven by increased sales of our main products – fertile eggs and baby chicks."

Haiti Operating contributed \$594.99 million, an increase of 13% when compared to \$526.77 million. Management highlighted, "Haiti Operations has increased their market share of table eggs to 34%, compared to 30% of the market at the end of the first quarter last year. The segment result for the first quarter amounted to \$60 million, which is \$15 million or 32% above last year's segment result of \$45 million. Total revenue increased by 13%."

Other income climbed 179% from \$68.94 million for the first quarter of 2017 to \$192.56 million in 2017. Distribution costs declined 2% to close at \$436.09 million relative to \$443.78 million recorded for the prior year's comparable period, while administration and other expenses grew by 22% to \$2.27 billion (2017: \$1.86 billion). According to the company, "distribution costs and administrative costs, reflect an increase of 17% over the previous year primarily due to salary increases and exchange movements"

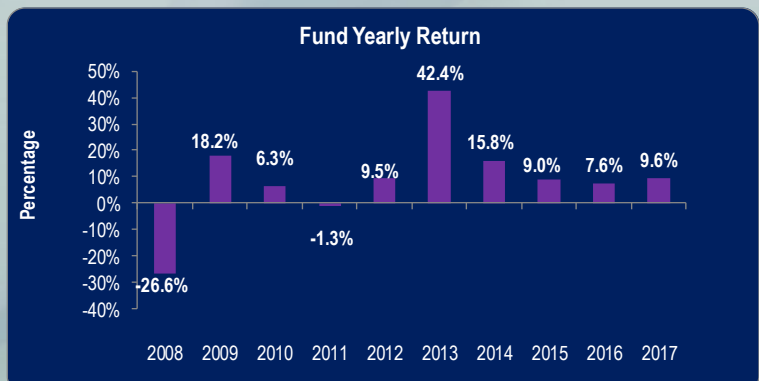
Operating profit increased by 52%, totalling \$664.70 million relative to \$436.43 million last year. JBG reported finance income of \$300.06 million (2017: \$10.44 million) an increase of 2774%, while finance costs increased by 115% to \$323.65 million relative to \$150.45 million in 2017.

Profit before taxation increased for the period amounting to \$641.11 million (2017: \$296.42 million). Tax charges for the quarter totalled \$227.73 million (2017: \$83.84 million). As such, net profit amounted to \$413.38 million (2017: \$212.59 million). Net profit attributable to shareholders amounted to \$398.84 million relative to \$197.69 million booking for the comparable period in 2017.

### 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 5.8% and a 5 year return of 10% as at October 31, 2018. The Fund also has a 10 year return of 10.4%.



\*Prices are as at November 27, 2018 \*Projections are made to the company's financial year end

**U.S: Another Warning Sign That the U.S. Economy Will Slow Next Year**

“Juiced by President Donald Trump’s tax cuts, business investment helped deliver a robust U.S. economy in the first half of 2018, but signs have multiplied that the growth driver is faltering. Companies face tariff-related uncertainty, cooling global demand and rising borrowing costs, while plunging oil prices are menacing the energy sector. Meanwhile, the U.S. and China are settling in for a protracted trade war, the boost from lower taxes is projected to fade next year and a politically divided Congress will probably shirk from additional stimulus. These challenges will test corporate America’s appetite to invest in the kind of faster-growth, higher-productivity future the Trump administration has promised. While such spending picked up in early 2018 after plodding along for years, a string of weak reports raises questions about the outlook. With firms using tax savings for buybacks and dividends rather than investment, the best gains may already be over. Cummins Inc., Whirlpool Corp., Caterpillar Inc. and Stanley Black & Decker Inc. recently cited higher costs from the trade war. The strength of capital expenditures -- or capex -- may be the key to determining whether U.S. growth can continue outpacing peers, how much higher the Federal Reserve can raise interest rates, and whether the dollar’s value will keep rising.”

<https://www.bloomberg.com/news/articles/2018-11-27/capital-spending-slowdown-flashes-a-warning-for-2019-u-s-growth?srnd=economics-vp>

**PLATINUM PORTFOLIO**

**Platinum Portfolio Yield Measures as at November 26, 2018**

	Percentage (%)
<b>Yield to Maturity</b>	<b>6.33</b>
<b>Weighted Average Coupon</b>	<b>5.570</b>
<b>Current Yield</b>	<b>5.83</b>

The platinum portfolio has an effective maturity of 12.94 years and duration of 4.18 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, www.bloomberg.com, www.investopedia.com, www.tradewire.com

**Europe: Italy May Cut Deficit to 2.2-2.3% of GDP, Salvini Adviser Says**

“Italy’s populist government is considering reducing a disputed budget deficit to between 2.2 and 2.3 percent of GDP in a concession to the European Union, though it still plans to pass its costly welfare and pension reforms by Christmas, according to a senior economic adviser to Deputy Premier Matteo Salvini. The government will not delay implementation of a citizen’s income for the poor and of pension reform to lower the retirement age, Armando Siri, of Salvini’s anti-migration League and a participant in talks on the budget, told Bloomberg in an interview. Nor will it reduce the number of beneficiaries of the pension measure. “If we can recover 0.1 or 0.2 by removing certain investments from the budget perimeter, we will do so,” said Siri, undersecretary at the Ministry for Infrastructure and Transport. He added this could include investments on disaster relief for territories affected by flooding. Premier Giuseppe Conte, Salvini and fellow-deputy premier Luigi Di Maio of the anti-establishment Five Star Movement failed to thrash out a new deficit target for the European Union in late night talks Monday. Markets have jumped on every word for signs of any readiness to lower a disputed 2.4 percent deficit target for next year. The government has yet to decide whether and how to cut -- or delay in order to save funds -- the election pledges behind the populists’ spending spree.”

<https://www.bloomberg.com/news/articles/2018-11-26/cracks-showing-in-resolve-of-italy-s-populists-on-deficit-target?srnd=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  
 MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS

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