

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (JS) +

Stock Symbol	JETCON	LASD	JMMBGL	SEP	KPREIT
Current Price (\$)	3.15	3.80	33.57	31.62	6.00
Trailing EPS (\$)	0.20	0.30	2.40	1.44	0.20
P/E (times)	15.41	12.55	13.98	21.91	29.41
Projected P/E	16.86	11.78	12.93	13.26	30.90
Projected EPS (\$)*	0.19	0.32	2.60	2.38	0.19
Book Value per share (\$)	0.87	1.44	16.36	14.66	5.62
Price/Book Value (times)	3.62	2.64	2.05	2.16	1.07
Dividend Yield (2018 %)	1.11%	3.08%	1.43%	3.00%	1.25%
Volumes	NIL	NIL	114,693	31,423	NIL
Recommendation	HOLD	BUY	HOLD	BUY	SELL

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	130.900	97.040	127.4696	146.860	97.530	128.6609
CAN	94.900	71.760	91.2166	107.510	90.000	93.7449
GBP	162.000	122.490	155.2574	178.900	154.000	160.4735
EURO	143.000	103.410	139.6614	148.570	113.560	144.6854

*Rates as at December 11, 2018

MONEY MARKET

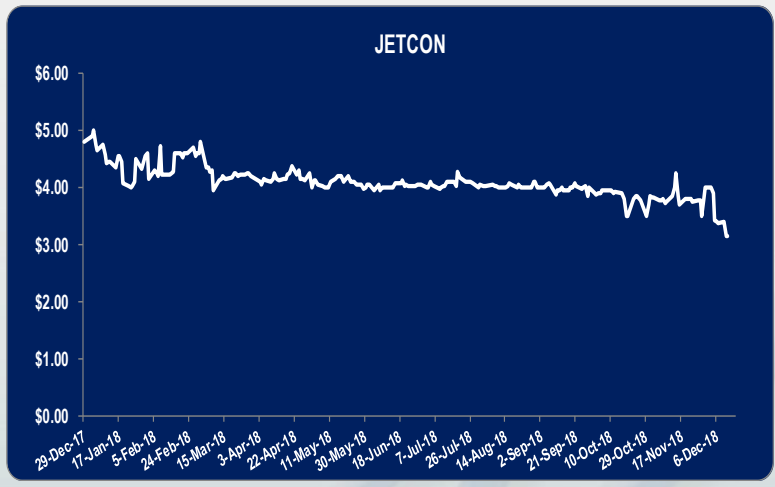
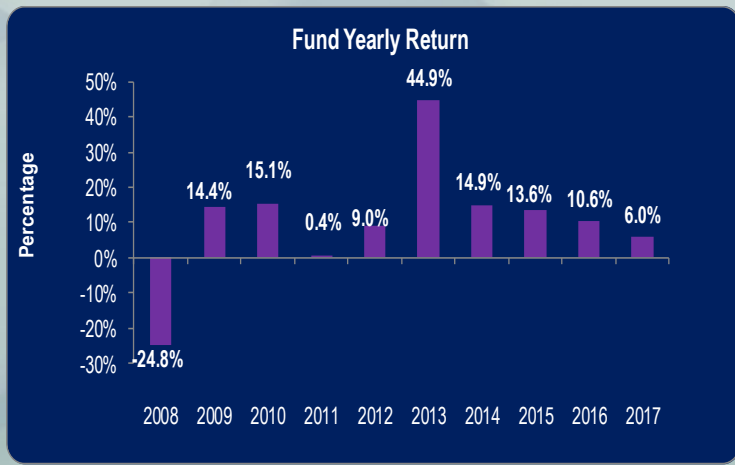
The Jamaican dollar fixed income market was liquid in today's (December 12, 2018) trading session. The overnight rate stood at 1.25% to 1.80% while the 30-day rate ranged at 1.50% to 2.00%.

The US dollar fixed income market was also liquid during today's (December 12, 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 4.4% and a 5 year return of 9.0% as at November 30, 2018. The Fund also has a 10 year return of 12.4%.



STOCK OF THE DAY: Jetcon Corporation Limited (JETCON)

For the nine months September 30, 2018: -

Turnover for the nine months went up by 1% to \$892.28 million (2017: \$886.55 million). However, turnover for the quarter amounted to \$286.81 million relative to \$333.22 in 2017, a 14% decline. According to management, "Revenues fell 14 percent below the same quarter in 2017, to \$287 million, and is flat for the nine months to September primarily resulting from unusually slow sales in August, historically, one of the best months for sales. The new importation regime also resulted in increased acquisition costs. We have placed more emphasis on the servicing segment and improvements to the department are beginning to reap benefits, with a 107% increase in service revenues, for the nine months to September compared to last year."

Other operating income amounted to \$961,492 (2017: nil) for the period ended September 30, 2018, thus resulting in total operating income of \$149.57 million (2017: \$182.87 million) down 18% year over year.

Total expenses went up 2% to \$55.34 million (2017: \$54.18 million). Selling and marketing expenses saw a 11% climb to total \$19.25 million (2017: \$17.39 million), while administrative and other expenses moved up by \$8.36 million to \$35.26 million (2017: \$26.90 million). However, this was offset by the 92% reduction in the company's finance costs totalling \$829,498 (2017: \$9.89 million). For the first three months total expenses closed at \$17.09 million, a 15% dip when compared to 2017's \$20.08 million. Jetcon highlighted, "a charge of \$3.6 million for storage relating to the importation of vehicles in 2017 was not billed by the supplier until 2018 with the amount being booked in the September 2018 quarter. We also incurred additional rental charges of nearly \$5 million for new space leased at the wharf which will result in lower cost and facilitate more efficient importation of vehicles going forward, these costs resulted in an increase in direct cost of sales and help to reduce the profit margin in the quarter. Margin was also affected by discounting of some vehicles that were acquired to help normalize the inventory ahead and help to prevent stockouts when pre-shipment inspection of the car market in Japan changed."

Tax charges for the period was \$60,000 (2017: nil) Net profit period amounted to \$94.17 million relative to \$128.69 million, while net profit for the quarter totalled \$11.28 million relative to \$48.36 million in 2017. Total comprehensive income amounted to \$94.17 million versus \$128.73 million in 2017.

As such, the earnings-per-share for the period amounted to \$0.16 relative to \$0.22 last year. The earnings-per-share for the third quarter amounted to \$0.02 (2017: \$0.08), while the twelve-month earnings-per-share totalled \$0.20. The number of shares used in our calculation is 583,500,000. The stock price last traded on November 14, 2018 at \$4.24.

*Prices are as at December 12, 2018 *Projections are made to the company's financial year end

U.S: Underlying U.S. Inflation Picks Up to Keep Fed Hike on Track

“A key measure of U.S. inflation picked up as expected in November on rising costs for housing, medical care and used cars, reinforcing expectations that the Federal Reserve will raise interest rates next week. The so-called core consumer price index, which excludes volatile food and energy costs, rose 0.2 percent from the prior month and 2.2 percent from a year earlier, according to a Labor Department report Wednesday. That matched the median estimates in a Bloomberg survey of economists. The broader CPI was unchanged from the prior month, also in line with projections, as energy prices plunged. The report indicates underlying inflation is steady around the Fed’s 2 percent goal, without flaring up, as prices get support from the recent pickup in wages as well as higher materials costs amid the tariff war with China. Still, investors and economists are divided about the path of interest rates beyond a widely projected hike at the central bank’s Dec. 18-19 meeting. While the CPI report “cements a rate hike next week,” the Fed “will have a window to pause in the first half of 2019,” said Ryan Sweet, head of monetary policy research at Moody’s Analytics Inc. in West Chester, Pennsylvania. “Risks to the Fed’s inflation outlook are weighted to the downside” amid falling energy costs and sliding price expectations, which indicate that “inflation isn’t going to create any more sense of urgency for future hikes,” he said.

<https://www.bloomberg.com/news/articles/2018-12-12/underlying-u-s-inflation-picks-up-to-keep-fed-hike-on-track?srnd=economics-vp>

Europe: EU Leaders Set to Approve More Work on Euro Budget This Week

“European Union leaders are set to mandate the design of a controversial budget for the euro area as part of a plan to shore up the common currency, according to draft conclusions of their summit on Friday. Finance ministers from the euro area will be asked to “work on the design, modalities of implementation and timing of the budgetary instrument,” read the Dec. 11 document seen by Bloomberg. A final compromise on the features of the budget will be prepared by June 2019, it said. Earlier this month, a long-anticipated push to reform the euro area took shape after all-night discussions among finance ministers in Brussels. While compromises were reached in areas from debt sustainability to the handling of bank failures, the steps fell far short of the sweeping vision of a more integrated bloc outlined by French President Emmanuel Macron last year. Instead of being used to stabilize economies hit by shocks, as France and other proponents have advocated, the leaders proposed that the tool be used for “competitiveness and convergence” -- namely, helping poorer countries catch up. This marks a win for countries led by the Netherlands that argue that nations should work to build fiscal buffers at home. The euro budget would be an additional pot of money within the European Union budget for members of the currency bloc that could be tapped under as-yet undefined circumstances.”

<https://www.bloomberg.com/news/articles/2018-12-11/eu-leaders-set-to-approve-more-work-on-euro-budget-this-week?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at December 10, 2018

	Percentage (%)
Yield to Maturity	6.37
Weighted Average Coupon	5.57
Current Yield	6.03

The platinum portfolio has an effective maturity of 12.82 years and duration of 4.15 years.

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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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

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