

DAILY RECOMMENDATION

LOCAL STOCK MARKET: (J\$) ⁺

Stock Symbol	SVL	DCOVE	FOSRICH	SEP	ISP
Current Price (\$)	15.10	15.82	4.03	30.64	20.00
Trailing EPS (\$)	0.53	0.81	0.21	1.44	0.44
P/E (times)	28.66	19.53	19.58	21.23	45.88
Projected P/E	19.10	11.91	17.96	12.85	46.51
Projected EPS (\$)*	0.79	1.33	0.22	2.38	0.43
Book Value per share (\$)	1.11	9.47	1.35	14.66	2.98
Price/Book Value (times)	13.61	1.67	2.98	2.09	6.72
Dividend Yield (2018 %)	5.36%	3.79%	N/A	3.10%	N/A
Volumes	80,900	NIL	59,022	82,901	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	131.000	94.440	127.7452	147.860	94.460	128.8011
CAN	97.500	70.050	95.0507	106.890	88.900	96.3941
GBP	176.800	100.800	160.5912	168.540	152.500	161.3422
EURO	167.530	103.120	140.9706	170.300	138.300	151.3690

*Rates as at December 21, 2018

MONEY MARKET

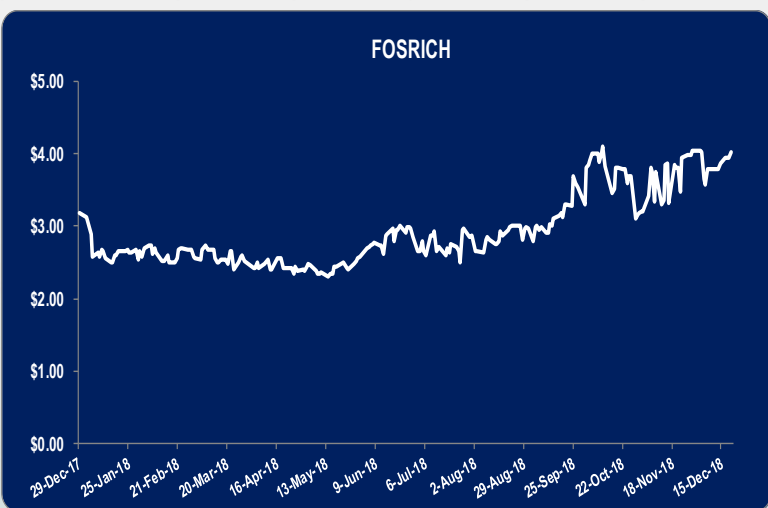
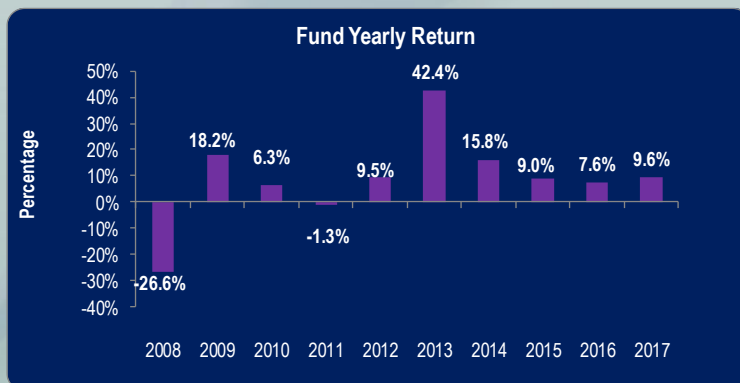
The Jamaican dollar fixed income market was liquid in today's (December 24, 2018) trading session. The overnight rate stood at 1.25% to 1.80% while the 30-day rate ranged at 1.50% to 2.00%.

The US dollar fixed income market was also liquid during today's (December 24, 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 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 6.1% and a 5 year return of 9.4% as at November 30, 2018. The Fund also has a 10 year return of 11.7%.



STOCK OF THE DAY: FosRich Company Limited (FOSRICH)

For the nine months ended September 30, 2018:

Turnover grew 19% year on year, to close the period at \$945.89 million compared to the \$796.24 million for the same period last year. For the third quarter the company posted an increase of 53% in revenues to close at \$353.61 million relative to \$231.76 million for the same quarter of 2017.

Cost of goods sold showed a 23% increase, closing the period at \$535.54 million relative to \$436.11 million for the same period last year. For the second quarter, the company had a 69% increase in cost of goods sold to close at \$212.56 million compared to \$125.61 million for same quarter of 2017.

As such, gross profits for the period advanced by 14% and closed out the nine-month period at \$410.36 million relative to \$360.13 million in the prior year's corresponding period. FosRich noted that, "These increases were attributed primarily to the greater availability of the products required by the market."

Administrative and other expenses were \$314.10 million, a 2% increase on the \$307.21 million posted last year. According to the company, "there were increases in staff training, legal and professional fees, rent and bank charges. Decreases were driven primarily by efficiencies gain from management of staff related costs, reduced insurance costs and reductions in damaged goods write-off and warranty expenses."

In addition, other income year to date increased soared to \$17.37 million at the end of the nine months ended September 30, 2018 compared to \$4.02 million booked for the similar period in 2017. According to management, this was due to, "favourable foreign exchange gains amounting to \$14 million."

FosRich incurred finance costs of \$42.62 million, 64% more than the \$26.03 million reported for the same period in 2017. The company highlighted, "This increase is being driven by a new working capital line of credit obtained to assist with the financing of operations. This new facility was obtained at more favourable rates than the previous bank facilities."

Notably, FosRich reported a 130% increase in profit before taxation to \$71.01 million relative to \$30.91 million recorded in 2017. Profit before taxation for the quarter amounted to \$10.37 million, up 72% from the prior year's corresponding quarter of \$6.04 million.

FosRich recorded nil year to date for taxes compared to \$8.35 million paid for the same period in 2017. As such, net Profit for the nine months ended September 2018 amounted to \$71.01 million versus \$22.57 million documented a year earlier. Net profit for the quarter amounted to \$10.37 million relative to \$4.41 million reported for the third quarter of 2017.

U.S: Stocks Hit 20-Month Low as D.C. Turmoil Weighs: Markets Wrap

“U.S. stocks fell to the lowest since April 2017 as the turmoil in Washington rattled financial markets anew, pushing the S&P 500 to the brink of a bear market. Crude sank below \$45 a barrel and the dollar tumbled. The S&P 500 notched a fourth straight drop of at least 1.5 percent, a run of futility not seen since August 2015. It’s now down more than 19.8 percent from its September record and on pace for the worst monthly drop since 2008. Trading was 41 percent above the 30-day average in a session that’s normally subdued ahead of the Christmas holiday. The stock market closed at 1 p.m. Investors looking to Washington for signs of stability that might bolster confidence instead got further rattled. President Donald Trump blasted the Federal Reserve, blaming the central bank for the three-month equity rout days after Bloomberg reported he inquired about firing the chairman. The comments came after Steven Mnuchin called a crisis meeting with financial regulators, who reportedly told the Treasury secretary that nothing was out of ordinary in the markets. Traders also assessed the threat to the economy from a government shutdown that looks set to persist into the new year.”

<https://www.bloomberg.com/news/articles/2018-12-23/asian-stocks-set-to-slip-yen-up-as-caution-reigns-markets-wrap?smd=premium>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at December 24, 2018

	Percentage (%)
Yield to Maturity	6.67
Weighted Average Coupon	5.539
Current Yield	6.59

The platinum portfolio has an effective maturity of 13.71 years and duration of 4.59 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

Asia: India Stock Bears Tighten Grip in Thin Trade on Weak Global Cues

“Indian stocks declined for a third day in holiday-thinned trading as the threat of slower global growth and its impact on corporate earnings added to uncertainty at the end of a tough year. The S&P BSE Sensex dropped 0.8 percent to 35,470.15 at the 3:30 p.m. close in Mumbai, with bulk of the losses coming in the last hour of the session. Volumes were about 40 percent below than the 30-day average. The NSE Nifty 50 Index also retreated 0.8 percent. Markets globally were roiled last week as renewed U.S.-China tensions and concern about a partial U.S. government shutdown added to negative narratives in the wake of the Federal Reserve’s pledge to continue reversing stimulus of the past decade. At risk in India is a strengthening earnings picture that has seen profits for 50 Nifty companies grow in six of the past eight quarters, according to Bloomberg data. Earnings at the Nifty companies are estimated to rise an average 19 percent this fiscal year that started April 1, and 22 percent next year. That compares with a 16 percent growth in the last year, according to Bloomberg data.”

<https://www.bloomberg.com/news/articles/2018-12-24/india-stocks-mixed-as-holiday-hit-trade-offers-little-direction?smd=premium>

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

MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS



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