

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (JS) +

Stock Symbol	BPOW	SEP	FOSRICH	CAR	ISP
Current Price (\$)	4.99	30.00	3.86	9.48	13.00
Trailing EPS (\$)	0.24	1.44	0.21	0.73	0.44
P/E (times)	21.20	20.79	18.75	12.95	29.82
Projected P/E	18.60	12.58	17.20	12.35	30.23
Projected EPS (\$)*	0.27	2.38	0.22	0.77	0.43
Book Value per share (\$)	1.48	14.66	1.35	0.30	2.98
Price/Book Value (times)	3.36	2.05	2.85	31.79	4.37
Dividend Yield (2018 %)	3.77%	3.17%	N/A	9.19%	N/A
Volumes	NIL	382,512	63,820	97,216	NIL
Recommendation	HOLD	BUY	HOLD	BUY	SELL

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

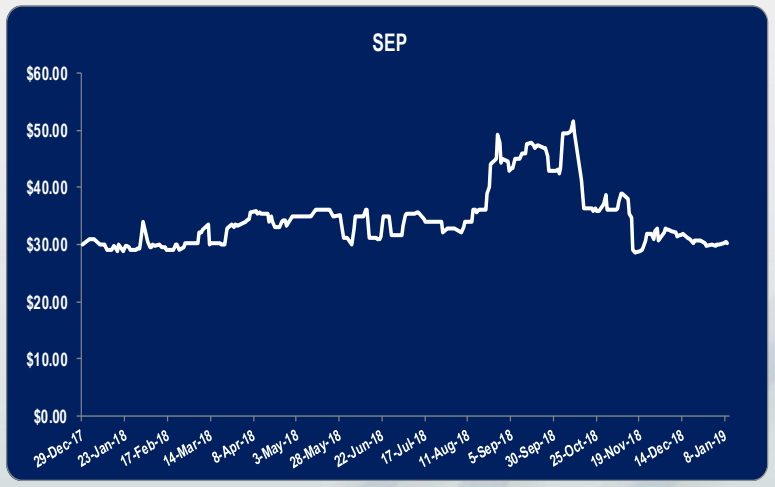
	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	131.700	92.340	127.8836	147.620	101.000	129.5704
CAN	99.000	73.440	96.9795	106.560	88.000	98.0898
GBP	168.000	125.540	163.0104	180.330	130.130	161.3276
EURO	149.300	105.310	139.4583	168.910	108.050	146.5354

*Rates as at January 09, 2019

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (January 10, 2019) trading session. The overnight rate stood at 2.00% to 2.50% while the 30-day rate ranged at 2.00% to 2.50%.

The US dollar fixed income market was also liquid during today's (January 10, 2019) trading session; The overnight market rates were quoted at 1.80% to 2.00% while the 30-day market rates stood at 1.80% to 2.50%.



STOCK OF THE DAY: Seprod Limited (SEP)

For the nine months ended September 30, 2018:

Seprod Limited (SEP) posted revenue totalling \$15.50 billion compared to \$12.14 billion recorded for the same period of the prior financial year, representing a 28% increase year over year. The Manufacturing Division recorded a 34% growth to close at \$14.61 billion (2017: \$10.94 billion), while the Distribution Division recorded a slight increase by 1% closing at \$5.24 billion (2017: \$5.20 billion). For the third quarter, Revenue climbed by 34% to total \$5.07 billion relative to \$3.77 billion reported the prior year's corresponding quarter.

SEP noted that, "The 2018 results are bolstered by the transfer of the former Jamaican dairy operations of Nestle within the Group effective 1 January 2018. These operations, located in Bog Walk, St. Catherine, produce the Supligen and Betty products, as well as co-manufacture products for international customers. In 2017, these operations were operated by Seprod under a management services contract and were not included in the Group's results."

Cost of sales increased by 14% from \$9.19 billion to \$10.50 billion, resulting in gross profit increasing by 70% to close at \$5 billion (2017: \$2.95 billion). For the quarter, gross profit closed the period at \$1.56 billion relative to \$895.48 million in the previous comparable period.

Selling Expenses increased slightly by 5% to close the nine months period of 2018 at \$584.64 million (2017: \$558.23 million). However, Administrative Expenses for the period climbed by 84% to total \$3.35 billion versus \$1.82 billion in 2017. For the third quarter, 'Selling Expense' and 'Administrative Expenses' closed at \$348.23 (2017: \$197.23 million) and \$1.07 billion (2017: \$588.80 million), respectively.

As such, Operating Profit grew 45%, moving from \$1.21 billion to \$1.75 to close the nine months period of 2018. For the quarter, operating profit went up 64% to total \$598.63 million (2017: \$364.48 million).

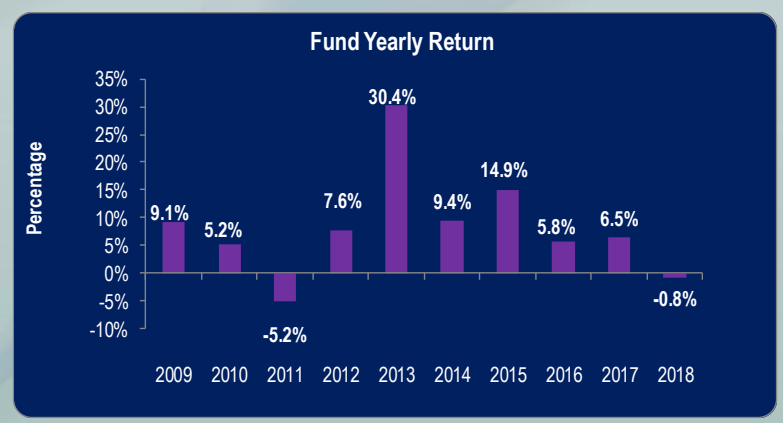
Profit before taxation increased to \$1.30 billion in 2018, a 45% increase on \$892.25 million reported a year prior. Profit before taxation for the third quarter amounted to \$437.34 million (2017: \$256.40 million).

Seprod reported net profit of \$969.66 million, a growth of 66% relative to last year's corresponding period of \$582.79 million, after incurring taxes of \$327.66 million (2017: \$309.45 million). For the quarter, net profit increased by 207% to \$371.26 million compared to \$120.95 million in 2017.

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 3.8% and a 5 year return of 7.0% as at December 31, 2018. The Fund also has a 10 year return of 7.9%.



*Prices are as at January 10, 2019 *Projections are made to the company's financial year end

U.S: Bond-Market Inflation Gauges Give Fed Plenty of Room to Pause

“The \$1.4 trillion market for inflation-linked U.S. government debt is giving the Federal Reserve plenty of room to take a break after nine rate hikes since 2015. The breakeven rate on five-year Treasury Inflation Protected Securities -- a proxy for traders’ view on the annual inflation rate -- has rebounded since the start of the year on strong jobs data and as investors bet the Fed wouldn’t tighten to the point that it quashed growth. Yet at about 1.66 percent, it’s still well below its 2018 peak of 2.19 percent. And a measure of long-term inflation expectations that the central bank favors is below its 2018 average. The signals from TIPS are aligning with policy makers’ take in December on the prospect of quicker inflation. Minutes from last month’s Federal Open Market Committee meeting, released Wednesday, showed many participants saw muted inflation pressures as giving them room “to be patient” when it comes to further tightening. “Patience, a pause, and the Powell Put have come into focus far more quickly than many anticipated,” BMO Capital Markets strategists Ian Lyngen, Jon Hill and Ben Jeffery wrote in a note Thursday. There are a couple reasons to expect the sanguine inflation backdrop to continue. For one thing, abundant oil supplies may contain prices even after a rebound of more than 20 percent in West Texas Intermediate crude since late December.”

<https://www.bloomberg.com/news/articles/2019-01-10/bond-market-inflation-gauges-give-fed-plenty-of-room-to-pause?srnd=economics-vp>

Europe: China's Rekindled Deflation Fears Add to Global Growth Concerns

“China is adding more challenges to the global economy this year, beyond the trade conflict that’s rattling financial markets. Economists now see the threat of deflation in the manufacturing nation after producer price inflation slowed sharply in December, to the slowest pace since 2016. Nomura Holdings Inc. said, "the nightmare of PPI deflation is imminent," China International Capital Corp. said "deflation pressures are on the rise," and Haitong Securities Co. projected the turning point could come as early as this month. That would not only squeeze corporate profitability at home, but would also put pressure on global price gains, as export prices usually follow those at factory gate. With industrial output and retail sales growth both at the weakest levels in a decade, China’s woes would also mean softer demand for imports, hurting other economies. “China’s economic downturn and commodity price falls have led to and will lead to downturns in global economic growth and commodity prices,” said Nomura’s chief China economist Lu Ting, who sees a 0.1 percent drop in Chinese producer prices this year. For Federal Reserve Bank of Boston President Eric Rosen- gren, it’s now worth paying attention to the signals that the Chinese economy is sending.”

<https://www.bloomberg.com/news/articles/2019-01-10/china-s-rekindled-deflation-fears-add-to-global-growth-concerns?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at January 07, 2019	
	Percentage (%)
Yield to Maturity	6.61
Weighted Average Coupon	5.539
Current Yield	6.61

The platinum portfolio has an effective maturity of 13.68 years and duration of 4.63 years.

STRUCTURED PRODUCT

Mayberry Managed Equity Portfolio (MMEP)

We offer a managed equity portfolio for both institutions and individuals. The MMEP is a full discretionary managed portfolio of a diversified group of stocks. The stocks included in the portfolio represent Mayberry’s top recommended stocks. Persons who find it difficult to manage their equity portfolios on a day to day basis should consider the MMEP. Further, the MMEP is for individuals and institutions who would like to pursue a medium to long term equity strategy.

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

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