

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (JS)⁺

Stock Symbol	EPLY	ECL	LASD	AMG	CAR
Current Price (\$)	10.00	8.00	3.84	1.94	9.47
Trailing EPS (\$)	0.51	0.27	0.30	0.09	0.73
P/E (times)	19.58	29.39	12.68	22.18	12.93
Projected P/E	17.64	25.41	11.91	21.74	12.33
Projected EPS (\$)*	0.57	0.31	0.32	0.09	0.77
Book Value per share (\$)	3.85	0.15	1.44	0.92	0.30
Price/Book Value (times)	2.60	53.89	2.67	2.11	31.76
Dividend Yield (2018 %)	3.01%	6.90%	3.01%	N/A	9.19%
Volumes	909	85,421	129,735	303,504	225,116
Recommendation	HOLD	HOLD	BUY	SELL	BUY

ECL



STOCK OF THE DAY: Express Catering Limited (ECL)

For the six months ended November 30, 2018:

Express Catering Limited (ECL) for the six months ended November 30, 2018 reported a 4% increase in revenue to US\$7.18 million (2017: US\$6.88 million). Revenue for the quarter advanced 2% to close at \$3.12 million relative to \$3.07 million reported the previous year. According to management, "We constantly benchmark our minimum growth target to be within the rate of passenger growth of 4.78%. Revenues were negatively impacted by the upgrading works being carried out by the operators of the airport. Resurfacing of runway works caused closure of strategic departure gates during the Quarter. The east concourse, where the major Food Court is located saw a number of gates closed during the Quarter to facilitate the upgrading works. This means that flights were diverted to the west concourse that has fewer food and beverage options due to design of the airport. The long term plan is to redesign the Food Court to be central to both the east and west concourses."

Cost of sales (COS) increased by 5% for the period to US\$1.93 million (2017: US\$1.85 million). As a result gross profit increased year-on-year for the six month period by 4%, from US\$5.03 million in 2017 to US\$5.25 million in 2018. Gross profit for the second quarter improved from US\$2.26 million in 2017 to US\$2.28 million for the six months ended November 30, 2018.

Other income slid by 69% to close the period at US\$136 versus \$443 a year ago.

Total expenses increased by 5% for the period in review to US\$3.64 million for 2018, up from US\$3.48 million booked for the six months ended November 30, 2017. This increase was associated with a 5% increase in administrative expenses to US\$3.33 million from US\$3.19 million. Depreciation and Amortization saw a 5% jump to US\$285,454 compared to US\$271,721 for 2017. Promotional expenses saw an 8% increase from US\$21,386 to US\$23,017. Total expenses for the quarter rose 4% to close at US\$1.70 million (2017: \$1.63 million).

Consequently, operating profit increased by 4% to US\$1.61 million (2016: US\$1.55 million). Operating profit for the quarter totalled US\$579,120 a 8% decline relative to US\$630,143 booked for the corresponding quarter of 2017.

Finance cost of US\$169,838 (2017: US\$174,759) was incurred, while foreign exchange loss for the six months amounted to US\$16,917 compared to a gain of US\$4,208 for the corresponding period in 2017.

Consequently, profit for the period amounted to US\$1.42 million, 3% above the US\$1.38 million recorded for the first six months of 2017. For the quarter, profits amounted to US\$481,318 versus US\$544,622 booked for the comparable period in 2017.

*Prices are as at January 15, 2019 *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	137.200	96.230	128.9038	145.410	92.210	130.3567
CAN	99.500	74.490	92.3989	106.650	88.000	94.8022
GBP	169.300	127.120	163.9961	184.040	151.000	166.5339
EURO	166.160	112.130	140.1535	168.840	133.000	150.3229

*Rates as at January 14, 2019

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (January 15, 2019) trading session. The overnight rate stood at 2.00% to 2.20% while the 30-day rate ranged at 2.30% to 2.50%.

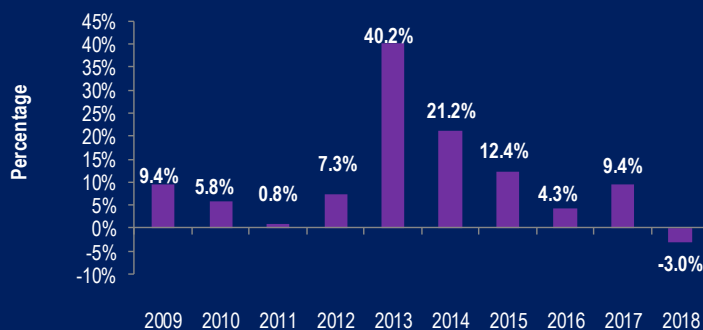
The US dollar fixed income market was also liquid during today's (January 15, 2019) trading session; The overnight market rates were quoted at 2.0% to 2.20% while the 30-day market rates stood at 2.20% to 2.50%.

OVER THE COUNTER FUNDS (CI FUNDS)

CI American Value Corporate Class

This fund's objective is to provide superior returns with a limited level of risk by investing in a diversified portfolio of high quality undervalued companies. It invests primarily in equity and equity-related securities of companies in the United States. Any change to the investment objective must be approved by a majority of votes cast at a meeting of shareholders held for that reason. The fund has a 3 year return of 3.4% and a 5 year return of 8.6% as at December 31, 2018. The Fund also has a 10 year return of 10.2%.

Fund Yearly Return



U.S: U.S. Will Fail to Release Key Economic Report at Critical Moment

The U.S. growth outlook hangs more than ever on American consumers' resilience amid stock-market swoons and trade-war tensions, but key data on their spending -- the biggest part of the economy -- will be missing due to the government shutdown. Was it a gangbusters Christmas shopping season as forecasts and anecdotal evidence suggested? Were consumers making big discretionary purchases in addition to essential spending as they entered 2019, even as some surveys showed confidence was waning? The answers will have to wait, as December retail sales won't be released as scheduled Wednesday while the Commerce Department remains closed. Failure to reopen soon also would delay personal income and spending data, due Jan. 31. Together, those reports constitute the most widely-watched measures of household consumption, which accounts for about 70 percent of the economy. The disruptions come at a challenging time: plunging regional gauges of U.S. manufacturing and business surveys indicate a slowdown in growth, and some big-name retailers have issued warnings about mixed holiday results. While the solid job market remains a bulwark and consumers are in good shape, more -- not less -- information is needed to assess if the economy faces bigger-than-anticipated risks, one reason investors are nervous and Federal Reserve officials have emphasized patience in raising borrowing costs.

<https://www.bloomberg.com/news/articles/2019-01-15/missing-data-add-to-questions-on-u-s-consumers-during-shutdown?srnd=economics-vp>

Asia: China Presses on With Tax-Cut Strategy as Lending Stabilizes

China's government is turning increasingly to tax cuts as the first line of defense against a slowing economy, as credit data released Tuesday showed some vindication of its gradual stimulus strategy. Further evidence of the dominance of fiscal measures emerged, as senior policy officials pledged that tax reductions on a "larger scale" are in the pipeline, amid worsening output and trade data. JPMorgan Chase & Co. economists estimate the total impact will be around 2 trillion yuan (\$300 billion), or 1.2 percent of gross domestic product. That's a departure from the infrastructure binges coupled with massive monetary stimulus that were deployed in the aftermath of global financial crisis. Beijing is trying to put a floor under the economic slowdown without another debt blowout, with some success: Credit growth exceeded expectations in December, and the central bank has managed to curb riskier shadow banking throughout the year. "At the moment the room for monetary policies is limited, and fiscal policies such as tax cuts are the crucial tool," said Cui Li, head of macro research at CCB International Holdings Ltd. in Hong Kong. The high leverage and property prices have limited the chances of massive monetary stimulus, she said. "But as a pro-growth measure, tax cuts will take effects at a slower pace compared to infrastructure binges," she said. Last May the government cut value added taxes for manufacturing, transportation, construction, telecommunications and farm produce industries, followed by a cut in personal income taxes and the introduction of more deductions. Earlier this month, the State Council announced a \$29-billion annual tax cut plan for small companies. The change of approach is being driven largely by China's debt load, which makes funding a splurge on bridges and railways dangerous for financial stability. Against the backdrop of slowing global growth and the trade war with the U.S. though, it's not clear whether the new approach will be enough to stabilize the economy.

<https://www.bloomberg.com/news/articles/2019-01-15/china-s-300-billion-tax-cut-is-key-growth-stabilizer-jpmorgan?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at January 14, 2019	
	Percentage (%)
Yield to Maturity	6.53
Weighted Average Coupon	5.539
Current Yield	5.98

The platinum portfolio has an effective maturity of 13.59 years and duration of 4.68 years.

STRUCTURED PRODUCT

Mayberry Platinum

The Mayberry Platinum portfolio is ideal for investors seeking a short to medium-term investment with returns denominated in hard currency. The portfolio comprises Investment Grade corporate and sovereign bonds, which provide strong yield and performance. The primary objective of this product is to provide our clients with income as well as capital appreciation. The Platinum portfolio enables the client to take full advantage of a diversified bond portfolio and is ideal for persons who do not have the time to actively manage their own portfolio.

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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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