

## DAILY RECOMMENDATION



### LOCAL STOCK MARKET: (JS)<sup>+</sup>

Stock Symbol	KREMI	SEP	LASF	CFF	PTL
Current Price (\$)	5.85	31.45	4.49	18.21	2.08
Trailing EPS (\$)	0.30	1.44	0.20	1.05	0.02
P/E (times)	19.32	21.79	22.83	17.33	89.97
Projected P/E	18.91	13.19	18.81	15.99	88.37
Projected EPS (\$)*	0.31	2.38	0.24	1.14	0.02
Book Value per share (\$)	1.89	14.66	1.21	4.71	0.46
Price/Book Value (times)	3.10	2.14	3.71	3.86	4.50
Dividend Yield (2018 %)	1.00%	3.17%	N/A	2.27%	1.30%
Volumes	17,182	29,427	55,330	NIL	NIL
Recommendation	HOLD	BUY	HOLD	HOLD	SELL

### FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	133.600	97.520	128.4717	146.070	100.040	131.0090
CAN	100.800	75.030	95.8353	106.500	88.000	100.5509
GBP	172.000	124.030	165.4625	184.020	157.300	168.6012
EURO	152.000	107.790	139.6751	164.580	91.200	151.8633

\*Rates as at January 21, 2019

### MONEY MARKET

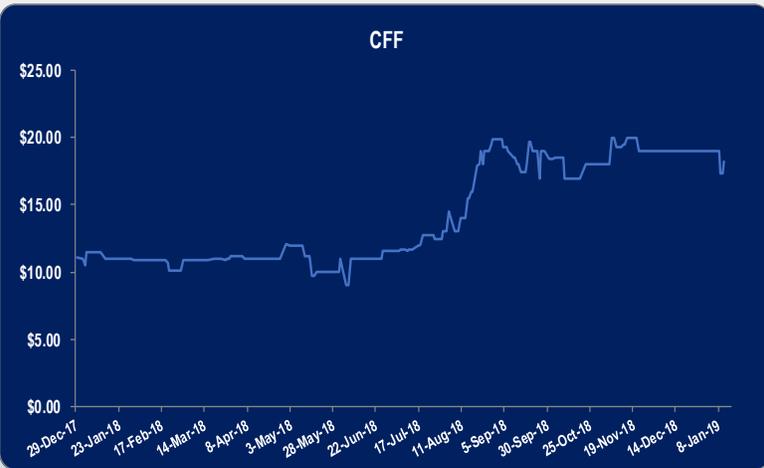
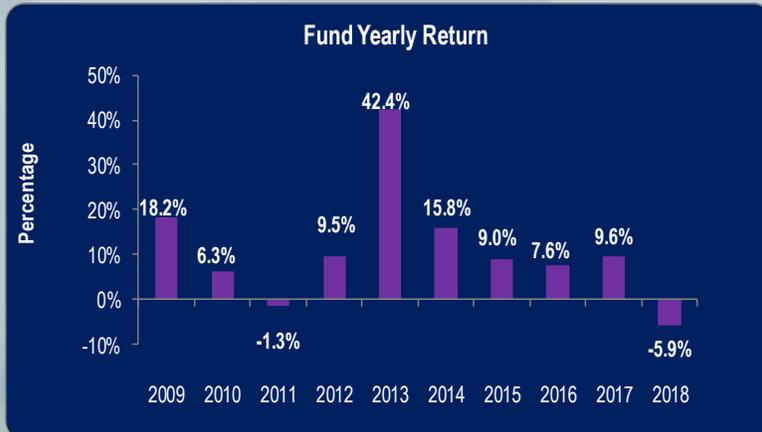
The Jamaican dollar fixed income market was liquid in today's (January 22, 2019) trading session. The overnight rate stood at 1.90% to 2.20% while the 30-day rate ranged at 2.00% to 2.50%.

The US dollar fixed income market was also liquid during today's (January 22, 2019) trading session; The overnight market rates were quoted at 2.0% to 2.30% while the 30-day market rates stood at 2.10% to 2.60%.

### 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 3.5% and a 5 year return of 6.9% as at December 31, 2018. The Fund also has a 10 year return of 10.5%.



### STOCK OF THE DAY: Caribbean Flavours and Fragrances Limited (CFF)

#### For the quarter ended September 30, 2018:-

Revenue amounted to \$120.14 million, an increase of 21%, when compared with the \$99.59 million booked last year. CFF noted, "The quarter was primarily attributed to our refining of our order fulfilment procedures".

Cost of sales rose by 19% to \$75.55 million compared to 2017's total of \$63.25 million for the first quarter.

This resulted in gross profit increasing by 23%, to \$44.59 million, relative to \$36.34 million for last year. According to management, "The company expects that there will be improvements in our performance in the next reporting period as we expect sales of 'Flavorfit', our sugar reduction solution to gain traction. We will continue with the refinement of our strategies and the improvement to our various cost structures in order to drive the desired efficiency whilst improving cost of sales and gross profit."

Administrative Expenses increased 21% to \$23.58 million (2017: \$19.47 million), while Selling and Distribution Costs decreased by \$228,000 to \$758,000 (2017: \$986,000) for 2018.

Net Finance increased grew to \$5.03 million in 2018 from \$2.12 million for the same period of 2017.

Profit before taxation totalled \$25.28 million (2017: \$18.00 million), an increase of 40%. No taxation was booked for the period under review.

**U.S: Trump's Tariffs Are Helping the Fed Close in on Its Price Goal**

As President Donald Trump announced several waves of tariffs that ultimately extended to more than \$250 billion of imports, Federal Reserve economists and policy makers alike warned that they posed a risk to growth. Now that the first signs of the spat are feeding into hard data, it's becoming clear that the tiff is also helping the Federal Reserve to achieve one of its dual mandate goals. America's central bank is tasked with maintaining full sustainable employment and inflation that's stable at a low level, which it has defined as 2 percent. In 2018, the Federal Reserve nearly hit its target on a sustained basis for the first time since it formally adopted it in 2012 -- and economists at Goldman Sachs Group Inc., UBS Securities LLC, and the New York Fed itself find that the trade spat has been a significant factor driving prices higher. Goldman Sachs analysts wrote in a Jan. 21 note that tariffs have bolstered prices more than they'd initially suspected. Domestic producers opportunistically increased the prices they charged in response to higher trade restrictions -- in effect, they used the policy as cover to eke out some pricing power, they find. They also analyze nine consumer price categories directly impacted by tariffs, and find "sharp divergence relative to the other core goods categories." Goldman's crew thinks the levies are currently pushing up core inflation by around 0.15 percentage points, plus "perhaps another few basis points in the pipeline from spillover effects." The New York Fed offers an even more aggressive estimate. Their analysis, which looks at industry-level Producer Price Index increases, finds a significant and quick reaction to tariffs that -- if extended to consumer prices -- could have pushed 2018 inflation higher by about a third of a percent.

<https://www.bloomberg.com/news/articles/2019-01-22/trump-s-tariffs-are-helping-the-fed-close-in-on-its-price-goal>

**Asia: Egypt's Central Banker Sees More Volatile Exchange Rate**

Egypt's stagnant exchange rate is likely to see more movement after a system that guaranteed foreign investors could repatriate dollars was terminated, but the central bank stands ready to fend off speculators and ensure debt holders don't lose out, Governor Tarek Amer said. Amer's remarks could help reassure foreign investors scrutinizing Egypt's economic policy as the country wraps up a three-year, \$12 billion loan agreement with the International Monetary Fund this year. Before securing the loan in November 2016, authorities liberalized the exchange rate, causing the pound to halve in value virtually overnight and helping unleash billions of dollars of inflows into local-currency debt. Despite the volatility that has battered other emerging markets, the currency has hovered around 18 to the dollar ever since, raising questions in the market about how free the float really was. "We will witness more volatility in the currency after the repatriation mechanism was shut down as investors will now have to go through the interbank market," Amer told Bloomberg News in an interview. The central bank shut down the repatriation mechanism in December. "We are committed to ensuring that the market is free and clears itself, but at the same time we have reserves that help us to confront any speculators or disorderly market practices. We are committed to ensuring that the holders of Egyptian debt always make better return," he said. "The reserves help us to defend the new foreign exchange regime, and the interest rate can be used as a tool."

<https://www.bloomberg.com/news/articles/2019-01-22/egypt-s-central-banker-sees-more-volatile-exchange-rate>

**PLATINUM PORTFOLIO**

**Platinum Portfolio Yield Measures as at January 22, 2019**

	Percentage (%)
<b>Yield to Maturity</b>	<b>6.53</b>
<b>Weighted Average Coupon</b>	<b>5.539</b>
<b>Current Yield</b>	<b>5.98</b>

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

**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.

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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](http://www.jamstockex.com), [www.bloomberg.com](http://www.bloomberg.com), [www.investopedia.com](http://www.investopedia.com), [www.tradewire.com](http://www.tradewire.com)

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 = POSITIVE TRANSFORMATION FOR OUR CLIENTS  
 MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS

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