

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (JS)⁺

Stock Symbol	JAMT	SGJ	ECL	JP	SEP
Current Price (\$)	3.56	50.30	7.58	23.41	42.24
Trailing EPS (\$)	0.28	3.75	0.27	0.73	1.84
P/E (times)	12.50	13.40	27.85	32.21	22.90
Projected P/E	11.90	13.88	24.08	28.58	13.94
Projected EPS (\$)*	0.30	3.62	0.31	0.82	3.03
Book Value per share (\$)	1.83	36.97	0.15	10.79	21.66
Price/Book Value (times)	1.94	1.36	51.06	2.17	1.95
Dividend Yield (2018 %)	N/A	3.70%	13.14%	0.72%	3.17%
Volumes	62,261	53,764	15,617	10,700	18,647
Recommendation	BUY	HOLD	BUY	SELL	BUY

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	131.800	98.000	128.2644	144.904	103.390	129.5643
CAN	95.000	76.001	91.3796	106.140	86.000	95.1861
GBP	171.350	130.790	166.8147	185.020	154.500	169.2693
EURO	146.000	108.467	134.6192	162.014	132.000	143.6694

*Rates as at April 08, 2019

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (April 9, 2019) trading session. The over night rate stood at 1.30% to 1.70% while the 30-day rate ranged at 2.20% to 2.40%.

The US dollar fixed income market was also liquid during today's (April 9, 2019) trading session; The overnight market rates were quoted at 2.00% to 2.20% while the 30-day market rates stood at 2.40% to 2.70%.



STOCK OF THE DAY: Seprod Limited (SEP)

For the year ended December 31, 2018:

Seprod Limited (SEP) posted revenue totalling \$24.38 billion compared to \$16.51 billion recorded for the same period of the prior financial year, representing a 48% increase year over year. The Manufacturing Division recorded a 30% growth to close at \$18.92 billion (2017: \$14.59 billion), while the Distribution Division increased by 64% closing at \$11.25 billion (2017: \$6.87 billion). For the quarter, Revenue climbed grossly closing at \$8.88 billion relative to \$4.37 billion reported the prior year's corresponding quarter.

Cost of Sales increased by 39% from \$12.69 billion to \$17.63 billion, resulting in gross profit increasing by 76% to close at \$6.75 billion (2017: \$3.82 billion). For the quarter, gross profit closed the period at \$1.74 billion relative to \$876.39 million in the previous comparable period.

Finance and other operating income totalled \$795.26 million compared to \$753.10 million in 2017, a 6% improvement year over year. For the quarter, finance and other operating income decline marginally by 0.24% to close at \$113.25 million (2017: \$113.52 million).

Selling expenses increased slightly by 4% to close the year end period of 2018 at \$650.79 million (2017: \$624.93 million). However, Administrative expenses for the period climbed by 71% to total \$4.49 billion versus \$2.62 billion in 2017. For the quarter, Selling expenses and Administrative expenses closed at \$66.15 million (2017: \$66.70 million) and \$1.14 billion (2017: \$804.02 million), respectively. As such, Operating profit grew 62%, moving from \$1.33 billion to \$2.41 billion to close the year end period of 2018. For the quarter, operating profit totalled \$653.84 million (2017: \$119.19 million).

Finance costs amounted to \$771.50 million (2017: \$337.77 million), an increase of 128% year over year. For the quarter, finance cost closed at \$298.06 million compared to \$85.31 million in the prior comparative quarter.

Profit before taxation increased to \$1.71 billion in 2018, an 82% increase on \$938.96 million reported a year prior. Profit before taxation for the fourth quarter amounted to \$415.83 million (2017: \$46.72 million).

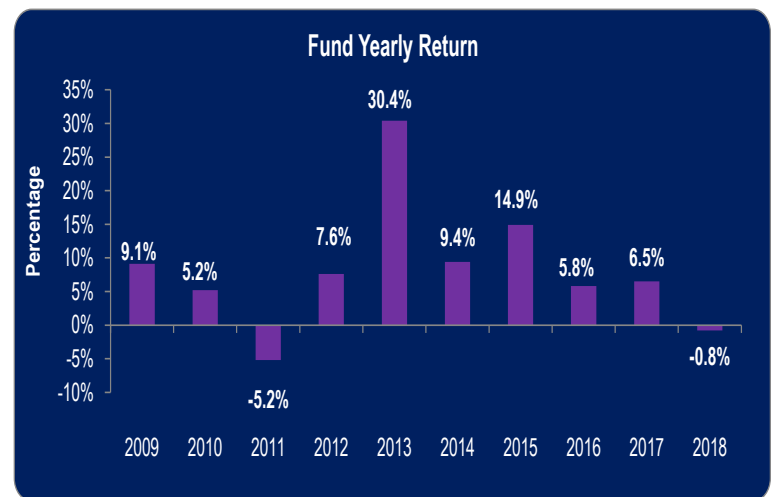
Seprod reported net profit of \$1.25 billion, a growth of 93% relative to last year's corresponding period of \$647.84 million, after incurring taxes of \$462.55 million (2017: \$291.12 million). For the quarter, net profit increased by 332% to \$280.94 million compared to \$65.05 million in 2017.

Net profits attributable to shareholders amounted to \$1.35 billion, a year over year improvement from the \$735.04 million recorded a year earlier. For the quarter, net profit attributable to shareholders totalled \$304.27 million (2017: \$9.89 million).

OVER THE COUNTER FUNDS (CI FUNDS)

CI Global Value Corporate Class

This fund invests primarily in equity and equity-related securities of companies around the world. The fund has a 3 year return of 8.4% and a 5 year return of 7.5% as at December 31, 2018. The Fund also has a 10 year return of 10%. The Fund also has a 1 month return of 2.5%.



⁺Prices are as at April 9, 2019 *Projections are made to the company's financial year end

U.S.: Big-Data Infusion for U.S. Inflation Gauge Starts With Apparel

The U.S. consumer price index, which traces its origins back more than a century, gets an infusion of big data this week to bring the Labor Department closer to what it sees as the future for economic indicators. After two years of study, more than 1,000 price quotations gathered from staff surveys of an unidentified department-store operator will be replaced with data fed directly from the company, labeled "CorpX" by Bureau of Labor Statistics economists. The prices will mainly be for apparel but not limited to that sector. The switch takes effect Wednesday with the release of March CPI at 8:30 a.m. in Washington. Economists surveyed by Bloomberg project it will show a pickup to a 0.4 percent monthly gain as well as an acceleration on an annualized basis to a 1.8 percent rate amid rising gasoline costs -- up from a two-year low of 1.5 percent in February. Excluding food and energy, the annual core CPI increase was probably unchanged at 2.1 percent -- likely keeping the Federal Reserve's preferred core gauge just below the 2 percent rate the central bank targets for overall inflation. The data changes are more evolution than revolution, but they're a big step toward how statistical agencies will gather numbers in the future as they seek a more accurate and timely read on the economy that's also less expensive to produce. The "CorpX" data will be a complete tally, not just a limited survey or sampling, that the BLS hopes will pave the way for directly acquiring other corporate data sets, says Crystal Komny, chief of the BLS unit for the CPI.

<https://www.bloomberg.com/news/articles/2019-04-09/big-data-infusion-for-u-s-inflation-gauge-starts-with-apparel?srnd=economics-vp>

Europe: Italy's Government Forecast Has the Economy Effectively Stagnating This

The Italian government's gloomy outlook for its economy was confirmed on Tuesday, with new forecasts predicting almost no growth this year. After a meeting in Rome, the Cabinet cut its target for growth this year to just 0.2 percent. That figure -- down from 1 percent previously -- includes the estimated impact of measures the government has already agreed to implement to help the economy. According to a draft of the document seen by Bloomberg, expansion this year would be 0.1 percent without the steps. The government said it approved the economic and public finance outlook for the next two years, and isn't planning any additional measures this year. According to the draft, the deficit forecast for 2019 is 2.5 percent of GDP, while the target including the impact of planned policy measures is 2.4 percent. The new figures spell out starkly the dire economic situation in Italy, where the economy fell into recession at the end of last year. In addition, the wider deficit number could set the stage for a fresh conflict between the populist government and the European Commission. There's also a risk of new tensions within the coalition of Five Star and the League. Both have their budgetary priorities, but the lack of fiscal space means that there will have to be compromise on spending. The new deficit forecast compares with a figure of 2.04 percent that Italy agreed with the Commission after months of haggling. Weaker growth is making it harder -- if not impossible -- to keep that promise.

<https://www.bloomberg.com/news/articles/2019-04-09/italy-s-government-sees-economy-effectively-stagnating-this-year?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at April 8, 2019	
	Percentage (%)
Yield to Maturity	6.04
Weighted Average Coupon	5.526
Current Yield	5.45

The platinum portfolio has an effective maturity of 13.56 years and duration of 4.60 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, www.bloomberg.com, www.investopedia.com, www.tradewire.com

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