

DAILY RECOMMENDATION

LOCAL STOCK MARKET: (JS)⁺

Stock Symbol	FTNA	SALE	CAR	PTL	LASD
Current Price (\$)	4.46	32.00	9.00	2.10	3.80
Trailing EPS (\$)	0.21	1.86	0.73	0.02	0.31
P/E (times)	20.87	17.22	12.40	85.95	12.23
Projected P/E	19.07	20.21	11.72	65.12	14.16
Projected EPS (\$)*	0.23	1.58	0.77	0.03	0.27
Book Value per share (\$)	1.46	9.01	0.28	0.47	1.48
Price/Book Value (times)	3.05	3.55	32.54	4.47	2.56
Dividend Yield (2018 %)	N/A	N/A	7.63%	1.30%	3.03%
Volumes	60,458	2,000	68,171	NIL	3,195
Recommendation	HOLD	HOLD	BUY	SELL	BUY

FTNA



STOCK OF THE DAY: Fontana Limited (FTNA)

For the nine months ended March 31, 2019:-

Fontana Limited recorded a 7% increase in revenues to total \$3.11 billion compared to \$2.90 billion for the same period in 2018. Revenue for the third quarter went up by 7% to \$9.51 million (2017: \$890.28 million).

Cost of Sales for the period increased 6%, closing at \$2.06 billion, up from \$1.95 billion reported the prior year, while for the third quarter there was a 4% increase closing at \$654.55 million (2018: \$631.17 million).

As such, gross profit for the nine months amounted to \$1.04 billion, a 10% uptick when compared to \$953.39 million recorded last year. However, gross profit for the third quarter rose 14% from \$259.12 million to \$296.57 million for the corresponding period in 2018.

Administrative expenses climbed by 11% for the period, to total \$720.59 million versus \$651.90 million in 2018, while selling and promotion closed the nine months at \$52.54 million (2018: \$54.22 million). FTNA stated, "this increase was driven mainly by the investment in building capacity by improving the human resource capabilities of the company."

As such operating profit saw a 10% increase to \$270.84 million relative to \$247.27 million booked a year ago. Operating profit for the quarter closed at \$41.56 million (2018: \$26.18 million).

Finance Cost for the nine months totalled \$51.40 million, an increase of 15% when compared to the \$44.82 million recorded for the same period last year, while other income amounted to \$25.05 million relative to \$24.28 million the prior year. FTNA noted, "finance expenses included a loss on the revaluation of our foreign currency denominated accounts as at March 31, 2019. This accounted for a \$5.3 difference between this quarter and the corresponding quarter of the previous year."

This resulted in profit before taxation totalling \$244.48 million compared to \$226.73 million recorded last year, an 8% growth year over year. For the quarter profit before taxation moved from \$19.72 million in 2018 to \$29.78 million in 2019.

Income taxes for the period was \$39.81 million versus \$41.71 million for the comparable period in 2018. Net Profit increased by 11% to end the period at \$204.67 million relative to \$185.02 million recorded the prior financial year. Net profit for the quarter amounted to \$29.78 million, an 85% jump compared to \$16.09 million booked for the prior quarter of 2018.

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	137.000	102.415	133.4997	152.915	105.550	135.4381
CAN	101.150	78.623	99.9980	111.618	91.000	101.1341
GBP	172.750	133.898	171.0158	191.760	161.000	171.9596
EURO	151.450	115.830	150.3295	169.455	138.000	151.3641

*Rates as at May 22, 2019

MONEY MARKET

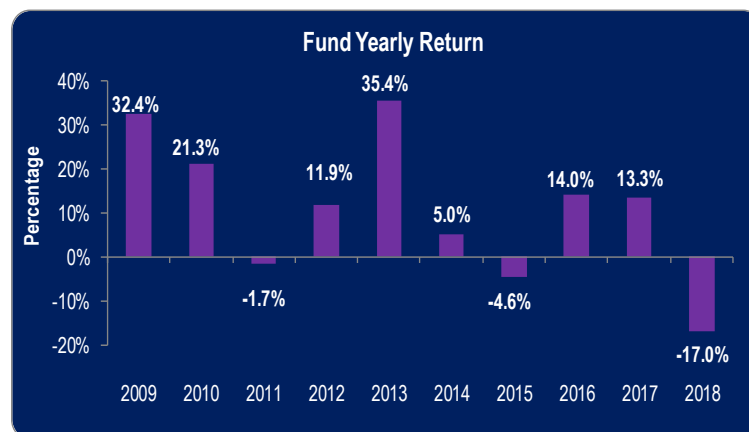
The Jamaican dollar fixed income market was liquid in today's (May 24, 2019) trading session. The over night rate stood at 1.00% to 1.10% while the 30-day rate ranged at 2.00% to 2.30%.

The US dollar fixed income market was also liquid during today's (May 24, 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%.

OVER THE COUNTER FUNDS (CI FUNDS)

CI American Small Companies Fund

This fund's objective is to seek above-average capital growth. It invests primarily in equity and equity-related securities of small to mid-capitalization North American companies. The fund has a 3 year return of 7.5% and a 5 year return of 5.2% at April 30, 2019. The Fund also has a 10 year return of 11.7%.



U.S.: U.S. Economic Outlook Dims as Capital Goods Add to Weak Data

The outlook for the U.S. economy is dimming after a report showed below-forecast business-equipment orders, adding to a string of weak data in other sectors. JPMorgan Chase & Co. cut its forecast for second-quarter economic growth to 1% from 2.25% and said the Federal Reserve's next interest-rate move is equally likely to be a hike or a cut, instead of an increase, chief U.S. economist Michael Feroli said in a note Friday. Oxford Economics lowered its estimate to 1.3% from 1.6%, while Barclays Plc's tracking forecast went down to 2% from 2.2%.Friday's report showing lower capital and durable goods orders in April -- in addition to earlier data on retail sales, housing and manufacturing -- suggest the economy is losing momentum. That's even before President Donald Trump ratcheted up his trade war with China this month by raising tariffs on some goods and threatening more levies. "The concern is that firms just don't have a strong sense of what the rules of the game are going to be, and that kind of uncertainty in principle, and in practice, can cause firms to be more cautious about undertaking long-term investments," Feroli said by phone. "So that is certainly a risk we've been worrying about, which might be starting to manifest itself in the data." IHS Markit's Macroeconomic Advisers lowered its tracking estimate for second-quarter growth by 0.2 percentage point to 1.7%, while the Atlanta Fed's GDPNow tracker stood at 1.3%.

<https://www.bloomberg.com/news/articles/2019-05-24/u-s-economic-outlook-dims-as-capital-goods-add-to-weak-data?smd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at May 20, 2019	
	Percentage (%)
Yield to Maturity	5.95
Weighted Average Coupon	5.535
Current Yield	5.22

The platinum portfolio has an effective maturity of 13.54 years and duration of 4.68 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

Europe: ECB Policy Maker Sees Economic Upturn Intact Before June Meeting

The euro-area economy remains on track with European Central Bank projections that foresee an upturn later this year, policy maker Bostjan Vasle said. The ECB is gearing up for a meeting in Lithuania in two weeks that will include updates to its forecasts and discussions over how generous to make a new round of bank loans known as TLTROs. Its previous projections in March were followed by sometimes-conflicting economic reports showing troubled manufacturing, relatively resilient services and stubbornly low inflation. "I'm quite confident that the economy is on the right track, that what's happening is in line with what we're expecting," the Slovenian governor said in an interview in his office in Ljubljana. "We have sufficient room to calibrate our monetary policy instruments if the situation were to deteriorate, but at this stage the economy is strong enough."An account of the ECB's April meeting on Thursday showed some policy makers losing confidence in the likelihood of a rebound. Incoming data will be key in pricing a new round of longer-term bank loans due in September, with some of Vasle's colleagues in favor of using that tool to adjust the monetary-policy stance. Others think it should serve primarily as a funding backstop for banks when uncertainty is elevated. The 49-year-old, who does long-distance trail running in his leisure time, was noncommittal on how the loans should be priced, saying "the parameters will be dependent on the economic outlook."

<https://www.bloomberg.com/news/articles/2019-05-24/ecb-policy-maker-sees-economic-upturn-intact-before-june-meeting?smd=economics-vp>

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.