

## DAILY RECOMMENDATION



### LOCAL STOCK MARKET: (J\$) <sup>+</sup>

Stock Symbol	KW	VMIL	GK	SGJ	JSE
Current Price (\$)	68.55	4.79	69.99	57.01	30.36
Trailing EPS (\$)	1.42	0.29	4.73	3.74	0.62
P/E (times)	48.31	16.45	14.79	15.26	48.90
Projected P/E	42.15	14.54	15.43	17.35	42.82
Projected EPS (\$)*	1.63	0.33	4.54	3.29	0.71
Book Value per share (\$)	17.58	2.24	45.98	38.50	1.54
Price/Book Value (times)	3.90	2.14	1.52	1.48	19.77
Dividend Yield (2018 %)	1.38%	4.32%	3.08%	3.70%	4.28%
Volumes	11,134	98,003	65,979	912,713	151,050
Recommendation	SELL	BUY	HOLD	HOLD	SELL



### STOCK OF THE DAY: Kingston Wharves Limited (KW)

#### For the three months ended March 31, 2019:

Kingston Wharves Limited (KW) for the three ended March 31, 2019 reported total revenue of \$1.83 billion, a 12% increase relative to the \$1.63 billion recorded for the corresponding period in 2018.

The company noted, "The Terminal Operations division generated operating revenue of \$1,455 million for the three-month period, an increase of 9% over the corresponding period of the prior year. Divisional profits increased by 37% from \$385 million to \$527 million year on year. Cost of sales for the period grew by 2% to a total of \$901.57 million compared to the \$887.79 million for the same period last year.

Gross profit closed the period at \$931.46 million, a 25% increase from the \$745.25 million recorded a year ago. Other Operating Loss for the period totaled \$24.11 million relative to an income of \$51.64 million booked in 2018. Administrative Expenses for the period declined by 2%, amounting to \$295.33 million from the \$300.15 million recorded for the same period last year.

As such, Operating Profit closed the three months period at \$612.02 million, a 23% or \$115.28 million increase relative to the \$496.74 million recorded for the comparable period in 2018.

Finance Costs for the period declined 21% total \$47.59 million relative \$59.87 million recorded for the same period in 2018. The company also booked Share of results in associated company of \$120,000 relative to nil the prior year.

Profit before taxation closed the period at \$564.55 million, growing 29% year over year (2018: \$436.87 million). Taxation charges amounted to \$106.0 million for the period, a 69% increase relative to the charges of \$62.83 million incurred for same period last year. Notwithstanding, Net Profits for the period rose by approximately 23% to total \$458.55 million relative to \$374.04 million recorded for the corresponding period in 2018. Net Profits attributable to shareholders rose by approximately 23% to total \$452.61 million relative to \$368.47 million recorded for the corresponding period in 2018.

Consequently, Earnings per share for the year ended March 31, 2019 amounted to \$0.32 (2018: \$0.26). The twelve month trailing earnings per share is \$1.42. The total number of shares used in the calculations amounted to 1,430,199,578 units.

### FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average	Highest	Lowest	Weighted Average
			Rate			
USD	137.700	103.200	134.0071	140.610	106.784	136.6005
CAN	104.850	80.278	104.3726	107.800	94.000	105.5042
GBP	170.900	132.503	166.8366	175.552	155.500	169.9878
EURO	148.600	102.100	147.0414	155.850	142.000	153.9817

\*Rates as at July 12, 2019

### MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (July 15, 2019) trading session. The over night rate stood at 0.50% to 0.80% while the 30-day rate ranged at 1.60% to 1.90%.

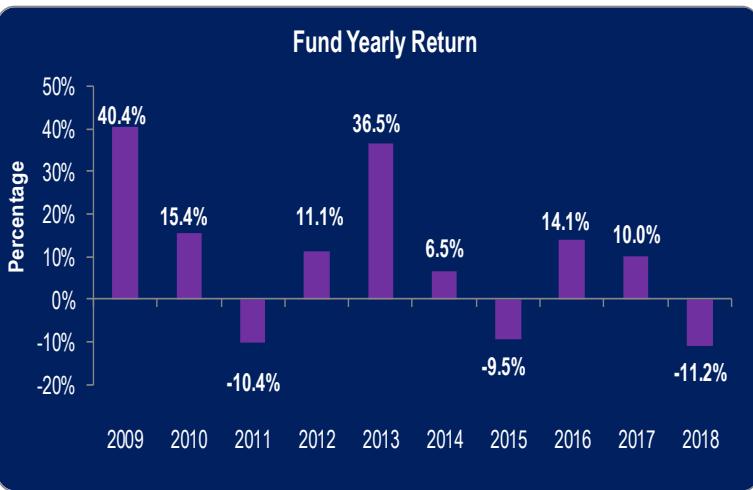
The US dollar fixed income market was also liquid during today's (July 15, 2019) trading session; The overnight market rates were quoted at 2.00% to 2.20% while the 30-day market rates stood at 2.40% to 2.70%.

### OVER THE COUNTER FUNDS (CI FUNDS)

#### CI American Equity Corporate Class

This fund invests primarily in equity and equity-related securities of companies in the United States.

The fund has a 3 year return of 7.8% and a 5 year return of 3.6%. The Fund also has a 10 year return of 9.0%. Rates are as at June 30, 2019.



## U.S.: Trump may face more court battles over giving citizenship data to states

"(Reuters) - U.S. President Donald Trump's order that all federal agencies provide citizenship data to the Commerce Department could open a new legal front over whether states can redraw their voting maps based on citizenship status. Trump dropped the effort to add a citizenship question to the 2020 census on Thursday following a recent defeat in the U.S. Supreme Court. Instead, he ordered other federal agencies, including the Department of Homeland Security and Social Security Administration, to provide relevant data. The Census Bureau can combine such information with citizenship data it receives from a population tally called the American Community Survey (ACS), which is based on a smaller sample than the once-a-decade census. If states use citizenship data provided by the federal government to redistrict, it would likely shift power toward Republicans, as Reuters reported in April reut.rs/2G9v8to. But it would also trigger a new wave of litigation, some advocates and redistricting specialists said. Potential plaintiffs could claim that citizen-only redistricting violates the 14th Amendment's Equal Protection Clause and other laws barring discrimination against minority groups. The American Civil Liberties Union (ACLU) will "monitor and watch what the federal government is doing and be very vigilant for any redistricting issues that might arise," Sarah Brannon, managing attorney for the ACLU Voting Rights Project, said on a call with journalists on Thursday. "We will sue as necessary," she said. The White House did not respond to a request for comment on potential legal challenges."

<https://www.reuters.com/article/us-usa-census-redistricting/trump-may-face-more-court-battles-over-giving-citizenship-data-to-states-idUSKCN1UA0XI>

## Europe: Euro-Zone Factory Jobs Might Be Only Thing Stopping a Recession

"The euro zone's continued demand for factory jobs is a mystery that may be the only thing staving off a recession right now. Manufacturing in the 19-nation currency bloc has been on a downward trajectory since the start of last year. The sector hasn't contracted this long and deeply without a recession since at least the 1960s, according to an ING analysis of European Central Bank data. ING cites weakening global demand and trade uncertainty as significant causes of the slide, but noted a critical bright spot. "Remarkably though, this contraction in activity has not caused employment to decline. As long as that is the case, an outright euro-zone recession remains unlikely," senior economist Bert Colijn said in a note to clients. "Employment in the manufacturing sector continues to grow, thereby supporting household consumption, which in turn mainly benefits the service sector." ING sees little reason for an improvement in the manufacturing sector though, with slowing exports spelling further trouble in the second half of 2019. An uptick in May's output figures reported Friday looks unlikely to meaningfully offset previous weakness. Colijn questioned how long the industrial slump can continue without broader repercussions. "Businesses indicate that hiring intentions in the manufacturing sector are weakening and in Germany, layoffs have increased while short-term work is returning," he wrote. "Still, as long as overall manufacturing employment continues to grow, the sluggishness in industrial production may well remain relatively contained. The manufacturing job market could, therefore, be key in the coming months to see whether the expansion can hold out."

<https://www.bloomberg.com/news/articles/2019-07-13/euro-zone-factory-jobs-might-be-only-thing-stopping-a-recession?srnd=economics-vp>

## PLATINUM PORTFOLIO

### Platinum Portfolio Yield Measures as at July 15, 2019

	Percentage (%)
Yield to Maturity	5.63
Weighted Average Coupon	5.514
Current Yield	5.10

The platinum portfolio has an effective maturity of 13.24 years and duration of 4.73 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.

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OF EXPERIENCE MARKET RESEARCH  
— POSITIVE TRANSFORMATION  
FOR OUR CLIENTS

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