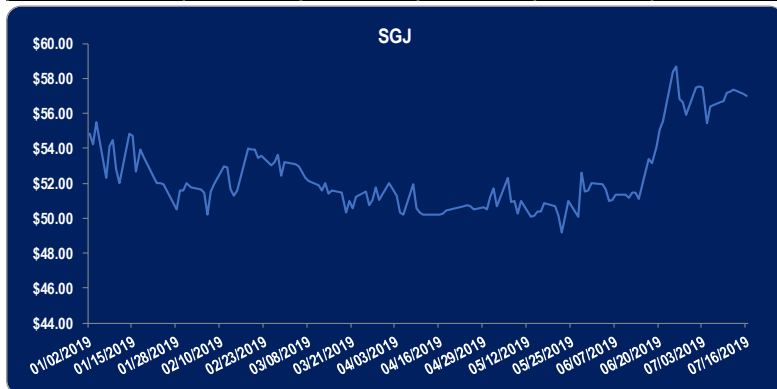


DAILY RECOMMENDATION



LOCAL STOCK MARKET: (J\$) +

Stock Symbol	KW	VMIL	GK	SGJ	JSE
Current Price (\$)	69.82	4.83	69.82	57.00	32.79
Trailing EPS (\$)	1.42	0.29	4.73	3.74	0.62
P/E (times)	49.20	16.59	14.75	15.25	52.82
Projected P/E	42.93	14.66	15.39	17.35	46.25
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)	3.97	2.16	1.52	1.48	21.36
Dividend Yield (2018 %)	1.38%	4.32%	3.08%	3.70%	4.28%
Volumes	2,200	43,645	85,826	2,063,886	18,860
Recommendation	SELL	BUY	HOLD	HOLD	SELL



STOCK OF THE DAY: Scotia Group Jamaica Limited (SGJ)

For the six months ended April 30, 2019:

Scotia Group Jamaica Limited (SGJ) reported that Net Interest Income decreased by 5% to \$12.24 billion, moving from \$12.82 billion for the corresponding period in 2018. Interest Expenses declined by 19% to total \$1.33 billion (2018: \$1.64 billion). Interest Income for the period decreased from \$14.46 billion in 2018 to \$13.58 billion. Net interest income for the quarter amounted to \$6.05 billion relative to \$6.18 billion reported in 2018.

The company reported an Expected Credit Losses of \$1.34 billion compared to a loss of \$554.03 million for the comparable period in 2018. As such, Net Interest Income after Expected Credit Losses on loans fell 11% to \$10.90 billion relative to the \$12.26 billion recorded for the corresponding period in 2018. Total Other Revenue increased by 11% to \$9.85 billion (2018: \$8.83 billion).

Net Fees and Commission Income amounted to \$4.10 billion (2018: \$4.11 billion), a marginal decrease relative to the corresponding period in 2018. Insurance Revenue fell by 4% and closed the period at \$1.81 billion relative to \$1.88 billion last year. Net Gains on Financial Assets contracted to \$369.11 million relative to \$422.44 million recorded for the period. Other revenue increased from \$16.75 million in 2018 to \$202.56 million. Total Operating Income for the six months decreased 2% to total \$20.75 billion versus \$21.10 billion for the corresponding period in 2018.

Total Operating Expenses for the period amounted to \$12.74 billion, a 14% growth from the \$11.20 billion booked for the corresponding period in the prior financial year. Salaries and Staff Benefits increased to close the period at \$5.58 billion (2018: \$5.13 billion). Property Expenses (Including Depreciation) rose by 7% amounting to \$1.07 billion (2018: \$995.82 million). Amortization of Intangible Assets increased 2% to close the period at \$76.90 million versus \$75.07 million in 2018. SGJ reported \$1.13 billion for asset tax, 4% more than the \$1.08 billion documented for the first six months ended April 30, 2018. Other Operating Expenses increased by 25% to closed the quarter at \$4.89 billion relative to \$3.91 billion. Profit before Taxation for the quarter totaled \$8.01 billion, this represents an decrease of 19% from the \$9.89 billion recorded in 2018.

Tax charges for the quarter totaled \$2.39 billion (2018: \$3.14 billion). Net Profit for the period totaled \$5.61 billion, 17% less than the \$6.76 million posted for the same period in 2018. Net profit for the second quarter closed at \$3.29 billion relative to 3.34 billion for the same quarter of 2018. Profit Attributable to Shareholders amounted to \$5.61 billion, 17% less than the total of \$6.76 billion reported a year earlier.

Earnings per share (EPS) for six months totaled \$1.80 (2018: \$2.17). EPS for the quarter amounted to \$1.06 versus \$1.08 reported for the first quarter of 2018. The trailing twelve months EPS amounted to \$3.74. The total number of shares employed in our calculations amounted to 3,111,572,984 units.

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	137.750	103.200	133.8203	141.700	103.200	136.2532
CAN	105.000	80.442	101.6150	107.800	85.739	104.7399
GBP	172.500	132.503	168.3463	175.824	143.952	171.3268
EURO	160.000	113.131	146.3304	157.680	138.000	153.7019

*Rates as at July 15, 2019

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (July 16, 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%.

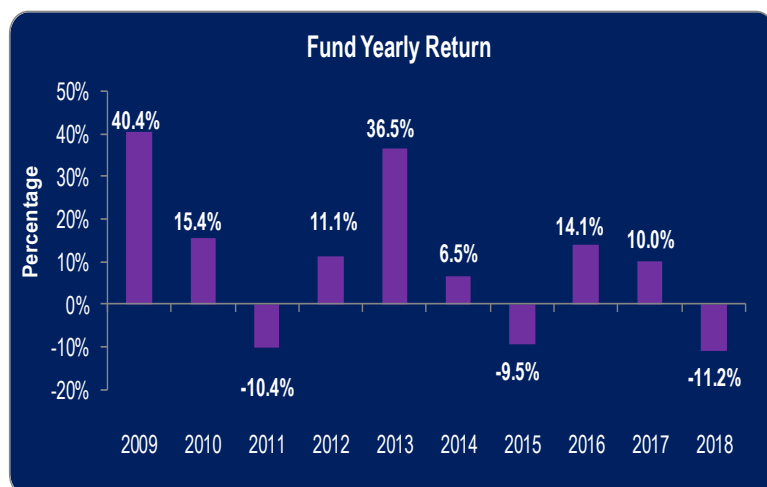
The US dollar fixed income market was also liquid during today's (July 16, 2019) trading session; The overnight market rates were quoted at 2.00% to 2.20% while the 30-day market rates stood at 2.40% to 2.70%.

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. retail sales exceeded projections in June on broad gains across most categories, indicating consumption was already healthy before an anticipated interest-rate cut this month. The value of overall sales rose 0.4% after a downwardly revised 0.4% increase the prior month, Commerce Department data showed Tuesday. That compared with a projected gain of 0.2% in Bloomberg’s survey of economists. Sales in the “control group” subset, which excludes food services, car dealers, building-materials stores and gasoline stations, increased 0.7%, also exceeding projections. Some analysts view the measure as a more accurate gauge of consumer demand. Excluding automobiles and gasoline, retail sales increased 0.7%. The rebound in sales underscores Fed Chairman Jerome Powell’s view that consumer spending and finances remain healthy amid a tight labor market that’s been supporting the expansion. Strength at retailers may also complicate the debate for policy makers as they gather July 30-31 to chart their course amid growing headwinds from slowing global growth to trade tensions. Powell in congressional testimony last week left it all but certain that the Fed is poised to cut rates for the first time in a decade. Still, he told lawmakers that consumer spending has reliably driven growth and rebounded to a solid pace after first-quarter weakness.”

<https://www.bloomberg.com/news/articles/2019-07-16/u-s-retail-sales-post-broad-gains-in-june-topping-estimates?srnd=premium>

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.

DISCLAIMER

Analyst Certification -The views expressed in this research report accurately reflect the personal views of Mayberry Investments Limited Research Department about those issuer (s) or securities as at the date of this report. Each research analyst (s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation (s) or view (s) expressed by that research analyst in this research report.

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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.

“The pound fell to the lowest since 2017 as the market once again reckoned with no-deal Brexit risk after the contenders to be U.K. prime minister toughened their rhetoric. Sterling hit its weakest level in more than two years versus the dollar and a six-month low against the euro, as Brexit negotiations appeared to turn more hostile. Both leadership contenders Boris Johnson and Jeremy Hunt have said the so-called backstop plan to avoid a hard border in Ireland, considered essential by Brussels, would need to be scrapped. The U.K. currency extended its slide after Sky News reported that Johnson’s team was considering sending lawmakers home for up to two weeks in October to prevent them from blocking a no-deal Brexit. After a strong start to the year, the pound is the worst performer in the Group-of-10 in recent months and is at the lowest ever for this time of year. “It’s a bit of a perfect storm for the pound today,” said Neil Jones, head of hedge fund currency sales at Mizuho Bank Ltd. “The EU negotiations are not going well, U.K. data is poor and chances of a no-deal Brexit on October 31 are on the increase.” The pound slipped 0.9% to \$1.2408 by 4:32 p.m. in London, taking its total decline so far this month to 2.3%. It weakened 0.5% to 90.40 pence per euro, the lowest since Jan. 11, and also fell against the Swiss franc to the weakest since August 2017.”

<https://www.bloomberg.com/news/articles/2019-07-16/pound-nears-2019-lows-as-no-deal-brexit-risk-comes-back-in-play?srnd=premium-europe>

STRUCTURED PRODUCT

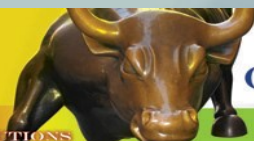
Mayberry Platinum

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 pro-vide 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 per-sons who do not have the time to actively manage their own portfolio.

OVER 20 YEARS OF EXPERIENCE + CUTTING EDGE MARKET RESEARCH

= POSITIVE TRANSFORMATION FOR OUR CLIENTS

MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS



...BULLISH ON JAMAICA



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