

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (JS)⁺

Stock Symbol	SALF	SEP	WIG	TTECH	KREMI
Current Price (\$)	36.00	48.43	0.83	5.43	4.93
Trailing EPS (\$)	1.86	1.63	0.05	0.20	0.14
P/E (times)	19.37	29.63	16.47	26.69	34.61
Projected P/E	22.74	19.74	15.81	72.30	25.58
Projected EPS (\$)*	1.58	2.45	0.05	0.08	0.19
Book Value per share (\$)	9.01	20.48	0.26	1.89	1.92
Price/Book Value (times)	4.00	2.36	3.15	2.88	2.56
Dividend Yield (2018 %)	9.33%	3.17%	N/A	N/A	1.00%
Volumes	1,229	42,258	5,202,043	127	171,132
Recommendation	HOLD	HOLD	BUY	SELL	SELL

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	138.500	103.490	135.7296	141.480	104.145	137.1848
CAN	105.600	81.385	103.0438	107.568	98.350	105.0611
GBP	172.500	133.984	167.3739	177.642	157.000	170.0381
EURO	150.800	114.464	143.1751	158.490	122.012	153.0094

*Rates as at July 26, 2019

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (July 29, 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 29, 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 three months ended March 31, 2019:

Seprod Limited (SEP), for the three months ended March 31, 2019, posted revenue totaling \$9.04 billion compared to \$4.95 billion recorded for the same period of the prior financial year, representing a 83% increase year over year. The Manufacturing Division recorded a marginal increase to close at \$4.89 billion (2018: \$4.82 billion), while the Distribution Division increased grossly by 266% closing at \$6.07 billion (2018: \$1.66 billion).

Cost of sales increased by 93% from \$3.47 billion in 2018 to \$6.70 billion in 2019, resulting in gross profit increasing by 58% to close at \$2.34 billion (2018: \$1.48 billion).

Finance and other operating income totalled \$295.92 million compared to \$126.36 million in 2018. Selling expenses increased by 152% to close the first quarter of 2019 at \$391.14 million (2018: \$155.03 million). Additionally, administrative expenses for the period climbed by 70% to total \$1.55 billion versus \$912.26 million in 2018.

As such, operating profit grew 30%, moving from \$537.12 million in 2018 to \$696.16 million to close the period in review. Finance costs amounted to \$287.38 million (2018: \$139.10 million).

Profit before taxation increased to \$427.34 million in 2019, an increase of 7% on \$400.95 million reported a year prior.

Seprod reported net profit of \$311.96 million, a growth of 7% relative to last year's corresponding period of \$292.90 million, after incurring taxes of \$115.38 million (2018: \$108.05 million).

Net profits attributable to shareholders amounted to \$354.60 million, a year over year improvement from the \$337.73 million recorded a year earlier. Total comprehensive income for the quarter amounted to \$280.92 million compared to \$306.90 million booked for the first quarter of 2018.

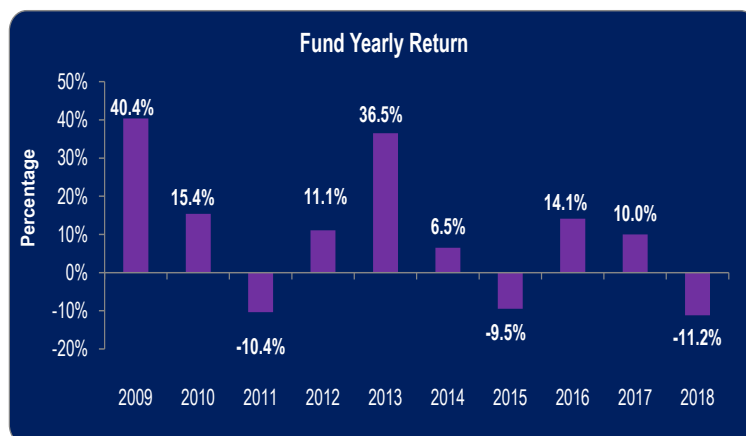
Consequently, earnings per share (EPS) for the three months ended March 31, 2019 amounted to \$0.48 versus \$0.46 booked in the corresponding period of 2018. The twelve months trailing EPS is \$1.63.

OVER THE COUNTER FUNDS (CI FUNDS)

CI American Equity 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 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.: U.S.-China Talks Set to Resume, But Neither Seems Eager for a Deal

“Almost three months after their trade talks broke down in acrimony, Chinese and American negotiators meet again in Shanghai this week amid tempered expectations for breakthroughs in their year-long trade war. Two days of talks are scheduled to restart Tuesday after a truce reached by Presidents Donald Trump and Xi Jinping on the side-lines of the Group of 20 summit in Osaka, Japan, last month. Deep tensions remain, though, and recent days have brought mixed signals from both sides, with neither showing an urge to compromise. China has purchased millions of tons of soybeans from the U.S. and Chinese companies will continue to seek American agricultural products including soybean, cotton, pork, sorghum, wheat, corn and dairy, state media Xinhua News Agency said on Sunday. At the same time, official data showed that imports of soybeans from the U.S. slumped in the first half to the lowest level in more than a decade, while purchases of pork dropped 16% in June from May, highlighting the real-world impact of the spat. The People’s Daily newspaper said in a commentary on Monday agricultural purchases are a “concrete”, “goodwill” step to implement the consensus reached by Xi and Trump in Japan, calling the U.S. to reciprocate and meet China halfway.”

<https://www.bloomberg.com/news/articles/2019-07-28/u-s-china-talks-set-to-resume-either-neither-seems-eager-for-a-deal?srnd=economics-vp>

Europe: Europe Is About to Find Out How Bad the Economy Has Become

“Mario Draghi didn’t pull his punches when he said the economic outlook is getting “worse and worse.” This week, he’ll get more insight into how bad it really is out there. Growth probably slowed to 0.2% in the second quarter, a below-trend pace that will do little to help the European Central Bank president’s effort to push inflation higher. Business surveys across the region will provide a detailed look at how companies are coping with trade tensions and weaker demand, and may put to rest any hopes for a better performance this quarter. The feeble economic backdrop is also hitting corporate Europe, particularly carmakers, with downbeat statements recently from companies including Germany’s Daimler and France’s Renault. Services growth is still helping to counter that, but may only be able to prop things up for so long, here may also be disappointing news on inflation this week, with both the headline and core rates down near 1%. A survey last Friday showed longer-term inflation expectations are falling, and it’s pretty clear what Draghi thinks about that. “We don’t like what we see on the inflation front,” he said last week. Draghi has given staff at the ECB and national central banks a mission before the next meeting to examine what policy makers can do to help the economy. More interest rate cuts and a new round of bond purchases are on that list, despite some doubts about how much room there’s left for both tools.”

<https://www.bloomberg.com/news/articles/2019-07-29/europe-is-about-to-find-out-how-bad-the-economy-has-become?srnd=premium-europe>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at July 29, 2019	
	Percentage (%)
Yield to Maturity	5.63
Weighted Average Coupon	5.514
Current Yield	4.86

The platinum portfolio has an effective maturity of 13.20 years and duration of 4.58 years.

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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.

STRUCTURED PRODUCT

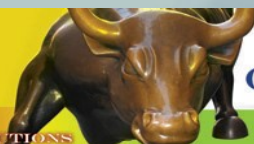
Mayberry Gold

This portfolio is ideal for investors, both retail and corporate, seeking a conservative, short-term investment. The securities in the Gold are directly owned by the client and provide them with a safe investment option. Our Gold portfolio can also provide investors with coupon payments that can generate a positive income stream.

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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