

DAILY MARKET SUMMARY



VOLUME 3 January 6, 2020

LOCAL STOCK MARKET: (J\$) ⁺

Stock Symbol	SVL	LASM	GENAC	GK	CHL
Current Price (\$)	25.27	4.23	6.76	73.78	9.50
Trailing EPS (\$)	0.89	0.28	0.33	5.09	0.31
P/E (times)	28.46	15.36	20.28	14.51	30.22
Projected P/E	20.18	14.55	18.42	14.31	28.77
Projected EPS (\$) [*]	1.25	0.29	0.37	5.15	0.33
Book Value per share (\$)	1.31	1.50	2.23	52.53	1.12
Price/Book Value (times)	19.25	2.81	3.04	1.40	8.51
Dividend Yield (2019 %)	4.46%	1.65%	3.91%	2.44%	1.60%
Volumes	43,790	146,880	NIL	19,945	3,660
Recommendation	BUY	BUY	HOLD	HOLD	SELL



STOCK OF THE DAY: Lasco Manufacturing Limited (LASM)

For the six months ended September 30, 2019:

Lasco Manufacturing Limited (LASM) for the six months ended September 30, 2019, recorded an increase of \$50.30 million or 1% in revenue to total \$3.85 billion relative to the \$3.80 billion recorded for the comparable period in 2018. For the second quarter, total revenue closed at \$2.06 billion (2018: \$2.07 billion), a 0.2% decline.

Cost of sales amounted to \$2.43 billion (2018: \$2.47 billion) for the period, a decrease of 2% year on year. As a result, gross profit of \$1.42 billion was recorded for the period, 7% more than the \$1.32 billion booked in September 2018. For the quarter, gross profit grew by 5% to close at \$754.22 million (2018: \$716.08 million). The Company highlighted that the gross profit margin improvement is, "primarily the result of improvements in operational efficiencies."

Operating expenses closed the period at \$721.99 million compared to \$651.86 million booked for the corresponding period last year. While, for the quarter, operating expenses rose by 14% amounting to \$391.80 million (2018: \$344.29 million).

Consequently, LASM recorded operating profits of \$714.03 million, 7% higher than the \$667.18 million booked in 2018. Operating profits fell 1% to close the second quarter at \$359.21 million relative to \$364.35 million in the prior comparable quarter.

As such, profit before taxation amounted to \$660.07 million, an increase of 9% from the \$603.50 million recorded for the previous year. Taxes recorded for the period amounted to \$97.51 million (2018: \$100.44 million). Thus, net profit for the six months period totalled \$562.56 million compared to \$503.06 million in 2018, an increase of 12%. While, for the second quarter, net profit closed at \$280.15 million (2018: \$265.40 million), up by 6%.

FOREIGN EXCHANGE MARKET TRADING SUMMARY ^{*}

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	135.600	100.725	131.0484	138.560	100.330	133.9737
CAN	104.000	80.261	99.8043	106.447	95.000	104.5824
GBP	177.000	136.207	170.4079	181.682	162.500	172.7711
EURO	146.000	110.152	141.2824	153.000	140.000	149.6748

^{*}Rates as at January 03, 2020

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (January 06, 2020) trading session. The over night rate stood at 0.30% to 0.50% while the 30-day rate was 1.50% to 1.70%.

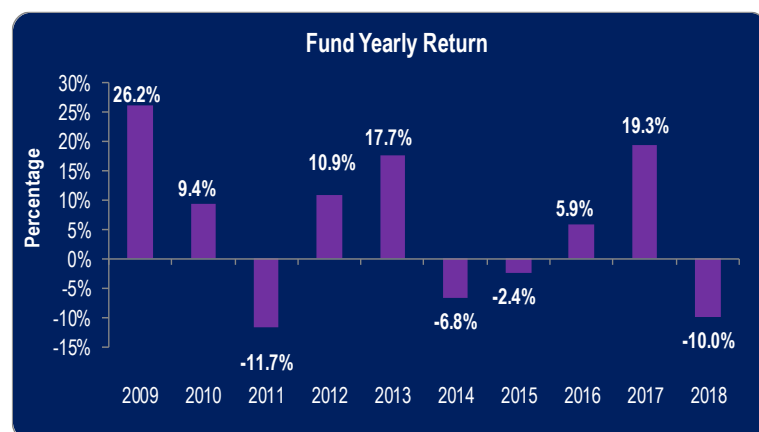
The US dollar fixed income market was also liquid during today's (January 06, 2020) trading session; The overnight market rates were quoted at 2.00% while the 30-day market rates stood at 2.30% to 2.40%.

OVER THE COUNTER FUNDS (CI FUNDS)

CI International Value Corporate Class

This fund invests primarily in equity and equity-related securities of companies whose primary operations are outside of North America.

The fund has a 3 year return of 7.5% and a 5 year return of 4.2%. The Fund also has a 10 year return of 4.1%. Rates are as at November 30, 2019.



U.S: Iran-U.S. Tensions Stoke Fears of Spike in Gasoline Prices

“Escalating Iran-U.S. tensions raise the prospect of a spike in gasoline prices, though the effects so far have been minimal. Gasoline prices have held steady in the U.S. following the Thursday killing of Iranian General Qassem Soleimani and Iran’s threats of retaliation that could include attacks designed to disrupt the flow of crude oil. However, oil and gasoline prices could surge if hostilities escalate. “So far, what we’ve seen in oil -- which is about a \$1-per-barrel increase from a week ago -- is not too unsurprising,” Patrick DeHaan, senior petroleum analyst at retail fuel price tracker GasBuddy, said by phone. “But more of the impact could be after Iran retaliates, which they’ve certainly all but promised to the U.S. at this point.”

<https://www.bloomberg.com/news/articles/2020-01-06/iran-u-s-tensions-stoke-fears-of-spike-in-gasoline-prices?srnd=economics-vp>

Asia: China Plans to Send Team to U.S. for Jan. 15 Deal Signing

“The Chinese trade delegation plans to sign the first phase of its trade deal with the U.S. in Washington on Jan. 15, according to people familiar with the matter. The plan is still to send its top negotiator, Vice Premier Liu He, to ink the deal, said the people, who asked not to be identified discussing the private plans. The team will be in Washington from Jan. 13 to Jan. 15, one of the people said. The South China Morning Post earlier reported the dates. The group had originally aimed to travel earlier in the month, but had to alter its plans after U.S. President Donald Trump sent a tweet saying the deal would be signed Jan. 15 at the White House, according to the SCMP.”

<https://www.bloomberg.com/news/articles/2020-01-05/china-delegation-may-travel-to-washington-on-jan-13-scmp-says>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at January 06, 2019

	Percentage (%)
Yield to Maturity	5.10
Weighted Average Coupon	5.403
Current Yield	3.90

The platinum portfolio has an effective maturity of 13.13 years and duration of 4.63 years.

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.

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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



www.mayberryinv.com

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