

DAILY MARKET SUMMARY



VOLUME 3 February 5, 2020

LOCAL STOCK MARKET: (JS) ⁺

Stock Symbol	AMG	SVL	LASM	SEP	BPOW
Current Price (\$)	2.05	21.99	4.04	46.37	3.53
Trailing EPS (\$)	0.11	0.89	0.28	1.30	0.16
P/E (times)	18.23	24.77	14.67	35.77	22.45
Projected P/E	18.90	17.56	13.90	14.20	23.74
Projected EPS (\$) ⁺	0.11	1.25	0.29	3.27	0.15
Book Value per share (\$)	1.01	1.31	1.50	20.66	1.70
Price/Book Value (times)	2.03	16.75	2.68	2.24	2.08
Dividend Yield (2019 %)	1.05%	4.46%	1.65%	1.67%	0.40%
Volumes	16,374	35,283	418,069	5,521	19,694
Recommendation	HOLD	BUY	HOLD	BUY	SELL



STOCK OF THE DAY: LASCO MANUFACTURING LIMITED (LASM)

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."

LASM posted other income of \$13.91 million, compared to other losses of \$4.47 million reported for the prior year. While for the quarter, other losses totaled \$3.20 million versus losses of \$7.44 million in the previous comparable quarter.

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.

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	142.550	108.620	139.1142	148.500	107.045	141.5355
CAN	107.550	85.302	105.3386	109.944	98.000	107.4047
GBP	186.000	146.288	179.7420	190.512	168.000	182.5178
EURO	153.610	119.120	149.0694	158.330	124.404	156.4749

^{*}Rates as at February 4, 2020

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (February 5, 2020) trading session. The over night rate stood at 0.50% to 0.75% while the 30-day rate was 1.60% to 1.80%.

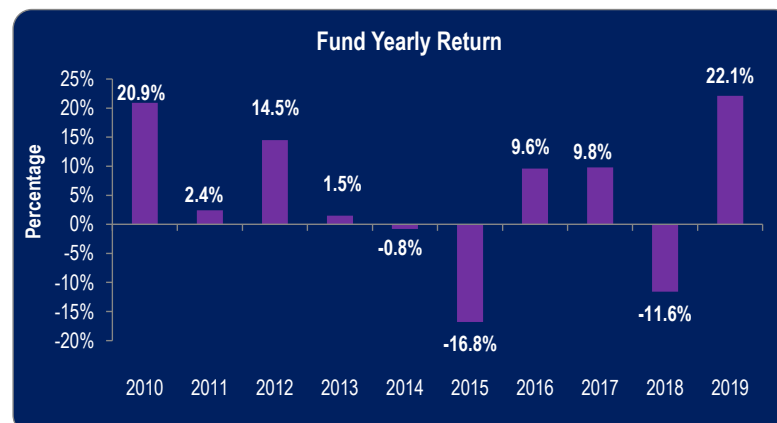
The US dollar fixed income market was also liquid during today's (February 5, 2020) trading session; The overnight market rates were quoted at 2.00% while the 30-day market rates stood at 2.30% to 2.40%.

OVER THE COUNTER FUNDS (CI FUNDS)

Signature High Income Corporate Class

The fund invests primarily in high yielding equity securities and Canadian corporate bonds. The fund currently achieves its investment objective by investing all of its assets in Signature High Income Fund (the underlying fund), which has the same portfolio adviser and objectives as the fund.

The fund has a 3 year return of 5.8% and a 5 year return of 1.6%. The Fund also has a 10 year return of 4.4%. Rates are as at December 31, 2019.



"American farmers are set see higher incomes again this year as the trade truce helps markets recover and improve exports at a time when China needs more meat, likely shoring up economic confidence for a key Trump constituency going into the November election. Profits will climb 3.3% from 2019 and depend less on government aid following President Donald Trump's initial trade deal with China, the U.S. Department of Agriculture projected on Wednesday. Income from live-stock production is forecast to jump 4.6%, the biggest gain for cash receipts."

<https://www.bloomberg.com/news/articles/2020-02-05/trump-s-farmer-base-will-make-more-money-thanks-to-trade-deal?srnd=economics-vp>

"European Central Bank President Christine Lagarde said her institution is on watch as the coronavirus outbreak provides a new threat to the economic outlook. The disease, which has spread worldwide after originating in China, has shuttered factories, canceled flights and kept workers at home as governments try to stem the contagion. Lagarde's comments suggest that the ECB, like other central banks, is biding its time for now while stating a willingness to add monetary support if needed."

<https://www.bloomberg.com/news/articles/2020-02-05/ecb-s-lagarde-warns-coronavirus-adding-to-economic-uncertainty?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at February 3, 2020

	Percentage (%)
Yield to Maturity	4.90
Weighted Average Coupon	5.403
Current Yield	3.99

The platinum portfolio has an effective maturity of 13.15 years and duration of 4.64 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.

Source: www.jamstockex.com, www.bloomberg.com, www.investopedia.com, www.tradewire.com



www.mayberryinv.com

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