

DAILY MARKET SUMMARY



VOLUME 3 February 17, 2020

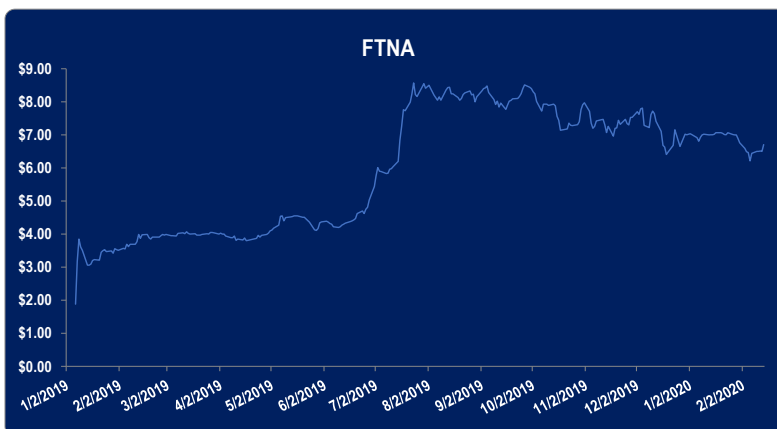
LOCAL STOCK MARKET: (JS)⁺

Stock Symbol	FTNA	SEP	SVL	FOSRICH	CHL
Current Price (\$)	6.71	46.23	22.33	3.92	7.85
Trailing EPS (\$)	0.28	1.30	0.89	0.18	0.31
P/E (times)	24.32	35.66	25.15	21.24	24.97
Projected P/E	22.18	14.16	17.83	19.58	23.77
Projected EPS (\$) ⁺	0.30	3.27	1.25	0.20	0.33
Book Value per share (\$)	1.14	20.66	1.31	1.53	1.12
Price/Book Value (times)	5.87	2.24	17.01	2.57	7.04
Dividend Yield (2019 %)	N/A	1.67%	4.46%	N/A	1.60%
Volumes	95,356	27,670	11,455	16,820	100,000
Recommendation	HOLD	BUY	BUY	HOLD	SELL

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	143.500	111.360	140.6790	150.336	110.800	142.3094
CAN	108.925	86.520	107.2999	111.240	95.000	107.9180
GBP	187.000	147.906	179.9074	192.456	170.000	185.4205
EURO	153.800	118.720	147.0892	160.920	147.500	153.6932

*Rates as at February 14, 2020



STOCK OF THE DAY: Fontana Limited (FTNA)

For the six months ended December 31, 2019: -

Fontana Limited (FTNA), for the six months ended December 31, 2019 recorded a 21% increase in revenues to total \$2.32 billion compared to \$1.92 billion for the same period in 2018. Revenue for the 2nd quarter went up by 31% to \$1.40 billion (2018: \$1.07 billion).

Cost of Sales for the period increased 21%, closing at \$1.42 billion, up from \$1.17 billion reported the prior year, while for the second quarter there was a 31% increase closing at \$814.26 million (2018: \$619.30 million).

As such, gross profit for the six months amounted to \$900.33 million, a 20% uptick when compared to \$747.39 million recorded last year. However, gross profit for the second quarter rose by 29% from \$451.67 million to \$583.92 million for the corresponding period in 2018.

Administrative expenses climbed by 25% for the period, to total \$619.14 million versus \$496.40 million in 2018, while selling and promotion closed the six months at \$57.08 million (2018: \$35.56 million). FTNA stated, the increase in operating expenses was “due primarily to the addition of the Waterloo Square location. The grand opening, media launch, lease expenses, staff expenses and other associated costs account for the bulk of the increase. Expenses were also impacted by the adoption of the new accounting standard on leases, IFRS 16, in July 2019.”

As such operating profit saw a 4% increase to \$224.11 million relative to \$215.44 million booked a year ago. Operating profit for the second quarter ended December 31, 2019 rose 19% to \$203.93 million (2018: \$170.99 million).

Consequently, Net Profit increased by 22% to end the period at \$213.04 million relative to \$174.90 million recorded the prior financial year. Net profit for the quarter amounted to \$194.67 million, a 48% increase compared to \$131.86 million booked for the prior quarter of 2018.

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (February 17, 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%.

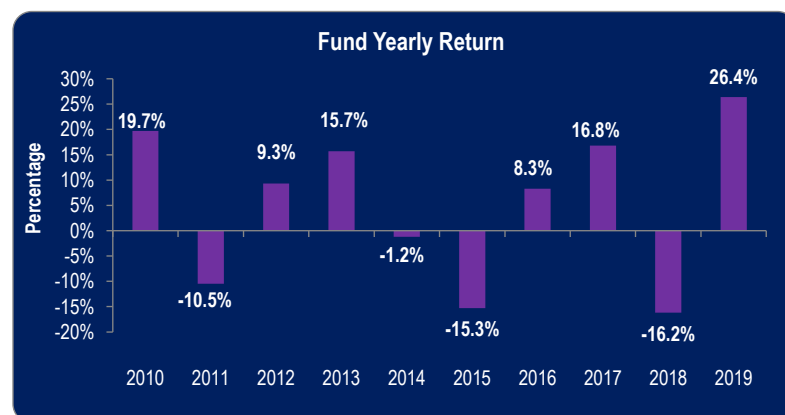
The US dollar fixed income market was also liquid during today's (February 17, 2020) trading session; The over-night market rates were quoted at 2.00% while the 30-day market rates stood at 2.30% to 2.40%.

OVER THE COUNTER FUNDS (CI FUNDS)

Synergy Canadian Corporate Class

This fund invests primarily in equity and equity-related securities of Canadian companies. It is currently expected that investments in foreign securities will generally be no more than 49% of the fund's assets.

The fund has a 3 year return of 6.2% and a 5 year return of 4.0%. The Fund also has a 10 year return of 4.8%. Rates are as at January 31, 2020.



“President Donald Trump’s place in the history books is likely to be that of the iconoclastic disruptor. He was elected in 2016 promising an economic agenda meant to give mainstream practitioners and policy makers tariff-derived palpitations. And by and large — on trade, certainly — he has delivered on the palpitations. The disruptions are certainly continuing. But one remarkable development this year is that as he runs for re-election, Trump and his team are offering an oddly orthodox economic sales pitch.”

<https://www.bloomberg.com/news/articles/2020-02-17/trade-war-latest-trump-goes-orthodox-with-his-re-elect-pitch?srnd=premium>

“Just days into his new role as U.K. Chancellor of the Exchequer, Rishi Sunak is considering tearing up the spending framework that underpinned Prime Minister Boris Johnson’s victory in last December’s election. Sunak, who took the top job at the Treasury on Thursday, is examining whether to keep the fiscal rules his predecessor Sajid Javid agreed to with Johnson last year, according to a person familiar with the matter. Those rules, which restrict day-to-day spending and commit the government to cutting debt, are designed to keep the U.K.’s budget under control.”

<https://www.bloomberg.com/news/articles/2020-02-17/u-k-spending-rules-could-be-torn-up-as-sunak-reviews-javid-plan?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at February 17, 2020	
	Percentage (%)
Yield to Maturity	4.74
Weighted Average Coupon	5.359
Current Yield	3.79

The platinum portfolio has an effective maturity of 13.11 years and duration of 4.62 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.

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

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.

