

# DAILY MARKET SUMMARY

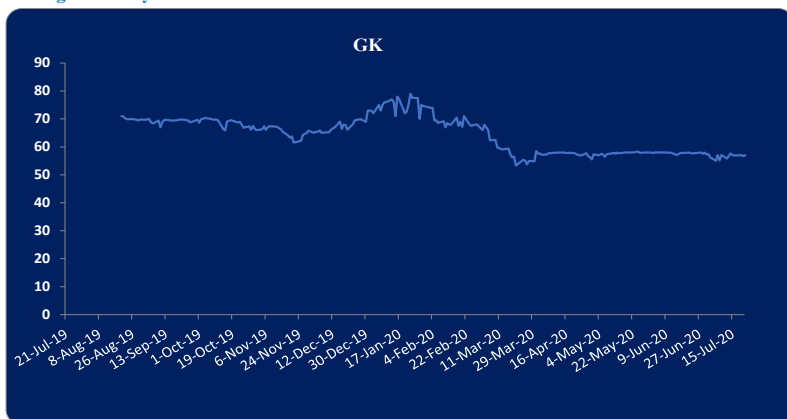


VOLUME 3 August 24, 2020

## LOCAL STOCK MARKET: (J\$) <sup>+</sup>

Stock Symbol	GK	CHL	LASM*	HONBUN	WISYNCO
Current Price (\$)	56.13	6.55	3.80	4.83	16.98
Trailing EPS (\$)	5.25	0.29	0.25	0.30	0.81
P/E (times)	10.69	22.55	15.05	15.87	21.02
Projected P/E	9.55	24.59	13.45	15.08	18.28
Projected EPS (\$) <sup>+</sup>	5.88	0.27	0.28	0.32	0.93
Book Value per share (\$)	55.19	1.25	1.72	1.76	3.41
Price/Book Value (times)	1.02	5.25	2.21	2.74	4.98
Dividend Yield (2019 %)	2.44%	1.60%	1.65%	1.54%	1.55%
Volumes	7,333	NIL	34,147	140	17,470
Recommendation	BUY	SELL	HOLD	HOLD	BUY

\*-Long Term Buy



## STOCK OF THE DAY: Grace Kennedy Limited (GK)

**For the six months ended June 30, 2020:**

Grace Kennedy Limited (GK), for the six months ended June 30, 2020, recorded revenue of \$56.53 billion for period (2019: \$51.49 billion), a year over year increase of 10%. The biggest contributor to the group's overall revenue for the six month period came from the 'Food Trading' segment which contributed a total of \$44.94 billion (2019: \$41.03 billion), an increase of 10% relative to the prior year's corresponding period.

Direct and operating expenses amounted to \$52.96 billion relative to \$49.64 billion booked for the previous period, indicating a 6% increase. The company booked a net impairment losses on financial assets of \$501.99 million (2019: \$199.90 million) for the six months period.

As such, gross profit for the six months climbed 86% to \$3.07 billion relative to \$1.65 billion booked for the similar period of 2019.

Other income during the first six months ended June 30, 2020, rose 26% to total \$1.50 billion (2019: \$1.19 billion). Consequently, profit from operations closed the six months period at \$4.56 billion (2019: \$2.84 billion).

Interest income from non-financial services grew 6% to total \$223.46 million compared to \$211.41 million reported in the prior year's corresponding period. Interest expenses from non-financial services amounted to \$553.44 million versus \$473.30 million a year earlier, a 66% increase. Additionally, share of results of associated companies declined by 22% amounting to \$286.93 million, versus \$368.26 million reported for June 2019.

As such, pre-tax profits increased 53% to approximately \$4.52 billion, compared to pre-tax profit of \$2.95 billion documented for the first six months of 2019. Additionally, GK incurred taxation expenses amounting to approximately \$1.47 billion compared to \$678.58 million in June 2019. Consequently, net profit climbed 34% to \$3.05 billion from \$2.27 billion booked for the first six months of 2019.

Net profit attributable to shareholders amounted to \$2.75 billion compared to \$2.01 billion in the previous year's corresponding period, showing a 37% increase.

Earnings per share for six months amounted to \$2.76 (2019: \$2.02). GK's trailing EPS amounted to \$5.25. The number of shares used in our calculations is 995,004,356 unit

<sup>+</sup>Prices are as at August 24, 2020 \*Projections are made to the company's financial year end

## FOREIGN EXCHANGE MARKET TRADING SUMMARY

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	152.100	119.678	149.6125	159.570	137.000	151.0738
CAN	115.200	92.694	114.7758	119.340	110.000	114.5619
GBP	197.000	158.779	191.1712	201.500	191.100	198.1235
EURO	175.630	140.958	172.6021	181.200	171.900	180.3392

\*Rates as at August 21, 2020

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (August 24, 2020) trading session. The over night rate stood at 0.30% to 0.50%, while the 30-day rate was 1.10% to 1.30%.

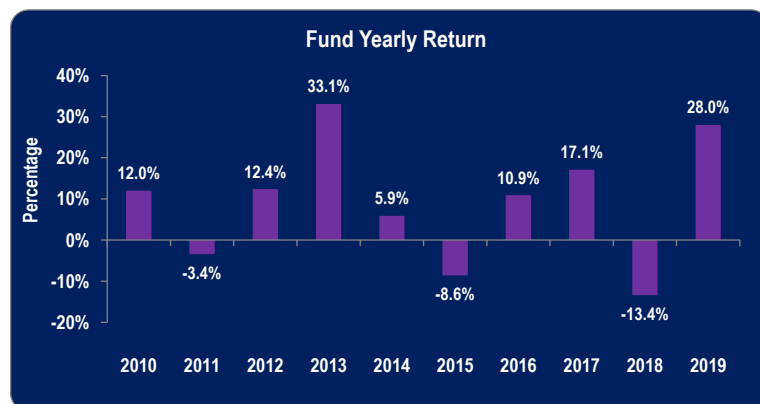
The US dollar fixed income market was also liquid during today's (August 24, 2020) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.70% to 1.90%.

## Over The Counter Funds (CI FUNDS)

### CI American Managers Corporate Class

This fund invests primarily in equity and equity-related securities of companies that are located in countries that have signed the North American Free Trade Agreement (NAFTA) (or its successor).

The fund has a 3 year return of 5.1% and a 5 year return of 5.6%. The Fund also has a 10 year return of 8.6%. Rates are as at July 31, 2020.



“The U.S. economy will emerge from the recession in the second half of this year or at some point in 2021, and a majority of economists said Congress needs to extend supplemental aid, according to a National Association for Business Economics survey. Two-thirds of panelists said the economy is still in the recession that started in February, while nearly 80% indicated that there is at least a one-in-four chance of a double-dip recession. The NABE survey summarizes the responses of 235 members and was conducted between late July and early August.”

<https://www.bloomberg.com/news/articles/2020-08-24/most-in-nabe-survey-see-u-s-recession-ending-late-2020-2021?srnd=economics-vp>

“Rishi Sunak’s tenure as U.K. Chancellor of the Exchequer is reaching a defining moment as he decides whether millions of workers living off government aid should soon begin fending for themselves in a crippled economy. In just over two months, his furlough plan that pays up to 80% of an employee’s salary will finish. Sunak has dismissed mounting pressure to extend the program, whose cost is about 35 billion pounds (\$46 billion), albeit rising more slowly than before.”

<https://www.bloomberg.com/news/articles/2020-08-23/fate-of-millions-forces-sunak-into-tough-choice-on-u-k-furlough?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at August 24, 2020	
	Percentage (%)
Yield to Maturity	4.04
Weighted Average Coupon	4.924
Current Yield	5.02

The platinum portfolio has an effective maturity of 13.11 years and duration of 4.75 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.

DISCLAIMER

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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](http://www.jamstockex.com), [www.bloomberg.com](http://www.bloomberg.com), [www.investopedia.com](http://www.investopedia.com), [www.tradewire.com](http://www.tradewire.com)

