

# DAILY MARKET SUMMARY

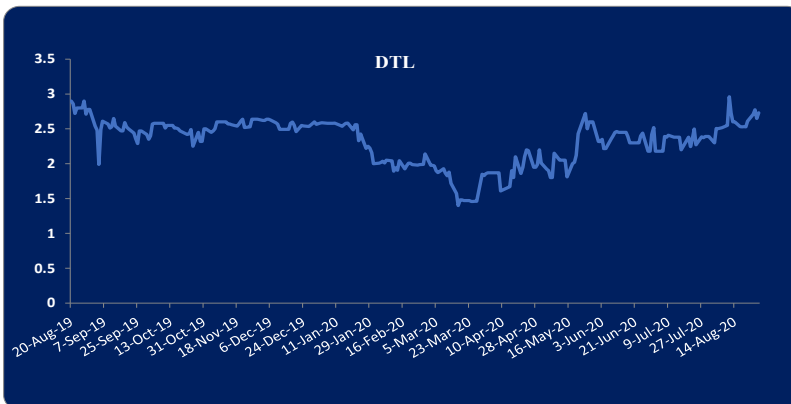


VOLUME 3 August 28, 2020

## LOCAL STOCK MARKET: (JS) +

Stock Symbol	WIG	ISP	DTL*	CAR	SEP
Current Price (\$)	0.79	14.59	2.73	6.30	54.77
Trailing EPS (\$)	0.05	0.23	0.11	0.68	2.21
P/E (times)	14.55	62.54	25.11	9.24	24.78
Projected P/E	13.65	55.65	21.94	10.09	17.59
Projected EPS (\$)*	0.06	0.26	0.12	0.62	3.11
Book Value per share (\$)	0.34	3.56	0.55	0.30	22.18
Price/Book Value (times)	2.31	4.10	4.94	21.05	2.47
Dividend Yield (2019 %)	N/A	N/A	0.40%	7.07%	1.67%
Volumes	4,201,229	NIL	NIL	40,150,858	46,826
Recommendation	BUY	SELL	HOLD	BUY	BUY

\*-Long Term Buy



## STOCK OF THE DAY: Derrimon Trading Limited (DTL)

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

Derrimon Trading Limited (DTL), for six months ended June 30, 2020, reported trading income of \$6.30 billion compared to the \$6.29 billion booked for the prior year's comparable period. DTL indicated, "The impact of the slow-down in economic activities and demand by consumers and manufacturers as a result of the Covid-19 pandemic were the main reason for the negligible growth experienced at the Group level. We were however, encouraged by the continued growth that was reported by the retail segment of our business and by Caribbean Flavours and Fragrances Limited which speaks to the diversity of the Derrimon Group of Companies."

Cost of sales decreased by 2% to \$5.10 billion for the period (2019: \$5.19 billion). As a result, Gross profit amounted to \$1.20 billion relative to \$1.09 billion for the prior comparable period, an increase of 10% year over year. Management stated, "The emphasis on attracting categories of products that generate specific hurdle returns has been the focus for the distribution business. The growth in Gross Profit continues to reflect improvements in margins arising from strategies employed within both the distribution and retail segments of the business from procurement to sales." Gross profit for the three months ended June 30, 2020 rose 8% year over year to \$586.86 million (2019: \$542.07 million).

Total operating expenses totaled \$965.76 million for the period under review, representing a growth of 17% on the \$824.21 million recorded in the prior year's corresponding period. Of this, Administrative expenses amounted to \$776.84 million, 23% higher when compared to the \$631.17 million in 2019. Selling and distribution expenses recorded a 2% decrease for the period, totaling \$188.93 million (2019: \$193.04 million).

For the quarter, finance cost closed at \$67.79 million versus \$95.69 million in the 2019, a 29% decline year over year. Management noted, "The realignment of our debt portfolio from short term to long term amortized facilities continues to have a positive effect on the Group by way of lower interest cost."

Consequently, profit before taxation grew to \$207.47 million compared to \$186.45 million in 2019. After incurring tax charges of \$23.59 million (2019: \$18.82 million), net profit amounted to \$183.89 million, a 10% growth when compared to \$167.63 million reported for the first six months of 2019. Net profit attributable to shareholders amounted to \$160.66 million compared to \$154.25 million recorded in 2019. Net profit attributable to shareholders for the quarter closed at \$69.04 million relative to \$85.74 million documented for the second quarter of 2019.

\*Prices are as at August 28, 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	150.774	118.463	148.7994	159.570	122.485	150.0462
CAN	114.200	92.652	113.4977	119.340	102.000	114.9445
GBP	198.000	160.000	194.0935	204.850	180.000	199.3973
EURO	185.185	155.000	172.4230	187.000	169.500	181.6003

\*Rates as at August 27, 2020

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (August 28, 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%.

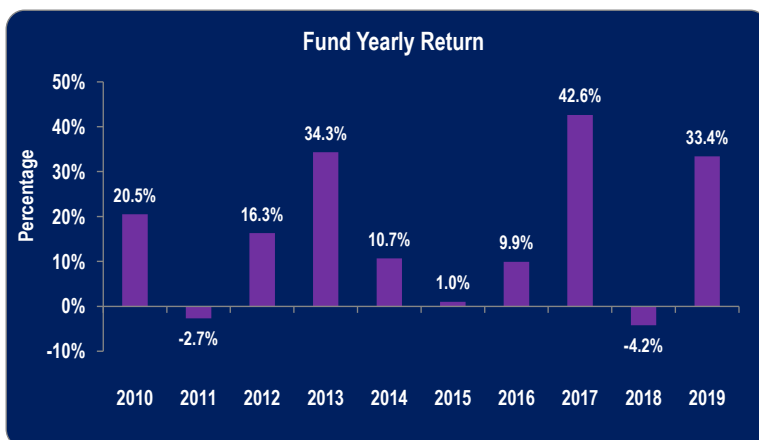
The US dollar fixed income market was also liquid during today's (August 28, 2020) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.70% to 1.90%.

## Over The Counter Funds (CI FUNDS)

### Signature Global Science & Technology Corporate Class

This fund invests primarily in equity and equity-related securities of companies around the world that have developed or are developing technological products, processes or services.

The fund has a 3 year return of 23.1% and a 5 year return of 20.2%. The Fund also has a 10 year return of 18.3%. Rates are as at July 31, 2020.



“The rebound in U.S. consumer spending moderated in July amid a surge in virus cases, with outlays at risk of further softening after cuts in supplemental relief payments for jobless Americans. Household outlays rose 1.9% from the prior month following an upwardly revised 6.2% rise in the prior month, a Commerce Department report showed Friday. That compared with economists’ estimates for a 1.6% gain. Personal incomes rose 0.4%, topping expectations for a slight decline.”

<https://www.bloomberg.com/news/articles/2020-08-28/rebound-in-u-s-consumer-spending-cooled-in-july-with-1-9-rise?srnd=premium>

“The almost 8-year era of Abenomics draws to a close with Japan’s economy right back at square one. Prices are flat lining and the deflationary mindset seems as entrenched as ever. Many of the women who entered the labor market under Prime Minister Shinzo Abe’s tenure are losing jobs as Covid-19 batters the economy. Households and companies are in saving mode again amid the pandemic, forcing the government to borrow heavily to cushion demand.”

<https://www.bloomberg.com/news/articles/2020-08-28/abenomics-era-ends-with-japan-s-economy-back-at-square-one?srnd=premium-asia>

**PLATINUM PORTFOLIO**

**STRUCTURED PRODUCT**

**Platinum Portfolio Yield Measures as at August 24, 2020**

	Percentage (%)
<b>Yield to Maturity</b>	4.04
<b>Weighted Average Coupon</b>	4.924
<b>Current Yield</b>	5.02

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

**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



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