

DAILY MARKET SUMMARY



VOLUME 3 September 1, 2020

LOCAL STOCK MARKET: (J\$) +

Stock Symbol	SVL	CHL	GK	KEX	WISYNCO
Current Price (\$)	13.94	6.55	56.45	6.89	15.91
Trailing EPS (\$)	0.81	0.29	5.25	0.27	0.75
P/E (times)	17.17	22.55	10.76	25.76	21.29
Projected P/E	14.13	24.59	9.61	37.41	21.86
Projected EPS (\$)*	0.99	0.27	5.88	0.18	0.73
Book Value per share (\$)	1.31	1.25	55.19	1.69	3.46
Price/Book Value (times)	10.64	5.25	1.02	4.08	4.60
Dividend Yield (2019 %)	4.46%	1.60%	2.44%	0.62%	1.55%
Volumes	9,622	NIL	116,567	350	231,355
Recommendation	BUY	SELL	BUY	SELL	HOLD

FOREIGN EXCHANGE MARKET TRADING SUMMARY

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	152.000	117.450	147.3109	157.950	116.000	149.2881
CAN	116.400	90.000	113.1031	118.250	107.000	114.0207
GBP	200.000	157.493	195.9637	205.043	187.000	200.2044
EURO	175.600	140.000	171.1669	187.000	160.000	181.1389

*Rates as at August 31, 2020

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (September 01, 2020) trading session. The overnight 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 (September 01, 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%.



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. The other segments contributing to revenue are as follows:

'Banking & Investments' climbed 1% year over year to total \$3.08 billion (2019: \$3.04 billion). 'Revenue from Insurance' amounted to \$4.58 billion, a year over year increase of 19% over last year's corresponding period of \$3.84 billion. 'Money Services' brought in \$4.09 billion, 10% greater than the \$3.73 billion reported in June 2019.

Direct and operating Expenses amounted to \$52.96 billion relative to \$49.84 billion booked for the previous period, indicating a 6%. As for the quarter Direct and operating expenses amounted to \$25.64 billion, up from \$24.79 billion for the second quarter of 2019. The company booked a net impairment losses on financial assets of \$501.99 million (2019: nil) and \$254.48 million (2019: nil) for the six months period and second quarter, respectively.

As such, gross profit for the six month climbed 86% to \$3.07 billion relative to \$1.65 billion booked for the similar period of 2019. While, gross profit for the second quarter went up 133% to \$1.79 billion compared to \$768.15 million reported for the second quarter of 2019.

Consequently, profit from operations closed the six months period at \$4.56 billion (2019: \$2.84 billion) and the second quarter at \$2.64 billion (2019: \$1.64 billion).

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 month of 2019. Additionally, GK incurred taxation expenses amounting to approximately \$1.47 million compared to \$678.58 million in June 2019. However, the second quarter pre-tax profit closed at \$2.53 billion (2019: \$1.63 billion) and tax charged was \$933.45 million (2019: \$374.76 million).

Consequently, net profit climbed 34% to \$3.05 billion from \$2.27 billion booked for the first six months of 2019. Net profit for the second quarter improved 27% to \$1.60 billion (2019: \$1.25 billion).

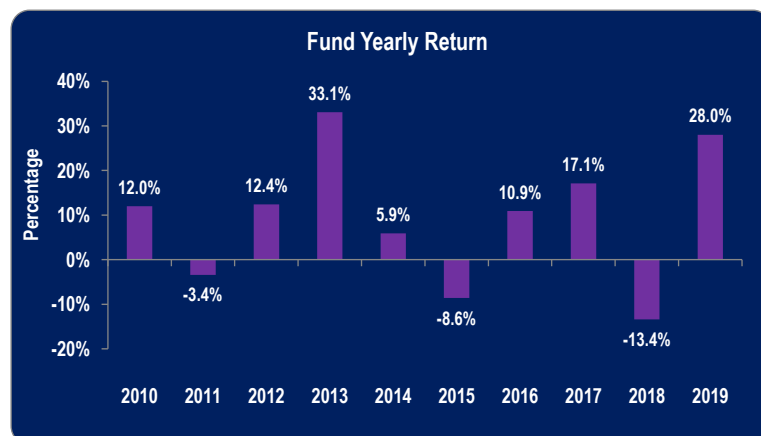
*Prices are as at September 01, 2020 *Projections are made to the company's financial year

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.’s decision to launch economic talks with Taiwan opened a new front in Taipei’s effort to push back against increased pressure from Beijing. The Economic and Commercial Dialogue announced by Washington and Taipei this week marks a breakthrough in Taiwanese President Tsai Ing-wen’s four-year quest for trade talks with the U.S. The Trump administration announced the framework days after Tsai dropped restrictions on the American pork products that Washington viewed as a barrier to broader negotiations.”

<https://www.bloomberg.com/news/articles/2020-09-01/u-s-opens-economic-front-in-campaign-to-expand-ties-with-taiwan?srnd=economics-vp>

“Consumer prices in the 19-nation euro area are falling for the first time in four years, highlighting that a recent rebound in economic activity hasn’t managed to offset the pandemic’s profound impact on demand. The inflation rate came in at -0.2%, missing economists’ median estimate for a reading of +0.2%. Core inflation hit a record low, in part dragged lower by discounting during summer sales.”

<https://www.bloomberg.com/news/articles/2020-09-01/euro-area-inflation-turns-negative-for-first-time-since-2016?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at August 31, 2020	
	Percentage (%)
Yield to Maturity	4.66
Weighted Average Coupon	4.924
Current Yield	5.09

The platinum portfolio has an effective maturity of 13.20 years and duration of 4.75 years.

STRUCTURED PRODUCT

Mayberry Individual Retirement Plan (IRP)

IRP is a Retirement Scheme for all persons who are self employed or are employed in non-pensionable positions and do not otherwise contribute to an approved Superannuation Fund or an-other approved Retirement Scheme. The IRP will help some people make substantially greater contributions than they might otherwise do.

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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

