

DAILY MARKET SUMMARY



VOLUME 3 October 12, 2020

LOCAL STOCK MARKET: (J\$) +

| Stock Symbol | MAILPAC | SML | LASM | MTL | GK |
|---------------------------|---------|-------|--------|-------|---------|
| Current Price (\$) | 1.94 | 5.00 | 3.38 | 0.14 | 57.53 |
| Trailing EPS (\$) | 0.11 | 0.34 | 0.25 | 0.01 | 5.25 |
| P/E (times) | 17.57 | 14.69 | 13.39 | 11.75 | 10.96 |
| Projected P/E | 13.01 | 14.03 | 11.97 | 18.36 | 9.79 |
| Projected EPS (\$)* | 0.15 | 0.36 | 0.28 | 0.01 | 5.88 |
| Book Value per share (\$) | 0.22 | 5.47 | 1.72 | 0.07 | 55.19 |
| Price/Book Value (times) | 8.93 | 0.91 | 1.97 | 1.89 | 1.04 |
| Dividend Yield (2019 %) | N/A | 4.50% | 1.65% | 1.15% | 2.44% |
| Volumes | 267,482 | NIL | 84,408 | NIL | 148,599 |
| Recommendation | BUY | HOLD | BUY | SELL | HOLD |

FOREIGN EXCHANGE MARKET TRADING SUMMARY

| Currency | PURCHASE RATE | | | SALES RATE | | |
|----------|---------------|---------|-----------------------|------------|---------|-----------------------|
| | Highest | Lowest | Weighted Average Rate | Highest | Lowest | Weighted Average Rate |
| USD | 149.000 | 115.020 | 145.5278 | 153.360 | 127.000 | 147.1635 |
| CAN | 112.400 | 89.082 | 110.1350 | 114.271 | 104.000 | 113.3941 |
| GBP | 189.500 | 166.000 | 182.5195 | 193.018 | 173.000 | 189.6987 |
| EURO | 175.439 | 129.780 | 166.9009 | 176.266 | 164.850 | 175.2376 |

*Rates as at October 09, 2020

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (October 12, 2020) trading session. The overnight rate stood at 0.30% to 0.50%, while the 30-day rate was 1.40% to 1.60%.

The US dollar fixed income market was also liquid during today's (October 12, 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: Lasco Manufacturing Limited (LASM)

For the three months ended June 30, 2020:

Lasco Manufacturing Limited (LASM) for the three months ended June 30, 2020 recorded an increase of 3% in total revenue to total \$1.85 billion, relative to the \$1.79 billion recorded for the comparable period in 2019.

Cost of sales amounted to \$1.13 billion (2019: \$1.12 billion) for the quarter, a marginal increase of 1% year on year. As a result, gross profit of \$720.16 million was recorded for the period, 8% more than the \$667.89 million booked for the quarter June 30, 2019. LASM noted that, "the increase in the gross margin is primarily attributable to on-going improvement in manufacturing efficiencies."

LASM posted other loss of \$2.32 million versus other income of \$17.12 million reported for the prior corresponding quarter.

Operating expenses decreased 6% to close the period at \$310.94 million versus \$330.19 million booked for the corresponding period last year. Management mentioned that, "the positive out-turn for the quarter reflects gains from on-going improvements in operational efficiencies, reduction in structural costs and continued streamlining of the operations."

Consequently, LASM recorded operating profits of \$406.90 million, 15% higher than the \$354.82 million booked in 2019.

Finance costs for the first quarter decreased 49% to \$16.26 million compared to \$32.06 million in the prior year's comparable period.

As such, profit before taxation amounted to \$390.64 million, an increase of 21% from the \$322.76 million recorded for the previous year. Taxes recorded for the period amounted to \$48.83 million compared to \$40.35 million incurred for the corresponding period in 2019. As such, Net Profit for the first quarter totaled \$341.81 million compared to \$282.42 million in 2019, an increase of 21%.

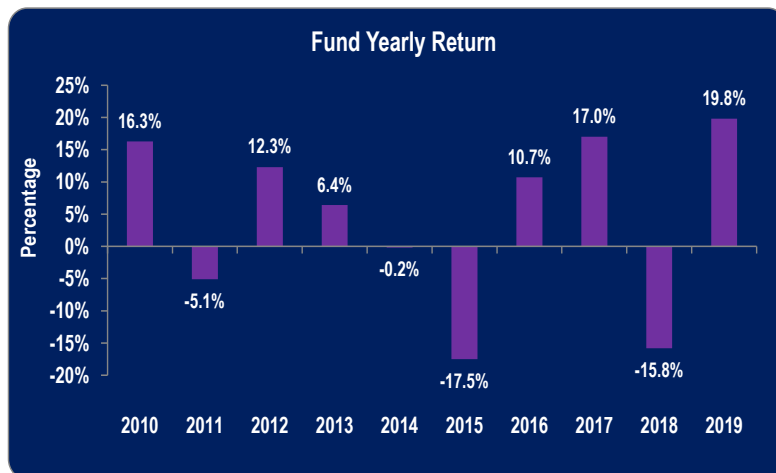
Consequently, earnings per share for the quarter ended June 30, 2020, amounted to \$0.08 relative to \$0.07 in 2019. The twelve months trailing EPS amounts to \$0.25. The number of shares used in the calculations amounted to 4,130,913,151 units.

Over The Counter Funds (CI FUNDS)

Signature Income & Growth Corporate Class

This fund invests mainly in equity, equity-related and fixed income securities of Canadian issuers. 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 1.6% and a 5 year return of 3.7%. The Fund also has a 10 year return of 3.5%. Rates are as at August 31, 2020



*Prices are as at October 12, 2020 *Projections are made to the company's financial year end

“Federal Reserve officials kept up pressure for Washington to renew fiscal support for the virus-ravaged economy even as hopes of a deal between Democrats and Republicans continued to look dim. Without additional fiscal relief, the recovery will likely be a lot weaker, Dallas Fed President Robert Kaplan said in a Bloomberg Television interview with Kathleen Hays Thursday. He said the Fed likely won’t increase large-scale asset purchases right now as it wouldn’t do much to help the real economy.”

<https://www.bloomberg.com/news/articles/2020-10-08/fed-officials-maintain-calls-for-fiscal-aid-to-protect-recovery?smd=economics-vp>

“The U.K. economy’s poor performance in August means it looks set to fall short of Bank of England forecasts, boosting the likelihood of more monetary stimulus. Output would have to jump a near-record 8% in September, almost four times as much as the previous month, to meet the BOE prediction of an 18.3% third-quarter expansion. That seems unlikely given new coronavirus restrictions. August proved lackluster even with restraints at their weakest and the government subsidizing meals out.”

<https://www.bloomberg.com/news/articles/2020-10-09/u-k-s-disappointing-growth-puts-boe-forecasts-in-deep-jeopardy?smd=economics-vp>

PLATINUM PORTFOLIO

| Platinum Portfolio Yield Measures as at October 12, 2020 | |
|--|----------------|
| | Percentage (%) |
| Yield to Maturity | 4.23 |
| Weighted Average Coupon | 4.917 |
| Current Yield | 4.98 |

The platinum portfolio has an effective maturity of 13.31 years and duration of 4.86 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 then 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

