

DAILY MARKET SUMMARY



VOLUME 3 October 13, 2020

LOCAL STOCK MARKET: (JS) +

Stock Symbol	SVL	WISYNCO	LASM	MTL	GK
Current Price (\$)	14.67	16.06	3.40	0.14	57.43
Trailing EPS (\$)	0.81	0.75	0.25	0.01	5.25
P/E (times)	18.07	21.49	13.47	11.75	10.94
Projected P/E	14.87	22.06	12.04	18.36	9.77
Projected EPS (\$)†	0.99	0.73	0.28	0.01	5.88
Book Value per share (\$)	1.31	3.46	1.72	0.07	55.19
Price/Book Value (times)	11.20	4.64	1.98	1.89	1.04
Dividend Yield (2019 %)	4.46%	1.55%	1.65%	1.15%	2.44%
Volumes	46,321	180,540	12,780	NIL	53,341
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	148.800	115.020	144.6184	154.440	115.646	146.5547
CAN	113.000	89.082	107.6047	116.650	100.000	112.4436
GBP	189.500	150.396	183.7326	195.696	181.000	187.5864
EURO	169.800	136.661	166.4555	176.398	166.100	175.7229

*Rates as at October 12, 2020



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

†Prices are as at October 13, 2020 *Projections are made to the company's financial year end

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (October 13, 2020) trading session. The overnight rate stood at 0.30% to 0.50%, while the 30-day rate was 1.40% to 1.60%.

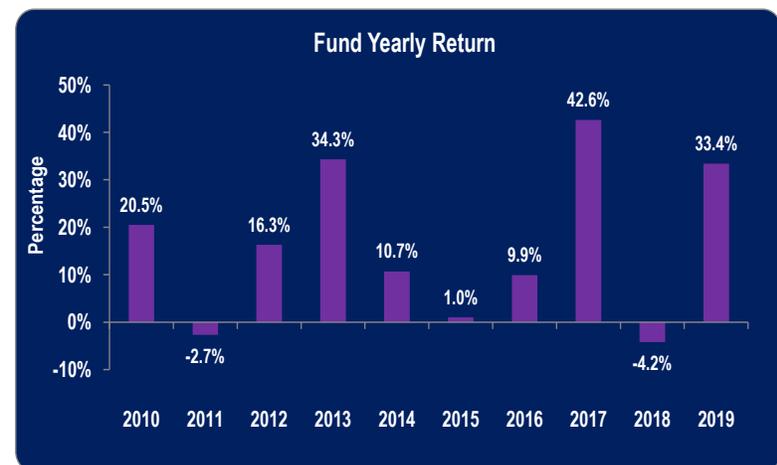
The US dollar fixed income market was also liquid during today's (October 13, 2020) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.70% to 1.90%.

Over The Counter Funds (CI FUNDS)

Signature Global 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 22.1% and a 5 year return of 23.6%. The Fund also has a 10 year return of 17.7%. Rates are as at October 30, 2020



U.S.: U.S. Inflation Gauge Increases at Slowest Pace in Four Months

“A key measure of U.S. consumer prices rose in September at the slowest pace in four months, signaling little threat of accelerating inflation as the economy recovers. The consumer price index rose 0.2% from the prior month after a 0.4% gain in August. Compared with a year earlier, the gauge increased 1.4%, after August’s 1.3% rise. The core CPI, which excludes volatile food and fuel costs and is viewed by Federal Reserve policy makers as a more reliable gauge of price trends, also increased 0.2% from the prior month and climbed 1.7% from a year ago, Labor Department figures showed Tuesday. The key inflation figures on a monthly and annual basis matched the median forecasts in a Bloomberg survey of economists.”

<https://www.bloomberg.com/news/articles/2020-10-13/key-measure-of-u-s-inflation-rose-at-a-slower-pace-in-september?srnd=economics-vp>

Europe: EU Weighs When to Hit U.S. Products With Tariffs Approved by WTO

“The European Union won World Trade Organization permission to hit \$4 billion of American goods with tariffs but will likely hold fire until after the U.S. presidential election next month, according to three officials familiar with the EU’s thinking. The size of the WTO decision over illegal state aid the U.S. provided to Boeing Co. was reported by Bloomberg last month. The award is lower than the \$7.5 billion judgment granted to the U.S. last year in a parallel dispute against Boeing’s European rival, Airbus SE. The EU has drawn up a list of American products to hit with levies. And even though it’s targeting politically important industries for President Donald Trump and his Republican allies -- including aircraft, coal, farms products and seafood -- the bloc will likely hold off until after the Nov.”

<https://www.bloomberg.com/news/articles/2020-10-13/timing-of-eu-tariff-strike-on-u-s-may-hinge-on-election-winner?srnd=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.

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, www.bloomberg.com, www.investopedia.com, www.tradewire.com



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