

# DAILY MARKET SUMMARY



VOLUME 3 October 22, 2020

## LOCAL STOCK MARKET: (J\$) +

Stock Symbol	GK	KREMI	SVL	MTL	CABROKERS
Current Price (\$)	57.72	4.91	14.66	0.15	1.78
Trailing EPS (\$)	5.25	0.25	0.81	0.01	0.12
P/E (times)	11.00	19.92	18.05	12.59	15.10
Projected P/E	9.82	17.68	14.86	19.67	15.99
Projected EPS (\$) +	5.88	0.28	0.99	0.01	0.11
Book Value per share (\$)	55.19	2.16	1.31	0.07	1.09
Price/Book Value (times)	1.05	2.27	11.19	2.03	1.63
Dividend Yield (2019 %)	2.44%	0.82%	4.46%	1.15%	N/A
Volumes	8,976	5,290	3,495	906	2,748
Recommendation	HOLD	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	148.500	114.210	145.5123	152.280	114.730	147.1127
CAN	113.000	89.880	111.6881	116.500	91.000	113.2163
GBP	193.720	168.380	186.7419	196.770	176.880	191.8477
EURO	171.830	141.688	167.7801	178.020	164.000	177.4259

\*Rates as at October 21, 2020

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (October 22, 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 22, 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.

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

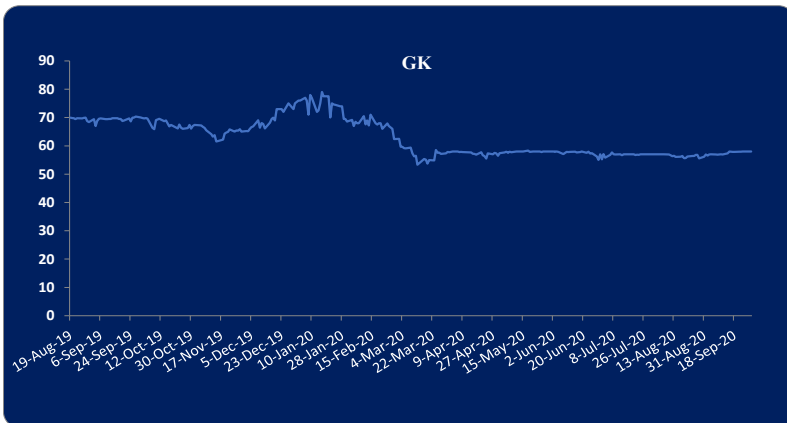
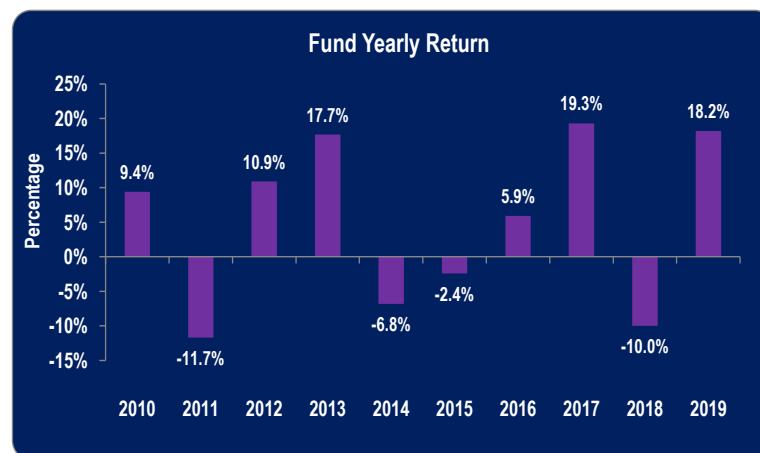
\*Prices are as at October 22, 2020 \*Projections are made to the company's financial year end

## Over The Counter Funds (CI FUNDS)

### CI International Value Corporate Class

This fund invests primarily in equity and equity-related securities of companies whose primary operations are outside of North America.

The fund has a 5 year return of 4.1% and a 10 year return of 3.0%. Rates are as at September 30, 2020



“The number of Americans filing for unemployment benefits fell for the third time in four weeks, suggesting the labor market is still gradually recovering while remaining far from its pre-pandemic health. The improvement last week was broad-based across states and California resumed reporting after a pause, offering figures that improved the overall jobs picture. Initial jobless claims in regular state programs declined to 787,000 in the week ended Oct. 17, according to Labor Department data Thursday. Without adjustments for seasonal fluctuations, claims dropped by about 73,000.”

<https://www.bloomberg.com/news/articles/2020-10-22/u-s-initial-jobless-claims-fall-for-third-time-in-four-weeks?srnd=premium>

“Chancellor of the Exchequer Rishi Sunak announced a significant increase in U.K. government support for businesses hamstrung by the resurgent coronavirus, his third push in less than a month to stop a wave of job losses. He raised government contributions to workers’ wages, and reduced the hours they have to work in order to qualify for state support. He also stepped up help for the self-employed and announced a package of grants to businesses suffering because of pandemic restrictions. While the extent of the measures will depend on the take up from companies, the changes could bring the cost of wage-support plans to more than 10 billion pounds (\$13 billion) over six months.”

<https://www.bloomberg.com/news/articles/2020-10-22/sunak-fires-third-u-k-aid-salvo-in-a-month-for-ailing-economy?srnd=economics-vp>

## PLATINUM PORTFOLIO

### Platinum Portfolio Yield Measures as at October 20, 2020

	Percentage (%)
<b>Yield to Maturity</b>	4.20
<b>Weighted Average Coupon</b>	4.917
<b>Current Yield</b>	4.78

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](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)

