

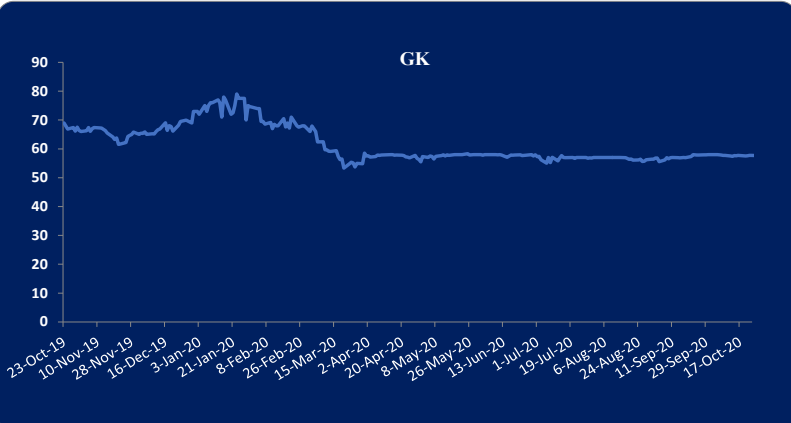
## LOCAL STOCK MARKET: (JS) +

Stock Symbol	KREMI	LASM	WIG	GK	CHL
Current Price (\$)	4.90	3.38	0.79	57.60	7.75
Trailing EPS (\$)	0.25	0.25	0.05	5.25	0.29
P/E (times)	19.88	13.39	14.55	10.97	26.68
Projected P/E	17.64	11.97	13.65	9.80	29.09
Projected EPS (\$)*	0.28	0.28	0.06	5.88	0.27
Book Value per share (\$)	2.16	1.72	0.34	55.19	1.25
Price/Book Value (times)	2.27	1.97	2.31	1.04	6.21
Dividend Yield (2019 %)	0.82%	1.65%	N/A	2.44%	1.60%
Volumes	1	23,662	6,668,219	60,664	NIL
Recommendation	HOLD	BUY	BUY	HOLD	SELL

## FOREIGN EXCHANGE MARKET TRADING SUMMARY

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	148.000	114.210	144.5336	152.280	115.550	146.7145
CAN	113.300	89.880	111.5617	115.560	104.000	112.2592
GBP	190.700	166.000	184.9030	196.497	177.000	192.1691
EURO	169.800	159.000	167.8634	177.700	166.000	176.2309

\*Rates as at October 27, 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 28, 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 28, 2020) trading session. The overnight rate stood at 0.30% to 0.50%, while the 30-day rate was 1.40% to 1.60%.

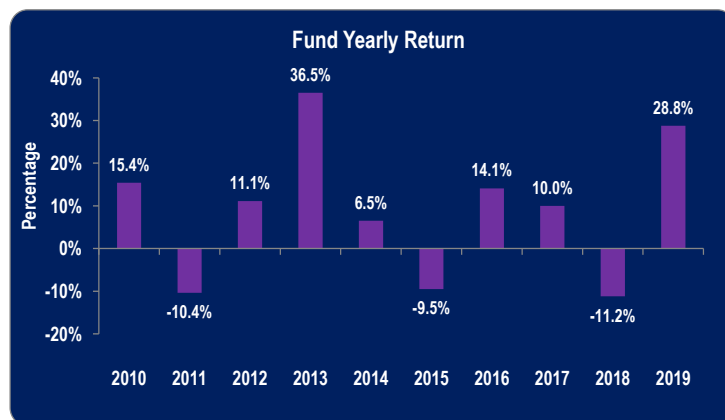
The US dollar fixed income market was also liquid during today's (October 28, 2020) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.70% to 1.90%.

## Over The Counter Funds (CI FUNDS)

### Sentry U.S. Growth and Income Corporate Class

This fund invests primarily in equity and equity-related securities of companies in the United States.

The fund has a 3 year return of 3.6% and a 5 year return of 6.2%. The Fund also has a 10 year return of 7.2%. Rates are as at September 30, 2020.



## U.S.: Record GDP Surge to Mask Moderation in U.S. Economic Rebound

“The U.S. is about to report the fastest quarterly growth on record after businesses reopened following pandemic shutdowns and consumers proved resilient. But the headline number, like the record contraction preceding it, obscures key parts of the story. Data due Thursday are forecast to show U.S. gross domestic product surged an annualized 32% in the third quarter, almost double the previous high. That figure will reflect activity switching back on across the country after Covid-19 fears and government stay-at-home orders ground the economy to a halt in April.”

<https://www.bloomberg.com/news/articles/2020-10-28/record-gdp-surge-to-mask-moderation-in-u-s-economic-rebound>

## Europe: New Europe Lockdowns Raise Prospect of ECB Stimulus Surprise

“New coronavirus lockdowns by the euro zone’s biggest economies are boosting the chance of preemptive monetary stimulus by the European Central Bank this week. Germany is preparing to follow France, Italy and Spain with restrictions echoing those that triggered an unprecedented slump earlier this year. While most economists and investors still think the ECB will wait until December to expand its bond-buying program, the dramatic shift in risks has put them increasingly on guard for surprise action on Thursday.”

<https://www.bloomberg.com/news/articles/2020-10-28/european-coronavirus-lockdowns-add-to-case-for-ecb-stimulus?srnd=economics-vp>

## PLATINUM PORTFOLIO

### Platinum Portfolio Yield Measures as at October 26, 2020

	Percentage (%)
Yield to Maturity	4.13
Weighted Average Coupon	4.917
Current Yield	4.92

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

## STRUCTURED PRODUCT

### USD Money Market

This portfolio is a full discretionary managed bond portfolio, ideal for clients who have short-term USD liquidity needs. Assets within the portfolio can be used as collateral for loans. The product provides a solid short-term investment option in hard currency and allows the individual to hedge against the prevailing devaluation in the local currency.

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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)



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