

# DAILY MARKET SUMMARY



VOLUME 3 October 7, 2020

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

Stock Symbol	LASD	JBG	SVL	CHL	GK
Current Price (\$)	3.01	25.04	14.93	7.89	57.88
Trailing EPS (\$)	0.23	1.21	0.81	0.29	5.25
P/E (times)	12.89	20.77	18.39	27.17	11.03
Projected P/E	10.59	22.83	15.13	29.62	9.85
Projected EPS (\$)*	0.28	1.10	0.99	0.27	5.88
Book Value per share (\$)	1.65	13.81	1.31	1.25	55.19
Price/Book Value (times)	1.82	1.81	11.40	6.32	1.05
Dividend Yield (2019 %)	1.11%	1.34%	4.46%	1.60%	2.44%
Volumes	112,106	1,419	67,158	2,110	11,064
Recommendation	BUY	HOLD	BUY	SELL	HOLD

## FOREIGN EXCHANGE MARKET TRADING SUMMARY

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	147.000	112.995	142.6444	150.660	115.645	144.0543
CAN	111.000	80.000	108.1600	112.700	81.000	110.8872
GBP	187.200	149.898	180.1826	190.502	178.500	187.7213
EURO	166.000	136.300	162.0156	173.470	164.000	172.4748

\*Rates as at October 06, 2020

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (October 7, 2020) trading session. The over night rate stood at 0.30% to 0.50%, while the 30-day rate was 1.10% to 1.30%.

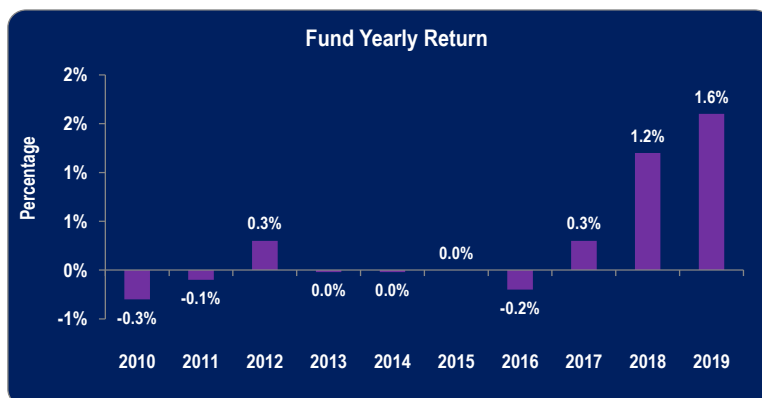
The US dollar fixed income market was also liquid during today's (October 7, 2020) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.70% to 1.90%.

## Over The Counter Funds (CI FUNDS)

### CI Short-Term US\$ Corporate Class

This fund invests primarily in U.S. money market instruments.

The fund has a 3 year return of 1.0% and a 5 year return of 0.6%. The Fund also has a 10 year return of 0.3%. Rates are as at August 31, 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 7, 2020 \*Projections are made to the company's financial year end

"The collapse of pre-election U.S. stimulus talks threatens to inflict another wave of economic pain on Americans and curtail a recovery that's already slowed. President Donald Trump's decision Tuesday to walk away from talks with Democrats amid differences over the size of stimulus -- even though hours later he appeared to reverse course -- likely ended the chances of a relief package before the Nov. 3 election. Aid might be delayed until January or February, after a new Congress is seated, meaning there could be a period of four or five months without additional support for jobless Americans and small businesses."

"Italian Prime Minister Giuseppe Conte is about to embark on the country's most experimental stimulus of the coronavirus crisis yet in a bid to wean citizens off cash -- and the tax avoidance that comes with it. His government is working on a measure to refund 10% of payment card transactions, handing back a maximum of 300 euros (\$354) per person, in a stimulus that runs until 2022, according to officials with knowledge of the plan. As a sweetener, participating consumers will also qualify for a lottery with a prize pot totaling 300 million euros."

<https://www.bloomberg.com/news/articles/2020-10-06/u-s-economy-s-recovery-gets-tougher-as-trump-halts-aid-talks?srnd=economics-vp>

<https://www.bloomberg.com/news/articles/2020-10-07/italy-s-love-of-cash-is-tested-by-conte-s-trick-to-capture-tax?srnd=economics-vp>

## PLATINUM PORTFOLIO

### Platinum Portfolio Yield Measures as at October 5, 2020

	Percentage (%)
Yield to Maturity	4.35
Weighted Average Coupon	4.917
Current Yield	5.05

The platinum portfolio has an effective maturity of 13.095 years and duration of 4.68 years.

## STRUCTURED PRODUCT

### Mayberry Gold

This portfolio is ideal for investors, both retail and corporate, seeking a conservative, short-term investment. The securities in the Gold are directly owned by the client and provide them with a safe investment option. Our Gold portfolio can also provide investors with coupon payments that can generate a positive income stream.

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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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