

DAILY MARKET SUMMARY



VOLUME 1 February 1, 2021

LOCAL STOCK MARKET: (J\$) ⁺

Stock Symbol	SVL	INDIES	WIG	GK	PBS
Current Price (\$)	17.29	2.61	0.74	72.33	0.79
Trailing EPS (\$)	0.85	0.16	0.052	5.67	0.01
P/E (times)	20.41	16.83	14.11	12.76	111.30
Projected P/E	17.02	15.51	11.91	11.97	156.53
Projected EPS (\$)*	1.02	0.17	0.062	6.04	0.01
Book Value per share (\$)	1.46	0.59	0.35	56.78	0.26
Price/Book Value (times)	11.81	4.42	2.10	1.27	3.04
Dividend Yield (2019 %)	4.09%	5.28%	0.33%	2.55%	1.08%
Volumes	38,797	102,450	468,545	163,715	NIL
Recommendation	BUY	HOLD	BUY	HOLD	SELL

FOREIGN EXCHANGE MARKET TRADING SUMMARY

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	153.504	115.830	146.9454	155.520	131.000	149.6129
CAN	117.000	90.000	116.8063	118.740	91.000	117.5186
GBP	205.700	172.000	201.8370	209.535	184.000	205.5209
EURO	185.182	141.327	176.3633	186.116	172.600	183.1959

*Rates as at January 29, 2021

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (February 01, 2021) trading session. The overnight rate stood at 0.35% to 0.50%, while the 30-day rate was 1.60% to 1.90%.

The US dollar fixed income market was also liquid during today's (February 01, 2021) 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 nine months ended September 30, 2020:

Grace Kennedy Limited (GK) recorded total revenue of \$86.13 billion for period (2019: \$77.03 billion), a year over year increase of 12%. Of this, Revenue from products and services amounted to \$82.88 billion (2019: \$73.93 billion) and interest revenue totalled \$3.25 billion (2019: \$3.11 billion).

The biggest contributor to the Group's overall revenue for the nine-month period came from the 'Food Trading' segment which contributed a total of \$67.90 billion (2019: \$61.15 billion), an increase of 11% relative to the prior year's corresponding period. The other segments contributing to revenue are as follows:

'Banking & Investments' went up 2% year over year to total \$4.68 billion (2019: \$4.56 billion). Revenue from 'Insurance' amounted to \$7.07 billion, a year over year increase of 28% over last year's corresponding period of \$5.54 billion. Money Services' brought in \$6.48 billion, 12% more than the \$5.78 billion reported in September 2019.

Direct and operating expenses amounted to \$80.38 billion relative to \$73.79 billion booked in 2019, indicating a 9% growth compared to twelve months earlier. Net impairment losses on financial assets totalled \$629.79 million (2019: \$362.28 million).

As such, gross profit for the nine months amounted to \$5.12 billion relative to \$2.88 billion booked for the similar period of 2019, a 78% increase. Other Income during the nine-month period, rose 18% to total \$2.27 billion (2019: \$1.93 billion). Interest income from non-financial services rose 9% to total \$351.31 million compared to \$322.78 million reported in the prior year's corresponding period. Interest expenses from non-financial services amounted to \$843.87 million versus \$761.38 million a year earlier, an 11% increase.

Pre-tax profits increased 52% to \$7.31 billion, compared to pre-tax profit of \$4.82 billion documented for the nine-month ended September 2019. Additionally, GK incurred taxation expenses amounting to \$2.37 billion compared to \$1.11 billion in September 2019. Consequently, net profit rose 33% to \$4.93 billion from \$3.71 billion booked for the corresponding period of 2019. Net profit attributable to shareholders amounted to \$4.42 billion compared to \$3.27 billion in the previous year's corresponding period, showing a 35% increase.

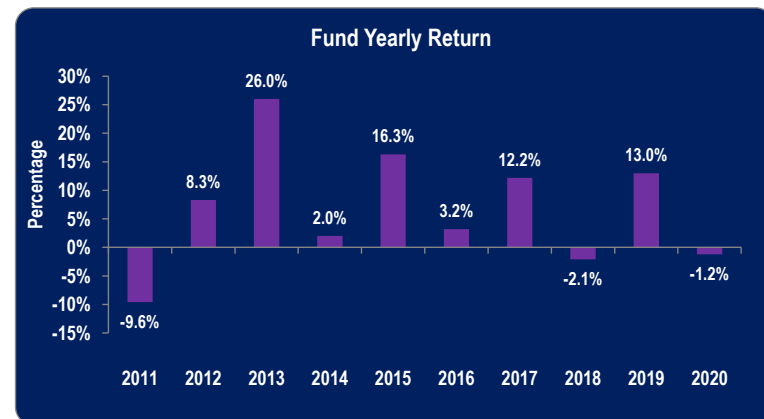
Total comprehensive income closed the nine months at \$5.82 billion (2019: \$9.26 billion). Earnings per share for the nine months GK booked an EPS of \$4.45 (2019: \$3.29). GK's trailing EPS amounted to \$5.67. The number of shares used in our calculations is 995,012,431 units

Over The Counter Funds (CI FUNDS)

CI International Value Fund

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

The fund has a 3 year return of 3.0% and a 5 year return of 4.8%. The Fund also has a 10 year return of 6.4%. Rates are as at December 31, 2020.



*Prices are as at February 01, 2021 *Projections are made to the company's financial year end

“President Joe Biden’s administration is setting up its trade policy to prioritize enforcement of existing commitments by the U.S.’s partners over negotiating more deals to open new export markets. Biden’s likely strategy for supporting American producers focuses on going after violations via dialogue, work with allies and use of dispute-resolution mechanisms in existing trade agreements rather than following the Trump administration’s more blunt unilateral tool of national- security tariffs, according to industry veterans familiar with his incoming team.”

<https://www.bloomberg.com/news/articles/2021-02-01/biden-to-focus-on-trade-enforcement-after-years-of-trump-tariffs?srnd=economics-vp>

“The Bank of England is preparing to take a significant step into the debate on whether negative interest rates should be used to stimulate the coronavirus-stricken U.K. economy. The central bank this week is due to publish the results of 160 detailed responses to a consultation about how borrowing costs could be pushed below zero for the first time since it was founded in 1694. The controversial policy, already tried in the European Union and Japan, turns banking on its head by charging for deposits while paying those who borrow money.”

<https://www.bloomberg.com/news/articles/2021-02-01/bank-of-england-to-stir-debate-over-u-k-negative-interest-rates?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at February 01, 2021

	Percentage (%)
Yield to Maturity	3.92
Weighted Average Coupon	4.903
Current Yield	4.79

The platinum portfolio has an effective maturity of 13.31 years and duration of 4.88 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.

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

