



LOCAL STOCK MARKET: (JS) +

Stock Symbol	KPREIT	SJ	MEEG	DCOVE	SALF
Current Price (\$)	5.95	38.82	5.63	15.05	39.18
Trailing EPS (\$)	0.20	3.02	0.32	0.81	2.11
P/E (times)	29.17	12.84	17.84	18.58	18.53
Projected P/E	30.65	12.28	16.00	11.33	17.08
Projected EPS (\$)*	0.19	3.16	0.35	1.33	2.29
Book Value per share (\$)	5.62	18.79	1.80	9.47	9.04
Price/Book Value (times)	1.06	2.07	3.12	1.59	4.34
Dividend Yield (2018 %)	0.98%	3.37%	N/A	3.75%	9.33%
Volumes	3,535	53,111	9,541	NIL	1,067
Recommendation	SELL	HOLD	HOLD	BUY	BUY



STOCK OF THE DAY: Salada Foods Jamaica Limited (SALF)

For nine months ended September 30, 2018:-

Salada Foods, recorded a 19% increase in turnover to close at \$1.04 billion (2017: \$871.73 million). For the fourth quarter revenue amounted to \$292.79 million (2017: \$258.94 million), a 13% rise.

SALF also noted that, “domestic sales continue to perform well, growing by 16.7% above prior year as we deepen our penetration in existing channels and access new ones. Sales to the trade through our distribution partner Lasco was \$655M, 13% above prior year. Export sales also did well, as both the Canadian and Barbadian market performed, growing year on year by 440% and 220% respectively. Our contract packaging sales grew 35% above last year.”

Cost of sales for the year increased by 8% to close the period at \$641.54 million relative to \$595.48 million in 2017. As such, gross profit amounted to \$399.96 million, a 45% increase year over year from the \$276.25 million booked in the prior year. Gross profit for the quarter posted a 75% growth to close at \$107.16 million relative to \$61.18 million booked for the comparable quarter in 2017.

Administrative expenses fell by 43% to \$84.98 million (2017: \$148.86 million). Also, selling and promotional expense increased by 37% from \$32.76 million in 2017 to \$44.90 million. Management stated that, “The launch of the MB876 and other marketing activities pushed selling and promotional expenses up 37.3% or \$12.14M above prior year”. SALF also incurred other operating expenses in 2017 amounting to \$14.59 million relative to nil in 2018.

Consequently, this resulted in an operating profit of \$270.07 million, up 237% compared with the \$80.05 million reported for the prior year. Operating profit for the fourth quarter surged to \$105.18 million (2017: \$4.27 million).

The company reported net finance income of \$20.64 million for the period; this compares to the net finance income of \$7.46 million for the same period in 2017. Profit before taxation increased by 232% to \$290.71 million versus \$87.51 million booked for the previous year.

Net profit climbed significantly by 219%, from \$68.69 million in 2017 to \$219.18 million following taxation of \$71.53 million (2017: \$18.82 million). Net profit for the quarter rose to \$82.32 million in 2018 relative to \$5.40 million in 2017.

*Prices are as at February 5, 2019 *Projections are made to the company’s financial year end

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	142.520	95.000	136.0758	148.000	98.010	137.2124
CAN	109.040	71.440	103.0578	109.410	90.000	104.5139
GBP	188.500	124.060	175.1590	189.060	153.200	178.1040
EURO	156.500	108.010	141.5857	169.020	142.000	152.7447

*Rates as at February 4, 2019

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today’s (February 05, 2019) trading session. The overnight rate stood at 1.90% to 2.20% while the 30-day rate ranged at 2.30% to 2.50%.

The US dollar fixed income market was also liquid during today’s (February 05, 2019) trading session; The overnight market rates were quoted at 2.0% to 2.30% while the 30-day market rates stood at 2.10% to 2.60%.

OVER THE COUNTER FUNDS (CI FUNDS)

CI American Value Corporate Class

This fund's objective is to provide superior returns with a limited level of risk by investing in a diversified portfolio of high quality undervalued companies. It invests primarily in equity and equity-related securities of companies in the United States. Any change to the investment objective must be approved by a majority of votes cast at a meeting of shareholders held for that reason. The fund has a 3 year return of 3.4% and a 5 year return of 8.6% as at December 31, 2018. The Fund also has a 10 year return of 10.2%.



U.S: What's Got U.S. Inflation So Depressed? Just Asking for the Fed

The Federal Reserve has been tightening monetary policy since 2015 to keep inflation in check. Low unemployment would spur businesses to pay more and raise prices, the logic went, so it was important to head off economic overheating. Price gains have lingered below the Fed's 2 percent goal despite years of super-low unemployment and Chairman Jerome Powell said on Jan. 30 that the risks of too-high inflation have "diminished." He noted that market-based inflation expectations have moderated and suggested that gains might actually slow before they accelerate again. Weaker gains give the Fed room for renewed patience -- it signaled it will pause interest-rate increases amid tremulous global growth and tighter financial conditions -- but they're also puzzling economists from Washington to Wall Street. With joblessness hovering around a nearly five-decade low, why isn't the theoretical relationship rearing its head? University of Texas at Austin's Olivier Coibion and co-authors Yuriy Gorodnichenko and Mauricio Ulate say the U.S. simply hasn't hit full employment. Labor slack still comes with a side of weak price pressure, they argue in a new National Bureau of Economic Research working paper, and inflation is slow because would-be workers remain on the margins.

<https://www.bloomberg.com/news/articles/2019-02-05/what-s-got-u-s-inflation-so-depressed-just-asking-for-the-fed?srnd=economics-vp>

Europe: Germany Enters the Global Economic Wars

With the U.S. and China increasingly competing rather than cooperating, Europe can't stick to the old concept of globalization. A draft of Germany's new industrial strategy, presented by Economy Minister Peter Altmaier on Tuesday, is all about surviving in a competitive world -- an approach he wants to sell to the German public first and then to the rest of the European Union. The competition, Altmaier told a press conference in Berlin, is between three major economic blocs: The U.S., Europe and Asia. In this struggle for dominance, Europe -- and Germany in particular -- is being relegated to the status of passive observer. That, he said, is due in part to the support for national economic champions in the U.S. and China. "There is hardly a successful country that relies exclusively and without exception on market forces to accomplish its tasks," Altmaier wrote in his strategy paper. Germany and Europe, he argued, should move in the same direction, or they risk losing more than the economic competition: If key technological competencies and, as a result, our position in the global economy were to be lost, this would have dramatic consequences for our way of life, for the capacity of the state to act and for its ability to shape almost all policy areas. And at some point also for the democratic legitimacy of its institutions.

<https://www.bloomberg.com/opinion/articles/2019-02-05/germany-s-peter-altmaier-enters-the-global-economic-wars?srnd=economics-vp>

PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at February 4, 2019

	Percentage (%)
Yield to Maturity	6.36
Weighted Average Coupon	5.539
Current Yield	5.61

The platinum portfolio has an effective maturity of 13.52 years and duration of 4.70 years.

STRUCTURED PRODUCT

Mayberry Platinum

The Mayberry Platinum portfolio is ideal for investors seeking a short to medium-term investment with returns denominated in hard currency. The portfolio comprises Investment Grade corporate and sovereign bonds, which provide strong yield and performance. The primary objective of this product is to provide our clients with income as well as capital appreciation. The Platinum portfolio enables the client to take full advantage of a diversified bond portfolio and is ideal for persons who do not have the time to actively manage their own portfolio.

DISCLAIMER

Analyst Certification -The views expressed in this research report accurately reflect the personal views of Mayberry Investments Limited Research Department about those issuer (s) or securities as at the date of this report. Each research analyst (s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation (s) or view (s) expressed by that research analyst in this research report.

Company Disclosure -The information contained herein has been obtained from sources believed to be reliable, however its accuracy and completeness cannot be guaranteed. You are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. Mayberry may effect transactions or have positions in securities mentioned herein. In addition, employees of Mayberry may have positions and effect transactions in the securities mentioned herein.

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

OVER 20 YEARS OF EXPERIENCE + CUTTING EDGE MARKET RESEARCH
 = POSITIVE TRANSFORMATION FOR OUR CLIENTS
 MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS

...BULLISH ON JAMAICA



MAYBERRY INVESTMENTS LIMITED
 A Member of the Jamaica Stock Exchange

1 1/2 Oxford Road, Kingston 5, Jamaica. ☎ (876) 929 1908 - 9
research@mayberryinv.com • sales@mayberryinv.com • www.mayberryinv.com