Recession Indicators Are Sending Warning Signals

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ANALYST INSIGHT

Awah Muirhead
Manager, Investment Research

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Introduction

Throughout most of the developed and developing worlds, inflation has become a matter of grave concern as prices across almost every category of goods have catapulted well beyond the upper limits of Central Banks' inflation target range. Over the previous decade, following the global financial crisis, the world at large became accustomed to very low inflation levels, a consequence of several factors; chief among which we believe have been globalization and technological improvements. But, much has changed following the pandemic as supply chains that were carved out over several years were dismantled. As pandemic constraints were gradually lifted, nations have realized that the reassembling of these supply chains in mere months has proven difficult to say the least. Added to that, the Ukraine/Russia war has further shaken the globe, mainly through higher commodity prices, worsening what had already been a severe inflationary issue.

Effects

In this world of uncertainty, financial markets have continuously looked at some key indicators. Among these, the Treasury Yield curve has been at the forefront as a time-tested gauge of good times, moderate times, and impending doom (recession). While the economic reasoning for the shape of the treasury yield curve can be argued; statistically, its ability to "predict" recession has been impressive, bar none. On that note, we can revisit some important history where we'll recall that every recorded inversion of the treasury yield curve since 1955 has been followed by a recession some 6 to 24 months (average of 18 months) after the inversion. This is important as the yield curve inverted temporarily at the end March and at the start of April 2022. Now, with the track record of the inverted yield curve, this presents obvious concerns and the US Central Bank (The Federal Reserve or The Fed) has tried to calm such fears by making it clear that the specific inversion that is typically watched by the market provides no true economic reasoning for a recession. However, the addendum to this is that there is possibly a "reverse causality" effect associated with inversions, as per The Fed. This implies that the inversion itself does not cause a recession, but the market's expectation of recession (given the historical precedence) following the inversion, worsens what is already an enabling environment.

The enabling environment

But what does this enabling environment look like? Well, with inflation at an uncomfortably high level, The Fed has now positioned itself squarely on bringing inflation down. The typical action to slow inflation is to raise interest rates (increase the cost of borrowing on everyone across the entire economy) and reduce the amount of cash in the financial system. The Fed has committed to doing both but in the past, this has led to some recessions. For greater context, if inflation and inflation expectations are allowed to become embedded with no constraints, it worsens. The Fed and most central banks are therefore the "inflation police" with the mandate of keeping inflation within a comfortable range. The problem, however, is that the policies and tools used to enact the functions of The Fed are blanketed. This simply means it is difficult for the Fed to target specific goods that are seeing runaway prices and so, The Fed is somewhat forced to place a constraint on the whole economy, at large, as opposed to specific goods, sectors, etc. In many historical cases, this attempt at cooling down the economy and therefore, cooling down inflation, has resulted in a recession.

A "soft landing"

The Fed is well aware of this and has communicated to the market that what it aims to do is enact a "soft landing". That means the Federal Reserve aims to increase interest rates so smoothly that it reduces inflation while GDP growth remains on an uptrend, i.e., avoiding a recession. But to be clear, the likelihood of this happening was tepid early in the year as inflation was already inconceivably high, and growth was already slowing. Added to that, the war in Ukraine and the resulting increase in commodity prices have placed an even greater strain on the growth outlook; an outlook which has been reduced by the entire market. This implies that a soft landing, while not impossible, is likely difficult.

Other Signals are warning

With that in mind, we can revisit the idea of reverse causality because some areas of the market are already somewhat positioned for a potential recession. For example, defensive sectors that typically perform relatively well during recessions are currently leading the market. Further, another less popular but perhaps, more informative curve, the Eurodollar futures curve, has also inverted. These occurrences, and others, have led to the market-implied probability of recession moving from 18% in January and 13% a year ago to its current level of 28%.

Concluding Thoughts

At the beginning of March 2020, the probability of recession was approximately 80% as COVID-19 quickly transitioned from a Chinese problem to a global nightmare. That said, at 28%, there are still significant uncertainties but, in our view, the warning signals are growing more apparent. A recession for the US largely represents a global recession given the country's importance and reach. While there's no certainty, particularly considering the inversion did not last for an extended period, we believe investors should begin to consider positioning their portfolios more defensively, with a greater focus on high quality assets.

Investment Playbook

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Equities

Stock Ticker	Stock Information (As of April 8, 2022)	Analyst Outlook
WISYNCO Wisynco Group Limited	P/E: 21.98x P/B: 4.70x Price: $21.54 Div Yield: 1.39%	**OVERWEIGHT** Throughout the pandemic, Wisynco has managed to improve its operational efficiency but given the effects of COVID-19 on industries such as tourism and education, the Company was unable to deliver significant revenue growth. Now, with tourism rebounding and schools operating at a greater level, Wisynco has married its improved operational efficiency with stronger revenue growth, allowing for significant net profit growth. As tourism is expected to continue growing towards its pre-pandemic level of output, we expect Wisynco to continue to perform well. Wisynco Equity Report
JMMBGL JMMB Group Limited	P/E: 8.36x P/B: 1.52x Price: $50.99 Div Yield: 1.67%	**OVERWEIGHT** Given its relatively low P/E ratio and considering the Group's consistently strong performance throughout the pandemic, the market has been underpricing JMMBGL significantly, relative to its local counterparts. In recognition of this, the JMMBGL Directors approved a share buyback program which should begin in FY2022/23 which begins on April 1, 2022. Share buyback programs reduce the number of shares outstanding. As the supply of shares in the market reduces from the share buyback, share price increase is likely to follow as demand for the stock outweighs supply. JMMB Equity Report
MASSY Massy Holdings Limited	P/E: 10.53x P/B: 1.25x Price: J$ 100.27 Div Yield: 2.66%	**OVERWEIGHT** Massy Holdings Limited. (MHL, Massy), through its portfolio companies, engages in trading, manufacturing, distribution, and service industry businesses throughout the Caribbean region. The company operates through three portfolios: Integrated Retail, Gas Products, Motors, and Machine and two business lines: Financial Services, and Strategic and Other Investments. In financial year 2020, Massy transitioned from a Conglomerate to an Investment Holding Company. By so doing, Massy's strategy has changed, with the Group focusing mainly on its core portfolios. These core areas of the business represent Massy's competitive advantages, are well-positioned to scale, and are therefore expected to drive strategic growth going forward. Massy Equity Report

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

SELL
Reduce exposure in your portfolio to zero

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Equities

Stock Ticker	Stock Information (As of April 8, 2022)	Analyst Outlook
LASD Lasco Distributors	P/E: 12.93x P/B: 1.68x Price: J$ 3.48 Div Yield: 1.87%	**OVERWEIGHT** Our expectation is for the Company to continue on its growth trajectory, supported by the improving economic backdrop of the global economy, which should manifest through continued domestic demand for goods and services. With increased stopover arrivals and the reopening of key industries such as entertainment and education (face-to-face teaching), there are sufficient catalysts to spur further growth in 2022. However, this isn't without challenges as the global supply bottleneck has affected LASD's margins. In response, management has prudently managed operational costs such that higher imported inflationary has not completely eroded the bottom line, resulting in continued growth. Lasco Distributors Equity Report
SCIJMD/ SCIUSD Sygnus Credit Investments	P/E: 8.49x / 10.97x P/B: 0.60x / 0.77x Price: J$15.40 / US$0.13 Div Yield: 2.33% / 1.94%	**OVERWEIGHT** Sygnus' business model is built on providing capital and direction to the underbanked, targeting the middle market. To accomplish this, the Company has executed several equity raises, the most recent of which was its APO launch in December 2020. Given the increase in its weighted average number of shares, EPS growth has not mirrored the double digit growth in net profit attributable to shareholders. However, we must indicate that continued growth at this level will drive higher EPS growth, once further dilution does not occur. Moreover, the stock trades at significant discount relative to peers both from a P/E perspective and a P/B perspective. At present, the market is pricing Sygnus at a seep discount to its book value per share which we believe is very wrong.
TROPICAL **Tropical Battery Limited**	P/E: 27.05x P/B: 3.51x Price: J$ 2.38 Div Yield: 0.42%	**OVERWEIGHT** Tropical Battery has been aggressively pursuing revenue diversification strategies, to reduce its dependence on auto battery and accessory sales. This is evident by the company's recent launch of three new subsidiaries aimed at providing renewable energy solutions for commercial customers. In addition, the company recently implemented a new inventory management system that has yielded improved operational efficiencies in addition to targeted sales initiatives that have improved revenue growth. We believe that the Company will continue to grow as they build out new revenue lines, improve operational efficiencies and drive targeted sales initiatives. Tropical Battery Equity Report
VMIL Victoria Mutual Investments Limited	P/E: 16.95x P/B: 2.38x Price: $6.44 Div Yield: 2.41%	**OVERWEIGHT** Victoria Mutual has recently rebranded under the "VM Group". By association, there has been implications for VMIL. For example, the Company has been significantly more active in the capital markets through its investment banking arm. We expect continued growth in the investment banking space will add considerable value to the Company's bottom line which has already shown clear improvement throughout FY2021. VMIL Equity Report

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Stock Ticker	Stock Information (As of April 8, 2022)	Analyst Outlook
Lumber **Lumber Depot Limited**	P/E: 13.52x P/B: 5.89x Price: J$ 3.65 Div Yield: 1.64%	**OVERWEIGHT** Lumber represents an option to gain exposure to the construction sector which has been a relatively resilient and fast-growing sector. With this sector tailwind, lumber has shown strong revenue growth since its 2019 listing and the current Trailing Twelve Months(TTM) profits is 28.6% higher than financial year 2021 earnings. While there were however hiccups in the last 6 months earnings which was impacted by a combination of lock down restrictions and rising input costs respectively for Q1 and Q2, we are still monitoring how the company progresses given the loosening of restrictions and continued growth in the construction sector. We also note that despite the growth it has shown over the last 2 years, the stock still trades at an attractive PE compared to Junior market peers. Lumber Equity Report
PROVEN JMD/PROVEN USD Proven Investment Limited	P/E: 11.50x/11.03x P/B: 1.13x/1.09x Price: $37.96/ US$0.25 Div Yield: 3.08% / 3.08%	**OVERWEIGHT** Proven has shown strong revenue and profit growth throughout the current financial year, a performance-driven by the Group's accretive acquisitions. Most notable among these include JMMBGL and Roberts Manufacturing Company Limited. The company continues to demonstrate its appetite for growth through acquisitions as evidenced by the recent 100% acquisition of Fidelity Bank(Cayman). Given the company's history of acquiring companies with accretive value, we expect Fidelity will be similar. Coupled with this, we believe Proven is trading at favorable PE and PB multiples relative to the market.
LAB The Limners and Bards Limited	P/E: 20.43x P/B: 5.96x Price: J$ 3.36 Div Yield: 3.27%	**OVERWEIGHT** The LAB is the only listed Creative Agency on the JSE. Throughout the pandemic, the demand for the services provided by the Company has been strong. In FY2021 alone, revenue grew by 35%, an indication of the demand for the Company's services while net profit grew by 22%. With consistently positive cash flows and a cash balance that is 1.36x larger than the Company's current liabilities, we believe the Lab is poised to invest its capital efficiently towards further growth. The first step towards this is the Lab's brainchild, "SCOPE Caribbean". To date, SCOPE has not been profitable which has negatively impacted the Lab's net profit growth. This is not abnormal for a new business, and we expect this should turnaround as the business scales. The LAB Equity Report
LASM Lasco Manufacturing	P/E: 14.28x P/B: 2.52x Price: J$ 5.34 Div Yield: 1.36%	**MARKETWEIGHT** Our expectation is for the Company, like others, to continue benefiting from an improving economic backdrop. However, there has been a clear revenue growth slowdown in the most recent quarterly result, coupled with reduce gross profit margins throughout FY2022, owing to global supply chain issues and a higher effective tax rate as Lasco no longer benefits from the Junior Market tax incentive. Lasco Manufacturing Equity Report

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Equities

Stock Ticker	Stock Information (As of April 8, 2022)	Analyst Outlook
SEP Seprod Limited	P/E: 15.02x P/B: 2.35x Price: J$ 57.52 Div Yield: 2.26%	**MARKETWEIGHT** Seprod has been considerably affected by global supply chain issues that have increased the Company's cost of sales. While this has occurred, instead of raising prices to consumers equivalently, Seprod has absorbed some of these costs which has affected profitability. To help mitigate this, the Group has improved its operational cost management which has had positive implications on the performance. Notwithstanding, the cost of sales remains elevated, and has only trended upwards throughout FY2021, with no clear methods to manage or reduce the current pace of the increase. Therefore, while we expect current operational cost controls to help, the uncertainty regarding cost of goods remains an ever-present threat to Group profit growth, especially given the current inflationary environment. Seprod Equity Report
MAILPAC Mailpac Group Limited	P/E: 19.81x P/B: 11.41x Price: J$ 3.17 Div Yield: 3.47%	**MARKETWEIGHT** During the peak periods of the pandemic, MAILPAC benefited immensely as online shopping became a larger share of shoppers' wallets. In large part, this period of heavy COVID-19 fear has reduced and while we anticipate online shopping will remain integral for the everyday consumer, the outsized growth we witnessed in FY2020 will likely soften further. Admittedly, the Company has a robust balance sheet with more cash than total liabilities which we believe places MAILPAC in a position to make growth-inducing investments. The current slowdown in demand and consequently revenue and profit growth, matched with the Company's strong balance sheet underscores our MARKETWEIHT recommendation MailPac Equity Report
SGJ Scotia Group Jamaica Limited	P/E: 13.22x P/B: 0.97x Price: J$ 35.82 Div Yield: 4.33%	**MARKETWEIGHT** The greatest driver of profitability in FY2021 was the reduction of Expected Credit Losses (ECL) relative to the previous year as the economic backdrop improved. Scotia is not likely to have this benefit recur to the magnitude it did in FY2021. This, coupled with no clearly communicated path to growing its main revenue lines in an industry that is highly competitive presents obvious challenges for the Group. However, Scotia has two major positives. The first is that the current rising interest rate environment supports the Group's bank model, more so than other listed financial institutions. The second is that SGJ is a consistent source of relatively attractive dividends which makes the Company a good asset for investors with a clear preference for income. Scotia Group Equity Report

Investment Playbook

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Equities

Stock Ticker	Stock Information (As of April 8, 2022)	Analyst Outlook
FTNA Fontana Limited	P/E: 23.76x P/B: 6.26x Price: J$ 9.98 Div Yield: 1.80%	**MARKETWEIGHT** Fontana has been growing and expanding since listing on the junior exchange in 2019. The Company has plans to expand, which includes a new outlet to bring their stores to a total of seven locations. In its most recent quarter, Net Profit saw a marginal increase of 0.1% due largely to the impact of FX losses. Further, cost of sales has been impacted given the current inflationary environment and is likely to continue being affected in the near to medium term. However, the company continues to grow organically and is financially positioned to do so. Due to the current environment and exposure to FX liabilities, profitability could dampen in the near term but in the long term, the addition of its new outlet could support growth. On balance, the Company has both significant risks and the potential for upside, which underscores our recommendation. Fontana Equity Report
GK GraceKennedy Limited	P/E: 12.71x P/B: 1.55x Price: J$ 105.11 Div Yield: 1.84%	**MARKETWEIGHT** For their financial year ended December 2021, the company reported growth in both their top and bottom line. Revenues increased by 12% and profit increased by 32%. Now, the company has indicated several transactions in their pipeline, including a few in insurance, one in fintech and others outside of Jamaica. These acquisitions stand to add more diversity and growth to the company's earnings. Grace Kennedy Equity Report
SVL Supreme Ventures Limited	P/E: 27.48x P/B: 16.69x Price: J$ 24.56 Div Yield: 3.26%	**MARKETWEIGHT** Supreme Ventures is the market leader in the lottery and gaming industry. The company has also in recent years embarked on aggressive growth strategy through several acquisitions (Champion Gaming and Post To Post Betting). The company would have been impacted by the pandemic as the lockdown measures would have impacted their operations at Caymanas Park and should benefit from an easing of lock down restrictions and a normalization of business. Despite this, in the medium term we see headwinds relating to the increased competition in its main lottery segment posing challenges to the company's profit margins. Supreme Ventures Equity Report
ECL Express Catering Limited	P/E: 147.84x P/B: 20.72x Price: J$ 5.11 Div Yield: N/A	**UNDERWEIGHT** With the ongoing recovery of the tourism industry, we believe ECL's revenues will increase year over year. However, the Company is not currently operating at pre-covid efficiency levels, as price increases due to the current global supply chain challenges have driven higher costs across all product categories. Consequently, there has been a clear deterioration of the Company's profit margins. Higher cost of goods has had implications for the Company's profitability and while we expect continued growth in the tourism industry will drive higher revenue, we also expect the inflationary environment to present challenges for the Group's profitability. ECL Equity Report

Monitoring List

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Equities

Stock Ticker	Stock Information (As of April 1, 2022)	Analyst Outlook
MDS Medical Disposable Supplies	P/E: 12.06x P/B: 1.48x Price: J$ 6.03 Div Yield: 1.16%	Medical Disposables and Supplies have quietly been diversifying its revenue streams over the last 2 years. This is inclusive of its purchase of 60% of Cornwall Medical and Dental Supplies(CMDL) which has been consolidated into the company's financials as of their second quarter 2021. This increases the company's exposure to the dental supplies space and expands their reach into the western end of the island. The company has also shifted to providing more confectionary products and we believe its expansion and diversification efforts are worth watching.
JBG Jamaica Broilers Group	P/E: 11.14x P/B: 1.66x Price: J$ 28.63 Div Yield: 1.50%	The Jamaica Broiler's group has effectively decreased the size of its Haiti operations which has been weighing on performance for the last few quarters. This when coupled with the Group's expansion efforts into the United States may provide tailwinds for increased profitability going forward.
SOS Stationery & Office Supplies	P/E: 18.28x P/B: 2.90x Price: J$ 7.86 Div Yield: 2.04%	Stationery and Office Supplies presents investors with another option to benefit from the reopening of the domestic economy. A core segment of their business would have suffered from the lockdown measures and work from home, namely the sale of furniture and its SEEK line of books. However, during that period stationary sales have done well to fill that revenue gap. With the resumption of economic activity, the return to office and the expansion in the BPO sector, SOS might be a large beneficiary in 2022.

The "Monitoring List" includes stocks that are on our radar as our initial expectation for these companies is positive. However, no official recommendation is presented as these stocks are still being evaluated.

Unit Trust

Unit Trust Fund	06/04/2022	30/03/2022	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	96.66	94.12	2.70%	5.12%	10.56%	-
Money Market	15.248	15.1727	0.50%	0.16%	2.44%	0.74%
Income Portfolio	100.00	100.00	-	-	-	3.17%
FX Bond Portfolio (US$)	1.3584	1.3595	-0.08%	-1.44%	0.87%	2.99%
Real Estate Portfolio	5,573.98	5,549.97	0.43%	5.16%	-7.23%	-
FX Growth Portfolio	0.9981	1.0336	-3.43%	-7.76%	-1.40%	-

"Though tempting, trying to time the market is a loser's game. $10,000 continuously invested in the market over the past 20 years grew to more than $48,000. If you missed just the best 30 days, your investment was reduced to $9,900."

Christopher Davis

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LOCAL EQUITY MARKET

For the week ended Friday April 8, 2022, the local stock market increased week-over-week. The JSE Combined Index increased by 1.71%, the Main Market Index rose by 1.85%, the JSE Junior Market Index advanced by 0.34%, and the JSE USD Equities Index advanced by 9.90%. During the week, Supreme ventures Limited was the biggest gainer, gaining 28.18% to close at $24.56. The biggest decliner was KLE Group, which declined by 14.71% to close at $2.32.

Year to Date, with the ongoing rebound in the local economy, small-cap stocks, reflecting those listed on the Junior Market Index have continued the strong performance seen in 2021, growing by 22.51% YTD, outpacing its Main Market counterpart(0.20% YTD) by a wide margin.

For the week ended Friday April 8, 2022, Overall Market activity resulted from trading in 119 stocks of which 57 advanced, 49 declined and 13 traded firm. Market volume amounted to 311,821,130 units valued at over $2,124,128,013.44. The volume leaders for the week were MAYBERRY JAMAICAN EQUITIES LIMITED with 100,676,919 units (33.00%) followed by TRANSJAMAICAN HIGHWAY LIMITED with 38,758,656 units (12.70%) and ELITE DIAGNOSTIC LIMITED with 36,632,086 units (12.01%)

Revisiting relevant news during the week:

WASHINGTON, United States – Economies in Latin America and the Caribbean (LAC) are on track to recover from the COVID-19 crisis, but the scars of the pandemic remain and the need for a more dynamic, inclusive and sustainable growth is ever more urgent, according to a new World Bank report, "Consolidating the Recovery, Seizing Green Growth Opportunities".
Economic recovery in Caribbean requires urgent reforms and seizing green opportunities — World Bank

Slowed by a change in new consumer patterns, courier and delivery service provider Mailpac Limited is hoping for another year of growth as the company seeks to steady earnings by the end of its second quarter this financial year.
Mailpac anticipates mid-year return of peak growth

Kingston Properties Limited (KPREIT) will be undergoing its third equity raise in seven years, as it seeks to issue 200,000,000 ordinary shares with an option to upsize to 300,000,000 ordinary shares at $7.50 per share in its first additional public offering (APO).
KPREIT targets $2.25 billion in APO

SAGICOR Group Jamaica (SGJ) on Friday last disclosed that it has completed 100 per cent share acquisition of Alliance Financial Services Limited (AFSL), after having met the Bank of Jamaica's (BOJ's) regulatory requirements.
Sagicor completes AFSL acquisition

Derrimon Trading Limited has completed the acquisition of food processor Arosa Limited in a deal which was closed on April 6, 2022. Arosa, produces local beef cuts as well as processed meats including sausages and bacon. The company is also involved in the distribution of foods, liquor and equipment for the hospitality and food service segments, serving the tourist sector.
Grace drops Russian dealer, huddles over war impact

THE Bank of Jamaica's (BOJ) Monetary Policy Committee (MPC) has become more hawkish in its tone to reflect the gradually different realities, more than six months after it increased its policy rate in September.
Changing tone

Index	08/04/2022	01/04/2022	31/12/2021	Week/Week	Year-to-Date
JSE Main Market	396,968.47	389,773.53	396,155.61	1.85%	0.205%
JSE Junior Market	4,199.94	4,185.90	3,428.30	0.34%	22.51%
JSE Combined Market	408,943.64	402,082.92	401,130.23	1.71%	1.95%
JSE USD Equities Market	225.85	205.51	195.51	9.90%	15.52%
JSE Financial Index	94.10	93.82	98.05	0.30%	-4.03%
JSE Man&Dis Index	111.18	109.77	100.38	1.28%	10.76%

INTERNATIONAL DEVELOPMENTS

US

The major indexes finished lower for the week, with small-caps and growth stocks lagging considerably. Sector performance also varied widely within the S&P 500 Index, with the typically defensive consumer staples and health care sectors recording solid gains, while information technology, communication services, and consumer discretionary shares registered steep losses. T. Rowe Price traders noted that volumes were sparse for much of the week, as investors awaited the start of first-quarter earnings reporting season. Twitter shares jumped over 27.0% on Monday, however, following news that Elon Musk had acquired a 9.2% stake in the social media firm.

The Fed's plans for rapid quantitative tightening (i.e., reducing the bond holdings on its balance sheet) caused the yield on the benchmark 10-year U.S. Treasury note to hit its highest level since early 2019. (Bond prices and yields move in opposite directions.) The move also led the closely watched two-year/10-year segment of the Treasury yield curve to steepen meaningfully, as the difference in yield between the two maturities increased. The brief inversion in that segment during intraday trade last Friday had raised concerns of a looming recession. However, the five-year/30-year curve segment—also considered by many investors to be a recession indicator—remained negatively sloped.

Europe

Shares in Europe rose modestly amid concerns about central bank tightening, inflation, and Russia's invasion of Ukraine. In local currency terms, the pan-European STOXX Europe 600 Index rose 0.57%. The main continental stock indexes were lower. France's CAC 40 Index fell 2.04% on election uncertainty, with polls showing a significant narrowing of President Emmanuel Macron's lead over far-right contender Marine Le Pen. Italy's FTSE MIB Index declined 1.37%, and Germany's DAX Index lost 1.13%. However, the UK's FTSE 100 Index advanced 1.75%.

Top 5-Things to watch out for in the week ahead:

1) **US CPI:** February's consumer price inflation reading of 7.9% was the largest annual increase in 40 years and U.S. data on Wednesday is expected to show that CPI rose by an annualized 8.5% in March as the war in Ukraine sent commodity prices sky high.

2) **Economic Data**: Aside from the CPI numbers, the U.S. is set to release data on producer price inflation on Wednesday. The latest figures on initial jobless claims are due for release on Thursday along with data on retail sales and consumer sentiment. Figures on industrial production and the Empire state manufacturing index will be release on Friday, which will be the Good Friday holiday.

3) **Bank Earnings:** Big U.S. banks will kick off the first quarter earnings season this week and analysts are expecting financial sector earnings to decline from a year ago. Investment bank revenues are taking a hit in the wake of Russia's invasion of Ukraine, while some banks are making provisions for losses related to Russia.

4) **ECB:** The ECB is to hold its latest policy setting meeting on Thursday and while euro area inflation is running at a record high 7.5%, fueled in large part by accelerating energy costs, policymakers are reluctant to tighten policy amid uncertainty over the impact of the war in Ukraine on the bloc's economy.

5) **Inflation Fight:** Central banks in both Canada and New Zealand are both set to meet on Wednesday, with market watchers expecting officials at both banks to deliver their largest rate hikes in 20 years amid soaring inflation worldwide. According to data compiled by Reuters, markets are pricing in a 90%-plus chance of a half a percentage point rate hike from the Reserve Bank of New Zealand and a better-than-80% likelihood of the Bank of Canada does the same.

T.RowePrice Market Update

Index	08/04/2022	01/04/2022	31/12/2021	Week/Week	Year-to-Date
Dow Jones	34,721.12	34,818.27	36,338.30	-0.28%	-4.45%
S&P 500	4,488.28	4,545.86	4,766.18	-1.27%	-5.83%
NASDAQ 100	14,327.26	14,861.21	16,320.08	-3.59%	-12.21%
FTSE 100	7,669.56	7,537.90	7,384.54	1.75%	3.86%
Euro Stoxx 50	3,858.37	3,918.68	4,298.41	-1.54%	-10.24%

ABOUT US

Barita Investments Limited, is a publicly traded company on the JSE, 74.3% owned by Cornerstone Financial Holdings Limited ("Cornerstone"). Founded by Rita Humphries-Lewin in 1977, the Company has the distinction of being the oldest stockbrokerage in Jamaica. The Company is licensed by the FSC as a Securities Dealer, is a member dealer of the JSE and is a Primary Dealer and Cambio Dealer for the Bank of Jamaica ("BOJ").

Barita, home of one of Jamaica's top performing equity funds, has a legacy of excellence, and is recognized as established in relation to middle market retail segment products and for Unit Trust performance.

Products and services include:

- Cambio Trading
- Fixed Income Trading
- Stock Brokerage
- Pooled Funds Management
- Structured Products
- Retirement Planning
- Wealth Management
- Investment Banking

Through its subsidiary, Barita Unit Trusts Management Company Limited ("BUTM"), Barita currently offers six (6) unit trust products spanning fixed income, equities and real estate.

Contact us
Tel:(876) 926-2681 or (888) 429-5333
Website: *www.barita.com*