Short Selling

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ANALYST INSIGHT

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Short Selling

Introduction

Over the last five years, the local equity markets have seen the rise of retail traders who actively engage in the frequent trading of stocks over a relatively small time period. The profit mechanism that most investors are familiar with is that of taking a long position on stocks; whereby investors buy a stock in anticipation of the stock price appreciating in the future and as such benefiting from capital gains. However, there exists an alternative approach from which investors can benefit which is shorting a stock. There has been growing interest locally in the short selling of stocks, and as such, we believe that a conversation around it would be useful.

What Is Shorting?

Shorting refers to the process where a trader borrows shares from a broker and then sells them with the hopes of the stock price falling shortly after purchase. If the price of the security does fall, the trader is then able to buy the shares at a lower price and then return the security back to the broker. The profit generation lies in the actual price of the stock falling after the short trade was executed. So, for example, if you wish to short Company ABC Ltd, you borrow 10 shares from your broker at a price of $10 each, which gives a total value of $100 after you sold them. If after selling, Company ABC's stock price fell to $5, you can then purchase the stock at $5 per share which gives a spend of $50(not inclusive of commission fees, GCT, and cess fees) and return the shares to the broker. In so doing it would have enabled the investor to make a profit of $50.

Why Short A Stock?

The question, that may arise in the minds of many, is why short a stock?. The primary reason investors short stock is to make money when there are doubts about the performance of a company over the near term. As opposed to the traditional equity play that the average investor is accustomed to, whereby they profit from the company providing solid performance, shorting enables investors to profit from the downturn in a company's performance. As such, shorting can be seen as a tool that provides investors with a widened profit-making playbook. Shorting a stock also can be used as a hedge. So, for example, you own shares in company ABC Ltd and have doubts about its near-term performance, but don't want to sell your shares. In this instance, you could continue holding your shares for the long-term while you short the stock, buying back in at a lower price when the stock's value falls. The goal here is to offset the losses of your long-term holdings. The question, that may be asked is why would brokers be willing to lend their shares to clients, from the perspective of the broker it allows the broker to benefit from fee income from the transaction. These fees are inclusive of the interest that is earned, as well as the commission fees. Additionally, it allows the broker to facilitate the shorting of stocks that it could not short readily given the regulatory environment that may inhibit them from executing such trade proprietarily.

Developing A Shorting Strategy

To be successful at shorting a clear strategy must be developed that is grounded in deep analysis and is customized to the investment objectives of the investor. Generally, across the global markets, the three commonly used strategies that exist as it relates to short are fundamental analysis, technical analysis and thematic analysis.

Fundamental analysis: This refers to analyzing a company based on its financials and dissecting from its financials if there is a possible pullback of the stock, due to missed earnings or a financial downturn in the Company. As such if one expects a financial downturn in a company, one can also expect a negative reaction from the market and as such, this would be indicative that this stock would be a good target for shorting.

Technical Analysis: Historical trading patterns of a stock's price movement can also help you determine if it's on the verge of a downtrend. Also, another potential sign of a seller's market is a stock that's been falling through a series of lower lows while trading at higher volumes. Another is a stock that's rebounded to the upper range of its trading pattern but appears to be losing steam.

Thematic Analysis: This approach involves betting against companies whose business models or technologies are deemed outdated or companies who are expected to have legal and regulatory troubles based on their business operations or ongoing legal proceedings. This can be more of a long game but can pay off should your prediction prove correct.

The Risks

As with all investment decisions, there are underlying risks involved and as such shorting is the same. When you buy a stock, your downside is limited to 100% of the money you invested. But when you're shorting a stock, its price can keep rising, meaning that theoretically, the amount you'd have to pay to replace the borrowed shares is limitless. Additionally, if the value of the collateral in your margin account drops below the minimum equity requirement usually 30% to 35% of the value of the borrowed shares, depending on the firm and the securities you own your brokerage may require you to deposit more cash or securities to cover the shortfall immediately.

Conclusion

Shorting a stock is essentially, rooting against an individual company or the entire market, akin to swimming upstream in a heavy tide. The practice of shorting requires a clear-cut strategy that is rooted in strong analysis and market understanding. With that said, if done correctly it positions investors to widen their profit playbook, as it allows profit generation during the downturn of a company.

Investment Playbook

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Equities

Stock Ticker	Stock Information (As of July 15, 2022)	Analyst Outlook
WISYNCO Wisynco Group Limited	P/E: 19.54x P/B: 4.29x Price: $19.93 Div Yield: 1.51%	**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: 7.10x P/B: 1.29x Price: $43.29 Div Yield: 1.96%	**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: 9.66x P/B: 1.16x Price: $91.76 Div Yield: 2.91%	**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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<table>
<tr><th>Stock Ticker</th><th>Stock Information (As of July 15, 2022)</th><th>Analyst Outlook</th></tr>
<tr><td rowspan="4">LASD
Lasco Distributors</td><td>P/E: 11.50x</td><td rowspan="4">OVERWEIGHT

Our expectation is for the Company to continue along 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</td></tr>
<tr><td>P/B: 1.56x</td></tr>
<tr><td>Price: $3.33</td></tr>
<tr><td>Div Yield: 1.95%</td></tr>
<tr><td rowspan="4">SCIJMD/ SCIUSD
Sygnus Credit Investments</td><td>P/E: 8.70x / 12.52x</td><td rowspan="4">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.</td></tr>
<tr><td>P/B: 0.55x / 0.79x</td></tr>
<tr><td>Price: J$13.89/ US$0.13</td></tr>
<tr><td>Div Yield: 2.58% / 1.93%</td></tr>
<tr><td rowspan="4">TROPICAL

Tropical Battery Limited</td><td>P/E: 31.93x</td><td rowspan="4">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</td></tr>
<tr><td>P/B: 4.14x</td></tr>
<tr><td>Price: $2.81</td></tr>
<tr><td>Div Yield: 0.36%</td></tr>
<tr><td rowspan="4">PROVEN JMD/PROVEN USD
Proven Investment Limited</td><td>P/E: 13.25x / 12.80x</td><td rowspan="4">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.</td></tr>
<tr><td>P/B: 0.99x / 0.95x</td></tr>
<tr><td>Price: J$33.68/ US$0.23</td></tr>
<tr><td>Div Yield: 3.47% / 3.45%</td></tr>
</table>

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Stock Ticker	Stock Information (As of July 15, 2022)	Analyst Outlook
Lumber **Lumber Depot Limited**	P/E: 10.81x P/B: 4.71x Price: $2.92 Div Yield: 2.05%	**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
LAB The Limners and Bards Limited	P/E: 18.00x P/B: 4.90x Price: $3.06 Div Yield: 3.59%	**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
GK GraceKennedy Limited	P/E: 11.80x P/B: 1.37x Price: $99.14 Div Yield: 1.95%	**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
LASM Lasco Manufacturing	P/E: 11.38x P/B: 2.24x Price: $4.70 Div Yield: 1.54%	**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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Stock Ticker	Stock Information (As of July 15, 2022)	Analyst Outlook
SEP Seprod Limited	P/E: 24.67x P/B: 2.10x Price: $68.84 Div Yield: 1.89%	**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: 18.29x P/B: 8.52x Price: $2.56 Div Yield: 4.30%	**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: 13.82x P/B: 1.01x Price: $37.45 Div Yield: 4.14%	**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

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Stock Ticker	Stock Information (As of July 15, 2022)	Analyst Outlook
FTNA Fontana Limited	P/E: 22.16x P/B: 5.95x Price: $9.97 Div Yield: 1.81%	**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
SVL Supreme Ventures Limited	P/E: 30.02x P/B: 18.35x Price: $31.66 Div Yield: 2.53%	**MARKETWEIGHT** Supreme Ventures is the market leader in the lottery and gaming industry. The company has also in recent years embarked on an 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 impacted its operations at Caymanas Park. With the easing of restrictions, the Company should benefit from an easing of lock down restrictions and a normalization of business. Despite this, in the medium term we note that the company now has competition in the lottery segment of the market which may negatively impact margins. The degree to which this might impede the pace of revenue growth will however depend on the take up of new games such as Scratchaz which, at present, seems popular amongst younger consumers as it is a new addition to the Company's product offerings. Supreme Ventures Equity Report
ECL Express Catering Limited	P/E: 13.72x P/B: 23.96x Price: $5.91 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 July 15, 2022)	Analyst Outlook
MDS Medical Disposable Supplies	P/E: 19.35x P/B: 1.71x Price: $7.16 Div Yield: 0.98%	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: 11.23x P/B: 1.67x Price: $28.85 Div Yield: 1.49%	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: 22.03x P/B: 4.44x Price: $13.88 Div Yield: 1.15%	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.
SJ Sagicor Group Jamaica Limited	P/E: 11.73x P/B: 1.64x Price: $55.00 Div Yield: 2.02%	Sagicor Group Jamaica Limited would have been adversely impacted by the pandemic even more so than the typical financial sector company due to their exposure to the tourism sector. This would have therefore led to sizeable impairment losses on their investment in associated companies (I.e., Playa Hotel and Resorts). For 2022 we therefore expect to see some amount of recovery as the group has disposed of their investments in Playa which will stem impairment losses while simultaneously still having direct exposure to travel through their US resort (The Hilton DoubleTree) while their banking services should benefit from a pickup in economic activity.

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	15/07/2022	08/07/2022	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	99.04	100.10	-1.06%	7.71%	7.44%	-
Money Market	15.34	15.37	-0.18%	0.78%	1.57%	2.65%
Income Portfolio	100.00	100.00	-	-	-	3.36%
FX Bond Portfolio (US$)	1.3116	1.32	-0.64%	-4.84%	-4.10%	3.85%
Real Estate Portfolio	3,864.05	2298.04	68.15%	628.97%	586.82%	-
FX Growth Portfolio	0.8526	0.8596	-0.81%	-21.20%	-17.99%	-

"Someone's sitting in the shade today because someone planted a tree a long time ago."

Warren Buffett

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LOCAL EQUITY MARKET

For the week ended July 9, 2022, the local stock market as measured by the Combined Index declined week-over-week by 0.20%. The Main Market Index declined by 0.17%, the JSE Junior Market Index declined by 0.42%, and the JSE USD Equities Index declined by 0.60%. During the week, ISP Finance Services was the largest gainer, rising 73.22% to close at $29.50. The biggest decliner was KPREIT, which fell by 20.25% to close at $6.38.

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 25.86% YTD, outpacing its Main Market counterpart which is down 3.91% YTD.

This week overall market activity resulted from trading in 105 stocks of which 34 advanced, 51 declined and 20 traded firm. The following companies represent the overall volume leaders:

1. MAILPAC GROUP LIMITED with 2,172,800 units (13.62%)
2. TRANSJAMAICAN HIGHWAY LIMITED with 1,656,086 units (10.38%)
3. WIGTON WINDFARM LIMITED ORDINARY SHARES with 1,504,603 units (9.43%)

Revisiting relevant news during the week:

Jamaica's unemployment rate fell to a new record low of six per cent in April 2022, to continue the downward trajectory occurring in recent months. The male unemployment rate fell from 7.5 per cent to 4.7 per cent, while the corresponding figure for females dropped 3.2 percentage points to 7.6 per cent.
Jamaica's unemployment rate falls to new record low – STATIN

FosRich Company Limited is expected to approach the stock market for more equity capital, having got the nod from shareholders for a increase in the company's authorised capital by 30 times its current levels.

FosRich gets nod to approach the market

Jamaica is projected to earn more than US$5 billion in direct foreign exchange inflows from visitor occupancy of approximately 8,000 rooms slated for construction over the next two to five years.

Jamaica expected to earn US$5-b from hotel rooms to be constructed

Prime Minister, the Most Hon. Andrew Holness, officially broke ground for the US$274.5 million Montego Bay Perimeter Road at Ironshore in St. James on Saturday (July 16).
Construction of the perimeter road will provide an alternate route around the central business district of downtown Montego Bay which will relieve vehicular traffic congestion in the city and stimulate economic growth.
Over US$270M for MoBay Bypass Road Project

Index	15/07/2022	08/07/2022	31/12/2021	Week/Week	Year-to-Date
JSE Main Market	380,664.04	380,737.91	396,155.61	-0.02%	-3.910%
JSE Junior Market	4,314.71	4,341.21	3,428.30	-0.61%	25.86%
JSE Combined Market	394,724.22	395,031.53	401,130.23	-0.08%	-1.60%
JSE USD Equities Market	209.66	212.83	195.51	-1.49%	7.24%
JSE Financial Index	90.66	90.39	98.05	0.30%	-7.54%
JSE M&D Index	107.07	107.31	100.38	-0.22%	6.66%

INTERNATIONAL DEVELOPMENTS

US

Stocks volatile as investors keep an eye on inflation

Stocks remained volatile in light summer trading, as investors absorbed inflation data and the first major second-quarter corporate earnings reports. Technology stocks were among the best performers in the index, helped by solid gains in Apple. Energy stocks underperformed as international oil prices fell to levels not seen since before Russia's invasion of Ukraine.

Wednesday morning's data came in hotter than expected, sending markets sharply lower. The Labor Department reported that the consumer price index rose by 9.1% over the 12 months ended in June, the highest increase since 1981, with prices jumping 1.3% in June alone. While an 11.2% jump in gas prices in June was partly to blame, core inflation also surprised on the upside.

Americans' inflation expectations appear to moderate

Friday's inflation data was interpreted as good news, helping to spark a solid rally to end the week. Both import and export prices rose significantly less than forecast in June, while a gauge of manufacturing activity in the New York region indicated healthy expansion alongside a deceleration in both prices paid and prices received.

Treasury market recession signal strongest in two decades

The yield on the benchmark 10-year U.S. Treasury note fell over the week, as an inversion in the 2-year/10-year segment of the Treasury yield curve, considered to be a recession signal, reached its widest level since 2000.

Europe

Shares in Europe were flat to lower as central banks stepped up interest rate increases, raising fears of a global recession. Over the five days ended July 15, the pan-European STOXX Europe 600 Index ended 0.80% lower, while Germany's DAX Index pulled back 1.16%, France's CAC 40 gained 0.05%%, and Italy's FTSE MIB dropped 3.86%. The UK's FTSE 100 Index declined 0.52%.

T.RowePrice Market Data

Core eurozone bond yields fell as worries grew that a cutoff of Russian gas might push European economies into a recession;

The euro broke below parity with the U.S. dollar for the first time in two decades as fears of a global recession intensified. Bank of France Governor François Villeroy de Galhau said on broadcaster franceinfo that the European Central Bank is monitoring the euro's decline because of its impact on inflation. He also suggested that the move in the currency pair is not necessarily due to the euro's fundamentals.

UK

GDP in the UK unexpectedly expanded 0.5% in May, after contracting 0.1% in April, a sign that the economy may avoid contraction in the second quarter, as predicted by the Bank of England. The Office for National Statistics said health services helped to boost growth, with a large rise in doctor appointments. Travel agencies and road haulers also reported increased activity.

Japan

Japan's stock market returns were positive for the week, with the Nikkei 225 Index rising 1.02% and the broader TOPIX Index up 0.27%. World leaders offered their condolences, and Japan mourned its former and longest-standing prime minister, Shinzo Abe, who was shot and killed on July 8 while campaigning for the parliamentary upper house election. On July 10, the ruling Liberal Democratic Party (LDP) increased its seat count in the election, winning a majority with its coalition partner Komeito.

In another sign of policy continuity, Bank of Japan (BoJ) Governor Haruhiko Kuroda reiterated the central bank's commitment to its ultra-loose monetary policy, stating that it will not hesitate to take additional easing steps as necessary. The yield on the 10-year Japanese government bond fell to 0.23% from 0.24% at the end of the previous week. With the BoJ's dovish stance diverging from the aggressive tightening pursued by the U.S. Federal Reserve, the yen weakened to around JPY 138.8 against the U.S. dollar (from about 136.1 the prior week), having hit a fresh 24-year low during the week.

Index	15/07/2022	08/07/2022	31/12/2021	Week/Week	Year-to-Date
Dow Jones	31,288.26	31,338.15	36,338.30	-0.16%	-13.90%
S&P 500	3,863.16	3,899.39	4,766.18	-0.93%	-18.95%
NASDAQ 100	11,983.62	11,585.68	16,320.08	3.43%	-26.57%
FTSE 100	7,159.01	7,196.24	7,384.54	-0.52%	-3.05%
Euro Stoxx 50	3,477.20	3,484.71	4,298.41	-0.22%	-19.10%

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.

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