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Understanding “Fed Speak”

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ANALYST INSIGHT

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Understanding Fed Speak

Introduction – The role of the Federal Reserve

Since the beginning of the pandemic, the United States Federal Reserve has been at the forefront of the news cycle due to their role in controlling and influencing the overall economic, and more specifically, the investing landscape worldwide. Before commenting on the actions taken by the Federal Reserve following the pandemic, the Federal Reserve System must be understood. The United States Federal Reserve, commonly referred to as *The Fed*, is the central bank of the United States of America. It is responsible for centrally controlling the monetary system of the United States and the globe's reserve currency. Notably, the Fed is the most influential central bank in the world. The Fed was created in 1913, to alleviate financial shocks and crises through key monetary policy tools. The Fed works to promote a strong U.S. economy to target maximum employment and maintain stable prices. These two primary goals are referred to as the Fed's *"dual mandate"* and are currently defined as sustaining the lowest level of unemployment that the economy can support while maintaining a stable inflation rate of 2% per year.

What is Fed Speak?

The Federal reserve is managed by a board of governors selected by the president of the United States. The head of the Federal Reserve is the Chair of the Board of Governors. Possibly the most influential Chair was Alan Greenspan who served as Chair from 1987 to 2006. Alan Greenspan is the reason for the now common term *"Fed Speak"*. Fed Speak describes Greenspan's tendency to make ambiguous, and wordy statements as an intentional strategy to influence market reaction to the actions of the Federal Reserve. The benefit of this strategy is to manage investor and public expectations regarding current and future monetary policy. Through essentially confusing investors about future Fed moves, eventual policy decisions will carry a greater impact as markets would have been unable to adjust asset prices to future expectations. Essentially if markets did fully adjust to future Fed policy, the effect of the eventual policy decision may do very little to change real economic output and employment.

Naturally, Greenspan's strategy of intentionally confusing market participants was heavily criticized and following his tenure, a different type of strategy was popularized. Ben Bernanke, who replaced Greenspan as Fed Chair, introduced a strategy of forward guidance which gave investors more clear statements of intent for continuing monetary policy. This strategy is still used by the Fed today under incumbent chair Jerome Powell.

Amidst the more transparent way the Fed currently addresses investors, the term *Fed Speak* has evolved to capture the overall technical jargon that is used by the Fed in describing monetary policy.

Keys to Understanding Fed Speak

A basic understanding of the general economic landscape and the monetary tools possessed by the bank can help the average person better understand this very technical speak.

Current Economic Landscape

Inflation has put consumers and businesses in a very difficult situation in 2022. A large contributor to the runaway inflation has been the supply shock caused by the war in Ukraine, however, inflation began reaching decade long highs in mid 2021 as a result of Governments' response to the pandemic. Additionally, in order to preserve demand and economic strength in 2020 following the pandemic shutdowns, the US Fed triggered a period of the easiest monetary policy seen in history. Rates were slashed to zero while the money supply grew by 516%. While this was successful in triggering a V-shaped recovery from the pandemic induced recession, such aggressive increases in money supply naturally led to inflation in 2021. Now that inflation sits above 10% and a recession is looming; the Federal Reserve and Fed Chair Powell's *Fed Speak* has been headline news during 2022.

Monetary Policy Tools

The Federal Reserve sets monetary policy by influencing the federal funds rate; essentially the rate banks charge each other for loans of excess reserves in the US economy. In order to influence this interbank rate, the Federal Reserve has three main tools:

- Open Market Operations-Purchases and sales of U.S. government debt and federal agency securities. The fed can drive rates lower and increase money supply by purchasing assets in the open market, increasing economic activity and inflation. Selling these assets works to tighten policy and reduce inflation.
- Interest rates - The rate charged to commercial banks on loans they receive directly from the Federal Reserve Banks.
- Reserve requirements – The amount of funds that a depository institution must hold in reserve, lower reserve requirements increase money supply, economic activity and inflation while higher reserve requirements tightens supply and reduces inflation.

These tools are referred to every time the Fed Chair speaks as the Fed is currently tightening policy to curtail inflation. A common term for this policy of tightening is *'hawkish'* action by the Fed. The easy monetary policy seen in 2020 is referred to as *'doveish'* Fed policy. The major question at hand is whether the Fed can tighten policy and control inflation while also ensuring a *soft landing*, which simply means tightening while avoiding a recession.

Conclusion

The current actions of the US Federal reserve are critical in influencing the economic outlook worldwide, as well as the resulting movement in the prices of assets across the board including real estate, stocks, bonds and alternative investments. As a result, the Fed is in the news regularly and it is essential that investors can understand the intentions of the Central Bank by being able to parse through the jargon captured by Fed Speak.

Investment Playbook

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Equities

Stock Ticker	Stock Information (As of July 29, 2022)	Analyst Outlook
WISYNCO Wisynco Group Limited	P/E: 18.74x P/B: 4.11x Price: $19.11 Div Yield 1.57%	**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: 7.02x P/B: 1.28x Price: $42.84 Div Yield 1.98%	**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: 9.52x P/B: 1.14x Price: $90.4 Div Yield 2.95%	**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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Stock Ticker	Stock Information (As of July 29, 2022)	Analyst Outlook
LASD Lasco Distributors	P/E: 10.81x P/B: 1.46x Price: $3.13 Div Yield 2.08%	**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
SCIJMD/ SCIUSD Sygnus Credit Investments	P/E: 8.56x / 10.8x P/B: 0.54x / 0.68x Price: $13.66 / $0.11 Div Yield: 2.62% / 2.24%	**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: 31.25x P/B: 4.05x Price: $2.75 Div Yield 0.36%	**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
PROVEN JMD/PROVEN USD Proven Investment Limited	P/E: 13.09x / 12.89x P/B: 0.98x / 0.96x Price: $33.27 / $0.23 Div Yield: 3.52% / 3.43%	**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.

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Stock Ticker	Stock Information (As of July 29, 2022)	Analyst Outlook
Lumber **Lumber Depot Limited**	P/E: 10.56x P/B: 4.6x Price: $2.85 Div Yield 2.11%	**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: 16.59x P/B: 4.52x Price: $2.82 Div Yield 3.9%	**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: 11.83x P/B: 1.35x Price: $99.15 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: 11.14x P/B: 2.19x Price: $4.6 Div Yield 1.58%	**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 29, 2022)	Analyst Outlook
SEP Seprod Limited	P/E: 24.45x P/B: 2.08x Price: $68.22 Div Yield 1.91%	**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: 16.64x P/B: 7.76x Price: $2.33 Div Yield 4.72%	**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: 13.29x P/B: 0.97x Price: $36.01 Div Yield 4.3%	**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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FTNA Fontana Limited	P/E: 21.6x P/B: 5.8x Price: $9.72 Div Yield 1.85%	**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: 27.89x P/B: 18.19x Price: $29.47 Div Yield 2.71%	**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: 13.23x P/B: 23.11x Price: $5.7 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 29, 2022)	Analyst Outlook
MDS Medical Disposable Supplies	P/E: 18.92x P/B: 1.67x Price: $7 Div Yield 1%	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: 11.44x P/B: 1.71x Price: $29.39 Div Yield 1.46%	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: 26.98x P/B: 5.44x Price: $17 Div Yield 0.94%	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: 11.65x P/B: 1.63x Price: $54.63 Div Yield 2.03%	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	27/07/2022	22/07/2022	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	101.63	98.81	2.85%	10.53%	10.62%	-
Money Market	15.36	15.13	1.52%	0.88%	1.55%	3.28%
Income Portfolio	100.00	100.00	-	-	-	4.27%
FX Bond Portfolio (US$)	1.32	1.3127	0.56%	-4.02%	-3.01%	3.68%
Real Estate Portfolio	3,810.29	3,773.74	0.97%	618.83%	594.24%	-
FX Growth Portfolio	0.89	0.89	0.00%	-17.50%	-14.34%	-

"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 29, 2022, the local stock market as measured by the Combined Index advanced week-over-week by 0.12%. The Main Market Index advanced by 0.28%, the JSE Junior Market Index declined by 0.13%, and the JSE USD Equities Index declined by 1.35%. During the week, K.L.E. Group Ltd. was the largest gainer, rising 15.68% to close at $2.14. The biggest decliner was FOSRICH Company Ltd., which fell by 18.16% to close at $3.38.

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 22.58% YTD, outpacing its Main Market counterpart which is down 5.17% YTD.

Overall Market activity resulted from trading in 115 stocks of which 49 advanced, 42 declined and 24 traded firm. Market volume amounted to 39,371,867 units valued at $222,965,387.

The following companies represent the overall volume leaders: -

1. Wigton Windfarm Limited Ordinary Shares with 9,798,830 units (23.84%)
2. Indies Pharma Jamaica Limited Ordinary Shares with 5,374,219 units (13.07%)
3. JMMB Group Limited 7.35% Cumulative Redeemable Preference Share with 5,084,327 units (12.37%)

Revisiting relevant news during the week:

One-on-One Limited Educational Services Limited is planning to raise $358.25 million through the issuance of 380 million shares and listing on the Junior Market of the Jamaica Stock Exchange. The offer is set to open on August 12th.

One-on-One going public

In the last two decades, issues surrounding the environment have become hot-topic discussions in Jamaica from the protection of the Cockpit Country to the intensity and frequency of storms, garbage collection and mangrove destruction.

The economic benefits of environmental protection

Spur Tree Spices has inked a deal with Massy Distributors to help the company to build market share and brand equity in the Caribbean region.

Spur Tree goes after region

JMMB Group is looking to enter the credit card market and expand its payment solutions in Jamaica, the Dominican Republic and Trinidad and Tobago. The financial services conglomerate, which serves over 412,000 clients, launched a payment services division during its 2021/2022 financial year and completed bank standardization across its three operating territories.

JMMB enters credit card market

Melanie Subratie is now the chairman of the country's export marketing and investment promotion agency, Jamaica Promotions Corporation (Jampro). Her appointment to the position took effect on Monday, July 25, following the resignation of Senator Don Wehby on Friday, July 15.

Melanie Subratie appointed chairman of Jampro

Revenue growth across three of Supreme Ventures Limited's (SVL's) business segments contributed to an increase in the company's total gaming income for the six months ending June 30, 2022.

SVL segments push revenue growth

Index	29/07/2022	22/07/2022	31/12/2021	Week/Week	Year-to-Date
JSE Main Market	375,693.41	375,964.66	396,155.61	-0.07%	-5.17%
JSE Junior Market	4,202.31	4,309.11	3,428.30	-2.48%	22.58%
JSE Combined Market	389,065.92	390,279.91	401,130.23	-0.31%	-3.01%
JSE USD Equities Market	209.88	206.35	195.51	1.71%	7.35%
JSE Financial Index	89.64	89.77	98.05	-0.14%	-8.58%
JSE M&D Index	105.47	106.18	100.38	-0.67%	5.07%

INTERNATIONAL DEVELOPMENTS

US

Equities shrug off downbeat GDP report

Stocks posted solid gains despite another outsized 75-basis-point rate hike from the Federal Reserve (Fed) and news that the economy contracted at a 0.9% annual rate in the second quarter. (A basis point is 0.01 percentage points.) A "bad news is good news" dynamic appeared to have taken hold, with investors seemingly penciling in a lower terminal federal funds rate after the second-quarter economic contraction. Growth stocks outperformed value stocks on weakness in the retail sector.

Better-than-feared earnings from tech giants

With 50% of the companies in the S&P 500 Index expected to report earnings during the week, investors focused on quarterly numbers from technology giants such as Amazon.com, Apple, and Google parent Alphabet. Amazon.com and Alphabet jumped on Wednesday after posting better-than-feared earnings results after the market closed on Tuesday.

Fed hikes rates again

All eyes were on this week's Federal Open Market Committee meeting, which concluded with a 75-basis-point rate increase on Wednesday. The FOMC statement noted some softening of spending and manufacturing, and many market participants seemed to interpret Fed Chair Jerome Powell's post-meeting press conference as surprisingly dovish.

Europe

Shares in Europe gained ground, boosted by data showing that the eurozone economy expanded at a higher-than-expected rate of 0.7% in the second quarter. Markets largely shrugged off concerns about rising natural gas prices due to reduced Russian supply. The pan-European STOXX Europe 600 Index ended the week 2.96% higher, while Germany's Xetra DAX Index rose 1.74%, France's CAC 40 Index increased 3.73%, and Italy's FTSE MIB Index returned 5.63%. The UK's FTSE 100 Index returned 2.02%.

Core eurozone bond yields fell as concerns about global growth increased after Russia reduced its gas supplies into Europe. The International Monetary Fund (IMF) downgraded its global growth forecast while the U.S. entered a technical recession. Peripheral government bond yields broadly tracked core markets. UK gilt yields also largely followed core markets but ended the week broadly level.

Japan

Japan's stock markets finished the week slightly lower, with the Nikkei 225 Index declining 0.40% and the broader TOPIX Index falling 0.80%, weighed down by a stronger yen, mixed domestic earnings releases, and the government downgrading its estimates for Japan's economic growth. Global risk appetite over the week was boosted by tentative expectations that the U.S. Federal Reserve may need to slow down the pace of its interest rate hikes, given the U.S. economy contracted for the second straight quarter in the three months ended June 30.

Bank of Japan highlights possible U.S. recession and domestic COVID-19 resurgence as risks

The Summary of Opinions at the BoJ's July monetary policy meeting showed that the central bank considers the prospect of the U.S. economy falling into recession and global financial markets experiencing a negative shock as risks that could affect Japan's economy. On the domestic front, the recent resurgence of COVID-19 has been extremely rapid, and the BoJ will examine how it will affect the financial positions of small and medium-sized firms.

T.RowePrice Market Data

Index	29/07/2022	22/07/2022	31/12/2021	Week/Week	Year-to-Date
Dow Jones	32,845.13	31,899.29	36,338.30	2.97%	-9.61%
S&P 500	4,130.29	3,961.63	4,766.18	4.26%	-13.34%
NASDAQ 100	12,390.69	12,396.47	16,320.08	-0.05%	-24.08%
FTSE 100	7,423.43	7,276.37	7,384.54	2.02%	0.53%
Euro Stoxx 50	3,708.10	3,596.49	4,298.41	3.10%	-13.73%

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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