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Home Bias and Its Impact on Investment Returns

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ANALYST INSIGHT

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Home Bias and Its Impact on Investment Returns

Introduction

In the current environment, marked by uncertainty and increasing recession expectations, some investors may be seeing red or very little returns in their equity portfolio. Can home bias help to improve the returns on one's portfolio or is it limiting it? Home bias refers to the tendency by investors to invest most of their portfolio in domestic equities, rather than diversifying with foreign equities". I would expand this definition to include not just equities, but any asset class, whether it be real estate, fixed income, etc. However, for this article, we will be focusing on equities.

Home Bias – The Good

Those who say home bias is good will likely say this because of the advantage of being closer to the action, therefore generating greater insight into what is currently happening with the investment in real-time and forming a more informed opinion of its prospects. For example, let's take Honey Bun, which sells its products to supermarkets and other customers. If for example, one goes to the supermarket often and consistently sees empty shelves where Honey Bun products are supposed to be or consistently sees multiple customer's trolleys full of Honey Bun products, one may then form an opinion that there is momentum, or at the very least a strong persistence in the demand for the company's products. Additionally, if the prices of Honey Bun's products have increased and yet shelves are still empty and customers are still buying, it further bolsters the idea that the demand for the company's products is not only strong but also not very sensitive to changes in price. Foreign investors are often late to these insights or miss them completely, especially if their information is limited to what they see in the quarterly or annual reports released by the company, as it is not likely to fully reveal the nuances of the market on the ground. It is essential to note that this should not be the only deciding factor in investing, however, this could be a good starting point. Empty shelves could mean supply challenges and increasing prices could reflect broad-based inflation within the economy. It is best to supplement this by further research and analysis of the economy, the industry, and the company itself.

Home Bias – The Bad

On the other hand, others say home bias is not a good thing. They will likely say this because, it limits the investment opportunities available to an investor, opportunities that could provide higher risk-adjusted returns. There is a vast universe of available investments internationally, especially as technology has advanced and the world becomes a much more connected place. Let's look at the data. Over the past three years, the JSE Combined Index declined 27.4%, from 524,421.61 on August 12, 2019, to 380,712.84 on August 12, 2022. While that Index was declining, other Indexes in major regions were increasing at the same time. For example, according to Investing.com, in the United States, the S&P 500 Index has a 3-year return of 50.31%, in the United Kingdom, the FTSE 100 Index has a 3-year return of 6.14%, in the European Union, the Euro Stoxx 50 Index has a 3-year return of 15.05%, in Japan, the Nikkei 225 Index has a 3-year return of 39.90%, in China, the Shanghai Index has a 3-year return of 16.38% and in India, the Nifty 50 Index had a 3-year return of 60.46%. This implies that some exposure to these countries/regions would have helped one's portfolio gain a higher return when compared to a portfolio totally or heavily weighted towards the JSE Combined Index over those three years.

This is not to say that segments of the market could not have outperformed the JSE Combined Index. For example, the Junior Market Index has a 3-year return of 15.42% and there are individual stocks which have even outperformed the index. However, an important note to make here and something investors need to keep in mind is that if one wants to invest in another country, they will now be exposed to additional country risk while at the same time, would be reducing their exposure to concentration risk. Either way, the investor will now have to research that country and, if the information is available, the industry or target market in that country as well, before deploying capital.

Conclusion

There may be merits to both perspectives and at the end of the day, the actions of an investor should be in line with their goals and risk tolerance. Investing is a personal journey and everyone should find what works for them. So, whether you have a home bias or not, whether you think home bias is good or not, ultimately, if an investor is consistently hitting their goals and is pleased with their returns, not much else should matter. New investors may have a smoother learning experience focusing primarily on the local market and getting experience there before moving on to more advanced markets. Experienced investors, on the other hand, in addition to investing locally, may consider opportunities in foreign markets where, as shown earlier, potentially higher returns can be found. Of course, experienced investors should take this course of action if it will aid in hitting their goals. Financial institutions such as Barita are here to help with this by covering and providing research on securities across different markets to help the investor make more informed investment decisions.

Investment Playbook

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Equities

Stock Ticker	Stock Information (As of August 12, 2022)	Analyst Outlook
WISYNCO Wisynco Group Limited	P/E: 16.73x P/B: 3.67x Price: $17.06 Div Yield 1.76%	**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: 11.15x P/B: 1.74x Price: $43.95 Div Yield 1.93%	**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. 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: 11.57x P/B: 1.09x Price: $87.06 Div Yield 3.07%	**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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LASD Lasco Distributors	P/E: 9.62x P/B: 1.33x Price: $2.88 Div Yield 2.26%	**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: 8.29x / 10.87x P/B: 0.52x / 0.69x Price: $13.24 / $0.11 Div Yield: 2.71% / 2.22%	**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 steep discount to its book value per share which we believe is very wrong.
TROPICAL **Tropical Battery Limited**	P/E: 20.78x P/B: 3.66x Price: $2.66 Div Yield 0.38%	**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: 12.82x / 12.61x P/B: 0.96x / 0.94x Price: $32.58 / $0.22 Div Yield: 3.59% / 3.50%	**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 P/E and P/B multiples relative to the market.

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Lumber **Lumber Depot Limited**	P/E: 10.67x P/B: 4.65x Price: $2.88 Div Yield 2.08%	**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 financial year 2022 revenue and net profit are 10.1% and 26.8% higher than financial year 2021 revenue and earnings, respectively. 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: 17.00x P/B: 4.63x Price: $2.89 Div Yield 3.89%	**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: 11.51x P/B: 1.32x Price: $96.42 Div Yield 1.96%	**MARKETWEIGHT** For the financial year ended December 31, 2021, the company reported growth in both the top and bottom lines. 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. However, it should be noted that the inflationary pressures have been negatively affecting the company's margins recently, which are expected to recover over time as inflationary pressures ease. Grace Kennedy Equity Report
LASM Lasco Manufacturing	P/E: 10.38x P/B: 1.88x Price: $4.29 Div Yield 1.69%	**MARKETWEIGHT** Our expectation is for the Company, like others, to continue benefiting from an improving economic backdrop. However, there has been a slowing of revenue growth in the most recent quarterly result when compared to the financial year 2022 revenue growth numbers. This, coupled with reduced gross profit margins in Q1 2023, owing to global supply chain issues and the general inflationary environment results in a marketweight recommendation for LASM at this time. Lasco Manufacturing Equity Report

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Stock Ticker	Stock Information (As of August 12, 2022)	Analyst Outlook
SEP Seprod Limited	P/E: 24.96x P/B: 2.08x Price: $69.50 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 have affected profitability. Over the 6-month period ended June 30, 2022 period, while profits increased, margins have deteriorated. Therefore, the uncertainty regarding the cost of goods remains an ever-present threat to Group profit growth, especially given the current inflationary environment. However, the Group has acquired A.S Bryden which will likely help diversify the Group further. Seprod Equity Report
MAILPAC Mailpac Group Limited	P/E: 16.50x P/B: 9.51x Price: $2.31 Div Yield 4.76%	**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: 13.11x P/B: 0.96x Price: $35.53 Div Yield 4.36%	**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: 21.88x P/B: 5.96x Price: $9.81 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 include a new outlet to bring its footprint to a total of seven locations. In its most recent quarter, Net Profit saw a 43.4% increase over the same quarter in the prior financial year. Further, the 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 increased finance costs, 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: 27.14x P/B: 17.71x Price: $28.68 Div Yield 2.79%	**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: 12.58x P/B: 21.97x Price: $5.42 N/A	**UNDERWEIGHT** As the tourism industry recovers, 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 gross 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 in the near term. ECL Equity Report

Monitoring List

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Equities

Stock Ticker	Stock Information (As of August 12, 2022)	Analyst Outlook
MDS Medical Disposable Supplies	P/E: 19.44x P/B: 1.64x Price: $7.00 Div Yield 1.00%	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: 11.05x P/B: 1.65x Price: $28.40 Div Yield 1.51%	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: 21.13x P/B: 5.59x Price: $19.02 Div Yield 0.84%	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: 11.43x P/B: 1.77x Price: $54.50 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	10/08/2022	03/08/2022	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	93.62	95.05	-1.50%	1.82%	2.10%	-
Money Market	15.33	15.27	-0.39%	-0.68%	1.28%	3.04%
Income Portfolio	100.00	100.00	-	-	-	3.84%
FX Bond Portfolio (US$)	1.34	1.33	0.75%	-2.80%	-2.00%	3.60%
Real Estate Portfolio	3,806.19	3,793.85	-0.33%	618.06%	600.51%	-
FX Growth Portfolio	0.93	0.91	2.20%	-14.48%	-12.35%	-

"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 August 12, 2022, the local stock market as measured by the Combined Index declined week-over-week by 1.37%. The Main Market Index declined by 1.50%, the JSE Junior Market Index declined by 0.17%, and the JSE USD Equities Index declined by 2.88%. During the week, PRODUCTIVE BUSINESS SOLUTIONS LTD 9.75% CUMULATIVE REDEEMABLE was the largest gainer, rising 43.17% to close at $156.05. The biggest decliner was FIRST ROCK REAL ESTATE INVESTMENTS LTD. (USD), which fell by 26.87% to close at $0.05

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 22.90% YTD, outpacing its Main Market counterpart which is up 0.14% YTD.

Overall Market activity resulted from trading in 121 stocks of which 47 advanced, 62 declined and 12 traded firm. Market volume amounted to 86,276,899 units valued at $441,182,354.25.

The following companies represent the overall volume leaders: -

1. Dolla Financial Services Limited Ordinary Shares with 17,868,766 units (20.14%)
2. Wigton Windfarm Limited Ordinary Shares with 10,144,276 units (11.43%)
3. Sagicor Select Funds Limited – Financial with 5,639,684 units (6.36%)

Revisiting relevant news during the week:

CEO of Dolla Financial Services Limited (DOLLA) Kadeen Mairs has written to the board of directors of Access Financial Services Limited (AFS) saying they are "interested in exploring a take-over to acquire full control of Access".
Dolla wants Access Financial Services

Sagicor Real Estate X Fund Limited (XFUND) reported a net profit of $110 million for the six months ended June 30, 2022, compared to a $47 million loss the previous year. This comes on the back of a healthier hotel business as COVID-19 restrictions have eased.
Sagicor X Fund posts half-year profit amid hotel rebound, market jitters

Supreme Ventures Limited (SVL) is waiting to proceed to mediation with rival Goodwill Gaming over a trademark dispute involving its subsidiary Prime Sports Jamaica Limited.
SVL Cash Pot secures injunction and awaits mediation

Guardian Holdings Limited (GHL) and Clarien Group Limited (CGL), both subsidiaries of NCB Financial Group Limited (NCBFG), continue to see improvement in earnings amidst a rebound in tourism and other business activity within the regional economy.
Guardian and Clarien deliver strong performance

FosRich Company Limited (FOSRICH) reported strong growth for the six months ended June 30, 2022, and expects more growth to come with the start of its associated company, Blue Emerald. FosRich reported net profit growth of 160% to $298 million on revenue of $1.8 billion. While only 2% of PVC pipes are exported, solely to Barbados, shipments are becoming more frequent.
FosRich targets export growth

Index	12/08/2022	05/08/2022	31/12/2021	Week/Week	Year-to-Date
JSE Main Market	367,335.68	372,936.80	396,155.61	-1.50%	-7.28%
JSE Junior Market	4,142.42	4,149.55	3,428.30	-0.17%	20.83%
JSE Combined Market	380,712.84	386,014.00	401,130.23	-1.37%	-5.09%
JSE USD Equities Market	194.22	199.97	195.51	-2.88%	-0.66%
JSE Financial Index	88.41	89.43	98.05	-1.14%	-9.83%
JSE M&D Index	101.89	104.35	100.38	-2.36%	1.50%

INTERNATIONAL DEVELOPMENTS

US

Investors welcome encouraging inflation data

Stocks rallied after data showed signs that inflation, while still elevated on an annualized basis, had started to slow, supporting the view that the rise in consumer prices may have peaked. Federal Reserve officials reiterated that the central bank still had work to do in taming inflation, but the market still appeared to lower its expectations for a 75-basis-point (0.75 of a percentage point) rate hike in September. The large-cap S&P 500 Index advanced but did not gain as much ground as the S&P MidCap 400 Index and the small-cap Russell 2000 Index. All the sectors in the S&P 500 advanced, led by energy stocks. Consumer staples lagged.

All eyes were on the July inflation print, given its possible implications for monetary policy, the economy, and markets. Headline consumer price inflation came in flat month over month, down from the 1.3% sequential uptick recorded in June and below the consensus estimate. On an annualized basis, headline inflation was 8.5%. Food prices increased 1.1% sequentially, an acceleration of 0.1 percentage point. However, energy prices dropped 4.6% sequentially, while gasoline prices declined 7.7%. Core inflation, which excludes volatile food and energy costs, was also below estimates and unchanged from the prior month. Meanwhile, the year-over-year increase in the producer price index fell 50 basis points sequentially to 9.8% in July, registering the first pullback in the headline number since April 2020.

Europe

European shares rose as fears of more aggressive interest rate hikes eased. In local currency terms, the pan-European STOXX Europe 600 Index ended the week 1.18% higher. Major indexes also advanced: Germany's DAX Index gained 1.63%, France's CAC 40 Index climbed 1.26%, and Italy's FTSE MIB Index tacked on 1.70%. The UK's FTSE 100 Index increased 0.82%.

Core eurozone government bond yields ended higher. UK and peripheral eurozone government bond yields broadly tracked core markets.

Germany and France provide billions in cost-of-living relief

Several major European countries announced that they would provide more emergency funds to bolster slowing economies and to help citizens tackle the cost-of-living crisis. German Finance Minister Christian Lindner said that the government would offer EUR 10 billion in tax relief. The French parliament passed a support package of EUR 44 billion, including almost EUR 10 billion for nationalizing power company Électricité de France.

UK economy shrinks less than feared; rates may have to rise again, says BoE's Ramsden

The UK economy contracted less than forecast in June when public holidays for Queen Elizabeth II's platinum jubilee celebrations weighed on output. Gross domestic product (GDP) shrank 0.6% compared with the previous month; the consensus forecast had called for a 1.3% contraction. In the second quarter, UK GDP fell 0.1% sequentially. The Bank of England (BoE) expects a recession to begin at the end of the year.

China

China's stock markets ended the week on a mixed note as a flare-up in coronavirus cases offset news of a record trade surplus last month and a central bank report signaling support for growth. The broad, capitalization-weighted Shanghai Composite Index added 1.5% and the blue-chip CSI 300 Index, which tracks the largest listed companies in Shanghai and Shenzhen, inched up 0.8%, Reuters reported.

China reported a record trade surplus of USD 101.26 billion in July, surpassing the USD 90 billion consensus forecast. Exports rose a stronger-than-expected 18% from a year ago, while imports grew a less-than-forecast 2.3%. The consumer price index rose 2.7% in July from a year earlier, while the producer price index gained 4.2%. Both inflation readings came in below economists' expectations. However, consumer inflation quickened in July from June, which T. Rowe Price analysts attributed to higher food prices.

T.RowePrice Market Data

Index	12/08/2022	05/08/2022	31/12/2021	Week/Week	Year-to-Date
Dow Jones	33,761.05	32,794.87	36,338.30	2.92%	-7.09%
S&P 500	4,280.15	4,144.80	4,766.18	3.27%	-10.20%
NASDAQ 100	13,565.87	13,206.06	16,320.08	2.72%	-16.88%
FTSE 100	7,500.89	7,436.81	7,384.54	0.86%	1.58%
Euro Stoxx 50	3,596.49	3,725.39	4,298.41	-3.46%	-16.33%

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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