Understanding Stagflation and How to Invest Through It

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ANALYST INSIGHT

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Introduction

The current economic backdrop is characterized by slowing growth, stubbornly high inflation and tremendous uncertainty, driven by geopolitical tensions in Europe, challenges in the domestic Chinese economy and a shift towards tighter monetary policy by many Central Banks. At the onset of the Covid-19 pandemic, inflation was subdued, declining roughly one (1) percentage point globally amidst a collapse in demand and plunging oil prices driven by a decline in business activity and limitations on travel and social gatherings. Following the lows in mid-2020, global inflation rose sharply on supply chain bottlenecks in energy and key manufacturing inputs. These bottlenecks emerged amidst a sharp rebound in demand, supported by Governments' fiscal initiatives and accommodative positioning by major developed market Central banks. Compounding the inflationary pressure was the invasion of Ukraine by Russia, which contributed to supply shocks in key energy and agricultural commodities. However, global growth has been trending in the opposite direction this year and with increasing concerns of a recession, particularly in the USA, the risk of stagflation has become a worthy consideration.

Understanding Stagflation

When an economy faces slow growth and a high unemployment rate along with inflation, this is generally referred to as stagflation. This is a particularly challenging environment for economic policymakers to face, as initiatives that address one factor, may make things worse for another. Stagflation was first coined by British politician Iain Macleod during a speech at the House of Commons in 1965. This was a time of economic strain in the United Kingdom, with the term simply characterizing the combined effect of economic stagnation and inflation.

The root cause of stagflation is still a point of debate among economists, however, in general, a supply shock tends to precede stagflation. This is often an unforeseen or "black swan" event, such as a dislocation in the supply of oil or a shortage of key manufacturing components not unlike the dislocation outlined above. Before the 1970s, it was commonly believed amongst economists that the relationship between inflation and unemployment was inverse and stable. This was based on data going back to the 1860s illustrating this phenomenon. It was expected that an increase in the demand for goods during economic expansion would drive up prices and this would encourage businesses to expand and hire more employees. On the other hand, in a recession, unemployment would increase amidst lower demand, putting downward pressure on prices and by extension lowering inflation.

The environment that emerged in the 1970s was at odds with these prior assumptions. The Arab oil embargo in 1973 resulted in a tripling of crude oil prices during a period of weakness for the U.S. economy. This period was characterized by growing federal budget deficits, exacerbated by spending on the Vietnam war and Great Society social spending programs geared at reducing poverty, and the collapse of the Bretton Woods agreement pegging advanced economy currencies to the U.S. dollar. Additionally, U.S. monetary policy at the time was relatively dovish as the Federal Reserve prioritized propping up growth at the expense of taming inflation. Conversely, the current approach by the Federal Reserve is much more hawkish, with an apparent resolve to address inflation at the expense of higher unemployment and reduced growth. Notwithstanding, for the time being, inflation remains elevated and is expected to come in above target over at least the next year. Additionally, GDP growth in the U.S. has been negative over the last two quarters, fanning fears of recession and stagflation risk. As such, it is worth considering the ideal investment approach in a stagflationary environment.

Investment Implications of Stagflation

According to Bridgewater Associates, since 1960, globally, during periods of stagflation real estate and equities have produced the worst returns on average, with annualized excess returns (alpha) of -13.8% and -10.2% respectively. Fixed income securities across the spectrum also had negative excess returns, with inflation-linked bonds being the only outlier with a positive return of 4.5%. Commodities were the top performer generally, broadly achieving an average annualized excess return of 10.5%, with gold, producing a return of 17.6%. However, it is essential to note that if the stagflation was accompanied by a tighter policy stance that drives risk premiums and discount rates up, while the ranking of returns across asset classes didn't change, the impact was far more severe, with negative excess returns across the board. Therefore, in such a scenario, while it may not be intuitive, it may be ideal to prioritize liquidity, perhaps with an overweight exposure to shorter-dated government securities.

Conclusion

There is no definitive remedy for stagflation, however, the going consensus among economists is that an increase in productivity sufficient to generate higher growth without additional inflation is ideal. This is expected to leave room for tighter monetary policy which can then be used to tackle the inflation component of stagflation. Such an approach is likely difficult in practice which is why the preference is generally to avoid stagflation at all costs. Given the challenges such an environment presents to investors, it is best to retain excess liquid reserves, with remaining investments skewed towards commodity-backed securities, inflation-linked securities and higher quality short-dated government securities.

Investment Playbook

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Equities

Stock Ticker	Stock Information (As of August 26, 2022)	Analyst Outlook
WISYNCO Wisynco Group Limited	P/E: 17.12x P/B: 3.76x Price: $17.46 Div Yield 1.72%	**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: 10.39x P/B: 1.62x Price: $40.92 Div Yield 2.08%	**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: 11.3x P/B: 1.07x Price: $85.01 Div Yield 3.14%	**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: 10.32x P/B: 1.43x Price: $3.09 Div Yield 2.1%	**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: 8.44x / 11.62x P/B: 0.53x / 0.73x Price: $13.47 / $0.12 Div Yield: 2.66% / 2.08%	**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: 20.23x P/B: 3.57x Price: $2.59 Div Yield 0.39%	**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: 12.87x / 11.98x P/B: 1.29x / 1.2x Price: $33.11 / $0.21 Div Yield: 3.53% / 3.64%	**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: 10.74x P/B: 4.68x Price: $2.9 Div Yield 2.07%	**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: 16.53x P/B: 4.5x Price: $2.81 Div Yield 3.91%	**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: 11.26x P/B: 1.29x Price: $94.38 Div Yield 2.04%	**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: 11.01x P/B: 1.99x Price: $4.55 Div Yield 1.6%	**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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SEP Seprod Limited	P/E: 22.2x P/B: 1.84x Price: $69.04 Div Yield 1.88%	**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: 15.71x P/B: 9.06x Price: $2.20 Div Yield 5%	**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: 12.66x P/B: 0.92x Price: $34.31 Div Yield 4.52%	**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: 20.02x P/B: 5.37x Price: $9.01 Div Yield 2.00%	**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: 28.2x P/B: 18.4x Price: $29.80 Div Yield 2.68%	**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: 13x P/B: 22.7x Price: $5.60 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 26, 2022)	Analyst Outlook
MDS Medical Disposable Supplies	P/E: 16.19x P/B: 1.37x Price: $5.83 Div Yield 1.2%	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: 11.28x P/B: 1.68x Price: $28.98 Div Yield 1.48%	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: 17.72x P/B: 4.69x Price: $15.95 Div Yield 1%	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: 11.22x P/B: 1.74x Price: $53.51 Div Yield 2.07%	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	26/07/2022	18/08/2022	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	91.82	93.42	-1.71%	-0.14%	0.64%	-
Money Market	15.18	15.5082	-2.12%	-0.29%	0.26%	3.44%
Income Portfolio	100.00	100.00	-	-	-	4.44%
FX Bond Portfolio (US$)	1.3425	1.3417	0.06%	-2.59%	-1.91%	3.59%
Real Estate Portfolio	3,805.43	3,786.55	0.50%	617.91%	604.65%	-
FX Growth Portfolio	0.91	0.93	-1.71%	-15.52%	-13.65%	-

"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 26, 2022, the local stock market as measured by the Combined Index increased marginally week-over-week by 0.16%. The Main Market Index increased by 0.003%, the JSE Junior Market Index increased by 1.65%, and the JSE USD Equities Index advanced by 6.60%. During the week, Margaritaville (Turks) Ltd. was the largest gainer, rising 42.76% to close at US$0.15. The biggest decliner was TTECH Limited, which fell by 12.98% to close at $2.95.

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 21.59% YTD, outpacing its Main Market counterpart which is down 8.48% YTD.

Overall, Market activity resulted from trading in 62 stocks of which 31 advanced, 24 declined and 7 traded firm. Market volume amounted to 83,103,355 units valued at over $534,563,757.09.

The following companies represent the overall volume leaders: -

1. WIGTON WINDFARM LIMITED ORDINARY SHARES with 15,422,392 units (27.67%)
2. TRANSJAMAICAN HIGHWAY LIMITED with 8,321,560 units (14.93%)
3. PORTLAND JSX LIMITED with 7,001,832 units (12.56%)

Revisiting relevant news during the week:

President of MoneyMasters Limited, Claudette Crooks (seated) signed an agreement appointing VM Wealth Management Limited as its lead broker.
MONEYMASTERS SIGNS VM WEALTH AS ITS LEAD BROKER

SAGICOR Financial Company Limited's (SFC) net profit attributable to shareholders grew by 278 per cent to US$35.28 million ($5.43 billion) during its second quarter (April to June), as total net revenue climbed 30 per cent to US$672.31 million ($103.42 billion) despite being impacted by market volatility during the period.
Sagicor Financial triples second-quarter profit

The Central Bank is projecting weaker growth in deposit takers' offerings of private sector credit over the next eight quarters. The bank is also forecasting tighter liquidity conditions and a contraction in economic activity over the period.
BOJ forecasts weaker lending

Following its record initial public offering (IPO) which saw more than $3 billion in offers over 15,000 applications, One-on-One Educational Services Limited's basis of allotment has been published for the various pools of investors who bought into the offer.
One-on-One basis of allotment out

Food and logistics conglomerate Jamaica Producers Group has said that despite the myriad of macroeconomic challenges in the global environment, it will continue to build up capabilities as it goes after increased growth in the months ahead.
Jamaica Producers building capacity for growth

Barbados-based regional insurance company Sagicor Financial Company Limited, SFC, has announced its purchase of ivari, a Canadian individual life insurer, in a C$325-million deal.
Sagicor Financial buys Canadian life insurer

Index	26/07/2022	19/07/2022	31/12/2021	Week/Week	Year-to-Date
JSE Main Market	362,545.21	362,534.06	396,155.61	0.003%	-8.484%
JSE Junior Market	4,168.38	4,100.81	3,428.30	1.65%	21.59%
JSE Combined Market	376,467.22	375,849.10	401,130.23	0.16%	-6.15%
JSE USD Equities Market	213.53	200.31	195.51	6.60%	9.22%
JSE Financial Index	87.15	86.48	98.05	0.77%	-11.12%
JSE M&D Index	100.44	101.55	100.38	-1.09%	0.06%

INTERNATIONAL DEVELOPMENTS

US

Rate worries drive stocks sharply lower

Stocks moved sharply lower—if in a week of mostly light summer trading—as investors became less optimistic that the Federal Reserve will be able to tame inflation without causing a significant economic slowdown. Technology and other high-growth stocks fared worst in this environment, and the tech-heavy Nasdaq Composite Index fell to its lowest level in a month. Rising oil prices fed into inflation worries but also boosted energy stocks. T. Rowe Price traders noted that Wednesday was the slowest session of the year so far based on shares traded.

Powell is resolutely hawkish

Most of the market's moves came at the end of the week as central bankers gathered at the Kansas City Fed's annual symposium in Jackson Hole, Wyoming—and most of investors' focus appeared to center around Fed Chair Jerome Powell's speech on Friday morning. According to T. Rowe Price U.S. Economist Blerina Uruçi, Powell's comments were "resolutely hawkish," and she confirmed that he perceives taming inflation as the bedrock of the recovery. Nevertheless, Uruçi believes that the Fed is unlikely to move official short-term rates above 4% by the end of the year as the U.S. economy feels the lagged impact of monetary policy and in anticipation of a recession in Europe and a sharp slowdown in China.

Europe

Shares in Europe fell as fears intensified that the efforts of key central banks to subdue inflation could deepen an economic downturn. In local currency terms, the pan-European STOXX Europe 600 Index ended the week 2.58% lower. Major stock indexes also declined. Germany's DAX Index tumbled 4.23%, France's CAC 40 Index declined 3.41%, and Italy's FTSE MIB Index slid 2.84%. The UK's FTSE 100 Index lost 1.63%.

Core eurozone government bond yields moved higher amid rising expectations of more sharp increases in interest rates and data indicating economic activity is stalling. Peripheral eurozone and UK government bond yields broadly tracked core markets.

T.RowePrice Market Data

Top 5 Things to watch in Markets in the Week Ahead

1. **Nonfarm payrolls -** The final employment report before the Fed's September 20-21 meeting will be keenly anticipated by market watchers trying to figure out whether the central bank can pull off an economic slowdown without triggering a recession as it battles to tame inflation.

2. **Other data -** Ahead of Friday's jobs data the U.S. is set to release a report on JOLTs Job Openings for July on Tuesday, with economists expecting job openings to remain high, pointing towards still solid demand in the labor market.

3. **Stock market volatility -** Wall Street ended Friday with all three benchmarks down more than 3% as investors absorbed Fed Chair Jerome Powell's Jackson Hole speech. The S&P 500 was in a bear market after plunging in the first half of the year as investors priced-in aggressive Fed rate hikes, but the index has rebounded since June, recouping half its losses for the year.

4. **Eurozone CPI -** The Eurozone is to release CPI figures for August on Wednesday with annual inflation expected to accelerate to 9.0% from 8.9% in July, well above the ECB's 2% target. The data will likely add to pressure on the ECB to hike rates aggressively at its upcoming September meeting even amid the mounting risk of a recession.

5. **China PMIs -** China is to publish official PMI data for August on Wednesday after an unexpected contraction in business activity in July triggered by lockdowns under China's draconian zero-COVID policies. The Caixin private sector PMI is due to be released the following day and is also at risk of slipping into contraction territory.

Index	26/07/2022	19/07/2022	31/12/2021	Week/Week	Year-to-Date
Dow Jones	32,284.65	33,706.74	36,338.30	-4.22%	-11.16%
S&P 500	4,057.99	4,228.48	4,766.18	-4.03%	-14.86%
NASDAQ 100	12,606.37	13,242.90	16,320.08	-4.81%	-22.76%
FTSE 100	7,426.92	7,550.37	7,384.54	-1.64%	0.57%
Euro Stoxx 50	3,603.68	3,730.32	4,298.41	-3.39%	-16.16%

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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