DECEMBER 2022 | EDITION #1

Barita 45TH ANNIVERSARY

WEEKLY NEWSLETTER

December 19, 2022

Analyst Insight

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Credit Spreads

Introduction - What are Credit Spreads?

A Credit spread is the difference in the yield of fixed-income securities, with similar maturities but different credit quality. The yield of a fixed income is the return on an instrument relative to its par value. The credit spread is often an indication of the risk premium an investor will/can receive for investing in a credit of lower security or quality. An example of this would be a 10-year US treasury yielding 4% and a 10-year Corporate Bond yielding 8%. The credit spread between the two instruments would be 4%, measured as 400 basis points (100 basis points being equal to 1%). The higher yield on the corporate bond is a result of the increased risk associated with the exposure relative to the US government bonds, which are considered effectively risk-free, due to the extremely low likelihood of default. The fixed-income market, particularly the bond market, is closely watched by investors as it can be an indicator of short to medium-term economic stress. This is partly because of the 'reflexive feedback mechanism' in corporate fixed-income securities, in which the fear of default causes yields to rise, increasing refinancing risk, and thus increasing the likelihood of default. Since companies are more likely to default amidst a slowing economy, their related credit risk increases.

Credit Spreads and Investor Sentiment

Generally, credit spreads tighten when improving economic conditions are expected and widen when economic conditions are expected to worsen. In market downturns, investors typically allocate funds and shift portfolio exposure to less risky investments, creating a demand for lower-risk securities such as US Treasury Notes. The price and yield of fixed-income securities have an inverse relationship, denoting that as the price for US treasury notes increase the yield decreases. As the demand for these securities increase, the price also increases, as investors are willing to accept a lower yield for lower risk. Conversely, higher-risk fixed-income securities such as high yield corporate debt experience an increase in yield relative to government securities, as investors rotate to safer assets, dampening demand for these securities. This creates a widening of credit spreads, usually indicating heightened risk in the overall credit market and worsening economic conditions. In a market upturn, usually aided by a low-interest rate environment, systematic risk tends to decline amidst improved conditions, as such, a general decline in interest rates typically materializes. Against this backdrop, the demand for yield drives an increase in the appetite for riskier fixed-income securities relative to treasuries, which contributes to a narrowing of credit spreads. Narrowing credit spreads suggest that there is less risk in credit markets, as low rates allow companies to access capital at cheaper rates, and therefore, fueling potential growth. Typically, a tightening of credit spreads usually creates tailwinds for the equities market. As the cost of debt capital decreases, the discount rate also decreases as the compensation for risk in equities is weighed against that of the fixed income market.

An example of this would have been seen in March 2020 when the Covid-19 virus first made strides outside China's borders. As the probability of default in corporate debt began to increase, spreads widened significantly as investors flocked toward US Treasuries and Investment Grade Corporate Bonds. This, however, was short-lived as the Federal Reserve through its monetary policy toolkit simultaneously initiated quantitative easing and cut its policy rate. This saw the Fed expanding its balance sheet, primarily with the purchase of government securities. This caused credit spreads to contract quickly, as the yields on risk-free assets decreased, causing investors to seek yield in higher-risk securities. Coinciding with the historically low rates in the high yield and investment grade markets, the S&P500 saw its highest returns since 2013, amidst a pandemic with the 2021-year-end return totaling 26.61%. As inflation began to loom, stemming from the pandemic related supply shock and fiscal stimulus by the US government, credit spreads started to widen, as it became clear to investors that the Fed would eventually have to increase their policy rate, and risk in credit markets would re-emerge as short-term borrowing costs increased.

Conclusion

Credit spreads generally indicate the additional risk that lenders take when they buy corporate bonds compared to government securities of the same maturities. Spreads can also be used to compare relative value or conditions in corporate bonds of different credit quality to assess the value of investment opportunities within the context of the broader the economic climate. Though the spreads between corporate and government securities are not a holistic economic indicator, the relative appetite for fixed income of varying quality and the level of accompanying risk exhibited in the bond markets can be incorporated with other information to extract insight as to where investors perceive current and future market conditions.

Investment Playbook

EQUITIES

Stock Ticker	Stock Information (as at December 16, 2022)	Comments
WISYNCO Wisynco Group Limited	P/E: 14.13x P/B: 3.25x Price: $16.53 Div Yield 1.81%	**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: 6.28x P/B: 1.32x Price: $31.42 Div Yield 2.71%	**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. JMMBGL's price has declined by 15.7% YTD which provides investors with an opportunity to acquire JMMBGL shares at a more attractive price. The the long-term outlook for the company and the stock remains favorable, buoyed by an expanding regional footprint. JMMB Equity Report
MASSY Massy Holdings Limited	P/E: 8.84x P/B: 1.02x Price: $79.99 Div Yield 3.34%	**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

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LASD Lasco Distributors	P/E: 9.05x P/B: 1.34x Price: $2.891 Div Yield 2.25%	**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: 11.96x / 14.71x P/B: 0.73x / 0.87x Price: $12.36 / $0.10 Div Yield: 2.90% / 2.49%	**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. Sygnus has demonstrated their commitment to growth and being the market leader in the regional private credit space with their acquisition of a Puerto Rico-based, private credit firm, Acrecent Financial in Q3 of their financial year. The stock trades at significant discount relative to peers both from a P/E perspective and a P/B perspective. At present, given Sygnus' strong current and expected future growth, the market is pricing Sygnus at a steep discount to its book value per share.
TROPICAL Tropical Battery Limited	P/E: 18.98x P/B: 3.35x Price: $2.43 Div Yield 0.41%	**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

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PROVENJMD/ PROVENUSD Proven Group Limited	P/E: 15.70x / 17.43x P/B: 1.05x / 1.11x Price: $26.01 / $0.19 Div Yield: 4.50% / 4.11%	**OVERWEIGHT** Proven has shown a decline in profitability throughout the current financial year, a performance driven by lower share of earnings of associates and higher operating expenses. The company continues to demonstrate its appetite for growth through acquisitions as evidenced by the recent 100% acquisition of Fidelity Bank (Cayman). The company has a history of acquiring companies with accretive value. We expect that profit margins will improve in the future as one-off spending related to recent acquisitions pass.
LUMBER Lumber Depot Limited	P/E: 10.04x P/B: 3.10x Price: $2.31 Div Yield 2.60%	**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 Depot Equity Report
LAB The Limners and Bards Limited	P/E: 15.56x P/B: 4.10x Price: $2.49 Div Yield 4.42%	**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

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JBG Jamaica Broilers Group Limited	P/E: 7.00x P/B: 1.56x Price: $30.04 Div Yield 1.43%	**OVERWEIGHT** JBG's financial performance has rebounded nicely from the lows seen in FY2020, driven by the recovery in the Jamaican economy and tourist arrivals, coupled with JBG's growing presence in the US market and the increasing production of the Best Dressed Chicken line of products. Despite efforts made to decrease the impact of its Haiti operations, it continued to weigh on group performance. Positive results from expansion into the United States and recovery in Jamaican operations have offset poor performance in Haiti, resulting in increased sales and profitability in FY2022, as well as a return to operating cash inflows. Jamaica Broilers Group Equity Report
GK GraceKennedy Limited	P/E: 10.24x P/B: 1.15x Price: $80.00 Div Yield 2.41%	**MARKETWEIGHT** For the nine months ended September 30, 2022, GK reported significant top-line growth, however, margin deterioration contributed to a decline in the bottom line. Revenues increased by 12.2% and profits remained flat as operating expenses grew at a rate of 13.6%. The company cited challenges presented by high inflation globally, sustained supply chain issues, increasing interest rates, and foreign currency volatility as issues that have affected profit margins. GK continues to advance its merger & acquisition (M&A) strategy, following the acquisition of Bluedot in the second quarter of 2022, the company continues to seek M&A transactions locally and internationally. These acquisitions stand to add more diversity and growth to the company's earnings. GraceKennedy Group Equity Report
LASM Lasco Manufacturing	P/E: 9.07x P/B: 1.64x Price: $3.39 Div Yield 1.85%	**MARKETWEIGHT** Our expectation is for the Company, like others, to continue benefiting from an improving local economic backdrop. There has been an increase in the revenue growth rate for the six months ended September 30, 2022, when compared to the financial year ended June 30, 2022. However, this was partially offset by a slight reduction in the gross profit margin, owing to global supply chain issues and the general inflationary environment. Lasco Manufacturing Equity Report

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SEP Seprod Limited	P/E: 20.20x P/B: 1.84x Price: $70.10 Div Yield 1.85%	**MARKETWEIGHT** Seprod has experienced a deterioration in its cost of sales, owing to global supply chain issues and other inflationary pressures. Despite this, instead of raising prices to consumers by a similar magnitude, Seprod has absorbed some of these costs which have affected profitability. Profits have increased over the 9-month period ended September 30, 2022, however, margins have deteriorated. Therefore, the uncertainty regarding the cost of goods remains a threat to Group profit growth, especially given the current inflationary environment. The Group has acquired A.S Bryden, which will diversify the Group's revenue further and is expected to be accretive. Seprod Equity Report
MAILPAC Mailpac Group Limited	P/E: 14.79x P/B: 8.85x Price: $2.07 Div Yield 5.31%	**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 Group Equity Report
SGJ Scotia Group Jamaica Limited	P/E: 10.66x P/B: 0.95x Price: $32.51 Div Yield 4.77%	**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. The group has made an accelerated effort to digitize its business in line with its digital strategy to drive efficiency and better service customer needs. SGJ is looking to further consolidate its operations and funnel investments in core operations through technology and talent, while also looking to enter new markets and launch new products. 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 Fontan Limited	P/E: 17.08x P/B: 4.84x Price: $8.71 Div Yield 2.07%	**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 43.3% 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: 27.98x P/B: 18.52x Price: $29.83 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: 45.69x P/B: 16.14x Price: $5.00 Div Yield N/A	**MARKETWEIGHT** ECL has seen improved performance as the tourism industry rebound, following the pandemic, has been robust. 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. While we do expect the tourism industry to continue to recover, driving ECL's revenues to grow and likely surpass pre-covid levels by FY2023/FY2024, the inflationary pressures can not be ignored. Longer-term we do expect the company to reap the benefits of their expanded footprint within the Sangsters International Airport as well as the return to trend growth in stopover arrivals. ECL Equity Report

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Investment Playbook

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Stock Ticker	Stock Information (as at December 16, 2022)	Comments
VMIL Victoria Mutual Investments Limited	P/E: 20.47x P/B: 1.94x Price: $3.89 Div Yield 3.98%	**OVERWEIGHT** Victoria Mutual has recently rebranded under the "VM Group". By association, there has been implications for VMIL. For example, the Company has been significantly more active in the capital markets through its investment banking arm. We expect continued growth in the investment banking space will add considerable value to the Company's bottom line which has already shown clear improvement throughout FY2021. VMIL Equity Report

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Monitoring List

EQUITIES

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MDS Medical Disposable Supplies	P/E: 14.67x P/B: 1.22x Price: $5.28 Div Yield 1.33%	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.
SOS Stationery & Office Supplies Limited	P/E: 11.33x P/B: 3.69x Price: $13.03 Div Yield 1.23%	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: 12.99x P/B: 1.78x Price: $48.32 Div Yield 2.30%	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" represents stocks that are on our radar as our initial expectation for these companies is positive. However, no official recommendation is presented as these stocks are still being evaluated.*

Unit Trust

Unit Trust Fund	15/12/2022	07/12/2022	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	89.91	90.23	-3.24%	-2.22%	2.30%	-
Money Market	15.51	15.4977	0.08%	1.87%	0.93%	4.28%
Income Portfolio	100.00	100.00	-	-	-	4.77%
FX Bond Portfolio	1.34	1.3395	0.12%	-2.77%	-2.30%	4.07%
Real Estate Portfolio	5,215.92	5,219.00	-0.02%	884.01%	919.56%	-
FX Growth Portfolio	0.8710	0.8606	-3.41%	-19.50%	-19.16%	-

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

Warren Buffett

LOCAL EQUITY MARKET

For the week ended December 16, 2022, the local stock market as measured by the Combined Index declined by 0.07%. The Main Market Index declined by less than 0.01%, the JSE Junior Market Index declined by 0.67%, and the JSE USD Equities Index advanced by 2.06%. During the week, Palace Amusement Co. Ltd was the largest ordinary equity gainer, rising by approximately 150.47% to close at $1,552.89. The biggest decliner was Ironrock Insurance Company Limited, which fell by 25.00% to close at $1.80.

Small-cap stocks, reflecting those listed on the Junior Market Index have outperformed, growing by 13.57%, outpacing its Main Market counterpart which has declined 14.49%. It must be noted that the Junior market has retreated from its highs achieved during the summer.

For the week ended December 16, 2022, overall market activity resulted from trading in 125 stocks, of which, 61 advanced, 47 declined and 17 traded firm. Market volume amounted to 118,265,018 units valued at over $881,226,781.24. Wigton Windfarm Limited Ordinary Shares was the volume leader with 31,084,417 units (26.13%) followed by JFP Limited with 26,798,231 units (22.53%) and Jamaica Broilers Group Limited with 8,236,416 (6.92%).

Revisiting relevant news during the week:

Jamaica Broilers earnings climb despite Haiti write-off
Jamaica Broilers Group, JBG, has posted $842 million in earnings for the second quarter ended October, a more than forty per cent gain despite a write-off of $1.04 billion during the quarter for the discontinuation of operations in Haiti. The performance for the quarter was led by revenue, which climbed from $18 billion to $23 billion.
Jamaica Broilers earnings climb despite Haiti write-off

VMIL buys BPO property at Barnett tech park
Victoria Mutual Investments Limited, VMIL, has acquired commercial property utilised as a call centre at the Barnett Technology Park, an outsourcing hub in Montego Bay.
VMIL buys BPO property at Barnett tech park

Scotia profit spikes, but capital dips
Scotia Group Jamaica Limited, SGJ, increased its net profit by more than a third, but its capital dipped marginally due to reduced fair valuations of certain assets at year ending October. The financial group, which operates a bank, investment brokerage, insurance company and building society, made $11.7 billion in net profit, up 35 per cent on the $8.6 billion reported in 2021. It will pay a dividend of 35 cents per share in January 23.
Scotia profit spikes, but capital dips

Eppley Caribbean acquires Norbrook's stake in Spanish Town Road property
Eppley Caribbean Property Value Fund, CPFV, has acquired Norbrook Equity Partner's 50 per cent interest in a three-acre property at 693 Spanish Town Road, Kingston, giving it full ownership of the industrial asset. Eppley Caribbean and Norbrook first brokered a deal to acquire the property back in 2020.
Eppley Caribbean acquires Norbrook's stake in Spanish Town Road property

JP Farms tests coconut exports
According to General Manager Mario Figueroa, the company has been exporting to a customer in Connecticut, USA, but indicated plans to expand the trade of the nuts into the rest of North America.
JP Farms tests coconut exports

Massy buys Florida supermarket chain
Massy Holdings Limited has acquired full ownership of Rowe's IGA Group, operator of a supermarket chain in the United States, for US$47 million. Rowe's has seven supermarkets spread across Jacksonville in northeast Florida. The acquisition was completed on December 12, Massy said in a market filing.
Massy buys Florida supermarket chain

Index	16/12/2022	09/12/2022	31/12/2021	Week/Week	Year-to-Date
JSE Main Market	338,773.99	338,788.73	396,155.61	0.00%	-14.49%
JSE Junior Market	3,893.49	3,919.75	3,428.30	-0.67%	13.57%
JSE Combined Market	351,765.66	352,014.14	401,130.23	-0.07%	-12.31%
JSE USD Equities Market	231.39	226.71	195.51	2.06	18.35%
JSE Financial Index	80.40	80.85	98.05	-0.56%	-18.00%
JSE M&D Idex	95.56	94.90	100.38	-0.70%	-4.80%

INTERNATIONAL DEVELOPMENTS

U.S.

Stocks take a round trip as investors focus on inflation and interest rates

Intensified fears over rising interest rates pushed the S&P 500 Index lower for a second consecutive week and to levels last seen in early November. Nearly every sector within the index recorded sharp losses with the exception of energy shares, which were supported by a partial rebound in oil prices.

Two highly anticipated announcements during the week appeared to send sentiment in opposite directions—much higher at the start of the week and sharply lower at its end. The first was the release of the consumer price index (CPI) before trading began on Tuesday. The data showed that headline inflation rose only 0.1% in November from October, bringing the year-over-year gain to 7.1%. That is still well above the Federal Reserve's long-term 2% inflation target, but the lowest level since December 2021. Core (less food and energy) inflation rose 0.2%, a tick below consensus expectations and largely driven by housing costs, which are already showing signs of cooling.

Policymakers expect the federal funds rate to move above 5% in 2023

Many investors assumed that the good news on inflation would have a notable impact on Fed policy, but the release of the December policy meeting statement on Wednesday afternoon, followed by Fed Chair Jerome Powell's press conference, sent stocks sharply lower. While, as widely expected, the Fed slowed its pace of rate increases by announcing a 50-basis-point (0.50 percentage point) increase in the federal funds target rate—the four previous meetings each brought rate increases of 75 basis points (0.75 percentage point)—the official statement reiterated that ongoing rate increases are likely.

Europe

ECB reduces size of rate hikes but suggests higher peak; PMI slump eases

The European Central Bank (ECB) raised its key interest rate by 0.5 percentage point to 2%. Although the increase was less than the three-quarter-point hike implemented at the two previous meetings, ECB President Christine Lagarde said rates "will still have to rise significantly at a steady pace to reach levels that are sufficiently restrictive" to bring inflation back down to the central bank's 2% target. The ECB also said it plans to shrink the portfolio accumulated as part of its Asset Purchase Programme by an average of EUR 15 billion per month, starting next March and running through the end of the second quarter.

UK

BoE raises key rate for ninth time, more hikes likely

The Bank of England (BoE) hiked its key interest rate by 0.5 percentage point—the ninth consecutive increase—to a 14-year high of 3.5%. The Monetary Policy Committee, which voted 6–3 in favor of the move, said "further increases" may be required to quell inflation. Governor Andrew Bailey noted in a letter to finance minister Jeremy Hunt that UK inflation may have peaked. The BoE also forecast that the economy would shrink 0.1% in the final quarter of the year, less than its November estimate, which had called for 0.3% contraction.

China

COVID lockdowns weigh on data

Although China recently lifted some of its more onerous coronavirus restrictions, the country's economic reopening is expected to be bumpy. Recent reports have noted that economic activity remains depressed as concerns about the virus's spread have discouraged people from resuming their normal activities, while rising infections have left many businesses facing labor shortages.

T.RowePrice Market Data

Index	16/12/2022	09/12/2022	31/12/2021	Week/Week	Year-to-Date
Dow Jones	32,920.47	33,476.46	36,338.30	-1.66%	-9.41%
S&P 500	3,852.36	3,934.38	4,766.18	-2.08%	-19.17%
NASDAQ 100	11,243.72	11,563.33	16,320.08	-2.76%	-31.10%
FTSE 100	7,332.12	7,476.63	7,384.54	-1.93%	-0.71%
Euro Stoxx 50	3,804.02	3,942.62	4,298.41	-3.52%	-11.50%

ABOUT US

> **Barita Investments Limited**, is a publicly-traded company on the JSE, 74.3% owned by Cornerstone Financial Holdings Limited ("Cornerstone").

The Barita Group is made up of Barita Investments Limited and its subsidiary, Barita Unit Trusts Management Company Limited (BUTM). Founded by Rita Humphries-Lewin in 1977, Barita has the distinction of being one of the oldest stock brokerages in Jamaica. The Company is regulated by the Financial Services Commission (FSC), is a member of the JSE and is licensed as a Primary Dealer and Cambio Dealer by the Bank of Jamaica (BOJ or the Central Bank). In August 2018, Cornerstone Financial Holdings Limited (Cornerstone or CFHL) acquired majority shares in Barita and has supported the Company's mission and vision to be a premier investment force in Jamaica and the wider Caribbean.

OUR PRODUCTS AND SERVICES INCLUDE:

- Stock Market investments on any of the three regional exchanges
- Fixed Income Trading
- Investment Banking Services
- Unit Trust Investments
- Currency Trading
- Structured Products
- Retirement Planning
- Wealth Planning
- Market Research

BUTM currently offers six (6) unit trust products spanning fixed income, equities and real estate and is recognised as a strong player in the middle market retail segment and a leader in unit trust performance.

Barita serves its clients island-wide through its Head Office in Kingston and branches in Mandeville and Montego Bay with a team of 163 members across its operations island-wide.

Contact us
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