MARCH 2023

EDITION #1

Barita 45TH ANNIVERSARY

WEEKLY NEWSLETTER

March 06, 2023

Analyst Insight

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The U.S. Debt Ceiling

Introduction

In its simplest terms, The Debt ceiling is the limit on how much the US Government can borrow. The US treasury essentially pays the country's bills by collecting revenue from taxes. When spending exceeds the income collected, this leads to a deficit, which is covered by the issuance of government fixed-income securities. However, The United States Congress has imposed a cap on the nominal value of securities the treasury can issue. If borrowings were to dry up, then payments such as social security, medical care benefits, and near-term interest on national debt would be at risk. The US is currently at its ceiling of $31.4 trillion US dollars, which has some market participants worried about a potential debt crisis. Notwithstanding, the US over the last few decades has come close to hitting this limit, but congress has always raised this ceiling, thus allowing the treasury to issue new securities. In 2011 congress came close to exhausting the treasury's spending capacity, which led to the US national debt being downgraded for the first time in its history, moving from AAA to AA; with the downgrade being attributed to political risk. Since 2011 the ceiling has been lifted a total of nine times (2011-2021). Given that Government spending is at an all-time high, outpacing the increase in revenue, the US is expected to run a deficit of US$1 trillion in 2023, which has garnered attention on the topic of the US outstanding debt.

Will the U.S. Avoid default?

The US Treasury secretary Janet Yellen, in January 2023 stated that with current cash on hand and 'extraordinary measures', the treasury can remain under the debt limit until June 2023. When the treasury utilizes extraordinary measures it - suspends reinvestments of government funds; suspends new investments of civil services, disability, and postal services retiree health funds, while redeeming existing ones; and suspend reinvestments held by the Exchange Stabilization Fund. The breach of the debt ceiling could occur between July and September. If the debt ceiling is breached, the US will not be able to issue more government debt, which would cause the treasury to cut back spending in other areas such as federal programs. Eventually, it will not be able to pay interest on this debt or social security instruments, resulting in a sovereign default. It is important to note that the US has never defaulted on its debt throughout its history.

As the issue of the debt ceiling looms going into summer 2023, congress has two primary options – the first being to raise the ceiling, which it always has, or to remove the ceiling altogether. The conversation surrounding the debt ceiling amongst congress in recent times has been used as a means of political leverage, with the Democratic Party having the belief that the decision to lift the ceiling should be bipartisan, while the Republican party believes that there are better ways to navigate how the US deals with its debt, with a view on strategic spending cuts.

As mentioned earlier, the US experienced a downgrade in its credit rating in 2011 as the decision to raise the debt ceiling came at the doorstep of the US defaulting. Investors and economists are worried that the same dynamics will come into play once again, as the republican party remains undecided on the issue. We will most likely see negotiations finalize as the window narrows towards the deadline. If a decision is not made at that time, the US could potentially default, which would be catastrophic for global markets. A default would precipitate a downgrade in the nation's credit rating, leading to higher borrowing costs. As the benchmark cost of borrowing increases, mortgages, other loans and fixed-income securities would also see higher interest rates. Retirement, insurance, and other funds as well as foreign individual and institutional investors globally holding US treasury bonds would suffer, and federal programs would most likely see a slowdown or near shutdown. This may have negative implications for the dollar as investors search for an alternative safe haven during the fallout. . Also, as government spending declines, aggregate demand would fall, eventually cascading into higher unemployment, likely resulting in broad-based economic turmoil along the way. The Republican party however has stated that a default on the national debt is not an option, leading there to be some confidence that the ceiling will either be raised or abolished and potentially accompanied by budget cuts.

Conclusion

Government debt usually increases exponentially in a period where significant spending or investment is needed in the economy. The Covid-19 pandemic prompted the creation of government stimulus packages to provide relief throughout the crisis. During the pandemic, the US spent a total of approximately USD 5 trillion on individual relief packages which contributed to the US debt total over the past three years. The US has the fourth highest debt-to-GDP (~128%) amongst developed nations, coming in behind Japan, Italy, and Greece. The US government has long been regarded as one of the highest quality credits, with the most liquid fixed-income market globally. Despite this, the 5-year US Credit Default Swaps (a credit derivative used to hedge default risk) has risen ~86% in the last six months. This comes on the backend of investors increasing concerns about default and implications for the US currency. Despite the political tottering between parties, both parties are likely aware and in agreement with the domino effect a sovereign default would create and will likely find a favourable short or long-term solution regarding the country's debt capacity.

Investment Playbook

EQUITIES

Stock Ticker	Stock Information (as at March 3, 2023)	Comments
WISYNCO Wisynco Group Limited	P/E: 15.33x P/B: 3.35x Price: $18.09 Div Yield 2.32%	**OVERWEIGHT** Throughout the pandemic, Wisynco has managed to improve its operational efficiency but given the effects of COVID-19 on industries such as tourism and education, the Company was unable to deliver significant revenue growth. Now, with tourism rebounding and schools operating at a greater level, Wisynco has married its improved operational efficiency with stronger revenue growth, allowing for significant net profit growth. As tourism is expected to continue growing towards its pre-pandemic level of output, we expect Wisynco to continue to perform well. Wisynco Equity Report
JMMBGL JMMB Group Limited	P/E: 7.90x P/B: 1.27x Price: $31.04 Div Yield 0.81%	**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 5.8% 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. In July JMMBGL closed on its acquisition of a commercial bank in the Dominican Republic (DR) which now enables the company to offer a full range of financial services in the market. The DR operations currently contributes 17% of net operating revenue and we will be keen to watch the effect of the expansion to JMMBGL's performance over the next few quarters. JMMB Equity Report
MASSY Massy Holdings Limited	P/E: 8.67x P/B: 1.01x Price: $80.00 Div Yield: 4.38%	**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

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LASD Lasco Distributors	P/E: 8.53x P/B: 1.25x Price: $2.81 Div Yield 3.20%	**OVERWEIGHT** Lasco Distributors has continued its growth trajectory, displaying resilience throughout the pandemic, and we expect this to continue post-pandemic supported by the improving economic backdrop of the global economy. As continued domestic demand for goods and services remain strong, the company is also looking to strengthen its exports as well as continue to launch new product lines. However, this isn't without challenges as global supply shocks has affected LASD's gross margins. In response, management has prudently managed operational costs such that higher imported inflationary costs has not completely eroded the bottom line, resulting in continued growth. Lasco Distributors Equity Report
SCIJMD/SCIUSD Sygnus Credit Investments	P/E: 11.13x / 13.68x P/B: 0.7x / 0.86x Price: $12.35 / $0.10 Div Yield: 3.25% / 2.62%	**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 capital raises involving equity, preference shares and debt raise. 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. This acquisition has significantly added to the groups income and overall profitability. 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: 15.99x P/B: 2.81x Price: $2.27 Div Yield 0.88%	**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: 25.40x / 25.05x P/B: 1.03x / 0.97x Price: $28.96 / $0.19 Div Yield: 2.80% / 2.77%	**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: 10.59x P/B: 3.16x Price: $2.33 Div Yield 2.23%	**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: 17.80x P/B: 4.40x Price: $2.67 Div Yield 3.39%	**OVERWEIGHT** The LAB saw strong demand for its services throughout the pandemic, with revenue growth of 35% in FY2021. For the latest financial year revenue grew by approximately 10%, an indication of continued demand for the Company's services. However, net profit declined by 7% primarily due to higher administration costs, currency translation losses and losses on "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 2022 FY was the first full operational year for SCOPE, which saw take up of its services offered while it continues to explore additional revenue streams. With the LAB consistently positive operating cash flows and a current cash balance that is 1.64x larger than the Company's current liabilities, we believe the Lab is poised to invest its capital efficiently towards further growth. The LAB Equity Report

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JBG Jamaica Broilers Group Limited	P/E: 8.85x P/B: 1.97x Price: $37.96 Div Yield 1.77%	**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. The loss making Haiti operation has been discontinued which should contribute to improved margins in the coming quarters. Positive results from expansion into the United States and recovery in Jamaican operations, along with stringent cost control have contributed to the surge in profitability in the first half of the 2023 financial year. Jamaica Broilers Group Equity Report
GK GraceKennedy Limited	P/E: 11.51x P/B: 1.13x Price: $81.62 Div Yield 2.47%	**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: 9.49x P/B: 1.71x Price: $4.30 Div Yield 2.33%	**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 December 31, 2022, when compared to the financial year ended March 31, 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: 16.52x P/B: 1.74x Price: $66.59 Div Yield 2.25%	**MARKETWEIGHT** Seprod saw its financial performance surge for the 2022 financial year, owing to the strategic acquisition of AS Bryden, with revenues and net profit growing by 82% and 93% respectively. Going into the 2023 financial year, we expect easing of supply chain pressures, stability in commodity prices, and further consolidation of profits from AS Bryden to further lift net profits. Along with new products, Seprod also plans to aggressively target growth in export markets and is currently in the process of making necessary investments to increase capacity of its margarine plant. Seprod Equity Report
MAILPAC Mailpac Group Limited	P/E: 15.00x P/B: 8.44x Price: $1.95 Div Yield 8.72%	**MARKETWEIGHT** During the peak periods of the pandemic, MAILPAC benefited immensely as online shopping became a larger share of shoppers' wallets. In large part, this period of heavy COVID-19 fear has reduced and while we anticipate online shopping will remain integral for the everyday consumer, the outsized growth we witnessed in FY2020 will likely soften further. Admittedly, the Company has a robust balance sheet with more cash than total liabilities which we believe places MAILPAC in a position to make growth-inducing investments. The current slowdown in demand and consequently revenue and profit growth, matched with the Company's strong balance sheet underscores our MARKETWEIHT recommendation Mailpac Group Equity Report
SGJ Scotia Group Jamaica Limited	P/E: 9.15x P/B: 0.96x Price: $34.33 Div Yield 4.08%	**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 Fontana Limited	P/E: 19.16x P/B: 4.40x Price: $8.62 Div Yield 2.32%	**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 32.7% 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: 23.46x P/B: 15.53x Price: $25.02 Div Yield 3.72%	**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: 33.42x P/B: 13.29x Price: $5.08 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 March 3, 2023)	Comments
VMIL Victoria Mutual Investments Limited	P/E: 20.63x P/B: 1.95x Price: $3.92 Div Yield: 3.96%	**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: 12.44x P/B: 1.09x Price: $4.85 Div Yield: 1.86%	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: 14.56x P/B: 3.40x Price: $15.00 Div Yield 1.20%	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: 12.78x P/B: 1.84x Price: $53.53 Div Yield 2.99%	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	28/02/2023	21/02/2023	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	86.47	84.91	1.84%	9.75%	-7.26%	-
Money Market	15.6490	15.6406	0.05%	0.73%	2.02%	4.48%
Income Portfolio	100.00	100.00	-	-	-	5.51%
FX Bond Portfolio	1.3560	1.3488	0.53%	1.12%	-0.46%	4.62%
Real Estate Portfolio	7,995.01	8,030.84	-0.45%	0.74%	1341.02%	-
FX Growth Portfolio	0.8808	0.8843	-0.40%	4.15%	-12.04%	-
FX Income Accumulator	1.0077	1.0069	0.08%	0.63%	-	0.50%

“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 March 3, 2023, the local stock market as measured by the Combined Index advanced by 0.98%. The Main Market Index advanced by 0.82%, the JSE Junior Market Index advanced by 2.40%, and the JSE USD Equities Index declined by 6.52%. During the week, ISP Finance Services Limited was the largest ordinary equity gainer, rising by approximately 28.60% to close at $26.35. The biggest decliner was Palace Amusement Co. Ltd., which fell by 39.53% to close at $4.68.

Small-cap stocks, reflecting those listed on the Junior Market Index have slightly outperformed on a YTD basis, declining by 2.35%, outpacing its Main Market counterpart which has declined 5.57%.

For the week ended March 3, 2023, overall market activity resulted from trading in 127 stocks of which 65advanced, 43 declined and 19 traded firm. Market volume amounted to 99,706,268 units valued at over $606,990,447.44. Wigton Windfarm Limited Ordinary Shares was the volume leader with 14,102,972 units (14.01%), followed by Derrimon Trading Company Limited with 11,391,529 units (11.32%), and Regency Petroleum Co. Limited with *7,197,247 units (7.15%).*

Revisiting relevant news during the week:

A premier energy storage solutions provider

At a time when the automobile's presence as a mode of transportation was growing in popularity, the Tropical Battery brand emerged as one that would become among the most well known in the automotive industry in Jamaica. Even in the midst of an industry marked by rapid change and innovation, the company has continued to maintain relevance by being nimble and adaptable to new standards. This is Tropical Battery's Corporate Profile.
A premier energy storage solutions provider

Seprod sharpens 2023 focus

Manufacturing and distribution company Seprod Limited is now preparing for the roll-out of new products and full occupancy of its distribution campus in a push to deliver more growth this year, even as the company looks to make a full turnaround from past misfortunes.
Seprod sharpens 2023 focus

GraceKennedy optimistic despite profit dip

A 15 per cent dip in yearly profits will not slow the momentum of the GraceKennedy (GK) Group as the company looks to reap greater results from its vision 2030 plan and move to become a global consumer group in the next few years.
GraceKennedy optimistic despite profit dip

PBS to acquire Infotrans Group

Productive Business Solutions Limited (PBS) has entered into a share-purchase agreement to acquire 100 per cent of Infotrans Group Holding BV in a transaction which is set to be completed by June 30.
PBS to acquire Infotrans Group

Pulse to rake in $500m from sale of new lofts

Pulse Investments Limited is expecting to generate revenues of approximately $500 million from the sale of a 16-unit development now on the market.
Pulse to rake in $500m from sale of new lofts

138 Student Living maximises digital technology services

The 138 Student Living (138SL) will be seeking to improve the operational efficiency of its student accommodation business at The University of the West Indies, Mona, with the introduction of the Manager Plus software.
138 Student Living maximises digital technology services

Caribbean Health Systems acquires Medical Associates

Caribbean Health Systems Limited (CHS) has become the new owner of Medical Associates Limited and intends to expand the 64-year-old entity.
Caribbean Health Systems acquires Medical Associates

Index	03/03/2023	24/02/2023	30/12/2022	Week/Week	Year-to-Date
JSE Main Market	336.065.38	333,321.48	355,896.64	0.82%	-5.57%
JSE Junior Market	3,892.56	3,801.46	3,986.44	2.40%	-2.35%
JSE Combined Market	349,229.71	345,827.22	368,591.98	0.98%	-5.25%
JSE USD Equities Market	232.50	248.71	233.97	-6.52%	-0.63%
JSE Financial Index	79.00	78.63	85.88	0.47%	-8.01%
JSE M&D Idex	96.24	94.15	97.42	2.22%	-1.21%

INTERNATIONAL DEVELOPMENTS

U.S.

Stocks regain lost ground

Stocks closed higher and regained some ground following their worst weekly decline in two months. Energy and materials shares were especially strong, while communication services were helped by a gain in Facebook parent Meta Platforms. Utilities stocks lagged. According to T. Rowe Price traders, a lack of notable catalysts seemed to result in low market volume throughout much of the week. Sentiment also appeared to gain support from the S&P 500 Index staying above its 200-day moving average, a metric commonly followed by technical analysts and traders.

Heavy economic calendar offers mixed signals

While the week brought a number of important economic reports, their mixed nature may have been one reason for the market's low volume and muted reaction. The Commerce Department reported that orders for non-defense capital goods excluding aircraft, often used as an indicator of business investment, rose 0.8% in January, compensating for the 0.7% increase in producer prices over the month. However, overall durable goods orders posted their steepest decline since the height of the pandemic-related shutdowns in April 2020. Similarly, wholesale inventories fell for the first time since July 2020, but retail inventories (excluding autos) rose slightly. Other evidence suggested that the manufacturing sector, while still weakening, was contracting at a slower rate. The Institute for Supply Management's manufacturing Purchasing Managers' Index (PMI) ticked higher in February for the first time since May, although it remained in contraction territory at 47.7 (levels below 50 indicate slowing activity). The Institute's services PMI fell slightly but less than consensus expectations and still indicated moderate expansion (55.1).

The week's biggest data surprise may have been an 8.1% jump in pending home sales in January, marking the second month of gains. The National Association of Realtors' Chief Economist Lawrence Yun attributed the dip in mortgage rates over the new year and stated that "home sales activity looks to be bottoming out in the first quarter."

Europe

Shares in Europe rose as markets overcame worries about interest rates and focused on signs of an improving economic outlook. In local currency terms, the pan-European STOXX Europe 600 Index gained 1.43%. Major stock indexes also advanced. Germany's DAX Index added 2.42%, France's CAC 40 Index gained 2.24%, and Italy's FTSE MIB Index climbed 3.11%. The UK's FTSE 100 tacked on 0.87%. During the week, European government bond yields rose as elevated inflation data raised concerns of aggressive monetary policy tightening by the European Central Bank (ECB). The yield on Germany's 10-year sovereign bonds moved above 2.7%, while Italian government bonds of the same maturity hit fresh highs for 2023.

BoE's Bailey keeps rate hike option open; housing market slowdown deepens

The Bank of England (BoE) Governor Andrew Bailey warned that policymakers may still have to raise interest rates above 4% but that another hike is not inevitable. "At this stage, I would caution against suggesting either that we are done with increasing Bank Rate, or that we will inevitably need to do more," he said in a speech. "Some further increase in Bank Rate may turn out to be appropriate, but nothing is decided." He added that a decision would be data dependent. The number of loans for house purchases approved by British lenders in January fell to the lowest level since 2009, excluding a big drop at the start of the coronavirus pandemic, BoE data showed. House prices declined in February by the most in 10 years, adding to signs of a slowing housing market, mortgage lender Nationwide said.

China

China's official manufacturing PMI data rose to 52.6 in February from January's 50.1, marking the highest reading since April 2012 as domestic activity picked up. Both production and new orders were strong as supply and demand recovered but raw materials remained in contraction. The nonmanufacturing PMI rose to 56.3 from 54.4 the previous month. Both indexes beat economists' forecasts. Separately, the private Caixin/S&P Global survey of manufacturing activity returned to growth and marked its first expansion in seven months.

T.RowePrice Market Data

Index	03/03/2023	24/02/2023	30/12/2022	Week/Week	Year-to-Date
Dow Jones	33,390.97	32,816.92	33,147.25	1.75%	0.74%
S&P 500	4,045.64	3,970.04	3,839.50	1.90%	5.37%
NASDAQ 100	12,290.81	11,969.65	10,939.76	2.68%	12.35%
FTSE 100	7,947.11	7,878.66	7,451.74	0.87%	6.65%
Euro Stoxx 50	4,294.80	4,178.82	3,793.62	2.78%	13.21%

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.

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- Structured Products
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- 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.

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