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Analyst Insight

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What are Bank Runs?

Introduction

Silicon Valley Bank (SVB) was a California-based commercial bank that specialized in banking for venture-backed tech startups and many firms in Silicon Valley. The bank failed on March 10th, 2023, and management was taken over by the Federal Deposit Insurance Corporation (FDIC). On this day, deposits also began to leave Signature Bank, a New York-based bank that specialized in lending to real estate companies and law firms. Both bank failures were the result of runs on the bank, that is large swaths of depositors withdrew their funds at the same time, leading to the bank being unable to meet its obligations.

The Banking System

The modern banking system is characterized by fractional reserve banking. This means that banks need to only keep a fraction of the total deposits made by customers in reserve, while the remainder is lent out to borrowers or invested. As a result, the bank can lend out more money than it has in reserves, which allows for increased lending and investment activities.

For example, if a bank has $1,000 in deposits and a reserve requirement of 10%, it must keep $100 in reserve and can lend out the remaining $900. This $900 loaned out can then be deposited into another bank, which in turn can lend out a fraction of that deposit, and so on, creating what is known as the money multiplier effect.

However, this system also carries risks for both the bank and the economy. If too many depositors demand their deposits in too short of a period, a bank run is established, and the bank may fail due to its inability to make funds available to pay out all customers at once. As more people withdraw their funds, the probability of default increases which leads to more people withdrawing their deposits. In extreme cases, such as the start of the great depression in the 1930s, bank runs can be systemic, and the failure of multiple banks can seriously hurt the economy.

Why fractional reserve banking?

Fractional reserve banking is the norm in almost every country on Earth due to its many benefits to economic activity and efficiency. Banks use fractional reserves primarily to allow loans to be written to consumers and businesses. Without this, an economy's growth is incredibly limited as the money needed for investing activities and capital expenditure simply would not be in circulation. To compensate and incentivize depositors for this activity, banks then pay interest on clients' accounts. This system makes banks more efficient as banks simply do not need to hold large amounts of capital. Depositors rarely need access to all their savings at once, so freeing up this capital for further economic activity is a net benefit. Mortgages, auto loans, commercial and other loans are all made possible by fractional reserve banking.

So what causes bank failures and should you be worried?

The American and broader global banking industry has become volatile because of the quickly changing interest rate environment. Among speciality banks, such as SVB and Signature, a combination of two main factors influenced the uncertainty in the market. These were the large portion of deposits being held outside of the FDIC insurance limits. The Federal Deposit Insurance Corporation (FDIC) insures all US bank deposits up to a US$250,000 limit per depositor. This means that in the event of a bank failure, amounts up to US$250,000 are federally insured and depositors will receive funds. We have a similar corporation, the Jamaica Deposit Insurance Corporation (JDIC) which insures deposits of up to JMD$1,200,000.

In the rising rate environment, overall liquidity and access to short-term funding have become more difficult for the speciality clients served by SVB and Signature Bank; withdrawal of deposits has increased in the prior months, leading to liquidity issues in these banks. An attempt by SVB to raise equity capital to ease these concerns triggered a bank run on the largely uninsured deposits causing the failure of the institution. It is notable that despite large amounts of deposits being uninsured at these banks, in a joint statement between the Federal Reserve, the Treasury Department and the FDIC, it was announced that all deposits held in SVB and Signature bank would be protected and that all depositors will be made whole. This was achieved through the FDIC's "systematic risk exception" allowing them to pay back uninsured deposits.

Swift action by the US central bank and the US government has seemed to prevent short-term contagion from spreading throughout the banking sector. There is a commitment to maintaining the integrity of the banking sector throughout the US and by proxy the world. The failures seen in the US were atypical and were the result of a specialized client base combined with poor risk management.

Investment Playbook

EQUITIES

Stock Ticker	Stock Information (as at March 17, 2023)	Comments
WISYNCO Wisynco Group Limited	P/E: 14.71x P/B: 3.22x Price: $17.36 Div Yield 2.42%	**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: 7.7x P/B: 1.23x Price: $30.26 Div Yield 0.83%	**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 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

MARKETWEIGHT/HOLD
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LASD **Lasco Distributors**	P/E: 8.32x P/B: 1.22x Price: $2.74 Div Yield 3.28%	**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: 11.1x / 13.7x P/B: 0.7x / 0.86x Price: $12.32 / $0.1 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 group's 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: 14.15x P/B: 2.48x Price: $2.01 Div Yield 1%	**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: 22.88x / 21.92x P/B: 0.93x / 0.84x Price: $26.08 / $0.16 Div Yield: 3.11% / 3.16%	**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: 10.00x P/B: 2.70x Price: $2.10 Div Yield 2.48%	**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: 27.78x P/B: 4.31x Price: $2.50 Div Yield 3.62%	**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: 7.18x P/B: 1.62x Price: $33.10 Div Yield 2.02%	**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: 11.39x P/B: 1.12x Price: $80.74 Div Yield 2.50%	**MARKETWEIGHT** For the year ended December 31, 2022, GK reported significant top-line growth, however, margin deterioration contributed to a decline in the bottom line. Revenues increased by 10.5% while profits saw a 15.1% decline of flat as operating expenses grew at a faster rate than revenues. 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, after it increased its stake in Catherine's Peak Bottling Company Limited in the first quarter of 2023 to move its ownership stake from 35% to 70%, thus granting them a stronger position in the spring water market. 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: 8.98x P/B: 1.62x Price: $4.07 Div Yield 2.46%	**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: 16.02x P/B: 1.68x Price: $64.57 Div Yield 2.32%	**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: 12.46x P/B: 7.01x Price: $1.62 Div Yield 10.49%	**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: 8.76x P/B: 1.01x Price: $34.06 Div Yield 4.11%	**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: 18.33x P/B: 4.21x Price: $8.25 Div Yield 2.42%	**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: 23.33x P/B: 15.45x Price: $24.88 Div Yield 3.74%	**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: 35.92x P/B: 14.28x Price: $5.46 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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VMIL Victoria Mutual Investments Limited	P/E: 20.89x P/B: 2.01x Price: $3.97 Div Yield: 3.91%	**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: 12.82x P/B: 1.12x Price: $5 Div Yield 1.81%	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: 14.58x P/B: 3.41x Price: $15.02 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: 11.55x P/B: 1.66x Price: $48.41 Div Yield 3.31%	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	15/03/2023	08/03/2023	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	82.63	83.27	-0.77%	-13.76%	-10.60%	-
Money Market	15.6283	15.5900	0.25%	0.60%	3.10%	4.70%
Income Portfolio	100.00	100.00	-	-	-	5.09%
FX Bond Portfolio	1.3575	1.3566	0.07%	1.23%	0.22%	4.72%
Real Estate Portfolio	7,951.51	7,996.87	-0.57%	0.19%	1331.29%	-
FX Growth Portfolio	0.8605	0.8835	-2.60%	1.76%	-13.34%	-
FX Income Accumulator	1.0073	1.0046	0.27%	0.59%	-	0.66%

"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 17, 2023, the local stock market as measured by the Combined Index declined by 1.54%. The Main Market Index declined by 1.51%, the JSE Junior Market Index declined by 1.84%, and the JSE USD Equities Index declined by 9.24%. During the week, Palace Amusement Co. Ltd was the largest gainer, rising by approximately 27.31% to close at $3.45. The biggest decliner was MPC Caribbean Clean Energy, which fell by 17.02% to close at $74.68.

Small-cap stocks, reflecting those listed on the Junior Market Index have slightly outperformed on a YTD basis, declining by 6.28%, outpacing its Main Market counterpart which has declined 8.55%.

For the week ended March 17, 2023, overall market activity resulted from trading in 125 stocks of which 55 advanced, 62 declined and 8 traded firm. Market volume amounted to 379,587,127 units valued at over $1,170,526,588.67. JFP Limited Ordinary Shares was the volume leader with 262,789,156 units (69.11%), followed by JMMB GROUP LIMITED 7.35% CUMULATIVE REDEEMABLE PREFERENCE SHARE with 17,308,385 units (4.55%), DERRIMON TRADING COMPANY LIMITED with 16,021,699 units (4.21%)

Revisiting relevant news during the week:

Scotiabank to introduce energy loans

Scotia Group Jamaica Limited has revealed plans to introduce a range of energy loans to its customers, including home equity and unsecured loans for the purchase of sustainable energy solutions such as electric and hybrid vehicles.
Scotiabank to introduce energy loans

TAJ, Sagicor remind MSMEs of benefits of tax compliance

The Tax Administration Jamaica (TAJ) and entities within Sagicor Group Jamaica are appealing to entrepreneurs who operate micro, small and medium-sized enterprises (MSMEs) to file and pay their annual business taxes ahead of the March 15 deadline, to be eligible for tax compliance benefits
TAJ, Sagicor remind MSMEs of benefits of tax compliance

January earnings dip for Lumber Depo

The third-quarter earnings of Lumber Depot Limited have ebbed in line with the slowdown in the construction sector.
January earnings dip for Lumber Depot

Guardsman and partners develop cybersecurity tech, launch GCI

Guardsman Group has partnered with two tech entrepreneurs to launch a new system they developed as a cybersecurity tool.
The partners have formed Guardsman Cyber Intelligence, GCI, which is the product of an investment pitch from Ryan Sterling and his business partner, Omar Edwards, who needed backing to develop the system.
Guardsman and partners develop cybersecurity tech, launch GCI

Tropical doubles down on solar

Energy storage company Tropical Battery is looking to boost income through further diversification into solar. The segment is not entirely new, but it's the reason behind the recent acquisition of a 50 per cent stake in KAYA, a solar solutions company operating in the Dominican Republic, in a cash-and-shares deal.
Tropical doubles down on solar

GK Capital Management announces leading advisory role in JFP, Total Office partnership

GK Capital Management Limited has announced its leading advisory role in the strategic partnership recently formed between Jamaica Fibreglass Products Limited and the Trinidad & Tobago-based, Total Office Limited.
GK Capital Management announces leading advisory role in JFP, Total Office partnership

Index	17/03/2023	10/03/2023	30/12/2022	Week/Week	Year-to-Date
JSE Main Market	325,461.60	330,441.27	355,896.64	-1.51%	-8.55%
JSE Junior Market	3,736.05	3,806.27	3,986.44	-1.84%	-6.28%
JSE Combined Market	337,897.10	343,189.05	368,591.98	-1.54%	-8.33%
JSE USD Equities Market	190.40	209.79	233.97	-9.24%	-18.62%
JSE Financial Index	76.31	77.83	85.88	-1.95%	-11.14%
JSE M&D Idex	93.4	94.94	97.42	-1.62%	-4.13%

INTERNATIONAL DEVELOPMENTS

U.S.A.

Stocks mixed as rate and growth expectations fall in wake of banking turmoil

The major indexes closed mixed for the week, reflecting the crosscurrents of stresses in the banking sector, worries that a steeper slowdown in the economy would follow, and hopes that the Federal Reserve would now be forced to moderate or even pause in its rate-hiking cycle. Relatedly, sector returns within the S&P 500 Index varied widely, with communication services and technology shares recording strong gains, while financials and energy shares suffered significant losses. The mega-cap tech shares that generate significant free cash flow and have minimal exposure to the regional banks performed especially well, and large-cap growth stocks outperformed their value counterparts by 580 basis points (5.80 percentage points), according to Russell indexes.

Worries that the previous Friday's failure of Silicon Valley Bank (SVB) would set off a wave of new collapses eased over the weekend, despite the closure Sunday of another large regional, New York's Signature Bank, which had heavy exposure to cryptocurrency markets. The Fed, the Federal Deposit Insurance Corporation (FDIC), and the Treasury Department announced on Sunday, March 12, that all SVB depositors would have full access to funds on Monday morning, while the Fed made additional funding available to banks to safeguard deposits and prepared to address any potential liquidity pressures. The Fed also announced that it was launching an internal review of its supervision and regulation of SVB, which was overseen by its San Francisco branch.

Investors now expect rates to end the year lower

Hopes that the Fed might also adjust its monetary policy in response to events seemed to drive a rally on Tuesday. Concerns that policymakers would reaccelerate the pace of rate hikes from 25 basis points to 50 basis points suddenly seemed off the table. By the end of the week, futures markets were pricing in zero likelihood of a 50-basis-point hike compared with a 40% chance of one the week before, according to CME Group data.

Markets were also placing a roughly 39% chance on the Fed keeping rates steady at its upcoming meeting on March 21–22 and a nearly 99% probability that the federal funds target rate would end the year lower than its current range of 4.50% to 4.75%.

Europe

Shares in Europe fell along with global markets amid worries about stress in the banking system and the potential effects of a prolonged period of elevated interest rates. In local currency terms, the pan-European STOXX Europe 600 Index ended 2.26% lower. Major stock indexes also fell. Germany's DAX Index weakened 0.97%, France's CAC 40 Index declined 1.73%, and Italy's FTSE MIB Index dropped 1.95%. The UK's FTSE 100 Index lost 2.50%.

ECB sticks to half-point rate hike; inflation to stay above target

The European Central Bank (ECB) said that it raised its deposit rate by half a percentage point to 3.0% as part of its ongoing effort to curb elevated inflation. The ECB reiterated that future decisions would be data dependent but gave no forward guidance. It also said that it is monitoring current market tensions closely and that "the euro area banking sector is resilient, with strong capital and liquidity positions."

Japan

Japanese banking system is stable as a whole, according to PM Kishida

Japan's government stated that it will coordinate closely with the Bank of Japan (BoJ) to ensure an appropriate response to recent market volatility caused by concerns about U.S. and European banks. It also said that the Japanese banking system is stable as a whole, with Prime Minister Fumio Kishida asserting that domestic banks have adequate liquidity and capital.

T.RowePrice Market Data

Index	17/03/2023	10/03/2023	30/12/2022	Week/Week	Year-to-Date
Dow Jones	31,861.98	31,909.64	33,147.25	-0.15%	-3.88%
S&P 500	3916.64	3,861.59	3,839.50	1.43%	2.01%
NASDAQ 100	12,519.88	11,830.28	10,939.76	5.83%	14.44%
FTSE 100	7,335.4	7,748.35	7,451.74	-5.33%	-1.56%
Euro Stoxx 50	4,064.99	4,229.53	3,793.62	-3.89%	7.15%

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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