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Analyst Insight

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The Ongoing Battle: Cyber Attacks on Financial Companies

In today's digitally interconnected world, financial companies face an ever-growing threat in the form of cyber-attacks. Cyber-attacks on financial companies are driven by various motives, including financial gain, political objectives, espionage, and activism. Attackers may seek to steal funds, conduct fraudulent transactions, gather valuable intellectual property, or disrupt financial systems to create chaos and undermine public confidence. The interconnectedness and dependence on technology in the financial sector make it an attractive target for cybercriminals aiming to exploit vulnerabilities and weaknesses. These attacks pose significant risks to the stability and security of financial institutions, potentially leading to financial loss, reputational damage, and compromised customer data.

The Nature of Cyber Attacks on Financial Companies
Cyber-attacks on financial companies encompass a broad range of techniques, tactics, and tools employed by malicious actors. Some common attack vectors include:

Phishing: Attackers send deceptive emails or messages to trick individuals into revealing sensitive information such as usernames, passwords, or financial details.

Ransomware: Malware that encrypts a company's data and demands a ransom for its release. Financial institutions are often lucrative targets due to the sensitivity of the information on their systems and data.

Distributed Denial of Service (DDoS) attacks: Overwhelming a target's network or website with a flood of traffic, rendering it inaccessible. This can disrupt operations or even cause financial losses.

Insider Threats: Actions by employees or individuals with authorized access to a company's systems, potentially exploiting their privileged positions to gain unauthorized access or steal sensitive data.

Notable Cyber Attacks on Financial Companies
Several high-profile cyber-attacks on financial companies in recent years include:
Equifax (2017): One of the largest credit reporting agencies suffered a data breach, exposing sensitive personal information of over 147 million consumers.

SWIFT Banking Attacks (2016-2018): Cybercriminals exploited vulnerabilities in the SWIFT Banking system, resulting in the theft of millions of dollars from several banks worldwide.

JPMorgan Chase (2014): In one of the largest financial data breaches in history, the bank experienced a data breach that compromised the personal information of approximately 83 million customers,

Cyber-attacks and Cybersecurity in Jamaica

Cybersecurity and the threat of cyber-attacks are global concerns, and Jamaica is not exempt from these risks. Like many other countries, Jamaica faces cybersecurity challenges due to the increasing reliance on technology and connectivity. The country's growing digital infrastructure, including internet usage and e-commerce, presents opportunities for cybercriminals to exploit vulnerabilities. In 2023, there have been a few notable cyber-attacks in Jamaican, including an attack on one of the countries most prominent financial institutions by the Play Ransomware Group.

The financial sector in Jamaica is particularly vulnerable to cyber-attacks due to the nature of the data and financial transactions involved and the country’s still-growing cybersecurity framework. The Bank of Jamaica and other regulatory bodies are working closely with financial institutions to enforce cybersecurity standards and enhance protection measures. The Jamaican government also acknowledges the importance of cybersecurity and has taken steps to address the issue. The Cybercrimes Act was enacted in 2015 to provide legal frameworks for prosecuting cybercriminals and safeguarding critical information infrastructure. The Cyber Incident Response Team (CIRT) was also established to coordinate cybersecurity efforts and respond to cyber threats.

Strengthening Cybersecurity Defence

However, individuals and companies need to play their part in the fight against cyber-attacks. By implementing a combination of technical measures, user awareness training, and proactive strategies, financial companies can significantly reduce the risk of cyber-attacks. Some of the measures that can be used to combat cyber-attacks include:

Employee Training: Conduct regular cybersecurity awareness training programs to educate employees about potential threats, phishing techniques, and best practices for safeguarding sensitive information.

Multi-Factor Authentication (MFA): Implement MFA across all systems to add an extra layer of security, making it more challenging for attackers to gain unauthorized access.

Use Firewall and Antivirus Software: Install and regularly update firewall and antivirus software on all devices to detect and prevent malware, viruses, and other malicious activities.

Regular Patching and Updates: Promptly apply security patches and updates to all software and hardware systems to address known vulnerabilities and minimize the risk of exploitation.

Incident Response Planning: Develop a comprehensive incident response plan to detect, respond to, and recover from cyber-attacks efficiently. Regular testing and updating of this plan are crucial.

Collaboration: Financial companies should collaborate with industry peers, law enforcement agencies, and cybersecurity experts to share threat intelligence and best practices against cyber-attacks.

Conclusion

It is crucial for businesses, organizations and financial companies in particular to prioritize cybersecurity, invest in robust defence mechanisms, and stay informed about the latest trends and best practices to protect against cyber-attacks. Cyber-attacks on financial companies are a persistent threat that demands constant vigilance and proactive defence strategies. By understanding the nature of these attacks, their motivations, and the measures required to mitigate the risks, financial institutions can fortify their defences and protect themselves, their customers, and the financial system’s stability.

Investment Playbook

EQUITIES

Stock Ticker	Stock Information (as at June 23, 2023)	Comments
WISYNCO Wisynco Group Limited	P/E: 14.09x P/B: 3.25x Price: $17.89 Div Yield: 2.24%	**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: 7.38x P/B: 1.18x Price: $28.99 Div Yield 0.86%	**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: 0.11x P/B: 1.27x Price: $101.67 Div Yield 3.45%	**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

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

MARKETWEIGHT/HOLD
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LASD Lasco Distributors	P/E: 8.82x P/B: 1.42x Price: $3.4 Div Yield 2.65%	**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: 9.77x / 11.28x P/B: 0.75x / 0.87x Price: $13.37 / $0.1 Div Yield: 3% / 2.58%	**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. Sygnus Credit Investments Equity Report
TROPICAL Tropical Battery Limited	P/E: 12.83x P/B: 2.41x Price: $1.95 Div Yield 1.03%	**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: 22.24x / 20.95x P/B: 0.9x / 0.81x Price: $25.35 / $0.16 Div Yield: 3.2% / 3.31%	**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: 10.48x P/B: 2.83x Price: $2.2 Div Yield 2.36%	**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: 53.75x P/B: 3.62x Price: $2.15 Div Yield 4.2%	**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: 7.59x P/B: 1.71x Price: $34.97 Div Yield 1.92%	**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
SEP Seprod Limited	P/E: 16.43x P/B: 1.92x Price: $74.94 Div Yield 2%	**OVERWEIGHT** 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 Limited Equity Report
LASM Lasco Manufacturing	P/E: 9.65x P/B: 1.81x Price: $4.86 Div Yield 2.06%	**OVERWEIGHT** We expect that the Company's growth trajectory will be sustained, however, in the short term, the financial results have seen an impact from the overall macroeconomic conditions since the pandemic. Margins across the board have been compressed despite record profitability in 2022. Despite continued record tourism arrivals and growth in key sectors such as entertainment, steps need to be taken to restore margin progression. Against this backdrop it is notable that inflationary pressures and supply issues that plagued the company from 2022 to the first quarter of this year will likely begin to ease in the spring of 2023, suggesting a rebound in net profit growth for the company moving forward beyond FY 2023. Plans to further expand its geographical footprint by driving the contribution of export to its revenue will be value-added to the long-term sustainability of the Company's operations Lasco Manufacturing Equity Report

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GK GraceKennedy Limited	P/E: 10.23x P/B: 1.02x Price: $76.54 Div Yield 2.64%	**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
MAILPAC Mailpac Group Limited	P/E: 16.17x P/B: 7.6x Price: $1.94 Div Yield 8.76%	**MARKETWEIGHT** During the peak periods of the pandemic, MAILPAC benefited immensely as online shopping became a larger share of shoppers' wallets. In large part, this period of heavy demand driven by pandemic restrictions has passed and while we anticipate online shopping will remain integral for the everyday consumer, the outsized growth we witnessed in FY2020 and FY2021 will not be repeated. 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. However, the current slowdown in demand and consequently revenue and profit growth underscores our MARKETWEIGHT recommendation Mailpac Group Equity Report
SGJ Scotia Group Jamaica Limited	P/E: 7.32x P/B: 0.93x Price: $32.74 Div Yield 4.28%	**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: 16.38x P/B: 4.81x Price: $9.99 Div Yield 2%	**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: 24.85x P/B: 10.95x Price: $25.9 Div Yield 3.59%	**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: 21.84x P/B: 11.07x Price: $5.41 Div Yield 0%	**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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Monitoring List

EQUITIES

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SOS Stationery & Office Supplies Limited	P/E: 28.11x P/B: 6.56x Price: $28.95 Div Yield 0.62%	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: 10.58x P/B: 2.36x Price: $50.49 Div Yield 3.17%	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.*

Monitoring List

Monitoring List

EQUITIES

Stock Ticker	Stock Information (as at June 23, 2023)	Comments
VMIL Victoria Mutual Investments Limited	P/E: 7.39x P/B: 1.68x Price: $3.43 Div Yield: 0.00%	**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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Unit Trust

Unit Trust Fund	6/21/2023	6/09/2023	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	78.17	77.59	0.75%	-18.41%	-19.71%	-
Money Market	15.9062	15.9473	-0.26%	2.39%	3.63%	4.92%
Income Portfolio	100.00	100.00	-	-	-	6.02%
FX Bond Portfolio (US$)	1.3749	1.3735	0.10%	2.53%	4.09%	4.95%
Real Estate Portfolio	12,266.73	12,256.65	0.08%	54.56%	2150.46%	-
FX Growth Portfolio	0.89	0.89	0.00%	5.28%	4.03%	2.42%
FX Income Accumulator	1.01	1.01	0.04%	0.91%	-	

“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 June 23, 2023, the local stock market as measured by the Combined Index advanced by 1.65%. The Main Market Index advanced by 1.68%, the Junior Market Index advanced by 1.41%, and the JSE USD Equities Index declined by 8.42%. During the week, Stationary and Office Supplies Limited was the largest gainer, rising by approximately 45.84% to close at $28.95. The biggest decliner was First Rock Real Estate Investments Limited (USD) which fell by 19.09% to close at US$.04

Large-cap stocks, reflecting those listed on the Main Market Index are underperforming on a YTD basis, declining by 9.38%, relative to its Junior Market counterpart which has declined by 2.47%.

For the week ended June 23, 2023, overall market activity resulted from trading in 125 stocks of which 49 advanced, 61 declined and 15 traded firm. Market volume amounted to 140,509,032 units valued at over $1,369,331,948.43. Wigton Windfarm Limited was the volume leader with 36,031,907 units (25.22%), followed by Transjamaican Highway Limited with 15,617,014 units (10.93%) and by NCB Financial Group Limited with 9,904,820 units (6.93%).

Revisiting relevant news during the week:

Consolidated Bakeries focuses on local market

Consolidated Bakeries Limited (CBL) has taken the approach of working locally in order to grow its exports. While other companies are now looking to boost exports and penetrate global markets as a way to grow distribution and sales, Chairman and Managing Director Anthony Chang says

Consolidated Bakeries focuses on local market

FosRich unveils Pinnacle 2027

Fosrich Limited has unveiled its new mission plan dubbed "Pinnacle 2027" in which the company intends to sextuple its revenue to $20 billion and net profit to $2 billion through a range of acquisitions and expanding business lines. This was announced by FosRich managing director Cecil Foster at the company's annual general meeting on Tuesday.

FosRich unveils Pinnacle 2027

SSL saga holds up FosRich rights issue

FosRich Limited said its rights issue which was approved last year is set to get underway shortly, after it was delayed because of the inability of its shareholders — who hold their stake through Stocks and Securities Limited (SSL) — to participate.

SSL saga holds up FosRich rights issue

Lasco Manufacturing hunting acquisitions

Despite growing revenue by 19 per cent to surpass the $11-billion market for the first time, Lasco Manufacturing Limited (LASM) is still seeking potential acquisition opportunities as it expands its product range and market segments.

Lasco Manufacturing hunting acquisitions

Indies Pharma introduces new branded generic drugs to Jamaican market

Jamaican pharmaceutical company Indies Pharma is releasing new branded generic prescription drugs of varying strengths into the local market.

Indies Pharma introduces new branded generic drugs to Jamaican market

FosRich to produce transformers in Jamaica

After nearly three years from the announced partnership with JPS, FosRisch said it is now at the stage to produce transformers in Jamaica. Cecil Foster, managing director of FosRich, said production will begin within the next two to three weeks. This comes following training for the team and acquisition of the tools to execute the opportunity.

FosRich to produce transformers in Jamaica

Index	23/06/2023	16/06/2023	31/12/2022	Week/Week	Year-to-Date
JSE Main Market	327,952.63	322,530.46	355,896.64	1.681%	-7.852%
JSE Junior Market	3,942.47	3,887.79	3,986.44	1.41%	-1.10%
JSE Combined Market	342,091.21	341,020.08	368,591.98	0.31%	-7.19%
JSE USD Equities Market	221.76	242.16	233.97	-8.42%	-5.22%
JSE Financial Index	72.93	72.89	85.88	0.05%	-15.08%
JSE M&D Idex	100.62	96.11	97.42	4.69%	3.28%

INTERNATIONAL DEVELOPMENTS

U.S.

The major benchmarks closed lower in a holiday-shortened trading week. The Nasdaq Composite suffered its first weekly decline in two months, while the S&P 500 Index recorded its first drop in six weeks. Growth stocks outperformed value shares, while large-caps fared better than small-caps. It was noted that the annual rebalance of the Russell indexes on Friday appeared to keep volumes muted earlier in the week, as some investors prepared to shift the allocations of their portfolios in response. Markets were shuttered on Monday in observance of the Juneteenth holiday.

Hike Fears

Signs that further Federal Reserve rate hikes lay ahead seemed to weigh on sentiment for much of the week. In prepared testimony before Congress on Wednesday and Thursday, Fed Chair Jerome Powell stated that "nearly all [policymakers] expect that it will be appropriate to raise interest rates somewhat further by the end of the year." Indeed, the Fed's latest Summary of Economic Predictions revealed that a majority of those on the policy committee expect at least two more quarter-point rate hikes in the coming year

Manufacturing Output Decline

Much of the week's economic data seemed to deepen worries that tight monetary policy was pushing the U.S. into recession. On Friday, S&P Global reported that its gauge of U.S. manufacturing activity had fallen back to its lowest level since December and well below consensus estimates. The report also showed that suppliers were cutting prices at the fastest pace since the heart of the pandemic lockdown in May 2020, presumably in response to weak demand.

Although Fed Chair Powell insisted to Congress that the labor market remained tight, weekly jobless claims hit 264,000, matching the previous week's upwardly revised number, the highest level since October 2021. The housing sector showed some surprising strength, however, with housing starts coming in at their highest level in over a year and well above forecasts. Sales of existing homes also surprised modestly on the upside.

Europe

In local currency terms, the pan-European STOXX Europe 600 Index fell 2.93% on worries that further interest rate increases might cause a recession in Britain and the eurozone. A disappointing economic recovery in China and hawkish comments by U.S. Federal Reserve Chair Jerome Powell contributed to the gloom as well. Major stock indexes struggled, with Germany's DAX dropping 3.23%, France's CAC 40 Index sliding 3.05%, and Italy's FTSE MIB losing 2.34%. The UK's FTSE 100 Index declined 2.37%.

BoE quickens pace of rate hikes after inflation fails to slow

The BoE unexpectedly raised its key interest rate by half a percentage point to 5.0%—the highest level since 2008. The Monetary Policy Committee (MPC) voted 7–2 to step up the pace of policy tightening after the latest inflation data came in unexpectedly strong. "There has been significant upside news in recent data that indicates more persistence in the inflation process," the MPC said.

Headline annual consumer price growth failed to slow down for a fourth month running in May, sticking at 8.7%. Core inflation, which excludes volatile food and energy prices, accelerated to a 31-year high of 7.1% from the 6.8% registered in April.

Eurozone PMI almost flat; German producer prices slow, Ifo sees deeper contraction

Eurozone business output grew for a sixth month in June but almost stalled, pointing to renewed weakness in the economy after the recovery in the early part of the year, according to a purchasing managers' survey data provided by S&P Global. The HCOB Flash Eurozone Composite Purchasing Managers' Output Index fell to a five-month low of 50.3 from 52.8 in May. A level above 50 denotes expansion. German producer prices rose in May at their slowest pace since July 2021, a sign that inflation may be easing. Annual producer prices climbed 1.0%, down from 4.1% in April. Meanwhile, the Ifo Institute predicted the German economy would contract 0.4% in 2023, more than the 0.1% forecast in March.

Japan

Japan's stock markets retreated from their 33-year highs, with the Nikkei 225 Index falling 2.7% and the broader TOPIX Index finishing the week 1.6% lower. Some of the declines were attributable to profit-taking following the markets' strong year-to-date performance. Japan's hot May core consumer inflation print weighed on sentiment, and fueled speculation that the Bank of Japan (BoJ) would revise upward its inflation forecasts in July.

T.RowePrice

Index	23/06/2023	16/06/2023	31/12/2022	Week/Week	Year-to-Date
Dow Jones	33,727.43	34,299.12	33,147.25	-1.67%	1.75%
S&P 500	4,348.33	4,409.59	3,839.50	-1.39%	13.25%
NASDAQ 100	14,891.48	15,083.92	10,939.76	-1.28%	36.12%
FTSE 100	7,461.87	7,588.48	7,451.74	-1.67%	0.14%
Euro Stoxx 50	4,271.61	4,394.82	3,793.62	-2.80%	12.60%

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.

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