March 24th, 2025

Analyst Insight

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Financing MSMEs in a Changing Financial Landscape: Challenges and Opportunities

MSMEs are a pillar of Jamaica's economy, accounting for up to 80% of jobs and playing a crucial role in economic growth. However, securing financing remains a persistent challenge, often limiting their ability to expand and innovate. With the impending introduction of Basel III in Jamaica by 2026, the financial landscape is evolving, bringing tighter lending conditions and increased compliance costs for banks.

With the continued rise of MSMEs, one must ask, how will these businesses adapt to the evolving financial landscape, and what will tighter regulations mean for their access to critical funding?

Financing remains a major barrier to MSME growth in Jamaica, limiting their ability to scale, adopt new technologies, and stay competitive. Traditional lenders often view MSMEs as high-risk due to limited collateral, inconsistent cash flow, and weak financial records, making credit both hard to access and costly when approved.

Many MSMEs also operate informally, relying on cash transactions without proper accounting systems, further reducing their eligibility for traditional bank financing. Lengthy approval processes, regulatory hurdles, and compliance costs add to the challenge, pushing many toward informal lenders or personal savings, options rarely sufficient for long-term growth.

How Will Basel III Reshape MSME Access to Financing?

In the aftermath of the 2007–2008 financial crisis, Basel II was globally adopted and enforced with greater urgency to stabilise the financial system. However, this framework relied heavily on internal risk models or credit ratings, to determine capital requirements based on perceived risk. This approach is perceived to underestimate systemic risks, thereby potentially leading to insufficient capital buffers and widespread financial instability. In response, regulators introduced the Basel III regulatory framework, which proposes to introduce stricter capital and liquidity requirements to strengthen financial resilience. While these measures may enhance financial stability, they are also likely to increase the cost of bank intermediation, prompting financial institutions, particularly in advanced markets, to further tighten lending standards and reduce credit exposure to smaller businesses. As a result, private markets may continue to expand rapidly as non-bank lenders, provide alternative financing solutions.

A similar shift could take place in Jamaica once Basel III is implemented. As bank intermediation could potentially become more expensive, private markets and non-deposit taking institutions (NDTIs) may play a larger role in access to MSME financing. Additionally, the increased cost of regulatory compliance may lead banks to reduce lending to smaller enterprises, further restricting access to traditional financing.

The Role of Private Markets in MSME Growth

By June 2024, Non-deposit taking institutions (NDTIs) which include securities dealers, private pension funds, and insurance companies, held approximately $2.3 trillion in assets compared to $2.5 trillion in commercial banks. Securities dealers also managed an additional $1.8 trillion in funds under management, further expanding their influence in capital allocation. While dedicated MSME financing channels already exist within the private and public markets, the Jamaica Stock Exchange's proposed Micro Market, announced during the Government's FY 2025/26 Budget Presentation, marks the latest significant development aimed at expanding structured equity financing for smaller businesses not yet eligible for the main or junior markets.

Private markets and NDTI's present unique financing opportunities for MSME, by offering more flexibility in credit decisions, relying on alternative risk models that look beyond 'typical' collateral, and thereby making financing more accessible to businesses with limited assets.

However, challenges remain.

Many MSMEs struggle with financial reporting, governance, and overall scale, making it harder to meet private market requirements. The cost of private market financing can also be high, particularly for smaller businesses without strong balance sheets. On top of that, many entrepreneurs are simply unaware of these funding options or lack the right connections to access them, leaving a gap between the availability of new financing solutions and the ability of MSMEs to fully take advantage of them.

In summary, as Jamaica's financial landscape evolves under Basel III, MSMEs face a more selective credit environment shaped by tighter regulations, shifting risk appetites, and rising compliance costs. While traditional bank lending becomes more complex, non-bank institutions and private markets will have an opportunity to expand their role in credit intermediation. However, broadening access to these alternative financing sources will require MSMEs to improve financial transparency and governance practices. Policymakers also have a crucial role in ensuring that regulatory frameworks encourage innovation without creating unnecessary barriers.

In conclusion, the evolving financial landscape locally will see NDTIs playing a sharper and even more expanded role in financing Jamaica's growth agenda, and MSMEs in particular should begin the work to improve their financials and governance arrangements in order to take maximum benefit from this momentum.

Regards

Investment Playbook

EQUITIES

Stock Ticker	Stock Information (as at March 21st, 2025)	Comments
WISYNCO Wisynco Group Limited	P/E: 16.67x P/B: 2.98x Price: $21.67 Div Yield 2.12%	**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: N/A P/B: 0.81x Price: $22.83 Div Yield 1.1%	**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: 10.42x P/B: 0.9x Price: $80.9 Div Yield 4.5%	**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: 12.45x P/B: 1.58x Price: $4.61 Div Yield 2.34%	**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: 5.04x / 4.03x P/B: 0.62x / 0.5x Price: $12.66 / $0.06 Div Yield: 5.82% / 7.29%	**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: 102.5x P/B: 2.39x Price: $2.05 Div Yield 0%	**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: N/A P/B: 0.74x / 0.62x Price: $17.01 / $0.1 Div Yield: 3.03% / 3.27%	**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: 15.26x P/B: 2.74x Price: $2.9 Div Yield 2.41%	**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
TJH TransJamaican Highway Limited	P/E: 10.62x P/B: 5.09x Price: $4.22 Div Yield 4.52%	**OVERWEIGHT** The Group continues to experience stronger-than-projected traffic growth, as evidenced by the performance during the third quarter of the 2023 financial year, and this trend is expected to persist at least in the short term. Additionally, the JIO acquisition has improved operating efficiency, and it is expected that as the group continues to reduce debt, profitability and cash flow generation will continue to improve. TJH Equity Report

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JBG Jamaica Broilers Group Limited	P/E: 6.03x P/B: 1.28x Price: $34.78 Div Yield 1.97%	**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: 22.2x P/B: 2.21x Price: $89.89 Div Yield 2.02%	**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: 11.79x P/B: 2.16x Price: $7.5 Div Yield 1.99%	**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: 8.6x P/B: 0.79x Price: $72.51 Div Yield 3.26%	**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: 23.6x P/B: 6.72x Price: $2.36 Div Yield 1.1%	**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: 8.23x P/B: 1.16x Price: $56.23 Div Yield 3.02%	**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: 19.54x P/B: 3.77x Price: $8.99 Div Yield 2.78%	**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: 27.78x P/B: 9.38x Price: $18.9 Div Yield 2.83%	**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: 15.68x P/B: 3.77x Price: $2.89 Div Yield 3.36%	**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

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SOS Stationery & Office Supplies Limited	P/E: 18.75x P/B: 2.21x Price: $1.5 Div Yield 0%	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: 17.78x P/B: 1.58x Price: $42.15 Div Yield 3.25%	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

Fixed Income

Bond & Issuer	Bond Information (as at March 21st, 2025)	Comments
HLT 3.75% 2029 Hilton Domestic Operating	Price (Bid/Ask): $93.83/ $94.26 Yield to Maturity (Bid/Ask): 5.45%/5.32% Maturity: May 1st, 2029 Modified Duration: 3.67 Credit Rating: BB+ (S&P)	The Hilton Hotels gives investors access to several global brands in the hospitality and travel sector. As of 2022, Hilton managed, franchised, or owned 7,165 hotels and resorts, totaling 1.1 million rooms in 123 countries. The industry also continues to represent a potential travel recovery play as the demand for business transient (short stay business travel) and group travel continues to gain momentum with trends through 2Q23 continuing to look strong.
SFCCN 5.3% 2028 Sagicor Financial Corporation	Price (Bid/Ask): $99.14/$99.51 Yield to Maturity (Bid/Ask): 5.60%/5.47% Maturity: May 13th, 2028 Modified Duration: 2.80 Credit Rating: BBB (S&P) / BB+ (Fitch)	**OVERWEIGHT** SFCCN 5.3% 2028 gives investors exposure a global life insurer with a growing footprint in the North American Market. While the credit has seen some spread compression, we believe that there might be more to come. This comes as it trades slightly cheap relative to peers with the major concern as it relates to macroeconomic exposure to Caribbean government debt is likely to be improved with the Ivari transaction. In this regard, the successful closure of the acquisition means that there is potential for more spread compression. In addition to this, approaching closer to the end of the Fed hiking cycle might also limit the potential downside tailwinds on price from even more restrictive monetary policy. SFCCN Fixed Income Report
BAC 7.25% 2025 Bank of America Corp	Price (Bid/Ask): $101.10/$101.35 Yield to Maturity (Bid/Ask): 5.29%/4.75% Maturity: October 15th, 2025 Modified Duration: 0.53 Credit Rating: BBB+ (S&P) / A (Fitch) / A3 (Moody's)	Bank of America is one of the largest financial institutions in the United States, with more than $2.5 trillion in assets. The bank now has one of the most complete retail branch networks and overall retail franchises in the United States. BAC is also a Tier 1 investment bank, a top four U.S. credit card issuer, a top three U.S. acquirer, has a solid commercial banking franchise, and owns the Merrill Lynch franchise, which has become one of the leading U.S. brokerage and advisor firms.
MAT 3.75% 2029 Mattel Inc	Price (Bid/Ask): $94.95/$95.43 Yield to Maturity (Bid/Ask): 5.16%/5.02% Maturity: April 1st, 2029 Modified Duration: 3.60 Credit Rating: BBB (S&P) / BBB-(Fitch) / Baa3 (Moody's)	Mattel markets toy products that are sold to its wholesale customers and direct to retail consumers. The Company offers products for children and families, including toys for infants and preschoolers, girls and boys. A rebound in dolls, especially Barbie and Frozen, is the key to Mattel outperforming projections for 2023.

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Unit Trust

Unit Trust Fund	20/03/2025	13/03/2025	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	76.974	77.13	-0.21%	-5.73%	1.61%	-
Money Market	17.4010	17.4087	-0.04%	1.60%	5.48%	5.33%
Income Portfolio	100.00	100.00	-	-	-	4.76%
FX Bond Portfolio (US$)	1.4997	1.4976	0.14%	0.98%	2.56%	4.60%
Real Estate Portfolio	17,406.95	17,435.78	-0.17%	0.10%	38.06%	-
FX Growth Portfolio	1.1663	1.1551	0.97%	14.40%	14.40%	-
FX Income Accumulator Portfolio	1.0359	1.0345	0.14%	0.47%	2.11%	2.98%

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

Warren Buffett

LOCAL EQUITY MARKET

For the week ending March 21, 2025, the local stock market, measured by the Combined Index, declined by 0.43%. The Main Market Index declined by 0.28%, the Junior Market Index declined by 2.25%, and the JSE USD Equities Index declined by 4.56%. During the week Key Insurance Company Limited was the largest gainer, rising by approximately20.59% to close at $2.46. ISP Finance Services Limited was the biggest decliner, which fell by 32.09% to close at $19.81.

Large-cap stocks, reflecting those listed on the Main Market Index are outperforming on a YTD basis, declining by 3.20%, relative to its Junior Market counterpart which has declined by 7.05%.

For the week ending March 21, 2025, overall market activity resulted from trading 123 stocks of which 49 advanced, 66 declined and 8 traded firm. Market volume amounted to 144,934,322 units valued at over $567,643,320.12. Key contributors to trading volume are Indies Pharma Jamaica Limited Ordinary Shares with 45,089,981 units (30.33%), followed by TransJamaican Highway Limited With 18,118,259 units (12.19%) and Wigton Energy Limited with 16,334,419 units (10.99%).

Revisiting relevant news during the week:

Inflation drops as food prices fall

Jamaica's inflation fell 0.9 per cent in February, marking the second consecutive month of deflation as food and utility costs declined, the Statistical Institute of Jamaica (Statin) reported Monday.

Inflation drops as food prices fall

Tropical plans APO launch by April

Tropical Battery is gearing up to launch its much-anticipated additional public offer (APO) with plans to bring it to market by April.
Tropical plans APO launch by April

ISP Finance eyes more acquisitions following $1.2-b deal

ISP Finance Services Limited remains on the hunt for acquisition and merger opportunities even as it completes the integration of a $1.2-billion loan portfolio acquired earlier this year.
ISP Finance eyes more acquisitions following $1.2-b deal

Lumber Depot positions for construction sector rebound

As the local construction industry works to correct itself from downturns, hardware retailer Lumber Depot is looking to capitalise on growth opportunities expected to accompany the sector's revival.
Lumber Depot positions for construction sector rebound

Regency Petroleum fuels growth with new projects

Regency Petroleum Limited (RPL) is pressing ahead with ambitious expansion plans after reporting a 90 per cent increase in annual net profit, with two major new projects currently under negotiation as the company strengthens its market position in Jamaica's energy sector.
Regency Petroleum fuels growth with new projects

NCB launches J$1 billion SME Growth Fund with lower lending rates for businesses

National Commercial Bank Jamaica Limited (NCB) has announced the launch of the NCB SME Growth Fund, a J$1 billion facility designed to provide access to lower-cost financing to micro, small, and medium-sized enterprises (MSMEs).
NCB launches J$1 billion SME Growth Fund with lower lending rates for businesses

Index	21/03/2025	14/03/2025	31/12/2024	Week/Week	Year-to-Date
JSE Main Market	325,040.47	325,959.06	335,794.94	-0.28%	-3.20%
JSE Junior Market	3,471.88	3,551.77	3,735.05	-2.25%	-7.05%
JSE Combined Market	335,725.60	337,176.31	347,896.22	-0.43%	-3.50%
JSE USD Equities Market	224.32	235.05	251.88	-4.56%	-10.94%
JSE Financial Index	67.17	68.06	68.41	-1.31%	-1.81%
JSE M&D Index	107.97	108.07	110.44	-0.09%	-2.24%

INTERNATIONAL DEVELOPMENTS

U.S.

Tech stocks lag in quiet week

U.S. stocks closed the week higher, with most indexes snapping multi-week declines. The Dow Jones Industrial Average performed best, advancing 1.2%, while the S&P MidCap 400 posted its first weekly gain since January. Large-cap tech stocks generally underperformed, weighing on the technology-heavy Nasdaq Composite, which was the worst-performing index during the week. As measured by Russell 1000 indexes, value outperformed growth for the fifth consecutive week, bringing its total year-to-date outperformance to 897 basis points (8.97 percentage points).

Fed leaves rates unchanged; notes increased uncertainty

The highlight of the week's economic calendar came on Wednesday as the Federal Reserve concluded its March monetary policy meeting. As was widely expected, the central bank held its policy rate steady at 4.25%–4.5%. Fed officials also indicated that they expect 50 basis points (0.5 percentage points) of rate cuts this year, unchanged from a previous projection in December. Notably, however, policymakers increased their expectations for inflation in 2025 while lowering their expectations for gross domestic product (GDP) growth. The Fed's post-meeting statement also noted that "uncertainty around the economic outlook has increased."

Retail sales disappoint; home sales rise

Other economic data releases during the week seemed to provide a somewhat mixed outlook. On Monday, the Census Bureau reported that retail sales in February rose 0.2%, well below consensus estimates for a 0.7% increase. January's reading was also revised down to -1.2%, marking the steepest decline since July 2021. On the other hand, control group sales—which feed directly into the GDP calculation and exclude several volatile categories, including automobiles and restaurants—rose 1% during the month, exceeding estimates for a 0.4% gain.

Treasuries advance on Fed projections

U.S. Treasuries generated positive returns heading into Friday as yields across most maturities declined following the Fed's policy meeting.

Europe

In local currency terms, the pan-European STOXX Europe 600 Index ended 0.56% higher, snapping two weeks of losses. Hopes of a boost in government spending fueled the gains, but tensions about U.S. tariffs planned for early April acted as a curb. Major stock indexes were mixed. Germany's DAX fell 0.41%, France's CAC 40 Index eked out a modest gain, and Italy's FTSE MIB rose 0.98%. The UK's FTSE 100 Index ended the week slightly higher.

Growth, inflation worries weigh on central bank policy moves

The latest monetary policy statements highlighted trade-related uncertainty, with central bankers attempting to balance growth headwinds against the risk of faster inflation. Several policy announcements emphasized the cloudier economic outlook, with some central banks adopting a wait-and-see approach.

The Bank of England held interest rates at 4.5%, as expected. Only one of the nine rate setters voted for a reduction, which was seen as a hawkish signal by the market, which had anticipated a 7–2 split. Policymakers expressed concerns over high inflation expectations.

Lagarde says ECB to remain vigilant

Speaking at the European parliament, European Central Bank (ECB) President Christine Lagarde said the ECB would remain vigilant because of the uncertainties stemming from rising trade tensions. She also said that a proposed U.S. tariff of 25% on European imports would lower eurozone economic growth by 0.3 percentage points in the first year, with the hit to gross domestic product increasing to about half a point if Europe were to respond in a similar manner. She added that inflation could pick up by about 0.5% due to retaliatory measures and a weaker euro.

Japan

Japan's stock markets rose over the week, with the Nikkei 225 Index gaining 1.68% and the broader TOPIX up 3.25%. Foreign investor interest helped lift the shares of Japanese trading companies. The Bank of Japan (BoJ) adopted a cautious stance, holding rates steady as it assesses the potential impact of higher U.S. tariffs on Japan's economy.
The yen weakened to the low end of the JPY 149 against the U.S. dollar range from about JPY 148.6 at the end of the previous week. The yield on the 10-year Japanese government bond fell to 1.52% from the prior week's 1.54%.

T. Rowe Price

Index	21/03/2025	14/03/2025	31/12/2024	Week/Week	Year-to-Date
Dow Jones	41,985.35	41,488.19	42,544.22	1.20%	-1.31%
S&P 500	5,667.56	5,638.94	5,881.63	0.51%	-3.64%
NASDAQ 100	19,753.97	19,704.64	21,012.17	0.25%	-5.99%
FTSE 100	8,646.79	8,632.33	8,173.02	0.17%	5.80%
Euro Stoxx 50	5,423.83	5,404.18	4,869.28	0.36%	11.39%

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

BUTM currently offers seven (7) 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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