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NCB CAPITAL MARKETS LIMITED

Weekly Market GUIDE

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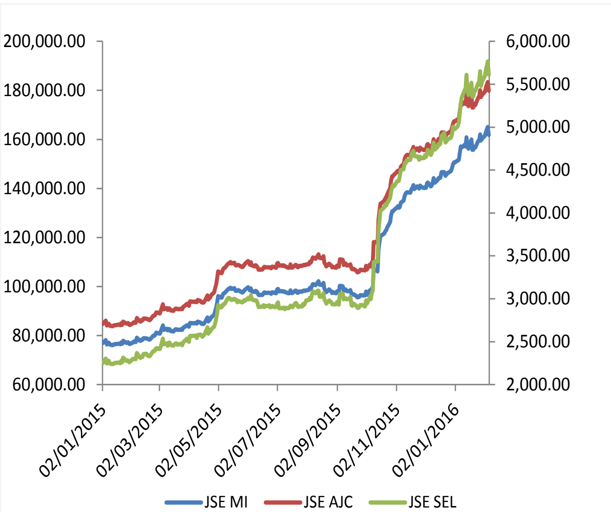
July 11, 2016

Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	168,152.55	-4,386.12
JSE Market Index	159,096.91	-2,405.55
All Jamaican Composite	176,760.30	-2,690.27
Jamaica Select Index	5,483.14	-160.24
JSE Cross Listed Index	499.06	-

Most Active Stocks

	Units Traded	%
SVL	4,687,937	28.41%
XFUND	2,288,741	13.87%
LASD	915,134	5.55%

Top Winners & Losers This Week

	$ Change	% Change
Winner: KW	+$1.90	13.48%
Winner: 1834	+0.13	12.87%
Loser: LASD	-$2.00	26.67%
Loser: CPJ	-$1.03	23.95%

Market Analysis & Commentary

Stock Splits & Divestures Now the Norm on Local Stock Market

Though activity in the local stock market has not been as robust as it was a year ago, the rally experienced last year gave rise to a number of corporate actions in recent times. Since the beginning of the year, four companies have advised that they intend to increase the number of stocks available for trading through stock splits. Main Index companies -Pan-Jamaican Investment Trust Limited and GraceKennedy – had their shareholders approve stock split stating the need to increase in liquidity. Stock splits also extended to the Junior Market with Honey Bun shareholders approving a five-to-one split and Jamaica Teas approving a two-for-one split. Investors had reacted well to the news with prices moving up post-split announcement. GraceKennedy shares registered approximately 31.4% increase while Pan-Jam registered a 36.8% increase. By splitting their shares, these companies appear more accessible to individual investors, even though the fundamentals of the company haven't changed. The increased liquidity post split also augurs well for trading activity on the stock.

Meanwhile, the Jamaica Broilers recently announced that it had entered into an agreement with West Indies Petroleum Limited for the sale of subsidiary JB Terminal Ltd at Port Esquivel (formerly JB Ethanol Ltd) and its shares in ERI Services Ltd (St Lucia) for cash of US$4Mn. Additionally, the divestment also resulted in the buyer assuming approximately US$18.5Mn in liabilities. This stimulated activity on the stock, with the price appreciating by 3.9%% post announcement. Since the beginning of the year, the Main Market and the All Jamaica Composite indices have expanded by 5.6% while the Select Index has grown by 10.1%. The Junior Market has increased by 10.5%.

JBG Surges Ahead with 71% Growth in Full Year Net Profit

The Jamaica Broilers Group (JBG) continues to deliver a strong performance during the financial year ended April 30, 2016. The company reported net profit attributable to shareholders of $1.73Bn (EPS: $1.44) compared to $1.01Bn ($0.86 per share) a year prior, an increase of 71%. This performance was driven by an 11% increase in total revenues to $38.5Bn which was largely due to growth in the company's Jamaica and US Operations. Revenues from the Jamaica operations grew by 8.4% to contribute a total of $28.4Bn to total revenues, as a result of increased volumes in the sale of poultry and feed products. The US operations expanded by 23.5% to generate total revenues of $8.8Bn driven by increased sales in the fertile eggs segment. Notably, during the month of April 2016, JBG also acquired a new hatchery in the US which is expected to support further growth in that segment.

During the year, gross profits also surged 40% to a total of $2.97Bn as JBG was able to reduce its input cost per unit of sales. This was driven by continued focus on cost containment and improvements in the production and processing of poultry and feed. Furthermore, JBG has assured stakeholders that its position in the market remain strong with a broad customer base, and the company is seeing the benefits of the US$ hard currency earnings.

Within the Other Caribbean Operations segment, Haiti Broilers SA also reflected growth in earnings of 6.4% to a total of $1.32Bn primarily due to increased production and sale of table eggs. Despite the continued depreciation in the Haitian Gourde against the US, management has indicated that the company's Haiti operations continue to grow in profitability as it gains market share.

The outlook for JBG remains positive particularly against the background of the successful divestment of its JB Ethanol division which has for long been a drag on the company's profitability. The sale is expected to generate US$4Mn in cash upfront plus an additional US$18.5Mn in debt servicing over time. This improved cashflow, according to management will be used partly to finance further expansion and partly for working capital support.

Foreign Exchange Market

Selling	Close: 01/07/16	Close: 08/07/16	Change
J$/US$1	$126.28	$126.37	+0.09
J$/CDN$1	$96.34	$97.35	+1.01
J$/GBP£1	$167.38	$163.27	-4.11

The BOJ intervened twice in the market for the week ended July 8, 2016. This was due to the size of two transactions that took place in the market during the week. Demand for the US dollar excluding these two transactions was relatively moderate. The exchange rate closed at J$126.37/US$1.00 on Friday.

JMD Money Market

JMD Liquidity levels remains at low levels. In the upcoming week the 30 and 90 T-bill auctions are scheduled for July 13.

GOJ Global Bonds

Demand on Jaman bonds was significantly higher this week with buyers looking to buy all along the curve. Offers though were at a minimum as holders of bonds decided not to sell waiting for higher prices. Some Emerging Market and Latin American bonds also saw moderate demand which drove prices higher and limited some buyers in filling their bond orders.

Indicative Bond Prices

	Bid	Offer	Offer Yield*
2017	107.000	108.000	1.98%
2019	107.400	108.500	4.87%
2021	110.000	112.000	5.85%
2022	128.000	130.000	5.28%
2025 (N)	113.000	114.000	5.62%
2025	121.750	122.750	6.01%
2028	106.500	107.500	5.86%
2036	113.500	115.250	7.05%
2039	109.500	111.000	7.02%
2045	109.000	110.000	7.06%

*NB: The rates quoted above are opening indicative levels on the international market and are subject to change as market conditions vary throughout the trading session. Additionally, the prices quoted to clients of NCB Capital Market Limited (NCBCML) are adjusted to reflect the costs associated with completing the transaction on the respective client's behalf.

International News

June's employment report reaffirmed the underlying strength of the labor market as a 287,000 surge in nonfarm payrolls followed May's very weak 11,000 increase. Renewed confidence in employment gave the Dow a steady lift, ending 1.4 percent higher at 18,146 and over the 18,000 level at the time of Brexit.

The 10-year US Treasury yield, benefiting from demand for safety, fell 7 basis points in the week to 1.37 percent. Gains for stocks also haven't been hurting gold which rose 1.5 percent in the week to $1,363. Oil fell sharply in the week, down 8.2 percent to $45.15, while the dollar index rose 0.7 percent to 96.29.

U.S. central bankers want proof that job creation has resumed a healthy pace, that the underlying momentum of the economy was intact, and that inflation will eventually hit their 2 percent target. The Feds have additional concerns about the global financial impact of the UK referendum, China's stability, and just how much room they have to increase rates before the higher borrowing costs start to slow growth.

The GFK post-Brexit special Consumer Confidence Barometer (CCB) recorded the sharpest monthly decline since December 1994, the Index is at its lowest level since December 2014. The special survey was conducted to gauge confidence in the immediate aftermath of the UK's referendum vote to leave the European Union.

(Bloomberg) First Quarter U.S. Economic Growth Exceeds Previous Estimate

The world's largest economy expanded more than previously projected in the first quarter as improved performance in trade and business investment more than made up for weaker consumer spending.

Gross domestic product, the value of all goods and services produced, rose at a 1.1 percent annualized rate, compared with a previously estimated gain of 0.8 percent, a Commerce Department report showed Tuesday in Washington. Corporate profits at the start of the year were also revised up, giving a brighter picture to gross domestic income.

The economy shows signs of accelerating so far this quarter as the drivers of growth have switched, with consumer spending rebounding while business investment lags behind. While gains in employment and low borrowing costs are helping propel household demand, uncertainty in the wake of Britain's vote to leave the European Union is a longer-term risk to already-weak corporate outlays and exports.

The report marked the last of three readings for the quarter. The advance estimate of second-quarter GDP is scheduled for July 29, when annual revisions will also be issued.

The economy will expand at a 2.5 percent rate in the second quarter and average 1.9 percent for this year, according to the median projection in a Bloomberg survey conducted early June.

Household consumption, which accounts for about 70 percent of the economy, grew at a 1.5 percent pace in the first quarter, the weakest in two years and down from a prior estimate of 1.9 percent. Reductions to outlays on transportation, financial and recreational services swamped a bigger gain in health care.

Offsetting the disappointing performance in consumer spending, the new figures showed the trade gap last quarter actually narrowed rather than widened as previously projected. Exports eked out a tiny gain, while imports declined more than last estimated.

Also contributing to the stronger growth in the first quarter was stronger business spending on intellectual property, which grew at a 4.4 percent annualized rate, compared with a prior estimate of a 0.1 percent drop. That included higher readings on outlays for computer software and research and development.

Corporate profits offered a better picture. Before-tax earnings rose 1.8 percent from the prior quarter compared with a previously reported 0.3 percent gain. Still, over the past year profits were down 4.3 percent.

The bigger gain in profits lifted total income in the economy, which combines all forms of earnings. GDI increased at a 2.9 percent annualized pace, the most since the third quarter of 2014, up from a previous estimate of 2.2 percent rate.

(Bloomberg) China Stocks Retreat as Yuan Drop, Slowing Economy Spur Selling

Chinese stocks traded at home and overseas declined, with the nation's assets coming under selling pressure amid speculation policy makers will allow further yuan declines to spur growth in the world's second-largest economy.
The Shanghai Composite Index fell 1 percent, the most in two weeks, with financial companies among the biggest decliners and as energy shares tracked oil prices lower. The Hang Seng Index was dragged down by HSBC Holdings Plc, which retreated after S&P Global Ratings downgraded the lender's outlook to negative on possible effects from Britain's vote to leave the European Union.

The Shanghai equity gauge fell to 2,988.09, paring its weekly gain to 1.9 percent. The measure added 4.3 percent since the Brexit vote through Thursday, the most among global benchmarks tracked by Bloomberg after Ukrainian and Vietnamese equities.

Industrial and Commercial Bank of China Ltd. was the biggest drag on the Shanghai gauge as it traded without the rights to a dividend. Agricultural Bank of China Ltd. dropped 1 percent, while Bank of China Ltd. slipped 0.9 percent.

The Hang Seng Index retreated 0.7 percent to 20,564.17 in Hong Kong as HSBC, which has the second-highest weighting on the gauge, slipped 0.3 percent. A measure of Chinese companies traded in the city dropped 0.8 percent, taking its weekly loss to 2 percent. China Cinda Asset Management Co. and Huaneng Power International Inc. fell at least 0.8 percent.

(Reuters) S&P hits record high as U.S. economic outlook brightens

The S&P 500 hit a record intraday high on Monday as investors were more optimistic about the U.S. economy amid lingering concerns about global growth.

The benchmark index, which struggled to break past its May 2015 high in the past few months, got a solid boost on Friday after a robust monthly jobs report.

The S&P 500 .SPX touched a record intraday high of 2,140.43 points, topping its previous all-time high of 2,134.72. At 11:13 a.m. ET, the index was up 10.53 points, or 0.49 percent.

The gains were broad-based, with seven of the 10 major S&P sectors higher. Industrials .SPLRCI and consumer staples .SPLRCS also hit record highs.

Utilities .SPLRCU and telecom service .SPLRCL stocks, considered defensive sectors, fell about 0.4 percent.

The two indexes have risen 20 percent this year, outperforming other S&P indexes.

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