CAPITAL MARKETS LIMITED

Weekly Market GUIDE

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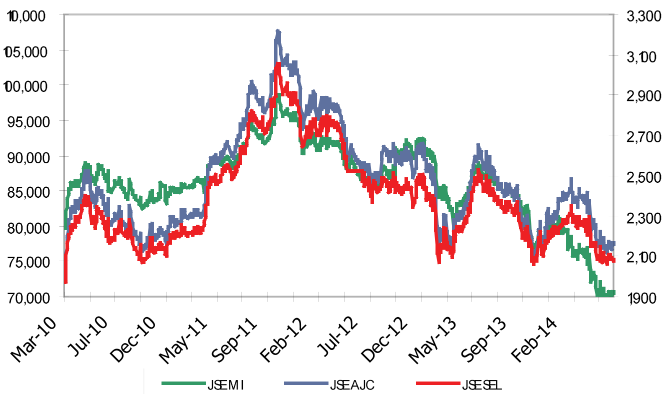
Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	100,645.46	-433.14
JSE Market Index	97,617.77	-143.70
All Jamaican Composite	108,049.44	-160.62
Jamaica Select Index	2,934.43	-10.71
JSE Cross Listed Index	499.06	-

Most Active Stocks

LASM	12,347,261	25.93%
JMMB	10,704,661	22.485
SG	3,484,763	7.32%

Top Winners & Losers This Week

	$ Change	% Change
Winner:LIME	+$0.05	+12.50%
Winner:GENAC	+$0.16	+12.50%
Loser:PURITY	-$0.24	-15.69%
Loser:LASF	-$0.30	15.38%

The Local Economy Expands by 0.8% in Q2

According to the Planning Institute of Jamaica (PIOJ), the Jamaican economy expanded by 0.8% in the April to June 2015 quarter compared with the corresponding quarter of 2014. The outturn for the period reflected the positive impact that the continued strengthening of the global economy has had on some of the major industries such Hotels & Restaurants, Transport, and Mining & Quarrying. Improvements in both business and consumer confidence also contributed to domestic demand. The Goods-Producing Industry grew by 0.7% relative to the corresponding quarter of the previous year with the Agriculture, Forestry & Fishing, Mining & Quarrying and the Construction industries registering growth in real value added during the review quarter. Expansion in the construction industry was driven by road rehabilitation and repair works and highway construction (Phase 1 and Phase 3 of the North-South link of Highway 2000) and hotel construction and expansion works. However residential construction declined, with housing starts down by 56.1% and the volume of mortgages down by 3.1%. The Manufacture industry is estimated to have contracted by 0.5% largely due to the fall-off in petroleum production. This decline was largely attributed to an unscheduled one month closure of the Petroleum Refinery for maintenance resulting in a 23 percentage points decline in its average capacity utilization.

The services industry grew by 0.7% relative to the corresponding period last year reflecting higher real value added in all Industries except Producers of Government Services.

For the first half of the calendar year, real GDP is estimated to have increased by 0.6% relative to the corresponding period of the previous year due to growth of 0.1% in the Goods Producing Industry and 0.7% in the Services Industry. The PIOJ projects that growth for the July to September quarter will be within the range of 1% to 2%, driven by favourable performance from most industries. Ongoing road rehabilitation work and hotel expansion should continue to impact the construction industry favourably. Heightened confidence levels following successive passing of IMF tests, stable consumer prices and the recent lowering of BOJ benchmark rates should provide the right condition for growth. However, there is the risk that drought conditions will not only weigh on activity in the Agricultural sector but will affect other business activity as well. In recent times, a number of businesses have lost valuable production hours as a result of the drought and the effect of this could be seen in subsequent reports.

Blue Power's Profits Get "Watered Down"

Blue Power Group Ltd (BPOW) registered a 35.1% decline in its net profit for the first quarter of its 2015/16 financial year ended July 2015. Earnings for the three month period totaled $18.6Mn (EPS: $0.33).Despite recording a notable increase in revenues, decreasing margins and the expiration of the company's five year corporate tax concession in April 2014 weighed on the overall performance. As the local construction sector continued to expand during the quarter, BPOW saw a 15.2% increase in sales from Lumber Depot.

A decline in sales from the Blue Power division resulted in overall revenues moving up by just $24Mn (+8.6%) to $301.9Mn. But the benefits from the revenue growth was eroded as the company had to bear the weight of higher cost of sales due to rising construction material costs and the devaluation of the Jamaican currency. As such, gross profit margin declined by 250 basis points to 21.3%. This, coupled with increased expenditure on marketing and administrative expenses led to an erosion in operating profits. Administrative and other expenses were $46Mn, $5.7Mn lower than that recorded a year earlier. The decline in operating profit in addition to the $2.2Mn paid in taxes for the period led to the decline in net profit. Net profit margin for the Q1 FY2015/16 period was 6.2%, a significant falloff from 10.3% recorded in Q1 2014/15.

At its current price of $12.33, BPOW's trailing P/E is 11.63X and P/B is 1.37X.

Seprod

Seprod's (SEP) net profit for the six month period ended June 2015 was $441.8Mn, a 36% year-on-year decline when compared to the same 2014 period. Sales increased by 2.8% to $8Bn. However, higher cost of sales resulted in a deterioration in gross profit and gross profit margin. Gross profit margin was 19% in H1 2015 down from 22.9% in the first half of 2014. Meanwhile, on the cost side, selling expenses moved up by 9.2% as the company embarked on a more aggressive sales strategy. However administrative expenses moved in the opposite direction and declined by 8.1%. Despite this, operating profit was $201.6Mn lower and operating margin declined by 280 basis points to 8.9%.

Going forward, Seprod is expected to benefit from the strategic move to expand its consumer base by distributing a select portion of its snacks through mega store chain Wal-Mart and Publix Supermarket in the United States of America. This will allow the company to capitalize on a new market while driving its hard currency revenues. Additionally, SEP's short-term financial performance is expected to improve due to the restructuring of its operations at Golden Grove Sugar Company. Thus far, the subsidiary has accumulated losses of approximately $2Bn and is now having to deal with a decline in the global price of sugar. Seprod has been absorbing the losses in the past, however, the company's management has indicated that this cannot continue.

JMD Money Market

JMD liquidity levels did not improve last week, however, broker market rates declined as dealers reacted to last weeks' reduction in the BOJ 30-day CD rate. Liquidity conditions are not expected to improve this week.

USD liquidity conditions remained relatively unchanged this week with no notable change in broker market rates.

Foreign Exchange Market

Selling	Close: 21/08/15	Close: 28/08/15	Change
J$/US$1	117.61	117.87	+$0.26
J$/CDN$1	89.750	88.99	-$0.76
J$/GBP£1	184.07	180.99	-$3.08

Low FX demand was noted in the market with reduced USD inflows in the post-tourism peak period. Tight JMD money market conditions continued to restrict broker trading.

GOJ Globals

There was an increase in trading activity in Jaman bond over the previous two weeks as turmoil in international markets filtered through to emerging markets. 2028 started the week trading at 98.75 but closed the week at 99.80 while 25N traded at 108.75. Trading in JMD bonds was limited to one off trades.

Indicative Levels - GOJ Globals

2017	112.000	113.000	3.13%
2019	110.000	111.000	3.82%
2021	108.000	109.000	5.32%
2022	126.500	128.500	6.15%
2025	119.000	121.000	6.40%
2028	98.000	100.000	6.74%
2036	112.000	114.000	7.18%
2039	108.000	110.000	7.10%

International News

European stocks closed out a rollercoaster week with modest gains on August 28, although a leading regional equity index was still on track for its worst month in four years due to underlying concerns over China. The pan-European FTSEurofirst 300 index closed up 0.3%, while the euro zone's blue-chip Euro STOXX 50 index rose 0.2%. Germany's DAX edged down 0.2%, leaving it 17% below a record high in April.

Fears of a global economic slowdown, which intensified after China devalued its currency this month, triggered big price swings across equities, currencies and commodities this week. It also led to 450 billion euros ($503 billion) being wiped off the FTSEurofirst on August 24th , leaving the FTSEurofirst down nearly 10% so far in August - its worst monthly performance in four years. However, worries that a Chinese economic slowdown may impact other countries have also led to expectations that the United States will not raise interest rates next month. This caused equities to rebound later on this week, since rock-bottom interest rates have hit returns on bonds and cash, driving investors to the better returns available from stocks. European shares also remain supported by record low interest rates and liquidity measures from the European Central Bank.

Energy stocks were the best performers, as the price of oil rallied back up from an earlier slump. Greek shares also advanced as a poll predicted that the ruling leftist Syriza party - which is committed to a bailout deal for the debt-ridden country - would win next month's election. Strategists pointed to the accommodative monetary policy and pockets of value after the earlier sell-off as reasons to expect more gains ahead, but added there was still uncertainty over how European earnings could be impacted by the slowdown in China.

Global stocks ease on China, Fed concerns; oil rallies

World stock indexes edged lower on Monday amid persistent investor concerns about slowing growth in China and the prospect of higher U.S. interest rates, while oil prices rallied.

Oil was up more than $2 a barrel, rebounding from early losses, as data showed contracting U.S. production and OPEC willingness to talk with other producers about falling prices.

U.S. stocks eased, on track for their worst monthly drop in more than three years.

*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.

Weekend comments from Federal Reserve policymakers left the door open to a U.S. rate rise as soon as next month.

Fed Vice Chairman Stanley Fischer said in a speech at the annual Jackson Hole, Wyoming, central bankers' symposium that U.S. inflation was likely to rebound, allowing rates to rise gradually.

"We can still expect to see some significant drops in the market until we get some direction from the Fed regarding a rate increase," said John DeClue, chief investment officer of U.S. Bank Wealth Management.

The Dow Jones industrial average .DJI fell 50.18 points, or 0.30 percent, at 16,592.83. The Standard & Poor's 500 Index .SPX was down 7.45 points, or 0.37 percent, at 1,981.42. The Nasdaq Composite Index .IXIC was down 11.53 points, or 0.24 percent, at 4,816.79.

The dollar eased as weaker stock markets prompted investors to trim bets against currencies popularly used to fund risky carry trades.

But Fischer's comments limited the dollar's losses. The U.S. dollar index, which measures the greenback against a basket of currencies .DXY, was down 0.1 percent.

The pan-European FTSEurofirst 300 stocks index .FTEU3 closed down 0.2 percent. Germany's DAX .GDAXI fell 0.4 percent, while MSCI's measure of world stock markets .MIWD00000PUS also slipped 0.4 percent.

Chinese shares had another volatile session. The CSI300 index .CSI300 ended up 0.7 percent, after falling 4 percent at one point. The index was still down 11.8 percent for August.

OIL JUMPS

Oil rose further after its biggest two-day rally in six years last week.

Brent October crude LCOc1 was up $2.45 at $52.50 a barrel, while U.S. October crude CLc1 was up $2.50 at $47.72. U.S. domestic crude oil production peaked at just above 9.6 million barrels per day in April before falling by more than 300,000 bpd over the following two months, Energy Information Administration data showed on Monday.

U.S. safe-haven Treasuries prices rose on continued concerns over China and emerging market economies, while month-end buying gave longer-dated Treasuries prices a boost.

Wall St. set for biggest monthly drop in more than three years

U.S. stocks were poised for their worst monthly drop in more than three years on worries about the health of China's economy and the timing of a U.S. interest rate hike.

All three major indexes slipped more than 1 percent on Monday after weekend comments from Federal Reserve Vice Chairman Stanley Fischer appeared to keep the door open for a rate hike in September.

The No. 2 Fed official said U.S. inflation would likely rebound as pressure from the dollar fades, allowing the Fed to raise interest rates gradually.

Fischer's remarks at the global central banking conference in Jackson Hole, Wyoming suggest the Fed could look beyond a week of stock market turmoil brought on by persistent fears that China's economy is faltering.

"We can still expect to see some significant drops in the market till we get some direction from the Fed regarding a rate increase," said John DeClue, chief investment officer of U.S. Bank Wealth Management.

"However, we still think there is a less than 50 percent chance of a rate hike in September because we're not really seeing a rise in inflation and unless we get an unbelievably strong jobs report this week, December still seems more likely."

Investors will be keeping a sharp eye on economic data again this week, especially the monthly jobs report on Friday, the last one before the Fed meets on Sept. 16-17.

The U.S. central bank has said it will raise rates only when it sees a sustained recovery in the economy. While the job market has improved steadily, inflation has remained below the central bank's 2 percent target for more than three years.

A decade of near-zero interest rates has helped the U.S. stock market stage a spectacular bull-run since the financial crisis.

But fears about the health of the Chinese economy buffeted global stock markets this month and pushed prices of oil and other commodities lower.

Wall Street closed flat on Friday after a tumultuous week in which the Dow slumped more than 1,000 points at one point last Monday. The market subsequently rallied, posting its biggest two-day gain since the financial crisis.

NCB Capital Markets Ltd (formerly Edward Gayle and Co.) established in 1968 is Jamaica's oldest stockbrokers. The company became a part of the NCB Group in 1994 and a fully owned subsidiary in October 2002. In December 2002, the then Edward Gayle and Co. was merged with another NCB subsidiary, NCB Investments. The products distributed by this combined subsidiary cover the traditional money market product offerings (J$ and US$ Repos), primary dealer services, stock brokerage and investment advisory services. Edward Gayle was renamed NCB Capital Markets Ltd. in October 2003.

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