CAPITAL MARKETS LIMITED

Weekly Market GUIDE

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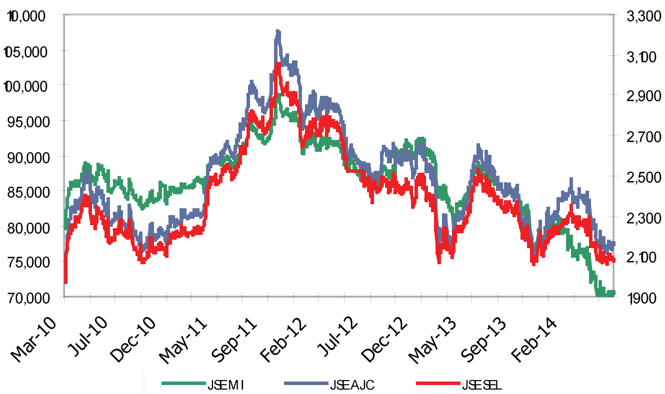
Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	103,322.22	+2,676.76
JSE Market Index	100,293.46	+2,675.69
All Jamaican Composite	111,040.12	+2,990.68
Jamaica Select Index	3,053.14	+118.71
JSE Cross Listed Index	499.06	-

Most Active Stocks

LIME	12,450,090	56.07%
LASM	1,786,020	8.04%
CFF	1,227,654	5.53%

Top Winners & Losers This Week

	$ Change	% Change
Winner:SVL	$0.70	20.47%
Winner:LIME	$0.07	15.56%
Loser:CBNY	-$0.91	-9.09%
Loser:SIJL	-$2.29	-8.27%

Scotia Investments Jamaica Ltd Posts Earnings Decline

Scotia Investments Jamaica Ltd's (SIJL) focus on growing its asset management and brokerage business lines while reducing its reliance on interest income continues to have a negative impact on its financial performance. Consequently, net profit for the nine month period ended July 2015 was $736Mn (EPS: $1.74), a 46.1% decline when compared to the corresponding 2014 period. The decline in earnings came on the heels of a 23.6% fall in net interest income after impairment losses. This, as SIJL reduced its repurchase agreement holdings from $43.3Bn in Q3 2014 to $38.9Mn in Q3 2015. Net interest income for the period was $1.4Bn. Non-interest income streams were also weaker when compared to 2014. The group however continued to see stronger net fee and commission income helped by their current strong Unit Trust position. As such, net fee and commission moved up from $679.7Mn in Q3 2014 to $822Mn in Q3 2015. However, the robust 20.9% increase in net fee and commission was eroded by a $403.2Mn (70%) reduction in net gains on financial assets while net foreign exchange trading income declined by $72.7Mn (59%). Consequently, total operating income moved down by 23.7% to $2.4Bn. On the cost side, SIJL recorded an increase in total operating expenses due to higher salaries and staff related costs and the increase in asset tax rate from 0.14% to 0.25%. The significant increase in total operating expenses coupled with the lower revenue outturn resulted in SIJL's efficiency ratio deteriorating from 38.7% in 2014 to 55.1%. Return on equity was 7 percentage points lower at 7.1%.

At its current price of $25.40, SIJL's trailing P/E was 9.27X and P/B was 0.79X.

Scotia Group Jamaica (SGJ)

Scotia Group Jamaica (SGJ) closed the nine month period to July with earnings slipping by 22.8% to $6,158Mn (EPS:$1.93) relative to the corresponding prior year period. The lackluster outturn was attributable to a decline in non-interest income which weighed on the total operating income.

The group saw a marginal increase in its core business with net interest income after impairment losses rising by 0.4% to $16,964Mn. However other revenue declined 9.1% due to lower insurance revenue, lower net gains on foreign currency activities and financial assets in the Investment Management segment of the group. While net fee and commission income increased by

$573Mn due to increased transaction volumes in its credit card service business, this was not enough to offset the declines in other non-interest bearing line items.

Higher operating expenses also played a role in the year to date falloff in earnings. The increase in operating expenses bore the effect of higher asset tax expense arising from the change in the accounting treatment of the expense as well as the increase in the asset tax rates imposed in May 2014. Operating expenses stood at $16,049Mn (+9.07%), while the group's cost to income ratio rose to 64.96% compared to 60.34% in the corresponding prior year period.

Total assets increased year over year by 5.8% to $424,449Mn. Nonperformingloans at July 2015 totaled $4,700Mn, representing 3.10% of total gross loans downfrom 3.31 % last year and 3.26% as at April 30, 2015.

Currently SGJ is trading at a price of $26.94 and a of P/E of 10.4X.

Kingston Properties Continues to Report Losses

Kingston Properties Ltd (KPREIT) sunk deeper into losses as at the first half of the financial year. Net loss as at the six month period ended June 2015 amounted to $46.6Mn. The decline in the company's financial performance was largely attributed to increasing operating expenses and an exception expense being paid out in the 2015 financial year. The addition of a residential apartment building in the US to KPREIT's holdings led to a robust 63.8% increase in revenues from that region. However, a 29.3% falloff in rental income from its Jamaican properties resulted in total rental income moving up by only 2.1% to $51.5Mn. Still, the company reported an operating loss as direct property expenses were 75.5% higher reflecting higher property taxes in the US, repairs for re-leasing of apartment units and an increase in utility costs. KPREIT's performance woes were further exacerbated by a $32.9Mn exceptional expense item relating to the company's incentive compensation to its Executive Director which had been outstanding since 2009.

KPREIT was able to raise $650Mn through a renounceable rights issue in August 2015. The company intends to use the funds raised through the rights issue to expand its real estate portfolio. This will be done within the framework of its strategy to invest in properties that will allow it to grow its revenues through the receipt of a net cash yield that meets the stated hurdle rate (6.50% yield for the blended portfolio). The company is exploring other properties in the US as well as Cayman. It is anticipated that the addition of the properties will drive financial performance in the upcoming years.

At its current trading price of $6.99, KPREIT's P/B is 1.42X.

JMD Money Market

JMD liquidity levels continued to be constrained throughout the week with no notable change in JMD broker market rates.

USD liquidity conditions remained relatively unchanged last week.

Foreign Exchange Market

Selling	Close: 28/08/15	Close: 04/09/15	Change
J$/US$1	117.87	118.16	+$0.29
J$/CDN$1	88.99	89.39	+$0.40
J$/GBP£1	180.99	179.38	+$1.61

Demand for the greenback remained strong for another week, with inflows seasonally low. As a result, the dollar depreciated by $0.29 during the week to close at a weighted average selling rate of J$118.16:US$1.00

GOJ Globals

The Jaman 28 was the most actively traded bond last week closing out with offers at 101.50 while 25Ns were offered at 109.50. Overall market activity was weak as uncertainty around the US Fed interest rate move and China's economic growth impacted investor confidence. Trading in JMD bonds was limited to one off trades.

Indicative Levels - GOJ Globals

2017	112.000	113.000	3.11%
2019	110.000	111.000	3.81%
2021	108.000	109.00	5.32%
2022	126.500	128.500	6.14%
2025	108.500	110.500	6.07%
2028	98.000	100.000	6.74%
2036	112.000	114.000	7.18%
2039	108.000	110.500	6.07%

International News

US jobless rate dropped to 5.1% in August, the lowest since April 2008, from 5.3% the prior month. Payrolls grew by 173,000, less than projected and the smallest gain since March. By the central bank's calculations, unemployment is now low enough that any additional decrease will begin to lift wages as employers compete for a dwindling pool of workers. Policy makers probably have reason to start boosting interest rates as soon as this month as companies contending with higher labor costs may start raising prices and spur a pickup in inflation.

The yields on short-term Treasury notes climbed as investors pulled forward expectations about when the Fed will increase its benchmark interest rate. Two-year note yields rose 0.02 percentage point to 0.71%. The Standard & Poor's 500 Index fell 1.5% to 1,921.22.

Unemployment in the range of 5% to 5.2% is consistent with keeping prices rising around their 2% goal, according to Fed estimates. Joblessness can't be expected to drop to zero because there are always people transitioning between jobs or lack the skills that employers seek.

Average hourly earnings increased 0.3% in August from the prior month, more than estimated, and were up 2.2% over the past year. The average workweek for all employees also picked up, rising by six minutes to 34 hours and 36 minutes, the longest in six months.

The gain in employment combined with the increases in the workweek and wages lifted the index of aggregate weekly payrolls by 0.7% last month, the biggest gain since January.

Glencore leads European share rebound, but China hits Asia

European stocks rose on Monday, lifted by mining and commodities giant Glencore after it pledged to slash its debt by a third, and countering a fall in Asian markets led by weakness in China following a four-day break there.

Trading is lighter than usual with U.S. markets closed for Labor Day, while investors across all asset classes continued to digest the implications of last week's U.S. jobs data for the timing of the first U.S. interest rate hike since 2006.

At midday the FTSEuroFirst index of leading 300 shares was up 0.4 percent at 1,398 points and Britain's mining-heavy FTSE

*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.

100 index was up 0.4 percent at 6,063 points.

Both indexes had been up well over 1 percent in earlier trading. Glencore shares rose as much as 12 percent after it said it will suspend dividends, sell assets and raise $2.5 billion in a new share issue as it aims to cut its debt to $20 billion by the end of next year.

"The news was well received by the market," said David Papier at ETX Capital in London.

At 1130 GMT Glencore shares were up 7 percent at 131 pence.

The rally in Europe was broad-based, marking a rebound from Friday's steep losses of close to 3 percent after investors marginally upped their bets that the Federal Reserve could raise U.S. interest rates later this month.

Germany's DAX was up 0.5 percent at 10,094 points and France's CAC 40 was up 0.4 percent at 4,542 points , both halving their opening gains.

But in Asia, MSCI's broadest index of Asia-Pacific shares outside Japan fell 1 percent, driven by stocks in China where markets reopened after closing over Thursday and Friday as Beijing marked 70 years since the end of World War Two.

Shanghai shares initially rose as much as 1.8 percent after weekend remarks by regulators aimed at calming the market, but reversed course to close down 2.5 percent.

China's policymakers and regulators promised deeper financial market reforms. They emphasized signs that the economy was stabilizing, but trimmed 2014 growth figures on Monday, and said foreign exchange reserves fell in August by $93.9 billion - the largest monthly fall on record - to $3.55 trillion.

GOOD NEWS?

Financial leaders from the world's 20 biggest economies agreed on Saturday to step up reform efforts to boost growth, saying reliance on ultra-low interest rates would not be enough to accelerate economic expansion.

But they also said they were confident growth would pick up and, as a result, interest rates in "some advanced economies" -- code for the United States -- would have to rise.

Oil down around 2 percent on China equity falls

Oil fell around 2 percent on Monday as Chinese equities weakened, with a firmer dollar and global oversupply also weighing on prices.

The U.S. Labor Day holiday helped keep trade thin.

China's main indexes closed down on Monday as investors sold shares in the aftermath of a four-day market holiday, during which further restrictions on futures trading were announced.

"Oil is only taking its cues from China," SEB chief commodity analyst Bjarne Schieldrop said.

"The price is taking little notice of constructive data like stronger (European) equities, stronger base metals and last Friday's fall in U.S. rig count," he said.

Brent crude for October was down 90 cents at $48.71 a barrel by 1440 GMT, having reached an intraday low of $48.42. U.S. crude for October was down 75 cents at $45.30, having reached an intraday low of $48.42.

Oil has fallen almost 60 percent since June 2014 on a global supply glut, with prices seesawing in recent weeks as concerns about a slowing Chinese economy caused turmoil in global stock markets.

"For commodities, the key demand-side figure to care about is not China's GDP growing at 7 percent instead of 9 or 10 percent, it is the manufacturing price index, which has been falling for more than 40 months in a row," JBC Energy said.

High supply will be swelled further from the North Sea, where crude oil output tracked by Reuters will rise to its highest in just over two years in October, according to loading schedules, adding to ample Atlantic Basin crude supplies.

The dollar has strengthened since late August and this has also hurt oil prices by making the commodity more expensive for holders of other currencies.

The year-long decline in oil prices caused more than 5,000 job losses in Britain's North Sea oil and gas sector since late last year, the country's Oil and Gas Authority said on Monday.

Investors are awaiting euro zone second-quarter gross domestic product figures on Tuesday, followed by monthly global oil supply and demand data from U.S. and global energy authorities to give oil further direction.

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