NCB CAPITAL MARKETS LIMITED

Weekly Market GUIDE

Annya Walker
AVP Research, Strategic Planning & Projects

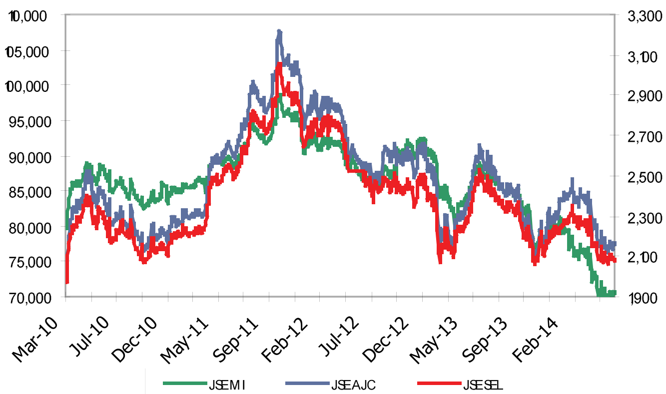
Simone Hudson
Senior Research Analyst
Tel: 935-2585
hudsonsg@jncb.com

Shellon Williams
Research Analyst
Tel: 935-2749
williamssp@jncb.com

Shaneka Wynter
Research Analyst
Tel: 935-2763
wyntersy@jncb.com

September 14 2015

Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	101,195.27	-2,126.95
JSE Market Index	98,149.98	-2,143.48
All Jamaican Composite	108,644.42	-2,395.70
Jamaica Select Index	2,994.84	-58.30
JSE Cross Listed Index	499.06	-

Most Active Stocks

GLNR	19,023,328	37.95%
X FUND	12,618,793	25.18%
LIME	4,420,045	8.82%

Top Winners & Losers This Week

	$ Change	% Change
Winner:JP	$1.90	+11.80%
Winner:NCBJ	$1.89	+6.72%
Loser:MIL	-$0.56	-17.13%
Loser:DTL	-$0.35	13.21%

Trinidad Cement Limited (TCL)Secured 5 Year Term Loan

TCL recently signed a five year term loan agreement for US$200Mn which will be used to repay its bridge loan that was taken in May 2015. In May, the company secured bridge loan financing in the amount of US$245Mn in order to repay loans and to take advantage of prepayment discounts under its debt restructuring arrangements. Management of TCL has indicated that the move to secure long term financing represents the end of a critical phase in the company's comprehensive restructuring process. The deal attracted the participation of a diversified group of nine regional and global investors as well as past creditors of the company.

For the first half of the financial year TCL reported a marked increase in earnings from TT$31Mn in the prior year to TT$335Mn. The group benefited from increased cement sales which was reflected in improvements in its top-line as well as a net debt restructuring gain of $197Mn, reflected in its second quarter earnings.

Remittance Inflows Above Pre-crisis Levels

Net remittances for January to May stood atUS$812.4Mn, an increase of 2.4% relative to 2014. The outturn for the review period reflected an increase in gross remittance inflows which was partly offset by an expansion in outflows. Total remittance inflows were US$904.8Mn (+2.3%), and were above the average of US$836.3Mn for the previous five corresponding periods and above the corresponding pre-crisis outturn for 2008.Monthly remittance from the US- our primary source market were consistently higher than last year while flows from Canada and the UK showed some volatility.

With US unemployment rate at a 7 year low of 5.1% and with increased employment in areas such as health care and food services - key areas of employment of the Diaspora, remittance inflows could continue to increase in 2015.The increase in average hourly earnings seen in August should also positively impact remittance inflows in subsequent reports. For August average hourly earnings for all employees on private nonfarm payrolls rose by 8 cents to US$25.09, following a 6cent gain in July. Hourly earnings have risen by 2.2% over the year

Jamaica Broilers Group Starts off the 2015/16 Financial Year on the Right Foot

Jamaica Broilers Group Ltd (JBG) continues to reap significant benefits from its US operations. During the first three months of its 2015/16 financial year (Q1 FY2015/16) ended August 2015, JBG's net profit attributable to stockholders increased by 191.3% to $330.8Mn (EPS: $0.28). The significant improvement in earnings was largely due to the continued positive performance from its US operation which accounted for roughly one-third of revenues and provided hard currency inflows to hedge against currency risks. This, coupled with increased sales volumes in poultry and feed products led to revenues moving to $8.9Bn in Q1 FY2015/16 from $7.9Bn a year earlier. Despite registering higher cost of sales due to the devaluation of both the Jamaican dollar and Haitian Gourde (from its Haitian egg operation – Haiti Broilers SA) against the US dollar, the robust growth in revenues helped to improve gross profit marging by 3.6 percentage points to 25.5%. During the first quarter, distribution and administration expenses were 16.3% higher at $1.8Bn. Operating profit was $589.5Mn compared to $253.4Mn in Q1 FY2014/15, while, operating profit margin was 6.6%, more than double the margin reported in the previous year.

Continued growth from its US operations coupled with higher consumer demand in the local market will be integral for improved performance throughout the entire 2015/16 financial year. However, persistent drought conditions could have a negative impact on its Jamaican operations. With this in mind, the strategic thrust by JBG's management to improve its poultry and feed production processes will help with cost containment and drive efficiencies.

At its current trading price of $5.65, JBG's trailing P/E is 5.41X while its P/B is 0.57X.

Net International Reserves At an All Time High

Jamaica's net international reserves (NIR) surged to US$2,535.35Mn as at the end of August 2015. This is the highest levels recorded since April 2011. There was a month-over-month increase of US$174.15Mn in foreign assets which increased to US$2,949.78Mn. This brings the estimated gross reserves in weeks of goods and services imports to 22.8 weeks.

JMD Money Market

JMD liquidity levels continued to be constrained throughout last week with no notable change in JMD broker market rates. Short-term funding was easily accessible. The 30 Day Treasury bill rate weighted average rate declined y 3bps to 6.22795%. The 90 and 180 day auctions are scheduled for next Wednesday, September 16.

USD liquidity conditions remained relatively unchanged this week

Foreign Exchange Market

Selling	Close: 04/09/15	Close: 15/09/15	Change
J$/US$1	118.16	118.68	+$0.52
J$/CDN$1	89.39	89.56	+$0.17
J$/GBP£1	179.38	183.09	+$3.71

Demand for the greenback remained strong for another week with the currency losing US$0.46 within four days. The swift depreciation caused the intervention of the BOJ on Thursday. The BOJ intervened in the market at a rate of $118.5863 for resale at $118.6363. On Friday the dollar closed at a weighted average selling rate of $118.6806.

GOJ Globals

The Jaman 28 continued to be the most actively traded bond last week closing at 102.30. The 25N was offered at 110 while the old 25 was offered at 120. Trading in JMD bonds was limited to one off trades

Indicative Levels - GOJ Globals

2017	112.000	113.000	3.01%
2019	110.000	111.000	3.77%
2021	108.000	109.000	5.29%
2022	126.500	128.500	6.13%
2025	119.000	121.000	6.39%
2028	100.000	101.000	6.63%
2036	112.000	114.000	7.18%
2039	108.000	110.000	7.10%

International News

U.S. consumer sentiment hit its lowest in a year in early September and producer prices were flat in August, signaling moderate economic growth and tame inflation that could weigh on the Federal Reserve's decision whether to hike interest rates next week.

The slump in consumer sentiment and persistently weak inflation reported on Friday are in stark contrast with a tightening labor market. Sentiment was likely undermined by recent stock market volatility amid worries over China's slowing economy, while a strong dollar is dampening price pressures.

The sharp deterioration in consumer confidence and the re-emergence of the disinflationary thrust in goods prices will factor prominently in the Fed's deliberations next week, and both are likely to add to the case for caution as they consider raising rates.

The survey's gauge of consumer expectations also dropped to a one-year low, as households expected slower growth overseas to hit the U.S. economy. Consumers' expectations for current and future personal finances also took a knock. But even as households took a dim view of the economy's outlook, there were only mild declines in sentiment towards motor vehicle and home purchases.

Stocks give up gains as Fed concerns weigh

European shares gave up the day's gains on Monday, the dollar stalled and oil prices fell as investors positioned for a U.S. Federal Reserve meeting later this week that could see interest rates rise for the first time since 2006.

Tepid Chinese economic data was largely shrugged off and stocks rose as much as 1 percent in early European trade, but the momentum gradually faded.

Wall Street looked set to open lower, according to index futures ESc1.

The combination of worries about slowing Chinese and global growth and higher U.S. borrowing costs have weighed on markets for weeks, although concern about the potential impact on economic health means many economists see no "liftoff" in U.S. interest rates until next year.

*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.

A Reuters poll on Friday showed a small majority of forecasters still expect a Fed hike on Thursday, though markets-based models suggest policy tightening will be delayed.

The pan-European FTSEurofirst 300 index .FTEU3, which earlier gained almost 1 percent, was last down 0.2 percent for the day.

Earlier, data showed growth in Chinese investment and factory output in August lagged forecasts. After weak trade and inflation data last week, this made it more likely that third-quarter economic growth may dip below 7 percent for the first time since the financial crisis. Only retail sales beat forecasts.

Shares fell in China and Japan, although MSCI's main index of Asia-Pacific stocks excluding Japan .MIAPJ0000PUS rose 0.6 percent.

China's Shanghai Composite index .SSEC dropped 2.8 percent and the CSI 300 .CSI300 index of the biggest listed companies in Shanghai and Shenzhen lost 2 percent. Tokyo's Nikkei .N225 closed down 1.6 percent.

The dollar hit an almost three-week low against a basket of currencies .DXY but the index was last up almost 0.1 percent.

The greenback dipped 0.2 percent against the yen, which last traded at 120.32 to the dollar. The euro EUR= was down 0.2 percent at $1.1322.

"Until Thursday I think the dollar will be moved by strategic positioning (and) risk sentiment...rather than fundamental input," said Commerzbank FX strategist Esther Reichelt in Frankfurt. "We have all the information we require so far to have a view on the U.S. dollar and nothing before Thursday is going to change any of that."

China grabs unused funds to spend on new projects as growth slows

Chinese authorities have seized up to 1 trillion yuan ($157 billion) from local governments who failed to use their budget allocations, sources said, as Beijing looks for ways to spend its way out of an economic slowdown.

The exclusive Reuters report came after China's stocks fell following data suggesting economic growth was running below the 2015 target level of about 7 percent, heightening concerns about the health of the world's second largest economy.

"China's economy faces relatively big downward pressure, so investor sentiment remains weak," said Gu Yongtao, strategist at Cinda Securities.

Two sources close to the government said budget funds repossessed from local governments would be used to pay for other investments.

The huge underspend, linked to officials' reluctance to splash out on big-ticket projects while authorities crack down on corruption, supports the argument of some economists that Chinese state investment has grown too slowly this year.

"In the past, local governments had asked for the money. Money was given, but no one acted," said one of the two sources.

On Monday, China's powerful economic planner, the National Development and Reform Commission (NDRC), said it had approved feasibility studies for two road projects worth a total of 6.2 billion yuan ($973.65 million).

Last week, the NDRC gave the green light for railway, highway and bridge projects worth a combined $23 billion, in a sign authorities are focusing on infrastructure spending rather than deeper reforms to shore up growth in the short term.

MORE LOSSES FOR STOCKS

China's stock markets have been on a roller-coaster ride since June, falling close to 40 percent and prompting frantic efforts by authorities to restore confidence.

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.