CAPITAL MARKETS LIMITED

Weekly Market GUIDE

Annya Walker
AVP Research,
Strategic Planning
& Projects

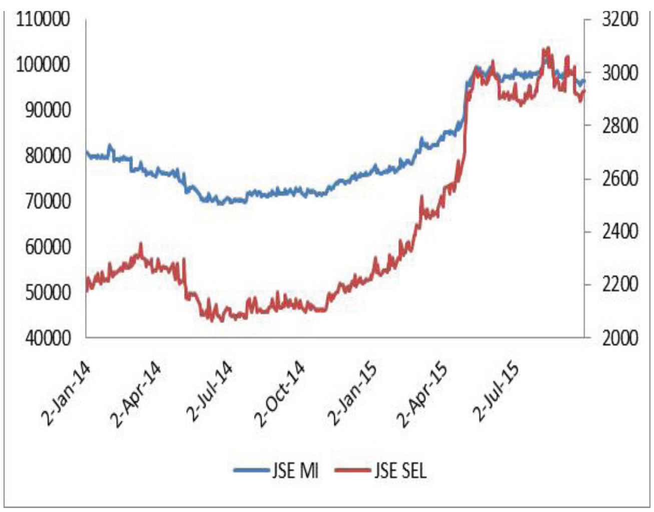
Simone Hudson
Senior Research
Analyst
Tel: 935-2585
hudsonsg@jncb.com

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

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

September 28 2015

Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	99,739.05	-297.81
JSE Market Index	96,507.41	-387.78
All Jamaican Composite	106,808.75	-433.37
Jamaica Select Index	2,928.12	-14.69
JSE Cross Listed Index	499.06	-

Most Active Stocks

LIME	12,021,673	41.33%
CBNY	4,365,250	15.01%
JMMB 8.75%	2,865,916	9.85%

Top Winners & Losers This Week

	$ Change	% Change
Winner:KREMI	$0.13	7.78%
Winner: LASF	$0.17	10.56%
Loser:SIJL	-$3.47	-12.39%
Loser:JMMB 8.75%	-$0.33	11.66%

Jamaica Passes Ninth IMF Test

On September 23rd 2015, the Executive Board of the International Monetary Fund (IMF) completed the ninth review of Jamaica's economic performance und er the four year Extended Fund Facility (EFF).Following the review, the government of Jamaica was successful in passing the 9thquarterly test which will enable the disbursement of US$39.7Mn. The IMF continued to express positive sentiments regarding the progress made under the program and indicated that performance is on track and structural reforms have progressed broadly on schedule. With macroeconomic fundamentals strengthening, such as inflation being at a historical low and the current account improving, these factors have created the platform for more favorable perception and confidence in the sovereign. Progress towards meeting the debt target was fast-tracked in the recent Petrocaribe debt buyback. However the IMF was quick to point out that growth remains weak and unemployment needs to decrease further.

All the quantitative performance criteria were met and structural reforms were broadly on schedule. The central government's primary balance target was met as higher tax receipts and lower-than-projected capital expenditures overcompensated for a slight overrun in program spending and lower non-tax revenue and grants. Primary balance at June 2015 stood at $20.4Bn relative to the IMF target of $17.0Bn. Tax revenues exceeded budgetary expectations with favorable performances of corporate, excises and sales taxes, offset underperforming grants and non-tax revenue. Tax revenues were $95.4Bn relative to IMF floor of $88.0Bn. Structural targets such as the transition of the retail repo contracts to a trust-based framework were completed. The structural conditionality on tabling in Parliament a bill to strengthen the Customs Act has been met, as well as the structural benchmark for transitioning the retail repos to the Trust.

The IMF indicated that risks to the program remain high. Notwithstanding the authorities' demonstrated resolve in implementing the program, more tangible signs of improvements in growth and job creation will be important to sustain the social consensus needed to continue on the reform trajectory. Revenue shortfalls or the inability to contain the government wage bill could undermine the fiscal position. An eventual reopening of the domestic bond market may prompt an upward shift in the yield curve and undermine financial sector stability. The run up to elections, which should be held before end-2016, could also potentially delay progress on program implementation and reform momentum if unbudgeted expenditures arise.

Digicel "Dials in" to the NYSE to Raise Funds Via IPO

The telecommunications giant, Digicel Group Ltd is looking to raise up to US$2.3Bn by listing on the New York Stock Exchange (NYSE). In the prospectus submitted to the Securities and Exchange Commission, it was indicated that approximately 142.8Mn shares will be floated at a price of between US$13 and US$16 per share. Although this represents over 42.5% of the Group's equity, Digicel Group's founder and Chairman, Denis O'Brien, would retain 94% of shareholders' voting power. The offer is for 124.2Mn Class A shares, with an option to purchase a further 18.6Mn of these shares open to the banks (JPMorgan and Citigroup) that are underwriting the flotation. Meanwhile, Mr. O'Brien's current holding of 193.3Mn Class B shares, which have 10 times the voting power, will convert to Class A shares as he sells down his stake on the market. In the submission, Digicel indicated that the net proceeds would also be used to retire up to US$1.3Bn in debt after the Initial Public Offering (IPO) with the remaining amount to be used for general corporate purposes. No dividend policy was outlined in its prospectus.

Digicel was founded in 2001 and has steadily grown over the years by expanding into relatively small, underdeveloped telecommunications markets. Today, Digicel is one of the leading provider of communications services in the Caribbean and South Pacific regions. The Group provides products and services such as mobile communications, Business Solutions, Cable TV & Broadband retail, corporate (including small and medium-sized enterprises) and government customers. Digicel currently provides mobile communications services to 13.6Mn subscribers in 31 markets. Its operations in Haiti, Papua New Guinea, Jamaica, Trinidad & Tobago and the French West Indies contributed 66.8% of its total revenue (15.1%, 17.1%, 17.9%, 15.1%, 9.6% and 7.1%, respectively). At the end of its 2014/15 financial year (March 31, 2015), Digicel Group generated total revenue of US$2.8Bn, a 1.5% improvement over last year's figure. However, the acquisition of a number of businesses resulted in an increase in operating expenses and caused operating profit to decline by 10.7% to US$707.8Mn. Digicel Group's underperformance relative to the previous year was further exacerbated by heavy finance costs, impairment losses on a loan coupled with the share of loss in associate companies which weighed on profits. As such, the Group incurred a net loss of US$157.6Mn.

Digicel Group currently has total debt of US$6.5Bn. It is expected that with the proceeds from IPO being used to reduce its debt burden, the company will be able to reduce its leverage ratio as well as interest costs.

JMD Money Market

JMD market liquidity conditions tightened significantly this week due to multiple FX market interventions by the BOJ. Liquidity levels are expected to remain significantly constrained in the upcoming week.

USD market conditions were relatively unchanged last week with limited availability of long term funding

Foreign Exchange Market

Selling	Close: 18/09/15	Close: 25/09/15	Change
J$/US$1	118.82	119.02	+$0.20
J$/CDN$1	90.32	88.55	-$1.77
J$/GBP£1	184.11	181.41	-$2.70

Strong demand continued for another week which prompted the action of the BOJ. The BOJ intervened in the market on Thursday at a rate of J$119.05:US$1.00 for resale at J$119.10:US$1.00. An estimated US$24M was sold to the market. The dollar closed at a weighted average selling rate of J$119.02:US$1.00 which represented a $0.20 depreciation over the prior week.

GOJ Globals

Jaman global bond trading was primarily centered on the 28 which traded at 102.30. There were limited action on other Jaman bonds however the 19s closed the week with a bid of 109.50 while 25N were bid at 109.25.

Indicative Levels - GOJ Globals

2017	111.500	112.500	3.24%
2019	110.000	111.000	3.76%
2021	108.000	109.000	5.28%
2022	126.500	128.500	6.12%
2025	108.500	110.500	6.06%
2025	119.000	121.000	6.39%
2028	101.500	102.500	6.45%
2036	112.000	114.000	7.18%
2039	108.000	110.000	7.10%
2045	99.5000	100.500	7.83%

International News

The U.S. economy expanded more than previously estimated in the second quarter on stronger consumer spending and construction, backing the case for an interest rate rise before the end of the year despite data sounding a note of caution for September. The Commerce Department indicated that GDP rose at a 3.9% annual pace in the April-June quarter, up from the 3.7 percent pace reported last month. The data supports the case that the U.S. economy may be gaining enough strength to withstand an increase in benchmark interest rates from record low levels despite growing concerns about the global economy.

Still, many economists are expecting a cooler pace of growth in the third quarter, a view bolstered by separate data showing slower growth in services and a drop in consumer sentiment in September. The U.S. Federal Reserve last week held off on hiking rates, but Fed Chair Janet Yellen kept the door open to an increase this year in a speech on Thursday night, as long as inflation remains stable and growth is strong enough to boost employment.

Treasury debt prices extended losses and the dollar hit a fresh five-week high against a basket of currencies on the second-quarter figures, although U.S. stock index futures pared some gains after the September data was released.

U.S. consumer spending rises; core inflation firms slightly

U.S. consumer spending grew briskly in August and a key measure of inflation firmed a bit, signs of strength in America's domestic economy that could lead the Federal Reserve to tighten interest rates despite weakness abroad.

The Commerce Department said on Monday consumer spending increased 0.4 percent after an upwardly revised 0.4 percent rise in July.

The figures give a bullish sign for economic growth in the third quarter.

"These data underscore the ongoing health of the consumer sector," said John Hoff, an economist at RBS Securities.

The report could help convince investors of Fed Chair Janet Yellen's view, most recently expressed on Thursday, that the economy was strong enough to warrant a rate increase this year. New York Fed President William Dudley on Monday also said a hike was likely this year and could come as soon as

*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.

October.

Investors have been doubtful, with many betting that the Fed's first rate increase in a decade won't come until March.

But the U.S. dollar firmed following the consumer spending report, as did yields on U.S. government debt, signs that some investors were bringing forward their bets on a rate increase.

Economists polled by Reuters had forecast consumer spending rising 0.3 percent last month. Consumer spending accounts for more than two-thirds of U.S. economic activity.

It was the latest report indicating momentum in the economy as it confronted recent global financial markets turbulence, sparked by concerns over a slowing Chinese economy, which pushed the Fed to hold off hiking rates earlier in September.

The economy grew at a robust 3.9 percent annual rate in the second quarter.

Last month, spending on long-lasting goods such as automobiles increased 0.9 percent. Outlays on services like utilities rose 0.5 percent.

Personal income increased 0.3 percent in August.

Overall inflation remained muted, reflecting low oil prices. Inflation, which has persistently run below the Fed's 2 percent target in annual terms, rose just 0.3 percent in August from the same month a year earlier.

However, prices were up 1.3 percent when excluding food and energy, a key metric used by the Fed to gauge the trend rate of inflation. In July, core prices rose 1.2 percent year-over-year.

Despite the positive signals for consumer spending, the U.S. housing market appeared to loose a step last month, with contracts to buy previously owned U.S. homes falling 1.4 percent.

Wall St. skids as China fears rattle investors

U.S. stocks were sharply down in afternoon trading on Monday, set for their worst third quarter in four years, as investors worried about the health of China's economy and its impact on the timing of a U.S. interest rate increase.

All three major indexes were down more than 1 percent in volatile trading.

The S&P materials sector .SPLRCM led the decliners as prices of commodities fell after Chinese data showed an 8.8 percent decline in profits at industrial companies.

Healthcare stocks continued to remain weak since last week, when Democratic presidential candidate Hillary Clinton criticized drug pricing.

"The broad healthcare sector and China are hurting the market. It's time for risk-off and there's no place to hide," said Richard Weeks, managing director at HighTower Advisors in Vienna, Virginia.

In U.S. data, consumer spending in August rose more than expected, adding to the case for an interest rate increase this year.

Federal Reserve Chair Janet Yellen said last week she expects rates to be raised this year. New York Federal Reserve President William Dudley on Monday added to the expectations of an early rate increase, suggesting the central bank could pull the trigger as soon as in October.

Several other Federal Reserve officials are scheduled to speak during the week, including Yellen on Wednesday.

The Fed held off from raising rates at its September meeting, citing concerns about the health of the global economy among other factors.

"(The Fed) is concerned that the decelerations of global GDP will have a significantly higher effect on the U.S. than the markets are pricing," said Omar Aguilar, chief investment officer of equities at Charles Schwab Investment Management in San Francisco.

Investors will keep a close eye on data this week, with September non-farm payrolls data scheduled to be released on Friday.

At 11:54 a.m. ET (1554 GMT), the Dow Jones industrial average .DJI was down 208.42 points, or 1.28 percent, at 16,106.25, the S&P 500 .SPX was down 32.42 points, or 1.68

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.