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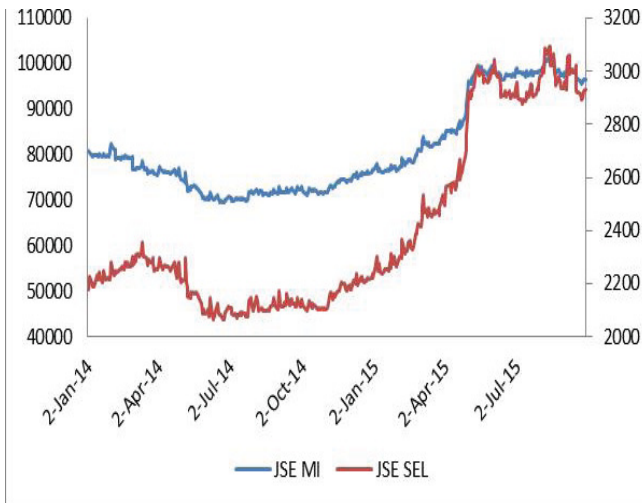
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## Jamaican Stock Market



## S&P Affirms Jamaica's Credit Rating

Despite significant strides in reducing its overall debt burden, there was no change in Jamaica's credit rating following the last review by Standard and Poors (S&P) Ratings Agency released on September 29, 2015. Instead, S&P affirmed its 'B' credit ratings on Jamaica and maintained a stable outlook. The affirmation of the credit rating and outlook reflects Jamaica's growing fiscal credibility, improved debt trajectory, and strengthened external liquidity. Over the past two years, the government has strengthened its fiscal credibility after consistently meeting performance targets under the Extended Fund Facility with the IMF. S&P projects that the government will run a primary surplus of at least 7.5% of GDP for the third consecutive year in 2015/2016. Despite these positives, the country's credit rating is constrained by public-sector reform challenges, still-high general government debt burden, weak growth, and vulnerability to external shocks. GDP per capita estimates below \$5,000 this year, is also a constraint to the country's rating.

It is projected that gross general government debt burden will be 118% of GDP this year. This level is higher than most regional and global peers, but it's 10 percentage points of GDP lower than the 128% registered in 2014, largely because of Jamaica's liability management program for its Petrocaribe debt in which the government used \$1.5Bn raised in the international capital market to purchase \$3.25Bn owed by Jamaica to Petroleos de Venezuela SA (PDVSA) under the Petrocaribe Agreement. In addition, interest payments are likely to consume almost 29% of general government revenues in the current fiscal year, which is also much higher than Jamaica's peers. Together, these indicators lead to an assessment that Jamaica's debt burden remains a credit weakness and will keep it in the B rating category unless further significant improvements are made.

The ratings agency indicated that Jamaica could be a candidate for an upgrade if the government is able to gradually reduce the debt burden and achieve sustained improvement in external liquidity. That, combined with a sustainably higher economic growth rate over the next three years and significant improvement in the effectiveness of monetary policy, would improve the country's ability to withstand adverse external shocks and lead to an upgrade.

## Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	100,308.30	+569.25
JSE Market Index	96,619.75	+112.34
All Jamaican Composite	106,934.30	+125.55
Jamaica Select Index	2,942.96	+14.84
JSE Cross Listed Index	499.066	-

## Most Active Stocks

GK	2,172,375	19.61%
NCBJ	1,411,512	12.74%
LASM	1,289,501	11.64%

## Top Winners & Losers This Week

	\$ Change	% Change
Winner: KREMI	\$0.25	+13.89%
Winner: BIL	\$0.30	+13.64%
Loser: PURITY	-\$0.20	-16.67%
Loser: JAMT	-\$0.49	-14.04%

### Remittance Continues on a High

Positive economic activity in source countries such as the US and the UK continue to support robust remittances in Jamaica. During the month of June 2015, net remittances were US\$173.3Mn, a 12.8% increase relative to the corresponding period of 2014. The strong growth from remittance inflows during the month helped to offset the increase in gross remittance outflows. Gross remittance inflows for the month were US\$188.4Mn, an increase of US\$20.1Mn (+11.9%) when compared to June 2014. These inflows were above the average of US\$166.7Mn for the last five Junes and are the highest recorded for a June outturn.

Year-to-date performance was also impressive. Net remittances for the January to June 2015 period amounted to US\$985.7M, which represented a 4.1% increase relative to the same period last year. Robust growth in inflows continued to lead the charge once again with total remittance inflows amounting to US\$1,093.3Mn, an increase of 3.9%. Most notably, inflows for both the year-to-date as well as the year-on-year increase were above the corresponding pre-crisis outturn for 2008.

The relatively stable US job market which has consistently added new jobs to the industry along with the rebound in consumer sentiments and spending bode well for growth from the heavyweight US source market. Additionally, recent reports that Britain's (the UK) workers are finally receiving a long-awaited pay rise, with average wages increasing at the fastest pace for more than six years, is also likely to contribute to strong remittance inflows from that market.

### JMD Money Market

JMD market liquidity condition remained tightened and was the effect of the spill over from the previous week caused by the multiple FX market interventions by the BOJ. Liquidity levels are expected to be moderate in this week owing to the receipt of interest payment from the GOJ 2020 VR BMI (J\$1.13B) and the GOJ 11% 2024 BMI (J\$1B).

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

### Foreign Exchange Market

Selling	Close: 25/09/15	Close: 02/10/15	Change
J\$/US\$1	119.02	119.24	+\$0.22
J\$/CDN\$1	88.55	90.59	+\$2.04
J\$/GBP£1	181.41	179.45	-\$1.96

Strong demand continued for another week. The dollar traded as high as \$119.55 and as low as \$119.05. The dollar closed at a weighted average selling rate of 119.24 which represented a \$0.22 depreciation over the prior week.

## GOJ Globals

Jaman global bond trading was primarily cantered on the 28 which traded at 100.55. There were limited action on other Jaman bonds however the 19s closed the week with a bid of 109.00 while 25N were bid at 108.50. There continues to be sellers on the longer end of the Jaman curve, mainly the 2036 2039 and 2045.

## Indicative Levels - GOJ Globals

2017	109.500	111.000	3.88%
2019	109.000	111.000	3.68%
2021	107.750	109.000	5.23%
2022	125.500	127.500	6.25%
2025	108.500	110.500	6.06%
2025	118.500	120.500	6.44%
2028	100.250	101.750	6.54%
2036	111.250	113.250	7.25%
2039	107.750	109.750	7.12%
2045	100.500	101.500	7.74%

## International News

Spain's credit rating was raised to BBB+ by Standard & Poor's, which cited reforms to labor regulations, improved export competitiveness and easier financial conditions for the economy. The outlook for the rating is stable. The one-level upgrade was the first step taken on Spain's rating by S&P since it upgraded the country to BBB in May 2014. The upgrade reflects the view of Spain's strong, balanced economic performance over the past four years, which is gradually benefiting public finances. Economic growth is expected to average 2.7% from 2015 to 2017, up from a previous estimate of 2.2% after a review in April. The Spanish economy is growing at the fastest pace in eight years as the nation puts behind the worst economic crisis in its democratic history. While economic fundamentals are stronger as the pace of job creation accelerates, and output continues to outpace its euro-area peers, Spain is braced for volatility as it gears up for a general election on Dec. 20. S&P pointed out that there is the potential for a fragmented environment following the elections that could lead to slippages in fiscal and structural reforms.

Over in the U.S., the economy created 142,000 jobs in September, a number that missed expectations and could cool expectations that the Federal Reserve will start raising interest rates soon. Unemployment held at 5.1%. Economists had been expecting the report to show 203,000 new jobs, from the downwardly revised 136,000 in August. Disappointing jobs report diminishes but doesn't entirely eliminate the chance of a Federal Reserve interest-rate increase at its Dec. 15-16 policy meeting. While the data all but rule out a move this month, a December rate hike remains a live, albeit less-likely.

### [Wall St. opens up as chance of rate hike in 2015 dims \("Reuters"\)](#)

U.S. stocks rose on Monday, with the S&P 500 up for the fifth day, after last week's disappointing jobs report hardened views that the Federal Reserve won't raise interest rates this year.

Global stock markets were also higher on the prospect that near-zero interest rates will continue for a while yet.

Friday's U.S. nonfarm payrolls report for September showed that job growth slowed in the last three months. The Fed kept its benchmark rate unchanged in September, citing an uncer-

\*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 (NCBCLM) are adjusted to reflect the costs associated with completing the transaction on the respective client's behalf.

tain global economic outlook and volatile markets.

The Fed has not raised interest rates since June 2006.

At 11:01 a.m. ET (1501 GMT) the Dow Jones industrial average was up 182.06 points, or 1.11 percent, at 16,654.43, the S&P 500 was up 23.31 points, or 1.19 percent, at 1,974.67 and the Nasdaq Composite was up 48.42 points, or 1.03 percent, at 4,756.19.

All 10 major S&P sectors were up, with the energy index's 1.4 percent rise leading the advancers.

Crude oil prices gained more than 2 percent after Russia said it was prepared to discuss the market with other producers. Exxon was up 0.3 percent, while Chevron gained nearly 2 percent.

Energy stocks led a turnaround in the market on Friday after the jobs report had initially pushed stocks lower.

#### [U.K. Services Downturn May Keep BOE Cautious on Interest Rates \("Bloomberg"\)](#)

U.K. services growth faltered in September, highlighting the fallout from global economic weakness that may push Bank of England policy makers to adopt a cautious tone when they gather for their monthly meeting.

A report from Markit Economics published in London on Monday showed that services grew at the slowest pace in more than two years in September. According to their survey last week on manufacturing, factory growth remains sluggish and prospects for the industry are poor.

The services report suggests that damage from China's cooling and the slowdown in emerging markets is expanding beyond manufacturing, with Markit's composite index of the economy suggest that growth slowed to 0.5 percent in the third quarter. The risks to the outlook may be reflected in the statement from the BOE's Monetary Policy Committee after its meeting.

The services index of activity fell to 53.3 in September, the lowest since April 2013, from 55.6. The decline was unexpected, with economists in a Bloomberg survey forecasting an increase to 56. Howard Archer, an economist at IHS Global Insight, said the numbers will "perturb" the MPC as they prepare for their interest-rate vote.

#### [Puerto Rico confidentiality agreements signed-official \("Reuters"\)](#)

Confidentiality agreements regarding Puerto Rico's restructuring have been signed by six groups, a spokeswoman for the U.S. territory's Government Development Bank said in an emailed statement, as the island starts the process of trying to persuade creditors to take cuts to their debt.

Puerto Rico officials earlier in September proposed restructuring \$18 billion of debt due in the coming five years as part of a broad plan to pull the island out of financial crisis.

"There have been six groups that have signed [these agreements] for the overall restructuring," the spokeswoman said, without giving any information about those groups.

She added that there are expected to be at least eight others, as some groups had signed confidentiality agreements for other transactions that are now being amended.

GDB chief Melba Acosta said recently that the bank would be the next entity from the commonwealth to engage in restructuring negotiations, following utility PREPA, which came to a preliminary deal with bondholders and fuel-line creditors in September after about a year of talks.

Debt restructuring talks over Puerto Rico's financing arm, the Government Development Bank, began last week between a group of bondholders and the bank, a source familiar with the situation said on Wednesday, after the creditors signed non-disclosure agreements.

Signing non-disclosure agreements restricts bondholders from disclosing non-public information and from trading and opens the way to formal negotiations.

The GDB faces a \$355 million payment due on Dec. 1, according to data from Moody's. The bank has \$3.9 billion of debt service due for the years 2016-2021 according to a source familiar with the situation.

The GDB debt due in December is part of the debt that Puerto Rico intends to restructure.

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