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NCB CAPITAL MARKETS LIMITED

Weekly Market GUIDE

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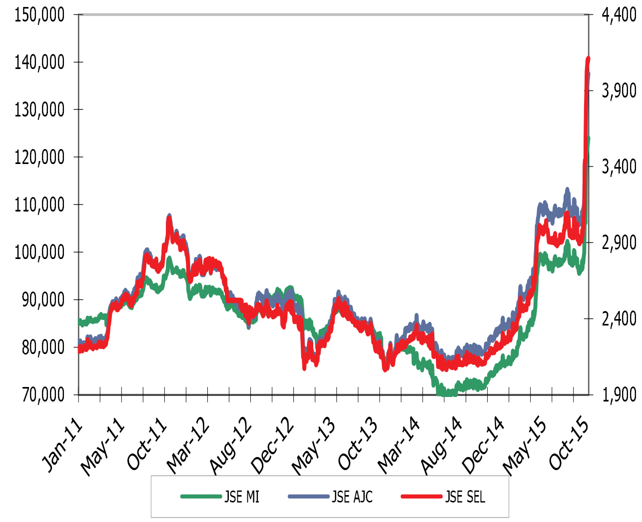
Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	147,291.47	+742.89
JSE Market Index	140,625.96	+877.95
All Jamaican Composite	156,113.73	+98.16
Jamaica Select Index	4,636.63	-25.54
JSE Cross Listed Index	499.06	-

Most Active Stocks

	Units Traded	%
LIME	7,117,645	15.89%
JBG	5,617,840	12.54%
138 Student Living	4,700,000	10.49%

Top Winners & Losers This Week

	$ Change	% Change
Winner: JMMB 8.5%	$1.01	28.94%
Winner: SIJL	$6.48	23.98%
Loser: PUL	-$0.62	-$19.87%
Loser:MDS	-$0.45	-13.04%

Honey Bun "Baked" Solid Profits in FY2014/15

Honey Bun (HONBUN) registered its most significant growth in earnings in its 2015 financial year (FY2014/15) ended September 2015. Net profit was $68.17Mn (EPS: $0.72), a 192.6% increase when compared to the last fiscal year. The notable performance was primarily driven by the robust outturn from revenues. Stronger focus on product placement in emerging and developed markets resulted in higher export sales. Total revenues grew by $143.72Mn (+19.4%) to $885.67Mn. Prudent input costs management and greater production efficiency resulted in a slight improvement in gross profit margin from 41% in 2014 to 42.8% in 2015. On the cost side, administrative and other expenses and selling and distribution costs moved up by 9.3% and 9.6%, respectively. Total operating expenses were $306.78Mn. Despite finance costs moving up from $5.20Mn in 2014 to $6.18Mn in 2015, net profit margin increased by 4.6 percentage points to 7.7%.

The burgeoning export market coupled with positive local consumer spending bodes well for HONBUN's sales leading into 2016. On the heels of this strong financial performance, expansion into other new markets will be integral in the extending the company's outturn.

At HONBUN's current price of $5.65, its trailing P/E is 7.85X while its P/B is 1.45X.

H&L- Tepid Growth and Higher Costs Impact Performance….

Hardware & Lumber's (H&L) revenue for the nine month period to September stood at $5,373Mn or 2.3% more than the comparative period in the previous year. The 'Household, Hardware and Building products' segment, trading as Rapid True Value, rose 5.7% ahead of the same period in the previous year, recording revenues of $4,092Mn. However there was a 7.1% decline in revenues from the 'Agricultural Products and Equipment' segment, which trades as AgroGrace. This segment was negatively impacted by the extensive drought that the country has undergone for much of the year.

Year to date, gross profit rose by 4.1%, with a corresponding margin of 23.7% (+40 basis points). The margin improvement would have been greater, but was mitigated by the adverse impact of the drought on the sales of agricultural inputs. The company was dealt another blow, due to higher operating expenses arising from higher staff costs, one-off expenses associated with the shift to utilize 'Cloud Technology' and increased staff training. After considering these costs and tepid top-line growth, H&L reported a 44.6% decrease in operating profit to $96Mn, while net profit declined by 43.2% to $64.1Mn relative to the corresponding prior year period.

Following its announcement in May 2015 that it had entered into a conditional agreement for the sale of its 58.1% shareholding in Hardware & Lumber Ltd, GraceKennedy Limited has recently advised that the divestment is anticipated to close by the end of the current year.

KPREIT

For the nine month period to September 2015, KPREIT reported losses of $51.0Mn relative to profit of $4.5Mn in the corresponding prior year period. During the year, the group reported income of $78.1Mn, an increase of 0.9%. Operating expenses, which include direct property expenses and administrative expenses, increased from $41.8Mn to $67.8Mn and reflected higher repair expenses on one of the properties in the US coupled with a 5% devaluation in the JMD versus the USD. In addition, there was a new remuneration contract with the Executive Director retroactive to January 1, 2014 which resulted in higher year over year salary expense.

The company successfully raised J$650Mn in a rights issue offer in July and has completed the purchase of real estate properties with the funds raised during its Rights Offer. This includes the purchase of 5 condominium apartments at the Midblock located in midtown Miami at 3301 NE 1st Avenue for a purchase price of $2.2Mn. It also purchased 4 condominium apartments for $3.1Mn at The Residences at W Fort Lauderdale located close to Ft. Lauderdale's vibrant Downtown, Las Olas and Riverfront Place. The rental income from these acquisitions bodes well for revenue growth in subsequent periods

Export Sales Boost Jamaican Teas Ltd's Earnings

After a disappointing financial performance in the 2014 fiscal year, Jamaican Teas Ltd (JAMT) rebounded quite strongly in 2015. Net profit for the year was $80.88Mn (EPS: $0.48), a significant improvement from the $51.61Mn recorded last year. The 17.2% increase in revenues was the main support to the robust performance. The establishment of a new relationship with a distributor in the Tri State region of the US and an expanded Caribbean reach led to a 32% boost in exports sales. The company also added $79Mn in real estate sales from its Orchid Estate project. Revenues totaled $1.34Bn for the 12 month period. Gross profit margin improved by 130 basis points to 19.2%. Total operating expenses (inclusive of finance costs) increased by 17.2% to $194.84Mn. This was associated with the company's new location and expenses relating to the Western Union operations in Savanna-La-Mar and accounts receivable write-offs. At its net income level, return on equity moved from 8.0% in 2014 to 11.0%

At JAMT's current price of $5.00, its trailing P/E is 10.44X while its P/B is 0.91X.

JMD Money Market

JMD market liquidity condition continued to be constrained last week with significant broker demand for 30- to 90-day funding. USD liquidity levels remained unchanged week over week; however, conditions are expected to tighten in December.

Foreign Exchange Market

Selling	Close: 20/11/15	Close: 27/11/15	Change
J$/US$1	119.94	119.97	+$0.03
J$/CDN$1	88.73	88.69	-$0.04
J$/GBP£1	182.29	179.20	-$3.09

Market liquidity tightened last week, which helped to soften the demand for the greenback. The dollar actively traded between $120.15 and $120.20, but closed on Friday at a weighted average selling rate of 119.97, which represented a $0.03 depreciation during the week.

GOJ Global Bonds

The US holiday last week slowed trading activity in the bond market however, the Jaman 28 continued to dominate proceedings. The 28s traded at 102.25 while there were bids on 25N at 108, and the 17s were offered at 108.50. In wider Caribbean bond trading activity we saw Petrotrin being downgraded, however prices on the 19 and 22 bonds only fell off slightly as they still offer good value relative to similarly rated securities.

Indicative Bond Prices

	Bid	Offer	Offer Yield*
2017	108.500	110.500	3.75%
2019	108.750	110.750	3.61%
2021	107.750	109.000	5.37%
2022	125.500	127.500	6.18%
2025 (N)	108.500	110.500	6.04%
2025	118.250	120.250	6.45%
2028	101.500	103.000	6.39%
2036	111.000	113.000	7.26%
2039	107.000	109.000	7.18%
2045	100.500	101.500	7.74%

International News

Emerging-market equities slid after Chinese shares tumbled, while small-cap U.S. stocks gained in a shortened trading session. Oil dropped and gold slipped to the lowest since 2010. The Shanghai Composite Index dropped 5.5%, its biggest retreat since the depths of a $5T rout in August, dragging down emerging markets as industrial profits sank and regulators clamped down on brokers. The euro headed for its longest stretch of weekly losses versus the yen since the shared currency's 1999 creation as the European Central Bank prepares to meet next week. U.S. media shares fell while small caps rallied for a fifth day following the Thanksgiving holiday.

Better-than-estimated confidence data tempered losses in European equities as investors assessed the impact of a slowdown in China on the global economy. Yields from Spain to Germany have fallen to record lows on speculation European Central Bank will cut the deposit rate or expand its quantitative-easing program. That's also weighing on the shared currency, which was set for its seventh straight week of declines versus the yen.

The Great Divide: how markets are shaping up ahead of Fed, ECB ("Reuters")

The U.S. Federal Reserve and European Central Bank are expected to deliver sharply contrasting policy decisions next month, reflecting how the world's two largest economies have moved from the Great Recession to the Great Divide.

The U.S. and euro zone central banks have been on a similar path of monetary easing since the financial and economic crisis of 2007-09. But the Fed is now poised for "liftoff", delivering its first rise in interest rates for almost a decade, while the ECB is expected to flood the market with more deflation-busting stimulus.

These expectations are clearly shown in financial markets. The dollar and short-term U.S. bond yields have soared, while the euro and short-term euro zone bond yields have plunged.

The gap between benchmark two-year U.S. and euro zone yields is its widest since 2006 - the two-year German yield is -0.42 percent while the U.S. yield is just under 1 percent - and the dollar's value against a basket of currencies is within a whisker of a peak not seen since 2003.

The euro is on track for its biggest annual loss since the 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.

of its launch in 1999. It is down 8.5 percent on a trade-weighted basis so far in 2015 and many analysts expect it to crash through parity with the dollar next year. Analysts at Goldman Sachs predict a new low of $0.80 in 2017.

It's rarely been cheaper for companies to raise cash in euros but the cost of swapping those funds into dollars, the so-called basis swap rate, is the highest since mid-2012.

The policy divergence reflects the contrasting outlooks; the Fed appears to believe the U.S. economy has recovered sufficiently from the crisis and no longer warrants emergency-level interest rates of zero, while the ECB feels yet more stimulus is needed to battle deflation.

Greece aims for debt relief deal in Feb 2016 after reforms done ("Reuters)

Greece wants a deal on debt relief with its euro zone creditors in February to remove financial uncertainty and spur economic recovery, its finance minister said, but euro zone officials said that timetable was very ambitious and likely to slip.

Addressing a conference of investors, Finance Minister Euclid Tsakalotos said on Monday that making the ailing euro zone country's debt sustainable was the key to liberating the economy and restoring confidence among depositors and companies.

Euro zone creditors have said they are willing to consider a debt rescheduling but only once Athens successfully completes a first review of its bailout program, which requires the adoption of a further set of contentious reforms.

Weeks of delays in completing the first batch, which was less challenging politically, suggested the second set would take even longer. A February deadline for a debt deal was therefore very ambitious, euro zone officials said.

The second wave of measures which creditors want completed by mid-December include changes to the pension system to give workers incentives to work and contribute to the system longer.

They also feature overhauling the income tax systems, opening electricity markets and setting up an independent revenue office for tax revenue.

U.S. pending home sales rise modestly in October ("Reuters")

Contracts to buy previously owned U.S. homes rose far less than expected in October, the latest sign that the housing market recovery was losing momentum after strong gains early this year.

The National Association of Realtors said on Monday its pending home sales index edged up 0.2 percent to 107.7. While the increase ended two straight months of declines, it was far below economists' expectations for a 1.0 percent rebound. Pending home contracts become sales after a month or two, and last month's small gain suggested home resales will probably not bounce back after falling 3.4 percent in October.

Also coming on the heels of weak housing starts in October and a dip in homebuilders confidence in November, the report suggested a moderation in housing activity. Home sales are being constrained by tight inventories, which are pushing up prices.

Pending home sales are up 3.9 percent from a year ago. Contracts increased 4.5 percent in the Northeast and rose 1.7percent in the West. They dropped 1.7 percent in the South and fell 1.0 percent in the Midwest.

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