SERIOUS ABOUT WEALTH
NCB CAPITAL MARKETS LIMITED

Weekly Market GUIDE

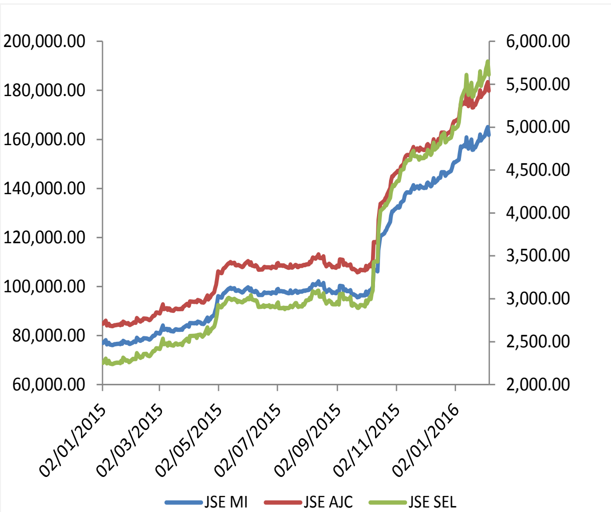
Annya Walker
AVP Research, Strategic Planning & Projects
Tel: 935-2716
walkerad@jncb.com

Simone Hudson-Bernard, CFA
Manager Research & Structured Products
Tel: 935-2585
hudsonsg@jncb.com

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

February 29, 2016

Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	166,056.22	-2,061.25
JSE Market Index	157,369.84	-17.18
All Jamaican Composite	174,825.97	-19.19
Jamaica Select Index	5,441.15	-96.28
JSE Cross Listed Index	499.06	-

Most Active Stocks

	Units Traded	%
CWJ	4,904,010	14.58%
SJ	3,123,279	9.29%
LASM	2,821,780	8.39%

Top Winners & Losers This Week

	$ Change	% Change
Winner: CBNY	+$0.06	46.15%
Winner: GENAC	+0.50	25.00%
Loser: LASD	-$1.92	25.84%
Loser: AMG	-$3.50	18.92%

Market Analysis & Commentary

Market activity was relatively slow last week reflecting the uncertainty as well as the down time as a result of the General Elections. Investors continue to take positions in local equities, but were still bidding below offer prices. Further, there was evidence of profit-taking especially on some Junior Market stocks that saw significant increase in prices over the past few months. Following this, the Combined Index declined by 2,061.25 points (or 1.23%) to close at 166,056.22 points while the Main Index lost 17.18 points to close at 157,369.84 points.

Carib Cement Company Ltd "Builds On" Profits

The 2015 financial year was one of Caribbean Cement Company Ltd's (CCC) best performing years. For the period ended December 2015, CCC's net profits were $1.55Bn (EPS: $1.82), which was 11 times greater than the earnings reported in the previous year. Even after excluding the non-recurring income from its net debt restructuring activity of $167.79Mn, normalized earnings were still significantly higher than 2014's. The improvement in performance was driven by growth in sales coupled with cost management initiatives.

An increase in construction activities led to a 12% increase in domestic cement sales while clinker sales grew by 16%. Consequently, revenues moved up by 7.5% to $15.43Bn. Following strict cost control methods and lower fuel costs, the company was able to register a significant increase in earnings before interest, tax, depreciation, amortization and severance costs (EBITDA). EBITDA went from $961.07Mn in 2014 to $2.57Bn in 2015. After accounting for $436.37Mn in severance costs and $396.93Mn in depreciation and amortization expenses, CCC was still able to record operating profit of $1.74Bn. Operating profit margin was 11.3%, the highest registered by the company in over 10 years. Carib Cement also benefitted from lower interest expenses due to the success of its restructuring exercise and the prepayment of approximately $800Mn in long term debt. As such, interest expenses narrowed by $103.98Mn to $148.69Mn. Normalized net profit margin improved by 7.9 percentage points to 8.9%.

Improvements were not only apparent in the company's income statement but balance sheet. Total assets grew by 12.5% to $10.85Bn. Additionally, the company's ability to cover short term obligations improved as its current ratio went from 1.2X to 1.3X.

A $1.55Bn decline in accumulated loss led to a growth in equity from $4.89Bn in 2014 to $6.44Bn (BVPS: $7.56). Continued improvement in CCC's performance will be contingent on persistent growth in the local construction industry and lower energy prices going forward. The expected expansion in the sector due to hotel construction and other large-scale projects augur well for the company. Oil prices are also forecast to remain suppressed throughout 2016. However, there are downside risks from the falloff in cement export sales. CCC's management also recently announced an additional 1.5% discount in cash sales starting March 1 which may affect revenues if the expected increase in volumes does not materialize.

At CCC's current price of $31.45, its trailing P/E is 17.28X while its P/B was 4.16X.

IronRock Looks to Enter the General Insurance Industry

IronRock Insurance Company Ltd is seeking to raise approximately $315Mn in an initial public offer. The company will offer up 105,000,000 shares at a price of $3.00 per share. Of note, only 11.3% (or 11.9Mn units) will be available for application by the general public with the remaining being reserved for company applicants (being Directors and staff), Key Partners (being strategic business partners) and Mayberry and its clients.

The Board intends to use the proceeds to expand IronRock's capacity to underwrite general insurance business in accordance with its business plan, and to pay the expenses of the Invitation, which the Directors believe will not exceed $23Mn (inclusive of brokerage fees, legal fees, accountant's fees, Registrar's fees, filing fees, initial listing fees, and marketing expenses exclusive of GCT). Additionally, the company has indicated that the Board expects to distribute not less than 25% of its earnings to shareholders in the form of cash dividends given adequate ROE and liquidity into consideration.

IronRock Insurance is a newly registered general insurance company that was founded by three principals - R. Evan D. Thwaites (Managing Director) and Wayne Hardie (Finance Director) and the Hon. William A. McConnell (Chairman). Each principal has substantial experience in general insurance having worked in the industry for over 20 years. The company intends to forge a strong footing in the general insurance market by implementing strategies such as a streamlined and competitively priced general insurance service and by operating a lean organization. The company also intends to focus on neglected general insurance areas such as marine and implementing efficient IT solutions. The Directors believe that these services are currently lacking in the industry and will allow the company to capture a sizeable share of the general insurance market.

There are currently 9 large general insurance companies in Jamaica with General Accident accounting for roughly 36.3% of the industry's gross written premium as at September 2015 - the largest share in the market. With this mind, IronRock will have to compete with other established industry players, while ensuring that its strategy to venture into underserved segments of the market yields the desired results.

Foreign Exchange Market

Selling	Close: 19/02/16	Close: 26/02/16	Change
J$/US$1	$121.78	$121.81	+0.03
J$/CDN$1	$87.40	$89.38	+$1.98
J$/GBP£1	$173.03	$169.24	-$3.79

The foreign exchange market quieted drastically throughout the trading week. Anxiety regarding the election coupled with the fact that many companies have decided to increase JMD liquidity in anticipation of upcoming tax payments resulted in a reduction in end user demand and a slowdown in the pace of depreciation. On Friday, the dollar closed at an average selling rate of J$121.81:US$1.00. This represents a $0.03 week-over-week depreciation.

GOJ Global Bonds

In the days leading to up to local elections trading activity on GOJ global bonds were very robust. There was heavy demand across the board for 17s, 19s, 25Ns, 28s and 45s all being actively traded. However, trading activity cooled post-election as investors weighed the news of the change in government and the implications for the bond market.

Indicative Bond Prices

	Bid	Offer	Offer Yield*
2017	108.250	109.500	3.09%
2019	108.000	109.000	3.86%
2021	109.500	109.500	4.92%
2022	127.750	130.750	5.43%
2025 (N)	109.250	110.750	5.97%
2025	117.250	118.250	6.65%
2028	100.250	101.500	6.55%
2036	110.000	111.000	7.43%
2039	105.000	106.500	7.40%
2045	98.500	100.000	7.87%

*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.

International News

The European Central Bank (ECB) may be prompted to unveil a fresh round of economic stimulus when it meets next month to offset global risks as well as weaker economic data. Euro-area economic confidence fell for the second month in February. An index of executive and consumer confidence slumped to 103.8 from a revised 105.1 the previous month. That is the lowest outturn since June. Against a background of falling commodity prices and ongoing concerns about global growth, ECB President Mario Draghi has said the central bank is ready to recalibrate monetary policy as early as March to protect the recovery and prop up inflation, which risks becoming entrenched near zero, well below its goal of just under 2%.

The latest data follows a string of disappointing indicators. Inflation in the euro area rose less than initially estimated in January, adding to the ECB's challenge. While the euro area has so far shown resilience to external headwinds from emerging markets, an oil slump and most recently weakness in the financial sector, could mean that it does not have enough ammunition to counter disinflationary pressures and boost growth.

ECB's monetary policy options going into the March 9-10 meeting include increasing monthly asset purchases from the current €$68Bn as well as cutting the deposit rate further into negative territory, or the introduction of new measures.

(Bloomberg) China Cuts Banks' Reserve Requirement Ratio
China's central bank stepped up efforts to cushion its economic slowdown amid plunging stock prices and a weakening currency, cutting the amount of cash the nation's lenders must lock away.

The required reserve ratio will drop by 0.5 percentage points effective March 1, the People's Bank of China said on its website Monday. That will take the level to 17 percent for the biggest banks, still one of the highest such ratios in the world. The move marks a return to more traditional easing after the central bank indicated in recent weeks it would spur growth by guiding interbank markets lower and injecting liquidity through open-market operations.

Governor Zhou Xiaochuan highlighted scope for further action ahead of a Group of 20 meeting in Shanghai last week, saying China had "multiple policy instruments" to address growth risks. Finance Minister Lou Jiwei said at the event that China will expand its fiscal deficit to support structural reforms to the economy, which slowed to a 6.9 percent growth pace last year, the weakest since 1990.

The action will inject about 685 billion yuan ($105 billion) into the financial system, Bloomberg Intelligence estimated. The PBOC has been trying to restore stability to the nation's currency after outflows hit a record pace in recent months. Reductions to the required reserve ratio - which will allow banks to lend more - help compensate for the departure of money.

The central bank said it lowered the reserve ratio to guide stable and appropriate growth in credit and create appropriate monetary and financial conditions for supply-side structural reform, according to a statement on its website.

China's central bank has preferred a newer monetary approach in recent months. The RRR cut adds to the supply of money in the economy, rather than cutting borrowing costs directly as an interest-rate reduction would. As such, it may not lead to capital outflows in the same way a rate cut could.

(Bloomberg) Argentina Reaches Debt Accord With Holdouts After 15-Year Battle

Argentina settled with disgruntled creditors led by billionaire Paul Singer's Elliott Management, who had sued the country over its $95 billion default in 2001, putting an end to an epic legal battle that had dragged down South America's second-largest economy.

Talks between government officials and the investors, including hedge funds Aurelius Capital Management, Davidson Kempner, and Bracebridge Capital, who held billions in claims on debt ended late Sunday after more than a decade of litigation that locked the country out of international capital markets and made it a pariah among global investors. Argentina will pay $4.65 billion in cash, or 75 percent of principal and interest on full claims, and will raise the funds in overseas bond markets to do so, according to court-appointed mediator Daniel Pollack.

The accord represents a victory for newly elected Argentine President Mauricio Macri, who campaigned on a pledge to reach a deal with the holdouts and reverse the economic policies of his predecessor, Cristina Fernandez de Kirchner, who had referred to the investors as "vultures" and promised never to pay them. In restructurings in 2005 and 2010, the country imposed losses of about 70 percent on holders of the defaulted bonds. About 7 percent of creditors, including Elliott, rejected those terms and pursued lawsuits that culminated in a court order that blocked Argentina from paying its restructured debt until the nation settled with the holdouts.

Argentine bonds rose, with prices on dollar bonds due 2033, which fell into default in 2014, jumping to 117.7 cents on the dollar. Yields on current Argentine-law bonds due 2017 declined to 6.47 percent.

The agreement comes weeks after Argentina agreed to pay almost $2 billion to other holdouts, as well as another $1.34 billion to 50,000 Italian bondholders.

President Mauricio Macri took office in December vowing to reverse the policies of his predecessor Fernandez, who referred to the holdouts as "vultures" she would never repay.

With approval from U.S. District Judge Thomas Griesa, the settlement will probably allow for the release of about $3 billion of interest payments that he's blocked since June 2014 and the reversal of his orders prohibiting Argentina from paying restructured bonds unless the holdouts were also paid. Fernandez had refused to comply with the ruling. After eight years of Fernandez policies that put off investors, Macri needs to lure foreign money to revive a faltering economy and help restore foreign-currency reserves that hit a nine-year low in December. Within his first week in office, he lifted capital controls that had prevented companies from repatriating dividends and devalued the peso, ending years of a crawling peg that kept the currency overvalued as inflation soared.

Before falling into default in 2014, Argentina's international bond yields had averaged about 9 percentage points more than U.S. Treasuries since the nation's first debt swap in 2005. Argentina, which borrowed more money internationally than any developing nation in the 1990s, defaulted in late 2001 following a four-year recession. A one-to-one currency peg to the dollar had made local companies lose competitiveness after Brazil, its largest trade partner, devalued its currency in 1999, causing growth in Argentine to stall.

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.

NCB Capital Markets Limited ("NCBCML") through its representative(s) has provided information to you on various financial products and services and investment opportunities for information and educational purposes only. While NCBCML has made every effort to ensure that the information provided to you is accurate and based on research and analysis that we have carried out or derived from sources that we believe to be accurate and reliable, NCBCML makes no representations or warranties about the accuracy, completeness or suitability for any purpose of the information published and will not be liable for any loss which you or anyone else may suffer in reliance on the information we have provided to you. This Report does not take into account the specific investment objectives, financial situation or particular needs of any specific recipient and therefore this Report should not be regarded by recipients as a substitute for the exercise of their own judgment or for obtaining advice directly from one of our investment advisors.

Important Disclosures:

The views expressed in this report are the views of NCB Capital Markets Ltd at the date of this report.
In accordance with Section 39 (I) of the Securities Act of 1993, NCB Capital Markets Limited hereby states that it is a subsidiary of NCB Jamaica Ltd. and to that extent may be regarded as interested in the acquisition or disposal of the shares of NCB Jamaica Ltd. However, the company acts in a proper and professional manner in making any recommendations regarding shares listed on the Jamaica Stock Exchange. Share prices may fluctuate and past performance is not necessarily a guarantee of future returns.