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NCB CAPITAL MARKETS LIMITED

Weekly Market GUIDE

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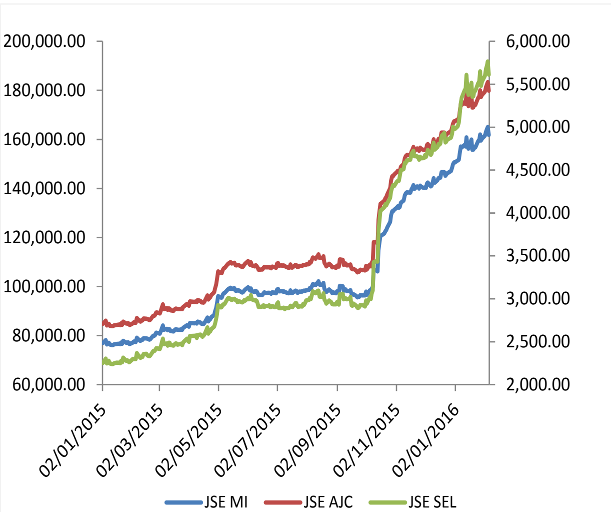
Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Combined Index	161,887.63	-2,889.92
JSE Market Index	153,612.85	-2,134.97
All Jamaican Composite	170,627.32	-2,385.95
Jamaica Select Index	5,246.54	-150.85
JSE Cross Listed Index	499.06	-

Most Active Stocks

	Units Traded	%
LASM	17,294,671	33.32%
KW	14,397,240	27.74%
CWJ	4,446,328	8.57%

Top Winners & Losers This Week

	$ Change	% Change
Winner: JAMT	+$0.97	14.85%
Winner: DG	+1.86	8.13%
Loser: PULS	-$0.85	22.61%
Loser: AMG	-$0.82	20.35%

Market Analysis & Commentary

Jetcon to Drive on the Junior Market Highway

Jetcon is seeking to raise approximately $95.67Mn in an initial public offer. The company will offer up 194,500,000 shares. The general public will be able to purchase up to 18% (or 35Mn) of available shares at a price of $2.25.

Jetcon imports pre-owned vehicles – primarily from Japan – for sale to the Jamaican motor vehicle market. It also provides motor vehicle servicing parts and related products. The Board has seven members (7), with John Jackson as the Chairman and three (3) members are independent. The experience of the board is primarily in finance and business management as well as engineering. Jetcon has been in operation for over 12 years and has been able to record steady growth. With over 5,000 customers, it has increased its sales at a 4-year CAGR of 35.4% to $523.25Mn. Between 2011 and 2015, the company's gross profit margin has averaged 17.1%. In 2015, the company registered net profits of $40.35Mn and its highest net profit margin of 7.2%.

The Board intends to use the proceeds to pay down interest bearing bank debt and upgrade and expand the existing building on the property and the associated bonded warehouse to allow for a showroom and more storage space for cars. Proceeds will also be used to provide working capital support for the purchase of inventory and to finance the cost of the IPO.

The company has indicated that the Board expects to distribute not less than 30% of its earnings to shareholders in the form of cash dividends, subject to reinvestment needs.

Scotia Investments Battles Slowdown in Earnings in Q1 FY2015/16

Scotia Investments Jamaica Ltd (SIJL) posted profits of $117.84Mn (EPS: $0.28) for the first quarter of its 2015/16 financial year ended January 2016. This represents a year-on-year decline of 13.5%. SIJL's financial performance deteriorated throughout the quarter due to weak revenue outturn. In keeping with the company's strategy to focus on more off balance sheet activities, SIJL registered a 21.4% reduction in interest income to $757.29Mn. Consequently, net interest income after impairment losses was $94.30Mn lower at $375.77Mn. Non-interest revenue outturn was however more promising. Supported by a 14.6% year-on-year growth in its asset under management, net fee and commission income came in $65.8Mn higher at $311.28Mn. In contrast, net foreign exchange income was 85.4% lower while net gains on financial assets fell by 55.6%. Non-interest income was also negatively affected by the valuation impact of an embedded put option attached to a GOJ bond. Despite these significant declines, non-interest grew by 2.6% to $353.79Mn.

SIJL's management's focus on operational efficiency continues to bear fruit. Salaries and staff benefits declined by 20.3% while property expenses fell by 23.2%. SIJL's lower asset base also resulted in a 5.8% decline in asset tax. Overall, operating expenses declined by 7.9% to $518.09Mn. Despite the lower expenses, the company's productivity ratio weakened by 155 basis points to 70.5%.

At its current price of $27.86, SIJL's trailing P/E is 11.71X while its P/B is 0.83X.

US Job Market Continues to Support Net Remittance Flows in November 2015

Net remittances for the month of November 2015 was US$151.6Mn, an increase of US$0.3Mn (+0.2%) when compared to November 2014. For the January – November 2015 period net remittances moved up by 3.4% year-on-year to US$1,804.7Mn. The year-to-date net remittance outturn was at a 10-year high. This was primarily due to the 3.2% growth in remittance inflows which was able to offset the 1.9% increase in funds sent outside of the island. There is a direct positive relationship between employment levels (especially in particular sectors) and the remittance outturn. In November 2015, the US registered unemployment of 5%, its lowest rate in over seven (7) years. The US economy generated a solid 211,000 jobs during the month along with growth in wages. With the steady rebound in the job market, inflows from Jamaica's largest remitter – the US – increased from US$1,116.2Mn in November 2013 to US$1,264.4Mn in 2015. However, year-to-date remittance inflows from other markets have been declining since last year. Remittances from the UK, Canada and the Cayman fell by 4.7%, 8.9% and 0.1%, respectively. Despite a fall in UK's unemployment rate to 5.1% - its lowest since 2006 - wage growth slowed in November to its lowest rate since February 2015 in the latest signal that the pace of Britain's recovery is rapidly cooling down. Wages grew at 2% in the three months to November, down from 2.4% in the previous month, after breaking through the 3% barrier in the summer. Reduction in remittances from Canada reflected the weakening job market as its economy shed approximately 36,000 jobs primarily part-time jobs which are popularly held by immigrant employees.

Despite the fact that both the UK and Canada are both showing signs of challenges in their respective job markets, it is anticipated that that the overall remittance outturn will continue to be favourable given the strong US market.

Foreign Exchange Market

Selling	Close: 04/03/16	Close: 11/03/16	Change
J$/US$1	$121.87	$122.03	+0.16
J$/CDN$1	$89.70	$91.69	+$1.99
J$/GBP£1	$170.13	$172.22	+2.09

It was another week of low end user demand for USD. High demand for JMD liquidity in preparation to meet tax obligations due on March 15, weighed on demand for the greenback during the trading week. Though the dollar breached the J$122.00:US$1.00 level, the pace of depreciation has notably slowed. On Friday, the dollar closed at an average selling rate of J$122.03:US$1.00.

JMD Money Market

The Bank of Jamaica opened a 2-year variable rate CD on Thursday, March 10th for trading through March 16th. The CD which has an unlimited issue size and an initial coupon of 6.00% will reprice quarterly at the GOJ 90-day Treasury Bill rate plus 375bps. Total participation at the end of trading on Friday was J$323M.

JMD market activity was fairly low last week as most brokers had sufficient liquidity to cover their demand for the week. Despite OMO maturities of J$12.8M, liquidity levels are expected to tighten due to various tax obligations which are due for payment in the upcoming week.

GOJ Global Bonds

GOJ global bond trading activity continued to rebound after the recent falloff due to the elections. There is significant demand for 2017, 2019 and 2025N bonds at 108.35, 108.25 and 109.25, respectively. There was quite a bit of interest shown in the 2028s as well, however not much trading was done as the buyers and sellers could not agree on price. Buyers were looking to pick up bonds at 100 while sellers were looking to execute closer to 101.

Indicative Bond Prices

	Bid	Offer	Offer Yield*
2017	108.000	109.250	3.08%
2019	108.000	109.000	3.80%
2021	107.000	108.000	5.42%
2022	125.000	127.000	6.06%
2025 (N)	108.500	109.750	6.11%
2025	116.500	118.500	6.61%
2028	100.000	101.000	6.62%
2036	107.000	109.000	7.61%
2039	103.000	105.000	7.53%
2045	97.500	98.50	8.01%

*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 Commission has given warning that economic weakness in France and Italy could trigger a new wave of contagion to other countries as it placed the two nations in its most severe category for economic imbalances. The euro bloc's second- and third-largest economies, as well as Portugal and two non-euro countries - Bulgaria and Hungary - have "excessive imbalances," the European Union's executive arm said on Tuesday. The EU said it will escalate its policing of these countries' spending policies as it warned of rising levels of public debt. With the EU forecasting growth in its 28 member countries to be 1.9% this year and unemployment at 9%, policy makers are still grappling with how to eliminate weaknesses from the euro region's largest economies. The commission criticized France for increasing public debt, coupled with worsening productivity growth and competitiveness. The commission indicated that this could have an impact on other nations. Neighboring Italy has a debt-to GDP ratio that's the second largest in the euro area after Greece. The EU stepped up its policing of national budgets in the wake of the turmoil that Greece's debt ignited across the euro area in 2010. While the EU hasn't yet fined any nation for economic waywardness, the threat of sanctions and its persistent monitoring is supposed to alert governments of trouble ahead. Commission officials will discuss the economic weaknesses with government representatives over the next two months. While they have no power to demand changes to countries' budgets, they will produce a set of recommendations for each country in May.

(Bloomberg) Oil Falls From Three-Month High as Iran Refuses to Join Freeze

Oil dropped from a three-month high as Iran said it would raise output to pre-sanctions levels before joining talks to freeze production. Futures fell as much as 4.7 percent in New York. Iran plans to raise output by about a third to 4 million barrels a day before it will consider joining any move to rebalance the market, the Iranian Students News Agency reported, citing Oil Minister Bijan Namdar Zanganeh. The Islamic republic boosted production by 187,800 barrels a day in February, the biggest monthly gain since 1997, the Organization of Petroleum Exporting Countries said in a monthly report.

Oil has rebounded after slumping to a 12-year low in February on speculation stronger demand and falling U.S. output will ease a surplus. The International Energy Agency said March 11 that prices may have reached their lowest point as shrinking supplies outside the OPEC and disruptions inside the group reduce the glut. U.S. crude stockpiles, meanwhile, grew to the highest level since 1930.

(Bloomberg) U.S. Stocks Fluctuate as Oil Falls; Dollar Gains on Fed Outlook

U.S. stocks fluctuated, while oil retreated as investors awaited for further assurance that central banks will continue to support growth and the glut in crude will ease.
Gains by consumer companies offset losses by financial and energy stocks in the Standard & Poor's 500 Index, as West Texas Intermediate crude declined as much as 4.7 percent on Iranian plans to boost oil production. Emerging market equities rose, as shares in Egypt rallied after the country's central bank devalued its currency. The dollar climbed against 13 of its 16 major peers. Thawing credit markets enabled UBS Group AGto hold the first sale of the riskiest type of bank debt in Europe for two months.

Economic data around the world suggest the global economy is far from the recession environment that wiped almost $9 trillion off the value of equities worldwide this year through mid-February, and central banks are indicating they'll support asset prices when needed. The Bank of Japan, which adopted a negative interest rate in January, will conclude a policy review on Tuesday and a Federal Reserve meeting ends Wednesday.

(Reuters) IMF backs unconventional monetary policies despite warnings from emerging economies

Unconventional monetary policies of central banks in Europe and Japan received an endorsement from the International Monetary Fund on Sunday, even as policymakers from emerging markets warned that such policies were increasing risks for the global economy.

The debate over the merits of unconventional policies comes days before major central banks such as the U.S. Federal Reserve, the Bank of England and the Bank of Japan unveil their interest rate decisions.

At the conclusion of a three-day IMF event in New Delhi, the fund's chief, Christine Lagarde, said countries should continue with unconventional monetary policies if they were accompanied by structural reforms and low inflation.

Speaking at the same event on Saturday, India's central bank chief Raghuram Rajan, a vocal critic of such policies, had said that the costs of them were increasing even as the benefits seemed to be diminishing.

He called on global central banks to adopt a system for assessing the wider impact of their actions, including unconventional monetary policies now in use.

The European Central Bank recently eased monetary policy further by cutting all its main interest rates, expanding asset purchases and launching a loan program which could see it pay banks to lend to firms and households.

The Bank of Japan has also taken interest rates into negative territory for the first time while the U.S. Federal Reserve is expected to tighten monetary policy only gradually after years of near-zero rates and quantitative easing.

Rajan proposed that a group of academics should measure and analyze the "spillover" effects of monetary policies and indicate which should be used and which avoided. He suggested a traffic light system, grading policies green, orange or red.

The monitoring system could be implemented through an international agreement along the lines of the Bretton Woods currency accord or via the IMF, he added.

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.