

In this week's edition:

<u>US reflation expected, disinflation actualized</u>	2
<u>Central banks appeal for greater fiscal support</u>	2
<u>Vaccines matter but don't forget therapeutics</u>	2
<u>World's equity major indices rally amid heavy volatility</u>	2
<u>Liquidity and interest Rates: recent developments and near term outlook</u>	3
<u>COVID-19, Tourism & economic prospects</u>	3
<u>Junior Market momentum intensifies</u>	4
<u>Main Market round-up</u>	4
<u>SVL Monopoly ends</u>	4
<u>Recent economic releases</u>	5

Upcoming Key Economic Events	
Country / Region	Event
Tuesday, February 16, 2021	
EU	German ZEW Economic Sentiment (Feb)
Wednesday, February 17, 2021	
UK	CPI (YoY) (Jan)
USA	Core Retail Sales (MoM) (Jan)
USA	PPI (MoM) (Jan)
USA	Retail Sales (MoM) (Jan)
Canada	Core CPI (MoM) (Jan)
Thursday, February 18, 2021	
EUR	CPI (YoY) (Jan)
USA	Building Permits (Jan)
USA	Philadelphia Fed Manufacturing Index (Feb)
Friday, February 19, 2021	
UK	Retail Sales (MoM) (Jan)
EUR	German Manufacturing PMI (Feb)
Canada	Core Retail Sales (MoM) (Dec)
USA	Existing Home Sales (Jan)

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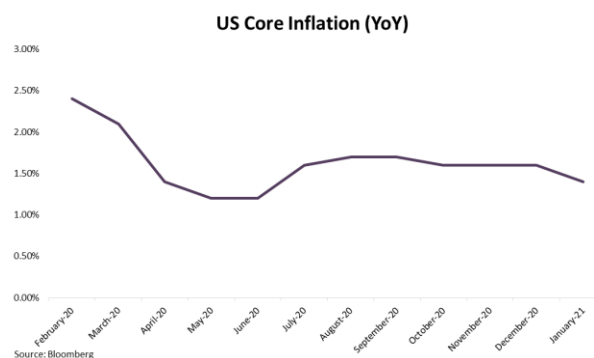
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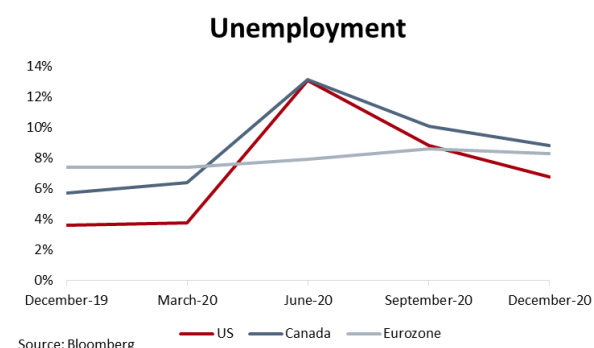
US reflation expected, disinflation actualized

On February 10, 2021, the US Bureau of Labour Statistics announced monthly core inflation of 0.0% in January 2021, a divergence from analysts' consensus (0.2%) and lower than December 2020's rate of 0.1%. The news eased inflationary concerns which led to the medium- to long-term end of the US yield curve shifting downward as bonds became more attractive. Also, it is for that reason the US Federal Reserve has been holding firm at the current accommodative target range of 0.00% to 0.25% and maintaining the pace of its purchase of Treasuries and Mortgage-Backed Securities (MBS). With no change expected until inflation has risen to and is sustained at the Fed's target of 2% (currently at 1.4%), it may be years until the short-end of the US yield curve sees any meaningful shift upward.



Central banks appeal for greater fiscal support

Unemployment numbers in the US, Canada and in Europe have been declining over the past few months but remain elevated, relative to pre-crisis levels. This is the primary reason why central bank presidents have been appealing to governments for continued intervention. During an address to European Parliament on Monday, ECB President Christine Lagarde, pledged monetary support but also encouraged European countries to provide fiscal support as she implied that more needed to be done to support EU member countries. In the US, Fed Chair Jerome Powell echoed a similar sentiment. Absent the required fiscal support, the pace of economic recovery will be uncertain.



Vaccines matter but don't forget therapeutics

Earlier this week the World Health Organization (WHO) backed AstraZeneca's COVID-19 vaccine for use in adults of all ages but limited data on its efficacy for older persons has caused some European countries to restrict use to those under 65 years old. However, with the vaccine having the WHO's stamp of approval, more countries will add it to their arsenal, which is another positive step towards overcoming the pandemic. Though this is a commendable step, for those already infected, therapeutics are more important. On Tuesday, the US FDA authorized the use of two Eli Lilly & Co. antibody-based drugs for emergency use to treat recently diagnosed Covid-19 cases. The continued influx on both fronts should continue to improve investor sentiments in the short term.

Vaccine	Europe	Canada	USA	UK	WHO
Pfizer	✓	✓	✓	✓	✓
Moderna	✓	✓	✓	✓	✗
AstraZeneca	✓	✗	✗	✓	✓

Source: Bloomberg

World's equity major indices rally amid heavy volatility

The world's equity major indices had a spectacular week as three major indices (S&P 500, MSCI World, and SPTSX) all hit new all-time highs. Nevertheless, volatility remained elevated, though lower WoW and trading volumes approach the peak seen during the pandemic crash indicating strong investor sentiments. There is some level of concern about the longevity of this momentum given the slow improvement in economic data. However, with the stock market being a leading indicator, the current performance may be a signal that a change in economic fortunes is on the way.

Indices	Value	WoW	YTD
S&P 500 Index	3,934.83	1.23%	4.76%
MSCI World Index	682.24	1.74%	5.57%
SPTSX Index	18,460.2	1.79%	5.89%

Source: Bloomberg

Liquidity and interest Rates: recent developments and near term outlook

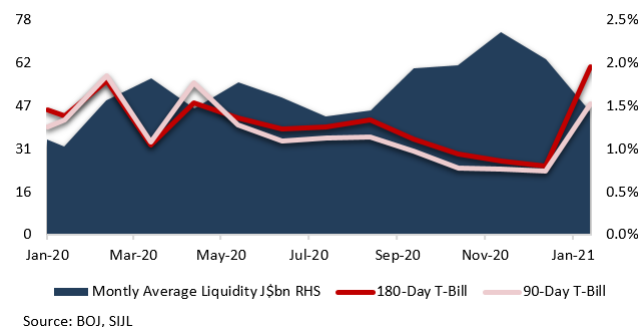
Coming off its pandemic high of J\$106.3 billion in October 2020, market liquidity as at Feb 9, 2021 stood at J\$40.32 billion, its lowest level in over five months and below its 12-month average of J\$57.49 billion. Liquidity was removed from the system following a series of auctions by the GoJ and the BOJ via the issuance of index notes, T-bill and CDs. This meant February's round of open market operations (OMOs) saw lower levels of liquidity chasing the same value of offerings which provided investors with higher bidding power versus previous periods, resulting in a sharp uptick in interest rates. However, considering that the BOJ is expected to maintain its accommodative posture even in the aftermath of the pandemic, the sustainability of rates at these levels is uncertain. Additionally, based on the expectation of added liquidity through payment of upcoming coupons approximated at J\$9.4 billion, which could be supported by any expansionary OMOs by the central bank if deemed necessary, it is unlikely that there will any additional upward pressure on rates.

COVID-19, Tourism & economic prospects

Over the last week, Jamaica recorded multiple new daily highs in COVID-19 cases, pushing the country's daily average to 275 cases per day. This resulted in the reinstatement of tighter protocols as government ramped up measures to contain the virus' spread. Considering the current spike, we may enter a scenario where these protocols persist beyond the initial two week timeline for which they are currently set. Unfortunately, many businesses may face a protracted compression of revenues as an indirect repercussion. The impact on commerce is also likely to be transmitted to consumers through lower income and lower consumption capacity, leading to lower growth and an uncertain timeline for economic recovery. The spike also amplifies the risks associated with the recovery of the tourism sector, which was estimated to employ directly and indirectly more than 32% of the population, generating revenues approximated at 31% of GDP in 2019. As one of the leading sources of foreign exchange inflows and government revenues, Jamaica's economic recovery is closely tied to that of tourism.

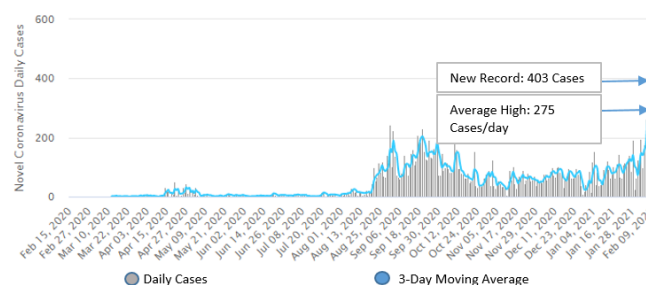
In 2020, the island recorded approximately 1.3 million visitor arrivals, which represented a 68.6% drop compared to 2019. Arrivals returned in small volumes in the months following the reopening of the borders in June. Arrivals peaked in December at 90,164, a MoM advancement of 82% but a YoY decline of 81.5%. Notwithstanding the low monthly inflows, the growth in tourism throughout Q3-2020 played a significant role in the quarterly GDP growth of the period and lent support to the external accounts. The continued growth from October to December is expected to support growth in Q4-2020 as well. December marked the start of the winter tourism high season in Jamaica; however, the UN's World Tourism Organization (UNWTO) posits that this winter season may be the lowest yet in the country's history. The organization highlights an increase in booking cancellations in December and increased sentiment towards a protracted contraction of the sector. The recently transpired events added further downside risk to projections of green shoots in Q3-2021, as the continued progression and lack of virus control threatens the industry's recovery timeline despite the expected vaccination roll out in Q1 2021. Jamaica's high dependence on tourism dictates that a full economic recovery will not be realized until the industry has returned to its pre-pandemic level.

JMD Liquidity & Rates Trends



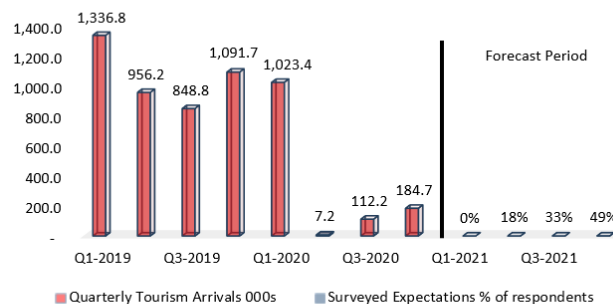
Source: BOJ, SJJL

Daily COVID-19 Trends



Source: Worldometer

Quarterly Tourism Performance & Expected Return to 2019 Levels



Source: UNWTO, SJJL, JTB

UNWTO conducted a global survey among its UNWTO Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected time of recovery. Results show the percentage of respondents who believe tourism will achieve sustainable growth equivalent to 2019 levels for each respective quarter i.e. 49% of respondents believe tourism will achieve sustainable recovery post Q3-2021

Data as collected by UNWTO, January 2021. Published: 26/01/2021

Junior Market momentum intensifies

The Junior Market Index continued its upward march closing higher for the 6th consecutive week culminating in a YTD return of 6.46%. The Index's WTD gain of 0.61% occurred in a context where a total of 42 stocks traded, of which 21 advanced, 17 declined, while 4 traded firm. The momentum has intensified after the release of financial statements for LASM, LASD and LASF which collectively accounts for approximately 27% of the entire Junior Market Index. The financials depicted positive YoY earnings growth at the end of their third quarter which closed on December 31, 2020. This week's top gainer in the Junior Market finance segment, LASF, experienced a change in fortunes as initiatives introduced by management to rein in non-essential expenditures aided in a significant reduction (30%) of total expenses which effectively outweighed the 7.8% reduction in the company's top line. This resulted in YoY earnings growth over the reported period of 100%.

JAMT also released favourable earnings results, maintaining its positive YTD trend. The company currently boasts the highest YTD return on the Junior Market at 56.69% after six weeks of trading. Volume Leaders, Derrimon Trading, whose price was anchored at J\$2.38 for much of January 2021, have started to gain some momentum, ending the week at J\$2.59 per share, a YTD return of 8.98%

Main Market round-up

For the week ending February 12, 2021, a total of 52 stocks traded, of which 29 advanced, 20 declined and 3 traded firm.

GK's momentum persisted as thin volumes continued to materially impact price movements, resulting in a 10.82% return for the company at the close of play this week. While for two of last week's top performers SEP and SALF the reality was the opposite as both firms saw price reversals, and recorded negative WTD returns of 4.53% and 9.56% respectively.

SVL Monopoly ends

The local betting, gaming and lotteries space is expected become far more competitive. Following an extensive due diligence process, Mahoe Gaming and Goodwill Gaming Enterprise have been granted approvals to operate gaming and lotteries businesses and will compete with SVL. Goodwill has not disclosed its expected launch date, and has since been notified by the Betting Gaming and lotteries Commission to take certain corrective actions before operation commences. However, Mahoe Gaming has officially commenced its operations and will be introducing a suite of competitive lottery products. The advent of new entrants to the market, coupled with tighter curfew hours could have a meaningful impact on SVL's operating environment. As such, this will be an area of keen focus for us in the short to medium term. Since the release of this information this week, SVL's stock price fell by 14%, placing the entity among the top decliners for this week.

Market Quote for Week Ending February 12, 2021						
Index	Opening Value	Closing Value	Total Volume	Value (J\$)	WTD Change	YTD Change
Main Market Index	390,476.71	390,278.54	104,412,964	744,207,645.68	-0.05%	-1.35%
Junior Market Index	2,796.97	2,814.15	52,699,327	162,135,251.65	0.61%	6.46%

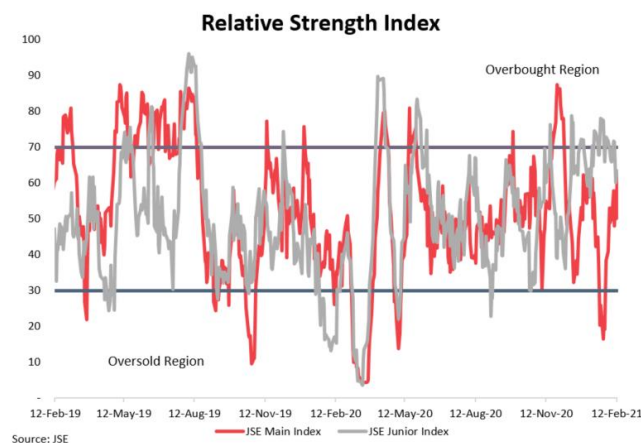
Source: JSE, SIJL

Sector	Top Advancers*	Top Decliners*
Finance	LASF	AFS
Manufacturing	JAMT	HONBUN
Insurance	N/A	GENAC
Other	ELITE	MEEG
Retail	CPJ	FOSRICH

*Based on percentage price increase week-over-week
Source: JSE, SIJL (Junior Market)

Sector	Top Advancers*	Top Decliners*
Finance	QWI	KEY
Conglomerate	GK	SJ
Other	CBNY	SVL
Manufacturing	CCC	SALF
Real Estate	FIRSTROCJMD	XFUND

*Based on percentage price increase week-over-week
Source: JSE, SIJL (Main Market)



Recent Economic Events

RECENTLY RELEASED KEY ECONOMIC EVENTS				
Country/Region	Event	Actual	Forecast	Previous
Tuesday, February 9, 2021				
USA	JOLTs Job Openings (Dec)	6.646M	6.500M	6.572M
Wednesday, February 10, 2021				
USA	Core CPI (MoM) (JAN)	0.0%	0.2%	0.1%
USA	Crude Oil Inventories	-6.644M	0.985M	-0.994M
Thursday, February 11, 2021				
USA	Initial Jobless Claims	793K	757K	812K
Friday, February 12, 2021				
UK	GDP (YoY) (Q4)		-8.1%	-8.6%
UK	GDP (QoQ) (Q4)			16.0%
UK	Manufacturing Production (MoM) (Dec)			0.7%
UK	Monthly GDP 3M/3M Change			4.1%

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