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Upcoming Key Economic Events	
Country / Region	Event
Sunday, January 31, 2021	
China	Caixin Manufacturing PMI (Jan)
Monday, February 1, 2021	
Germany / EU	German Manufacturing PMI (Jan)
UK	Manufacturing PMI (Jan)
USA	ISM Manufacturing PMI (Jan)
Wednesday, February 3, 2021	
EU	ECB Monetary Policy Statement
UK	Composite PMI (Jan)
UK	Services PMI (Jan)
EU	CPI (YoY) (Jan)
USA	ADP Nonfarm Employment Change (Jan)
USA	ISM Non-Manufacturing PMI (Jan)
USA	Crude Oil Inventories
USA	Fed Interest Rate Decision
Thursday, February 4, 2021	
UK	Construction PMI (Jan)
UK	BoE Interest Rate Decision (Feb)
USA	Initial Jobless Claims
Friday, February 5, 2021	
USA	Nonfarm Payrolls (Jan)
USA	Unemployment Rate (Jan)
Canada	Employment Change (Jan)
Canada	Ivey PMI (Jan)

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Vaccines vs infections

There are numerous COVID-19 vaccines approved for emergency use; however, low inoculation levels have resulted in no significant change to the number of new COVID-19 cases per day. This can be attributed to a combination of relaxed containment measures and the emergence of new variants of the virus thought to be more infectious. A continuation of this trend for much of the year could cause the optimism associated with the approval of the vaccines to fade. Additionally, based on the aforementioned scenario countries would most likely continue to resort to restrictive measures to curb the spread which could possibly result in a weaker recovery than that which the IMF currently projects for 2021 (5.5% global GDP growth).

Mixed economic data offsets impact of positive earnings

Despite the majority of stocks beating earnings expectations this week, US equities came off their highs as a result of mixed economic data: US GDP meeting expectations; fewer new home sales than expected; and, lower than forecasted initial jobless claims. In Canada, the impact of tight lockdowns, vaccine acquisition issues, and a US Bill pausing land leasing for oil and gas mining all offset a better than expected November 2020 GDP number leading to the SPTSX Index's negative performance over the past week. A row between the UK and the EU over vaccines resulted in a WoW contraction in the UK and EU stock markets.

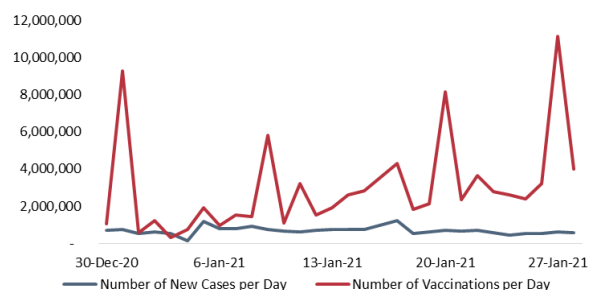
Tensions between hedge funds and the masses driving volatility

The masses, driven by a forum on Reddit, have been expressing discontentment with the short selling of hedge funds by aggressively taking the opposite side in select stocks. This drove an already high VIX even higher. With a negative relationship between the VIX and the S&P 500, stocks are expected to have a challenging upcoming week as tensions seem to have more room to intensify.

US Fed holds firm stance

The current mantra of the US Federal Open Market Committee (FOMC) is characterised by the phrase "lower for longer" which is reflective of the central bank's ambition to keep interest rates low until they see substantial economic recovery. This posture, in conjunction with the FOMC's current asset purchasing strategy is likely to keep the US treasury curve relative stable for 2021. So what does that mean for the bond market? Well, this implies that yields are likely to remain low or could possibly trend lower; therefore, the opportunities for yield pickup may be towards the higher end of the risk spectrum. It is important to note though, that a faster than expected recovery in economic performance could contribute to a steepening of the curve, particularly with long term rates increasing.

Global COVID-19 Cases and Vaccinations



Source: Bloomberg

Indices	Value	Rate of Change WoW
S&P 500 Index	3730.10	-2.90%
MSCI World Index	654.50	-2.26%
SPTSX Index	17335.96	-2.86%

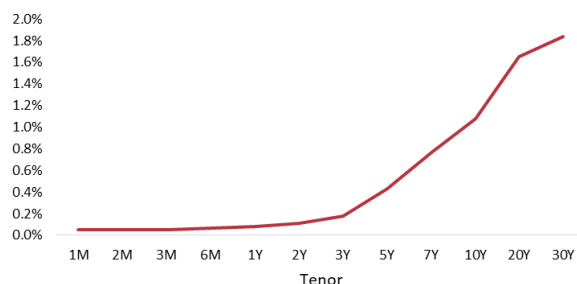
Source: Bloomberg

VIX



Source: Bloomberg

US Yield Curve



Source: Bloomberg

Local dollar weakens despite interventions

Depreciative market forces have been predominant since the start of 2021 for the Jamaican Dollar (JMD) relative to its three main counterparts: United States Dollar (USD), Canadian Dollar (CAD) and the British Pound (GBP).

Downside pressures against the JMD increased over the last week up to January 29, 2021. The BOJ last intervened with its B-FXITT mechanism on January 18 and has supplied US\$85 million to the market YTD. The interventions tempered the rate of depreciation between the JMD and USD to a weekly average of 0.8% for the prior two weeks, but in the absence of intervention, the rate of depreciation has accelerated to 2.4% for the period of January 21 to January 29. CYTD, the JMD/USD exchange has depreciated 4.6%, from J\$142.68 on January 4 to J\$149.61 as at January 29. Concurrently, the CAD gained J\$6.11 (5.2% JMD depreciation) on its relative value, largely owing to increased volumes of the currency trading by various deposit taking institutions (DTIs) over the period. The wide swings in the CAD's value recognized over the period were a direct result of these transactions. Concurrently, the GBP recorded a 5.8% CYTD appreciation against the JMD to close at J\$205.52 to 1GBP on January 29.

Liquidity remains adequate

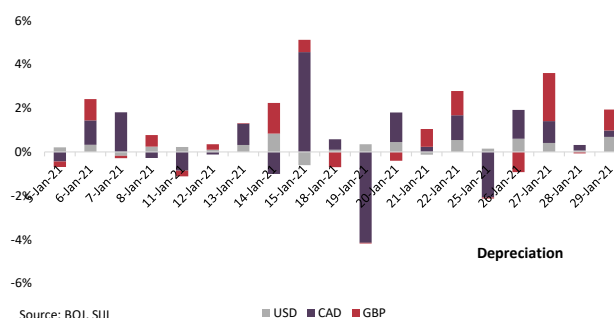
JMD liquidity has continued to grow since the start of 2021, against the backdrop of robust levels throughout 2020, lending support to financial market stability and business confidence. As at January 28, 2021, the current account balances of DTIs held more than JM\$57.9 billion in liquidity, a CYTD growth of 6.4%. Liquidity for the month peaked on January 18 at JM\$84.2 billion, following the maturity of the JM\$25 billion index note. Thereafter, the BOJ and MOF issued a series of notes starting with the reopening of the US\$40 million 2024 US-Indexed note on January 19 and ending with the reopening of the GoJ FR 5.675% 2029 and GoJ FR 12.25% 2050 notes (to be issued today, January 29, 2021). The recognized issuances to date have in effect reduced the level of available liquidity in the market.

Liquidity preference continues to lean towards the holding of interest bearing assets versus cash, as evidenced by the wide variation in the level of participation between the latest BOJ Repo auction and BOJ's most recent fixed rate (FR) certificate of deposit (CD). The 14-day Repo on January 25, 2021 called for bids for the repurchase of JM\$10.5 billion in BOJ notes, received a 0.97x subscription rate and was allotted to five institutions. This is to be compared to the BOJ 30-day 1% FR CD announced on January 27, 2021 for JM\$10 billion that was 1.56x oversubscribed and received 43 bids.

Date	90 Day T-Bill	180 Day T-Bill	273 Day T-Bill
20-Nov-20	0.78%	0.94%	1.04%
20-Dec-20	0.77%	0.86%	N/A
20-Jan-21	0.74%	0.81%	0.99%

Source: Bloomberg

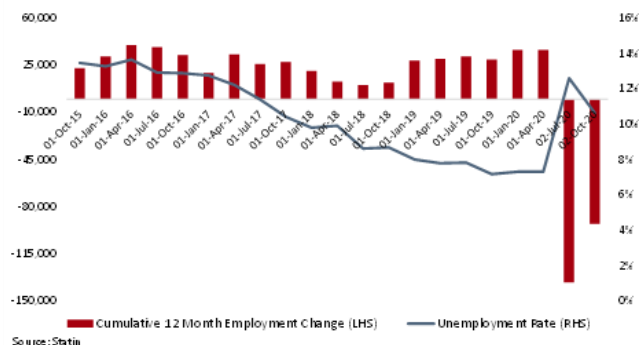
Daily Currency Movements



Unemployment improves, but uncertainty lingers

From July to October 2020, 37,500 jobs returned to the labor market, resulting in unemployment falling from the 12.6% high of July 2020 to 10.7%. The improvement comes on the back of increased economic activities throughout Q3-2020 that also resulted in a quarter over quarter (QoQ) 8.3% growth in real GDP. However, much like GDP, the rate of unemployment remains a far cry from the record low 7.2% rate recorded during October 2019 to January 2020. The labor force was 6% below pre-pandemic levels (January 2020), with almost 76,000 jobs yet to return to the labor market. Moreover, with an indication of increased levels of COVID-19 on the horizon, both locally and in key source markets like the US and the UK, risks of extended closure to various tourism and services oriented businesses remain elevated, adding downside risks to future employment as well.

Employment Trends



Government to cut expenditure by a further JM\$3.5 Billion

The Ministry of Finance (MoF) on Wednesday January 13, 2021 released the third supplementary estimates for FY20/21, which reflected plans to cut back on spending to compensate for an expected JM\$8.6 billion revenue shortfall relative to the second supplementary budget. The revelation comes despite revenues

collected for April to November 2020 being 0.3% higher than the budgeted expectations outlined in the second supplementary budget and expectations of a revenue increase for the December/Christmas period. The move could be attributed to expectations for subdued growth in the final quarter for FY20/21, and may also be pointing to a renewed focus on the austerity program as the government seeks to narrow the fiscal deficit in FY21/22 and get back on the path towards achieving the debt reduction targets.

Optimism in the midst of low volumes

For week ending January 29, 2021 a total of 52 stocks were traded, of which 29 advanced, 20 declined and 3 traded firm. Total volumes traded across the main market since the start of year continues to trend below those observed in the analogous period in 2020. This is indicative of the main index's slow start to the year as evidenced by its YTD performance of -1.94%. The index's sluggish start is further underscored by the downward trend in its relative strength trajectory which has been teetering on the cusp of oversold territory.

Notwithstanding subdued volumes levels, Proven Investment Limited (PIL) successfully closed their Additional Public Offering (APO) citing strong support for the invitation from investors even after upsizing. The Sygnus Group is set for another foray into the market, as they unveiled plans to take their real estate financing company, Sygnus Real Estate Finance, public sometime this year. At the recently held Jamaica Stock Exchange annual conference, Head and Co. founder, Beresford Grey stated that the company will seek to raise between US\$20M –US\$30M to invest in real estate ventures and projects.

Meanwhile, Salada foods, which ended the week being the top performer within the manufacturing sector with a 6.69% WoW return, approved a ten for one stock split which takes effect on March 31, 2021, a decade after their previous ten to one stock split. This decision comes at a time when the company's price has rebounded within the J\$30 range after price fluctuations in 2020. The company also tripled the maximum number of shares it is entitled to issue, increasing from 500 million with no par value to 1.5 billion shares with the new shares ranking on equal footing with the existing ordinary shares or stock units in the capital of the company.

Current market momentum sustainable?

The junior market is off to a much stronger start compared to its much larger counterpart as demonstrated by a 74% increase in volumes traded YoY and emphasized by a 4.95% increase in its level since the start of the year. While it is still early days, the upward momentum of the index has seen its level momentarily enter into overbought territory, though on all occasions followed by a swift correction. At the close of play for week ending January 29, 2021 a total of 43 stocks were traded, of which 21 advanced, 20 declined and 2 traded firm, this

Item	Original Budget FY20/21	Supplementary Budget FY20/21	Second Supplementary Budget FY20/21	Third Supplementary Estimates FY20/21
Revenues	675,093.10	579,886.10	585,100.00	576,500.00
Expenditure	660,785.20	642,841.10	658,014.40	654,514.40
Fiscal Balance	14,307.90	-62,955.00	-72,914.40	-78,014.40
Fiscal Balance/GDP	0.70%	-3.31%	-3.84%	-4.11%

Source: MoF & SIJL

Market Quote for Week Ending January 22, 2021						
Index	Opening Value	Closing Value	Total Volume	Value (J\$)	WTD Change	YTD Change
Main Market Index	385,859.59	387,937.83	71,707,539	488,743,840.39	0.54%	-1.94%
Junior Market Index	2,749.66	2,774.17	48,277,487	122,035,150.60	0.89%	4.95%

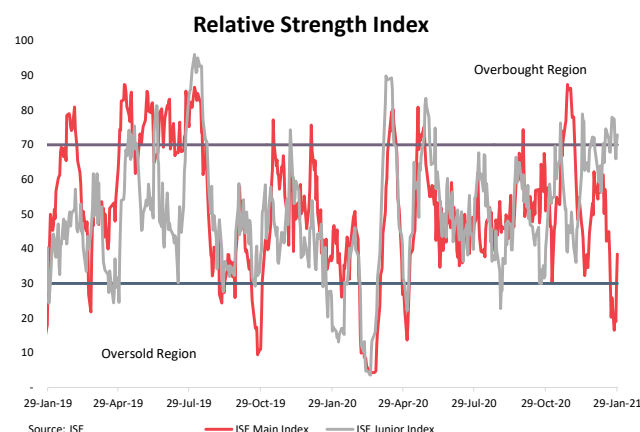
Source: JSE, SIJL

Sector	Top Advancers*	Top Decliners*
Finance	MJE	PJX
Conglomerate	SJ	PJAM
Other	CBNY	XFUND
Manufacturing	SALF	N/A

*Based on percentage price increase week-over-week
Source: JSE, SIJL

Sector	Top Advancers*	Top Decliners*
Finance	LASF	ISP
Manufacturing	CFF	PURITY
Insurance	N/A	ROC
Other	DCOVE	KLE
Retail	DTL	MDS

*Based on percentage price increase week-over-week
Source: JSE, SIJL



translated to a WTD return of 0.89% which was mainly attributable to DCOVE's 17.65% improvement in price WoW. This week's volume leader and top advancer within the retail segment was Derrimon Trading Limited (DTL). This coincides with the company's announcement of the successful closure of APO on the 26th of January, a day after announcing its intention to upsize the offer. This could be a signal of strong sentiments for this offer; however, given the fact that approximately J\$3.5B of the invitation was underwritten, coupled with the fact that DTL has been a volume leader since the new year, this will be difficult to gauge until the shares are allotted.

RECENT ECONOMIC RELEASES

RECENTLY RELEASED KEY ECONOMIC EVENTS				
Country/Region	Event	Actual	Forecast	Previous
Sunday, January 17, 2021				
China	GDP (YoY) (Q4)	6.5%	6.1%	4.9%
China	Industrial Production (YoY) (Dec)	7.3%	6.9%	7.0%
Tuesday, January 19, 2021				
Germany / EU	German ZEW Economic Sentiment (Jan)	61.8	60.0	55.0
China	PBoC Loan Prime Rate	3.85%		3.85%
Wednesday, January 20, 2021				
UK	CPI (YoY) (Dec)	0.6%	0.5%	0.3%
EU	CPI (YoY) (Dec)	-0.3%	-0.3%	-0.3%
Canada	CPI (MoM) (Dec)	-0.4%		0.2%
Canada	BoC Interest Rate Decision	0.25%	0.25%	0.25%
USA	Presidential Inauguration			
Australia	Employment Change (Dec)	50.0K	50.0K	90.0K
Thursday, January 21, 2021				
EU	Deposit Facility Rate (Jan)	-0.5%	-0.5%	-0.5%
EU	ECB Marginal Lending Facility	0.25%		0.25%
EU	ECB Interest Rate Decision	0.00%	0.00%	0.00%
USA	Building Permits (Dec)	1.709M	1.604M	1.635M
USA	Initial Jobless Claims	900K	910K	926K
USA	Philadelphia Fed Manufacturing Index (Jan)	26.5	12.0	9.1
Australia	Retail Sales (MoM)	-4.2%		7.1%
Friday, January 22, 2021				
UK	Retail Sales (MoM) (Dec)	0.3%	1.2%	-4.1%
Germany / EU	Manufacturing PMI (Jan)	57.0	57.5	58.3
UK	Composite PMI (Jan)	40.6	50.7	50.4
UK	Manufacturing PMI (Jan)	52.9	57.3	57.5
UK	Services PMI (Jan)	38.8	49.9	49.4
Canada	Core Retail Sales (MoM) (Nov)	2.1%	0.3%	1.0%
USA	Existing Home Sales (Dec)	6.76M	6.55M	6.71M
USA	Crude Oil Inventories		-1.167M	-3.247M

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