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| Upcoming Key Economic Events | |
|------------------------------|--|
| Country / Region | Event |
| Sunday, March 14, 2021 | |
| China | Industrial Production (YoY) (Feb) |
| Tuesday, March 16, 2021 | |
| EU | German ZEW Economic Sentiment (Mar) |
| USA | Core Retail Sales (MoM) (Feb) |
| USA | Retail Sales (MoM) (Feb) |
| Wednesday, March 17, 2021 | |
| EU | CPI (YoY) (Feb) |
| USA | Building Permits (Feb) |
| Canada | Core CPI (MoM) (Feb) |
| USA | Weekly Change in Crude Oil Inventories |
| USA | FOMC Economic Projections |
| USA | FOMC Statement |
| USA | Fed Interest Rate Decision |
| USA | FOMC Press Conference |
| Thursday, March 18, 2021 | |
| UK | BoE Interest Rate Decision (Mar) |
| UK | BoE MPC Meeting Minutes |
| USA | Philadelphia Fed Manufacturing Index (Mar) |
| USA | Weekly Initial Jobless Claims |
| Friday, March 19, 2021 | |
| Canada | Core Retail Sales (MoM) (Jan) |

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Another wild week

Inflationary concerns continue to place upward pressure on yields despite the temporary pull back earlier this week. This was driven by lower than expected core CPI numbers for February 2021 in the US and the European Central Bank's (ECB) promise to accelerate debt purchases. Equity markets across the world rallied announcements, with some smashing previous records for 52-week highs. Tech stocks were once again the centre of the rally as they rebounded the day after they fell more than 10% from the year's high, recouping virtually all last week's losses. Inflationary concerns were revived when US President Joe Biden signed off on the US\$1.9T stimulus bill, taking equity markets off their highs for the week. These wide swings are indicative of the cautious optimism investors should maintain and the importance of dollar-cost averaging.

Consumer spending, the force behind economic recovery

The eagerly awaited US\$1.9T stimulus bill has finally been signed by US President Joe Biden. Eligible Americans are expected to receive their cheques by the weekend, which could mean greater spending that could fuel a continued decrease in weekly initial jobless claims. This is especially important provided that private consumption represents close to 70% of nominal GDP in the US and is therefore expected to be a major contributor to the US' economic recovery. In Canada, the government has been challenged for its stimulus efforts, which drove Canada's fiscal deficit to C\$248.2B in the nine months ended December 31, 2020, compared to C\$11B one year prior. Such spending may have been the driving force behind a 9.6% QoQ growth in Canadian GDP in Q4 2020 and a massive improvement in employment in February 2021 (see table on page 5) especially considering the prevailing lockdowns. The support provided by these two countries and others worldwide has been necessary, but not as impactful as expected, as some households have reacted to the pandemic by increasing savings. Nevertheless, with vaccinations increasing rapidly and consumer confidence improving, greater spending is anticipated this year, which should bolster the recovery.

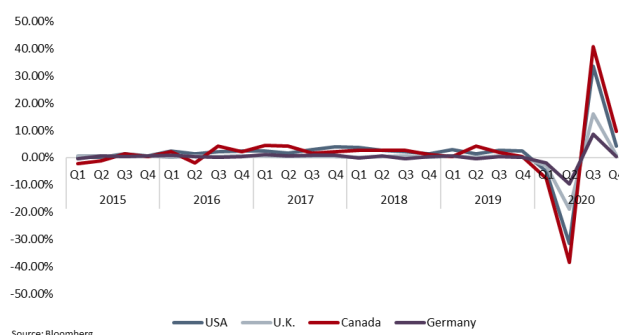
Restrictions set to ease with the proliferation of vaccines

The French government eased travel restrictions for seven countries outside the EU, including the UK, based on improved health conditions in these countries. This is poised to improve even further with the European Medicines Agency authorizing Johnson & Johnson's vaccine, making it the region's fourth approved vaccine. Many US states are expected to relax COVID-19 containment measures in the coming weeks, which should bolster economic activity. The rate of relaxation is expected to increase with President Joe Biden pushing for greater normalcy by July 4. These shifts are indicative of what could be expected as the vaccine rollout intensifies – improved stopover tourist arrivals, the resumption of cruises, as well as an increased demand for oil which is already trading close to its 52-week high, among others.

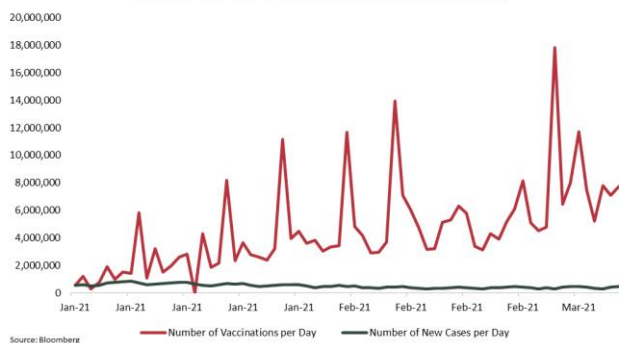
| Indices | Value | WoW | YTD |
|------------------|-----------|-------|-------|
| S&P 500 Index | 3,943.34 | 2.64% | 4.99% |
| MSCI World Index | 674.86 | 3.29% | 4.42% |
| SPTSX Index | 18,851.32 | 2.56% | 8.13% |

Source: Bloomberg

QoQ GDP Growth



Global COVID-19 Cases and Vaccinations



BOJ dovish on rates

Approximately one month after we experienced an uptick in money market rates, the average yield on the 30-day CDs issued by the BOJ fell by 101bps. As at February 16, the 30-day CD rate hit a CY high of 2.47% corresponding to a 15.5% MoM decrease in liquidity. DTI balances reflected successive CY lows on February 16 and 17, before moving into an uptrend that has continued since. As at March 10, 2021, the date of the most recent 30-day CD issuance, liquidity had recovered by more than 72%. Consequently, interest rates declined to 1.46%. The BOJ, in an attempt to maintain its accommodative posture in support of credit growth and inflation stability, refrained from issuing any instruments during the first week of March. This facilitated a stark rise in liquidity levels as DTI balances increased on aggregate by 23.2% over the period. In our view, the Bank will continue to employ varying methods to facilitate the current low interest rate environment as it aims to propel the economy's recovery from the pandemic.

Near-term FX and NIR outlook

At the end of February 2021, the BOJ reported a 1.1% (US\$36.96M) increase in foreign currency and deposits that resulted in the NIR increasing to US\$3.02B (1.1% MoM). However, despite the increase, weeks of import coverage declined from 37.45 weeks in January to 36.44 weeks in February, likely due to recent global uptick in oil prices. The NIR is expected to experience a boost in March as foreign exchange conditions marginally improve on the back of DTI activities coupled with the expected boon from the recently signed US\$1.9 trillion stimulus package. Notwithstanding the aforesaid, the subsequent months promise a resurgence in pressure as DTI's limit currency market activities and key supply sources continue to underperform.

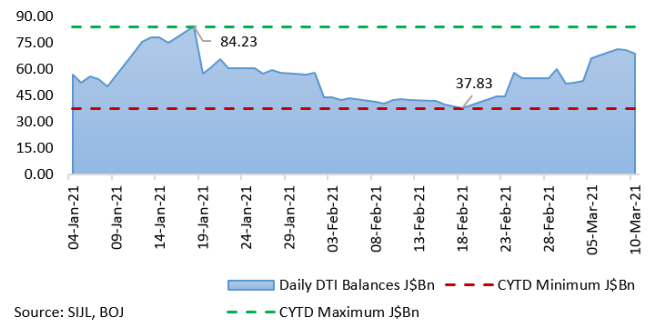
The end of the tunnel?

This week marked the commencement of the country's vaccination program and whilst this represents an important step forward in the fight against COVID-19, there are a few potential hurdles to keep under consideration. The first task will be the securing of vaccine quantities sufficient to meet the 65% inoculation target outlined by the GoJ. Thus far, logistical and other supply related disruptions have been an ongoing challenge for many nations, and it is unlikely that Jamaica will be immune to these issues. Small nations like Jamaica will likely begin to see improved supply conditions once larger nations meet critical benchmarks, at which point, current efficacy concerns should also be quelled. The next and probably most important step is to "outpace the virus". The point at which a country's total and daily rate of vaccinations surpass the total and daily rate of COVID-19 spread is seen as a critical milestone on the way to herd immunity. Once a country surpasses that benchmark, the expectation is that the economy will begin to see signs of economic improvement, resulting from the easing of containment restrictions. Based on the current daily trajectory, Jamaica's total active cases will likely exceed 15,000 over the weekend, whilst based on the current expected vaccination schedule, we are not expected to hit that point until Q2 2021. This suggests that strict protocols will likely continue synergistically with ongoing vaccinations as government attempts to hasten the economic recovery.

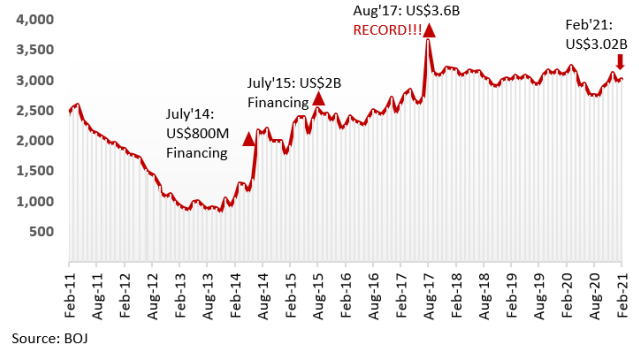
| Period | Monthly Average 30-day CD | 90 Day T-Bill | 180 Day T-Bill | Monthly Average Liquidity J\$bn |
|--------|---------------------------|---------------|----------------|---------------------------------|
| Dec-20 | 0.55% | 0.77% | 0.86% | 73.19 |
| Jan-21 | 0.83% | 0.74% | 0.81% | 63.36 |
| Feb-21 | 1.92% | 1.53% | 1.96% | 45.21 |
| Mar-21 | 1.46% | 1.23% | 1.52% | 61.92 |

Source: BOJ, SIJL

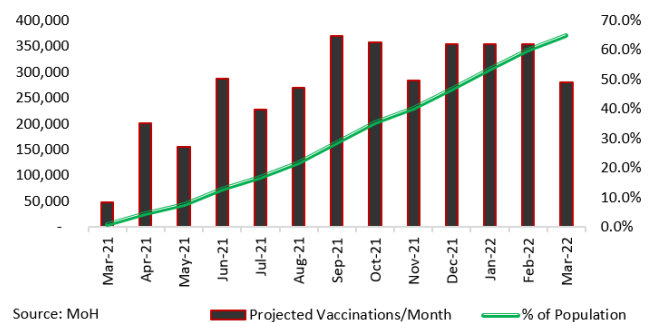
JMD Daily Liquidity Flows



Net International Reserves (US\$Mn)



GoJ's Vaccination Plan



Volatility creeps back into the market

The natural ebb and flow of the market was noticeably more volatile this week as mid-week performances saw both the Main and Junior markets retreating to negative territory contracting by 0.47% and 0.08%, respectively. However, Thursday's positive daily change of 0.98% and 1.6% for the respective markets, overshadowed the previous days' activities to propel positive WTD returns in both indices. Overall market activity for the Main market ended with 50 stocks traded, of which 18 advanced, 30 declined and 2 traded firm, while the Junior market ended with 41 stocks traded, of which 23 advanced, 14 declined and 4 traded firm.

Slow journey to asset tax abolishment

Despite the positive performances recorded this week, the financial sector's performance remains subdued, with negative YTD returns on both indices. Nevertheless, investors would have been buoyed by comments from the Minister of Finance surrounding the possibility of abolishing the asset taxes for the financial sector. Last year, the Minister announced a reduction in asset taxes. However, due to the recessionary conditions induced by the pandemic, financial institutions agreed to defer the reduction until 2021. Ultimately, as stated by the Finance Minister, the goal is to abolish these taxes once the overall economic activity improves as they are deemed counterproductive for businesses and consumers. Once abolished, the financial sector could see meaningful improvements to its profitability driven by the reduction in total non-interest expense.

Major news items this week

NCBFG has indicated their intent to cross-list Guardian Holdings Limited (GHL) on the Jamaica Stock Exchange (JSE) due to what the Financial Group describes as the dynamic trading on the JSE within the last few years.

DTL has early redeemed its 9% Cumulative Redeemable Preference shares which were due later this year and has made an application to the JSE to have the shares delisted. This could be the start of the strategy expressed by the company, aimed at altering their capital structure to improve its bottom line.

Notwithstanding the current economic climate, GK's aggressive pursuit of its (inorganic) growth and expansion vision through their new mergers and acquisition (M&A) unit has piqued the interest of many market participants. The company has entered into an agreement to acquire Scotia Insurance Eastern Caribbean Limited (SIECL), which will extend the company's sphere of influence to seven countries in the Eastern Caribbean. Additionally, they have agreed to acquire 876 Spring Water and assume ownership of the brand. In their most recent investor briefing, the CEO indicated that the company is currently exploring 10 deals. These transactions, which are at different stages of planning, include local and international opportunities.

| Market Quote for Week Ending March 12, 2021 | | | | | | |
|---|---------------|---------------|--------------|----------------|------------|------------|
| Index | Opening Value | Closing Value | Total Volume | Value (J\$) | WTD Change | YTD Change |
| Main Market | 395,736.57 | 397,725.35 | 57,120,197 | 606,373,374.01 | 0.33% | 0.36% |
| Junior Market | 2,897.33 | 2,932.84 | 42,812,749 | 120,076,184.45 | 1.23% | 10.95% |

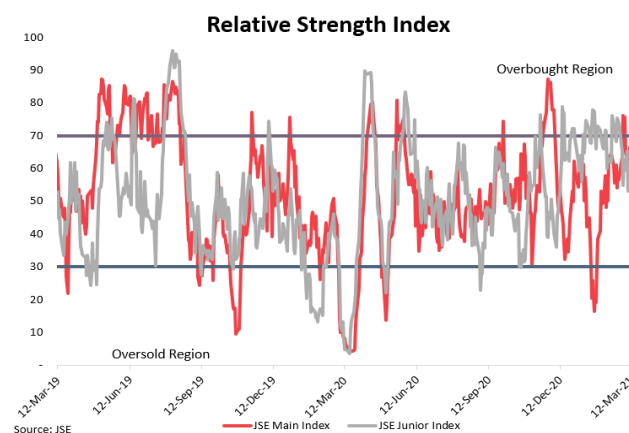
Source: JSE, SIJL

| Sector | Top Advancers* | Top Decliners* |
|---------------|----------------|----------------|
| Finance | EPPLY | QWI |
| Conglomerate | JP | PJAM |
| Other | CAR | CBNY |
| Manufacturing | BRG | JBG |
| Real Estate | KPREIT | SML |

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

| Sector | Top Advancers* | Top Decliners* |
|---------------|----------------|----------------|
| Finance | LASF | ISP |
| Manufacturing | BPOW | AMG |
| Insurance | CABROKERS | GENAC |
| Other | EFRESH | SSLVC |
| Retail | MDS | PTL |

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



| Recently Released Key Economic Events | | | | |
|---------------------------------------|--|---------|----------|----------|
| Country/Region | Event | Actual | Forecast | Previous |
| Wednesday, March 10, 2021 | | | | |
| USA | Core CPI (MoM) (Feb) | 0.1% | 0.2% | 0.1% |
| Canada | BoC Interest Rate Decision | 0.25% | 0.25% | 0.25% |
| USA | Weekly Change in Crude Oil Inventories | 13.798M | 0.816M | 21.563M |
| Thursday, March 11, 2021 | | | | |
| EU | Deposit Facility Rate (Mar) | -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 | Weekly Initial Jobless Claims | 712K | 725K | 754K |
| USA | JOLTs Job Openings (Jan) | 6.917M | 6.600M | 6.752M |
| Friday, March 12, 2021 | | | | |
| UK | GDP (MoM) | -2.9% | -4.9% | 1.2% |
| UK | GDP (YoY) | -9.2% | -7.8% | -8.6% |
| UK | Manufacturing Production (MoM) (Jan) | -2.3% | -0.8% | 0.3% |
| UK | Monthly GDP 3M/3M Change | -1.7% | -2.5% | 1.0% |
| USA | PPI (MoM) (Feb) | 0.5% | 0.5% | 1.3% |
| Canada | Employment Change (Feb) | 259.2K | 75.0K | -212.8K |

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