

## Securities Industry Data as at September 30, 2015

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### SECURITIES INDUSTRY COMPOSITION

As at September 30, 2015, there were 42 licensed securities dealers. This number included 32<sup>1</sup> securities firms (considered core securities dealers), and 10 non-securities firms. The 10 non-securities firms included one building society, four insurance companies, and five other companies. Collectively, these dealers are responsible for Funds under Management (“FUM”) of approximately JAD\$1.11 trillion, as at September 30, 2015. This amount represents an increase of JAD\$23.2 billion or 2.13% from the June 30, 2015 reported figure of JAD\$1.09 trillion.

The statistical information provided below relates to the core securities dealers only.

### FINANCIAL HIGHLIGHTS (Core Securities Dealers Only)

#### Funds under Management

The total Funds under Management (FUM) for the core securities dealers stood at approximately JAD\$ 892 billion in aggregate and accounted for 80.23% of the total industry FUM (**see pie chart below**). Core securities dealers’ FUM increased by approximately 4.3% over the previous quarter where the figure reported was approximately JAD\$ 856 billion.

Repurchase agreement transactions stood at approximately \$406.30 billion which accounted for 36.52% of total industry FUM. This represents a decrease of approximately \$5.3 billion from the \$411.6 billion reported for June 2015 which accounted for over 37% of FUM. Total repurchase agreements for the core dealers reflected a decline over the last four quarters moving from over JAD\$415.2 billion as at September 30, 2014 to just above JAD\$406.3 billion as at September 30, 2015. (**See Table 1**)

#### Capital adequacy

The capital base of the core securities firms decreased during the quarter ended September 30, 2015. Balance sheet capital moved from \$75.5 billion as at June 30, 2015 to \$71.5 billion as at September 30, 2015, a decrease of approximately \$4 billion or 5.29%. Similarly, risk based capital moved from \$75.3 billion as at June 30, 2015 to \$71.5 billion as at September 30, 2015, a decrease of \$3.8 billion or 5.04%, quarter over quarter. This resulted in the average capital to risk weighted assets ratio (CAR) for the securities firms decreasing from 51.10% as at June 30, 2015, to 43.25% as at September 30, 2015, representing a 7.85 percentage point decrease.

The capital to total assets ratio for the securities firms as at September 30, 2015 was 30.35%, a decrease of 7.90 percentage points when compared to the 38.25% recorded as at June 30, 2015. (**See Table 1**)

#### Profitability

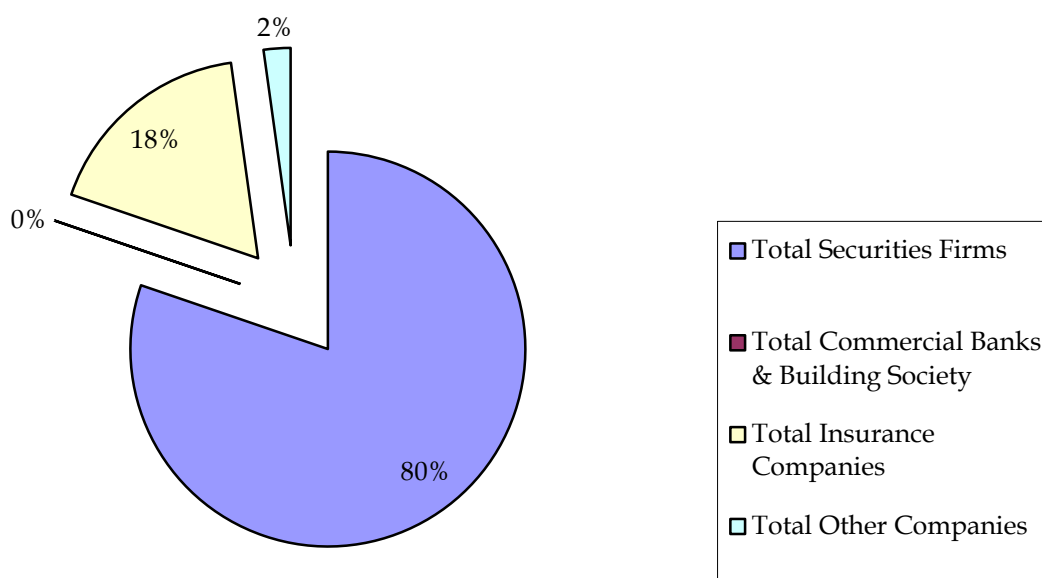
During the July-September 2015 quarter (the “September quarter”), there was a decrease in the reported revenues for securities firms. Net interest income decreased from \$7.20 billion for the April-June 2015 quarter (the “June quarter”) to \$6.70 billion for the September quarter; a \$0.50 billion or 6.94% decrease. Similarly, total revenues for the September quarter stood at \$9.40 billion compared to \$10.90 billion for the June quarter; a \$1.50 billion or 13.76% decrease quarter over quarter.

After tax net profit decreased by \$0.40 billion or 17.39%, moving from \$2.30 billion for the quarter ending June 30, 2015 to \$1.90 billion for the September quarter. (**See Table 1**)

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<sup>1</sup> This figure includes three dedicated unit trust management companies.

## PIE CHART SHOWING MANAGED FUNDS BY SECTOR



**Table 1:**

Summary Quarterly Financial Position of the Securities Firms						
	Sept '14 \$ B	Dec '14 \$ B	Mar '15 \$ B	Jun '15 \$ B	Sept '15 \$ B	% age Change between Sept '14 & Sept '15
<b>Balance Sheet</b>						
Total Assets	542.6	550.0	531.3	528.2	533.4	-1.69%
Total Liabilities	471.1	476.6	457.7	452.7	461.9	-1.95%
Total B/S Capital	71.5	73.4	73.6	75.5	71.5	0.00%
Risk-based Capital	72.7	72.2	73.4	75.3	71.5	-1.65%
Funds Under Management	796.9	813.8	804.2	856.0	892.4	11.98%
Total Repo Liabilities	415.2	427.2	402.3	403.3	406.3	-2.14%
<b>Profit and Loss</b>						
Total Revenue	10.4	10.8	9.7	10.9	9.4	
Total Expenses	8.0	8.5	7.7	7.1	6.9	
Total Interest Income	7.9	7.9	7.1	7.2	6.7	
Total Interest Expense	5.1	4.9	4.3	4.2	4.0	
Net Profit	1.5	1.5	0.9	2.3	1.9	

Prudential Ratios for the Securities Firms						
Ratio	Sept '14	Dec '14	Mar '15	Jun '15	Sept '15	FSC Benchmark
Capital/Risk Weighted Assets	45.81%	46.99%	46.39%	51.10%	43.25%	≥ 10%
Capital/Total Assets	34.91%	32.48%	33.83%	38.25%	30.35%	≥ 6%
Intermediation Ratio <sup>2</sup>	36.86%	37.28%	37.19%	32.32%	31.19%	≤ 50%

<sup>2</sup> This ratio looks specifically at the risk posed by retail repos and as such the ratio is retail repos/total assets + off – Balance Sheet FUM. This ratio is currently under review.

## INVESTMENT MANAGEMENT

### Aggregate Collective Investment Schemes (CIS) Registered for Sale in Jamaica

As at September 30, 2015, there were twenty (22) CIS registered by the Financial Services Commission for sale in Jamaica. This was broken down as follows – twelve (12) local unit trusts and ten (10) overseas mutual funds.

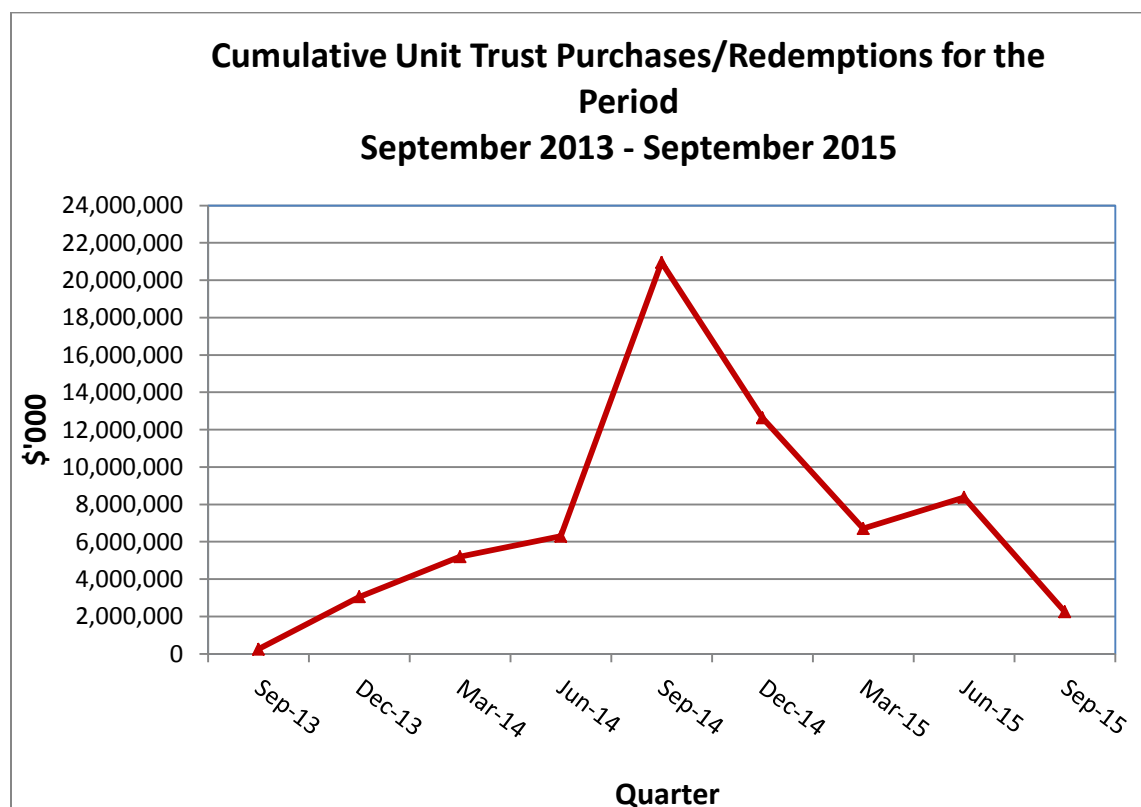
#### Unit Trusts

Unit trust companies had approximately J\$136.4 billion in funds under management (FUM) as at September 30, 2015. This was a year over year increase of approximately \$40.1 billion or 41.61% resulting mainly from additional sales. When compared to the previous quarter, FUM increased by approximately \$4.2 billion or 3.17%. The overall change in FUM was due to two factors, namely the (i) purchases (addition) or redemptions (withdrawal) of units in the funds and (ii) capital appreciation or depreciation of assets.

#### (i) Purchases/Redemptions

During the September 2015 quarter, combined purchases for the industry totalled \$8.3 billion (Jun 2015: \$12.8 billion) while combined redemptions totalled \$6.0 billion (Jun 2015: \$4.4 billion), resulting in net purchases of \$2.3 billion (Jun 2015: \$8.4 billion).

The graph below shows the combined net purchases/redemptions over the period of September 2013 to September 2015.



#### (ii) Capital Appreciation/Depreciation

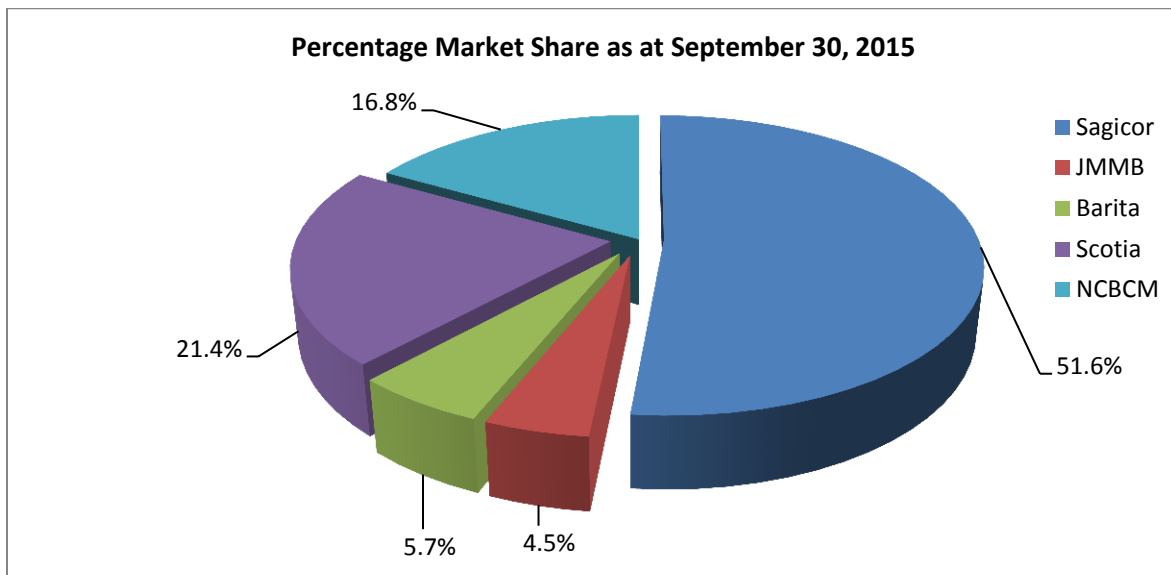
Capital appreciation in the investment portfolios which was observed in most funds was approximately \$1.9 billion for the quarter ended September 2015.

#### Market Share

The pie chart below illustrates the market share based on FUM as at September 30, 2015:

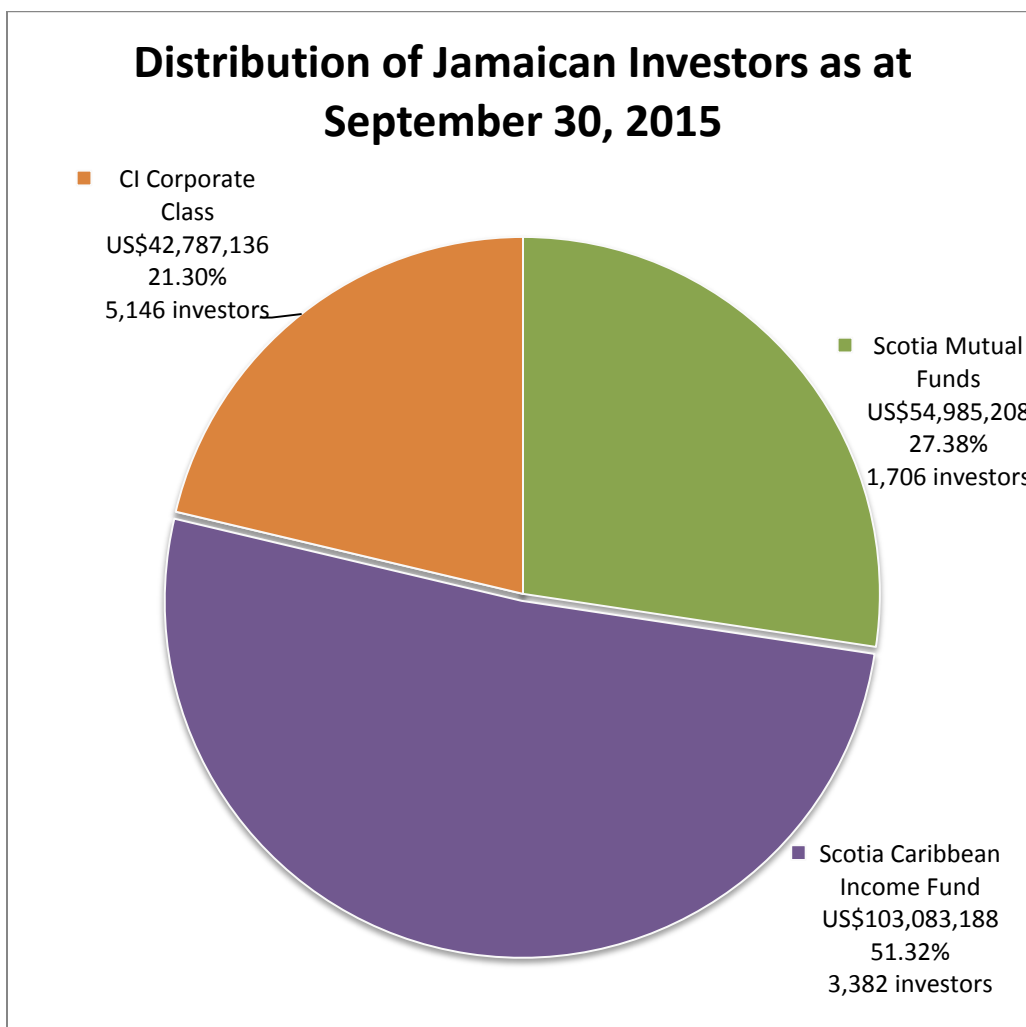
➤ Sagicor Investments	-	\$70.4 billion	51.6%
➤ Scotia Asset Management	-	\$29.2 billion	21.4%

➤ NCB Capital Markets	-	\$22.9 billion	16.8%
➤ Barita Unit Trusts	-	\$ 7.8 billion	5.7%
➤ JMMB Fund Managers	-	\$ 6.1 billion	4.5%



**Mutual Funds**

As at September 30, 2015, the amount of investments attributable to Jamaican investors was US\$200.9 million. This represented a decrease of US\$3.0 million or 1.48% when compared to the previous quarter. The total number of Jamaicans invested in these funds was 10,234 up from 9,902 for the previous quarter. This represented a 3.35% increase quarter over quarter. *(See chart below).*

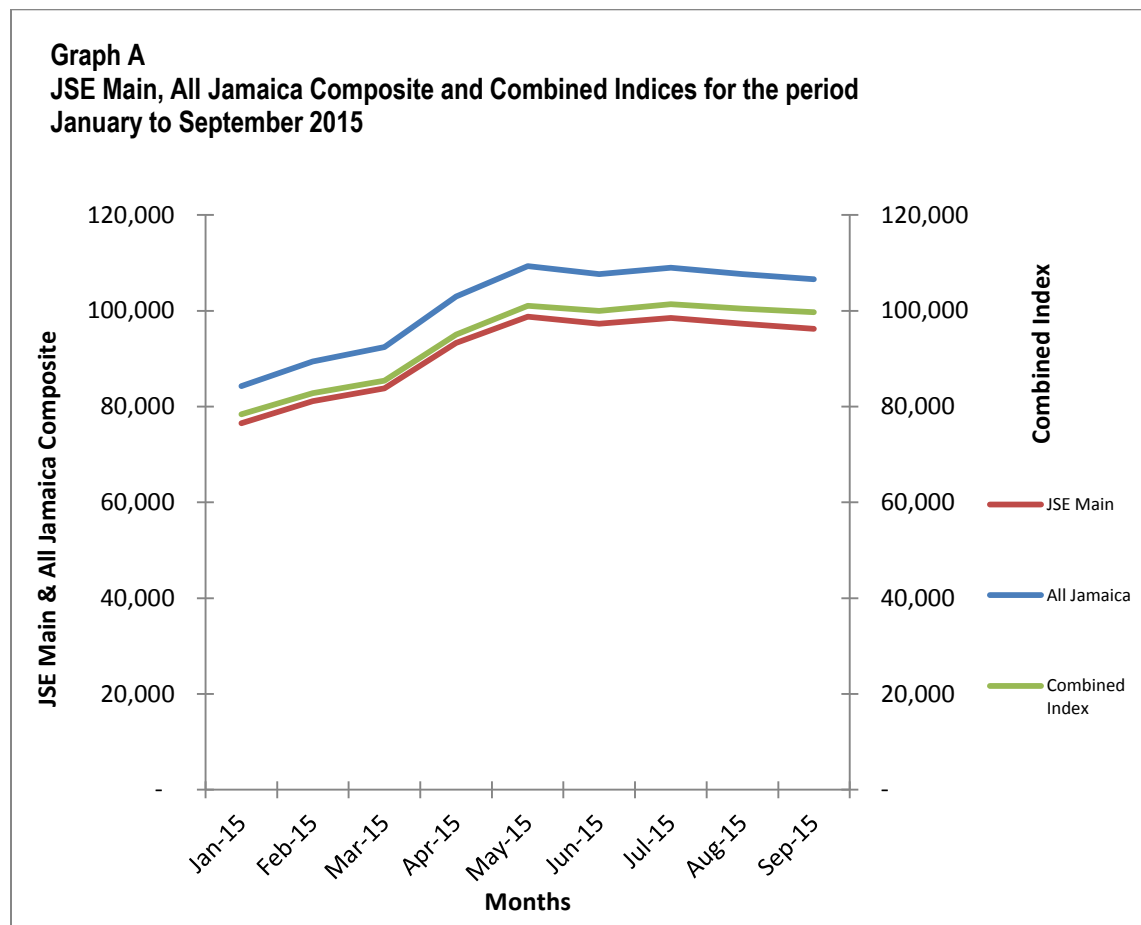


## CAPITAL MARKETS

### EQUITIES MARKET

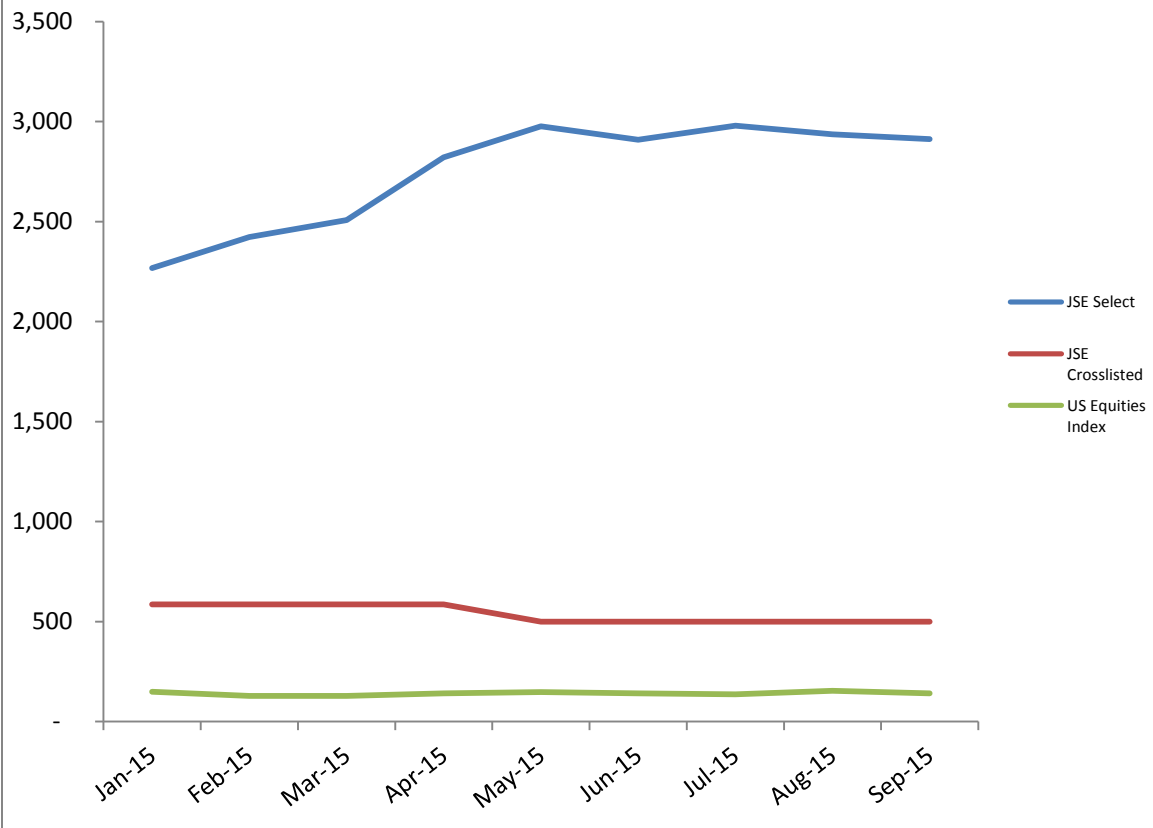
#### JSE Indices

Of the seven indices, four (4) decreased while two (2) increased over the period June 2015 through to September 2015. The JSE Cross-listed Index reported no change for the quarter. The Main Index, All Jamaica Index and the Combined Index decreased by (1,036), (1,058) and (300) points; representing 1.06%, 0.98% and 0.30% decreases respectively (*see graph A*)<sup>3</sup>. The JSE Select increased marginally by 3 points which represented a 0.10% increase while the US Equities Index decreased by (1) point which represented a 0.70% decrease (*see graph B*). The Junior Market Index increased by 65 points which represented a 7.13% increase (*see graph C*).

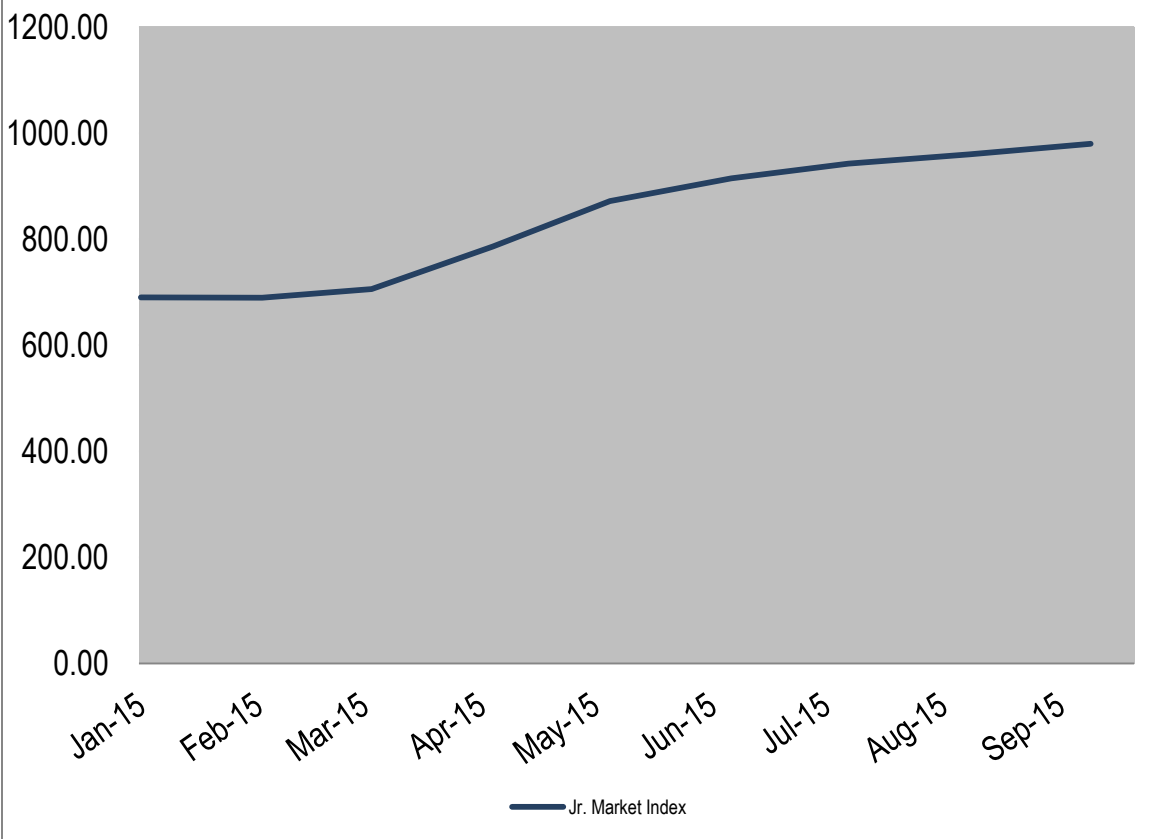


<sup>3</sup> Graphs will show a trend analysis in the monthly movements from October 2014 to September 2015

**Graph B**  
**JSE Select, Crosslisted and US Equities Indices for the period January to September 2015**

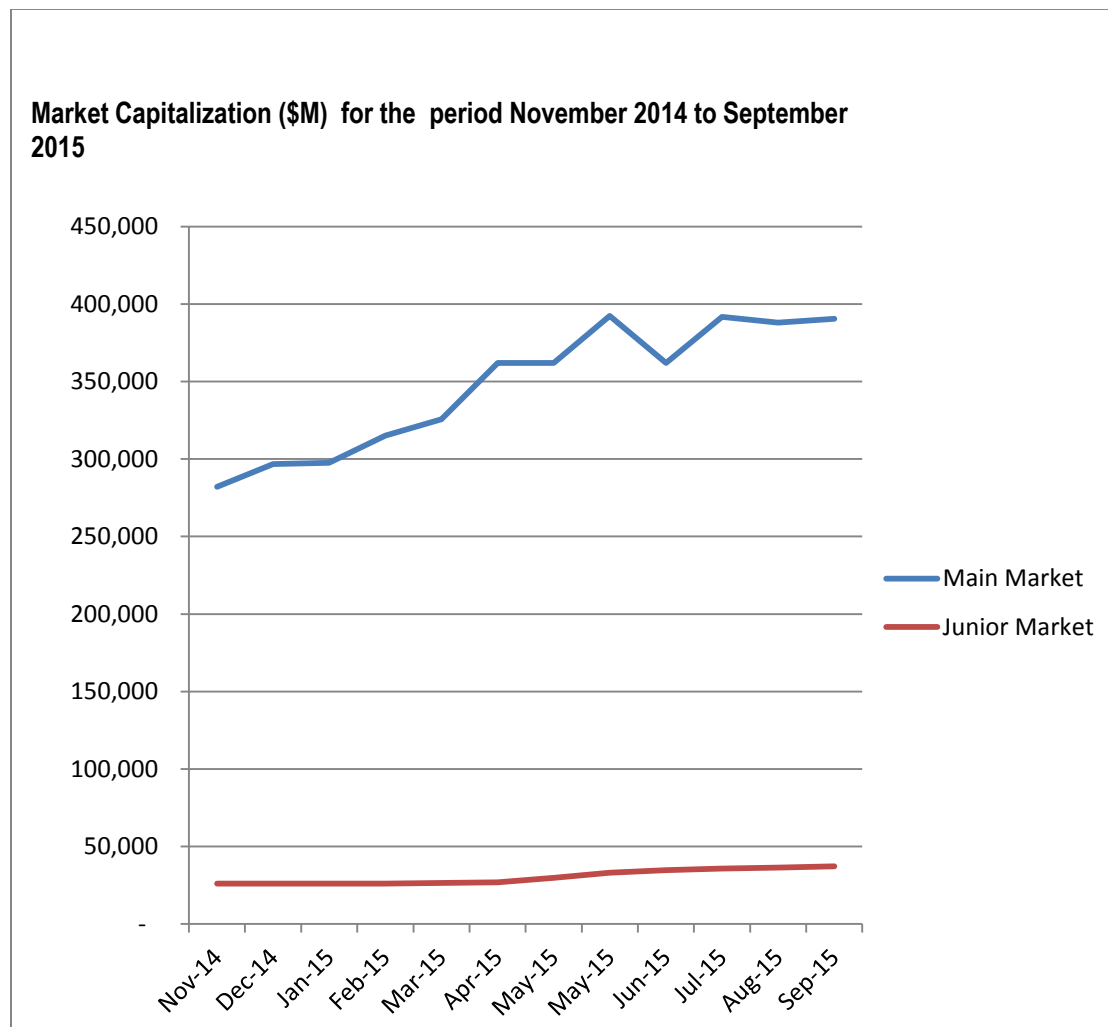


**Graph C**  
**Junior Market Index for the period January to September 2015**



## Market Capitalization

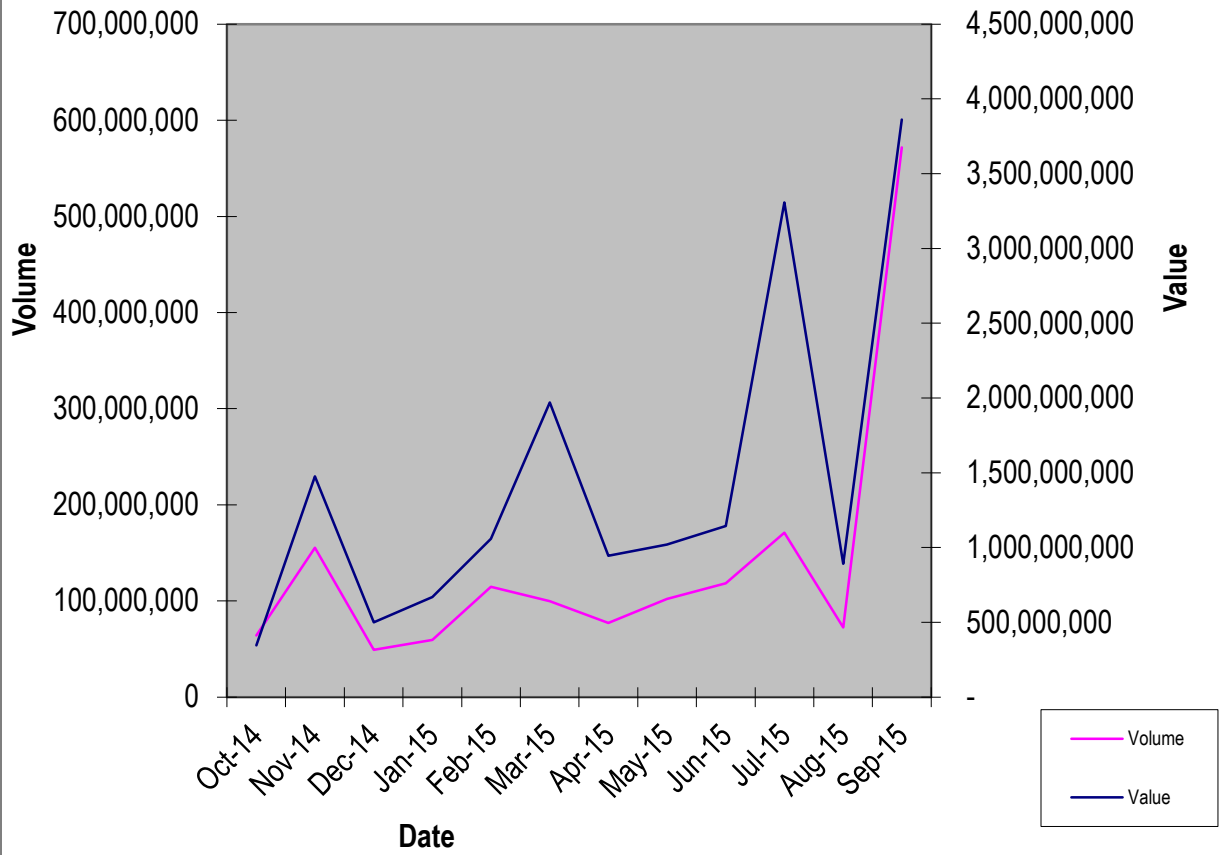
For the three months ended September 30, 2015, total market capitalization stood at approximately \$427.6 billion representing an increase of \$30.88 billion or a 7.78% increase over the figure reported for June 2015. The main market represented 91.30% of the total market capitalization accounting for \$390.41 billion, which represents a 7.84% increase on the amount reported for June 30, 2015. The junior market accounted for \$37.19 billion, which represents an increase of 7.17% over the previous quarter. The movements in market capitalization are captured in **Graph D**, which depicts the monthly movement over the nine month period ended September 2015.



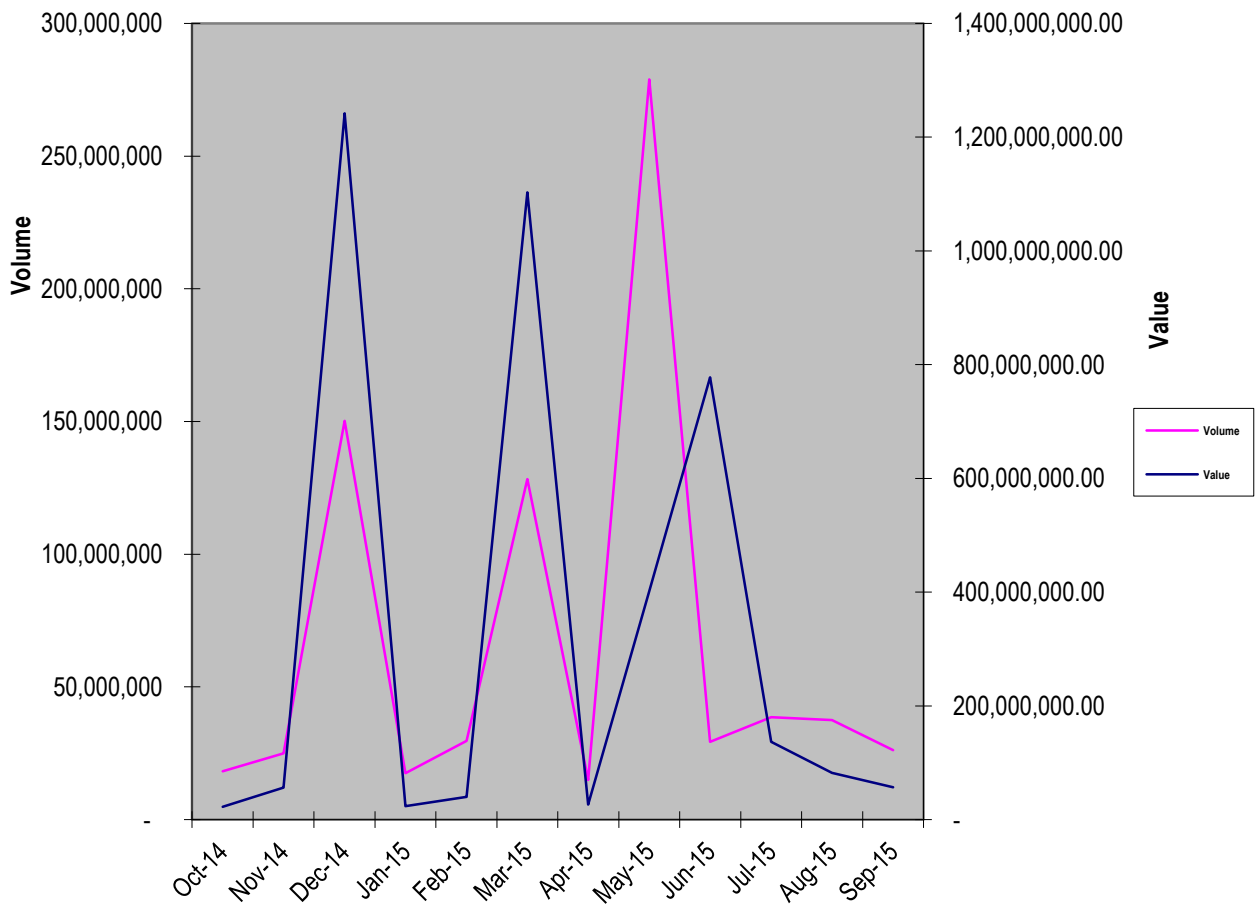
## Volume and Value of Transactions

Volumes and values of trade for the main market increased while the junior market experienced a decrease for the quarter ended September 30, 2015. Main Market volumes for the quarter amounted to 815.2 million units; moving from 297.6 million units for the three months ended June 2015. This represented a 173.91% increase quarter over quarter. Consequently, the values increased over the period moving from \$3.11 billion as June 30, 2015 to \$8.06 billion as at September 30, 2015; a 159.07% increase quarter over quarter. **Graph E** shows the monthly movements for the last twelve months of market activity. Junior Market volumes for the quarter amounted to 102.3 million units; moving from 323.1 million units for the three months ended June 2015. This represented a 68.34% decrease quarter over quarter. Consequently, the values decreased over the period moving from \$1.2 billion as June 30, 2015 to \$275.3 million as at September 30, 2015; a 77.17% decrease quarter over quarter. **Graph F** shows the monthly movements for the last twelve months of market activity.

**Graph E**  
**Volume and Value for the period October 2014 to September 2015**  
**Main Market**



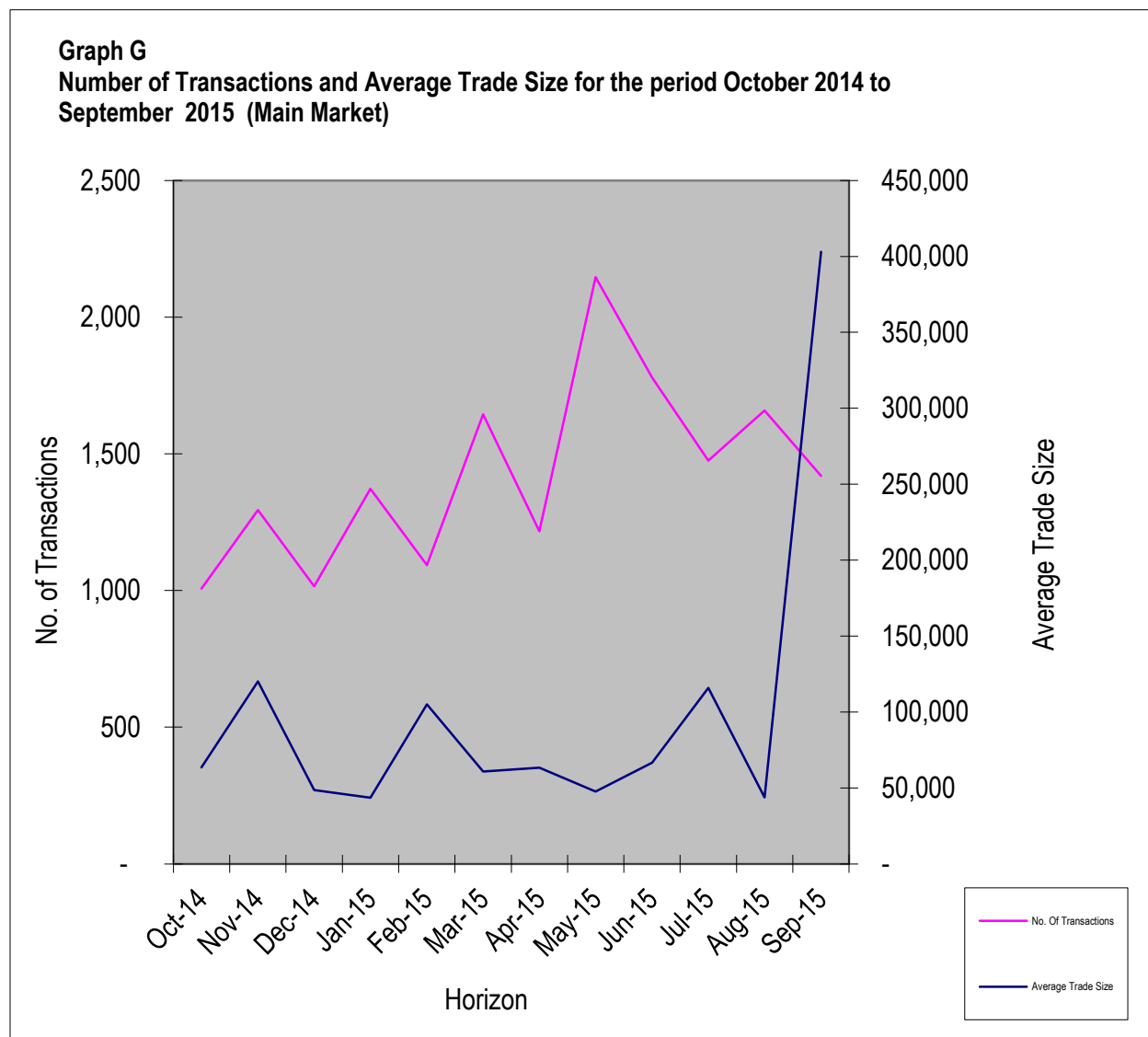
**Graph F**  
**Volume and Value for the period October 2014 to September 2015**  
**Junior Market**



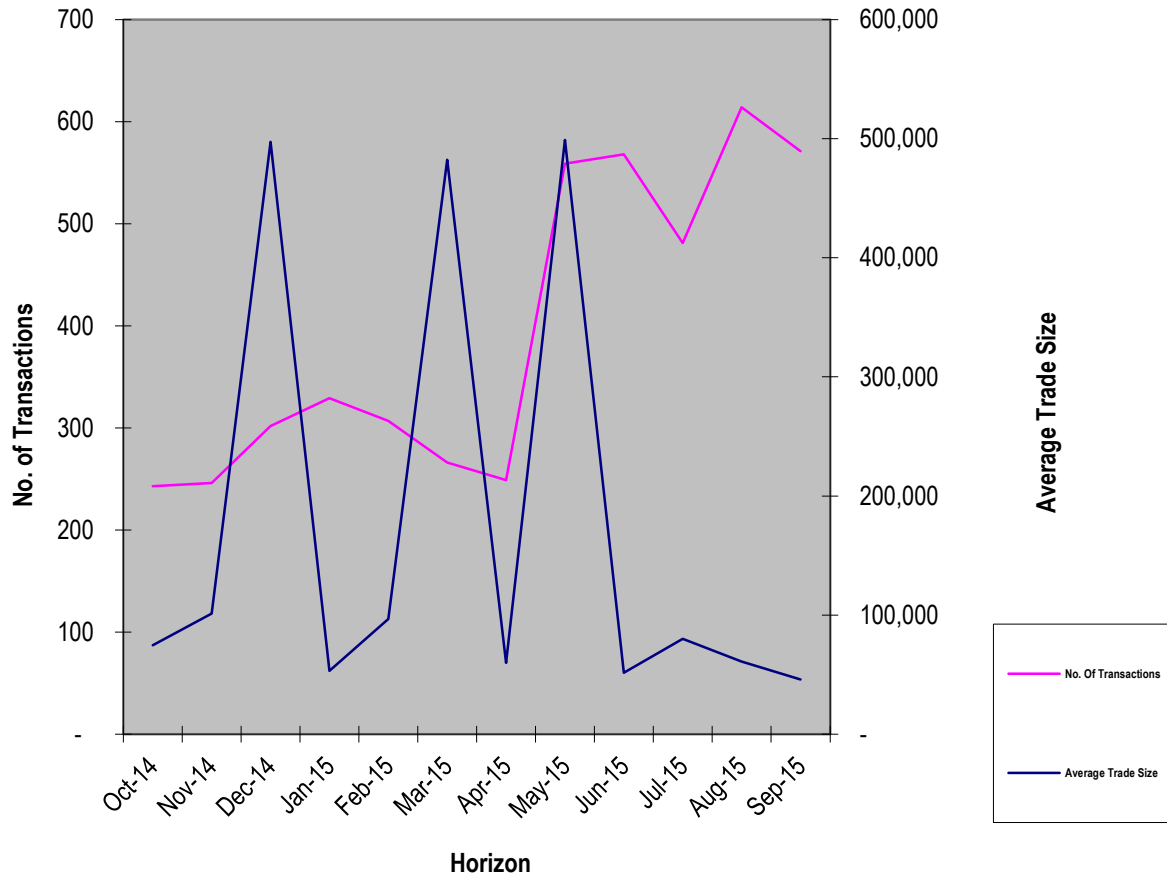


### Number of Transactions and Average Trade Size in Units

The main and junior markets experienced contrasting results for the three month period ended September 30, 2015. The number of transactions for the main market decrease by 590 which represented a 11.47% decrease over the three month period. The junior market transactions moved from 1,376 to 1,666 which represented a 21.07% increase for the period (see **Graphs G and H**). The average trade sizes moved in the opposite direction. For the main market, average trade sizes moved from 59,172 to 187,523 for the period; this represented a 216.91% increase. The junior market saw the figure move from 203,462 as at June 30, 2015 to 62,379 as at September 30, 2015. This represented a 69.34 % decrease quarter over quarter (see **graphs G and H**).



**Graph H**  
**Number of Transactions and Average Trade Size for the Period October 2014 to September 2015 (Junior Market)**



For the month ended September 30, 2015, overall market activity for the main market resulted from trading in 35 stocks of which 27 advanced, 3 declined and 5 traded firm. Hardware & Lumber Limited shares saw the largest decline of 2.3% while Desnoes & Geddes Limited was the top advancing company as the price of its stock advanced by 14.29%. Overall market activity for the junior market resulted from trading in 22 stocks of which 17 advanced, 4 declined and 1 traded firm. Access Financial Limited shares saw the largest decline of 16.88% while Consolidated Bakeries Limited was the top advancing company as the price of its stock advanced by 97%.

**EXEMPT DISTRIBUTION MARKET**

**TABLE 2: REGISTRATION OF EXEMPT INSTRUMENTS FOR THE PERIOD SEPT. 2014 TO SEPT. 2015**

Quarter ending	Number of \$J registered instruments	Value of Instruments (\$J - Billion)	Number of \$US registered instruments	Value of Instruments (\$US - Million)
Sept. 2015	7	7.7	11	263.1
June. 2015	10	7.4	5	50.4
Sept. 2014	16	7.5	12	51.3
Increase/(decrease) Sept. 2015 over June 2015	-30%	4%	120%	422%
Increase/(decrease) Sept 2015 over Sept 2014	-50%	3%	-8.3%	413%

The quarter ended September 2015 resulted in (7) J\$ instruments being registered, (3) fewer than the (10) that were registered for the quarter ended June 2015. As the above table indicates, this represented 30% drop in the number of registered J\$ instruments registered since the previous quarter.

On the US side, the results have been significantly different. There was a 120% increase in the number of registered US\$ denominated instruments over the September 2015 quarter when compared to the June 2015 quarter. The number of registered US\$ denominated instruments moved from 5 at the end of June 2015 to 11 for the quarter ended September 2015 as shown in the **Table 2** above.

The total registered value of securities denominated in Jamaican dollars that were exempted from registration of prospectus or offering documents with the FSC for the quarter ended September 2015 was J\$7.7 billion or 4% more than the J\$7.4 billion recorded in the previous quarter. As far as securities denominated in US\$ are concerned, the total value of US\$ denominated instruments registered in the third quarter of 2015 amounted to US\$263 million or 422% more than the US\$57 million recorded in the June 2015 quarter (**See Table 2**).