



STATISTICAL REPORT

Securities Sector Quarterly Review June 2024

NOVEMBER 29, 2024
FINANCIAL SERVICES COMMISSION
39-43 Barbados Avenue, Kingston 5.

Securities Sector Quarterly Review June 2024

1. Market Intermediaries

As at June 30, 2024, there were thirty-three (33) companies licensed as securities dealers. Of these 33 companies, the analysis will concentrate on the twenty-six (26) companies¹ whose primary activity is dealing in securities.

The combined total balance sheet assets as at the June 30, 2024, stood at \$956.60 billion, a 0.18 per cent increase when compared to the previous quarter as at March 2024, where assets amounted to \$954.85 billion. A year over year comparison showed an improvement of 5.16 per cent where total assets grew from \$909.69 billion as at June 30, 2023. Aggregate funds under management (FUM) were approximately \$1,846.57 billion as at June 30, 2024, representing a \$17.74 billion or 0.97 per cent increase over the previous quarter. The year-over-year (y-o-y) comparison saw a 9.14 per cent growth in FUM from the amount seen as at June 30, 2023, arising from growth recorded primarily in balance sheet positions (See Table 1).

Table 1: Selected Indicators of the Core Securities Dealers, June 2023 to June 2024					
Selected Indicators	Jun 23 \$'B	Mar 24 \$'B	Jun 24 \$'B	Quarter over Quarter Jun 24 percentage change	Year over Year Jun 24 percentage change
Total Assets	909.69	954.85	956.60	0.18	5.16
Total Liabilities	770.21	810.19	811.59	0.17	5.37
Total Capital	139.48	144.66	145.01	0.24	3.97
Total Repo Liabilities (including COP) ²	627.01	396.06	646.78	63.31	3.15
FUM ³	1,691.99	1,828.83	1,846.57	0.97	9.14

The aggregate balance sheet capital at the end of the reporting period was \$145.01 billion, a marginal increase of 0.24 per cent from the \$144.66 billion reported for the March 2024 quarter. On a y-o-y basis, there was a 3.97 per cent increase in the total balance sheet capital for securities dealers. (See Table 1)

For the June 2024 period⁴, there was an approximate \$9.82 billion or 29.13 per cent y-o-y increase and an approximate \$20.43 billion or 88.43 per cent from the previous quarter (March 2024) in combined total revenues (comprising of interest income and other income). This was primarily driven by domestic and foreign interest-bearing investments coupled with securities purchased under repurchase agreements and income from loans, advances & discounts. Service charges, transaction fees, and commissions further contributed to the increase.

Cumulative total expenses increased by 32.39 per cent over the year, whereas 91.81 per cent over the previous quarter. The y-o-y movement was primarily driven by interest expenses on repo liabilities, borrowings, staff expenses, and other operating costs. A net profit of \$2.65 billion was generated in the June 2024 quarter, reflecting a \$860 million increase quarter over quarter. (See Table 2)

¹ These companies are also referred as core securities dealers. Unaudited data.

² COP: Certificate of Participation

³ FUM: Funds under Management

⁴ This represents calendar year-to-date up to June 2024.

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Table 2: Selected Profit & Loss Indicators of the Core Securities Dealers, June 2023 to June 2024					
Selected Profit & Loss Indicators	Jun 23 \$'B	Mar 24 \$'B	Jun 24 \$'B	Quarter over Quarter Jun 24 percentage change	Year over Year Jun 24 percentage change
Total Revenue	33.72	23.11	43.53	88.43	29.13
Of Which					
total Interest Income	18.86	12.72	25.63	101.46	35.88
total non-interest income	14.86	10.38	17.91	72.47	20.56
Total Expense	30.89	21.32	40.90	91.81	32.39
Of Which					
total Interest Expense	16.34	11.06	22.01	99.01	34.69
total non-interest expense	14.55	10.26	18.89	84.05	29.81
Net Interest Income	2.52	1.66	3.62	117.79	43.65
Net Profit before tax	2.83	1.79	2.65	48.17	-6.46

The aforementioned net income resulted in a return on equity of 3.81 per cent for the quarter ended June 2024 compared to 2.67 per cent for the corresponding period last year (see Table 3).

Table 3: Selected Prudential Ratios for the Core Securities Dealers				
Ratio	Jun 23	Mar 24	Jun 24	FSC Benchmark
Capital/Risk Weighted Asset	22.77%	21.69%	21.87%	≥ 14%
Capital/Total Assets	15.33%	15.15%	15.16%	≥ 6%
Return on Equity	2.67%	2.64%	3.81%	N/A

2. Local Collective Investment Schemes

Currently in Jamaica, there are two (2) types of collective investment schemes (CIS); namely, unit trust and mutual funds. As at June 30, 2024, there were thirteen (13) local CIS managers. Of these 13 managers, eleven (11) are operational. Of the 11 that are operational, nine (9) are unit trust managers while two (2) are mutual fund managers. These managers operate twenty (20) funds with a combined total of 77 portfolios. Table 4 displays the aggregate FUM and the portfolio composition for the local CIS industry.

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Table 4: Size & Portfolio Composition of the Local CIS Industry							
Asset Class	Jun	Sep	Dec	Mar	Jun	Quarter over Quarter Jun 24 percentage change	Year over Year Jun 24 percentage change
	2023	2023	2023	2024	2024		
	JMD' B	JMD' B	JMD' B	JMD' B	JMD' B		
(a) Real Estate	35.75	36.15	34.32	40.3	40.79	1.22%	14.10%
(b) Equities	90.23	87.59	87.22	91.58	92.23	0.71%	2.21%
(c) Fixed Inc. Securities	208.70	199.08	193.32	201.98	200.05	-0.96%	-4.14%
(d) Cash	6.91	6.30	11.81	13.58	11.06	-18.56%	60.02%
(e) Other assets	10.40	16.96	21.93	6.15	15.55	152.85%	49.59%
Total	351.99	346.07	348.60	353.59	359.68	1.72%	2.18%

3. Exempt Distributions

The FSC's Guidelines for Exempt Distributions (XD Guidelines) facilitate, under certain conditions, the distribution of securities without the need to register a prospectus or an offering document with the FSC. Under the XD Guidelines, issuers of securities are permitted to register both debt and equity securities with the FSC. Table 5 illustrates the total number and value (both in JMD and USD) of instruments registered and issued for the quarters ended June 2023 to June 2024. As seen in Table 5, from June 2023 to June 2024, there was an uptick in issuance⁵ of XD instruments and significant increase in the value amounts for JMD.

Table 5: Quarterly Registration & Issued Summary

Quarterly XD Registration Summary	Jun-23	Sep-23	Dec-23	Mar-23	Jun-24
Number of XDs Registered for the Quarter	39	31	38	50	36
Number of Registered Issuers for the quarter	28	23	24	27	28
JMD (in Millions)	41,570	16,935	29,126	35,824	24,447
USD (in Millions)	96	42	72	105	28
Quarterly XD Issued Summary	Jun-23	Sep-23	Dec-23	Mar-23	Jun-24
Number of XDs Issued for the Quarter	11	23	20	16	27
Number of Issuers for the Quarter	10	6	24	7	22
JMD (in Millions)	4,629	12,184	18,286	19,811	18,240
USD (in Millions)	21	45	28	38	25

Table 6 provides information regarding the total number and value (both in JMD and USD) of securities outstanding in each quarter from June 2023 to June 2024. Outstanding XD instruments were primarily debt and denominated in local currency. As short-term interest rates decline, demand for XD debt instruments may slow down as the potential for earning higher investment returns diminish.

⁵ There is a three-month period, for completing an Exempt Distribution after approval by the FSC. So, there may be delays, resulting in differences in the number of registrations and issuances for a particular period.

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Table 6: Summary of Outstanding Exempt Distributions

Description	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Total number of Issues Outstanding	416	423	442	441	464
Debt	356	367	378	377	397
Ordinary/Preference Shares	60	56	64	64	67
Total number of Issuers	165	169	171	176	178
Total number of securities dealers acting as arrangers	14	14	14	14	14
JMD Securities Outstanding (JMD in millions)					
Issued	445,651	436,656	453,526	457,350	450,996
Amount Paid Down	25,201	12,622	11,660	11,687	7,493
Outstanding	420,450	424,033	441,866	445,662	443,503
USD Securities Outstanding (USD in millions)					
Issued	1,107	1,133	1,177	1,171	1,196
Amount Paid Down	17	19	21	29	34
Outstanding	1,090	1,114	1,156	1,142	1,162