



STATISTICAL REPORT

Securities Sector Quarterly Review September 2024

JANUARY 10, 2024
FINANCIAL SERVICES COMMISSION
39-43 Barbados Avenue, Kingston 5.

Securities Sector Quarterly Review September 2024

1. Market Intermediaries

As at September 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 September 30, 2024, stood at \$1,033.13 billion, an 8 per cent increase when compared to the previous quarter as at June 2024, where assets amounted to \$956.60 billion. A year over year comparison showed an improvement of 10.14 per cent where total assets grew from \$938.88 billion as at September 30, 2023.

Aggregate funds under management (FUM) were approximately \$1,698.34 billion as at September 30, 2024, representing a \$148.23 billion or 8.03 per cent reduction from the previous quarter. The year-over-year (y-o-y) comparison saw a 1.84 per cent decline in FUM from the amount seen as at September 30, 2023. (See Table 1).

Table 1: Selected Indicators of the Core Securities Dealers, September 2023 to September 2024							
Selected Indicators	Sep 23 \$'B	Dec 23 \$'B	Mar 24 \$'B	Jun 24 \$'B	Sep 24 \$'B	Quarter over Quarter Sep 24 percentage change	Year over Year Sep 24 percentage change
Total Assets	938.88	945.91	954.85	956.60	1,033.13	8.00%	10.04%
Total Liabilities	806.00	800.51	810.19	811.59	879.06	8.31%	9.06%
Total Capital	132.88	145.40	144.66	145.01	154.07	6.25%	15.95%
Total Repo Liabilities (including COP) ²	641.34	622.88	396.06	646.78	664.26	2.70%	3.57%
FUM ³	1,730.16	1,746.19	1,828.83	1,846.57	1,698.34	-8.03%	-1.84%

The aggregate balance sheet capital at the end of the reporting period was \$154.07 billion, representing an increase of 6.25 per cent from the \$145.01 billion reported for the June 2024 quarter. On a y-o-y basis, there was a 15.95 per cent increase in the total balance sheet capital for securities dealers. (See Table 1)

For the nine -month period that ended September 2024, there was an approximate \$2 billion or 3.13 per cent y-o-y increase in combined total revenues (comprising of interest income and other income). Cumulative total expenses increased by 14.26 per cent over the corresponding period in 2023, due to total interest expense and total non-interest expense growth of 10.85 and 18.43 per cent respectively. The growth in non-interest expense was primarily due to a reclassification exercise. Consequently, a combined net loss

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

² COP: Certificate of Participation

³ FUM: Funds under Management

Securities Sector Quarterly Review September 2024

of \$0.91 billion was seen in the September 2024 quarter, reflecting a 117.20 per cent decrease from the comparative period last year.

Table 2: Selected Profit & Loss Indicators of the Core Securities Dealers, September 2023 to September 2024						
Selected Profit & Loss Indicators	Sep 23 \$'B	Dec 23 \$'B	Mar 24 \$'B	Jun 24 \$'B	Sep 24 \$'B	Year over Year Sep 24 percentage
Total Revenue	60.4	84.34	23.11	43.53	62.29	3.13%
Of Which						
total Interest Income	34.58	46.67	12.72	25.63	39.74	14.92%
total non-interest income	25.82	37.67	10.38	17.91	22.54	-12.70%
Total Expense	55.11	75.10	21.32	40.90	62.97	14.26%
Of Which						
total Interest Expense	30.31	41.22	11.06	22.01	33.60	10.85%
total non-interest expense	24.80	33.88	10.26	18.89	29.37	18.43%
Net Interest Income	4.27	5.45	1.66	3.62	6.14	43.79%
Net Profit before tax	5.29	9.24	1.79	2.65	-0.91	-117.20%

The net income after tax for the September 2024 was 4.48 billion, this resulted in a return on equity of 2.90 per cent compared to the 4.86 per cent recorded for the corresponding period last year (See Table 3).

Table 3: Selected Prudential Ratios for the Core Securities Dealers						
Ratio	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	FSC Benchmark
Capital/Risk Weighted Asset (%)	26.00	22.18	21.69	21.87	21.55	≥ 14%
Capital/Total Assets (%)	14.15	15.37	15.15	15.16	14.89	≥ 6%
Return on Equity (%)	4.86	7.68	2.64	3.81	2.90	N/A

Securities Sector Quarterly Review September 2024

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 September 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.

Table 4: Size & Portfolio Composition of the Local CIS Industry							
Asset Class	Sep	Dec	Mar	Jun	Sep	Quarter over Quarter Sep 24 percentage change	Year over Year Sep 24 percentage change
	2023	2023	2024	2024	2024		
	JMD' B	JMD' B	JMD' B	JMD' B	JMD' B		
(a) Real Estate	36.15	34.32	40.3	40.79	44.82	9.88%	23.98%
(b) Equities	87.59	87.22	91.58	92.23	92.8	0.62%	5.95%
(c) Fixed Inc. Securities	199.08	193.32	201.98	200.05	199.38	-0.33%	0.15%
(d) Cash	6.3	11.81	13.58	11.06	13.2	19.35%	109.52%
(e) Other assets	16.96	21.93	6.15	15.55	16.92	8.81%	-0.24%
Total	346.07	348.6	353.59	359.68	367.11	2.07%	6.08%

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 September 2023 to September 2024. As seen in Table 5, from September 2023 to September 2024, there has been fluctuations in the registration and issuance of XD instruments, and an uptrend in the value amounts for JMD.

Securities Sector Quarterly Review September 2024

Table 5: Quarterly Registration & Issued Summary

Quarterly XD Registration Summary	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep
Number of XDs Registered for the Quarter	31	38	50	36	34
Number of Registered Issuers for the quarter	23	24	27	28	20
JMD (in Millions)	16,935	29,126	35,824	24,447	44,688
USD (in Millions)	42	72	105	28	2
Quarterly XD Issued Summary	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep
Number of XDs Issued for the Quarter	23	20	16	27	28
Number of Issuers for the Quarter	6	24	7	22	17
JMD (in Millions)	12,184	18,286	19,811	18,240	34,850
USD (in Millions)	45	28	38	25	33

Table 6 provides information regarding the total number and value (both in JMD and USD) of securities outstanding in each quarter from September 2023 to September 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.

Securities Sector Quarterly Review September 2024

Table 6: Summary of Outstanding Exempt Distributions

Description	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep
Total number of Issues Outstanding	423	442	441	464	476
Debt	367	378	377	397	403
Ordinary/Preference Shares	56	64	64	67	73
Total number of Issuers	169	171	176	178	175
Total number of securities dealers acting as arrangers	14	14	14	14	15
JMD Securities Outstanding (JMD in millions)					
Issued	436,656	453,526	457,350	450,996	455,921
Amount Paid Down	12,622	11,660	11,687	7,493	5,878
Outstanding	424,033	441,866	445,662	443,503	450,043
USD Securities Outstanding (USD in millions)					
Issued	1,133	1,177	1,171	1,196	1,235
Amount Paid Down	19	21	29	34	35
Outstanding	1,114	1,156	1,142	1,162	1,199