

## MARKET NEWS

September 9, 2016

### [American Airlines becomes third US carrier to resume commercial flights to Cuba](#)

HAVANA, Cuba (Xinhua) — Two American Airlines flights left Miami Wednesday for Cuba's central city of Cienfuegos and the eastern town of Holguin among cheers and excitement from passengers and airline executives. The American Airlines thus became the third US airline to resume regular direct commercial flights to Cuba after 55 years of interruption. American Airlines' flight 903 to Cienfuegos landed at 11:10 am local time with almost 100 passengers on board and was greeted by water cannons, a traditional civil aviation ceremony to mark the beginning of a route. The same ceremony was held in Holguin a few minutes later. Fernand Fernandez, American Airlines' vice-president of global marketing, said the airline will also start services to the central cities of Santa Clara and Camaguey today, and to the island's main beach destination, Varadero, on Saturday. "When I was a young man growing up in Miami, Cuba was so close but so far away. Today, American Airlines is bridging that gap," he said after the arrival of the inaugural flight to Cienfuegos. American Airlines will have 56 weekly flights to these five Cuban cities and plans to start its Havana service later in the year. It is planning to offer four daily flights to Havana from Miami, home to the biggest Cuban-American community in the US, and one from Charlotte, North Carolina, adding up to 91 weekly flights. On August 31, JetBlue Airways became the first US airline in 55 years to have regular direct commercial flights between both the United States and Cuba when one of its planes landed in the central city of Santa Clara. Silver Airways, a small Florida-based carrier, launched a flight to the same destination the next day. Restrictions still apply to US citizens to freely travel to the island as tourists, who must go under one of 12 general licences. US visitors to the island have increased substantially since both nations declared detente in their relations in December of 2014 and formally reestablished ties last year. Under a deal signed by the two countries in February, up to 110 daily flights can leave from American cities for 10 Cuban destinations. Flights to Havana were recently given final approval by the US Department of Transportation and are set to begin in late November. **Article published September 09, 2016 on [jamaicaobserver.com](#)**

### [iPhone 7 fails to impress, but Apple predicts sellout](#)

Apple expects preorder demand to exceed supply; stock falls as analysts yawn at iPhone 7 debut. The upgraded features of the new iPhone 7 were met with mixed reaction Thursday, with many analysts calling the updates incremental and consumers bashing Apple Inc.'s \$159 wireless headphones. But Apple is still predicting an opening-weekend sellout for its latest smartphone. Wells Fargo actually downgraded the stock Thursday morning to market perform from outperform and lowered its valuation range to between \$105 and \$120 from an earlier \$115-to-\$125 range. Analyst Maynard Um said the positives of the iPhone 7, notably an improved camera and water resistance, were already known before Wednesday's event and priced into the stock. He believes there is "limited upside potential" beyond the lowered stock range. While also voicing concerns about Apple's elimination of the 64-gigabyte storage option and how that might impact average selling prices, Wells Fargo lowered its fiscal 2017 earnings guidance on Apple to \$9.28 a share from \$9.44, as compared with the current FactSet consensus estimate of \$8.86. Shares of Apple (AAPL) fell 2.5% on Thursday after the company's flagship product event, pushing them down 6% in the past 12 months, versus a 12% improvement for the Dow Jones Industrial Average in that period. The average rating on the stock is equivalent to buy, according to a FactSet poll of 40 analysts, while the average price target is \$121.95, implying 12.5% upside from Wednesday's closing price. Despite the pessimism from outsiders, Apple is still predicting an iPhone 7 sellout that could help put an end to two consecutive quarters of iPhone sales declines. In a statement, the company said it was expecting such overwhelming demand for the iPhone 7 that it is anticipating running out of preorder supply within the first weekend. While Apple also reiterated its previously provided financial guidance for the current quarter, it said it would no longer provide opening-weekend presale numbers for the iPhone starting with the iPhone 7, because it believes that is "no longer a representative metric" for investors as demand inevitably exceeds available supply. "We are now at a point where we know before taking the first customer preorder that we will sell out of iPhone 7," Apple said. "These initial sales will be governed by supply, not demand." The iPhone 7 will spark a new iPhone upgrade cycle, but many analysts don't expect it to be as prominent as the record iPhone 6 cycle from two years ago. Pacific Crest Securities analyst Andy Hargreaves said that he believes the iPhone 7 updates were "meaningful enough" to drive fiscal 2017 volume "at least in line" with current estimates. Macquarie Research analyst Ben Schachter, who has an outperform rating and \$115 target on the stock, called the updates "somewhat incremental" and largely expected but said they should help drive replacements and upgrades. Schachter said he expects iPhone sales to remain "relatively stable" but believes most of Apple's profit growth will now be driven by software and services. Other analysts believe Apple's accessories, such as its \$159 AirPods, will help to improve margins despite what many believe will be a middling iPhone upgrade cycle. However, consumers have so far reacted negatively to the wireless earbuds. In a survey of 1,000 iPhone users by BrandingBrand.com, which offers consumer shopping data to brands, 88% of respondents said they were not excited about the removal of the headphone jack in the iPhone 7. Morgan Stanley analyst Katy Huberty, meanwhile, has already shifted her focus to the iPhone 8. She said in a note that the iPhone 7 features were "as expected," which should lead to stability in the near term, but she said she is looking forward to the release of the 10th-anniversary iPhone in calendar 2017, which she believes could drive a new "supercycle" akin to the iPhone 6. Analysts expect that phone to have more significant upgrades, such as an OLED display and "much longer battery life," she said. Huberty's \$123 price target on Apple's stock assumes a multiple of 14 times fiscal 2017 earnings per share of \$8.80, which is roughly in line with where Apple traded ahead of the record iPhone 6 launch two years ago. **Article published September 09, 2016 on [marketwatch.com](#)**

### [Stocks Slip as Investors Ponder Central Banks' Intentions](#)

Stocks lost ground and the dollar inched up Friday as investors continued to focus on comments from global central bankers. Recent gains in stock markets have been underpinned by the prospect of easy monetary policy from the Federal Reserve, European Central Bank, Bank of England, and Bank of Japan, leaving investors focused on any signs that may be altered in the coming months. The Stoxx Europe 600 inched down 0.4% late morning amid continued disappointment over the European Central Bank's decision on Thursday to leave its current stimulus program unchanged, frustrating investors who expected an adjustment to its bond-buying program or hints at other measures to revive the eurozone economy. European shares fell after the announcement, while the euro gained against the dollar and the region's sovereign bonds came under pressure. Financial shares climbed on Friday, however, with the European banking sector up 0.8%. "Compared to expectations, you'd almost say [ECB President] Mario Draghi was hawkish," said Michael Metcalfe, head of macro strategy at State Street Global Markets. Both in Europe and in Japan, "we just assumed central banks would push the quantitative easing button when things got bad again, but it seems we've reached the limits of that." In Japan, the central bank may be running out of government bonds to buy in the next 18 months or so, analysts say, with the central bank buying roughly \$750 billion worth of government debt a year. On Friday, Asian shares mostly declined, catching up with Thursday's losses in the U.S. and Europe, while futures pointed to a 0.3% opening loss for the S&P 500. Still, the market reaction has been relatively muted so far, with equity market volatility suppressed and little demand for protection against future declines. Many investors were also focused on the Federal Reserve, with several Fed officials scheduled to speak on Friday and Monday ahead of the bank's September meeting. Investors currently price just an 18% chance of an interest rate rise in September, according to Fed-fund futures tracked by CME Group. "There's an outside chance the Fed will make a meaningful statement or action," said Ninh Chung, head of investment strategy at SVB Asset Management, but "markets still react to almost every word a Fed official puts out." Earlier, news of a fifth North Korean nuclear test weighed on shares in Asia, with stocks in Shanghai, South Korea and Australia ending lower. Data also showed China's consumer inflation slowed in August for a fourth straight month, leaving room for further stimulus from the People's Bank of China. The Hang Seng gained 0.8%, despite wider losses in the region, after a Chinese regulator said it would allow domestic issuers to invest in Hong Kong-listed stocks through a trading link with Shanghai. The Hang Seng is among the best performers this week, up 3.6%. In commodities, Brent crude oil gave back some of Thursday's rally, and last traded down 1.5% at \$49.25 a barrel. Gold fell 0.4% to \$1,336 an ounce. **Article published September 09, 2016 on [invest.ameritrade.com](#)**

### [Red Stripe beer resumes exports from Jamaica to US](#)

KINGSTON, Jamaica (JIS) -- Prime Minister Andrew Holness was on hand on Wednesday to see Red Stripe sending off its first shipment of locally brewed beer to the United States from Jamaica in four years. At a ceremony at Red Stripe's Spanish Town Road location, Holness hailed the move by the iconic Jamaican brand to re-establish Jamaica as its global production hub. He said this is a reflection of the company's commitment to protect the authenticity of the brand by having it produced locally as well as of the confidence in the country's improving macroeconomic environment. Describing the repatriation move as a good business decision, the prime minister said the government appreciates the company's improvements in efficiencies through the upgrade of its plant as well as increases in its workforce. "That is a big thing and the government of Jamaica expresses its gratitude for that investment decision. It is that decision that has made it possible for your output to increase, employment to increase and, indeed, the growth of the company, which will translate into the growth of the Jamaican economy," he said. With the reinstatement of exports to the United States, Red Stripe has hired an additional 50 employees and will take on another 30 by the end of the month. The company has also invested some \$6 billion (US\$47 million) in plant upgrades, including modernisation of its brewery, installation of a combined heat and power plant and the overhaul of its packaging line. Holness said he is particularly happy about Red Stripe's decision to substitute the import of a critical ingredient for the beer with cassava. The company will move its cassava production to 1,000 acres, which is expected to indirectly employ 900 persons. "You can see the connection between good government policy inspiring business executives to take a risk and how that can pay off in the expansion of production and growing the economy, creating prosperity for all," the prime minister said. Meanwhile, managing director of Red Stripe, Ricardo Nuncio, said the move will also serve to create other industries and spinoffs, as it will lead to a busier port, increased services in the logistics industry and employment in other sectors. "I want to thank the prime minister and the government of Jamaica for supporting us and making this day a reality. I also want to confirm and reinforce our commitment that you have, with Red Stripe, a solid partner," Nuncio said. United States Ambassador to Jamaica, Luis Moreno, in remarks, noted that the development is significant given the role Red Stripe plays in the Jamaica-United States relationship. The ambassador said he envisions that there will also be benefit to his country's economy, due to the increased need for distributors and retail workers to supply the brand to American consumers. Red Stripe, a part of the Heineken group, moved its export operations to the United States in 2012, as part of a broader cost-reduction strategy. **Article published September 09, 2016 on [caribbeannewsnow.com](#)**

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Medford Francis, Registered Principal  
Deesha Lewis, Registered Representative  
Lawrence Jean, Registered Principal

Tel: 1 (758) 457-7231  
Tel: 1 (785) 456-6884  
Tel: 1 (785) 457-7256  
Fax: 1 (758) 456-6740

Email: [info@ecfhglobalinvestments.com](mailto:info@ecfhglobalinvestments.com) | Website: [www.ecfhglobalinvestments.com](http://www.ecfhglobalinvestments.com)



## MARKET PERFORMANCE

September 8, 2016

Eastern Caribbean	Closing Position	Index Movement	% Change
ECSE Index	155.41		
Jamaica	Closing Position	Index Movement	% Change
JSE Main	159,833.50	▲527.60	▲0.33
JA. Select	5,519.93	▲32.81	▲0.60
Trinidad & Tobago	Closing Position	Index Movement	% Change
TTSE Composite Index	1,156.11	▼0.50	▼0.00
Barbados	Closing Position	Index Movement	% Change
BSE Composite Index	647.66		
North America	Closing Position	Index Movement	% Change
DOW Jones Indus AVG	18,479.91	▼46.23	▼0.25
S&P 500	2,181.30	▼4.86	▼0.22
NASDAQ	5,259.48	▼24.44	▼0.46
Europe / Asia	Closing Position	Index Movement	% Change
NIKKEI 225	16,958.77	▲6.99	▲0.04
STOXX 600	349.32	▼1.79	▼0.51
FTSE 100	6,858.70	▼22.09	▼0.32
Major Currencies			
EUR-USD	1.126	▲0.00	▲0.06
USD-JPY	102.49	▼0.2300	▼0.2239
GBP-USD	1.33	▲0.00	▲0.15
Commodity Futures			
Brent Crude Futr	49.99	▼0.82	▼1.64
Gold 100 Oz Futr	1,337.80	▼4.00	▼0.30
Silver Future	19.59	▼0.19	▼0.97

## INVESTMENT OPPORTUNITIES

ISSUER	SECURITY TYPE	AMOUNT AVAILABLE	AUCTION DATE	INTEREST RATE	TENOR
Government of Dominica	Bond (Secondary Market)	EC\$0.948M	Issued 26.02.2015	7.00%	Maturing 26.02.2020
Government of Antigua & Barbuda	Treasury Bill (RGSM)	EC\$15.00M	13.09.2016	6.50% (max)	3 Years
Government of Saint Vincent & the Grenadines	Treasury Bill (RGSM)	EC\$25.00M	14.09.2016	4.82% (max)	91 days
Eastern Caribbean Home Mortgage Bank	Corporate Paper (ECSE)	EC\$18.70M	28.09.2016	3.00% (max)	365 days
Government of Grenada	Treasury Bill (RGSM)	EC\$12.00M	10.10.2016	6.00% (max)	365 days
Government of the Commonwealth of Dominica	Treasury Bill (RGSM)	EC\$20.00M	12.10.2016	6.00% (max)	91 days
Government of St Vincent & the Grenadines	Treasury Bill (RGSM)	EC\$25.00M	13.10.2016	4.82% (max)	91 days
Government of Saint Lucia	Treasury Bill (RGSM)	EC\$25.00M	17.10.2016	6.00% (max)	180 days
Government of Grenada	Treasury Bill (RGSM)	EC\$10.00M	17.10.2016	6.00% (max)	91 days
Government of Antigua & Barbuda	Treasury Bill (RGSM)	EC\$20.00M	19.10.2016	6.00% (max)	365 days
Government of Grenada	Treasury Bill (RGSM)	EC\$10.00M	24.10.2016	6.00% (max)	91 days

## INTERNATIONAL SECURITIES

Indicative Levels: Thursday, September 8, 2016

Issuer	Aruba	Bermuda	Sagicor	Trinidad
Maturity Date	9/14/2023	7/20/2020	08/11/2022	08/04/2026
Price	108.00	112.5	113.50	103.35
Coupon	4.625%	5.603%	8.875%	4.50%
Yield	3.34%	2.25%	6.142%	4.09%
Rating	BBB+	A+	B	A-

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