

The Jamaican Stock Exchange

1st December, 2020

The Jamaica Stock Exchange (JSE) became the first stock exchange in the Caribbean after its incorporation in 1968 and commencement of its operations in 1969. The JSE stands as one of the largest stock exchanges in the Caribbean with market capitalization, also known as the total dollar market value of a company's outstanding shares of stock around TT\$0.127 bn (J\$2.75 billion), behind the *Trinidad and Tobago Stock Exchange* (TTSE) with TT\$125 billion as the 20th November 2020. Despite the TTSE boasting a larger market capitalization, the performance of the JSE over the past five years has put them in the limelight with astronomical growth and returns of over 00%.

The World's Best Performing Stock Market!

The JSE has been recognized as one of the best performing stock markets globally over the past 5 years. The value of JSE Combined Index, which measures the performance of all the companies listed on the Main and Junior Markets, has grown by 219 percent over the period compared to the 28 percent growth of the TTSE Composite Index, which measures the price movement of the ordinary shares for companies listed on the first-tier market of the exchange.

Over the five-year period, the stock exchange posted its largest gain in 2015 with the JSE Combined Index rising by 102% year on year, led by the Junior market with an increase of 160 percent. The exchange was named on two occasions the World's Best-Performing Stock Market by internationally recognized financial news providers Bloomberg in 2015 and the Financial Times in 2018. In 2019, Bloomberg also recognized the JSE as the 5th best exchange out of 94 exchanges that were tracked.

In Jamaica, the Initial Public Offering market – the process of a private company listing its shares on the stock exchange, is quite strong relative to its Caribbean peers. For the period 2015 to 2019, 27 companies were listed on the JSE, bringing the number of listed companies from 59 in 2015 to 86 in 2019. The majority of the listings occurred in the Junior market which saw 18 small to medium sized companies deciding to go public, with the remaining 9 companies being listed on the Main market.

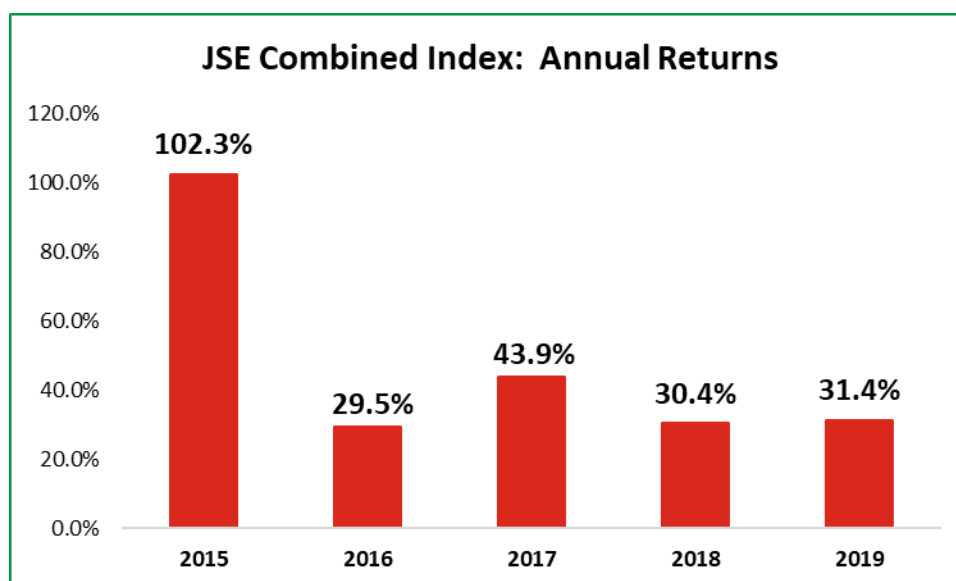
For the review period, listed companies on the JSE Junior market increased from 23 in 2015 to 41 in 2019, with much of the attractiveness emanating from the generous 10-year Government tax incentive that is geared towards encouraging *Small and Medium Sized businesses* (SME). New companies listed on the Junior tier enjoy a 5-year waiver of corporate taxes followed by 50% reduction on corporate taxes in the final 5 years.

Since the creation of the Junior Stock Market in 2009 more than J\$10 billion (TT\$0.463 billion) has been raised on the Junior Market with the index increasing by 386.8 percent. In 2019, Mailpac Group Limited, a Jamaican online shopping company, listed on the JSE as the largest IPO in the history of the Jamaica Stock Exchange Junior Market. Over 5,100 applications, with a value of over J\$2.3 billion (TT\$0.106 billion), were processed in a few days.

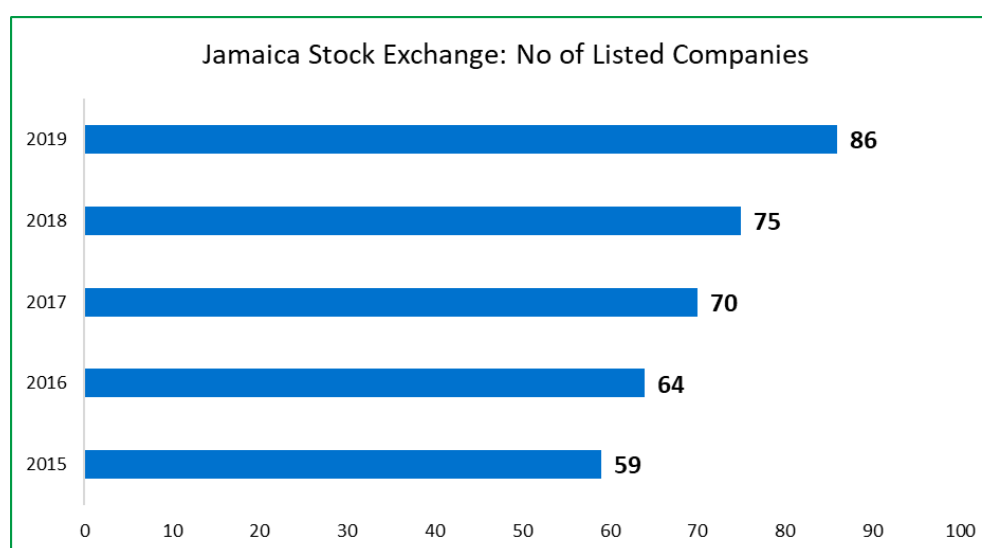
2020 and Beyond

The headwinds of the COVID-19 pandemic have negatively affected financial markets globally and has impacted the JSE with all but four securities seeing share prices declines. As at 20th November 2020, the JSE Combined index, the All Jamaican Index and the Junior Market Index are down 24 percent year to date on average. Notwithstanding this performance, equity raising activity via *Initial Public Offerings* (IPO) and *Additional Public Offerings* (APO), which is the sale additional shares to the public, has flourished. The APO recently completed by Barita Investments raised a record J\$13 bn (TT\$0.601 billion) and is the largest APO in the history of the Jamaican Stock Exchange.

Despite the prevailing challenges which is clear, present and affected all markets, the JSE has proven resilient. The strategic initiative to transition towards a digital environment facilitated the smooth operation of the JSE's trading system with the onset and subsequent restriction measures brought about by the pandemic. It is strongly believed that the JSE will continue to reap the benefits of the prior years' investment in its operational efficiency and human capital that will serve to buoy the exchange in the upcoming trying times.



Source: Jamaica Stock Exchange



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