



Trinidad and Tobago Securities and Exchange Commission

Market Activity Report- December 2011- February 2012

Economic Overview

According to the Central Bank of Trinidad & Tobago (CBTT), the local economy contracted by an estimated 2.6 percent (year on year) during the third quarter of 2011. This decline in real Gross Domestic Production (GDP) was attributed to a decline in output of both the energy and non-energy sectors by 5.6 percent and 0.4 percent respectively. The CBTT's Economic Bulletin, January 2012 indicated that the finance sector expanded by 2.1 percent in the third quarter of 2011 on account of continued growth in commercial bank credit to the private sector. The demand for business credit rose in October 2011 by 1.6 percent for the first time in twenty-three (23) months. It is suggested that if this trend continues, business expansion may lead to increases in the earnings per share which may result in an increase in stock market activity as investors chase after higher dividends.

Headline inflation, as measured by the twelve (12) month increase in the Index of Retail Prices, continued to climb as it registered a 6.8 percent increase in January 2012 from 5.3 percent in December 2011. The CBTT indicated that monthly headline inflation rose by 2.5 percent in January 2011 which was the highest monthly growth experienced since June 2010. Core inflation also increased 1.8 percent (year on year) in January 2012 from 1.5 percent in December 2011, mostly due to housing (2.7 percent), clothing and footwear (3.2 percent) and hotels, café and restaurants (3.4 percent). It is suggested that continued increases in the general price level may reduce the amount of disposable income that is available to investors to invest in the capital market.

The CBTT cited in their Financial Stability Report, December 2011, that liquidity in the financial system rose in 2011 as a result of subdued business confidence, comparatively lower issuances of public sector bonds and a stagnation of the number of listings on the Trinidad & Tobago Stock Exchange (TTSE). This continued abundance in liquidity has put downward pressure on short term interest rates as the three (3) month Treasury bill declined to 0.20 percent in February 2012 from 0.22 percent in January 2012.

The CBTT has indicated that despite the increases in core inflation there is insufficient evidence to suggest that the economy is overheating and it is too early to determine if the increase business sector credit will continue as such it has decided to maintain the 'repo' rate at 3.00 percent.

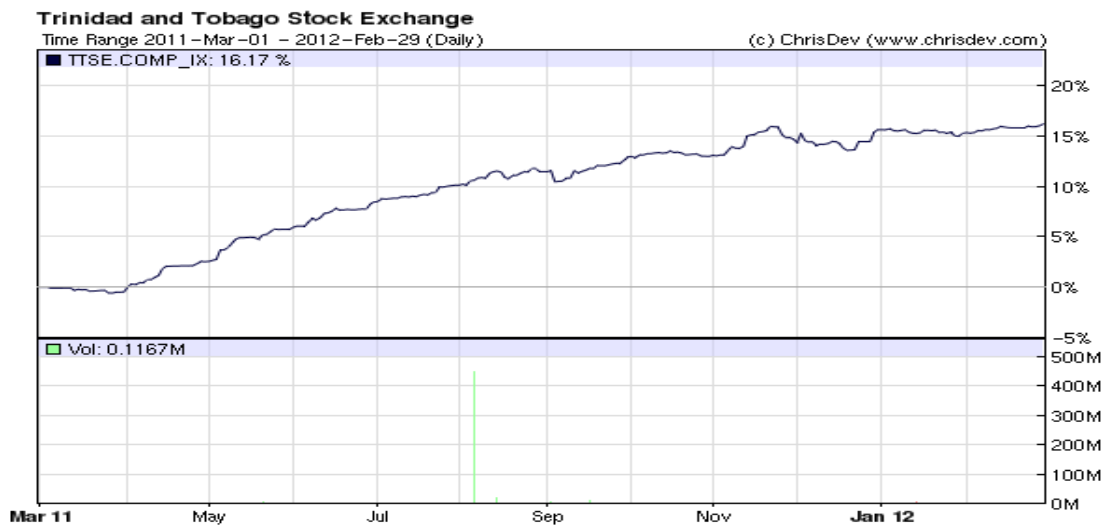
Stock Market Performance

Trinidad & Tobago Stock Exchange

The performance of the stock market continued to strengthen as indicated by the Trinidad & Tobago Stock Exchange (TTSE) Composite Index, which has posted increasing returns into 2012. The market rallied 16.17 percent in the twelve (12) months to February 2012 (see Figure 1). This upward trend in the TTSE Composite Index is indicative of a general stock price appreciation of the equities listed on the stock exchange. The TTSE Composite Index closed 21.21 percent higher in December 2011 than at the start of the same year, a significant improvement compared to the previous year when the market advanced 9.91 percent.

For the three (3) month period, December 2011 – February 2012, the market rose 1.60 percent with most of the gains being posted in December 2011. However, this rally was considerably lower than the corresponding period December 2010 – January 2011, when the market rose 5.68 percent. The market lost its momentum in January 2012 as it declined by a marginal 0.29 percent indicating that the percentage declines in the Index outweighed the gains experienced¹. The market, however, reversed its declines as it posted a marginal gain of 0.74 percent in February 2012.

Figure 1: TTSE Composite Index for the period March 2011 to February 2012



A brief analysis of the movement of prices over a four (4) month review period to February 2012, using exponential moving averages, point towards a continuation in the upward trend in

¹ For the month of January 2012, there were eleven (11) advances and seven (7) declines. The declines were experienced in the following stock prices: Neal and Massy Limited (12.92 percent), Guardian Holdings Limited (8.96 percent), Point Lisas Industrial Port Development Corporation Limited (7.17 percent), Capital and Credit Financial Group Limited (7.17 percent), Jamaica Money Market Brokers (2.38 percent), National Enterprises Limited (0.47 percent) and Republic Bank Limited (0.09 percent).

the market (*see Figure 2*). It is suggested that market sentiment has continued to improve as the number of advances outpaced the number of declines during the three (3) month period under review. Of the twenty-nine (29) listed companies on the TTSE, seventeen (17) advanced, ten (10) declined and two (2) remained unchanged.

Figure 2: Exponential Moving Averages of the TTSE Composite Index for the period November 2011 – February 2012



In keeping with the appreciation in stock prices for the three (3) month review period, market capitalization also rose by TT\$47.94 billion to end the period at TT\$94.94 billion. The market rally was led by listed companies within the Manufacturing I (4.67 percent) and Non-Banking Finance sectors (1.87 percent).

The worst performing sectors on the Exchange were the Property and Trading sectors which declined 6.31 percent and 4.07 percent respectively. The companies listed on the Cross Listed Index rose by minimal 0.20 percent for the period. The All T&T Index outperformed the Cross Listed Index as it rose 1.77 percent during the review period. **Tables 1 & 2** below illustrate the top five (5) advancing and declining stocks for the period December 2011 – February 2012.

Table 1: Top five (5) performing stocks for the period December 2011 - February 2012

	Security	Closing Price (\$)	Change (\$)	Change (%)
1	Angostura Holdings Limited	9.00	1.15	14.65
2.	National Enterprises Limited	14.95	0.95	6.79
3.	Prestige Holdings Limited	7.25	0.45	6.62
4.	Unilever Caribbean Limited	33.76	1.46	4.52
5.	West Indian Tobacco Company Limited	63.56	2.61	4.28

Table 2: Worst five (5) performing stocks for December 2011 – February 2012

	Security	Closing Price	Change (\$)	Change (%)
1	Williams LJB	0.80	-0.14	-14.89
2.	Williams LJ \$0.10 A	0.40	-0.06	-13.04
3.	National Flour Mills	0.70	-0.09	-11.39
4.	Supreme Ventures Limited	0.16	-0.02	-11.11
5.	Neal & Massy Holdings Limited	42.06	-3.93	-8.55

Trading Activity

There was considerable volatility in the trading activity on the Exchange for the three (3) months ending February 2012. In January 2012, trading volumes rose by 146 percent whilst it declined 61.52 percent in February 2012 (*see Table 3*). In comparison to December 2011, the number of trades in January 2012 rose in six (6) of the eight (8) sectors listed on the Exchange. The Trading and the Non-Sector Companies sectors were the only two (2) sectors that experienced declines. Over the three (3) month period, a breakdown of the sectors revealed that stocks in the Non Banking Finance Sector outperformed all other sectors as it recorded the largest trading volume and value and the highest number of trades (*see Table 4*). Despite the positive gains in the TTSE Composite Index over the three (3) month period, aggregate trade volume and values declined by 5.48 percent and 30.24 percent respectively. Further, the volume traded and its corresponding value was 65.06 percent and 74.73 percent lower in February 2012 when compared to February 2011.

**Table 3: Monthly and Yearly Comparison of Trading Values and Volume:
December 2011 – January 2012**

Volume/Value	Dec-11	Jan-11	Feb-12	Feb-11	MOM change (Dec 2011 - Jan 2012)	MOM change (Jan- Feb 2012)	3 month change (Dec 2011 - Feb 2012)	YOY %change
Volume of Trading	2,534,966	6,226,035	2,395,976	6,856,628	146%	-61.52%	-5.48%	-65.06%
Value of Trading (\$Mn)	TT\$ 36.99	TT\$ 42.84	TT\$ 25.80	TT\$ 102.133	15.82%	-39.76%	-30.24%	-74.73%
Average Daily Vol	126,748.30	296,477.86	126,104.00	342,831.40				
Average Daily Value (\$Mn)	TT\$1.849	TT\$ 2.040	TT\$ 1.358	TT\$ 5.106				

**Table 4: Sector Breakdown of Trading Activity on the Exchange:
December 2011 – February 2012**

Sector	Trades			Volume			Value		
	Dec 2011	Jan 2012	Feb 2012	Dec 2011	Jan 2012	Feb 2012	Dec 2011	Jan 2012	Feb 2012
Banking	119	204	148	257,385	747,329	290,111	5,613,483	18,554,160	8,420,268
Conglomerates	56	103	78	44,389	276,981	228,826	1,183,597	7,761,505	9,665,544
Property	2	11	5	2,240	9,144	2,319	10,617	40,873	10,304
Manufacturing I	69	130	117	308,258	514,205	674,105	1,975,031	2,848,339	3,505,852
Manufacturing II	28	47	40	173,296	517,361	483,197	309,665	931,626	986,080
Trading	41	35	33	60,874	228,510	83,480	307,956	900,889	298,489
Non-Banking Finance	197	225	134	1,673,524	3,932,505	633,938	27,583,659	11,804,346	2,919,199
Non-Sector Companies	2	0	0	15,000	0	0	6,000	0	0

Bond Market Activity

Primary Bond Market: - December 2011 – February 2012.

There were no new bond issuances during the period under review.

Secondary Government of the Republic of Trinidad & Tobago (GORTT) Bond Market: - December 2011 – February 2012

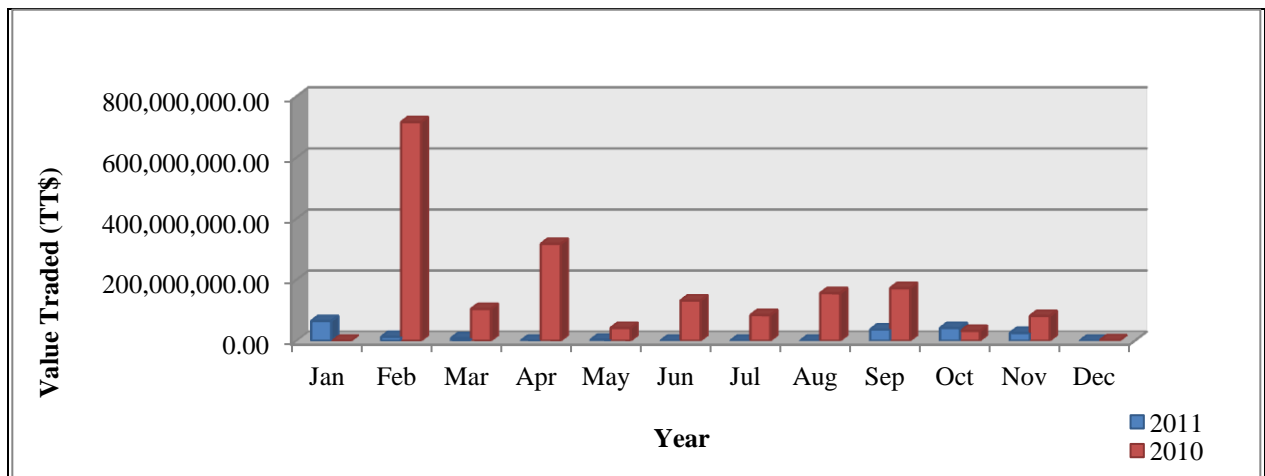
Five (5) lots of GORTT bonds were traded on the secondary market during the period under review at an aggregate face value of TT\$156.7 million with an aggregate trade value of TT\$168.2 million. The number of trades were significantly lower than the amount that was traded in the corresponding period December 2010 – February 2011 when thirty (30) lots were traded at a lower aggregate face value and traded value of TT\$75.7 million and TT\$78.85 million respectively.

For the calendar year 2011, forty six (46) trades were recorded at an aggregate trade value of TT\$194.21 million, down 89.44 percent from the previous calendar year. **Figure 3** provides a graphical comparison of the trading values on the secondary GORTT bond between the calendar years 2010 and 2011.

Secondary Corporate Bond Market: - December 2011 – February 2012

Trading on the secondary corporate bond market remained inactive as there were no trades recorded during the period under review.

Figure 3: 2010 and 2011 Comparison of the Total Value Traded (TT\$) on the Secondary GORTT Bond Market



Source: Trinidad & Tobago Stock Exchange, Market Activity Report, December 2011

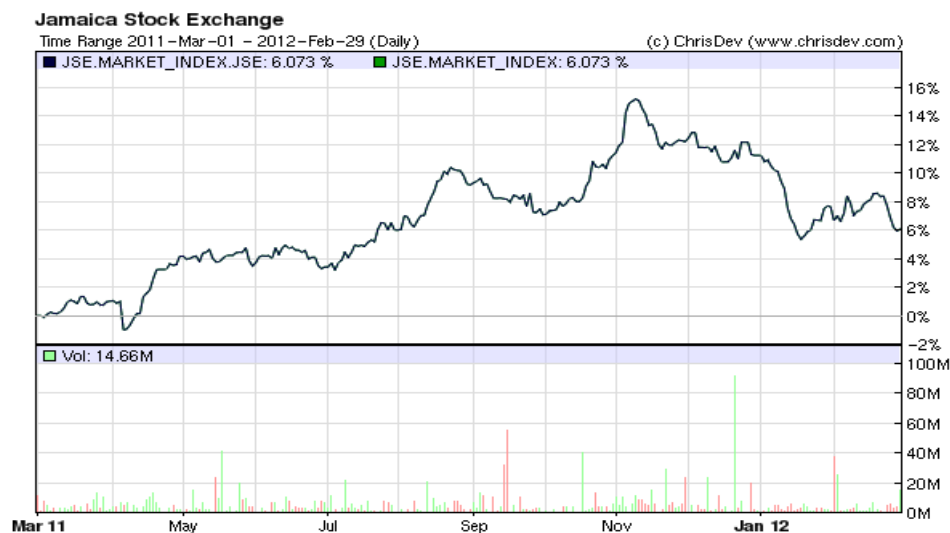
Jamaica Stock Market

Despite its dominance of the regional trading volume and values over the three (3) months to February 2012, the JSE Composite Index gained 6.07 percent for the twelve (12) months to February 2012 which was relatively lower than the gains experienced by the TTSE Composite Index. **Figure 4** provides a graphical representation of the movements of the JSE Composite Index for the period March 2011 to February 2012. Notably, the graph illustrates that there has been more volatility in the JSE Composite Index when compared to the TTSE Composite Index.

However, a review of the market's performance to the three (3) months to February 2012 indicated that the market slid into negative territory as it declined 5.69 percent. The majority of the decline occurred in January 2012, when the market fell by 3.24 percent after which the market struggled to reverse its losses as it declined by 0.5 percent in the following month. This decline in market performance may have been the result of increased uncertainty amongst investors surrounding the economic environment as the government announced plans to cut public expenditure by US\$22 billion in the current fiscal year 2011/2012. The government noted that its intention was to prove to the International Monetary Fund (IMF) that it was committed to greater fiscal consolidation as they approach the IMF on a new aid package².

A simple exponential moving average analysis of the period indicates that a short term downward trend in prices of the stocks listed on the JSE has emerged. The number of stocks that lost value during this period heavily outweighed the number of gainers further supporting the bearish sentiment indicated by the moving average. Of the forty (40) companies listed on the JSE, there were twenty two (22) declining and five (5) advancing over the three (3) month period whilst the remainder thirteen (13) traded firm.

Figure 4: JSE Market Performance of the JSE Market Index: March 2011 – February 2012



² Business Monitor International, March 6th 2012.

Barbados Stock Exchange

The BSE Composite Index, which reflects the performance of the Barbadian stock market, decreased by a marginal 0.84 percent in the three (3) months to February 2012 and recorded an overall decline of 1.81 percent for the twelve (12) months to February 2012 (see Figure 5). A comparative review of the market's performance between the three (3) months to February 2012 and its corresponding period December 2010 – February 2011 indicated that there was a dampening of market sentiment as the Index was up 7.62 percent in the corresponding period.

For the calendar year ending December 2011, the market climbed 7.08 percent reversing the 14.12 percent losses that it experienced during the previous calendar year. The performance of the individual stocks on the BSE underscored the bearish sentiments of investors as out of the twenty four (24) listed stocks, eighteen (18) traded firm, five (5) declined and one (1) advanced.

Figure 5: Performance of the BSE Composite Index: March 2011 – February 2012



Regional Comparison

The Jamaican Stock Exchange (JSE) outperformed Barbados Stock Exchange (BSE) and the TTSE over the three (3) months to February 2012 as it captured a significant share of both the aggregate regional value (76.23 percent) and regional volume (96.62 percent). **Table 5** below provides a breakdown of the trading value and volume by each stock exchange in the region. In terms of price movements on the various stock exchanges, the TTSE Composite Index has outperformed both the JSE Composite Index and the BSE Composite Index.

**Table 5: Regional Breakdown of Trading Value and Volume:
December 2011 – February 2012**

Exchange	Volume	Value (US\$)	% of Regional Value (US\$)	% of Regional Volume
TTSE	11,156,977	16,623,785	17.58%	2.95%
JSE	365,910,074	72,084,547	76.23%	96.62%
BSE	1,627,693	5,859,105	6.20%	0.43%
Total	378,694,744	94,567,436		