



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

MARKET ACTIVITY REPORT

February 2013

Economic Overview

In its repo rate announcement for February 2013, the Central Bank of Trinidad and Tobago (CBTT) indicated that Trinidad and Tobago's headline inflation rate was up slightly from 7.2 per cent in December 2012 to 7.3 per cent in January 2013 following a decline of 0.8 per cent in December 2012.

Food inflation, accelerated to 13.8 per cent (year-on-year) in January 2013 compared with 12.7 per cent in the previous month. Core Inflation, which excludes food prices, slowed to 2.2 per cent in January 2013 from 3.1 per cent in December 2012. Most of the major components of core inflation including alcoholic beverages and tobacco had slower price increases for this period.

There was an unexpected slowdown in private sector credit towards the end of 2012 after exhibiting a slow but steady increase. On a year-on-year basis, private sector credit granted by the consolidated financial system decelerated to 2.1 per cent in December 2012. The CBTT indicated however, that despite the decreases in private sector credit, real estate mortgage lending continued to be robust, expanding by 11.2 per cent in December 2012. Commercial banks' reserves climbed to a daily average of \$5,132.5 million in February 2013 from \$3,432.3 million in January. The Central Bank remains active in addressing the excess liquidity in the market through open market operations.

Short-term interest rates remained depressed with the rate on three-month TT Treasury bills declining from 0.40 per cent in January 2013 to 0.24 per cent in February 2013. The rate on US three-month treasury bills however rose from 0.08 to 0.13 per cent. These results narrowed the differential between TT and US three-month interest rates to 0.22 per cent from 0.32 per cent in January.

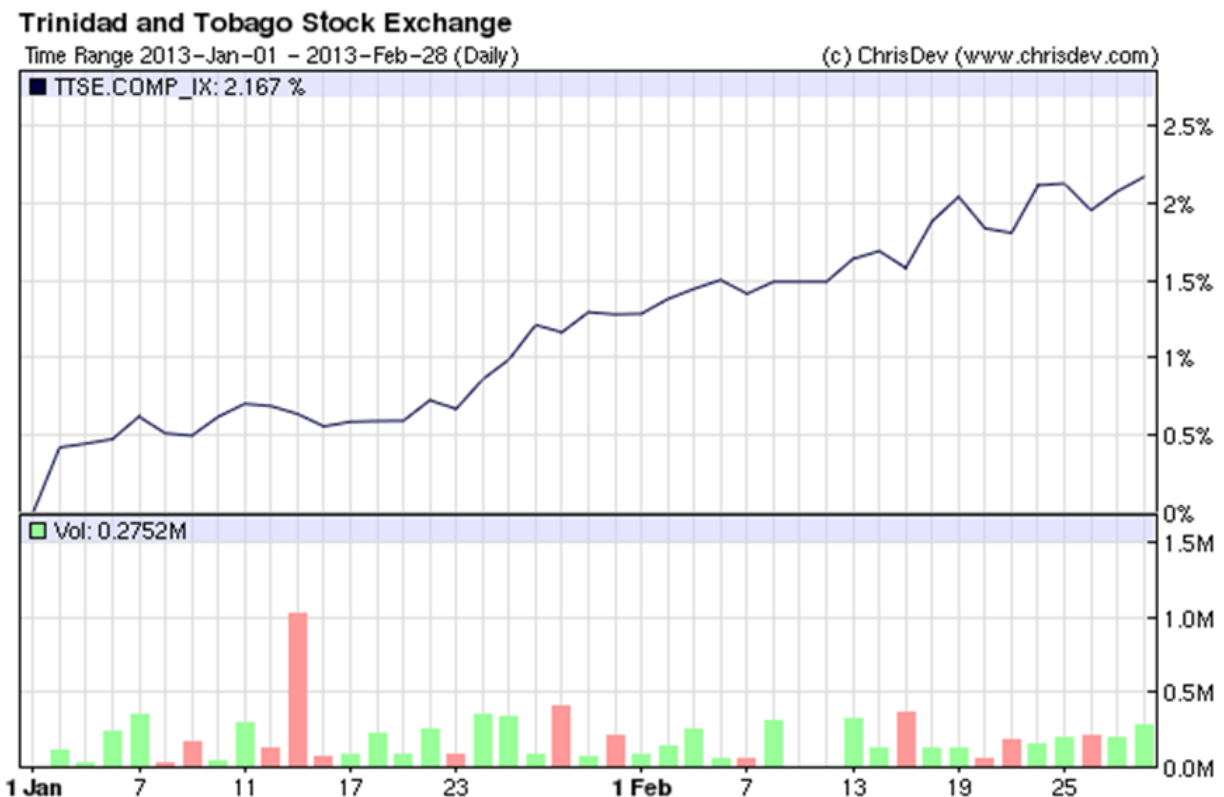
The CBTT views its accommodative monetary policy stance as appropriate as underlying inflationary pressures are still contained and there is a continued expectation of a turnaround in economic activity. It is in this context that the ‘repo’ rate is maintained at 2.75 per cent.

Stock Market Performance

The local stock market continued on its positive note for 2013 advancing by 2.17 per cent to close at 1088.06 for the first two months of the year. For the month of February, the market increased by 0.09 per cent. **(Figure 1)**. In January, the market closed at 1078.62 which was an improvement from December by 1.28 per cent.

The Index of cross-listed companies declined by 2.22 points (3.86 per cent) to close at 55.13 a decline from the previous month when the index posted a marginal increase of 1.79 per cent. The All T&T index advanced by 38.13 points (2.33 per cent) to close at 1751.63.

Figure 1: TTSE Composite Index for the period January 1st 2013 to February 28th 2013



Market activity in February 2013 resulted in trading in twenty-four (24) stocks. Of the twenty-four (24), eight (8) advanced, nine (9) declined and seven (7) traded firm. The advances for the month of February 2013, which were led by Neal and Massy Holdings Limited, ranged from 2.27 percent to 13.21 percent. Advances for the previous month of January 2013 ranged from 2.65 percent to 27.45 percent, led by Jamaica Money Market Brokers Limited.

The top five (5) performers are listed in **Table 1** below.

Table 1: Top five (5) performing stocks for February 2013

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1	Neal and Massy Holdings Limited	60.00	7.00	13.21
2.	Guardian Holdings Limited	19.75	1.24	6.70
3.	Republic Bank Limited	108.15	2.65	2.51
4.	National Enterprises Limited	15.02	0.35	2.39
5.	The West Indian Tobacco Company Limited	90.01	2.00	2.27

The declines for the top five (5) worst performing stocks over the month of February 2013 ranged from 3.29 percent for CLICO Investment Fund to 16.67 percent for National Commercial Bank Jamaica Ltd. This range of decline was greater than that for January 2013 which ranged from 0.75 percent for Prestige Holdings Limited to 6.04 percent for Trinidad Cement Limited. (**Table 2 below**)

Table 2: Worst five (5) performing stocks for February, 2013

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1	National Commercial Bank Jamaica Ltd	1.20	(0.24)	(16.67)
2.	Scotia Investments Jamaica Limited	1.94	(0.34)	(14.91)
3.	Angostura Holdings Limited	7.80	(1.19)	(13.24)
4.	Gracekenedy Limited	3.75	(0.25)	(6.25)
5.	CLICO Investment Fund	20.55	(0.70)	(3.29)

Trading Activity

For the month of February 2013 the volume of stocks traded was 3,229,002 a 31 percent decrease from the 4,691,975 registered in January 2013. The value of shares traded was TT\$72,797,605, an increase of 23 percent from the month of January 2013. This increase in value, despite the reduced volume, can be mainly attributed to the trading of 4,956,391 Republic Bank Limited shares this month which were valued at TT\$108.15 as at the end of the period. (See Table 3)

Table 3: Monthly and Yearly Comparison of Trading Values and Volume: February 2013

Volume/ Value	January -13	February-13	February-12	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	4,691,975	3,229,002	2,395,976	(1,462,973)	(31)	833,026	35
Value of Trading (\$)	59,337,182	72,797,605	25,805,740	13,460,423	23	46,991,865	182
Average Daily Volume	213,272	179,389	126,104	(33,883)	(16)	53,285	42
Average Daily Value (\$)	2,697,145	4,044,311	1,358,197	1,347,166	50	2,686,114	197

Bond Market Activity

Primary Bond Market

There were no registrations in the primary bond market for the month of February 2013. For the year to date, there have been (2) registrations. On January 18 2013, the Trinidad and Tobago Mortgage Finance Company Limited registered a TT\$600,000,000.00 Secured Fixed Rate Bond and on January 22, 2013 the Home Mortgage Bank registered a TT\$200,000,000.00 Floating Rate Bond.

Secondary GORTT Bond Market

There were no trades in the secondary bond market for the month of February. Only one trade took place in the same period in 2012. Forty-three (43) trades took place during January, having a face value of TT\$574,847,000 and a trade value of TT\$687,800,699.

Market Developments

Acquisition by NCB Capital Markets Limited

The National Commercial Bank of Jamaica Limited (NCBJ) has indicated to the Jamaican stock exchange that NCB Capital Markets Limited, a wholly owned subsidiary of NCBJ received regulatory approval for the acquisition of the majority interest in Advantage General Insurance Company Limited. This transaction has since been completed.

Jamaica National Debt Exchange (NDX)

Jamaica has been downgraded by both Fitch and Standard and Poor's on account of their proposed debt swap which opened on February 13th 2013. Jamaica's rating was lowered to 'selective default (SD)' from 'B-/B'. The government's securities, not included in the debt exchange were also lowered to 'CCC'.

Standard and Poor's credit analyst Joydeep Mukherji said "In our view, the offer implies that investors will receive less value than promised as per the original securities based on the lower interest rate and maturity extension –an average increase for five years. We view this offer as distressed rather than opportunistic because the issuer does not intend to fulfill its original obligations"

Despite the reduction in debt-servicing needs following the debt exchange, Jamaica's general government debt burden will remain high, at above 115 per cent of GDP in 2013.

NCBJ has indicated that it will participate in the NDX. Consequent to this, there will be adverse impacts on their financial statements.

Barbados General Government Election

On a political front, the Barbados general elections were held in the month of February. The Democratic Labour Party (DLP) retained power with a 16-13 advantage. Despite the overall victory of the party however, several ministers in the DLP lost their seats.

Regional Developments

Jamaica Stock Market

The Jamaican stock market continued its downward trend in the month of February closing at 84,048.93 down by 7.06 per cent. In January, the JSE fell by 3.35 per cent to close at 89,118.72. The advance/decline ratio of listed companies on the JSE showed that out of thirty-two (32) stocks traded, there were twenty (20) declines in stock prices, six (6) advances, with six (6) stocks trading firm. For the year to date, stock prices fell 8.74 percent. **(See Figure 2 below)**

Figure 2: JSE Market Performance of the JSE Market Index: January 1st, 2013 – February. 28th 2013



Barbados Stock Market

The Barbados stock market registered a 0.24 percent decrease for the month February 2013, a decline from its January 2013 increase of 1.08 percent. Despite this, the year-to-date position was positive, yielding an increase of 1.10 percent at the end of this period. For the month of February, however, the BSE remained relatively flat with marginal increases and declines. (See Figure 3 below)

Figure 3: Performance of the BSE Composite Index: January 1st – February 28th 2013



International Developments

Austerity measures continue internationally as governments seek to recover from financial crises that continue to have adverse impacts upon major banking systems. The Economist has indicated in its February 23rd issue that with interest rates at record lows, rich-world central banks in America, Britain and Japan are seeking to experiment with another approach to rejuvenating their economies. The approach goes against conventional monetary policy of lower inflation rates and would entail tolerating a higher inflation rate, at least temporarily, to achieve higher output. The results of this approach has not fully manifested itself in the market, however there appears signs of a rebound in some major indices.

Italy's national election also caused a stir in markets around the globe as its inconclusive outcome left investors concerned that the effects of the European debt crisis might still be unfolding. Despite this development, major world indices experienced gains this month as markets continue to rebound in 2013. The Nikkei 225 (Japan) continued its trend for 2013 being one of the top risers this year closing up 3.29

per cent for the month of February and 8.15 per cent year-to-date. This as the yen keeps weakening against other currencies.

The UK's FTSE 100 was the second best performer with a positive year to date increase of 5.53 per cent as its top constituents performed well to the end of this month. For the month of February, the index increased by a marginal 0.21 per cent.

The Dow Jones Industrial average was also up this month, increasing by 0.32 per cent for February and 4.79 per cent for the first two months of the year. China's SSE Composite Index declined by 2.21 per cent in the month under review, however its year to date position was still positive despite market concerns over Italy's election deadlock.

European stocks sank on Italy's election outcome however and this showed in the Dax (Germany) index at the end of February which closed down by 1.17 per cent. It however fared better than its Spanish (Ibex 35) and Indian (BSE Sensex) counterparts when viewed from a year-to-date standpoint, falling by only 0.48 per cent as compared to the Ibex 35's decline of 2.57 per cent and the BSE Sensex's 4.33 per cent decline for the first two months of the year.

The IBovespa index was the worst performer this month, declining by 4.85 per cent and registering an overall decline for the year of 8.20 per cent. (See Table 5)

Table 5: Performance of Major International Stock Market Indices.

Market Indices	% Change February 2013	% Change January 2013	% Change for the Year-to-date
Nikkei 225 (Japan)	3.29	4.22	8.15
FTSE 100 (UK)	0.21	4.14	5.53
Dow Jones Industrial Average (US)	0.32	3.34	4.79
SSE Composite Index (China)	(2.21)	4.76	3.89
Dax (Germany)	(1.17)	(0.04)	(0.48)
Ibex 35 (Spain)	0.01	(1.01)	(2.57)
BSE Sensex (India)	(4.65)	0.92	(4.33)