



**TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE
COMMISSION**

**Market
Activity
Report**

January

2009

Global recession slows down economy, this expected slowdown lowers interest rates.

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1 Overview of Economic and Financial Conditions

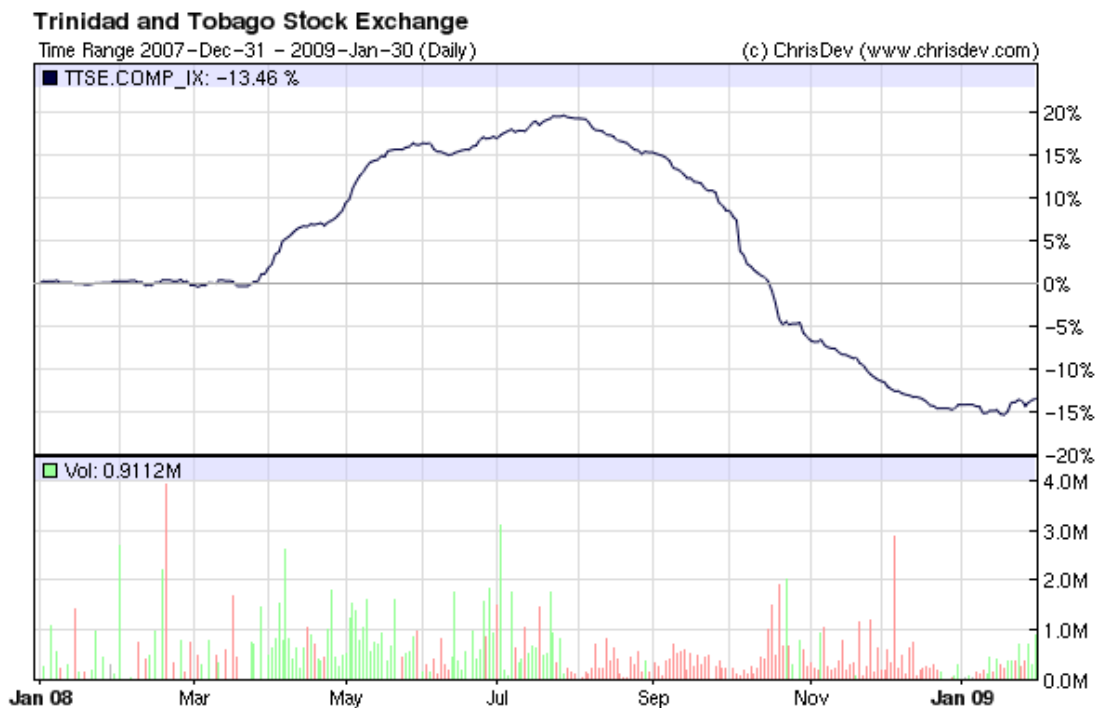
Although the economy appears to be fairly well buffered against the worst effects of the unfolding global recession there are signs that growth may be faltering and that the economy has begun to be affected by the worldwide slowdown. With energy prices in decline the Government's fiscal position has weakened, prompting large downward revisions in budgeted revenue (\$7.2 billion) and expenditure (\$5.6 billion). The remaining fiscal gap is to be financed by borrowing.

The expected slowdown in the economy will defuse inflationary pressures and give the Central Bank some room to lower interest rates, which in principle could provide a boost to the stock market. On the other hand the heavy central government borrowing requirement (including for purposes of resolving the current financial crisis) could curtail the scope for any reduction in interest rates, making the final outcome difficult to predict.

2 Stock Market Overview

Following a 3.3 percent fall in December that brought its cumulative decline for 2008 to 14.2 percent, the Composite Index posted a small gain of 0.82 percent in January. Nevertheless, the overall performance of the market did not suggest that any real recovery was in sight, as the number of declining stocks during the month (9) more than doubled the number of stocks showing advances (4). The twenty (20) other listed stocks remained unchanged during the month.

Figure 1: TTSE Composite Index: January 2008 - January 2009



The size of the stock market has been shrinking in line with the declining trend in stock prices. In 2008 market capitalization contracted by percent approximately 22 percent, including a decline of \$2.6 billion or 3.3 percent in December. However, this contractionary trend was for the time being arrested in January when market capitalization expanded by \$624.8 million or 0.82 as a result of the slight increase in stock prices.

The fundamentally bearish mood of the market was borne out by the fact that, despite the slight positive change in the Index in January, there were declines in both the volume and value of trading activity on the floor of the Exchange. Trading volumes were on average 4.8 percent lower than in December while the average daily value of trading fell by a more substantial 31.4 percent. These data are shown in Table 1 below.

Table 1: Trading volumes and values over the period December 2008 to January 2009.

	January 2009	December 2008	Change	Percentage Change
Volume of trading (000)	4,798.4	8,328.1	(3,524.7)	(42.4)
Value of Trading (\$000)	\$125,040.3	\$173,609.7	(\$48,569.4)	(27.9)
Average daily volume (000)	228.5	239.9	(11.4)	(4.8)
Average daily value (\$000)	\$5,954.3	\$8,680.5	(\$2,726.2)	(31.4)

2.1 Developments Affecting Listed Companies

2.1.1 GHJ

During the month there was heightened investor interest surrounding a January 28th announcement by Guardian Holdings Limited of a planned share buy-back programme. The company announced its intention to repurchase of up to 4 percent of its ordinary shares (8,091,221 ordinary shares) at prevailing market prices over the period January 30th to July 31st, 2009. The start date of the programme was subsequently pushed back to February 18th.

On the day of the initial announcement the GHJ share appreciated by 10 percent (\$1.60) from its opening price of \$16 to close at \$17.60. It was later driven higher to \$21 on January 30th, 2009, for a cumulative 31 percent increase over its pre-announcement price of \$16. Trading in the share simultaneously rose sharply, from 59,658 shares on the day before the announcement to 168,704 shares on January 28, but volumes quickly returned to normal.

2.1.2 CL Financial Affiliates

On January 30 the CBTT announced a bailout plan for CL Financial involving specifically CLICO, British American Insurance and Clico Investment Bank. Part of the bailout plan entails Government gaining control of Republic Bank (RBL) shares through the National Insurance Board and First Citizens Bank. The bailout had potential implications for listed companies substantially or wholly-owned by the CL Group – Republic Bank Limited, Angostura Holdings Limited, and One Caribbean Media. Apart from Republic Bank Limited which appeared to be the target of a particular buyer the market appeared to have little appetite for shares in these CL related companies.

Republic Bank Limited (RBL)

The announcement of the bailout has had no effect on the price of RBL shares which has remained unchanged at \$86 since November 24, 2008. This is notwithstanding the fact that trading in the share attained its highest daily volume for the year on the (trading) day immediately following the announcement. The share was subsequently offered at various times at prices ranging from \$90 to \$111.65 but trades have consistently settled at the price of \$86 which has continued to hold since November.

In 13 days of trading following the announcement a total of RBL 1,085,783 shares have been traded, 67 percent (724,622) of which was purchased on behalf of one National Insurance Board (NIB) account. However, the Board is believed to operate multiple accounts and may well have purchased additional shares. In the fourth quarter of 2008 the NIB purchased a total of 579,899 RBL shares. This was 48.8 percent of the 1,188,099 shares traded in that period. In RBL's 2007 Annual Report NIB's reported shareholding in the Bank was 21,386,866 shares (as at September 30, 2007).

Angostura Holdings Limited (AHL)

There was little trading in AHL shares following the announcement of the bailout, with only four trades totaling 420 shares occurring on January 16, 2009. The trades all occurred at a price of \$6.50, down from \$7.00 on January 2. There appeared to be little demand to match the 201,300 shares put on offer during the period, notwithstanding the fact that offer prices were being frequently adjusted downwards and had reached \$6.21 by February 17.

One Caribbean Media Limited (OCM)

There have been no trades in the shares of One Caribbean Media Limited (OCM) following the bailout announcement, the last trade occurring on January 16 at an unchanged price of \$17.50. Nevertheless, as at February 18 approximately 150,000 OCM shares were on offer, almost all priced at \$15.75, 10 percent below the last closing price.

2.1.3 Trinidad Cement Limited (TCL)

On December 22, 2008 TCL issued a shareholder advisory announcing the potential sale by CEMEX of its 20 percent minority shareholding in TCL (49, 953,027 shares). Offloading such a sizeable shareholding in TCL could potentially impact negatively on the share price resulting in a significant loss of shareholder value. However, the announcement did not appear to have a material impact on the price of TCL shares. The recent share price history shows the share remaining unchanged at \$4.51 from December 22nd to December 24th, 2008, dropping to \$4.06 on December 29th, 2008 and gradually increasing to its original value of \$4.51 by the end of January 2009.

2.2 Regional and International Markets

2.2.1 Jamaica

After declining by 25.8 percent in 2008 the Jamaica Stock Exchange Market Index (JSE) registered an increase of 8.8 percent in January 2009. Most of this gain took place on the first trading day of the year when the Index increased by 8.28 percent to 86,790.85. Over the rest of the month the Index gained a mere 0.48 percent. Total volume traded for the month was 112.7 million, with an average daily volume of 5.36 million.

Figure 2: Jamaican Composite Index: January 2009



Some Jamaican listed companies have been feeling the effects of the country's economic problems. On January 29, JMMB announced a cut in staff, reducing its complement from 350 to 300, in light of the global crisis despite the company's recent announcement of positive financial results for the nine-month period ending December 31, 2008. Capital and Credit Financial Group Limited (CCFG) also initiated a round of job cuts on January 1, 2009 in response to the deepening global financial crisis.

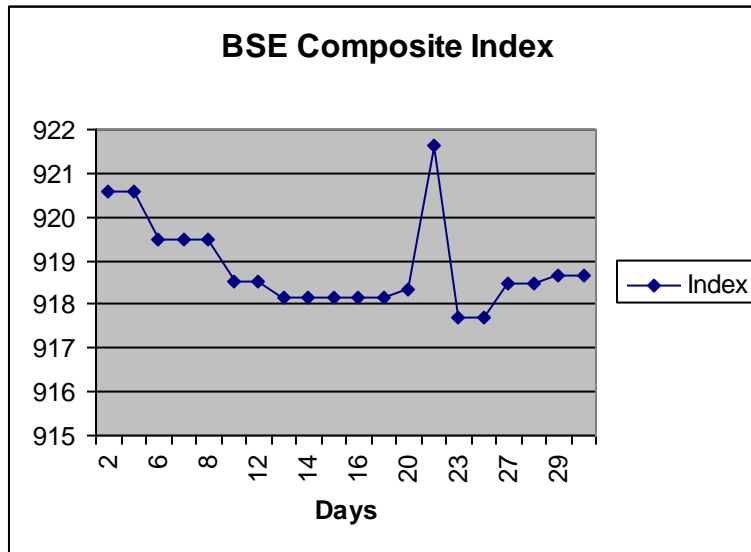
2.2.2 Barbados

The Barbados Stock Exchange (BSE) Composite Market Index fell by a marginal 0.21 percent in January from its closing level of 919.86 on December 31, 2008. Market capitalization fell marginally by 0.19 percent to B\$13,632.85 million

The Barbados economy is seen as 'stable' and has maintained its BBB+ credit rating from international rating agency, Standard & Poor's. However, as the global conditions

worsen, the Barbadian tourism sector would likely suffer from a contraction in tourist earnings and foreign direct investment.

Figure 3: Barbados Composite Index: January 2009



3 Bond Market

There was no activity on the primary bond market in January 2009 but information in the public domain indicated that the Housing Development Corporation was in the process of preparing a public issue of bonds to the value of \$500 million. The bonds were to be issued on February 17. On the secondary market activity remained thin, with trading occurring on only 3 of the available trading days since the start of the year. There are currently only 8 bonds listed for secondary trading. As at February 18, a year-to-date total of 6 trades were recorded with an aggregate value of \$37,561,630.70 and volume of 37,213 units. Four of those trades were executed in January.

4 International Developments

4.1 World Equity Markets

Global currency and securities markets have continued to weaken as more and more countries have slipped into recession. The major stock indices almost without exception have remained in decline, with the US and Europe, as well as Emerging Europe and Africa, reflecting the largest losses, as shown in Table 2 below.

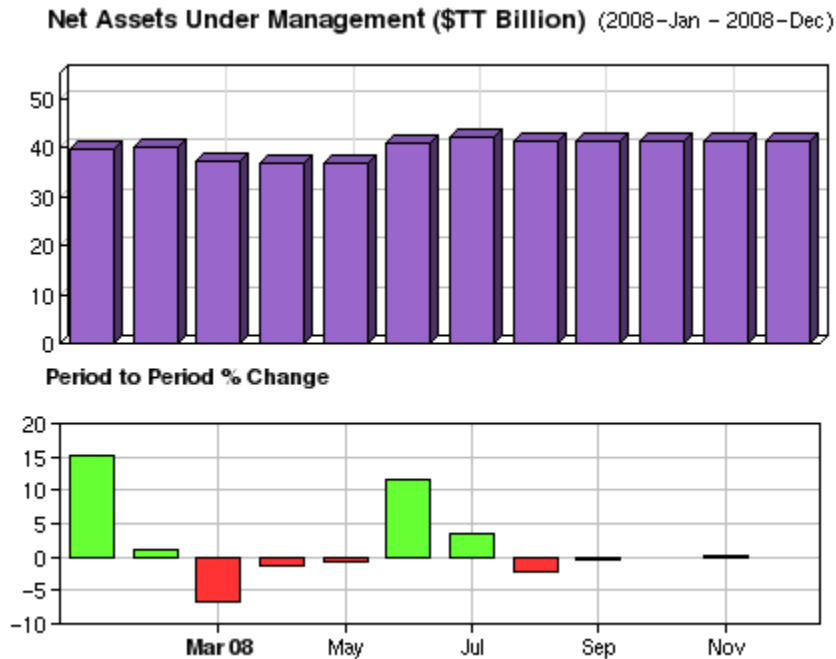
Table 2: International Equity Markets

Summary Indicators (Unit of change denoted in parenthesis)	Today (* -prev day's close)	Daily	Change		Year-to-date
	2/18/2009		Weekly (since prev Friday)	Since Sept 11, '08	
<i>Equity Markets (%)</i>					
<i>Mature Markets</i>					
Dow*	7553	...	-3.8	-33.9	-12.9
S&P 500*	789	...	-4.6	-36.8	-11.4
Nasdaq Composite*	1471	...	-4.2	-34.9	-5.2
Nikkei 225	7534	-1.5	-3.1	-37.7	-15.0
Eurofirst 300	759	-0.9	-4.8	-33.5	-8.0
Dax	4170	-1.1	-5.5	-32.5	-13.3
FTSE 100	3992	-1.0	-4.7	-24.9	-9.1
<i>Latin America</i>					
MSCI Latin America*	47452	-4.4	-3.8	-22.0	1.9
Merval (Argentina)*	1073	-4.5	-5.5	-33.5	-0.6
IBOV (Brazil)*	39847	-4.8	-4.4	-22.3	6.1
Mexbol (Mexico)*	18854	-3.4	-2.7	-26.2	-15.9
<i>Asia</i>					
MSCI Asia*	359	-3.5	-4.5	-27.0	-3.4
Hang Seng Index (Hong Kong SAR)	13016	0.5	-4.0	-32.9	-8.6
Shanghai Composite (China)	2210	-4.7	-4.8	6.3	20.6
Sensex (India)	9015	-0.2	-6.4	-37.1	-7.2
Kospi (Korea)	1113	-1.2	-6.6	-22.9	-1.0
KLCI (Malaysia)	895	-0.4	-1.6	-14.0	1.5
FSSTI (Singapore)	1651	0.8	-3.2	-35.0	-6.8
TWSE (Taiwan, Province of China)	4498	0.1	-2.0	-28.0	-2.0
JCI (Indonesia)	1331	1.0	-0.6	-28.8	-1.8
SET (Thailand)	440	0.3	-1.4	-32.0	-2.3
PCOMP (Philippines)	1892	-0.4	-1.4	-29.2	...
<i>Emerging Europe & Africa</i>					
MSCI Emerging Europe*	2361	-8.1	-10.5	-49.5	-12.2
PX (Czech Republic)	613	-5.9	-15.3	-52.6	-28.6
BUX (Hungary)	10306	-7.7	-13.1	-47.2	-16.1
RTSIS (Russia)	515	-6.7	-17.5	-60.3	-17.6
JALSH (South Africa)	19855	-0.9	-3.9	-22.3	-7.0
XU100 (Turkey)	23498	-1.7	-6.8	-37.2	-11.0
<i>Middle-East</i>					
SA SEIDX (Saudi Arabia)	4774	1.8	-48.2	-57.0	-0.4
DFMGI (Dubai)	1519	1.8	-72.2	-64.3	-7.3

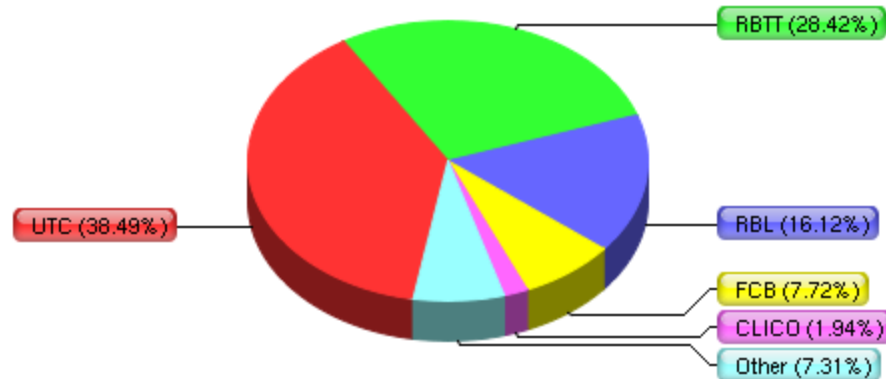
5 CIS REPORT – JANUARY – DECEMBER 2008

Collective Investment Schemes 2008

As at the end of 2008 a total of 304 funds both local and foreign, were registered with the Commission. Of these 240 were foreign domiciled and 64 local. Of the 240 foreign funds, 215 were currently inactive. In 2008, the market grew by 3.8 percent from \$39.7 billion in January to \$41.2 billion in December. Assets under management peaked in July at \$42.42 billion, up 3.58 percent from the previous month and 6.85 percent from January. On a monthly basis changes in assets under management were marginal, as can be seen in the diagrams below. The month of December saw a small decrease of approximately TT\$0.07 billion or 0.17 percent in assets under management, from TT\$41.3 billion in November 2008.



The chart below shows a snapshot of the top five issuers' share of this TT\$41.2 Bn AUM at December 2008.



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As can be seen from the data presented above, the greatest share of the CIS industry at the end of 2008 was held by the Unit Trust Corporation who accounted for 38 percent of assets under management. The issuer with the second greatest share was RBTT at 28 percent, followed by RBL at 16 percent

Throughout 2008 these issuers maintained their status as the top three players in the market, (see Table 1 below) and they generally saw increases in their assets under management over the period. The exception was UTC, the industry's largest player, which experienced a fall of 6.28 percent in assets under management in December.

Table 1: Quarterly Trends

KEY INDICATORS 2008

MARCH			JUNE			SEPTEMBER			DECEMBER		
Issuer	AUM (TT\$Mn)	Market Share (%)	Issuer	AUM (TT\$Mn)	Market Share (%)	Issuer	AUM (TT\$Mn)	Market Share (%)	Issuer	AUM (TT\$Mn)	Market Share (%)
UTC	16,781.53	44.83	UTC	16,714.40	40.82	UTC	16,933.17	40.96	UTC	15,870.22	38.49
RBTT	10,441.82	27.89	RBTT	11,180.52	27.30	RBTT	11,710.40	28.32	RBTT	11,716.05	28.42
RBL	5,965.74	15.94	RBL	6,332.23	15.46	RBL	6,639.30	16.06	RBL	6,645.21	16.12
CLICO	1,066.38	2.85	FCB	2,993.56	7.31	FCB	3,062.17	7.41	FCB	3,184.57	7.72
FOR	782.82	2.09	CLICO	975.45	2.38	ANSA	696.49	1.68	CLICO	800.76	1.94
OTHER	2,394.45	6.40	OTHER	2,752.10	6.72	OTHER	2,301.56	5.57	OTHER	3,012.60	7.31
TOTAL	37,432.74	100.00	TOTAL	40,948.26	100.00	TOTAL	41,343.09	100.00	TOTAL	41,229.41	100.00

Table 2 (below) shows the distribution of industry assets by fund type.

Table 2: Quarterly Market Concentration

MARCH		JUNE		SEPTEMBER		DECEMBER	
Fund Type	%	Fund Type	%	Fund Type	%	Fund Type	%
Money Market	74.82	Money Market	77.76	Money Market	80.63	Money Market	82.0
Income & Growth	17.82	Income & Growth	16.01	Income & Growth	13.37	Income & Growth	12.7
Real Estate Investment	2.63	Equity	2.62	Equity	2.31	Bond	0.4
Equity	2.55	Sector	1.31	Sector	1.30	Equity	2.1
Other	2.18	Other	2.30	Other	2.39	Other	2.8

Money market funds remained the most popular form of investment, accounting for at least 75 percent of the market throughout 2008 and ending the year with a share of 82 percent (\$33.7 million). Income and growth funds, accounted for a 18 percent of the market at the end of the first quarter and but declined to 12.7 percent by the end of the year.