



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

MARKET ACTIVITY REPORT

January 2013

Economic Overview

In its first repo rate announcement for 2013, the Central Bank of Trinidad and Tobago (CBTT) indicated that Trinidad and Tobago's inflation rate had slowed for the second consecutive month. Headline inflation fell to 7.2 percent in December 2012 from 8.1 percent in November 2012 and for the year, 2012 averaged 9.3 percent, an increase from 5.2 per cent in 2011. CBTT stated that Government's decision on November 15, 2012 to remove Value Added Tax (VAT) on several food items had a partial effect on slowing down food prices last month.

Food inflation, which continues to exert a strong influence on the headline inflation rate, slowed to 12.7 percent, down from 14.9 percent in November 2012. Core Inflation, which does not include the impact of food prices, remained unchanged at 3.1 percent in December 2012. CBTT stated "The steadiness in the core inflation rate suggests that underlying inflationary pressures are still relatively subdued."¹

Private sector credit continued to rise moderately during the final quarter of 2012. The CBTT stated that on a year-on-basis, private sector credit increased by 3.8 percent in November 2012, up slightly from 3.7 percent in October 2012. Consumer credit rose by 3.1 percent (year-on-year) in November 2012 compared with an increase of 2.9 per cent in October 2012. Real estate mortgage lending continued to grow at a robust pace, increasing by 11.3 per cent in the 12 months to November 2012. Commercial banks' reserve balances at the Central Bank rose in December 2012 to \$4 billion from \$3.3 billion in November 2012. In early January 2013, excess liquid balances hovered at just under \$3 billion as taxes were due and probably payments resulted in draw down from the banks.

¹ Central Bank of Trinidad and Tobago January 2013 repo report

Short-term interest rates remained depressed with the discount rate on three-month TT Treasury bills falling to 0.40 per cent as at January 2013, from 0.46 per cent in November 2012. CBTT indicated that although there were some encouraging signs of a recovery in domestic economic activity during the third quarter of 2012, credit demand is still subdued. With core inflation relatively well-contained, the Bank has decided to maintain its accommodative monetary policy stance to sustain the nascent recovery in economic activity. Consequently, the CBTT maintained the 'repo' rate at 2.74 per cent for January 2013.

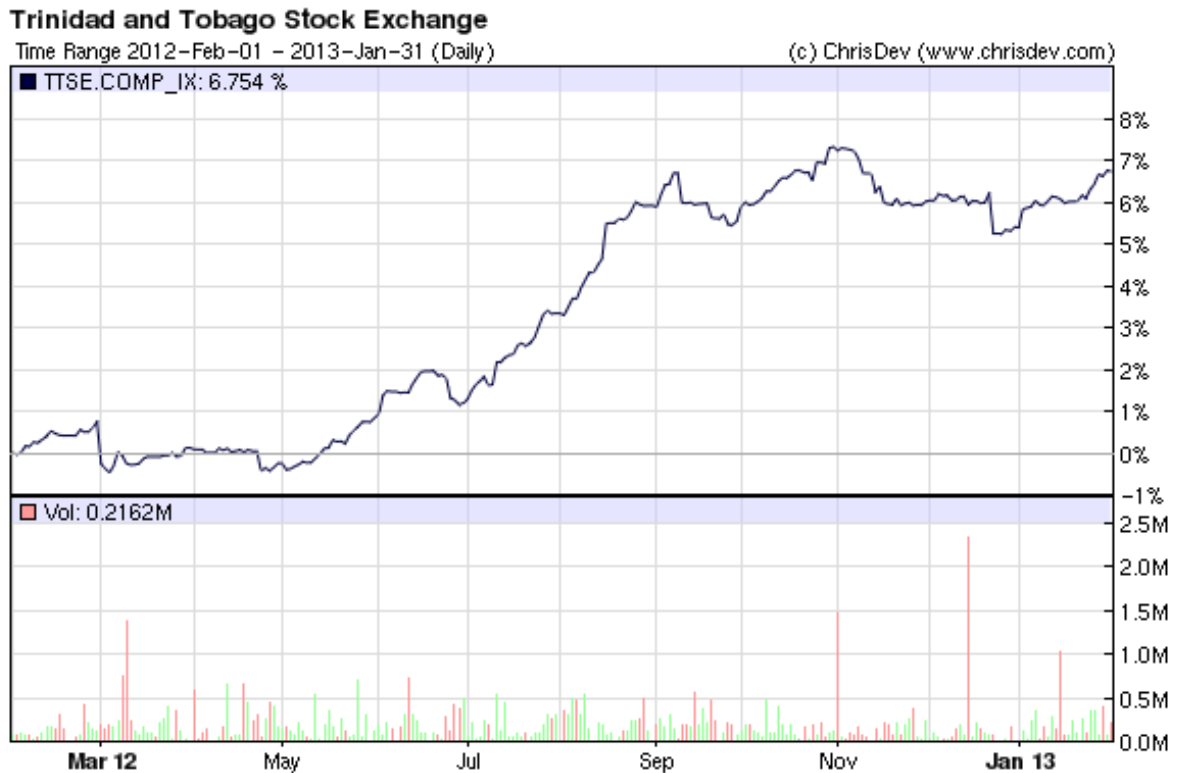
Stock Market Performance

The local stock market began the New Year on a positive note as the TTSE Composite Index rose by 1.28 percent in January 2013 to close at 1078.62, an improvement from the previous month of December 2012, when the market was down by 0.59 percent. This marked a noteworthy start to the New Year for the local stock market as the corresponding period in 2012 showed a decline of 0.29 percent.

The Index of cross-listed companies posted a marginal increase of 1.79 percent in January 2013, an improvement from December 2012, when this index was down by 5.88 percent. The All T&T index advanced by 1.79 percent, an increase from the previous month, when it was up 1.02 percent. Overall, for the twelve month period February 2012 to January 2013, stock market prices rose 6.75 percent.

(Figure 1)

Figure 1: TTSE Composite Index for the period February 1st 2012 to January 31st 2013



Market activity in January 2013 resulted in trading in twenty-five (25) stocks. Of the twenty-five (25), sixteen (16) advanced, eight (8) declined and three (3) traded firm. The advances for the month of January 2013, which were led by Jamaica Money Market Brokers Limited, ranged from 2.65 percent to 27.45 percent. Advances for the previous month of December 2012 ranged from 0.76 percent to 5.43 percent, led by The West Indian Tobacco Company Limited. Noteworthy was that for the previous month December 2012, Jamaica Money Market Brokers Limited was also the worst performing stock with a decline of 15.00 percent.

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

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

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1	Jamaica Money Market Brokers Limited	0.65	0.14	27.45
2.	Gracekennedy Limited	4.00	0.47	13.31
3.	Neal and Massy Holdings Limited	53.00	5.99	12.74
4.	The West Indian Tobacco Company Limited	88.05	3.05	3.59
5.	One Caribbean Media Limited	16.25	0.42	2.65

The declines for the top five (5) worst performing stocks over the month of January 2013 ranged from 0.75 percent for Prestige Holdings Limited to 6.04 percent for Trinidad Cement Limited. This range of decline was less than that for December 2012 which ranged from 5.13 percent for Point Lisas Industrial Port Development Corporation to 15.00 percent for Jamaica Money Market Brokers. Noteworthy was that Trinidad Cement Limited was also the worst performing stock in November 2012 with a decline of 14.86 percent. (Table 2 below)

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

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1	Trinidad Cement Limited	1.40	(0.09)	(6.04)
2.	Williams LJ B	0.88	(0.01)	(1.12)
3.	Scotia Investments Jamaica Limited	2.28	(0.01)	(0.87)
4.	National Enterprises Limited	14.67	(0.12)	(0.81)
5.	Prestige Holdings Limited	9.25	(0.07)	(0.75)

Trading Activity

For the month of January 2013 the volume of stocks traded was 4,691,975, an increase from 3,805,378 in December 2012 by 23 percent. The value of shares traded was TT\$59,337,182, an increase of 84 percent from the month of December 2012. For the corresponding period January 2012, which had trading volumes of 6,226,034 and trading value of TT\$42,841,741.38, January 2013 trading volumes represented a 25 percent decrease and 39 percent increase in the value of shares traded. (See Table 3)

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

Volume/ Value	December -12	January-13	January-12	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	3,805,378	4,691,975	6,226,035	886,597	23	(1,534,060)	(25)
Value of Trading (\$)	32,266,155	59,337,182	42,841,741	27,071,027	84	16,495,441	39
Average Daily Volume	200,283	213,272	296,478	12,989	6	(83,206)	(28)
Average Daily Value (\$)	1,908,745	2,697,145	2,040,083	788,400	41	657,062	32

Bond Market Activity

Primary Bond Market

There were two (2) registrations in the primary bond market during the month of January 2013. 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 (79th issue). During the comparable period in 2012 there were no registrations on the primary bond market.

Secondary GORTT Bond Market

The secondary bond market saw little activity in January 2013. 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.

Compared to the period of 2012, this was a noteworthy increase. In January 2012, there were Three (3) trades with a trading value of TT\$168,095,700 also an increase from the previous month of December 2012 in which trades were Twenty-Two (22) and had a value of TT \$666,424,418.

Market Developments

NCBJ Proposed Cross-Listing Update

National Commercial Bank Jamaica Limited (NCBJ) confirmed that they have now filed a revised registration statement with the United States Securities and Exchange Commission (SEC) effective January 24, 2013. The registration statement indicates that the offering is for American Depositary Shares (ADSs), each of which will represent 50 ordinary shares in the Company. 12,500,000 ADSs are being offered by the Company, while AIC (Barbados) Limited and AIC Global Holdings Inc. are offering a further 3,571,429 ADSs. The Underwriters (JP Morgan Securities LLC, Macquarie Capital (USA) Inc., Canaccord Genuity Inc. and CIBC World Markets Corp.) have an option to purchase from the Company an additional 2,410,714 ADSs. Based on the mid-point of the price range included in the registration statement, the Company is projecting to raise US\$175 million from the offering (or approximately US\$158 million net of expenses), not taking into account the underwriters' overallotment option. A registration statement relating to these securities has been filed with the US SEC but has not yet become effective.

Acquisition - GHL

The Trinidad and Tobago Stock Exchange stated that Guardian Holdings Limited announced that it had acquired its second acquisition within the last month. Through its subsidiary, Fatum Holding N.V., GHL has purchased 100 percent of the share capital of Royal and Sun Alliance (Antilles) N.V., a major general insurance company operating across the Dutch Caribbean. Upon completion of this acquisition, which is still subject to regulatory approval, the combined operations of Fatum General and Royal and Sun Alliance (Antilles) will create the largest general insurance company in the Dutch Caribbean. Concurrent

with its acquisition of Royal and Sun Alliance (Antilles), Fatum has entered into a long-term distribution arrangement with the Maduro and Curiel banking group to distribute Fatum's products through the bank's branches and their insurance broker, Maduro and Curiel Insurance Services.

Caribbean Economic Forecast for 2013

According to the World Bank Global Economic Report- Latin America and the Caribbean, regional growth is expected to accelerate to 3.5 percent in 2013 and average about 3.9 percent over the 2014-2015 period, mainly due to a more accommodative policy environment of the larger economies in the region, supported by stronger external demand and robust domestic demand.

Growth in Brazil the region's largest economy is forecast to accelerate to 3.4 percent in 2013, boosted by accommodative monetary and fiscal policies whose effects are yet to be felt. Energy exporters Bolivia, Venezuela and Ecuador will see growth slow, as will Central America.

The report stated that the Caribbean will strengthen slightly, mostly on account of the Dominican Republic.

Regional Developments

Jamaica Stock Market

The Jamaica stock market declined in its performance as compared to the previous month of December 2012, when the market advanced by 2.35 percent to close at 92,101.22, as it fell by 3.35 percent to close at 89,118.72 in the month of January 2013. The JSE Market Index previous five (5) consecutive monthly gains. The advance/decline ratio of listed companies on the JSE showed that out of thirty-one (31) stocks traded, there were seventeen (17) declines in stock prices, ten (10) advances, with four (4) stocks trading firm.

In the twelve month period, February 2012 to January 2013, stock prices fell 2.47 percent during the period. (See **Figure 2 below**)

Figure 2: JSE Market Performance of the JSE Market Index: Feb. 1st, 2012 – Jan. 31st 2013



Barbados Stock Market

The Barbados stock market registered a 1.08 percent increase for the month January 2013, an improvement from its December 2012 decline of 2.31 percent. When compared to the same period the previous year, the BSE Composite index increased to 0.54 percent over that period in 2012.

In the twelve month period, February 2012 to January 2013, stock prices increased by 1.52 percent during the period. (See Figure 3 below)

Figure 3: Performance of the BSE Composite Index: Feb 1, 2012 - Jan 31 2013



International Developments

Global growth was expected to strengthen gradually this year as the constraints on economic activity begin to ease, according to an International Monetary Fund (IMF) announcement. In an update to its World Economic Outlook (WEO), the IMF stated that “the recovery would be slow and stressed that policies must address downside risks to bolster growth.”²

The IMF downgraded its near-term forecast for the euro area, with the region now expected to contract slightly in 2013. The report observed that even though policy actions have reduced risks and improved financial conditions for governments and banks in the periphery economies, those had not yet translated into improved borrowing conditions for the private sector.

² International Monetary Fund World Economic Outlook report 2012

The IMF forecast 2.00 percent growth in the United States this year, broadly unchanged from the October 2012 WEO. A supportive financial market environment and the turnaround in the housing market will support consumption growth.

The near term out-look for Japan is also unchanged despite the country's slipping into recession, because there is a stimulus package and further monetary easing to boost growth. The Euro area continues to pose a large downside risk to the global outlook.

International Indices reported both positive and negative performances for the New Year. Once again, as in the previous month China's SSE Composite Index was the top performer for January 2013 and advanced 4.76 percent but was still down compared to its 15.79 increase in December 2012.

The United States' Dow Jones advanced 3.34 percent, up from 1.07 percent in December 2012. The Japanese stock market performed positively with the Nikkei 225 increasing 4.22 percent during this month, though still down compared to the previous month's 9.91 percent increase.

The worst performance in the international indices for the month of January 2013 was Brazil's IBovespa which closed at a negative 4.46 percent, down from an increase of 4.72 percent in December 2012. The Dax (Germany) closed at a negative 0.04 percent in January down from 2.38 percent in December 2012.

London's FTSE closed at a positive 4.14 percent in January 2013 up from 0.45 percent in December 2012. India's BSE Index was up a modest 0.92 percent from its previous month's 0.63 percent increase.

Spain's Ibex 35 was another bad performer down 1.01 percent in January 2013, a sharp contrast to its performance in the previous month when the index advanced by 3.53 percent. **(See Table 5)**

Table 5: Performance of Major International Stock Market Indices.

Market Indices	% Change January 2013	% Change December 2012	% Change for the Year-to-date
SSE Composite Index (China)	4.76	15.79	4.76
Nikkei 225 (Japan)	4.22	9.91	4.22
FTSE 100 (UK)	4.14	0.45	4.14
Dow Jones Industrial Average (US)	3.34	1.07	3.34
BSE Sensex (India)	0.92	0.63	0.92
Dax (Germany)	(0.04)	2.38	(0.04)
Ibex 35 (Spain)	(1.01)	3.53	(1.01)
IBovespa (Brazil)	(4.46)	4.72	(4.46)