



**TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE
COMMISSION**

**Market
Activity
Report**

July

2009

Primary bond market sees strong activity on account of central government borrowing.

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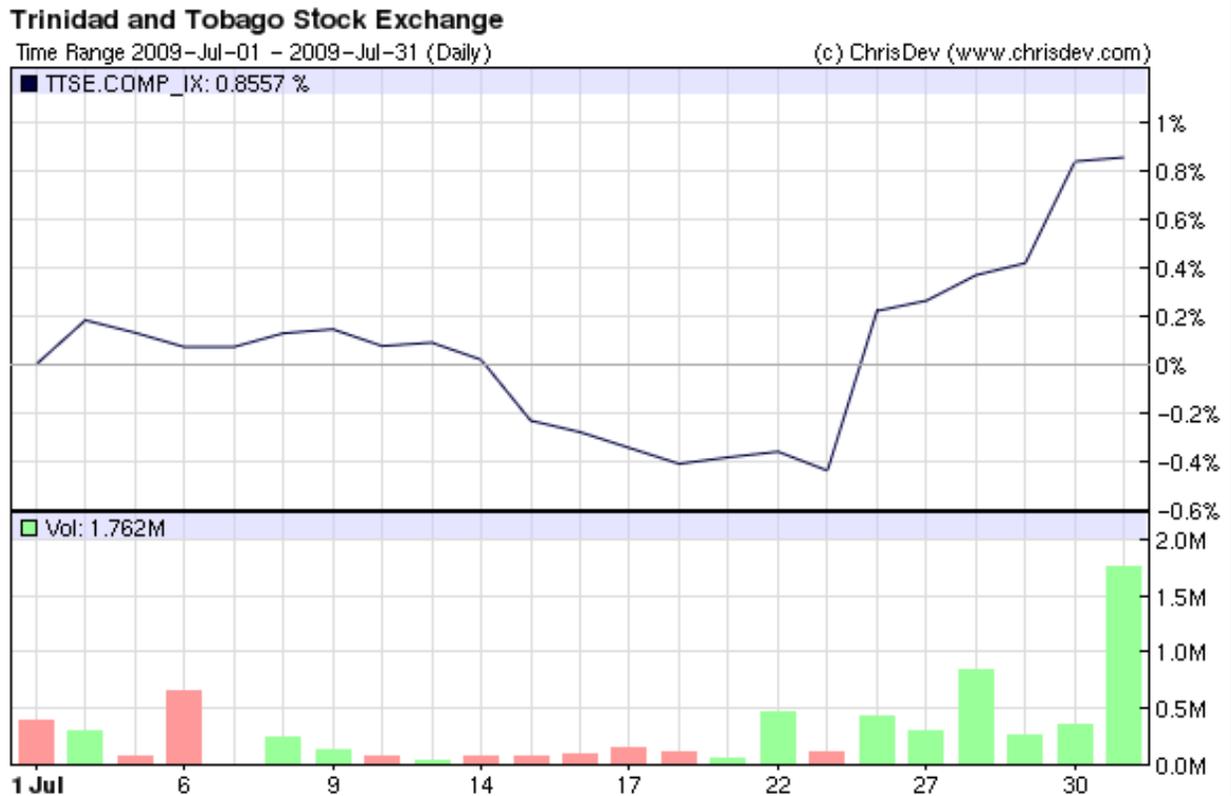
1 Overview of Economic and Financial Conditions

The local economy continues to grapple with the effects of the global recession. A range of financial and economic indicators published by the Central Bank now suggest that the domestic economy may itself be entering a recessionary phase:

- The economy has experienced two consecutive quarters of negative economic growth, real GDP falling by 3.3 percent in the first quarter of 2009 and by 1.1 percent in the last quarter of 2008.
- The unemployment rate rose to 5 percent in the first quarter of 2009 from 3.9 percent in the last quarter of 2008.
- Headline inflation fell to 8.4 percent in June 2009 from a high of 15.35 percent in October 2008 while core inflation slowed to 4.5 percent in June 2009 from 7.38 percent last October.
- The Central Bank has lowered its benchmark repo rate from 8.75 percent in January to 7.25 percent at the end of July.
- The basic prime lending rate of commercial banks has declined from 13 percent in January 2009 to 11.75 percent in July.

Against this background the stock market has remained depressed while the primary bond market has seen strong activity on account of borrowing by the central government and quasi-government entities.

2 Local Stock Market



2.1 Performance

The local equities market continued to falter amidst depressed conditions in the wider economy. While the Composite Index posted a small gain of 0.84 percent for the month of July the market remained bearish as the number of declining stocks during the month (16) greatly exceeded the number of stocks showing advances (5). As at the end of July 2009, the TTSE Composite Index reflected a seven-month decline 6.74 percent and a decline of 32.38 percent on a year-on-year basis.

The protracted weakness of stock prices has resulted in a marked reduction in the size and importance of the market within the domestic economy. The ratio of market capitalization to GDP has fallen from an already low 73 percent in 2006 to an estimated 42 percent at the end of July 2009. The decline in the relative size of the market is also partly explained by the delisting in 2008 of the RBTT share which at that time represented about 11 percent of market capitalization. More generally it may be a reflection of a severe undervaluation of the market in the current depressed conditions.

2.2 Performance of Cross-listed Companies

The regional cross-listed companies have not fared as well as their local counterparts. Since the start of the 2009 calendar year, the All T&T Index (which tracks the performance of local companies only) has consistently outperformed the TTSE Composite Index. From January to July 31, 2009 the All T&T Index declined at a slower pace than the broader market index and posted a year-to-date decline of 4.79 percent compared to the 6.7 percent decline for the TTSE Composite Index.

The cross-listed companies on the Exchange have underperformed the market (as measured by the TTSE Composite Index) for the seven months ending July. From January – July 2009, the cross-listed securities recorded an average decline of 13.52 percent while the market fell by a more moderate 6.7 percent over the period. During this period, advances were recorded for only one of the eight (8) cross listed companies on the Exchange: National Commercial Bank Jamaica Limited which gained 12.5 percent. The remaining seven (7) companies posted declines which ranged from as low as 4.5 percent (Sagicor Financial Corporation) to as high as 36.51 percent (Jamaica Money Market Brokers Limited).

2.3 Trading Activity

Trading on the floor of the Exchange was particularly weak in July even in relation to the prevailing conditions of generally depressed market activity. The total volume of shares traded for July declined by 16.32 percent from its level in June while trading values for the month experienced a more severe decline of 69.21 percent (**Table 2** refers).

The turnover (or turnover velocity¹) on the TTSE has fallen sharply over the last year. At the end of July, 2009 the turnover on the floor of the exchange measured 11.97 percent as compared to 20.29 percent in July 2008.

Table 2: Monthly and yearly comparison of trading volumes and values: July 2009

	June 2009	July 2009	July 2008	Month to Month Change	Year-on-year Change
Volume of Trading	8,422,959	7,048,862	17,670,567	1,374,097 (-16.31%)	10,621,705 (-60.1%)
Value of Trading (\$)	263,791,311	81,206,136	277,480,798	182,585,175 (-69.2%)	196,274,662 (-70.7%)
Average Daily Volume	421,148	306,472	768,285	114,676 (-27.2%)	461,813 (60.1%)
Average Daily Value (\$)	13,189,566	3,530,701	12,064,382	9,658,865 (-73.2%)	8,533,681 (70.7%)

¹ (Monthly Value Traded/End-of-month market capitalization * 12) * 100

3 Market Developments

3.1 Angostura Holdings Limited

Trading in Angostura Limited (AHL) was suspended on July 13th, 2009. This action was taken by TTSE in light of AHL's failure to submit its audited financials for the year ended December 2008 within the stipulated time frame. At the time of the suspension no trading activity had been recorded for the AHL share since December 18, 2008. The Exchange has also formally announced the delisting of Furness Trinidad Limited while the delisting of Valpark Shopping Plaza Limited remains pending.

3.2 Primary Bond Market

The primary bond market was boosted by the recent issue of a 13-year bond by National Insurance Property Development Company Limited (NIPDEC) in the amount of \$682 million on July 21, 2009. This bond was issued at par and provided a yield-to-maturity of 6.80 percent. In keeping with recent bond issues this bond issue was heavily oversubscribed (by 59 percent) and as a result competitive bids were allotted at a mere 21 percent of the amount for which they applied.

A total of eight (8) bond issues have been registered with the Commission for the fiscal year 2009. These bond issues comprised seven (7) TT dollar-denominated issues with a combined value of TT\$4,049.0 million and one US dollar-denominated issue in the amount of US\$45.5 million (**Table 3**).

Table 3: Primary Bond Market: Fiscal Year 2009

Date Registered	Issuer	Face Value (\$ Mn)	Maturity	Interest Rate (%)
30/09/2008	First Citizens Bank Limited	TT\$500	6 years	8.45
22/12/2008	TCL Leasing Limited	TT\$187	9 years	8.750
28/01/2009	Housing Development Corporation	TT\$500	15 years	8.25
06/04/2009	Government of Trinidad and Tobago	TT\$1,000	15 years	7.75
14/04/2009	Airports Authority of Trinidad and Tobago	US\$45.3	10 years	7.0
13/5/2009	Water and Sewerage	TT\$300	5 years	6.3

Date Registered	Issuer	Face Value (\$ Mn)	Maturity	Interest Rate (%)
	Authority			
29/06/2009	Government of Trinidad and Tobago	1 st tranche: TT\$280 2 nd tranche: TT\$600	7 years 11 years	6.20 6.40
08/07/2009	The National Insurance Property Development Company Limited (NIPDEC)	TT\$682	13 years	6.80

3.3 Secondary Bond Market

Trading activity on the secondary bond market remains low but it nevertheless showing signs of picking up. There were 31 trading transactions in January-July 2009 compared with 20 in the comparable period a year ago while the value of trading in the current period was \$6.6 million or 5 percent higher at \$137.9 million. Secondary trading in bonds has continued to lag partly on account of the low level of availability to satisfy the portfolio needs of institutional investors. The slight step-up in trading seen in 2009 to date may be a reflection of the activity taking place at the primary level where

3.4 Barbados Stock Market

The BSE Composite Index ended the month on a relatively flat note, closing at 843.72 on July 31, 2009, marginally above its closing level of 843.61 in June. A total of 894,585 shares were traded on the floor of the exchange for an aggregate value of Bds\$3.51 million.

Barbados Stock Exchange

Time Range 2009-Jul-01 - 2009-Jul-31 (Daily)

(c) ChrisDev (www.chrisdev.com)



3.5 Jamaica Stock Market

The JSE Market Index declined by 1.97 percent for the month of July to close at 79,304.49. This decline represented a continuation of the downward trend that began in June and which has tempered the market momentum caused by the April-May rally during which the JSE Market Index rose by 5.55 percent. However, despite the relatively subdued market performance in July, trading activity on the floor of the exchange rose markedly over the period. There was an almost three-fold increase in trading volumes from 23.6 million in June to 64.7 million in July and a comparable increase in trading values which rose to \$497.5 million in July from \$197.7 million in June.

Jamaica Stock Exchange

Time Range 2009-Jul-01 - 2009-Jul-31 (Daily)

(c) ChrisDev (www.chrisdev.com)



4 International Developments

4.1 World Equity Markets

Global equity markets rallied in July amidst renewed optimism that the global economic slowdown was easing. The Dow Jones Industrial Average was up 8.57 percent in July amidst better-than-expected corporate earnings reports for the second quarter and news reports which indicated that the United States shrank at a slower pace in the second quarter of 2009² (1.5 percent annual rate from April to June as compared to 5.5 percent from January to March). The other developed markets fared well as the London FTSE 100 and the German DAX climbed to fresh highs buoyed by positive earnings reports. The FTSE 100 gained 8.45 percent while the German DAX gained 10.61 percent in July, peaking at 5,360 on July 30, the highest level since October 3, 2008.

Table 3: Performance Major Market Indices

² "U.S. Economy Probably Shrank at Slower Pace in Second Quarter: Bloomberg, July 31

Market Indices	Percentage Change July 2009
Dow Jones Industrial Average (DJIA)	8.57
Nikkei 225 (Japan)	4.73
FTSE 100 (London)	8.45
German Dax	10.61
Bovespa (Brazil)	6.42
Shanghai Composite	15.66
BSE Sensex (Bombay)	8.12

The emerging stock markets also advanced in July against a backdrop of buoyant conditions in the commodity markets and improved economic prospects within these regions. These advances were led by the Shanghai Composite Index which gained 15.66 percent in July followed by India's BSE Sensex which increased by 8.12 percent. Brazil's Bovespa index gained 6.42 percent during the period and climbed to 54,766 at the end of July to record its highest level in eleven (11) months.

4.2 Collective Investment Schemes

Collective investment schemes continue to attract moderate increases in investments by the public notwithstanding the fact that returns to investors are weakening in the context of declining interest rates and a depressed equity market. The CIS market, as measured by funds under management, grew by a marginal 0.6 percent in June compared with growth of 2.61 percent in May. The size of the market measured \$43.2 billion at the end of June.

Table 1: Market Share

APRIL 2009			MAY 2009			June 2009		
Issuer	FUM (TT\$Mn)	Market Share (%)	Issuer	FUM (TT\$Mn)	Market Share (%)	Issuer	FUM (TT\$Mn)	Market Share (%)
UTC	16,603.02	39.68	UTC	17,033.38	39.67	UTC	17,199.34	39.81
RBTT	12,088.02	28.89	RBTT	12,349.29	28.76	RBTT	12,714.13	29.43
RBL	6,492.16	15.51	RBL	6,659.86	15.51	RBL	6,663.40	15.42
FCB	3,551.27	8.49	FCB	3,647.84	8.50	FCB	3,713.31	8.60
ANSA	824.36	1.97	ANSA	868.83	2.02	ANSA	867.17	2.01
OTHER	2,286.48	5.46	OTHER	2,377.47	5.54	OTHER	2,043.90	4.73
TOTAL	41,845.31	100.00	TOTAL	42,936.67	100.00	TOTAL	43,201.25	100.00

The industry remains highly concentrated with the top three fund groups accounting for over 80 percent of the funds under management. The market's preference for investing in income funds and an apparent lack on appetite for equity based funds also remain intact.

These classes of funds held 76 percent and 2 percent, respectively, of funds under management as at the end of June.

Table 2: Market Concentration

APRIL 2009		MAY 2009		JUNE 2009	
Fund Type	%	Fund Type	%	Fund Type	%
Income	75.25	Income	75.51	Income	75.85
Balanced	10.43	Balanced	10.16	Balanced	9.78
Fixed Income	8.93	Fixed Income	8.96	Fixed Income	9.05
Equity	2.07	Equity	2.08	Equity	2.01
Other	3.31	Other	3.29	Other	3.31
TOTAL	100.00	TOTAL	100.00	TOTAL	100.00