



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Market Activity Report

July

2013

Central Bank maintains repo rate at 2.75 per cent while international markets rebound on account of improved consumer confidence and the Jamaican Stock Exchange IPO was oversubscribed by 41 per cent.

Table of Contents

1	Economic Overview	1
2	Stock Market Performance	3
3	Trading Activity	5
4	Bond Market Activity	6
4.1	Primary Bond Market	6
4.2	Secondary GORTT Bond Market	6
5	Market Developments	7
6	Regional Developments	9
6.1	Jamaica Stock Market	9
6.2	Barbados Stock Market	11
7	International Developments	12

1 Economic Overview

The Central Bank of Trinidad and Tobago (CBTT) in its latest repo rate media release indicated that the Bank will continue in its accommodative monetary stance, maintaining the repo rate at 2.75 per cent for the month of July 2013. Core inflation remained relatively stable while headline inflation increased to 6.80 per cent in June 2013 compared to 5.60 per cent in May 2013. Core inflation slowed to 2.20 per cent in June 2013 from 2.40 per cent in May 2013.

According to the CBTT media release, growth in private sector credit remained subdued despite lower interest rates. In the five months to May 2013, private sector credit by the consolidated financial system grew by 3.00 per cent compared with 2.00 per cent in December 2012. There has been an uptick in consumer lending which grew by over 6.00 per cent in May 2013 compared with 4.50 per cent in April 2013. Business lending on the other hand remained weak, contracting by over 5.00 per cent in May 2013, the sixth consecutive month of decline.

Liquidity in the financial system continued to be a cause for concern for the CBTT. In May 2013, the Central Government issued a TT\$1 billion bond which helped to remove some excess liquidity. The Bank will open auctioning for another TT\$1 billion Central Government bond which is to be issued on August 6, 2013. These proceeds will be sterilized at the Bank. CBTT operations including the sale of foreign exchange to authorized dealers also assisted in the removal of TT\$508 million from the system in July 2013.

Economy

The non-energy sector (production of mined aggregates, local sales of cement, motor vehicles) has been the major contributor to Trinidad and Tobago's economic recovery thus far in 2013. The domestic economy grew by 1.60 per cent (year-on-year) in the first quarter of 2013. According to the CBTT, this is the third consecutive quarter of economic growth. The CBTT maintained that the maintenance and security upgrades at energy companies, especially the works planned for September 2013, weigh heavily on the overall speed of the economic recovery for 2013. The energy sector recorded only a marginal increase of 0.50 per cent in the first three

months of 2013 according to the CBTT report. This shows the vulnerability of the economy due to the heavy dependence on the energy sector.

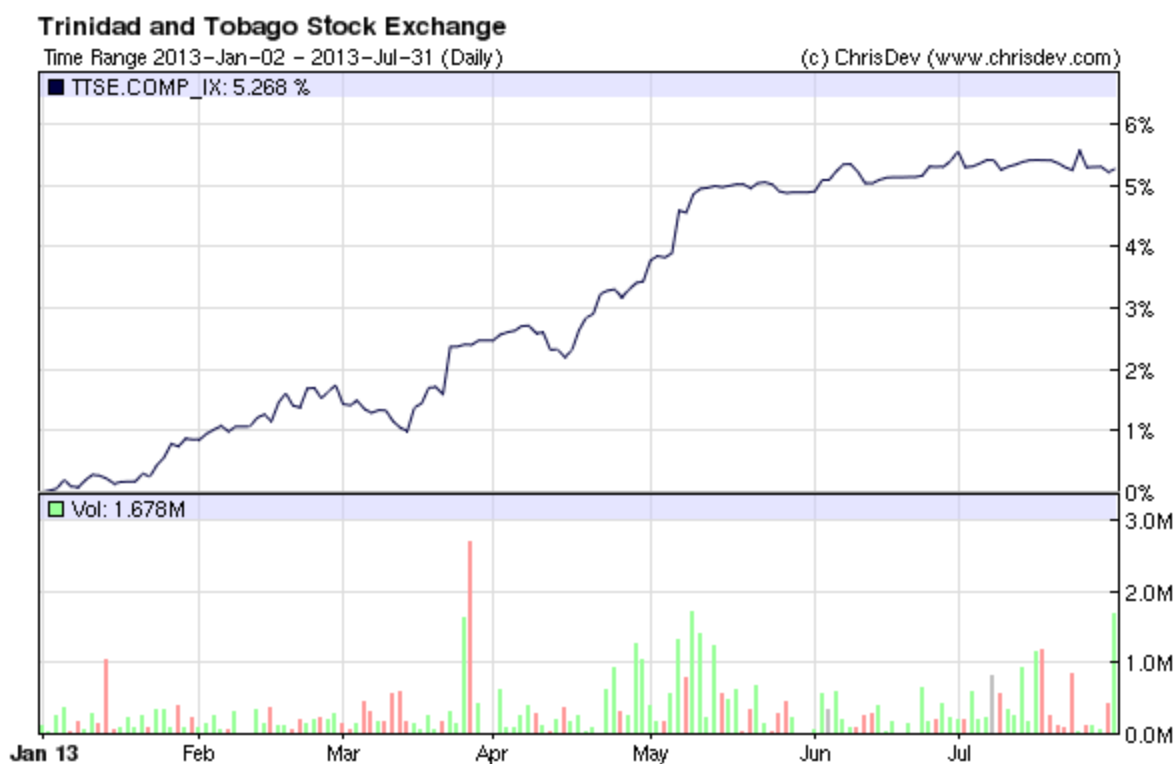
The CBTT has indicated that a rise in international rates is expected to influence the trajectory of rates in Trinidad and Tobago given this country's open capital account. Within the last two months, the United States Federal Reserve Chairman has been hinting strongly at the possibility of quantitative easing. It is the sentiment of the global financial markets that this move on the part of the US Federal Reserve would increase interest rates in the short to medium term.

2 Stock Market Performance

The TTSE Composite Index declined the period under review, closing at 1,125.85 down 0.27 per cent. For the year to date the Index advanced by 5.26 per cent. In June 2013, the index gained only 0.49 per cent. See **Figure 1**.

The All T&T Index advanced by 4.54 points (0.25 per cent) to close at 1,830.25. The performance of cross listed companies continued to decline in July 2013 resulting in a 1.55 per cent decline in the Cross Listed Index. In June 2013 the index declined by 0.29 per cent.

Figure 1: TTSE Composite Index for the period January 2013 – July 2013



Market activity in July 2013 resulted from trading in thirty (30) stocks. Of these thirty (30) stocks, twelve (12) advanced, thirteen (13) declined and five (5) traded firm. The advances for this period, were led by Trinidad Cement Limited, and ranged from 41.05 per cent to 3.67 per cent. Advances for the previous month of June 2013 ranged from 19.70 per cent to 5.63 per cent and were led by GraceKennedy Limited. The top five (5) performers are listed in **Table 1** below.

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

	Security	Closing Price	Monthly Change(\$)	Monthly Change(%)
1.	Trinidad Cement Limited	1.34	0.39	41.05
2.	Scotia Investments Jamaica Limited	1.87	0.09	5.06
3.	Unilever Caribbean Limited	55.04	2.50	4.76
4.	One Caribbean Media Limited	18.01	0.71	4.10
5.	Sagicor Financial Corporation	6.50	0.23	3.67

The declines for this month were led by Williams LJB and ranged from 17.05 per cent to 2.52 per cent. Declines for last month were led by Guardian Holdings Limited and ranged from 0.03 per cent to 5.88 per cent.

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

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	Williams LJB	0.73	(0.15)	(17.05)
2.	Gracekennedy Limited	3.40	(0.65)	(16.05)
3.	Jamaica Money Market Brokers Limited	0.43	(0.07)	(14.00)
4.	National Flour Mills Limited	0.75	(0.04)	(5.06)
5.	BCB Holdings Limited	11.60	(0.30)	(2.52)

3 Trading Activity

Market activity in the month of July 2013 amounted to the trading of 10,471,236 shares at a value of TT\$105,311,236. Trinidad Cement Limited (TCL) was the volume leader, trading 5,919,233 shares this month at a value of TT\$6,761,203. Last month, the total volume of shares traded was 4,911,834 at a value of TT\$78,589,331. Despite the high trading volumes of TCL shares, the increase in value can be mainly attributed to the trading of Scotia Bank T&T Limited where 487,355 shares were traded at a value of TT\$34,101,602. This was a significant improvement from last month when 97,050 shares in Scotia Bank T&T Limited were traded at a value of TT\$6,792,978. See Table 3

**Table 3: Monthly and Yearly Comparison of Trading Values and Volume:
June 2013 - July 2013**

Volume/ Value	June 2013	July 2013	July 2012	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	3,824,577	10,471,236	3,490,727	6,646,659	173.79	6,980,509	199.97
Value of Trading (\$)	86,589,331	105,311,261	106,430,290	18,721,930	21.62	(1,119,029)	(1.05)
Average Daily Volume	201,293	455,271	183,722	253,978	126.17	271,549	147.8
Average Daily Value (\$)	4,557,333	4,578,750	5,601,594	21,417	0.46	(1,022,844)	(18.26)

4 Bond Market Activity

4.1 Primary Bond Market

The CBTT announced a 2.50 per cent TT\$1.0 billion GOTT Fixed Rate Bond due August 6th 2023. This bond went to auction on August 2nd 2013. The Government of Trinidad and Tobago has been issuing bonds to help mop up the excess liquidity from the market. However, this bond was undersubscribed with only TT\$559.0 million bids being allotted. The under subscription can be attributable to investor excitement over First Citizens Bank's (FCB) IPO with institutional and individual investors committing substantial amounts of liquidity to the offering. It has been argued that this bond was also seen as unattractive by the market having only 2.50 per cent for a ten (10) year period which can be another factor that contributed to its under subscription.

4.2 Secondary GORTT Bond Market

Trading activity in the secondary bond market slowed in July 2013. During the month, there were three (3) trades valued at 87,653.80. This was a substantial decrease from June 2013, which saw twenty-seven (27) trades. The decline can be due to the completion of the TT\$1.0 billion Central Government Bond that was issued in the last period. Trading in this bond accounted for twenty-six (26) of the twenty-seven (27) trades last month on the TTSE with a total value of TT\$99,056,733.55. The cumulative value of bonds traded in June amounted to TT\$99,078,133.55.

5 Market Developments

The Jamaica Stock Exchange (JSE)

The JSE announced in May 2013 that their shareholders gave their approval to list the ordinary shares of the exchange on the local equity market via an initial public offering (IPO). The IPO was open to subscription from July 5th to 9th and aims to raise J\$107.80 million to retire debt and offer new services. It was oversubscribed by 41.00 per cent receiving over 150 applications for the 38.30 million shares that were for sale. This places over 19.00 per cent of the company's ownership in the hands of the public. Lamar Harris, manager of investment banking at Stocks and Securities Ltd — the lead broker for the IPO — said that investor response was "*extremely encouraging when one considers the vital role that the JSE plays in building Jamaica's capital markets*". (Jamaica Observer, 2013)

First Citizens Group

The First Citizens Group continues to expand with the First Citizens Bank's IPO. It is expected that this offering will be fully subscribed. The offering period for the IPO was extended to Monday August 12th 2013. Shares were issued at the price of TT\$22.00 per share on Monday July 15th 2013. 48,495,665 shares were estimated to have been offered to the public which represents 19.30 per cent of the bank's total shareholding. The bank aims to widen its capital base in order to facilitate its future strategic expansion plans.

The group plans to explore South and Central America for opportunities. Nyree Alfonso, chairperson of the group says "*We, like everybody else are looking to see how we can grow the business in a positive way and we are looking to see how to increase the footprint outside of T&T—we moved into Barbados recently, we moved into Costa Rica recently, all in those hardened economic times*" (WISE , 2013).

Trinidad Cement Limited (TCL)

Over the last three (3) years, TCL has been facing significant financial and operational challenges. Rollin Bertrand, the company's chief executive went on record in an exclusive with the Trinidad Guardian, expressing his confidence in the turnaround of the company. He attributed TCL's down turn to depressed economic conditions and the slowdown in the construction sector across the region.

An injunction was upheld by a high court judge to stop TCL's annual meeting which was scheduled for July 12th 2013. This injunction was filed by a group of eleven shareholders holding 5.68 per cent of ownership, and includes Wilnet Holdings Limited, Stephen Espinet, MASA Investments Limited, Brimont Limited, Kamal Ali, Alescon Readymix Limited, Bourne Investment Inc., Tatil Life Assurance Limited, Nicholas Development Limited, Helen Bhagwansingh and Issa Nicholas Holdings. In response, TCL has filed for appeal which will be heard on September 30th 2013 and has lodged complaints with the CBTT and the Commission and has also requested that the Commission investigate whether or not Messrs. Ian De Souza and Wilfred Espinet have contravened the insider trading provisions contained in Sections 100 to 101 of the Securities Act (WISE , 2013).

Sagicor Financial Corporation (SFC)

Sagicor Financial Corporation has announced that the Company has entered into an agreement to sell Sagicor Europe Limited ("SEL") and its subsidiaries, which include Sagicor at Lloyd's Limited ("SAL"), to AmTrust Financial Services, Inc for approximately GBP56 million, which is GBP15 million above SEL's net asset value as of December 31, 2012. SFC President and CEO, Dodridge Miller said "Sagicor entered into this sales process to enable SAL to have access to more capital to fund its business growth. We believe this transaction will be beneficial to our shareholders." (WISE , 2013)

6 Regional Developments

6.1 Jamaica Stock Market

The JSE continued in its decline this period closing at 86,063.98, down 6.56 per cent for the year to date and 0.16 per cent in July alone. In the month of June, the JSE declined by 0.85 per cent. Market activity resulted from trading in thirty (30) stocks of which eleven (11) advanced fifteen (15) declined and four (4) traded firm. Tables 4 and 5 give a breakdown of the top 5 advancing and declining stocks for the period.

The volume of shares traded was 110,612,575 at a value of J\$1.82 billion. This was a reduction of 43.00 per cent in terms of volume, but an increase of 67.00 per cent in terms of value. In June 194,910,485 shares were traded at a value of J\$1.09 billion.

Figure 2: JSE Market Performance of the JSE Market Index: January 2013 – July 2013



The advances in the JSE ranged from 19.17 per cent to 1.72 per cent and were led by Hardware and Lumber which advanced by 19.17 per cent this period. Ciborney Group Ltd which led the market for the last two months was not in the top five (5) performers this period but rather declined by 12.50 per cent. **See Table 5.**

Table 4: Top five (5) performing stocks in the JSE - July 2013

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Hardware & Lumber	4.60	0.74	19.17
2.	Sagikor Investments Jamaica	18.00	1.00	5.88
3.	Caribbean Cement Company	0.95	0.05	5.56
4.	Sagikor Life Jamaica	8.93	0.38	4.44
5.	Gleaner Company	1.18	0.02	1.72

Pulse Investments topped the declines this month, declining by 41.25 per cent. Last month the declines were led by Barita Investments Limited which declined by 15.83 per cent. The declines this month ranged from 41.25 per cent to 6.13 per cent.

Table 5: Worst Five (5) performing stocks in the JSE - July 2013

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Pulse Investments	0.94	(0.66)	(41.25)
2.	Ciborney Group	0.07	(7.94)	(12.50)
3.	Barita Investments Limited	2.30	1.03	(11.20)
4.	LIME	0.14	(5.63)	(6.67)
5.	GraceKennedy Limited	56.32	(0.22)	(6.13)

6.2 Barbados Stock Market

Activity on the BSE remained dormant closing at 738.87 and up 1.21 per cent for the year to date. On July 31st 2013, three (3) securities traded firm as 10,013 shares traded on the Regular Market, with a total value of \$19,777.20. See **Figure 3**.

Figure 3: Performance of the BSE Composite Index: January 2013 – July 2013



Sagikor Financial Corporation was the volume leader trading 9,738 shares at \$1.90. They were followed by Goddard Enterprises Ltd and Banks Holdings Ltd which traded 150 and 125 shares respectively.

Table 6: Trading on the BSE Regular Market – July 31st 2013

Security	Volume	Closing Price
1. Sagikor Financial Corporation	9,738	\$1.90
2. Goddard Enterprises Ltd	150	\$6.15
3. Banks Holdings Limited	125	\$2.82

7 International Developments

International markets rebounded from last month with the majority of the major indices posting advances for the month of July 2013. Japan's Nikkei 225 was the top performer and has been for the year to date. It advanced by 27.88 percent for the year despite its decline of 1.33 per cent for the month of July, a greater decline than that for June 2013 when it registered a decline of 0.71 per cent. *“As long as the yen can keep weakening against major currencies, particularly the US dollar, the combination of inflation and a bigger boost from international sales will pay dividends to Japan's biggest multinational firms”* (The Motley Fool, 2013).

The Bank of Japan (BOJ) continues to work towards achieving a 2.00 per cent inflation target and is expected by economists to engage in further stimulus activities. The BOJ has indicated that prices in Japan will rise 1.90 per cent in the fiscal year starting April 2015. This would coincide with the end of its two-year time horizon to meet its inflation target (Bloomberg, 2013).

The Dow Jones Industrial Average (the Dow) ended this period on a positive note, advancing by 3.50 per cent and 15.56 percent for the year to date. This month's performance, according to a CNBC report was the best for the Dow as well as the Nasdaq and S&P 500 since July 2010. The Federal Reserve announced that it will maintain its bond-buying policy in its ongoing effort to bolster the economy (CNBC, 2013). It is hoped that US economic data will strengthen in the coming months and until this occurs, the Federal Reserve may not make any significant policy changes.

European stocks also showed significant improvement with the FTSE 100 advancing by 4.97 per cent in the month of July 2013 and 9.85 per cent for the year to date. This was a noteworthy improvement from June 2013 when the index declined by 5.58 per cent.

Mining firms rose as metal prices increased and posted solid gains within the period. Advertising firms were also in the spotlight after Publicis Groupe SA and Omnicom Group Inc announced a merger. The new firm, Publicis Omnicom Group will have a combined market capitalization of US\$35.1 billion overtaking the current market leader, WPP. Analysts predict that despite the loss of position, WPP stands to benefit from business driven by client conflicts arising from the new Publicis Omnicom Group.

The German Dax index advanced 3.66 per cent in July 2013 alone to gain 6.39 per cent for the year to date. In June the Dax declined by 4.68 per cent. German consumer sentiment this month went to a fresh six-year high due to robust employment prospects and moderate inflation. It rose for the seventh straight month to 7 points for August from 6.8 points in July hitting its highest point since September 2007 (TIME, 2013).

Spain's Ibx 35 index also improved closing this month with an increase of 6.66 per cent in July 2013 which resulted in a marginal decline of 0.17 per cent for the year to date. In June, the Ibx 35 declined by 6.71 per cent. This came after country statistics office estimated that the economy contracted just 0.10 per cent in the second quarter which may be an indication of a turnaround for the troubled nation (Market Watch, 2013).

The Asia Pacific continues its downward trend with India's BSE Sensex index declining by 1.87 per cent year to date and 1.18 per cent in July 2013. In June 2013, the index declined by 1.85 per cent. India's growth prospects for 2013 have been cut by Credit Suisse *"Amidst a tidal-wave of gloom concerning India's macro-economy it is hard to be optimistic about the country's growth prospects. However, we continue to believe the fundamentals are more supportive than generally assumed,"* Credit Suisse said. India's Central Bank in its First Quarter Review of Monetary Policy on July 30th, had cut the growth projection for 2013-14 to 5.5 per cent from an earlier estimate of 5.7 per cent. The government in February estimated 6.5 per cent growth for 2013-14 (Economic Times, 2013).

Continuing on in the Asia Pacific, China's SSE Composite Index faced a marginal decline of 0.07 per cent this month with a year to date decline of 8.09 per cent. The Chinese banking system is now at a crossroads with their shadow banking system being the center of attention. The Deloitte University Press report for July 2013 indicated that *most analysts expect that the government will bail out banks and absorb losses should the need arise. They would probably place restrictions on credit growth, but not too much lest they slow the economy dramatically. The result could be continued credit growth, fueling the continuation of economic growth through investment in infrastructure.*

Finally, the Brazil's IBovespa ended July up by 2.13 percent. This gain however was not enough to bring it out of negative territory with it declining by 22.89 per cent for the year to date. In June

2013, the index fell by 11.31 per cent. This index was the worst performer of the emerging markets this month and has been declining significantly in 2013. Economists trimmed their forecasts for Brazil's 2013 economic growth to 2.31 percent from 2.34 percent previously, according to a weekly central bank survey. Brazil's economic activity fell 1.4 percent in May versus April, according to central bank data which indicates a sharper-than-expected fall that suggests the recovery remains uneven (Reuters, 2013). **See Table 7.**

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change June 2013	% Change July 2013	% Change for the Year- to-date
Nikkei 225 (Japan)	(0.71)	(1.33)	27.88
Dow Jones Industrial Average (US)	(1.36)	3.50	15.56
FTSE 100 (UK)	(5.58)	4.97	9.85
Dax (Germany)	(4.67)	3.66	6.39
Ibex 35 (Spain)	(6.71)	6.66	(0.17)
BSE Sensex (India)	(1.85)	(1.18)	(1.87)
SSE Composite Index (China)	(10.44)	(0.07)	(8.09)
IBovespa (Brazil)	(11.31)	2.13	(22.89)