



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

MARKET ACTIVITY REPORT

July - August 2012

Economic Overview

The rate of headline inflation slowed to 10.8 percent (year-on-year) in July 2012 from 11.0 percent in June 2012. This marked the second consecutive decline in the economy's inflation rate after it peaked at 12.6 percent in May 2012 for the year. Notwithstanding the recent easing in the headline inflation rate inflationary pressures still remain high (mainly due to food prices) when compared to the beginning of the year when the level of headline inflation measured 6.8 percent (year-on-year) in January 2012.

In its repo rate announcement the Central Bank of Trinidad and Tobago (CBTT) stated that the economy experienced an expansion of private sector credit during the month of June 2012¹ even as domestic demand remained sluggish. Overall credit to the private sector grew by 3.1 percent in June 2012, up from 2.8 percent in May 2012. Real estate mortgages which continued to be the main driver of credit expanded by 10.4 percent in June 2012 while lending to businesses grew by 5.7 percent in the same period. There was only a slight expansion in the level of consumer loans in June 2012 by 0.6 percent down from 1.1 percent in May 2012.

The financial system still remains highly liquid largely on account of net domestic fiscal injections which amounted to \$2,907 million during August 2012. As a result of this fiscal stimulus commercial banks' average holdings of excess reserves increased to \$3,647 in the first three (3) weeks of August 2012 from an average of \$2,268 million in the comparable period in July 2012.

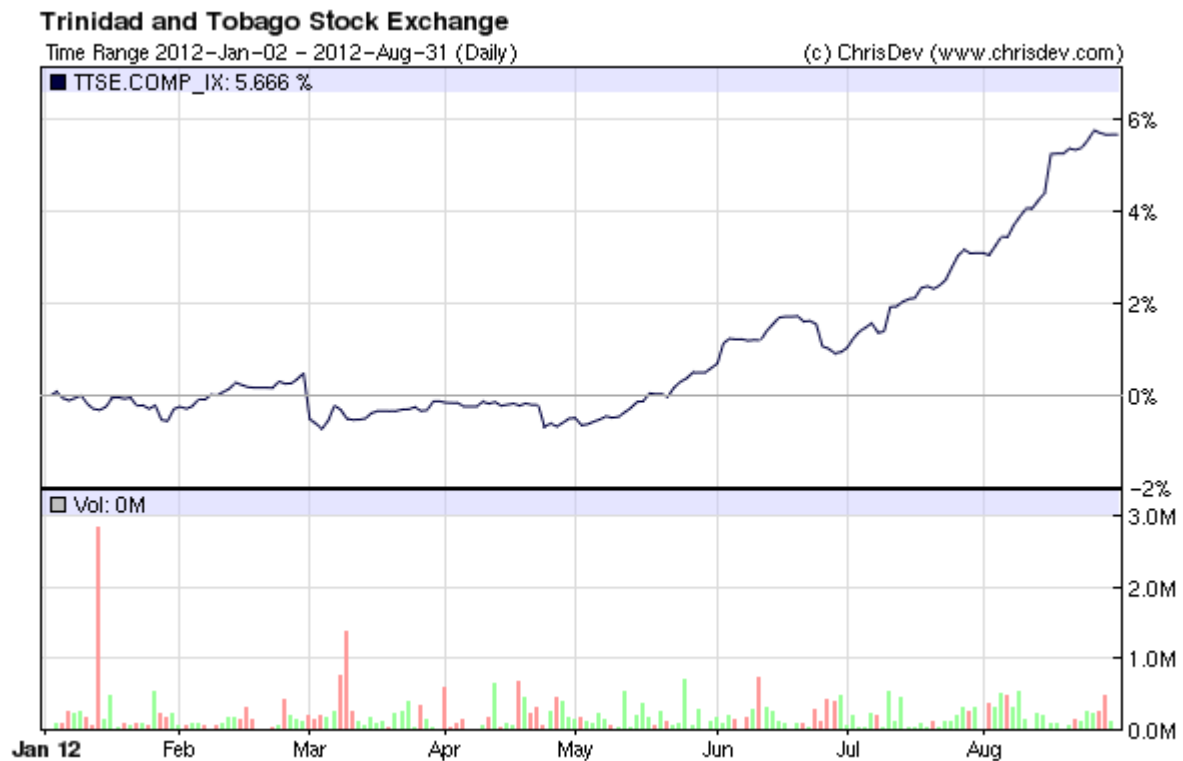
¹ Data is not yet available for the months of July and August 2012.

In light of the liquidity overhang in the financial system short-term interest rates remained subdued during the July to August period. The yield on three-month treasury bills dipped slightly to 0.4 percent in August from 0.6 percent in July 2012.

Stock Market Performance

After a relatively flat performance in the first half of the year the market gained momentum in the two-month period, July to August 2012 as the TTSE Composite Index advanced by 4.94 percent to settle at 1,070.26 at the end of August 2012. See **Figure 1**. This rally brought the market's year-to-date gain to 5.67 percent. The market fared equally well in the comparable period in 2011 when the TTSE Composite Index recorded an increase of 5.21 percent from January to August 2011.

Figure 1: TTSE Composite Index for the period January to August 2012



Advances outweighed declines in both months. For the month of July 2012 fourteen (14) stocks advanced, eight (8) declined and eight (8) traded firm. Trading in August 2012 resulted in nineteen (19) increases, seven (7) declines and four (4) stocks trading firm.

The locally listed stocks outperformed the cross-listed companies in the July and August 2012 period. For July 2012, the All T&T Index gained 3.03 percent, a favourable performance over the Cross-Listed Index which declined by 0.39 percent. The poor performance of the Index of cross-listed companies in July 2012 can be attributed in part to the performance of Jamaican-based company, Jamaican Money Market Brokers Limited which declined by 14.63 percent during the period and was the worst performing stock on the Trinidad and Tobago Stock Exchange (TTSE).

For the month of August 2012, there was a slight improvement in the performance of cross-listed companies as measured by the uptick in the Cross-Listed Index which gained 0.19 percent. However, in keeping with the trend in the previous month, the All T&T Index outperformed its regional counterpart with a gain of 3.30 percent for the month of August 2012.

Table 1: Top five (5) performing stocks for July 2012

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1	One Caribbean Media Limited	15.99	2.24	16.29
2.	Trinidad Cement Limited	1.74	0.24	16.00
3.	Scotia Investments Jamaica Limited	2.40	0.30	14.29
4.	National Enterprises Limited	13.99	1.14	8.87
5.	Ansa McAl Limited	62.51	3.42	5.79

Notwithstanding the poor performance of the Cross-Listed Index over the month of July 2012, two (2) cross-listed companies were amongst the top performing stocks on the TTSE: One Caribbean Media Limited, which recorded the largest gain of 16.29 percent, and Scotia Investments Jamaica Limited which advanced by 14.29 percent. (See **Table 1**).

Amongst the worst performing stocks in July 2012 were three (3) cross-listed securities: Jamaican-based companies, Jamaica Money Market Brokers Limited (JMMB) and Grace Kennedy Limited (GKL) and Barbadian-based company, Sagicor Financial Corporation (SFC). (See **Table 2**).

Table 2: Worst five (5) performing stocks for July 2012

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1	Jamaica Money Market Brokers Limited	0.70	(0.12)	(14.63)
2.	Grace Kennedy Limited	4.70	(0.23)	(4.67)
3.	Guardian Holdings Limited	16.50	(0.47)	(2.77)
4.	Neal & Massy Holdings Limited	45.05	(0.91)	(1.98)
5.	Sagicor Financial Corporation	7.42	(0.08)	(1.07)

With the exception of the Sagicor Financial Corporation (SFC) share, locally listed companies comprised the top (5) best performing stocks on the TTSE during the month of August 2012. Guardian Holdings Limited (GHL) led the advances with a gain of 20.91 percent, followed by Williams LJ (12.50 percent) and Trinidad Cement Limited (12.07 percent). (See **Table 3**).

Table 3: Top five (5) performing stocks for August 2012

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1	Guardian Holdings Limited	19.95	3.45	20.91
2.	Williams LJ B	0.90	0.10	12.50
3.	Trinidad Cement Limited	1.95	0.21	12.07
4.	Sagicor Financial Corporation	8.00	0.58	7.82
5.	National Enterprises Limited	15.00	1.01	7.22

Two (2) cross-listed securities were amongst the worst performing stocks on the TTSE in the month of August 2012. The GraceKennedy Limited (GKL) share continued to perform poorly and suffered the largest decline in August (23.40 percent). (See **Table 4**).

Table 4: Worst five (5) performing stocks for August 2012

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1	GraceKennedy Limited	3.60	(1.10)	(23.40)
2.	Readymix (West Indies) Limited	26.65	(4.70)	(14.99)
4.	National Flour Mills Limited	0.68	(0.02)	(2.86)
5.	Angostura Holdings Limited	8.28	(0.11)	(1.31)
6.	First Caribbean International Bank Limited	8.44	(0.05)	(0.59)

Trading Activity

Trading values on the TTSE rose significantly over the month of July 2012. The value of shares traded amounted to TT\$106,430,290 in July 2012 more than double the value recorded in June 2012, TT\$43,198,107.02. This surge in trading values, however, occurred on relatively small trading volumes. The cumulative volume of shares traded fell by 21 percent in July to 3,490,727 from a level of 4,411,947 in the previous month. The month of July 2012 saw heightened trading activity in three (3) shares which contributed 69 percent of the aggregate value of shares trading on the TTSE. Trading in Scotia Bank T&T Limited (SBTT) accounted for 38 percent of cumulative trading values with a value of TT\$40,588,035. Ansa McAl Limited (AMCL) and Republic Bank Limited (RBL) recorded trading values of TT\$19,527,638 and TT\$13,821,341 respectively. The SBTT share was also the most widely traded security on the TTSE with traded volume of 654,752 in July 2012, followed closely by National Commercial Bank of Jamaica Limited (NCBJ) with 637,403 shares traded during the month. (See **Table 5**)

Table 5: Monthly and Yearly Comparison of Trading Values and Volume: July 2012

Volume/ Value	June-12	July-12	July-11	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	4,411,947	3,490,727	5,446,919	(921,220)	(21)	(1,956,192)	(36)
Value of Trading (\$)	43,198,107	106,430,290	46,827,025	63,232,183	146	59,603,265	127
Average Daily Volume	232,208	183,722	286,679	(48,486)	(21)	(102,957)	(36)
Average Daily Value (\$)	2,273,585	5,601,594	2,464,580	3,328,009	146	3,137,014	127

The month of August 2012 saw a reversal of the trend witnessed over the previous month for both trading volume and value. There was a 37.8 percent drop in the aggregate value of shares trading on the TTSE to TT\$66,169,991 from the year's peak of TT\$106,430,289. This contraction in trading value occurred despite an increase in the volume of shares that traded on the TTSE over the same period: trading volumes rose by 37.6 percent to 4,805,148 in August 2012. (See Table 6). The decline in trading value was due largely to the fall-off in trading in the Scotiabank T&T Limited (SBTT) share in respect of both trading volume and value. The value of SBTT shares witnessed a more than six-fold decline to TT\$6,353,823 in August 2012 while there was a comparable decline in trading volumes which fell to 102,281 in August 2012 after peaking at 654,752 (year-to-date) in July 2012. Overall, Guardian Holdings Limited (GHL) was the leader in terms of the volume and value of trading activity for the month of August 2012. Trading volumes in the GHL share amounted to 960,363, which represented one-fifth of cumulative trading volumes on the TTSE, and were valued at TT\$17,352,142 or 26 percent of the aggregate value of shares trading on the TTSE.

Table 6: Monthly and Yearly Comparison of Trading Values and Volume: August 2012

Volume/ Value	July-12	August-12	August-11	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	3,490,727	4,805,148	475,016,427	1,314,421	38	(470,211,279)	(99)
Value of Trading (\$)	106,430,290	66,149,991	226,548,491	(40,280,299)	(38)	(160,398,500)	(71)
Average Daily Volume	183,722	252,903	25,000,865	69,180	38	(24,747,962)	(99)
Average Daily Value (\$)	5,601,594	3,481,578	11,923,605	(2,120,016)	(38)	(8,442,026)	(71)

Bond Market Activity: July to August 2012**Primary Bond Market**

There were no new issues on the primary bond market for the month of July 2012. In August 2012, there was one bond issue on the primary market. On August 22, 2012 the National Insurance Property Development Company Limited (NIPDEC) issued a thirteen (13) year bond valued at TT\$339 million with a fixed coupon rate of 5.15 percent. The bond was oversubscribed with total bids amounting to TT\$2.1 billion. As a result, the bond issue was allotted at a premium to par value.

Secondary GORTT Bond Market**July 2012**

There was a significant decline in trading activity in the secondary bond market for GORTT bonds for July 2012 compared to the previous month. During the month of July 2012 there were five (5) trades with a trade value of TT\$23.55 million as compared to the month of June 2012 during which there were eighteen (18) trades valued at TT\$328.33 million

August 2012

Activity on the secondary bond market for GORTT bonds remained weak during the month of August 2012 as the number of trades declined to three (3). The GORTT bond market witnessed a sharp fall off in trading values which declined by 88 percent to TT\$269 million in August 2012 from TT\$23.55 million in July 2012.

Notwithstanding the fall off in trading in the July to August 2012 period, the secondary bond market recorded higher activity for the eight (8) months ending August 2012 compared to the same period in 2011. Over the period, January to August 2012 there was a total of sixty (60) trades with a cumulative traded value of TT\$930.5 million. This compared favourably to the same period in 2011 which registered twenty six (26) trades with an aggregate value of TT\$89.69 million.

Market Developments: July to August 2012

July 2012

Delisting

On July 2, 2012 Supreme Ventures Limited (SVL) delisted 2,637,254,926 shares from the TTSE.

Acquisition

On July 5, 2012 the Boards of National Commercial Bank Jamaica Limited (NCBJ) and NCB Capital Markets Limited (NCBCM) approved the acquisition of 96.24% of Advantage General Insurance Company Limited (AGI) by NCBCM. This proposal is subject to regulatory approval by the Financial Service Commission (FSC) in Jamaica.

August 2012

Acquisition

On August 1, 2012, One Caribbean Distribution Limited, a wholly owned subsidiary of One Caribbean Media (OCM), entered into an Agreement to acquire a small distribution company.

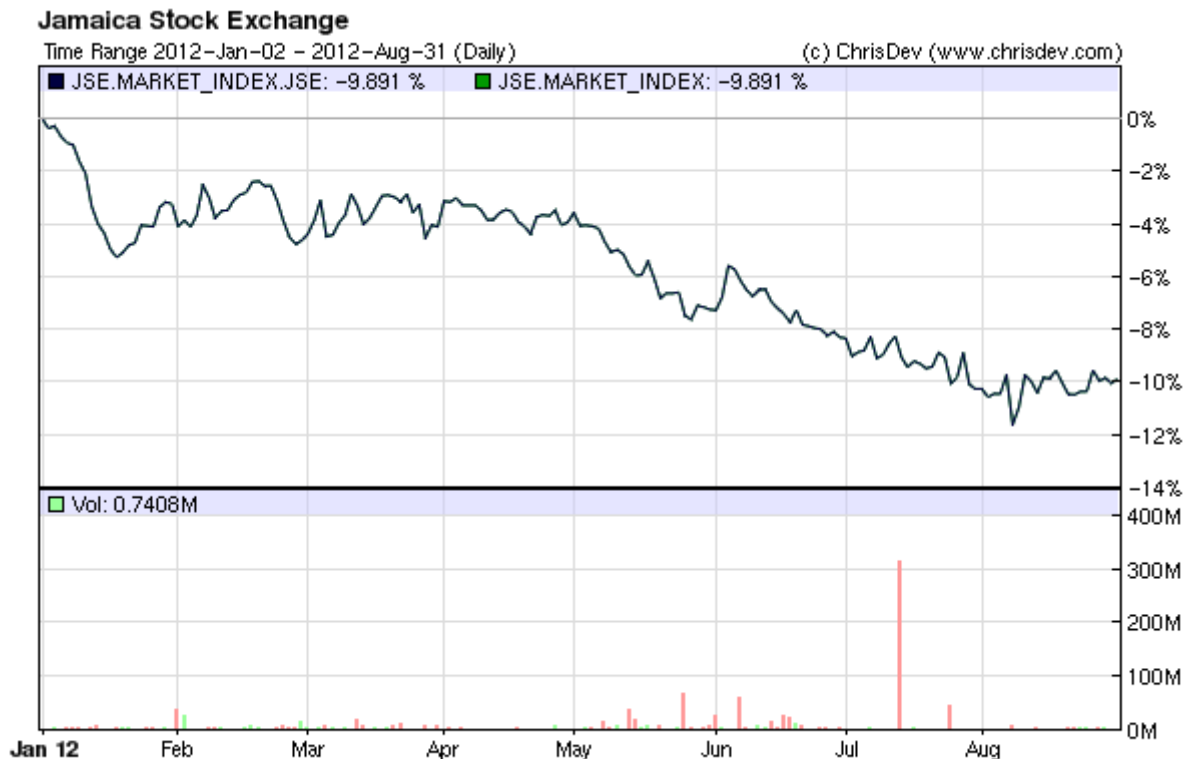
Regional Developments

Jamaica Stock Market

The Jamaican stock market remained bearish in the month of July 2012 as the JSE Market Index registered a decline of 2.09 percent to close at 85,511.52 at July 31, 2012. As at the end of July 2012 the market was down by 10.27 percent for the year-to-date, the worst performance of all the regional stock markets. The Jamaican stock market recorded a slight improvement in August 2012 as the JSE Market Index posted a marginal gain of 0.42 percent to close at 85,871.47 at August 31, 2012. (See **Figure 2**)

The advance/decline ratio of listed securities on the Jamaica Stock Exchange (JSE) for the month of July 2012 underscored the market sentiment: eighteen (18) stocks declined, six (6) advanced and ten (10) traded firm. There was a slight improvement in this ratio over the month of August 2012: sixteen (16) declined, twelve (12) increased and six (6) traded firm.

Figure 2: JSE Market Performance of the JSE Market Index: January to August 2012



Barbados Stock Market

The Barbados stock market was relatively flat from July to August 2012 save for a brief spike in August 2012 when the BSE Composite Index advanced by 0.04 percent on a single day's trading on August 22, 2012. The BSE Composite Index increased by 0.80 percent over the two-month period. The BSE Composite Index registered a marginal gain of 0.72 percent for the year-to-date, significantly lower than the 8.32 percent gain recorded over the comparable period in 2011 (See Figure 3).

Figure 3: Performance of the BSE Composite Index: January to August 2012



International Developments

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change July 2012	% Change August 2012	% Change for the Year-to-date
Dax (Germany)	5.55	2.93	18.18
BSE Sensex (India)	(1.11)	(0.84)	12.46
Dow Jones Industrial Average (US)	1.00	0.68	7.15
Nikkei 225 (Japan)	3.46	1.67	4.55
FTSE 100 (UK)	1.15	1.35	2.50
IBovespa (Brazil)	3.20	1.72	0.50
SSE Composite Index (China)	(5.47)	(2.67)	(6.91)

The developed market indices in the United States and Europe outperformed the emerging markets over the two-month period, July and August 2012. (See **Table 7**).The German Dax advanced by 5.55 percent and 2.93 percent in July and August 2012 respectively, followed by the Nikkei 225 Index which gained 3.46 percent and 1.67 percent over the two (2) months. The emerging market Indices in India and China were both down during the July to August 2012 period; the SSE Composite Index performed the worst out of the major market Indices with losses of 5.47 percent and 2.67 percent in July and August 2012 respectively. The Brazil's IBovespa fared the best out of the emerging markets with increases in both months, though it only posted a marginal gain of 0.50 percent for the year-to-date. The Dow Jones was relatively flat for the months of July and August 2012 as investors remained cautious regarding the success of the Federal Reserve stimulus package which was intended to bolster the United States economy.