



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Market Activity Report

June

2013

Central Bank maintains Repo Rate at 2.75 percent, the economy grew by 0.2 percent in 2012, the energy sector is expected to recover in 2013, and global market indices slump in June 2013.

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1 Economic Overview

Preliminary estimates by the Central Bank of Trinidad and Tobago (CBTT) suggested that domestic economic activity improved in the first quarter of 2013. Growth in the non-energy sector proved a major contributor for the improved performance of the economy. Activity in the construction and manufacturing sectors which have been stymied by industrial action at Trinidad Cement Limited (TCL) since early 2012 regained momentum in 2013. The energy sector has also shown signs of a tentative recovery following a pick-up in natural gas production.

According to the CBTT private sector credit expanded moderately in the twelve (12) months to April 2013. Credit to the private sector from the consolidated financial system grew by 2.6 percent on a year-on-year basis compared with 2.4 percent in April 2013. Real estate mortgage loans and consumer loans supported this credit expansion. In contrast, business lending continued to decline for the fifth consecutive month.

The CBTT's liquidity management efforts instituted in June 2013 provided a brief respite to the liquidity overhang in the financial system. Following the issue of a Central Government liquidity bond on May 21, 201 commercial banks excess reserves declined to TT\$5.8 billion from a high of TT\$ 7 billion in early May 2013. According to the CBTT the rolling over of a one-year TT\$1 billion fixed deposit held by commercial banks at the CBTT also aided in absorbing liquidity from the financial system. Despite these measures there was no activity on the inter-bank market nor on the CBTT's repo facility.

While the CBTT did not provide any inflation data for the month of May 2013 in its publication the Bank noted that adverse weather conditions experienced locally could place upward pressure on domestic food prices. However, the softening of international agricultural commodities prices could serve to contain the rate of headline inflation to a manageable level.

The CBTT elected to maintain the Repo rate at 2.75 percent in keeping with its current accommodative stance.

Economic Outlook

The CBTT's recently released "Annual Economic Survey 2012" reviewed the performance of the local economy in 2012 and provided an economic outlook for 2013. According to the Report the domestic economy remained subdued in 2012 despite an improvement in the non-energy sector. Furthermore, economic conditions are likely to improve in 2013 as activity picks up in the energy sector. The CBTT projected a growth rate of 2.5 percent for Trinidad and Tobago in 2013. Some of the highlights of the Report were as follows:

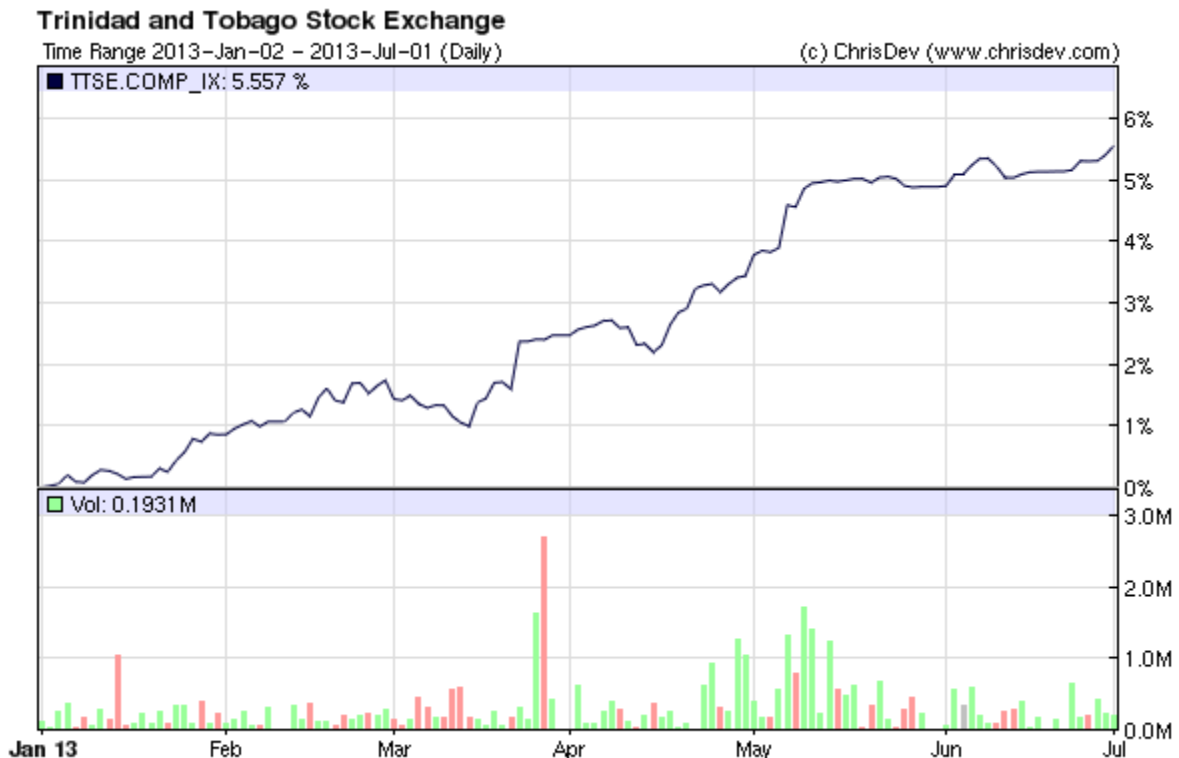
- The CBTT's estimates showed that the economy grew by a rate of 0.2 percent for 2012 considerably lower than the 1.2 rate of growth initially projected by the Central Statistical Office (CSO).
- The lower than expected growth rate was due to a larger than expected decline in the energy sector which was hampered by prolonged maintenance operations by energy companies.
- There were signs of growth in the non-energy sector in 2012, particularly in the finance and distribution sectors.
- The unemployment rate measured 4.9 percent for the second quarter of 2012 compared to 5.8 percent in the second quarter of 2011. Lower unemployment rates were observed across the construction, wholesale and retail trade industries.
- The energy sector is likely to register growth in 2013. Energy sector firms are likely to experience fewer maintenance stoppages early in 2013. This sector is also expected to benefit from a pick-up in natural gas production.

2 Stock Market Performance

The stock market showed marginal improvement in June 2013. The TTSE Composite Index gained 0.49 percent during the month, down from a 1.40 percent increase in May 2013. The market has been up by 5.84 percent for the year thus far.

The share prices of cross listed companies slumped during the month as evidenced by the 0.29 percent decline in the Cross-Listed Index. This Index was up by 1.34 percent in May 2013. In contrast, the All T&T Index posted a marginal increase of 0.70 percent in June 2013, a slight drop from May 2013 when this Index advanced by 1.42 percent.

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



Market activity in June 2013 resulted from trading in twenty-nine (29) stocks. Of these twenty-nine (29) stocks, thirteen (13) advanced, five (5) declined and eleven (11) traded firm. The advances for the month of June 2013, were led by National Flour Mills Limited, and ranged from 0.05 percent to 19.70 percent. Notably, National Flour Mills was the worst performing stock in May 2013 with a decline of 10.81 percent. Advances for the previous month of May 2013 ranged from 4.35 percent to 18.35 percent 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 June 2013

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	National Flour Mills	0.79	0.13	19.70
2.	Clico Investment Fund	23.00	1.95	9.26
3.	GraceKennedy Limited	4.05	0.25	6.58
4.	The West Indian Tobacco Limited	117.00	6.94	6.31
5.	Point Lisas Industrial Port Development Company	3.75	0.20	5.63

The declines for the month of June 2013, were led by Guardian Holdings Limited and ranged from 0.03 percent to 5.88 percent. The declines for the previous month ranged from 5.00 percent to 10.81 percent and were led by Trinidad Cement Limited.

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

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	Guardian Holdings Limited	16.00	(1.00)	(5.88)
2.	Jamaica Money Market Brokers Limited	0.50	(0.01)	(1.96)
3.	FirstCaribbean International Bank Limited	7.90	(0.09)	(1.13)
4.	Sagicor Financial Company Limited	6.27	(0.04)	(0.63)
5.	Ansa McAl Limited	67.20	(0.02)	(0.03)

3 Trading Activity

For the month of June 2013 the volume of shares traded was 3, 824,577, less than one-third the volume of shares traded in May 2013 (11, 740,339). Similarly, the value of shares traded declined over the month to TT\$ 86, 589, 331, 18.32 percent lower than value of TT\$ 102, 453, 201 recorded for May 2013. The slowdown in trading activity in June 2013 could be attributed to the fall off in trading in the Trinidad Cement Limited (TCL) share. Though the TCL share remained the most widely traded stock in June 2013, its traded volumes plummeted to 1, 575,075 in June 2013 from a high of 5, 972,364 in the previous month. Trading in this share accounted for 32 percent of the aggregate trading volumes over the month of June. Jamaica Money Market Brokers Limited (JMMB) and Angostura Holdings Limited (AHL) followed with 12 percent and 10 percent respectively. Three (3) shares accounted for 68 percent of the cumulative value of shares traded in June 2013. Neal and Massy Holdings Limited was the value leader accounting for 27 % of the market with a value of TT\$ 28, 185, 484. Ansa McAl Limited (AMCL) and Republic Bank Limited (RBL) followed closely with 23 percent and 18 percent of the aggregate

value traded values which amounted to TT\$18,529,789 and TT\$14,508,287 respectively. (See **Table 3**).

Table 3: Monthly and Yearly Comparison of Trading Values and Volume: [May 2013 – June 2013]

Volume/ Value	May13	June 13	June 12	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	11,740,339	3,824,577	4,411,947	(7,915,762.00)	(206.97)	(587,370)	(15.36)
Value of Trading (\$)	102,453,201	86,589,331.50	43,198,107.02	(15,863,869.50)	(18.32)	43,391,224.48	50.11
Average Daily Volume	559,064	201,293.5	232, 207.74	(357,770.50)	(177.74)	(30,914.24)	(15.36)
Average Daily Value (\$)	4,878,724	4,557,333.24	2,273,584.58	(321,390.76)	(7.05)	2,283,748.66	50.11

4 Bond Market Activity

4.1 Primary Bond Market

The CBTT announced that the TT\$1.0 billion 7-year 2.60% Central Government liquidity absorption bond issued on May 21, 2013 was oversubscribed. The total bids received amounted to \$2,754.903 million. As a result, the bond was allotted at a premium, with a clearing price of \$104.23 per \$100.00 face value. Investors were offered a yield to maturity of 1.95 per cent on the bond.

4.2 Secondary GORTT Bond Market

Trading activity in the secondary bond market picked up significantly in June 2013. During the month, there were twenty seven (27) trades, a noticeable increase from May 2013, which only saw three (3) trades. Much of the trading activity on the secondary bond market surrounded the newly issued TT\$1.0 billion liquidity absorption bond by the Central Government. Trading in this bond accounted for twenty-six (26) of the twenty-seven (27) trades on the TTSE with a total value of TT\$99,056,733.55. The cumulative value of bonds traded amounted to TT\$ 99,078,133.55 in June 2013.

5 Market Developments

Bourse Brazil Latin Fund - Listing of USD Mutual Fund.

Bourse Securities Limited listed 1,112,384 units of its newly launched Bourse Brazil Latin Fund on the TTSE on June 11, 2013. The units were listed at a price of US\$10.00. The symbol for the fund is BBLF.

ANSA McAL Limited - Sale of Shares in Consolidated Finance Company Limited.

On June 20, 2013 ANSA McAL Limited (AMCL) informed the TTSE that its Executive Committee of Directors conditionally approved acceptance of Ansa Merchant Bank Limited's (AMBL) offer to acquire Consolidated Finance Company Limited (CFC) at the proposed acquisition price of BDS\$53 million. AMCL is a 100 percent indirect shareholder of Consolidated Finance Company Limited (CFC) and its Executive Committee of Directors is fully authorized to deal with this transaction under internal AMCL governance policy.

Republic Bank acquisition of 68,854,703 shares in HFC Bank Ghana

On June 10, 2013 Republic Bank Limited (RBL) announced its acquisition of 68,854,703 shares in HFC Bank Ghana. The share purchase, which was made on June 7, 2013 on the Ghana Stock Exchange was approved by the Central Bank of Ghana. This acquisition brought RBL's total shareholding in HFC Bank Ghana to 32.02 percent and made it the single largest shareholder in that bank. RBL previously held an 8.79 percent in the bank.

Following this acquisition RBL submitted an application to the Securities and Exchange Commission in Ghana for an exemption from the mandatory takeover requirements under its Code on Take Over and Mergers. In a public notice on July 1, 2013 RBL informed the TTSE that the Securities and Exchange Commission of Ghana had denied its application for a waiver and advised RBL to make an offer for 42.98 percent of the shareholding in HFC Bank Ghana Limited in order to comply with the mandatory takeover requirements. RBL also stated that it

was engaged in discussions with the Securities and Exchange Commission in Ghana and the Bank of Ghana regarding the next steps.

First Citizens Bank – Initial Public Offering (IPO)

The launch of First Citizens Bank's IPO will take place on July 15, 2015. This IPO will have a market value of approximately TT\$1.1 billion and would be the largest ever in the nation's history. The Bank is expected to list 48,495,665 shares on the TTSE (19.3 percent of its shareholding) at an offer price of TT\$22 per share.

Jamaica Stock Exchange (JSE) launches bond trading platform

The Jamaica Stock Exchange (JSE) launched a Bond Market Platform on June 26, 2013. The JSE Bond Market would facilitate secondary trading in debt securities such as corporate bonds, Government of Jamaica securities and repurchase agreements. Companies whose securities would be listed on the platform would be required to disclose their financial performance and other information that impact their operations to the market.

Speaking at the launch, General Manager of the JSE, Marlene Street-Forrest stated that the bond trading platform would serve a number of benefits to the Jamaican capital market. She further explained that the bond platform would provide an avenue for investors to generate returns from bond holdings especially at a time when interest rates on government securities have remained at very low levels in the wake of the government debt restructurings. The platform is also expected to enhanced transparency in the market and lead to greater price discovery for debt securities.

There were no prospects for listing at the time of the launch. The JSE announced its intention to promote the platform through its network of dealers and offer various incentives to encourage listings. The JSE also announced its plans to adjust the trading fee from the current 0.2 percent to 0.01 percent for bonds.

Regional Developments

5.1 Jamaica Stock Market

The Jamaican stock market failed to retain its momentum from the previous month when the JSE Market Index advanced by 4.86 percent. The JSE Market Index declined by 0.85 percent in June 2013 to close at 86,853.91. For the year to date the market has been down by 5.39 percent. Although the recent gains in the JSE Market Index appeared to have tapered off in June 2013 there were still more advances than declines amongst listed stocks during the month. Out of thirty one (31) listed companies sixteen (16) advanced, thirteen (13) declined and two (2) traded firm. Similarly, the decline in the JSE Market Index was not reflected in trading activity as both trading values and volumes remained at elevated levels in June 2013. The volume of shares traded rose to 196, 910, 485 in June 2013, a noticeable increase of 182.28 percent from 69, 047, 682 units in May 2013. The cumulative value of shares traded increased by 67 percent to J\$ 1, 095,749,517 in June 2013 up from J\$656,127,667.51 in the previous month.

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



The advances in the JSE were led by Ciborney Group Ltd which experienced a 62.50% increase in its share price over the month of June 2013. This share was also the top performer in May 2013 with an increase of 50%. (See **Table 4**).

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

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Ciborney Group Ltd.	0.08	0.05	62.50%
2.	Caribbean Cement Company Ltd.	0.90	0.19	21.11%
3.	Mayberry Investments Ltd	2.60	0.24	9.23%
4.	Jamaica Producers Group Ltd.	18.50	1.40	7.57%
5.	Sagikor Investments Jamaica Limited	17.00	1.12	6.59%

The declines amongst the top (5) worst performing stocks on the JSE ranged from 7.33% to 15.83% and were led by Barita Investments Limited. In May 2013, the worst performer was LIME which declined by 11.11%.

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

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Barita Investments Limited	2.59	(0.41)	(15.83%)
2.	Carreras Limited	52.97	(7.94)	(14.99%)
3.	Jamaica Money Market Brokers Ltd	7.99	1.03	(12.89%)
4.	Pan-Jamaican Investment Trust Ltd.	51.93	(5.63)	(10.84%)
5.	Jamaica Money Market Brokers Ltd 8.75% (Preference Shares)	3.00	(0.22)	(7.33%)

5.2 Barbados Stock Market

The Barbados Stock Market Composite Index advanced by a marginal 1.25 percent in June 2013. Although small, this increase represented a slight improvement from the market's performance in the previous month when the Index remained unchanged at 738.87 as at the end of May 2013. (See Figure 3 below)

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



Activity on the BSE remained dormant with trading occurring in less than half of the listed companies on the Exchange. Trading occurred on ten (10) out of twenty-three (23) listed companies for the month of June 2013 down from eleven (11) in the previous month.

6 International Developments

All major stock indices closed in negative territory at the end of June 2013. The declining trend witnessed in May 2013 became fully entrenched over the month of June 2013. Emerging markets fared the worst as speculation over possible capital outflows from the region in light of improving prospects in the US economy weighed heavily on market sentiment. Investors' fears were fuelled by the Federal Reserve's decision to scale back its quantitative easing program which has served to keep US interest rates at record low levels.

China's Composite Index and Brazil's Bovespa suffered the largest losses for the month; both markets were down 13.97 percent and 11.31 percent respectively. The tight liquidity conditions faced in China's interbank market and the reluctance of the Central Bank to directly intervene to ease funding constraints contributed to the volatility in the Chinese stock market during the month. The Shanghai Composite plunged 5.3 percent on June 24, 2013, its worst one-day percent loss in four years. The continued slowdown in the Chinese economy has caused several analysts to cut their outlook for economic growth. More recently, on June 23, 2013, Goldman Sachs lowered their 2013 forecast for Chinese growth to 7.4 percent from 7.8 percent expected previously and cuts 2014 outlook to 7.7 percent from 8.4 percent.

The dismal performance of Brazil's stock market over the month of June 2013 occurred amidst a slew of negative economic data on Brazil's economy. Notably, the country has been impacted by rising inflation, a declining currency (real), and declining exports. The Brazilian Institute of Geography and Statistics reported that the country's GDP had risen by 0.6 percent in the first quarter of 2013 far below the government's forecast of 3.5 percent growth. Brazil's sluggish economic recovery has been due in part to lower commodity prices and weaker external demand especially from China. In an effort to contain the rising inflation in the economy Brazil's Central Bank raised its benchmark interest rate 0.50 percent to 8.50 percent. The country's inflation rate had hit a 20-month high of 6.7 percent, 0.2 percentage points above the upper limit of the Central Bank's inflation target of 6.5 percent. The Central Bank's rate hike may have also served to increase the attractiveness of Brazilian bonds compared to equities.

The developed markets outperformed the emerging markets in June 2013 with the Nikkei 225 and Dow Jones recording the smallest declines of 0.71 percent and 1.36 percent respectively. In the United States, markets reacted to the Federal Reserve's announcement that it may scale back its asset purchases later in the year if the economy continued to strengthen. The Federal Reserve's optimism about the economy was based in part on its revised forecast for the unemployment rate: The Federal Reserve estimates that the unemployment rate could fall to 6.5 percent by 2014, one year sooner than the previously estimated.

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change May 2013	% Change June 2013	% Change for the Year-to-date
Nikkei 225 (Japan)	(0.18)	(0.71)	29.00
Dow Jones Industrial Average (US)	2.82	(1.36)	13.78
FTSE 100 (UK)	2.04	(5.58)	5.39
Dax (Germany)	5.50	(4.67)	4.56
SSE Composite Index (China)	5.82	(13.97)	(12.78)
BSE Sensex (India)	0.12	(1.85)	(0.16)
Ibex 35 (Spain)	(1.02)	(6.71)	(4.95)
IBovespa (Brazil)	(3.28)	(11.31)	(24.13)