



Trinidad and Tobago Securities and Exchange Commission

Market Activity Report- March 2011

Economic Overview

The domestic economy continues to show signs of weakness as recovery in the non-energy sector is negatively impacted by a persistently lethargic private demand. Consumer credit, while showing overall signs of recovery, decreased in January 2011 to 3.4 percent year-on-year from the 4.2 percent recorded in December 2010. The most recent data existing for private sector credit (January 2011), which includes both consumer and business credit, shows that it has contracted 2.3 percent. Overall private sector confidence continues to be undermined by delays in capital spending, uncertainty surrounding the CLICO restructuring, outstanding arrears to contractors, substantial pending VAT refunds and a weakening regional outlook. The IMF has estimated a growth rate of 2.0 percent in 2011 with a recovery in growth occurring in the second quarter.

Liquidity conditions have tightened somewhat which affects banks ability to lend. This has resulted in an increase in short-term interest rates - the yields on both three-month and six-month treasury bills have risen, from 0.28 percent to 0.40 per cent in March 2011 for three-month bills and to 0.55 percent from 0.50 percent in October 2010 for the six-month bills.

The Central Bank has maintained the 'Repo' rate at 3.25 percent. The Bank stated that previous reductions are still working their way through the system. The most recent reduction occurred in February 2011 when the rate was reduced to its current level.

Stock Market Performance

For the month of March 2011, the stock market continued the decline that began the previous month, after beginning the year on a positive note. The TTSE Composite Index declined 0.47 percent, ending the month at 872.07 after beginning at 876.19. This may be attributed to the increasing interest rates coupled with investors' aversion to risk in uncertain economic conditions. Investors are seeking safer investment options which the stock exchange does not

present. However, the news was more positive when viewed year to date however, with the Index registering a 4.36 percent increase over the first quarter of 2011. In the twelve months to March 2011, the Index also performed positively, increasing by 6.65 percent.

Figure 1

Twelve Month Performance of the TTSE Composite Index: April 1st 2010 – March 31st, 2011.



Performance of Cross Listed Companies

The Cross Listed Index fell 0.94 percent for the month of March 2011, again registering a poorer performance than the All T&T Index as it did in the previous month of February 2011. However, the All T&T Index did not itself fare well, falling by 0.25 percent for the month.

Trading Activity

Both in terms of volume and value, trading activity on the stock exchange during the month of March 2011 showed considerable decline – 52 percent and 58 percent respectively – when

compared to the previous month. This represented a decrease of approximately 3.5 million in volume and \$59.6 million in dollar value. The news is the same when viewed year-on-year. Volume traded decreased by 42 percent in March 2011 when compared to March 2010, while total value traded decreased by a considerable 64 percent.

Table 1: Monthly and yearly comparison of trading volumes and values: March 2011.

Volume/Value	February 2011	March 2011	March 2010	Month to Month Change	Year-on-year Change
Volume of Trading	6,856,628	3,309,206	5,734,049	(3,547,422) (52%)	(2,424,843) (42%)
Value of Trading (\$)	102,133,635	42,502,199	119,718,152	(59,631,436) (58%)	(77,215,953) (64%)
Average Daily Volume	342,831	165,460	260,639	(177,371) (52%)	(95,178) (37%)
Average Daily Value (\$)	5,106,682	2,125,110	5,441,734	(2,981,472) (58%)	(3,316,624) (61%)

Bond Market Activity

Primary Bond Market

There was no activity on the primary bond market for the month of March 2011.

Secondary Bond Market

With trading taking place on only four (4) days over the month of March, and given the continued inactivity on the primary bond market, the secondary bond market has performed

poorly during the period under review. The volume of trading for the month of March totalled 7,110 down from the 10,709 recorded in February 2011. This represents a value of \$8,291,570.

Regional

Jamaica Stock Market

The performance of the Jamaican stock market in March 2011 was on par with the previous month (increase of 0.86 percent) as the JSE Market Index advanced by 0.85 percent. This brought the increase for the year to date to a modest 1.54 percent. Despite the overall sluggishness of the market in recent times this first quarter performance for the year 2011 was not significantly lower than that of the previous year when the market registered a first quarter increase of 3.22 percent in 2010. There was a surge in trading on the Jamaican Exchange during the month of March 2011: cumulative trading volumes increased by 144 percent while there was a 340 percent increase in trading values.

Figure 2:

Performance of the JSE Market Index – April 1st, 2010 to March 31st, 2011



Barbados Stock Market

The Barbados stock market experienced intermittent volatility during the month of March 2011 which culminated in an overall decline of 0.10 percent for the month. The market began on a positive note as the Barbados Stock Exchange (BSE) Composite Index climbed by 0.23 percent in the first week of trading and declined thereafter by 0.34 percent reversing the earlier gains. Trading on the Exchange resulted in 1,389,371 shares changing hands for a cumulative value of Bds24,344,020 (TT\$73,032,060).

There was a notable decline in trading during the month of March 2011 as compared to the previous month: trading volumes fell by 47 percent and trading values declined by 50 percent. The relatively sparse trading in March 2011 could be attributed to the decline in trading, as compared to the previous month, related to the acquisition of Light and Power Holdings Limited by Emera (Barbados) Holdings No.2. This transaction dominated trading in February. It can therefore be inferred that Emera (Barbados) Holdings No. 2 had already acquired a significant portion of the shareholding of Light and Power Holdings at the time of this report. It is worthwhile to note how a single trade can affect the entire market.

Figure 3

Performance of the BSE Composite Index – April 1st 2010 – March 31st 2011



International Developments

International markets were negatively impacted by the earthquake and subsequent tsunami and nuclear crisis that struck Japan on March 11th. World Indices fell sharply soon after this crisis hit. However, some, including the Dow Jones Industrial Average (DJIA), Brazil's IBOVESPA, China's Composite Index and India's Sensex, were able to rally and register positive performances for the month. Others, not least of which was Japan's Nikkei, which registered the worst performance among the selected Indices, were not as fortunate. The Nikkei fell by 9.29 percent, while Germany's DAX fell 2.52 percent and London's FTSE fell by a moderate 0.45 percent.

Table 2: Performance of Major Market Indices

Market Indices	Percentage Change March 2011	Percentage Change February 2011	Percentage Change Year-to- Date
Dow Jones Industrial Average (US)	2.17	2.81	5.56
Nikkei 225 (Japan)	(9.29)	3.77	(6.18)
FTSE 100 (London)	(0.45)	2.24	(1.75)
Dax (Germany)	(2.52)	2.75	0.74
Bovespa (Brazil)	3.54	1.21	(1.97)
SSE Composite Index (China)	0.31	4.09	2.65
BSE Sensex (India)	5.41	(2.75)	(5.43)

The disaster in Japan also had an impact on the prices of a wide range of commodities as there was speculation on its possible negative impact on trade in East Asia. The spot price for liquefied natural gas rose during the month however, as supplies were diverted to Japan which was in need given the shortfall in nuclear power.

Financial News

It has emerged that regulators in the US, the UK and Japan are investigating the possible manipulation of the London Interbank Offered Rate (LIBOR) during the financial crisis. This rate is supervised by the British Bankers' Association (BBA) and is used by banks when making loans to other banks. The rate is determined daily by the BBA on information gathered from banks. It is alleged that some banks gave incorrect information, causing the rate to differ to what it might have been.