



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Market Activity Report

May

2013

Inflation slows to 5.5 percent in April, Central Bank maintains Repo Rate at 2.75 percent, financial stocks slump in Jamaica while International markets speculate over US government stimulus.

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1 Economic Overview

According to the Central Bank of Trinidad and Tobago (“CBTT”) headline inflation fell to 5.50 percent in April 2013 from 6.90 percent in March 2013. “An increase in domestic supply of some food items may have dampened the impact on prices, as weather conditions were generally favourable”.¹ On a monthly basis, headline inflation rose by 1.50 percent in April 2013, following an increase of 0.20 percent in March 2013. Core inflation rose marginally to 2.40 percent (year-on-year) in April 2013 from 2.20 percent in March 2013.

Private Sector growth remained subdued this period. On a year-on-year basis, private sector grew by two (2.00) percent in March 2013, slightly lower than the 2.10 percent increase recorded in February 2013. Business lending contracted for the fourth consecutive month, falling by 2.40 percent (year-on-year) in March 2013 following a decline of 2.10 percent in February 2013. There was some slowing in real estate mortgage lending as the financial system continued to be highly liquid. Commercial Banks’ excess reserves at the CBTT averaged \$6.5 billion over the period May1-21, 2013 compared with \$5.3 billion in April 2013.

In response to a large build-up in liquidity levels, the CBTT facilitated the issue of a \$1.0 billion Central Government liquidity absorption bond on May 21, 2013. With proceeds of this bond being sterilised at the CBTT, commercial banks’ excess reserves fell to \$5.8 billion on May 21 from over \$7.0 billion earlier in the month. In addition, Central Bank sales of foreign currency to authorized dealers indirectly removed \$637.0 million from the system. Also in May the Bank rolled over \$1.0 billion fixed deposit held by commercial banks at the Central bank for one year. Nevertheless, with liquidity still at elevated levels, there was no activity on the inter-bank market and banks did not access the CBTT’s repo facility. CBTT stands ready to employ additional measures in the coming months to contain excessive build-ups in financial system liquidity.

Short term treasury bills remained depressed as a result of high liquidity. As at May 21, 2013, the 3-month Treasury bill discount rate stood at 0.15 percent, the same as in the previous month, while the 6-month Treasury bill discount rate fell to 0.18 percent in May 2013 from 0.36 percent in March 2013. To encourage credit demand banks lowered their lending rates in early 2013.

¹ Central Bank repo report May 2013

Commercial banks' weighted lending rate fell to 8.59 percent in March 2013 from 8.75 percent in December 2012.

The recent slowdown in headline inflation and the continued stability in core inflation suggest that general price pressures are contained, although food price pressures may increase in coming months with the advent of the rainy season and the flooding that affects farmlands as a result.

Economic Outlook

The Economic Commission for Latin America and the Caribbean (ECLAC) has identified T&T as one of three (3) countries in the English speaking Caribbean where unemployment increased in recent years, even as the region registered its lowest rate in recent decades. In a new report released jointly with the International Labour Organization, ECLAC noted there has been a rise in unemployment in T&T between 2011 and 2012. The two multilateral agencies are forecasting the average urban unemployment rate to stand between 6.40 percent and 6.20 percent this year - the lowest rate in recent decades.

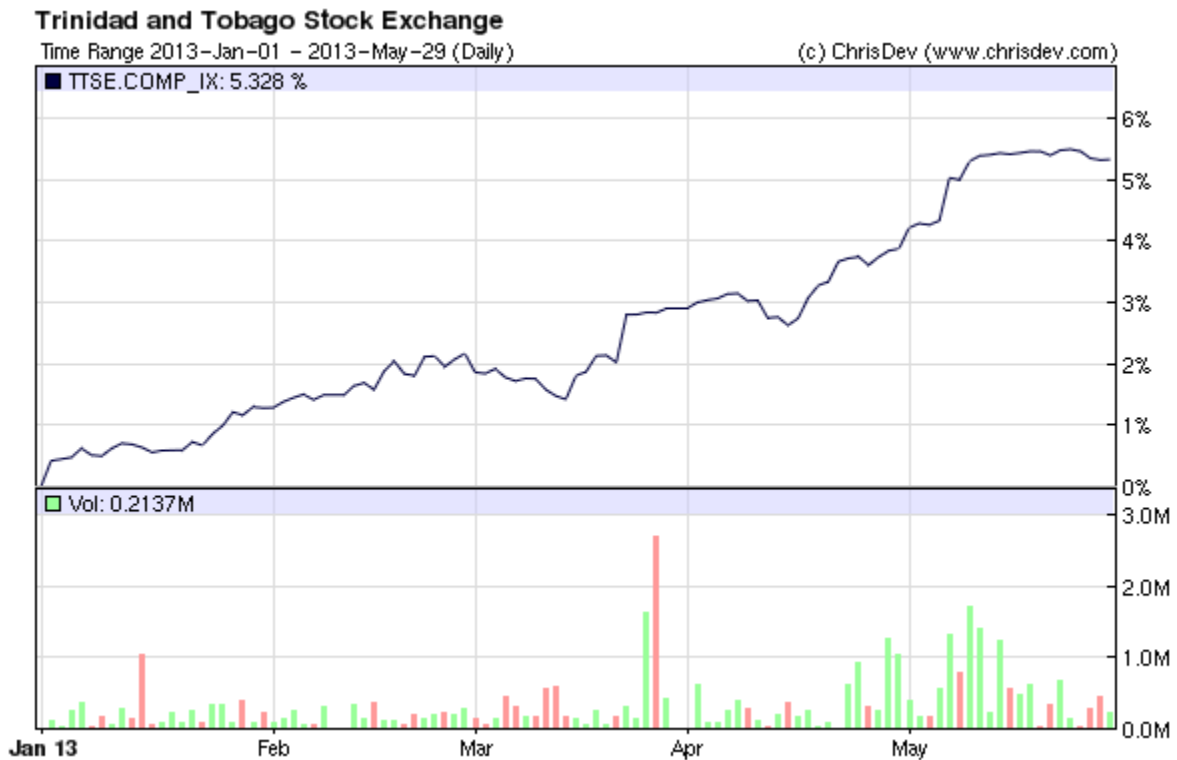
Trinidad and Tobago's economic growth is still not as strong as expected, underlined by the further contraction of business credit. Finance and Economy Minister Larry Howai says the pick-up in construction activity over the past few months is a sign of returning confidence in the economy. In his second-quarter report on the national budget, Howai opines the economy is expanding and said the investments being undertaken by the private sector were also good signs of the return to confidence and growth in the economy. He observed while the continuity of growth was encouraging, there was a need to monitor and manage expenses.

2 Stock Market Performance

The TTSE Composite Index increased by 1.40 percent in May 2013 to close at 1121.72. The previous month of April 2013, the market was up 0.94 percent. The Index of cross-listed companies posted a marginal increase of 1.34 percent in May 2013, an improvement from April 2013, when this index was down 0.39 percent.

The All T&T index advanced by 1.42 percent a slight gain from the previous month when it was up 1.39 percent. For the year to date, stock market prices rose by 5.32 percent.

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



Market activity in May 2013 resulted in trading in twenty-eight (28) stocks. Of the twenty-eight, sixteen (16) advanced, ten (10) declined and two (2) traded firm. The advances for the month of May 2013, which were led by GraceKennedy Limited, ranged from 4.35 percent to 18.38 percent. Advances for the previous month of April 2013 ranged from 4.71 percent to 23.33 percent and were led by Neal and Massy Holdings Limited. The top five (5) performers are listed in **Table 1** below.

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

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1.	GraceKennedy Limited	3.80	0.59	18.38
2.	The West Indian Tobacco Company Limited	110.06	12.99	13.38
3.	Jamaica Money Market Brokers Limited	0.51	0.06	13.33
4.	Scotia Investments Jamaica Limited	1.70	0.15	9.68
5.	National Commercial Bank Jamaica Limited	1.20	0.05	4.35

The declines for the top five (5) worst performing stocks over the month of May 2013 ranged from 5.00 percent for Trinidad Cement Limited to 10.81 percent for National Flour Mills Limited. The range of decline for the previous month ranged from 4.35 percent for Mora Ven Holdings Limited to 25.37 percent for Trinidad Cement Limited. Noteworthy was that for the previous month National Flour Mills Limited was the best performing stock with an advance of 23.33 percent (**Table 2 below**).

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

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1.	National Flour Mills Limited	0.66	(0.08)	(10.81)
2.	Sagicor Financial Corporation	6.31	(0.55)	(8.02)
3.	Guardian Holdings Limited	17.00	(1.00)	(5.56)
4.	Angostura Holdings Limited	9.00	(0.50)	(5.26)
5.	Trinidad Cement Limited	0.95	(0.05)	(5.00)

3 Trading Activity

For the month of May 2013 the volume of stocks traded was 11,740,339, a noteworthy increase from 7,370,401 in April 2013 by 59.00 percent. The value of shares traded was TT\$102,453,201.35, an increase of 74.00 percent from the month of April 2013. In the month of May 2013, four (4) shares contributed 64.00 percent of the aggregate value of shares traded on the TTSE. Trading in Ansa McCal Limited (“ANSA”) accounted for 28.00 percent of cumulated trading values with a value of TT\$28,180,016. Angostura Limited (“AL”), Neal and Massy Holdings Limited and Guardian Holdings Limited (“GHL”) recorded trading values of TT\$13,810,741, TT\$12,490,472 and TT\$11,679,332 respectively. Trinidad Cement Limited share was the most widely traded security on the TTSE with a traded volume of 5,972,361 followed by AL with 1,531,569 shares traded during the month (See Table 3).

Table 3: Monthly and Yearly Comparison of Trading Values and Volume: April 2013- May 2013

Volume/ Value	April 13	May 13	May 12	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	7,370,401	11,740,339	3,865,981	4,369,938	59	7,874,357	204
Value of Trading (\$)	58,848,457	102,453,201	59,472,260	43,604,744	74	42,980,941	72
Average Daily Volume	350,971	559,064	175,726	208,093	59	383,338	218
Average Daily Value (\$)	2,802,307	4,878,724	2,703,285	2,076,417	74	2,175,439	80

4 Bond Market Activity

4.1 Primary Bond Market

The CBTT facilitated the issue of a \$1 billion Central Government liquidity absorption bond on May 21, 2013. With proceeds of this bond being sterilised at the CBTT, commercial banks' excess reserves fell to \$5.8 billion on May 21 from over \$7 billion earlier in the month.

4.2 Secondary GORTT Bond Market

The secondary bond market experienced increased activity for the month of May 2013. Three (3) trades took place this period, but had a mere face value of TT\$200,000.00 and a trade value of TT\$233,956.30. There was one (1) trade in the secondary market for the previous month. Compared to the same period of May 2012, there were seventeen (17) trades with a face value of TT\$284,000,000 and a trade value of TT\$358,436,120.00. Total trades for 2013 were fifty-five (55).

5 Market Developments

First Citizens' to go public

An initial public offering (IPO) of First Citizens shares on the Trinidad and Tobago Stock Market is expected to take place in late June, timed to coincide with the bank's 20th anniversary. The much-anticipated announcement was made by Chief Executive Officer of First Citizens Group (FCG), Larry Nath, during a CLICO Investment Fund IPO Stakeholder Recognition Ceremony.

Twenty (20.00) percent of the Group's share holdings or 48 million share units would be listed on the TTSE. The Fund is expected to be worth (about) \$1 billion to \$1.2 billion. Based on the six months results to March 31, 2013, the Group's assets have grown to \$36 billion. It is also noteworthy that the Group's capital base has now crossed the \$6 billion mark and the qualifying capital to risk adjusted assets ratio remains best of class at 58 percent.

The Government has decided that institutional investors and corporate T&T would receive a significant majority of the shares to be sold in the IPO, which will be allotted as follows:

- Registered mutual funds including the Unit Trust Corporation, 25 per cent
- Pension and other trust funds, credit unions and co-ops, 25 per cent;
- The National Insurance Board, ten per cent;
- Companies registered in T&T, ten per cent;
- Individual investors who are nationals of T&T, 15 per cent;
- Employees of the group, 15 per cent.

While most interest groups are in support of the IPO, they are in opposition to the allocation of the shares which favour corporate investors over the general public.

Financial stocks in a slump (Jamaica)

Financial stocks fizzled in the March quarter, and the Bank of Jamaica (BOJ) is blaming it on the weak economy and currency fluctuations. The top declining stocks during the period were all

financial corporations hurt by the wider economy, the central bank said. However, real sector stocks proved to be sturdier.

Sagikor Investments declined 33.70 per cent, followed by Scotia Group down 27.70 per cent, National Commercial Bank down 27.00 per cent, Jamaica Money Market Brokers down 24.50 per cent, and Mayberry 20.00 percent.

IMF pleased with Jamaica's progress

SENIOR INTERNATIONAL Monetary Fund (IMF) mission representative to Jamaica, Jan Kees Martijn, said the Fund is "encouraged by the steady progress being made" by the country under the extended fund facility (EFF). "We have found a strong resolve to implement the programme and that is indeed critical because we all realise that there are serious challenges to be overcome," Martijn said following a routine visit to the island by staff of the IMF.

The IMF on May 1 approved Jamaica's application for a four-year EFF in the amount of approximately US\$958 million. The World Bank and the IDB will each lend US\$510 million to Jamaica under the programme. In addition, both institutions will be providing technical support.

Under the EFF, Jamaica has committed to lowering its debt-to-gross domestic product ratio to about 96.00 per cent by 2020. Martijn yesterday said fiscal discipline is critical if the country is to reduce the debt burden. He said the programme is not easy but realistic. The IMF mission chief told journalists that the Fund stands ready to strengthen and refine the programme over time.

JMMB - Acquisition of IBL Group Limited

Jamaica Money Market Brokers Limited has informed the Stock Exchange that since 2004 it has owned 50.00 percent of the shareholdings in the Intercommercial Banking Group (IBL Group) based in Trinidad & Tobago, which comprises Intercommercial Bank Ltd and Intercommercial Trust and Merchant Bank Ltd. In accordance with JMMB's business line and regional diversification strategy, the Company is in the process of negotiating to acquire the remaining 50.00 percent shareholdings of the IBL Group and hopes to sign a Shareholder's Purchase

Agreement soon. The acquisition is, however, subject to the receipt of regulatory approval from the required regulators.

Ansa Merchant Bank Limited - Acquisition of Finance Company in Barbados

Ansa Merchant Bank Limited (AMBL) has informed the Stock Exchange that its offer to acquire 100.00 percent of the Ordinary Shares of Consolidated Finance Company Limited (“CFC”) was accepted by Ansa McAL Limited, the 100.00 percent indirect Shareholder of CFC, on May 8, 2013.

IMF predicts economic growth for the Caribbean

The International Monetary Fund (IMF) said Caribbean countries will experience economic growth of just over 1 per cent this year, even as Latin America and the Caribbean will record 0.50 per cent economic growth in 2013. The IMF said that the growth will be supported by stronger external demand, favourable financing conditions and the effects of earlier policy easing in some countries.

In its Regional Economic Outlook for the Western Hemisphere, the IMF said Latin American and Caribbean countries would experience growth from 3.00 per cent in 2012 to 3.50 per cent this year. The Washington-based financial institution said however, that in much of the Caribbean, high debt and weak competitiveness will continue to constrain growth and that these economies are projected to grow by about 1.25 per cent in 2013, from 0.50 per cent per cent in 2012, as external demand strengthens gradually. The key challenge for these countries remain broadly unchanged - reducing high public debt, containing external imbalances and reducing financial-sector vulnerabilities, the IMF said.

Jamaica Stock Exchange (JSE) to List its Ordinary Shares

The Shareholders of the Jamaica Stock Exchange Limited (“JSE” or “the Company”) have given their approval to list the ordinary shares of the Company on the local equity market via an Initial Public Offering (“IPO” or “the Offer”). The Company will offer by way of Subscription 28,050,000 new ordinary shares equal to 20.00 percent of its ordinary shares to the public. Upon completion of the sale, the Company will apply for its shares to be listed on the JSE. The

Company expects to make the Offer to the Public in the 2nd quarter 2013. An additional 10,200,000 existing ordinary shares will also be available for sale to investors, bringing the total ordinary shares available to 38,250,000 units. According to the Chairman of the JSE, Mr. Donovan H. Perkins, “The Board of the Exchange has approved the listing of its shares to allow the public to participate in the success of the JSE. We think it appropriate that the very entity that is supporting and seeking to expand the capital markets, should also participate in these markets.”

Bourse Securities Limited announces Bourse Brazil Latin Fund

Bourse Securities Limited announced the opening of the Bourse Brazil Latin Fund on May 3rd, 2013. This fund is a closed- ended fund registered with the Commission and will subsequently be listed for trading on the TTSE. The fund aims to provide exposure to the rapidly developing Latin American region with a concentration upon the Brazilian Economy. Eighty percent of the portfolio will be focused on Brazil and twenty percent upon other Latin American markets. The fund is expected to be well subscribed given the high liquidity in Trinidad and Tobago’s financial markets and the growth prospects that it offers. The minimum investment in the fund is US\$2,000 with incremental investments of US\$200. The price of a unit will be US\$10.00 during the initial offer period which commences on May 3rd, 2013 and closes on May 17th, 2013. This period may be extended for another week.

6 Regional Developments

6.1 Jamaica Stock Market

The Jamaica stock market improved in its performance as compared to the previous month of April 2013, when the market was up by 1.82 percent to close at 83,476.38, as it was up by 4.68 percent to close at 87,577.92 in the month of May 2013. The advance/decline ratio of listed companies on the JSE showed that out of thirty (30) stocks traded, there were twenty one (21) advances in stock prices, six (6) declines, with three (3) stocks trading firm. For the month May 2013 the volume of shares traded was 69,047,682 valued at J\$656,127,667.51.

For the period, January 2013 to May 2013, stock prices fell 5.21 percent (See Figure 2 below)

Figure 2: JSE Market Performance of the JSE Market Index: January 2013- May 2013



The JSE was led by Ciboney Group, advancing by 50.00 per cent in the month of May 2013. The top performer for the month of April 2013 was Jamaica Money Market Brokers which advanced 29.03 per cent for that period (See **Table 4**).

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

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Ciboney Group	0.03	0.01	50%
2.	Kingston Wharves	7.76	1.80	30.20%
3.	Berger Paints (Jamaica)	2.38	0.43	22.05%
4.	Desnoes & Geddes	4.90	0.85	20.99%
5.	Mayberry Investments Limited	2.36	0.35	17.41%

Leading the worst performers on the JSE was the LIME which declined by 11.11 per cent in the month of May 2013. In April, the worst performer was Ciboney Group which declined by 33.33 per cent (See **Table**).

Table 5: Worst Four* (4) performing stocks in the JSE - May 2013

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Lime	0.16	(0.02)	(11.11%)
2.	Radio Jamaica	1.23	(0.12)	(8.89%)
3.	Hardware and Lumber	3.95	(0.15)	(3.66%)
4.	Seprod Limited	14.50	(0.06)	(0.41%)

**Only four stocks declined on the JSE for the month of May 2013.*

6.2 Barbados Stock Market

The Barbados stock market composite index remained unchanged at 738.87 points as at the end of May 2013. For the period, January 2013 to May 2013, stock prices increased by 1.21percent during the period. (See Figure 3 below)

Figure 3: Performance of the BSE Composite Index: January 2013- May 2013



The Barbados Stock Exchange had little activity for the month ended 31st May 2013. On the regular market, for the week to May 31st 2013, a total volume of 1,262 shares traded firm. **Table 6** shows the top three (3) shares that were traded for the period.

Table 6: Trading on the BSE Regular Market - Week ended 31 March 2013

	Security	Volume	Closing Price
1.	Goddard Enterprises Limited	534	\$6.16
2.	Cave Sheppard And Company Limited	400	\$4.04
3.	Neal And Massy Holdings Limited	228	\$14.60

7 International Developments

Global economic growth is projected to gain slow momentum for the rest of the year, a United Nations economic forecast said. The UN's Development Policy and Analysis Division released a mid-year update forecasting world gross product growth at 2.30 per cent in 2013, "a subdued pace" characterized by sub-par expansion and weak employment prospects. This is definitely felt across the globe as economies struggle to recover from financial crisis.

Stocks ended the month of May with significant losses, the Dow posting its worst one-day drop since mid-April. The benchmark Shanghai Composite was up almost 6.00 percent for the month, far outperforming Asia's major markets, including Japan's volatile Nikkei which was down 0.60 percent in May. These declines reflect investor concerns over speculation that the US Central Bank may taper its bond-buying program. Analysts however are of the opinion that the market may have has overplayed the short-term risk that the Fed will change its policy (Reuters).

Despite the negative performances for the month of May 2013, the major indices reported advances for the year to date. Japan's Nikkei 225 continued its upward trend being the top performer for May 2013 with a year to date advance of 28.88 percent. This indicates market confidence as Bank of Japan (BOJ) continues to implement its monetary policies.

The United States' Dow Jones advanced 2.82 percent, up from 1.83 percent in April 2013. At the end of May, the Dollar rallied against the Euro and the Yen amidst strong economic data which boosted investor expectations and sentiment. Investors however remain sensitive to the possibility that the Fed may scale back its stimulus.

London's FTSE 100 closed at a positive 2.04 percent in May 2013 up from a decline of 0.93 percent in April 2013 and had a positive year to date performance of 9.22 percent. The Dax (Germany) closed at a positive 5.50 percent in May 2013 up from the previous month's 1.52 percent increase. The Euro zone continues to struggle, also feeling the effects of investor sentiment as it relates to the possible tapering of the US stimulus with European stocks dropping for the second consecutive week to May 31st, 2013 (Market Watch).

China's SSE Composite Index increased by 5.82 percent, up from May 2013. Despite this increase year to date, it is worth noting that China's factory activity shrank for the first time in May as HSBC's flash Purchasing Manager's Index (PMI) fell to 49.60 slipping under the 50-point level. The final HSBC PMI stood at 50.4 in April.

India's BSE Index closed at a positive 0.12 percent from its previous month's 3.39 percent increase while Spain's Ibex 35 fell 1.02 percent in May 2013, a poor performance as compared to the previous month when the index advanced by 4.58 percent. The Spanish economy continues to slump as the Spanish government's austerity measures leaves the country in recession and many citizens out of work.

The worst performance in for this period was Brazil's IBovespa which closed at a negative 3.28 percent and a negative year to date performance of 14.46 percent. The IBovespa has fallen for a fifth straight monthly drop, the worst losing streak since September 2011. The gauge has declined 10 percent this year, underperforming emerging markets including China, Russia and India, amid concern quickening inflation will curb the nation's economic recovery. (Bloomberg) (See Table 7).

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change April 2013	% Change May 2013	% Change for the Year-to-date
Nikkei 225 (Japan)	14.22	(0.18)	28.88
Dow Jones Industrial Average (US)	1.83	2.82	12.70
FTSE 100 (UK)	(0.93)	2.04	9.22
Dax (Germany)	1.52	5.50	7.33
SSE Composite Index (China)	(2.53)	5.82	1.39
BSE Sensex (India)	3.39	0.12	0.23
Ibex 35 (Spain)	4.58	(1.02)	(1.50)
IBovespa (Brazil)	0.01	(3.28)	(14.46)