



## **TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION**

### **MARKET ACTIVITY REPORT**

**May - June 2012**

#### **Economic Overview**

In its Financial Stability Report of June 2012, the Central Bank of Trinidad and Tobago (CBTT) indicated that the economic environment in the early part of 2012 remained sluggish, as it was for 2011. For the year 2011, GDP fell 1.4 percent, a result of both a lowering of output in the energy sector and the negative impact of a three-month industrial action at Trinidad Cement Limited on the manufacturing and construction industries.

Food price inflation increased by 28.3 percent in May 2012 and 26.1 percent in April 2012, respectively, which served to push headline inflation to 12.6 percent in the month of May, up from the 11.8 percent recorded in April. Except for a slight dip in March to 9.1 percent from the 9.2 percent measured in February, the rate of inflation has shown a consistent increase for the first six months of the year. Core inflation, however, measured 2.2 percent in May 2012, a rate which remained unchanged from the previous month.

According to the CBTT, growth of private sector credit has slowed, increasing by 1.3 percent in April 2012, down from 3.1 percent in March. Business credit showed signs of continued expansion, though at a slower rate – 4.5 percent in April as opposed to 4.8 percent in March – whereas consumer credit has declined by 0.5 percent in April, after increasing by 2.2 percent in March.

Despite the slowing of the growth of private sector credit, excess liquidity in the system has contracted in June 2012, the third consecutive month of contraction. The daily average of commercial banks' excess reserves at the CBTT fell to \$2.2 billion in June, down from \$2.5

billion in May and \$3.4 billion in April. The CBTT maintained the 'repo' rate at 3.00 percent for both May and June 2012.

### Stock Market Performance

The stock market, as measured by the TTSE Composite Index, increased by a mere 0.94 percent for the first half of the year, ending the period at 1022.43 (See Figure 1). This compares unfavourably with the performance for the same period in 2011, when the index increased 13.70 percent. For the two-month period May to June 2012, the index increased 1.44 percent. Most of this increase was experienced in the month of May, with an increase of 1.10 percent being registered in that month.

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



The relatively poor performance of the Composite Index can be attributed to the performance of the cross listed companies. As in previous months, the cross-listed companies, as measured by the Cross Listed Index, performed worse than did their domestic counterparts. In May 2012, the Cross Listed Index declined by 0.95 percent, and by a further 1.81 percent in June. In contrast,

the All T&T Index increased 1.92 percent in May and 1.16 percent in June. For the year to June, the Cross Listed Index declined 8.31 percent, whereas the All T&T Index increased 4.95 percent. Concomitant with this, the top performing stock for the month of May was Guardian Holdings Limited, which registered a 19.51 percent increase in its stock price. One Caribbean Media Limited followed, with an increase of 10.29 percent. Third was Grace Kennedy Limited, which increased 8.94 percent, and Capital and Credit Financial Group Limited was fourth with a 6.67 percent increase. Scotiabank Trinidad & Tobago Limited rounded off the top five (5), registering an increase of 4.09 percent in its stock price for the month of May (See Table 1).

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

	<b>Security</b>	<b>Closing Price</b> (\$)	<b>Monthly Change</b> (\$)	<b>Monthly Change</b> (%)
1	Guardian Holdings Limited	16.91	2.76	19.51
2.	One Caribbean Media Limited	13.40	1.25	10.29
3.	Grace Kennedy Limited	4.75	0.39	8.94
4.	Capital and Credit Financial Group Limited	0.32	0.02	6.67
5.	Scotiabank Trinidad & Tobago Limited	57.50	2.26	4.09

The cross-listed company Scotia Investments Jamaica Limited, which saw its stock price decline by 6.67 percent, led the top five (5) worst performers for May. With a stock price decrease of 6.25 percent, Jamaica Money Market Brokers Limited was the second worst performer for the month, followed by National Commercial Bank Jamaica Limited, which decreased 5.64 percent. Fourth was National Enterprises Limited, decreasing 4.53 percent and Trinidad Cement Limited

was fifth, decreasing 3.03 percent (See Table 2). For the month, thirteen (13) stocks advanced, seven (7) declined and five (5) traded firm.

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

	<b>Security</b>	<b>Closing Price</b> <b>(\$)</b>	<b>Monthly Change (\$)</b>	<b>Monthly Change (%)</b>
1	Scotia Investments Jamaica Limited	2.24	(0.16)	(6.67)
2.	Jamaica Money Market Brokers Limited	0.75	(0.05)	(6.25)
3.	National Commercial Bank Jamaica Limited	1.84	(0.11)	(5.64)
4.	National Enterprises Limited	13.50	(0.64)	(4.53)
5.	Trinidad Cement Limited	1.60	(0.05)	(3.03)

Contrary to the performance of the Cross Listed Index in June, the top performer for that month was Jamaica Money Market Brokers Limited, which experienced a 9.33 percent increase in its stock price during that month. Unilever Caribbean Limited increased 8.02 percent, earning it second place in the top five. The final three were Scotiabank Trinidad & Tobago Limited (6.10% increase), Grace Kennedy Limited (3.79%) and Agostini's Limited (3.23%) (See Table 3).

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

	<b>Security</b>	<b>Closing Price</b> <b>(\$)</b>	<b>Monthly Change (\$)</b>	<b>Monthly Change (%)</b>
1	Jamaica Money Market Brokers	0.82	0.07	9.33
2.	Unilever Caribbean Limited	38.25	2.84	8.02
3.	Scotiabank Trinidad & Tobago Limited	61.01	3.51	6.10
4.	Grace Kennedy Limited	4.93	0.18	3.79
5.	Agostini's Limited	14.71	0.46	3.23

The worst five performing stocks for June 2012 were National Commercial Bank Jamaica Limited, Scotia Investments Jamaica Limited, Trinidad Cement Limited, National Enterprises Limited and Caribbean Property Fund, which decreased by 13.04 percent, 6.25 percent, 6.25 percent, 4.81 percent and 2.15 percent, respectively (See Table 4). A total of fifteen (15) stocks registered increases for the month, with eight (8) declining and six (6) trading firm.

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

	<b>Security</b>	<b>Closing Price</b> <b>(\$)</b>	<b>Monthly</b> <b>Change (\$)</b>	<b>Monthly Change</b> <b>(%)</b>
1	National Commercial Bank Jamaica Limited	1.60	(0.24)	(13.04)
2.	Scotia Investments Jamaica Limited	2.10	(0.14)	(6.25)
3.	Trinidad Cement Limited	1.50	(0.10)	(6.25)
4.	National Enterprises Limited	12.85	(0.65)	(4.81)
5.	Caribbean Property Fund	5.00	(0.11)	(2.15)

For the year to June 2012, the top five (5) performers were predominantly locally listed companies, with the one exception being One Caribbean Media Limited, which was second highest performer for the period. This company registered a stock price increase of 19.57 percent for the period. Scotiabank Trinidad and Tobago Limited experienced a stock price increase of 21.22 percent and was the top performer for the period. Third was Unilever Caribbean Limited, which increased 17.58 percent, followed by Guardian Holdings Limited, which increased 17.03 percent. Prestige Holdings Limited was fifth, with a stock price increase of 15.00 percent for the six-month period (See Table 5).

**Table 5: Top five (5) performing stocks for January to June 2012**

	<b>Security</b>	<b>Closing Price</b> <b>(\$)</b>	<b>Six-Month Change</b> <b>(\$)</b>	<b>Six-Month Change</b> <b>(%)</b>
1	Scotiabank Trinidad & Tobago Limited	61.01	10.68	21.22
2.	One Caribbean Media Limited	13.75	2.25	19.57
3.	Unilever Caribbean Limited	38.25	5.72	17.58
4.	Guardian Holdings Limited	16.97	2.47	17.03
5.	Prestige Holdings Limited	8.05	1.05	15.00

National Commercial Bank Jamaica Limited led the worst performers for the January to June 2012 period, decreasing 25.93 percent over the period. The others in the top five were Supreme Ventures Limited, which decreased 22.22 percent, Trinidad Cement Limited (16.20%), Williams LJ \$0.10 A (15.00%) and Williams LJ B (14.89%) (See Table 6).

**Table 6: Worst five (5) performing stocks for January to June 2012**

	<b>Security</b>	<b>Closing Price</b> <b>(\$)</b>	<b>Six-Month Change (\$)</b>	<b>Six-Month Change (%)</b>
1	National Commercial Bank Jamaica Limited	1.60	(0.56)	(25.93)
2.	Supreme Ventures Limited	0.14	(0.04)	(22.22)
3.	Trinidad Cement Limited	1.50	(0.29)	(16.20)
4.	Williams LJ \$0.10 A	0.34	(0.06)	(15.00)
5.	Williams LJ B	0.80	(0.14)	(14.89)

### Trading Activity

Trading activity, both in terms of volume and value, decreased in the month of May 2012, when compared to April. The total volume traded decreased 20 percent, registering 3,865,981 in May, down from the 4,858,171 recorded the previous month. Trades in May were valued at

\$59,472,260, a 5 percent decline in value from April 2012. Year on year, the volume of trading declined 76 percent, with total volume recorded in May 2011 being 16,320,603. This represented a value of \$46,211,254, a 29 percent increase over the value of trades recorded in May 2012 (**See Table 7**). Investors may be willing to buy but shareholders are not selling.

**Table 7: Monthly and Yearly Comparison of Trading Values and Volume: May 2012**

Volume/ Value	April-12	May-12	May-11	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	4,858,171	3,865,981	16,320,603	(992,190)	(20)	(12,454,622)	(76)
Value of Trading (\$)	62,809,819	59,472,260	46,211,254	(3,337,559)	(5)	13,261,005	29
Average Daily Volume	255,693	175,726	777,172	(79,967)	(31)	(601,445)	(77)
Average Daily Value (\$)	3,305,780	2,703,285	2,200,536	(602,495)	(18)	502,749	23

While the volume of trades increased for June, when compared to May, the value decreased. Volume traded increased 14 percent, with 4,411,947 recorded. However, the value of these trades was 27 percent less than that traded in May. When compared to June 2011, there were decreases in both volume and value. The volume of trades decreased 36 percent from June 2011, when total volume recorded stood at 6,916,824. The value of these trades was \$55,147,282, and represents a 22 percent higher volume than that traded in June 2012 (**See Table 8**).

**Table 8: Monthly and Yearly Comparison of Trading Values and Volume: June 2012**

Volume/ Value	May-12	June-12	June-11	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	3,865,981	4,411,947	6,916,824	545,966	14	(2,504,877)	(36)
Value of Trading (\$)	59,472,260	43,198,107	55,147,282	(16,274,153)	(27)	(11,949,175)	(22)
Average Daily Volume	175,726	232,208	345,841	56,482	32	(113,633)	(33)
Average Daily Value (\$)	2,703,285	2,273,565	2,757,364	(429,720)	(16)	(483,799)	(18)

**Bond Market Activity****Primary Bond Market**

There were no new issues on the primary bond market over the period May to June 2012.

**Secondary GORTT Bond Market**

Over the May-June 2012 period, there were thirty-five (35) trades taking place on the secondary market for government bonds. This represented a face value of \$535 million and traded for \$686.7 million. The total number of trades were approximately evenly distributed between both months, with seventeen (17) taking place in May and eighteen (18) in June. The face value of May's trades was \$284 million, with a trade value of \$358.4 million. In June, the eighteen (18) trades had a face value of approximately \$251 million and traded for approximately \$328.3 million.

For the first six months of 2012, the total trades on the bond market was fifty-two (52), with a face value of \$736.8 million and a trade value of \$904.3 million.

## **Market Developments: May to June 2012**

### **May**

On May 24<sup>th</sup>, Jamaica Money Market Brokers Limited (JMMB) made an offer to acquire all of the shares of Capital & Credit Financial Group Limited (CCFG).

On May 28<sup>th</sup>, 2012, 73,162,418 shares of Barbados Shipping & Trading Limited were de-listed from the Stock Exchange, whereas Neal & Massy Holdings Limited listed 8,214 ordinary shares on the Exchange effective May 18<sup>th</sup>. This served to increase that company's issued share capital to 99,376,401 ordinary shares.

The Trinidad and Tobago Stock Exchange reported that there were several small and medium-sized enterprises (SMEs) that were seeking to be listed on the Exchange.

### **June**

Neal & Massy Holdings Limited listed 22,460 ordinary shares on the stock exchange with effect from June 1st, increasing its issued share capital to 99,398,861.

On June 20th, trading in Supreme Ventures Limited was suspended. This was pursuant to de-listing of this share, which application was made by the company's directors.

JMMB completed their acquisition of CCFG on June 29<sup>th</sup>. JMMB had gotten a 93.14 percent acceptance of their offer by existing shareholders of CCFG, which forced the remaining shareholders to sell. Trading in CCFG had been suspended effective June 11<sup>th</sup>, to allow for the transaction to be completed.

## **Regional Developments**

### **Jamaica Stock Market**

For the two-month period May to June 2012, the Jamaican stock market, as measured by the JSE Market Index, declined 4.47 percent, the worst performance among the three (3) regional markets. It should be noted that, for the period January to June 2011, the JSE Market Index

increased 3.61 percent. The stock market declined 3.37 percent in May and 1.12 percent in June. For the year to June, the Jamaican market registered an 8.30 percent decline (See Figure 2).

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



### Barbados Stock Market

The BSE Composite Index increased 0.69 percent during the period May to June 2012, outperforming its Jamaican counterpart and almost on par with the Trinidad stock market. The Index increased 0.10 percent in May and 0.59 percent in June. For the year to June 2012, the Index registered a 0.076 percent decrease, a poor performance, but better than that experienced by the Jamaican stock market (See Figure 3). When compared to the same period the previous year, these results look even more dismal, as the BSE Index increased 9.66 percent over that period in 2011.

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



Three (3) Barbadian government entities will be listed on the BSE in the coming months. These are Grantley Adams International Airport, the Barbados National Oil Company Limited and the Barbados Port Authority. There will be an initial public offering (IPO) of 30 percent of the shares of these companies.

### **International Developments**

The debt crisis in the Euro zone continued to take centre stage in May and June 2012, affecting international stock indices. Bond yields, which is the price at which the government borrows, in both Spain and Italy continued to increase. On June 12<sup>th</sup>, Spain's bond yield hit 7 percent, while Italy's stood at 5.3 percent. The period saw Spain's credit rating being cut by Moody's, from A3 to Baa3, which is just one rating above junk, but at the bottom of investors' rating. The Spanish government sought a bailout for its banks. Cyprus' credit rating was also cut by Moody's, from Ba1 to Ba3. This country announced that it would also be seeking a bailout.

On the positive side, Greece saw the installation of a pro-austerity government, a government willing to implement the austerity measures needed to secure a bailout. This served to allay some of the fears of Greece exiting the eurozone and the impact such a move may have.

Adding to the malaise in the Euro zone, and perhaps because of it, in May 2012 the US economy experienced a weak job market. The month saw 69,000 jobs added, which is the smallest number added since a year earlier, in May 2011, and much lower than forecasted. This had a negative impact on stock indices, with all the major indices suffering declines for May. The worst hit was Brazil's IBovespa, which declined 12.71 percent, followed by Japan's Nikkei, with a decline of 8.64 percent. London's FTSE came a close third with an 8.45 percent decline and the US' Dow Jones fell 6.67 percent. Germany's Dax experience a loss of 6.65 percent, India's Sensex declined by 6.26 percent and the best of the bad performances was experienced by China's SSE Composite, which declined by a more moderate 2.72 percent.

June's performances looked a lot different from a month earlier, with China's SSE Composite being the only index to register a negative performance for that month – a decline of 6.24 percent. India's Sensex was the leader for the month of June, registering an increase of 7.48 percent, followed by Japan's Nikkei at 6.71 percent. With an increase of 6.28 percent, the US' Dow Jones Industrial Average experienced the third best performance for the month, and Germany's Dax the fourth, with an increase of 6.05 percent. London's FTSE and Brazil's IBovespa followed, with performances of 5.91 percent and 1.78 percent, respectively (**See Table 9**).

**Table 9: Performance of Major International Stock Market Indices.**

<b>Market Indices</b>	<b>% Change May 2012</b>	<b>% Change June 2012</b>	<b>% Change for the Year-to-date</b>
BSE Sensex (India)	(6.67)	6.28	12.32
Dax (Germany)	(8.64)	6.71	5.61
Nikkei 225 (Japan)	(8.45)	5.91	5.22
Dow Jones Industrial Average (US)	(6.65)	6.05	3.89
SSE Composite Index ( China)	(12.71)	1.78	2.58
FTSE 100 (UK)	(2.72)	(6.24)	(2.26)
IBovespa (Brazil)	(6.26)	7.48	(6.01)

The debt crisis in the eurozone can potentially impact developing nations, leading to weak growth and economic volatility. This according to the World Bank, which forecasted growth in developing countries at 5.3 percent for 2012, a decline from the 6.1 percent of 2011. Already, China has shown signs of a slow down in growth in the second quarter of 2012, its slowest pace in three (3) years. Growth for the quarter measured 7.6 percent, down from the 8.1 percent measured in the first quarter. This slow down comes in the wake of reduced demand from its key markets of the US and Europe. With China's economy accounting for over one-fifths of the total economic output for the world, a slowdown in its economy can further hinder the global recovery.