



Trinidad and Tobago Securities and Exchange Commission

Market Activity Report- November 2010

Economic Outlook

Economic activity continues to stagnate, such that growth is projected to be nil for the year. Unemployment continues to increase.

On a more positive note, headline inflation continued its decline in October 2010, slowing to 12.5 percent, down from the 13.2 percent registered in September 2010. This may be attributed to the lack of consumer spending, due in part to high unemployment as well as the prevailing uncertainty with respect to the economic situation. This has led to a more cautious attitude towards spending, with consumers preferring to save – bank deposits are increasing at a fast rate.

This lack of spending has continued to curtail private sector credit, slowing even further economic activity. In an effort to encourage a more vibrant environment, the Central Bank continues to reduce the repo rate, with its most recent reduction of 25 basis points to 3.75 percent being announced in the latter of the month.

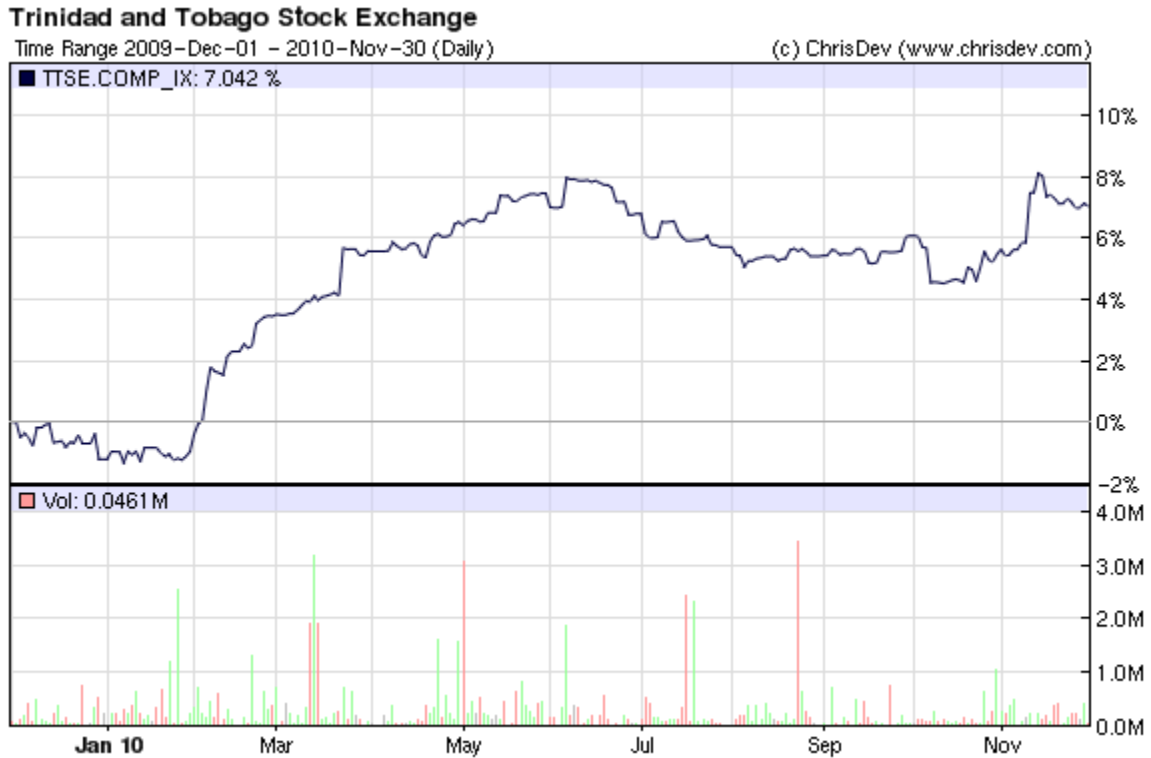
Market Performance

The stock market, as measured by the TTSE Composite Index, continues to show improvement, registering an increase of 1.50 percent for the month of November. Year-to-date, the Index increased 8.35 percent, which compares favourably to the same period the previous year when the Index fell 8.02 percent. The Index has yet to reach pre-crisis levels, however. For the twelve-month period December 2009 to November 2010, the Index registered a 7.02 percent increase.

There were ten (10) advances and ten (10) declines for the month, with Mora Ven Holdings Limited leading the advancers with an increase of 14.96 percent, followed by Scotia DBG Investment Limited with an 11.45 percent increase. Point Lisas Industrial Port Development Corporation suffered the greatest loss, declining 14.78 percent, with Jamaica Money Market Brokers coming in second, losing 13.79 percent off its price for the month.

Figure 1

TTSE Composite Index – December 1, 2009 to November 30, 2010



Performance of Cross Listed Companies

The cross listed companies out performed their local counterparts as indicated by their respective indices. The Cross Listed Index registered a 2.18 percent increase for the month of November, whereas the All T&T Index increased by a more moderate 1.17 percent. Both showed improvements when compared to the previous month, however, when declines were registered in both indices.

Scotia DBG led the advances among the cross-listeds, with an 11.45 percent increase in its share price over the month of November, followed by First Caribbean with a 5.93 percent increase.

Trading Activity

While there has been a 26.13 percent increase in trading volumes in November when compared to September, the value of stocks trading experienced a considerable drop, in the amount of 44.53 percent. This seeming anomaly may be attributed to the greater than normal trading values for Republic Bank shares that took place the previous month - \$41.6 million - increasing the overall value of hares traded in that month. The market for this share has 'regularised' in November, with a total value traded of \$9 million, bringing total share values down to 'normal' levels.

Trinidad Cement Limited led in terms of volume with 921,340 shares being traded followed by Neal & Massy Holdings LTD with 795,778 shares being traded.

Table 1: Monthly and yearly comparison of trading volumes and values: October 2010

	October 2010	November 2010	November 2009	Month to Month Change	Year-on- year Change
Volume of Trading	3,494,415	4,407,541	5,009,505	913,126 26.13%	(601,964) (12.01%)
Value of Trading (\$)	104,831,474	58,147,491	82,053,529	(46,683,982) (44.53%)	(23,906,038) (29.13%)
Average Daily Volume	166,401	209,883	238,548	43,482 26.13%	(28,665) (12.01%)
Average Daily Value (\$)	4,991,975	2,768,928	3,907,311	(2,223,047) (44.53%)	(1,138,383) (29.13%)

Bond Market Activity

Primary Bond Market

There were no bond issues in the primary bond market for the month of November 2010.

Secondary Bond Market

In a reversal of the decline experienced in October, November saw an increase in both the amount and value of bonds traded on the secondary bond market. There were eighteen (18) transactions on the bond market, up from eight (8) the previous month, for a volume of 75,827, and a value of \$81.3 million. Year-to-date, there were 119 transactions, representing a total value of \$ 1,837.7 million. This compares favourably to the similar period the previous year, which saw a total of 79 transactions taking place for a total value of \$709 million.

Market Developments

Republic Bank Limited

Republic Bank Limited (RBL) has discontinued its offer to purchase its remaining shares in Barbados National Bank. RBL had been desirous of acquiring the additional shares only because the Government has signalled an intention to sell. However, following discussions with the Government, a transaction price could not be agreed, leading to RBL's pulling out of the deal.

Republic Bank currently has controlling interest in BNB with 65.13 percent of the shares.

Guardian Holdings Limited

Guardian Holdings Limited (GHL) has plans to discontinue its Lloyds of London motor business which has been making a loss. GHL had expanded beyond the Caribbean, citing a maturing of the regional market. However, this has proven to be a loss-making venture and GHL is in the process of scaling back where necessary.

Regional

Jamaica Stock Market

The JSE Market Index posted a small gain of 1.19 percent in November 2010; this marked the first month-by-month increase in the broad market index since June 2010. Despite this overall improvement in the equity prices the level of trading activity on the Jamaican Stock Exchange (JSE) proved less encouraging. The volume traded for the month of November (60.9 million) was less than half the level recorded in October (133.33 million). There was also a comparable decline in the value of shares traded on the JSE: there was a 62.39 percent drop in monthly trading values from \$2.11 billion in October 2010 to \$795.45 million in November 2010. The comparatively low levels of trading volumes and values in the month of November suggest that investor sentiment is still low and therefore the slight improvement in stock prices may not as yet indicate a turnaround in the Jamaican stock market.

Figure 2:

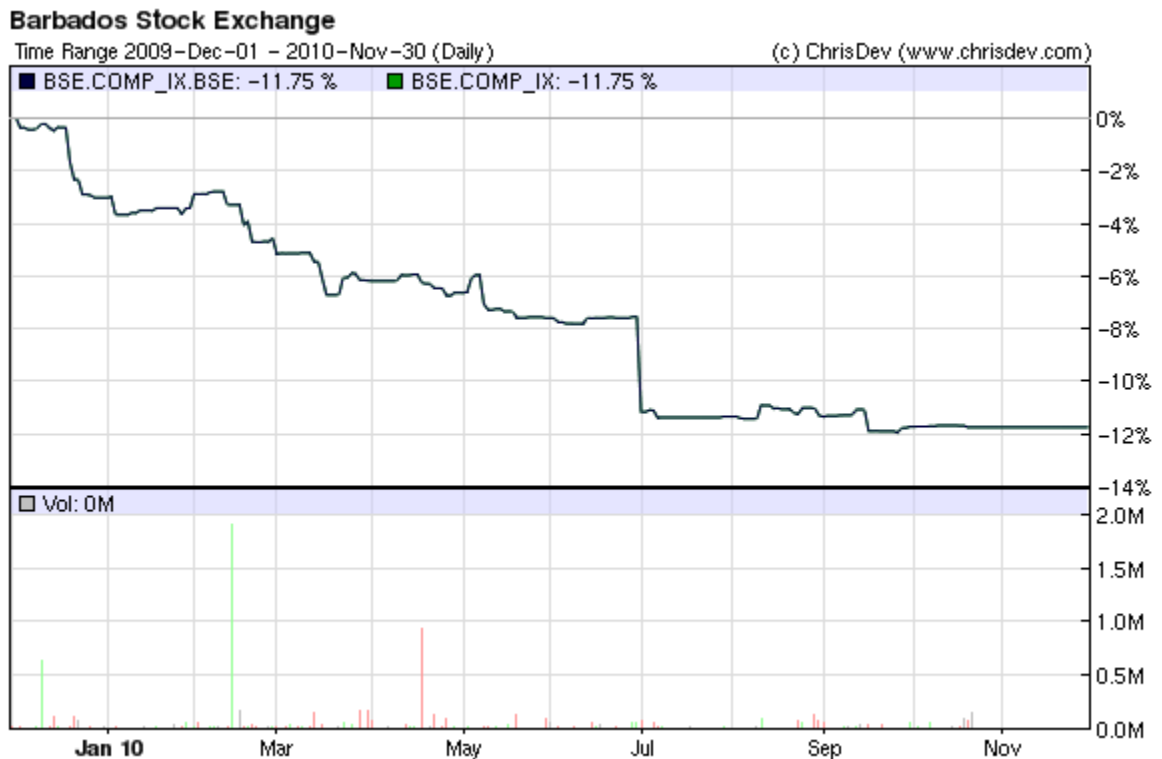
Performance of the JSE Market Index – December 1, 2009 to November 30, 2010



Barbados Stock Market

Unlike the Trinidad and Jamaican stock market indices, which both posted gains in November 2010, the Barbados Composite Index experienced a decline of 4.37 percent to close at 684.2 at the end of November 2010. In the twelve (12) months to November 2010, the Barbados Composite Index fell by 15.60 percent; this marked a slight improvement in performance from the comparable period a year earlier where the Barbados Composite Index declined by 17.43 percent. While the Trinidad and Jamaica equity markets have rebounded from the steep losses experienced at the height of the global financial crisis in the 2008/2009 period, the statistics show that the performance of the Barbados stock market has yet to show any signs of recovery.

Figure 3:
Performance of the BSE Composite Index – December 1, 2009 to November 31, 2010



International Developments

The major stock indices slid into negative territory in November 2010 as the Eurozone debt crisis, which first surfaced in April/May 2010 with the Greece bailout, was brought to the fore again with the joint European Union (EU)/International Monetary Fund (IMF) bailout package for Ireland. Concerns of contagion risks and further scepticism over the ability of the EU and the International IMF to support further bailouts within the Eurozone (Portugal and Spain) added to investor nervousness. Despite positive economic data (a sharp drop in U.S jobless claims) and an expected strong holiday season in the U.S, the Dow Jones fell in November by 2.66 percent as the Eurozone sovereign crisis dampened investor sentiment. See **Table 2**. During the month, the Asian markets, in particular, were rattled by rising tensions between North and South Korea and fears that the tensions could escalate into a ‘full-blown’ war between the two countries. The Asian equities indices: China’s Composite Index and India’s BSE Sensex were amongst the worst performers among both the developed and emerging market indices with both falling by 7.66 percent and 4.10 percent respectively in November 2010.

Table 2: Performance of Major Market Indices

Market Indices	Percentage Change November 2010	Percentage Change October 2010	Percentage Change Year to Date
Dow Jones Industrial Average (US)	(1.07)	2.66	5.54
Nikkei 225 (Japan)	8.55	(2.14)	(5.78)
FTSE 100 (London)	(2.92)	1.47	2.13
Dax (Germany)	1.27	6.42	12.27
Bovespa (Brazil)	(5.39)	0.63	(1.29)
SSE Composite Index (China)	(7.66)	12.17	(13.94)
BSE Sensex (India)	(4.10)	(2.02)	11.77