



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Market Activity Report

October

2013

IMF predicts lower than average growth for the Caribbean and modest growth for Trinidad and Tobago in 2013, the TTCD launches Eurobond repo service whilst international markets rebound on extension of the US debt ceiling and US government bond buyout program.

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1 Economic Overview

International Monetary Fund

The International Monetary Fund's (IMF) country report for Trinidad and Tobago in October 2013 indicated that Trinidad and Tobago is poised for a modest recovery in 2013 after disappointing growth in 2012. Real growth is expected at 1.50 percent. Unemployment is low at 5.00 per cent but underemployment remains significant (IMF Country Report, pg 3). The report supported the CBTT's accommodative monetary stance although indicating that despite this stance, public sector credit growth was modest.

The IMF suggested that fiscal policy should be developed and exercised in the context of Trinidad and Tobago's non-renewable resource endowment. *“The authorities should expeditiously turn toward the challenges of managing an economy that has benefited from a rich but non-renewable resource base. This will require putting fiscal policy in a long-term context, saving for future generations while improving equity by better targeting of current expenditures towards the most vulnerable segments of society”*. (IMF Country Report)

Trinidad and Tobago: Selected Economic Indicators

	2008	2009	2010	2011	Est. 2012	Proj. 2013
(Annual percentage changes, unless otherwise indicated)						
Output and prices						
Real GDP	3.4	-4.4	0.2	-2.6	0.2	1.6
Energy GDP	-0.3	-1.8	3.2	-3.9	-4.7	0.3
Unemployment rate (percent of labor force)	4.6	5.3	5.9	4.9
Consumer prices (end of period)	14.5	1.3	13.4	5.3	7.2	4.0
Real effective exchange rate (2000=100)	113.6	123.7	130.7	129.4	138.9	...
Money and credit 1/						
Net foreign assets	50.0	-4.3	-0.3	14.2	-3.0	-1.4
Net domestic assets	-35.6	32.4	0.0	-5.6	15.6	5.3
Private sector credit	12.6	-4.0	0.3	4.4	2.6	4.0
Broad money (M3)	14.4	28.1	-0.2	8.6	12.6	3.9

Source: IMF Country Report No. 13/306

Regional Economic Outlook

The IMF's regional economic outlook for Latin America and the Caribbean (LAC) indicated that growth in the region remained in low gear in the first half of 2013. *“This reflects a less supportive external environment and in some cases domestic supply-side constraints. The region's output is projected to expand by 2.75 percent in 2013 with domestic growth being the main driver.”* (IMF Country Report)

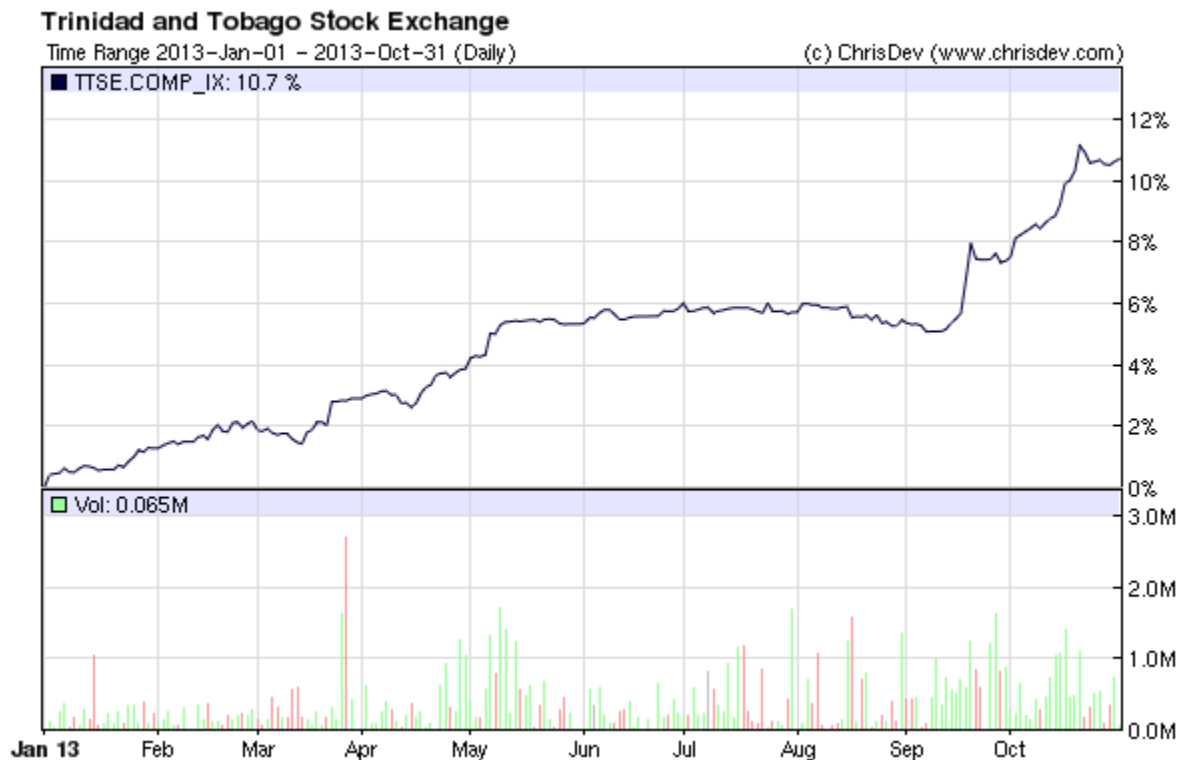
The IMF projects that the growth rate in the LAC would edge up to 3.00 per cent in 2014. This however would still be below the average growth rate of the last decade. It is projected that growth would remain at about 3.50 percent for Trinidad and Tobago, a commodity exporting country.

2 Stock Market Performance

The Composite Index continued on a positive note in October 2013 advancing by 35.35 points (3.09 percent) to close at 1,178.97. For the year to date, the Index has advanced by 10.70 percent. In September 2013, the Index advanced by 20.59 points (1.83 percent) to close at 1,143.62.

In October 2013, the All T&T index advanced by 62.63 points (3.30 percent) to close at 1,961.30 while the Cross-Listed Index rebounded from its 6.62 percent decline from last period, advancing by 1.08 points (2.12 percent) to close at 51.95 points. Despite the rebound, this index still continues to significantly lag the All T&T and the Composite Indices in terms of performance (See **Figure 1**). Local companies are performing better than their regional counterparts.

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



Market activity in October 2013 resulted in trading in twenty-six (26) stocks. Of these twenty-six (26) stocks, seventeen (17) advanced, four (4) declined and five (5) traded firm. The advances for the month of October 2013 were led by Angostura Holdings Limited and ranged from 33.63 percent to 10.47 percent. The advances in August 2013 ranged from 59.14 percent to 3.53 percent and were led by First Citizens Bank Limited. The top five (5) performers are listed in **Table 1** below.

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

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	Angostura Holdings Limited	13.43	3.38	33.63
2.	Gracekennedy Limited	4.12	0.80	24.10
3.	Jamaica Money Market Brokers Limited	0.62	0.12	24.00
4.	National Enterprises Limited	17.97	1.85	11.48
5.	National Flour Mills Limited	0.95	0.09	10.47

Only four (4) stocks declined in the month of October 2013. These declines were led by Scotia Investments Jamaica Limited and ranged from 2.01 percent to 0.02 percent. The declines for the previous month ranged from 24.83 percent to 1.27 percent and were led by Trinidad Cement Limited.

Table 2: Worst four (4) performing stocks for October 2013

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	Scotia Investments Jamaica Limited	1.95	(0.04)	(2.01)
2.	National Commercial Bank Jamaica Ltd.	1.12	(0.01)	(0.88)
3.	Sagicor Financial Corporation	7.25	(0.05)	(0.68)
4.	Ansa Mc Al Limited	66.29	(0.01)	(0.02)

3 Trading Activity

Market activity in the month of October 2013 resulted in the trading of 11,638,367 shares at a value of TT\$114,221,939. Trading volumes were down by 13.29 percent however trading value increased by 22.00 percent from the previous month. Jamaican Money Market Brokers Limited (JMMB) continued to be the volume leader for the third month in a row with 2,664,981 of its shares being traded at a value of TT\$1,728,246. Following JMMB was Point Lisas Industrial Port Development Corporation Limited (PLD) which had 2,364,180 of its shares being traded at a value of TT\$8,922,004. First Citizens Bank Limited (FIRST) continued to be the value leader this period as trading in the company's shares amounted to TT\$25,216,310. (See Table 3).

**Table 3: Monthly and Yearly Comparison of Trading Values and Volume:
September 2013 – October 2013**

Volume/ Value	September 2013	October 2013	October 2012	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	13,422,366	11,638,367	3,276,263	(1,783,999)	(13)	8,362,104	255
Value of Trading (\$)	93,873,220	114,221,939	69,100,454	20,348,719	22	45,121,485	65
Average Daily Volume	671,118	506,016	142,446	(165,102)	(25)	363,570	255
Average Daily Value (\$)	8,360,073	4,966,171	3,004,367	(3,393,902)	41	1,961,804	65

4 Bond Market Activity

4.1 Primary Bond Market

There was no activity in the primary bond market for the month of October 2013.

4.2 Secondary GORTT Bond Market

On the secondary GORTT bond market there were nineteen (19) trades this month, an increase of 55.00 percent at a value of TT\$169,185,726. In the same period last year, there were only six (6) trades at a value of TT\$20,828,371.

5 Market Developments

De-listings from the Trinidad and Tobago Stock Exchange (TTSE)

The Board of the TTSE approved the de-listing of BCB Holdings Limited (BCBTT) on July 11th 2013. Trading in BCBTT has been suspended with effect from Monday July 22nd 2013. BCB Holdings Limited is the parent company of a financial services provider based in Belize.

Fortress Caribbean Property Fund (CPF) was de-listed from the TTSE on October 28th 2013. This was done subsequent to the restructuring of CPF and was approved by its unit holders. CPF is based in Barbados.

Trinidad and Tobago Central Depository (TTCD)

The TTCD has indicated that it intends to implement a new service that would allow local investors that hold Eurobonds to pledge these bonds as collateral in repo transactions on the local market. The TTSE's chief executive Wain Iton indicated that the TTCD has successfully gotten an international depository, a Belgium-based Euroclear bank to house an account for the local depository. This will mean that securities held at any international broker or custodian would first have to be transferred to the TTCD account at Euroclear Bank before being transferred to a local individual TTCD account. This service should be on stream from the first week in January 2014. (Trinidad and Tobago Guardian, 2013).

Profit Announcements

Republic Bank Limited (RBL) has recorded a profit of \$1.17 billion for the year ended September 30th 2013. This represented an increase of 1.00 percent over the same period last year. Also publishing performance to September 30th 2013 was local oil company Mora Ven Holdings. For the nine (9) month period, the group had made a profit before tax of \$8.8 million. The group's total assets now stand at \$295,696,853. (Wise, 2013)

Regional Developments

5.1 Jamaica Stock Market

The Jamaican stock market continued to decline this month, closing at 81,832.16. The JSE Market Index declined by 2,668.04 points (3.26 percent). For the year to date, the JSE declined by 11.15 percent. See **Figure 2** below.

Out of thirty-three (33) stocks, three (3) advanced, twenty-five (25) declined and five (5) traded firm. **Tables 4** and **5** provide a breakdown of the top advances and declines for the period under review. Overall trading activity led to 150,416,801 shares being traded at a value of J\$1.74 billion. For the same period in 2012, 40,254,812 shares were traded at a value of J\$435.7 million.

**Figure 2: JSE Market Index:
January 2013 – October 2013**



All three (3) securities that advanced this period were issued by Jamaica Money Market Brokers and therefore the JMMB stock was the only stock that advanced in October 2013 (See Table 4).

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

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Jamaica Money Market Brokers	8.13	0.13	1.63

The declines amongst the top five (5) worst performing stocks on the JSE ranged from 23.08 percent (Mayberry Investments Limited) to 3.39 percent. In September 2013, the worst performer was the Ciboney Group which declined by 14.29 percent.

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

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Mayberry Investments Limited	2.00	(0.60)	(23.08)
2.	Ciboney Group	0.05	(0.01)	(16.67)
3.	Carreras Limited	40	(6.98)	(14.86)
4.	Gleaner Company	1.11	(0.10)	(8.26)
5.	Barita Investments Limited	2.30	(0.10)	(3.39)

5.2 Barbados Stock Market

The Barbados stock market recovered with an advance of 0.23 percent in October 2013 to close at 739.01. The BSE Composite Index closed at 737.33 at the end of September 2013. The index continues to remain flat with very little or no trading during the period. (See Figure 3 below)

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



On October 31st 2013, market activity resulted from trading in two (2) securities one (1) advanced and one (1) declined. 16,888 shares were traded on the regular market at a total value of BBD5,064.96.

Regular Market

Security	Volume	High	Low	Market Price	Advance/Decline
FORTRESS C'BEAN PROPERTY FUND - DEV FUND	8,435	\$0.22	\$0.22	\$0.22	-\$0.05
FORTRESS C'BEAN PROPERTY FUND - VALUE FUND	8,453	\$0.38	\$0.38	\$0.38	\$0.01

6 International Developments

International markets can breathe a sigh of relief as the US government shutdown which commenced on October 1st 2013 came to an end on October 16th 2013. The shutdown occurred over disagreements between democrats and republicans over budget allocations. In conjunction with budget allocations, the issue of the extension of the US debt ceiling also was of concern to investors and threatened the stability of global financial markets. The US debt ceiling was raised till January 15th 2014.

The US Federal Reserve (Fed) also proposed new liquidity requirements for large US banks this period. These requirements were aimed at helping the banks withstand a credit crunch and contained similarities to the Basel III international regulatory accord.

Despite these events, international indices appear to be unaffected with most posting gains at the end of October. Japan's Nikkei 225 continues to be the top performer closing up by 34.05 percent for the year to date and losing 1.08 percent in the month of October 2013. The decline came amidst concerns from investors over weaker than expected corporate earnings (Reuters). The Reuters report also indicated that the Bank of Japan's aggressive stimulus package appears to be working its way through broader sectors of the economy.

Following the Nikkei 225 was Spain's Ibx 35 which gained 6.06 percent in October 2013 and 17.29 percent for the year to date. According to a Bloomberg report, Spain's unemployment rate fell for a second time in the third quarter as the Spanish economy slowly emerges from a recession lasting more than two (2) years. The national statistics institute in Madrid indicated that the jobless rate declined to 26.00 percent from 26.30 percent in the second quarter (Bloomberg).

European stocks were up during the period as the dollar fell to its lowest level in two (2) years to the Euro (AP). European markets also rebounded on account of the Fed's decision to continue with its bond buying stimulus program. The German Dax reached an all time high (9,010.65 points (Bloomberg, 2013)) gaining 3.97 percent in October 2013 and posted a year to date increase of 16.14 percent. The London FTSE 100 advanced by 4.20 percent in October 2013 and gained 11.68 percent for the year to date.

The Dow Jones Industrial Average advanced by 2.33 percent in the month of October and 1.90 percent for the year to date. The increase was also as a result of the Fed's unexpected decision to continue its monetary stimulus.

Emerging markets fared better this month with the BSE Sensex (India) advancing 8.44 per cent in October 2013 and 7.36 percent for the year to date. This gain has brought the index out of negative territory. According to a Bloomberg report, the Sensex has seen its biggest gain since January 2012. This also came on account of positive investor sentiment over the extension of the US government bond buyback program. The rupee also rallied from a record low in August which gave the Reserve Bank of India (RBI) governor scope to roll back emergency increases in borrowing costs aimed at supporting the currency (Bloomberg).

China's SSE Composite index declined by 2.57 percent in October 2013 and 5.95 percent for the year to date. A CNBC report indicated that Chinese lenders including the Industrial and Commercial Bank of China (IBC) expunged US \$3.7 billion in bad debt for the first six months of the year. This event affected investor sentiment and led to sell offs which contributed to the decline this period.

Finally, Brazil's IBovespa gained 2.03 percent this month but still remained the worst performer overall with a year to date decline of 13.26 percent. This came as the Brazilian oil company OGX Petróleo e Gás Participações (OGX) filed for Bankruptcy (Barrons). According to a Reuters report, OGX's relatively heavy weighting in the index meant that even a small change in the stock's price would cause the IBovespa to swing widely. The report also indicated that OGX would be removed from the IBovespa but the shares would continue to trade (**See Table 7**).

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change September 2013	% Change October 2013	% Change for the Year-to- date
Nikkei 225 (Japan)	6.50	-1.08	34.05
Ibex 35 (Spain)	8.97	6.06	17.29
Dax (Germany)	4.25	3.97	16.14
Dow Jones Industrial Average (US)	1.99	2.33	15.90
FTSE 100 (UK)	(0.68)	4.20	11.68
BSE Sensex (India)	2.61	8.44	7.36
SSE Composite Index (China)	3.63	-2.57*	-5.95
IBovespa (Brazil)	0.97	2.03	-13.26

Source: Yahoo Finance

*No data between October 1st 2013 and October 7th 2013.