



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Market Activity Report

September

2013

Central Bank maintains 'repo' rate at 2.75 percent, International markets feel the effects of the US Government shutdown while First Citizens Bank shares gain 59 percent in its first two weeks of trading on the Trinidad and Tobago Stock Exchange.

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1 Economic Overview

The Central Bank of Trinidad and Tobago (CBTT) in its ‘Monetary Policy Announcement’ has indicated that the local economy has experienced four quarters of slow but steady growth year on year from July 2012 to June 2013. This growth according to the CBTT, mainly driven by the non-energy sector indicates that the domestic economy appears to be on a path of recovery.

The performance of the energy sector according to the announcement is still at risk due to the maintenance of downstream plants which commenced in September 2013. Core inflation demonstrated a slight increase in August 2013 but remains stable at a little over 3.0 percent. Underlying inflationary pressures remain well contained. Headline inflation rose to 5.10 percent in August 2013 from 3.80 percent in July 2013. Last year it stood at 7.90 percent. This was mainly attributable to an increase in food inflation of 2.90 percent to 7.70 percent from a low of 4.80 percent in the month of July.

The CBTT has indicated concern over business lending and the elevated liquidity problems which have been a central theme for the year. The liquidity levels in the financial system continue to build up rapidly with Commercial bank’s excess reserves at the CBTT rising from a daily average of TT\$5.4 billion in July 2013 to a daily average of TT\$6.3 billion in August. CBTT is continuing in its efforts to mop up excess liquidity through the sale of foreign exchange and its bond issues. The CBTT therefore views its present accommodative monetary stance as appropriate and maintains the ‘Repo’ rate at 2.75 percent.

Economic activity is estimated to have expanded year-on-year at an average rate of 1.7 percent. This turnaround according to the announcement was driven mainly by the non-energy sector where output rose at an average pace of nearly 2.50 percent in the four quarters to June 2013. The energy sector expanded at a meagre 0.70 percent (year-on-year).

Private sector credit growth remains slow despite being relatively steady thus far into 2013. Consumer lending continued to strengthen increasing by almost 6.50 percent in July from 6.20

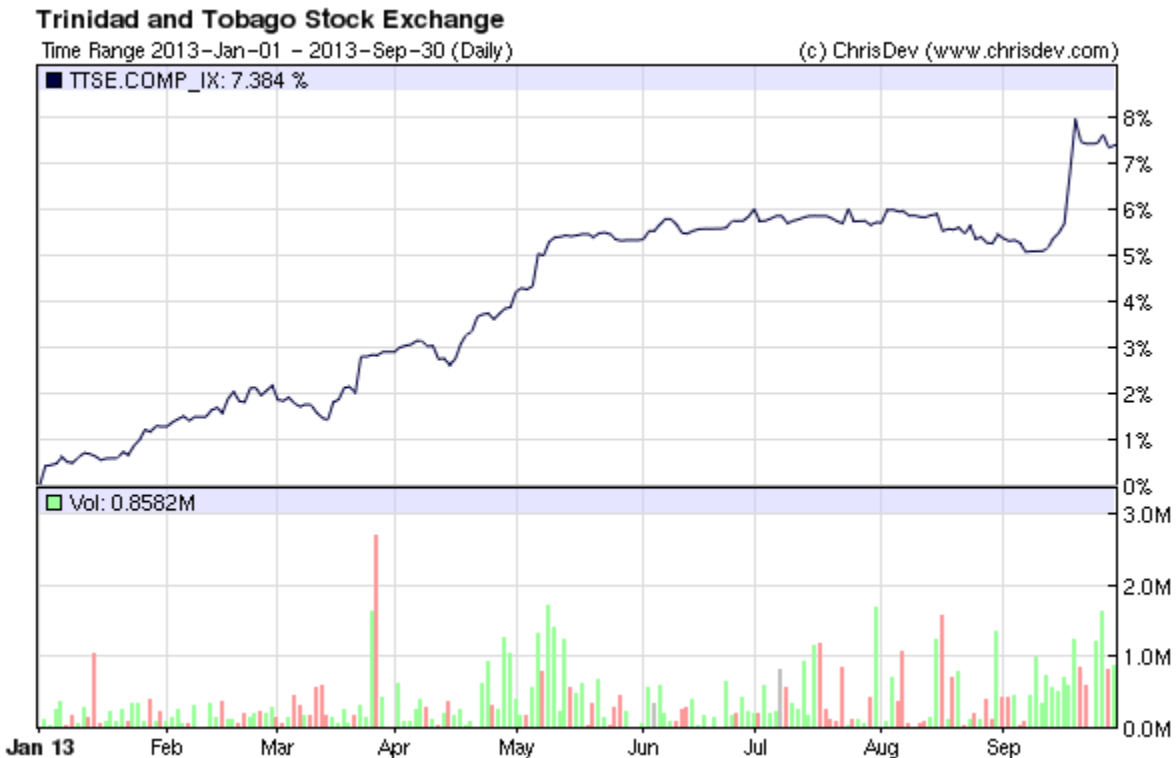
percent in June 2013. This may be contributing to the excess liquidity in the system. Business loans on the other hand contracted for the eighth consecutive month, falling by 5.0 percent in July 2013. The expansion in liquidity has kept domestic treasury rates at record low levels with the 3-month treasury bills holding at 0.14 percent in the final week of September 2013. The rate on US 3-month treasury bills fell to 0.02 percent in the last week of September 2013.

2 Stock Market Performance

The Composite Index rebounded in September 2013 closing up by 20.59 points (1.83 percent) to close at 1,143.62. For the year to date, the Index has advanced by 7.38 percent. In August 2013, the Index declined by 2.78 points (0.25 percent) to close at 1,123.03. This rebound could be mainly attributable to the trading of FCB shares which was introduced to the market on September 16th 2013. This Stock closed at TT\$35.01 at the end of the period an increase of 75.05 percent.

The All T&T index advanced by 70.10 points (3.83 percent) to close at 1,898.67 while the Cross Listed Index declined by 3.61 points (6.62 percent) to close at 50.87 points and was the worst performing index at the end of this period.

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



Market activity in September 2013 resulted in trading in twenty-five (25) stocks. Of these twenty-five (25) stocks, seventeen (17) advanced, five (5) declined and three (3) traded firm. The advances for the month of September 2013 were led by First Citizens Bank Limited and ranged from 59.14 percent to 3.53 percent. The advances in August 2013 ranged from 119.40 percent to 0.06 percent and were led by Trinidad Cement Limited. The top five (5) performers are listed in **Table 1** below.

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

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	First Citizens Bank Limited	35.01	13.01	59.14
2.	National Flour Mills Limited	0.86	0.11	14.67
3.	Sagicor Financial Corporation	7.30	0.45	6.57
4.	Angostura Holdings Limited	10.05	0.55	5.79
5.	Agostini's Limited	17.60	0.60	3.53

The declines for the month of September 2013 were led by Trinidad Cement Limited and ranged from 24.83 percent to 1.27 percent. The declines for the previous month ranged from 10.96 percent to 2.94 percent and were led by Williams LJB.

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

	Security	Closing Price	Monthly Change (\$)	Monthly Change (%)
1.	Trinidad Cement Limited	2.21	(0.73)	(24.83)
2.	First Caribbean Int. Bank Ltd.	6.75	(1.00)	(12.90)
3.	Scotia Investments Jamaica Limited	1.99	(0.05)	(2.45)
4.	Ansa Merchant Bank Ltd.	37.80	(0.80)	(2.07)
5.	Guardian Media Limited	19.50	(0.25)	(1.27)

3 Trading Activity

Market activity in the month of September 2013 resulted in the trading of 13,422,366 shares at a value of TT\$167,201,474. Trading volumes and values were up by 45.00 percent and 137.48 percent respectively from the previous month. Jamaican Money Market Brokers Limited (JMMB) continued to be the volume leader for the second month in a row with 4,036,713 of its shares being traded at a value of TT\$2,019,516. Following JMMB also for the second month in a row was Trinidad Cement Limited (TCL) which had 2,573,131 of its shares being traded at a value of TT\$5,404,477.

First Citizens Bank Limited (FIRST) was the value leader this period as trading in the company's shares amounted to TT\$84,927,069. FIRST was launched on the TTSE on September 16th at a price of TT\$22.00 and has received an overwhelming response from the market. Its shares closed on September 30th at a price of TT\$35.01 which represents an increase of 59.00 percent. (See **Table 3**).

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

Volume/ Value	August 2013	September 2013	September 2012	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	9,256,226	13,422,366	4,232,662	4,166,140	98	9,189,704	217
Value of Trading (\$)	70,407,258	93,873,220	63,555,955	23,465,962	33	30,317,265	48
Average Daily Volume	462, 811	671,118	222,772	208,307	31	448,346	201
Average Daily Value (\$)	3,520, 362	8,360,073	3,583,904	4,839,711	137	4,776,169	133

4 Bond Market Activity

4.1 Primary Bond Market

The Urban Development Company of Trinidad and Tobago (UDECOTT) registered TT\$3.4 billion dollar bond with the Commission this month. This facility is due to mature in 2028.

4.2 Secondary GORTT Bond Market

On the secondary GORTT bond market there were forty-three (43) trades this month, an increase of sixty-five (65) percent at a value of TT\$173,637,651. In the same period last year, there were only eight (8) trades at a value of TT\$35,060,154. Trading occurred on two (2) bonds: the TT\$1.0 billion 7-year 2.6 percent bond and the TT\$ 559.271 million bond. The former bond issue accounted for the bulk of trading activity with forty-one (41) out of the forty-three (43) trades.

5 Market Developments

First Citizens Bank (FCB)

FCB has received an overwhelming response from investors after its launch on the TTSE on September 16th 2013. The share was first listed at TT\$22.00 per share and closed at TT\$35.01, up by TT\$13.01 (59.00 percent).

Republic Bank Limited (RBL)

RBL increased its issued share capital on the TTSE by 57,405 shares during the month of September. This took its outstanding share capital to 161,104,124 shares. The Bank has also issued a further 6,962 shares on the market to date, which would bring its issued share capital to 161,111,086. During this month, RBL also acquired an additional 7.98 percent shareholding in HFC Bank Ghana Limited from Union Bank of Nigeria PLC. 23,638,340 ordinary shares were purchased at a price of GHS 0.67 (USD 0.31). This increases RBL's shareholding in HFC Bank to forty (40.00) percent.

Jamaica Money Market Brokers (JMMB)

JMMB continues to expand its operations with the acquisition of an additional fifty (50.00) percent of the shares of Intercommercial Bank Limited. This therefore makes Intercommercial Bank a subsidiary of JMMB as the company would now own 100 percent of its shares.

Bourse Brazil Latin Fund (BBLF)

Bourse Securities Limited launched the BBLF on the TTSE on June 11th 2013 at USD10 per unit. This was a historic listing since the BBLF is the first USD denominated mutual fund to be listed on the TTSE's USD Trading Platform. The fund's performance has fluctuated over the period closing at a NAV of US\$9.95 as at September 30th 2013 and a return of -0.50 percent

according to Bourse Securities mutual fund data. On the TTSE however, the fund continues to trade at US\$10.00 per share and closed unchanged as at September 30th 2013.

Regional Developments

5.1 Jamaica Stock Market

The Jamaican stock market continued to decline this month, closing at 84,500.20. The JSE Market Index declined by 539.71 points (10.64 percent) for the year to date, the JSE declined by 8.25 percent. See **Figure 2** below. Out of thirty (30) stocks, twelve (12) advanced, thirteen (13) 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 93,873,220 shares being traded at a value of J\$539.8 million. For the same period in 2012 63,555,955 shares were traded at a value of J\$603.3 million.

**Figure 2: JSE Market Performance of the JSE Market Index:
January 2013 – September 2013**



The advances in the JSE ranged from 5.88 percent to 1.56 percent and were led by LIME (See Table 4).

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

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	LIME	0.18	0.01	5.88
2.	Sagicor Life Jamaica	8.60	0.41	5.01
3.	Caribbean Cement Company	2.08	0.08	4.00
4.	Seprod Limited	13.50	0.50	3.85
5.	Desnoes & Geddes	4.57	0.07	1.56

The declines amongst the top (5) worst performing stocks on the JSE ranged from 14.29 percent to 3.39 percent and were led by the Ciboney Group. In August 2013, the worst performer was Seprod Limited which declined by 10.78 percent

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

SECURITIES		Closing Price \$	Monthly Change \$	Monthly Change %
1.	Ciboney Group	0.06	(0.01)	(14.29)
2.	Kingston Wharves	6.01	(0.99)	(14.14)
3.	Jamaica Broilers Group	4.80	(0.34)	(6.61)
4.	National Commercial Bank Jamaica	18.80	(1.06)	(5.34)
5.	Jamaica Stock Exchange	2.85	(0.10)	(3.39)

5.2 Barbados Stock Market

The Barbados stock market recovered the previous month's losses as the BSE Composite Index advanced by 0.56 percent in September 2013 to close at 737.33. The BSE Composite Index closed at 733.26 at the end of August 2013. The index continues to struggle as the Barbados economy continues to (See Figure 3 below)

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



6 International Developments

International markets have been bracing for the impact of the US Government's shut down which came as a response to a dispute between democrats and republicans over the democrat's proposal for health care reform also known as 'Obamacare'. This legislation seeks to expand health insurance to all sectors of US society and prohibits insurance companies from refusing coverage to those that are in ill health. The shutdown could impact the market as it has forced many 'nonessential' government workers on no-pay leave. The length of the shutdown is unknown.

Of even greater concern to the international market is the US debt ceiling which must be decided upon by October 17th 2013. If the debt ceiling is not extended – some even tout for its removal all together- the United States may default on its debt and become unable to pay its bills. This occurrence as was seen in the global recession of 2007-2009 can affect the entire global economy. It can also threaten many of the existing government funded programs that support many in the US.

Despite these developments, the international indices have mostly advanced during the month of September 2013. The top performer for this period and for 2013 is Japan's Nikkei 225 which advanced by 6.50 percent this month and 35.25 percent for the year to date. Prices have risen behind Japan's massive stimulus initiative and have been consistently on the rise this year. Economists however claim that prices may be peaking at this present time (Motley Fool, 2013).

The US Dow also rebounded from last month when it lost 5.23 percent to advance by 1.99 percent in September 2013 and 12.80 percent for the year to date. Despite the deadlock in congress, the Dow was able to rally on account of the positive jobs data for the period. Unemployment data appears to have moved in line with pre recession levels, indicating that unemployment rates should be on the decline.

The German Dax advanced by 4.25 percent in September 2013 after declining by 3.66 percent last period. This index has advanced by 10.49 percent for the year to date. European stocks began to rally this period as the US decided to leave bond purchases unchanged. These advances however were impacted by investor speculation over the US government's shutdown.

Spain's Ibx 35 advanced by 8.97 percent this period after declining by 2.92 percent last month. The Spanish economy continues to struggle despite the implemented austerity measures. Spanish debt hit a record high increasing to 92.2 percent of the country's gross domestic product between April and June according to the Bank of Spain. The FTSE 100 experienced a marginal decline of 0.68 percent this month after a 4.03 percent decline in August 2013. For the year to date however, the index advanced by 7.21 percent.

The emerging markets major indices advanced this month. The BSE Sensex (India) advanced by 2.61 percent after declining by 3.61 percent in August 2013. The advances however were not enough to push the index out of negative territory, with it experiencing a decline of 1.70 percent for the year to date.

The Chinese SSE Composite Index also advanced by 3.63 percent this period, after advancing 3.42 percent in August 2013. It however declined by 4.16 percent for the year to date.

Finally, the Brazilian IBovespa index only experienced a marginal advance of 0.97 percent this period after advancing by 1.76 percent last month. It was the worst performer for this period and predominately for 2013 posting a year to date decline of 16.33 percent. (See Table 7).

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change August 2013	% Change September 2013	% Change for the Year-to-date
Nikkei 225 (Japan)	(4.40)	6.50	35.25
Dow Jones Industrial Average (US)	(5.23)	1.99	12.80
Dax (Germany)	(3.66)	4.25	10.49
Ibex 35 (Spain)	(2.92)	8.97	8.74
FTSE 100 (UK)	(4.03)	(0.68)	7.21
BSE Sensex (India)	(3.61)	2.61	(1.70)
SSE Composite Index (China)	3.42	3.63	(4.16)
IBovespa (Brazil)	1.76	0.97	(16.33)