



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Market Activity Report

November -December

2012

The Central Bank of Trinidad and Tobago maintains the repo rate at 2.75 per cent as at December 2012, regional stock markets decline whilst international markets anticipate the outcome of the US “fiscal cliff”.

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1. Economic Overview

In its repo rate announcement for November, the Central Bank of Trinidad and Tobago (CBTT) stated that Headline Inflation picked up from 7.7 per cent in September to 9.4 per cent in October 2012 after falling for four consecutive months. This increase was mainly attributable to higher food prices. On a year-on year basis, food price inflation reached 18.2 per cent in October 2012 from 14.7 per cent in September.

Credit increased in the private sector by 3.2 per cent while lending to consumers rose by 2.8 per cent (year-on year) in September 2012. Liquidity levels in the financial system rebounded following the issuance of the Central Government \$2.5 billion bond. High liquidity levels suppressed short-term interest rates. The three-month Treasury bill rate declined to 0.46 per cent as at November 26 2012 from 0.54 percent in October. Despite the increase in Headline Inflation, there is evidence that underlying inflationary pressures remain stable and it is based on this that the Central Bank maintains the repo rate at 2.75 per cent.

In December's repo rate announcement the CBTT reported a reduction in Headline Inflation to 8.1 per cent from 9.4 per cent in October. This again was mainly attributable to a decline in food inflation which slowed to 14.9 percent in November from 18.2 percent in October.

It was noted that the CSO is updating its methodologies and practices for compiling retail prices. This will include revisions to the methods of accurately reflecting household spending patterns and the changing nature of the current basket of consumer items. According to the Central Bank, the basket is expected to include some new technological goods and services.

Core inflation remains unchanged and private sector lending, while generally unresponsive to current financial conditions increased slightly by 3.7 per cent in October 2012. Liquidity remained high on account of fiscal injections made during November and the first half of December 2012. This excess liquidity has continued to drive down interest rates on short-term government paper. The rate on treasury bills fell to 0.39 per cent as at December 19 2012 from 0.46 per cent in November. The Central Bank has indicated that the momentum required for sustained economic recovery has not yet been created and with underlying inflationary pressures in check, they continue to adopt an accommodative monetary stance. Therefore the repo rate will be maintained at 2.75 percent.

2. Stock Market Performance

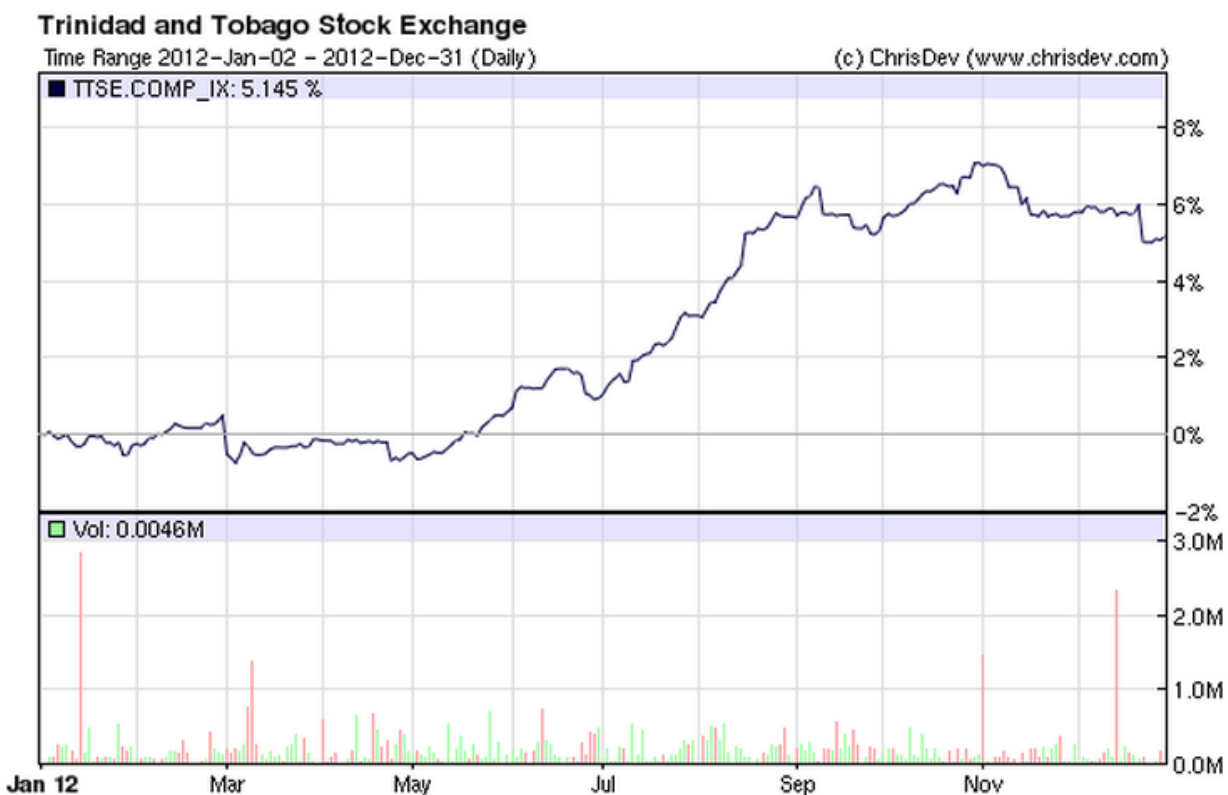
The TTSE Composite Index reduced by 1.21 percent during the month of November 2012 to close at 1071.3, a decline from the previous month when the market was up by 1.69 percent. The performance of the stock market has been sluggish for the year to date with the TTSE Composite Index increasing by 5.77 percent to November 2012, considerably lower than the 20.26 percent gain registered for the corresponding period in 2011.

Locally domiciled stocks fell significantly in November 2012. The All T&T Index declined by 1.29 per cent which when compared to the 2.36 per cent advance of October 2012 was disappointing. While the cross-listed index had a further decline in November of 0.98 per cent, it outperformed local stocks having a smaller marginal decline in the same period.

In December 2012, the TTSE Composite Index decreased by 0.59 per cent to close at 1064.98 a further decline from the previous month when the market was down by 1.21 percent. The performance of the market remained sluggish for the year 2012 increasing by a mere 5.14 per cent, considerably lower than the 21.21 per cent gain registered for the corresponding period in 2011.

The All T&T Index rebounded from November 2012 advancing by 1.02 per cent in December while the Index of cross-listed companies posted a marginal decline of 5.88 percent in December 2012. This decline was the worst marginal performance for cross-listed companies for the year. This performance can be attributed to two (2) Jamaican cross-listed securities Jamaican Money Market Brokers Limited (JMMB) and National Commercial Bank Jamaica Limited (NCBJ). The JMMB and NCBJ shares declined by 15.00 per cent and 7.10 per cent respectively in December 2012; in November, the JMMB registered a decline of 3.23 per cent while the NCBJ share registered a decline of 3.13 per cent.

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



Market activity in November 2012 resulted from trading in twenty four (24) stocks, with advances and declines on par. Out of these twenty four (24) stocks, eleven (11) advanced, eleven (11) declined and two (2) traded firm. In December 2012, market activity resulted from trading in twenty two (22) stocks also with advances and declines on par. Out of these twenty two (22) stocks, ten (10) advanced, ten (10) declined and two (2) traded firm.

The advances for the month of November 2012, which were led by Prestige Holdings Limited (3.00 percent), ranged from 1.88 percent to 3.00 percent while the advances for the month of December 2012 ranged from 0.76 percent to 5.43 percent and were led by The West Indian Tobacco Company Limited. (See Table 1 and 2)

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

	Security	Closing Price	Monthly Change	Monthly Change
		(\$)	(\$)	(%)
1.	Prestige Holdings Limited	9.27	0.27	3.00
2.	Ansa Merchant Bank Limited	37.00	0.90	2.49
3.	One Caribbean Media Limited	15.83	0.33	2.13
4.	The West Indian Tobacco Company Limited	80.62	1.52	1.92
5.	Agostini's Limited	16.30	0.30	1.88

Table 2: Top five (5) performing stocks for December 2012

	Security	Closing Price	Monthly Change	Monthly Change
		(\$)	(\$)	(%)
1.	The West Indian Tobacco Company Limited	85.00	4.38	5.43
2.	Neal & Massy Holdings Limited	47.01	1.51	3.32
3.	Guardian Holdings Limited	18.50	0.24	1.31
4.	Ansa McAl Limited	66.60	0.59	0.89
5.	Republic Bank Limited	105.50	0.80	0.76

The declines for the top five (5) worst performing stocks over the month of November 2012 ranged from 4.00 percent for Grace Kennedy Limited to 14.86 percent for Trinidad Cement Limited. This was an even greater decline than was experienced in October 2012 which ranged from 2.94 per cent for national Flour Mills Limited to 7.89 per cent for Trinidad Cement Limited. In December 2012, the top five (5) worst performing stocks ranged from 5.13 per cent for Point Lisas Industrial Port Development Corporation to 15.00 percent for Jamaica Money Market Brokers. (See Table 3 & 4)

Table 3: Worst five (5) performing stocks for November 2012

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1.	Trinidad Cement Limited	1.49	(0.26)	(14.86)
2.	Neal & Massy Holdings Limited	45.50	(2.70)	(5.60)
3.	Point Lisas Industrial Port Development Corporation	3.90	(0.19)	(4.65)
4.	Republic Bank Limited	104.70	(4.99)	(4.55)
5.	Grace Kennedy Limited	3.60	(0.15)	(4.00)

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

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1.	Jamaica Money Market Brokers Limited	0.51	(0.09)	(15.00)
2.	National Flour Mills Limited	0.60	(0.06)	(9.09)
3.	National Commercial Bank Jamaica Limited	1.44	(0.11)	(7.10)
4.	First Caribbean International Bank Limited	7.50	(0.50)	(6.25)
5.	Point Lisas Industrial Port Development Corp.	3.70	(0.20)	(5.13)

3. Trading Activity

In the month of November 2012 there was an increase in trading volumes on the TTSE: the volume of shares traded on the TTSE rose to 4,024,538 in November 2012 from 3,276,263 in October 2012, an increase of roughly 23 percent. Notwithstanding the increase in trading volumes the value of shares exchanging hands fell by 7 percent to TT\$63,806,842 for the month of November 2012. The apparent anomaly in trading volumes and values in November 2012 can best be explained by examining the trading pattern of the Republic Bank Limited (RBL) share and the One Caribbean Media (OCM) over the same period. The volume and value of RBL shares traded fell in the month of November 2012 compared to the previous month by 37 per cent and 29 per cent respectively. In October, 290,496 RBL shares were traded at a value of TT\$31,829,097. This then declined in November to 211,604 shares being traded at a value of TT\$22,377,888. OCM shares had the highest volume traded at 1,270,897 shares being traded which is much greater than the RBL share's trading volumes. The OCM share was still second to the RBL share in terms of value being priced at TT\$15.83 at the end of November 2012 as opposed to RBL TT\$104.70 at the end of the same period. **(See Table 5)**

In December, there was a decrease in trading values of the TTSE: The volume of shares traded on the TTSE decreased to 3,805,378 in December 2012 from 4,024,538 in November 2012, a decrease of roughly 5 per cent. This also resulted in a decrease in the value of shares traded decreasing by 43% to 36,266,155. **(See Table 6)**

Table 5: Monthly and Yearly Comparison of Trading Values and Volume: November 2012

Volume/ Value	October-12	November-12	November-11	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	3,276,263	4,024,538	9,425,650	748,275	23	(5,401,112)	(57)
Value of Trading (\$)	69,100,454	63,806,842	75,267,993	(5,293,612)	(7)	(11,461,151)	(15)
Average Daily Volume	142,446	191,645	428,439	49,199	34	(236,794)	55
Average Daily Value (\$)	3,004,367	3,038,421	3,421,272	34,054	1	(382,851)	(11)

Table 6: Monthly and Yearly Comparison of Trading Values and Volume: December 2012

Volume/ Value	November-12	December-12	December-11	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	4,024,538	3,805,378	2,534,966	(219,160)	5	1,270,412	50
Value of Trading (\$)	63,806,842	36,266,155	36,990,011	(27,540,687)	(43)	(723,856)	(2)
Average Daily Volume	191,645	200,283	126,748	8,638	4	73,535	58
Average Daily Value (\$)	3,038,421	1,908,745	1,849,500	(1,129,676)	(37)	59,245	3

4. Bond Market Activity

Primary Bond Market

In November 2012, the Home Mortgage Bank registered TT\$354,285,000 floating rate bonds to be issued in two tranches with the TTSEC. In December 2012 the Urban Development Corporation of Trinidad and Tobago (UDECOTT) registered two bonds for TT\$200 million and TT\$250 million with the TTSEC.

The aggregate value of bond registrations with the TTSEC for 2012 was TT\$3.564¹ Billion.

Secondary GORTT Bond Market

There was a slowdown in trading activity in the secondary bond market during the month of November 2012 compared to the previous month. The number of trades fell to one (1) in October from six (6) in the previous month while there was a sharp fall-off in trading values which declined by 99 per cent to TT\$0.1 million in November 2012 from TT\$20.8 million in October 2012. Trading activity on the secondary bond market for the first eleven (11) months of the year resulted in seventy four (75) trades with an aggregate traded value of TT\$986.49 million.

In December 2012 there was an increase in trading activity in the secondary bond market compared to the previous month. The number of trades rose to twenty two (22) in December 2012 from one (1) in November 2012. There was a sharp increase in trading values to TT\$666.24 million from TT\$0.1 million in November 2012. This was due to trading in the following bonds;

- TT\$1,500 M GORTT at 6.00 per cent
- TT\$2,500 M GORTT at 5.20 per cent
- TT\$1,017.978 M GORTT at 8.00 per cent

Trading activity on the secondary bond market for the year 2012 resulted in ninety seven (97) trades with an aggregate traded value of TT\$1.6 billion.

¹ This amount is for the year to September 2012. Information for Q4 2012 (October - December) was unavailable.

5. Market Developments

Acquisition

National Commercial Bank Jamaica Limited (NCBJ)

On November 18, 2012 and November 21, 2012 the National Commercial Bank Jamaica Limited received approval to acquire AIC Finance Limited.

Stock Exchange

On November 12th 2012, Save Invest India Asia Fund was delisted from the Trinidad and Tobago Stock Exchange (TTSE). On December 24th Capital and Credit Financial Group was also delisted from the TTSE.

On November 1st 2012, Republic Bank Limited informed the TTSEC of the launch of the CLICO Investment fund on the Trinidad and Tobago Stock Exchange in accordance with section 66(3) of the Securities Industry Act 1995 of Trinidad and Tobago.

6. Regional Developments

Jamaica Stock Market

The Jamaican stock market continued its positive run in November 2012 with the Jamaican Stock Exchange (JSE) Market Index advancing by 0.12 per cent to close at 89,932.82 at the end of the month. This increase continued in December 2012 with the market advancing by 2.35 per cent to close at 92,101.22 at the end of the year. The gains in December would have marked the fifth consecutive monthly gain in the JSE Market Index, these gains however were insufficient to pull the market out of negative territory with it closing down by 3.35 per cent at the end of the year. (See Figure 2)

The advance/decline ratio of listed companies on the JSE showed that out of thirty-two (32) stocks that traded, sixteen (16) advanced, fourteen (14) declined and two (2) traded firm in November 2012, while in December 2012 thirty-three (33) stocks were traded, where twenty (20) advanced, ten (10) declined and three (3) traded firm.

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



Barbados Stock Market

The Barbados Stock Exchange (BSE) continued its negative trend in November 2012, by registering a 0.14 per cent decline at the end of the month. The Barbados stock market was relatively flat save for a short period of volatility on November 19-20 2012 when the BSE declined by 0.14 per cent.

In December 2012 the BSE again negative registering a 2.31 per cent decline at the end of the year. Volatility was a bit higher this month compared to last month with declines over the period December 6-10 where the BSE fell by 1.69 per cent, on December 12-13 where the index fell by 2.03 per cent and on December 26-27 when the BSE fell by 2.31 per cent

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



7. International Developments

The outcome of the US “fiscal cliff” has been felt throughout international markets as there is anticipation of how the proposed changes by US President Barak Obama to the US tax regime will affect international markets and trade. This proposal aims to tax the top richer segments of the population in order to bring about a more equitable distribution of wealth.

Most emerging market stocks rose as Chinese manufacturing expanded and amidst efforts by lawmakers to avert the automatic tax increases that would result should the tax increases proposed in the US be passed.

Overall, international indices reported positive upticks for the year 2012 with only the Nikkei 225 (Japan) index and the Ibex 35 (Spain) reporting declines at the end of the year.

The SSE Composite Index was the top performer for December, and was up from a negative 5.91 percent in November 2012 amidst expansion in Chinese manufacturing sector. Following the SSE, is the Nikkei 225 Index which was up to 9.91 per cent from 5.58 per cent in November, this increase however was insufficient to pull the index out of a negative position for the year 2012. It closed at a negative 0.03 percent. Another index from the emerging market continued the upward trend with the IBovespa Index reporting an increase which closed at 4.72 per cent for the month of December. This is up from a negative 1.56 percent in November. For 2012, this index closed at a positive 2.85 per cent.

The Dax (Germany) Index was up 2.38 per cent in December 2012 up from 0.95 percent and was the top performer of all major international indices for 2012. It is followed by the Dow Jones Index which increased by 1.07 per cent in December 2012 up from 1.56 per cent in the previous month with a positive year to date increase of 5.70 per cent.

The BSE Sensex index also reported positive movements but however was still down compared to the previous month with a 0.63 percent increase in December and 4.19 percent increase in November 2012. Finally, the worst performer in the international indices for the month of December 2012 was the FTSE 100 which closed at a positive 0.45 per cent in December down

from 0.08 per cent in November as the region still struggles with challenging economic times during and austerity measures being faced in Europe.

Table 7: Performance of Major International Stock Market Indices.

Market Indices	% Change December 2012	% Change November 2012	% Change for the Year-to-date
Dax (Germany)	2.38	0.95	23.45
Dow Jones Industrial Average (US)	1.07	(1.56)	5.70
SSE Composite Index (China)	15.79	(5.91)	4.60
FTSE 100 (UK)	0.45	0.08	3.47
BSE Sensex (India)	0.63	4.19	2.85
IBovespa (Brazil)	4.72	(1.56)	2.85
Nikkei 225 (Japan)	9.91	5.58	(0.03)
Ibex 35 (Spain)	3.53	0.61	(6.47)