



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

MARKET ACTIVITY REPORT

September 2012

Economic Overview

In his budget speech of October 1, 2012, the Honourable Minister of Finance stated that growth for the fiscal year 2012 would measure approximately 1.2 percent.

The Central Bank of Trinidad and Tobago (CBTT), in its monthly repo rate announcement, indicated that inflation slowed to 7.9 percent in August 2012, down from 10.8 percent in July and 11 percent in June. This slowdown is due to a decrease in food prices, from an average of over 20 percent over the period February to July 2012, to 15.4 percent in August. Core inflation, however, stayed fairly steady at 2.8 percent, after measuring 2.7 percent the previous month.

Credit continued to expand, albeit slowly. Private sector credit increased 2.9 percent in July 2012, a decline from the 3.1 percent growth experienced in June 2012. Credit to consumers increased by a much more moderate 0.8 percent in July.

Because deposits were higher than was credit expansion, liquidity levels remained relatively high during September.

In an effort to support an economic recovery, and taking due account of inflation, the Central Bank of Trinidad and Tobago (CBTT) has reduced the 'repo' rate to 2.75 percent, from the 3.00 percent it had maintained for over a year.

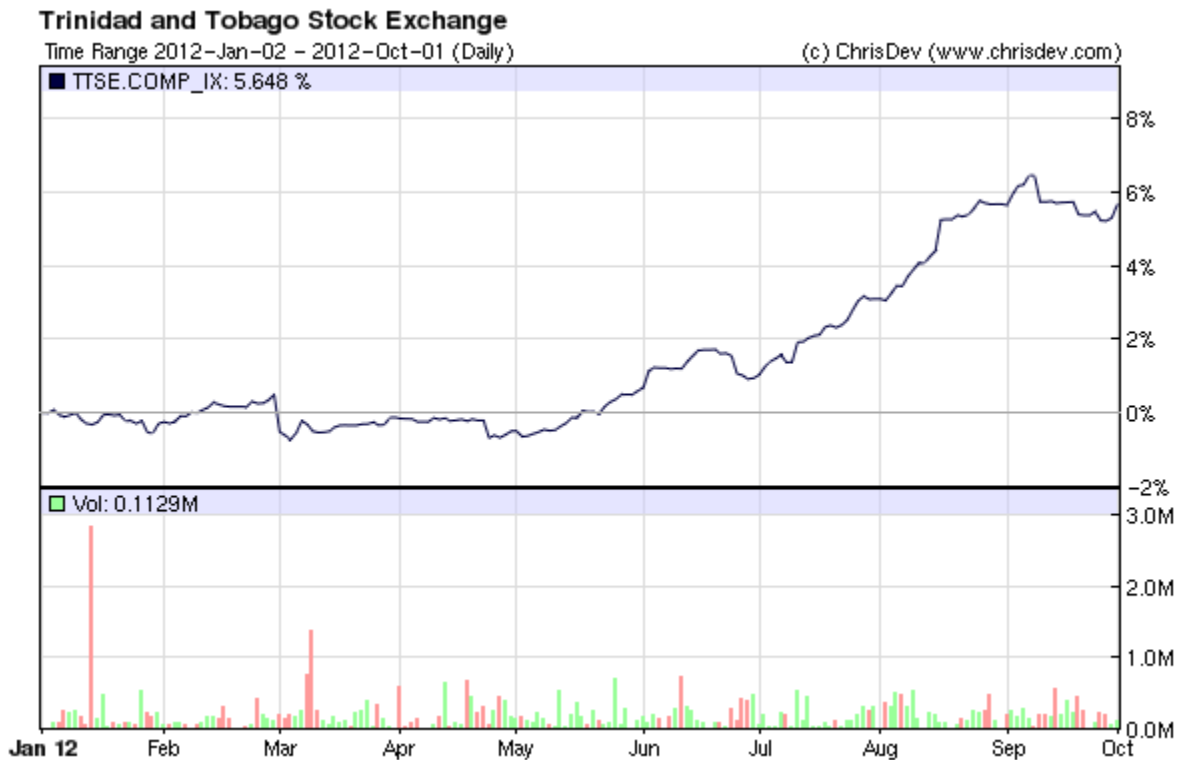
Stock Market Performance

The TTSE Composite Index, a measure of the performance of the domestic stock market, decreased by 0.36 percent for the month of September, in sharp contrast to the 2.50 percent gain of August 2012. For the year to date, the index measured a 5.7 percent increase (**Figure 1**). For the period January to September 2011, however, the index increased by 18.39 percent.

It should be noted that this holds for the three (3) regional stock markets reviewed in this report. That is, the performance of the previous year surpassed that of the current. This suggests that the continued economic uncertainty in the international arena, more so in the developed economies, is having a deleterious effect on regional consumer confidence.

The stock market decline for September was led by the Cross-Listed Index, which saw a fall of 5.25 percent for the month, whereas the All T&T Index registered an increase of 1.30 percent.

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



Market activity resulted from trading in twenty-seven (27) stocks. Of these, eleven (11) advanced, thirteen (13) declined and three (3) traded firm. The top five (5) advancing stocks were Unilever Caribbean Limited, which increased 10.84 percent in price, Grace Kennedy Limited with a stock price increase of 10.83 percent, Angostura Holdings Limited, 8.70 percent, Republic Bank Limited, 3.76 percent, and Scotiabank Trinidad & Tobago Limited, rounded off the five (5) with an 1.77 percent increase in its stock price (See Table 1).

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

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1	Unilever Caribbean Limited	46.00	4.50	10.84
2.	Grace Kennedy Limited	3.99	0.39	10.83
3.	Angostura Holdings Limited	9.00	0.72	8.70
4.	Republic Bank Limited	105.51	3.82	3.76
5.	Scotiabank Trinidad & Tobago Limited	63.86	1.11	1.77

The five (5) worst performers were led by Readymix (West Indies) Limited, which registered a 15.05 percent decline in its price, followed by Jamaica Money Market Brokers Limited, declining 14.86 percent in terms of price. Williams LJ \$0.10 A was third with a 14.71 percent price decline and National Commercial Bank Jamaica Limited experienced an 8.57 percent decline in its price, bringing it to fourth place. The top five (5) was rounded out by Guardian Holdings Limited which declined 8.27 percent in price.

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

	Security	Closing Price (\$)	Monthly Change (\$)	Monthly Change (%)
1	Readymix (West Indies) Limited	22.64	(4.01)	(15.05)
2.	Jamaica Money Market Brokers Limited	0.63	(0.11)	(14.86)

3.	Williams LJ \$0.10 A	0.29	(0.05)	(14.71)
4.	National Commercial Bank Jamaica Limited	1.60	(0.15)	(8.57)
5.	Guardian Holdings Limited	18.30	(1.65)	(8.27)

Trading Activity

For the month of September 2012, the volume of stocks traded decreased by 12 percent when compared to the previous month of August. The total volume traded for the month was 4,232,662, down from the 4,805,148 traded in the previous month. September volume traded represented a value of \$68,094,191, a 3 percent increase from the value traded in August of \$66,149,991 (See Table 3).

Year on year, both the volume and the value traded declined, by 82 percent in the case of volume and 51 percent with respect to value.

Table 3: Monthly and Yearly Comparison of Trading Values and Volume: September 2012

Volume/ Value	August-12	September-12	September-11	MOM change (\$)	MOM % change	YOY Change (\$)	YOY % change
Volume of Trading	4,805,148	4,232,662	23,561,906	(572,486)	(12)	(19,329,244)	(82)
Value of Trading (\$)	66,149,991	68,094,191	137,719,032	1,944,200	3	(69,624,841)	(51)
Average Daily Volume	252,903	222,772	1,136,470	(30,131)	(12)	(913,698)	(80)
Average Daily Value (\$)	3,481,578	3,583,905	6,558,049	102,327	3	(2,974,144)	(45)

Bond Market Activity

Primary Bond Market

On September 25, 2012, the CBTT auctioned a \$2 billion 15-year fixed rate bond with a coupon rate of 5.20 percent. This bond is due September 27, 2027. The bond was oversubscribed, with bids received totalling \$5,641 million. As such, the bond was increased to \$2.5 billion.

It was allotted at a price of \$113.44 per \$100 face value, providing a yield to maturity of 4 percent.

It is envisioned that this bond will temporarily address some of the excess liquidity in the system.

Secondary GORTT Bond Market

In the secondary market for government bonds, there were eight (8) trades during the month of September, which compares favourably to the three (3) of the previous month. The total face value of the bonds traded in September was \$30,100,000, with a trade value of \$35,060,154.

Bonds traded for the first nine (9) months of the year totalled sixty-eight (68), for a face value of \$787,994,000 and representing a trade value of \$965,550,915.

Market Developments

Several companies listed new shares on the stock exchange during the month of September. These included: Neal & Massy Holdings Limited, listing 126,628, 8,273, 8,850 and 45,889 ordinary shares on September 27, 19, 13 and 5 respectively; Jamaica Money Market Brokers Limited which listed 11,474,154 ordinary shares on September 18; and Republic Bank Limited which listed 16,907 ordinary shares on September 5.

Also in September, One Caribbean Media Limited (OCM) assumed control of three (3) radio stations, namely i95 FM, Red 96.7 FM and Hitz 107.1 FM. These were previously owned by the Citadel Group and are considered to be a good strategic fit for OCM.

Guardian Holdings Ltd (GHL) purchased Globe Insurance Company of Jamaica Ltd for USD\$38 million. This company was owned by Lascelles de Mercado, a spirits company, itself owned by foreign company Campari.

Regional Developments

Jamaica Stock Market

For the month of September 2012, the Jamaican stock market, as measured by the JSE Market Index, performed positively, advancing 1.51 percent, which continued the positive 0.42 percent performance of the previous month. However, these advances were not sufficient to positively impact the overall performance for the year to September. The Index declined 8.51 percent for this nine month period. This compares unfavourably to the performance of other regional markets in Trinidad and Barbados, both of which registered positive market performances for the year to date. For January to September 2011, the JSE Market Index advanced 7.29 percent.

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



Barbados Stock Market

The Barbados stock market registered a 2.13 percent increase for September 2012, the best performance among the three (3) regional stock markets for the month, and an improvement over its August performance of 1.14 percent. For the year to date, the stock market increased 2.70 percent, the second best performance among the three (3) regional stock markets over this

period. However, for the same period the previous year, the BSE Composite Index increased 8.62 percent.

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



International Developments

Within the month of September 2012, credit rating agency Moody's lowered its outlook for the European Union's AAA credit rating to "negative". The agency cautioned that the rating could be downgraded. This move was occasioned by the negative outlook for the ratings of the Union's main budget contributors, namely, Germany, France, The Netherlands and the UK. These nations are all exposed to the debt crisis plaguing the region, which has a negative impact on their creditworthiness.

International stock indices continued to be impacted by this debt crisis and related developments in the European Union, keeping stock market performances relatively sluggish.

London's FTSE was the sole exception to the otherwise positive performances of the major international stock indices during the month of September 2012. It decreased 0.28 percent over that period and 0.02 percent the previous month of August. While its performance for the year was positive, a 0.74 percent increase, it was the worst performance among the indices over the nine-month period.

For the month of September, India's BSE Sensex advanced 7.93 percent, making it the best performer for the month. This followed on from a 0.71 percent advance in the month of August. For the year to date, this index advanced 20.91 percent, the best performance among the major indices over this period. It was followed by another emerging market index, Brazil's IBovespa, which registered an increase of 3.31 percent during the month of September, continuing the positive 2.59 percent increase of August. This performance contributed to its overall 2.33 percent increase for the year. US' Dow Jones was the best performer among the developed markets and the third highest among all the indices. It advanced 3.08 percent in September, an improvement over its 0.88 percent advance of August. For the year to date, it increased 8.39 percent.

Table 4: Performance of Major International Stock Market Indices.

Market Indices	% Change September 2012	% Change August 2012	% Change for the Year-to- date
BSE Sensex (India)	7.93	0.71	20.91
IBovespa (Brazil)	3.31	2.59	2.33
Dow Jones Industrial Average (US)	3.08	0.88	8.39
Dax (Germany)	2.87	3.20	18.77
SSE Composite Index (China)	1.31	(3.57)	(3.84)
Nikkei 225 (Japan)	0.98	2.29	3.62
FTSE 100 (UK)	(0.28)	(0.02)	0.74

Coming in fourth in terms of performance is the German Dax, which advanced 2.87 percent for the month of September, a decline from the 3.20 percent increase of August. For the month to date, however, the Dax advanced 18.77 percent, the second highest performance for the nine-month period and first among the developed markets. China's SSE Composite Index came in fifth for September, followed by Japan's Nikkei. The SSE Composite Index increased 1.31 percent for the month of September, which compares favourably to the 3.57 percent decline of the previous month and the 3.84 percent decline for the year to date. This was the only index to register a decline for the nine-month period. The Nikkei advanced 0.98 percent in September, 2.29 percent in August and 3.62 percent for the year to date.