



## First Quarter Review

### Trinidad: Top 5 Advances and Declines, January to March 2009

Security	Opening Price	Closing Price	Return (\$)	Return (%)
<b>Advances</b>				
National Commercial Bank of Jamaica	\$ 0.80	\$ 0.98	0.18	22.5%
Guardian Holdings Limited	\$ 18.00	\$ 19.74	1.74	9.7%
Prestige Holdings Limited	\$ 2.80	\$ 3.06	0.26	9.3%
Scotiabank of Trinidad and Tobago	\$ 26.50	\$ 28.00	1.5	5.7%
Trindiad Cement Limited	\$ 4.00	\$ 4.06	0.06	1.5%
<b>Declines</b>				
National Flour Mills	\$ 0.70	\$ 0.57	-0.13	-18.6%
National Enterprises Limited	\$ 6.60	\$ 5.70	-0.90	-13.6%
GraceKennedy Company Ltd.	\$ 4.05	\$ 3.50	-0.55	-13.6%
ANSA McAI Limited	\$ 50.00	\$ 43.75	-6.25	-12.5%
Witco Limited	\$ 26.50	\$ 23.52	-2.98	-11.2%

(Source: TTSE/ CMMB Securities and Asset Management Limited)

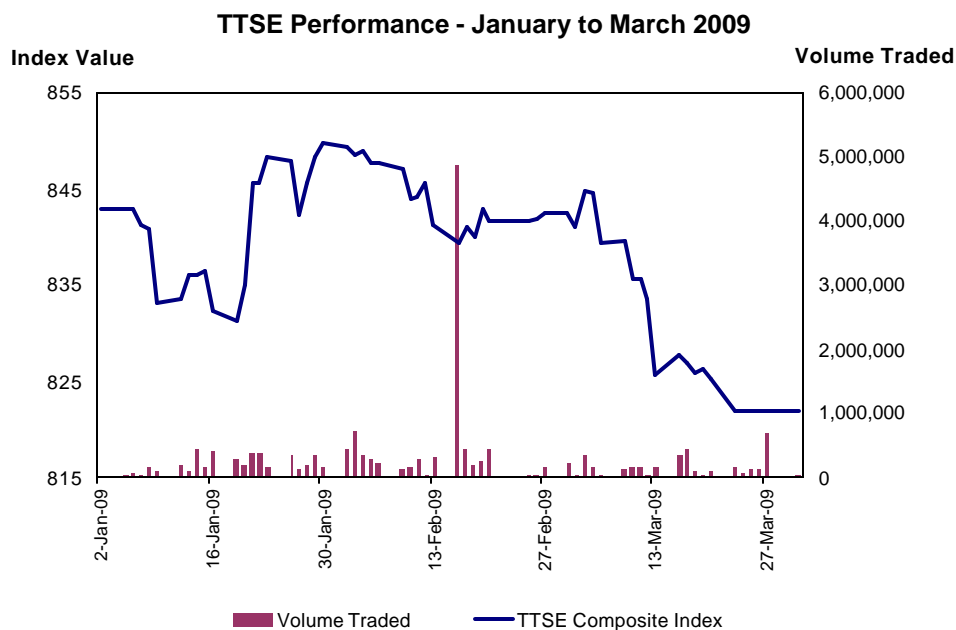
The downward trend observed in the local stock market in the second half of 2008 continued into the first quarter of 2009. Trading volumes have been noticeably lower, and demand for shares listed on the Trinidad and Tobago Stock Exchange (TTSE) has diminished significantly, whereas the supply of shares on the market has been steadily increasing; this has been one of the contributing factors for the falling share prices. It would appear that this is indeed a buyers' market since those investors prepared to enter the local market may be able to demand low prices for those shares that are in such vast supply. This is quite the contrary to the first half of 2008, in which the market was described as a sellers' market – a period in which the supply of “hot stocks” was often limited, providing sellers the opportunity to command top prices for their shares. Less than one year later, the market has experienced a massive sell-off, and trading activity is minimal and the short-term outlook is bleak.

There were two noteworthy announcements made during the first quarter of the year. Firstly, Guardian Holdings Limited (GHL) announced its intention to repurchase up to 4% of its issued ordinary shares (approximately 8 million shares) in a share buy-back programme. The programme, which commenced on 18 February 2009, has been taking place on the regular open market. According to the Management of GHL, the share repurchase programme is in the best interests of the Company, as well as its shareholders.

Secondly, an announcement was made by the TTSE disclosing their intention to amend TTSE Rule 405, which addresses the daily allowable price movements of listed shares. The decision was taken to increase the band from a +/- 10% daily price fluctuation to a possible 25% swing above or below the closing price of the previous trading day. According to the TTSE, “this decision attempts to facilitate market trading and effect price stabilization”. In our opinion, the amendment to the rule may do just the opposite – given current market conditions, and the apparent rush to sell shares, we suspect that the new rule will cause a further sell-off in the market, sending share prices and indices even lower in the short-term.

2009 started off extremely slowly on the TTSE, with bear market conditions coupled with negative investor sentiment taking its toll on volumes traded. During the period January to December 2009, there were a mere 5 advances, 16 declines, 12 shares trading firm and 7 that did not trade. Global conditions coupled with a slowing local economy has continued to affect investor sentiment locally, fuelling shareholders’ decisions to sell and driving down prices.

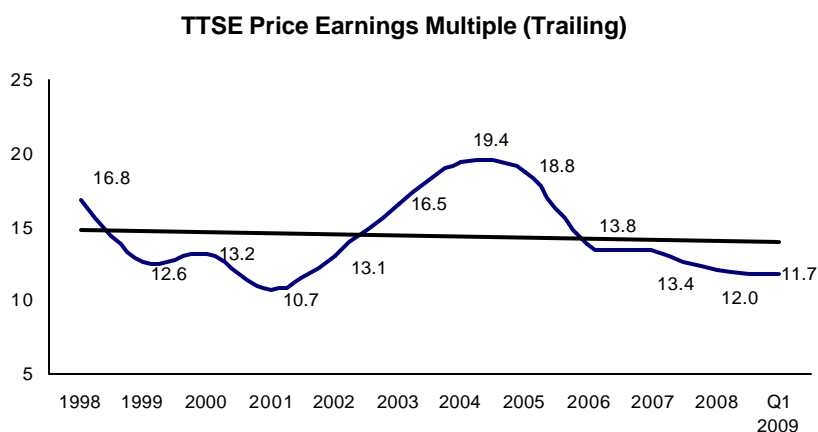
Traded volume was down significantly in the first quarter of 2009. Traded volume for the three-month period ending March 2009 totaled 17,413,860 shares, down 38.2% over the previous quarter. Additionally, even though the TTSE is now open for trading every day, volume traded in Q1 2009 was 36.1% less than that of the same period last year, in which the market was open for trading only three days per week. The total value of the shares traded for the quarter ended March 2009 was TT\$382,087,878.83, down 30.1% quarter-on-quarter. The last day of the quarter (31 March 2009) was by far the slowest trading day in at least seven years, with a mere 5,293 shares exchanging hands during the day’s trading session. This day also marks a low point for the TTSE, putting the wider market at trading prices comparable to five years ago.



**Figure 1 (Source: TTSE/ CMMB Securities and Asset Management Limited)**

Figure 1 graphically shows us the general trend of the TTSE Composite Index (TTSE CI) for the period under review. The modest run-up observed in January is solely attributable to the upward movement of the share prices of two stocks: NCBJ and ANSA McAI (AMCL). The gains in these stocks were short-lived though, since shortly thereafter both of the share prices declined significantly, along with most other stocks on the market. The TTSE CI brought the period to a close with a 5-year low of 821.82 points on 31 March 2009. The TTSE CI produced losses of about 2.5% for the period under review (compared with gains of 1.1% for the same period last year), and the locally biased All T&T Index recorded losses of 2.8% (compared with gains of 4.7% during the same period last year).

The TTSE market price to earnings (P/E) multiple has continued to trend further below its 10-year trend line, as it has been doing for the last few quarters. The fact that the multiple has been falling is a reflection of the falling prices of the stocks. Figure 2 demonstrates this graphically.



**Figure 2 (Source: TTSE/ CMMB Securities and Asset Management Limited)**

As we have said in our previous outlook, we expect very minimal growth, if any at all, coming out of the majority locally listed companies over the next two years as they attempt to weather the local and global recessionary conditions. As such, we can expect flat-to-declining earnings over the next couple of years. Fundamental valuations show that there are still a few potentially good buys remaining on the local market. However, at the time of writing, trading conditions are extremely poor and there is a distinct possibility for the vast majority of shares listed on the local exchange to lose even more market value in the short-term. There is no way of knowing when the bottom of the market will come, but our opinion is that we have not seen it as yet. Therefore, we continue to urge you to keep a keen eye on the market and advise you to proceed with caution when making investing decisions.

We believe that the following stocks are still good medium-term buys: RBL, SBTT, WCO, PHL and SFC.

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### ***Current Happenings in Local and International Markets:***

- T&T Bank lending rates coming down
  - Financial crisis forces Guyana bauxite firm to lay off 150 workers
  - Lee Chin to announce AIC asset sale – FLOW could provide funds to pay off debts
  - Restructuring of operations at Sagicor Financial Corporation; leading to retrenchment
  - CL crisis delaying Angostura financial statements
  - US Economy: Jobless rate bolts to 8.5%, highest since 1983; 663K jobs lost
  - Prime Loan Default Rates Doubled in 2008, U.S. Says
  - Chinese survey shows slight growth in manufacturing after months-long contraction
  - RBS to Cut Jobs as Goodwin Considers Pension Payback
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**Table 1: Regional Market Performance (as at 2 April 2009)**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
TTSE Composite	819.37	-0.31	-2.73	-2.80	-18.40
All Trinidad	1,121.86	-0.01	-2.70	-2.85	-11.99
JSE Index	78,540.44	-0.97	-4.93	-2.01	-28.54
JSE Select	1,638.40	-0.32	-10.62	-17.45	-44.94
All Jamaica	61,598.10	-0.46	-8.39	-16.75	-43.51
BSE Composite	873.86	1.11	-3.80	-5.00	-14.32

**Table 2: International Market Performance (as at 2 April 2009)**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
S&P 500	834.38	0.18	19.06	-7.62	-38.99
Nasdaq Composite	1,602.63	0.98	21.15	1.62	-32.13
Dow Jones Industrial	7,978.08	0.68	17.96	-9.10	-36.73
German Dax	4,381.92	2.88	18.11	-8.90	-35.35
FTSE 100	4,124.97	5.09	13.77	-6.97	-30.27
Nikkei 225	8,719.78	0.97	19.77	-0.31	-33.89
Hang Seng	14,521.97	2.93	17.90	0.93	-39.17
DJ Eurostoxx	2,216.49	2.76	17.72	-9.59	-41.64

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