



## *TTSE Q3 Review and Outlook*

### Trinidad: Top 5 Advances and Declines, July to September 2009

Security	Opening Price	Closing Price	Return (\$)	Return (%)
<b>Advances</b>				
West Indian Tobacco Company	\$ 23.50	\$ 28.00	4.50	19.1%
National Enterprises Limited	\$ 5.41	\$ 6.31	0.90	16.6%
Sagicor Financial Corporation	\$ 10.62	\$ 12.05	1.43	13.5%
CCMB Preference Share	\$ 0.12	\$ 0.13	0.01	8.3%
Trinidad Cement Limited	\$ 3.86	\$ 4.18	0.32	8.3%
<b>Declines</b>				
Jamaica Money Market Brokers	\$ 0.41	\$ 0.30	-0.11	-26.8%
LJWb	\$ 1.70	\$ 1.25	-0.45	-26.5%
GraceKennedy Company Limited	\$ 3.55	\$ 2.71	-0.84	-23.7%
Scotia DBG Investments Limited	\$ 1.76	\$ 1.40	-0.36	-20.5%
National Flour Mills	\$ 0.75	\$ 0.65	-0.10	-13.3%

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

The downward trend in the local stock market has finally been broken. After four consecutive quarters of losses, the Trinidad and Tobago Stock Exchange (TTSE) finally recorded some modest gains in the third quarter of 2009, ending 30 September. We noted in our last review that many of the locally traded stocks were trading at multi-year lows, but the rate at which prices were falling had in fact declined. We can now be moderately optimistic as there are signs that the market has bottomed out, and it may in fact be a good time to make some medium-to-long term entries. Further reason for this optimism lies in the fact that trading volumes increased for the second consecutive quarter, a sign that buying interest is slowly returning to the market.

There were a number of significant events and announcements in the third quarter of 2009, which affected the local stock market. Firstly, effective 13 July 2009, the TTSE indefinitely suspended trading in Angostura Holdings Limited (AHL) due to their failure to submit audited financials for fiscal 2008. Outside of the normal requirements, AHL promised delivery of the audited financials on two occasions, but failed to fulfill these commitments. At the end of the third quarter, financials were still

outstanding, and as such trading in AHL has not resumed. Also of significance was the announcement made by Guardian Holdings Limited (GHL) to officially end its share buyback programme on 18 August 2009. Following the release made in the first quarter by GHL announcing the intention to repurchase up to 4% of the company's issued stock (8,091,221 shares), the regional insurance giant placed the buyback programme on an indefinite hiatus as the group sought SEC approval to increase the daily limit on the number of shares it is allowed to purchase. The SEC restricted the company to purchase only 8,425 shares per day, and did not acquiesce to GHL's request to lift the daily limitation. As such, GHL only bought 75,861 shares and spent \$1.53 million before the programme came to an abrupt end. The market did not react to the news of the official end of the programme and the price of the share while the share price remained relatively stable during August and September.

Of additional significance to local trading is the announcement of the intention to cross-list BCB Holdings (BCBH), a financial services company, on the TTSE by mid-October 2009, offering four million shares to local and regional investors. BCBH is the parent company of a group of financial services businesses operating in Belize and the Turks and Caicos Islands. The share currently trades on the Alternative Investment Market on the London Stock Exchange (LSE) and will be cross-listed at a price reflective of the previous day's close price on the LSE.

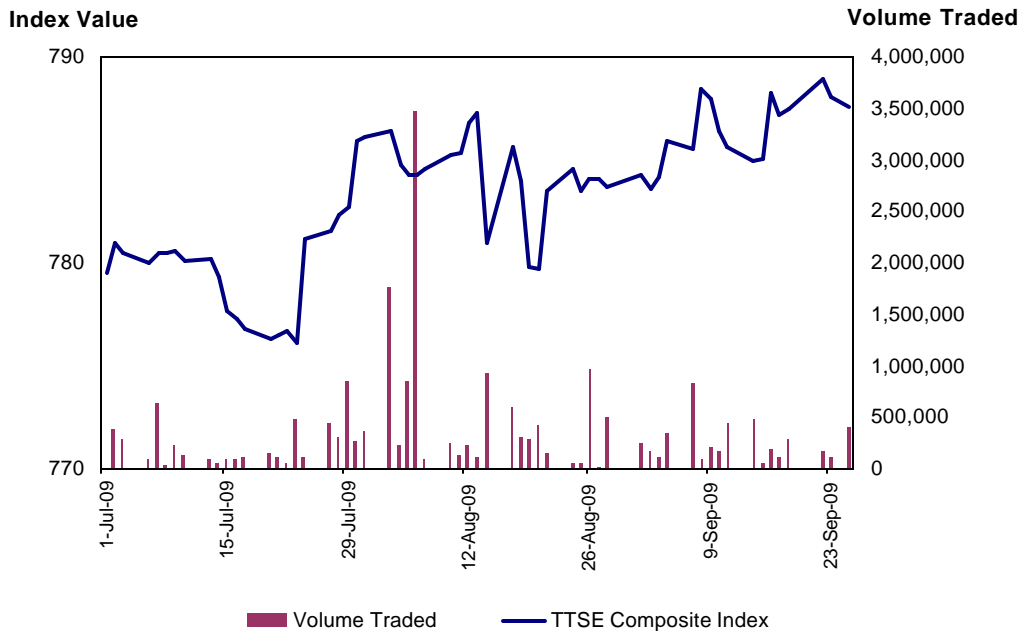
Finally, by the end of the year, the Caribbean Exchange Network (CXN) is expected to be fully implemented and functional, reflecting a coordinated electronic trading platform among the Stock Exchanges of Trinidad, Jamaica and Barbados. The integration of the Caribbean region's top three exchanges is aimed at increasing trading volume and liquidity, and attracting extra-regional investors by offering a larger exchange, and ease of access to all three exchanges via one single platform.

Trading activity picked up in the third quarter of 2009, but investor sentiment was still much lower than the same period last year. During the period July to September 2009, there were 9 advances, 12 declines, 10 shares trading firm while 8 did not trade. There remains a fair level of negative investor sentiment weighing on the market as the price of natural gas, one of the major drivers of our economy, was quite volatile during the third quarter. We can expect similar trading patterns for the rest of 2009, into early 2010 if natural gas prices remain depressed.

Traded volume was up in the third quarter of 2009 when compared to the previous quarters, with an average daily volume of 350,942 shares for Q3, compared to 310,604 during Q2, and 290,231 during Q1. A total of 22,109,333 shares were traded in 31 securities during the three-month period ending September 2009, up 18.6% over the previous quarter. However, the volume traded in Q3 2009 was 29.5% less than that of the same period in 2008, reflective of the current economic climate. The total value of the shares traded for the quarter ended September 2009 was TTD332,202,642.61, down 39% quarter-on-quarter, and down 38% year-on-year.

---

## TTSE Performance - July to September 2009



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

Figure 1 graphically shows us the trend of the TTSE Composite Index (TTSE CI) for the period under review. The TTSE CI hit a high of 788.89 points at the end of the quarter on 22 September 2009. The Index hit a low of 776.05 points on 23 July 2009, a level which, apart from this year, has not been observed since February 2004. By the end of the period the TTSE CI produced moderate gains of 1.0% (compared to losses of 5.1% last quarter, and losses of 7.4% during the same period last year). The All T&T Index that tracks domestic listed companies only recorded gains of 2.2% for the quarter (compared to losses of 3.7% last quarter, and 3.9% during the same period last year).

As noted in our previous outlook, we expect minimal profit growth coming out of the majority of the locally listed companies over the next eighteen months as they continue in their attempt to weather hardships of the local and global recessionary conditions. 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, though slightly improved, are still poor; the extreme bear market observed over previous four quarter seems to have flattened out, prices are moderating and the market appears to be consolidating at this level. We continue to expect low trading volumes to persist for at least the rest of the year so the potential to realize capital gains in the market this year remains slim. At current levels the market is fundamentally cheap, but given the trading conditions you must be prepared to hold for the medium to long term if you buy now. There are tremendous benefits of buying cheaply now, but the returns will probably not unfold for at least two to three years.

If you are willing to take a position in the market now, we believe that the following stocks are good medium to long term buys: GHL, SBTT, SFC, PHL and WCO.

**Table 1: Regional Market Performance (as at 1 October 2009)**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
TTSE Composite	787.97	-0.02	0.47	-6.52	-26.06
All Trinidad	1,109.69	0.63	1.36	-3.90	-23.16
JSE Index	80,099.54	0.38	0.81	-0.07	-20.47
JSE Select	1,789.78	1.04	2.16	-9.82	-33.48
All Jamaica	65,286.90	0.75	1.83	-11.77	-33.97
BSE Composite	831.70	-0.23	-1.78	-9.58	-19.82

**Table 2: International Market Performance (as at 1 October 2009)**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
S&P 500	1,029.85	-1.99	3.19	14.02	-11.30
Nasdaq Composite	2,057.48	-2.38	4.50	30.47	-0.58
Dow Jones Industrial	9,509.28	-2.04	2.13	8.35	-12.20
German Dax	5,554.55	-0.90	4.27	15.47	-4.34
FTSE 100	5,047.81	-0.62	4.73	13.84	1.78
Nikkei 225	9,978.64	-5.36	-5.24	14.08	-12.22
Hang Seng	20,955.25	-0.45	5.45	45.65	16.31
DJ Eurostoxx	2,810.46	-0.98	3.49	14.64	-8.37

**DISCLAIMER**

*The information contained in this documentation is for your information only. All information contained in this documentation has been obtained from and is based on sources, including but not limited to, newspaper and magazine articles that CMMB believes to be accurate and reliable. However such information, facts, calculations, methodology, assumptions and estimates contained in this documentation have not been verified by us. All opinions and estimates constitute the Author's judgment as of the date of the documentation which are subject to change; however neither its accuracy and completeness nor the opinions based thereon are guaranteed. As such, no warranty, express or implied, as to the accuracy, timeliness or completeness of this documentation is given or made by CMMB in any form whatsoever. Consequently, CMMB assumes no liability for the accompanying information, which is being provided to you solely for general information.*