



# Stock Market Weekly

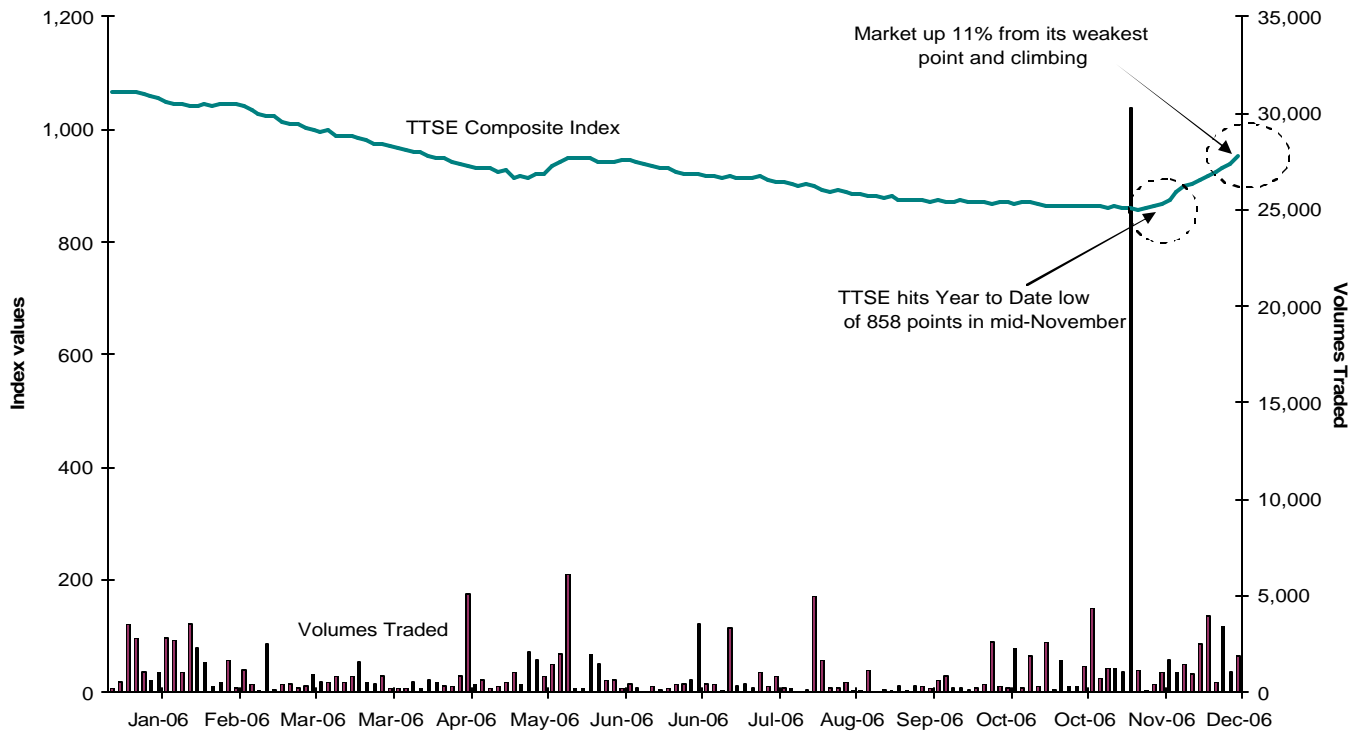
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## Possible Signs of a Revival for the TTSE

After more than 1.5 years of lacklustre performance and much ado about the market stagnation posed by the imposition of statutory regulations on institutional investors, mid-November 2006 saw an upsurge in market activity and overall performance. The TTSE Composite Index began to climb from its low of 858 points on 17 November to reach 954 points by 20 December, yielding an overall return of 11.2% over the period, and bringing year to date losses to 10.3%. Over the past year, market capitalization, a measure of the value of all outstanding shares, shed a further 9.7% or TT\$10.4 million to TT\$96.6 million in mid -December 2006. The recent up-tick in activity however could be an indication that the stock market seems to have bottomed out although some key uncertainties still exist including the proposed revision to the Insurance Act, which would have strong influence market sentiment. Year-to-date volumes were measured at around 181 million with the bulk of activity (49.1%) concentrated in the Non-Banking Finance Sector. This was mostly transacted in the last two months and generated mostly from JMMB stock. This stock moved 39% of all market volume for the year and became a star attraction partly on an arbitrage opportunity between the JSE and the TTSE in late November into December.

TTSE Performance (Jan to Dec 2006)



Source: TTSE. CMMB Resesarch

Table 2. TTSE Year to date Performance

## Sector performance

The local sectors took a beating in 2006 led by the Property Index which saw an erosion of 50.7% in market capitalization mainly led by the poor performance of Plipdeco stock. Most of the Banking sector was caught by spread compression. In late November RBTT attracted much attention on speculation of a takeover or merger. Trading and Manufacturing I were the only two Sectors with positive returns in 2006. Trinidad Publishing maintained its exceptional performance with a commendable return of 46%. Although second tier Mora Ven Holdings (MHL) was less popular it generated more substantial returns than most of its peers, advancing by 20%.

Dehring, Bunting and Golding share caused a stir on both the local and Jamaican market after Bank of Nova Scotia Jamaica (BNSJ) made a takeover bid and eventually secured a substantial interest in the company. Word of the takeover pushed the stock to "circuit breaker" highs on the JSE forcing the JCSD to suspend trading of the stock until official news of the proposed takeover was made public; in order to facilitate fair investment opportunities. On news of this JSE suspension, investors moved to secure the stock in Trinidad which may have been one of the main catalysts for the recent improvement in market pulse.

**Table 1: Regional Market Performance**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
TTSE Composite	954.34	2.61	10.38	-10.54	-10.36
All Trinidad	1,185.55	2.73	11.34	-10.36	-10.31
JSE Index	99,573.68	1.67	13.62	-4.03	-4.43
All Jamaica	104,924.34	-0.97	10.79	1.51	0.07
JSE Select	2,889.87	-0.90	12.50	1.49	-0.47
BSE Composite	939.84	0.54	-0.81	-9.19	-9.34

## Current Happenings

- \$billion upgrade for Petrotrin
- Port shutdown for second day
- State earned good price for BWIA slots Enill defends \$63.1m sale
- FCIB share deal soon completed
- Banks Holdings profits up
- Interest hike 'may not affect mortgage market'
- Banks lend \$52 billion over nine months
- No link between hike in Dyll share price and cash flow woes

- Kitts-Nevis expects EC\$300m from tourism in 2006
- TCL Group cement reaches Guyana market

At the close of the review period market P/E had retreated from 18 times to 13.8 times after falling to a low of 12 times at the close of the third quarter. The TTSE plans to introduce Margin Trading by the second quarter of 2007, re-introduce bond trading by the end of the first quarter and actively seek new listings. In terms of the regulatory environment, the Government is in the process of reforming pension legislation. The new Pension Act should be completed in the next 18 months. Economic prospects appear favorable but inflationary concerns are expected to persist. Some stocks that are should perform well include Trinidad Cement Limited, ReadyMix Limited, One Caribbean Media and Trinidad Publishing. The conglomerates are also expected to continue to rally with healthy earnings growth expected from Neal and Massy, Ansa McAl and GraceKennedy.

**Table 2: International Market Performance**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
S&P 500	1,425.55	0.99	1.79	12.35	13.17
Nasdaq Composite	2,429.55	-0.08	-0.94	8.28	9.32
Dow Jones Industrial	12,471.32	1.26	1.26	14.97	15.42
German Dax	6,553.51	1.19	1.57	20.01	22.34
FTSE 100	6,203.90	0.77	-0.01	9.19	11.82
Nikkei 225	16,776.88	0.84	6.68	4.13	7.26

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