



## Jamaican Equity Market still rallying

The Jamaican Market continued to outshine its peers in this period at the close of trade on 17 October, while the Barbados and Trinidad markets lost traction. The market, over the last month has been showing signs of recovery, and there are sufficient positive economic factors to boost stock demand and prolong this welcomed rally. Tourist arrivals in the final quarter are expected to slow on more stringent passport requirements for travelers to the Caribbean and uncertainty over the next elections could dampen investor confidence. However more growth through acquisitions, together with an inflow of cash from election spending, increasing disposable income, and improvements in the construction industry could help prolong this performance.

The Bank of Jamaica's strategy to reduce interest rates in Jamaica is already impacting the finance industry. The main impetus for this change has been the Government's attempts to reduce the country's fiscal deficit and to improve inflation levels which have since slowed to single digit levels. In addition this has also resulted in more stable exchange rate environment. In response to this banks and non-banking financial companies have been faced with the challenge of re-engineering its revenue streams and operations to continue to buoy profit levels. With this in mind over the last couple months news of acquisitions appear to be the corporate growth vehicle of choice. The Bank of Nova Scotia in an effort to build its Wealth Management Services is attempting to acquire controlling interest in Dehring, Bunting and Golding. One of Jamaica's largest banking institutions; NCBJ is diversifying not only within the finance industry but also into the communications and insurance sectors. The company has established a Small and Medium Sized Firm Division, introduced a Payroll Plus facility and is also aggressively marketed its overseas AIC funds.

Other recent developments include Mayberry Investment's (MIL's) acquisition of 49% of Access Financial Services Limited and JMMB's planned entrance into the very liquid Bahrain market. Overall it seems like this industry is headed for a major restructuring starting with the intention to list these acquisitions as in the case of MIL's Access Financial or possibly a delisting if BNSJ were to acquire 100% of DB&G's customer base.

The Main Index inched up by .1%, but the Index tracking resident equities, the ALL Jamaica Index, showed more promise with a return of 1.4% for the period causing overall losses from January to present, to slow to -14.84%. Winners outnumbered losers again in this period 18 to 9. Companies in acquisition mode were the preferred choice of investors as Jamaica Broilers, Jamaica Producers and Bank of Nova Scotia together moved 50% of all trades. Trinidad Cement lost some 20.4% in value while its subsidiary, Caribbean Cement Company shed 5.3% and JMMB contracted by 4.4%. Investors who held on to Ciboney enjoyed a 50% price appreciation, gaining J\$.02 to close at J\$.06. The other two advancers were

Salada Foods and Montego Freeport which climbed by 15% and 9% respectively.

The TTSE Composite is now down by 18.8% for the year so far after closing with 865.52 points but the resident stocks are seemingly weighing more on the Index as the ALL T&T Index fell to 18.92% year to date. Value traded for the week jumped from approximately TT\$23.8 million to \$43.9 million based on a trade of more than 1 million shares for NFM and OCM on 17 October. Accordingly, NFM was responsible for 40% of all trades, followed by OCM, which accounted for 27% of trading activity. Stocks including Angostura, Capital and Credit and Plipdeco advanced with Angostura Holdings in the lead after posting a significant 10% gain. Losers for the period were RBTT Financial Holdings (-4.9%), Prestige Holdings (-4.8%) and LJWb (-3.8%).

Lacklustre trading on the Barbados market was also evidenced by an advance decline ratio of 2 to 2. The majority of listed equities traded remained unchanged but traded volumes retreated by 11%. Of the two advancing stocks, Cable and Wireless was the more popular choice as the stock regained momentum to close at B\$3.00 on 17 October, an increase of 5.3%. CWBL accounted for 46% of total trades. The only other stock gaining value was Light and Power Holdings, up 3.6% for the first time since the close of its rights, on 1 September. Downward pressure on ICBL led to a 7.9% loss in value, while RBTT recorded a marginal loss of 1.2%.

## **ECSE Review**

Activity on the ECSE-EC Index increased during the review period ending 17 October. The index has already gained 8.6% year to date however market activity continues to be constrained by low traded volumes amongst the 9 listed companies. Three stocks traded albeit with negligible trading volumes and included stocks like TDC, DES and ECFH. 29 TDC shares traded at EC\$13.00, 25 DES shares traded at EC\$4.00 and 950 ECFH shares traded at EC\$10.00. These movements had no effect on the overall Index value which remained at 118.944 points since all shares remained unchanged in terms of price. In the secondary market, the Regional Government Securities Market (RGSM), EC\$25,000 of the Government of Antigua & Barbuda 5year 8.25% note traded at par. The RGSM is a market for sovereign debt instruments. There was no trading activity in the primary market for the review period. The Government of Antigua & Barbuda is scheduled to come to the market on October 24, 2006 with an EC\$17 Million 91-day Treasury bill using a competitive auction methodology.

On 19 October the Eastern Caribbean Securities Exchange (ECSE) celebrated its 5<sup>th</sup> Anniversary since its initial launch on 19 October, 2001. The relatively young exchange already has plans to expand into CARICOM and beyond and unveiled a new website to mark this monumental occasion.

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**Table 1: Regional Market Performance**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
TTSE Composite	865.52	-0.68	-0.67	-18.87	-20.99
All Trinidad	1,072.37	-0.94	-2.23	-18.92	-21.76
JSE Index	86,621.08	0.11	1.40	-16.51	-16.06
All Jamaica	88,027.89	1.43	3.45	-14.84	-12.50
JSE Select	2,382.08	1.83	2.66	-16.35	-12.95
BSE Composite	962.98	-0.13	-1.89	-6.95	-7.25
ECSE –EC Share Index	118.94	0.00	-0.18	8.59	9.461

**Current Happenings**

- S&P affirms T&T's A- rating
- Cabinet suspends CET on some manufacturing inputs
- NCB denies Blue Cross acquisition stalled
- PNP account frozen amid Trafigura controversy
- September inflation rise but interest rates are trending down
- Government of Jamaica Variable Rate Investment Bond 2012/2013
- The Government of Antigua & Barbuda to release an EC\$17 Million 91-day Treasury Bill October 24

**Table 2: International Market Performance**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
S&P 500	1,364.05	0.79	3.24	7.51	14.62
Nasdaq Composite	2,344.95	1.27	4.88	4.51	13.27
Dow Jones Industrial	11,950.02	0.70	3.42	10.16	15.48
German Dax	6,115.10	-0.04	3.19	11.98	22.82
FTSE 100	6,108.60	0.59	3.71	7.52	15.55
Nikkei 225	16,611.59	0.82	4.69	3.10	23.96

**International Market Review**

At the close of trade on 17 October most of the International Equity benchmarks were in positive territory. The U.S economy seems to be slowing to a more sustainable pace based on a recent Government Report, which showed that inflation seems to be more stable. This is indicative of another possible pause at the next Federal Reserve meeting on 25 October. All U.S

indices were up in this period. The NASDAQ remained ahead with an increase of 1.3%, while the S&P 500 and the Dow Jones Industrial ended with a small gain of .7% each. . Online Gambling companies are already feeling the pinch for a recent law passed by President Bush which bans credit card companies from collecting payments for bets for online gambling and another passed in Congress to close the industry. The world's largest Internet poker company, PartyGaming Plc's share price estimate has already been lowered.

European stocks continued to rally as commodity prices of oil and mining stocks rose and a European takeover stirred interest Banca Popolare Italiana Scrl took on a EURO\$10.3 billion takeover offer. Also, escalating commodity prices also pushed oil and mining stock prices. According to Bloomberg takeovers in European countries have already climbed 51% to EURO\$1.28 trillion when compared to this period in 2005. Gains in retail sales and improving consumer confidence helped to ease concerns that weaker housing could lower demand for exports and boost returns on the Asian Equity markets. The Nikkei 225 ended with 16,611.59 points, an improvement of 1% after the value of U.S sales rose as the dollar climbed for three weeks in a row against the Yen. The Hang Seng Index advanced by .8%.

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