

## CARIBBEAN STOCK REPORT March 7 to March 11 2011

The frenzy of Carnival and the solemnity of Ash Wednesday combined to make for a light trading week as 9,373,846 shares crossed the floors of the six stock exchanges across Caricom, with 18 stocks advancing, 18 declining and 85 remaining unchanged. Grace Kennedy was again the volume leader with 1,925,898 shares being traded, Pan Caribbean Financial Services posted the largest gain of 10.5% for the week, while on the losing end, Pulse Investments fell 16.70%. During the week, seven of the CSX 30 stocks advanced, seven declined and sixteen were unchanged. The CSX 30 advanced 0.24% to close the week at 1,114.9, up 1.28% year to date. There was some relief from the recent carnage on the Junior market with four of the CJSX stocks advancing, three declining and three remaining unchanged. The CJSX advanced 1.28% to close the week at 1,045.4, down 8.85% for the year. Table 1 provides a summary of the broad market indices for the week as well as some international reference points.

**Table 1: Broad Market Indices March 7 to March 11, 2011**

	Index	Change	Year To Date	Volatility	Return per Unit of Risk
Caribbean AllShare Index CASX	944.3	0.24%	-6.35%	1.06%	-6.0
Caribbean Select Index CSX 30	1,114.9	0.15%	1.28%	0.18%	6.93
Caribbean Junior Share Index CJSX	1,045.4	1.28%	-8.85%	1.46%	-6.06
S&P 500 (USA)	1,304.28	-0.45%	2.55%		
FTSE 100 (UK)	5,828.70	-2.43%	-3.08%		
MSCI Emerging Markets	1,115.37	0.19%	-3.30%		
Gold	\$1,421.8				
Oil (Brent Crude Futures)	\$112.48				

### Sector Analysis

Table 2 provides a summary of the sector indices, followed by details on the performance of the stocks in each sector.

**Table 2: Sector Indices March 7 to March 11, 2011**

	Index	Change	Year to Date	Volatility	Return per Unit of Risk
Caribbean Banking Index (CBSX)	1,145.2	1.51%	2.94%	0.32%	9.26
Caribbean Conglomerate Index (CCSX)	1,067.8	0.18%	-1.11%	0.46%	-2.43
Caribbean Communications and Utilities Index (CCUX)	1,197.1	0.16%	11.76%	1.21%	9.71
Caribbean Insurance and Investments Index (CIIX)	976.6	0.23%	-1.64%	1.19%	-1.38
Caribbean Manufacturing Index (CMSX)	1,104.7	-0.92%	-3.19%	0.50%	-6.38
Caribbean Retail and Distribution Index (CRDX)	1,112.7	0.81%	5.83%	1.71%	3.41
Caribbean Tourism and Real Estate Index (CTRX)	790.4	0.16%	-7.17%	1.21%	-5.94

Banking sector stocks had the best week with the CBSX advancing 17.03 points to close the week at 1,145.2. Three of the CBSX stocks advanced, three declined and sixteen were unchanged. The CBSX was led by First Caribbean Jamaica and National Commercial Bank of Jamaica which posted gains of 5.0% and 2.36% respectively. Bank of the Bahamas posted a 2.22% decline for the week.

Manufacturing was the only group to post a decline for the week, with the CMSX declining 10.2 points to close the week at 1,140.7, down 3.19% for the year. Whilst Demerara Distillers and Berger Paints Jamaica posted solid gains of 4.76% and 2.10% respectively, the CMSX was dragged down by Kingston Wharves, Desnoe and Geddes, Point Lisas Development and Jamaica Broilers which posted losses of -5.39%, -4.96%, -2.80% and -1.23% respectively. For the group as a whole, five stocks advanced, five declined and twenty were unchanged.

The Retail and Distribution group continued its recovery from 2010, with the CRDX advancing 8.91 points to close the week at 1,112.7 up 5.83% for the year. For the week, three stocks advanced, one declined and six were unchanged. AML Foods led the group with a 4.81% gain on strong volume by BISX standards, while Agostini's gained 2.86% and Cave Shepherd gained 2.80%. Performance continued to be mixed in the Insurance and Investments group with three stocks advancing, five declining and nine were unchanged. Pan Caribbean Financial Services posted a strong 10.47% gain, and Sagicor Life Jamaica and Jamaica Money Market Brokers posted gains of 4.04% and 3.18% respectively. However, Pulse Investments declined 16.67%, Eastern Caribbean Financial Holdings lost 7.39% and Mayberry Investments also lost 2.89%. For the week, the CIIX advanced 2.25 points to close at 976.6 points, down 1.64% year to date. In the conglomerate group, a 4.81% gain for Ansa Mcal saw the CCSX advance 1.9 points to close the week at 1,067.8, down 1.11% year to date. For the conglomerate group Grace Kennedy posted a 0.04% decline and all other stocks were unchanged for the week. The Tourism and Real Estate, and Communications and Utilities groups were essentially flat for the week.

### Stocks On The Move

Tables three and four provide some widely used financial metrics on the biggest movers for the month. Readers should note that prices are in US dollars.

**Table 3: Advancing Stocks: March 7 to March 11 2011.**

	EXCH	Index	Close	30 Day Moving Average	Volume	Return For Week	Year to Date	Volatility	Return per Unit of Risk
Pan caribbean	JSE	CIIX	\$0.232	\$0.0209	100,000	10.5%	3.39%	2.07%	1.64
Dolphin Cove	JSE	CTRX	\$0.054	\$0.053	249	6.5%	2.88%	1.83%	1.57
First Caribbean JM	JSE	CBSX	\$0.154	\$0.154	5,000	5.0%	0.08%	0.03%	2.86
AML Foods	BISX	CRDX	\$1.09	\$1.046	2,000	4.8%	11.82%	0.78%	15.24
Demerara Distill	GASCI	CMSX	\$0.055	\$0.053	2,000	4.8%	9.39%	0.86%	10.95
Lasco Financial	JSE	CJSX	\$0.029	\$0.03	127,330	4.2%	-2.55%	1.91%	-1.34
Sagicor Life Jam	JSE	CIIX	\$0.087	\$0.082	1,487,231	4.0%	6.97%	1.85%	3.77
CWJA	JSE	CCUX	\$0.003	\$0.003	557,423	3.8%	-1.17%	3.05%	-0.38
RJR	JSE	CCUX	\$0.028	\$0.027	1,099,000	3.5%	3.50%	1.85%	1.89
JMMB	JSE	CIIX	\$0.054	\$0.052	3,011	3.2%	14.55%	1.40%	10.42

**Table 4: Declining Stocks: March 7 to March 11 2011.**

	EXCH	Index	Close	30 Day Moving Average	Volume	Return	Year to Date	Volatility	Return per Unit of Risk
Pulse Investments	JSE	CIIX	\$0.017	\$0.021	104,100	-16.7%	-38.93%	3.63%	-10.73
Blue Power Group	JSE	CJSX	\$0.056	\$0.060	59,381	-12.2%	6.29%	3.90%	1.16
Eastern Caribbean Financial Holdings	ECCS	CIIX	\$4.63	\$4.918	1,060	-7.40%	-5.23%	3.17%	-1.65
Kingston Wharves	JSE	CMSX	\$0.058	\$0.058	34,900	-5.40%	27.69%	4.23%	6.55
Desnoe & Geddes	JSE	CMSX	\$0.031	\$0.033	618,100	-5.0%	-27.84%	2.82%	-9.88
Mayberry	JSE	CIIX	\$0.023	\$0.026	679,398	-2.90%	-19.99%	2.0%	-10.01
Point Lisas	TTSE	CMSX	\$0.705	\$0.728	5,000	-2.80%	-9.18%	0.71%	-12.92
Bank of Bahamas	BISX	CBSX	\$4.40	\$4.539	4,238	-2.20%	-10.20%	1.46%	-6.99
Freeport Oil	BISX	CMSX	\$5.40	\$5.629	4,700	-1.50%	-1.32%	1.68%	-0.79
Lasco Distributors	JSE	CJSX	\$0.037	\$0.046	179,768	-1.40%	-7.93%	3.21%	-2.47

#### Investing School ( Price Earnings (PE) Ratio )

A valuation ratio of a company's current share price compared to its per-share earnings. Also sometimes known as "price multiple" or "earnings multiple". Calculated as:

$$= \frac{\text{Market Value per Share}}{\text{Earnings per Share (EPS)}}$$

For example, if a company is currently trading at \$43 a share and earnings over the last 12 months were \$1.95 per share, the P/E ratio for the stock would be 22.05 (\$43/\$1.95). EPS is usually from the last four quarters (trailing P/E), but sometimes it can be taken from the estimates of earnings expected in the next four quarters (projected or forward P/E). A third variation uses the sum of the last two actual quarters and the estimates of the next two quarters.

The PE ratio can be taken to mean different things. THE PE ratio is mainly used to assess how "expensive" a stock is. A higher P/E ratio means that investors are paying more for each unit of net income, so the stock may be viewed as *more* expensive compared to one with lower P/E ratio. The P/E ratio is also sometime taken as a rough measure of the number of years of earnings to pay back the purchase price, ignoring the time value of money [http://en.wikipedia.org/wiki/Time\\_value\\_of\\_money](http://en.wikipedia.org/wiki/Time_value_of_money). So if the PE ratio is 9, then if earnings were to remain constant it would take 9 years to recover the money spent to acquire the stock. In general, a high P/E suggests that investors are expecting higher earnings growth in the future compared to companies with a lower P/E.

**Department of Management Studies, UWI Cave Hill.**