

## CARIBBEAN STOCK REPORT July 25 to July 29 2011

Despite solid gains and heavy trading on the junior markets, Caribbean stocks ended the week of July 25 to July 29 lower, on the back of losses in Manufacturing and Banking stocks. For the week, 53, 581,431 shares valued at \$4,776,372, crossed the floors of the six stock exchanges across Caricom, with 33 stocks advancing, 39 declining and 53 remaining unchanged. New listing, Caribbean Producers was the volume leader with 28,904,277 shares being traded. Mayberry Investments posted the largest gain for the week (37.80%), while on the losing end, Ciboney fell 33.40%. For the week, eleven of the CSX 30 stocks advanced, twelve declined and seven were unchanged. The CSX 30 lost 3.45 points to close the week at 1,249.40, up 10.04% year to date. On the junior market, six stocks advanced, four declined and two were unchanged as the CJSX gained 38.20 points to close the week at 1,382.20, up 19.30% year to date. The group was led by a 12.54% gain in Lasco Distributors, a 12.48% gain in Lasco Manufacturing, a 9.57% gain in AMG Packaging, a 6.77% gain in Honey Bun, a 4.54% in Lasco Financial and a 1.72% gain in Lasco Financial. 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 July 25 to July 29, 2011**

	Index	Change	Year To Date	Volatility	Return per Unit of Risk
<b>Caribbean AllShare Index CASX</b>	950.01	-0.06%	-5.73%	0.62%	-9.22
<b>Caribbean Select Index CSX 30</b>	1,249.35	-0.28%	10.04%	0.24%	42.13
<b>Caribbean Junior Share Index CJSX</b>	1,382.24	2.85%	19.30%	1.39%	13.88
<b>S&amp;P 500 (USA)</b>	1,292.28	-3.92%	2.76%	0.78%	3.54
<b>FTSE 100 (UK)</b>	5,815.2	-2.02%	-1.44%	0.89%	-1.60
<b>Gold (100 OZ Futures)</b>	\$1,640.80	1.31%			
<b>Oil (Brent Crude Futures)</b>	\$94.59	5.00%			

### 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 July 25 to July 29, 2011**

	Index	Change	Year to Date	Volatility	Return per Unit of Risk
<b>Caribbean Banking Index (CBSX)</b>	1,215.3	-0.57%	8.93%	0.29%	30.43
<b>Caribbean Conglomerate Index (CCSX)</b>	1,171.0	0.26%	8.21%	0.44%	18.75
<b>Caribbean Communications and Utilities Index (CCUX)</b>	1,107.5	0.38%	4.02%	0.74%	5.41
<b>Caribbean Insurance and Investments Index (CIIX)</b>	1,115.1	1.34%	11.74%	0.78%	15.07
<b>Caribbean Manufacturing Index (CMSX)</b>	1,235.8	-0.89%	8.14%	0.50%	16.34
<b>Caribbean Retail and Distribution Index (CRDX)</b>	1,188.7	1.50%	12.50%	1.02%	12.26
<b>Caribbean Tourism and Real Estate Index (CTRX)</b>	786.92	-0.07%	-7.60%	0.71%	-10.73

## **Investing School (Principles To Invest By)**

### **8. Be Careful of Snakes.**

Though the economics of a business is key, the stewards of a company's capital are still important. Even wide-moat businesses can be poor investments if snakes are in control. If you find a company that has management practices or compensation that makes your stomach turn, watch out. When weighing management, it is helpful to remember the parable of the snake. Late one winter evening, a man came across a snake on the path. The snake asked, "Will you please help me, sir? I am cold, hungry and will surely die if left alone." The man replied, "But you are a snake, and you will surely bite me!" The snake replied, "Please, I am desperate, and I promise not to bite you." So the man thought about it, and decided to take the snake home. The man warmed the snake up by the fire and prepared some food for the snake. After they enjoyed a meal together, the snake suddenly bit the man. The man asked, "Why did you bite me? I saved your life and showed you much generosity!" The snake simply replied, "You knew I was a snake when you picked me up."

### **9. Bear in Mind that Past Trends Often Continue.**

One of the most often heard disclaimers in the financial world is, "Past performance is no guarantee of future results." While this is indeed true, past performance is still a pretty darn good indicator of how people will perform again in the future. This applies not just to investment managers, but company managers as well. Great managers often find new business opportunities in unexpected places. If a company has a strong record of entering and profitably expanding new lines of business, make sure to consider this when valuing the firm. Don't be afraid to stick with winning managers.

### **Prepare for the Situation to Proceed Faster than You Think.**

Most deteriorating businesses will do so faster than you anticipate. Be very wary of value traps, or companies that look cheap but are generating little or no economic value. On the other hand, strong businesses with solid competitive advantages will often exceed your expectations. Have a very wide margin of safety with a troubled business, but do not be afraid to have a much smaller margin of safety for a wonderful business with a shareholder-friendly management team.

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## **Stocks On The Move**

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

**Table 3: Advancing Stocks: July 25 to July 29 2011.**

	<b>EXCH</b>	<b>Index</b>	<b>Close</b>	<b>30 Day Moving Average</b>	<b>Volume For Week</b>	<b>Return For Week</b>	<b>Year to Date</b>	<b>Volatility</b>	<b>Return per Unit of Risk</b>
Mayberry	<b>JSE</b>	<b>CIIX</b>	\$0.0348	\$0.0256	6,501,328	37.8%	31.74%	2.92%	10.89
JMMB	<b>BSE</b>	<b>CIIX</b>	\$0.0830	\$0.0686	325,600	17.0%	59.50%	1.39%	42.84
Sterling Products	<b>GASCI</b>	<b>CMSX</b>	\$0.3624	\$0.3297	1,500	12.6%	14.00%	1.52%	9.21
Lasco Distributors	<b>JSE</b>	<b>CJSX</b>	\$0.1004	\$0.0805	660,196	12.5%	98.45%	3.39%	29.05
Lasco Manufacturing	<b>JSE</b>	<b>CMSX</b>	\$0.0944	\$0.0892	609,188	12.5%	38.54%	3.06%	12.60
Radio Jamaica	<b>JSE</b>	<b>CCUX</b>	\$0.0345	\$0.0302	244,849	9.9%	43.23%	2.58%	16.73
AMG Packaging	<b>JSE</b>	<b>CJSX</b>	\$0.0407	\$0.0429	1,852,631	0.10	26.09%	5.06%	5.16
Scotia Investments	<b>JSE</b>	<b>CIIX</b>	\$0.3250	\$0.2847	9,350	8.3%	33.68%	1.78%	18.94

**Table 4: Declining Stocks: July 25 to July 29 2011.**

	<b>EXCH</b>	<b>Index</b>	<b>Close</b>	<b>30 Day Moving Average</b>	<b>Volume For Week</b>	<b>Return For Week</b>	<b>Year to Date</b>	<b>Volatility</b>	<b>Return per Unit of Risk</b>
Ciboney	<b>JSE</b>	<b>CTRX</b>	\$0.0007	\$0.0009	100,000	-33.4%	172.99%	13.69%	12.63
Capital & Credit	<b>JSE</b>	<b>CIIX</b>	\$0.0429	\$0.0455	633,751	-24.0%	34.30%	5.41%	6.34
Desnoe & Geddes	<b>JSE</b>	<b>CMSX</b>	\$0.0402	\$0.0407	196,670	-13.6%	7.78%	3.04%	2.56
Republic Bank Guy	<b>GASCI</b>	<b>CBSX</b>	\$0.3914	\$0.4072	5,000	-7.5%	23.94%	1.74%	13.79
Banks DIH	<b>GASCI</b>	<b>CMSX</b>	\$0.0580	\$0.0597	10,000	-6.82%	1.06%	1.33%	0.80
Caribbean Producers	<b>JSE</b>	<b>CJSX</b>	\$0.5889	\$0.6264	28,904,277	-6.6%	-13.70%	1.38%	-9.94
St. Kitts & Nevis Trading	<b>ECSE</b>	<b>CRDX</b>	\$1.2315	\$1.3668	3,559	-6.6%	-14.45%	0.71%	-20.22
Sagikor	<b>JSE</b>	<b>CIIX</b>	\$0.0410	\$0.0447	2,172	-5.3%	-8.07%	2.52%	-3.20