

CARIBBEAN STOCK REPORT September 19 to September 23 2011

Caribbean stocks fell, as 35,226,206 shares valued at US\$4,834,640, crossed the floors of the six stock exchanges across Caricom, with 19 stocks advancing, 54 declining and 51 remaining unchanged. Jamaica Teas Limited was the volume leader with 10,272,602 shares being traded, Lasco Distributors posted the largest gain for the week (16.90%), while on the losing end, First Caribbean International Bank Jamaica fell 20.50%. For the week, eight of the CSX 30 stocks advanced, sixteen declined and six were unchanged. The CSX 30 gained 36.38 points to close the week at 1,270.10, up 11.71% year to date. On the Junior Market, five stocks advanced, six declined and two were unchanged as the CJSX gained 36.38 points to close the week at 1,499.80, up 27.79% year to date. There were gains for Lasco Distributors (16.93%), Lasco Financial (4.02%), Honey Bun (3.08%) and Blue Power (2.72%). However, there were also losses for Access Financial Services (4.01%), AMG Packaging (2.79%), Cargo Handlers (1.82%) and Dolphin Cove (1.28%). 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 September 19 to September 23, 2011

	Index	Change	Year To Date	Volatility	Return per Unit of Risk
Caribbean AllShare Index CASX	1,245.89	-0.10%	25.45%	2.34%	10.86
Caribbean Select Index CSX 30	1,282.29	0.58%	11.71%	0.26%	45.68
Caribbean Junior Share Index CJSX	1,499.84	2.49%	27.79%	1.37%	20.30
S&P 500 (USA)	1,136.43	-6.54%	-9.64%	1.34%	-7.21
FTSE 100 (UK)	5,066.80	-5.62%	-14.12%	1.28%	-11.05
Gold (100 OZ Futures)	\$1,601.60	-12.00%			
Oil (Brent Crude Futures)	\$104.29	-6.00%			

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 September 19 to September 23, 2011

	Index	Change	Year to Date	Volatility	Return per Unit of Risk
Caribbean Banking Index (CBSX)	1,253.3	0.10%	12.02%	0.29%	41.84
Caribbean Conglomerate Index (CCSX)	1,154.2	-0.20%	6.79%	0.43%	15.86
Caribbean Communications and Utilities Index (CCUX)	1,111.2	-0.09%	4.36%	0.67%	6.56
Caribbean Insurance and Investments Index (CIIX)	1,139.2	-1.66%	13.94%	0.74%	18.87
Caribbean Manufacturing Index (CMSX)	1,185.9	-5.67%	4.19%	0.61%	6.84
Caribbean Retail and Distribution Index (CRDX)	1,213.3	-0.03%	14.68%	0.98%	14.94
Caribbean Tourism and Real Estate Index (CTRX)	1,071.3	-0.01%	28.60%	2.72%	10.51

The CMSX declined 5.67% as five manufacturing stocks advanced, eighteen declined and six were unchanged. There were gains for Caribbean Cement (5.19%), National Flour Mills (4.85%), Point Lisas Development (2.39%), Trinidad Cement (1.30%) and Jamaica Broiler (1.00%). However, the group was pulled down by a 3.34% loss on Berger Paints Jamaica and a number of small losses on seventeen other stocks. The CIIX fell 1.66% as four Insurance and Investments stocks advanced, eight declined and five were unchanged. There were gains for Sagicor Life Jamaica (7.43%), Sagicor (2.75%), Cargo Handlers (1.18%) and Mayberry (1.00%). However, there were losses for Pulse Investments (13.90%), JMMB (3.34%), Barita Investments (3.34%) and Scotia Investments (2.01%). The other sector indices were relatively flat for the week.

Investing School (Managing Investment Risks)

This week we continue our discussion on risk. In everyday usage we tend to think of “risk” in predominantly negative terms, as something to be avoided or a threat that we hope won’t materialize. In the investment world, however, risk is inseparable from performance and, rather than being desirable or undesirable, is simply necessary.

A common definition for investment risk is *deviation from an expected outcome*. We can express this in absolute terms or relative to something else like a market benchmark. That deviation can be positive or negative, and relates to the idea of “no pain, no gain” - to achieve higher returns in the long run you have to accept more short-term volatility. How much volatility depends on your risk tolerance - an expression of the *capacity* to assume volatility based on specific financial circumstances and the *propensity* to do so, taking into account your psychological comfort with uncertainty and the possibility of incurring large short-term losses. Investors should seek to have a clear understanding of their risk tolerance in advance of making investment choices. Higher returns carry higher risks, and before you chase higher returns be sure your stomach can handle the higher levels of risk.

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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: September 19 to September 26 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
Lasco Distributors	JSE	CJSX	\$0.1256	\$0.1047	211,107	16.9%	24.21%	3.09%	7.84
Sagicor Life Jamaica	JSE	CIIX	\$0.1159	\$0.1087	2,948,600	7.4%	7.89%	1.12%	7.03
CW Jamaica	JSE	CCUX	\$0.0022	\$0.0019	4,556,720	6.3%	15.29%	4.81%	3.18
Caribbean Cement	JSE	CMSX	\$0.0232	\$0.0228	4,922,350	5.2%	3.60%	2.53%	1.42
National Flour Mills	TTSE	CMSX	\$0.1325	\$0.1258	42,523	4.9%	-5.97%	1.98%	-3.01
Lasco Financial	JSE	CJSX	\$0.0267	\$0.0282	22,984	4.0%	15.91%	2.23%	-7.13
Honey Bun	JSE	CJSX	\$0.0579	\$0.0568	171,154	3.08%	0.01%	3.49%	0.00
St. Kitts & Nevis Bank	ECSE	CBSX	\$0.8148	\$0.7731	7,242	2.8%	10.54%	1.20%	-8.79

Table 4: Declining Stocks: September 19 to September 26 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
FCIB Jamaica	JSE	CBSX	\$0.0869	\$0.1130	29,296	-20.5%	49.7%	5.31%	-9.38
Ciboney	JSE	CTRX	\$0.0005	\$0.0006	547,400	-20.0%	36.8%	4.12%	-8.94
Pulse Investments	JSE	CIIX	\$0.0180	\$0.0224	25,000	-13.9%	65.2%	7.56%	-8.63
Montego Freeport	JSE	CMSX	\$0.0151	\$0.0171	17,233	-10.4%	5.89%	2.92%	-2.02
Freeport Concrete	BISX	CMSX	\$5.3300	\$5.7229	1,760	-7.3%	8.94%	1.68%	5.32
Gleaner	JSE	CCUX	\$0.0232	\$0.0240	181,633	-4.8%	4.27%	3.16%	1.35
Consolidated Water	BISX	CCUX	\$1.5500	\$1.6813	-	-4.2%	-14%	2.18%	-6.77
Access Financial Services	JSE	CJSX	\$0.0556	\$0.0503	607,985	-4.0%	3.08%	3.86%	0.80

