

CARIBBEAN STOCK REPORT September 12 to September 16 2011

Caribbean stocks rebounded from last week's declines, as 54,436,744 shares valued at US\$9,664,050, crossed the floors of the six stock exchanges across Caricom, with 51 stocks advancing, 31 declining and 43 remaining unchanged. Gleaner was the volume leader with 20,201,313 shares being traded. Pegasus Hotels posted the largest gain for the week (36.30%), as that stock's price moved from Jam\$11.0 per share to Jam\$15.0 per share, while on the losing end, Pulse Investments gave up most of the gains from last week and fell 26.90%. For the week, eighteen of the CSX 30 stocks advanced, eight declined and four were unchanged. The CSX 30 gained 18.90 points to close the week at 1,280.80, up 12.54% year to date. On the Junior Market, seven stocks advanced and six declined as the CJSX lost 31.81 points to close the week at 1,563.50, up 25.23% year to date. There were gains for Access Financial Services (16.11%), Blue Power (9.90%), Lasco Distributors (2.32%) and Jamaica Teas (2.14%). However, the group was dragged down by losses for Lasco Financial (10.34%), Dolphin Cove (9.37%), Lasco Manufacturing (5.67%), Cargo Handlers (5.52%), AMG Packaging (5.20%) and Caribbean Producers (3.46%). 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 12 to September 16, 2011

	Index	Change	Year To Date	Volatility	Return per Unit of Risk
Caribbean AllShare Index CASX	1,246.26	31.12%	25.46%	2.37%	10.74
Caribbean Select Index CSX 30	1,274.87	0.66%	12.54%	0.25%	50.78
Caribbean Junior Share Index CJSX	1,463.46	-2.13%	25.23%	1.34%	18.77
S&P 500 (USA)	1,216.01	5.35%	-3.31%	1.31%	-2.52
FTSE 100 (UK)	5,368.40	2.95%	-9.01%	1.23%	-7.34
Gold (100 OZ Futures)	\$1,824.40	-0.69%			
Oil (Brent Crude Futures)	\$111.27	-0.38%			

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 12 to September 16, 2011

	Index	Change	Year to Date	Volatility	Return per Unit of Risk
Caribbean Banking Index (CBSX)	1,252.1	0.27%	11.92%	0.29%	41.17
Caribbean Conglomerate Index (CCSX)	1,156.5	0.91%	6.99%	0.43%	16.13
Caribbean Communications and Utilities Index (CCUX)	1,112.2	0.28%	4.45%	0.67%	6.60
Caribbean Insurance and Investments Index (CIIX)	1,108.9	-0.77%	11.23%	0.74%	15.08
Caribbean Manufacturing Index (CMSX)	1,257.1	1.40%	9.87%	0.47%	20.99
Caribbean Retail and Distribution Index (CRDX)	1,213.7	0.05%	14.70%	0.99%	14.87
Caribbean Tourism and Real Estate Index (CTRX)	1,071.4	36.20%	28.61%	2.76%	10.37

The CTRX advanced 36.20% as three Tourism and Real Estate stocks advanced, two declined and three were unchanged. The CTRX has been one of the weaker performers year to date, but the index was boosted by a jump in the share price of Pegasus Hotels from Jam \$11.00 per share to Jam \$15.00 per share. Due to the large capitalization of Pegasus, such a move had a dramatic impact on the index. However, the price move was on quite low volume, so investors should be cautious in terms of assessing the sustainability of the price increase. The CMSX advanced 1.40% as fifteen manufacturing stocks advanced, eight declined and six were unchanged. The group was led by gains for Desnoe & Geddes (13.87%), Banks DIH (4.64%), Trinidad Cement (4.35%), Demerara Distillers (4.24%) and Angostura Holdings (3.31%). There were losses for Berger Paints Jamaica (10.56%), Kingston Wharves (5.04%), Jamaica Broilers (1.66%) and Point Lisas Development (1.53%). The CCSX advanced 0.91% as four conglomerate stocks advanced, three declined and three were unchanged. The group was led by gains for Pan Jamaican Investments (3.44%), Ansa Mcal (2.10%) and Goddards Enterprises (1.69%), while there was a 1.28% loss for Grace Kennedy.

The CIIX fell 0.77% as four Insurance and Investments stocks advanced, six declined and seven were unchanged. While there were gains for Sagicor (16.45%) and National Enterprises Limited (5.80%), the group was pulled down by losses for Pulse Investments (26.87%), JMMB (10.56%), Barita Investments (10.56%), Scotia Investments (2.78%) and Mayberry Investments (2.00%). The other sector indices were relatively flat for the week.

Investing School (Managing Investment Risks)

Smart investing includes risk management. There are many dimensions to investments, this week we examine two aspects of risk, Business Risk and valuation risk, and look at ways to manage these risks.

Investment Risk #1: Business Risk: Business risk is, perhaps, the most familiar and easily understood aspect of risk. It is the potential for loss of value through competition, mismanagement, and financial insolvency. There are a number of industries that are predisposed to higher levels of business risk (think airlines, hotels, etc). The biggest defense against business risk is the presence of a strong brand. Companies that possess strong brands are more likely to be able to raise prices to adjust for increased labor, taxes or material costs. The stocks and bonds of commodity type businesses do not have this luxury and normally decline significantly when the economic environment turns south.

Investment Risk #2: Valuation Risk: You find a perfect company, the profit margins are excellent, growth is stellar, there is little or no debt on the balance sheet and the brand is expanding into a number of new markets. However, the business is trading at a price that is so far in excess of its current and average earnings, that an investor purchasing that stock is exposing herself to significant valuation risk. Investors should beware of buying "overvalued" stocks. To minimize this risk an investor should never ask "Is company ABC a good investment"; instead, he should ask, "Is company ABC a good investment at this price."

You can view more tips and other information at our website: www.carifinanceonline.com/

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 12 to September 16 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
Pegasus	JSE	CTRX	\$0.1739	\$0.1352	790	36.3%	27.55%	2.76%	9.98
Sagicor	BSE	CIIX	\$1.2709	\$1.1468	87,058	16.5%	4.34%	2.68%	1.62
Access Financial	JSE	CJSX	\$0.0580	\$0.0500	294,277	16.1%	7.09%	4.08%	1.74
Desnoe & Geddes	JSE	CMSX	\$0.0464	\$0.0410	5,600	13.9%	15.52%	2.66%	5.84
CW Jamaica	JSE	CCUX	\$0.0021	\$0.0018	2,167,276	12.0%	8.95%	4.56%	1.96
Blue Power	JSE	CJSX	\$0.0637	\$0.0589	165,611	9.9%	11.82%	2.97%	3.98
St. Kitts & Nevis Bank	ECSE	CBSX	\$0.7926	\$0.7728	1,500	7.0%	13.34%	1.20%	-11.09
National Enterprises Limited	TTSE	CIIX	\$2.5008	\$2.3227	88,632	5.8%	43.59%	0.93%	46.66

Table 4: Declining Stocks: September 12 to September 16 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
Pulse Investments	JSE	CIIX	\$0.0209	\$0.0251	10,000	-26.9%	51.31%	7.81%	-6.57
JMMB	JSE	CIIX	\$0.1101	\$0.1186	430,934	-10.6%	-1.87%	2.27%	-0.82
Barita Investments	JSE	CIIX	\$0.0348	\$0.0369	235,500	-10.6%	58.07%	2.21%	26.22
Berger Jamaica	JSE	CMSX	\$0.0348	\$0.0340	30,277	-10.6%	0.75%	2.32%	0.32
Lasco Financial	JSE	CJSX	\$0.0256	\$0.0288	111,050	-10.3%	19.93%	2.31%	-8.64
Dolphin Cove	JSE	CJSX	\$0.0822	\$0.0818	719,976	-9.4%	17.26%	2.25%	7.66
Lasco Manufacturing	JSE	CJSX	\$0.1055	\$0.1029	574,954	-5.7%	12.66%	3.05%	4.14
Cargo Handlers	JSE	CJSX	\$0.1535	\$0.1554	66,472	-5.5%	2.13%	1.65%	1.29

