

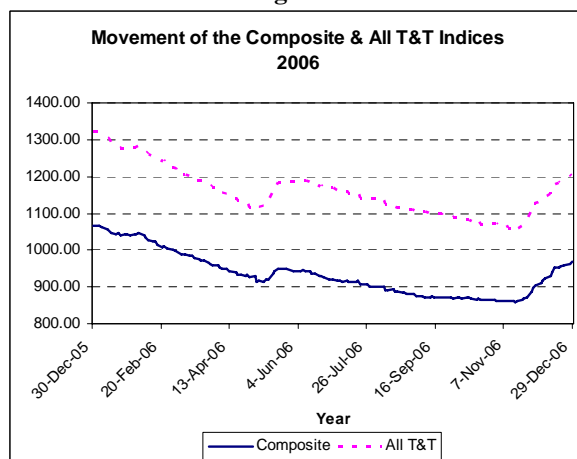
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**JANUARY 2007
Year –End Review**

The Year 2006 would be remembered as a difficult year for investors on the Stock Market. It was the 25th Anniversary of the Stock Exchange. The year began with a change in the settlement period from T+5 to T+3. The frequency of settlement however did little to affect the market as the downward trend that started after May 17, 2005 continued to plague the market and the Indices seemed to be on an endless fall. Although there was a slight recovery in May, both the Indices failed to sustain any positive momentum needed to fuel a recovery and subsequently moved further into negative territory crossing their previous lows (See Figure 1).

Figure 1



The protracted bearish period was however abated in the last 6 weeks of the year as the market picked up with both Indices showing positive strides from its low

on November 15, 2006 of 858.0716 (Composite Index) and 1049.2266 (All T&T Index). At the end of the year the Composite Index stood 12.95 per cent higher than its low while the All T&T Index rose 14.92 per cent from its recent bottom.

While this indicates a favourable position and positive market sentiment going into 2007, it was not enough to offset the generally negative strides of the first 46 weeks of the year. Thus, the year to year change ended in negative territory as the Composite Index fell 9.20 per cent from its close on December 30, 2005, while the All T&T Index fell 8.86 per cent.

Regionally, all three markets registered negative growth this year (See Figure 2). On a global scale, Standard & Poor's 500 (S&P) and the Morgan Stanley Composite World Market Index (MSCI) however both performed credibly compared to the previous year. The S&P registered a return of 13.59 per cent compared to 3.00 per cent in 2005 while the MSCI saw a return of 17.95 per cent for 2006 compared to 5.83 for 2005.

Figure 2

Index	31/12/05	31/12/06	Change
T&T (Composite)	1,067.38	969.17	-9.20%
BCSD (Composite)	1,034.37	943.05	-8.83%
JSE (Market)	104,510.39	100,677.96	-3.67%
S&P	1,248.59	1,418.30	13.59%
MSCI	1,257.78	1,483.58	17.95%

Market Activity

Activity on the floor of the Stock Exchange was not as robust as previous years as the institutions generally stayed out of the market. In addition, the low investor confidence that prevailed due to the trend of the share prices without the support of the institutions did not bode well for the market.

The total volume traded for 2006 was 219,037,251 shares which represented an increase of 9.48 per cent on 2005. However when compared to the total volume in 2004 and 2003 the volume for 2006 was down by 29.77 per cent and 46.53 per cent respectively. The total value of shares traded was \$2,466,295,083 compared to \$3,876,666,124 in 2005.

The volume leader comes as no surprise as Jamaica Money Market Brokers (JMMB) drove the market for 2006 trading 97,579,400 shares which was 446.90 per cent more than the next closest volume leader. Altogether JMMB commanded 44.55 per cent of the market. 35.48 per cent of these trades took place in the last week of the year.

National Flour Mills (NFM) followed with 17,842,421 shares changing ownership or 8.15 per cent of all trades. Over 26.91 per cent of these shares were traded on one trading day. 2005's volume leader, RBTT Financial Holdings Limited (RBTT) was third this year trading 14,860,945 shares or 6.78 per cent of the market. Over 47 per cent of these trades took place in the last quarter of the year. Activity was constant in the last couple months of the year as there were rumours of a Canadian Company acquiring RBTT which perked investors' interests in the share. It is also interesting to note that RBTT traded at its 52 week low of \$24.00 on the same day that the Indices bottomed out.

Major Advances & Declines

The overall market activity for the year resulted in an advance to decline ratio of 11:18 where as in 2005 it was 16:16 while in 2004 it was 24:4.

Figure 3

Major Advances				
		Open	Close	Return
1	PUB	\$ 13.00	\$ 19.00	46.15%
2	DBG	\$ 2.00	\$ 2.50	25.00%
3	NCBJ	\$ 1.80	\$ 2.10	16.67%
4	ULC	\$ 17.28	\$ 19.65	13.72%
5	RML	\$ 3.80	\$ 4.22	11.05%
Major Declines				
		Open	Close	Return
1	PHL	\$ 11.57	\$ 5.50	-52.46%
2	PLD	\$ 14.50	\$ 6.93	-52.21%
3	NEL	\$ 11.24	\$ 7.51	-33.19%
4	GKC	\$ 9.02	\$ 6.13	-32.04%
5	TCL	\$ 10.00	\$ 7.01	-29.90%

Leading the advances this year was Trinidad Publishing Limited (PUB) which showed an outstanding increase of 46.15 per cent, moving from

\$13.00 to \$19.00. This share was actually slow to react to the commendable results published by the Company in the latter half of March 2006. The share started to slowly climb in the last week of April but it was not until the end of May that the price steadily trended upward to \$18.50. The share only reached its 52 week high of \$19.00 on the last trading day of the year.

Dehring, Bunting & Golding (DBG) was the second major advance, moving 25.00 per cent or 50 cents to \$2.50. The Bank of Nova Scotia and The Bank of Nova Scotia Jamaica acquired a 68 per cent shareholding in this Company at JMD 21.08 (TT\$2.00) per share in December. Initially, the bid was to jointly acquire up to 80 per cent (minimum 75 per cent) of the shares. The offer however was subsequently declared “unconditional”. At that point in time the shares were trading at \$2.00 but subsequently rose and fluctuated before ending the year at \$2.50. In Jamaica, this share rose 24.44 per cent to JMD 28.00.

Another Jamaican company and one of WISE’s top 5 picks for 2006, National Commercial Bank of Jamaica (NCBJ) followed advancing 16.67 per cent or 30 cents to \$2.10. In Jamaica, this share rose 27.84 per cent to JMD 23.65

The major decline for the year was Prestige Holdings Limited (PHL), which fell 52.46 per cent or \$6.07 to \$5.50. At the beginning of the year this Company suffered from problems fuelled by the panic caused by the Aspergillosis fungus found in chickens in Trinidad. PHL traded as low as \$4.52 during the period under review.

The second major decline was PLIPDECO (PLD) which ended the year at \$6.93 after falling 52.21 per cent or \$7.57. The weak core operating performance of this Company became more transparent in 2006 as the Company had less Fair Value Gains than in previous years. National Enterprises Limited (NEL) was next in line declining 33.19 per cent from \$11.24 at the start of 2006 to end at \$7.51.

Listings & De-listings

The year saw one listing on the Mutual Fund Market. Fortress Caribbean Property Fund (CPF) listed on January 20, 2006 at \$5.04. Caribbean Communications

Network (CCN) was renamed One Caribbean Media Limited (OCM) after merging with a Barbados Media Group, The Nation Corporation. There was also the de-listing of BWIA on December 22, 2006. This share was suspended since November 2005.

Outlook

The year 2007 is expected to be echoed with positive market sentiment given the buoyancy of the economy coupled with the fact that the Central Bank may ease the regulations regarding pension fund assets. The latter would especially bode well for investors as the Stock Market would then have the support it once had in terms of demand. Hence, activity should pick up on the market and shares would therefore have more potential to trade at higher price/earnings multiples.

WISE Picks

WISE’s picks for 2006 performed better than the market showing a return of -5.57 per cent compared to the Composite Index which fell by 9.20 per cent.

For 2007, our top 5 picks in alphabetical order are Ansa McAl Limited, Neal & Massy Limited, One Caribbean Media Limited, Scotiabank (T&T) Limited and Trinidad Cement Limited. These shares were picked on the basis of good fundamental value, expectations of earnings growth and an attractive current valuation in terms of a low P/E.

Jamaica Stock Exchange

In Jamaica, the Indices were mixed as the Market Index declined while the Select and All Jamaica Composite Indices advanced. The Market Index fell 3.81 per cent to 100,677.96, while the Select and All Jamaican Composite rose by 2.83 per cent and 2.12 per cent respectively.

Total market activity amounted to 2.918 billion units with a traded value of JMD 19.518 billion. The volume leader for the year was Supreme Ventures Limited which commanded 44.13 per cent of the market. Twenty-two shares advances while twenty-three declined. The major advance was Salada Foods Limited which rose 299.60 per cent to JMD 40.00 while the major decline was Dyoll Group Limited dropping 51.35 per cent to JMD 0.90.

WEST INDIES STOCKBROKERS LIMITED STOCK MARKET QUOTATIONS AS AT DECEMBER 31, 2006

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	70.0	80.0	33.0	11.47	2.88	14.34
NCB Jca	21.0	24.0	4.8	2.10	2.29	8.75
RBTT Fin Hold	268.0	295.0	130.0	37.50	3.47	12.71
Republic Bank	401.0	530.0	250.0	84.00	2.98	15.85
Scotiabank	178.7	205.0	82.0	27.03	3.03	13.19
Non-Bank Fin						
ANSA Fin & Merch	121.0	120.0	32.0	18.70	1.71	15.58
Capital & Credit	19.3	13.0	2.5	1.65	1.48	12.69
DB&G	27.5	30.0	9.0	2.50	3.60	8.33
Guardian Holdings	185.0	0.0	35.0	28.00	1.25	0.00
JMMB	11.0	7.0	1.5	1.85	0.81	26.43
National Enterprises	81.0	65.0	60.0	7.51	7.99	11.55
Sagicor Financial Corp	163.0	135.0	40.0	13.44	2.98	9.96
Conglomerates						
Ansa Mcal Ltd	261.0	325.0	80.0	43.75	1.83	13.46
Bdos Ship & Trad	138.0	156.0	60.0	15.90	3.77	10.19
GraceKennedy	61.1	53.0	10.4	6.13	1.70	11.57
Neal and Massy	337.0	400.0	120.0	42.66	2.81	10.67
Trading						
Agostini's Ltd	81.3	90.0	37.0	10.99	3.37	12.21
Furness Trinidad	47.0	60.0	0.0	6.15	0.00	10.25
L J Williams Ltd. - 'A'	0.8	0.5	0.2	0.60	0.33	0.00
L J Williams Ltd. - 'B'	8.0	5.0	2.0	1.35	1.48	0.00
Prestige Holdings	46.4	38.0	16.0	5.50	2.91	14.47
Property						
PLIPDECO	116.0	55.0	21.0	6.93	3.03	12.60
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	180.0	20.0	12.0	4.50	2.67	22.50
Berger Paints	24.0	7.0	19.0	3.40	5.59	0.00
Flavorite Foods	54.0	54.0	21.0	5.10	4.12	9.44
National Flour Mills	8.6	-58.0	8.0	1.60	5.00	0.00
One Caribbean Media	109.0	150.0	75.0	18.99	3.95	12.66
Readymix WI	-210.0	100.0	3.0	4.22	0.71	0.00
Trinidad Cement	66.0	60.0	8.0	7.01	1.14	11.68
Trinidad Publishing	91.0	130.0	40.0	19.00	2.11	14.62
Unilever Caribbean Ltd	133.0	145.0	120.0	19.65	6.11	13.55
WITCO	137.4	172.0	160.0	24.00	6.67	13.95

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