

THE WISE CHRONICLE

ELECTRONIC VERSION

JANUARY 2004

2003 in Review

If 2002 was a momentous year for the market, 2003 was even better. The market indices outperformed the 2002 increases to send the market soaring to new hitherto unmatched levels. The Composite Index gained 148.5728 points to close at 694.1296, a 27.2 per cent gain, eclipsing the 25.6 per cent increase in 2002. The All T&T Index added 257.7793 points to end the year at 911.9677, a rise of 39.4 per cent, beating the previous year's increase of 32.9 per cent.

The global economy experienced major uncertainties under the threat of terrorist attacks and suicide bombings. The United States entered Iraq and the subsequent capture of Saddam Hussein has not ended Iraqi resistance, but made it even more desperate as the numerous attacks on US soldiers attest.

At the domestic level, the economy continues to thrive with construction of Atlantic LNG Train IV in progress. In October, in keeping with an earlier promise, the Central Bank reduced the commercial banks' primary reserve requirement by 4 per cent to 14 per cent. This coincided with the elimination of the secondary requirement of 5 per cent. The result has seen the decrease in the Prime Lending Rate from 11.25 per cent to 9.5 per cent.

Corporate News

It was a year of cross listings on the local Exchange, with three Jamaican companies listing locally. Significantly, the much anticipated local listing of Sagicor did not take place, and at present, there is no definite date of a listing. That did not prevent the share from having a spectacular year though and the price closed 2003 at Bds\$4.10, a 137.5 per cent increase from the listing price of Bds\$1.75. The share was also the runaway leader on the Barbados Stock Exchange in terms of traded volume.

In February, the Trinidad and Tobago Central Securities Depository (TTCD) commenced operations. Shareholders had a grace period within which to deposit their shares free of the eventual TT\$15.00 per security charge instituted after July 11, 2003.

Jamaica Money Market Brokers (JMMB) listed locally on February 7, 2003. Capital Credit and Merchant Bank (CCMB) followed on October 1, 2003, and National Commercial Bank Jamaica (NCBJ) became available on November 21, 2003.

In late April Guardian Holdings Limited announced that it had acquired 99 per cent of the issued share capital of Dutch Caribbean Insurer ING Fatum. Later, in early September, following weeks of speculation which at one time included a rumour of a merger with RBTT, the two companies released separate announcements.

GHL sold down 7 per cent of its shareholding in RBTT, totalling some 24 million shares. RBTT restructured its shareholding in GHL from the subsidiary to the Group level. Initially, RBTT swapped a 20 per cent interest in the Insurance operations of GHL for a 14.7 per cent share of shares in GHL. In December, the shareholding was increased to 20 per cent, thus allowing RBTT to equity account for its share of the results of GHL.

PLIPDECO announced a one-for-two Rights Issue at \$7.70 that opened in mid-June. The purpose of the Issue was to raise \$100 million for the purchase of port and computer equipment, and civil and other works. The Issue was over subscribed.

Market Activity

Total volume of shares traded was 324.5 per cent higher in 2003 than 2002. A total of 409,624,427 shares were traded for the year compared to 96,498,976 shares traded in 2002. The total value of all the shares traded was \$2,303,219,953 in 2003 compared to \$1,059,900,377 in 2002.

Total	2003	2002	2001
Volume	409,624,427	96,498,976	122,180,581
Value	\$2,313,226,830	\$1,059,900,377	\$1,044,955,009

The volume leader was JMMB with a total of 238,065,073 shares traded accounting for 58.1 per cent of all trades for the year. NCBJ followed with a total of 41,901,378 shares traded accounting for 10.2 per cent of total volume for the year. Rounding off the top three was RBTT Financial Holdings with a total of 28,933,948 shares traded accounting for 7.1 per cent of total trades for the year.

The Non-Banking Finance sector was the busiest with a total of 253,190,888 shares crossing the floor or 61.8 per cent of total volume. The Banking sector was next with trades of 82,221,394 representing 20.1 per cent of the total volume traded.

Price Changes

Advances beat declines in 2003 by a twenty-four (24) to seven (7) margin. The share which performed the best in 2003, percentage wise, was Caribbean Communication Network (CCN) up \$3.62 or 109.7 per cent to close at \$6.92 by year end. The other major advances for the year were Furness Trinidad up \$2.45 or 96.1 per cent to \$5.00, RBTT Financial Holdings up \$16.05 or 88.4 per cent to close the year at \$34.20.

The major declines for the year were LJ Williams (B) down \$1.41 or 54.0 per cent on account of poor financial results to \$1.20, Angostura Holdings down \$1.75 or 29.1 per cent to close at \$4.25, and Agostini's down 50 cents or 7.7 per cent to end the year at \$6.00.

The year 2003 exceeded our expectations in terms of market growth. The rates on fixed income instruments continued to decline, and this caused funds to flow into the market. If you had invested equal amounts in our basket of stock picks for 2003 ANSA Mc AI, Neal and Massy, RBTT Financial, Sagicor, and Scotiabank your overall return would have been a handy 69.5 per cent, well above the performance of the Composite and All T&T Indices.

	Prices	31-Dec-02	31-Dec-03	\$	%
	31-Dec-03			Change	Change
Ordinary Stocks/Shares					
Caribbean Comm Network	3.30	6.92	3.62	109.70%	
Furness Trinidad Ltd	2.55	5.00	2.45	96.08%	
RBTT Financial Holdings Ltd	18.15	34.20	16.05	88.43%	
Trinidad Publishing Co Ltd	4.00	6.91	2.91	72.75%	
JMMB*	0.60	1.00	0.40	66.67%	
Barbados Shipping & Trading Co Ltd	11.00	17.10	6.10	55.45%	
Neal and Massy Holdings Ltd	18.00	26.90	8.90	49.44%	
Guardian Holdings Ltd	21.30	31.80	10.50	49.30%	
ANSA Finance & Merchant Bank Ltd	7.85	11.40	3.55	45.22%	
Ansa Mcal Ltd	16.00	23.06	7.06	44.13%	
Scotiabank T&T Ltd	21.00	27.70	6.70	31.90%	
Republic Bank Ltd	42.00	53.60	11.60	27.62%	
L J Williams Ltd - 'A'	0.41	0.50	0.09	21.95%	
National Enterprises Limited	4.95	5.91	0.96	19.39%	
West Indian Tobacco Co Ltd	16.85	19.91	3.06	18.16%	
Grace, Kennedy & Co Ltd*	5.00	5.80	0.80	16.00%	
Lever Brothers W I Ltd	27.00	30.31	3.31	12.26%	
National Flour Mills	3.00	3.35	0.35	11.67%	
Pt Lisas Ind Port Dev Corp	10.05	11.15	1.10	10.95%	
Berger Paints Trinidad Ltd	2.80	3.00	0.20	7.14%	
Trinidad Cement Ltd	5.70	6.00	0.30	5.26%	
Readymix (West Indies) Ltd	5.90	6.05	0.15	2.54%	
Prestige Holdings Ltd	4.30	4.40	0.10	2.33%	
National Commercial Bank J'ca***	1.55	1.56	0.01	0.65%	
Valpark Shopping Plaza Ltd	5.00	5.00	0.00	0.00%	
Flavorite Foods Ltd	3.65	3.60	-0.05	-1.37%	
BWIA	2.25	2.15	-0.10	-4.44%	
CIBC (WI) Holdings Ltd	8.45	8.05	-0.40	-4.73%	
Capital & Credit Merchant Bank**	0.84	0.80	-0.04	-4.76%	
Agostini's Ltd	6.50	6.00	-0.50	-7.69%	
Angostura Holdings Ltd	6.00	4.25	-1.75	-29.17%	
L J Williams Ltd - 'B'	2.61	1.20	-1.41	-54.02%	

* *Listed on February 7*

** *Listed on October 1*

*** *Listed on November 21*

Outlook for 2004

The prognosis for the local economy is positive. The petrochemical sector is poised for further growth with new ammonia and methanol plants expected to be operational during the course of the year. Construction continues at Atlantic LNG Train IV and BHP Petroleum could see oil production commence from its massive off-shore field by year's end. The construction sector should benefit from an acceleration of Government's capital investment program, particularly in the housing sector.

Interest rates are also expected to remain at current low levels for most or all of 2004. Corporate profit growth should remain strong. In this environment we expect the Stock Market to perform well although not as well as the exceptionally high returns achieved in 2003. We believe investors can obtain a total return in the order of 15 to 20 per cent for the year.

Picks for 2004

We continue to believe that the banking and conglomerate sectors will outperform in 2004. We also believe that National Enterprises Limited represents excellent value at its current price.

We therefore recommend ANSA Mc Al, National Enterprises Limited, Neal and Massy Holdings, RBTT Financial Holdings, and Republic Bank.

WEST INDIES STOCKBROKERS LIMITED
STOCK MARKET QUOTATIONS
AS AT DECEMBER 31, 2003

	Hist EPS ¢	Est EPS ¢	Est Div ¢	Curr Price	Est Yield %	Est P/E Ratio
Shares						
Banks						
First Caribbean	47.3	30.0	15.0	8.05	1.86	26.83
NCB J'ca	8.0	11.0	2.0	1.56	1.28	14.18
RBTT Fin Hold	169.0	230.0	98.0	34.20	2.87	14.87
Republic Bank	367.0	367.0	180.0	53.60	3.36	14.60
Scotiabank	166.0	166.0	70.0	27.70	2.53	16.69
Non-Bank Fin						
ANSA Fin & Merch	68.0	80.0	40.0	11.40	3.51	14.25
Capital & Credit	5.2	7.5	1.1	0.80	1.38	10.67
Guardian Holdings	114.0	295.0	58.0	31.80	1.82	10.78
JMMB	4.7	10.5	1.5	1.00	1.50	9.52
National Enterprises	55.0	60.0	42.0	5.91	7.11	9.85
Conglomerates						
Ansa Mcal Ltd	123.0	135.0	67.0	23.06	2.91	17.08
Bdos Ship & Trad	135.5	140.0	45.0	17.10	2.63	12.21
Grace, Kennedy	50.0	50.0	5.9	5.80	1.02	11.60
Neal and Massy	190.0	190.0	67.0	26.90	2.49	14.16
Trading						
Agostini's Ltd	34.9	34.9	15.0	6.00	2.50	17.19
BWIA	0.0	0.0	0.0	2.15	0.00	0.00
Furness Trinidad	25.0	25.0	5.0	5.00	1.00	20.00
L J Williams Ltd - 'A'	0.0	0.0	0.0	0.50		
L J Williams Ltd - 'B'	0.0	0.0	0.0	1.20		
Prestige Holdings	26.1	28.0	20.0	4.40	4.55	15.71
Property						
PLIPDECO	99.0	60.0	21.0	11.15	1.88	18.58
Valpark	47.3	47.3	0.0	5.00		10.57
Manufacturing						
Angostura Holdings	28.0	28.0	11.0	4.25	2.59	15.18
Berger Paints	39.0	39.0	17.0	3.00	5.67	7.69
CCN	41.0	50.0	22.0	6.92	3.18	13.84
Flavorite Foods	24.0	24.0	10.5	3.60	2.92	15.00
Lever Brothers WI	171.0	155.0	155.0	30.31	5.11	19.55
National Flour Mills	30.0	28.0	19.0	3.35	5.67	11.96
Readymix WI	28.0	40.0	13.0	6.05	2.15	15.13
Trinidad Cement	50.0	50.0	20.0	6.00	3.33	12.00
Trinidad Publishing	31.0	40.0	25.0	6.91	3.62	17.28
WITCO	90.1	110.0	100.0	19.91	5.02	18.10

West Indies Stockbrokers Limited is a subsidiary of RBTT Financial Holdings Limited. From time to time West Indies Stockbrokers Limited and/or its staff may take positions in some or all of the shares mentioned in our report. West Indies Stockbrokers Limited welcomes your comments. E-mail: wise@carib-link.net

Directors: K. Narinesingh, (Chairman), P.E. Clarke (CEO), S.Mohammed (Mrs), C.A. Jacelon, E. Mahabir, G. Aguilera.