

There were two major events which affected local trade within the Caribbean region. Firstly, a persistent territorial dispute between Trinidad and Tobago and Barbados led to the eventual embargo on Trinidad and Tobago exports by the Barbadian Prime Minister. Secondly, the hurricane season had a severe effect on the structural and economic ability of some countries to conduct trade.

The local economy remains buoyant however with continued activity in the oil and gas sectors coupled with world energy prices climbing to new highs. Government spending in the Construction industry is being increased with the building of new homes, an office complex in Port of Spain and a new hospital in Tobago. Unemployment figures are easing and consumers benefited from having higher disposable incomes. Borrowing costs remain low stemming from the liquidity within the banking system and the Central Bank's policy of reducing the deposit reserve requirement.

The combination of these economic factors encouraged investment on the Stock Market spurring on the bull-run. 2004 saw companies' price/earnings multiples reach new heights as share prices increased due to strong demand for shares with limited supply.

Corporate News

In June 2004, BWIA made a rights issue of twenty-seven new ordinary shares for every one already in issue at an issue price of 20 cents per share. This resulted in the issue of an additional 1.28 billion BWIA shares. The Government of Trinidad and Tobago made an undertaking to acquire any shares not taken up in the rights issue and is once again the majority shareholder in the company.

There were two cross listings to the Trinidad and Tobago Stock Exchange this year. The long awaited local listing of the Barbados company, Sagicor Financial Corporation, came to fruition in August. Also, Dehring, Bunting and Golding crossed listed in October to bring to four, the number of Jamaican companies making the move in the last two years.

FirstCaribbean International Bank (FCIB) sold its shareholding in Republic Bank to CLICO, resulting in a significant one-off gain for FCIB. The sale also meant that CLICO now has a greater than 50 per cent shareholding in Republic Bank.

2004 Share Price Changes

A total of 28 shares advanced, while two were unchanged and 4 declined. The top three advances exceeded 100 per cent of their January 1st value by the end of the year. Capital and Credit Merchant Bank (CCMB) outperformed all other companies. CCMB's share price increased 275 per cent for the year, from its opening of 80 cents to close at \$3.00 per share. The number two spot was held by another Jamaican company Grace, Kennedy (GKC) which appreciated 108.62 per cent to its opening share price of \$5.80 to end the year at \$12.10 per share. Prestige Holdings Ltd. (PHL) held the third position and was the top local company, gaining 104.55 per cent on its \$4.40 beginning share price to close at \$9.00 per share.

BWIA showed the greatest loss for the year with the share price plummeting 72.09 per cent from \$2.15 to 60 cents per share. The price fell as low as 21 cents during the year. Other major declines were National Flour Mills, which fell 14.93 per cent from \$3.35 to \$2.85 per share and Unilever Company Ltd., down 4.32 per cent from \$30.31 to \$29.00 per share.

The phenomenal growth in the market was well above expectation. The average investor would have gained significantly during the year both in terms of capital appreciation and dividends.

Picks for 2004

Had you invested equally in our five picks for 2004, Ansa McAuliffe, Neal & Massy, National Enterprises Ltd., Republic Bank and RBTT Financial Holdings Ltd., you would have made a gain of 64.4 per cent, well above the performance of the Composite index and the All T&T index.

2004 SHARE PRICE MOVEMENTS

<i>Shares</i>	opening	close	change	%change
CCMB	0.80	3.00	2.20	275.00
GKC	5.80	12.10	6.30	108.62
PHL	4.40	9.00	4.60	104.55
PLD	11.15	21.60	10.45	93.72
AMcL	23.06	41.76	18.70	81.09
NML	26.90	48.00	21.10	78.44
NEL	5.91	10.20	4.29	72.59
AGL	6.00	10.30	4.30	71.67
RBL	53.60	92.00	38.40	71.64
JMMB	1.00	1.70	0.70	70.00
FCI	8.05	13.02	4.97	61.74
CCN	6.92	10.50	3.58	51.73
NCBJ	1.56	2.35	0.79	50.64
AMBL	11.40	16.75	5.35	46.93
PUB	6.91	10.00	3.09	44.72
BST	17.10	24.00	6.90	40.35
TCL	6.00	8.05	2.05	34.17
FFL	3.60	4.55	0.95	26.39
LJWA	0.50	0.62	0.12	24.00
RBTT	34.20	40.50	6.30	18.42
AHL	4.25	5.00	0.75	17.65
SBTT	27.70	32.00	4.30	15.52
RML	6.05	6.95	0.90	14.88
FUR	5.00	5.70	0.70	14.00
WCO	19.91	22.35	2.44	12.26
GHL	31.80	35.10	3.30	10.38
SFC	12.86	14.00	1.14	8.86
BER	3.00	3.20	0.20	6.67
LJWB	1.20	1.20	0.00	0.00
VSP	5.00	5.00	0.00	0.00
DB&G	2.29	2.25	(0.04)	-1.75
UCL	30.31	29.00	(1.31)	-4.32
NFM	3.35	2.85	(0.50)	-14.93
BWIA	2.15	0.60	(1.55)	-72.09

Outlook for 2005

For the third year running the local market has performed well above that of their more established counterparts in more developed countries. Although we expect to see some slowing down of the run on the market in 2005, there still exists opportunities for significant gains from holding the right basket of stocks.

WEST INDIES STOCKBROKERS LIMITED
STOCK MARKET QUOTATIONS
AS AT DECEMBER 31, 2004

The advent of the Caribbean Single Market and Economy and the Free Trade Area of the Americas are expected to provide many opportunities as well as challenges for local companies. We may well see new paradigms evolving to take advantage of these opportunities or to deal with the challenges. Companies with good business risk spreads are expected to best be able to overcome the challenges and produce good results over the medium to long term.

The local economy is expected to continue to be buoyant, fuelled by expansions in the energy sector. The development on more downstream industries in the energy sector and education and training provided by the University of Trinidad and Tobago are designed to help propel the country to developed nation status by the year 2020.

Interest rates are expected to remain low. There is also the possibility of a further reduction of the deposit reserve requirement by the Central Bank.

Picks for 2005

We believe that gains in the order of 20 per cent are achievable for 2005. Our picks recognize that all sectors of the economy are expected to perform well..

We therefore recommend Caribbean Communications Network, Guardian Holdings Limited, Neal and Massy Holdings Limited, Trinidad Cement Limited and Republic Bank Limited.

	Hist EPS ¢	Est EPS ¢	Est Div ¢	Curr Price	Est Yield %	Est P/E Ratio
Banks						
First Caribbean	32.5	32.5	7.8	13.02	0.60	40.06
NCB J'ca	13.0	13.0	4.8	2.35	2.04	18.08
RBTT Fin Hold	235.0	255.0	110.0	40.50	2.72	15.88
Republic Bank	417.0	417.0	200.0	92.00	2.17	22.06
Scotiabank	173.1	173.1	74.0	32.00	2.31	18.49
Non-Bank Fin						
ANSA Fin & Merch	98.0	100.0	32.0	16.75	1.91	16.75
Capital & Credit	8.4	18.0	1.0	3.00	0.33	16.67
DB&G	19.8	19.8	2.0	2.25	0.89	11.36
Guardian Holdings	215.0	300.0	54.0	35.10	1.54	11.70
JMMB	11.0	11.0	1.5	1.70	0.88	15.45
National Enterprises	81.0	90.0	41.0	10.20	4.02	11.33
Sagicor Financial Corp	66.4	72.5	24.0	14.00	1.71	19.31
Conglomerates						
Ansa Mcal Ltd	144.0	172.0	65.0	41.76	1.56	24.28
Bdos Ship & Trad	179.1	179.1	51.0	24.00	2.13	13.40
Grace, Kennedy	63.7	67.0	7.1	12.10	0.59	18.06
Neal and Massy	243.0	279.0	76.0	48.00	1.58	17.20
Trading						
Agostini's Ltd	18.6	18.6	9.0	10.30	0.87	55.38
BWIA	0.0	0.0	0.0	0.60	0.00	0.00
Furness Trinidad	25.0	38.0	5.0	5.70	0.88	15.00
L J Williams Ltd - 'A'	0.0	0.0	0.0	0.62	0.00	0.00
L J Williams Ltd - 'B'	0.0	0.0	0.0	1.20	0.00	0.00
Prestige Holdings	27.4	42.0	20.0	9.00	2.22	21.43
Property						
PLIPDECO	170.0	175.0	21.0	21.60	0.97	12.34
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	31.0	40.0	12.0	5.00	2.40	12.50
Berger Paints	0.0	0.0	17.0	3.20	5.31	0.00
CCN	54.0	63.0	28.0	10.50	2.67	16.67
Flavorite Foods	24.0	41.0	13.0	4.55	2.86	11.10
Unilever Caribbean Ltd	142.0	160.0	150.0	29.00	5.17	18.13
National Flour Mills	23.0	23.0	16.0	2.85	5.61	12.39
Readymix WI	44.0	48.0	15.0	6.95	2.16	14.48
Trinidad Cement	50.0	60.0	19.0	8.05	2.36	13.42
Trinidad Publishing	45.0	56.0	30.0	10.00	3.00	17.86
WITCO	104.5	120.0	110.0	22.35	4.92	18.63

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

JANUARY 2005

The year 2004 in Review

The Stock Market continued along a bullish path in 2004, following on from outstanding performances in 2002 and 2003. A total of 343,901,405 shares valued \$4,619,372,313.96 changed hands during the course of the year. Both indices crossed 1000 points this year, reaching unprecedented highs. The Composite Index appreciated by 380.50 points to end the year on 1074.63 points, an increase of 54.82 per cent. Meanwhile, the All T&T Index rose 378.18 points to reach 1290.15 points as at December 31, up 41.47 per cent for the year.

	Composite index		
	points	change	% change
Q4	1074.63	111.90	13.33
Q3	962.73	58.02	8.36
Q2	904.71	65.33	9.41
Q1	839.38	145.25	20.93
Opening	694.13		
		380.50	54.82
	All T&T index		
	points	change	% change
Q4	1290.15	92.46	8.27
Q3	1197.69	58.02	6.36
Q2	1155.49	37.17	4.08
Q1	1118.32	206.35	22.63
Opening	911.97		
		378.18	41.47