

# WISE WEEKLY MARKET UPDATE

April 30, 2004

## **Main Board**

### **Market Data**

Volume: 2,950,788  
Value \$54,832,980.92  
Advances/Declines: 16/3  
Composite Index: 881.2792  
Nominal Change in Index: +13.3233  
Percentage Change in Index: +1.54 per cent  
All T&T Index: 1,130.6985  
Nominal Change in All T&T Index: +4.5827  
Percentage Change in All T&T Index: +0.41 per cent

### *Volume Leaders by Company:*

RBTT Financial Holdings – 668,612 (22.66 per cent)  
Jamaica Money Market Brokers – 466,000 (15.79 per cent)  
National Enterprises – 443,063 (15.02 per cent)  
Guardian Holdings – 340,743 (11.55 per cent)  
Capital & Credit Merchant Bank – 330,674 (11.21 per cent)

### *Major Advances.*

Jamaica Money Market Brokers up 24 cents (13.64 per cent)  
National Commercial Bank Jamaica up 20 cents (8.00 per cent)  
Capital & Credit Merchant Bank up 7 cents (5.26 per cent)  
Trinidad Cement up 18 cents (2.99 per cent)  
National Flour Mills up 5 cents (1.61 per cent)

### *Major Declines.*

LJ Williams (B) down 5 cents (-3.33 per cent)  
Berger Paints down 5 cents (-1.25 per cent)  
Furness Trinidad down 5 cents (-0.89 per cent)

## **Exchange Rate**

US\$1 = TT\$6.2899

## **Second Tier Market**

There were no trades or price movements in Mora-Ven Holdings or FNCU. They closed at \$2.70 and \$1.05 respectively.

## **Mutual Fund Market**

The price of Praetorian Property Mutual Fund remained unchanged at \$5.00 with a total of 75,000 shares traded for the week.

## **Weekly Summary**

Activity was moderate on the floor of the exchange this week with a total of 2,950,788 shares traded valued at \$54,832,980.92. This moderate trading is largely

attributable to the continued strong demand for most shares compared to the supply of shares available for sale.

Advances outstripped declines by a sixteen (16) to three (3) margin with the Composite Index moving up 13.3233 points or 1.54 per cent to close at 881.2792. The All T&T also continued to advance upwards but at a slower pace as many of the significant price increases were in the non Trinidad based companies. The All T&T moved up 4.5827 points or 0.41 per cent to close at 1,130.6985.

Total volume of shares traded was heaviest in RBTT Financial Holdings. A total of 668,612 shares were traded accounting for 22.66 per cent of all trades. Jamaica Money Market Brokers (JMMB) followed with 466,000 shares traded accounting for 15.79 per cent of total volume and rounding off the top three was National Enterprises with 443,063 shares traded or 15.02 per cent of all trades.

The Non-Banking Finance sector accounted for most of the volume with a total of 1,580,480 shares traded representing 53.56 per cent of all trades. The Banking sector was next with a total of 807,187 shares traded representing 27.35 per cent of all trades.

The major advances were dominated by the Jamaican based companies as local investors continue to place a high demand on these shares. JMMB made the biggest percentage gain for the week, moving up 24 cents or 13.64 per cent to close at \$2.00. The other major advances were National Commercial Bank of Jamaica (NCBJ) up 20 cents or 8.00 per cent to \$2.70, Capital & Credit Merchant Bank (CCMB) up 7 cents or 5.26 per cent to \$1.40 and Trinidad Cement up 18 cents or 2.99 per cent to \$6.20. Trinidad Cement had risen to \$6.25 over the course of the week but fell by 5 cents on Friday to adjust for the share going ex-dividend.

LJ Williams started to move down this week after a long stay at \$1.50. The share fell by 5 cents or 3.33 per cent to close at \$1.45. Berger Paints also continued to fall, moving back a further 5 cents or 1.25 per cent to \$3.95. Furness Trinidad was next moving down 5 cents or 0.89 per cent to end the week at \$5.55.

## **Sagicor Financial Corporation**

The price of Sagicor fell by Bds \$0.05 to Bds \$4.30 from last week's close of Bds \$4.35. The total volume of shares traded was 184,394. There were only two trading days in Barbados this week due a public holiday on Wednesday.

## **Republic Bank Limited**

*Six months ended March 31, 2004.*

Republic Bank Limited (RBL) posted an EPS of \$1.90 for the six months ended March 31, 2004. This was an

increase of 22.6 per cent over the same period in 2003 when EPS was \$1.55. Net profit in 2004 was \$302.6 million versus the \$246.9 million achieved in the corresponding period in 2003. What makes this performance exceptional is due to three factors:

- in 2003 there was a one off item of revenue totaling \$48.0 million, this was due to a special dividend paid by First Caribbean,
- a deferred tax credit of \$36.0 million related to the decrease in corporation tax in 2003 did not recur in 2004 and,
- a loss of \$49.5 million suffered in the Dominican Republic (DR) by Banco Mercantil S.A.

The first two instances represent gains in 2003 that did not recur in 2004. Even further, the taxation charge in the first six months of 2004 was \$85.1 million, compared to \$4.9 million in the similar period in 2003. With regards to the situation in the DR, the Chairman Ronald Harford has stated that 'steps have been taken to remedy the position'.

Operating profit increased by 58.7 per cent in 2004 to \$408.9 million compared to \$257.6 million posted in 2003. On a segmented basis, local operations contributed 71.8 per cent (\$293.4 million) of total operating profit in 2004. This was achieved from a total asset base of \$16.912 billion. Other operations returned operating profit of \$115.5 million from an asset base of \$10.913 billion. The return on average assets in the six months ended March 31, 2004 was 2.5 per cent, just about on par with the industry average.

In early October of 2003, RBL acquired a further 8.1 per cent share in Barbados National Bank Inc., bringing the total shareholding in BNB to 65.1 per cent. A 91.1 per cent interest in the local stockbroking firm Reliance Stockbrokers was also acquired on February 29, 2004. The bank spent a total of \$94.7 million (including goodwill) on these two transactions.

The Board has approved a half-year dividend of 70 cents per share to be paid on June 4, 2004, the ex-dividend date is May 13, 2004. We believe that RBL can achieve an EPS for fiscal 2004 of \$4.60, based on the continued strong performance locally, and the possibility of breaking even in the DR at the very least. This is an EPS growth of 25.3 per cent and within the capabilities of RBL. The closing price of \$68.00 gives a P/E ratio of 14.8 based on our estimate. We therefore believe that there is room for capital appreciation in the share price.

## National Commercial Bank Jamaica

*Six months ended March 31, 2004.*

*All amounts in TT\$.*

National Commercial Bank of Jamaica's (NCBJ's) net profit grew by 13.1 per cent in the six month period ended March 31, 2004. NCBJ recorded profit of \$189.6 million in 2004 compared to \$167.6 million made in the previous period in 2003. This equated to an earnings per share of 7.7 cents in 2004 compared to the 6.8 cents made in the prior 2003 period.

The increase in profit was attributable to a growth in total revenue by 42.0 per cent in the 2004 period to \$1.294 billion. The main force behind revenue growth was the 25.9 per cent increase in the loan portfolio, which grew to \$3.325 billion. Non performing loans (NPL) have decreased to 4.2 per cent of total loans in 2004 compared to a level of 7.0 per cent in the corresponding 2003 period. The provisions for credit losses exceed the current level of NPL by 44 per cent. NCBJ's banking operations contributed 72.4 per cent (\$939 million) to total revenue, the other segments being wealth management (\$416 million), and insurance (\$64.9 million).

NCBJ's total assets grew to \$1.613 billion in 2004, up 10.5 per cent from the year's end figure of \$1.459 billion. The return on average assets in the six months ended March 31, 2004 was 2.5 per cent, equal to that of Republic Bank for the same period. The return on average equity was 27.2 per cent compared to Republic's 18.6 per cent.

We are projecting an EPS for fiscal 2004 of 15.5 cents based on the results at the half-year. The current trading price of \$2.70 gives a P/E ratio of 17.4, the table below shows how NCBJ compares to its peers based on expected earnings:

	<b>Current Price</b>	<b>Expected EPS</b>	<b>P/E</b>
NCBJ	\$2.70	15.5¢	17.4
RBTT	\$45.30	230.0¢	19.7
Republic	\$68.00	460.0 ¢	14.8
Scotiabank	\$29.70	190.0¢	15.6

RBTT and Republic have a regional presence, while NCBJ and Scotia are largely localized in their operations. We are therefore of the view that apart from arbitrage opportunities, NCBJ is fully valued at the current level.

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Member of the Trinidad and Tobago Stock Exchange Ltd.

VOLUME 2,950,788  
 VALUE \$ 54,832,980.92

**WEEKLY MARKET UPDATE**

as at : Friday April 30, 2004

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COMPOSITE INDEX 881.2792 ALL T&T INDEX 1,130.6985 Adv./Dec. Ratio 16/3  
 CHANGE 13.3233 CHANGE 4.5827  
 % CHANGE 1.54% % CHANGE 0.41%

Security	Fiscal Yr. End	Hist. EPS	Hist. Div.	Est. EPS	Est. Div	Hist. Yield	Hist. P/E	Est. Yield	Est. P/E	Last Quote	Price Change	% Change	Running EPS	Running P/E	52 Week High	52 Week Low
<b>Banks</b>																
FirstCaribbean Intl.	Oct-31	29.1	15.8	29.1	15.8	1.76%	30.93	1.76%	30.93	9.00	0.10	1.12%	29.1	30.93	9.35	7.85
National Commercial Bank Jamaica	Sep-03	12.0	5.4	15.0	5.4	0.00%	22.50	2.00%	18.00	2.70	0.20	8.00%	12.0	22.50	2.70	1.55
RBTT Financial Holdings	Mar-31	169.0	70.0	230.0	98.0	1.55%	26.80	2.16%	19.70	45.30			209.0	21.67	45.30	21.05
Republic Bank	Sep-30	367.0	180.0	460.0	190.0	2.65%	18.53	2.79%	14.78	68.00	0.90	1.34%	367.0	18.53	68.00	42.00
Scotiabank	Oct-31	165.6	70.0	190.0	80.0	2.36%	17.93	2.69%	15.63	29.70	0.10	0.34%	165.8	17.91	29.70	21.36
<b>Non-Banking/Finance</b>																
ANSA Fin. & Merch. Bank	Dec-31	98.0	42.0	98.0	42.0	2.92%	14.69	2.92%	14.69	14.40			98.0	14.69	14.40	8.00
Capital & Credit Merchant Bank	Dec-31	8.4	1.0	8.4	1.0	0.71%	16.67	0.71%	16.67	1.40	0.07	5.26%	8.4	16.67	1.40	0.65
Guardian Holdings	Dec-31	215.0	54.0	215.00	54.0	1.59%	15.81	1.59%	15.81	34.00			215.0	15.81	34.00	19.70
JMMB	Mar-31	4.7	0.7	10.5	1.5	0.35%	42.55	0.75%	19.05	2.00	0.24	13.64%	6.0	33.33	2.00	0.64
National Enterprises	Mar-31	55.0	27.0	60.0	42.0	2.66%	18.45	4.14%	16.92	10.15			55.0	18.45	10.15	4.70
<b>Conglomerates</b>																
ANSA Mc Al	Dec-31	144.0	65.0	144.0	65.0	2.33%	19.38	2.33%	19.38	27.90	0.05	0.18%	144.0	19.38	27.90	17.00
B'dos Shipping & Trading	Sep-30	135.5	47.5	140.0	47.5	2.64%	13.28	2.64%	12.86	18.00			135.5	13.28	18.00	11.20
Grace, Kennedy & Co.	Dec-31	63.7	7.1	63.7	7.1	0.81%	13.81	0.81%	13.81	8.80	0.10	1.15%	63.7	13.81	8.80	4.50
Neal & Massy Holdings	Sep-30	190.0	67.0	190.00	67.0	2.21%	15.97	2.21%	15.97	30.35	0.10	0.33%	185.00	16.41	30.35	19.56
<b>Trading</b>																
Agostini's	Sep-30	34.9	12.0	34.9	16.0	1.44%	23.93	1.92%	23.93	8.35			43.1	19.37	8.35	6.00
BWIA	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	1.80			0.0	0.00	3.00	####
Furness T'dad	Dec-31	25.0	5.0	25.0	5.0	0.90%	22.20	0.90%	22.20	5.55	-0.05	-0.89%	25.0	22.20	5.60	3.25
LJ Williams A	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	0.56			0.5	112.00	0.67	0.50
LJ Williams B	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	1.45	-0.05	-3.33%	4.80	30.21	2.60	1.20
Prestige Holdings	Nov-30	27.4	17.0	29.4	20.0	2.39%	25.91	2.82%	24.15	7.10	0.05	0.71%	30.9	22.98	7.10	3.60
<b>Property</b>																
PLIPDECO	Dec-31	170.00	21.0	170.00	21.0	1.24%	9.97	1.24%	9.97	16.95	0.10	0.59%	170.0	9.97	16.95	9.50
Valpark Shopping Plaza	Mar-31	47.3	0.0	47.3	0.0	0.00%	10.57	0.00%	10.57	5.00			47.3	10.57	5.00	5.00
<b>Manufacturing</b>																
Angostura Holdings	Dec-31	31.0	12.0	31.0	12.0	2.40%	16.13	2.40%	16.13	5.00			31.0	16.13	5.70	4.25
Berger Paints Trinidad	Dec-31	39.0	17.0	39.0	17.0	4.30%	10.13	4.30%	10.13	3.95	-0.05	-1.25%	39.0	10.13	6.00	3.00
Caribbean Comm Network	Dec-31	54.0	25.0	54.0	25.0	3.40%	13.61	3.40%	13.61	7.35	0.05	0.68%	54.0	13.61	7.35	4.05
Flavorite Foods	Dec-31	24.0	10.5	24.0	10.5	2.56%	17.08	2.56%	17.08	4.10	0.05	1.23%	24.0	17.08	4.10	3.45
Lever Brothers WI	Dec-31	142.0	170.0	142.0	170.0	5.86%	20.42	5.86%	20.42	29.00			142.0	20.42	30.31	28.35
National Flour Mills	Dec-31	23.0	16.0	23.0	16.0	5.08%	13.70	5.08%	13.70	3.15	0.05	1.61%	23.0	13.70	4.00	3.00
Readymix (West Indies)	Dec-31	44.0	15.0	44.0	15.0	2.22%	15.34	2.22%	15.34	6.75			44.0	15.34	6.75	6.05
Trinidad Cement	Dec-31	50.0	18.0	50.0	18.0	2.90%	12.40	2.90%	12.40	6.20	0.18	2.99%	50.0	12.40	6.30	5.04
Trinidad Publishing Co.	Dec-31	45.0	25.0	45.0	25.0	3.21%	17.33	3.21%	17.33	7.80			45.0	17.33	7.80	4.00
West Indian Tobacco Co.	Dec-31	104.5	103.0	104.5	103.0	5.02%	19.62	5.02%	19.62	20.50	0.05	0.24%	98.4	20.83	20.50	18.00