

CARIBBEAN STOCK REPORT May 9 to May 13 2011

In a week of below average trading, 13,558,640 shares, valued at \$3, 192,225, crossed the floors of the six stock exchanges across Caricom, with 39 stocks advancing, 12 declining and 70 remaining unchanged. Sagicor Life of Jamaica was the volume leader with 3,817,657 shares being traded, Angostura Holdings posted the largest gain of 25.0% for the week, while on the losing end, Capital and Credit Financial Group fell 18.1%. For the week, fifteen of the CSX 30 stocks advanced, six declined and nine were unchanged. The CSX 30 gained 6.11 points to close the week at 1,207.5, up 6.62% year to date. On the junior market, two stocks advanced and eight declined as the CJSX advanced 15.63 points to close the week at 1,124.3, down 2.15% for the year. The CJSX was led by Lasco Distributors which posted a gain of 7.59% and Dolphin Cove which gained 2.73%. 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 April 18 to April 22, 2011

	Index	Change	Year To Date	Volatility	Return per Unit of Risk
Caribbean AllShare Index CASX	950.1	-0.03%	-5.73%	0.77%	-7.47
Caribbean Select Index CSX 30	1,207.5	0.51%	6.62%	0.23%	29.14
Caribbean Junior Share Index CJSX	1,124.3	1.41%	-2.15%	1.17%	-1.83
S&P 500 (USA)	1,337.77	-0.18%	6.39%	0.68%	9.38
FTSE 100 (UK)	5,295.87	-0.85%	0.81%	0.91%	0.89
Gold (100 OZ Futures)	\$1,489.5				
Oil (Brent Crude Futures)	\$113.13				

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 April 18 to April 22, 2011

	Index	Change	Year to Date	Volatility	Return per Unit of Risk
Caribbean Banking Index (CBSX)	1,179.8	-0.85%	5.93%	0.29%	20.42
Caribbean Conglomerate Index (CCSX)	1,136.3	1.45%	5.17%	0.48%	10.75
Caribbean Communications and Utilities Index (CCUX)	1,124.6	0.13%	5.53%	0.93%	5.97
Caribbean Insurance and Investments Index (CIIX)	1,060.5	0.68%	6.67%	0.94%	7.10
Caribbean Manufacturing Index (CMSX)	1,255.6	5.76%	9.70%	0.58%	16.76
Caribbean Retail and Distribution Index (CRDX)	1,153.6	1.10%	9.47%	1.26%	7.52
Caribbean Tourism and Real Estate Index (CTRX)	790.4	-0.01%	-7.17%	0.87%	-8.21

The CMSX registered the largest gain for the week (5.76%) as fifteen manufacturing stocks advanced, eight declined and seven were unchanged. The group was led by Angostura Holdings which registered a 25.0% for the week as the share price jumped from US \$1.13 to US \$1.554 per share. Solid gains were also posted by Flavourite Foods (11.46%), Salada Foods (11.10%), Desnoe & Geddes (6.61%), West India Tobacco (2.29%) and Unilever (1.98%) as the CMSX advanced 68.34 points for the week. The CCSX posted the second largest gain for the week (1.45%) as three conglomerate stocks advanced, two declined and five were unchanged. The CCSX was led by gains for Neal and Massey (5.79%), Pan Jamaican Investments (3.89%) and Jamaica Producers (3.79%). The CRDX posted a 1.10% gain on the strength of a 2.19% gain in Carreras Limited, which has the largest market capitalization in that group. The CIIX advanced 7.17 points and gained 0.68% for the week as six Insurance and Investments stocks advanced, four declined and seven were unchanged. Pan Caribbean Financial Services, Guardian Holdings, Barita Investments and Sagicor Life Jamaica, posted gains of 4.75%, 3.33%, 2.37% and 2.27% respectively, while there was a pull back of 3.44% in Scotia Investments after the recent run-up in that stock's price. The other sector indices were generally flat with Radio Jamaica of the CCUX posting a 6.38% gain for the week.

The CBSX fell 0.85% for the week as seven banking stocks advanced, seven declined and eight were unchanged. The index was dragged down by losses in Capital and Credit Financial Group (18.07%), Scotia Group Jamaica (3.44%) and First Caribbean International Bank Jamaica (1.90%). These losses saw the CBSX decline by 10.07 points for the week. The other sector indices were essentially flat for the week.

Investing School (When to Sell A Stock?)

This week we focus on one of the most difficult decisions for an investor, that is, when to sell a stock? The decision is often a difficult one due to the fact that if you sell when a stock is down, you feel like you're giving up, while on the other hand, you find it difficult to sell a stock when its price is rising. There is nothing wrong with holding a stock for twenty or more years, but there comes a time when it is the right time to sell a stock. We can group the reasons for selling a stock into two categories, personal reasons and market related reasons. This week we highlight two market related reasons that would be considered good sell signals

Sell Signal 1: Change In the Company's Fundamentals: As an investor you bought the stock because of the company's fundamentals and its business plan. However, over time there might be changes such as top management quitting or being forced out, a new CEO taking the company off in a direction that the investor believes is wrong, the pipeline of new products drying up or new products not receiving regulatory approval. The central point is that when something changes the investor has to re-examine whether or not it is the same company he or she bought. If it's not the same company, then it might be time to sell.

Sell Signal 2: Persistent Cash Flow Problems. A careful analysis of the cash flow statement gets to the guts of a business -- the cash it receives and the cash it pays out. Some key questions are: 1. Is operating cash flow growing slower than net income? 2. Is inventory rising faster than sales? 3. Are receivables rising faster than sales? These are early warning signs that it might be time to sell the company's stock.

Next week we present more market related sell signals.

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: April 18 to April 22 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
Angostura	TTSE	CMSX	\$ 1.55	\$1.03	170,279	25.0%	41%	4%	11.40
Flavourite Foods	TTSE	CMSX	\$1.28	\$1.14	20,000	11.5%	39%	2%	15.95
Salada Foods	JSE	CMSX	\$ 0.11	\$0.10	420	11.1%	-19%	3%	-6.61
Lasco Distributors	JSE	CJSX	\$ 0.04	\$0.03	55,389	7.6%	3%	3%	1.18
Desnoe & Geddes	JSE	CMSX	\$0.04	\$0.03	1,853,682	6.6%	7%	3%	2.39
Neal & Massey	TTSE	CCSX	\$6.99	\$6.56	41,165	5.8%	19%	1%	17.40
CW Jamaica	JSE	CCUX	\$0.0027	\$0.0026	839,789	4.9%	-28%	4%	-6.33
Pan Caribbean Financial	JSE	CIIX	\$0.25	\$0.23	49,348	4.8%	14%	2%	7.04

Table 4: Declining Stocks: April 18 to April 22 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For week	Year to Date	Volatility	Return per Unit of Risk
Capital & Credit Financial	JSE	CBSX	\$0.03	\$0.03	132,600	-18.1%	16%	6%	2.66
Point Lisas	TTSE	CTRX	\$0.69	\$0.70	20,905	-5.3%	-10%	1%	-10.54
Sagicor Jamaica	JSE	CIIX	\$0.26	\$0.26	655,768	-3.4%	17%	2%	9.67
Scotia Investments	JSE	CIIX	\$0.26	\$0.26	146,444	-3.4%	14%	2%	8.58
FCIB Jamaica	JSE	CBSX	\$1.52	\$ 1.55	25,000	-1.9%	3%	1%	5.62

