

CARIBBEAN STOCK REPORT June 6 to June 10 2011

Strong gains on the junior markets, in the Insurance and Investments sector and among Caribbean conglomerates saw stocks end the week of June 6 to June 10 higher as 20,667,992 shares, valued at \$3,991,2044, crossed the floors of the six stock exchanges across Caricom, with 33 stocks advancing, 29 declining and 60 remaining unchanged. Supreme Ventures was the volume leader with 3,977,666 shares being traded, Pulse Investments posted the largest gain for the week (35.90%), while on the losing end, Trinidad Cement Limited fell 12.10%. For the week, fifteen of the CSX 30 stocks advanced, twelve declined and three were unchanged. The CSX 30 gained 5.75 points to close the week at 1,223.70, up 7.95% year to date. On the junior market, eight stocks advanced and three declined as the CJSX advanced 32.40 points to close the week at 1,348.50, up 16.61% year to date. The CJSX was led by new listing Honey Bun which posted a gain 23.04%, Blue Power with a gain of 14.39% and Lasco Distributors with a gain of 8.86% for the week. 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 June 6 to June 10, 2011

	Index	Change	Year To Date	Volatility	Return per Unit of Risk
Caribbean AllShare Index CASX	951.20	0.03%	-5.62%	0.70%	-8.06
Caribbean Select Index CSX 30	1,223.70	0.47%	7.95%	0.23%	34.01
Caribbean Junior Share Index CJSX	1,348.50	2.46%	16.61%	1.47%	11.34
S&P 500 (USA)	1,270.98	-2.24%	1.06%	0.72%	1.48
FTSE 100 (UK)	5,765.8	-1.52%	-1.86%	0.90%	-2.06
Gold (100 OZ Futures)	1,518.10	-2.25%			
Oil (Brent Crude Futures)	\$120.37	4.55%			

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 June 6 to June 10, 2011

	Index	Change	Year to Date	Volatility	Return per Unit of Risk
Caribbean Banking Index (CBSX)	1,192.10	-0.07%	6.98%	0.30%	23.05
Caribbean Conglomerate Index (CCSX)	1,149.30	1.37%	6.32%	0.47%	13.44
Caribbean Communications and Utilities Index (CCUX)	1,110.90	-0.81%	4.33%	0.85%	5.10
Caribbean Insurance and Investments Index (CIIX)	1,093.90	1.41%	9.79%	0.87%	11.27
Caribbean Manufacturing Index (CMSX)	1,233.80	-0.89%	7.96%	0.55%	14.52
Caribbean Retail and Distribution Index (CRDX)	1,151.40	-0.07%	9.29%	1.15%	8.07
Caribbean Tourism and Real Estate Index (CTRX)	790.20	-0.01%	-7.19%	0.79%	-9.06

After a difficult start to the year, there are further signs of recovery in the financial sector with the CIIX again registering the largest gain for the week (1.41%), as eight insurance and investments stocks advanced, four declined and five were unchanged. The group was led by Pulse Investments which gained 35.94%, First Jamaica Investments which gained 4.11%, Mayberry Investments with a gain of 3.97%, Insurance Corporation of Barbados with a gain of 2.71% and National Enterprises Limited which gained 2.09%. The CCSX posted the next largest gain (1.37%) as six conglomerate stocks advanced, one declined and three were unchanged. The conglomerates were led by Neal and massey which gained 4.36%, Jamaica Producers which gained 4.25% and Grace Kennedy which gained 1.49%.

The CMSX again posted the largest loss (0.89%) for the week as ten manufacturing stocks advanced, thirteen declined and six were unchanged. There were gains for Berger Paints Jamaica (9.74%), Demerara Distillers (3.47%) and Banks DIH (2.31%), but the group was pulled down by losses for Trinidad Cement Limited (12.05%), Caribbean Cement (7.83%), National Flour Mills (4.36%), Angostura Holdings (2.63%) and Desnoe and Geddes (1.99%). The CCUX also declined by 0.81% as three Communications and Utilities stocks advanced, four declined and seven were unchanged. The group was dragged down by losses for One Caribbean Media (4.15%), Gleaner (3.97%) and Cable Bahamas (2.97%). The other sector indices posted marginal declines for the week.

Investing School (Beta)

In investment circles the **Beta** of a stock refers to a number describing the relationship between the return on a particular investment and the overall market. You can think of beta as the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move pretty much in line with the market, so if the market goes up by 10% that security will typically go up by around 10%. A beta of less than 1 means that the security will be less volatile than the market, so if the markets goes up by 10% that security will typically go up by less than 10%, while if the market falls by 10% that security will typically fall by less than 10%. A beta of greater than 1 indicates that the security's price will be more volatile than the market. so if the markets goes up by 10% that security will typically go up by more than 10%, while if the market falls by 10% that security will typically fall by more than 10%.

In constructing a portfolio you can think of stocks with Beta greater than 1 as your aggressive investments. They are your Chris Gayle stocks so to speak, in that there is the potential for great returns but also great risk and volatility. Stocks with Betas of less than 1 are your defensive investments. They are your Shiv Chanderpaul, Brendan Nash stocks so to speak, not exciting or glamorous but there for you whatever the conditions. In building a portfolio you need a judicious mix of both. Many utilities stocks have a beta of less than 1. Conversely, most high-tech **stocks** have a beta of greater than 1, offering the possibility of a higher rate of return, but also posing more risk.

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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: June 6 to June 10 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
Pulse	JSE	CIIX	\$0.0332	\$0.0207	9,020	35.9%	40.09%	6.06%	6.61
Honey Bun	JSE	CJSX	\$0.0500		1,675,467	23.04%			
Blue Power	JSE	CJSX	\$0.0641	\$0.0566	568,073	14.4%	20.29%	2.83%	7.18
Berger Jamaica	JSE	CMSX	\$0.0408	\$0.0371	120,943	9.7%	61.36%	4.59%	13.36
Lasco Distributors	JSE	CJSX	\$0.0735	\$0.0515	784,025	8.9%	65.94%	3.57%	18.45
Hardware & Lumber	JSE	CRDX	\$0.0641	\$0.0577	2,566	5.8%	18.87%	1.90%	9.94
Neal & Massey	JSE	CCSX	\$7.4707	\$6.9612	23,008	4.3%	25.91%	1.04%	24.79
Jamaica Producers	JSE	CCSX	\$0.2855	\$0.2715	439,004	4.2%	23.04%	2.15%	10.70
First Jamaica Investments	JSE	CIIX	\$0.4662	\$0.4504	1,100	4.1%	9.02%	1.39%	6.47
Mayberry Investments	JSE	CIIX	\$0.0248	\$0.0244	911,057	4.0%	-5.04%	2.39%	-2.10

Table 4: Declining Stocks: June 6 to June 10 2011.

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For week %	Year to Date %	Volatility %	Return per Unit of Risk
Trinidad Cement	TTSE	CMSX	\$0.3424	\$0.4003	77,371	- 12.1%	- 24.89%	1.34%	-18.53
Capital & Credit	JSE	CBSX	\$0.0327	\$0.0377	397,314	- 11.0%	3.56%	5.64%	0.63
St. Kitts & Nevis Trading	ECSE	CRDX	\$0.6296	\$0.6798	1,000	-8.1%	-7.13%	1.52%	-4.70
Caribbean Cement	JSE	CMSX	\$0.0301	\$0.0322	20,429	-7.8%	- 13.81%	2.70%	-5.11
Bank of Nevis	ECSE	CBSX	\$2.0741	\$2.1613	300,925	-6.7%	11.34%	2.32%	4.89
National Flour Mills	TTSE	CMSX	\$0.1339	\$0.1439	3,456	-4.4%	-5.60%	2.32%	-2.42
One Caribbean Media	TTSE	CCUX	\$1.7899	\$1.8650	4,287	-4.1%	- 39.02%	1.74%	-22.37
Gleaner	JSE	CCUX	\$0.0230	\$0.0241	1,287,308	-4.0%	21.88%	3.14%	6.96
Cable Bahamas	BISX	CCUX	\$8.4800	\$8.7148	1,400	-3.0%	- 20.50%	0.89%	-23.06
Angostura Holdings	TTSE	CMSX	\$1.4397	\$1.4036	12,278	-2.6%	33.46%	3.30%	10.14

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