

## CARIBBEAN STOCK REPORT May 30 to June 03 2011

Stocks ended the week of May 30 to June 3 slightly higher as 28,839,433 shares, valued at \$6,097,459, crossed the floors of the six stock exchanges across Caricom, with 29 stocks advancing, 49 declining and 43 remaining unchanged. Cable and Wireless Jamaica was the volume leader with 6,850,268 shares being traded, Lasco Distributors posted the largest gain for the week (27.30%), while on the losing end, Access Financial Services fell 14.50%. For the week, eleven of the CSX 30 stocks advanced, thirteen declined and six were unchanged. The CSX 30 gained 5.08 points to close the week at 1,217.90, up 7.48% year to date. On the junior market, four stocks advanced and six declined as the CJSX advanced 70.51 points to close the week at 1,316.10, up 13.98% year to date. The CJSX was led by Lasco Distributors with a gain of 27.29%, Lasco Financial a gain of 17.74% and Lasco Manufacturing with a gain of 11.93% 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 May 30 to June 03, 2011**

	<b>Index</b>	<b>Change</b>	<b>Year To Date</b>	<b>Volatility</b>	<b>Return per Unit of Risk</b>
<b>Caribbean AllShare Index CASX</b>	950.90	-0.04%	-5.64%	0.71%	-7.92
<b>Caribbean Select Index CSX 30</b>	1,217.90	0.42%	7.48%	0.23%	32.57
<b>Caribbean Junior Share Index CJSX</b>	1,316.10	5.66%	13.98%	1.37%	10.17
<b>S&amp;P 500 (USA)</b>	1,300.16	-2.32%	3.59%	0.71%	5.05
<b>FTSE 100 (UK)</b>	5,855.0	-1.43%	-0.34%	0.90%	-0.38
<b>Gold (100 OZ Futures)</b>	1,553.10	1.03%			
<b>Oil (Brent Crude Futures)</b>	\$115.13	0.09%			

### 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 May 30 to June 03, 2011**

	<b>Index</b>	<b>Change</b>	<b>Year to Date</b>	<b>Volatility</b>	<b>Return per Unit of Risk</b>
<b>Caribbean Banking Index (CBSX)</b>	1,193.0	0.43%	7.05%	0.30%	23.87
<b>Caribbean Conglomerate Index (CCSX)</b>	1,133.8	-0.35%	4.96%	0.47%	10.44
<b>Caribbean Communications and Utilities Index (CCUX)</b>	1,120.0	-0.17%	5.14%	0.87%	5.93
<b>Caribbean Insurance and Investments Index (CIIX)</b>	1,078.7	1.20%	8.39%	0.89%	9.47
<b>Caribbean Manufacturing Index (CMSX)</b>	1,244.80	-0.67%	8.85%	0.55%	15.97
<b>Caribbean Retail and Distribution Index (CRDX)</b>	1,152.20	-0.06%	9.36%	1.18%	7.95
<b>Caribbean Tourism and Real Estate Index (CTRX)</b>	790.30	-0.09%	-7.19%	0.81%	-8.85

The CIIX registered the largest gain for the week (1.20%) as seven insurance and investments stocks advanced, three declined and seven were unchanged. The group was led by Pan Caribbean Financial Services which gained 10.82% and Barita Investments which gained 10.43%. These gains more than offset a 4.05% decline in First Jamaica Investments and a 0.98% decline in Sagior Life Jamaica as the CIIX gained 12.80 points for the week. The CBSX was again in positive territory posting a 0.43% gain as seven banking stocks advanced, eight declined and seven were unchanged. The banking group was led by gains for NCB Jamaica (7.75%) and Demerara Bank Limited (4.80%). There were losses for St. Kitts & Nevis Bank (12.96%) and Capital Credit Financial Group (1.61%) but the CBSX was able to advance 5.13 points for the week.

The CMSX posted the largest loss (0.67%) for the week as eight manufacturing stocks advanced, fifteen declined and six were unchanged. The group was pulled down by losses for Desnoe & Geddes (6.72%), Salada Foods (6.59%), Kingston Wharves (4.03%), Demerara Distillers (3.39%) and Jamaica Broilers (2.76%). As a result of these losses the CMSX fell 8.45 points. The other indices posted marginal declines for the week.

### **Investing School (Growth Stocks )**

A **growth stock** is the stock of a company that generates substantial and sustainable positive cash flow and whose revenues and earnings are expected to increase at a faster rate than the average company within the same industry. A growth company typically has some sort of competitive advantage (a new product, a breakthrough patent, overseas expansion) that allows it to fend off competitors. Growth stocks usually pay smaller dividends, as the company typically reinvests retained earnings in capital projects to finance the expected growth. The investor is therefore betting heavily on price appreciation or capital gains.

Growth stocks are often “glamour stocks and their stocks price tends to be quite high relative to their current earnings (high PE ratios). Examples of growth stocks would be Google, Apple and many technology type stocks. Investors should note that while growth stocks often generate above average returns, they are typically not cheap and there is a real risk that the expected growth will not be realized.

In conclusion, investing your hard earned money in growth stocks can lead to excellent returns if you make the right stock choices. For example, google would have earned up to 700% if you invested at the start. However, google is not a one off, but many companies will not do anything like as well. Growth investing is riskier than investing in well established companies that have been paying dividends for years. It all comes down to your risk tolerance level. If you are a younger investor, who can afford to lose money then you may be better suited than an older investor who is investing for retirement.

### **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: May 30 to June 03 2011.**

	<b>EXCH</b>	<b>Index</b>	<b>Close</b>	<b>30 Day Moving Average</b>	<b>Volume For Week</b>	<b>Return For Week</b>	<b>Year to Date</b>	<b>Volatility</b>	<b>Return per Unit of Risk</b>
Lasco Distributors	<b>JSE</b>	<b>CJSX</b>	\$0.0675	\$0.0461	2,706,831	27.3%	57.08%	3.60%	15.87
Lasco Financial	<b>JSE</b>	<b>CJSX</b>	\$0.0276	\$0.0243	35,918	17.7%	-3.53%	2.95%	-1.20
Lasco Manufacturing	<b>JSE</b>	<b>CJSX</b>	\$0.0911	\$0.0758	2,578,459	11.9%	33.91%	3.26%	10.42
Pan Caribbean	<b>JSE</b>	CIIX	\$0.2914	\$0.2533	150,100	10.8%	27.23%	2.02%	13.45
Barita Investments	<b>JSE</b>	CIIX	\$0.0293	\$0.0258	447,652	10.4%	39.01%	2.24%	17.44
NCB Jamaica	<b>JSE</b>	CBSX	\$0.3021	\$0.2787	2,626,306	7.8%	30.09%	1.21%	24.79
Montego FreePort	<b>JSE</b>	CTRX	\$0.0176	\$0.0156	16,544	6.2%	18.70%	3.39%	5.52
Demerara Bank Limited	<b>GASCI</b>	CBSX	\$0.1145	\$0.1156	11,900	4.8%	27.61%	3.07%	8.98
National Enterprises	<b>TISE</b>	CMSX	\$2.0868	\$2.0337	23,200	1.9%	25.31%	1.08%	23.40
Cargo Handlers	<b>JSE</b>	CJSX	\$0.1492	\$0.1467	4,410	1.9%	-1.33%	0.42%	-3.15

**Table 4: Declining Stocks: May 30 to June 03 2011.**

	<b>EXCH</b>	<b>Index</b>	<b>Close</b>	<b>30 Day Moving Average</b>	<b>Volume For Week</b>	<b>Return For week %</b>	<b>Year to Date %</b>	<b>Volatility %</b>	<b>Return per Unit of Risk</b>
Access Financial Services	<b>JSE</b>	<b>CJSX</b>	\$0.0501	\$0.0574	780,087	-14.5	-12.1	2.2	-5.40
St. Kitts & Nevis Bank	<b>ECSE</b>	<b>CBSX</b>	\$0.7963	\$0.9140	706	-13.0	-13.3	1.2	-10.81
CW Jamaica	<b>JSE</b>	<b>CCUX</b>	\$0.0021	\$0.0025	6,850,268	-10.4	-51.6	4.2	-12.16
Desnoe & Geddes	<b>JSE</b>	<b>CMSX</b>	\$0.0400	\$0.0397	99,966	-6.7	4.7	2.8	1.69
Salada Foods	<b>JSE</b>	<b>CMSX</b>	\$0.1090	\$0.1105	6,880	-6.6	-25.5	2.7	-9.31
First Jamaica Investments	<b>JSE</b>	<b>CIIX</b>	\$0.4478	\$0.4488	25,271	-4.1	4.92	1.3	3.58
Kingston Wharves	<b>JSE</b>	<b>CMSX</b>	\$0.0596	\$0.0593	88,709	-4.0	32.4	3.2	9.98
Lascelles	<b>JSE</b>	<b>CCSX</b>	\$3.3800	\$3.5141	159	-3.4	0.6	1.2	0.50
Demerara Distillers	<b>GASCI</b>	<b>CMSX</b>	\$0.0528	\$0.0539	12,000	-3.4	5.9	1.3	4.37
Jamaica Broilers	<b>JSE</b>	<b>CMSX</b>	\$0.0728	\$0.0763	375,500	-2.8%	2.53%	1.55%	1.63

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