

CARIBBEAN STOCK REPORT October 03 to October 07 2011

Caribbean stocks ended the week higher, as 45,485,532 shares valued at US\$3,924,088, crossed the floors of the six stock exchanges across Caricom, with 51 stocks advancing, 36 declining and 39 remaining unchanged. Jamaica Money Market Brokers was the volume leader with 2,480,627 shares being traded, new listing General Accident Insurance posted the largest gain for the week (11.20%), while on the losing end, TDC fell 16.10%. For the week, eighteen of the CSX 30 stocks advanced, seven declined and five were unchanged. The CSX 30 gained 7.16 points to close the week at 1,285.310, up 12.90% year to date. On the Junior Market, nine stocks advanced and five declined as the CJSX gained 53 points to close the week at 1,549.28, up 31.11% year to date. There were gains for General Accident Insurance (11.24%), Lasco Financial (10.36%), Lasco Manufacturing (6.90%) and Lasco Distributors (4.75%). However, there were losses for AMG Packaging (3.73%) and Access Financial Services (1.09%). 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 October 03 to October 07 2011

	Index	Change	Year To Date	Volatility	Return per Unit of Risk
Caribbean AllShare Index CASX	1,247.18	0.01%	25.55%	2.28%	11.18
Caribbean Select Index CSX 30	1,285.31	0.30%	12.90%	0.25%	52.31
Caribbean Junior Share Index CJSX	1,549.28	3.56%	31.11%	1.36%	22.89
S&P 500 (USA)	1,155.46	2.12%	-8.12%	1.37%	-5.91
FTSE 100 (UK)	5,303.40	3.41%	-10.11%	1.35%	-7.49
Gold (100 OZ Futures)	\$1,663.6	3.16%			
Oil (Brent Crude Futures)	\$109.17	9.00%			

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 October 03 to October 07 2011

	Index	Change	Year to Date	Volatility	Return per Unit of Risk
Caribbean Banking Index (CBSX)	1,258.2	0.36%	12.43%	0.31%	40.32
Caribbean Conglomerate Index (CCSX)	1,171.5	0.69%	8.29%	0.42%	19.55
Caribbean Communications and Utilities Index (CCUX)	1,111.9	0.07%	4.42%	0.65%	6.82
Caribbean Insurance and Investments Index (CIIX)	1,169.9	0.94%	16.59%	0.71%	23.37
Caribbean Manufacturing Index (CMSX)	1,248.4	-0.03%	9.18%	0.46%	20.08
Caribbean Retail and Distribution Index (CRDX)	1,246.4	2.93%	17.43%	0.99%	17.61
Caribbean Tourism and Real Estate Index (CTRX)	1,070.5	-0.05%	28.53%	2.65%	10.76

Investing School (Be Brave and Don't Follow Fashion)

In response to reader requests, we repeat the investing tip from last week.

One of the most enduring realities in investing is the fact that most small investors seem to end up buying stocks at the top of the market and selling at the bottom. One of the major reasons for this is the fact that investors seem to let their emotions dominate when making investment choices. Two emotions in particular seem to dominate when making investment decisions:: fear and following the crowd.

First, let's talk about following the crowd, what West Indians call "follow fashion." The adverse effect following fashion has on investment results is rather straightforward. When a person sees others do well in an asset class or stock, he or she decides to jump on the bandwagon and buy some too. What tends to happen is that by the time "follow fashion" people invest in the stock, the stock's price has ran up so much that it has become overvalued. Of course, the bubble eventually breaks and people that bought at the top lose a lot of money. "Follow Fashion" people end up buying at the top of a bubble.

Fear is another major emotion for investors. Researchers have found that humans gain the same emotional satisfaction from earning 2.5 units of currency as their dissatisfaction from losing 1 unit of currency. Essentially, the results suggest that the emotion of fear is 2.5 times stronger than the emotion of greed. Investors' fear causes poor investment results in two ways. First, when an investor makes a good stock investment, but for whatever reason, the stock drops significantly temporarily, the investor quickly loses heart and sells the stock. Though the stock is cheap and the investor should probably be buying more, he ends up 'selling low'. Furthermore, when stocks are cheap due to poor market conditions, most investors are too afraid to jump in. They generally wait too long and until a bubble forms to start buying stocks.

Together, fear and following the crowd leads most investors to buy high and sell low. Be brave, have the courage of your convictions and don't follow fashion, and you will likely improve the performance of your portfolio.

You can view more tips and other information at our website: www.carifinanceonline.com/

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: October 03 to October 07 2011

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
Hardware & Lumber	JSE	CRDX	\$0.0296	\$0.0283	14,846,798	11.2%	11.24%	8.26%	1.36
General ACC Insurance	JSE	CJSX	\$0.0296		14,846,798	11.2%			
Lasco Financial	JSE	CJSX	\$0.0307	\$0.0279	75,723	10.4%	-1.25%	2.56%	-0.49
Consolidated Water	BISX	CCUX	\$1.7200	\$1.6632	100	10.1%	-3.03%	2.43%	-1.25
Capital & Credit Financial	JSE	CIIX	\$0.0521	\$0.0483	273,566	9.6%	21.55%	3.06%	7.05
Gleaner	JSE	CCUX	\$0.0254	\$0.0240	616,848	8.4%	13.61%	3.05%	4.46
Lasco Manufacturing	JSE	CJSX	\$0.1135	\$0.1046	174,831	6.9%	20.87%	3.17%	6.58
Carib Cement	JSE	CMSX	\$0.0232	\$0.0227	92,301	6.1%	4.16%	2.77%	1.50

Table 4: Declining Stocks: October 03 to October 07 2011

	EXCH	Index	Close	30 Day Moving Average	Volume For Week	Return For Week	Year to Date	Volatility	Return per Unit of Risk
TDC	ECSE	CRDX	\$0.4815	\$0.5731	3,000	-16.1%	31.97%	1.77%	-18.06
Angostura	TTSE	CMSX	\$1.2855	\$1.3491	7,066	-5.6%	22.46%	2.57%	8.72
AMG Packaging	JSE	CJSX	\$0.0395	\$0.0411	378,170	-0.04	-0.02%	2.80%	-0.01
One Caribbean Media	TTSE	CCUX	\$1.8386	\$1.8518	6,105	-1.5%	36.05%	1.44%	-24.99
Desnoe & Geddes	JSE	CMSX	\$0.0412	\$0.0423	145,013	-1.2%	4.50%	2.79%	1.62
Access Finacial	JSE	CJSX	\$0.0550	\$0.0530	45,200	-1.1%	1.98%	3.45%	0.57
Caribbean Producers	JSE	CJSX	\$0.0308	\$0.0306	692,882	-0.8%	1.12%	2.30%	0.49
ICB Barbados	BSE	CIIX	\$1.4729	\$1.4777	6,930	-0.3%	-0.33%	0.08%	-4.00

