Local Equity Market Review

Last week, local Indices ended in negative territories. The Composite Index fell 17.90 points or 1.45%, as both the All T&T Index and Cross Listed Index declined 0.63% and 3.32% respectively. First Tier Market trading activity increased 97.63% last week, amounting to 3.5 million units valued at over $18.67 million. GraceKennedy Limited (GKC) was last week’s volume leader with 2.23 million units traded, capturing 63.43% of market activity. JMMB Group Limited (JMMBGL) followed closely with 380,686 units or 10.83% while National Enterprise Limited (NEL) ranked third, with 244,726 units holding 6.96% of market activity.

Overall trading activity on the Trinidad and Tobago Composite Index resulted from trading activity from 22 stocks of which 3 advanced, 13 declined while 6 stocks traded steady. Last week, the major advance was West Indian Tobacco Company Limited (WCO), up 0.11% or $0.10 to close the week at $88.00, followed by Republic Financial Holdings Limited (RFHL) with an increase of 0.07% or $0.07 to end at $103.57, its 52 week high. Trinidad Cement Limited (TCL) recorded last week’s major decline, with a decrease of 6.90% or $0.20 to close at $2.70.

Local indices weekly performances:

- The Composite Index declined by 17.90 points (↓1.45%) to close at 1,219.26. (YTD: ↓3.95%)
- The All T&T Index declined by 10.77 points (↓0.63%) to close at 1,690.53 (YTD: ↓2.28%)
- The Cross Listed Index advanced by 3.45 points (↑3.32%) to close at 100.56. (YTD: ↑7.82%)

Find New Treasury Bill issues and local bond activity summarized below.
Roget wants inquiry into closure of Petrotrin refinery

"The Oilfields Workers Trade Union (OWTU) has delivered a letter to the Office of the President, outlining its position with regard to the decision to close the Petrotrin refinery. President Paula-Mae Weekes is currently out of the country and Senate President Christine Kangaloo is acting as President of the Republic.

The OWTU leader, Ancel Roget is calling for an inquiry and public debate into the decision. He will also deliver letters to the Leader of the Opposition, Kamla Persad-Bissessar and Independent Senators during the course of the day, as part of what Roget calls their "campaign of awareness".

He said the contents of the letter delivered this morning will be made public after the president has time to peruse the document. Roget is again denying reports that he knew the government was going to shut down the refinery.

"In all deliberations we would have had, there was never any categorical decision on shutting the refinery down," he said. He said what the union interpreted from the meeting was that a decision was being taken to sell the refinery. Roget said the OWTU had seven members in the meeting and none of them got the interpretation that the refinery was to be shut down.

He says an inquiry will determine who are experts that helped the government make the decision, and what was the basis of giving this decision."

Source: Trinidad and Tobago Guardian
Local Fixed Income Review

Bonds
- There were no trading of Government Bonds on the Trinidad and Tobago Stock Exchange Government Bond Trading Market last week.
- Corporate Bond, National Investment Fund bonds (NIF), was listed on the Trinidad and Tobago Stock Exchange Corporate Bond Trading Market last week. There was been no trading activity of the bond thus far, however, investors placed bids of $100.00 in the market for Series A – the 5 year bond, yielding 4.50%.

Liquidity
- Commercial Banks closed last week with an excess reserve of $6.1 billion compared to $5.5 billion the prior week, up by $0.6 billion.

### TREASURY BILL AUCTION

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### Index/Item | Level/Price | Weekly Trend
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All TTSE | 1,690.53 | ↓
S&P 500 | 2,871.68 | ↑
SPX Volatility Index | 14.85 | ↑
T&T Repo Rate | 5.00% | ↑
T&T Gross Debt/ GDP | 61.1% | ↑
US$: TT$ | 6.7883 | ↑
Oil (Per Barrel) | $67.75 | ↑
Natural Gas (MMBTU) | $2.776 | ↑
The International Monetary Fund (IMF) has reached a staff-level agreement with Barbados on a US$290 million dollar economic programme under the Extended Fund Facility. The IMF’s Executive Board is expected to consider the proposed arrangement by October and once approved Barbados will have immediate access to US$49 million.

"I am pleased to announce that, in support of the Barbadian authorities' economic reform program, the IMF team and the government of Barbados have reached staff-level agreement on a 48-months Extended Fund Facility, with access of SDR 208 million (equivalent to 220 percent of quota, or about US$290 million). If approved by the IMF Executive Board, SDR 35 million (about US$49 million) would be immediately available. Staff envisages that the IMF's Executive Board would consider the proposed arrangement under the EFF by early October. The authorities’ fiscal consolidation program, in conjunction with the announced debt restructuring, would place debt on a clear downward trajectory. The strategy of accelerating growth focuses on attracting new investment in areas such as renewable energy, creative and artistic industries, education and health services, agro-industries, research, the international business sector, and tourism."

Internally, the Government of Barbados (GoB) announced the launch of an exchange offer open to holders of Barbados dollar-denominated debt issued by the GoB and certain state-owned enterprises (SOEs), as part of its Comprehensive Debt Restructuring. Individuals would receive amortising strips issued by the GoB, with varying maturities; combined with the face value of strips plus accrued interest. This restructuring is a central pillar of the economic reform and rehabilitation programme that is being supported by the International Monetary Fund through a four-year Extended Fund Facility.

Source: IMF Press Release
International Economic Review

Turkey, Brazil Enjoy Good News for Their Current-Account Gaps

"The currencies of Turkey and Brazil have fallen far enough to correct their current-account deficits, yet those of South Africa and Argentina may need to decline further, according to a new study by Bloomberg Economics.

Investors are increasingly dumping the exchange rates of emerging markets they view as having flaws in their economies, such as large trade gaps, at a time when the Federal Reserve is raising interest rates and the U.S. dollar is rising.

The relatively good news for Ankara is the lira's slide so far in 2018 is “more than necessary to close the country's wide current-account deficit,” Bloomberg Economics economists led by Jamie Murray wrote in a report published on Monday.

The conclusion is based on an analysis of the relationship between currency movements and trade flows. Murray and colleagues reckon the real effective exchange rate, a measure of a currency adjusted for inflation, has fallen 32 percent in Turkey this year, yet only needed to drop 29 percent.

For Brazil, investors have sold the real for factors other than the current-account gap, although it is a “contributing irritant.” A weakening growth outlook, yawning fiscal deficit and election uncertainty have pushed the real to a 12 percent decline in real terms, whereas it only needed a 6 percent drop to re-balance the current account."

Source: Bloomberg

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