FEATURES

LOCAL MARKET REVIEW

The Indices ended the week in mixed territories. The Composite Index increased by 0.11% or 1.48 points to close at 1,307.78. The All Trinidad and Tobago Index decreased by 0.17% or 2.85 points to end at 1,706.21.

LOCAL FIXED INCOME REVIEW

Find New Treasury Bill issues and local bond activity summarized below.

Local Equity Market Review

Market volume amounted to 1.63 million units valued at over $30.2 million. JMMB Group Limited (JMMBGL) was the volume leader with 742,487 units (45.65% of market activity) followed by Trinidad and Tobago NGL Limited (TTNGL) with 195,585 units (12.02% of market activity) and Massy Holdings Limited (MASSY) with 163,583 units (10.06% of market activity).

Overall trading activity on the Trinidad and Tobago Composite Index resulted from trading in 24 stocks of which 8 advanced, 7 declined while 9 stocks traded steady. JMMB Group Limited (JMMBGL) advanced 2.86% or $0.05 to close the week at $1.80. In second place, Angostura Holdings Limited (AHL) with an increase of 1.20% or $0.19 to end at $16.05. Guardian Holdings Limited (GHL) experienced the major decline of 2.63% or $0.50 to end at $18.50.

On the TTD Mutual Fund Market 37,570 CLICO Investment Fund (CIF) units traded with a value of $754,781.30, closing at unit price of $20.09 (↑0.01%). CinemaOne Limited (CINE 1) on the Small and Medium Enterprise Market, closed at $10.00 with 200 shares traded last week.

Local indices weekly performances:

- The Composite Index advanced by 1.48 points (↑0.11%) to close at 1,307.78. (YTD: ↑0.41%)
- The All T&T Index declined by 2.85 points (↓0.17%) to close at 1,706.21. (YTD: ↑0.06%)
- The Cross Listed Index advanced by 0.81 points (↑0.66%) to close at 122.89. (YTD: ↑1.09%)
- The SME Index by 0.00 points (0.00%) to close at 100.00.
Local Fixed Income Review

Bonds
There was no trading on the Trinidad and Tobago Stock Exchange Government Bond Market this week.

There was no trading on the Trinidad and Tobago Stock Exchange Corporate Bond Market last week.

Liquidity
The Commercial Banks closed last week with an excess reserve of $3.4 billion compared to $4.8 billion last week, down by $1.4 billion.
Local Economic Outlook

The TT Energy Chamber, in its outlook for the year, is predicting a modest recovery for the local energy sector in 2019, based on increased natural gas production, and hence, increased liquefied natural gas (LNG) and petrochemical exports. The outlook, written by the chamber’s CEO, Thackray Driver, did caution that recovery is fragile and could be threatened by continued low oil prices, especially if gas and petrochemical prices also decline. While gas production is predicted to increase, the future of oil production largely relies upon the successful transformation of the legacy Petrotrin upstream assets into Heritage Petroleum Co and the ability of the new company to attract capital and successfully drill new wells, improve the integrity of its existing assets and improve operational efficiency.

Gas production outlook

In 2018, the chamber said, gas production trended upwards after years of falling post the 2010 peak, when production was 4.3 billion standard cubic feet per day (bcf/d). Current projections indicate continued growth through 2021, when production is predicted at 4.14 bcf/d. The chamber noted existing wells were showing average annual declines in production of 12 to 15 per cent, so the increase in gas production would have to come from new fields, as well as compression projects and additional development drilling from existing platforms. Projects currently either in execution or advanced planning stages include BPTT’s Angelin and Shell’s Bounty and Endeavour, all off Trinidad's east coast. Shell is also developing its Colibri project off the north coast. BPTT’s recently announced Matapal project will develop gas resources discovered in 2017 and will be a three-well subsea tie-back to the existing Juniper platform, with first gas in 2022. BPTT has an offshore compression project with new platform, Cassia C, expected to increase production from existing east coast fields starting in the third quarter of 2021.

“While these new field developments will significantly offset declining production from existing fields, continued investment is needed in new exploration drilling if TT is to maintain a production plateau above four bcf/d into the next decade,” the chamber said.

Source: Trinidad and Tobago Newsday
Regional Economic Outlook

The Dominican Republic
The country achieves record international reserves of US $ 7.6 billion

"International reserves have reached an unprecedented level in the economic history of the Dominican Republic, reaching US $ 7.6 billion, taking out free zones, according to the latest official data. The amount represents more than four months of imports. It is estimated that this extraordinary level of reserves, in addition to marking a historic milestone, will contribute to the stability of the foreign exchange market and will allow it to successfully face any external shock that could arise in the economy, as a result of an anticipated global and regional slowdown.

Last week, the country’s monetary authorities reported that some US $ 30 billion in foreign exchange had entered the economy. “Foreign currency revenues to the Dominican Republic during the year 2018, for exports of goods, tourism, remittances, direct foreign investment and other services revenues would be around US $ 30 billion, facilitating the accumulation of Gross International Reserves, which reached US $ 7.2 billion as of December 26, 2018, equivalent to 4.1 months of imports, excluding free zones, “says the preliminary report on the economy’s behaviour during 2018.

The flow of foreign currency contributes to the exchange rate stability that at the end of last year had only depreciated by 3.8%, a percentage lower than that registered in the other countries of the Latin American and Caribbean region.

The external sectors, such as tourism, remittances, and exports, maintain a remarkable dynamism, which also contributes to closing the year with a lower current account deficit in the balance of payments.

Tourism alone, entered US $ 7.6 billion in 2018, for a growth of 6%; remittances amounted to US $ 6.5 billion, for an increase of 10.4%, while foreign direct investment is estimated to end around US $ 2.5 billion at the end of 2018."

Source: Dominican Today
International Economic Review

China’s FX reserves fall in 2018 as slowing economy, trade war weigh

"China’s annual foreign exchange reserves fell for the third time in four years in 2018 as the yuan came under strong selling pressure from the cooling economy and escalating Sino-U.S. trade tensions. Depreciation pressure on the yuan is likely to persist this year as Beijing is expected to roll out more policy easing measures to reduce the risk of a sharper slowdown.

But a test of the yuan’s decade lows that was feared by global financial markets just months ago may be less of a risk, if analysts are correct in forecasting the U.S. dollar’s long rally is drawing to a close. China’s foreign exchange reserves - the world’s largest - fell by $67.24 billion last year to $3.073 trillion, central bank data showed on Monday. That compared with a $129.4 billion increase in 2017 to $3.14 trillion.

In December, reserves rose by $11 billion, after a rise of $8.6 billion in November. The latest gain was slightly above forecasts of $8 billion by economists in a Reuters poll. The country’s foreign exchange regulator attributed the increase to valuation effects due to the appreciation of non-dollar currencies and increases in prices of major countries’ bonds held by China. Reserves are likely to remain generally stable in 2019, the State Administration of Foreign Exchange (SAFE) said in a statement.

UNDER PRESSURE

In a rare respite last year, the yuan rebounded 1.3 percent against the dollar in December as the greenback faltered and Washington and Beijing agreed to resume negotiations to end their bitter trade dispute. But the Chinese currency still fell 5.3 percent for 2018 as a whole, its fourth annual loss in five. Still, the risk of heavy capital outflows from the cooling economy seem to have been largely contained last year, thanks to timely interventions by authorities in currency markets, tougher capital controls adopted in the last downturn in 2014-2015, and a sudden shift in expectations for U.S. policy tightening."

Source: Reuters

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