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NCB CAPITAL MARKETS LIMITED

Weekly Market GUIDE

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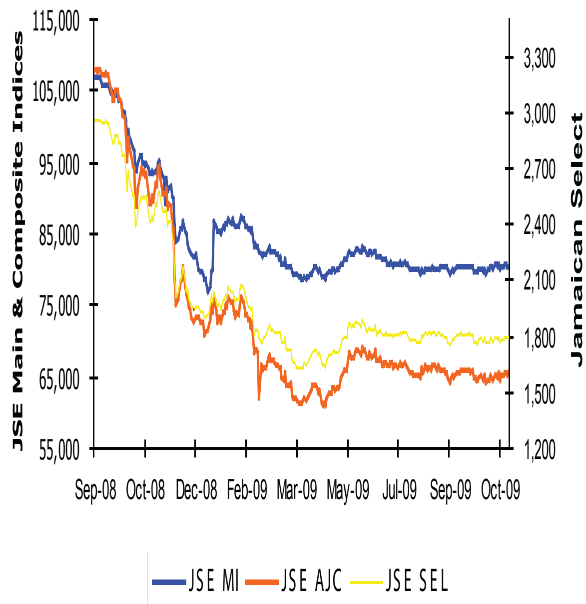
Week ending November 07, 2009

Jamaican Stock Market



Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Market Index	80,826.54	259.02
All Jamaican Composite	65,888.55	441.04
Jamaica Select Index	1,810.17	12.26
JSE Cross Listed Index	978.42	-0.28

Most Active Stocks

	Units Traded	%
NCBJ	12,642,446	42.99%
CWJA	5,981,335	20.34%
RJR	5,157,614	17.54%

Top Winners & Losers This Week

	$ Change	% Change
Winner: PCFS	$1.20	8.39%
Winner: SVL	$0.14	6.97%
Loser: CBNY	-$0.45	18.00%
Loser: CCFG	-$0.01	25.00%

Market Analysis and Commentary

Jamaica and in particular the investment community had to mull over a number of happenings last week. Following the resignation of the Central Bank Governor and 'lead negotiator within the framework of a possible standby facility from the International Monetary Fund', Derrick Lattibeudiere, Standards & Poors downgraded the country's credit ratings one notch to CCC and maintained a negative outlook. S&P cited that the negative outlook on the ratings signals the growing risk of a debt exchange operation that could be an event of selective default under their distress debt exchange criteria. The ratings agency which had last downgraded the country's ratings in August of this year from B- to CCC+, noted that 'since then, the government's room to maneuver continues to narrow as it becomes increasingly difficult to further cut public expenditures-as reflected, in part, in the recently amended budget-in order to sustain an interest burden of about 60% of government revenue'. At $7.86Bn, the fiscal deficit for the year to September was more than 2.5X the amount recorded in August and occurred despite a $7.88Bn cut in expenditure. The deviation was due to a $15.74Bn shortfall in revenues reflecting the ongoing the contraction in the local economy.

Meanwhile, Moody's noted that it is monitoring developments surrounding the country's discussions with the International Monetary Fund. According to the rating agency, delays in reaching an agreement with the IMF, together with continued fiscal under-performance represent major sources of concern.

In a statement on Friday, the IMF sought to address concerns relating to the progress of the negotiations. The Fund stated that there has been marked progress in its discussions with Jamaica and negotiations will continue in Washington this week. IMF noted the focus will be on the appropriate set of policy measures for both the short and medium term that would credibly address the key macroeconomic imbalances and thus help set the stage for robust economic growth. In particular, this has meant a focus on how to reduce the large fiscal deficit and put the debt on a clear downward path. A rationalizing of the public sector may be on the table as wages and salaries account for the second largest share of total expenditure. Further decline in domestic interest rates is expected to keep interest costs closer to the projected amount.

While the downgrade by S&P had led to a decline in GOJ bond prices, local stocks continued to rally. The Main Index advanced by 259.02 points (0.32%); the Composite Index gained 441.04 points (0.67%); while the JSE Select Index rose 12.26 points (0.68%). Of note, there was a significant increase in market activity which saw 29.41Mn units valued at $232.41Mn changing hands. Now may be an opportune time to re-enter the market.

Investors are being encouraged to look for value as well as companies that continue to deliver strong earnings performances (NCBJ, SGJ, SDBG, SLJ, JBG are among those that are recommended).

Mixed Bag of Earnings Results

NCBJ reported impressive results for the year ended September 30, 2009. Net profit increased 18% to $10.2Bn (EPS: $4.16). Earnings were boosted mainly by the performance of its Wealth Management Business (190%); Insurance (+138%) and Corporate Banking (+20.2%). On the other hand, the Treasury and Retail Banking segment fell 12.1% and 1.1%, respectively.

Acquisitions continue to boost the earnings performance of Sagicor Life Jamaica (SLJ). Net profit jumped 74.4% to $4.03Bn for the nine-month period ending September 30, 2009. The 2009 results reflect business growth from acquisition of Blue Cross, Industrial Alliance in Cayman and Guardian Life Cayman.

Impacted by higher finance costs, the contraction in the local economy and lower clinker production, CCC reported its largest ever quarterly loss of $431.3Mn in Q3 (losses of $99.1Mn in the corresponding period last year). For the nine-month, CCC registered a loss of $74.8Mn relative to profit of $214.9Mn over the corresponding period.

J$ Money Market

Liquidity in the local money market was very tight particularly towards the end of the week. Overnight rates rose as high as 10%; while 30-day rates traded in a band of 14.50% and 14.75%. The tight conditions are expected to continue into the current week reflecting the impact of the GOJ debt instrument that will be on offer. OMO Maturities and interest payments should approximate to $6.90Bn.

GOJ Offers 21 Months Fixed Rate Debenture

On November 11, the Government of Jamaica will begin accepting subscriptions for a twenty-one months (21), Fixed Rate Investment Debenture (Series Ca). The instrument has a coupon of 17.125% which will be paid on a semi-annual basis. The coupon on this instrument is higher than the yield on the most recently auctioned 6-month Treasury bill (Oct: 17.04%). Given the expectation of further downward adjustments to interest rates, we deem this instrument to be fairly attractive for investors with a medium term horizon. The instrument closes on November 13, 2009.

Foreign Exchange Market

Selling	Close: 30/10/09	Close: 06/11/09	Change
J$/US$1	$89.24	$89.25	+$0.01
J$/CDN$	$82.91	$83.22	+$0.31
J$/GBP	$146.97	$147.04	+$0.07

The Bank of Jamaica intervened in foreign exchange market activity earlier this week to shore up US$ supplies. The intervention rate was J$89.19 for re-sale at $89.24. However, with the continued heavy demand for the hard-currency, supplies dwindled towards the end of the week. The selling-rate for the US$ ranged between J$89.00 and J$89.40. This week, the dollar closed the week at J$89.25/US$1.

GOJ Bonds

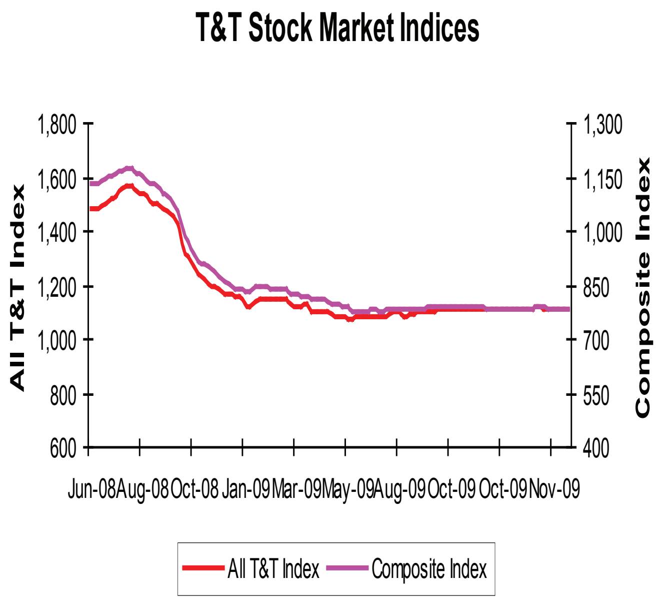
The downgrade by S&P of Jamaica's credit ratings further slowed trading activity in Jaman bonds and resulted in lower offer prices along the curve. There were a number of offers for the 2017 at 92 while it was reported that one trade was done at 90. There was a small volume bid at 88 however there were no offers down at that level. There were also offers on Airj 15s at 90, Jaman 15s at 97 and Jaman 14s at 98. Demand remains very subdued as local investors continue to stay on the sideline. We expect this trend to continue until an agreement is finalized with the IMF.

Indicative Levels

	Bid	Offer	Offer Yield*
2011	102.000	103.500	9.24%
2012	99.000	102.500	9.87%
2014	99.000	101.500	10.10%
2015	97.000	98.000	9.47%
2017	97.000	100.000	10.62%
2019	84.000	86.000	10.51%
2022	104.000	106.000	10.73%
2025	86.000	88.000	10.85%
2036	75.000	77.000	11.24%
2039	72.000	74.000	11.00%

*NB: The rates quoted above are opening indicative levels on the international market and are subject to change as market conditions vary throughout the trading session. Additionally, the prices quoted to clients of NCB Capital Market Limited (NCBCML) are adjusted to reflect the costs associated with completing the transaction on the respective client's behalf.

Trinidad & Tobago Update



All three stock market gauges on the Trinidad Stock exchange closed lower in trading this week. The Composite Index declined by 2.70 points (0.34%) to close at 785.05 while the All T&T Index declined by 3.78 points (0.34%) to close at 1,109.24. The Cross Listed Index lost 0.20 points (0.35%) to close at 57.31.

Market volume was lower this week and amounted to 402,935 units valued at over TT$3.59Bn. Guardian Holdings Limited was the volume leader with 91,149 units (22.62%) followed by Grace Kennedy with 76,159 units (18.90%) and National Enterprise Limited with 70,795 units (17.57%).

Overall Market activity resulted from trading in 19 stocks of which 4 advanced, 6 declined and 9 traded firm. Of the 4 advancers, West Indies Tobacco was the biggest gainer, adding TT$0.40 (1.30%) to close at TT$31.50 followed by Grace Kennedy Limited appreciating TT$0.01 (0.40%) to end the week at TT$2.51. On the other hand, JMMB lost TT$0.04 (9.30%) to close the week at TT$0.39 while the GHL lost TT$0.98 (7.27%) to end the week at TT$12.50.

EXCHANGE RATE:

Exchange Rate **TT$1/J$14.12**

Republic Bank profits decline by 21 per cent

The Trinidad Guardian (published: 6 Nov 2009)

Republic Bank Ltd (RBL) has recorded a net profit attributable to shareholders of $948.4 million. "While this was a decline of $255.4 million (21.2 per cent) over 2008, the bank's core profits before tax was $1.76 billion, an increase of 11.3 per cent over the $1.58 billion reported last year," stated bank chairman Ronald Harford as the results were announced. Harford said provisions of $446.4 million for non-performing loans as a result of the changed circumstances of some of the bank's customers have attributed to the reduction in profit.

"The Group maintains a strong and stable core revenue flow and continues to have a very strong balance sheet with a Tier II capital adequacy ratio of 24.2 per cent, well above the required minimum of 8 per cent. The Group is well positioned to seek out and take advantage of these opportunities," Harford said. The Republic Bank Group's asset base grew over the period by $879.7 million or 2.1 per cent and now stands at $42.4 billion. The board of directors has declared a final dividend of $2.23 to be paid on November 30.

International News

The spike in the US unemployment rate curtailed expectations of a solid economic recovery. The S&P 500 Index crept higher in the earlier part of the week and managed to close in positive territory despite the outcome of the data. The current unemployment rate, which is at a 26-year high, is an area that remains of deep concern as failure to create more jobs than jobs being lost could prevent the US from continuing to participate in the global recovery. That said, there were glimmers of hope in temporary unemployment numbers, which rose on a seasonally adjusted basis. Economists are pointing to this development as the beginning of a recovery in employment, as firms yet uncertain of the stainability of the US recovery resort to temporary staff to meet the increased demand.

Earlier in the week, there were positive movements in the ISM manufacturing index and construction spending month over month. The FED reiterated their stance on keeping rates at historic lows for a prolonged period despite positive data releases. However, contrary to the FED's stance on quantitative easing, the Reserve Bank of Australia raised their benchmark rates for the second time in less than one month citing strong activity and inflation data both in the domestic economy and in China as the reason behind their aggressive policy stance. If more of the larger economies follow the same stance that the Reserve Bank of Australia has taken of raising interest rates, we could see further weakness in the US$ over the short term and as such even higher commodity prices.

Unemployment in U.S. Jumps to 10.2%, Payrolls Fall

Nov. 6 (Bloomberg) The unemployment rate in the U.S. soared to a 26-year high of 10.2 percent in October and employers cut more jobs than forecast, underscoring why Federal Reserve policy makers say interest rates will remain near zero. Payrolls fell by 190,000 workers last month, compared with a 175,000 drop anticipated by the median forecast of economists surveyed by Bloomberg News, figures from the Labor Department showed today in Washington. The jobless rate gained from 9.8 percent in September and exceeded 10 percent for the first time since 1983. Payrolls were forecast to drop 175,000 after an initially reported 263,000 decline for September. The jobless rate was projected to rise to 9.9 percent.

Manufacturing in the U.S. Expanded at a Faster Pace in October Share Business

Nov. 2 (Bloomberg) Manufacturing in the U.S. expanded in October at the fastest pace in more than three years, a sign that factories will be the main driver of the expansion in coming months. The Institute for Supply Management's factory index rose to 55.7, the highest level since April 2006, from 52.6 in September, according to the Tempe, Arizona-based group. Readings above 50 signal expansion. Rising sales, boosted in part by the administration's "cash-for-clunkers" plan, have led to a record plunge in stockpiles that'll keep assembly lines humming. While more than $2 trillion in global stimulus will also lift overseas demand, mounting joblessness signals consumer spending will be slow to recover, restraining the expansion.

Construction Spending in U.S. Rose 0.8%, Biggest Gain in a Year Share Business

Nov. 2 (Bloomberg) Spending on U.S. construction unexpectedly rose in September as residential builders rushed to finish projects in anticipation of a possible end to the first- time home-buyers tax credit.
The 0.8 percent increase, the biggest since September 2008, followed a revised 0.1 percent drop in August that was previously reported as a 0.8 percent gain, Commerce Department figures today showed. Spending on residential and government projects climbed, while outlays on private commercial construction slumped for a fifth consecutive month. Low borrowing costs, price declines and the government's $8,000 tax credit for first-time buyers stabilized sales and spurred the biggest increase in residential construction in 26 years in the third quarter. Lawmakers are working on extending the credit, which may help support construction even as commercial real estate falters.

EU Raises 2010 GDP Forecast as Deficits, Jobless Soar

Nov. 3 (Bloomberg) The euro-area economy will return to growth next year, the European Commission said, raising its forecasts even as budget deficits and unemployment swell to the highest levels since at least 1995. The economy of the 16 countries sharing the euro will expand 0.7 percent in 2010 and 1.5 percent in 2011, after contracting 4 percent this year, the Brussels-based commission, the European Union's executive, said today in its semi-annual economic forecasts. It previously forecast a 0.1 percent contraction in 2010. The region's average deficit will widen to 6.9 percent of economic output next year and unemployment will reach 10.9 percent in 2011, the most since at least 1995.

U.S. Economy: Services Expand Less Than Forecast on Job Outlook Share Business

Nov. 4 (Bloomberg) Service industries in the U.S. expanded more slowly than forecast in October, indicating that consumers spooked by mounting job losses are making a limited contribution to the recovery entering the fourth quarter. The Institute for Supply Management's index of non-manufacturing businesses which make up the largest part of the economy fell to 50.6 in October from 50.9 in September, according to the Tempe, Arizona-based group. The reports highlight concerns of Federal Reserve policy makers that labor-market weakness threatens to curb household demand, leaving the economy dependent on government aid to maintain the expansion.

NCB Capital Markets Ltd (formerly Edward Gayle and Co.) established in 1968 is Jamaica's oldest stockbrokers. The company became a part of the NCB Group in 1994 and a fully owned subsidiary in October 2002. In December 2002, the then Edward Gayle and Co. was merged with another NCB subsidiary, NCB Investments. The products distributed by this combined subsidiary cover the traditional money market product offerings (J$ and US$ Repos), primary dealer services, stock brokerage and investment advisory services. Edward Gayle was renamed NCB Capital Markets Ltd. in October 2003.

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