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NCB CAPITAL MARKETS LIMITED

Weekly Market GUIDE

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Week ending December 31, 2009

Jamaican Stock Market

Weekly Movement in Indices

Indices	Closing Levels	Change
JSE Market Index	83,321.96	+374.74
All Jamaican Composite	70,995.77	+614.26
Jamaica Select Index	1,896.05	+10.52
JSE Cross Listed Index	962.92	-0.06

Most Active Stocks

	Units Traded	%
JP	7,033,640	34.07%
SALF	4,469,526	21.65%
JBG	2,049,767	9.93%

Top Winners & Losers This Week

	$ Change	% Change
Winner: SALF	$2.46	18.87%
Winner: JP	$2.95	12.86%
Loser: KPREIT	-$1.70	25.37%
Loser: HL	-$0.70	16.67%

Market Analysis and Commentary

2009 was a rollercoaster year for local equities. Relatively high interest rates at the start of the year and the ripple effects of the global financial crisis helped to dampen appetite for stocks and led to a sell-off of local equities. The market reached an inflection point in April when signs of change in the direction of interest rates became apparent. This was followed by an uptick in stock prices and an even stronger rally occurred in the latter part of the year when rates fell at a faster pace and the US economy began emerging from the recession. On the whole though, the market ended the year below 2009 levels. The Main Index advanced nearly 3.95% but this was mainly on account of a 18% gain in FirstCaribbean International Bank. The other two market gauges declined. The Composite Index lost 4.05% and the Select Index shed 4.47%.

In the new year, the expectation is for a slowdown in stock market activity, particularly in the first part of the year as investors await details of the IMF Standby Agreement and the conditonalities attached. Investors will want to assess the impact of the agreement and developments in the economy on listed companies before making any investments decisions with respect to local equities.

Stocks closed the year on a high with all three stock market indices registering weekly gains. The Main Index gained 374.74 points (0.45%) week over week; while the Composite Index advanced 614.26 points (0.87%) and the Select Index added 10.62 points (0.56%). Market volumes amounted to 20.65Mn units valued at over $330.04Mn. Overall market activity resulted from the trading of 32 stocks with 15 advancing, 13 declining and 4 trading firm.

Last week we bade farewell to 2009 and welcomed a brand new year. However, many uncertainties remain regarding the outlook for financial markets and the economy in general. Despite the uncertainties there are some clear themes that are likely to play out in the new year. Below we outline our five main expectations.

Increased Efforts to Reign in Fiscal Deficit - On the fiscal front 2010 will be one of the most challenging. With the prospect of a signed IMF deal, the government will need to reign in expenditure and significantly reduce the fiscal deficit. A much reduced public sector, significantly lower interest costs, the of divestment of government entities and further cost cutting are in order for the new year. Though undesirable, one cannot rule out another round of tax increases this April. The Prime Minister has noted that the government is in negotiations with local financial institutions to arrive at a mutual understanding on how to lower the interest costs on GOJ debts held by these institutions. Rating agencies have been pointing to the strong likelihood of debt restructuring as the fiscal deficit rises in the wake of falling revenues. Investors should have clarification and answers from the goverment early in the new year.

Continued Weakness in Macroeconomic Fundamentals - In the absence of a comprehensive policy to lead the economy out of its current quagmire, we see continued economic weakness this year. Although, there should be modest growth in the economies of our major trading partners, rising unemployment in the wake of public sector job cuts, the reduction in disposable incomes and higher taxes are expected to undermine the demand for goods and services.

Higher Domestic Inflation in 2010 - Increased taxes are likely to result in higher consumer prices particularly in the divisions of Alcoholic Beverages and Tobaccos, Housing Water Electricity Gas and other Fuels and Transport. Further, with continued recovery in the global economy, global commodity prices should rise above 2009 levels adding to inflationary impulses. That said, price increases may be tempered by ongoing slack in the economy and weak consumer demand.

Consolidation and new products in the Financial Sector - Lower interest rates will mean shrinking spreads for financial institutions in the new year. This together with the anticipated fall in the investor wealth will mean an even more competitive business environment in 2010. As such, we could see strong potential for consolidation in the financial sector. At the same time, lower interest rates will reduce the attractiveness for the main "Repo" product and open the doors for new products later in the year.

More Equity IPOs - Smaller companies are being encouraged to raise capital via the Junior Stock Exchange and are being offered incentives to do so. This year, we expect to see more small companies seeking to take advantage of this opportunity. We anticipate new listings particularly on the Junior exchange. That said, market conditions may prevent companies from raising all of the desired capital from these IPOs.

J$ Money Market Rates

The local money market was tighter last week as demand for both overnight and 30-day funding increased. Overnight rates rose to a high of 10.0%; while 30-day rates ranged between 10.50% and 12.0%.

Foreign Exchange Market

Selling	Close: 24/12/09	Close: 31/12/09	Change
J$/US$1	$89.57	$89.60	+$0.03
J$/CDN$1	$84.73	$84.57	-$0.16
J$/GBP£1	$142.46	$143.55	+1.09

Demand for hard currency from end users remained very heavy last week. However, there was no change in supply conditions and no intervention by the BOJ. The US$ was being sold in the range of $89.40 and $89.70. As at the end of trading on Thursday, the USD was at a weighted average selling rate of $89.60.

GOJ Bonds

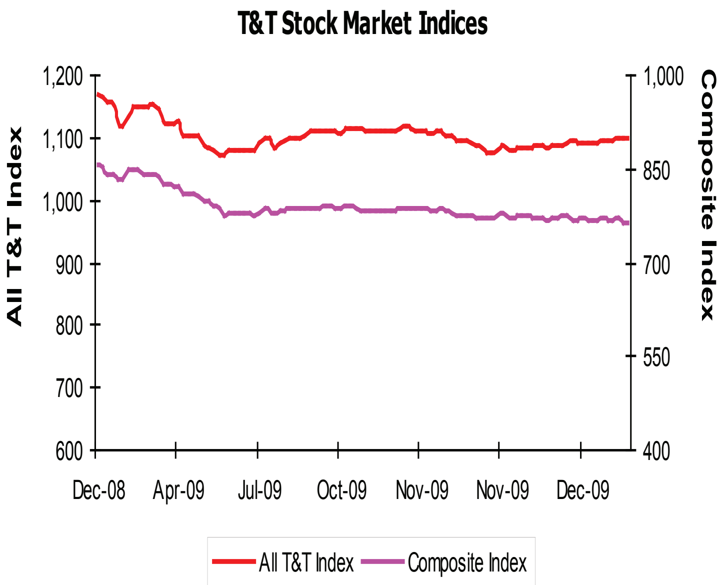
Activity was muted in the global bond market ahead of the New Year's holiday. There was still demand for 17s in the $93 price range. However, there should be some volumes coming into the market above $94 next week. The 2015 was the only confirmed trade last week, executed at a price of $93.50.

Indicative Levels

	Bid	Offer	Offer Yield*
2011	99.000	101.000	10.91%
2012	87.000	92.000	14.90%
2014	85.000	90.000	13.43%
2015	88.750	93.750	10.54%
2017	90.750	94.750	11.70%
2019	78.000	83.000	11.16%
2022	102.125	106.125	10.71%
2025	79.750	82.750	11.66%
2036	65.750	70.750	12.25%
2039	69.000	73.000	11.14%

*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



The Trinidad & Tobago stock market indices continued to see mixed results on the final trading week of 2009. While the All T&T Index managed to record a gain of 4.43 points closing the at 1,099.16 points, the Composite Index lost 3.96 points to end on 765.28 points. The Cross listed index also slipped 1.37 points to close at 53.94 points.

A total of 4 stocks advanced while 3 declined. Market volume for the week amounted to 1,122,040 units valued at TT$12.13Mn.

The softness in the Trinidad economy has weighed on investor sentiment and weakened the appetite for equities. The effects of the decline in consumer demand was evident for a number of companies in the last earnings season, with some of them reporting a sharp drop in revenues and net profit. As such, despite the reduction in the repo rates, stocks generally declined in 2009. The Composite Index declined by 9.21% and the All T&T Index fell by 4.81%. Cross-Listed stocks were the worst performers with the Index losing 17.92% for the year.

EXCHANGE RATE:

Exchange Rate **TT$1/J$14.10**

Unemployment rate climbs to 5.8%

The Trinidad Guardian (published 30 Dec 2009)

The overall unemployment rate for T&T climbed from 5.1 per cent in the second quarter 2009 to 5.8 per cent in the third quarter 2009, the Central Statistical Office has said. "This has been the third successive quarter of increases in the unemployment rate since the fourth quarter 2008 when the lowest unemployment rate of 3.9 per cent was recorded. "The unemployment rate measures the number of unemployed persons as a percentage of the labour force," the CSO stated in its December 28 release of the Labour Force Bulletin for the third quarter 2009.

More women contributed to the increase in the unemployment rate than men, the CSO said. "The unemployment rate among females increased from 6.2 per cent to 7.4 per cent between the second and third quarters 2009. "Male unemployment increased modestly from 4.3 per cent to 4.8 per cent." The CSO, in comparing third quarter 2009 to the same period in 2008, said the overall unemployment rate went up by 1.1 per cent from 4.7 per cent in the third quarter of 2008) to 5.8 per cent in the third quarter of 2009. Drop in labour force The CSO said the bulletin is based on data collected in the Continuous Sample Survey of Population conducted between July-September 2009.

The survey showed that during the sample period, T&T's labour force registered 616,100 persons, a decrease of 8,200 persons or 1.3 per cent from 624,300 persons recorded in the labour force in the second quarter 2009. The CSO stated that number of working women declined from 256,300 in the second quarter 2009 to 247,400 in the third quarter. While there was a decline in the female labour force, the CSO noted a 700 or 0.2 per cent increase in the male labour force for the same period. Unemployed persons The CSO stated the total number of unemployed persons increased from 31,800 in the second quarter 2009 to 35,900 in the third quarter 2009—an increase of 4100 unemployed persons or 12.9 per cent.

The CSO also noted:

- The number of unemployed women increased by 2,500 while unemployed men increased by 1,600.
- The most significant increases in unemployed persons were recorded in the following age groups: 25-29 years (1,800 persons); 45- 49 years (1,700 persons) and 15-19 years (1,300 persons).

International News

In 2010, the global economy is expected to continue on its recovery path led by emerging markets. The major developed economies including the US and Europe are also expected to record modest growth this year as the extensive fiscal and monetary stimuli continue to work their way through the economy. However, with unemployment still high and the erosion of consumer wealth caused by the fall in asset prices, consumer spending will likely remain weak.

Although US stock markets closed lower on the final trading day of the year, the market recorded its largest annual advance since 2003. In 2009 interest rates near zero, Fed Reserve asset purchases, and later economic recovery, together have provided strong support for risky asset prices. The S&P has gained 23.45% this year, while the DJIA has advanced 18.8%. Crude oil prices closed the year at $79.56. Oil extended its 2009 advance to 79 percent, its biggest annual gain since 1999. Oil prices are expected to rise in 2010 buoyed by recovery in the global economy

In data releases this week, both initial jobless claims and continuing claims both fell week over week, coming in below consensus expectations. US Consumer confidence also improved for a second month buoyed by expectations that the economy would continue expanding into 2010.

Stocks Rally on China Manufacturing; Cold Snap Boosts Oil

Jan. 4 (Bloomberg) -- Stocks and commodities rose on the first trading day of 2010 as China's manufacturing expanded at the fastest pace in more than five years and the outlook for American job losses improved. Oil gained after freezing weather hit the U.S. The MSCI World Index of 23 developed nations' stocks advanced 0.6 percent at 11:50 a.m. in London and futures on the Standard & Poor's 500 Index gained 0.7 percent. The MSCI Emerging Markets Index added 0.8 percent to a 17-month high. Natural gas for February delivery gained as much as 4.5 percent and crude oil rose for an eighth day, exceeding $80 a barrel. Manufacturing in China, which led the recovery from the first global recession since World War II, expanded by the most in five years last month, an industry report showed. The U.S. will report Jan. 8 that payrolls fell in December by the smallest amount since the recession began two years ago, according to the median forecast in a Bloomberg News survey. Europe's Dow Jones Stoxx 600 Index gained 0.9 percent as all 19 industry groups rose.

Bernanke Says Low Rates Didn't Cause Housing Bubble

Jan. 3 (Bloomberg) -- Federal Reserve Chairman Ben S. Bernanke said the central bank's low interest rates didn't cause the past decade's housing bubble and that better regulation would have been more effective in limiting the boom. "The best response to the housing bubble would have been regulatory, rather than monetary," Bernanke said today in remarks to the American Economic Association's annual meeting in Atlanta. The Fed's efforts to constrain the bubble were "too late or were insufficient," which means that regulatory actions "must be better and smarter," he said. Bernanke said the Fed is working to improve its supervision of banks and has strengthened measures to protect consumers of mortgages and other financial products. Senate Banking Committee Chairman Christopher Dodd, who backs Bernanke for a second term, has called the Fed's oversight of banks leading up to the crisis an "abysmal failure." Dodd proposes stripping the Fed and other agencies of bank supervision powers and moving them to a new regulator. Increased use of variable-rate and interest-only mortgages, and the "associated decline of underwriting standards," were more responsible for the bubble, Bernanke said in a speech at an economics conference.

U.S. Jobless Claims Drop to Lowest Level Since 2008

Dec. 31 (Bloomberg) -- Fewer Americans than anticipated filed claims for unemployment benefits last week, pointing to an improvement in the labor market that will help sustain economic growth next year. Initial jobless claims fell by 22,000 to 432,000 in the week ended Dec. 26, the lowest level since July 2008, Labor Department figures showed today in Washington. The number of people receiving unemployment insurance fell in the prior week to 4.98 million, and those receiving extended benefits jumped. Companies are retaining staff as sales improve and production picks up. Gains in consumer spending, which accounts for 70 percent of the economy, may encourage more hiring in coming months, helping to bolster the rebound from the worst recession since the 1930s.

U.S. Companies Grow at Faster Pace, Chicago ISM Shows

Dec. 30 (Bloomberg) -- Companies in the U.S. expanded more than anticipated in December as orders and employment grew. The Institute for Supply Management-Chicago Inc. said today its business barometer rose to 60, exceeding the most optimistic estimate of economists surveyed by Bloomberg News and the highest level since January 2006. Readings above 50 signal expansion. Fueled by government incentives and discount pricing, rising global demand has reduced stockpiles, which may prompt manufacturers to boost production into early 2010. The accompanying increases in the workweek and employment may boost incomes enough to support additional gains in consumer spending, which accounts for 70 percent of the economy. The Chicago purchasers' new orders gauge climbed to 63.5 from 62.8 the previous month and the production index rose to 65.8 from 57.6.

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