

February 8th, 2010

Regional Indices

At the end of Friday's trading, regional indices improved with the TTSE Composite Totals gaining 6.05 points (0.77%), to 788.68, as Republic Bank Ltd. advanced by 50 cents to settle at TT\$74.00. The All Jamaican Composite grew by 206.67 points (0.32%), to 63,989.45, as the BSE Composite added 0.56 points (0.07%), to 787.82, while the ECSE rose 0.09 points (0.06%), to 148.44.

	Dec-07	Dec-08	Dec-09	5-Feb-10	4-Feb-10	Change	% Change
BSE	1,028.80	919.86	786.11	787.82	787.26	0.56	0.07%
JSE	106,782.86	73,994.93	70,995.77	63,989.45	63,782.78	206.67	0.32%
TTSE	982.03	842.93	765.28	788.68	782.63	6.05	0.77%
ECSE	155.69	135.86	147.59	148.44	148.35	0.09	0.06%

International Indices

A battered stock market recovered from a sharp drop in late trading Friday but still posted its fourth straight weekly drop. The Nasdaq added 15.69 points (0.74%), to 2,141.12, as the S&P 500 rose by 3.08 points (0.29%), to 1,066.19. Asian markets took a dive as the Chinese Hang Seng plunged by 676.56 points (3.33%), to 19,665.08, while Japan's Nikkei slumped by 298.89 points (2.89%), to 10,057.09. London's FTSE 100 also dropped 78.40 points (1.53%), to 5,060.90.

	Dec-07	Dec-08	Dec-09	5-Feb-10	4-Feb-10	Change	% Change
Nasdaq	2,652.28	1,577.03	2,269.15	2,141.12	2,125.43	15.69	0.74%
Dow Jones	13,264.82	8,776.39	10,428.05	10,012.23	10,002.18	10.05	0.10%
S&P 500	1,468.36	903.25	1,115.10	1,066.19	1,063.11	3.08	0.29%
FTSE 100	6,456.90	4,434.20	5,412.90	5,060.90	5,139.30	-78.40	-1.53%
Nikkei 225	15,307.78	8,859.56	10,546.44	10,057.09	10,355.98	-298.89	-2.89%
Hang Seng	27,812.65	14,387.48	21,872.50	19,665.08	20,341.64	-676.56	-3.33%

Commodities and Currencies

The table below shows the price of oil and gold on the global markets, as well as daily averages of select international currencies.

	Dec-07	Dec-08	Dec-09	5-Feb-10	4-Feb-10	Change	% Change
Oil	91.86	40.58	79.36	71.19	73.14	-1.95	-2.67%
Gold	836.50	875.00	1,096.20	1,054.30	1,063.00	-8.70	-0.82%
GBP £	1.9973	1.4479	1.5928	1.5856	1.5976	-0.0120	-0.75%
EURO €	1.4729	1.4097	1.4333	1.3843	1.3959	-0.0116	-0.83%
CAD \$	0.982	1.2228	1.0494	1.0647	1.0585	0.0062	-0.59%
JPY ¥	112.35	90.3843	92.2401	90.5067	90.6187	-0.1120	0.12%

LOCAL, REGIONAL & INTERNATIONAL NEWS BRIEFS**BL&P CEO Responds to Criticisms**

BRIDGETOWN, Barbados – CEO of the Barbados Light and Power Company, Peter Williams said it would not have been in the best interest of this country for the company to defer its investment in the electricity generating plant. He was reacting to a query on the impact the adjustment of rates, approved by the Fair Trading Commission, could have on consumers and on the cost of doing business in Barbados. Williams told a news conference last week that electricity is essential for the economy of Barbados. “There is no where in the world where there is an unreliable electricity supply system and a healthy and vibrant economy,” Mr. Williams noted. Last month the FTC announced it was allowing the company to set rates that would provide an additional \$25.1 million in revenue requirement, instead of the \$28.2 million sought. It is also allowing a rate of return of 10 per cent as against the 10.48 per cent sought. It is the first increase the company has obtained since 1983 when rates were adjusted by the then regulator, the Public Utilities Board. The new rates are to take effect from March 1, 2010. However, there has been criticisms leveled mainly at the FTC for granting increases given their impact on the cost of living which is already high, and in the context of the ongoing economic recession.

Source: *Barbados Advocate Business Monday*

RBL’s Revenues Dip

PORT-OF-SPAIN, Trinidad – Republic Bank Limited (RBL) recorded a Diluted EPS of \$1.46 for the first quarter ended December 31, 2009. This represented a 15.3 per cent decline from the \$1.72 diluted EPS in the corresponding period last year. At the top-line, Net interest income fell 6.1 per cent from \$551.6M in December 2008 to \$518.1M in December 2009, while Other Income remained fairly flat, moving from \$227.7M to \$226.1M in the same period. Combined, Operating Income for the Group declined 4.5 per cent year-on-year from \$779.3M to \$744.3M. Looking at the Group’s expenses, Operating Expenses rose 4.9 per cent year-on-year. With operating income contracting and expenses increasing, the Operating profit margin (excluding the loan impairment expense) deteriorated to 49.3 per cent in the last quarter from 53.9 per cent in the corresponding quarter of 2008. Operating margins were stronger at 53 per cent and 56 per cent in FY2008 and FY2009 respectively. The Loan Impairment Expense for the first quarter was lowered from \$26.9M in 2008 to \$23.2M in 2009 as the Group had provided for increased losses on its loan book in the last few quarters. The current provision stands at an annualised 0.42 per cent, as compared to the FY 2009 rate of 2.04 per cent of advances.

Source: *Bourse*

How to Solve the Tax Mess

KINGSTON, Jamaica – Financial experts have said prioritising compliance, removing tax exemptions and making it easier to pay taxes are among the most effective ways to reforming Jamaica’s tax system. In response to the latest Doing Business 2010 report, a joint publication of the World Bank, International Finance Corporation and PricewaterhouseCoopers, experts say Jamaica’s way out of the tax conundrum must take a multifaceted approach. The report ranked Jamaica one of the 10 most difficult countries in the world to pay taxes -- 174 out of 183 countries. The paying taxes study measures the world’s tax system from the point of view of businesses and should give policymakers the ability to measure tax regulation performance in comparison to other countries, learn from global best practices, and prioritise reforms. Some reforms undertaken by countries examined by the study include lowering the tax burden on businesses and simplifying the tax compliance processes by enabling electronic filing. However, experts have said Jamaica’s tax problems must be addressed firstly by dealing with the exemptions and the complexity of the system.

Source: *Jamaica Observer*

Obama Debt Market Catches Break as Treasury Signals Fewer Bonds at Auction

WASHINGTON, D.C. – Corporate borrowing costs are rising at the fastest pace in more than two months on concern that worsening government finances will slow the global economy and make it harder for companies to meet debt payments. The extra yield investors demand to own corporate bonds instead of government securities widened 4 basis points last week to 169 basis points, the most since the period ended Nov. 27, according to the Bank of America Merrill Lynch Global Broad Market Corporate Index. Spreads widened for three weeks, the longest stretch in about a year, while those for U.S. high-yield, high-risk companies expanded by the most since August. Optimism over the recovering economy that made January the best start to a year since 2001 for the corporate bond market is fading as finances in Greece, Spain and Portugal deteriorate, Japan struggles to emerge from recession and concerns grow that emerging-market valuations are too high. BES Investimento do Brasil pulled an international bond offering of as much as \$350 million, capping a week of canceled sales from India to Korea. “The potential impact of spill-over into other markets has gotten folks to look at risk assets of all types, and you’re seeing a pullback across the globe,” said Andrew Karp, a managing director on Bank of America Corp.’s investment-grade syndicate desk in New York.

Source: Bloomberg

European Central Bank in a Squeeze

FRANKFURT, Germany – Whether he likes it or not, Jean-Claude Trichet is not just the president of the European Central Bank. Mr. Trichet, 67, is also the de facto president of Europe, at least for the 16 nations that rely on the euro as their common currency. On paper, the European Union has just established a new president in Brussels, and the central bank’s sole responsibility is to keep inflation in check. Moreover, the bank, based here, has almost no formal policy tools to help an ailing member country like Greece. But as investor alarm about Greek, Spanish and Portuguese indebtedness increases, the crisis has highlighted the fundamental weakness of the European monetary union. With no strong political arm to ensure that members observe debt limits set by treaty, the responsibility falls to Mr. Trichet to try to resolve the crisis. In the current situation, said Jörg Krämer, chief economist at Commerzbank in Frankfurt, only the bank’s president “has the authority and the expertise” to manage the situation. On Saturday, Mr. Trichet told reporters at a meeting in Canada of the Group of 7 finance ministers and central bank presidents that he was confident that Greece would meet tough new belt-tightening goals.

Source: The New York Times

Bank Lending Falls Most in Four Years as Companies Return to Bond Markets

TOKYO, Japan – Japanese bank lending fell by the most in more than four years in January as some companies deferred capital investments and others turned to bond markets to raise funds. Lending, excluding loans by credit associations, dropped 1.7 percent last month from a year earlier, the largest decline since September 2005, the Bank of Japan said today. The drop, amid a five-year low in demand for loans, compares with a 1.2 percent contraction in December. With more than a third of factory capacity sitting idle in Japan, companies remain reluctant to increase spending even as the economy recovers from its worst postwar recession. Those that do seek funds are returning to bond markets that are warming after the credit freeze triggered by the collapse of Lehman Brothers Holdings Inc. in September 2008. “We’re seeing the reverse of high-loan demand at the start of last year when access to capital markets was difficult,” Seiichi Shimizu, associate director-general at the Bank of Japan’s bank surveillance department, said at a briefing today. “Demand by companies for funds for capital expenditure and working capital remains weak.”

Source: Bloomberg

ANNOUNCEMENTS

Annual General Meetings

Company	Location	Date	Time
BICO Limited	Cricket Legends of Barbados, Fontabelle, St. Michael	16-Feb-10	10:00 AM
Barbados Shipping & Trading Limited	-	11-Mar-10	-

Dividend Payments

Company	Dividend	Dividend Type	Record Date	Payment Date
Cave Shepherd and Company Limited	BDS\$0.10	Final	5-Feb-10	26-Feb-10

Financial Statement Reporting

Statements Received			
Company	Year End	Type of Report Due	Due By
Trinidad Cement Limited	December 31	3Q 2009	2-Nov-09
Light & Power Holdings Ltd.	December 31	3Q 2009	6-Nov-09
GraceKennedy Limited	December 31	3Q 2009	13-Nov-09
Barbados National Bank	September 30	4Q 2009	17-Nov-09
Insurance Corporation of B'dos Ltd.	December 31	3Q 2009	20-Nov-09
Cave Shepherd & Co. Ltd.	December 31	3Q 2009	1-Dec-09
Cable & Wireless (Barbados) Ltd.	March 31	2Q 2009	3-Dec-09
FirstCaribbean International Bank	October 31	4Q 2009	3-Dec-09
Neal & Massy Holdings Limited	September 30	4Q 2009	16-Dec-09
The West India Biscuit Company	August 31	4Q 2009	28-Dec-09
Goddard Enterprises	September 30	4Q 2009	28-Dec-09
Almond Resorts Inc.	September 30	4Q 2009	31-Dec-09
Barbados Dairy Industries Limited	August 31	4Q 2009	6-Jan-10
Fortress Caribbean Property Fund	September 30	4Q 2009	6-Jan-10
The West Indies Rum Distillery Ltd.	August 31	4Q 2009	6-Jan-10
Banks Holdings Limited	August 31	4Q 2009	22-Jan-10
Barbados National Bank	September 30	1Q 2009	5-Feb-10
WIBISCO	August 31	1Q 2009	5-Feb-10

Overdue Statements

Company	Year End	Type of Report Due	Due By	Comment
Barbados Farms Limited	June 30	Annual Report	30-Sep-09	Requested an Extension

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