

STOCK MARKET AWARENESS

“2016 REVIEW- WHAT WAS AND WHAT IS TO BE EXPECTED”

Global Highlights

In global markets, the first six months can be best described as tumultuous, giving rise many times during this period to stock market jitters. If we were to pick the region that didn't fare as well as the rest during this period, it would have to be Asia, and in particular the Chinese and Japanese stock markets.

The year opened with a trading halt in China after shares dipped sharply in light of recently released data pointing to weaker earnings in its manufacturing sector. Investors reacted with quick sell-offs, thinking that weak data and tough conditions in this sector could signal economic slowdown. So, in just the first week of trading, China's main Exchanges copped a 6.9% and 8.0% fall in their main indexes and for the first time both applied trading halts to curtail the sharp decline.

Given the extent of China's global trade relationships, a multiplier effect, was soon had in other Asian and European stock markets.

And then of course towards the end of June, there was Brexit. The widely covered stock market frenzy immediately after the vote added to the period's already volatile trend.

Private equity firms and fund managers all point to a recovery path in major global markets, most of which bounced back a little in the second quarter of 2016.

Domestic Highlights

Whilst panic attacks seem to be the order of the day globally, locally it was a far more pleasant experience; relatively high investment returns and growth opportunities realized by Fijian stock market investors.

Being an Exchange that is insulated from global market activities sure has its merits. Here are some Highlights from the first six months of 2016.

Demand: Top most traded stocks (Jan-June, 2016)

Amalgamated Telecom Holdings Ltd, VIL, Fijian Holdings Ltd, FMF Foods Ltd, VB Holdings Ltd.

TIP: When you're shopping around for the best investment returns (which you should), use the returns in the table below for comparison!

Return on Investment – Top 5 Gainers (Jan-June, 2016)

Security	Dividend/Interest Return (%) – TAX FREE
BSP Fiji Class Shares (BCN)	9.54% (Dividend Return)
Pacific Green Industries (Fiji) Ltd Shares	8.00% (Dividend Return)
FFF Convertible Notes	7.35% (Interest Return)
The Rice Company of Fiji Ltd (RCF)	6.76% (Dividend Return)

FTV investors received two special dividend payments this year from the sale proceeds of Sky Pacific and Media Niugini Ltd – FTV Dividend Return - 15.06%

Security	Capital Growth Return (%)	Jun-16 Share Price	Dec-15 Share Price
Vision Investments Ltd (VIL)	17.65%	\$2.00	\$1.70*
Atlantic & Pacific Packaging Ltd	15.79%	\$1.10	\$0.95
Paradise Beverages (Fiji) Ltd	10.91%	\$12.40	\$11.18
BSP Fiji Class Shares (BCN)	6.28%	\$7.61	\$7.16
The Rice Company of Fiji Ltd (RCF)	4.23%	3.70	3.55

So if you're an investor who had bought shares in any of these companies before January, 2016 and then sold those shares on the stock market before June, 2016 you would have made a gain above (TAX FREE).

* VIL's share price of \$1.70 is the close price on day of listing (29/02/16)

Reminder: There are three types of investment returns that you can get in the stock market and they are:

- **Dividend return** – paid by the company out of its profit (to investors); or
- **Interest return** – fixed percentage return paid by a company at regular intervals; and
- **Capital gain/loss** – increase or decrease in the value of shares/notes over time

“The local stock market is currently very much a buyer’s market, characterized by strong demand for shares and limited scrips available on the SPSE for certain stocks. This indicates increasing investor confidence, partly buoyed by positive recent performances by listed companies. Most of the listed companies released their audited financials in the last six months and overall, the results were positive. Continued dividend consistency should also help fuel demand.

Investors have historically been yield-driven but there are signs that investors are increasingly seeking stable growth stocks and total return.

Companies like VB Holdings Ltd (SPSE Code: VBH), Vision Investments Ltd (SPSE Code: VIL), BSP Convertible Notes Ltd (SPSE Code: BCN) and Toyota Tsusho (South Sea) Ltd (SPSE Code: TTS) have shown good capital growth so far this year while BCN, TTS, RB Patel Group Ltd (SPSE Code: RBG), VBH, VIL, Amalgamated Telecom Holdings Ltd (SPSE Code: ATH), The Rice Company of Fiji Ltd (SPSE Code: RCF) and Fijian Holdings Limited (SPSE Code: FHL) have paid attractive dividends. We expect this trend to continue over the second half of the year.

We are picking trading on the SPSE to increase in the next six months and more first-time investors to enter the market. Market capitalisation should also increase with several shares anticipated to see rising prices. Furthermore, Government’s recent announcements about privatization of certain SOEs and some anticipated new listings in the coming months should also help stimulate the market further.”



Ms Raghni Khatri, Manager Stockbroking - Kontiki Stockbroking Limited (KSB)



Mr. EsromY Immanu'el, Manager & Licensed Investment Advisor – FijiStock Brokers Limited (FSB)

“Most stocks are at highs not only because of optimistic earnings forecasts and favorable economic growth, but also with alternative interest rate investments providing little comfort with the low rates.

So demand will continue to rise for high yield stocks.. The favorable propensity to save rate and the current savings level apart from retirement funds will maintain the demand. Stocks such as RB Patel Group Ltd (SPSE Code: RBG), VB Holdings Ltd (SPSE Code: VBH), Communications (Fiji) Ltd (SPSE Code: CFM), The Rice Company of Fiji Ltd (SPSE Code: RCF), BSP Convertible Notes Ltd (SPSE Code: BCN) will produce opportunities for holders to realize gains already gathered.

With the increase in awareness conducted, we can see that more young adults are coming into the market and a few interests are emerging from school children wanting to invest in the stock market. This is a nice trend to see going ahead not only to invest but to take advantage of the potential high returns compared to traditional investments options such as savings and term deposits.

At FSB our effort in the next 6 months will concentrate on more awareness, improving service delivery, advisory and research to current and potential investors. We can see that there are un-served sections of the communities apart from the retirees or those planning to retire to be accorded the awareness needed on share investments.”

“Our analysis shows that investors continue to have confidence in consistent dividend returns, access to diversified stocks, tax free dividends and capital growth of their investments in some listed stocks. This year FHLS has witnessed a growth in the number of individuals, retirees, institutional investors and group investors entering the stock market.

As per the investor sentiments received, investment in listed stocks provides a regular income stream for the investor as well as long-term growth in achieving ones financial goals. Investors are also advised by FHLS to invest in various stocks to help build their wealth leveraging growth in different sectors of the economy.

Our trend shows that most of our investors are dividend driven. Due to the high demand for certain stocks, there are circumstances where the scrips are not readily available to investors which results in investors opting to invest in other financial institutions that provide a favourable return. However, the new listing of Vision Investments Ltd (SPSE Code: VIL) was a turning point as we were able to meet the demands of these investors.

Investors are anticipating listing of new companies on the SPSE in the near future as this will enable them to further diversify their portfolio and at the sametime give them a wide range of stocks to invest in bearing in mind the competitive return that will be available to them.



**Ms. Elenoa Vuniwa, General Manager
& Licensed Stockbroker – FHL
Stockbrokers Limited (FHLS)**

For further information including those relating listing on the Exchange, listed company performance and/or investing in SPSE listed companies, please feel free to contact us.

Website: www.spse.com.fj

Email: info@spse.com.fj

Telephone: +679 3304 130 OR +679 3313 764

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