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“The biggest risk of all is not taking one.” —
Mellody Hobson

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Local Food M&D Companies Digest a Tough Quarter

For much of the past year, Jamaica Stock Exchange (JSE) listed food Manufacturing and Distribution (Food M&D) companies have had to navigate a range of challenges that have weighed down earnings. From the impact of Hurricane Beryl to rising expenses and slowing tourism growth, earnings have been under pressure, leaving many stocks, including Food M&D stocks, in the doldrums. The June 2025 quarter offered little relief, as profitability buckled under the weight of higher costs and uneven demand. Still, with inflation easing, GDP ticking upward, and interest rates poised to decline, the stage may be set for a turnaround. This week, we break down the June 2025 earnings season for food M&D companies, examine the strategies their respective management teams are deploying to restore efficiency and protect margins, and explore what their results reveal about the potential of the sector to rebound in the near term.

For the quarter ended June 2025, performance was generally weak across both Main and Junior Markets food manufacturers. Main Market companies¹ experienced a notable decline in net profit attributable to shareholders² despite varied revenue growth outcomes (see Fig. 1). Wisynco reported a 22.9% drop in net profit to \$955.8Mn, even as it achieved its highest quarterly revenue to date of \$14.7Bn (+3.5%). Seprod's net profit plummeted 52.0% to \$382.8Bn, significantly overshadowing its 26.0% revenue increase. Caribbean Producers Jamaica (CPJ) also recorded a 20.6%

earnings decline, despite an 11.3% rise in its topline. Similarly, Salada Foods (SALF), Lasco Distributors (LASD), and Lasco Manufacturing (LASM) reported weaker earnings, down 51.1%, 15.3%, and 11.9%, respectively, in line with revenue declines of 5.8%, 0.8%, and 10.1%. Grace Kennedy Group Limited's (GK³) Food Trading segment reported profit before tax of \$1.9Bn, down 7.0% despite a 6.7% revenue increase. On the Junior Market⁴, results were mixed. Three of five companies assessed reported increased earnings, in line with revenue gains. Spur Tree Spices (SPURTREE) posted a 9.9% increase in net profit to \$15.5Mn alongside a 5.4% rise in revenues. Caribbean Flavours and Fragrances Limited (CFF) reported a 9.4% improvement in earnings to \$44.20Mn on the back of a 16.3% uptrend in revenues⁵. Most notably, Consolidated Bakeries (PURITY) reversed previous losses, reporting a \$5.5Mn profit underpinned by increased sales. However, the overall sector performance was dampened by a significant falloff in profits from Honey Bun (HONBUN), which saw its earnings fall 59.9% to \$29.4Mn and Jamaican Teas Ltd. (JAMT), down 3.1% to \$67.8Mn.

The weak quarterly performance of Food M&D companies reflected challenges from portfolio expansion, acquisitions, geopolitical uncertainty, including new tariffs in key export markets, supply chain disruptions, and softening tourism. Wisynco saw demand for its products moderate both locally and abroad due to tourism softness and export logistics issues. However, it saw positive signs during the quarter after the favourable

1 Jamaica Broilers was not included due to delay submission of quarterly report.

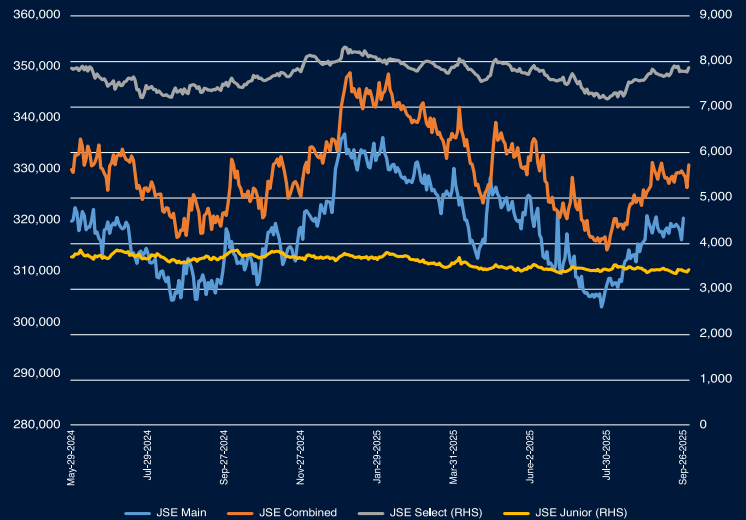
2 Unless otherwise stated, net profit refers to net profit attributable to shareholders.

3 While not included in the Manufacturing and Distribution sector, GK was included as it is a major player in the local food industries space.

4 Caribbean Cream Ltd. (Kremi) was not included as its latest earnings were for the quarter ended May 2025. However, during that quarter, the company experienced a reversion to a loss of \$13.65Mn from profits recorded in the same quarter last year.

5 The company achieved a successful milestone being reporting quarterly revenue above the \$300 million threshold for the first time in the Company's history.

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	330,789.45	0.50%	-4.92%
Main Market Index	320,385.32	0.52%	-4.59%
Select Index	7,845.98	1.16%	-5.30%
Junior Market Index	3,408.76	0.23%	-8.74%

WINNERS & LOSERS FOR THE WEEK ENDED SEPTEMBER 26, 2025

	\$ Change	% Change
VMIL	\$0.40	18.78%
Mayberry Group Ltd.	\$1.19	17.50%
ISP Finance Services Ltd.	-\$2.76	-18.44%
First Rock USD	-\$US\$0.01	-16.53%

MARKET OVERVIEW

Despite a falloff in market activity, the local stock market registered marginal gains in trading last week. Trading activity increased, with 162.21Mn shares valued at J\$945.21Mn changing hands. This represents a 28.8% and a 17.1% week-over-week (WoW) increase in volume and value traded, respectively. 126 stocks were traded in both weeks; however, 8 more stocks advanced (totalling 63) and 6 fewer declined (totalling 52). TransJamaican Highways Ltd (TJH: 36.2%), Wigton Energy Ltd. (WIG: 7.1%), and Future Energy Source Company Ltd. (FESCO: 6.8%) led trading volumes, collectively accounting for 50.1% of overall market activity.

Broad market performance, as measured by the JSE Combined Index, was positive, with the index edging up 0.5%. Overall, eight of the nine JSE indices posted gains, led by the JSE Cross Listed Index (+2.2%) and the JSE Financial Index (+1.2%). The JSE Cross Listed Index was buoyed by a 3.3% increase in the share price of Massy Holdings Ltd. (MASSY), the index's largest constituent by market capitalisation. Meanwhile, the Financial Index benefited from price increases from MASSY, Sagicor Group Jamaica Ltd. (SJ: +3.0%) and NCB Financial Group Ltd. (NCBFG: +3.1%), compensating for the 3.7% decline in JMMB Group Ltd (JMMBGL). Most notably, Sagicor's recent price appreciation may have partly been influenced by SLJ's Employee Purchase Plan, which acquired an aggregate of 122,089 SJ shares between September 22 and 24, 2025. On the downside, the JSE USD Equities Index lagged, dipping 2.3% to emerge as the week's biggest laggard. The downward trend in the index reflected a 12.9% slide in the share price of PBS.

change in the US travel advisory update in May 2025⁶. Seprod saw a slight 2.9% export decline amidst geopolitical tariff pressures and absorbed higher costs from acquisitions and the full integration of Caribbean Producers Jamaica under AS Bryden. Still, the company continues to deepen its presence in the Caribbean, having increased its stake in A.S. Bryden, and is building out regional distribution hubs. GraceKennedy Foods faced higher warehousing and logistics costs that constrained profits. Meanwhile, LASM and LASD encountered supply chain and geopolitical trade challenges, along with softer markets and supply disruptions, which impacted sales volumes. On the Junior Market, SPURTREE reported strong sales despite lingering raw material shortages caused by Hurricane Beryl and tariff-induced market uncertainty, leading to strategic price adjustments in certain segments. For its part, CFF saw greater demand for specific manufactured and special-order products from its large and small-sized customers and expanded its product range to meet rising local and international demand.

Despite the increase in costs, ongoing investments in expansion, aimed at expanding capacity, strategic acquisitions, and efficiency initiatives, are expected to mitigate rising costs and support earnings growth over time. Wisynco's General & Administrative (SG&A) expenses⁷ rose (+8.3%), reflecting expansion in warehousing, distribution, and sales to support the company's growth initiatives, while Seprod's 53.5% increase in other operating expenses reflected higher staffing, logistics, and administrative costs tied to the CPJ acquisition. Similarly, CPJ (+55.2%), Salada (+32.6%), and LASD (+4.3%) also faced heavier SG&A, driven by brand development, promotions, staff costs, and technology investments. However, management teams are responding with cost controls and efficiency measures. When Wisynco's plant expansion is completed, it is expected to enhance production capacity and support operational efficiencies. Further, the introduction of new product lines should positively impact revenue streams. The company is also growing inorganically through strategic acquisitions⁸, which should buoy revenues and its earnings potential. Seprod is deepening regional integration to unlock synergies from its

Overall, while the sector is unlikely to deliver runaway growth in the near term, opportunities are emerging, which, together with the strategies being employed by management, should support stronger earnings. As interest rates ease and macro conditions stabilise, companies that execute effectively on cost discipline and productivity are likely to outperform, creating a more attractive environment for investors.

acquisitions and protect margins for the remainder of the year, while LASM and LASD are leveraging recent technology and staff training investments to drive growth. SPURTREE is expanding distribution across Canada, the U.S., and e-commerce channels to capture scale benefits. Honey Bun is also reorganising production across a new 60,000-square-foot facility in Angels, St Catherine, which is expected to boost output by 150% and streamline its wholesale and retail operations. These initiatives should support more robust operations going forward, mitigate the impact of cost pressures, and ultimately strengthen earnings resilience and drive shareholder value.

Despite recent challenges, the manufacturing industry is poised to benefit from private consumption through the remainder of 2025 and into 2026, supported by improved external conditions and the recovery in the local economy. Private consumption continues to be underpinned by sustained low unemployment, easing interest rates, improved GDP growth outlook on the international front, and the post-Beryl rebound in economic activity locally. The World Bank projects GDP growth of 1.7% in 2025, with agriculture, mining, and construction driving the recovery. Furthermore, given the recent disinflationary trend, the Bank of Jamaica is widely expected to reduce rates again in 2025, which could stimulate demand and open financing channels, all of which create a more supportive environment for Jamaican manufacturing companies to grow. Moreover, Jamaica has been strategically expanding its reach into new regions, including Asia-Pacific and the Middle East,

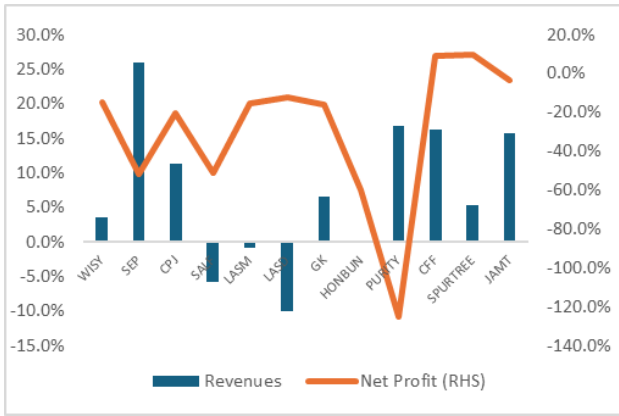
signalling a shift toward a more diversified and resilient tourism portfolio, which could benefit local manufacturing companies by reducing their reliance on U.S. and European visitor demand. If these baseline expectations materialise and demand increases, local food manufacturers could benefit, given their investments in capacity and efficiency. Still, food M&D companies face risks from weaker U.S. and local growth, tariffs dampening export demand, potential slowdowns in key industries, and weather-related agricultural disruptions that could strain operations and demand. Overall, while the sector is unlikely to deliver runaway growth in the near term, opportunities are emerging, which, together with the strategies being employed by management, should support stronger earnings. As interest rates ease and macro conditions stabilise, companies that execute effectively on cost discipline and productivity are likely to outperform, creating a more attractive environment for investors.

⁶ The U.S. government downgraded its travel advisory from Level 3 to Level 2 in May 2025, a reversal expected to positively influence arrivals after months of dampened sentiment.

⁷ SG&A expenses margins trended upwards due to primarily to increases in Wisynco's members in its production warehousing/distribution, and sales departments to support the business expansion activities.

⁸ Wisynco has acquired a 30% equity stake in Ringtail Holdings Limited, the parent company of Select Brands Limited (Jamaica's leading premium wines and spirits distributor), and also acquired the business and production assets of Ringtail Bottlers Limited, including exclusive co-packing rights for Stone's Ginger Wine and a range of liqueurs for the hotel trade.

Fig 1: Food M&D Companies Revenues and Earnings (June Quarter)



Sources: NCBCM and JSE

jobless claims dropped to 218,000 from 232,000, well below the Dow Jones estimate of 235,000. Jobless claims are a key indicator that could influence the Fed’s monetary policy decisions, given its dual mandate of maximum employment and price stability. If the labour market shows signs of resilience, the Fed may be less inclined to cut its benchmark rate⁹. Meanwhile, on Friday, inflation dynamics remain relatively steady. Core PCE inflation registered 2.9% year-over-year in August, matching forecasts, while headline PCE edged slightly higher to 2.7%. Goods prices rose 0.9% from a year earlier, partly offsetting firmer services inflation of 3.6%, with shelter costs advancing at a 3.9% annual pace and continuing to anchor elevated services inflation. These releases came amidst a potential federal government shutdown as U.S. government funding is due to expire at midnight on Tuesday. Republicans and Democrats in Congress are showing no signs that they will agree to a temporary spending fix that would avert a shutdown.

Against this backdrop, the 10-year Treasury yield closed the week at 4.17%, up from 4.13% the week before as prices broadly declined. Yields rose on emerging market bonds issued by sovereigns, including Bermuda, Costa Rica, Panama, Dominican Republic, Trinidad and Tobago, Jamaica and Panama, as prices fell in response to the recalibrated market expectations around the timing and pace of future Fed rate adjustments given the economic data.

Foreign Exchange Market

For the week ending September 26, 2025, the Jamaican dollar (JMD) depreciated with the USD selling rate moving to J\$160.76 on September 19, 2025, \$0.50 higher than the previous week. The change reflects normalisation in the exchange rate following the Bank of Jamaica (BOJ) intervention in the market with \$90.0Mn the week ending September 19.

Selling	Close: 09/19/25	Close: 09/26/25	Change
J\$/US\$1	160.76	161.26	0.50
J\$/CDN\$1	117.93	121.15	3.22
J\$/GBP£1	218.85	216.35	-2.50

Global Bond Prices

Last week, investors weighed stronger-than-expected economic growth, steady inflation readings and the looming risk of a federal government shutdown. The stronger-than-expected US GDP growth and solid jobs data on Thursday added fresh downward pressure to bond prices as investors recalibrated expectations for the timing and pace of future Federal Reserve (Fed) rate reductions. The final reading of second-quarter U.S. GDP surprised to the upside, expanding at an annualised 3.8% compared with consensus expectations of 3.3%. Growth momentum was underpinned by resilient household consumption, which advanced 2.5% against projections of 1.7%. On the labour market front, initial weekly

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
BAHAMA (6.00%) 2028	BB-/Stable	103.25	4.87%	BUY
BAHAMA (6.63%) 2033	BB-/Stable	95.75	7.36%	BUY
BAHAMA (6.95%) 2029	BB-/Stable	103.50	5.98%	BUY
BAHAMA (8.25%) 2036	BB-/Stable	110.50	6.85%	BUY
BAHAMA (8.95%) 2032	BB-/Stable	113.50	6.53%	BUY
BAHAMA (9.00%) 2029	BB-/Stable	111.25	5.59%	BUY
BARBAD (8.00%) 2035	B+/Stable	107.25	6.96%	BUY
BCRED (6.00%) 2032 (NEW) ¹⁰	BBB-/Positive	106.00	4.88%	BUY
BEEFBZ (4.88%) 2031	BB/Stable	91.90	6.14%	BUY
BERMUD (4.75%) 2029	A2/Stable	104.34	3.48%	BUY

⁹ CNBC - 10-year Treasury yield jumps after solid jobs data, big GDP revision

¹⁰ Issuer- Blackstone Private Credit Fund, Industry- Financial Services, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 6.00%, Coupon Payment- Semi-annually, Maturity- January 29, 2032, Risk Profile - Moderate

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
DOMREP (5.5%) 2029	Ba2/Stable	104.75	3.99%	BUY
DOMREP (6.95%) 2037	Ba2/Stable	109.50	5.80%	BUY
DOMREP (8.63%) 2027	Ba2/Stable	107.25	3.76%	BUY
GM (5.4%) 2029	Baa2/Stable	106.00	3.79%	BUY
JAMAN (6.75%) 2028	BB/Positive	107.25	3.76%	BUY
JAMAN (8.5%) 2036	BB/Positive	115.00	6.49%	BUY
KINGAIR (6.75%) 2036	BB/Stable	106.00	6.01%	BUY
LTMCI (7.625%) 2031	BB/Stable	107.00	6.05%	BUY
LTMCI (7.88%) 2030	BB/Stable	106.50	6.21%	BUY
MOAIR (6.60%) 2029 (NEW ISSUE!) ¹¹	BB+ / Positive	105.50	5.85%	BUY
NFLX (5.875%) 2028	A/Stable	108.00	3.16%	BUY
NRG (3.88%) 2032	BB+ / Stable	95.00	4.79%	BUY
NRG (6%) 2033	BB+ / Stable	104.00	5.33%	BUY
NRG (6.25%) 2034	BB+ / Stable	105.25	5.51%	BUY
POSWDL (7.88%) 2040	BB/Stable	104.50	7.36%	BUY
PYPL (2.85%) 2029	A-/Stable	98.00	3.39%	BUY
SFC (5.3%) 2028	BB-/Positive	102.50	4.28%	BUY
TGU (7.75%) 2033 (NEW ISSUE!) ¹²	Ba3/Stable	108.25	6.38%	BUY
TPHLLT (9%) 2029	BB/Positive	106.25	7.13%	BUY
TRAJAM (5.75%) 2036	BB/Stable	97.00	6.13%	BUY

¹¹ Issuer- Montego Bay Airport Revenue Finance Ltd, Industry- Infrastructure, Type- Senior Secured, Callable-Yes, Coupon Rate- 6.60%, Coupon Payment- Semi-annually, Maturity- June 15, 2035, Risk Profile - Moderate

¹² Issuer- Trinidad Generation Unlimited, Industry- Government Entity, Type- Senior Unsecured, Callable-No, Coupon Rate- 7.75%, Coupon Payment- Semi-annually, Maturity- June 16, 2033, Risk Profile - Moderate

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
BANORT (5.75%) 2031	Baa2/Positive	99.75	1.29%	SELL
WBD (4.125%) 2029	BB+ / Negative	95.50	5.51%	SELL
NFE (6.5%) 2026	CCC / Negative	30.75	184.99%	SELL

GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	104.20	3.96%
	2039	120.75	5.65%
	2045	119.75	6.14%

*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 (NCBCLM) are adjusted to reflect the costs associated with completing the transaction on the respective client's behalf.

Local Corporate Bonds

Name	Maturity	Coupn	Price	Yield
PBS	2025	6.50%	100.85	6.03%
BDHR	2027	8.15%	100.25	7.96%
SJPC	2032	8.85%	100.50	8.75%

Money Market

Last week, liquidity in the JMD money market increased significantly. As at September 26, 2025, the total aggregate current balance held by deposit-taking institutions was J\$70.31Bn, marking a 138.6% increase compared to the previous week.

Demand for money market instruments waned, as shown by the undersubscription of the Bank of Jamaica's (BOJ) weekly 30-day Certificate of Deposit (CD) auctions. Total bids amounted to J\$36.84Bn, undershooting the J\$44.0Bn on offer, implying a bid-to-offer ratio of 0.92x, down from 1.03x previously, and 1.35x prior to that. The average yield on the 30-day CD climbed 12 basis points to 6.22% from 6.10%. The lower bid-to-offer ratio suggests that institutions, anticipating rate cuts as inflation eases, may be shifting into longer-tenor instruments to lock in higher returns. In the near term, however, reduced bidding pressure in this auction likely resulted in a marginal uptick in the clearing yield, even as broader expectations remain for lower rates. The next auction is scheduled for October 1, 2025. The BOJ also conducted a 14-day Repurchase Operation with deposit-taking institutions, offering J\$2.0Bn. Bids totalled J\$3.0Bn, with the operation clearing at an average yield of 6.23%, up from 6.17% previously.

Dates to watch this week

■ International ■ Local

SEPTEMBER - OCTOBER 2025				
MON	TUE	WED	THUR	FRI
29	30	1	2	3
<p>BOJ Interest Rate Announcement</p> <p>CHL Dividend Payment Date (J\$0.12/share)</p>	<p>STATIN Quarterly GDP</p> <p>CARBROKERS Dividend Payment Date (J\$0.07619/share)</p> <p>PBS 9.25% & 10.50% Preference Shares Dividend Payment Date (US\$0.2315/share) & (J\$25.89/share)</p> <p>SCI Class "H" & "I" Preference Shares Dividend Payment Due (J\$2.50/share) & (US\$0.20/share)</p>	<p>PJX Annual/Extraordinary General Meeting (McNamara Corporate Services Inc., Saint Lucia)</p> <p>EUR CPI (YoY) (Sept)</p> <p>USD ADP Nonfarm Employment Change (Sept)</p>		<p>WIG Annual/Extraordinary General Meeting (Virtual & Courtyard by Marriott)</p> <p>U.S. Unemployment Rate (Sept)</p>

Recommendations

Ticker	Closing Price (September 29, 2025)	P/E	Avg. Sector P/E	Current Recommendation
SVL JA	\$17.71	26.4x	26.4x	BUY
TJH	\$4.00	9.1x	15.5x	BUY
TJH USD	\$0.0259	9.3x	14.4x	BUY
GK JA	\$70.77	8.6x	9.4x	BUY
CAR JA	\$17.27	18.4x	17.4x	BUY

Regional News

Brazil coffee exports to US to fall further if tariffs stay, Cecafe

Brazil's coffee exports to the United States are set to decline further if U.S. tariffs remain in place, according to Marcio Ferreira, head of exporter group Cecafe, who noted that the industry nonetheless welcomed signs of warming ties between Presidents Donald Trump and Luiz Inacio Lula da Silva. The Trump administration imposed a 50% tariff on Brazilian coffee and other goods in early August, triggering a sharp 46% year-over-year drop in U.S. sales that month, with exports falling another 20% through September 19. As a result, the U.S. has lost its position as Brazil's top coffee market, a shift Ferreira said would persist unless policy changes occur, though he expressed cautious optimism after a positive exchange between the two leaders at the UN last week. The tariffs have roiled the global coffee market, lifting prices to the benefit of producers in the short term but straining exporters, roasters, and consumers. Some farmers are stockpiling beans in hopes prices climb further, with inventories at unusually high levels compared to last year. At the same time, Brazil has sharply increased shipments to other markets—exports to Colombia surged 578% in August, with Conilon shipments from cooperative Coaabriel up 300%, alongside rising demand from Italy and Britain. Still, Ferreira emphasized that the U.S. remains an irreplaceable market, warning that if tariffs stay in place too long, American consumers may adapt to other origins, making it harder for Brazil to reclaim its dominant position. "It's time to get the kids out of the room and get the adults in to negotiate," he said.

Sources ~ Reuters

New EximBank board tasked to reform forex allocation

The newly appointed board of directors at the Export Import Bank of Trinidad and Tobago Ltd (EximBank), led by Edwin Chariah, has been tasked with recommending a new formula for the distribution of foreign exchange (forex) to Prime Minister Kamla Persad-Bissessar amid mounting scrutiny over inequities in access to forex. Documents revealed that between 2020 and June 30, 2025, a pharmaceutical company and a poultry company were the largest recipients of funds under EximBank's special forex window, established during the Covid-19 pandemic to support essential imports. The disclosure, published by the Express on

September 14, also included details of forex sales to the manufacturing sector from 2018 through mid-2025, prompting the Prime Minister to announce forthcoming legislation targeting what she described as foreign exchange "cartels." Against this backdrop, the new board will advise both the Prime Minister and Trade, Investment and Tourism Minister Satyakama Maharaj, who formally presented the five appointees with their instruments of appointment at a ceremony yesterday. The ministry emphasized that the board's appointment reflects a renewed focus on strengthening non-energy exports and economic diversification. In his address, Minister Maharaj underscored EximBank's pivotal role in supporting the expansion of non-energy export and manufacturing sectors, while highlighting priorities under the new leadership, including enhancing forex earnings, boosting employment, and expanding trade finance services to empower the local exporting community.

Source ~ Trinidad Express Newspapers

International News

Solid US consumer spending in August underscores economy's resilience

U.S. consumer spending increased slightly more than expected in August as households went on vacation and dined out, keeping the economy on solid ground as the third quarter progressed, while inflation continued to steadily pick up. The report from the Commerce Department on Friday suggested the economy has so far retained most of its momentum from the April-June quarter. Signs of resilience evident in other data this week—such as low layoffs and strong demand by businesses for equipment—would argue against the Federal Reserve cutting interest rates again this year, after the U.S. central bank resumed policy easing last week. However, the hiring side of the labour market is struggling, with job growth nearly stalling in the last three months amid a lingering drag from trade policy uncertainty and an immigration crackdown that has reduced the supply of workers. Consumer spending, which accounts for more than two-thirds of economic activity, rose 0.6% last month after an unrevised 0.5% advance in July, according to the Commerce Department's Bureau of Economic Analysis. Economists polled by Reuters had forecast consumer spending to increase 0.5%. Spending was boosted by outlays on services such as transportation, including airline travel. Consumers frequented restaurants and bars, stayed at hotels and motels, and raised spending on recreation services. Outlays on financial services and insurance also rose, alongside healthcare, housing, and

utilities. Overall, spending on services advanced 0.5%, matching July's gain. Although there has not been a broad rise in inflation, certain goods exposed to tariffs have seen surging prices. Businesses have been selling inventory accumulated before the tariffs took effect, preventing inflation from spiraling. Producers have also been absorbing some of the duties, but economists caution this is not sustainable and expect businesses to eventually pass more of the tariff costs onto consumers. Inventories were drawn down in the second quarter.

Source ~ Reuters

Fed's Bowman says decisive rate cuts needed to offset labour market risks

Federal Reserve Vice Chair for Supervision Michelle Bowman reiterated on Friday that decisive interest rate cuts are needed to address mounting risks in the U.S. labour market. Speaking before the Forecasters Club of New York, Bowman highlighted "a materially more fragile labour market" and emphasized that, excluding tariffs, inflation has remained close to the Fed's 2% target. She argued that the Federal Open Market Committee (FOMC) must act "decisively and proactively" to counter declining labour market dynamism, warning that the central bank risks falling behind the curve if weakness persists. Her remarks followed last month's FOMC meeting, where policymakers reduced the federal funds target range by 25 basis points to 4.00%–4.25%. While the rate cut was primarily aimed at shoring up the job market, concerns about inflation above target lingered. One governor had favored a larger cut, but Bowman joined her colleagues in supporting the quarter-point easing. At the July meeting, however, she dissented in favor of immediate cuts while most officials opted to hold rates steady. Bowman also downplayed fears that President Donald Trump's trade tariffs would create sustained inflationary pressures, stressing that underlying price dynamics remain contained. In her view, Fed policy should now prioritize the weakening side of its dual mandate—the labour market. Bowman also addressed the Fed's balance sheet strategy. She underscored her preference for shrinking the Fed's holdings as much as possible, favoring a smaller balance sheet with reserve balances closer to "scarce" than "ample." In her view, this approach would provide greater flexibility to respond to future crises. She expressed support for moving toward an all-Treasury portfolio skewed to shorter maturities, while maintaining the option to shift into longer-dated Treasuries if conditions warranted. Importantly, she noted that relying solely on passive runoff of mortgage-backed securities (MBS) would delay the transition to a Treasury-only portfolio. She

therefore indicated openness to outright MBS sales, despite the risks such sales could pose to an already strained housing market by pushing up borrowing costs.

Source ~ Reuters

NCB Capital Markets Ltd (formerly Edward Gayle and Co.) established in 1968 is Jamaica's oldest stockbrokerage. The company became a part of the National Commercial Bank (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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