

Market Guide

THIS ISSUE

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Investment Policy Statement (IPS): A document drafted between a portfolio manager and a client, which outlines the rules and guidelines that the portfolio manager must follow when considering asset allocation in the client's portfolio.

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Some Junior Market Manufacturing Companies Still Plagued by Higher Costs, Despite Drivers Easing

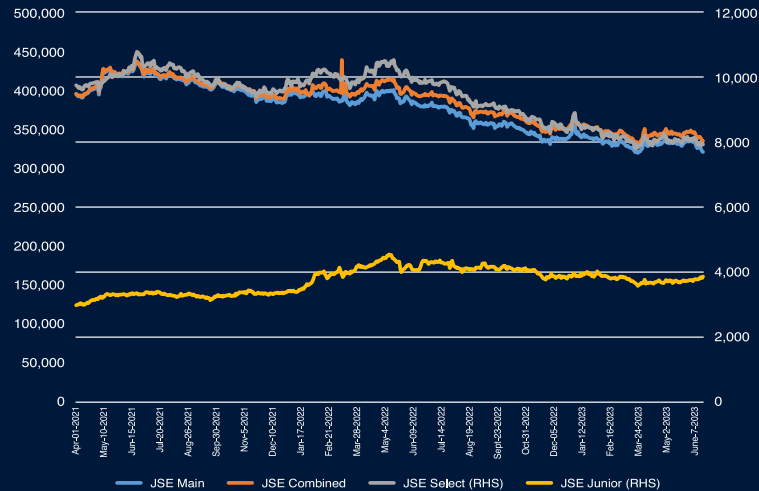
Although there has been an ease in global supply costs in recent months, the translation across the junior manufacturing sector has not been universal, with a few companies still realizing the depressing effects of cost pressures. For a large part of 2022 there was an increase in global input and supply chain costs due to the impact of geopolitical tensions on commodity prices, the re-implementation of strict COVID-19 restrictions in China, and supply chain pressures, which were exacerbated by the war in Eastern Europe in 2022. These issues drove up costs for local manufacturing companies, as reflected in the Manufacturing Producer Price Index (PPI) which peaked in June 2022. However, since peaking in June the index has been on a steady decline consistent with falling prices globally for oil, wheat, and corn amidst recession concerns. Freight and shipping costs have also been declining due to similar reasons and the reopening of the Chinese economy. However, while a majority of our junior manufacturers continue to record profits due to revenue expansion and better cost management, a few continue to see their margins contract due to higher input costs. This along with some other factors led to 5 of the 10 junior manufacturing

companies being assessed, reporting lower net profit or a loss in their most recently concluded financial periods. While we expect more companies to feel the effect of easing cost pressures as the year progresses, there are still some headwinds to look out for.

Notably, half of the ten companies assessed from the Junior Market Manufacturing sector have seen a deterioration in gross margin as well as net earnings in their year-to-date performances, namely Spurtree (-20.3%), JAMT (-49.6%), BPOW (-85.7%), AMG (-20.3%) and JFP, which incurred a net loss. Lingering supply chain and inflationary cost pressures had a strong weighting on the performance of the first four, while lower core income drove the net loss incurred by JFP¹. The cost pressures faced by Spurtree outweighed the 61.8% expansion in revenues achieved as it continues to transition from a sauces and seasonings provider to a fully equipped food company. Although JAMT recorded a 14% growth in local and export sales, cost of sales outweighed revenue growth. The company experienced sharp increases in ocean marine freight rates during 2022 and the effects of these higher costs are still being reflected in the cost of inventories purchased in 2022 but consumed in the

¹ JFP's core revenues declined (31.3%) due to delays in its production department owing to changes to the design/build process and logistics issues at one of its client's location, a local international airport.

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	336,531.40	-1.1%	-9.4%
Main Market Index	322,530.46	-1.5%	-8.7%
Select Index	7,972.13	0.0%	-10.4%
Junior Market Index	3,887.79	2.2%	-2.5%

WINNERS & LOSERS (FOR THE WEEK ENDED JUNE 2, 2023)

	\$ Change	% Change
SELECTMD	+\$0.12	+21.43%
SOS	+\$3.49	+21.33%
JPS7	-\$12.23	-20.22%
JMMBGL7.00NC	-\$0.49	-19.68%

MARKET OVERVIEW

Last week's trading activity resulted in a majority of the indices (6/9) continuing to decline for the third consecutive week. The JSE Cross Listed Index (-6.35%) and the JSE Manufacturing and Distribution Index (-2.70%) saw the most significant declines, while the Junior Market Index (2.15%) and the JSE USD Equities Index (1.11%) recorded the highest week-over-week (WoW) increases. A 10.02% WoW decline in the share price of Massy Holdings Ltd. (Massy), the largest market capitalization stock, impacted the falloff in the Cross Listed index. Although there was no news to support the fall in prices, on June 16th, Massy released its Q2 and H1 2023 financials showing a 22.3% and 9.8% increase in net earnings, respectively, compared to the corresponding periods in the previous year. The improved performance was attributed to increases in the Group's Third Party Revenue from Continuing Operations, which grew by 11% for HY 2023 to \$6.8Bn. This was propelled by 16% revenue growth from the Integrated Resource Plan (IRP), which is benefiting from its acquisition of the Rowe's IGA¹ supermarkets in December 2022. Of note, inflation results released last week for May 2023 indicated that inflation rose to 6.1% putting it slightly outside the BOJ's target range of 4.0 – 6.0% following its downward trajectory for the past three (3) consecutive months. The upward movement in May was influenced mainly by increases in electricity rates and food prices. However, point-to-point inflation is projected to return within the BOJ's target range by the December quarter. Therefore, we anticipate that the BOJ will maintain its policy at its next monetary policy meeting on June 29, 2023. Notably, in line with actions by many central banks, during the week the Fed also decided to pause rate hikes. Investor confidence in the stock market could improve in line with more favourable interest rate expectations. Overall market activity resulted from trading in 125 stocks of which 51 advanced, 61 declined, and 13 traded firm. Sagcor Select Funds Ltd. Manufacturing & Distribution and Stationery and Office Supplies Ltd., up 21.43% and 21.33% respectively, were the main advancers for the week. Conversely, Jamaica Public Service Co. Ltd (20.22%) and JMMB Group 7.00% VR JMD CR Preference Shares (-19.68%) experienced the largest declines WoW. Market volume amounted to 172,214,225 units valued at over \$1,641,291,236.75. Transjamaican Highway Ltd. with 3,717,589 units

¹ Rowe's IGA is an independent supermarket chain with seven stores in Jacksonville, Florida. It aligned with the Massy Integrated Retail Portfolio's strategy to expand its retail footprint in the US market.

recent financial period. Outside of this, JAMT's investment division also dragged down net profit. They reported negative investment income relative to \$204.62Mn last year, as the maintenance of high-interest rates here and in the US led to realized and unrealized losses. BPOW saw dramatic increases in raw material prices, challenges to the actual availability of products from some sources, and a spike in logistics costs. However, in addition to this, a non-repeated one-off gain (\$145.64Mn) on the sale of investment property also influenced the drop in net profit in its first nine-month performance. This overall year-to-date performance was however tempered by a positive Q3 performance, as a 43.1% revenue growth stemming from efforts to develop and diversify its customer base, and a \$4.69Mn share of profit from associate influenced a 37.2% growth in net profit. As it relates to AMG, despite sales growth (2.9%) from existing and new customers, the impact of inflationary pressures on salaries and wages, and greater depreciation expenses outpaced this resulting in the fall in net profit. Overall, the influence of the lingering impact of supply cost issues on some companies, was in-line with some of the business sentiments expressed during the collection of business confidence survey. The results revealed that expectations for continued challenges from supply chain issues had a partial impact on the 5.5% decline in business confidence during Q1 2023.

On the other hand, some companies (LASCO Manufacturing, Consolidated Bakeries, Caribbean Cream, Caribbean Flavours and Fragrances, Honey Bun) have

navigated through the crisis by maintaining relatively high levels of inventories and employing robust cost-containment measures. Consequently, this would have resulted in improvements in margins or net earnings, or both. For companies such as LASM, PURITY, KREMI, CFF, and HONBUN, there were improvements in their most recent year-to-date² bottom-line performances. KREMI had the most significant year-over-year change of 396.2% from the loss it incurred last year, while LASM, PURITY, CFF, and HONBUN recorded 21.9%, 21.8%, 26.6%, and 51.0% increases, respectively in their profitability. These were driven by robust revenue growth, which would have outweighed the associated cost increases. Revenue improvements were partially influenced by upward price adjustments for LASM, and increased volumes sold. For CFF, an increase in export sales was the main driver, as well as increased demand from its larger clients. Considering possible delays caused by the disruptions, these companies would have ramped up their inventory purchases to hedge against these risks. Moreover, the cost-containment measures employed by KREMI, LASM, PURITY and HONBUN have been effective in keeping increases in operating expenses below revenue growth, which resulted in improvements in their bottom line.

Although most have shown robust growth, the last two years would have presented some of the greatest challenges to manufacturing companies listed on the junior market in terms of rising costs. However, signs of these pressures easing have given some hope that as input cost pressures continue to ease, if this

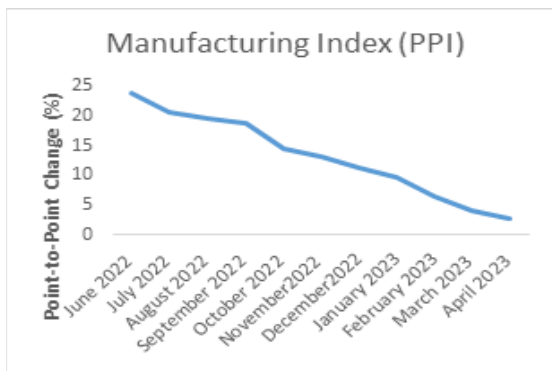
However, while a majority of our junior manufacturers continue to record profits due to revenue expansion and better cost management, a few continue to see their margins contract due to higher input costs... While we expect more companies to feel the effect of easing cost pressures as the year progresses, there are still some headwinds to look out for.

is met with simultaneous sales growth, profitability could improve. Some of the tailwinds supporting possible improvement in net profit include economic expansion, lower inflationary pressures, and strategic actions by companies in the sector. Jamaica's economy is expected to grow by 2.2% in 2023 (IMF). As the economy continues to grow, driven by the growth in the tourism sector and the reopening of the major alumina plants, these companies are likely to benefit from increased demand for their products as consumers' disposable income rises. Additionally, inflationary pressures are expected to moderate and provide some cost savings. Lastly, most of these companies are still within their first 10 years of listing on the junior market and as such will continue to benefit from tax savings, which provides more

² KREMI financial period ended in February 2023, while LASM, HONBUN, CFF and PURITY's financial period ended in March 2023.

room to reinvest in expansion and other strategic activities. LASM for instance is expanding its plant, JFP has formed a strategic partnership with an office furniture and stationary distribution company, while CFF is strengthening its export position. If companies are successful in their execution of their corporate strategies this also bodes well for better profitability.

However, despite the sector showing resilience and strong potential to grow which is supported by strong demands, there are some headwinds that may be faced. The supply chain crisis has been one of the main challenges faced by manufacturers globally over the past two years. Despite supply chain pressure being lower than last year as indicated by the Global Supply Chain Price Index (GSCPI), manufacturers still must grapple with its lingering impact. Some of these lingering effects include delays as some shipping carriers try to prop up prices by cancelling voyages, which may hinder the manufacturer from making revenue, as well as increase input costs, driven by inflationary pressures due to scarcity of raw materials. Though the PPI for manufacturing locally has been trending down, wheat prices remain elevated due to rising fertilizer prices, the unpredictability of rain, as well as the tense situation in Eastern Europe, which may drive direct costs upwards for manufacturers. This may cause margins to soften, and subsequently price increases to customers. Furthermore, while central banks have paused their rate hikes, interest rates are higher than they have been in years and could remain high as inflationary pressures still exist. Consequently, companies may further delay the execution of expansion plans or projects needed to increase revenues to remain profitable, due to high funding costs. Lastly, a global recession could reduce the demand for manufactured products that are income elastic, as there would be less disposable income, ultimately leading to a fall-off in revenues and earnings.



Source: STATIN

Foreign Exchange Market

The Jamaican dollar appreciated by 0.14% relative to the USD, week over week, with the USD selling rate moving from J\$155.35 on June 9th 2023, to J\$155.12 on June 16th 2023. This appreciation was driven by low JMD liquidity in the market. Consequently, there are increased offers in the market selling USD for JMD, to satisfy JMD obligations.

Selling	Close: 2/09/23	Close: 2/16/23	Change
J\$/US\$1	\$155.35	\$155.12	-\$0.23
J\$/CDN\$1	\$116.64	\$117.45	+\$0.81
J\$/GBP£1	\$195.32	\$199.62	+\$4.30

Global Bond Prices

Overall global bond prices increased modestly last week. Bond prices were impacted by the Fed's policy rate decision. On Wednesday, the Federal Reserve paused its aggressive series of interest rate hikes at a range of 5.00 – 5.25%, ending a string of 10 consecutive rate increases that stretches back 15 months. The decision to pause interest rate hikes came a day after data showed consumer prices rose 4% last month compared to a year ago, cooling more than economists expected and bolstering hopes that inflation will continue its steady return to normal levels. Notably, inflation has fallen significantly from a peak last summer but remains at a level double the Federal Reserve's target of 2%. Powell noted that "inflation pressure continues to run high, and the process of getting inflation back down to 2% has a long way to go." However, the decision by the Federal Open Market Committee (FOMC) to hold off on a hike came with its projection for two more rate hike before the end of the year, as inflation remains still elevated. Consequently, policymakers have increased their expectations for the terminal level of the policy rate. According to the updated Summary of Economic Projections (SEP), the median estimate rose from 5.1% to 5.6% with three FOMC members now in the 5.75-6.25% range. Notably, the possibility of further rate increases put pressure on stocks immediately after the news broke, but encouraging talk on the fight against inflation allowed the market to rebound briefly.

The 10 Year Treasury closed the week softer at 3.76% from 3.74% as prices declined.

Bonds	Current Rating	Indicative Price	Yield	Recommendation
Sagcor Fin 2028 (5.30%)	BB-/Positive	96.75	6.08%	BUY
TPHLTT 2029 (9.00%)	BB/Stable	106.5	7.70%	BUY
BERMUD 2027 (3.72%)	A2/Stable	98.50	4.17%	BUY

Bonds	Current Rating	Indicative Price	Yield	Recommendation
PRIO 2026 (6.13%)	BB-/Stable	98.50	6.65%	BUY
ALSEA 2026 (7.75%)	Ba3/Stable	100.70	7.52%	BUY
DomRep (6.6%) 2024	BB/Stable	102.00	3.14%	BUY
DomRep (5.88%) 2024	BB/Stable	101.50	3.97%	BUY
DomRep (5.50%) 2025	BB/Stable	101.00	4.83%	BUY
DomRep (6.88%) 2026	BB/Stable	103.5	5.41%	BUY
DomRep (8.63%) 2027	BB/Stable	107.00	6.52%	BUY
DomRep (5.95%) 2027	BB/Stable	101.75	5.71%	BUY
DomRep (5.50%) 2029	BB/Stable	96.75	6.19%	BUY
DomRep (6.00%) 2033	BB/Stable	95.75	6.60%	BUY
PYPL (2.85% 2029)	A-/Stable	91.00	4.71%	BUY
Jaman (7.63%) 2025N	B+/Positive	104.95	5.42%	BUY
NFE 2025 (6.75%)	BB-/Stable	92.25	9.20%	HOLD
NFE 2026 (6.50%)	BB-/Stable	96.00	8.76%	HOLD
FRICON (7.7%) 2028	B+/Stable	79.75	13.31%	BUY
PROMERICA 2024 (9.70%)	B/Positive	104.00	5.00%	BUY
BARCLAYS 2026 (5.75%)	A1/Stable	99.75	5.83%	BUY
MARFRIG 2026 (7.00%)	BB+/Stable	101.00	6.61%	HOLD

GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	104.75	5.36%
	2039	119.65	5.97%
	2045	115.70	6.52%

*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.

Local Corporate Bonds

Name	Maturity	Coupn	Price	Yield
SJPC	2032	8.85%	104.00	8.22%
BDHR	2027	8.15%	100.50	8.00%
PBS	2025	6.50%	101.00	6.13%

Money Market

Since the start of the year, the market saw its lowest level of JMD liquidity last week. JMD liquidity dipped even further for the week ending June 16th 2023, with a total of J\$7.1Bn in the market, as represented by the BOJ's aggregated current balances, down J\$1.4Bn from J\$8.5Bn WoW. Of note, while there were no BOJ interventions in the foreign exchange market via B-FXITT last week, following its intervention in the week of the 6th, JMD liquidity levels continue to decline in the market as brokers are still recovering from the auction, and there has been a decrease in client placements across the board. Consequently, broker demand for JMD increased, particularly for short-term funds. However, rates in the retail market have remained consistent.

The average yield from the BOJ's competitive price auction increased to 9.40% versus 9.30% in the prior week. The auction was oversubscribed; bids received totaled J\$30.05Bn relative to the offer size of J\$23Bn. The bid-cover ratio increased to 1.306 relative to a ratio of 0.968 in the prior week. The highest bid rate for full allocation was 10.99% which decreased from 13.99% in the prior week. The next auction date for the Bank of Jamaica 30-day CD will be held on the 21th June.

The USD money market saw minor fluctuations week over week. Broker market demand for USD has increased for longer-tenured funds, with some brokers offering as high as 5.75% for 180 days to clients. Retail rates ranged from 3-4.25% for short-term placements to over 5% for long-term placements.

Dates to watch this week

■ International ■ Local

May 2023				
MON	TUE	WED	THUR	FRI
19	20	21	22	23
		GBP Core CPI (MoM) (YoY) (May 2023) GBP Core PPI (MoM) (YoY) (May 2023) GBP CPI (MoM) (YoY) (May 2023) GBP PPI (MoM) (YoY) (May 2023)	JSE Annual/Extra-Ordinary General Meeting	GBP Manufacturing PMI CAD Manufacturing PMI
		IPCL Dividend Payment (JMD\$0.06) PJAM Dividend Payment (JMD\$0.10) PURITY Annual/Extra-Ordinary General Meeting		

Recommendations

Ticker	Closing Price (June 19)	P/E	Avg. Sector P/E	Current Recommendation
WISYNCO	\$18.90	14.9x	13.7x	BUY
GK	\$77.06	10.3x	10.0x	BUY
IPCL	\$2.01	8.7x	21.8x	BUY
JBG	\$34.19	9.0x	13.7x	HOLD
ECL	\$5.00	19.9x	27.0x	BUY
CAR	\$8.04	10.7x	13.7x	BUY
CPJ	\$9.49	15.3x	10.7x	BUY
KW	\$28.04	14.8x	14.4x	HOLD
FESCO	\$4.03	17.8x	15.1x	BUY
FONTANA	\$9.51	16.1x	15.1x	BUY
TJHUSD	\$0.01	21.7x	20.8x	BUY
TJH	\$2.40	17.9x	14.4x	BUY
SOS	\$20.00	20.2x	15.1x	BUY
KEX	\$11.80	24.1x	27.0x	BUY
SALF	\$2.60	16.3x	13.7x	SELL

Regional News

Positive Growth Outlook For Barbados Hinges On Continued Recovery In Tourist Arrivals (Fitch Solutions)

Fitch forecast that real GDP growth in Barbados will come in at 6.5% in 2023. The Agency's 2023 projection marks a noticeable slowdown in real GDP growth compared to the central bank's 2022 estimate of 9.9%. This is consistent with the latest quarterly data release that shows a 6.4% y-o-y expansion in Q1 2023. Nevertheless, the projected growth rate is underpinned by the continued recovery in tourist arrivals implies the second year of growth since 2017. Furthermore, real GDP is anticipated to exceed its pre-pandemic value (BBD9.6Bn in 2019).

Net exports will drive growth in 2023. Tourism has picked up dramatically since the country lifted all remaining pandemic-related restrictions in September 2022. Indeed, arrivals increased by 94.6% y-o-y in November and 50.4% in December, implying substantial rises in the country's services exports. Fitch anticipates that tourist arrivals will continue to grow on a y-o-y basis in 2023, especially given that arrivals only reached their pre-pandemic average for the first time in December 2022, indicating favourable base effects over the year ahead. That said, net exports are projected to contribute 1.7 percentage points to headline growth. However, the outlook considers that fiscal consolidation will limit the pace of private consumption growth in the months ahead. On December 7, the IMF agreed on both a 36-month Extended Fund Facility (EEF) valued at USD189.0Mn and a Resilience and Sustainability Facility (RSF) valued at USD113.0Mn with Barbados. The programmes aim to improve the country's fiscal sustainability, for example by moving the primary fiscal balance into a surplus of 2.0% of GDP in FY2022/23 (from -1.0% in FY2020/21) as well as reducing the debt load to 110.0% of GDP in 2023 (123.8% in 2022). This will substantially reduce the scope for major increases in the public wage bill, for instance, which covers roughly a fifth of the entire workforce.

Fitch believes that growth will ease to 2.6% in 2024. Most of the recovery in the tourism sector will take place in 2023, and real GDP will have exceeded its pre-pandemic level by the end of this year. Thus, base effects are likely to fade by the start of next year, naturally reducing the growth rate. Furthermore, fiscal consolidation is expected to feed through to lower consumer confidence, underpinning a noticeable slowdown in household spending. That said, the

growth forecast hinges on a somewhat strong performance in the tourism sector to drive broader economic activity through multiple channels. Most of Barbados's tourist arrivals come from the US and the UK, and a significant deceleration in real GDP growth over 2023 in both markets is projected. Still, Fitch's forecast assumes that base effects will nevertheless be enough to drive a recovery in tourism overall, but if this were not to materialise, our growth forecast will be reduced.

Watching Central Bank Decisions In Brazil, Mexico And Chile (Fitch Solutions)

In the week ahead, Fitch Solutions will be watching the interest rate decisions for three of Latin America's largest economies: Brazil, Mexico, and Chile. The Agency opined recently that inflation data in Latin America has generally surprised to the downside, suggesting that the impact of rate hikes and lower commodity prices has begun to feed through. As a result, while all three central banks are expected to remain on hold at their meetings this week, Fitch maintains its view that the major central banks across the region will begin to implement rate cuts in H2 2023.

Fitch estimated that Brazil and Chile's central banks will hold rates. The Banco Central do Brasil (BCB) will keep its benchmark Selic interest rate on hold at 13.75% at its meeting on Wednesday, which puts Fitch in line with consensus. However, given that recent inflation prints have surprised to the downside, we expect the bank will adopt more dovish language in its statement, laying the groundwork for rate cuts beginning in Q323. We see the rate at 12.75% by end-2023, but see risks to the downside. Similarly, the Banco Central de Chile (BCC) will maintain its policy rate at 11.25% at its June meeting, but will likely signal a forthcoming rate cut for its July gathering given cooling inflation and a struggling economy. Beyond the bank's statement, Fitch will be assessing its new forecasts, particularly its projections for inflation and rate cuts. The rate is expected to be at 8.25% by year-end.

After stagnating on a monthly basis in March, Mexico's retail sales are anticipated to bounce back reasonably strongly in April. Spending should have been supported by the continued deceleration in inflation and still-tight labour market conditions; however, recent sideways moves in the consumer confidence index pose some downside risk. Price growth is expected to slow to around 5.0% y-o-y during the whole month, down from 5.8% in May. Core will continue to lag behind, but should fall to roughly 7.0%

in June from 7.4% in May.

International News

Bank Of England Set To Raise Rates To 4.75% As Inflation Slow To Fall (Reuters)

The Bank of England (BoE) looks set to raise interest rates by a quarter point to a 15-year high of 4.75% on June 22, its 13th straight rate rise, as it fights unexpectedly sticky inflation that risks making it a global outlier. Investors this week bet the Bank of England might hike rates as high as 6% this year - well above where the U.S. Federal Reserve or the European Central Bank are expected to go, and a level not seen in Britain since 2000. BoE Governor Andrew Bailey told a parliament committee on Tuesday inflation was taking "a lot longer than expected" to come down and the labour market was "very tight". Three weeks earlier, there was a similar sharp move after data showed consumer price inflation fell less than forecast in April, leaving it at 8.7%, the joint-highest with Italy among large advanced economies. "The UK is experiencing a very challenging situation. It is challenging for all the central banks, but I think the UK is uniquely challenged," said Katharine Neiss, chief European economist for investment firm PGIM Fixed Income and a former BoE official.

However, Neiss thinks the BoE is unlikely to raise interest rates as much as markets have priced in. "The direction of travel is the right one - higher rates - but perhaps not as high as the market is expecting," she said. In a Reuters poll this week, economists predicted the BoE would raise interest rates just twice more, taking rates to a peak of 5% by August or September. If that proves the case, the BoE will not have much more tightening in store than markets currently expect for the Fed - whose policymakers see two more rate rises - or the ECB, which raised rates on Thursday and whose President Christine Lagarde indicated another rate rise was likely in July.

Fed Policymakers Deliver Hawkish Vibe After Pause Decision (Reuters)

U. S. Federal Reserve officials struck a hawkish tone in their first comments since the central bank held the policy interest rate steady at its meeting this week but signaled that rate hikes will likely resume. "Core inflation is not coming down like I thought it would," Federal Reserve Gov. Christopher Waller said at an economics conference in Norway. "Inflation is just not

moving and that's going to require, probably, some more tightening to try to get that going down." In earlier prepared remarks he said that changes in U.S. credit conditions since the failure of Silicon Valley Bank in early March were "in line" with financial tightening that was already underway due to Federal Reserve interest rate increases - comments that downplayed the idea a worse-than-anticipated contraction in credit might make further Fed rate increases less necessary. "It is still not clear that recent strains in the banking sector materially intensified the tightening of lending conditions," beyond what the Fed was trying to do anyway through its interest rate policy, Waller said.

Recent declines in headline inflation have been driven largely by food and energy prices, volatile commodities whose price swings can mask underlying inflation trends. Excluding those goods, the personal consumption expenditures price index as of April was increasing at a 4.7% annual pace, more than twice the central bank's target. Demand in the U.S. was weakening somewhat, he said, but "I am still looking to be convinced of the plausible story that slowing demand returns inflation relatively quickly" to the 2% target, Barkin said. "If coming data doesn't support that story, I'm comfortable doing more."

The Fed this week ended its run of 10 consecutive rate hikes when policymakers decided to keep the benchmark overnight interest rate in a range of from 5% to 5.25%. But they also issued new projections showing 12 of 18 Fed officials see rates rising at least another half point by the end of the year. Though Fed chair Jerome Powell at a press conference Wednesday said no decision had been made about the upcoming July Fed meeting, investors and other analysts broadly expect the Fed to resume rate increases.

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