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"You make most of your money in a bear market, you just don't realize it at the time."
- Shelby Cullom Davis

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JSE Junior Market: Graduation to Main Market & Long-Term Benefits

The recent announcement that Lasco Manufacturing (LasM) and Lasco Distributor (LasD) are becoming the 5th and 6th Graduates to the main market from the Junior market¹ sparks a wider conversation about whether the Junior Market Companies, particularly the cohort that listed in the first 5 years of the JSE, have achieved the intended benefits from listing. Established in 2009, the JSE Junior Market represented a significant milestone in Jamaica's economic history, enabling Small and Medium Enterprises (SMEs) to access capital for growth and expansion, secure tax incentives, improve their corporate governance, and also benefit from enhanced brand visibility. While not all companies in the cohort successfully weathered the increased regulatory scrutiny and stronger governance that comes with listing on the Junior market, the vast majority have and continue to have varying degrees of success.

One of the major lures for SMEs to list on the Junior Market is access to additional capital through the issuance of shares to investors for areas such as expansion plans, product development, and debt reduction. In the cohort, 90% of the companies intended to use the lion's share of the proceeds for expansion plans and product development. Except for BPOW, SRA², and KLE, revenues have tripled on average over the last 10 years with a CAGR³ of 11.1%. Interestingly, 4 of the 6 Junior Market Graduates saw double-digit revenue growth, with EPPLEY and GENAC scoring top marks at 24.3% and 19.7%, respectively. This revenue growth was key to driving a near tripling of earnings

with the 2.7 times increase in the companies that listed in the first five years after the launch of the Junior Market led by a 3.4 times increase among the graduates. Total asset growth, another sign of the expansion experienced by these companies, outpaced revenues and was 3.4 times higher at the end of the 10 years. AFS saw the highest growth, with total assets up 7.2x, but the Junior Market Graduates also scored high marks with their total assets at least tripling over the 10 years. Among the cohort, only KLE saw a decline in total assets.

An analysis of leverage metrics also suggests that capital raised from listing on the JSE helped companies reduce reliance on debt as a percentage of their total funding. 4 of the 5⁴ companies in the cohort that explicitly listed debt reduction as a use of proceeds saw significant declines in Leverage as measured by the debt-to-equity ratio. This suggests that while a few didn't see an immediate decline in debt, equity injection and the increase in retained earnings, supported by the growth in profitability, helped to keep leverage in check. With lower leverage, these companies can retain a stronger financial foundation and see improved operational flexibility leading to better long-term growth prospects. Debt reduction in their capital structure also means a lower percentage of revenues is used to fund interest costs, which reduces financial risks, especially in financial downturns, and likely results in an improved profitability outlook. Moreover, it indicates higher creditworthiness, which means they can access debt at better interest rates if needed.

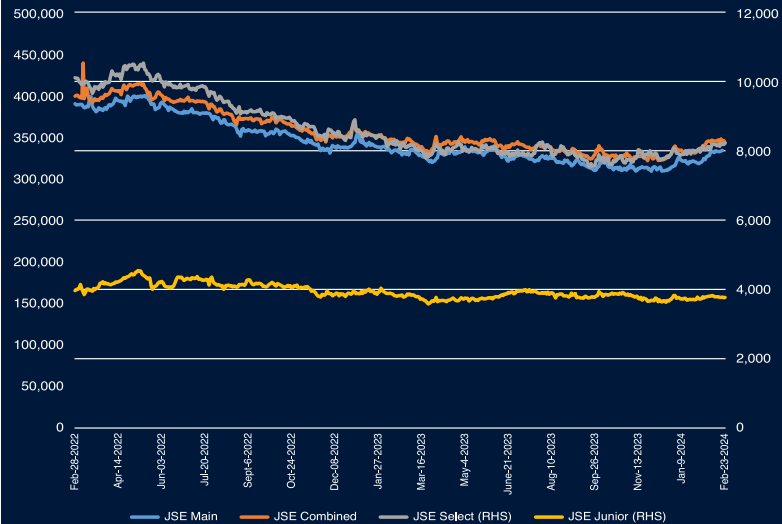
1 The other graduates are being CPJ EPPLEY, GENAC and KEY.

2 After listing on the JSE in 2014, Sweet River Abattoir was delisted in 2020 due to the company's failure to remedy Board Level and Financial Requirements breaches.

3 The compound annual growth rate (CAGR) measures an investment's annual growth rate over a period of time.

4 CPJ, DCOVE, GENAC, LASD, SRA

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	345,237.37	-0.9%	+1.8%
Main Market Index	332,678.04	-0.9%	+2.1%
Select Index	8,267.40	+0.6%	+1.8%
Junior Market Index	3,795.20	-0.5%	-1.4%

WINNERS & LOSERS FOR THE WEEK ENDED FEB. 23, 2024

	\$ Change	% Change
WIGTON	+\$0.22	+23.66%
AMG	+\$0.66	+22.00%
KLE GROUP	-\$0.48	-20.08%
SILUSD	-\$0.0025	-14.71%

MARKET OVERVIEW

Last week's overall market activity resulted from trading in 124 stocks, of which 54 advanced, 61 declined, and 9 traded firm. Market volume amounted to 200.26Mn units valued at over \$890.72Mn, up 64.2% and 89.0% volume and value, respectively week over week. Further, compared to February 24, 2023, volume and value increased by 86.3% and 0.5%, respectively. Wigton Windfarm Ltd, Ordinary Shares, TransJamaican Highway Ltd., and Derrimon Trading Company Ltd. were the volume leaders with 64,827,733 units (32.03%), 28,039,212 units (13.86%), and 22,947,487 units (11.34%).

Most major indices (7 of 9) recorded losses for the second consecutive week after the market extended gains in the first two weeks of February. The JSE Cross Listed (-4.93%) and the JSE Manufacturing and Distribution (-2.50%) Indices showed the greatest depreciation. As the heaviest weighted stock in the Cross Listed Index, Massy Holdings' 6.95% WoW decline was the main driver of the increase. On the other hand, the -3.58% falloff in Wisynco contributed significantly to the decline in the M&D Index. The price decline is likely a result of a connected party selling a total of 411,971 stock units between Feb. 9 and 16, and a member of the company's executive management selling 280,426 stock units on Feb. 13. The falloff in prices of Jamaica Producers (-8.10%) and Jamaica Broilers (-2.65%) also contributed to the decline in the index. That said, the JSE USD and Select Indices advanced by 2.33% and 0.5%, respectively. The Select Index appreciation was due to Wigton's share price increasing by 23.66% WoW after Wigton announced it had entered into an Addendum to its Power Interchange Agreement, which would allow for the extension of operations of the Wigton Phase I plant for another three (3) years. This optimistic outlook likely drove investors' sentiments for the stock. Notably, this extension augurs well for Wigton as the company will continue generating revenues from Phase I, which in turn bodes well for earnings and profitability.

Last week, stock market and investor sentiments appeared to have been influenced by the hawkish language used by the Bank of Jamaica (BOJ) in its latest monetary policy release. The BOJ Monetary Policy Committee (MPC), at its meetings on 16 and 19 February, agreed to maintain the policy interest rate at 7.0%. However, the committee decided to further tighten Jamaican dollar liquidity conditions. The MPC's decision was influenced by Jamaica's elevated headline inflation of 7.4% in January 2024, which drifted further outside the range when compared to December (6.9%). Critical to market sentiment, the MPC emphasised that it is prepared to take the necessary actions, including further interest rate increases, if the upside risks to inflation materialise. With the inflation rate remaining outside BOJ's target rate, interest rates are expected to remain elevated for longer, which will keep money market instruments more attractive relative to stocks. This could continue to restrict the flow of institutional funds to the stock market and keep market activity and stock prices below historical highs over the near term. Still, the longer-term inflation outlook continues to be generally positive. Key drivers of headline inflation, such as inflation expectations, the exchange rate, and buoyant supplies, which have impacted some import prices have remained generally stable.

Another key pull factor for SMEs is the 10-year tax incentive. Newly listed companies enjoy 10 years of tax breaks, where no income tax is charged for the first 5 years and only 50% of the applicable rate is applied in the remaining 5 years. EPPLEY graduated before 10 years on the Jr Market, but given that the company was an Approved Venture Capital Company⁵ in 2018 under the Income Tax Act, the company's effective tax rate was unlikely to have been affected by its graduation to the main market. Based on our estimates, the cohort has raked in approximately \$6.0Bn in tax savings, which could be reinvested in the growth of the companies. Over the last 10 years, the cohort spent \$24.34Bn on investments⁶ (\$20.42Bn in capital expenditure) and \$7.59Bn on financing activities. This suggests that the vast majority of investment activity was fueled by internally generated funds, of which tax savings fueled a significant portion by allowing these companies to retain more of the cash flow they generated.

Listing on the Junior Market often drives better corporate governance practices. Companies are required to comply with governance standards and disclosure requirements, which can contribute to better management practices, accountability, and investor trust. Some of these governance standards include a structured and independent Board, the Promotion of Ethical Standards & Responsible decision-making, and Accurate Financial Reporting and Governance. Additionally, through its mentorship program, the JSE ensures the Jr Market companies have an approved compliance advisor for each board of directors. The Corporate Governance Index (CGI) measures companies' adherence to these governance standards⁷. According to CGI Data provided by FSC⁸, 12 of the 18 members of the cohort that remain listed have a Corporate Governance Rating (CGI) of B⁹ or higher, while

the remaining members have a rating of CC or lower. This suggests that 67% of the cohort has fair or better corporate governance practices. Similarly, 67% of the Junior Market graduates also saw fair or better corporate governance scores. LASM, LASD, and KEY have CGI ratings of BB or better suggesting good corporate governance. CPJ scored a fair CGI at B, while GENERAL accident and EPPLEY had scores of CC and NR¹⁰ respectively. Over the past 10 years, there was improved filing compliance from Junior Markets as measured by JSE's Regulatory & Market Oversight Division (RMOD) performance indicators. There was an upward trend in the timely filing of audited and unaudited Financial Statements, as both moved from 65% to 96% and 85% respectively, suggesting that there has been increased regulatory compliance among junior market companies. This will help to increase credibility in the eyes of investors, which lends itself to greater confidence in the companies and their share prices.

The consensus is that being in the Junior Market can be beneficial to an SME's brand recognition. Listing on the Junior Market of the Jamaica Stock Exchange (JSE) can have a significant impact on a company's visibility and brand recognition. When a company lists, it is automatically elevated in profile, signalling its commitment to transparency, stability, and growth. This can positively affect how the public perceives the brand. Moreover, listing increases public awareness of a company's products or services. In 2016, AFS, which was the first company to list on the JSE in November 2009, reported increased brand awareness and adherence to transparency and corporate governance for the benefit of its shareholders. Additionally, once companies go public, they will likely retain significant market coverage for major disclosures like earnings releases, expansion plans, and

With talks of the government granting a higher ceiling on share allocation for the Junior market, now might be the best time for SMEs to consider listing and unlock growth. At NCBCM, our IBU team provides best-in-class origination, structuring, marketing & distribution of IPOs, making the process that much simpler!

changes in senior management. This is especially true if the company's financial performance remains robust and attracts significant analyst attention. The launch of new products or services and investment in productive capacity, such as the building or retooling of its plant can also attract significant public attention. With more investors and stakeholders becoming aware of the company's presence, its brand recognition improves.

While some companies struggled to meet the higher regulatory standards of listing on the Junior Market, the majority, including the 6 graduates successfully utilized the platform to grow, deleverage, seize tax benefits, improve corporate governance, and increase brand recognition. With talks of the government granting a higher ceiling on share allocation for the Junior market, now might be the best time for SMEs to consider listing and unlock growth. At NCBCM, our IBU team provides best-in-class origination, structuring, marketing & distribution of IPOs, making the process that much simpler!

5 A type of investment fund that invests in new or developing enterprises.

6 Includes, inter alia, CAPEX, sale of property plant and equipment, divestitures, investment in marketable securities.

7 The JSE maintains the CGI, evaluated by the independent CGIRC. They assess listed companies' governance practices annually.

8 Source: FSC May 2023 Invested Newsletter.

9 A CGI score of B indicates that The Company's performance was fair in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index.

10 No rating was applied due to insufficient information or that the company has listed for less than the stipulated period for rating to be applicable.

Foreign Exchange Market

The Jamaican dollar appreciated by 0.32% relative to the USD (week-over-week), to a selling rate of \$157.02 on February 23, 2024. The appreciation was driven by the Bank of Jamaica's (BOJ's) intervention in the foreign exchange market on February 20 and 21 to address the shortage of USD. Initially, a total of \$70Mn was proposed for sale; however, only US\$58.125Mn of the eligible bids were allocated. With this intervention, a considerable amount of the Jamaican dollar was pulled from the market, which led to the appreciation of the Jamaican dollar. Furthermore, as we approach the upcoming tax season next month, this trend is expected to continue as entities sell USD to meet tax obligations, providing additional support for the appreciation of the Jamaican dollar.

Selling	Close: 16/03/24	Close: 23/02/24	Change
J\$/US\$1	\$157.52	\$157.02	(\$0.50)
J\$/CDN\$1	\$116.98	\$116.60	(\$0.38)
J\$/GBP£1	\$197.86	\$199.28	\$1.42

Global Bond Prices

Economic data remains strong in the US, reinforcing the concern that the pursuit of low and stable inflation will remain challenging for the Central Bank. The number of Americans filing new claims for unemployment benefits unexpectedly fell for the week ending February 17, 2024, suggesting that job growth likely remained solid in February. According to the Labour Department, initial claims for state unemployment benefits dropped 12,000 to a seasonally adjusted 201,000 for the week. Further, despite high-profile layoffs at the start of the year, claims continue to hover at historically low levels, with the latest figure approximately 17,000 claims below predictions. Against the backdrop of a robust labour market that is showing little signs of softening, minutes from the Fed's January 30-31 meeting published last Wednesday (February 21) reiterated that policymakers are cautious about the risks of cutting interest rates too soon, citing still tight labour markets and still strong demand. In a speech delivered on Thursday, Federal Reserve Board Governor Christopher Waller opined that higher-than-expected inflation in January, along with the tight jobs market and the economy's strength in the fourth quarter, "reinforced his view that we need to verify that the progress on inflation we saw in the last half of 2023 will continue." In addition, participants generally noted that they did not expect it would be appropriate to reduce the target range for the federal funds rate until there is greater confidence that inflation was moving sustainably toward 2%. Notwithstanding, the Fed officials agreed that interest rates are likely at their peak.

However, some economists believe that cuts are still likely by mid-2024 and that the biggest risk that the economy now faces is the Central Bank keeping monetary policy too tight as a precautionary measure and unintentionally weighing down US growth. This sentiment was also seen across the market. 10-year Treasury yield climbed last week to 4.343% from 4.33% as investors evaluated the Fed minutes as well as data released showing that the US job market remains strong and poised to support broader economic growth, despite some signs of softening. While the latest Fed minutes did not

unveil any surprise, as the earnings season winds down, the spotlight will turn once again to inflation and the upcoming Fed meeting in March, which will include updated economic and interest-rate projections. As a result, bonds pared back gains on lower expectations for rate cuts to begin in May, following January's inflation data. Despite this near term setback, the Fed is still widely expected to begin to cut rates later this year and as such, we believe there are opportunities for bond investors to capitalise and lock in yields at current levels.

Bonds	Current Rating	Indicative Price	Yield	Recommendation
ALSEA (7.75%) 2026	Ba3/Stable	103.75	6.26%	BUY
BACR (5.75%) 2026	BBB+/Stable	107.25	5.72%	BUY
BERMUD (3.72%) 2027	A2/Stable	98.50	4.27%	BUY
CHTR (4.20%) 2028	Ba1/Stable	96.75	5.10%	BUY
DOMREP (5.50%) 2025	BB/STABLE	101.75	3.53%	BUY
DOMREP (5.50%) 2029	BB/STABLE	98.75	5.79%	BUY
DOMREP (5.95%) 2027	BB/STABLE	102.35	5.07%	BUY
DOMREP (6.00%) 2033	BB/STABLE	98.25	6.26%	BUY
DOMREP (6.00%) 2028	BB/STABLE	102.00	5.48%	BUY
DOMREP (6.88%) 2026	BB/STABLE	103.50	4.92%	BUY
DOMREP (8.63%) 2027	BB/STABLE	107.00	6.14%	BUY
FRICON (7.70%) 2028	B+/Stable	90.00	10.61%	BUY
GM (5.40%) 2029	Baa2/Stable	102.00	4.99%	BUY
JAMAN (7.63%) 2025N	BB-/Stable	104.25	4.34%	BUY
NFLX (5.88%) 2028	BBB/Stable	106.00	4.44%	BUY
OPY (5.50%) 2025	Ba3/Stable	101.25	4.67%	BUY
PRIOBZ (6.13%) 2026	BB-/Stable	101.50	5.41%	BUY
PRMRPA (10.75%) 2028	B+/Positive	108.75	8.35%	BUY
PYPL (2.85%) 2029	A-/Stable	91.25	4.65%	BUY
SFC (5.30%) 2028	BB-/POSITIVE	98.25	5.77%	BUY
TPHLTT (9.00%) 2029	BB/STABLE	108.25	7.14%	BUY
TRAJAM (5.75%) 2036	BB-/STABLE	90.75	6.85%	BUY

Bonds	Current Rating	Indicative Price	Yield	Recommendation
WBD (4.13%) 2029	BBB-/STABLE	95.50	5.12%	BUY
BANORT (5.75%) 2031	BB-/Stable	97.25	6.21%	SELL
CSOLNO (6.00%) 2027	B+/Stable	75.50	17.00%	SELL
PEMEX (5.35%) 2028	B3/Negative	89.00	8.70%	SELL

in the prior week. Bids received totalled J\$39.9Bn relative to the offer size of J\$38.5Bn. This implied a bid-to-cover ratio of 1.03, a moderate decrease relative to the 1.09 ratio in the prior week. This is attributable to a decline in total bids received relative to the offer size week over week. The highest bid rate for full allocation was 11.99%, up from 11.25% in the prior week. The next auction date for the Bank of Jamaica 30-day CD is February 28th.

GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	103.00	5.69%
	2039	118.55	6.07%
	2045	116.65	6.46%

*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	Coupon	Price	Yield
BDHR	2027	8.15%	100.35	8.02%
SJPC	2032	8.85%	103.90	8.19%
PBS	2025	6.50%	100.85	6.03%

Money Market

Last week, both JMD and USD money market liquidity remained moderate despite the BOJ's interventions in the foreign exchange market. As of the 23rd of February, a total of J\$32.80Bn was in the market, as represented by the BOJ's aggregated current balances. The aggregated closing current account balance rose by J\$14.37Bn from J\$18.43Bn on February 16th due to increase salaries being paid out. There were two BOJ interventions in the foreign exchange market via B-FXITT last week, selling a total of US\$58.125Mn to fill the existing void of USD in the market. Of note, in the BOJ's last MPC meeting the committee noted that it intends to maintain stability in the foreign exchange market and as such there is likely to be an uptick in B-FXITT operations in the near term where necessary. On the demand side, broker demand for JMD remained moderately liquid for both short-term and long-term placements. In the USD money market, broker market demand for USD remained high, particularly for longer-tenured funds.

In the money market, demand for short term instruments remained high with investors continuing to oversubscribe the recent BOJ auction. The average yield from the BOJ's 30-day competitive price auction increased to 10.77% relative to the 10.52% noted

Dates to watch this week

■ International ■ Local

February 2024				
MON	TUE	WED	THUR	FRI
26	27	28	29	1
	WIGTON - Dividend Payment (J\$0.005943 per share) Fontana Annual / Extra-Ordinary General Meeting	US Core PCE Prices (Q4) US GDP (QoQ) (Q4)	CAD GDP (QoQ) (YoY) (Q4) CAD GDP (MoM) (Dec) US PCE Price Index (MoM) (YoY) (Jan) Producer Price Index (Jan)	GBP S&P Global/CIPS UK Manufacturing PMI (Feb)

Recommendations

Ticker	Closing Price (February 27, 2024)	P/E	Avg. Sector P/E	Current Recommendation
CAR	\$9.11	10.6x	14.5x	BUY
CCC	\$59.81	9.2x	16.3x	BUY
CPJ	\$10.28	12.9x	14.5x	BUY
ECL	\$3.94	13.9x	21.1x	BUY
FESCO	\$3.32	13.7x	16.5x	BUY
GK	\$74.94	9.8x	10.2x	BUY
INDIES	\$2.65	16.7x	13.9x	BUY
JBG	\$34.00	6.9x	14.5x	BUY
KEX	\$12.00	18.7x	21.1x	BUY
KW	\$33.15	15.9x	16.3x	BUY
LASD	\$4.34	9.5x	16.5x	BUY
LASM	\$5.16	8.8x	24.4x	BUY
MEEG	\$14.08	20.4x	21.1x	BUY
SGJ	\$45.60	8.2x	12.2x	BUY
SOS	\$1.63	13.0x	16.5x	BUY
SVL	\$25.86	22.1x	12.99x	BUY
TJH	\$3.24	10.4x	16.3x	BUY
TJHUSD	\$0.02	10.6x	13.4x	BUY
JMMB	\$25.75	2.1x	12.2x	HOLD
SALF	\$3.82	22.0x	14.5x	SELL

Regional News

'Investors Need Not Worry; Guyana's Borders Are Clearly Defined'

Maintaining that all developments are being done within Guyana's territory, President Dr Irfaan Ali has reassured investors that they need not worry because it is clear where Guyana's borders are. During an interview with Bloomberg on February 20, the President again rejected Venezuela's spurious claim over Guyana's territory. According to Dr Ali "The greatest assurance that we can offer is that Guyana is sure of its territorial integrity, we are sure of our borders and in 1899, our borders were settled. Venezuela participated in the settlement of those borders. So, there is absolutely no doubt as to where our borders are." Dr Ali further noted that the matter is currently before the International Court of Justice (ICJ) and that Guyana has fully submitted itself to international law. "We are a country that respects the rule of law. We are a country that abides by international law, and that is why we respectfully ask Venezuela to participate and be a responsible member of the international community and to respect the outcome of the ICJ.", Ali said.

Dr Ali stated that the nation is partnering with many countries both regionally and internationally. He made note of CARICOM's support for its territorial integrity along with support from Brazil, France, Canada, the UK, and most of the international community. Finally, he stated that Guyana is working with Venezuela now and through CARICOM to ensure that the situation does not escalate, given that Guyana's primary focus is to ensure that the region remains stable and peaceful. This is also reinforced by the Argyle Declaration agreed upon by Venezuela and Guyana, following a meeting between both nations' Presidents brokered by CARICOM, CELAC, and Brazil.

- Guyana Chronicle

EU Removes Bahamas, Turks and Caicos and 2 Others from Tax Haven Blacklist

The European Union (EU) removed the Bahamas, Belize, Seychelles, and Turks and Caicos from its tax havens blacklist on Tuesday, February 20. The EU list of non-cooperative jurisdictions for tax purposes was established in December 2017. It is part of the EU's external strategy on taxation and aims to contribute to ongoing efforts to promote tax good governance worldwide.

Concerning the Bahamas and Turks and Caicos Islands, since October 2022, deficiencies in the enforcement of economic substance requirements have been identified in both of these jurisdictions by the OECD Forum of Harmful Tax Practices (FHTP). In the FHTP's most recent assessment, the recommendations to both jurisdictions to remedy these deficiencies were converted from "hard" to "soft" recommendations, which allowed the Code of Conduct Group to consider these jurisdictions compliant with the standard for jurisdictions with no or only a nominal corporate income tax. That said, the list, approved by the EU's member states, now counts 12 jurisdictions deemed non-cooperative for tax purposes, particularly when it comes to sharing tax information. The remaining jurisdictions are American Samoa, Anguilla, Antigua and Barbuda, Fiji, Guam, Palau, Panama, Russia, Samoa, Trinidad and Tobago, US Virgin Islands and Vanuatu. This EU list of non-cooperative tax jurisdictions includes countries that either have not engaged in a constructive dialogue with the EU on tax governance or have failed to deliver on their commitments to implement the necessary reforms.

- Council of the EU and the European Council

International News

Canada's Inflation Rate Slows, Bolstering Bets On Early Rate Cut

Canada's annual inflation rate slowed significantly more than expected to 2.9% in January, and core price measures also eased, data showed on Tuesday, February 20, bringing forward bets for an early interest rate cut. Analysts polled by Reuters had forecast inflation to tick down to 3.3% from 3.4% in December. It was the first time in seven months that headline inflation has dipped below 3%. The Bank of Canada's (BoC) next policy announcement is March 6, and expectations are that rates will stay on hold at a 22-year high of 5%, though the Bank has a targeted rate of 2%.

Month-over-month, the consumer price index was unchanged, compared with a forecast of a 0.4% rise, Statistics Canada said. Two of its three core measures of underlying inflation also edged down. The three-month annualized rate of the combined figures decelerated to 3.2% in January from 3.6% in the prior month. The BoC said last month its thinking had shifted to how long rates must stay at the current level. At the same time, it did not completely rule out another rate hike, citing persistence in underlying inflation. - Reuters

Japan Downgrades View Of Economy On Sluggish Consumer Spending

Japan's government downgraded its view on the economy in February, the first downgrade since November 2023. The downgrade is attributed to sluggish consumer spending, slow wage recovery, and lacklustre industrial output. The government also slashed its assessment of consumer spending for the first time in two years, stating that the pickup seems to be "stalling." Japan's economy unexpectedly slipped into recession in the fourth quarter of 2023, losing its position as the world's third-largest economy to Germany.

Furthermore, the nation's real wages fell for 21 straight months in December, impacting household spending due to inflation outpacing wage recovery. The government highlighted the need to pay "full attention" to the impact of an earthquake in Japan's Noto peninsula on New Year's Day, which killed about 240 people. Analysts believe the earthquake will have only a small short-term impact on the economy.

- Reuters

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