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THIS ISSUE

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"Never invest in a business you cannot understand." – Warren Buffet

Annya Walker, CFA
VP Strategy Research
Innovation & Projects
☎ (876) 935-2716
✉ Walkerad@jncb.com

Raju Gunnings, FMVA
Senior Research Analyst
✉ Gunningsr@jncb.com

Thea Christian, CBCA, FMVA, CMSA
Senior Research Analyst
✉ Howardta@jncb.com

Sarayis Campbell, FMVA
Research Analyst
✉ Campbells@jncb.com

Shereese Bailey, CMSA
Research Analyst
✉ Baileysd@jncb.com

Jamie Muir, FMVA
Research Analyst
✉ Muirja@jncb.com

Sean-Isaac Watson, CMSA
Research Analyst
✉ Watsonsi@jncb.com

Jamaica's Boardroom Parity is Above the Global Average, Still Room for Improvement.

Gender diversity on corporate boards (Boardroom parity), has emerged as a pivotal corporate governance discussion point. It entails achieving a balance between male and female representation within the highest echelons of corporate decision-making. Despite research corroborating the significance of boardroom parity¹, and notable progress, Jamaica along with the US, UK and other major economies falls short. Just as the presence of both parents can play a pivotal role in shaping the lives of children, so a diverse board, with fair female representation, can significantly enhance a company's progress. And with Mother's Day Celebrations over the weekend, it's fitting to reflect on the progress that companies listed on the Jamaica Stock Exchange (JSE) have achieved in boardroom parity. In this week's cover story, we assessed the boards of 97 companies listed on JSE, across 10 industries, totalling 734 board members to assess the breadth of Gender parity.

Our findings are that while there is still room for greater female representation, the trajectory to boardroom parity over the last decade has been encouraging and Jamaica outperforms the global average. Jamaica has seen an improvement in female representation in boardrooms over the last decade. In 2012, females occupied only 17.4% of the board seats of companies listed on the JSE². Fast-forward to 2024, this number has nearly doubled with 29.6% of board seats occupied by women. The composition was similar across Main Market and Junior Market companies, with women representing 30.1% and 29.8% of board seats respectively.

Digging deeper into the various sectors³, Tech/Ed (40.9%), Real Estate (36.0%), Health Care (33.3%) and Financials (33.3%) had the strongest female presence, while Tourism (10.5%), Energy, Materials and Infrastructure (EMI; 20.4%) and M&D (25.1%) had the lowest female representation. Jamaica's 29.6% female board representation outperforms the global average, but is below the pace set by the US and Europe. On the world stage, women hold less than one-quarter (23.3%) of board seats, representing a 3.6 percentage points increase since 2022⁴. In the United States, women are making strides in corporate boardrooms, with 33.5% representation in S&P 500 companies⁵. However, only 5.8% of these companies have achieved gender parity, which is nearly 3x higher than the 2.2% on the JSE. In the UK, the story is even more encouraging. According to Deloitte, women hold over 40.0% of the UK's FTSE 100 board seats, which is higher than both Jamaica and the US.

As Jamaica and other countries move closer to board parity, studies show that companies and their investors stand to gain value from boardroom gender diversity. McKinsey⁶ highlights that companies in the top quartile for gender diversity on executive teams are 27% more likely to achieve above-average profitability, compared to those in the bottom quartile. This is because diverse boards benefit from a broader range of skills, networks, and expertise, with women bringing unique leadership qualities that complement those of their male counterparts. Having a gender-diverse

1 For the purposes of this analysis, boardroom parity refers to 40% to 60% female representation on the board.

2 Source: UN Women

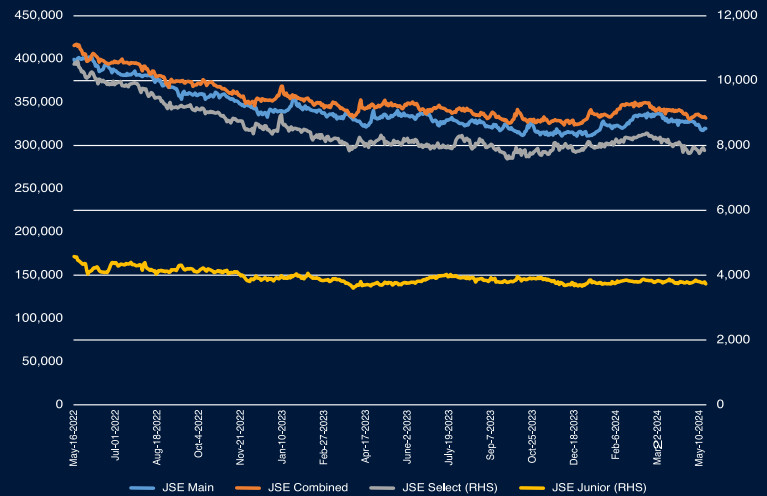
3 NCBGM curated industries: Tech/Ed: Technology and Educational Stocks, EMI: Energy, Materials and Infrastructure stocks, M&D: Manufacturing and Distribution stocks.

4 Source: Deloitte

5 Source: Bloomberg

6 Source: McKinsey | Why diversity matters even more

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	334,060.00	-0.8%	-2.3%
Main Market Index	320,793.99	-0.7%	-2.2%
Select Index	7,823.63	+0.2%	-3.4%
Junior Market Index	3,803.31	-2.0%	-3.1%

WINNERS & LOSERS FOR THE WEEK ENDED MAY 10, 2024

	\$ Change	% Change
CABROKERS	+\$1.45	+65.69
BRG	+\$2.58	+51.6%
LAB	-\$0.27	-17.5%
FIRSTROCK	-\$1.62	-16.2%

MARKET OVERVIEW

Last week's overall market activity resulted from trading in 124 stocks, of which 41 advanced, 64 declined, and 19 traded firm. Market volume amounted to 137.41Mn units valued at over \$397Mn. This reflects a 17.5% increase in volume and a 4.4% increase in value relative to the previous week ending May 3, 2024. Fosrich Company Limited, Wigton Windfarm Limited Ordinary Shares, and Caribbean Assurance Brokers Limited were the week-over-week (WoW) volume leaders with 117.90Mn units (60.12%), 14.16Mn units (7.23%), and 9.43Mn units (4.81%).

The stock market performance continued to be mixed, with 7 of 9 market indices declining and the other 2 indices advancing. The JSE Junior (-1.97%) and the JSE Cross-Listed (-1.59%) Indices showed the greatest depreciation. Price declines in Derrimon Trading Ltd. (-8.78%) and Jamaica Teas Ltd.'s (-10.74%) ordinary shares drove the decline in the JSE Junior Market Index. Massy Holdings Ltd. (-2.22%), the heaviest weighted stock in the JSE Cross Listed Index, led the decrease in the index and to a lesser extent, MPC Caribbean Clean Energy Ltd (-0.3%). Massy Holdings released its unaudited financial statements for the quarter ended March 31, 2024. The company reported an 11.9% increase in revenues for Q2 2024; however, profits for the period fell by 26.1% on account of higher interest expenses and a one-time adjustment for accounts receivables risks, according to the company. The weaker earnings likely contributed to Massy's stock price decline. Still shareholders will see some returns as the company declared an interim dividend of J\$3.15 per share, payable on June 17, 2024.

The advancers were the JSE Select Index (+0.20%) and the USD Equities Index (+0.04%). NCB Financial Group Ltd. (+1.24%) and GraceKennedy Ltd. (+1.03%) underpinned the marginal growth in the Select Index. NCBFG's price appreciation is likely due to its favourable financial results for the six months ended March 31, 2024, in which the company's profits almost doubled (+98%) relative to H1 2023. NCBFG also declared an interim dividend of J\$0.50 per ordinary stock unit, payable on June 10, 2024. Similarly, for GraceKennedy (GK), the company released its first quarter financial results for 2024. GK saw a 1.7% increase in net profits in Q1 2023. The company also declared an interim dividend of J\$0.55 per share payable on June 14, 2024.

board ensures the inclusion of a wider range of perspectives, experiences, and insights, which supports better decision-making as members consider a broader array of factors and potential risks. Furthermore, gender-diverse boards foster innovation by promoting diverse approaches and creative problem-solving, making them more adaptable to evolving market dynamics. Companies visibly committed to diversity are generally more appealing to top talent as it signals an inclusive and forward-thinking organizational culture that aids in the retention of skilled employees.

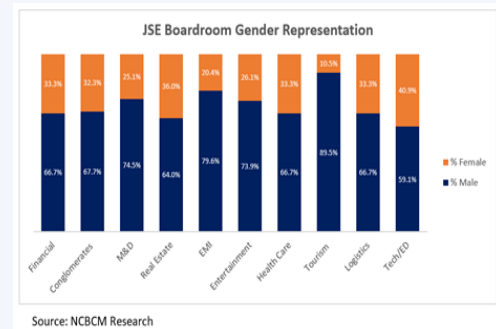
Jamaica has strong female representation in management and remains one of the only countries where there are more female managers than males; however, we are yet to see this replicated in the boardroom given the significantly lower female representation. According to the International Labour Organization, in 2022/2023, Jamaica had the third highest share of female managers at 62.1%, behind Burkina Faso (69.9%) and Nigeria (67.5%). The prevalence of women in managerial positions in Jamaica is often attributed to their strong participation in business and entrepreneurship, especially in sectors traditionally considered “female-centric” like finance, marketing and public relations. Of the 16 companies on the JSE that have achieved boardroom parity, five companies, FTNA, MDS, 1GS, BPOW and The LAB were either founded or co-founded by female entrepreneurs. Of note, a further 4 companies have female-dominated boardrooms, SML (100.0%), CARBROKERS (87.5%), KEY (70.0%) and Select Funds (66.7%). That being said, while most companies have at least one female on its board, the majority haven’t achieved boardroom parity. This suggests that to benefit fully from gender diversity, more needs to be done to increase female representation. In recent years, several countries around the world have implemented quotas to increase the representation of women on corporate boards. These efforts aim to promote transparency and improve gender diversity. Interestingly, five of the top six countries with the highest percentage

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of women on boards have mandatory quota legislation, according to Deloitte. While there is no similar quota for JSE-listed companies in Jamaica, the government of Jamaica proposed new regulations in July 2020 to ensure strong representation of both genders on the boards of public bodies. Effective 2021, these regulations propose a 30% minimum membership for both males and females on the boards of public bodies and are viewed as a signal of the vital importance of gender equity⁷.

Jamaica has made significant progress towards increasing female representation in the boardroom, surpassing the global average. However, there is room for improvement, particularly in sectors such as Tourism, EML, and M&D, where female representation is the lowest. Most JSE-listed companies could benefit from greater female representation. The gap between female representation in management positions and the boardroom is one challenge that needs to be addressed to accelerate the move towards parity. With the adoption of boardroom quotas and other initiatives aimed at promoting equality within the workforce, boardroom parity is achievable. Ultimately, while not the only motive, having more female decision-makers in key positions is likely to lead to positive financial performance for companies,

which will ultimately benefit the investing public.



⁷ Source: JIS and The Public Body Management & Accountability Regulations 2021

Foreign Exchange Market

The Jamaican dollar appreciated week-over-week by 0.25% relative to the USD for the week ending May 10, 2024. The week ended with US\$1 selling at a weighted average price of J\$157.23. The appreciation was supported by improved hard currency supplies as the Bank of Jamaica (BOJ) intervened in the foreign exchange market on May 7th, 8th, 9th, and 10th, injecting a total of US\$120Mn to address the demand and supply imbalance.

Selling	Close: 03/05/24	Close: 10/05/24	Change
J\$/US\$1	\$157.62	\$157.23	(\$0.39)
J\$/CDN\$1	\$116.78	\$115.22	(\$1.56)
J\$/GBP£1	\$197.65	\$196.61	(\$1.04)

Global Bond Prices

Last week, investor sentiment improved on greater confidence around the likelihood of rate cuts by the Federal Reserve (Fed) and data that pointed to the fact that the labour market is cooling. Sentiment around the likelihood of a Fed rate cut, improved last week, due to recent language from Federal Reserve officials and the latest unemployment data. Federal Reserve Chair, Jerome Powell, noted that the current stance of policy is “sufficiently restrictive” and downplayed a future rate hike, amid sticky inflation. In addition, he reiterated that rate cuts are possible this year once market data supports this move. Appetite for longer-dated US bonds has shot up since the Federal Reserve signalled interest-rate hikes are unlikely, laying the groundwork for cuts later this year, according to a Bank of America client survey. Investors typically avoid long-duration Notes, which measure a bond’s sensitivity to interest-rate changes, during times of monetary policy uncertainty. However, the newfound inclination towards longer-tenured bonds alluded to the fact that investors are more comfortable betting on the Fed cutting interest rates later this year. According to the CME Fed Watch tool, 8.7% of investors still expect the US Federal Reserve to cut rates to 5.00–5.25 per cent in their next meeting (June 12, 2024); a 27.9% probability for rate cuts in July to the 5.00-5.25 range and below; and a 63.9% probability for rate cuts in September from a range of 5.00-5.25 to as far as 4.50-4.25 per cent. Additionally, according to the Bureau of Labour Statistics, the unemployment rate inched back up to 3.9% from 3.8%, although remaining below 4% for 27 straight months, the longest such streak since the 1960s. That said, the government recently reported 8.5Mn job openings in March, the lowest number of vacancies in three years. This along with, weekly jobless claims hitting its highest in more than eight months also added to hopes for further labour eases in the future. With the last employment data suggesting that the job market could potentially slow down this spring, this could work in favour of the Fed, as it allows them to maintain a

steady interest rate trajectory, with the potential for reductions this year. Given this, demand for Treasury Bonds rose, pushing prices up and resulting in week-over-week 10-year treasury yields depreciating from 4.584% to 4.508% last week.

The positive bond market sentiment also appears to have trickled over to emerging markets (EM). Last week, the J.P. Morgan Emerging Market Bond Index (EMBI) rose 0.6%, likely fuelled by optimism that the Fed is nearing its rate cuts timeline for 2024. Further to this, prices closed higher for numerous EM government issues, including those from Jamaica, Bermuda, the Bahamas, the Dominican Republic, and Trinidad and Tobago. That said, total returns in EM credit have taken a hit from core rates, but spreads and excess returns have remained resilient. Furthermore, fundamental tailwinds from better-than-expected growth and high commodity prices have translated into a firmly positive rating trend for EM issuers, providing a buffer against macroeconomic volatility⁸.

Bonds	Current Rating	Indicative Price	Yield	Recommendation
ALSEA (7.75%) 2026	Ba3/Stable	104.25	5.94%	BUY
BACR (5.75%) 2026	BBB+/Stable	102.5	4.58%	BUY
BERMUD (3.72%) 2027	A2/Stable	97.5	4.72%	BUY
CHTR (4.20%) 2028	Ba1/Stable	96.25	5.29%	BUY
DOMREP (5.50%) 2025	BB/STABLE	101.75	2.93%	BUY
DOMREP (5.50%) 2029	BB/STABLE	98.25	5.92%	BUY
DOMREP (6.00%) 2033	BB/STABLE	98.25	6.26%	BUY
DOMREP (6.00%) 2028	BB/STABLE	98.70	6.19%	BUY
DOMREP (6.88%) 2026	BB/STABLE	103.25	4.85%	BUY
FRICON (7.70%) 2028	B+/Stable	90.25	10.64%	BUY
GM (5.40%) 2029	Baa2/Stable	101.5	5.08%	BUY
GS (5.798%) 2026	A/Stable	102.50	4.60%	BUY
GS (3.85%) 2027	A/Stable	98.55	4.43%	BUY
JAMAN (7.63%) 2025N	BB-/Stable	104	4.01%	BUY
NFLX (5.88%) 2028	BBB/Stable	105.25	4.57%	BUY
OPY (5.50%) 2025	Ba3/Stable	101	4.73%	BUY
PRIOBZ (6.13%) 2026	BB-/Stable	101	5.60%	BUY

⁸ Barclays, Emerging Bonds Weekly: Time to re-focus, April 25, 2024

Bonds	Current Rating	Indicative Price	Yield	Recommendation
PRMRPA (10.75%) 2028	B+/Positive	108.25	8.39%	BUY
PYPL (2.85%) 2029	A-/Stable	92.00	4.54%	BUY
SFC (5.30%) 2028	BB-/POSITIVE	98.88	5.62%	BUY
TPHLTT (9.00%) 2029	BB/STABLE	107.00	7.36%	BUY
TRAJAM (5.75%) 2036	BB-/Stable	92.50	6.64%	BUY
WBD (4.13%) 2029	BBB-/STABLE	94.93	5.29%	BUY
BANORT (5.75%) 2031	BB-/Stable	97.75	6.13%	SELL
CSOLNO (6.00%) 2027	B+/Stable	81.00	14.74%	SELL
PEMEX (5.35%) 2028	B+/Stable	90.75	8.27%	SELL

yields continued to decline. The average yield from the BOJ's 30-day competitive price auction fell to 10.38% relative to 10.41% in the prior week, marking the 4th consecutive week of decline. The auction was oversubscribed; bids received totalled J\$51.8Bn relative to the offer size of J\$40Bn. This implied a bid-to-cover ratio of 1.29, a decrease relative to 1.36 the prior week. The highest bid rate for full allocation was 10.85%, which increased from the 10.77% highest bid the prior week. The next auction date for the Bank of Jamaica 30-day CD will be held on May 15th.

The GOJ 91-day, 182-day, and 273-day T-Bill auctions were also oversubscribed. For the GOJ 91-day T-Bill auction, bids received amounted to J\$1.7Bn, from an offer size of J\$700Mn. The highest bid rate for full allocation at the auction was 8.30%, with an average yield of 8.24% down from the 8.36% average yield noted in the last auction (April 12, 2024). The 182-day auction saw bids totalling J\$1.6Bn compared to an offer size of J\$700Mn. The highest bid rate for full allocation was 9.00%, with the auction's average yield coming in at 8.29% down from 8.57% previously. Finally, for the 273-day auction, bids totalled J\$1.3Bn compared to an offer size of J\$800Mn. The highest bid rate for full allocation was 9.99%, with the auction's average yield amounting 9.11% down from 9.46% in the previous auction.

GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	102.50	5.81%
	2039	117.50	6.11%
	2045	116.55	6.43%

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

Money Market

Last week, the JMD and USD money market remained moderately liquid. As of May 10, 2024, a total of J\$28.69Bn was in the market, as represented by the aggregated current balances held by Deposit-Taking Institutions (DTIs). This was J\$3.39Bn higher than on May 3rd. Furthermore, the BOJ intervened four times in the foreign exchange market via its B-FXITT operations last week; injecting a total of USD\$120Mn in the market. On the demand side, broker demand for JMD remained consistent for both short-term and long-term funds. In the USD money market, liquidity remained reasonable, with most brokers' demand remaining high for longer-tenured funds.

With demand for money market instruments remaining high, evidenced by the oversubscriptions on the recent BOJ auctions,

Dates to watch this week

■ International ■ Local

May 2024				
MON	TUE	WED	THUR	FRI
13	14	15	16	17
	GBP Unemployment Rate (Mar) US PPI Data (MoM) (YoY) (Apr)	CPI (STATIN) (Apr) US CPI Data (MoM) (YoY) (Apr)		

Recommendations

Ticker	Closing Price (May 13, 2024)	P/E	Avg. Sector P/E	Current Recommendation
CAR JA	\$8.98	12.4x	13.0x	BUY
CPJ JA	\$8.89	11.2x	13.0x	BUY
ECL JA	\$3.92	14.2x	15.7x	BUY
FESCO JA	\$3.39	14.1x	14.9x	BUY
FTNA JA	\$8.44	16.5x	14.9x	BUY
GK JA	\$74.44	9.6x	12.0x	BUY
INDIES JA	\$2.52	15.8x	13.4x	BUY
JBG JA	\$31.01	6.5x	13.0x	BUY
KEX JA	\$11.23	15.4x	15.7x	BUY
KW JA	\$25.98	11.8x	9.2x	BUY
LASM JA	\$5.16	8.8x	13.0x	BUY
SOS JA	\$1.70	14.2x	14.9x	BUY
SVL JA	\$24.92	25.5x	14.2x	BUY
SALF JA	\$3.82	19.8x	13.0x	SELL

Regional News

Consistent Decline in Guyana's Public Debt 'Spotlighted' by ECLAC

Guyana has been transformed from a country that was once swallowed in debt to a nation with a public debt that continues to display a downward trend. This is according to the United Nations Economic Commission for Latin America and the Caribbean's (ECLAC)'s "Fiscal Panorama of Latin America and the Caribbean 2024" report. "In Guyana the public debt has been falling since 2022, owing to high rates of output growth, close to 40 per cent in real terms in 2023, reflecting the start of offshore oil production," the report read. Further, the United Nations ECLAC's "Fiscal Panorama of Latin America and the Caribbean 2023" report noted that Guyana's debt-to-Gross Domestic Product (GDP) ratio fell by an impressive 16 percentage points between 2021 and 2022, as a result of a 62.3% increase in economic output in real terms, due to the commencement of offshore oil-and-gas production. The report highlighted: "This increase was due to the central government's first withdrawal from the sovereign wealth fund set up to manage the country's oil revenues (the Natural Resource Fund), with a view to financing public investment in priority sectors." Senior Minister within the Office of the President with responsibility for Finance, Dr Ashni Singh, had previously stated that the government has been borrowing prudently to finance crucial investment initiatives and to ramp up social programmes. "As the economy grows, our capacity to borrow increases and we intend to use that capacity to finance an aggressive programme to modernise and transform our country and improve the lives of Guyanese peoples," Dr Singh had said in a previous interview.

Source ~ Guyana Chronicle

Dominican Republic Reports Lowest Inflation Rate in 46 Months

The Central Bank of the Dominican Republic (Banco Central de la República Dominicana - BCRD) announced on Monday, May 6, that the Consumer Price Index (CPI) experienced a slight decrease of 0.10% in April, marking a notable interannual inflation rate of 3.03%. According to reports, this figure represents the lowest inflation rate observed in the past 46 months (June 2020). The statement issued by the central bank highlighted that the current year-on-year inflation rate fell within the lower end of the

target range set in the monetary program, which aims for a range of 4.0% ±1.0%, where the group with the greatest impact on the price drop was Food and Beverages Non-Alcoholic with a variation of -0.72%. With an interannual inflation rate of 3.03% recorded in April 2024, the Dominican Republic is positioned among the countries with the lowest inflation rates in Latin America, excluding dollarized economies like Panama, Ecuador, and El Salvador, according to the BCRD statement. With inflation trending down, this raises questions about whether the BCRD will lower rates at its next policy meeting. Notably, the BCRD, in its last monetary policy meeting in April 2024, decided to maintain its monetary policy interest rate (MPR) at 7.00% annually. However, the committee noted that it held rates at 7% on account of the recent evolution of the international environment, particularly the expectations that interest rates in the United States would remain high for a longer time than expected, as well as the increase in raw material prices, although domestic inflation has been decelerating.

Source ~ Dominican Today

International News

UK Exits Recession with Fastest Growth In Nearly Three Years

Britain's economy grew by the most in nearly three years in the first quarter of 2024, ending the shallow recession it entered in the second half of last year and delivering a boost to Prime Minister Rishi Sunak ahead of an election. Gross domestic product expanded by 0.6% in the three months to March, the Office for National Statistics said, the strongest growth since the fourth quarter of 2021 when it rose by 1.5%. First-quarter economic growth was faster than the 0.3% in the eurozone and the 0.4% quarterly growth in the United States. However, Britain has still had one of the slowest recoveries from the effects of the coronavirus pandemic among major advanced economies, exacerbated by a surge in European natural gas prices after Russia invaded Ukraine in 2022. At the end of the first quarter of 2024, the country's economy was just 1.7% bigger than its level in late 2019, before the pandemic, with only Germany in the G7 faring worse. "Despite the better near-term outlook, the improvement in GDP growth looks likely to be constrained by the ongoing weakness in productivity growth as well as reduced scope to increase employment levels," Yael Selfin, chief economist at KPMG UK, said.

Source ~ Reuters

US Economy May Need to Weaken to Get 2% Inflation

Federal Reserve Bank of Boston President Susan Collins said on Wednesday that the U.S. economy needs to cool off as an avenue toward getting inflation back to the central bank's 2% target. "A slowdown in activity will be needed to ensure that demand is better aligned with supply for inflation to return durably" to the official target, Collins said in remarks to be delivered at a Massachusetts Institute of Technology event. For now, when it comes to monetary policy, "the recent upward surprises to activity and inflation suggest the likely need to keep policy at its current level until we have greater confidence that inflation is moving sustainably toward 2%," she said.

The persistence of price pressures has generated considerable uncertainty over when the central bank might be able to cut interest rates. In recent appearances, many Fed officials have kept alive the prospect of an easing, but have backed off from providing any sort of time frame for lowering rates while they watch data for progress on lowering inflation. That said, getting inflation to 2% "will take more time than previously thought," with Collins noting "There is no pre-set path for policy – it requires decisions based on a methodical, holistic assessment of wide-ranging information." Collins also said in her remarks that longer-run inflation expectations have been consistent with the Fed's 2% inflation goal, and she said that the recent jump in productivity is likely not the making of an enduring trend. Collins also said that employers are likely able to absorb higher wage demands.

Source ~ Reuters

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