

# Market Guide

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“If you aren’t willing to own a stock for 10 years, don’t even think about owning it for 10 minutes” — Warren Buffett.

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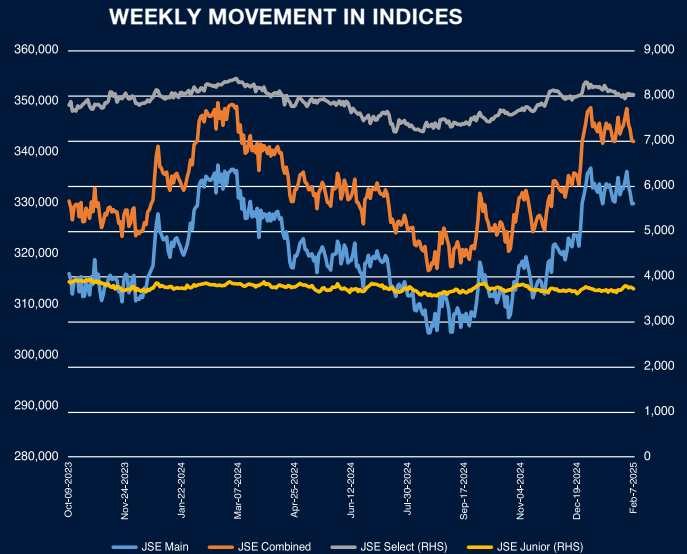
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## Time in the market vs Timing the Market

“Patient man ride donkey.” While we’ve long passed our donkey-riding days, this Jamaican proverb, which means “we must exercise great patience in order to reach our goals”<sup>1</sup>, holds timeless wisdom, particularly when applied to the world of investing. In the stock market, this phrase underscores the value of patience in long-term investing versus the pursuit of short-term gains. Both approaches share a common denominator, time. However, the outcomes of spending time in the market can vastly differ from trying to time the market. Market timing is an investment strategy where investors attempt to predict market movements to buy stocks low and sell high, aiming to capitalise on short-term fluctuations. This often involves waiting for a market rally before making a purchase and selling quickly once prices dip, as investors try to ride the highs while avoiding the lows. On the other hand, ‘time in the market’ refers to a long-term investment strategy, where investors hold onto their equity investments over extended periods, allowing them to ride out market fluctuations and benefit from long-term growth. We will explore both strategies in-depth, ultimately highlighting the importance of patience and discipline in the investment journey.

The concepts of “time in the market” and “timing the market” represent two different approaches to investing. When we speak of ‘time in the market’, we mean a long-term investment strategy to keep our stocks for an extended period. This strategy generally ignores short-term market ups and downs and price patterns to focus on the fundamentals of the business. If a company’s fundamentals are sound and the industry has long term

growth potential, the idea is to hold them for years and ignore short-term volatility. When spending “time in the market”, it’s important to have a framework to assist with selecting stocks. This gives us the confidence to remain invested and resist the temptations of responding to short-term fluctuations. To analyze this strategy further, let’s examine the share price movements of toll operator, Transjamaican Highway Limited (TJH), which was listed on the JSE in 2020 at a price of \$1.41. Despite experiencing fluctuations throughout the period, an investor who had purchased TJH at IPO, and held onto TJH shares until February 7, 2025, would have realized a capital appreciation of 291.5% on their initial investment. The alternative strategy, “timing the market,” involves attempting to predict market movements with the goal of buying low and selling high to maximize short-term profits. For most investors, market timing typically involves waiting for the market to begin rallying before purchasing stocks and selling at the first sign of a dip, aiming to capitalize on price highs and avoid lows. However, this approach can result in significant losses, as investors often chase short-term gains and fail to accurately predict market fluctuations. Using the same example, an investor who acquired TJH at the IPO price of \$1.41 and exited the position when the stock reached a high of \$2.40 in June 2023, anticipating that the price had peaked and would subsequently decline, would have missed a substantial upside. By December 2024, TJH’s price had increased to \$4.63, which means that the investor would have missed a further 92.9% on the \$2.40 exit price.



### MOVEMENT IN

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	342,045.78	-1.36%	-1.68%
Main Market Index	329,809.59	-1.32%	-1.78%
Select Index	8,010.40	1.06%	-3.31%
Junior Market Index	3,717.37	-1.82%	-0.47%

### WINNERS & LOSERS FOR THE WEEK ENDED FEB. 7, 2025

	\$ Change	% Change
138SLVR	+\$66.32	+27.14%
ROC	+\$0.64	+17.98%
FIRSTROCKUSD	-\$0.01	-27.54%
TTECH	-\$0.38	-19.39%

### MARKET OVERVIEW

Almost all major indices (8 of 9) recorded losses to start the new month, in contrast to the previous week when most (8 of 9) indices recorded gains. The JSE USD Equities (-2.06%) and the JSE Financial Index (-1.91%) experienced the largest week-over-week (WoW) declines. The decrease in the USD Equities Market was primarily driven by the weakened price performance from TransJamaica Highway’s (TJHUSD: -2.14%) and Productive Business Solutions’ (PBS9.25: -3.01%) USD shares, the 1st and 3rd heaviest-weighted stocks in the index in terms of market capitalisation. Similarly, the JSE Financial Index was impacted by the price movement of Scotia Group Jamaica (SGJ: -6.38%) and to a lesser extent, JMMB Group Limited (JMMBGL: -7.45%). However, the JSE Select Index, up 1.06%, was the only index to appreciate. WoW increases in Grace Kennedy Limited (GK: +2.71%) and Carreras Limited’s (CAR: +7.08%) ordinary shares, the 2nd and 3rd heaviest-weighted stocks in the index were the primary drivers of the appreciation. CAR’s price rebounded this week after profit-taking on the stock contributed to the downward movements last week, as investors capitalised on recent gains.

In line with the losses across most indices, the majority of stocks lost ground in trading last week and market volume was markedly lower week over week. In total 125 stocks changed hands, with just 41 advancing, 74 declining and 10 trading firm. Market volume amounted to 107.14Mn units valued at over J\$623.11Mn, reflecting a 53.8% decrease in volume, and a 65.2% decrease in value relative to the prior week. Kintyre Holdings (JA) Limited (KNTYR), TransJamaican Highway Ltd (TJH), and Wigton Energy Limited (Wigton) were the volume leaders with 13.85Mn units (12.88%), 12.92Mn units (11.73%), and 10.75Mn units (9.76%), respectively.

1 National Library of Jamaica (nlj.gov.jm)

Rather than attempting to “time” the market, the more beneficial strategy is to spend “time in the market,” allowing for long-term growth and the potential for compounding returns. Why this approach? Firstly, it is the simpler approach, as it requires less time and effort than the constant monitoring and decision-making involved in trying to time the market. Instead, we should spend the time researching and select high-quality stocks upfront, so we can have confidence and comfort in the investment decisions we have made, making it easier to ignore short-term fluctuations. As Investing guru Warren Buffett once said... “We continue to make more money snoring than when active”. Another benefit is reduced emotional decision-making. Investing in high-quality stocks in industries with growth potential allows investors to minimise the psychological impact of short-term market volatility. This strategy reduces the likelihood of making impulsive, emotion-driven decisions based on market fluctuations, such as fear or greed. Additionally, fewer transactions result in lower transaction costs, thereby preserving a greater portion of the investment’s returns. Long-term investing also promotes consistency, as it capitalises on the market’s general upward trend, mitigating the effects of volatility.

Despite the advantages of long-term investing, many investors get tempted to time the market, especially during periods of heightened volatility. Market volatility, which is usually characterized by rapid fluctuations in stock prices, often entices investors with the prospect of profiting from short-term price movements. The allure lies in the potential to buy low and sell high, hoping to capitalise on these fluctuations. However, the desire for higher returns can lead investors to believe that market timing will outperform long-term strategies. Some investors also believe that successfully timing the market allows them to exit before downturns, shielding their portfolios from substantial losses. Yet, emotions such as fear, greed, and overconfidence often drive these decisions. Ultimately, this strategy can result in “missed gains,” as investors fail to capture the full

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benefits of long-term market growth, frequently entering and exiting based on emotional impulses rather than the fundamentals of a company. For example, analyzing 10 years of closing price data for Caribbean Cement Company Limited (CCC) from January 2015 to January 2025, shows that an investor who missed the best 5 trading days would forgo at least \$150,000 for every \$10,000 invested (see Figure 1). Additionally, if the investor missed the best 20 trading days, the missed gains would outweigh the gains received. While this may be an extreme example, this could be applied to other stocks both locally and in the US.

While the idea of timing the market may seem appealing, history shows that consistently predicting market movements is nearly impossible—even for seasoned investors. The reality is that those who attempt to buy low and sell high often miss out on substantial long-term gains, eroding their potential wealth over time. Instead of chasing short-term fluctuations, the most effective strategy is to focus on high-quality stocks and commit to a long-term perspective. As Warren Buffett famously said, “If you aren’t willing to own a stock for 10 years, don’t even think about owning it for 10 minutes.” With interest rates set to decline and a positive market outlook ahead, your 10-year journey should begin now. Waiting on the sidelines for signs of broad-based gains in the stock market could mean missing significant opportunities for gains. Instead, invest today by focusing on selecting stocks with strong fundamentals in industries with solid growth prospects. True wealth-building requires patience, discipline, and commitment to the long game.

**Figure 1. The Cost of Timing The Market**  
CCC: January 2015 to January 2025



## Foreign Exchange Market

For the week ending February 7, 2025, the Jamaican dollar depreciated slightly against the US dollar (USD) with the USD selling rate moving from J\$157.44 on the 31st of January to J\$157.63 on Friday's close. The depreciation, though muted, reflects robust end-user demand for USD in the market, which was met with some Bank of Jamaica (BOJ) interventions. The BOJ intervened in the market with a total of US\$90.0Mn on February 5th, 6th and 7th, 2025, through its B-FXITT Programme. The supply intervention on the 7th (US\$30.0Mn), was settled on Monday, February 10th and therefore could provide some support for the foreign exchange rate this week.

Selling	Close: 31/01/25	Close: 07/02/25	Change
J\$/US\$1	\$157.44	\$157.63	\$0.19
J\$/CDN\$1	\$110.73	\$111.27	\$0.54
J\$/GBP£1	\$198.31	\$197.33	-\$0.98

## Global Bond Prices

While tariff-related news dominated much of the market's attention, by the end of last week all eyes were on the latest unemployment data coming out of the U.S. to gather further insights into the health of the economy given the high level of uncertainty in the markets. Job growth in the U.S. slowed in January and unemployment dipped to 4.0%, a sign of a solid but more subdued economy. The latest unemployment reading inched down from 4.1% previously beating forecasts and nearing historic lows. This augurs well for the Federal Reserve (Fed), which is closely watching the labour market for signs of a slowdown as it considers whether to lower interest rates. The Fed paused at its December meeting, citing the stickiness of inflation and the strength of the overall economy. But it has also warned of uncertainty over the effects of President Donald Trump's tariffs and tax proposals. Last week, President Trump enacted an executive order imposing a 25% tariff on imports from Canada and Mexico, alongside a 10% tariff on goods from China, according to the International Economic Emergency Powers Act. These tariffs, initially scheduled to take effect last Tuesday, included a partial exemption on Canadian oil imports, which would face a 10% tariff instead of 25%. However, following discussions with Mexico's president, Trump agreed to delay the 25% tariffs on Mexico for an additional month. Some Fed officials warned that the large-scale tariffs now being pursued by the Trump Administration would push up inflation and depress growth but remain muted around what direction the Fed would take to mitigate against these broad-based tariffs.

Against this background, market sentiment remains unchanged, with expectations that there would be no rate cuts at the next Fed Meeting. Currently, market participants are pricing in an 8.5% chance of a 25-basis-point cut and a 91.5% probability that the rate will remain the same at the next Fed meeting according to CME Group's FedWatch tool. This expectation for rates to be held steady at the next meeting was up by approximately 550 basis points (bps) compared to the

previous week.

With the uncertainties in the financial markets, demand for Treasuries rose with the 10-year Treasury yield closed last week at 4.49%, down from the previous week's yield of 4.58%. Similarly, yields on Caribbean sovereign notes, including those from Jamaica (longer-dated maturities), Costa Rica, Panama, Bermuda, and the Dominican Republic, also declined, with corresponding price increases. However, Notes from Barbados and Trinidad and Tobago showed moderate price declines.

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
ALSEA (7.75%) 2026	Ba3/Stable	104.5	5.14%	BUY
BACR (5.75%) 2026	A/Stable	105.00	2.47%	BUY
BERMUD (3.72%) 2027	A2/Stable	101.25	3.05%	BUY
BERMUD (4.75%) 2029	A2/Stable	102.25	4.13%	BUY
CHTR (4.2%) 2028	Ba2/Stable	100.5	4.03%	BUY
DOMREP (5.50%) 2029	BB/STABLE	102.00	4.95%	BUY
DOMREP (5.95%) 2027	BB/STABLE	104.25	3.67%	BUY
DOMREP (6%) 2028	BB/STABLE	103.75	4.80%	BUY
DOMREP (8.63%) 2027	BB/STABLE	107.00	5.19%	BUY
GPRK (8.75%) 2030 (NEW) <sup>2</sup>	B+/Stable	100.61	8.60%	BUY
GM (5.4%) 2029	Baa2/Stable	104.00	4.44%	BUY
GS (3.85%) 2027	BBB/Stable	102.00	2.79%	BUY
GS (5.8%) 2026	BBB/Stable	104.00	3.03%	BUY
LTMCI (7.88%) 2030 (NEW) <sup>3</sup>	BB-/Positive	104.25	6.88%	BUY
M (5.88%) 2030	BBB-/Stable	100.25	5.82%	BUY
MARGRO (6.404%) 2029 (NEW) <sup>4</sup>	BBB-/Stable	103.25	5.61%	BUY
NFLX (5.88%) 2028	Baa1/Positive	107.25	3.78%	BUY
NFLX (4.88%) 2030	Baa1/Positive	103.75	4.08%	BUY
NRG (3.88%) 2032	BB+/Stable	92.00	5.26%	BUY
PRMRPA (10.75%) 2028	B+/Stable	110.25	7.37%	BUY
PYPL (2.85%) 2029	A-/Stable	95.50	3.92%	BUY
SFC (5.3%) 2028	BBB/Positive	101.50	4.79%	BUY

2 Issuer- Geopark Limited., Industry- Energy, Type-Senior Unsecured, Callable-Yes, Coupon Rate- 8.75%, Coupon Payment- Semi-annually, Maturity- January 31, 2030, Risk Profile - **Aggressive**

3 Issuer- LATAM Airlines Group S.A., Industry- Airline, Type-Senior Secured, Callable-Yes, Coupon Rate- 7.875%, Coupon Payment- Semi-annually, Maturity- April 15, 2030, Risk Profile - **Moderate**

4 Issuer- Marex Group PLC., Industry- Financial Services, Type-Senior Unsecured, Callable-Yes, Coupon Rate- 6.404%, Coupon Payment- Semi-annually, Maturity- November 4, 2029, Risk Profile - **Moderate**

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
TPHLTT (9%) 2029	Ba3/Stable	107.75	6.96%	<b>BUY</b>
TRAJAM (5.75%) 2036	BB/Positive	98.00	5.99%	<b>BUY</b>
TRITOB (4.5%) 2026	BBB-/Stable	102.00	3.10%	<b>BUY</b>
BEEFBZ (4.88%) 2031	BB/Stable	85.65	7.22%	<b>BUY</b>
KINGAIR (6.88%) 2036 <b>(NEW!)<sup>5</sup></b>	BB/Stable	103.25	6.35%	<b>BUY</b>
MINSUR (4.50%) 2031 <b>(NEW!)<sup>6</sup></b>	BBB-/Stable	94.00	5.58%	<b>BUY</b>
NRG (6.00%) 2033 <b>(NEW ISSUE!)<sup>7</sup></b>	BB+/Stable	101.75	5.72%	<b>BUY</b>
NRG (6.25%) 2034 <b>(NEW ISSUE!)<sup>8</sup></b>	BB+/Stable	103.50	5.77%	<b>BUY</b>
BANORT (5.75%) 2031	Baa2/Positive	99.25	1.35%	<b>SELL</b>
CSOLNO (6%) 2027	B+/Stable	14.75	374.81%	<b>SELL</b>
NFE (6.5%) 2026	B+/Stable	100.00	6.49%	<b>SELL</b>
NFE (6.75%) 2025	B+/Stable	100.00	6.49%	<b>SELL</b>

## Money Market

Last week, liquidity in the JMD money market tempered, as measured by the aggregated current balances held by Deposit-Taking Institutions (DTIs). As at February 7, 2025, the total aggregate current balance amounted to J\$43.87Bn, marking a 17.9% decrease compared to the previous week.

Demand for money market instruments remains high, as evidenced by the oversubscription in the Bank of Jamaica's (BOJ) latest 30-day Certificate of Deposit (CD) Auctions, with yields also rising marginally. The average yield from the 30-day CD Auction inched up to 6.02% from 5.99% the previous week. Total bids amounted to J\$62.03Bn relative to the \$46.00Bn issue size, implying a bid-to-offer ratio of 1.35x, compared to 1.60x the previous week. The lower ratio last week was largely due to a 17.9% week-on-week (WoW) increase in the offer size, which rose from J\$39.00Bn the prior week. The next auction date for the Bank of Jamaica 30-day CD is February 12th.

The Government of Jamaica's (GOJ) most recent issuance of its 91-day, 182-day, and 273-day Treasury Bills (T-bills), to finance its budgetary requirements, was also oversubscribed. The average yields for the respective tenors were 5.87729%, 5.87177%, and 5.88273%. The next auction of Government of Jamaica Treasury Bills is scheduled for Tuesday, March 4, 2025.

## GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	102.35	5.59%
	2039	115.90	6.21%
	2045	115.55	6.49%

\*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%	100.35	8.02%
SJPC	2032	8.85%	103.75	8.18%

<sup>5</sup> Issuer- Kingston Airport Revenue Finance Limited., Industry- Airline, Type- Senior Secured Corporate Bond, Callable-Yes, Coupon Rate- 6.75%, Coupon Payment- Semi-annually, Maturity- December 15, 2036, Risk Profile - **Moderate**

<sup>6</sup> Issuer- Minsur S.A., Industry- Metals and Mining, Type- Senior Unsecured, Redeemable-Yes, Coupon Rate- 4.50%, Coupon Payment- Semi-annually, Maturity- October 28, 2031, Risk Profile - **Moderate**

<sup>7</sup> Issuer- NRG Energy Inc., Industry- Energy, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 6.00%, Coupon Payment- Semi-annually, Maturity- February 01, 2033, Risk Profile - **Moderate**

<sup>8</sup> Issuer- NRG Energy Inc., Industry- Energy, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 6.25%, Coupon Payment- Semi-annually, Maturity- November 01, 2034, Risk Profile - **Moderate**

## Dates to watch this week

■ International ■ Local

February 2025				
MON	TUE	WED	THUR	FRI
10	11	12	13	14
			NCBFG - Annual / Extra-Ordinary General Meeting	ASBH Pref Dividend Payment Date (US\$0.015 /share)
		US CPI Data (Jan)	UK GDP (MoM - Dec) (YoY - Q4) US PPI Data (Jan)	

## Recommendations

Ticker	Closing Price (February 10, 2025)	P/E	Avg. Sector P/E	Current Recommendation
GK	\$73.77	8.7x	18.0x	<b>BUY</b>
CAR	\$14.22	16.1x	13.8x	<b>BUY (NEW!)</b>
OMNI	\$1.04	15.5x	24.7x	<b>BUY</b>
LASD	\$4.23	10.8x	13.8x	<b>BUY</b>
SALF	\$3.59	19.9x	13.8x	<b>SELL</b>

## Regional News

### Mexico Inflation Slows in January As Central Bank Steps Up Rate Cuts

Mexico's annual inflation rate slowed slightly more than expected in January, official data showed on Friday after the central bank accelerated the pace of its interest rate cuts and signalled more monetary easing ahead. In Latin America's second-largest economy, the headline annual inflation rate hit 3.59% in January, statistics agency INEGI said, down from 4.21% the previous month and just below the 3.61% expected by economists polled by Reuters.

The improving inflation environment, with consumer price increases now within the Bank of Mexico's 2% to 4% target range, and an economic contraction reported late last year, has allowed policymakers to reduce borrowing costs. The central bank, known as Banxico, announced last Thursday a 50-basis-point cut to its benchmark interest rate to 9.5%, doubling the pace of its easing cycle and saying it could cut by a similar magnitude in the future as inflation cools. "This is a good inflation report, supporting Banxico's dovish tilt yesterday," Pantheon Macroeconomics' chief Latin America economist Andres Abadia said. "Inflation in Mexico hit cyclical lows recently, thanks in large part to subdued core pressures, giving Banxico some space to start normalizing monetary policy. But the Mexican peso selloff in Q4 remains a near-term risk to price stability." Mexican President Claudia Sheinbaum on Friday applauded January's "very good" inflation figures, as well as the central bank's rate decision a day before.

Source ~ Reuters

### The Bahamas Sets Tourism Record of 11.2M Visitors in 2024

The Bahamas welcomed a record-breaking 11.22 million international visitors in 2024, surpassing the previous high of 9.65 million in 2023. Despite challenges from Hurricanes Milton and Oscar, the country's tourism industry saw a 16.2% increase in foreign air and sea arrivals compared to 2023 and a 54.7% rise from 2019. December 2024 was particularly strong, with 1.15 million visitors arriving, marking a 14% increase over 2023 and a 62% jump from 2019. "These record-breaking achievements are a powerful testament to the tourism marketing strides of the Ministry of Tourism and the supportive dedication of our partners across the destination, who, alongside

our passionate locals, continue to offer unparalleled experiences throughout our beautiful and culturally rich islands," said Deputy Prime Minister and Minister of Tourism, Investments & Aviation, I. Chester Cooper.

According to a Florida-Caribbean Cruise Association report, the cruise industry played a significant role, generating \$654.8 million in expenditures during the 2023/2024 cruise year. Luxury brands such as Rosewood, Six Senses, Montage, Park Hyatt, Bvlgari, and Four Seasons Residences have strengthened the Bahamas' reputation as a premier destination. Director General of Tourism Latia Duncombe attributed the growth to various factors. "The Bahamas' exceptional tourism growth reflects our relentless drive to elevate the visitor experience and expand our global reach. These milestones are the result of innovative marketing strategies, strong industry partnerships, and the unwavering hospitality of the Bahamian people," she said.

Sources ~ OpenJaw

## International News

### As Trump Pushes Legal Boundaries, Judges Hold The Line

U.S. President Donald Trump's furious pace of orders slashing foreign aid, sending troops to the border and pardoning violent criminals has met little resistance in Congress. However, Federal judges are delivering the strongest signal yet of a looming showdown - with the rule of law. On Saturday, a federal judge in Manhattan temporarily blocked Elon Musk and his DOGE government efficiency team from Treasury Department systems that process trillions of dollars of payments. In recent days, judges have also temporarily prevented administration policies from freezing billions of dollars in federal grants, dismantling America's foreign aid agency, altering transgender rules and adopting a plan to buy out thousands of federal workers. U.S. District Judge John Coughenour in Seattle delivered a forceful message at a Thursday hearing that Trump must respect the rule of law as he temporarily blocked one of Trump's most controversial policies, ending birthright citizenship.

Trump's orders have alarmed constitutional scholars who have warned he lacks authority to sweep away agencies, ignore spending laws and fire inspectors general who are meant to be a check on abuses. The U.S. Constitution gives Congress authority over spending matters, but Republicans, who control both

the House of Representatives and the Senate, have cheered on his sweeping government overhaul, even though it has frozen funding that they had previously approved. There has been no sign of pushback from the Department of Justice (DOJ), which has traditionally operated with a degree of independence from the White House. In the coming weeks, judges and appeals courts will be forced to address questions that could bind the president to long-standing norms and laws - or expand his power.

Source ~ Reuters

### **Canada's Unemployment Rate Drops Again in January, Job Gains Solid.**

Canada's unemployment rate unexpectedly fell again and the economy posted solid job gains, data showed on Friday, in signs that joblessness was starting to ease from an eight-year peak, barring the pandemic years, in November. The January unemployment rate was 6.6%, a notch below the 6.7% seen in the prior month, and the economy added a net 76,000 jobs, down from a revised 91,000 jobs added in December but still a robust gain. This was the second month in a row that the unemployment rate, or the number of jobless people as a percentage of the total labour force, declined. However, the total number of unemployed people stayed at a high of 1.5 million and joblessness still continues to be elevated. "This indicates that many unemployed people are facing continued difficulties finding employment, despite recent employment growth," Statscan said.

Canada's economy has been teetering for most of last year, as large interest rate cuts failed to boost consumer spending and business investment. However, the central bank said last month that while the job market remained soft, there were signs of improvement, as a total of 200 basis points of quick rate cuts was helping business activity to pick up and boosting consumer spending. A looming threat of tariffs from the United States and a sharp drop in immigration numbers, however, are likely to impact economic activity, and businesses have reported soft hiring intentions for the year, a Bank of Canada survey showed last month. Economists have said that if tariffs are imposed, the BoC will have to continue to cut rates.

Source ~ Reuters

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