

Market Guide

March 3, 2025

THIS ISSUE

Shifting Credit Conditions and Rising Risks

Foreign Exchange Market Summary

Money Market Update

Stock Recommendations

The investor who says, 'This time is different,' when in fact it's virtually a repeat of an earlier situation, has uttered among the four most costly words in the annals of investing." - Sir John Templeton

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

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

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

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

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

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

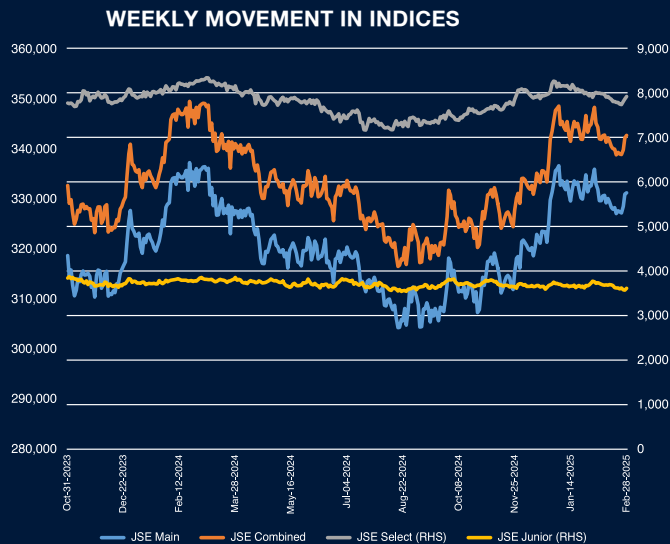
Shifting Credit Conditions and Rising Risks

Welcome to 2025—a year defined by uncertainty in the global economy. With Donald Trump’s re-election, trade protectionism has taken center stage and tariffs now appear to be the diplomacy tool of choice. Already, U.S. tariffs on Mexico, Canada, and China have intensified trade tensions, sparking fears of renewed inflation—especially if retaliatory measures follow. While the full macroeconomic impact remains uncertain, one thing is clear for emerging market (EM) issuers, this year is shaping up to be a balancing act between risk and opportunity. On one hand, economic resilience, growing local bond markets, and an expected easing of interest rates could create favourable conditions. On the other hand, trade disruptions, inflationary pressures, and tighter financial conditions in some regions pose hurdles that could impact credit quality and borrowing costs. As global markets navigate this uncertain landscape, this year is expected to present both opportunities and challenges for EM issuers.

The anticipated decline in interest rates and soft landings in major economies could improve credit conditions, according to S&P’s Global Credit Outlook 2025: Promise And Peril¹. Global credit conditions are expected to stay broadly supportive—though with divergence across regions. Notably, S&P projects a decline in defaults, albeit at a slower pace than recent increases. More encouragingly, the downgrade risk for speculative-grade issuers is easing, with the U.S. speculative-grade corporate default rate projected to fall to 3.5% by December 2025, down from 5.1% in December 2024. Similarly,

default rates for emerging market high-yield corporate bonds are expected to fall to 2.7%, the lowest level since 2019 and well below long-term averages. Additionally, sovereign high-yield defaults in 2025 will be less than 1.0%, well below the nearly 7.0% average of the past five years and the 20-year average of about 2%². This suggests improving conditions for corporate issuers. Similarly, Fitch Ratings sees the macro-credit environment for EM sovereigns as broadly net-neutral³ relative to 2024, with rate cuts continuing, moderate financing needs, and growing domestic investor participation reducing reliance on foreign capital.

However, escalating geopolitical risks and trade tensions could change the interest rate outlook and undermine investor confidence. In this environment, emerging market bonds stand at a critical inflection point, as U.S. protectionist policies reverberate across global trade and financial markets. Though the full scope of tariffs remains unclear, they will likely drive up prices for a range of imported goods, adding to inflationary pressures. Further complicating the outlook is persistent inflation, which could slow the pace of rate cuts, keeping borrowing costs elevated. For EM issuers, especially those with weaker credit ratings, this means higher debt servicing costs and refinancing risks. Additionally, the lower rating of some emerging market assets will affect borrowers as they will find it difficult to renew when funding availability declines and financing costs rise, making them more vulnerable to default. In addition to China’s slowing growth⁴ and



MOVEMENT IN

| JSE Indices | Closing Levels | WoW % Change | YTD % Change |
|---------------------|----------------|--------------|--------------|
| Combined Index | 342,892.40 | 1.01% | -1.44% |
| Main Market Index | 331,369.79 | 1.10% | -1.32% |
| Select Index | 7,944.85 | 1.73% | -4.10% |
| Junior Market Index | 3,627.36 | -0.10% | -2.88% |

WINNERS & LOSERS FOR THE WEEK ENDED FEB. 28, 2025

| | \$ Change | % Change |
|---------|-----------|----------|
| 138SLVR | +\$92.63 | +44.11% |
| GENAC | +\$1.15 | +22.91% |
| MDS | -\$0.58 | -29.59% |
| PULSE | -\$0.26 | -22.61% |

MARKET OVERVIEW

Last week’s market activity resulted from trading in 125 stocks, of which 54 advanced, 59 declined, and 12 traded firm. 181.04Mn units valued at over J\$785.92Mn changed hands, a 0.76% increase in volume and a 14.04% increase in value relative to the prior week. Despite a near-even split between advancers and decliners, 7 of the 9 major indices recorded gains to close out February after three consecutive weeks of decline. The main advancers were the JSE USD Equities Index (+6.11%) and the JSE Financial Index (+2.49%), while the decliners were the JSE Cross-Listed Index (-3.36%) and the JSE Junior Market Index (-0.10%). The increase in the JSE USD Equities Index was primarily driven by week-over-week (WoW) increases in AS Bryden & Sons Holdings Limited (ASBHUSD: +20.2%) and Productive Business Solutions Limited (PBS: +5.4%) USD shares, the 3rd and 2nd heaviest-weighted stocks in the index. The rally in PBS’s stock price occurred despite a 29.71% decline in PBS’s comprehensive income attributable to shareholders for the Financial Year ending December 31, 2024. The decline was, however, primarily due to currency translation differences in the net assets of subsidiaries despite higher profit after tax (+5.12%). Meanwhile, the increase in the JSE Financial Index was primarily due to the stock price increase of Pan Jamaica Investment Trust Limited (PJAM: +9.36%) and Sagicoor Group Jamaica (SGJ: +5.16%). On the other hand, the decrease in the JSE Cross-Listed Index was primarily driven by the weakened price performance from Massy Holdings Limited (Massy: -4.71%). Similarly, the JSE Junior Market Index was impacted by depreciation in Dolphin Cove Limited shares (DCOVE: -15.24%), ISP Finance Services Limited (ISP: -22.34%), Spur Tree Spices Jamaica Limited (SpurTree: -11.83%), and Fontana Limited (FTNA: -2.94%). Apart from news surrounding DCOVE’s parent debt restructuring, which negatively impacted its share price, there was no news to support the other declines.

1 Report was published on December 4, 2025

2 What’s the Outlook for Emerging Market Debt in 2025? | Source: MorningStar

3 Fitch has assigned a ‘neutral’ sector outlook to five of six EM regions, with only Greater China ‘deteriorating’, underscoring the relative stability across much of the EM spectrum.

4 A slowdown in China—projected to contract growth by 2.3% in 2025 and 2.8% in 2026 due to

tighter global financial conditions, it has become clear that EM sovereigns and corporates could face mounting pressure on their credit metrics. These headwinds could raise default risks and weigh on credit ratings, particularly for speculative-grade issuers.

That said, 2024 brought with it lessons that can inform our expectations for 2025. 2024 demonstrated significant credit resilience, with upgrades outpacing downgrades across all regions and strong bond issuance throughout the year. According to Bank of America Merrill Lynch, in 2024, 73% of emerging market credit rating changes were upgrades. Five years ago, in the pandemic year, 93% of EM rating changes were downgrades. Further, while speculative-grade issuers remain vulnerable to market shocks and rising borrowing costs, emerging economies are adapting by diversifying their financing strategies. Many are shifting away from dependence on external financing, strengthening local bond markets to provide a more stable funding base. Costa Rica is a prime example. The Development Bank of Latin America (CAF) issued over CRC\$32.5Bn (approximately US\$64Mn) in local bonds as of February 2025, bolstering financial resilience and reducing reliance on foreign capital. By prioritising local currency financing, EM economies are shielding themselves from exchange rate volatility, which can escalate debt servicing costs when liabilities are denominated in foreign currencies. Despite the risks from U.S. tariffs—rising trade tensions, inflation, and capital outflows—Emerging markets boast a strong fundamental backdrop in 2025. Faster economic growth, stable inflation, improving account balances, and low debt levels and default rates should all contribute to positive ratings for both sovereign and corporate bond issuers this year⁵.

Despite the risks from U.S. tariffs—rising trade tensions, inflation, and capital outflows—Emerging markets boast a strong fundamental backdrop in 2025. Faster economic growth, stable inflation, improving account balances, and low debt levels and default rates should all contribute to positive ratings for both sovereign and corporate bond issuers this year.

trade restrictions (Fitch)

5 2025 Emerging Market Fixed Income Outlook: Trending Up Despite Trade Uncertainty | Source- Pine Bridge Investment

Foreign Exchange Market

For the week ending February 28, 2025, the Jamaican dollar appreciated slightly against the US dollar, with the USD selling rate moving from J\$158.15 on the 21st of February to J\$157.33 on Friday's close. The appreciation in the JMD was supported by higher USD liquidity in the market, along with end-users' unwillingness to purchase foreign currency at rates above \$159, forcing the market to offer currency at lower rates.

| Selling | Close: 21/02/25 | Close: 28/02/25 | Change |
|------------|-----------------|-----------------|---------|
| J\$/US\$1 | \$158.15 | \$157.33 | -\$0.81 |
| J\$/CDN\$1 | \$113.06 | \$110.46 | -\$2.60 |
| J\$/GBP£1 | \$200.52 | \$199.56 | -\$0.95 |

Global Bond Prices

The global bond market ended the week on a slightly optimistic, though still cautionary, note supported by the latest data releases, which featured prices in line with expectations and lower consumer spending. After advancing by an unrevised 0.3% in December, the U.S. Commerce Department's Personal Consumption Expenditures (PCE) price index – a key inflation indicator – increased by 0.3% in January and is in line with forecasts by Economists. Excluding food and energy, core PCE (the Federal Reserve's preferred inflation gauge) rose 0.3% in January, following a 0.2% increase in December, also in line with expectations. The PCE results reinforced a broader disinflationary trend in the U.S., albeit still above the Fed's 2% target. While PCE data met expectations, personal income jumped 0.9% in January, surpassing the 0.4% gain expected and marking the largest monthly increase in a year. Consumer spending, on the other hand, unexpectedly fell by 0.2% in January, marking the largest monthly decline since February 2021. The softer consumer spending, likely attributable to weather-related disturbances and a cooling economy, could present a dilemma for the Fed, given its dual mandate of low inflation and stable economic growth. However, the policies of the Trump administration will continue to drive the U.S. economic outlook. The threat of increased tariffs could potentially reignite inflation and reduce investment, while an extension of the 2017 tax cuts and deregulation could offer a partial offset through an increase in household income.

Nonetheless, the latest PCE reading supports the likelihood of one to two rate cuts in 2025. Although additional rate cuts by the Federal Reserve may still be several months away, most market participants expect the Fed will resume rate cuts in June. Currently, market participants are pricing in a 6.5% chance of a 25-basis-point cut and a 93.5% probability that the rate will remain the same at the next Fed meeting in March, according to CME Group's FedWatch tool on February 28, 2025.

Amid the softening economic data, the 10-year Treasury yield closed lower again last week at 4.231%, down from the previous week's yield of 4.418%. Similarly, yields on Caribbean

sovereign notes, particularly on the longer end of the curve, also declined, with corresponding increases in their prices.

| Bonds | Currency Rating | Indicative Price | Yield | Recommendation |
|---|-----------------|------------------|-------|----------------|
| ALSEA (7.75%) 2026 | Ba3/Stable | 104.25 | 5.20% | BUY |
| BERMUD (4.75%) 2029 | A2/Stable | 103.00 | 3.92% | BUY |
| DOMREP (5.50%) 2029 | BB/STABLE | 102.25 | 4.87% | BUY |
| DOMREP (5.95%) 2027 | BB/STABLE | 104.50 | 3.46% | BUY |
| DOMREP (6%) 2028 | BB/STABLE | 104.75 | 4.46% | BUY |
| DOMREP (8.63%) 2027 | BB/STABLE | 107.25 | 4.97% | BUY |
| GPRK (8.75%) 2030 (NEW Issue!) ⁶ | B+/Stable | 102.00 | 8.24% | BUY |
| GM (5.4%) 2029 | Baa2/Stable | 104.75 | 4.25% | BUY |
| LTMCI (7.88%) 2030 | BB/Stable | 104.50 | 6.81% | BUY |
| M (5.88%) 2030 | BBB-/Stable | 101.25 | 5.59% | BUY |
| MARGRO (6.404%) 2029 (NEW!) ⁷ | BBB-/Stable | 106.25 | 4.89% | BUY |
| NFLX (5.88%) 2028 | Baa1/Positive | 108.25 | 3.47% | BUY |
| NFLX (4.88%) 2030 | Baa1/Positive | 104.75 | 3.87% | BUY |
| NRG (3.88%) 2032 | BB+/Stable | 93.00 | 5.08% | BUY |
| PRMRPA (10.75%) 2028 | B+/Stable | 110.00 | 7.40% | BUY |
| PYPL (2.85%) 2029 | A-/Stable | 96.50 | 3.69% | BUY |
| SFC (5.3%) 2028 | BBB/Positive | 102.50 | 4.45% | BUY |
| TPHLTT (9%) 2029 | Ba3/Stable | 107.75 | 6.94% | BUY |
| TRAJAM (5.75%) 2036 | BB/Positive | 97.75 | 6.02% | BUY |
| BEEFBZ (4.88%) 2031 | BB/Stable | 85.65 | 7.22% | BUY |
| KINGAIR (6.88%) 2036 | BB/Stable | 104.50 | 6.20% | BUY |
| MINSUR (4.50%) 2031 (NEW!) ⁸ | BBB-/Stable | 95.00 | 5.40% | BUY |
| NRG (6.00%) 2033 (NEW ISSUE!) ⁹ | BB+/Stable | 102.75 | 5.56% | BUY |

6 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**

7 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**

8 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**

9 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**

| Bonds | Currency Rating | Indicative Price | Yield | Recommendation |
|--|-----------------|------------------|---------|----------------|
| NRG (6.25%) 2034 (NEW ISSUE!) ¹⁰ | BB+/Stable | 105.25 | 5.54% | BUY |
| BANORT (5.75%) 2031 | Baa2/Positive | 99.25 | 1.35% | SELL |
| CSOLNO (6%) 2027 | B+/Stable | 15.00 | 401.94% | SELL |
| NFE (6.5%) 2026 | B+/Stable | 98.50 | 7.55% | SELL |

GOJ Globals

| Ticker | Maturity | Bid | Offer Yield* |
|--------|----------|--------|--------------|
| JAMAN | 2028 | 102.35 | 5.56% |
| | 2039 | 116.70 | 6.12% |
| | 2045 | 116.50 | 6.41% |

*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 |
|------|----------|--------|--------|-------|
| PBS | 2025 | 6.50% | 100.00 | 6.50% |
| BDHR | 2027 | 8.15% | 100.20 | 8.04% |
| SJPC | 2032 | 8.85% | 103.00 | 8.28% |

Money Market

Last week, liquidity in the JMD money market decreased, as measured by the aggregated current balances held by Deposit-Taking Institutions (DTIs). As at February 28, 2025, the total aggregate current balance amounted to J\$58.25Bn, marking a 4.65% decrease compared to the previous week.

Demand for money market instruments was strong, as evidenced by the oversubscription in the Bank of Jamaica's (BOJ) latest 30-day Certificate of Deposit (CD) Auctions. The average yield on the 30-day CD Auction inched up to 5.98% from 5.77% the previous week. Total bids amounted to J\$40.61Bn relative to the J\$36.00Bn issue size, implying a bid-to-offer ratio of 1.13x, compared to 5.14x the previous week. The lower ratio last week, however, was largely due to a 554.6% week-on-week (WoW) increase in the offer size, which rose from only J\$5.5Bn the prior week. The next auction date for the Bank of Jamaica 30-day CD is March 5, 2025.

Additionally, the Government of Jamaica's (GOJ) most recent issuance of its Fixed Rate 9.625% 2031 Note, 7.50% 2035 Note, and 11.25% 2046 Note to finance its budgetary requirements were all oversubscribed. The average yields for the respective tenors were 6.36577%, 6.32106%, and 7.58566%. The next auction for the Government of Jamaica instruments will be for the 91-day and 182-day Treasury Bills scheduled for Tuesday, March 4, 2025.

¹⁰ 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

March 2025

| MON | TUE | WED | THUR | FRI |
|----------|----------|----------|----------|---|
| 3 | 4 | 5 | 6 | 7 |
| | | | | SGJ - Annual / Extra-Ordinary General Meeting |
| | | | | AFS Dividend Payment Date (J\$0.12 /share) |
| | | | | CAD Employment Rate (Feb) |
| | | | | US Employment Rate (Feb) |
| | | | | US Fed Monetary Policy Report |

Recommendations

| Ticker | Closing Price (March 3, 2025) | P/E | Avg. Sector P/E | Current Recommendation |
|--------|-------------------------------|-------|-----------------|------------------------|
| GK | \$73.37 | 8.7x | 19.0x | BUY |
| HONBUN | \$7.97 | 17.0x | 19.6x | BUY |
| CAR | \$14.87 | 16.9x | 14.2x | BUY (NEW!) |
| OMNI | \$1.01 | 21.0x | 20.4x | BUY |
| TJH | \$3.72 | 9.6x | 13.9x | BUY (NEW!) |
| TJHUSD | US\$0.0242 | 9.7x | 9.1x | BUY (NEW!) |

Regional News

US to Terminate all Venezuelan Oil and Gas Licenses

In what represented another foreign policy about-turn, Donald Trump announced that his administration would not renew the operating license granted by the Biden administration to Chevron to operate in Venezuela in a 'Truth Social' post on February 26. Trump's social media post stated, 'We are hereby reversing the concessions that...Joe Biden gave to Nicolas Maduro...on the oil transaction agreement, dated November 26, 2022.'. The reasoning behind this decision was allegedly related to the irregularities of the Venezuelan election in July 2024 and the lack of cooperation on (or intensity of) deportation procedures.

This termination is set to not only affect Venezuela but also Trinidad and Tobago's gas situation, given its oil development in Venezuela. The Trinidad and Tobago Government has been planning to request an extension from the US Government for a license granted to Shell and the National Gas Company (NGC) to develop the Dragon gas project in Venezuela. The license, initially issued in early 2023, allows the companies to proceed with planning the project, which aims to supply gas to Trinidad by 2027. The Dragon field is located in Venezuelan waters near the maritime border with Trinidad. However, Shell and NGC require an extension to begin production following their final investment decision (FID), expected this year. The cancellation, effective in March, is intended to force changes in Venezuela by cutting off funds that both say Maduro uses to stay in power. However, it remains possible that this post - like so many of Trump's foreign policy gambits - is merely a temporary negotiating tactic aimed at securing more concessions on migration from Maduro. Nonetheless, the move promises to disrupt the operations of foreign companies and reshape the regional energy landscape.

Source ~ Fitch Connect & Trinidad and Tobago Guardian

Guyana Triggers Military Response After Venezuelan Vessel Enters Its Waters

Guyana's president has triggered a military response and diplomatic action after a Venezuelan coastguard patrol entered its waters and approached an offshore oil facility, breaching international maritime agreements. President Irfaan Ali issued a strongly worded statement

after the Venezuelan vessel transmitted a radio message claiming that it was operating in "disputed international waters". Dismissing the claims, Ali said: "Let me be unequivocal. Maritime boundaries are recognised under international law, and this is a matter of grave concern ... I assure you that my government is not acting precipitously; we are addressing this situation with seriousness and responsibility." He added that he had summoned the Venezuelan ambassador to his office to register his strong protest and instructed Guyana's embassy in Caracas to lodge a formal protest with the Venezuelan government. But he also made it clear he had triggered a military response, which included the deployment of air assets and the country's coastguard. He said, "Guyana remains committed to peace and the rule of law. We will continue to pursue diplomatic solutions, but we will not tolerate threats to our territorial integrity."

The US and the Organisation of American States (OAS) have supported Guyana, condemning Venezuela's actions. Describing the incident as a threat to ExxonMobil's oil operations in Guyana's internationally recognised maritime territory, the OAS statement said: "Such acts of intimidation constitute a clear violation of international law, undermine regional stability, and threaten the principles of peaceful coexistence between nations. The OAS reiterates its steadfast support for Guyana's sovereignty and territorial integrity. The Venezuelan regime must immediately cease all aggressive manoeuvres that could escalate tensions in the region." The US Department of State Bureau of Western Hemisphere also reaffirmed its support for Guyana's territorial integrity, adding that "further provocation will result in consequences for the Maduro regime". The incident is the latest development in a tense, longstanding feud between the two neighbouring South American countries over land and maritime borders.

Source ~ The Guardian

International News

US-Europe Tensions to Remain Elevated, But Major Rupture Unlikely

Tensions between the United States (US) and the European Union (EU) over a variety of security and trade matters will remain elevated for the foreseeable future, as US President Donald Trump pursues an openly hostile stance towards European allies and the latter attempt to respond appropriately. Current security tensions have been heightened by Trump's

apparent desire to end the war in Ukraine as hastily as possible, even if this entails making major concessions to Russia. For example, Trump's statements that Ukraine will not be invited into NATO, and that US peacekeeping troops will not be deployed to post-war Ukraine, combined with his very critical remarks about Ukrainian President Volodymyr Zelensky, and Washington's refusal to support a UN resolution condemning Russia's invasion of Ukraine, suggest a much friendlier stance towards Russian President Vladimir Putin than at any time in recent years. This has alarmed most European leaders, who remain supportive of Ukraine and Zelensky, and fear that Russia could move militarily against NATO members after the Ukraine war winds down.

Although European leaders are increasingly amenable to raising their defence budgets, virtually none of them, except Poland, are likely to approach Trump's suggested target of 5.0% of GDP – a figure that the US itself falls far short of. Even increases to 3.0% of GDP are likely to be difficult to achieve for the UK (which now aims to achieve 3.0% in the 2029-2034 parliamentary term), France, Germany, and Italy (Western Europe's traditional major powers), which all have fiscal constraints and ageing populations – the latter of which will necessitate greater expenditures on healthcare. At this stage, it is unclear if Trump's 5.0% figure represents a hard target or is intended as a maximalist bargaining position aimed at persuading European states to spend an eventual 'compromise' figure of 3.0-3.5%. However, if Trump adheres to the 5.0% target and links it to US commitments to individual NATO members' defence, this would prove extremely stressful for the NATO alliance, as it would create 'tiers' of security guarantees based on their defence spending. This would undermine NATO's Article 5 collective security guarantee. Nonetheless, current US-EU tensions are far from new and have repeatedly occurred over the past several decades without causing an irreversible break. Strategic considerations will ensure that the US and EU move to accommodate their disputes, as neither side will want to see the collapse of 'the West' as a geopolitical entity.

Source ~ Fitch Connect

Trump Tariffs: Key Thoughts on March Deadline

Last week, US President Donald Trump announced that he would raise tariffs on goods from Mainland China by another 10% and would implement the 25% tariff on Mexico and Canada that was announced for

February but was delayed by a month. It has long been Fitch's view that Trump would continue to increase pressure on Beijing and, as such, tariffs on goods from Mainland China will likely be implemented. If implemented, this would mean that the tariff rate for Chinese goods will now rise to about 30%, and this, in turn, would see the US effective average tariff rate jump to about 5.5% from about 2.4% in January.

For Mexico and Canada, the majority view these tariff threats as a negotiating tool for several reasons. First, Trump's statements and actions (delayed implementation) made it clear that he is pursuing non-trade concessions around immigration and drug flows. Second, raising tariffs to such high levels means that they are almost being punished to the same degree as China, which seems odd given the much closer and important trade and diplomatic relationship they enjoy with the US. Third, this would be costly given that adding these tariffs would raise the US effective tariff rate to about 12%, which is elevated compared to 2.4% in January. This would also cause significant cost pressures for importers and consumers, especially for goods related to the manufacturing and auto sectors that cross the border many times. As such, if tariffs are implemented, they will likely be watered down significantly over time and probably quite quickly. Fourth, if Trump implements such aggressive tariffs on these three economies, it leaves little room to implement tariffs on other economies such as Europe. Indeed, Trump has threatened 25% tariffs on the eurozone as well. If these come through, then the average effective tariff rate would rise to about 16.5%, which would be not only high for a key ally but also pose a significant burden on US importers and risks to the US economy.

Source ~ Fitch Connect

NCB Capital Markets Ltd (formerly Edward Gayle and Co.) established in 1968 is Jamaica's oldest stockbrokerage. The company became a part of the National Commercial Bank (NCB) Group in 1994 and a fully owned subsidiary in October 2002. In December 2002, the then Edward Gayle and Co. was merged with another NCB subsidiary, NCB Investments. The products distributed by this combined subsidiary cover the traditional money market product offerings (J\$ and US\$ Repos), primary dealer services, stock brokerage and investment advisory services. Edward Gayle was renamed NCB Capital Markets Ltd. in October 2003.

NCB Capital Markets Limited ("NCBCML") through its representative(s) has provided information to you on various financial products and services and investment opportunities for information and educational purposes only. While NCBCML has made every effort to ensure that the information provided to you is accurate and based on research and analysis that we have carried out or derived from sources that we believe to be accurate and reliable, NCBCML makes no representations or warranties about the accuracy, completeness or suitability for any purpose of the information published and will not be liable for any loss which you or anyone else may suffer in reliance on the information we have provided to you. This Report does not take into account the specific investment

objectives, financial situation or particular needs of any specific recipient and therefore this Report should not be regarded by recipients as a substitute for the exercise of their own judgment or for obtaining advice directly from one of our investment advisors.

Important Disclosures:

The views expressed in this report are the views of NCB Capital Markets Ltd at the date of this report.

In accordance with Section 39 (l) of the Securities Act of 1993, NCB Capital Markets Limited hereby states that it is a subsidiary of NCB Financial Group Limited and to that extent may be regarded as interested in the acquisition or disposal of the shares of NCB Financial Group Limited. However, the company acts in a proper and professional manner in making any recommendations regarding shares listed on the Jamaica Stock Exchange. Share prices may fluctuate and past performance is not necessarily a guarantee of future returns.