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"A market downturn doesn't bother us. It is an opportunity to increase our ownership of great companies with great management at good prices." – Warren Buffet

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The Heat Is On, But So Is JSE Listed Companies' Dividend Consideration and Declaration

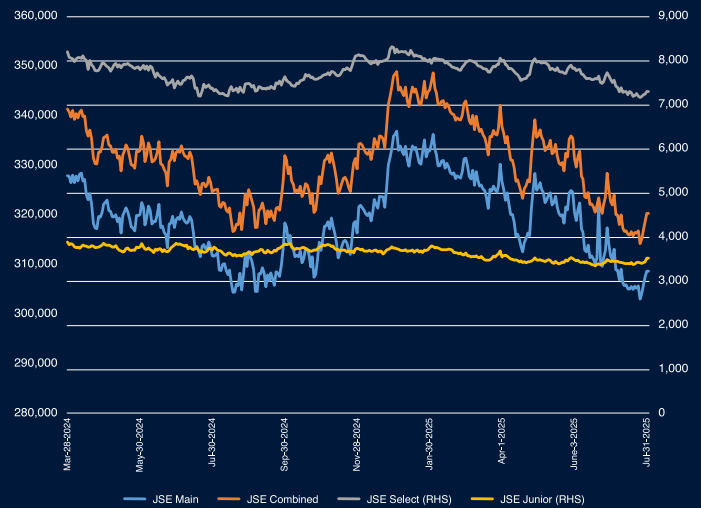
As the summer sun blazes on, the stock market tends to do the opposite, with market activity typically cooling. Trading volumes typically dip¹ in the summertime as investors and traders go on vacation, resulting in a more subdued market often referred to as the “summer doldrums².” However, in this slower season, dividends are providing a welcome reprieve as several listed companies on the Jamaica Stock Exchange (JSE) have announced that they either will pay or are considering paying, and some have already paid out dividends to shareholders. For investors seeking total return, this stream of income offers a form of financial relief from a softer stock market. Dividends during this season will put real money back in investors’ hands, helping to soften the impact of limited capital gains. It also offers investors an opportunity to reinvest while prices are still relatively muted, allowing the value of their investments to compound overtime. In this week’s article, we will discuss the recent flurry of dividend activity from JSE listed companies and the potential benefits of reinvesting cashflows for investors.

Between June 10 and July 31, 22 listed companies³ across the Manufacturing & Distribution (M&D), Finance, and Energy, Industrials & Materials (EIM) sectors advised that their boards would be considering dividend payments. Since then, some have paid out dividends or will be paying in September. Nearly half (10) of the companies are from the M&D sector, long favoured for their consistent cash

generation. Financial followed with 6 companies making announcements about dividends, with the rest spread across Real Estate, Conglomerates, EIM. Though the average dividend yield over the last 12 months hovers around 3.3%, there are pockets of standout performance that could refresh investor portfolios, if declared.

Among M&D companies that considered and declared dividends are Lasco Manufacturing Limited (LASM), Lasco Distributors Limited (LASD), Wisynco Group Limited (WISYNCO), and Carreras (CAR) – Main Market Players that continue to turn in consistent showings. After meeting to consider a dividend on June 17, LASM declared a dividend of J\$0.19 per share, 26.7% higher than the same time last year, following a 7.9% rise in net profit for FY2025. Over the past three years, LASM has increased its dividend payout ratio from 21.8% in calendar year⁴ 2022 (CY22) to 23.7% in CY24. Its ability to consistently generate positive operating cashflows and low levels of debt should support increased payouts. Though not as significant as its affiliated company, LASD also increased its dividend by J\$0.01, paying J\$0.12 per share in July 2025, despite a 7.5% decline in profit. Standing at a dividend yield⁵ of 3.4%, the company has increased its dividend payout ratio over the past three years—from 27.0% in CY22 to 29.2% in CY24. Notwithstanding the increased payouts, both companies have relatively low payout ratios and remain below the Main

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	320,253.81	1.94%	-7.95%
Main Market Index	308,603.07	1.85%	-8.10%
Select Index	7,289.92	1.91%	-12.01%
Junior Market Index	3,511.03	3.00%	-6.00%

WINNERS & LOSERS FOR THE WEEK ENDED JULY 31, 2025

	\$ Change	% Change
SRFUSD	+\$0.01	+24.20%
OMNI	+\$0.16	+21.92%
PURITY	-\$0.31	-19.87%
SRFJMD	-\$1.10	-13.10%

MARKET OVERVIEW

Trading activity increased week-over-week, with market volume amounting to 208.87Mn units (J\$1.80Bn) for the trading week ended July 31, 2025. This represented 169.0% and 243.6% increases in volume and value, respectively. Trading activity was relatively dispersed, with the top three volume leaders accounting for 30.8% of total market volume. Leading the way was Wigton Energy Limited with 31.39Mn units (14.58%), followed by Sagicor Select Funds Limited with 18.42Mn units (8.56%) and One on One Educational Services Limited with 16.59Mn units (7.71%).

The market, as measured by the JSE Combined Index, increased by 1.94%, as 64 of the 121 traded stocks advanced, 38 declined, and 19 traded firm. Broad market performance was positive over the week, with the majority of JSE indices posting gains. The main advancers were the JSE USD Equities (+3.29%) and the JSE Junior Market (+3.00%), while the JSE Cross Listed was the lone decliner. The primary driver of the gains in the JSE USD Equities Index was a 10.26% increase in the share price of TJHUSD, the index’s most heavily weighted stock. Although there was no direct news during the week to justify the surge, the company recently announced plans to leverage technology to boost revenue and improve operational efficiency, which bodes well for the company and investors. THJ also announced it will now be making dividend payments in U.S. dollars to its USD shareholders, which likely contributed to the price appreciation. On the Junior Market, 23 of the 45 stocks recorded gains. Notable contributors included FESCO (+8.45%), DTL (+6.49%), and AFS (+11.69%). However, these price movements occurred without any corresponding news or announcements. However, it was the 3.0% drop in the share price of GHL that was the main contributor to the decline in the JSE Cross Listed Index.

1 The market, as measured by the JSE Combined Index is down 7.95% YTD and down 4.5% between June 2 to July 31, 2025.

2 The summer doldrums on the stock market refer to a period of lower trading volume and potentially sluggish price movement, typically observed from June to August. This phenomenon is often attributed to investors and traders taking vacations, leading to reduced market activity.

3 These include: A.S. Bryden & Sons Holdings Ltd., IronRock Insurance Company Ltd., Lasco Distributors Ltd., Lasco Manufacturers Ltd., Wisynco Group Ltd., Mailpac Group Ltd., Stationery & Office Supplies Ltd., Blue Power Group Ltd., Caribbean Cement Company Ltd., Jamaican Teas Ltd., Kingston Properties Ltd., Jamaica Stock Exchange Ltd., Mayberry Group Ltd., Access Financial Services Ltd., Caribbean Assurance Brokers Ltd., Sterling Investments Ltd., Berger Paints Jamaica Ltd., GraceKennedy Ltd., Supreme Ventures Ltd., Massy Holdings Ltd., Carreras Ltd., Eppley Caribbean Property Fund Limited SCC- Value Fund.

4 Calendar years were used to achieve a standardised timeframe with consistent economic conditions, market trends, and industry-specific factors across all companies and sectors.

5 Dividend Yield are as at July 31, 2025 Source: Capital IQ.

market M&D sector average payout of 52.6%⁶. Meanwhile, despite a 12.4% dip in earnings⁷ for the nine months ended March 2025, WISYNCO maintained its dividend payment of J\$0.23 per share, scheduled for August 12. The decision suggests deliberate efforts to protect shareholder returns amid earnings volatility. Operating cashflows remained healthy at \$4.18Bn, supporting continued payout, which has averaged at roughly 33.9% over the past three years and its current 2.2% dividend yield based on the last 12 months dividend payments. Finally, CAR's board will meet to consider dividend payment on August 12. Carreras delivered the highest dividend yield at 8.6% on the JSE, with an average dividend payout ratio of 90.8% over the past three years. Carreras has been operating for many years and has low reinvestment needs, which allows the company to pay strong dividends. It also has a low portion of debt relative to equity, strong liquidity, and positive operating cash flow—all signs of financial strength and dividend sustainability.

Meanwhile, in the Financial sector, dividend momentum is returning. Caribbean Assurance Brokers Limited (CABROKER), Sterling Investments Limited (SIL), Access Financial Services Limited (AFS), Jamaica Stock Exchange Limited (JSE), and Mayberry Group Limited (MGL) all issued advisories on potential dividend payments. However, not all proceeded with dividend declarations. MGL opted out, amid net losses for the six months ended June 2025 due largely to a \$943.7Mn in unrealised investment loss on equities in the Group's portfolio. Operating cash flows were also in the red, likely reinforcing the need for cash preservation. JSE, though historically reliable, postponed its dividend decision to a July 30 board meeting. Despite the delay, if JSE declares a dividend, investors could benefit from a 3.9% potential dividend yield, assuming the payouts align with its last 12 Months. Meanwhile, CABROKERS and ASF declared dividends. CABROKERS declared a dividend of J\$0.07619, down 46.0% from the J\$0.1411 for the same period last year, in line with lower earnings (-47.1%) during Q1 2025. Operating cashflows were also down; however, both metrics remain

...as the summer heat blazes on, some investors will receive a welcome stream of income, be it from consistent dividend payments or higher payouts supported by robust earnings and sufficient cash flow from operating activities. The key is to reinvest the cashflows wisely and take advantage of the summer doldrums and let time do the compounding.

positive, which bode well for sustained dividend payments. AFS's board approved dividend payments of \$0.10 per share for the quarter ended June 30, 2025. AFS saw its net profit surging by 48.1%, buoyed by higher net interest income and positive operating cashflow. CABROKER and AFS have a current dividend yield of 3.7% and 2.3%, respectively, for the last 12 months. Whether SIL will follow through and declare dividends remains uncertain. If they do, investors may see payouts by September, consistent with past trend, and a potential dividend yield of 2.9%.

Companies in the Energy, Industrials and Materials (EIM) sector also declared dividends. Caribbean Cement Company Limited (CCC) followed up its announcement of dividend consideration with a declaration of a J\$2.0979 per share dividend to be paid on September 16th. This is the first time CCC's dividends breached the J\$2.00 mark since it resumed dividend payments in 2022⁸. Ultimately, CCC's growing profitability, low leverage, trend of positive cash flows and ongoing expansion to meet local and export demand⁹ point to the sustainability of dividend payments in the near term. Another EIM company, Berger Paints Jamaica (BRG) returned to the dividend table, paying J\$0.125 per share in early July, following a hiatus since 2018. However, its Q1 earnings was down 77.4% to J\$10.92Mn, primarily driven by delays in construction projects and short-term supply chain disruption. BRG also reported negative cash flows during the quarter, which could pose a challenge for sustained dividend payments.

From other sectors of the market,

conglomerate GraceKennedy Limited (GK) and entertainment company Supreme Ventures Limited (SVL) declared dividends of J\$0.55 and J\$0.2693 per share, respectively. The dividend payments will be made in September. GK remains profitable; however, earnings for the six-month ending June 2025 (6M 2025) fell slightly (-4.2%). More notably, the company's operating cash flow declined (-18.3%), which could limit the prospects of a higher dividend payout in coming quarters. SVL, however, opted to increase its dividend despite a 2.0% decline in its 6M 2025 earnings. Still, with a focus on innovation, strategic expansions, and enhanced offerings like the upgraded Lucky 5 game, SVL is positioning itself to emerge from the current challenges as a stronger player, ready to seize opportunities and deliver higher earnings and potentially higher dividend payouts. GK and SVL have a current dividend yield of 3.5% and 2.9%, respectively, for the last 12 months. Conglomerate Massy Holding (Massy) also advised that its board will consider a dividend payment. If declared, this will likely be paid out in September, with investors receiving a potential 7.1% dividend yield based on the last 12 months.

With the recent wave of dividend considerations and declarations, the anticipated dividend distributions could provide investors with timely cash flows that could be reinvested for additional compounding. Reinvesting in high-quality, undervalued dividend stocks remains one of the most effective strategies—especially when dividend payouts grow sustainably and are backed by strong fundamentals and disciplined management. According to a March 2025 S&P Global report¹⁰, reinvested dividends have historically accounted for over 31.0% of total equity returns for the S&P 500, while capital appreciations have contributed 69.0%. Therefore, sustainable dividend income and capital appreciation potential are important contributors to the total returns in developed markets. The same principle applies in Jamaica, where steady accumulation, such as reinvesting dividends and holding quality stocks over time—has proven more effective for wealth creation than short-term speculation. For

6 This includes WISYNCO, Seprod, Caribbean Producers Jamaica, A.S. Bryden & Sons Holdings Ltd., Jamaica Broilers Group Ltd., Salada Foods Jamaica Ltd., Carreras Ltd., Lasco Distributors Ltd., Lasco Manufacturing Ltd.

7 Unless otherwise stated, net profit refers to net profit attributable to shareholders

8 On September 9, 2022, CCC paid dividends to shareholders for the first time since 2005, with payments totalling \$1.28Bn or \$1.50 per share.

9 Carib Cement has now entered the critical construction phase of its major kiln upgrade project, with the installation of ducts, electrical systems, and other key infrastructure currently in progress. The US\$40Mn capacity expansion project, which is scheduled for completion later this year, will enhance its ability to meet local demand. The project will also position the company to benefit from significant government-led infrastructure initiatives, including roadworks and housing developments, with public expenditure expected to reach one trillion Jamaican dollars over the next five years.

10 S&P 500® Dividend Aristocrats: The Importance of Stable Dividend Income.

example, longstanding dividend payers like Carreras, Wisynco, and GraceKennedy have rewarded patient investors with consistent dividend income over the years. So, as the summer heat blazes on, some investors will receive a welcome stream of income, be it from consistent dividend payments or higher payouts supported by robust earnings and sufficient cash flow from operating activities. The key is to reinvest the cashflows wisely and take advantage of the summer doldrums and let time do the compounding.

Foreign Exchange Market

For the week ending July 31, 2025, the Jamaican dollar was relatively flat (+0.05%), with the USD selling rate moving from J\$161.32 on July 24, 2025, to J\$161.25 on July 31, 2025. While slightly lower than the previous week, the JMD has shown continued stability, with the exchange rate seeing greater stability in recent weeks—suggesting the market may be settling around the J\$160–J\$161 range.

Selling	Close: 07/24/25	Close: 07/31/25	Change
J\$/US\$1	161.32	161.25	-\$0.08
J\$/CDN\$1	118.30	116.74	-\$1.56
J\$/GBP£1	217.32	216.52	-\$0.80

Global Bond Prices

Last week, investors grappled with a wave of mixed economic data, including Federal Reserve (Fed) policy uncertainty, tariff-related price pressures, and soft employment figures. On Wednesday, the Fed voted to keep the benchmark federal funds rate between 4.25%-4.5%, where it has held steady since December. While Wall Street had widely expected no change, the decision again defied mounting political pressure, particularly from President Donald Trump, who has continued to push for rate cuts. However, during the post-meeting press conference, Fed Chair Jerome Powell emphasised that policymakers will wait to make sure tariffs don't turn into "serious inflation."

On Thursday, attention shifted to the Fed's preferred inflation gauge, the Personal Consumption Expenditures (PCE) Price Index. The headline PCE rose 2.6% year-over-year, slightly above the 2.5% forecast from economists surveyed by Dow Jones, reinforcing inflation concerns. Despite the steady interest rate decision being largely anticipated, Fed officials Michelle Bowman and Christopher Waller voiced dissent, signaling internal division over the best path forward. The week ended with a disappointing nonfarm payrolls report on Friday, which added to recession concerns. According to the Bureau

of Labour Statistics, the U.S. economy added just 73,000 jobs in July, well below the 100,000 expected. Additionally, May and June figures were revised sharply downward, further dampening sentiment. The unemployment rate ticked up to 4.2%, in line with expectations.

In response, Treasury yields dipped as markets recalibrated expectations for future monetary policy action. The 10-year U.S. Treasury yield fell to 4.26%, down 12 basis points from 4.38% the previous week. Investor reactions to Latin American and Caribbean bonds were mixed, with some yields rising and others declining. Costa Rican bonds saw price increases ranging from 0.13% to 0.45%. While Jamaican and Dominican Republic bond prices were mixed along the curve. JAMAN bond prices ranged from a low of -3.7% to a high of 0.1%, while more muted, the DomRep bonds recorded price movements ranging from -0.1% to 0.3%.

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
BAHAMA (8.25%) 2036 (NEW ISSUE!) ¹¹	BB-/Stable	105.00	7.57%	BUY
BAHAMA (6.00%) 2028	BB-/Stable	100.75	5.74%	BUY
BAHAMA (6.63%) 2033	BB-/Stable	94.50	7.57%	BUY
BAHAMA (6.95%) 2029	BB-/Stable	100.50	6.81%	BUY
BAHAMA (8.95%) 2032	BB-/Stable	110.00	7.14%	BUY
BAHAMA (9.00%) 2029	BB-/Stable	109.25	6.26%	BUY
BARBAD (8.00%) 2035 (NEW ISSUE!) ¹²	B+/Stable	104.00	7.42%	BUY
BCRED (6.00%) 2032 (NEW) ¹³	BBB-/Positive	103.75	5.31%	BUY
MOAIR (6.60%) 2029 (NEW) ¹⁴	BB+/Stable	103.00	6.18%	BUY
BEEFBZ (4.88%) 2031	BB/Stable	85.65	7.22%	BUY
BERMUD (3.72%) 2027	A2/Stable	101.25	2.84%	BUY
BERMUD (4.75%) 2029	A2/Stable	103.25	3.76%	BUY

¹¹ Issuer- The Bahamas, Industry- Sovereign, Type- Senior Unsecured, Callable-No, Coupon Rate- 8.25%, Coupon Payment- Semi-annually, Maturity- June 24, 2036, Risk Profile - Aggressive

¹² Issuer- Barbados, Industry- Sovereign, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 8.00%, Coupon Payment- Semi-annually, Maturity- June 26, 2035, Risk Profile - Aggressive

¹³ Issuer- Blackstone Private Credit Fund, Industry- Financial Services, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 6.00%, Coupon Payment- Semi-annually, Maturity- January 29, 2032, Risk Profile - Moderate

¹⁴ Issuer- Montego Bay Airport Revenue Finance Ltd, Industry- Infrastructure, Type- Senior Secured, Callable-Yes, Coupon Rate- 6.60%, Coupon Payment- Semi-annually, Maturity- June 15, 2035, Risk Profile - Moderate

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
DOMREP (5.5%) 2029	BB/ STABLE	102.80	4.63%	BUY
DOMREP (5.95%) 2027	BB/ STABLE	104.00	3.13%	BUY
DOMREP (6%) 2028	BB/ STABLE	105.00	4.18%	BUY
DOMREP (6.95%) 2037	BB/ STABLE	105.00	6.33%	BUY
DOMREP (8.63%) 2027	BB/ STABLE	106.50	4.60%	BUY
GM (5.4%) 2029	Baa2/ Stable	104.25	4.28%	BUY
JAMAN (6.75%) 2028	BB-/ Positive	106.50	4.19%	BUY
JAMAN (8.5%) 2036	BB-/ Positive	102.00	8.21%	BUY
KINGAIR (6.75%) 2036	BB/ STABLE	105.00	6.13%	BUY
LTMCI (7.625%) 2031 (NEW ISSUE!) ¹⁵	BB/Stable	105.50	6.40%	BUY
LTMCI (7.88%) 2030	BB/Stable	105.75	6.43%	BUY
MARGRO (6.4%) 2029	BBB-/ Positive	105.00	5.08%	BUY
NFLX (4.88%) 2030	A/Stable	104.00	3.96%	BUY
NFLX (5.875%) 2028	A/Stable	107.00	3.58%	BUY
NRG (3.88%) 2032	BB+/ Stable	94.00	4.96%	BUY
NRG (6%) 2033	BB+/ Stable	102.75	5.55%	BUY
NRG (6.25%) 2034	BB+/ Stable	104.75	5.58%	BUY
POSWDL (7.88%) 2040	BB/Stable	103.00	7.53%	BUY
PYPL (2.85%) 2029	A-/Stable	96.25	3.84%	BUY
SFC (5.3%) 2028	BB-/ POSITIVE	102.75	4.23%	BUY
TPHLLT (9%) 2029	Ba3/ STABLE	106.25	7.18%	BUY
TRAJAM (5.75%) 2036	BB/ Positive	97.75	6.03%	BUY

¹⁵ **Issuer**- LATAM Airlines Group S.A., **Industry**- Airline, **Type**-Senior Secured, **Callable**-Yes, **Coupon Rate**- 7.625%, **Coupon Payment**- Semi-annually, **Maturity**- January 7, 2031, **Risk Profile** - Moderate

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
TRITOB (4.5%) 2026	BBB-/ Stable	101.25	3.21%	BUY
TGU (7.75%) 2033 (NEW ISSUE!) ¹⁶	BB/ STABLE	105.50	6.83%	BUY
BANORT (5.75%) 2031	Baa2/ Positive	99.00	1.39%	SELL
CSOLNO (6%) 2027	B+/ Stable	15.00	1200.89%	SELL
NFE (6.5%) 2026	CCC/ Negative	58.25	64.32%	SELL

GOJ Globals

Ticker	Maturity	Bid	Offer	Yield*
JAMAN	103.65	4.56%		4.90%
	117.05	6.05%		6.04%
	115.95	6.45%		6.42%

*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
BDHR	2027	6.50%	100.35	8.02%
SJPC	2032	8.15%	102.50	8.37%
PBS	2025	8.85%	100.85	6.03%

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 July 31, 2025, the total aggregate current balance amounted to J\$56.03Bn, marking a 12.3% decrease compared to the previous week.

Demand for money market instruments was strong, as evidenced by the oversubscription in the weekly Bank of Jamaica's (BOJ) 30-day Certificate of Deposit (CD) Auctions. Total bids amounted to J\$49.46Bn relative to the J\$45.00Bn issue size, while the average yield increased to 6.24% from 6.11% the previous week. The J\$49.46Bn allocated bid size marks a 17.3% increase week-over-week and likely contributed to the higher yields. The next CD auction date is set for August 5, 2025. The BOJ also conducted a 14-day Repurchase Operation from deposit-taking institutions for the provision of Jamaican dollar liquidity, for J\$0.50Bn. The auction was fully subscribed with an average yield of 6.21%,

¹⁶ **Issuer**- Trinidad Generation Unlimited, **Industry**- Government Entity, **Type**- Senior Unsecured, **Callable**-No, **Coupon Rate**- 7.75%, **Coupon Payment**- Semi-annually, **Maturity**- June 16, 2033, **Risk Profile** - Moderate

Dates to watch this week

■ International ■ Local

August 2025				
MON	TUE	WED	THUR	FRI
04	05	06	07	08
			BoE Interest Rate Decision (Aug)	CAD Unemployment Rate (July)

Recommendations

Ticker	Closing Price (August 4, 2025)	P/E	Avg. Sector P/E	Current Recommendation
CAR	\$16.35	11.2x	15.4x	BUY
GK	\$68.68	8.3x	11.5x	BUY
SVL	\$19.43	29.0x	29.0x	BUY
TJH	\$3.70	9.1x	16.1x	BUY
TJHUSD	\$0.02	9.5x	15.9x	BUY

Regional News

Caribbean Economies to Grow 2.5% in 2025, but Outlook Varies by Country

The International Monetary Fund (IMF) yesterday predicted that economic growth in Latin America and the Caribbean would slow to 2.2% in 2025 and recover to 2.4% the following year. Excluding Guyana, the economies of Caribbean countries are projected to expand by 2.5% in 2025, but prospects vary across countries, with some anticipating a more robust expansion than others. Tourism and construction activity are expected to remain key drivers of growth. However, the region faces challenges, including the impact of natural hazards, with some countries still below pre-pandemic output levels. The projection comes as the Washington-based financial institution projected that global growth will be 3.0% this year and 3.1% in 2026. This new forecast for 2025 is an increase of 0.2 percentage points compared to the reference forecast in the April 2025 World Economic Outlook (WEO), while the outlook for 2026 is up by 0.1 percentage points. 'Global growth has been revised up to 3% in 2025 and 3.1% in 2026, reflecting stronger-than-expected front loading in international trade, lower tariff rates compared to early April, and easier financial conditions, including a weaker US dollar and fiscal expansion in some jurisdictions. 'Still, projections remain about 0.2 percentage points below our pre-April 2nd forecasts, indicating that the trade tensions are hurting the global economy. Global inflation continues to decline, reaching 4.2% in 2025 and 3.6% in 2026,' said Pierre-Olivier Gourinchas, the IMF's chief economist.

Source ~ International Monetary Fund, Caribbean Media Corporation

Stopover Decline, Lower Inflows Weigh on Growth, But Central Bank Sees Late-Year Lift

The Bahamian economy grew moderately in the first half of 2025, slowing from 2024 due to softer stopover tourism and a nearly two percent decline in external reserves. However, the Central Bank is forecasting stronger tourism receipts later this year, driven by higher hotel rates and increased forward bookings despite steady occupancy. During the Central Bank's quarterly press briefing, Governor John Rolle acknowledged the challenges facing the tourism sector and the broader economy. Some of the key challenges include U.S. travel advisories against travel and the tourism sector's vulnerability to natural disasters, both of which pose significant risks to the broader Bahamian economy, given tourism's central role as a primary economic

driver. Governor Rolle further noted that data from the Central Bank shows that while stopover arrivals dipped slightly, average room rates rose, helping to offset the decline. The vacation rental segment experienced nearly a 10% rise in room sales, supporting overall tourism receipts. Meanwhile, cruise visitor numbers continued to grow steadily, providing additional revenue. The softer tourism growth early this year contributed to a 2.0% drop in external reserves by late July compared to the same period in 2024, reflecting the more tempered inflow of foreign currency. Commercial banks' purchases of foreign currency from the private sector, which correlate with tourism, investments, and other activities, rose only 1.3% in the first half of 2025, down from 2.2% in the same period last year. Governor Rolle also noted that credit growth remained firm, with domestic banks increasing lending across consumer loans, mortgages, and commercial activities. Credit risk improved, with non-performing loans dropping from nearly 6 percent in 2024 to about 5 percent by mid-2025. Looking ahead, Governor Rolle conveyed cautious optimism, noting that analyses of online travel platforms, forward bookings, and pricing data indicate stronger hotel sector revenues for the remainder of 2025 compared to the latter half of 2024. This projected improvement is attributed to higher average room rates, although no corresponding increase in occupancy is currently anticipated.

Source ~ Eyewitness News

International News

Fed Leaves Rates Unchanged Despite Trump's Pressure, with Two Governors Dissenting

The U.S. central bank held interest rates steady on Wednesday, and Federal Reserve Chair Jerome Powell's comments after the decision undercut confidence that borrowing costs would begin to fall in September, possibly stoking the ire of President Donald Trump, who has demanded immediate and steep rate relief. Powell said the Fed is focused on controlling inflation - not on government borrowing or home mortgage costs that Trump wants lowered - and added that the risk of rising price pressures from the administration's trade and other policies remains too high for the central bank to begin loosening its grip until more information is collected. While there will be two full months of data before the Fed's September 16-17 meeting, Powell said the Fed was still in the early stages of understanding how Trump's rewrite of import taxes and other policy changes will unfold in terms of inflation, jobs and economic growth. The latest policy decision was made after a 9-2 vote by the rate-setting

Federal Open Market Committee, which passes for a split outcome at the consensus-driven central bank, with two Fed governors dissenting for the first time in more than 30 years. Along with Powell's comments, the Fed's new policy statement also gave little hint that rates were likely to fall soon. "The unemployment rate remains low, and labour market conditions remain solid. Inflation remains somewhat elevated," the central bank said after voting to keep the benchmark overnight interest rate steady in the 4.25%-4.50% range for the fifth consecutive meeting. The statement noted that economic growth "moderated in the first half of the year," possibly bolstering the case to lower rates at a future meeting should that trend continue. But it also said "uncertainty about the economic outlook remains elevated," with risks to both the Fed's inflation and employment goals, language that has anchored its reluctance to cut rates until the path of inflation and jobs becomes clearer. Powell was careful to keep his options open on monetary policy. "We have made no decisions about September" and have time to take in a wide range of data before the central bank next meets in mid-September, he said. Powell noted that current monetary policy is appropriately set at "modestly restrictive" levels, as some risks to the outlook have risen.

Source ~ Reuters

Bank of Japan (BOJ) Warns US Tariffs Could Hit Firms' Profits, Delay Capex Plans

Profits of Japanese firms are likely to fall this year because of U.S. tariffs, leading them to downgrade capital expenditure plans, the central bank said on Friday, signalling caution over an expected hit to the export-dependent economy. Automakers have swallowed the rising costs from the tariffs instead of passing them on to U.S. consumers, as seen in a fall of roughly 20% in export prices since April, the Bank of Japan said in a full version of its quarterly outlook report. "This suggests Japanese automakers are averting price hikes that may lead to falling sales volume, at the cost of seeing profitability worsen," the BOJ added. The hit to Japanese exports from U.S. tariffs will become clearer once global trade volume, now inflated by companies front-loading shipments to avert higher U.S. levies, turns down, the bank said. "Due to such direct and indirect effect of higher U.S. tariffs, Japanese companies face an increasing chance of profit declines in the current fiscal year," it added. There was a need to scrutinise how falling profits could affect firms' willingness to keep hiking pay, it said. The BOJ said U.S. tariffs have yet to cause any major change in Japanese companies' plans for

capital expenditure. But past shocks of such scale have caused firms, many of which set spending at the start of Japan's fiscal year in April, to downgrade plans toward the latter half of the year, it said. "Uncertainty surrounding trade policy could affect capital expenditure plans with a lag," it said. In a summary of the outlook released on Thursday, the BOJ projected the economy to expand 0.6% in the current fiscal year, before growing 0.7% in 2026 and 1.0% in 2027.

Source ~ Reuters

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