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"If you choose to master it, money becomes a wonderful servant. If you don't, it will surely master you." - J. L. Collins

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U.S. Central Bank Independence Under Pressure?

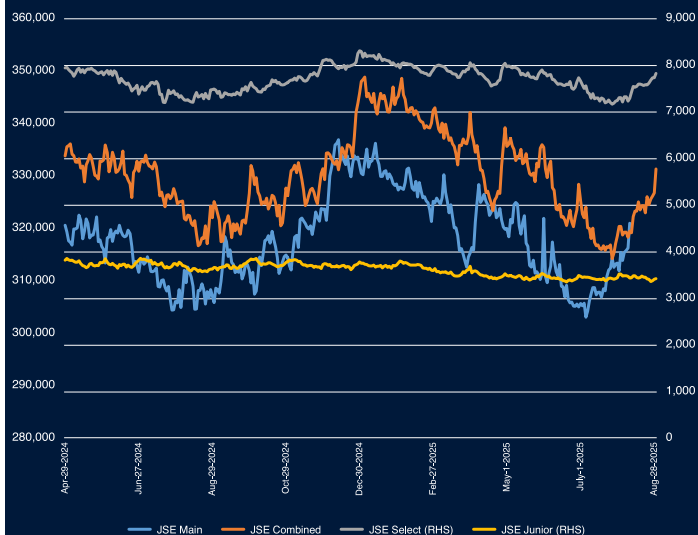
Jamaica’s 2025 general election campaign period has seen the two major political parties on the campaign trail sharing their track record and policy plans in a bid to sway voters to their side. However, while voters get to pick a side, central banks (CBs) have to stay neutral. Their credibility rests on that neutrality, no matter who holds political power. It is this impartiality that underpins the value of currencies, the health of financial markets, and the stability of economies. For decades, this has been the consensus among policymakers and many politicians alike, yet in recent months, President Donald Trump’s open pressure on the U.S. Central Bank (the Federal Reserve) has brought discussions about the Fed’s central bank independence centre-stage. It has rekindled a fundamental question for policymakers, investors, and the public alike: what happens when the guardians of monetary stability lose their independence? With this in mind, we’ll examine what central bank independence means for markets and why it matters for investors.

The importance of central banks lies in the roles they play, which are typically mandated by the government. In the United States, Congress vested the Federal Reserve with a statutory mandate to promote maximum employment, stable prices, and moderate long-term interest rates under the Federal Reserve Act of 1977. Although three goals are listed, this framework is commonly referred to as the Fed’s “dual mandate” because, in practice, maintaining both stable prices and maximum employment naturally creates the conditions for long-term interest rates to remain moderate. Similarly, the Bank of Jamaica’s mandate – established by the Bank of Jamaica (BOJ) (Amendment) Act of 2020 – assigns it the primary objective of price stability, with a secondary objective to ensure

financial system stability. To achieve this, the BOJ is tasked with implementing monetary policy, managing the Jamaican dollar and external reserves, issuing currency, supervising financial institutions, and acting as banker to both the government and deposit-taking institutions. To effectively carry out these mandates, the freedom to make decisions without political interference is vital. Yet independence does not mean operating in isolation; central banks must retain the freedom to act while still coordinating with governments when broader stability is at stake. This was evident during the 2008 financial meltdown, when the U.S. Federal Reserve worked with the Treasury through the Troubled Asset Relief Program (TARP), channelling US\$475.0Bn across bank rescues, credit market support, auto industry stabilisation, insurance bailouts, and housing relief to restore confidence in the financial system¹.

Given the importance of their roles, having independent CBs is crucial because it means they can effectively resist myopic political pressure, which can undermine their mandate, resulting in severe consequences. Independence provides space to base policy decisions on economic evidence and long-term stability goals. In turn, this safeguards their credibility, ensuring that markets and the public trust their commitment to monetary stability, which anchors inflation expectations and supports stable investment flows into their respective countries. If CBs lacked independence, governments would be tempted to pursue looser policies that may boost short-term growth but ultimately fuel higher inflation. This risk was underscored by an IMF study tracking 17 Latin American central banks over the past 100 years. It found that greater independence was associated

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	331,227.75	1.63%	-4.79%
Main Market Index	320,857.81	1.75%	-4.45%
Select Index	7,813.88	3.29%	-5.68%
Junior Market Index	3,406.80	0.13%	-8.79%

WINNERS & LOSERS FOR THE WEEK ENDED AUGUST 29, 2025

	\$ Change	% Change
RAWILL	+\$0.11	+32.35%
MTL	+\$2.22	+23.92%
ECL	-\$0.69	-21.63%
JETCON	-\$0.41	-20.71%

MARKET OVERVIEW

Trading activity saw a week-over-week increase in the final week of trading for August. Market volume amounted to 165.59Mn units (J\$766.67Mn), representing an 11.6% and 22.0% increase in volume and value, respectively. Trading activity was less concentrated, with the top three volume leaders accounting for just 35.1% of total market volume, down from 50.2% in the previous week. Leading the pack were TransJamaican Highway Limited USD Shares with 31.58Mn units (15.96%), TransJamaican Highway Limited ordinary shares with 23.57Mn units (11.91%), and Wigton Energy Limited with 20.20Mn units (10.21%).

The overall market, as measured by the JSE Combined Index, rose by 1.6%, as 61 of the total 125 stocks advanced, 50 declined, and 14 remained unchanged. Eight (8) of the nine (9) JSE indices advanced. The main advancers were the JSE USD Equities (+6.43%) and the JSE Select (+3.29%) Indices. For the JSE USD Equities Index, share price increases in Productive Business Solution (PBS: +15.0%) and TransJamaican Highway Ltd. USD (TJHUSD: +7.59%) were the major drivers. For the JSE Select Index, the week-over-week (WoW) increase was due to the rise in Carreras Limited’s (Ltd.’s) share price (CAR: +6.01%) and, to a lesser extent, GraceKennedy Ltd. (GK: +3.39%). Meanwhile, the JSE Cross-Listed Index (-0.02%) was the only decliner, primarily influenced by a slight drop in Guardian Holdings Ltd. (GHL: -0.58%). There was no news to support the movements for advancers or decliners.

¹ U.S. Department of Treasury

with much better inflation outcomes (see Figure 1). This is true in most advanced territories as well. For example, in the early 1970s, then-U.S. President Richard Nixon pressured Federal Reserve Chair, Arthur Burns, to keep interest rates low in the run-up to the 1972 election. The Fed's resultant reluctance to tighten policy in the face of rising prices allowed inflation to surge, climbing from 3.3% in 1971 to 12.3% by 1974². This political interference not only fueled double-digit inflation but also unanchored long-term expectations, making the eventual task of bringing prices under control far more painful³. The U.S. economy entered a prolonged period of stagflation⁴, underscoring the long-lasting costs of weakened independence.

An erosion of central bank independence can also pose a risk for investors, and there are early warning signs in the market data. According to the Financial Times, the Trump administration's meddling with Fed policy is already inciting greater risk aversion among bond investors. Yield curves have steepened, and risk premiums – which refer to the higher required rate of return demanded by investors, are creeping higher as markets begin to price in the possibility of compromised independence⁵. All these point to fears that the Fed could lose credibility by bending to Trump's pressure for premature rate cuts, a move widely seen as inflationary. For investors, this means that borrowing costs for governments and corporates could rise too, since lenders will require more compensation for the risk that inflation may not be contained if central banks come under political pressure. Meanwhile, while equities remain near record highs as the AI boom continues to buoy enthusiasm, there are concerns that markets are underestimating the danger. The Financial Times has reinforced this view by noting that markets have not fully priced in the risks from Trump's political pressure⁶.

Given the U.S. importance to the global economy and financial markets, a weakened Fed can also have spill-over effects on emerging markets (EM) like higher borrowing costs. European Central Bank (ECB) officials have already warned that U.S. political meddling could spill over internationally, destabilising monetary

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policy frameworks across the world⁷. Such instability would quickly spill into emerging markets, where its debt is highly sensitive to global risk sentiment and closely tied to advanced economies. The subsequent potential impact on EM bonds is likely to be material, with possible outflows from EM debt to safe havens, which will increase borrowing costs on EM corporate and sovereign bonds. When EM borrowing costs rise, issuers must offer higher yields to attract buyers. This can elevate credit risk because the added debt-servicing burden could strain fiscal and corporate budgets, increasing vulnerability to rating downgrades and a higher probability of default.

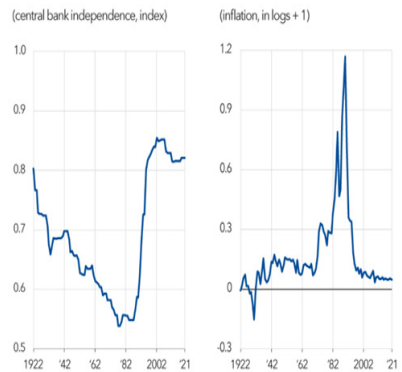
Central banks, unlike politicians, cannot campaign; their credibility depends entirely on remaining neutral. History shows the steep cost that follows when independence is eroded. For investors, the challenge is that these risks are being muffled by the noise of booming U.S. equities, making vigilance and discipline essential. Looking ahead, portfolios should be anchored in issuers backed by sound fundamentals and strong competitive positions in their respective industries, balanced with defensive assets, and supported by international diversification to cushion against shocks. If credibility falters, volatility is inevitable, but for the prepared, that volatility can open the door to attractive opportunities.

Figure 1:

Independence pays

Higher central bank independence is associated with lower inflation.

100 years of central bank independence and inflation in Latin America



Source: Central bank legislation; IMF International Financial Statistics and World Economic Outlook data. See IMF Working Paper No. 2022/186 for details.

Note: The correlation coefficient between the two variables is -0.5069.



2 Investopedia - Historical U.S. Inflation Rate by Year: 1929 to 2025

3 The White House – Central Bank Independence and Inflation Expectations

4 A period of high inflation and stagnant gross domestic growth (GDP) growth.

5 Financial Times - Trump's Fed meddling pushes investors closer to their red line

6 Financial Times – Investors Underestimate Donald Trump's Threat to the Federal Reserve, Economists Warn

7 Reuters - Erosion of Fed independence would lead to higher inflation, ECB's Rehn says

Foreign Exchange Market

For the week ending August 29, 2025, the Jamaican dollar depreciated slightly (-0.2%), with the USD selling rate moving from J\$160.84 on August 22, 2025, to J\$161.09 on August 29, 2025. The depreciation occurred despite the Bank of Jamaica (BOJ) intervening in the market thrice last week with a total \$90Mn. With the activity seen in recent weeks, the exchange rate appears to be settling around the J\$160–J\$161 range.

Selling	Close: 08/22/25	Close: 08/29/25	Change
J\$/US\$1	\$160.84	\$161.09	\$0.25
J\$/CDN\$1	\$116.89	\$119.05	\$2.16
J\$/GBP£1	\$216.83	\$217.98	\$1.15

Global Bond Prices

Last week, the market processed data from the United States (U.S.) Bureau of Economic Analysis (BEA), which indicated an upward revision in gross domestic product (GDP) for the second quarter of 2025 (Q2 2025), alongside comments from Federal Reserve (Fed) Chair Jerome Powell, and President Donald Trump's move to fire Federal Reserve Governor Lisa Cook from the central bank's board. U.S. Q2 2025 real GDP growth was revised from 3.0% to 3.3% in the BEA's second estimate, released on August 28, 2025. Notably, final sales to private domestic purchasers, a key measure of domestic demand, also saw an upward revision. This measure is considered less volatile than headline GDP and has been a focus for several Fed governors in their speeches, especially due to recent concerns over its slowdown. That said, large negative revisions to employment data have shifted the balance of risks away from fears of higher inflation toward fears of a softening labour market. This shift was reflected in Chair Powell's August 22, 2025, speech, in which he signalled a potential interest rate cut at the Fed's meeting next month. While Chair Powell acknowledged the rising risks to the job market, he also emphasised that inflation remained a threat and that no decision had been finalised. These remarks have heightened anticipation for the upcoming employment report, due September 5th, and inflation data due the following week. Large revisions to the downside for Q2 2025's GDP would have cemented the move toward interest rate cuts; however, with GDP revisions pointing to a stronger Q2 than previously noted, the September 17 decision remains uncertain, according to BMI analysts. Markets were further influenced by President Trump's controversial attempt to dismiss Fed Governor Lisa Cook, who filed a lawsuit challenging the move. This legal battle has raised concerns over the Fed's independence, with implications for future monetary policy if

Trump succeeds in reshaping the Board. Nonetheless, financial markets expect the Fed to resume rate cuts in September, with the CME FedWatch tool indicating an 87.1% likelihood that the Fed will change the Federal target rate, likely by a quarter-point reduction.

As a result of this evolving outlook and recalibrated market expectations for future monetary policy, U.S. Treasury yields declined slightly week-over-week. The 10-year Treasury yield closed at 4.23% on August 29th, slightly down from 4.26% the previous week. Similarly, Latin American and Caribbean bonds experienced mostly lower yields. Barbados, Costa Rica, and Trinidad and Tobago ended the week with slight gains; however, Bahamas, Jamaica, and Panamanian bond prices were mixed. Barbados' bonds saw price increases up to 0.3% WoW; Trinidad and Tobago modest gains of 0.1%; while Costa Rica saw price gains ranging from 0.1% to 0.3% WoW. For the mixed price movements, JAMAN bond prices ranged from -0.8% to 0.2%, movements in the Bahamas' bond prices ranged from -0.7% to 0.4% WoW, and Panama's bond price movements ranged from -0.5% to 0.4%.

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
BAHAMA (8.25%) 2036 (NEW ISSUE) ⁸	BB-/Stable	105.50	7.50%	BUY
BAHAMA (6.00%) 2028	BB-/Stable	102.25	5.23%	BUY
BAHAMA (6.63%) 2033	BB-/Stable	97.25	7.09%	BUY
BAHAMA (6.95%) 2029	BB-/Stable	102.50	6.26%	BUY
BAHAMA (8.95%) 2032	BB-/Stable	110.25	7.09%	BUY
BAHAMA (9.00%) 2029	BB-/Stable	109.25	6.21%	BUY
BARBAD (8.00%) 2035 (NEW ISSUE) ⁹	B+/Stable	103.25	7.52%	BUY
BCRED (6.00%) 2032 (NEW) ¹⁰	BBB-/Positive	104.50	5.16%	BUY
MOAIR (6.60%) 2029 (NEW) ¹¹	BB+/Stable	105.00	5.92%	BUY
BEEFBZ (4.88%) 2031	BB/Stable	85.65	7.22%	BUY
BERMUD (4.75%) 2029	A2/Stable	103.25	3.74%	BUY

⁸ 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

⁹ Issuer- Barbados, Industry- Sovereign, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 8.00%, Coupon Payment- Semi-annually, Maturity- June 26, 2035, Risk Profile - Aggressive

¹⁰ 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

¹¹ 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	103.00	4.55%	BUY
DOMREP (5.95%) 2027	BB/ STABLE	103.75	3.17%	BUY
DOMREP (6%) 2028	BB/ STABLE	104.75	4.22%	BUY
DOMREP (6.95%) 2037	BB/ STABLE	107.00	6.10%	BUY
DOMREP (8.63%) 2027	BB/ STABLE	106.50	4.43%	BUY
GM (5.4%) 2029	Baa2/ Stable	105.25	4.00%	BUY
JAMAN (6.75%) 2028	BB-/ Positive	106.00	4.32%	BUY
JAMAN (8.5%) 2036	BB-/ Positive	119.00	6.03%	BUY
KINGAIR (6.75%) 2036	BB/ STABLE	105.50	6.07%	BUY
LTMCI (7.625%) 2031 (NEW ISSUE!) ¹²	BB/Stable	107.00	6.07%	BUY
LTMCI (7.88%) 2030	BB/Stable	106.50	6.23%	BUY
NFLX (4.88%) 2030	A/Stable	107.75	3.12%	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	104.75	5.22%	BUY
NRG (6.25%) 2034	BB+/ Stable	100.25	6.21%	BUY
POSWDL (7.88%) 2040	BB/Stable	102.00	7.64%	BUY
PYPL (2.85%) 2029	A-/Stable	97.25	3.58%	BUY
SFC (5.3%) 2028	BB-/ POSITIVE	102.00	4.50%	BUY
TPHLTT (9%) 2029	Ba3/ STABLE	106.00	7.22%	BUY
TRAJAM (5.75%) 2036	BB/ Positive	95.25	6.35%	BUY

¹² **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
TGU (7.75%) 2033 (NEW ISSUE!) ¹³	BB/ STABLE	105.50	6.83%	BUY
BANORT (5.75%) 2031	Baa2/ Positive	99.00	1.39%	SELL
WBD (4.125%) 2029	BB+/ Negative Rating Watch	92.50	6.44%	SELL
CSOLNO (6%) 2027	B+/ Stable	15.00	1339.46%	SELL
NFE (6.5%) 2026	CCC/ Negative	38.50	129.59%	SELL

GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	104.10	4.15%
	2039	118.75	5.87%
	2045	117.85	6.29%

*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
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 August 29, 2025, the total aggregate current balance amounted to J\$60.99Bn, marking a 20.5% decrease compared to the previous week.

Demand for money market instruments remains strong, as evidenced by the oversubscription in the weekly Bank of Jamaica's (BOJ) 30-day Certificate of Deposit (CD) Auctions. The average yield on the 30-day CD Auction inched down to 5.94% from 5.97% the previous week. Total bids amounted to J\$61.76Bn relative to the J\$51.00Bn issue size, implying a bid-to-offer ratio of 1.21x. While the previous week's 1.58x bid-to-offer was higher, the bid amount was also higher at J\$66.59Bn and outweighed the lower offer size of J\$42.00Bn. The next auction date is set for September 3, 2025.

¹³ **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

SEPTEMBER 2025				
MON	TUE	WED	THUR	FRI
01	02	03	04	05
		CAD Labour Productivity (QoQ) (Q2)	US & CAD Trade Balance (July)	US & CAD Unemployment Rate (Aug)
				NCBFG Dividend Payment Date (\$0.50 per share)
				GHL Dividend Payment Date (TT\$0.22 per share)

Recommendations

Ticker	Closing Price (September 1, 2025)	P/E	Avg. Sector P/E	Current Recommendation
CAR	\$17.21	18.3x	17.1x	BUY
GK	\$71.63	8.7x	9.6x	BUY
SVL	\$18.84	28.1x	28.1x	BUY
TJH	\$3.69	8.4x	15.8x	BUY
TJHUSD	\$0.0241	8.6x	19.2x	BUY

Regional News

Govt. of Guyana Prioritises Gradually Extracting More Value from Hydrocarbons Sector

Having shifted from a frontier oil market to an established global export over the past decade, Guyana's economic strategy is to gradually capture a larger state revenue from future upstream projects. The 2022 model product sharing agreement (PSA), legislated in 2023, significantly improved fiscal terms for Guyana compared to the PSA signed in 2016 with ExxonMobil and its partners, which has overseen the start of oil production. The model PSA increased the royalty rate to 10.0%, introduced corporate income tax and lowered the cost-recovery ceiling to 65.0%. These terms govern the ongoing licensing round and signal a shift toward higher government revenues for future acreage. The Cabinet has already cleared one offshore award to a TotalEnergies, QatarEnergy, Petronas consortium, with other bidders advancing legal reviews, suggesting market acceptance of the new regime. Widening the economic benefits of oil and gas production will at first focus on reducing domestic energy costs. Guyana's Gas to Energy project aims to utilise domestically produced gas for electricity generation, and is slated to come online in 2026. Initial throughput will supply baseload generation, displacing diesel and heavy fuel oil. This should lower generation costs, reduce fuel imports and improve reliability. Future increases in natural gas output could enable LNG exports, or increased domestic utilisation of gas in downstream industries like fertilisers and petrochemicals in the longer term.

Long-term economic policy centres around prudent natural Resource Fund (NRF) management. IMF staff expect the fund to surpass USD13.0bn by 2030, equivalent to roughly 50% of 2025 GDP. The government aims for rules-based withdrawals and the careful sequencing of capital projects to avoid overheating and Dutch Disease effects. To date, the significant increase in government expenditures enabled by the oil boom has largely centred on improving the poor quality of Guyanese infrastructure and expanding the size of the welfare state, as well as supporting the development of the non-oil economy, with the government actively supporting the development of the local agribusiness, mining and tourism sectors.

Source ~ BMI, A Fitch Solutions Company

Dominican Republic Set to Prioritise Market-Friendly Reforms

Under the current centrist administration of President of the Dominican Republic, Luis Abinader, Fitch Solutions believes that the government will prioritise making market-friendly reforms in order to improve competitiveness and strengthen the island's export-facing economic model. While there is some attention paid to macroeconomic issues, such as reducing government spending and reforming the tax code, the current government has been focused on efforts to improve specific key sectors of the economy. Importantly, the government has been formulating an energy sector reform, most likely through a public-private partnership framework. The reforms are aimed at updating electricity infrastructure to reduce loss throughout the distribution system and improve access and affordability in hard-to-reach rural and urban areas. These measures complement the government's efforts to incentivise foreign investment into the green energy sector as well, to reduce reliance on imported fossil fuels and thereby lower and stabilise energy pricing.

Apart from energy sector policy, the government is also committed to simplifying labour market regulation and sustaining its export-oriented free zone framework. The governing PRM party has stated that over the remainder of 2025, it will be focused on reforming the social security system, alongside the labour code. The law looks to define the legal bounds, protections, and social security integration for 'teleworkers' to combat high levels of informal employment (nearly 50% of the labour force). Labour code reforms also look to strengthen anti-discrimination and family leave protections, while at the same time also moderating restrictions on terminating employees. Senate leaders have said that this reform push will complement an upcoming social security system reform that will look to reduce costs and red tape for businesses. Furthermore, the government will continue to protect the free zones framework, where much of the export-facing industrial production destined for the United States (U.S.) takes place. More than half of the Dominican Republic's goods exports are purchased by the US. Because the new tariff regime has diluted the tailwinds provided by low trade barriers and duties as part of the CAFTA-DR free trade agreement, free zones and the competitive advantage they provide vis-à-vis other US-oriented producers will become all the more important. While not a key short-term policy item, Fitch believes that the government is likely to expand tax benefits for operators in industrial free zones, to strengthen the island's export-facing manufacturing base to offset the drag posed by U.S. tariffs.

Source ~ BMI, A Fitch Solutions Company

International News

Iran: Snapback Sanctions Will Further Isolate Tehran and Stall Diplomacy

France, Germany, and the UK (collectively the E3) have initiated the process of restoring major UN sanctions on Iran, which were lifted under the 2015 Nuclear Deal, as a means of pressuring the Islamic Republic to resume talks over its nuclear programme with the US. The so-called snapback mechanism could result in the return of sanctions in 30 days. Although the economic impact of the snapback will be limited, given existing US sanctions (and tighter enforcement of these sanctions), it will further isolate Iran diplomatically and exacerbate economic pressures in the country. The Iranian rial, a broad bellwether of economic sentiment, has already breached IRR1,000,000/USD on the parallel market (see chart below, left). Thus far, the Iranian government has been able to take advantage of increased nationalist sentiment in the aftermath of the 12-day war with Israel in June to contain unrest, but this could quickly change if sanctions worsen Iranians' livelihoods.

In Iran's calculus, meeting E3 demands would be costly as it would lose its nuclear ambiguity cards with only a limited reward. At the same time, the US continues to demand zero enrichment of uranium on Iranian soil, which is a red line for Tehran. Overall, uncertainty over Iran's nuclear ambitions will persist, and there is still a risk that Tehran could pursue the development of nuclear weapons in secret. Concerns about this scenario, especially in Israel, will keep risks of a new war elevated over the medium term.

Source ~ BMI, A Fitch Solutions Company

U.S. Shoppers' Orders Cancelled as World Shuts Down Some American-Bound Shipments

United States (U.S.) shoppers ordering smaller goods from abroad are being met with waves of cancellation notices ahead of a key trade rule change ordered by the Trump administration. On Friday, the United States ended the nearly century-old "de minimis" exemption, which allowed items worth less than \$800 to be shipped to the country duty-free, or without having to pay any tariffs. In advance of the official termination date for the exemption, many European nations, alongside Australia, India, Japan, South Korea, Taiwan, Thailand and New Zealand, have announced

suspensions of U.S.-bound shipments. Mexico's postal service announced Thursday it was suspending package deliveries to the United States because of the pending changes.

U.S. e-commerce hubs have been posting notices warning customers about shipping disruptions. Last week, Etsy announced it would no longer process purchases for goods sent via Australia Post, Canada Post and the United Kingdom's Evri and Royal Mail services in anticipation of those firms' shutting down U.S. deliveries. "Given the complexities, legal requirements, and poor experience, many postal providers will be suspending", delivery options to the U.S., Etsy said. Online auction site eBay has likewise warned that sellers who rely on foreign postal services may have to find alternative shipping processors to get their products to U.S. customers. Canada Post said Thursday it had contracted with a third-party duty processor to keep parcels flowing into the United States. Private, third-party carriers that may already have tariff-collection systems can cost as much as four times the cost of sending an item by regular post, said Alison Layfield, vice president of product development at ePost Global, a California-based logistics firm. "Customers are going to be very shocked," she said. While foreign postal systems have no problem making deliveries to the United States, they don't have systems to process tariffs and pay them into U.S. Customs and Border Protection, Layfield said. In essence, the Trump administration is now asking foreign mail carriers to act as import tax collectors on behalf of the U.S. government — something they aren't set up to do or may be refusing to do, she said.

Source ~ Reuters

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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.