

# ▶ Market Guide

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“The desire to perform all the time is usually a barrier to performing over time.” – Robert Olstein

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## Caribbean Credit Ratings – Fallen Angels and Rising Stars

Having a good credit rating, like a good reputation, is hard to earn, easy to lose, and even harder to rebuild. This notion is especially true among Caribbean sovereigns, like the Bahamas, Barbados, Jamaica, and Trinidad and Tobago (T&T), where their small-island developing economies face several vulnerabilities. Global Financial Crises, weather-related shocks, underperformance of key sectors like tourism and energy and over-reliance on debt to cover fiscal deficits caused material setbacks to their credit ratings. But recent history shows that even after steep downgrades, a big comeback is possible. The Bahamas has shown early signs of a recovery, while Barbados (a fallen angel) and Jamaica, for example, both mired in debt distress and rating downgrades in the past, have staged striking comebacks. T&T, however, is at a crossroads after more than a decade of credit rating downgrades due to structural weaknesses in the economy and a decline in its energy sector. This week, we will explore how these four nations, bound by regional similarities but separated by policy choices, reform momentum, and economic growth, have charted markedly different paths with their credit ratings.

### Bahamas: From Slippage to Stabilisation

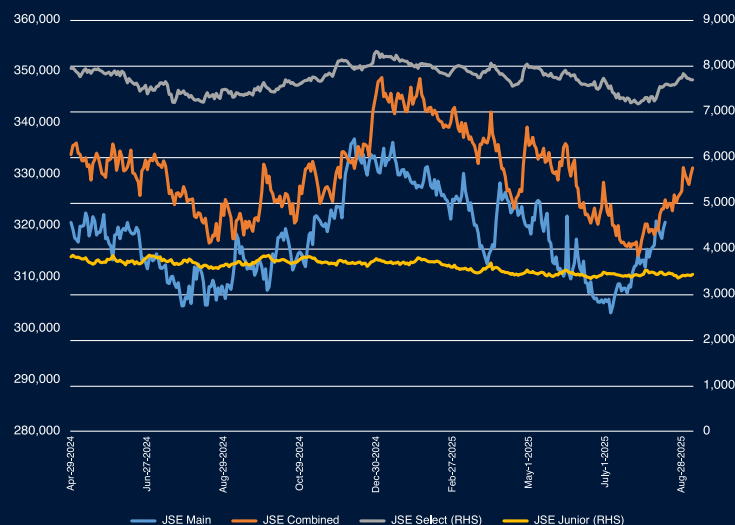
The Bahamas has begun to see stability in its creditworthiness after a period of fiscal challenges and weather-related shocks. The sovereign's credit ratings lost ground as its debt-to-GDP ratio ballooned over 50.0% in 2017 from the low of 20.0% in the early 2000s, against the backdrop of weak economic growth and high fiscal deficits. Once an investment-grade sovereign, a period of rapid government

spending and repeated misses of fiscal targets led to the average central government fiscal deficits tripling from 1.1% of GDP between 1998-2007 to 3.8% between 2008-2017. Consequently, Moody's downgraded The Bahamas from a high of A3<sup>1</sup> to Baa3 by 2016, the lowest investment-grade level, while Standard and Poor's (S&P) progressively cut its rating from A-<sup>2</sup> to BB+ by 2017, stripping the country of investment-grade status. Later, there were further downgrades to B1/B+ (Moody's/S&P) between 2021 and 2022 as Hurricane Dorian in 2019 and the COVID-19 pandemic exposed the vulnerabilities that the country's reliance on tourism and its still-limited fiscal buffers created. Since then, the Bahamian economy has staged a steady economic recovery, fueled by a tourism rebound, enhanced fiscal accountability, and greater transparency and efficiency in debt management. Public finances have strengthened significantly, with the fiscal deficit narrowing to 1.3% of GDP in FY2023/24, down from 3.7% in FY2022/23. The primary balance also swung from a deficit of 1.4% of GDP to a surplus of 2.9%, its highest level in at least 25 years. These improvements, along with enhanced access to multilateral development financing and growing domestic financing options, have boosted the country's financial flexibility. Reflecting these gains, Fitch Ratings (Fitch) issued its first-ever rating on the sovereign at BB- in 2025, one notch above both Moody's and S&P. For its part, Moody's revised its rating outlook to positive from stable, given the greater probability that fiscal consolidation will strengthen the Bahamas' credit profile over time.

<sup>1</sup> Bahamas' first rating downgrade by Moody's came on December 14, 2012, when it moved from A3 to Baa1

<sup>2</sup> Bahamas' first rating downgrade by S&P came on December 23, 2009, when it moved from A- to BBB+

### WEEKLY MOVEMENT IN INDICES



### MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	331,131.39	-0.03%	-4.82%
Main Market Index	320,622.66	-0.07%	-4.52%
Select Index	7,682.76	-1.68%	-7.27%
Junior Market Index	3,424.93	+0.53%	-8.30%

### WINNERS & LOSERS FOR THE WEEK ENDED SEPTEMBER 5, 2025

	\$ Change	% Change
CHL	\$3.16	27.87%
KLE	\$0.15	21.43%
MTL	(\$0.01)	-15.13%
SOS	(\$0.25)	-13.44%

### MARKET OVERVIEW

Trading activity slowed week-over-week (WoW), with market volume amounting to 66.46Mn units (J\$302.0Mn) for the week ended September 5, 2025. This represented a 59.9% and 60.6% decrease in volume and value, respectively, compared to the previous trading week. Trading activity narrowed, with the top three volume leaders accounting for 54.9% of total market volume, compared to 35.1% in the previous week, suggesting a higher concentration of trading activity in the top 3 movers. The top 3 movers were TransJamaican Highway Limited ordinary shares with 27.84Mn units (36.9%), TransJamaican Highway Limited USD Shares 8.57Mn units (11.4%), and Wigton Energy Limited with 5.02Mn units (6.7%).

The market, as measured by the JSE Combined Index, inched down by 0.1%, with 64 of the 124 stocks that traded advancing, 52 declining, and 8 remaining unchanged. In total, six (6) of the nine (9) JSE indices declined. The main decliners were the JSE USD Equities (-2.08%) and the JSE Select (-1.68%) Indices. For the JSE USD Equities Index, declines in TransJamaican Highway Ltd. USD (TJHUSD: -3.92%) and Proven Group Ltd. (PROVEN USD: -7.58%) shares were the major drivers. Meanwhile, the decline in the JSE Select Index was primarily due to declines by Carreras Ltd. (CAR: +2.52%) and GraceKennedy Ltd (GK: -2.32%). In contrast, a price jump by Guardian Holdings Ltd. (GHL: +8.41%) was the primary factor in the JSE Cross-Listed Index (+2.84%) being the biggest advancer. There was no news to support the movements for advancers or decliners.

## Barbados' Credit Revival: From Fallen Angel to Rising Star

Barbados offers an even more impressive turnaround from fallen angel to now being an emerging star. Once praised for fiscal and monetary policy prudence, manageable debt, and sound economic policies<sup>3</sup>, the sovereign slipped into crisis. The 2008-09 Global Financial Crisis led to a prolonged recession, with GDP growth averaging 0.3% between 2010-2015 as foreign currency reserves came under pressure. In 2017, the IMF deemed its debt situation unsustainable as gross financing needs ballooned from 16.0% to 51.0% of GDP, and public debt doubled from 77.0% to 158.0% of GDP. As public debt grew, investor confidence and Barbados' credit quality deteriorated. Moody's executed six (6) rating downgrades, while S&P executed seven (7) between 2009 and 2017. These downgrades took Barbados from a rating high of Baa2/BBB+ to Caa3/CCC+ by 2017 and eventually to Selective Default (SD)<sup>4</sup> on June 6, 2018 (S&P). After defaulting, Barbados restructured its public debt, supported by an Extended Fund Facility (EFF) by the IMF<sup>5</sup> and fiscal and economic reform under the Barbados Economic Recovery and Transformation (BERT) programme. Since then, the sovereign's economic growth (2022-2024 avg.: 8.2%) has been driven by its business services, tourism, and construction sectors. The sovereign is also enjoying an era of consistent primary surpluses, a narrowed average fiscal deficit of 0.6 % of GDP in FY2024/25 relative to 4.6 % (2015-2018), and a lower public debt of 102.3% putting it on track to reach its 60.0% target by FY2035/36. These achievements have translated into six (6) rating upgrades across all Big 3 rating agencies, with Barbados now rated B/B+/B2 (S&P/Fitch/Moody's). Though still well off its peak investment grade years, Barbados is firmly on an upward trajectory, reflecting global recognition of its improved fiscal, economic, and institutional framework.

## Jamaica's Credit Renaissance: Discipline After Distress

Like Barbados, Jamaica also grappled with high public debt, persistent fiscal

**Continued proactive approaches to fiscal and economic challenges should create a favourable track record that will further enhance access to multilateral financing, improve the profile of public finances, strengthen credit ratings, and boost investor confidence.**

deficits, and sluggish growth after the 2008 financial crisis. The sovereign faced notable credit challenges in 2010, when it was downgraded to a low of SD/RD / Caa1 (S&P/Fitch/Moody's) following fiscal adjustment efforts that failed to stabilise public finances. External vulnerabilities, as evidenced by large current account deficits, were also compounded by a sustained decline in international reserves. To combat the twin challenges of low economic growth and high public debt (140.0% of GDP by 2009), the Jamaica Debt Exchange (JDX) was launched in January 2010 to offer relief to fiscal accounts through a sizable reduction of coupon rates as well as through the extension of maturities on most domestically issued bonds. Again, in 2013, Jamaica's government announced a US\$9.1Bn domestic debt exchange. Despite not having any implications on international investors, the sovereign was downgraded to a low of SD/RD<sup>6</sup>/Caa3 (S&P/Fitch/Moody's), as this exercise constituted a distressed debt exchange<sup>7</sup> (DDE). At that time, the debt level remained high at roughly 119.0% of GDP. However, after facing significant distress, Jamaica eventually turned the corner through structural reforms and disciplined fiscal consolidation supported by a Stand-By Arrangement<sup>8</sup> (SBA) and EFF<sup>9</sup> forged with the IMF. Debt-to-GDP has fallen to 62.4% in FY2024/25, with healthy primary balances (5.7% in FY2024/25), bringing the sovereign closer to the mandated FY2027/28 debt-to-GDP target of 60%. The current account also remains broadly balanced, buoyed by tourism, remittances, and recovering bauxite and alumina exports. These have resulted

in Jamaica maintaining historically high Net International Reserves (NIR) levels, allowing the country to absorb economic shocks and finance its obligations. With these successes, the sovereign has seen a credit ratings renaissance (a total of 14 rating upgrades across all agencies) and is currently rated BB-/BB-/B1 (S&P/Fitch/Moody's), with positive outlooks across all three agencies. This reflects Jamaica's highest credit rating by both Fitch and S&P, though still below its Moody's high of Ba3 (1998-2003). The sovereign's inflation-targeting monetary framework, ongoing commitment to large primary surpluses, and continued debt reduction are expected to further increase Jamaica's credit resilience and, by extension, its credit ratings over time.

## T&T's Credit Rating Slide: Once a Star, Now at Risk

While some Caribbean nations have leveraged IMF support and structural reforms to stabilise or improve their ratings, Trinidad and Tobago (T&T) has struggled. Once buoyed by energy wealth, it has faced slow fiscal adjustments and prolonged economic stagnation as its energy sector declines. T&T lost its investment-grade status (Baa1 up to April 29, 2015) from Moody's, and is now speculative grade (Ba2), while only holding onto the lowest level of investment-grade by S&P (BBB-), down from its previous A rating (up to April 21, 2016). Its challenges were further exacerbated by the severe shock to global oil and gas, triggered by COVID-19, exposing T&T's dependence on hydrocarbons and its lack of economic diversification. Although the government has since introduced fiscal reforms to reduce sensitivity to energy price swings and supported a modest non-energy sector recovery, structural issues persist. However, the sovereign's economy is showing signs of improvement for the first time in a decade (according to the IMF), driven by growth in its non-energy sector. That said, greater economic diversification is still needed to deliver a return to positive, sustainable economic growth, owing to continuous disappointments in energy production, such as delays to new projects

3Moody's Rating, Barbados' Baa2 Ratings and Stable Outlook Based on Prudent Financial Management and Low Debt, Though Problems Persist, September 10, 2023

4A selective default occurs when a borrower fails to pay one or more of its financial obligations but continues to meet others in a timely manner.

5 On October 1, 2018, the IMF approved a four-year EFF for Barbados for an amount equivalent to SDR 208Mn (about US\$290Mn)

6Restricted default (RD) ratings indicate an issuer that, in Fitch's opinion, has experienced an uncured payment default or distressed debt exchange on a bond, loan or other material financial obligation, but has not entered into bankruptcy filings.

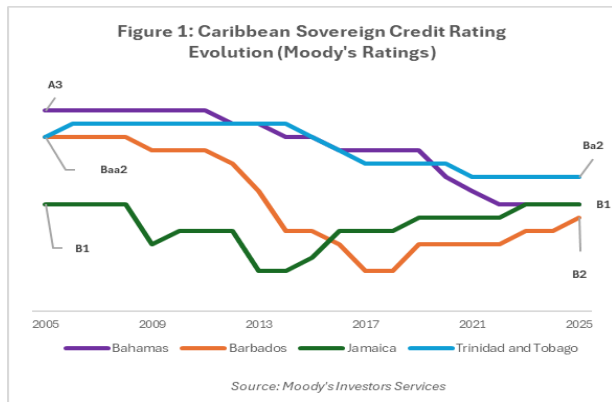
7A transaction where a company facing financial distress offers existing debt holders new debt or equity securities, often with a reduced principal (a "haircut") or different terms, in exchange for their current, higher-risk debt.

8On February 4, 2010, the IMF Executive Board approved a 27-month SBA in an amount equivalent to Special Drawing Rights (SDR) 820.5Mn

9In 2013, about US\$750Mn, a 48-month arrangement. In 2017, Jamaica requested to cancel the EFF and replace it with a 36-month SBA totalling US\$1.63Bn.

and unexpected disruptions to current production. Additionally, it is unlikely to see any rating improvements until it establishes a track record of continued primary surpluses, which would place adjusted general government debt/GDP on a downward trajectory (73.1% as at Dec. 2024<sup>10</sup>).

Overall, the divergent credit rating paths for the Bahamas, Barbados, Jamaica, and Trinidad and Tobago in part reflect differences in their approaches to reform and fiscal consolidation. While the Bahamas, Barbados, and Jamaica experienced downgrades due to unsustainable debt, limited economic growth, and external shocks, both Barbados and Jamaica have emerged stronger by successfully implementing reforms, improving fiscal governance, and building economic resilience. The Bahamas is steadily following suit as its robust recovery in recent years has helped to reduce the fiscal deficit and contain the sovereign's debt burden. Continued proactive approaches to fiscal and economic challenges should create a favourable track record that will further enhance access to multilateral financing, improve the profile of public finances, strengthen credit ratings, and boost investor confidence. This renewed investor confidence has enabled Barbados, the Bahamas, and Jamaica to re-enter capital markets with new bond issuances in recent months (see BARBAD 8.00% 2025, BAHAMA 8.25% 2036 and MOAIR 6.60% 2029), with more favourable borrowing costs for Jamaica. Nonetheless, maintaining and improving credit quality will depend on continued prioritisation of sustainable development, climate resilience, external buffers, and prudent fiscal management.



## Foreign Exchange Market

For the week ending September 5, 2025, the Jamaican dollar (JMD) depreciated slightly (-0.1%) with the USD selling rate marginally increasing from J\$161.09 on August 29, 2025, to J\$161.31 on September 5, 2025. While slightly lower than the previous week, the changes are negligible, and there weren't any significant developments.

Selling	Close: 08/29/25	Close: 09/05/25	Change
J\$/US\$1	\$161.09	\$161.31	\$0.22
J\$/CDN\$1	\$119.05	\$118.36	(\$0.69)
J\$/GBP£1	\$217.98	\$217.78	(\$0.20)

## Global Bond Prices

A court decision against the Trump Administration's tariffs early in the week, and a string of weak labour market data were the main news items impacting the bond market. A federal appeals court ruled that most of President Donald Trump's global tariffs are illegal, striking a blow to the core of his aggressive trade policy. The decision to knock down most of the Trump administration's tariffs raised the prospect of the government having to repay the money already brought in, stretching an already-stressed U.S. fiscal situation. The duties remain in place for now, as the appellate court paused its ruling from taking effect until October 14th, giving the Trump administration time to ask the Supreme Court to reverse the decision. Meanwhile, on the labour market front, U.S. employment growth showed further signs of slowing last month, as Nonfarm payrolls indicated that only 22,000 jobs were added in August. Economists polled by Dow Jones expected an increase of 75,000. Additionally, the unemployment rate ticked up to 4.3%, in line with expectations. Adding to the string of weak labour market news, data processing firm ADP reported that private payrolls data came in weaker-than-expected, rising by just 54,000 in August. Like the Nonfarm payrolls, the ADP data was also below the forecast of 75,000 from economists polled by Dow Jones and represents a slowdown from the 106,000 gain in July. Some analysts view the weak labour market data as a sign of labour market fatigue as businesses hold back on hiring amid uncertainty around the direction of inflation, tariffs and the strength of the underlying economy.

Amid the weak labour data, markets are expecting a policy rate cut after the Federal Reserve (The Fed) meets on September 17th. According to the CME Fed Watch tool, which leverages futures market trading data to predict rate cut probabilities, there is an 89% chance of a 25 basis point (bps) cut. A 50bps cut is also in play with the CME tool, punching in an 11% probability up from a 0% probability before the labour market data was released.

With the market anticipating the rate cuts, U.S. Treasury yields declined WoW. The 10-year Treasury yield closed at 4.08% on September 5th, down 15.6 bps from 4.23% the previous week. Similarly, yields on Bermuda, Barbados, Costa Rica and Trinidad and Tobago and Panama declined WoW. Given the inverse relationship between bond prices and yields, the lower yields imply that the prices of these bonds appreciated WoW.

<sup>10</sup>According to IMF data, T&T's general government gross debt to GDP ratio increased by 199% between 2010 and 2025 (20.9% in 2010 to 62.5% in 2025).

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
BAHAMA (6.95%) 2029	BB-/ Stable	102.5	6.26%	BUY
BAHAMA (8.25%) 2036 (NEW ISSUE!) <sup>11</sup>	BB-/ Stable	106.75	7.33%	BUY
BAHAMA (8.95%) 2032	BB-/ Stable	110.25	7.08%	BUY
BAHAMA (9.00%) 2029	BB-/ Stable	109.25	6.20%	BUY
BARBAD (8.00%) 2035 (NEW ISSUE!) <sup>12</sup>	B+/ Stable	103.25	7.52%	BUY
BCRED (6.00%) 2032 (NEW) <sup>13</sup>	BBB-/ Positive	104.5	5.16%	BUY
BEEFBZ (4.88%) 2031	BB/ Stable	85.65	7.22%	BUY
BERMUD (4.75%) 2029	A2/Stable	103.25	3.73%	BUY
DOMREP (5.5%) 2029	Ba2/ Stable	103	4.55%	BUY
DOMREP (6%) 2028	Ba2/ Stable	104.75	4.21%	BUY
DOMREP (6.95%) 2037	Ba2/ Stable	107	6.09%	BUY
DOMREP (8.63%) 2027	Ba2/ Stable	106.5	4.38%	BUY
GM (5.4%) 2029	Baa2/ Stable	105.25	4.00%	BUY
JAMAN (6.75%) 2028	BB-/ Positive	106	4.31%	BUY
JAMAN (8.5%) 2036	BB-/ Positive	119	6.02%	BUY
KINGAIR (6.75%) 2036	BB/ Stable	105.5	6.07%	BUY
LTMCI (7.625%) 2031 (NEW ISSUE!) <sup>14</sup>	BB/ Stable	107	6.06%	BUY
LTMCI (7.88%) 2030	BB/ Stable	106.5	6.22%	BUY

<sup>11</sup> 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

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

<sup>13</sup> 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

<sup>14</sup> 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
MOAIR (6.60%) 2029 (NEW ISSUE!) <sup>15</sup>	BB+ / Positive	105	5.92%	BUY
NFLX (4.88%) 2030	A/Stable	107.75	3.11%	BUY
NFLX (5.875%) 2028	A/Stable	94	8.05%	BUY
NRG (3.88%) 2032	BB+/ Stable	103.25	3.31%	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	7.64%	BUY
PYPL (2.85%) 2029	A-/Stable	97.25	3.58%	BUY
SFC (5.3%) 2028	BB-/ Positive	102	4.49%	BUY
TGU (7.75%) 2033 (NEW ISSUE!) <sup>16</sup>	Ba3/ Stable	106	7.21%	BUY
TPHLTT (9%) 2029	BB/ Positive	95.25	6.35%	BUY
TRAJAM (5.75%) 2036	BB/ Stable	107.25	6.54%	BUY
BANORT (5.75%) 2031	Baa2/ Positive	99	1.39%	SELL
CSOLNO (6%) 2027	B+/ Stable	15	1339.46%	SELL
NFE (6.5%) 2026	CCC/ Negative	38.5	129.59%	SELL
WBD (4.125%) 2029	BB+/ Negative	92.5	6.44%	SELL

<sup>15</sup> 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

<sup>16</sup> 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

## GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	104.35	3.96%
	2039	119.9	5.75%
	2045	119.25	6.18%

\*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	2025	6.50%	100.85	6.03%
SJPC	2027	8.15%	100.35	8.02%
PBS	2032	8.85%	103.75	8.18%

## 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 September 5, 2025, the total aggregate current balance was J\$52.61Bn, marking a 13.7% decrease compared to the previous week.

Demand for money market instruments remains strong, as evidenced by the oversubscription in the Bank of Jamaica's (BOJ's) weekly 30-day Certificate of Deposit (CD) Auctions. Total bids amounted to J\$32.05Bn relative to the J\$19.00Bn issue size, implying a bid-to-offer ratio of 1.69x. While the previous week's 1.21x bid-to-offer was lower, the bid and offer amounts were higher at J\$61.76Bn and J\$51.00Bn, respectively. The average yield on the 30-day CD auction inched down to 5.89% from 5.94% the previous week. The next auction date is set for September 10, 2025. The BOJ also conducted a 14-day Repurchase Operation with deposit-taking institutions in the amount of J\$500Mn. The total value of bids received was equal to the offer amount and yielded an average of 6.10% down from 6.15% in the previous auction.

There were also oversubscriptions for Government of Jamaica (GOJ) Treasury Bills (T-bills) provided by the Debt Management Branch, Ministry of Finance and the Public Service. Both tenors (the 91-day and 182-day) bills, each with J\$700.00Mn offer sizes, were oversubscribed. The amount applied for the 91-day T-bill totalled J\$1.86Bn (2.66x bid-offer) and the 182-day totalled J\$3.06Bn (4.37x bid-offer) with average yields of 5.19% and 5.24%, respectively. This compares to 5.18% and 5.33%, respectively, for the August 5, 2025, auction results. The next auction date is October 8, 2025.

# Dates to watch this week

■ International ■ Local

SEPTEMBER 2025				
MON	TUE	WED	THUR	FRI
08	09	10	11	12
		US Core PPI (MoM) & Core CPI (MoM) (Aug)		UK GDP (MoM) (Jul)
				BPOW Dividend Payment Date (\$0.10 per share)
				EPLY Dividend Payment Date (\$0.102 per share)
				SIL Dividend Payment Date (US\$0.000484 per share)

## Recommendations

Ticker	Closing Price (September 8, 2025)	P/E	Avg. Sector P/E	Current Recommendation
CAR	\$17.26	18.4x	17.7x	<b>BUY</b>
GK	\$68.78	8.3x	9.2x	<b>BUY</b>
SVL	\$19.49	29.1x	29.1x	<b>BUY</b>
TJH	\$3.70	8.4x	15.3x	<b>BUY</b>
TJHUSD	\$0.02	8.6x	19.2x	<b>BUY</b>

## Regional News

### Brazil Hosts FAO Bird Flu Conference After Short-Lived Outbreak

The United Nations' Food and Agriculture Organisation (FAO) has chosen Brazil, which in May reported its first outbreak of bird flu on a chicken breeder farm, to host next week's global event on prevention and control of the disease. Bird flu has spread around the globe and led to hundreds of millions of poultry being culled. It has also been reported in dairy cows, cats, and humans.

In an interview on Friday, Jorge Meza, FAO's representative for Brazil, praised Brazil's robust bio-security protocols, saying the country has "a lot to share" with other nations. Meza said national systems can be strengthened through Brazil's regional leadership, which would involve information sharing, capacity building and transfer of good practices. Mitigating the devastating impacts of the bird flu, which triggered trade bans against Brazil and other poultry producers, requires an integrated response supported by constant investments from both the public and private sectors, according to FAO. "No country or sector can face this crisis alone," the agency said in a statement.

Brazil sends chicken to some 150 countries around the world. While some importers relaxed trade restrictions after Brazil controlled the outbreak in June, top buyer China, has not resumed buying. So far, Brazil has avoided widespread bird flu among commercial poultry flocks similar to those that recently devastated European and U.S. farms. But there are vulnerabilities, notably at smaller chicken and egg producers in Brazil, who employ alternative modes of production and handle millions of animals. Meza confirmed that raising cage-free or free-range chickens carries a greater risk, as flocks could be more exposed to contact with infected wildlife. To reduce risk, mapping out all chicken farms, big and small, is crucial, according to FAO's Andres Gonzalez, an expert in sustainable livestock. "This allows for direct contact with producers, before an emergency, to disseminate best practices. And, if there is an emergency, apply control measures as soon as possible," Gonzalez said.

Source ~ Reuters

### Venezuelan Military Aircraft Fly Near US Warship In 'Provocative Move'

Two Venezuelan F-16 fighter jets flew over a U.S. Navy destroyer in the Caribbean on Thursday, a U.S. official told Reuters, triggering a stern U.S. warning to Venezuela against interfering in intensifying U.S. military operations in the Caribbean. The incident, which the Pentagon said occurred in international waters, further raises tensions just two days after a U.S. strike killed 11 people aboard a vessel from Venezuela that President Donald Trump said was carrying illegal narcotics.

Legal experts have raised questions about the attack, despite the Trump administration's arguments that it has the authority to strike alleged members of the criminal gang Tren de Aragua, trafficking drugs to the United States after Washington designated it a terrorist organisation earlier this year. In a terse statement confirming only the broad outlines of the incident, the Pentagon equated Venezuelan President Nicolas Maduro's government to a narco-trafficking cartel, allegations Caracas denies. Trump has accused Maduro of running the Tren de Aragua.

Trump's decision to blow up a suspected drug vessel passing through the Caribbean, instead of seizing the vessel and apprehending its crew, is highly unusual and evokes memories of the U.S. fight against militant groups like al Qaeda. U.S. Defence Secretary Pete Hegseth defended the strike in comments to reporters earlier on Thursday and vowed such activities would continue, citing the threat that illegal narcotics pose to public health in the United States. "The poisoning of the American people is over," Hegseth said. Rep. Ilhan Omar, a Democrat from Minnesota, condemned what she called Trump's "lawless" actions in the southern Caribbean. "Congress has not declared war on Venezuela, or Tren de Aragua, and the mere designation of a group as a terrorist organisation does not give any President carte blanche to ignore Congress's clear Constitutional authority on matters of war and peace," Omar said in a statement.

Source ~ Reuters

# International News

## China Export Growth Seen Slowing In August As US Trade Truce Boost Fades

China's export growth probably slowed in August, weighed down by weaker shipments to the U.S. as a temporary boost from Beijing's tariff truce with its top consumer market fades. The threat of higher U.S. duties on Chinese goods rerouted via other markets and a high base of comparison from last August were also expected to produce a more modest expansion than the previous month. Outbound shipments were expected to have risen 5.0% in value terms year-on-year, according to the median forecast of 23 economists in a Reuters poll, down from a forecast-beating 7.2% increase in July. Imports likely grew 3.0%, down from 4.1% a month prior, as a persistent property sector downturn, rising job insecurity, and the tapering of consumer-focused stimulus keep domestic demand in the doldrums.

U.S. President Donald Trump's erratic trade policy - marked by multiple rounds of tit-for-tat tariff hikes with Beijing and other forms of trade restrictions - has heaped pressure on China's export-oriented economy, posing a serious test to its long-standing growth model. The world's two largest economies, on August 11, agreed to extend their tariff truce for another 90 days, locking in place U.S. levies of 30% on Chinese imports and 10% Chinese duties on U.S. goods, but they appear to be struggling to chart a path beyond the current pause. Once Trump's tariffs top 35%, they become prohibitively high for Chinese exporters, economists warn. A visit by senior Chinese trade negotiator Li Chenggang to Washington late last month yielded little of substance. Meanwhile, China's container ship departures for the U.S. continued to fall. They were down an annual 24.9% in the 15 days ending September 3, compared with a 12.4% drop a week earlier, according to data from Citi.

Chinese producers are trying to export more to markets in Asia, Africa and Latin America to offset the impact of Trump's tariffs, but no other country comes even close to U.S. consumption power, which once absorbed over \$400 billion of Chinese goods annually. And with Trump in July threatening a 40% penalty tariff on goods deemed transshipped to the U.S. to evade his earlier levies, Chinese factory owners can no longer find buyers that way. One exporter said the scramble to fill order books elsewhere has descended into a "mad rat race." China's August trade surplus is forecast to edge up to \$99.20 billion, from \$98.24 billion in June, but still well below June's \$114.7 billion. Analysts are watching

to see whether officials will roll out additional fiscal support in the fourth quarter to spur domestic demand and offset weakening exports.

Source ~ Reuters

## Russia's Putin Denies Economy Is Stagnating, As Evidence Suggests Otherwise

President Vladimir Putin denied on Friday that Russia's economy was stagnating, despite a report from the central bank that suggests it is technically in recession. In a speech to an economic forum in the Pacific port of Vladivostok, Putin defended the central bank's use of very high interest rates, currently at 18%, to tackle inflation - a stance fiercely criticised by business leaders and bankers. A graph published in a central bank report this week showed Russia's gross domestic product shrank for two consecutive quarters, a standard definition of what economists call a technical recession. Sberbank CEO German Gref, one of Russia's most powerful bankers, said on Thursday that the economy was in "technical stagnation", and the central bank needed to slash rates.

Asked whether he agreed with Gref, Putin said: "No. He knows we are in constant contact with him. He participates in many of our meetings, which are held, including those with me, with the government, and the central bank." Gref is a long-term associate of Putin and drafted the president's first economic strategy in the early 2000s. The central bank did not elaborate on its graph showing two quarters of shrinking GDP. The statistical agency estimated GDP contraction at 0.6% in the first quarter on a quarterly basis, but has not yet published data for Q2. There is no precise definition for the "technical stagnation" referred to by Gref. Russian news agencies were briefed this week that the economy is projected to grow by 1.2% in 2025, a sharp slowdown from 4.3% in 2024. Growth downgrades and a rising budget deficit form part of a pattern of evidence of the mounting strain on Russia's economy from the 3-1/2 year war in Ukraine

Source ~ Reuters

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