Leading Economic Indicators

July 2026

GraceKennedy Capital Management

Jamaican Macroeconomic Trends

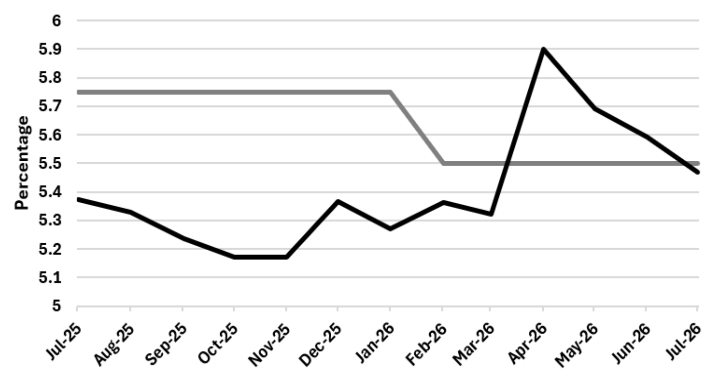
Indicators	Period	Year 2026	Year 2025	Change Monthly	Change YTD	Change 12-Month	12 Mth Trend
CAPITAL MARKET INDICATORS							
180-day GOJ T-bill	July	5.47%	5.37%	-12bps	10bps	10bps	▲
BOJ Policy Rate	July	5.50%	5.75%	0bp	-25bp	-25bps	▼
FX Rate	July	159.48	161.25	0.61%	-0.16%	-1.09%	▼
JSE Main Index	July	374,012	308,603	5.70%	17.62%	21.20%	▲
KEY MACRO-ECONOMIC INDICATORS							
Inflation (Y-o-Y)	June	6.70%	3.80%	120bps	220bps	290bps	▲
NIR (US$M)	June	6,489	5,836	0.09%	3.17%	11.20%	▲
Tourist Arrivals	Jan-May	1,549,488	1,863,961	-27.09%	-16.87%	-13.62%	▼
Unemployment	Apr-Jun	3.70%	3.30%	-	40bps	-40bps	▲
Real GDP Growth Rate ++	Jan-Mar	-5.90%	1.10%	-	120bps	-70bps	▼
Public Debt (J$B)	May	2,338	2,190	0.90%	6.40%	6.77%	▲
Fiscal Surplus/(Deficit) (J$M)+	Apr-Jun	($23,762)	($38,248)	-	-	-37.87%	▲

****KEY: Arrow Indicates Direction / Color Indicates Impact***

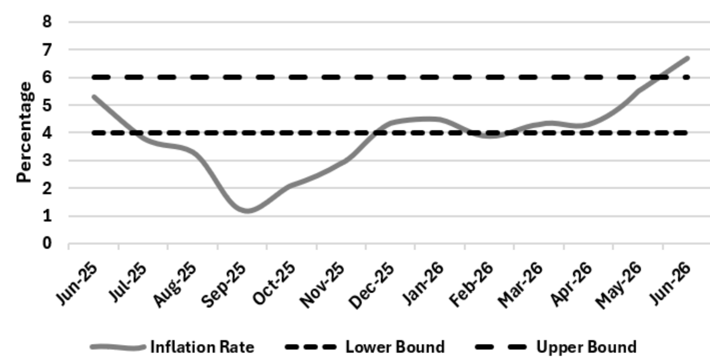
++ The values are for CY 2026 and the comparable CY2025 period

+YTD is based on the GOJ fiscal year which runs from Apr - Mar

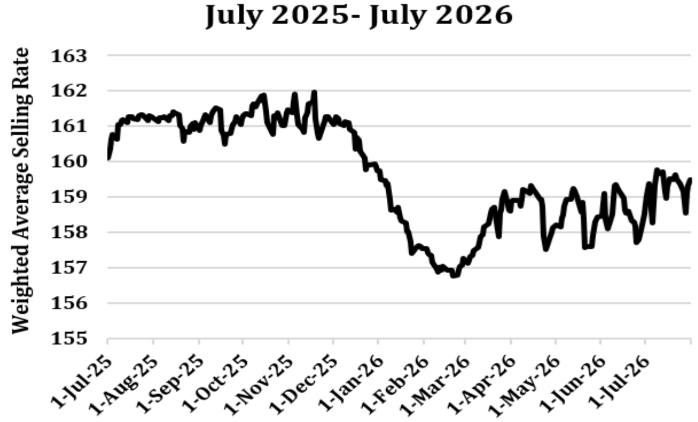
Local Policy & T-bill Rates
July 2025- July 2026



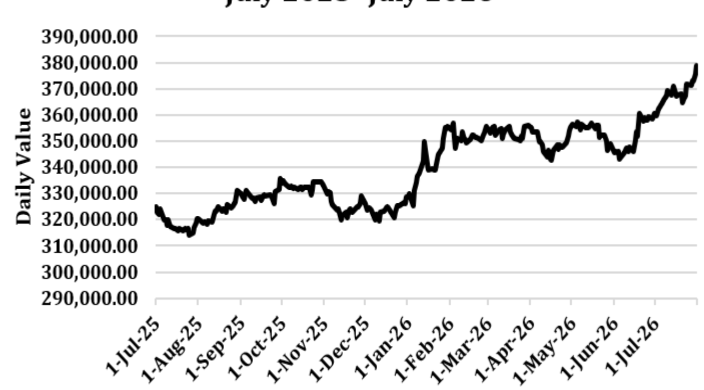
12-Month Point-to-Point
Inflation Trend: June 2025- June 2026



USD Weighted Average Selling Rate
July 2025- July 2026



JSE Combined Index
July 2025- July 2026



The Bank of Jamaica (BOJ) maintained its policy rate at 5.50%, reflecting a cautious approach as inflation rose to 6.70%, above the Bank's target range. While higher food and energy prices remain key drivers, persistently elevated inflation could delay future monetary easing.

Fixed-income markets remained broadly supportive, with the 180-day Treasury bill yield declining to 5.47%, suggesting strong liquidity conditions and continued demand for government securities.

The Jamaican dollar depreciated modestly during July, with the weighted average selling rate moving to J$159.48, representing a 0.61% monthly depreciation. Nevertheless, the currency remained stronger than its level a year ago, supported by BOJ interventions and Jamaica's strong external buffers.

Net International Reserves increased to US$6.48 billion in June, providing a significant cushion against external shocks and reinforcing confidence in Jamaica's external position.

Economic activity remained below trend, with GDP contracting 5.90% in the first quarter largely due to hurricane-related disruptions. However, reconstruction spending and the gradual normalization of key sectors are expected to support recovery over the coming months.

The fiscal deficit for the April-June period narrowed relative to the prior year, indicating that fiscal balances are gradually improving despite elevated reconstruction expenditure.

The JSE Main Index advanced by 5.70% in July, bringing year-to-date gains to 17.62%. The rally was supported by resilient corporate earnings, reconstruction-related activity, and continued investor confidence in Jamaica's macroeconomic framework.

Jamaica in a Moderating Global Economy

Drawing on the International Monetary Fund's (IMF) July 2026 World Economic Outlook, global growth is expected to moderate to 3.00% in 2026 before improving to 3.40% in 2027, as elevated energy costs, geopolitical tensions, and policy uncertainty continue to weigh on economic activity. While inflation has gradually eased across several major economies, it is expected to remain above historical averages, supporting a cautious approach to monetary policy.

Across Latin America and the Caribbean, growth is projected at 2.40% in 2026 and 2.70% in 2027, supported by resilient domestic demand, tourism activity and ongoing infrastructure investment. However, softer external demand, higher energy costs and global uncertainty remain key challenges for the region.

For Caribbean economies, tourism remains the primary driver of growth, although rising oil prices and potential weakness in remittance flows pose downside risks. As a highly open economy, Jamaica remains exposed to these external developments but continues to benefit from strong macroeconomic fundamentals, fiscal discipline, healthy international reserves and sustained investment in infrastructure and renewable energy.

While the medium-term outlook remains constructive, external risks could contribute to increased market volatility and slower economic growth. Investors should therefore remain focused on diversification, liquidity and high-quality investments that can withstand evolving market conditions.

Investment Implications

The global environment remains characterized by moderate growth, persistent inflation risks and geopolitical uncertainty. As a result, maintaining a balanced portfolio remains appropriate.

- Fixed Income: Elevated interest rates continue to support attractive yields on high-quality fixed-income securities.

- Equities: Selective exposure to fundamentally strong companies in the financial, tourism, infrastructure, and technology sectors may provide opportunities for long-term capital appreciation.

Portfolio Strategy: Maintaining adequate liquidity and diversification across asset classes and geographic markets remains important as investors navigate a potentially volatile global environment.

Our View: Jamaica remains relatively well-positioned compared with many regional peers, supported by strong fiscal and external fundamentals. While near-term risks persist, a disciplined and diversified investment approach remains the most effective strategy for preserving and growing wealth over the long term.

Source: The International Monetary Fund

WHAT INVESTORS ARE WATCHING

Inflation
Higher energy prices could slow disinflation.

Federal Reserve
Markets are reassessing the timing of future rate cuts.

Oil Prices
Further increases could pressure global growth.

Geopolitics
Middle East developments remain a key uncertainty.

THEMES DRIVING MARKETS

Positive Drivers
- Resilient U.S. Consumer Spending
- Ongoing Infrastructure Investment
- Tourism Recovery Across The Caribbean
- AI-driven Investment And Productivity Gains

KEY RISKS TO MONITOR

Domestic Risks
- Currency Volatility
- Inflation Persistence
- Weather Disruptions
- Slow Economic Recovery

External Risks
- Oil Prices
- U.S. Interest Rates
- Geopolitical Tensions
- Global Recession Risk

Market Perspective
Investor sentiment remains shaped by a balance of supportive growth drivers and evolving risks. Resilient consumer spending, infrastructure investment, continued tourism recovery, and AI-driven productivity gains are supporting economic activity. However, uncertainty surrounding inflation, the path of U.S. monetary policy, energy prices, and geopolitical developments may contribute to periodic market volatility. As a result, investors should remain focused on fundamentals while monitoring key domestic and external risks that could influence growth, interest rates, and asset valuations.

Leading Economic Indicators

July 2026

GraceKennedy Capital Management

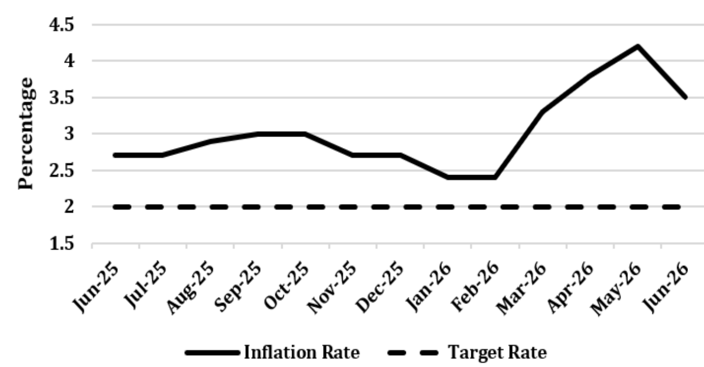
Global Macroeconomic Trends

Indicators	Period	Year 2026	Year 2025	Change YTD	Change 12 Month	12 Mth Trend
CAPITAL MARKET INDICATORS						
UST 1-year	July	4.08%	4.10%	60bps	-2bps	▼
UST 5-year	July	4.45%	3.96%	72bps	49bps	▲
UST 10-year	July	4.75%	4.37%	57bps	38bp	▲
UST 30-year	July	5.27%	4.89%	43bps	38bps	▲
Dow Jones Industrial Average	July	52,485	44,131	9.20%	18.93%	▲
S&P 500	July	7,490	6,339	9.41%	18.15%	▲
Nasdaq Composite	July	25,374	21,122	9.17%	20.13%	▲
Nikkei 225	July	64,362	41,070	27.86%	56.71%	▲
KEY MACRO-ECONOMIC INDICATORS						
Crude Oil	July	91.82	81.35	49.67%	12.87%	▲
US Inflation	June	3.50%	2.70%	80bps	80bps	▲
US Real GDP Growth Rate	Apr-Jun	1.50%	3.80%	100bps	-230bps	▼
US Fund Effective Rate	July	3.63%	4.33%	-1bp	-70bps	▼

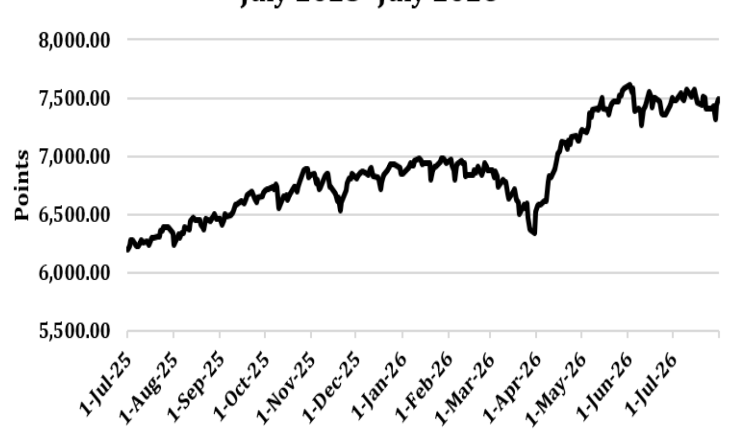
*KEY: Arrow Indicates Direction / Color Indicates Impact — Favorable | Adverse | Indifferent

U.S Treasury 10 Yrs Yield
July 2025- July 2026

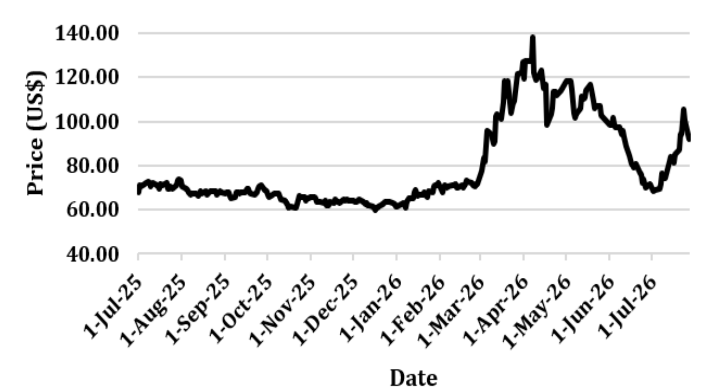
U.S. Point-to-Point Inflation Rate
June 2025- June 2026



S&P 500
July 2025- July 2026



Brent Crude Oil Prices
July 2025- July 2026



Global markets navigated a more challenging environment in July as investors adjusted expectations for the path of U.S. monetary policy.

The Federal Reserve maintained the policy rate at 3.50%–3.75% at its July FOMC meeting. This signalled a continued commitment to containing inflation amid elevated energy prices and ongoing geopolitical uncertainty.

U.S. Treasury yields moved higher during the month as expectations for near-term rate cuts diminished. The rising yield environment reinforces the attractiveness of high-quality fixed-income assets while increasing financing costs and valuation pressures for more interest rate-sensitive sectors.

Oil prices rebounded during July as geopolitical tensions in the Middle East intensified, contributing to renewed concerns about inflation and global growth. While resilient labour markets, healthy consumer spending and continued investment in artificial intelligence continue to support economic activity, higher energy prices remain a key risk to the global outlook.

Equity markets remained broadly resilient despite increased volatility. Strong corporate earnings and ongoing enthusiasm surrounding AI-related investment themes continued to support U.S. equities, particularly within the technology sector.

The Nasdaq outperformed broader markets, driven by sustained demand for technology stocks and AI-related investment themes.

Japan's Nikkei 225 remained resilient, benefiting from strength in technology stocks and improving global risk sentiment. However, gains were tempered later in the month by higher oil prices, rising U.S. bond yields, and uncertainty regarding the timing of future Federal Reserve policy actions.

Government of Jamaica Bonds

Issuer	Issue Date	Security - Benchmark Investment Note	Maturity	Tenure (Years)	Coupon	TTM* YRS
GOJ	21-Aug-26	Reopen FR 7.50%	31-May-35	9	7.50%	8.83
GOJ	21-Aug-26	Reopen FR 8.25%	13-Dec-40	14	8.25%	14.37
GOJ	23-Oct-26	Reopen FR 9.62%	30-Nov-31	5	9.62%	5.33
GOJ	23-Oct-26	Reopen FR 7.50%	31-May-35	9	7.50%	8.83
GOJ	25-Nov-26	Reopen FR 8.25%	13-Dec-40	14	8.25%	14.37

Note: Schedule is subject to change
TTM- Time To Maturity*

The BIN's primary purpose is to raise funding for the Government's budgetary and financing needs.

Economic Calendar of Events August 2026

Date	Events
August 17, 2026	Consumer Price Index (July)
August 19, 2026	BOJ Policy Rate Meeting
August 27, 2026	Producer Price Index

Jamaica Calendar

Date	Events
August 12, 2026	Consumer Price Index (July)
August 13, 2026	Producer Price Index
August 26, 2026	GDP 2nd Release (Q2 2026)

United States Calendar