# Leading Economic Indicators

August 2026

GraceKennedy Capital Management

## Jamaican Macroeconomic Trends

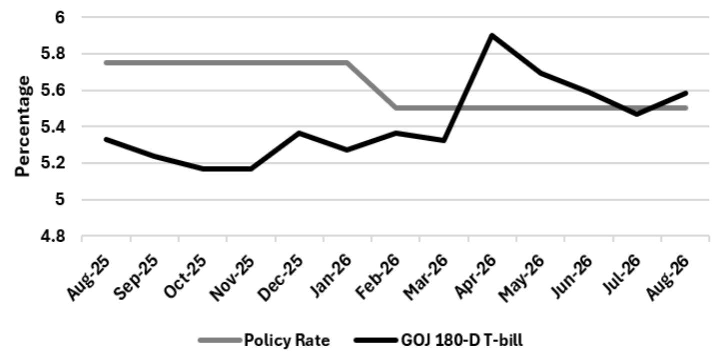
| Indicators | Period | Year 2026 | Year 2025 | Change Monthly | Change YTD | Change 12-Month | 12 Mth Trend |
|---|---|---|---|---|---|---|---|
| **CAPITAL MARKET INDICATORS** | | | | | | | |
| 180-day GOJ T-bill | August | 5.58% | 5.33% | 11bps | 21bps | 25bps | ▲ |
| BOJ Policy Rate | August | 5.50% | 5.75% | 0bp | -25bp | -25bps | ▼ |
| FX Rate | August | 159.02 | 161.09 | -0.29% | -0.45% | -1.28% | ▼ |
| JSE Main Index | August | 373,456 | 320,858 | -0.15% | 17.44% | 16.39% | ▲ |
| **KEY MACRO-ECONOMIC INDICATORS** | | | | | | | |
| Inflation (Y-o-Y) | July | 7.50% | 3.30% | 80bps | 300bps | 420bps | ▲ |
| NIR (US$M) | July | 6,641 | 6,114 | 2.33% | 5.57% | 8.62% | ▲ |
| Tourist Arrivals | Jan-May | 1,549,488 | 1,863,961 | -27.09% | -16.87% | -13.62% | ▼ |
| Unemployment | Apr-Jun | 3.70% | 3.30% | - | 40bps | -40bps | ▲ |
| Real GDP Growth Rate ++ | Apr-Jun | -2.90% | 1.60% | - | 420bps | -450bps | ▼ |
| Public Debt (J$B) | June | 2,330 | 2,188 | -0.36% | 6.02% | 6.51% | ▲ |
| Fiscal Surplus/(Deficit) (J$M)+ | Apr-Jul | ($33,429) | $457 | - | - | -7409.18% | ▼ |

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

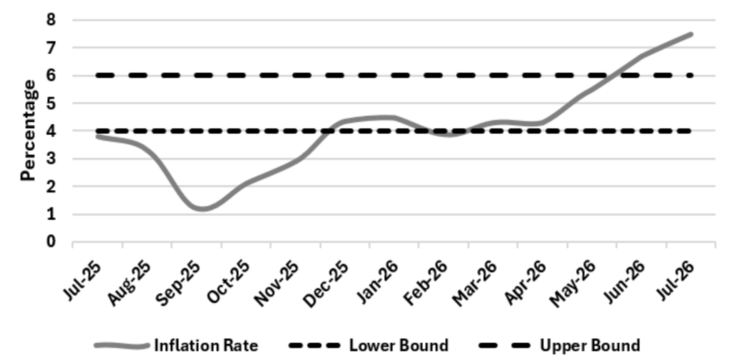
++ The values are for CY 2026 and the comparable CY2025 period

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

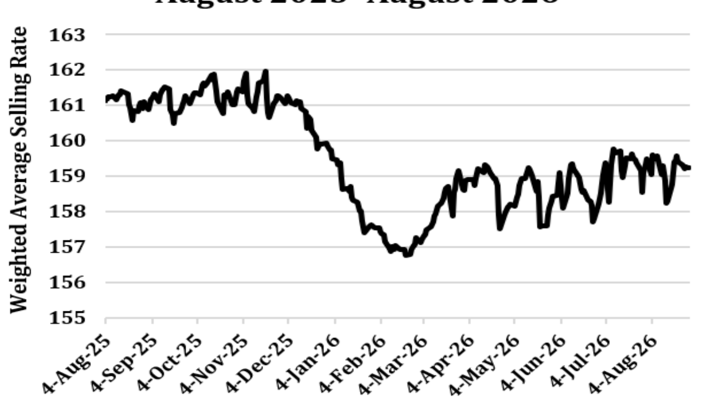
**Local Policy & T-bill Rates**
**August 2025- August 2026**




**12-Month Point-to-Point**
**Inflation Trend: July 2025- July 2026**




**USD Weighted Average Selling Rate**
**August 2025- August 2026**




**JSE Combined Index**
**August 2025- August 2026**


The Bank of Jamaica maintained its policy rate at 5.50% in August as policymakers weighed rising inflation against the need to support the ongoing economic recovery. Inflation increased to 7.50%, remaining above the central bank's target range, while short-term interest rates moved modestly higher.

Despite inflationary pressures, Jamaica's external position remained a key source of strength. The Jamaican dollar appreciated slightly during the month, and Net International Reserves continued to increase, reflecting a resilient foreign exchange market and providing an important buffer against global economic uncertainty.

Fixed-income market conditions remained relatively stable despite higher inflation. The 180-day Treasury bill yield increased by 11 basis points to 5.58% in August, reversing part of the decline recorded in prior months and suggesting some upward adjustment in investor yield expectations.

Economic activity remains in recovery mode following the disruption caused by Hurricane Melissa. While GDP contracted during the second quarter, the pace of decline improved significantly relative to earlier in the year, suggesting that reconstruction activity and the gradual normalization of business conditions are beginning to support growth.

Government finances have come under pressure from increased reconstruction spending, resulting in a fiscal deficit and higher public debt levels.

Equity market performance remained a bright spot within the economy. While the JSE Main Index declined marginally during August, the market continues to deliver strong year-to-date returns, supported by resilient corporate earnings and opportunities associated with the recovery process.

# Key Sectors to Watch in Jamaica's Post-Hurricane Reconstruction Phase

Jamaica's economy continues to recover from the impact of Hurricane Melissa, with reconstruction activity supporting a gradual improvement in economic conditions. While GDP remained negative during the June quarter, the pace of contraction moderated significantly, reflecting improving activity in construction, financial services, manufacturing, and other recovery-linked sectors. Strong international reserves and exchange-rate stability continue to support macroeconomic resilience.

## What This Means for Investors

- ✓ Improving economic activity should continue to support corporate earnings and investor confidence.
- ✓ Stable monetary conditions and a resilient currency environment remain supportive of local asset values.
- ✓ Maintaining diversification across both JMD and USD assets remains prudent amid ongoing global uncertainty.
- ✓ Reconstruction spending is creating opportunities in construction, infrastructure, financial services, and selected consumer-facing industries.

## GK Capital View

We remain constructive on Jamaican risk assets. While inflation and fiscal pressures warrant monitoring, improving economic activity, strong reserve buffers, and attractive local market valuations continue to support a favourable medium-term outlook

*Source: Planning Institute of Jamaica*

# Leading Economic Indicators

August 2026

GraceKennedy Capital Management

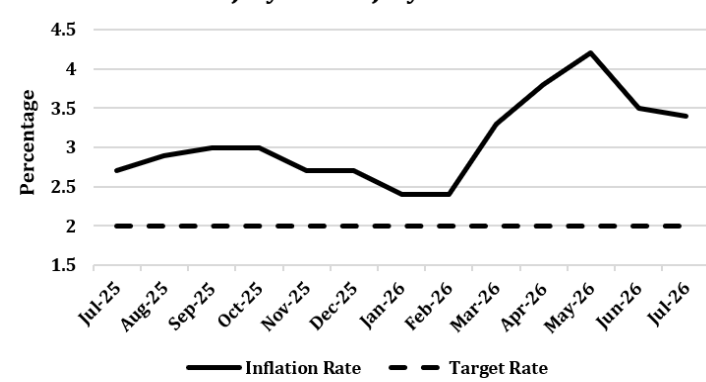
## Global Macroeconomic Trends

| Indicators | Period | Year 2026 | Year 2025 | Change YTD | Change 12 Month | 12 Mth Trend |
|---|---|---|---|---|---|---|
| **CAPITAL MARKET INDICATORS** | | | | | | |
| UST 1-year | August | 4.16% | 3.85% | 68bps | 31bps | ▲ |
| UST 5-year | August | 4.49% | 3.69% | 76bps | 80bps | ▲ |
| UST 10-year | August | 4.75% | 4.22% | 57bps | 53bp | ▲ |
| UST 30-year | August | 5.25% | 4.88% | 41bps | 37bps | ▲ |
| Dow Jones Industrial Average | August | 53,186 | 45,545 | 10.66% | 16.78% | ▲ |
| S&P 500 | August | 7,686 | 6,460 | 12.28% | 18.98% | ▲ |
| Nasdaq Composite | August | 26,371 | 21,456 | 13.46% | 22.91% | ▲ |
| Nikkei 225 | August | 66,312 | 42,718 | 31.73% | 55.23% | ▲ |
| **KEY MACRO-ECONOMIC INDICATORS** | | | | | | |
| Crude Oil | August | 88.24 | 67.83 | 43.83% | 30.09% | ▲ |
| US Inflation | July | 3.40% | 2.70% | 70bps | 70bps | ▲ |
| US Real GDP Growth Rate | Apr-Jun | 1.50% | 3.80% | 100bps | -230bps | ▼ |
| US Fund Effective Rate | August | 3.63% | 4.33% | -1bp | -70bps | ▼ |

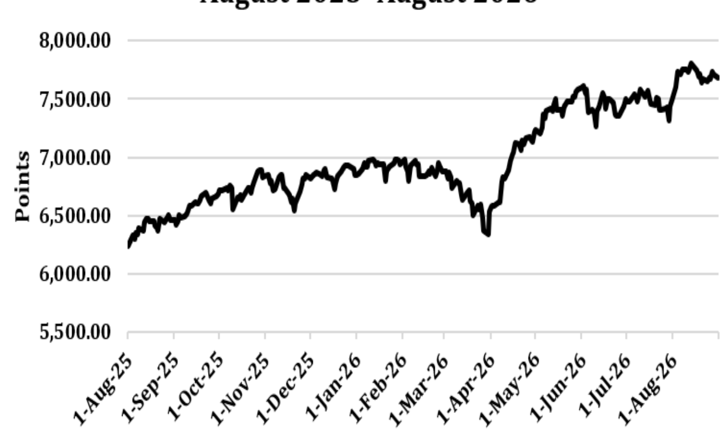
***KEY: Arrow Indicates Direction / Color Indicates Impact** — *Favorable* | *Adverse* | *Indifferent*

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

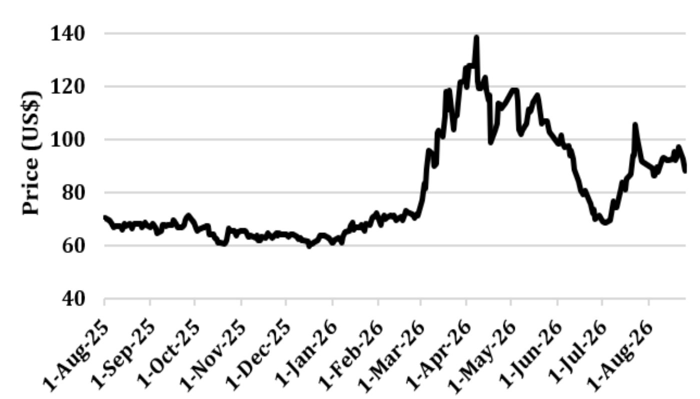

U.S. Point-to-Point Inflation Rate
July 2025- July 2026




S&P 500
August 2025- August 2026




Brent Crude Oil Prices
August 2025- August 2026




Global financial markets continued to demonstrate resilience during August as strong corporate earnings, sustained consumer spending, and ongoing investment in artificial intelligence supported investor confidence. Major equity markets advanced during the month, led by technology and semiconductor-related companies that continue to benefit from structural growth trends associated with AI adoption.

The U.S. Federal Reserve maintained its policy rate following the July FOMC meeting, reflecting a cautious approach to balancing inflation concerns against moderating economic growth. While inflation remains above the Federal Reserve's long-term target, easing energy prices and stable economic activity have reduced the urgency for additional near-term policy tightening.

Despite the more stable inflation environment, U.S. Treasury yields remained elevated. The 10-year Treasury yield increased to approximately 4.75%, while the 30-year Treasury yield reached 5.25%. Higher yields continue to reflect persistent inflation concerns, elevated government borrowing requirements, and expectations that interest rates may remain higher for longer than previously anticipated.

Energy markets provided some relief during the month, with crude oil prices moderating to approximately US$88 per barrel. While geopolitical risks remain present, improved supply conditions helped ease some of the inflationary pressures that have challenged businesses and consumers over the past year.

Although U.S. economic growth moderated during the second quarter, underlying economic activity remains relatively healthy. Household consumption, business investment, labour market stability, and continued spending on technology and artificial intelligence initiatives continue to support growth and corporate earnings.

# Global Macro Themes Shaping Markets

***Global Economy Remains Resilient***

Global markets continued to benefit from resilient consumer spending, strong corporate earnings, and accelerating investment in artificial intelligence and digital infrastructure. Technology-related industries remain a key driver of market performance, supported by ongoing demand for cloud computing, semiconductors, and data center capacity.

***Rate Environment Supports Income Opportunities***

While inflation has moderated from peak levels, central banks remain cautious. Elevated U.S. Treasury yields continue to provide attractive income opportunities and reinforce the role of fixed income within diversified portfolios.

***Investment Theme Spotlight: Artificial Intelligence***

Artificial intelligence remains one of the most significant long-term investment themes globally. Increased spending on AI infrastructure, semiconductor production, cloud services, and digital transformation initiatives continues to support earnings growth across multiple sectors.

As adoption expands, AI is expected to remain an important driver of corporate profitability and market leadership over the medium term.

## Asset Allocation Views & Key Risks

**Inflation Persistence**

Inflation remains above central banks target.

**Policy & Rate Risk**

Interest rates may remain higher for longer than markets anticipate.

**Geopolitical Developments**

Geopolitical developments could contribute to market volatility

**Valuation Risk**

Elevated valuations in certain growth sectors may result in periodic pullbacks

## GKCM Global Asset Class Outlook

| Asset Class | View | Commentary |
|---|---|---|
| Investment Grade Bonds | Positive | Attractive yields remain available |
| Technology | Positive | Long-term structural growth remains intact |
| Corporate Credit | Positive | Healthy income opportunities in quality issuers |
| Cash & Money Market | Neutral | Attractive yields but limited capital appreciation |
| U.S. Equities | Positive | Supported by earnings growth and AI investment |
| Emerging Markets | Neutral | Opportunities exist but selectivity remains importan |
| Commodities | Neutral | Oil prices have stabilized but geopolitical risks remain |

**We favour a balanced portfolio approach, combining quality fixed income for income generation with selective exposure to long-term growth themes such as AI and digital infrastructure. Diversification remains critical as investors navigate an evolving global environment**

## Strategic Positioning

Maintain diversified portfolios with an emphasis on high-quality fixed-income securities to capture attractive income opportunities, while maintaining exposure to global equities supported by resilient corporate earnings and long-term growth trends. Investors should also consider selective exposure to structural themes such as artificial intelligence, digital infrastructure, and cloud computing, while maintaining diversification across asset classes, sectors, and geographies to enhance portfolio resilience and manage risk across varying market environments.

## Government of Jamaica Bonds

| Issuer | Issue Date | Security - Benchmark Investment Note | Maturity | Tenure (Years) | Coupon | TTM* YRS |
|---|---|---|---|---|---|---|
| GOJ | 23-Oct-26 | Reopen FR 9.62% | 30-Nov-31 | 5 | 9.62% | 5.24 |
| GOJ | 23-Oct-26 | Reopen FR 7.50% | 31-May-35 | 9 | 7.50% | 8.75 |
| GOJ | 25-Nov-26 | Reopen FR 8.25% | 13-Dec-40 | 14 | 8.25% | 14.29 |
| GOJ | 22-Jan-27 | Reopen FR 9.62% | 30-Nov-31 | 4 | 9.26% | 5.24 |
| GOJ | 22-Jan-27 | Reopen FR 7.50% | 31-May-35 | 8 | 7.50% | 8.75 |
| GOJ | 22-Jan-27 | Reopen FR 11.25% | 12-Feb-46 | 19 | 11.25% | 19.46 |
| *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 September 2026

| Date | Events |
|---|---|
| September 15, 2026 | Consumer Price Index (August) |
| September 28, 2026 | BOJ Policy Rate Meeting |
| September 30, 2026 | Labour Force Update |

**Jamaica Calendar**

| Date | Events |
|---|---|
| September 11, 2026 | Consumer Price Index (August) |
| September 16, 2026 | FED Policy Rate Meeting |
| September 30, 2026 | GDP 3rd Release (Q2 2026) |

**United States Calendar**