

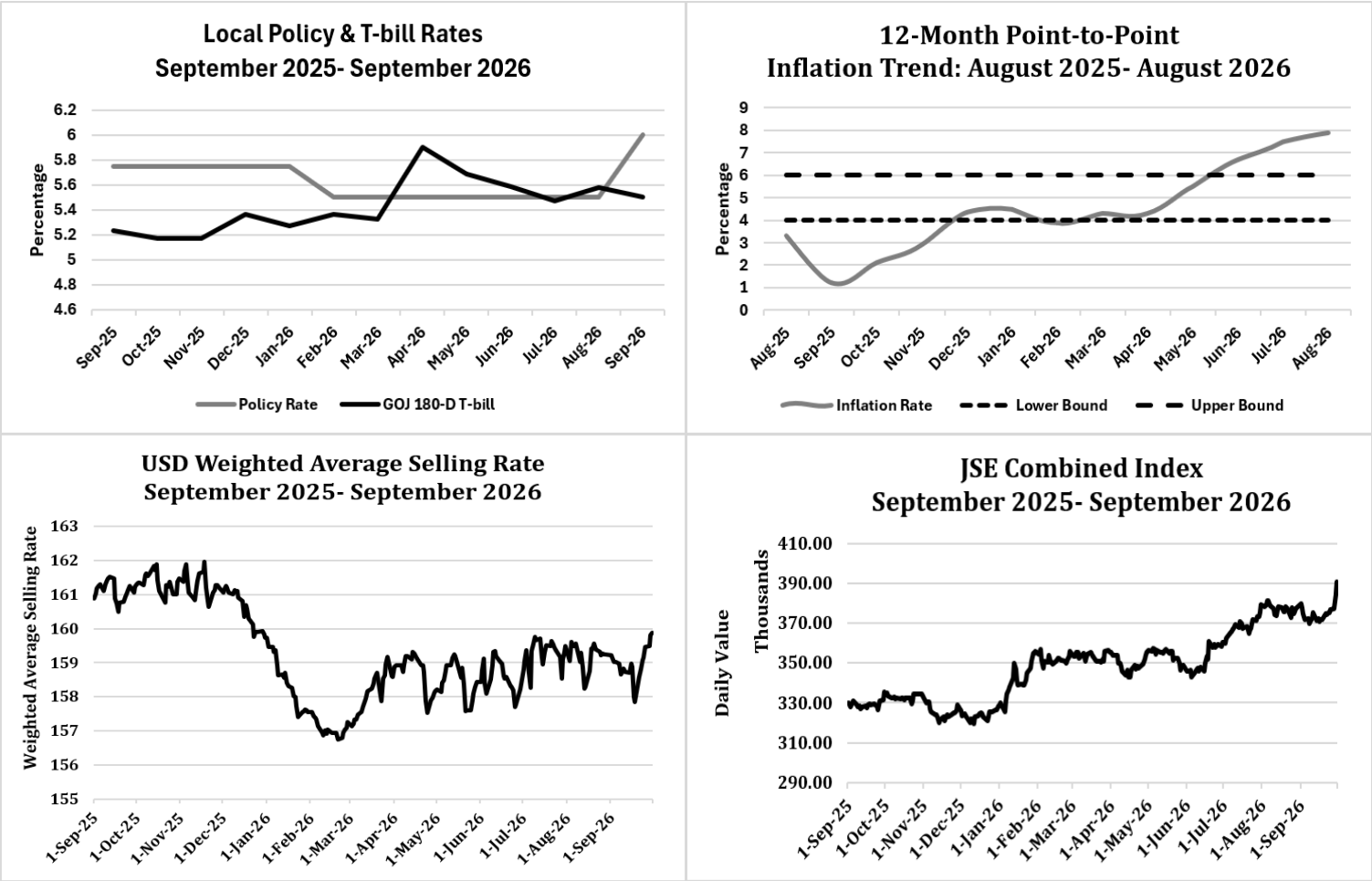
Jamaican Macroeconomic Trends

Indicators	Period	Year			Change		12 Mth Trend
		2026	2025	Monthly	YTD	12-Month	
CAPITAL MARKET INDICATORS							
180-day GOJ T-bill	September	5.55%	5.24%	-25bps	18bps	31bps	▲
BOJ Policy Rate	September	6.00%	5.75%	50bp	50bp	25bps	▲
FX Rate	September	159.87	161.22	0.53%	0.08%	-0.84%	▼
JSE Main Index	September	385,314	325,183	3.18%	21.17%	18.49%	▲
KEY MACRO-ECONOMIC INDICATORS							
Inflation (Y-o-Y)	August	7.90%	1.20%	40bps	340bps	670bps	▲
NIR (US\$M)	August	6,640	6,151	-0.003%	5.57%	7.95%	▲
Tourist Arrivals	Jan-Jun	1,822,373	2,189,838	21.64%	-16.78%	-12.15%	▼
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)	July	2,402	2,185	3.09%	9.29%	9.93%	▲
Fiscal Surplus/(Deficit) (J\$M)+	Apr-Aug	(\$58,350)	(\$17,757)	-	-	228.60%	▼

*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



- The Bank of Jamaica increased its policy rate by 50 basis points to **6.00%** in response to persistent inflationary pressures. Headline inflation rose to **7.90% in August**, remaining above the BOJ’s target range for a third consecutive month. The BOJ attributed the increase primarily to drought-related agricultural price pressures and higher international commodity prices.
- Jamaica’s external position remains an important source of macroeconomic support. Net International Reserves were reported at **US\$6.64 billion in August**, while the Jamaican dollar depreciated moderately during September. However, elevated inflation, reconstruction expenditure and higher fiscal financing requirements remain important risks to monitor.
- Economic activity is recovering gradually from the effects of Hurricane Melissa. Real GDP contracted by **2.90% during the April-June quarter**, while the fiscal deficit widened to **J\$58.4 billion for April-August** and public debt increased to **J\$2.4 trillion in July**. These developments suggest that reconstruction activity may support growth over time, but could also place additional pressure on fiscal resources and domestic financing needs.
- The JSE Main Index advanced by **3.18% in September**, bringing the year-to-date gain to **21.17%**. While the performance is encouraging, investors should remain selective, particularly where companies face higher borrowing costs, imported-input inflation or significant refinancing requirements.
- **Investment takeaway:** Persistent inflation and tighter monetary policy favour income-generating assets, controlled duration and adequate liquidity. Equity exposure should remain selective, with emphasis on companies possessing resilient cash flows, manageable leverage and pricing power

Jamaica's Liability Management Deal Eases Domestic Borrowing Pressure as Reconstruction Accelerates

In September 2026, the Government of Jamaica (GOJ) successfully returned to the international capital markets with a US\$1.0 billion, 11-year US-dollar bond carrying a 6.25% coupon. The transaction formed part of a broader liability management exercise that included the repurchase of portions of three existing bonds maturing in 2028, 2036 and 2039.

Why Did the Government Raise the Funds?

The transaction had two main objectives:

- ❖ **Refinance existing debt:** The GOJ used part of the proceeds to fund tenders for its outstanding 2028, 2036 and 2039 bonds, helping to manage upcoming obligations and reduce near-term refinancing risk.
- ❖ **Support the FY2026/27 budget:** The remaining proceeds will support the Government's budgetary financing requirements. This provides additional flexibility as Jamaica continues to manage the fiscal and reconstruction needs arising from Hurricane Melissa.

What Does It Mean for Jamaica?

- ❖ The successful transaction provides Jamaica with greater financing flexibility at a time when the economy is still recovering from Hurricane Melissa. By accessing external markets rather than relying entirely on domestic financing, the Government can reduce pressure on local funding markets and leave more room for private-sector borrowing.
- ❖ It also demonstrates that Jamaica retains access to international financing despite the significant economic disruption caused by the hurricane.

Implications for Financial Markets and Investors

- ❖ The transaction reduces the Government's reliance on domestic funding, helping to preserve liquidity for private-sector borrowing as reconstruction activity accelerates.
- ❖ For investors, the issuance underscores strong confidence in Jamaican sovereign credit. Demand was robust, with the order book peaking at US\$2.5 billion, or approximately 2.5 times the amount offered, allowing the Government to price the bond at 6.25%, below the initial guidance of around 6.50%. This strong reception highlights continued investor confidence in Jamaica's fiscal framework and long-term economic outlook.

Global Macroeconomic Trends

Indicators	Period	Year		Change		12 Mth Trend
		2026	2025	YTD	12 Month	
CAPITAL MARKET INDICATORS						
UST 1-year	September	4.54%	3.68%	106bps	86bps	▲
UST 5-year	September	5.09%	3.74%	136bps	135bps	▲
UST 10-year	September	5.29%	4.16%	111bps	113bp	▲
UST 30-year	September	5.64%	4.73%	80bps	91bps	▲
Dow Jones Industrial Average	September	50,906	46,398	5.91%	9.72%	▲
S&P 500	September	7,652	6,688	11.77%	14.40%	▲
Nasdaq Composite	September	26,861	22,660	15.57%	18.54%	▲
Nikkei 225	September	66,754	44,933	32.61%	48.56%	▲
KEY MACRO-ECONOMIC INDICATORS						
Crude Oil	September	113.96	68.52	85.75%	66.32%	▲
US Inflation	August	3.40%	2.90%	70bps	50bps	▲
US Real GDP Growth Rate	Apr-Jun	1.50%	3.80%	100bps	-230bps	▼
US Fund Effective Rate	September	3.88%	4.09%	24bp	21bps	▼
*KEY: Arrow Indicates Direction / Color Indicates Impact	Favorable		Adverse		Indifferent	

Global financial markets remained resilient during September despite a more restrictive interest rate environment and rising geopolitical uncertainty. Strong corporate earnings, continued investment in artificial intelligence, and expectations of a soft economic landing continued to support risk assets, resulting in gains across major equity markets.

Meanwhile, higher energy prices and renewed central bank tightening reinforced concerns that inflation could remain elevated for longer than previously anticipated.

The Federal Reserve increased its target policy rate **by 25 basis points to 3.75%-4.00%**, citing persistent inflationary pressures despite continued economic growth and a resilient labour market. While economic activity remains positive, higher borrowing costs are expected to weigh on consumer spending and business investment over time.

Key Global Developments

Higher Interest Rates

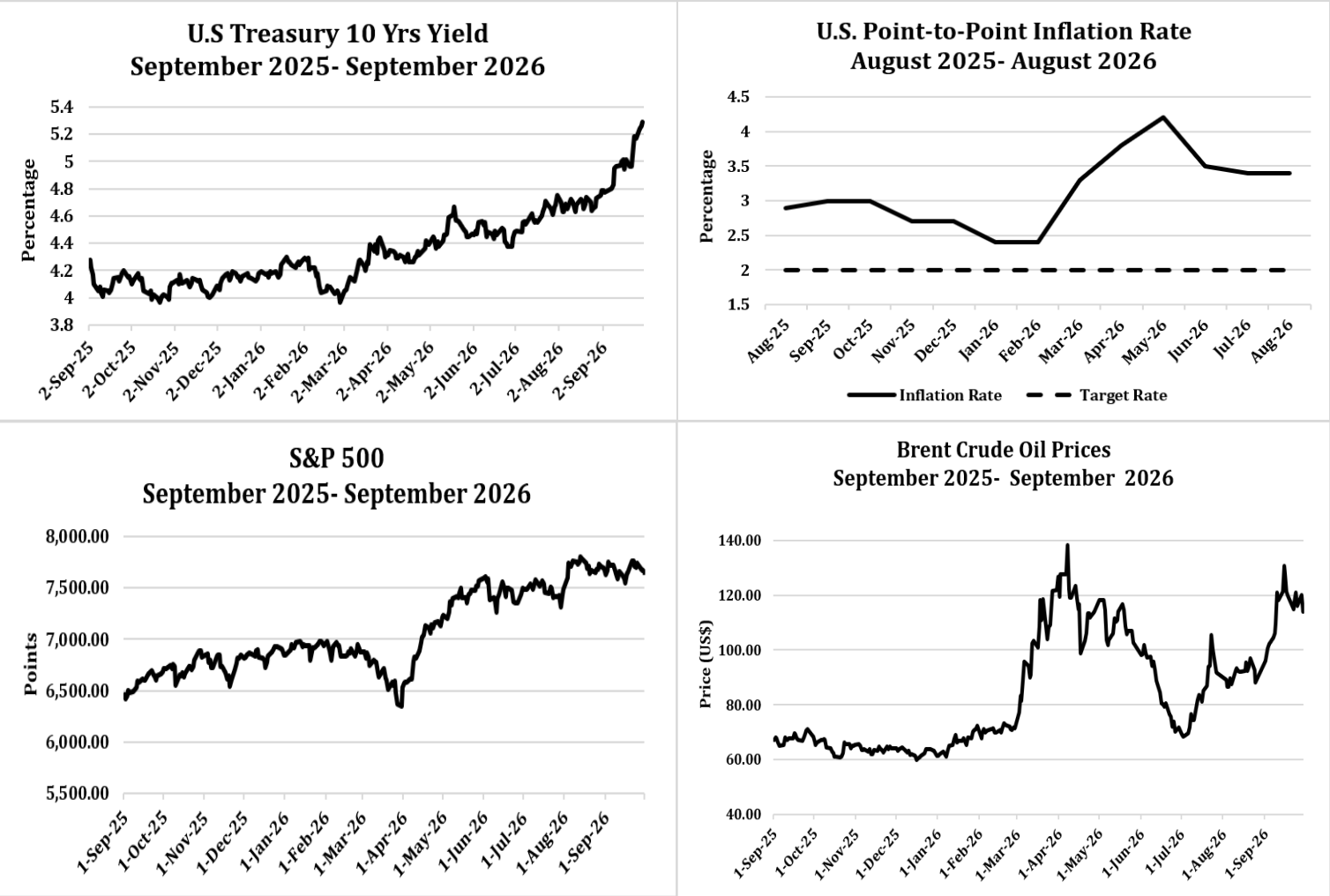
US Treasury yields remained elevated during September, with the 10-year Treasury yield ending the month near 5.29% and the 30-year Treasury yield at 5.64%. Elevated yields continue to improve income opportunities for investors while creating valuation pressure for longer-duration bonds and certain equity sectors.

Elevated Energy Prices

Oil prices increased significantly during September, with Brent crude averaging approximately US\$114 per barrel amid geopolitical tensions and supply concerns. Higher energy prices represent a key upside risk to global inflation and may prolong the period of restrictive monetary policy globally.

Equity Markets Remain Resilient

Major equity markets continued to advance during the month, supported by strong corporate earnings and continued investment in technology and artificial intelligence. However, elevated valuations and higher discount rates suggest that market leadership may broaden beyond the technology sector in the months ahead.



Higher for Longer? What the Fed's Latest Move Means for Borrowers and Bonds

In September 2026, the US Federal Reserve increased its benchmark federal funds rate by 25 basis points to 3.75%-4.00%, marking its first rate hike in three years. The decision underscores policymakers continued focus on restoring price stability, as inflation remains above the Fed's 2.00% target despite signs of moderation in recent months. The move signals a shift toward a more restrictive monetary policy stance aimed at preventing inflationary pressures from becoming entrenched.

Why Did the Fed Raise Rates?

The rate increase was primarily driven by inflation remaining above the Fed's long-term objective. The August Personal Consumption Expenditures (PCE) Price Index, the Fed's preferred measure of inflation, rose 3.40% year-over-year, while core PCE inflation remained elevated at 3.00%. Although price pressures have eased from previous highs, inflation continues to exceed the target level, prompting policymakers to act to ensure that inflation expectations remain anchored and that progress toward price stability continues.

Economic and Market Implications

- ❖ Higher interest rates are expected to increase borrowing costs for households and businesses, which could slow consumer spending, investment, and overall economic activity. However, strong labour market conditions and resilient consumer demand suggest the US economy remains on solid footing despite tighter financial conditions.
- ❖ For financial markets, the outlook will depend largely on the path of inflation. Continued disinflation could allow the Federal Reserve to pause further rate hikes, while persistent price pressures may keep rates elevated for longer. As a result, US Treasury yields, the US dollar, and global financial markets are likely to remain sensitive to economic data and changes in policy expectations.

Implications for Investors and Outlook

- ❖ Higher US interest rates are likely to support higher Treasury and fixed-income yields, increasing the appeal of US dollar-denominated investments relative to riskier assets. While investors in cash, money market instruments, and short-term bonds may benefit from stronger income returns, longer-duration bonds could face price pressure if rates remain elevated.
- ❖ Higher borrowing costs may also weigh on corporate earnings and equity valuations, particularly in interest-sensitive sectors, though companies with strong fundamentals may remain resilient. Additionally, a higher-for-longer rate environment could provide continued support for the US dollar.

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%	5.17
GOJ	23-Oct-26	Reopen FR 7.50%	31-May-35	9	7.50%	8.67
GOJ	25-Nov-26	Reopen FR 8.25%	13-Dec-40	14	8.25%	14.21
GOJ	22-Jan-27	Reopen FR 9.62%	30-Nov-31	4	9.26%	5.17
GOJ	22-Jan-27	Reopen FR 7.50%	31-May-35	8	7.50%	8.67
GOJ	22-Jan-27	Reopen FR 11.25%	12-Feb-46	19	11.25%	19.38
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 October 2026

Date	Events
October 15, 2026	Consumer Price Index (September)
October 28, 2026	Merchandise Trade
October 29, 2026	Producer Price Index

Jamaica Calendar

Date	Events
October 14, 2026	Consumer Price Index (September)
October 28, 2026	FED Policy Rate Meeting
October 29, 2026	GDP 1 st Release (Q3 2026)

United States Calendar