

# ▶ Market Guide

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"It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong." – George Soros

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## The Impact of U.S. Immigration Policy on Remittances to Jamaica

Recent changes in United States (U.S.) immigration policies under the Trump administration have sparked concerns regarding their potential impact on remittances to Latin America and the Caribbean (LAC). Contributing annual average inflows of over US\$130Bn<sup>1</sup> to LAC between 2020 and 2024, the U.S. remains the primary source of remittances for many countries in the region. It contributes about 73.5% of total remittances to Central America, 50.4% to the Caribbean and 35.7% to South America. Regarding the impact that remittance flows have on economies in the region, the International Monetary Fund (IMF) said it best: “Remittances are an important macroeconomic stabiliser in the Caribbean, facilitating private consumption smoothing<sup>2</sup> and boosting financial sector soundness and fiscal space<sup>3</sup>. However, tougher immigration policies threaten to significantly reduce remittances, which could weaken household demand and potentially, the economic stability of parts of the region<sup>4</sup>. Jamaica is among the LAC countries that are heavily reliant on remittances and are likely to face some economic headwinds if remittance inflows fall significantly. Today, we will explore the potential impact of US immigration policies on Jamaica’s broader economy and the performance of individual companies dependent on remittances.

The Trump administration’s stricter immigration policies, including increased deportations and heightened scrutiny of immigrant work authorisation, threaten to

disrupt the vital economic lifeline that is remittances. Remittances to the LAC saw a steady boom between 2020-2024 (CAGR: 12.2%), partly due to increased migration to the U.S., along with the effects of the COVID-19 pandemic. However, in just 100 days, the new U.S. administration has tightened immigration policy through sweeping executive orders, lawsuits and an aggressive campaign of raids, detentions and deportations. Moreover, proposed limitations on family-sponsored immigration and the shift towards a merit-based system could make it more challenging for individuals to qualify for entry. Furthermore, a proposed 10% tax on remittances from the U.S. to Latin American regions to minimise illegal immigration by placing a financial penalty on remittances from illegal immigrants could cause a slowdown in transactions, impacting not just recipients, but money transfer operators, banks, and the broader payments ecosystem by reducing revenues and increasing operating costs.

For Jamaica, where remittances account for over 19% of GDP, the threat of stricter immigration policies could have significant macroeconomic repercussions. Remittances are a major source of foreign exchange for Jamaica. It provides stability when capital inflows decline or the trade balance decreases, supporting the balance of payments and serving as one of the main funding sources for domestic demand – especially for lower-income households. The Island saw a significant uptick in inflows in 2020 (+20.8%) and 2021 (+20.4%), likely due to the

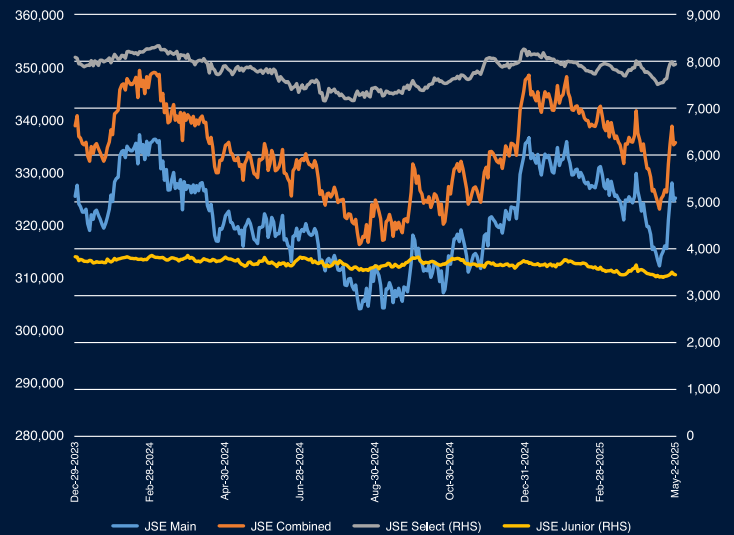
1 IDB, Remittances to Latin America and the Caribbean in 2024, November 2024

2 Private consumption smoothing refers to the practice of maintaining a relatively consistent level of spending or consumption over time, even when income fluctuates.

3 IMF, Emigration and the Caribbean, 2017

4 Fitch Solutions, Remittances Inflows To Latin America Likely To Decline Substantially In The Quarters Ahead, April 2025

## WEEKLY MOVEMENT IN INDICES



## MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	335,948.01	2.88%	-3.43%
Main Market Index	325,379.98	3.05%	-3.10%
Select Index	7,971.38	3.98%	-3.78%
Junior Market Index	3,464.03	0.91%	-7.26%

## WINNERS & LOSERS FOR THE WEEK ENDED MAY 2, 2025

	\$ Change	% Change
138SL VR	+\$50.24	+\$50.24
ASBHUSD	+\$0.04	+\$0.04
MTL	-\$4.76	-\$4.76
SCIUSD	-\$0.02	-\$0.02

## MARKET OVERVIEW

For the second consecutive week, the local stock market indices ended in positive territory. All nine JSE indices closed higher, compared to eight (8) in the previous week, marking the first time all nine (9) indices have closed the week higher since the week ending December 27, 2024. In aggregate, the market rose by 2.88%, as 72 of the 129 traded stocks advanced, 42 declined and 15 remained unchanged. Leading the gains were the Financial Market Index (+4.07%) and the Select Index (+3.98%). Key drivers of the Financial Index’s performance were Sagcor Group Jamaica Limited (SJ: +9.6%) and Guardian Holdings Limited (GHL: +13.0%). Sagcor’s share price saw most of its appreciation between April 25th and April 30th, prior to the release of key announcements, including a \$0.77 per share dividend payable on April 30th and a press release outlining organisational changes aimed at supporting business growth. GHL also experienced a spike in trading activity, with volumes peaking on April 28 at 56,215 units valued at J\$17.37Bn. At a meeting held on May 1, 2025, the Board of Directors of Guardian Holdings Limited declared a first-quarter dividend of TT\$0.21 per share, payable on June 11, 2025, to shareholders on record as of May 20, 2025. The company also released its Q1 unaudited results on Friday, reporting a 225.90% year-over-year increase in net earnings, driven by a one-off gain from the sale of Thoma Exploitatie B.V., a Dutch-based insurance entity. Meanwhile, the JSE Select Index climbed on the back of price gains in several of its largest constituents. Notably, Carreras Limited (CAR: +2.58%) and TransJamaican Highway Limited (TJH: +3.32%) contributed significantly to the appreciation.

need for financial support in the face of economic hardship coming out of the pandemic<sup>5</sup>. Though slowing in more recent years (2021-2024 CAGR: -1.37%), at US\$3.35Bn in 2024, it remains substantially higher than the pre-pandemic total of US\$2.41Bn in 2019 (see Figure 1). Furthermore, despite fluctuating annually, remittances have moved from around 16.2% of GDP in 2019, reaching as high as 25.3% in 2021, to 19.1% in 2023<sup>6</sup>, leaving Jamaica as one of the economies most likely to be impacted by the new immigration policies (see Table 1). According to the Planning Institute of Jamaica's (PIOJ) most recent Survey of Living Conditions (2021), the proportion of local households receiving remittances was roughly 50.0% (55.9% in 2019), with the U.S. providing almost 60% of total annual inflows (BOJ Stats). Consequently, a substantial reduction in inflows would reduce household consumption, weaken the balance of payments, and reduce the supply of US dollars in the market, which could threaten exchange rate stability. Lower consumer spending could also reduce tax revenues, constraining government finances. This could further constrain economic growth at a time when uncertainties around global trade policies are headwinds to the post-Beryl economic rebound.

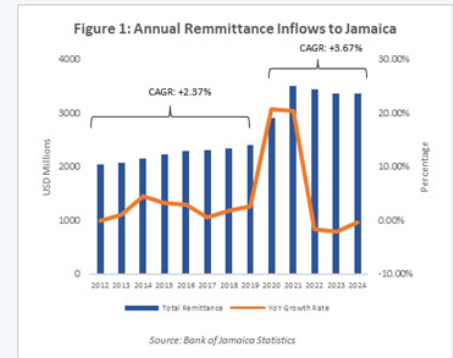
Moreover, tougher immigration policies, including the proposed 10% remittance tax, pose significant challenges for local companies reliant on remittance flows, potentially reducing revenues (due to changing customer behaviour) and higher operating costs (to comply with the new requirements). Recent sluggish remittance inflows have already started to weigh on the revenue and earnings of several local companies. Wisynco Group Limited (WISYNCO), in its second quarter ending December 31, 2024, reported that its revenues fell short of expectations due to a decrease in remittances. Lasco Financial Services (LASF) also expressed similar sentiments in its consolidated three-month results as of December 31, 2024. As such, any further weakening of remittances due to the changes in immigration policy could adversely impact these companies' revenues. GraceKennedy Limited (GK), a significant player in the

Furthermore, despite fluctuating annually, remittances have moved from around 16.2% of GDP in 2019, reaching as high as 25.3% in 2021, to 19.1% in 2023, leaving Jamaica as one of the economies most likely to be impacted by the new immigration policies.

remittance market through GK Money Services (GKMS), might experience another year of reduced transaction activities and lower remittance volumes. However, the company's most recent investments to transform its remittance services by offering lower-cost digital channels could allow it to successfully navigate the possibility of higher taxes. Still, there are reports that the U.S. is considering implementing country-by-country remittance ceilings/limits to reduce illegal immigration, which would reduce transaction volumes. Stringent immigration policies could, therefore, undermine the formal remittance market by reducing transaction volumes and pushing customers toward informal channels. An increase in scrutiny and compliance costs for these companies could also constrain their earnings. Other listed companies with remittance operations, such as Supreme Ventures Limited (SVL) and Sagicor Group Jamaica (SGJ), may also face adverse effects.

Tougher U.S. immigration policies pose significant risks to the vital remittance flows that support Jamaica's economy and broader regional stability. Given Jamaica's heavy reliance on remittances for household income and hard currency inflows, any material decline could have far-reaching implications, from reduced consumer spending to the potential for lower company earnings. Nonetheless, Jamaica has built up strong buffers from record-high NIR levels, and the government's commitment to economic and fiscal reforms over the past decade has contributed to greater macroeconomic stability and resilience

against economic shocks. Still, the anticipated disruptions underscore the need for economic diversification, improvements in the business environment and strong institutions over the long term to help raise productivity and reduce the economy's dependence on this external source of funding.



Countries	Remittance as a % of GDP (2023)
St. Vincent and the Grenadines	9%
Dominican Republic	9%
Cuba (approximation)	10%
Jamaica	19%
Haiti	19%
Guatemala	19%
Bermuda	21%
El Salvador	24%
Honduras	25%
Nicaragua	28%

Source: World Bank, National Sources, BMI (a product of Pitch Solutions Group Ltd)

<sup>5</sup> IMF, Defying the Odds: Remittances During the COVID-19 Pandemic, July 2021  
<sup>6</sup> Data Source: Remitscope.org and TheGlobalEconomy.com

## Foreign Exchange Market

For the week ending May 2, 2025, the Jamaican dollar depreciated by 0.23%, with the USD selling rate increasing from J\$159.11 on April 25, 2025, to J\$159.47 on May 2, 2025. The week-over-week depreciation occurred despite softer demand, though still high relative to the supply, and market resistance to higher prices as the exchange rate approaches the J\$160.00 level. While there were no Bank of Jamaica (BOJ) B-FXITT operations since April 11, 2025, end-users are hopeful of an intervention in the coming weeks to cushion the persistent depreciation observed over the last few weeks.

Selling	Close: 25/04/25	Close: 02/05/25	Change
J\$/US\$1	\$159.11	\$159.47	(\$0.36)
J\$/CDN\$1	\$116.93	\$116.58	(\$0.35)
J\$/GBP£1	\$210.92	\$213.18	+\$2.26

## Global Bond Prices

Bond markets were unsettled last week as investors parsed through a slew of economic indicators that offered a mixed view of the U.S. economy. The March Job Openings and Labor Turnover Survey (JOLTS) report showed job openings falling to 7.2 million, continuing a steady decline from the 2022 peak of over 12 million and approaching pre-pandemic levels, signalling a gradual normalisation in labour demand. Meanwhile, jobless claims edged higher, but the April non-farm payrolls report surprised to the upside, with 177,000 jobs added, surpassing expectations. However, this gain was partially offset by downward revisions totalling 58,000 for previous months. The unemployment rate remained unchanged at 4.2%, while wage growth moderated slightly, with average hourly earnings rising 3.8% year-over-year. However, the broader economic backdrop was less encouraging. Preliminary data for Q1 2025 GDP showed the U.S. economy contracting at an annualised rate of -0.3%, marking the first decline since 2022. The downturn was largely due to a surge in imports ahead of expected tariffs, which caused net exports to subtract a record 4.8 percentage points from GDP.

Despite the soft GDP and mixed labour data, U.S. Treasury yields rose, suggesting markets focused more on the resilience in payrolls closer to the end of the week. The 10-year Treasury yield rose to 4.332% on Friday, May 2, from 4.225% the prior week. Despite mounting recession risks, economists still expect two rate cuts from the Federal Reserve this year, most likely in September and December. According to Bloomberg's latest survey, 75% of economists now expect a recession or a zero-growth scenario over the next 12 months, a sharp jump from 26% in March. However, the median projection still anticipates quarter-point cuts later this year, as policymakers weigh the inflationary impact of tariffs against signs of slowing growth. The Fed has kept interest rates unchanged so far in 2025 and is expected to maintain this stance at its May 6-7

meeting, awaiting clearer data on the evolving macroeconomic fallout from President Trump's sweeping tariffs.

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
ALSEA (7.75%) 2026	Ba3/Stable	104.00	5.09%	BUY
BAHAMA (6.00%) 2028	BB-/Stable	99.25	6.24%	BUY
BHAMA (6.95%) 2029	BB-/Stable	98.25	7.41%	BUY
BAHAMA (8.95%) 2032	BB-/Stable	105.25	8.00%	BUY
BAHAMA (6.63%) 2033	BB-/Stable	91.75	8.04%	BUY
BERMUD (4.75%) 2029	A2/Stable	103.50	3.74%	BUY
DOMREP (5.5%) 2029	BB/Stable	100.75	5.28%	BUY
DOMREP (8.625%) 2027	BB/Stable	106.50	5.06%	BUY
DOMREP (5.95%) 2027	BB/Stable	104.00	3.51%	BUY
DOMREP (6.95%) 2037 (NEW ISSUE) <sup>7</sup>	BB/Stable	103.00	6.58%	BUY
GEOARK (8.75%) 2030	B+/Stable	90.00	11.55%	BUY
GM (5.40%) 2029	Baa2/Stable	102.25	4.83%	BUY
JAMAN (6.75%) 2028	BB-/Positive	105.50	4.74%	BUY
JAMAN (8.50%) 2036	BB-/Positive	121.00	5.85%	BUY
KINGAIR (6.75%) 2036	BB/Stable	102.75	6.41%	BUY
LTMCI (7.88%) 20230	BB/Stable	102.00	7.38%	BUY
MARGRO (6.404%) 2029	BBB-/Positive	103.75	5.45%	BUY
MINSUR (4.5%) 2031	BBB-/Stable	93.75	5.67%	BUY
NFLX (5.88%) 2028	A3/Positive	107.50	3.58%	BUY

<sup>7</sup> Issuer- Govt. of the Dominican Republic, Industry- Sovereign, Type-Senior Unsecured, Callable-Yes, Coupon Rate- 6.95%, Coupon Payment- Semi-annually, Maturity- March 15, 2037, Risk Profile - Moderate

Bonds	Currency Rating	Indicative Price	Yield	Recommendation
NFLX (4.875%) 2030	A3/ Positive	103.75	4.05%	BUY
NRG (6.00%) 2033	BB+/ Stable	102.25	5.63%	BUY
NRG (6.25%) 2034	BB+/ Stable	102.75	5.87%	BUY
PYPL (2.85%) 2029	A-/Stable	96.00	3.85%	BUY
SFC (5.30%) 2028	BBB/ Positive	101.50	4.76%	BUY
TPHLTT (9.00%) 2029	Ba3/Stable	105.50	7.46%	BUY
TRAJAM (5.75%) 2036	BB-/ Positive	96.75	6.15%	BUY
TRITOB (4.5%) 2026	BBB-/ Stable	101.25	3.45%	BUY
NFE (6.50%) 2026	Caa1/ Negative	80.00	24.64%	SELL
CSOLNO (6.00%) 2027	B+/Stable	16.75	498.26%	SELL
BANORT (5.75%) 2031	Baa2/ Positive	99.25	1.35%	SELL

## Money Market

Last week, liquidity in the JMD money market increased marginally, as measured by the aggregated current balances held by Deposit-Taking Institutions (DTIs). As at May 1, 2025, the total aggregate current balance amounted to J\$73.04Bn, marking a 2.03% increase compared to the previous Thursday.

Demand for money market instruments softened, as reflected in the level of oversubscription of both the Bank of Jamaica's weekly 30-day Certificate of Deposit (CD) auction and its 14-day Repo auction. The bid-to-offer ratio on the weekly CD auction declined from 1.79x to 1.03x. This softening was driven by a sharp drop in total bids received, J\$27.0Bn last week compared to J\$45.0Bn the week before. Meanwhile, the average yield on the 30-day CD continued to edge upward, rising to 5.89%, up from 5.72% in the prior auction.

Despite limited participation, 14-day repo auctions were oversubscribed last week. Only two eligible bids were received, totalling J\$900.0Mn, against an offer of J\$800.0Mn, resulting in a bid-to-offer ratio of 1.13x. The weighted average interest rate stood at 6.03%, one (1) basis point higher than the last auction occurring on April 17, 2025.

The Government of Jamaica has announced a new auction to offer a total of J\$2.2B in T-bills to the market. There will be three (3) tenors on offer, with sizes of J\$700 Mn for 91-day and 182-day tenors, respectively, and J\$800 Mn for a 273-day tenor. The subscription date for the auction is the 7th of May and for settlement on the 9th.

## GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	102.30	5.50%
	2039	112.80	6.51%
	2045	111.80	6.79%

\*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	2027	6.50%	100.35	8.02%
SJPC	2032	8.15%	102.50	8.37%
PBS	2025	8.85%	100.85	6.03%

## Dates to watch this week

■ International ■ Local

May 2025				
MON	TUE	WED	THUR	FRI
<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
		GHL - Dividend Payment Date (TTD\$0.21/share)		BRG - Annual General Meeting BIL - Annual General Meeting
US - PMI Services (Apr) US - ISM Non-Manufacturing PMI (Apr)		US - Fed Rate Decision	UK - BoE Interest Rate Decision US - Initial Jobless Claims	CAD - Unemployment Rate

## Recommendations

Ticker	Closing Price (May 5, 2025)	P/E	Avg. Sector P/E	Current Recommendation
CAR	\$15.07	11.7x	14.0x	<b>BUY</b>
GK	\$71.60	8.5x	13.4x	<b>BUY</b>
HONBUN	\$8.00	17.0x	21.1x	<b>BUY</b>
SVL	\$19.98	29.4x	29.4x	<b>BUY</b>
TJH	\$3.61	9.3x	15.8x	<b>BUY</b>
TJHUSD	\$0.02	9.4x	8.1x	<b>BUY</b>

## Regional News

### Facing Flagging Growth, Mexico Government Plans to Boost National Output

Mexican officials on Monday laid out a plan to keep the nation on the path toward growth after narrowly avoiding a technical recession in the first quarter. The nation's annual gross domestic product could tick up 0.7 percentage points if the plan goes into effect, Finance Minister Edgar Amador said, speaking alongside President Claudia Sheinbaum at her morning press conference. Amador said the government plans to boost the national content of government purchases by 10% and swap out 10% of manufacturing imports, along with providing a direct stimulus to internal demand and local producers. Along with the growth, the measures could create 700,000 new jobs a year, the minister added. Mexico is rolling out measures to fight against what it views as unfairly priced imports of products such as steel, textiles and furniture, Economy Minister Marcelo Ebrard said. Mexico will implement so-called reference prices, or baseline values, for imports of furniture, toys, sports equipment, paper and cardboard. "Many times, (importers) give us a price that's below market value," Ebrard said. "That's why we're rolling out reference prices, so you can't declare a price below." Ebrard said officials had reviewed the list of steel mills approved to import products into Mexico and canceled the registration of around half of them. "They were found to have inconsistencies, or irregularities, or some of them don't even exist at all," Ebrard said. He said the measure was meant to prevent foreign steelmakers from avoiding tariffs and to protect local producers. The country has also punished some textile makers who were abusing a scheme meant to export clothes out of Mexico, Ebrard said. Later this month, the government will meet with textile makers and businesses which rely on the products, he added.

Source ~ Reuters

### Dominican Republic to be Second Fastest-Growing Economy Globally in 2026

According to the IMF's Economic Outlook for the Western Hemisphere, the Dominican Republic will be the second-fastest growing economy in the world in 2026, outside of the Caribbean, with GDP growth projected at 4.8%. This projection places the country ahead of all regional peers except Argentina (4.5%) in 2026. The IMF attributes this momentum to robust consumption, while investment remains relatively weak. The region overall is forecast to slow from 2.4% in 2024 to 2.0% in 2025. The IMF called for timely fiscal consolidation as

the scope for monetary easing narrows. Other projected 2026 growth rates include: Panama (4%), Guatemala (3.8%), Honduras (3.4%), Costa Rica (3.4%), and El Salvador (2.5%). Haiti, by contrast, is expected to grow by just 1% after a contraction in 2025. Rodrigo Valdés of the IMF commented on potential negative effects of U.S. tariffs, particularly on countries reliant on tourism, but noted no reservation cancellations to date. He reiterated support for reforms in Argentina and Chile, encouraging gradual fiscal adjustments and debt reduction efforts. Valdés also acknowledged the risk of declining migrant remittances and demand shocks, which may temper regional growth prospects.

Source ~ Dominican Today

## International News

### Global Economy Already Feeling Drag From Trump Tariffs

U.S. President Donald Trump's tariffs are increasingly clogging up the wheels of a world economy which for decades were greased by predictable and relatively free trade. Big-name multinationals right down to niche e-commerce players last week cut sales targets, warned of job cuts and reviewed their business plans, while major economies revised down growth prospects amid bleak data read-outs. While financial markets are betting the U.S. and China will pull back from an all-out trade war and that Trump will cut deals to avert higher tariffs on others, the sheer uncertainty of where this end has become a major drag factor in itself. Beijing said on Friday it was evaluating an offer from Washington to hold talks over 145% U.S. tariffs, to which it has responded with 125% levies. Trump's administration has also suggested it is close to deals with countries including India, South Korea and Japan to avert more tariffs in weeks to come. In the meantime, companies such as Swedish appliances maker Electrolux slashed its outlook while Volvo Cars, computer gadget maker Logitech, and drinks giant Diageo abandoned their targets on the uncertainty. Last week's removal of the "de minimis" duty-free treatment of e-commerce packages worth less than \$800 for products from China is a hammer-blow for many smaller players. "We're going from zero to 145%, which is really untenable for companies and untenable for customers," said Cindy Allen, CEO of Trade Force Multiplier, a global trade consultancy. "I've seen a lot of small to medium-sized businesses just choose to exit the market altogether."

Source ~ Reuters

## Oil Prices Drop as OPEC+ Accelerates Output Hikes, Surplus Looms

Source ~ Reuters

Oil prices fell by more than \$1 a barrel on Monday after OPEC+ announced plans to accelerate its output hikes, deepening concerns about a looming supply glut in a market already facing an uncertain demand outlook. By 10:55 a.m. EDT (1455 GMT), Brent crude futures had dropped \$1.54, or 2.51%, to \$59.75 per barrel, while U.S. West Texas Intermediate (WTI) crude slid \$1.64, or 2.81%, to \$56.61. These losses came on the heels of an already sharp decline last week, when Brent shed 8.3% and WTI fell 7.5%, following signals from Saudi Arabia that it could endure a prolonged period of lower prices—further amplifying supply-side anxieties. On Saturday, OPEC+ agreed to increase production in June by 411,000 barrels per day (bpd), marking a second consecutive month of accelerated hikes. This adjustment, driven by eight members including non-OPEC allies like Russia, will bring the total increases for April through June to 960,000 bpd. That represents a 44% reversal of the 2.2 million bpd in voluntary cuts the alliance has maintained since 2022, according to Reuters. Analysts noted that the move could pressure non-OPEC+ producers, who now account for nearly 60% of global supply. “Market share gains for producers outside the group may have peaked if these new barrels drive prices even lower,” said Peter McNally of Third Bridge. The policy shift appears to be spearheaded by Saudi Arabia, which is reportedly urging a faster rollback of cuts to discipline Iraq and Kazakhstan over their persistent non-compliance with quota commitments. OPEC+ sources told Reuters that if members fail to improve adherence, the group may fully unwind its voluntary cuts by the end of October.

According to Saxo Bank’s Ole Hansen, the Saudi-led production increase is aimed not just at enforcing discipline within OPEC+, but also at challenging the competitiveness of U.S. shale producers. The decision has prompted several banks to revise their oil price forecasts. Barclays cut its 2025 Brent crude outlook by \$4 to \$66 per barrel and its 2026 projection by \$2 to \$60, while ING now expects Brent to average \$65 this year, down from \$70. “This change in OPEC+ policy adds to the supply-side uncertainty at a time when demand remains fragile amid ongoing tariff risks,” ING analysts led by Warren Patterson noted. Adding to bearish sentiment are widespread recession fears and weak demand for refined fuel imports. David Wech, chief economist at Vortexa, observed that global crude inventories have built up by approximately 150 million barrels since mid-February, stored both in onshore tanks and on tankers at sea—further evidence of a softening market.

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