NCB CAPITAL MARKETS LIMITED

Market Guide

September 1, 2026

THIS ISSUE

"The investor of today does not profit from yesterday's growth." – Warren Buffett

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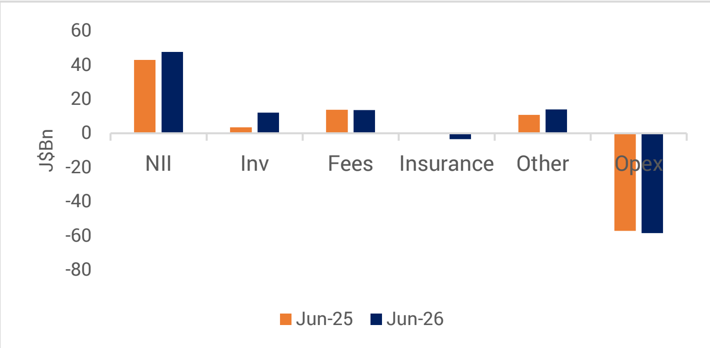
Profits Up, Valuations Down: Is it Time to Revisit Financial Stocks?

Figure 1: Aggregate Quarterly Drivers (June 2025 vs 2026)

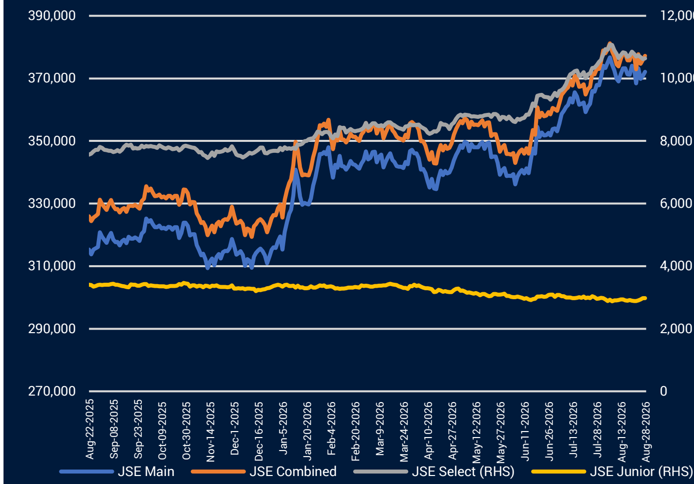


With the June earnings season ending, local stocks in the financial services (FS) sector have delivered positive performances. Yet, despite higher earnings and credible plans to further strengthen profitability, several FS stocks continue to trade at deep discounts. With Scotia's imminent privatisation expected to unlock liquidity that could potentially be used for reinvestment, could this present a buying opportunity? In today's article, we'll assess aggregate drivers of the sector's June-quarter performance of financial companies, their growth strategies, key risks, and whether current valuations offer an attractive entry point for investors.

Aggregate shareholder profits for FS stocks totalled $24.09Bn for the quarter ending June 2026, a 54.0% increase relative to June 2025. The increase was driven by higher net interest income (NII), investment gains, and shares of profits from associates, which outweighed weaker insurance contributions, flat fee income, and higher operating expenses (See Figure 1). While small-cap FS stocks contributed to the growth in earnings, the performance was dominated by large-cap players[1].

Aggregate NII increased by 10.8% to $47.36Bn (See Figure 1). NCB Financial Group (NCBFG), Scotia Group Jamaica (SGJ), Sagicor Group Jamaica (SJ), and JMMB Group Limited (JMMBGL) contributed significantly. NCBFG's NII grew by 7.6% YoY to $21.36Bn, driven by an 8.5% decline in interest expenses as the Group optimised funding costs and reduced wholesale borrowings across its regional banking platforms. The increase came despite a smaller loan book, as the Group prioritised portfolio optimisation and credit quality. SGJ saw a 10.3% increase to $13.27Bn, supported by a 10.8% rise in interest income to $13.82Bn. Its Scotia Plan Loan and mortgage portfolios expanded by 15% and 19%, respectively. Meanwhile, SJ grew its NII by 16.4% to $8.07Bn, supported by $22.15Bn in new loan deployments year-to-date and lower impairment amid improved credit quality. JMMBGL recorded a 19.8% increase in NII to $4.21Bn as interest income grew 7.0% to $11.50Bn. Management attributed the increase to a larger base of interest-earning assets, while interest expenses were held flat through active asset-liability management and cost-of-funds optimisation. Driven by realised gains on investment asset sales and fair-value appreciation across its equity portfolio. Notably, while Mayberry Group Limited (MGL) and Mayberry Jamaican Equities (MJE) also reported significant movements

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	377,209.92	0.02%	14.85%
Main Market Index	372,127.19	-0.18%	17.03%
Select Index	10,643.76	-1.29%	38.67%
Junior Market Index	2,982.06	3.41%	-12.33%

WINNERS & LOSERS FOR THE WEEK ENDED August 28, 2026

	$ Change	% Change
MTL	$2.31	32.49%
FURSTROCKJMD	$1.43	25.67%
MTLUSD	-$0.01	-15.10%
ASBH6.0	-$0.14	-14.14%

MARKET OVERVIEW

The local stock market remained on a steady footing last week. Market breadth remained positive, with advancers outnumbering decliners 78 to 38 among the 127 traded stocks, while 11 securities closed unchanged. Against this backdrop, the JSE Combined Index rose modestly (+0.02%) week-over-week (WoW), while maintaining its strong year-to-date gain of 14.85%. Trading activity picked up notably, with market value increasing 74.48% WoW to J$6.88Bn, while market volume rose 28.81% to 592.3Mn units.

Performance across the other 8 major indices was evenly split, with 4 advancing and 4 declining. The JSE Junior Market Index led the advancers (+3.41%), supported by double-digit increases in FosRich Limited (+13.64%) and Derrimon Trading (+13.79%). Meanwhile, the JSE Cross-listed Index followed behind, rising 1.94%, aided by a 4.90% gain in Guardian Holdings. On the downside, the JSE Select (-1.29%) and Financial (-1.18%) indices recorded the largest declines, largely reflecting weakness in heavyweight NCB Financial Group (-3.49%), with Sagicor Group Jamaica (-2.04%) adding further pressure to the Financial Index. There was no significant company-specific news during the week to explain these movements. As such, the price action likely reflected investors continuing to digest and reassess the financial results released by some of the companies in prior weeks.

Overall, trading activity was relatively concentrated. Supreme Ventures Limited (SVL) with 343.96Mn units (57.66%), Elite Diagnostic Limited (ELITE) with 81.49Mn units (13.66%), and TransJamaican Highway Limited (TJH) with 30.55Mn units (5.12%) collectively accounted for 76.44% of total market volume.

[1] Large Cap refers to ranking in the top 30 stocks on the Jamaica Stock Exchange (JSE) by Market Capitalisation.

in investment gains, these largely reflected reversals from deep losses in June 2025. The rise in investment gains was dominated by Barita Investments Limited (BIL). For BIL, investment gains quadrupled to $4.00Bn, Collectively, the Mayberry gains reflected mark-to-market recoveries across associate companies, including Supreme Ventures Limited (SVL) and Dolla Financial Services Limited (DOLLA). JMMBGL and PROVEN's earnings also benefited from shares of profits in associate companies. JMMBGL recorded $3.34Bn in share of profits, benefiting from its 24.5% strategic holding in Sagicor Financial Company Limited (SFC). SFC saw profitability surge on favourable interest rate mark-to-market movements and operational improvements in its Canadian and life segments, though quarterly results remain exposed to market volatility under IFRS 17. PROVEN also benefited from its 20% strategic holding in JMMBGL, highlighting the compounding benefits of cross-regional financial integration and strategic associate equity stakes.

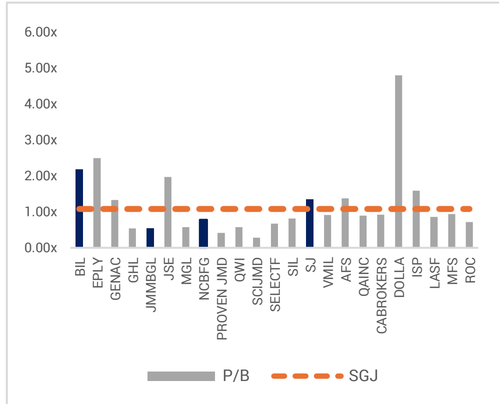
Not every segment fired on all cylinders. Fee income was relatively flat, and insurance contributions fell. Fee-based income declined 0.3%, as increases from SGJ and JMMBGL were offset by weaker contributions from NCBFG and BIL. SGJ led fee income expansion with a 33.4% increase, driven primarily by a reduction in card expenses. JMMBGL followed with 8.5% growth, driven by client investments in off-balance sheet products. However, these gains were overshadowed by a 6.5% decline at NCBFG due to lower transaction volumes and changes in its loan products. BIL also recorded a 15.1% drop amid lower investment banking activity. On the insurance front, NCBFG recorded a 16.1% decline in insurance service results. A 21.9% increase in finance expenses on insurance contracts also contributed to a $2.88Bn deficit. Elevated actuarial provisions, motor and health claims, and inflationary pressures on policy payouts weighed on underwriting margins. Likewise, a 24.6% decline in insurance service results and a 4.7% increase in insurance finance costs resulted in SJ recording a $793.58Mn deficit for the quarter. This reflected elevated catastrophe reserves and claim costs. Nonetheless, it should be noted that, when including investment gains, the insurance segments remain profitable. Smaller insurance players, such as IronRock (ROC) and General Accident, fared better, contributing insurance results of $17.47Mn and $182.74Mn, respectively. Both utilised reinsurance to absorb Hurricane Melissa claims exposures.

FS stocks also reported a 1.9% increase in operating expenses to $59.57Bn. BIL, SJ, and SGJ recorded the largest increases, while NCBFG benefited from a 2.8% decline. BIL's operating expenses doubled to $2.66Bn, owing to staff expansion and administrative costs tied to the acquisition, integration and rebranding of Barita Fund Managers Limited (BFM), formerly JN Fund Managers Limited. SJ's operating expenses rose 20.5%, while SGJ reported an 8.2% increase, with higher administrative expenses and digital infrastructure upgrades being the main contributors.

> Ultimately, allocation decisions should align with individual portfolio goals. For institutional investors, this means meeting exposure limits and portfolio mandates. Retail investors should carefully assess personal risk tolerance, dividend yield targets, and liquidity needs – Consulting an NCBCM Wealth Advisor is recommended to navigate options effectively.

Going forward, FS players are seeking to increase shareholder value by raising core revenues and improving operational efficiency amid macroeconomic uncertainty. To sustain NII, sector leaders are focusing on asset-liability optimisation and credit expansion. NCBFG is aggressively paying down high-cost holding company debt to reduce interest expense and expand net interest margins. Concurrently, SGJ is leveraging automated digital loan onboarding to support high-margin retail loan growth. Several players are shifting towards recurring fee-based platforms. BIL is leveraging newly acquired asset platforms, such as BFM, to build recurring fee-based revenue streams, while JMMBGL is expanding wealth management client assets to diversify earnings. In insurance, NCBFG and SJ are repricing policy risk parameters, tightening underwriting disciplines, and expanding reinsurance buffers to absorb climate and actuarial claim volatility. To tackle investment-gain volatility, institutions are reallocating portfolios towards higher-yielding fixed-income assets while reducing reliance on short-term appreciation and paper valuations. Meanwhile, process automation, shared services, and centralised cost management remain paramount. NCBFG, for example, is centralising back-office operations into shared service hubs and developing Centres of Excellence to concentrate expertise and leverage its scale. Likewise, Sagicor is pursuing a centralised hub across its regional businesses in the Caribbean, as part of its "One Caribbean" vision, ahead of the planned reorganisation. These changes are expected to reduce costs and create efficiencies. Other institutions are enforcing cost-containment measures and advancing digital transformation initiatives to improve efficiency ratios. Nonetheless, macroeconomic uncertainty poses headwinds. Persistent global inflationary pressures stem from geopolitical flashpoints like the US-Iran conflict and potential agricultural supply disruptions linked to a severe Super El Niño cycle. These factors could keep inflation sticky and delay anticipated policy rate cuts by the Bank of Jamaica and other central banks. This could keep funding costs elevated and dampen loan expansion, narrowing NII and potentially threatening investment gains. Insurance contributions and operating expenses may also be impacted by severe weather events, as seen with Hurricane Melissa, which can trigger spikes in catastrophe claims alongside higher repair, property, reinsurance, and operational costs.

Figure 2: FS Stocks P/B Valuation Multiples (August 28, 2026)



Despite positive June 2026 earnings and publicised strategies to raise shareholder value, FS stocks continue to trade at discounts to book value. As at August 28, FS stocks traded at a median price-to-book (P/B) ratio of 0.86x, a deep discount relative to 1.59x five years ago (See Figure 2). These valuations may present an opportunity for retail and institutional investors, especially as SGJ's imminent privatisation is expected to bring a significant inflow of funds to the market. While that liquidity could flow into high-quality stocks in other sectors or future IPOs and APOs, investors seeking to maintain financial-sector allocations may look for stocks with strong earnings potential. Blue-chip institutions such as NCBFG (0.78x), GHL (0.54x), SJ (1.35x), JMMBGL (0.54x) and BIL (2.18x) could represent reinvestment options. Some offer sector diversification, long-term resilience, and strong dividend legacies, making them potential substitutes when SGJ goes private. For growth-oriented investors, there are small-cap players like DOLLA (4.80x). Dolla's outlook is supported by aggressive net loan expansion and rapid profit growth in underbanked microfinance segments. However, for each option, investors will need to determine whether valuation multiples can be justified by historical performance and, more importantly, the outlook based on the macroeconomic backdrop and strategies to maximise shareholder value. Ultimately, allocation decisions should align with individual portfolio goals. For institutional investors, this means meeting exposure limits and portfolio mandates. Retail investors should carefully assess personal risk tolerance, dividend yield targets, and liquidity needs – Consulting an NCBCM Wealth Advisor is recommended to navigate options effectively.

Foreign Exchange Market

For the week ending August 28, 2026, the weighted average selling rate for US$1 moved from J$159.39 on August 21, 2026, to J$159.23 on August 28, 2026. The movement was primarily driven by a strong foreign-exchange supply surplus, as authorised dealers purchased US$28.78Mn more in foreign currency than sold to end-users. The resulting excess supply, coupled with transactions being executed at marginally lower rates, contributed to the decline in the weighted average sell rate.

Selling	Close: 21/8/2026	Close: 28/8/2026	Change
J$/US$1	$159.39	$159.23	($0.16)
J$/CDN$1	$115.71	$116.88	$1.17
J$/GBP£1	$215.34	$218.56	$3.22

Global Bond Market

Global bond markets remained shaped by persistent geopolitical and trade tensions last week, while stronger-than-expected U.S. inflation reinforced uncertainty around the Federal Reserve's (Fed's) near-term policy path. In the Middle East, Iran and Oman made progress towards establishing a temporary navigational corridor through the Strait of Hormuz, raising hopes that shipping through the key energy route could gradually normalise. The prospect of improved flows helped push Brent crude below US$90 per barrel during the week. However, a full reopening remains uncertain, with Iran maintaining that progress depends on the U.S. meeting several conditions. However, the U.S. has continued to increase economic pressure on Iran, with Treasury Secretary Scott Bessent threatening secondary sanctions against Tehran's trading partners, like Chinese financial institutions involved in Iranian oil trade. Further to this, trade-related inflation risks also increased as U.S.-Canada tensions escalated following the breakdown of negotiations. Canada announced retaliatory tariffs on CAD27.6Bn of U.S. imports, matching recently imposed U.S. tariffs dollar-for-dollar, with duties of 15% to 50% set to take effect on September 8 across sectors including steel, agriculture, appliances and electronics. The escalation adds another source of potential price pressure while also increasing downside risks to trade and economic activity.

Against this backdrop, U.S. inflation remained sticky, further complicating the monetary policy outlook. Headline Personal Consumption Expenditures (PCE) Price Index came in at 3.7% in July, unchanged from June, and core PCE remained at 3.3%, reinforcing concerns that underlying price pressures remain elevated. Following the release, markets increased the implied probability of a 25bps September Fed hike to roughly 57% on Friday, from 41.4% at the start of the week (August 21), according to the CME FedWatch Tool.

Persistent inflation, alongside concerns over the U.S. fiscal deficit and growing debt burden, has contributed to upward pressure on longer-term Treasury yields, with the 10 and 30-year yields recently reaching their highest levels since 2007. The Treasury has responded with an initiative to increase debt buybacks; however, investors remain uncertain about their ability to meaningfully ease yield pressures. Despite these concerns, the 10-year Treasury yield ended the week relatively unchanged at 4.72%, compared with 4.73% a week earlier. Similarly, EM bond yields were broadly stable over the week, with bonds across Jamaica, the Dominican Republic, Trinidad and Tobago, Barbados and The Bahamas recording modest price gains. Overall, geopolitical and trade uncertainty should continue to support some safe-haven demand, but persistent inflation, higher tariffs and the potential for renewed energy-price pressures could keep yields elevated by limiting the Fed's flexibility to ease policy.

	Currency Rating	Indicative Price	Yield	Recommendation
Abbot Lab (4.65%) 2036	A+/ Stable	97.75	4.95%	BUY
Airbnb (5.25%) 2036	A-/ Stable	101.25	5.08%	BUY
Amazon (4.55%) 2033	AA-/ Stable	100.00	4.55%	BUY
Amazon (4.65%) 2035	AA-/ Stable	98.25	4.89%	BUY
Amazon (4.875%) 2036	AA-/ Stable	99.75	4.91%	BUY
Bahamas (6.63%) 2033	BB-/ Stable	105.50	5.63%	BUY
Bahamas (8.25%) 2036	BB-/ Stable	115.50	6.12%	BUY
Bahamas (8.95%) 2032	BB-/ Stable	116.00	5.80%	BUY
Barbados (8.00%) 2035	B+/ Positive	110.50	6.42%	BUY
Blackstone (6.00%) 2032	BBB-/ Positive	102.00	5.57%	BUY
Block Inc (6.00%) 2033	BB+/ Positive	104.00	5.30%	BUY

	Currency Rating	Indicative Price	Yield	Recommendation
DOMREP (5.50%) 2029	Ba2/ Stable	103.00	4.20%	**BUY**
DOMREP (6.00%) 2033	Ba2/ Stable	103.00	5.44%	**BUY**
DOMREP (5.75%) 2034	Ba2/ Stable	101.25	5.54%	**BUY**
DOMREP (5.88%) 2035	Ba2/ Stable	101.00	5.73%	**BUY**
DOMREP (6.15%) 2038	Ba2/ Stable	101.50	5.97%	**BUY**
DOMREP (6.95%) 2037	Ba2/ Stable	107.50	5.98%	**BUY**
GEOPARK (8.75%) 2030	B+/ Stable	106.50	6.58%	**BUY**
Goldman Sachs Private Credit (5.875%) 2031	BBB-/ Stable	102.00	5.36%	**BUY**
Jefferies (6.25%) 2036	BBB/ Stable	104.00	5.69%	**BUY**
Kingston Airport Revenue (6.75%) 2036	Ba3/ Negative	104.00	6.22%	**BUY**
Minerva (4.38%) 2031	BB/ Stable	105.25	4.60%	**BUY**
Minerva (7.50%) 2036 **(NEW)**[2]	BB/ Stable	98.75	7.68%	**BUY**
NCBFG (11.0%) 2030	B+/ Stable	108.84	8.30%	-
NETFLIX (4.875%) 2030	A2/ Positive	103.00	4.01%	**BUY**
NETFLIX 5.25% 2036 **(NEW)**[3]	A/Stable	102.50	4.93%	**BUY**
NRG (3.88%) 2032	BB+/ Stable	95.00	4.93%	**BUY**
NRG (6.00%) 2033	BB+/ Stable	103.00	5.44%	**BUY**
NRG (6.125%) 2036	BB+/ Stable	102.50	5.78%	**BUY**
NRG (6.25%) 2034	BB+/ Stable	103.75	5.67%	**BUY**
Petro Rio (6.75%) 2030	BB+/ Stable	102.50	6.05%	**BUY**

	Currency Rating	Indicative Price	Yield	Recommendation
TRANSJAM (5.75%) 2036	BB/ Stable	99.00	97.00%	**BUY**
Trinidad and Tobago (6.20%) 2038 **(NEW)**[4]	BBB-/ Negative	102.00	5.96%	**BUY**
Trinidad and Tobago (6.50%) 2036	BBB-/ Negative	104.75	5.84%	**BUY**
Trinidad Generation Unlimited (7.75%) 2033	BB/ Stable	108.25	6.24%	**BUY**
BANORTE (5.75%) 2031	BB-/ Negative	103.00	5.07%	**SELL**
FRICON (7.7%) 2028	C	14.92	150.29%	**SELL**

*Prices and yields are indicative. For further information on the recommendations outlined in this publication, including suitability considerations and detailed investment insights, clients are encouraged to contact their NCB Capital Markets Wealth Advisor. Your Wealth Advisor can provide personalised guidance aligned with your investment objectives, risk tolerance and portfolio strategy. Additionally, see Disclaimer on page 8.

GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	102.60	4.41%
	2036	116.00	6.24%
	2039	117.50	5.89%
	2045	116.55	6.36%

*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 (NCBCML) 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	8.15%	100.25	7.76%
SJPC	2032	8.85%	104.00	7.98%

[2] **Issuer-** Minerva Luxembourg S.A., Industry-Agriculture, **Type-** Senior Unsecured, Callable-No, **Coupon Rate**- 7.50%, **Coupon Payment**- Semi-annually, **Maturity** – April 22, 2036, Risk Profile – **Aggressive**

[3] **Issuer-** Netflix, Inc., Industry-Media & Entertainment, **Type-** Senior Unsecured, Callable-Yes, **Coupon Rate**- 5.25%, **Coupon Payment**- Semi-annually, **Maturity** – August 15, 2036, Risk Profile – **Conservative**

[4] **Issuer-** Government of the Republic of Trinidad and Tobago, **Type-** Senior Unsecured, Callable-Yes, **Coupon Rate**- 6.20%, **Coupon Payment**- Semi-annually, **Maturity** – July 16, 2038, Risk Profile – **Moderate**

Money Market

Liquidity in the JMD money market, as measured by the aggregated current balances held by Deposit-Taking Institutions (DTIs), rose modestly last week. As at August 28, 2026, the total aggregate current balance amounted to J$76.32Bn, compared to J$75.98Bn the previous week.

Demand for Bank of Jamaica (BOJ) liquidity management instruments remained healthy, underscoring continued appetite for short-term Jamaican-dollar investments. The BOJ's 30-day Certificate of Deposit (CD) auction attracted J$24.02Bn in bids against an offer of J$23.0Bn, resulting in a 1.04x bid-to-cover ratio (1.19x in the previous auction). The lower subscription rate came as the BOJ decreased the amount offered by J$24.02Bn (-14.8%), which likely led to the lower bid amount (-25.3%). Still, the weighted average yield on the 30-day CD auction rose slightly to 5.47%, from 5.46% in the previous week. The next 30-day CD auction is scheduled for Wednesday, September 2, 2026. The Central Bank is also expected to return to the market at the end of this week, given an upcoming maturity of J$20B of its 7.75% two-year CD due September 3, 2026.

The BOJ also conducted a 14-day repurchase agreement (repo) auction, which received J$8.00Bn in eligible bids against an offer of J$4.0Bn. The auction's weighted average yield increased by 6 basis points to 5.96%, suggesting participants demanded slightly higher returns for short-term liquidity.

Finally, the reopening of the GOJ Fixed Rate (7.75% and 11.25%) Benchmark Investment Notes (BIN) due 2029 and 2046 reflected strong demand, with both issues oversubscribed against offer volumes of J$27.8Bn and J$3.49Bn, respectively. The 2029 BIN recorded an average yield of 7.675%, while the 2046 BIN averaged 8.928%, marginally higher than the prior 8.902% average. The GOJ also announced a Treasury bill auction totalling J$1.4Bn, split evenly between the 91-day and 182-day tenors. The subscription date for the auction is September 2, 2026, with settlement scheduled for September 4, 2026.

Dates to Watch This Week

International | Local

August – September 2026

MON	TUE	WED	THUR	FRI
31	1	2	3	3
		JSE Dividend Payment ($0.1712 per share)		JMMBGL Dividend Payment ($0.35 per share)
		BOC Interest Rates Decisions		

Recommendations

Ticker	Closing Price (September 1, 2026)	P/E	Avg. Sector P/E	Current Recommendation
ONMI	$0.90	11.1x	30.8x	**BUY**
SVL	$17.50	22.7x	22.7x	**BUY**
FESCO	$3.46	12.8x	17.0x	**BUY**

Prices and yields are indicative. For further information on the recommendations outlined in this publication, including suitability considerations and detailed investment insights, clients are encouraged to contact their NCB Capital Markets Wealth Advisor. Your Wealth Advisor can provide personalised guidance aligned with your investment objectives, risk tolerance and portfolio strategy. Additionally, see the Disclaimer on page 8.

Unit Trusts

Fund	Fund Composition	Price/ NAV$	12 Month Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
NCB Capital Markets Limited (NCB CAPFUNDS)			NAV* As at August 31, 2026		
O Money Market Fund (M Fund)	F	17.0666	6.58%	4.95%	4.86%
O Income Optimizer Fund (iO Fund) ◊	F	15.7272	3.66%	2.09%	11.21%
Caribbean Equity Fund (E Fund) †	E	27.3755	1.47%	3.20%	-
◊ Real Estate Fund (rE Fund) †	R, F	17.7707	5.47%	4.86%	4.54%
◊ Income Distribution (id Fund) †	F	100.5102	0.00%	0.51%	0.68%
O USD Money Market Fund (xM Fund)	F	1.2579	2.90%	1.88%	1.14%
O USD Bond Fund (xB Fund)	F	1.3649	1.97%	1.73%	2.58%

Key: O = Tax Free (special conditions apply) · ☆ = Tax Free · † = Sales commission/front end fee up to 2% · ◊ = Non-Diversified Unit Trust · F/E/R = Fixed Income, Equity, Real Estate

Regional News

Global Oil Price Shock Will Pressure Barbados' External Position, But Buffers Remain Adequate

Barbados' external position is expected to weaken moderately in 2026 as the import-dependent economy is exposed to spillover effects from the US-Iran conflict, particularly higher global oil prices. The latest data from the Central Bank of Barbados show that the current account deficit narrowed slightly in the first half of 2026 (H1 2026) as stronger secondary transfer inflows offset a wider goods trade deficit. Consequently, BMI has revised its forecast for the current account deficit in 2026 from 8.4% to 7.5% of GDP, still wider than the 5.7% outturn in 2025. The goods trade deficit is also expected to widen from 14.2% of GDP in 2025 to 16.9% in 2026, underpinning a wider current account shortfall, as the global oil price shock drives up Barbados' import bill. Under BMI's current base case scenario, which sees a new US-Iran framework agreed by the end of Q3 (50% probability), the agency's Oil & Gas team forecasts that Dated Brent will average USD86/bbl in 2026, compared to USD69/bbl in 2025, with prices remaining higher than previously expected in Q3 as instability persists. Higher international shipping costs resulting from the war will likely also drive up the value of imported goods, while Barbados's pipeline of capital investment projects will sustain robust demand for imported capital goods. Goods export growth will continue to face headwinds from softer external demand, particularly in the US (the market for around a fifth of Barbados's goods exports), where growth is expected to remain subdued at 2.0% in 2026.Despite increased balance of payments pressures, BMI expects adequate buffers will contain risks to Barbados's overall external stability. International reserves rose slightly from BBD3.0Bn at the end of 2025 to BBD3.1Bn (around US$1.55Bn) as of end-June 2026, with the import cover ratio remaining at around six months (compared with the minimum recommended level of three months). While reserves should decline slightly in H2 2026 due to rising import costs, they will remain adequate to support the currency peg with the US dollar and provide a buffer against external pressures.

Source ~ BMI, A Fitch Solutions Company

T&T's Forex Reserves Touch 25-month High

Trinidad and Tobago's net official foreign reserves totalled US$5.747Bn at the end of July, the highest level in more than two years, according to information in the Central Bank's Data Centre. The last time the country's foreign reserves exceeded the July number was in June 2024, when the reserves amounted to US$5.983Bn. The foreign reserves for July 2026 provided 6.7 months of import cover for T&T, while the reserves for June 2024 were enough to cover 8.4 months of export cover. Asked what accounted for the increase in the net official foreign reserves, the Central Bank said the recent increase is primarily attributable to the receipt of proceeds from a US-dollar bond transaction conducted by the Government of Trinidad and Tobago (GORTT). The Government successfully completed the issuance of a US$800Mn sovereign bond in the United States market on July 9, 2026. The 12-year bond was priced with a coupon of 6.20%, and was oversubscribed by approximately 400%, representing the largest level of oversubscription achieved by T&T since the issuance of the country's first benchmark-size bond in 2013.

T&T maintains a healthy level of reserves; however, decreasing levels of FX put pressure on the country's external position, especially given the CBTT's preference for using foreign exchange interventions as its preferred price stability tool. That said, a loan payment of US$417Mn, inclusive of accrued interest, was made in early August, reflecting partial use of the proceeds to liquidate a Government bond maturing at that time (TRITOB 4.50% 2026). The current reserve position (as of August 19) is US$5.2Bn, representing 6.1 months of import cover according to the Central Bank.

Sources ~ Trinidad and Tobago Guardian & BMI, A Fitch Solutions Company

International News

Sub-Saharan Africa & US Tariffs: Limited Disruption Thus Far, But US Reputation in The Region Under Pressure

President Donald Trump's tariffs risk denting US influence in Sub-Saharan Africa (SSA) more than they cost the region in lost trade. The US tariff regime has been overhauled twice in 2026, leaving a lower overall tariff burden than at the start of the year. The country-specific "reciprocal" tariffs imposed under the International Emergency Economic Powers Act (IEEPA) in April 2025 – which had set headline rates as high as 30% for South Africa and 50% for Lesotho – were struck down by the US Supreme Court on February 20 and are no longer in force. The temporary flat 10% surcharge introduced under Section 122 as a replacement measure subsequently expired on July 24 after reaching its statutory 150-day limit. In its place, the Trump administration implemented a new two-tier Section 301 "forced–labour" tariff regime on July 24, covering 60 economies globally. South Africa, Nigeria and Angola are subject to the 12.5% rate, but other SSA economies were not investigated by the US Trade Representative (USTR) and therefore remain exempt from Section 301 tariffs altogether. The impact is further limited by product exemptions: goods already subject to Section 232 measures, including vehicles, auto parts, steel and aluminium, are excluded, while additional carve-outs apply to critical minerals, platinum-group and precious metals, pharmaceuticals, and a broad range of agricultural and petroleum products. The tariff impact is also cushioned by the likely extension of the African Growth and Opportunity Act (AGOA) to the end of 2028. As a result, despite the introduction of the new "forced-labour" tariffs, the effective tariff rate across SSA remains low by global standards.

Tariffs will accelerate the loss of US influence in SSA, compounding an already retreating US footprint. The sharp scaling-back of disbursements under the US Agency for International Development (USAID) and the President's Emergency Plan for AIDS Relief (PEPFAR) has removed a central pillar of US soft power in the region, and trade friction now reinforces that withdrawal. As US soft power erodes, Mainland China and other external partners, including Gulf states, India, Russia and Türkiye, will expand their commercial, security and diplomatic presence across Sub-Saharan Africa over the coming years. This will erode Washington's leverage over SSA governments on trade, security cooperation and votes at multilateral bodies, which risks leaving US firms and strategic interests increasingly sidelined in the region. Indeed, Mainland China is consolidating its lead as SSA's largest trading partner, with average monthly imports from the region rising by 13.0% since the introduction of Trump's tariffs, compared with a 9.4% decline in US imports. Public opinion points in the same direction. A 2026 Afrobarometer survey shows that favourable views of the US across Africa fell from 59% in 2019-2021 to 53% in 2024-2025, while perceptions of China held steady at 62%.

Source ~ BMI, A Fitch Solutions Company

Warsh Says Inflation Isn't Slowing, Vows to Hit Fed's 2% Target

Federal Reserve Chairman Kevin Warsh warned that inflation isn't meaningfully slowing and that policymakers must be confident that it is moving toward the central bank's 2% target. Otherwise, the Fed still has work to do. In a sweeping speech, his first since becoming chairman in May, Warsh reiterated that the 2% inflation goal remains firm and fixed. He expressed that policymakers need clear evidence that underlying inflation is moving toward the target at a sufficient pace. Financial conditions are not currently restrictive, while interest rates remain the Fed's predominant tool for achieving its mandate.

Although this summer's PCE and CPI readings were better than expected, Warsh argued that they do not yet show a meaningful improvement in underlying inflation trends. Market prices, meanwhile, reflect confidence that the Fed will ultimately restore price stability. With inflation still above 2%, the Fed's predominant focus should remain on prices. Warsh emphasised that price stability cannot be taken for granted and that inflation does not necessarily return to target on its own. "Price stability is not self-executing, nor is inflation necessarily mean-reverting. It is the Fed's job to deliver stable prices." The highly anticipated remarks came amid criticism of Warsh's pared-back communications strategy, which economists and market participants have said provides limited clarity on the near-term outlook for the economy and monetary policy. His speech appeared to address some of those concerns, offering greater insight into his views on the economy and the Fed's policy priorities under his leadership. Warsh wasn't expected to take questions from the audience of central bankers and economists.

Source ~ Bloomberg

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