

# Market Guide

## THIS ISSUE

### Leaving the Nest: AI Early Bird Adopters Looking to Unlock Value

Foreign Exchange Market Summary

Money Market Update

Stock Recommendations

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"Know what you own, and know why you own it."  
— Peter Lynch

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## Leaving the Nest: AI Early Bird Adopters Looking to Unlock Value

Remember the adage, "the early bird gets the worm"? It reminds us that being the first to arrive often gives you the best chance of success. In an era where Artificial Intelligence (AI) promises to overhaul corporate productivity, especially for countries and companies that have a first-mover advantage, this timeless idiom rings true. However, while AI adoption grows globally, Jamaica and, by extension, companies listed on the Jamaica Stock Exchange (JSE) are seemingly hesitant to leave the proverbial nest. Still, public disclosures show that some early birds on the JSE are spreading their AI wings to drive productivity, lower operating costs, and ultimately unlock greater shareholder value. Nonetheless, their ability to catch the proverbial worm will depend on skilful execution and mitigating risks like high upfront costs and cyber threats. This week, using their public disclosures, we explore how locally listed companies are integrating AI technology and navigating the risks.

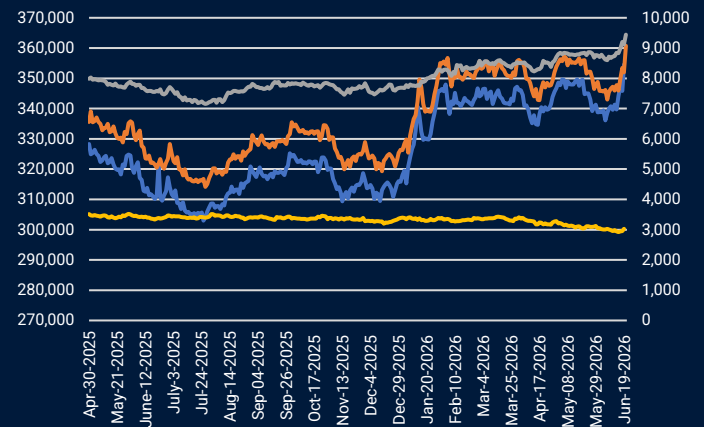
Globally, AI adoption has taken flight over the past five years. Data sourced from consulting firm McKinsey shows that 88% of organisations used AI in at least one business function in 2025, a significant leap from 56% in 2021. Amid the growing global adoption, Jamaica trails more advanced economies, with a Microsoft AI Diffusion Index<sup>1</sup> of 24.0% for Q1 2026 (See Figure 1), ranking it 5<sup>th</sup> among regional peers<sup>2</sup> and 44<sup>th</sup> globally. The United States ranked 21<sup>st</sup> globally, with an index of 31.3%, and global leaders, the United Arab Emirates, had an index of 70.1%.

Despite Jamaica's relatively modest adoption levels, several listed companies on the JSE have publicly disclosed they are integrating AI into their core operations. They operate across key sectors like Financial

Services (FS), Conglomerates, Manufacturing and Distribution (M&D), Energy, Materials and Infrastructure (EMI), and Education/Technology (ED/Tech), and are looking to enhance customer experience, improve productivity, reduce costs, and ultimately generate stronger shareholder returns.

FS stocks have emerged as some of Jamaica's early adopters in AI deployment, as they leverage the technology to personalise client interactions and modernise back-office systems. In its 2025 Annual Report, NCB Financial Group (NCBFG) noted that investment in enhanced technology and AI-driven solutions is central to improving operational efficiencies and strengthening long-term capabilities. The group already leverages AI tools in chatbots on its website, at contact centres to accelerate customer query resolutions, and to support Know Your Customer (KYC) and compliance. Building on these capabilities, the group intends to launch a comprehensive AI Program designed to unlock deeper value across the entire business. These initiatives are expected to further improve customer experience, productivity and efficiency. Sagicor Group Jamaica (SJ) declared it is using AI to accelerate its digital transformation by analysing decades of legacy data and migrating it into modern cloud-based systems far more efficiently than manual processes would allow. This is helping to build its nest for a broader regional strategy as it prepares its Additional Public Offering (APO) to raise capital for its mega-merger with Sagicor Life Inc. to form Sagicor Group Caribbean. Meanwhile, VM Investments Limited (VMIL) has partnered with technology firm Abacus to integrate AI into its operations. This partnership treats AI as an onboarded staff member

### WEEKLY MOVEMENT IN INDICES



### MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	360,744.16	3.75%	9.83%
Main Market Index	354,542.95	3.88%	11.50%
Select Index	9,442.67	6.84%	23.02%
Junior Market Index	3030.66	1.69%	-10.90%

### WINNERS & LOSERS FOR THE WEEK ENDED June 19, 2026

	\$ Change	% Change
SRFUSD	\$0.01	31.7%
CHL	\$4.32	28.3%
FIRSTROCKUSD	-\$0.01	-30.3%
MPCCEL	-\$0.08	-27.5%

### MARKET OVERVIEW

Last week, there was a notable divergence between value and volume of trades. Aggregate share volume declined by 79.3% to 194.87Bn, while total market value traded increased by 11.5% to 1.83Bn, reflecting a concentration of investor activity in a select group of larger-cap stocks. Market breadth was mostly balanced, with 125 stocks trading, of which 60 advanced, 52 declined, and 13 closed trading unchanged week over week. Volume was concentrated within a few stocks, with Kintyre Holdings (JA) Limited, NCB Financial Group Limited (NCBFG), and TransJamaica Highway Limited (TJH) accounting for 32.3%, 11.1%, and 9.2% of total shares traded, respectively.

While market breadth within the JSE Select Index was positive, with 8 of its 15 constituent equities moving higher, index performance was highly concentrated. The rally was predominantly driven by aggressive buying in Carreras Limited (CAR) and NCBFG, which surged by 20.8% and 10.9%, respectively. In the absence of new material disclosures to justify the immediate leg up, price action appears driven by trailing fundamental support. Both entities recently reported robust quarterly financial results and continue to offer a highly defensive, income-generative profile through consistent dividend distributions. The JSE Manufacturing & Distribution Index similarly benefited from the outsized move in CAR but found broader cross-current support. West Indies Petroleum lent significant structural assistance to the index, jumping 15.9%, alongside positive breadth that saw 18 other stocks of the index's 38 constituents closing in positive territory. However, similarly, there was no new idiosyncratic news for either company to drive these price movements.

Overall, these movements influenced the Combined Index, which increased by 3.8% during the week. On a year-to-date basis, the index is up 9.83%, driven by the same stocks mentioned above, along with Transjamaican Highway.

<sup>1</sup> The Microsoft AI Diffusion Index is a metric developed by the Microsoft AI Economy Institute. It measures the share of a country's working-age population (ages 15 to 64) that regularly uses generative AI products.

<sup>2</sup> Regional Peers include other Latin American and Caribbean countries monitored, including Haiti and the Dominican Republic.

capable of handling call-centre functions via chatbots and automating routine research or risk-management tasks, allowing financial advisors to focus on higher-value client relationships.

Diversified conglomerates Massy Holdings (Massy) and GraceKennedy (GK), as well as M&D Giant Seprod, are also refusing to stay cooped up, embracing AI as a strategic tool to optimise their operations. Massy has implemented ChatGPT across the group and is deploying proprietary AI-powered supermarket algorithms that incorporate weather patterns and historical sales data to automate inventory ordering. These initiatives have already contributed to a 4% increase in operating profit, according to its 2025 Annual Report. GK, on the other hand, is centring its AI deployment on corporate governance and operational controls, integrating AI into enterprise risk management and scenario analysis to improve decision-making across both its food and financial services businesses. The company is actively driving group-wide AI literacy while testing and rolling out specific applications in fraud detection, compliance, and routine automation<sup>3</sup>. Seprod also signalled it is embedding AI throughout its operations, but details are sparse. Nonetheless, during its 2025 Annual General Meeting, management highlighted that AI integration goes hand-in-hand with accelerating its advanced Enterprise Resource Planning (ERP) platform as it drives innovation in products and packaging processes.

Among EMI stocks, TransJamaican Highway (TJH) and Tropical Battery (TROPICAL) come to mind as early adopters migrating toward digitisation. Both are using AI to improve customer service as their business models become increasingly digitised. During its 2025 Annual General Meeting, TJH's management unveiled "TJ," an AI-powered customer service assistant designed with a distinctly Jamaican voice to manage toll-related customer interactions. TJ will be able to directly assist customers with checking account or T-Tag card balances, looking up specific toll rates, and explaining the process of obtaining a toll tag. Meanwhile, Tropical Battery (Tropical) is appointing a dedicated Director of Artificial Intelligence and Analytics to its executive leadership team, signalling management's commitment to AI adoption. This role is tasked with transforming the organisation into an AI-

Maintaining strong cybersecurity and data governance will be critical to sustaining advanced detection systems and multi-layered defences that protect their digital nests against cyber snakes and mongooses.

native enterprise across its operations in Jamaica, California, and the Dominican Republic.

ED/Tech firms are also actively hatching AI-driven strategies, leveraging the technology both as a defensive shield against industry disruption and as a platform for future growth. One Great Studio (1GS) is investing in AI-driven media monitoring and advanced data analytics to offset the negative impact that AI-generated search results are having on its traditional search engine optimisation business<sup>4</sup>. One-on-One Educational Services has invested approximately J\$207Mn into its AI capabilities, including the development of "UnaAI" for automated lesson planning, while simultaneously exploring the acquisition of a U.S.-based AI company. Lastly, in the clutch, EduFocal is pursuing a similar transformation by restructuring into a leaner, AI-driven organisation, with CEO Gordon Swaby assuming responsibility for technology leadership as the company develops its next-generation AI-powered learning platform.

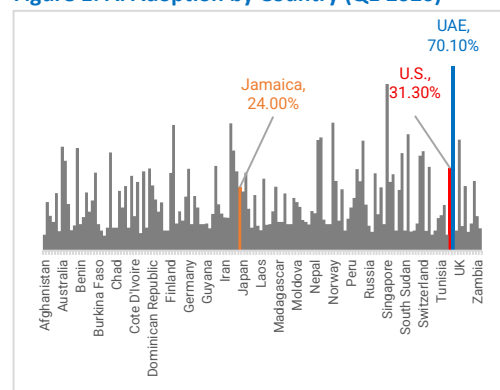
While leveraging AI can create substantial shareholder value, securing the golden egg is not guaranteed. Success will likely be greater for the firms that develop a clear strategy and execute effectively to ensure the benefits outweigh the cost of AI adoption. A true differentiator lies in how deeply and effectively the technology is integrated into the core business model. At this time, it appears some of Jamaica's early adopters have yet to develop a clear AI strategy and are focusing on implementing the technology in specific areas of the business. However, McKinsey noted that the highest-performing organisations fundamentally redesign their operating models, using AI as a catalyst for transformational rather than incremental change. Similarly, PwC recommends building strong AI foundations through integrated technology infrastructure, formal Responsible AI governance frameworks,

and executive leadership that actively champions AI adoption throughout the organisation. Furthermore, successful enterprise integration hinges on proactive change management and continuous staff training to align workforce skillsets with these newly engineered workflows.

However, guarding against Capital misallocation<sup>5</sup> is also critical, as upfront AI costs can ruffle some feathers. An NVIDIA survey<sup>6</sup> notes that 31% of enterprises would allocate significant capital budgets to building cloud or on-premises AI infrastructure. But at the same time, only 39% of companies globally have successfully translated these upfront expenditures into enterprise-level EBIT impact. VMIL has acknowledged this challenge, noting that although AI investments require considerable upfront spending, the financial benefits often take several years to fully materialise. Another risk is the growing vulnerability to cybersecurity threats and data privacy breaches that accompany the deployment of the technology. Maintaining strong cybersecurity and data governance will be critical to sustaining advanced detection systems and multi-layered defences that protect their digital nests against cyber snakes and mongooses.

Ultimately, by redesigning traditional workflows, enforcing rigorous ROI-based governance, and integrating AI into a resilient organisational infrastructure that brings the staff along the way, JSE-listed companies can capture enterprise-level value, widen operating margins, and ultimately increase earnings. Higher earnings correlate with higher stock prices and dividend distributions, suggesting effective AI adoption augurs well for shareholder value.

Figure 1: AI Adoption by Country (Q1 2026)



<sup>3</sup> A primary example of this strategy is their reconciliation process, where AI successfully condensed a 36-hour task down to just 15 minutes.

<sup>4</sup> Refers to the rise of AI-powered search engines and search generative experiences (SGE) that answer user queries directly, reducing traditional organic web traffic and click-through rates.

<sup>5</sup> Capital misallocation refers to the allocation of capital to plants with lower rather than higher returns to capital.

<sup>6</sup> How AI Is Driving Revenue, Cutting Costs and Boosting Productivity for Every Industry in 2026

## Foreign Exchange Market

For the week ending June 19, 2026, the Jamaican dollar appreciated by 0.39%, with the USD selling rate moving from J\$159.20 on June 12, 2026, to J\$158.58 on June 19, 2026. The strengthening of the Jamaican dollar was likely influenced by market expectations of the Bank of Jamaica's upcoming foreign exchange interventions on June 25 and 26, 2026, when the central bank is scheduled to inject at least US\$60Mn into the market. In anticipation of these sales, USD earners have increased their foreign currency supply, resulting in a market where sellers have outnumbered buyers, contributing to the appreciation of the Jamaican dollar.

Selling	Close: 12/6/2026	Close: 19/6/2026	Change
J\$/US\$1	\$159.20	\$158.58	-\$0.62
J\$/CDN\$1	\$114.34	\$112.80	-\$1.54
J\$/GBP£1	\$213.52	\$209.32	-\$4.20

## Global Bond Market

The bond market spent last week digesting the formal signing of the U.S.-Iran peace treaty and the Federal Reserve's (Fed's) first policy decision under new Chair, Kevin Warsh. The agreement, which extends the ceasefire between the two countries, has now taken effect and significantly eased geopolitical tensions. This led to the lifting of the U.S. naval blockade of Iranian ports and the phased reopening of the Strait of Hormuz, alleviating concerns about global energy supplies. As a result, oil prices fell sharply, with Brent crude dropping below US\$80 per barrel as supply concerns eased. With geopolitical risks fading and inflation concerns easing, investors turned their attention to the Federal Reserve's latest policy decision and the debut of Chair Kevin Warsh at the helm of the U.S. central bank. The Fed left its policy rate unchanged at 3.50%–3.75% for a fourth consecutive meeting, in line with market expectations. The Fed also removed the residual easing bias from its policy statement, eliminating language that had suggested future rate cuts remained the most likely next move. However, the meeting was most notable for what was not said. Consistent with Chair Warsh's long-held scepticism of forward guidance, the committee significantly pared back its communications, providing little indication of policymakers' expectations for the future path of interest rates and instead emphasising a more meeting-by-meeting approach to policy decisions. In his first post-meeting press conference, Warsh struck a hawkish tone, reaffirming the Fed's commitment to price stability while signalling a more data-dependent approach to future policy decisions.

Despite the Fed's firm rhetoric, markets viewed cooling core inflation and easing geopolitical risks as supportive for the economic outlook. Investor demand for fixed-income assets strengthened, pushing the 10-year U.S. Treasury yield down to approximately 4.45% from 4.53% the previous week. Broader credit markets also benefited, although investors remained cautious about the implications of the Fed's evolving policy approach for emerging-market debt. However, EM bonds rallied as yields declined, as evidenced by the price movements of the Barbados, Bahamas, Trinidad and Tobago and Costa Rica notes.

	Currency Rating	Indicative Price	Yield	Recommendation
ABT (4.65%) 2036 (NEW) <sup>7</sup>	A+/ Stable	100.25	4.62%	BUY
Airbnb (5.25%) 2036 (NEW) <sup>8</sup>	BBB+/ Stable	103.00	4.86%	BUY
Amazon (4.55%) 2033 (NEW) <sup>9</sup>	AA-/ Stable	101.75	4.25%	BUY
Amazon (4.65%) 2035	AA-/ Stable	101.25	4.49%	BUY
Amazon (4.875%) 2036 (NEW) <sup>10</sup>	AA-/ Stable	101.50	4.68%	BUY
Bahamas (6.63%) 2033	BB-/ Stable	104.50	5.82%	BUY
Bahamas (8.25%) 2036	BB-/ Stable	115.75	6.12%	BUY
Bahamas (8.95%) 2032	BB-/ Stable	115.50	5.96%	BUY
Barbados (8.00%) 2035	B+/ Positive	110.75	6.41%	BUY
Blackstone (6.00%) 2032	BBB-/ Positive	101.25	5.73%	BUY
Block Inc (6.00%) 2033	BB+/ Positive	104.50	5.23%	BUY
DOMREP (5.50%) 2029	Ba2/ Stable	103.75	4.00%	BUY
DOMREP (5.75%) 2034	Ba2/ Stable	102.25	5.39%	BUY
DOMREP (5.88%) 2035	Ba2/ Stable	102.50	5.53%	BUY
DOMREP (6.15%) 2038	Ba2/ Stable	103.00	5.80%	BUY
DOMREP (6.95%) 2037	Ba2/ Stable	109.25	5.78%	BUY
GEOPARK (8.75%) 2030	B+/ Stable	105.00	7.14%	BUY
Goldman Sachs Private Credit (5.875%) 2031	BBB-/ Stable	\$102.50	5.25%	BUY

<sup>7</sup> Issuer- Abbott Laboratories, **Type**- Senior Unsecured, **Callable**-Yes, **Coupon Rate**- 4.65%, **Coupon Payment**- Semi-annually, **Maturity** – September 16, 2036, **Risk Profile** - **Conservative**

<sup>8</sup> Issuer- Airbnb Inc **Industry**-Alternative Accommodation, **Type**- Senior Unsecured, **Callable**-Yes, **Coupon Rate**- 5.25%, **Coupon Payment**- Semi-annually, **Maturity** - March 16, 2036, **Risk Profile** - **Conservative**

<sup>9</sup> Issuer- Amazon Inc **Industry**-Retailers, **Type**- Senior Unsecured, **Callable**-Yes, **Coupon Rate**- 4.55%, **Coupon Payment**- Semi-annually, **Maturity** - March 13, 2033, **Risk Profile** - **Conservative**

<sup>10</sup> Issuer- Amazon Inc **Industry**-Retailers, **Type**- Senior Unsecured, **Callable**-Yes, **Coupon Rate**- 4.875%, **Coupon Payment**- Semi-annually, **Maturity** - March 13, 2036, **Risk Profile** - **Conservative**

	Currency Rating	Indicative Price	Yield	Recommendation
Jefferies (6.25%) 2036 (NEW) <sup>11</sup>	BBB/ Stable	106.50	5.37%	BUY
Kingston Airport Revenue (6.75%) 2036	Ba3/ Negative	104.50	6.16%	BUY
Marex (6.41%) 2029	BBB- /Positive	105.75	4.54%	BUY
Minerva (4.38%) 2031	BB/ Stable	\$85.65	6.42%	BUY
Minerva (7.50%) 2036 (NEW) <sup>12</sup>	BB/Stable	\$99.25	7.61%	BUY
NCBFG (11.0%) 2030	B+ / Stable	\$107.98	8.25%	BUY
NRG (3.88%) 2032	BB+ / Stable	95.25	4.85%	BUY
NRG (6.00%) 2033	BB+ / Stable	103.50	5.36%	BUY
NRG (6.125%) 2036	BB+ / Stable	102.75	5.76%	BUY
NRG (6.25%) 2034	BB+ / Stable	104.25	5.60%	BUY
Petro Rio (6.75%) 2030	BB- / Positive	103.25	5.88%	BUY
TRANSJAM (5.75%) 2036	BB / Positive	99.50	5.58%	BUY
Trinidad and Tobago (6.50%) 2036	Ba2 / Stable	106.75	6.47%	BUY
TRINGEN (7.75%) 2033	BB/Stable	109.00	6.50%	BUY
BANORTE (5.75%) 2031	BB- / Negative	103.00	5.09%	SELL
FRICON (7.7%) 2028	CC	15.75	140.37%	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 9.

## GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	103.00	4.45%
	2036	116.00	6.27%
	2039	119.75	5.67%
	2045	119.85	6.10%

\*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	8.15%	100.25	7.76%
SJPC	2032	8.85%	104.00	7.98%

## Money Market

Liquidity in the JMD money market, as measured by the aggregated current balances held by Deposit-Taking Institutions (DTIs) decreased. As at June 19, 2026, the total aggregate current balance was J\$46.20Bn, compared to the previous week J\$54.23Bn.

Demand for Bank of Jamaica (BOJ) instruments remained firm last week, reflecting continued appetite for Jamaican-dollar liquidity management products. The BOJ's 30-day Certificate of Deposit (CD) auction attracted J\$39.59Bn in bids against an offer of J\$32.00Bn, resulting in a bid-to-cover ratio of 1.24x, down from 1.88x in the previous auction. The decline was driven by the disproportionately larger increase in the amount offered relative to demand. Specifically, the offer size increased by 113%, while total bids rose by only 40.5%. The next CD auction is scheduled for Wednesday, June 24, 2026.

The BOJ's 14- day repurchase agreement auction received J\$3.00Bn in eligible bids against an offer of J\$2.50Bn, (bid-to-cover ratio: 1.2x). The weighted average decreased by 37bps to 5.61%

Overall, the auction results suggest that JMD liquidity conditions remain ample, with investors continuing to deploy funds into BOJ instruments with short- term maturities, against the background of broadly stable yields.

<sup>11</sup> Issuer- Jefferies Financial Group Industry-Broker Asset Managers, Exchanges, Type- Senior Unsecured, Callable-No, Coupon Rate- 6.25%, Coupon Payment- Semi-annually, Maturity – January 15, 2036, Risk Profile - Conservative

<sup>12</sup> 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

## Dates to Watch This Week

International
  Local

June 2026

MON	TUE	WED	THUR	FRI
22	23	24	25	26
			PJAM Dividend Payment Date (J\$0.175/share)	MASSY Dividend Payment Date (TT\$0.0354/share)
			GDP (QoQ) (Q1)	
CAD CPI Data (May)				

## Recommendations

Ticker	Closing Price (June 22, 2026)	P/E	Avg. Sector P/E	Current Recommendation
SVL	\$17.75	23.0x	23.0x	<b>BUY</b>
GK	\$69.25	9.8x	11.3x	<b>BUY</b>
CCC	\$103.14	12.6x	13.3x	<b>BUY</b>

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 June 19, 2026		
O Money Market Fund (M Fund)	F	16.7099	6.05%	2.76%	4.37%
O Income Optimizer Fund (IO Fund) ◊	F	15.7091	5.54%	1.98%	3.85%
Caribbean Equity Fund (E Fund) †	E	26.9670	-4.26%	1.66%	8.44%
◊ Real Estate Fund (rE Fund) †	R, F	17.6272	17.82%	4.00%	1.87%
O USD Money Market Fund (xM Fund)	F	1.2540	3.55%	1.56%	2.03%
O USD Bond Fund (xB Fund)	F	1.3617	2.62%	1.49%	2.92%

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

### Surging Oil Exports Should Boost Guyana's Fiscal Balances

As an increasingly important oil producer and exporter in Latin America, Guyana is well-positioned to benefit from the higher oil price environment caused by the US-Iran conflict. Under BMI's baseline scenario, its Oil & Gas team forecasts that global Brent will average US\$88/barrel (bbl) in 2026 (previously US\$78/bbl), up from US\$69/bbl in 2025, which will provide a substantial boost to Guyana's oil export earnings and inflows into the country's Natural Resource Fund (NRF), which then feeds into government revenues. Risks to this forecast now lean to the downside as oil prices have fallen sharply since the US-Iran agreement on a framework peace deal that is set to be signed on June 19, but BMI still believes that the spillover effects from the conflict will be net positive for Guyana in the near-term given the outsized influence of oil exports on the economy (crude accounts for around 90% of total goods exports and 50% of government revenues in 2025).

Higher oil export inflows into the NRF, which manages the distribution of Guyana's oil earnings, will also bolster the country's fiscal position, most likely from 2027. The budget deficit will widen modestly from 4.9% of Gross Domestic Product (GDP) in 2025 to 5.3% in 2026, as under current rules, NRF withdrawals are capped by earnings from the previous year (2025), when oil prices were lower. However, a high oil price environment will enable the government to increase withdrawals and expand its fiscal stimulus in 2027. Moreover, ExxonMobil recently indicated that higher global oil prices are accelerating its cost recovery in the Stabroek Block, and once completed, this would lead to Guyana receiving a greater share of future oil earnings (compared to the current 12.5%), potentially providing an additional boost to revenues from 2027. Consequently, BMI expects the budget deficit to narrow further over the medium term as the ramping up of oil output continues to sustain strong revenue growth. Guyana's crude

production is expected to more than double from the estimated average of 732,000 barrels per day (b/d) in 2025 to 1,493,000b/d by 2030. This will support robust oil revenue growth over the coming years, assuming broadly stable global oil prices. If oil prices fall further than expected, expectations are for more moderate revenue growth due to NRF withdrawal limits, while growth would accelerate if prices rise higher than forecast - potentially caused by instability in the Middle East.

Source ~ BMI, A Fitch Solutions Company

### Venezuela Inks Five Oil and Gas Agreements with Shell

The Venezuelan government has signed five contracts with Shell that will give the European supermajor rights to operate the giant Loran natural gas field. The agreements formalise Shell's participation in Loran, a cross-border reservoir shared with Trinidad & Tobago (T&T) that is estimated to hold 7 trillion cubic feet (tcf) of natural gas, while also covering oilfield expansion and efforts to reduce gas flaring. "For the first time, the Hydrocarbons Law, which was recently reformulated and amended, is allowing us these forms of negotiations and flexible business agreements where we will also boost production, and where we can make better use of resources for the people of Venezuela," said Venezuela's interim president, Delcy Rodriguez. She emphasised the strategic step seeks to enhance the country's energy capabilities through direct collaboration with key international players, thus ensuring concrete progress in the infrastructure needed for hydrocarbon extraction in the Loran field. In 2023, Venezuela and T&T reached a deal with Shell to produce and export gas from the Dragon field, which is estimated to contain 4.2 tcf of gas. Together, the Loran and Dragon projects are expected to help Venezuela launch offshore gas exports, initially through supplies to T&T for processing into LNG.

In addition to Loran, Shell also agreed to a technical alliance to support procurement and output expansion at fields in Monagas North, and to a separate pact to buy equipment and parts to reduce gas flaring. The agreements move Shell to the top of Venezuelan state-owned energy company PDVSA's (Petróleos de Venezuela, S.A.'s) list of partners for key oil projects. That said, UK supermajor BP p.l.c is also set to participate in the Loran gas field and in the neighbouring Cocuina-Manakin offshore gas project, according to separate deals with the Venezuelan government. Recently, PDVSA and Spanish energy group Repsol also signed a crude and gas agreement to boost output in northwestern Venezuela, which could add about 20,000 barrels per day (bpd) of light crude to the current average output of around 40,000 bpd. The agreement also includes plans to triple output from Venezuelan oil operations within three years.

Sources ~ Upstream Online, The Energy Year & Reuters

However, the IEA warned that operational and political hurdles, including the time needed to clear mines and disputes over transit rights, could slow the pace at which Middle East output returns. Before the 2027 surplus materialises, the market is expected to face further strain. Global supply is set to fall by 3.9 million bpd in 2026 to 102.4 million bpd, while observed inventories have been draining at an average of 3.8 million bpd since fighting broke out on February 28. In May alone, inventories recorded a single-month draw of 143 million barrels. Oil prices have also eased sharply from crisis levels, with North Sea Dated crude prices falling by more than \$40 per barrel from May through mid-June to around \$82 per barrel, while Brent futures traded around \$79 per barrel. The decline suggests markets are beginning to price in the expected recovery in Middle East supply, although near-term inventory risks remain elevated.

Source ~ Yahoo Finance

## International News

### IEA Forecasts Massive Oil Surplus in 2027 after Hormuz Recovery

The International Energy Agency (IEA) is forecasting a significant oil supply surplus in 2027, as Middle East production recovers from the disruption caused by the closure of the Strait of Hormuz. Global supply is expected to outpace demand by more than 5 million barrels per day (bpd), marking a sharp shift from the current period of market tightness. According to the IEA's June oil market report, global oil consumption is expected to reach 105.3 million bpd in 2027, representing a gain of 2 million bpd. However, output is projected to climb by roughly 8 million bpd to 110 million bpd, creating a sizeable surplus that could provide a "welcome respite" to the market. The IEA noted that the expected surplus could allow countries to replenish depleted inventories or build new strategic reserves, particularly as governments review their energy strategies and policies in response to the crisis. This follows a period in which inventories have been under severe pressure, with the Organisation for Economic Co-operation and Development (OECD) government inventories falling to their lowest level since December 1990. The forecast comes after an interim agreement between the U.S. and Iran, scheduled to be signed on June 19, 2026 in Switzerland, paved the way for the reopening of the Strait of Hormuz and the lifting of the U.S. naval blockade on Iranian oil.

### US-Iran Talks Make 'Encouraging Progress' But Tension Remains

U.S. and Iranian officials made "encouraging progress" at a first round of talks in Switzerland that ended early on Monday, mediators said, although tension persisted over Lebanon and the Strait of Hormuz. Mediators Pakistan and Qatar said the parties had agreed to a roadmap towards a final deal on ending their war in 60 days, despite a tense start as Tehran again shut the strait and U.S. President Donald Trump threatened to resume attacks on Iran. They said the two sides had agreed to a mechanism to end fighting between U.S. ally Israel and Iran-aligned Hezbollah militants in Lebanon and opened a communications line to help ensure safe passage for commercial ships through the strait, a vital global supply route for oil and liquefied natural gas. In a post on social media, Iranian Foreign Minister Abbas Araqchi said Tehran had secured waivers for oil and petrochemical exports, the release of some frozen assets and the launch of a reconstruction and development plan for Iran. Oil prices rose sharply when Tehran started blockading the Strait of Hormuz, prompting a U.S. naval blockade of Iranian ports, but, after the U.S. and Iran signed an interim deal last week, they dropped to levels unseen since the war began on February 28 with joint U.S.-Israeli attacks on Iran. Oil prices fell further after Monday's joint statement, with worries about a supply shortage in global markets easing. Global benchmark Brent crude was trading just below \$80 per barrel

Sources ~ Reuters

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