

Market Guide

THIS ISSUE

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"The intelligent investor is a realist who sells to optimists and buys from pessimists." – Benjamin Graham

Appointment Day: A Check-Up for JSE Health Sector Stocks

Table 1: Aggregate Results for the Health Sector

JSE Laboratory Report			Report date:	Sep 2026
Quarterly Results			Currency:	J\$Mn
Patient:	Sector Overall		Period:	May-Jul 2026
Test	Result	Previous	Change	Flag
Revenue	1,473.7	1,244.4	+18.4%	Improved
Gross margin	58.0%	58.6%	-0.6 pts	Weakened
Operating margin	12.8%	8.9%	+3.8 pts	Improved
Finance costs	61.9	53.5	+15.8%	Weakened
Net profit	126.1	56.8	+121.8%	Improved
Doctor's note:	Earnings more than doubled on strong sales. Rising costs and finance charges need monitoring.			

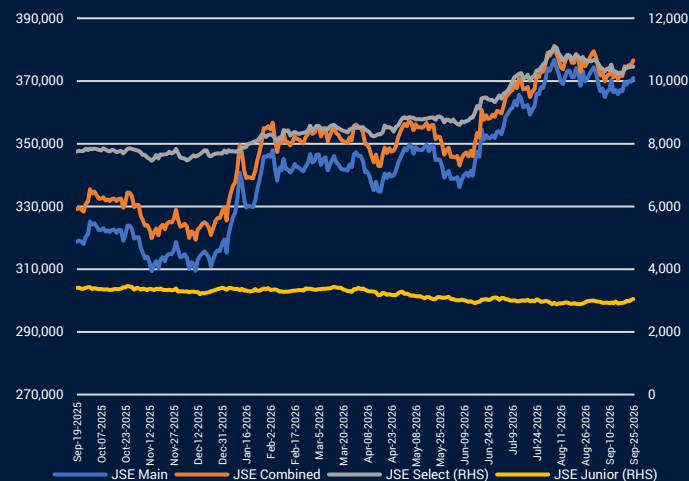
Most of us know the routine of a check-up at the doctor's office. You sit in the waiting room until your name is called, and a nurse checks your vitals before you go in to see the general practitioner or specialist. But these readings rarely tell the whole story. That is why a good doctor considers your vitals, medical history, visible symptoms and family health history before making a diagnosis. Investors must take a similar approach when investing, including in local healthcare (HC). In today's article, local health care stocks visit our office for a check-up, and we'll provide our diagnoses on the broader sector as well as the individual companies.

As at September 23, 5 of 6 HC stocks - stocks - Elite Diagnostic (ELITE), Image Plus Consultants (IPCL), Indies Pharma (INDIES), R.A. Williams (RAWILL) and Gwest Corporation Limited (GWEST)- have passed through for quarterly check-up¹. Thus far, the vitals at the sector level point to improved financial health (See Table 1), although this masks deteriorating conditions from ELITE. Aggregate earnings more than doubled to \$126.11Mn (+121.8%), outpacing revenue growth

of 18.4% to \$1.47Bn. However, the story varies on an individual basis.

For Medical imaging companies IPCL and ELITE, a scan of their financial charts point to a change in condition since their last checkup in June and May 2025, respectively. IPCL came back healthier than before with better test results. Net profit for the quarter ended May 31, 2026, jumped 138.8% to \$32.78Mn, driven by a 31.6% rise in revenue to \$351.93Mn. Just over half of that increase (54%) came from its acquisitions of The Woman's Place (November 1, 2025) and Island Radiology (May 1, 2026), though Island Radiology contributed to only one month of earnings. During the quarter, the company completed 17,444 cases, up 28.9% from a year earlier. Referrals under the Ministry of Health's Enhancing Health Care Service Delivery (MOH-EHCSD) programme, through which the government pays private providers to scan public hospital patients, made up 8.9% of revenue. Direct costs rose 34.5%, slightly faster than revenue, as the company took on more cases and new locations, trimming its gross margin from 64.9% to 64.1%. Operating expenses rose 22.6% as the new locations

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	376,605.60	1.35%	14.66%
Main Market Index	370,983.96	1.17%	16.67%
Select Index	10,454.73	2.08%	36.21%
Junior Market Index	3,050.16	4.33%	-10.33%

WINNERS & LOSERS FOR THE WEEK ENDED SEPTEMBER 25, 2026

	\$ Change	% Change
GWEST	\$0.24	51.06%
IPCL	\$0.50	36.23%
MTL	-\$4.33	-38.15%
CAC	-\$0.24	-16.67%

MARKET OVERVIEW

Last week, the local stock market clawed back some of the losses recorded in the previous week, with gains across most major indices and a marked pickup in trading activity. Market breadth was positive, with advancers outnumbering decliners 80 to 36 among the 128 traded stocks, while 12 securities closed unchanged. Against this backdrop, the JSE Combined Index rose 1.35% week-over-week (WoW), while maintaining its strong year-to-date gain of 14.66%. Trading activity remained solid, with market value increasing 43.73% WoW to J\$1.07Bn, while market volume rose 69.0% to 165.31Mn units.

The broader advance was reflected in six of the other eight major indices closing higher. The JSE Junior Market Index led the gains, rising 4.33% as Dolla Financial Services Limited (DOLLA; +13.15%) and Image Plus Consultants Limited (IPCL; +36.23%) recorded double-digit increases. The JSE Manufacturing & Distribution Index followed behind, rising 2.14%, aided by a 4.68% and 6.80% gain in Carreras Limited (CAR) and Seprod Limited (SEP), respectively. Among the notable company developments, SEP announced plans to seek shareholder approval for a 5-for-1 stock split, an increase in authorised share capital to 1.9Bn shares, and authority to issue new shares, including through an Additional Public Offering (APO). The resolutions are intended to provide greater flexibility to support the Company's growth strategy and strengthen its balance sheet, with shareholder approval to be sought at an Extraordinary General Meeting on October 12, 2026.

The JSE USD Equities (-2.04%) and Cross-Listed (-0.21%) indices were the two laggards, largely reflecting weakness in heavyweight constituents, including TransJamaican Highway Limited (TJHUSD; -3.86%) in the USD Equities Index and Massy Holdings Limited (MASSY; -1.50%) in the Cross-Listed Index.

Overall, trading activity was led by The Limners and Bards Limited, with 26.16Mn units (15.55%), TJH, with 20.84Mn units (12.39%), and Wigton Energy Limited, with 15.23Mn units (9.05%). Collectively, the three securities accounted for 36.99% of total market volume.

¹ Medical Disposables & Supplies being the exception

were absorbed, but revenue grew faster, lifting the operating margin from 8.8% to 11.9%. ELITE's results, by contrast, showed several symptoms of strain. Its quarterly net profit fell 56.8% to \$5.98Mn as revenue slipped 3.8% to \$216.52Mn. Machine downtime at its Drax Hall location resulted in the falloff in earnings. Breakdowns have been a chronic condition for Elite since at least 2022 and are consistent with family history, as other imaging companies also faced similar ailments. However, cost cuts helped stem the bleeding. Direct costs fell 5.6%, faster than revenue, nudging the gross margin up from 76.8% to 77.3%, and lower administrative expenses limited the fall in operating profit to 6.4%. The bigger blow was an 87.5% jump in finance costs to \$14.58Mn, linked to a new \$214.51Mn loan that appears to have funded the acquisition of new equipment. Both companies are following a similar treatment plan, borrowing to expand, but are responding at different speeds. IPCL's acquisitions are already feeding into revenue and profit, while Elite is feeling the side effects of its borrowing before the benefits of its new equipment have become clear. Like a patient waiting on follow-up results to see whether the prescribed treatment is working, investors will be watching Elite's next reports to see whether its new machines deliver enough uptime and revenue growth to cover the higher cost of its debt.

Pharmaceutical players Indies and RAWILL were the next set of patients, and both companies experienced a healthy growth spurt relative to their checkup this time last year. INDIES is still on the mend after Hurricane Melissa struck last October. Its net profit rose 25.1% to \$38.51Mn, and revenue climbed 12.4% to \$292.38Mn, which management described as a "visible trajectory toward recovery following Hurricane Melissa." A lower cost of sales strengthened its gross margin by 446 basis points to 69.8%, and its operating margin rose 341 basis points to 21.9%. Meanwhile, RAWILL is on the mend after a loss in the same quarter last year. In the July 2025 quarter, finance costs of \$17.09Mn wiped out its operating profit of \$15.16Mn. This time, it swung to a profit of \$47.92Mn as revenue climbed 28.1% to \$534.15Mn; however, cost pressures outpaced sales growth, weakening its gross margin by 208 basis points to 43.1%. Yet a firm grip on overheads nursed its operating margin up 756 basis points to 11.2%. A 30.3% drop in finance costs to \$11.91Mn also eased the strain. Both patients are responding to the treatment, but neither is fully out of the woods yet. Indies must manage finance costs that rose 58.5%, while RAWILL needs to ease the cost pressures

weighing on its margins if its recovery is to become lasting health.

GWEST, which operates a medical facility offering surgery, general practice and urgent care, was the last patient through the door, and its chart was mixed. Net profit more than doubled to \$0.92Mn from \$0.39Mn, as revenues grew 5.0% to \$78.70Mn. The surgical ward did the heavy lifting. Surgical revenue jumped 54% to \$25.6Mn, which management attributed to greater use of its operating theatre and more surgeons using the facility. Other departments were less healthy. Revenue from general practice and urgent care fell 21% to \$6.9Mn, and a second urgent care line slipped 9% to \$22.3Mn. Direct costs rose only 1.7%, lifting the gross margin by 216 basis points to 34.1%. But administrative expenses rose 13.0%, which management linked mainly to higher professional fees. Together with a \$0.38Mn loss on other items, this trimmed operating profit by 11.8% and slipped the operating margin by 72 basis points to 3.8%. Lower finance costs helped stabilise the bottom line, falling 29.8% to \$2.08Mn. The surgical unit is thriving, but GWEST's thin margin leaves little room for recurring ailments in its other departments or for further cost increases.

These latest check-ups show improving vitals for most HC stocks, but the next round should give investors a clearer image of whether these companies' recoveries will last.

These latest check-ups show improving vitals for most HC stocks, but the next round should give investors a clearer image of whether these companies' recoveries will last. IPCL goes into its next quarter with an advantage because its latest results include only one month of Island Radiology's contribution. A full quarter from the acquisition should add further to earnings, provided the company keeps operating expenses in check as it absorbs the new locations. Elite's prognosis will hinge on whether acquiring new equipment finally cures its long-running downtime problem and outlasts the side effects of high financing costs. The company also has about \$73.25Mn of its bond due within the next year, on top of the interest on its new loan, so steady revenue growth will be essential. Among the pharmaceutical pair,

Indies will need its post-hurricane recovery to keep growing sales fast enough to absorb higher finance costs. RAWILL will need to show that its turnaround is not a one-quarter remedy, and that it can protect margins against rising costs. GWEST, meanwhile, will need its surgical unit to keep up its strong pace while its general practice and urgent care wards recover. With an operating margin of just 3.8%, it also must keep professional fees and administrative costs under control. As any good doctor knows, one set of readings is never the final word, and investors should keep watching revenue growth, margins and financing costs in the quarters ahead. After all, health is wealth, and for shareholders, healthy fundamentals among HC stocks will be key for long-term wealth creation.

Foreign Exchange Market

The Jamaican dollar depreciated by 1.01% against the United States Dollar (USD), week-over-week, with the USD selling rate moving from J\$157.85 on September 18, 2026, to J\$159.46 on September 25, 2026. The depreciation reflected elevated demand for USD, as retailers are beginning to source inventory ahead of the Christmas season.

Selling	Close: 18/9/2026	Close: 25/9/2026	Change
J\$/US\$1	\$157.85	\$159.46	\$1.61
J\$/CDN\$1	\$113.18	\$113.33	\$0.15
J\$/GBP£1	\$214.36	\$211.21	(\$3.15)

Global Bond Market

Global bond markets remained under pressure last week as hawkish Federal Reserve (Fed) signals and resilient U.S. labour-market data pushed Treasury yields higher, despite a temporary easing in oil prices. West Texas Intermediate (WTI) crude fell to a two-week low of US\$93 per barrel as Iran signalled it could reopen the Strait of Hormuz within seven days, and Saudi Arabia prepared to resume exports from its Red Sea port of Yanbu. However, the decline in oil prices briefly eased inflation concerns but did not offset the pressure from the Fed's hawkish outlook. Earlier in the week, St. Louis Fed President Alberto Musalem said further interest rate hikes would likely be needed to contain inflation, citing persistent demand and commodity price pressures beyond oil. The comments reinforced expectations that monetary policy could remain restrictive as the Fed seeks to bring inflation back toward its 2% target. According to the CME FedWatch Tool, as at September 25, 2026, interest rate traders see a 64.2% probability of a 25-basis-point (bps) hike at the Fed's next meeting in October, up from 57.2% in the prior week.

Meanwhile, the resilient United States (U.S.) labour market added to the case for tighter policy. Private employers added an average of 20,000 jobs per week in the four weeks through September 5, up from 16,750 previously. Weekly initial jobless claims also fell to 197,000 for the week ended September 15, below expectations, and are near levels last seen in 1969. Continuing claims also declined to 1.73Mn, their lowest level since January 2024. Continuing claims also neared a 3-year low during the survey week.

Persistent inflation and expectations of further monetary policy tightening pushed Treasury yields sharply higher during the week. The 10-year yield reached approximately 5.23% during trading on Friday, its highest level since 2007, while the 30-year yield climbed to around 5.47%, its highest since 2004. Yields eased throughout the day, with the 10-year Treasury ending the week at 5.16%, up 16bps from 5.00% the previous week. Similarly, EM Caribbean bond yields pushed upwards over the week, with bonds across Jamaica, the Dominican Republic, Trinidad and Tobago, Bermuda, Barbados and The Bahamas recording price declines.

	Currency Rating	Indicative Price	Yield	Recommendation
Abbott Lab (4.65%) 2036	A+/ Stable	97.00	5.05%	BUY
Airbnb (5.25%) 2036	A-/ Stable	99.75	5.28%	BUY
Amazon (4.55%) 2033	AA-/ Stable	98.50	4.82%	BUY
Amazon (4.65%) 2035	AA-/ Stable	96.50	5.13%	BUY
Amazon (4.875%) 2036	AA-/ Stable	97.50	5.21%	BUY
Bahamas (6.63%) 2033	BB-/ Stable	102.75	6.11%	BUY
Bahamas (8.25%) 2036	BB-/ Stable	112.50	6.49%	BUY
Bahamas (8.95%) 2032	BB-/ Stable	113.75	6.18%	BUY
Barbados (8.00%) 2035	B+/ Positive	109.50	6.55%	BUY
Blackstone (6.00%) 2032	BBB-/ Positive	100.75	5.83%	BUY
Block Inc (6.00%) 2033	BB+/ Positive	101.50	5.73%	BUY
DOMREP (5.50%) 2029	Ba2/ Stable	102.75	4.27%	BUY
DOMREP (6.00%) 2033	Ba2/ Stable	101.75	5.67%	BUY
DOMREP (5.75%) 2034	Ba2/ Stable	99.50	5.83%	BUY
DOMREP (5.88%) 2035	Ba2/ Stable	99.25	5.98%	BUY
DOMREP (6.15%) 2038	Ba2/ Stable	99.25	6.24%	BUY
DOMREP (6.95%) 2037	Ba2/ Stable	105.75	6.19%	BUY
DOMREP (6.85%) 2039 (NEW ISSUE) ²	Ba2/ Stable	99.44	6.92%	BUY
GEOPARK (8.75%) 2030	B+/ Stable	107.00	6.37%	BUY
Goldman Sachs Private Credit (5.875%) 2031	BBB-/ Stable	101.00	5.61%	BUY

² **Issuer**- Government of the Dominican Republic, **Type**- Senior Unsecured, Callable-Yes, **Coupon Rate**- 6.85%, **Coupon Payment**- Semi-annually, **Maturity** – March 28, 2039, Risk Profile – Moderate

	Currency Rating	Indicative Price	Yield	Recommendation
Jefferies (6.25%) 2036	BBB/ Stable	102.50	5.90%	BUY
Jamaica (6.25%) 2037 (NEW ISSUE) ³	BB/ Stable	101.24	6.09%	BUY
Kingston Airport Revenue (6.75%) 2036	Ba3/ Negative	102.00	6.48%	BUY
Minerva (4.38%) 2031	BB/ Stable	85.65	6.75%	BUY
Minerva (7.50%) 2036 (NEW ISSUE) ⁴	BB/ Stable	96.75	7.99%	BUY
NCBFG (11.0%) 2030	B+/ Stable	109.25	5.97%	-
NETFLIX (4.875%) 2030	A2/ Positive	102.25	4.21%	BUY
NETFLIX 5.25% 2036 (NEW ISSUE) ⁵	A/Stable	100.75	5.15%	BUY
NRG (3.88%) 2032	BB+/ Stable	93.50	5.28%	BUY
NRG (6.00%) 2033	BB+/ Stable	101.50	5.71%	BUY
NRG (6.125%) 2036	BB+/ Stable	99.75	6.16%	BUY
NRG (6.25%) 2034	BB+/ Stable	101.25	6.05%	BUY
Petro Rio (6.75%) 2030	BB+/ Stable	102.50	6.04%	BUY
TRANSJAM (5.75%) 2036	BB/ Stable	96.00	97.00%	BUY
Trinidad and Tobago (6.20%) 2038 (NEW ISSUE) ⁶	BBB-/ Negative	100.75	6.11%	BUY
Trinidad and Tobago (6.50%) 2036	BBB-/ Negative	103.75	5.97%	BUY
Trinidad Generation Unlimited (7.75%) 2033	BB/ Stable	108.50	6.18%	BUY

	Currency Rating	Indicative Price	Yield	Recommendation
FRICON (7.7%) 2028	C	14.06	164.87%	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	102.00	4.82%
	2036	116.00	6.23%
	2037	99.50	6.32%
	2039	113.80	6.29%
	2045	112.90	6.66%

*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%

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 September 25, 2026, the total aggregate current balance amounted to J\$78.22Bn, compared to J\$76.98Bn 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 latest 30-day Certificate of Deposit (CD) auction attracted J\$28.27Bn in bids against an offer of J\$22.0Bn, resulting in a 1.29x bid-to-cover ratio, compared with 0.92x in the previous auction. The stronger subscription came despite the BOJ reducing the amount offered by J\$15.0Bn (40.5%) from J\$37.0Bn in the prior week, while the average yield on successfully allocated bids declined to 5.91% from 6.15%. The next 30-day CD auction is scheduled for Wednesday, September 30, 2026.

³ **Issuer-** Government of Jamaica, **Type-** Senior Unsecured, Callable-Yes, **Coupon Rate-** 6.25%, **Coupon Payment-** Semi-annually, **Maturity** – September 17, 2037, Risk Profile – **Moderate**

⁴ **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**

⁵ **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**

⁶ **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**

The BOJ also continued to provide short-term Jamaican-dollar liquidity through its 14-day repurchase operations. The September 21 auction received J\$6.50Bn in eligible bids against an offer of J\$4.50Bn, resulting in a 1.44x bid-to-cover ratio, down from 1.80x in the previous week when J\$4.50Bn was received against an offer of J\$2.50Bn. At the same time, the

weighted average repo rate increased to 6.18% from 6.10%, indicating that participants were seeking slightly higher returns for short-term liquidity. The next 14-day repo auction is scheduled for Monday, September 28, 2026.

Dates to Watch This Week

International Local

September – October 2026

MON	TUE	WED	THUR	FRI
28	29	30	1	2
	PJAM (\$0.175) and SOS (\$0.02) Dividend Payment	STATIN - International Merchandise Trade (June 2026) STATIN- Jamaica GDP (Q2) STATIN- Unemployment (July 2026) AHPC Annual / Extraordinary General Meeting SCI (US\$0.20 (Pref I), J\$2.50 (Pref H)) and SVL (\$0.2635) Dividend Payment		PBS Dividend Payment (US\$0.23125 (9.25%) Pref and JM\$25.890411 (10.50%) Pref)
		U.S. - Core PCE Price Index (Aug) U.S. & UK - GDP (Q2)		U.S. - Unemployment Rate (Sep)

Recommendations

Ticker	Closing Price (September 29, 2026)	P/E	Avg. Sector P/E	Current Recommendation
ONMI	\$0.90	11.1x	17.2x	BUY
FESCO	\$3.47	12.9x	16.9x	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 September 28, 2026			
O Money Market Fund (M Fund)	F	17.1128	6.28%	5.23%	4.32%
O Income Optimizer Fund (iO Fund) ◇	F	15.8923	3.66%	3.17%	4.32%
Caribbean Equity Fund (E Fund) †	E	27.6491	1.36%	4.23%	8.70%
◇ Real Estate Fund (rE Fund) †	R, F	17.9419	6.39%	5.86%	4.33%
◇ Income Distribution (id Fund) †	F	100.8464	0.00%	0.85%	4.52%
O USD Money Market Fund (xM Fund)	F	1.2541	2.42%	1.57%	1.24%
O USD Bond Fund (xB Fund)	F	1.3451	-0.03%	0.25%	2.59%

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

Bahamas Eyes Caribbean's First Ocean Thermal Energy Plant With EU-Funded Study

The Bahamas is exploring ocean thermal energy conversion (OTEC) as a potential means of reducing its heavy reliance on imported fossil fuels, with a feasibility study now underway for what could become the Caribbean's first OTEC facility. The study, commissioned by Expertise France and financed by the European Union under its Euroclima programme, will be led by Global OTEC alongside PLOCAN and is expected to take a year before the government decides whether to proceed. The technology uses the temperature difference between warm surface seawater and cold deep water to generate baseload electricity, with potential additional applications in desalination and cooling. The primary site under consideration is the former naval base on Eleuthera, where earlier NOAA surveys confirmed a substantial temperature gradient, although the consortium will assess other locations across the archipelago and determine the appropriate plant size based on local needs.

The project could also support the Bahamas' efforts to attract investment in data centres, given OTEC's potential for cooling and the country's proximity to undersea cables and North American interconnection nodes. This has broader relevance for the country's energy security, as more than 90% of its electricity generation currently relies on imported diesel and heavy fuel oil, while electricity costs across the Caribbean remain significantly above US levels. If the feasibility study is favourable, the

project would require an environmental and social impact assessment, a legal framework and detailed design before construction, meaning a facility could be operational within around five years depending on funding. The Bahamas initiative could also generate wider regional interest, with Global OTEC identifying countries such as Colombia and Guyana as having suitable conditions for the technology and expecting interest from other Caribbean islands.

Source ~ BNamericas

Dominican Republic Tax Reform to Boost Revenues, Narrowing Fiscal Deficit

The Dominican Republic's fiscal position is expected to improve in 2026, with a newly enacted tax reform supporting stronger revenue collection and narrowing the fiscal deficit to an estimated 3.3% of GDP from 3.6% in 2025. Tax revenues increased 8.0% y-o-y through May, supported by stronger economic growth, while the tax reform is expected to generate an additional 0.5% of GDP (DOP40–50bn) in annual revenues. The government has allocated DOP40.9bn of the additional revenue to targeted social spending and public investment, including drinking water, sanitation, transportation and energy infrastructure. However, higher oil subsidies following the US-Iran conflict and increased interest costs amid tighter global financial conditions have offset part of the fiscal

improvement, with oil subsidies expected to amount to around 0.5% of GDP in 2026.

The stronger revenue outlook is also expected to support debt sustainability, with the central government debt-to-GDP ratio forecast to decline to 45.1% in 2026 from 48.3% in 2025, as nominal GDP growth of 9.3% exceeds the estimated 8.5% average effective interest rate. Liability-management operations, including debt buybacks and exchanges, should help smooth the maturity profile and reduce near-term refinancing pressures, while greater reliance on multilateral and bilateral financing is expected to lower funding costs and extend maturities. Multilateral and bilateral financing is projected at 0.5% of GDP in 2026, with the government targeting an increase in its share of gross financing needs to 26% by 2028. Nevertheless, fiscal risks remain tilted toward a wider deficit and higher debt, particularly if tax-reform revenues underperform given their mid-year implementation or elevated oil prices extend subsidy pressures. Longer-term refinancing risks could also emerge around large debt maturities in 2028, 2029 and 2032 if global financing conditions deteriorate.

Source ~ BMI, A Fitch Solutions Company

International News

The Implications of a Trump Diesel Export Ban

President Donald Trump's proposed diesel export ban could provide limited short-term relief to US consumers but would create broader distortions across domestic and global energy markets. The administration is considering a full or partial restriction on diesel exports in response to record-high domestic prices and mounting political pressure ahead of the November midterm elections. A partial ban could involve export quotas, geographic exemptions or temporary restrictions targeting specific markets, potentially limiting disruption while increasing domestic fuel availability. However, the benefits would likely be constrained by the regional structure of the US diesel market, as surplus supplies on the Gulf Coast cannot easily reach areas facing shortages, while refiners may retain part of any savings given relatively inelastic demand. At the same time, restricting access to higher-priced overseas markets could weaken refinery margins and encourage lower run rates, reducing some of the additional domestic supply generated by the policy. Lower diesel prices would nevertheless provide support to fuel-intensive sectors including agriculture, manufacturing, construction and logistics, while potentially easing headline and core inflation.

The broader implications would be more challenging, as lower US diesel exports would tighten international supply and push global diesel prices higher, increasing inflation and supply-chain costs in import-dependent economies. The measure could also encourage other energy exporters to

introduce similar restrictions, further fragmenting global fuel markets and potentially feeding higher energy and goods prices back into the US. Financial-market effects are expected to be relatively limited initially, although the policy could increase concerns over the predictability of US energy policy, raising longer-term risk premiums and weighing on investor confidence. The proposal could also affect the US-Iran conflict by reducing domestic economic pressure on the administration to reach a near-term agreement, reinforcing BMI's view that a preliminary deal may be delayed until early 2027. Despite the mixed economic effects, BMI has left its US economic forecasts unchanged, while noting that a temporary export restriction could prove difficult to reverse once consumers and businesses become reliant on the resulting lower domestic fuel prices.

Source ~ BMI, A Fitch Solutions Company

Iran's Proposal Signals Continued Engagement, Not An Imminent US-Iran Agreement

Iran's latest proposal signals continued diplomatic engagement with the US but does not materially alter BMI's view that a preliminary US-Iran agreement is unlikely to be reached imminently. Tehran has proposed a seven-day framework under which hostilities would cease, the US would release around USD12bn in frozen Iranian assets, waive restrictions on Iranian oil exports and ease trade and shipping restrictions, while Iran would reopen the Strait of Hormuz at the end of the seven-day period. The two sides would then resume broader negotiations covering Iran's nuclear programme and a wider diplomatic settlement. However, BMI views the proposal as largely repackaging previous Iranian demands rather than representing a fundamental shift in negotiating positions, with significant differences remaining over the sequencing and extent of concessions required from both sides. In particular, the proposal would require Washington to front-load major economic concessions before Iran provides meaningful reciprocal measures, while key details surrounding the reopening and security of the Strait of Hormuz remain unresolved.

The proposal nevertheless keeps diplomatic channels open and reduces the immediate risk of a complete breakdown in negotiations, with BMI expecting the US to respond through a counterproposal focused on the sequencing, verification and reversibility of concessions. The muted reaction in oil markets highlights the uncertainty surrounding the proposal's implementation, with Brent crude trading around USD105/bbl on September 25, down 1.5% following the announcement. A credible agreement and sustained normalisation of regional oil flows would be required for prices to return towards pre-conflict levels of USD60–70/bbl. BMI therefore continues to expect negotiations to remain exploratory in the near term, with developments surrounding the reopening of Hormuz and further US-Iran talks serving as key indicators of whether diplomacy is translating into substantive progress.

Source ~ Bloomberg

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