

Market Guide

THIS ISSUE

Room for Recovery: Can Winter Bookings Help Deliver a Stronger 2027?

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October 6, 2026

"The question isn't at what age I want to retire, it's at what income." — George Foreman

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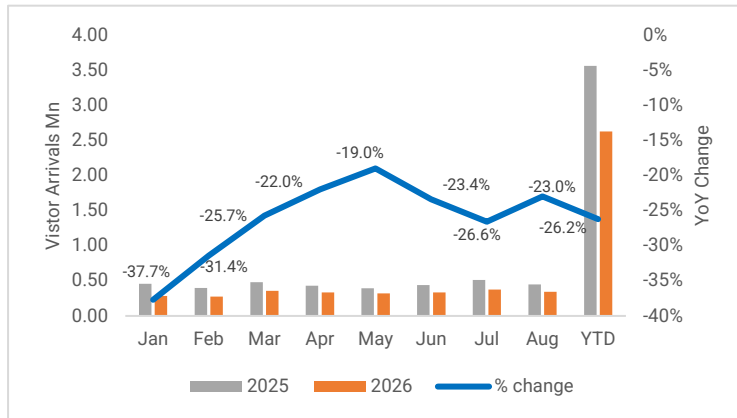
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Room for Recovery: Can Winter Bookings Help Deliver a Stronger 2027?

Figure 1: Sangster's Int'l Airport Total Passenger Traffic



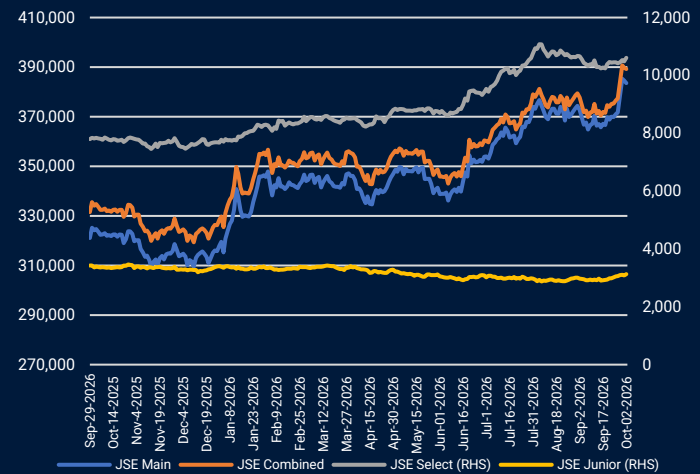
The proverbial clock is ticking on Jamaica's preparations for the upcoming winter tourist season. For properties still recovering from Hurricane Melissa, completing repairs is only part of the race, they must also secure reservations before travellers check in elsewhere or choose other destinations. The opportunity extends well beyond the front desks of these hotels, as every occupied room can generate business for farmers, distributors, transport operators and attractions. With the winter booking window already open, the question is how much of that business Jamaica will be ready to welcome. Today, we'll examine the progress of the tourism recovery, how returning rooms and advance bookings could support a stronger 2027, and the risks that could moderate the pace of that rebound.

Jamaica's tourism sector still has a substantial shortfall to close, with fewer visitors remaining the main drag on the sector's earnings. The country welcomed 2.34Mn visitors and generated US\$2.5Bn in tourism earnings between January and August 2026¹ (YTD), with arrivals approximately 17% below the corresponding period last year and earnings down 18% according to figures shared by Tourism Minister Edmund Bartlett. The declines

suggest that reduced visitor volumes - particularly along the western resort corridor - account for much of the earnings weakness. Cruise passenger arrivals is also down but has fallen by a smaller 6.0% YTD to July 2026. According to GAP², the operator and manager of the Sangster International Airport (SIA), reported that passenger traffic fell 26.2% (see figure 1), against a much smaller 1.5% decline at Norman Manley. SIA primarily serves tourists, making its traffic more sensitive to disruptions in hotel capacity than NMIA's, which caters more heavily to residents and diaspora travellers. Notably, SIA's year-over-year shortfall narrowed from 37.7% in January to 23.4% in June but has remained largely unchanged at 23.0% in August.

The pace of completion of repairs to hotels damaged by the hurricane is likely playing a role in the slow pace of recovery. The Ministry of Tourism's September 17 update put room stock back in operation at 75%. Although other factors, including elevated airfares, the loss of low-cost carrier - Spirit Airlines, reduced airlift, and weaker demand conditions from higher energy driven inflation in source markets, are playing a role, the data is consistent with a recovery constrained at least in part by limited supply.

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	Week-over-week (%)	YTD % change
Combined Index	389,217.95	3.35%	18.50%
Main Market Index	383,592.83	3.40%	20.63%
Select Index	10,607.12	1.46%	38.19%
Junior Market Index	3,127.70	2.54%	-8.05%

WINNERS & LOSERS FOR THE WEEK ENDED OCTOBER 2, 2026

	\$ Change	% Change
PULS	\$0.60	75.0%
MTL	\$0.02	37.9%
ASBH	-\$5.40	-22.1%
SPURTREE	-\$0.31	-21.4%

MARKET OVERVIEW

The local stock market rallied last week, with most indices advancing and trading activity surging. However, market breadth narrowed as fewer stocks participated in the gains and the number of advancers declined from 80 to 65. Nonetheless, trading volume increased 12-fold to 2.13Bn units, while market value rose 16-fold to J\$18.45Bn. The surge in activity largely reflected a block trade in West Indies Petroleum Terminal Limited (WIPT). 1.81Bn WIPT units changed hands on September 30, 2026. The transaction accounted for 84.8% of the week's trading volume, although no related news was identified. Elite Diagnostic Limited (ELITE), with 140.36Mn units (6.57%), and Wigton Energy Limited (WIG), with 28.17Mn units (1.32%), rounded out the top three volume leaders.

Meanwhile, 6 of the 9 JSE indices appreciated week-over-week. Notably, the Combined Index rose 3.5%, led by Scotia Group Jamaica Limited (SGJ: +21.6%) and Barita Investments Limited (BIL: +25.9%). SGJ's advance followed the September 29th announcement that Scotiabank Caribbean Holdings Limited increased the proposed acquisition price by 22.0% to J\$75.00 per share. BIL's gain was likely supported by the announcement of a J\$2.606 interim dividend per share, 8.7% above the J\$2.398 dividend paid in October 2025. Gains in these two stocks also helped make the Financial Index (+7.5%) and All Jamaican Composite Index (+4.5%) the week's strongest performers. The USD Index was the largest decliner, falling 1.65%. TransJamaican Highway Limited's USD shares (TJHUSD) declined 3.6%, suggesting that investors continued to take profits after its YTD gain peaked at 180.97% on August 5, 2026.

The strong weekly performance capped a positive first nine months of 2026 (9M 2026). For the nine months to September 30, the Combined Index gained 19.0%, while 6 of the other 8 indices also appreciated. The Combined Index's gains were driven primarily by significant increases in large-cap stocks, including WIP, TJH, NCB Financial Group (NCBFG) and Carreras Limited (CAR), which rose 604.6%, 116.7%, 80.0% and 56.7%, respectively. However, small-cap companies on the Junior Market continued to underperform as three in four recorded lower share prices, while more than half reported weaker YTD earnings. Disruption from Melissa, delayed tourism recovery and weaker earnings conversion—as many companies invested for future growth—were key contributors to the underperformance.

¹ According to the Jamaica Tourist Board (JTB)

² Grupo Aeroportuario del Pacífico, S.A.B. de C.V. (GAP) is a major Mexican airport operator that manages, maintains, and develops international airports under long-term concessions

Travellers unable to secure their preferred hotel, location or price range may postpone their trips or choose another destination, like the Dominican Republic (DR). This suggests that the next stage of recovery will require additional room capacity, which is key to securing bookings and recovery in arrivals.

With a sizeable YTD deficit, restoring pre-Melissa arrival figures this year increasingly looks like a delayed flight. Nonetheless, as the 2026 rebuild continues, the demand swell expected during the 2027 winter tourism (December 2026 to April 2027) season offers an opportunity to establish a stronger course for 2027. Meeting that seasonal increase in demand will require hotels to have both their rooms and their reservation books ready. At September's Jamaica Product Exchange, the Jamaica Tourist Board outlined expectations for more than 2,300 rooms to return between October and December³, expanding accommodation capacity as the winter season gets underway. Further reopenings are expected in 2027, although their timing will determine how much winter business they can capture⁴. Some major resorts are now scheduled to return in phases during the first half of the year, potentially missing part, or all of the season. However, the additional rooms could restore both capacity and the range of accommodation available to prospective visitors, but the opportunity depends on converting planned reopenings into available rooms and confirmed reservations in time to impact the performance for the 2027 winter season. As such, the reopening timetable makes forward booking just as important as completing repairs. Royalton's experience illustrates why the road to recovery begins before the first guest checks in. Its two Trelawny resorts reopened in September, returning 578 rooms to operation. At reopening, occupancy was about 60%, with forward booking of roughly 80% for Thanksgiving and 90% for Christmas. While these are property-level signals from one hotel group, rather than evidence of destination-wide winter bookings, they suggest that business can return when accommodation is available.

Airlift is also an important factor in the recovery. The JTB announced approximately 400,000 seats from Canada for winter 2026-27, including new Porter Airlines services alongside established carriers. Expected British services include seven weekly Virgin Atlantic flights from Heathrow and four British Airways flights from Gatwick. September announcements also

outlined expanded Copa services from Panama, including ten weekly flights to Montego Bay and five to Kingston, alongside year-round Wingo connections from Bogotá and Medellín. This broader range of connections could improve access and diversify Jamaica's source markets. However, value will depend on whether travellers can pair those flights with suitable accommodation at an attractive overall price.

For the wider economy, the prize extends beyond fuller hotels to a recovery in employment across the sector, stronger demand for local goods and services, and increased foreign-currency earnings. The clock is therefore ticking on both reconstruction and reservations. How well Jamaica meets those deadlines will help to determine whether winter bookings deliver a stronger 2027 or a more substantial recovery must wait until the 2028 season.

That said, competition from other Caribbean destinations could limit Jamaica's ability to convert restored room capacity into visitor arrivals. Competing destinations have continued to attract growing visitor numbers in 2026. The DR welcomed 8.56 million visitors between January and August, up 6.9% year over year, comprising 6.61 million air arrivals and 1.95 million cruise passengers. Meanwhile, The Bahamas recorded 1.31 million stopover visitors between January and July, up 4.3%, marking its strongest performance on record for that period. Although these gains do not establish that visitors have shifted away from Jamaica, they highlight the momentum of competing destinations. Delayed openings or uncertain reopening dates could steer prospective guests towards these alternatives, particularly if they can secure accommodation within their budgets early.

Consequently, even with preparations, the recovery is not assured of a smooth landing, as demand-side risks could cause turbulence. Higher travel and living costs could squeeze the budgets of prospective visitors. Middle East disruptions could sustain elevated energy inflation, affecting households' capacity to spend on holidays. Spirit Airlines' cessation of

operations in May also adds an affordability risk. Although GAP indicated that Spirit accounted for a relatively small share of traffic⁵, replacement capacity may not offer comparable fares. Any reduction in low-cost options could make Jamaica less accessible to price-sensitive travellers. As such, elevated travel and living costs could also divert price-sensitive visitors towards lower-cost destinations, adding another hurdle to Jamaica's tourism recovery. Of note, the DR is noticeably cheaper across almost every major vacation category compared to Jamaica. When analysing identical resort tiers and daily expenses, travellers consistently find that Jamaica costs roughly 20% to 40% more than the DR daily travel costs, although the actual difference depends on the season, accommodation and travel choices⁶. Jamaica's hotels could therefore reopen in time for winter but miss part of the booking window or lose visitors to other destinations. Further, even where visitors make the trip, they may shorten their stays or reduce spending as higher travel and accommodation costs weigh on their holiday budgets, limiting the recovery's benefits across the wider economy.

The coming winter season is an opportunity to make up some lost ground, but the strength of the rebound will depend on more than how many hotels reopen. Returning rooms and expanded airlift must translate into confirmed bookings at prices that attract visitors and allow businesses to recover profitably. Delayed repairs, tighter household budgets and competition from lower-cost destinations could temper those gains, leaving the recovery to build gradually through 2027. For the wider economy, the prize extends beyond fuller hotels to a recovery in employment across the sector, stronger demand for local goods and services, and increased foreign-currency earnings. The clock is therefore ticking on both reconstruction and reservations. How well Jamaica meets those deadlines will help to determine whether winter bookings deliver a stronger 2027 or a more substantial recovery must wait until the 2028 season.

³ According to Phillip Rose Deputy Director of Tourism for the Americas, the reopening schedule includes Zoetry, with 49 rooms expected to return in October, followed by 392 rooms at Sandals South Coast in November. Additionally, over 1,900 additional rooms are expected to return in December.

⁴ Approximately 3,500 rooms are slated to come back on stream during the first quarter of 2027.

⁵ Approximately 2.6% at Montego Bay and 3.5% at Kingston and other airlines served the affected markets.

⁶ Jamaica vs. Dominican Republic: Which Caribbean Island Is Right for Your Trip? | Source: Fair Travel

Foreign Exchange Market

For the week ending October 2, 2026, the Jamaican dollar appreciated by 0.06%, with the USD selling rate moving from J\$159.46 on September 25, 2026, to J\$159.37 on October 2, 2026. The appreciation reflected improved USD supplies, supported by the Bank of Jamaica's (BOJ's) US\$30Mn intervention at a rate of J\$158.14, which helped meet the existing demand for US dollars.

Selling	Close: 25/9/2026	Close: 2/10/2026	Change
J\$/US\$1	\$159.46	\$159.37	-\$0.09
J\$/CDN\$1	\$113.33	\$112.53	-\$0.80
J\$/GBP£1	\$211.21	\$212.69	\$1.48

Global Bond Market

Global bond markets remained under pressure during the week ending October 2, 2026, even as investors assessed softer-than-expected U.S. inflation and employment data that reduced expectations of a further Federal Reserve rate increase in October.

Inflation data provided some reassurance that price pressures were not as great as expected. The personal consumption expenditures (PCE) price index, the Federal Reserve's (Fed's) preferred inflation measure, rose 0.3% month-over-month in August. The annual rate was 3.4%, below the 3.7% forecast by economists surveyed by Dow Jones. Core PCE, which excludes volatile food and energy prices and is viewed as a better gauge of underlying inflation, increased by 0.2% month-over-month and 3.0% year-over-year. These were lower than the Dow Jones consensus forecasts of 0.3% and 3.3%, respectively. The softer inflation readings reduced expectations of an additional Fed rate increase, given that rate hikes serve to cool inflation. The September employment report reinforced expectations that the Fed would pause in October. Nonfarm payrolls increased by 29,000, well below the 84,000 gain forecast by economists surveyed by Dow Jones, while the unemployment rate rose to 4.2% from 4.1%. The weaker hiring and higher unemployment suggested that the labour market might be cooling rather than retightening.

Following the weak jobs report and softer inflation data, the probability that rates would remain unchanged at the Fed's October 27–28 meeting rose to 77%, from 36% at the end of the previous week, according to the CME FedWatch Tool. However, a pause would not necessarily signal the end of the tightening cycle, with analysts viewing a December increase as plausible if inflation, energy prices or financial conditions intensify.

Despite the shift towards an expected October pause, U.S. Treasury yields ended the week higher. The 10-year yield rose from 5.163% on September 25 to 5.281% on October 2, after reaching approximately 5.30% during the week. The divergence highlights that reduced expectations of an immediate rate increase did not translate into lower longer-term yields. Higher Treasury yields, in turn, weighed on the emerging-market sovereign and corporate bonds. Sovereign bonds from The Bahamas, Barbados, Costa Rica, the Dominican Republic, Jamaica and Panama recorded lower WoW prices and consequently higher yields. These include the JAMAN 8.0% 2039 (-2.2%) and the DOMREP 6.15% 2038 (-2.2%). Corporate bonds

were also under pressure. The Minerva 4.375% 2031 bond (-3.7%) and the Promerica 10.75% 2028 (-2.3%) were among the largest price decliners.

	Currency Rating	Indicative Price	Yield	Recommendation
Abbott Lab (4.65%) 2036	A+/ Stable	94.50	5.40%	BUY
Airbnb (5.25%) 2036	A-/ Stable	96.75	5.70%	BUY
Amazon (4.55%) 2033	AA-/ Stable	97.00	5.10%	BUY
Amazon (4.65%) 2035	AA-/ Stable	94.00	5.50%	BUY
Amazon (4.875%) 2036	AA-/ Stable	95.00	5.56%	BUY
Bahamas (6.63%) 2033	BB-/ Stable	101.00	6.43%	BUY
Bahamas (8.25%) 2036	BB-/ Stable	108.50	7.02%	BUY
Bahamas (8.95%) 2032	BB-/ Stable	111.25	6.65%	BUY
Barbados (8.00%) 2035	B+/ Positive	106.50	6.99%	BUY
Blackstone (6.00%) 2032	BBB-/ Positive	98.50	6.33%	BUY
Block Inc (6.00%) 2033	BB+/ Positive	99.25	6.13%	BUY
DOMREP (5.50%) 2029	Ba2/ Stable	101.75	4.71%	BUY
DOMREP (6.00%) 2033	Ba2/ Stable	99.00	6.19%	BUY
DOMREP (5.75%) 2034	Ba2/ Stable	96.25	6.39%	BUY
DOMREP (5.88%) 2035	Ba2/ Stable	95.50	6.54%	BUY
DOMREP (6.15%) 2038	Ba2/ Stable	94.75	6.81%	BUY
DOMREP (6.95%) 2037	Ba2/ Stable	101.50	6.75%	BUY
DOMREP (6.85%) 2039 (NEW ISSUE) ⁷	Ba2/ Stable	99.50	6.91%	BUY
GEO PARK (8.75%) 2030	B+/ Stable	105.00	7.02%	BUY
Goldman Sachs Private Credit (5.875%) 2031	BBB-/ Stable	99.50	6.01%	BUY
Jefferies (6.25%) 2036	BBB/ Stable	99.00	6.39%	BUY

⁷ **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
Jamaica (6.25%) 2037 (NEW ISSUE) ⁸	BB/ Stable	101.75	6.03%	BUY
Kingston Airport Revenue (6.75%) 2036	Ba3/ Negative	99.50	6.82%	BUY
Minerva (4.38%) 2031	BB/ Stable	85.65	7.18%	BUY
Minerva (7.50%) 2036	BB/ Stable	92.50	8.67%	BUY
NCBFG (11.0%) 2030	B+/ Stable	110.25	7.83%	-
NETFLIX (4.875%) 2030	A2/ Positive	101.25	4.50%	BUY
NETFLIX 5.25% 2036	A/Stable	97.75	5.55%	BUY
NRG (3.88%) 2032	BB+/ Stable	92.00	5.63%	BUY
NRG (6.00%) 2033	BB+/ Stable	99.25	6.14%	BUY
NRG (6.125%) 2036	BB+/ Stable	96.50	6.62%	BUY
NRG (6.25%) 2034	BB+/ Stable	98.75	6.45%	BUY
Petro Rio (6.75%) 2030	BB+/ Stable	100.75	6.53%	BUY
TRANSJAM (5.75%) 2036	BB/ Stable	99.00	97.00%	BUY
Trinidad and Tobago (6.20%) 2038	BBB-/ Negative	96.25	6.66%	BUY
Trinidad and Tobago (6.50%) 2036	BBB-/ Negative	100.00	6.50%	BUY
Trinidad Generation Unlimited (7.75%) 2033	BB/ Stable	106.25	6.58%	BUY
FRICON (7.7%) 2028	C	13.81	169.07%	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	101.60	5.17%
	2036	116.00	6.22%
	2037	98.15	6.51%
	2039	111.75	6.52%
	2045	110.25	6.89%

*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%

Money Market

Liquidity in the JMD money market, as measured by the aggregate current-account balances held by deposit-taking institutions (DTIs), declined by 9.4% to J\$66.18Bn as at October 1, 2026, from J\$73.02Bn on September 24th. Meanwhile, Demand for Bank of Jamaica (BOJ) liquidity-management instruments strengthened. The September 30 auction of the BOJ's 30-day Certificate of Deposit (CD) attracted J\$33.10Bn in bids against an offer of J\$24.00Bn, producing a 1.38x bid-to-cover ratio, up from 1.29x at the September 23 auction. The offer amount increased by J\$2.00Bn (+9.1%), while the average yield on successful bids rose to 6.22% from 5.91%. The next auction is scheduled for Wednesday, October 7, 2026. The BOJ also increased its provision of short-term Jamaican-dollar liquidity through the September 28th 14-day repurchase operation. Eligible bids totalled J\$4.50Bn against an offer of J\$3.00Bn. The next 14-day repo auction is scheduled for Monday, October 5, 2026.

Lastly, at its September 24–25 meeting, the BOJ's Monetary Policy Committee unanimously raised the policy rate by 50 basis points to 6.0%, effective September 29th, marking its first policy-rate change since February 2026. The increase was in response to the worsening inflation outlook. Headline point-to-point (P2P) inflation reached 7.9% in August, marking the third consecutive month above the BOJ's 4.0%–6.0% target range, while core P2P inflation remained elevated at 5.2%. Higher international commodity prices, El Niño-related pressure on local agricultural output and stronger domestic spending increased the risk that inflation could become embedded in expectations. Against this backdrop, yields on BOJ liquidity-management instruments are expected to rise in line with the higher policy rate, which should further strengthen demand for these instruments as investors seek more attractive short-term returns.

⁸ **Issuer**- Government of Jamaica, **Type**- Senior Unsecured, Callable-Yes, **Coupon Rate**- 6.25%, **Coupon Payment**- Semi-annually, **Maturity** – September 17, 2037, Risk Profile – **Moderate**

Dates to Watch This Week

International Local

October 2026

MON	TUE	WED	THUR	FRI
05	06	07	08	09
		SGJ Extraordinary General Meeting		QAINC X-Dividend Date (US\$0.0073)
		U.S. Crude Oil Inventories		CAD Unemployment Rate (Sep)

Recommendations

Ticker	Closing Price (October 6, 2026)	P/E	Avg. Sector P/E	Current Recommendation
OMNI	\$0.91	11.23x	17.55x	BUY
FESCO	\$3.67	13.61x	14.72x	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.

Equity Corporate Action

Ticker	Offer Price	Fair Value	P/B	Avg. Sector P/B	Current Recommendation
SGJ	J\$75.00	J\$73.31	1.25x	1.21x	ACCEPT

Scotiabank Caribbean Holdings Ltd. (SCHL), a wholly owned subsidiary of The Bank of Nova Scotia, has revised the terms of its proposed acquisition of all Scotia Group Jamaica Limited’s (SGJL’s or SGJ’s) ordinary stock units not already owned by SCHL through a Scheme of Arrangement. On September 29, 2026, SCHL increased the cash consideration from J\$61.50 to J\$75.00 per SGJ stock unit (+21.95%). If implemented, the Scheme would make SCHL SGJ’s sole stockholder and delist SGJ from the Jamaica Stock Exchange (JSE). Given SCHL’s higher offer price, which increases the compensation to minority investors, our updated recommendation is to **ACCEPT** SCHL’s revised offer. The J\$75.00 consideration provides immediate and certain cash value and represents a premium to NCBCM’s J\$73.31 fair value estimate of SGJ shares. In our view, the higher offer better recognises SGJ’s recent performance and provides adequate compensation for minority shareholders surrendering future earnings growth, dividends and valuation upside.

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 October 5, 2026			
O Money Market Fund (M Fund)	F	17.4315	8.50%	7.19%	4.42%
O Income Optimizer Fund (i O Fund) ◇	F	15.8311	3.05%	2.77%	4.40%
☆Caribbean Equity Fund (E Fund) †	E	28.4754	2.29%	7.35%	-
◇ Real Estate Fund (rE Fund) †	R, F	17.9552	6.36%	5.93%	4.37%
◇ Income Distribution (Id Fund) †	F	100.9783	0.00%	0.98%	5.57%
O USD Money Market Fund (xM Fund)	F	1.2521	2.17%	1.41%	1.35%
O USD Bond Fund (xB Fund)	F	1.3362	-0.82%	-0.41%	3.10%

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

Brazil votes in high-stakes election as U.S.-China rivalry and debt loom large

Brazil will hold a knife-edge vote on Sunday as its presidential race kicks off — but the election's outcome is likely to be felt far beyond the country's borders. Voters will head to the polls to decide whether incumbent Luiz Inácio Lula da Silva should remain in office or be replaced by one of 12 alternative candidates. If no candidate wins more than 50% of votes in Sunday's first round, the two candidates with the most support will progress to a final runoff vote on Oct. 25. Polls point to a tight race, with frontrunners Lula and Flávio Bolsonaro effectively tied for support among voters.

A win for left-leaning Lula would mark his fourth presidential term, while victory for Bolsonaro is expected to mark a shift back to his father's right-wing movement. Lula's centre-left Workers Party (PT) has been a pioneer of social programs aimed at lifting millions of people out of poverty — but it has been stained by corruption scandals. Lula himself spent 18 months in prison after receiving a coastal property from an engineering firm involved in the so-called Car Wash corruption investigation. Flávio Bolsonaro is a senator and son of former president Jair Bolsonaro. Bolsonaro is widely viewed as the political heir to his father, with his policy mix favouring privatisation, spending cuts and close alignment with the U.S. - policies that have had recent successes across Latin America, with Bolivia, Chile, Colombia and Peru all inaugurating conservative leaders in the last 12 months.

Paulo Nogueira Batista Jr., a Brazilian economist and former vice president of the BRICS New Development Bank, told CNBC that the outcome of the election will have "a substantial effect on all parts of Brazilian life" because the two leading candidates are "radically different. Flavio Bolsonaro has declared to be closely aligned with Donald Trump, and this might affect Brazilian-Chinese relations - [and] China is our main trade partner," he explained. Another major issue at the centre of the election is Brazil's mounting debt pile. The vote is being closely watched by investors across

the globe, with questions swirling around whether the incoming administration can deliver fiscal credibility. Brazil's debt has steadily risen in recent years and stood at 82.9% of gross domestic product in August. Meanwhile, Brazil's budget deficit stands at 9.48% of GDP, fueling concerns about whether the next administration will be able to deliver fiscal discipline and bring the national books under greater control. But while the wider economy has come under pressure, with inflation hovering above 4% and the government trimming its economic growth forecasts, Brazil has also been an economic beneficiary of higher oil prices as a net oil exporter.

Source ~ CNBC

Panama Canal Raises Daily Transits to 33 and Maximum Neopanamax Draft to 49 Feet

The Panama Canal is expanding transit capacity as water conditions at Gatun Lake improve. The Panama Canal Authority (ACP) announced on September 28, 2026, that it will increase daily transit slots to 33 from 32 and raise the maximum authorised draft for vessels using the Neopanamax locks to 14.94 meters (49 feet) from 48 feet, following the recovery of Gatun Lake levels. The draft increase takes effect immediately, while a tenth daily Neopanamax slot will become available from October 15, 2026, according to Navigation Notice No. A-36-2026.

The easing of restrictions reflects better water availability across the canal's watershed. The ACP attributed the improved operating conditions to rainfall recorded in the watershed during September, the implementation of water-saving measures at the locks and projections on the behaviour of Gatun Lake levels. The revised allocation keeps a mix of reserved and auctioned slots across all three vessel segments. The 33 daily slots will be distributed across 10 Neopanamax slots (nine through prior reservation periods and one via daily auction), 18 Panamax Super slots (17 through reservation periods and one via daily auction) and five Panamax Regular slots (four through reservation periods and one via daily auction).

Alongside the capacity increase, the ACP has given customers greater flexibility in booking transits. The Canal administration eliminated the limit on the number of slots a customer can claim per date or week and now allows reservations on consecutive dates. Quotas not consumed by one segment will be offered to other segments under a defined substitution hierarchy, while slots won at auction will not count toward segment limits.

Source ~ Newsroom Panama

International News

US-Iran Conflict: Preliminary Deal Still Most Likely, But Timing Uncertain

Following the expiry of Research Firm Fitch BMI's previous timeframe for the US and Iran to reach a preliminary agreement to reopen the Strait of Hormuz, halt hostilities and resume broader negotiations by the end of September 2026, the research firm has updated its assessment of the conflict's potential trajectories through H1 2027. Its overarching 'Messy Negotiations' framework holds, envisioning continued disruption to shipping through the Strait of Hormuz and intermittent military flare-ups alongside diplomatic efforts, ultimately leading either to a preliminary agreement or to renewed high-intensity conflict. This framework already allows for military exchanges between the US and Iran similar to the period after the collapse of the MoU, without necessarily constituting a return to high-intensity conflict.

BMI continues to believe that a diplomatic off-ramp is the most likely outcome. Neither side has an attractive military route out of the current impasse. For the US, the Strait of Hormuz remains commercially compromised despite a pickup in oil flows. Pressure on military resources also limits its capacity for prolonged high-intensity action. Moreover, renewed escalation would not necessarily force Tehran into a more conciliatory position. For Iran, the domestic economy is under heightened stress. Tehran arguably has less leverage over activity in the Strait of Hormuz than it did at the conflict's outset, and the regime needs sanctions relief for its long-term survival.

The research firm's revised base case is that Washington and Tehran will reach a preliminary agreement to reopen Hormuz within the next three to six months. It considers an agreement more likely in Q1 2027 (40% probability) than in Q4 2026 (25% probability). It assigns a further 5% probability to a delay until Q2 2027. The updated framework reflects its view that the timing of a preliminary agreement has become less clear. It now depends more on economic pressures than on the November 2026 US midterms. The elections were an important part of BMI's previous framework because they were expected to shape President Donald Trump's appetite to end the conflict in Q3. As Fitch BMI previously highlighted, it no longer believes this is the case for three reasons. First, Trump does not appear to trust that Iran would adhere to a deal in the near term. Second, an agreement before the midterms is unlikely, by itself, to reverse the decline in domestic approval for the Republican Party at this stage. Third, Trump may calculate that he will face fewer political constraints on US military action once the elections have passed. These factors reduce the likelihood of a deal in Q4 2026.

Source ~ BMI, A Fitch Solutions Company

The World Has Nearly Burned Through its Oil Stockpile Buffer, Executives Say

The amount of oil in storage that is accessible to the global market is running low, industry executives said at the Energy Intelligence Forum in London, making the market more fragile and putting upward pressure on prices. Governments and energy companies have drawn oil from stockpiles to alleviate pressure in a global oil market facing unprecedented supply disruptions this year due to the wars in the Middle East and Ukraine. "Less than 6 billion barrels of commercial inventories remain today, with the vast majority not practically available, so the system is already straining," Amin Nasser, CEO of Saudi Arabia's state oil company Saudi Aramco, said. More than 1 billion barrels of oil have been released mainly from onshore commercial inventories since the start of this year's Middle East crisis, which was the last major tool in the box.

The International Energy Agency (IEA), the West's oil watchdog and coordinator of its strategic oil reserves, is preparing to release 100 million barrels of crude and diesel to help alleviate soaring diesel prices, but it is not clear if some of that total will include volumes from its record first 400 million barrel release in March that hadn't hit the market yet. "It took a lot of negotiations, but it is 100 million," Nasser said of the IEA decision. "Inventories are reaching a stress level. Only 10% or less is available; that's why they struggle with 100 million barrels." World oil demand is about 102 million barrels per day, according to the IEA.

The loss of the oil market's buffers has made the market more fragile and has increased oil's price floor. Oil market turmoil will continue beyond next year, as it could take years to refill inventories on top of meeting global demand. Not all oil in storage is immediately usable because of operational factors like tank bottoms or oil sitting in pipelines, as well as political factors like government rules dictating minimum levels of emergency stocks. Considering this, there is huge demand to build additional inventories around the globe. Kuwait Petroleum Corporation CEO Shaikh Nawaf Al-Sabah said his company is aiming to build out storage domestically and at its overseas refineries. Stocks of crude oil in the U.S. Strategic Petroleum Reserve are at their lowest since October 1982, according to data from the Department of Energy. Natural gas inventories are also depleted, making prices vulnerable to spikes. Furthermore, a bad winter could bring about a "bloodbath" in the gas market in the first quarter of 2027 if storage hits minimal levels.

Source ~ Reuters

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