LEADING ECONOMIC INDICATORS

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LOCAL UPDATE DECEMBER-2025

MARKET REVIEW

T-Bill Results

Tenure	Oct-25	Nov-25	Dec-25
3 month	5.15%	5.09%	5.13%
6 month	5.17%	5.17%	5.37%

Bond Market

In December 2025, Standard and Poor's (S&P) Global Ratings maintained Jamaica's long-term foreign and local currency sovereign credit ratings at 'BB", while they revised their outlook to "Stable". S&P cited the impact of Hurricane Melissa being a major factor, as the government will have increased spending to aid in construction recovery efforts. The debt/ratio is now projected to increase to 68.2 per cent of GDP this fiscal year. The Government remains committed, even more so during this crisis, to prudent fiscal management, with sound macroecon fundamentals.

Jamaica Stock Exchange (JSE)

	DEC	YTD
Main Index	↓ 0.21%	↓ 5.30%
Junior Index	↑ 0.45%	↓ 8.93%
USD Index	↑ 1.19%	↓ 15.77%

DECEMBER YTD
Main Market

Advance: Decline 14:38

Main Market YTD

Big Winner	CPFV	↑ 60.69%
Heavy Loser	JBG	↓ 52.12%

KEY INDICATORS
December-25

	Period	YEAR 2025	YEAR 2024	Change 12 month	Change YTD	12 Mth Trend*
CAPITAL MARKET INDICATORS						
BOJ 30-day CD	Dec	5.96%	6.34%	-38bps	-38bps	↓
6 month T-Bill	Dec	5.37%	6.17%	-80bps	-80bps	↓
BOJ Policy Rate	Dec	5.75%	6.00%	-25bps	-25bps	↓
FX Rate	Dec	$159.74	$156.42	2.12%	2.12%	↑
JSE Junior Market Index	Dec	3,401	3,735	-8.93%	-8.93%	↓
JSE Main Index	Dec	317,987	335,795	-5.30%	-5.30%	↓
	Period	**YEAR 2025**	**YEAR 2024**	**Change 12 month**	**Change YTD**	**12 Mth Trend***
KEY MACRO-ECONOMIC INDICATORS						
Inflation (Y-o-Y)	Dec	4.50%	5.00%	-50bps	-50bps	↓
NIR (US$M)	Dec	$6,279.26	$5,583.67	12.46%	12.46%	↑
Tourist Arrivals	Jan-Oct	3,252,542	3,367,340	-3.4%		↓
Unemployment	Oct	3.3%	3.6%	-30bps		↓
Real GDP Growth	Jul-Sep	5.1%	-3.5%	860bps		↑
Current Account Balance (US$M)	Apr-Jun	137.8	148.0	(10.3)		↓

Commentary

Latest on Jamaica's 3rd Quarterly GDP Performance (July to Sept 2025)

The Statistical Institute of Jamaica has released its quarterly report regarding the performance of the country's Gross Domestic Product for the period "July 2025 to September 2025". Total value added at "constant prices" for the Jamaican economy rose by 5.1% to $434.3B in relation to the comparative period in 2024 which was $413.4B. This was due to improvements in the Goods Producing Industries which increased by 10.9% and the services industry which rose by 3.3%.

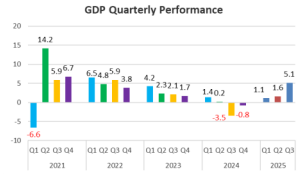
The economy's performance was driven by improvements post Hurricane Beryl July 2024, primarily driven by increased activity from industries most impacted such Agriculture, Forestry & Fishing, Mining & Quarrying, Electricity, Water Supply & Waste Management and Accommodation & Food Service Activities. The recovery in the Agriculture section was aided by favourable weather conditions throughout the period along with on going efforts from both government and private sector entities to enhance production capacity.

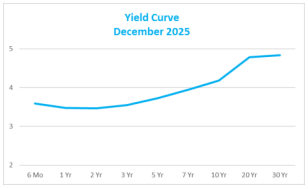
The All-Consumer Price Index (CPI) rose by 1.3%, primarily driven by a (+2%) in the food and non-alcoholic beverages division. This increase was attributable to a (+4.5%) increase for 'Vegetables, tubers, plantains, cooking bananas and pulses' and a (+5.6%) increase for 'Fruits and nuts' class. Housing, Water, Electricity, Gas and Other Fuels rose by 2.6% in Dec' 2025 which was primarily driven by a 5.4% increase in the group "Electricity, Gas and Other Fuels" mainly due to higher electricity rates.

LEADING ECONOMIC INDICATORS

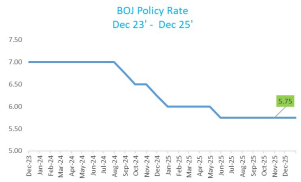
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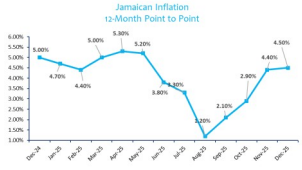














Sector Performance

Foreign Exchange: The BOJ's Weighted Average Selling Rate (WASR) stood at J$159.74 as at December 31, 2025. December saw (1) B-FXITT intervention totaling USD$40 mil. The central bank injected US$1.13B into the foreign exchange market through 36 interventions, a decline of US$29.07M across 2 less interventions relative to the same period in 2024. Given the impact of Hurricane Melissa, the BOJ continue to take measures to preserve relative stability in the foreign ex-change (FX) market by reiterating its strong international reserves.

Remittances: In November 2025, Net Remittance Transfers increased by 14.20% year-over-year (YOY) and stood at US$281.2M, from the US$246.10M seen in November 2024. On a longer time horizon, remittances have totaled US$2.17B between Jan 2025 – Nov 2025, this represents a 2.8% or US$58.2M increase accumulated between Jan 2024 – Nov 2024. This increase in total Remittance Inflows was driven by higher flows via the Remittance Companies, partly offset by a marginal decline via the Other Remittances. In addition, total Remittance Outflows grew 15.31% YOY, closing November 2025 at US$22.6M. The United States remained the dominant source of remittances to Jamaica, accounting for 66.9% of total inflows in November 2025, although this represents a decline from 67.9% reported in November 2024. Other significant contributors included the United Kingdom at 12.5%, followed by Canada and the Cayman Islands, which represented 9.8% and 6%, respectively.

Net International Reserves: At the end of December 2025, Net International Reserves (NIR) increased to US$6.28B, representing a US$0.16M increase or 2.61% compared to US$6.12B in November 2025. December's growth was mainly driven by a 3.76% or US$128.59M rise in currency and deposits, as well as an increase of US$17.32M or 0.70% rise in securities. Meanwhile, total foreign liabilities saw a reduction from US$22.44M in November to US$12.93M in December. As of December 2025, the reserves were sufficient to cover approximately 52.09 weeks of goods imports and 33.64 weeks of goods and services imports, from the 50.66 weeks and 31.63 weeks respectively in November.

Interest Rates: Following its Monetary Policy Committee (MPC) meetings on December 16 and 17, 2025, the BOJ decided to hold its policy rate at 5.75% as the MPC determined that the current level of monetary policy remains appropriate. This is against the backdrop of an anticipated rise in inflation in early 2026, reflecting the impact of Hurricane Melissa on major food producing parishes and supply chain disruptions. Moreover, core inflation, which excludes volatile food and energy prices, is expected to rise over the next 12 months.

Stock Market Performance: The Main Market Index fell 0.21% month-over-month in December 2025. On a yearly basis, the index declined 5.30%. Month-over-month, 26 stocks advanced, 24 declined and 2 were unchanged. From the start of the year, 14 stocks increased in price, 38 declined and none were unchanged. Top performers for the month were SRFJMD (+46.79%), TROPICAL (+30.33%) and KW (+18.76%). Some of the key decliners were 138SL (-21.47%), LASM (-12.99%) and WISYNCO (-11.07%). The Junior Market Index declined 0.45% month-over-month in December 2025. For the year, the index was down 8.93%. Month-over-month, 21 stocks advanced, 23 declined and 3 were unchanged. Since the start of the year, 13 stocks increased in price, 33 declined and 0 was unchanged. Notable gainers for the month were KINTYRE (+181.48%), MEEG (+35.33%) and PURITY (+31.43%). Some of the major decliners were ISP (-19.79%), MDS (-13.91%) and ECL (-12.73%).

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GLOBAL UPDATES DECEMBER- 2025

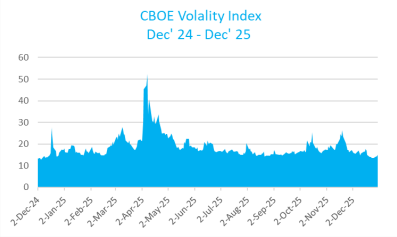
MARKET REVIEW

T-Bill Results

Tenure	Oct-25	Nov-25	Dec-25
3 month	3.89%	3.88%	3.67%
6 month	3.79%	3.74%	3.59%

CBOE Volatility Index

The CBOE Volatility Index (Vix), the stock market's fear gauge, shows lower volatility for December 2025 relative to a year ago. For the month of December 2025, the index averaged 15.46 compared to 15.79 for December 2024. Market anxieties lowered for the month of december signaling more confidence in the in the S&P 500 and less fears as geo political tariff tensions eased.



S&P 500

	December	YTD
Consumer Disc	↑ 0.69%	↑ 5.31%
Consumer Stap	↓ 1.96%	↑ 1.32%
Energy	↑ 0.10%	↑ 4.96%
Utilities	↓ 5.31%	↑ 12.69%
Health Care	↓ 1.51%	↑ 12.53%
Industrials	↑ 1.13%	↑ 17.70%
Technology	↓ 0.29%	↑ 23.31%
Communications	↓ 1.06%	↑ 32.41%
Materials	↑ 2.01%	↑ 8.43%
Financials	↑ 2.94%	↑ 13.32%

KEY INDICATORS - US

December-25

Indicators	Period	Year 2025	Year 2024	Change 12 Month	Change YTD	12 Mth Trend
CAPITAL MARKET INDICATORS						
UST 10-year	Dec	4.18%	4.58%	-40bps	-40bps	↓
UST 30-year	Dec	4.84%	4.78%	6bps	6bps	↑
Dow Jones Industrial Average	Dec	48,063	42,573	12.9%	12.9%	↑
S&P 500	Dec	6,846	5,882	16.4%	16.4%	↑
Nasdaq Composite	Dec	23,242	19,622	18.4%	18.4%	↑
Nikkei 225	Dec	50,339	39,895	26.2%	26.2%	↑
INDICATORS						
Policy rate	Dec	3.75%	4.50%	-75bps	-75 bps	↓
Crude Oil	Dec	$61.37	$71.72	-14.4%	-14.4%	↓
US CPI	Dec	324.05	315.61	2.7%	2.7%	↑

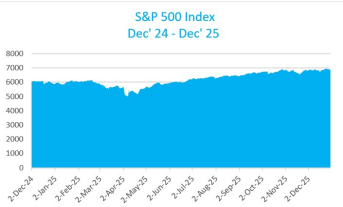
Commentary

AN OVERVIEW OF THE US ECONOMY FOR DECEMBER 2025

The US economy presented a mixed picture for the month of December 2025, with slow growth in the job market, increasing unemployment for the year, a resilient overall economic growth rate, persistent inflation and another Fed rate cut. Zooming in on the Job Market, the economy added only 50,000 jobs in December this continued the trend of a push towards more A.I. and tech skill jobs and a move towards more skills based hiring with major shifts driven by technology. The average monthly gain over the past 6 months was significantly lower than 2024. The unemployment rate decreased to 4.4% in December from the 4.6% in November but was slightly higher in comparison to December 2024 which was 4.1%. This is a reflection of a low hire, low fire dynamic, which is an indication that companies were hiring less rather than having widespread layoffs. There were job increases in the healthcare, food and services and drinks industries while retail and manufacturing sector experienced job losses. The Consumer Price Index (CPI) rose 2.7% in December 2025 from December 2024 and remains unchanged from November 2025, but still above the Fed's 2% target. A few of the main contributors that drove inflation were beverage material coffee and tea (+11.8), utility pipe gas service (+10.8%) and and fuel cost (+7.4%). Tariffs also played a role impacting groceries which affected household affordability. To counter the slow pace of the labour market the Fed decided to cut the rate to 3.5% - 3.75%. The Fed's main objective was to support employment while monitoring inflation and mitigating against any economic distortions that may have arised from the prolonged government shutdowns earlier in the year. Despite the labour market cooling the overall economy demonstrated resilience.

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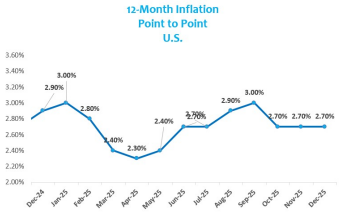
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US Market Performance

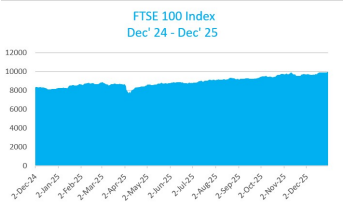
Stock Market: For December 2025, the S&P 500 saw a slight decline of 0.05% (up 0.06% with dividends), after November's 0.13% increase and the previous 10 months overall gain of 16.30%, of those 10 months 7 were up and 3 down. As for the overall performance of the S&P 500 index for 2025 it saw a gain of 16.39% (17.88 with dividends) in comparison with 2024's gain of 23.31% (25.02% with dividends) and 2023's performance 24.23% (26.29% with dividends) this represents the index's 2nd consecutive year of decline. 10 of the 11 sectors gained in 2025, (Communication Services had the best performance up 32.41% and Real Estate had the worst performance with a decline of 0.35%).

The Dow Jones Industrial Average closed at 48,063.29, posting two new closing highs in December (48,886.86 intraday high and a 48,731.16 closing high), as it posted a 0.73% gain (0.92% with dividends) from November's 47,716.42 close (when it posted one new closing high, compared to seven new closing highs in October) and was up 0.32% (0.48% with dividend) from October's close of 46,397.89.

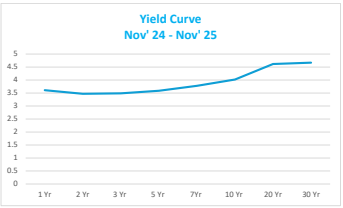


Interest Rates: The Federal Open Market Committee (FOMC) convened on December 9-10 reviewing the monetary policy. The Committee voted then to reduce the target range for the federal funds rate by 25 basis points to between 3.50% and 3.75%. Policymakers cited a shift in the balance of risks, noting that economic activity continues to expand at a moderate pace, but the labour market has softened somewhat this year. Job growth has slowed, and unemployment has inched higher, though it remains relative

European & UK Economy



Inflation across the euro area has remained broadly stable since spring 2025, however there was a slight reduction to 1.9% in December. Energy prices were marginally lower than a year earlier, falling by 0.18% after a steeper decline in November. Food inflation rose to 2.5% in December coming from 2.4% in November. Core inflation, which excludes energy and food eased to 2.3%, a slight decline from 2.4% in November, reflecting offsetting trends between goods and services. Prices for goods remained steadfast, with inflation at 0.5% in December, while services inflation lower, declining from 3.5% to 3.4% in December. Longer-term inflation expectations remain anchored near 2%, reinforcing confidence that inflation is converging toward the European Central Bank's target. In the UK, inflation pressures also showed signs of moderation. Headline CPI increase to 3.4% in December 2025, up from 3.2% in November. On a monthly basis, prices rose by 0.4% in December, compared with a rise of 0.3% in December 2024. The largest contributions came from transport along with alcohol and tobacco. Against this backdrop, the Bank of England's Monetary Policy Committee voted to reduce the rate by 25 basis points to 3.75% in December. The rate cut, reflects confidence that inflation is easing, even as policymakers continue to seek clearer confirmation before beginning a gradual easing cycle.



GLOBAL OUTLOOK

In December 2025 the global economy proved more than resilient, despite showing signs amongst ongoing uncertainty and diverging regional performance. This has been mainly due to the impacts of AI investments and shifting trade polices. Growth was steady but below signs of moderating in most regions with exception to the United States. Global inflation generally fell albeit the pace of decline varied. Lower energy and food prices contributed to the general disinflationary trend. The ECB held rates steady as inflation neared it's target. Shifts in trade policy, including the imposition of tariffs throughout the year were the main contributors to global uncertainty, however with an easing of trade tension in late 2025 global trade fears softened to some degree. According to the IMF, global growth is expected to be around 3.3% in 2026, with U.S. growth moderating to approximately 2%. Euro area & China are also expected to see a slightly lower growth at 1.2% & 4.4% respectively in 2026.

