



**ECONOMIC
BULLETIN
FEBRUARY
2026**

MACRO-ECONOMIC DASHBOARD

Jamaica Overview

Q3 GDP Growth
+5.1%

Inflation Rate
4.5%

Unemployment
3.3%

BOJ Policy Rate
5.75%

Global Outlook

Global GDP Growth **3.2%**



• Trade Tensions

• High Public Debt



• AI Bubble Risk

U.S. Economy



• GDP Growth **4.3%**

• Trade Tensions

• High Public Debt

• AI Bubble Risk

Growth & Inflation Trends

GDP Growth (%)



Inflation Rate (%)



Labour Market

- Employment: **1.41M**
- Remittances: **US\$238M**

Money & Markets

- T-Bill Yield: **5.85%**
- Stock Market: **-0.16%**
- NIR: **US\$6.128**

Exchange Rate



+09.74
+0.29%



BOJ \$400M



Hurricane
Impact



Inflation
Surge



High
Public
Debt



Global
Uncertainty



IDB Group

The PSOJ in Partnership with
the IDB Group presents

EMPOWER JA

BUILDING BRIDGES FOR SUCCESS

Unleashing SME Digital Success!

Panel Discussion 1

Bots, Bytes, E-Business & Beyond: Can
SMEs Go Digital Without Breaking the Bank?

Panel Discussion 2

“Are We Digitally There Yet?” Human Capital in SME Digital
Transformation: Bridging the Digital Skills Gap.

Moderator:

Christopher Reckord
Chair of the PSOJ
Innovation and Digital
Transformation Standing Committee

Keynote Speaker:

Marlon Cooper
Chief Executive Officer
Symptai

Thursday, March 12, 2026

TIME: 8:00 A.M. - 12 PM

Venue: Jamaica Pegasus Hotel (Talk of The Town)
PSOJ Members: Free | Non-Members: \$6,000

RSVP: MARKETING@PSOJ.ORG

Register Now



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Message From the Executive Director

As we present the first Economic Bulletin of 2026, we do so at a defining moment for Jamaica's private sector.

The final quarter of 2025 tested our nation in profound ways. Hurricane Melissa disrupted infrastructure, agriculture, logistics, and business operations, interrupting what had been a year of strong economic momentum. Prior to the hurricane's passage in late October, real GDP expanded by 5.1% year-over-year in Q3 2025, and employment reached a historic high of 1.44 million persons, with unemployment holding at 3.3%. These gains reflected disciplined macro-economic management and growing private-sector dynamism.

However, Melissa materially altered the short-term outlook. Infrastructure losses were estimated at over



Sacha Vacciana Riley

Executive Director

Private Sector Organisation of Jamaica

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40% of GDP, with agricultural output losses equivalent to roughly 50% of the sector's 2024 GDP. The Bank of Jamaica now projects a contraction of between –4% and –6% for FY2025/26. Inflation, which had remained subdued for much of 2025, surged in November, with the All-Jamaica CPI rising 2.4% in a single month and headline inflation reaching 4.5% by year-end.

The lesson is unmistakable: Jamaica is resilient, but we remain vulnerable to structural shocks.

Yet we begin 2026 with critical stabilizing strengths. Net International Reserves stand at over US\$6.1 billion, covering more than 50 weeks of goods imports. The Jamaican dollar appreciated modestly at year-end, supported by decisive Bank of Jamaica intervention. Remittances continue to provide a critical external buffer.

Macroeconomic stability gives us space. But productivity and management excellence will determine what we do with it.

In January, we welcomed a new PSOJ President whose strategic focus is clear: productivity enhancement, operational efficiency, and scaling Jamaican enterprises beyond incremental growth into competitive, resilient regional players. That focus could not be more aligned with the data presented in this Bulletin.

With unemployment at 3.3%, the labour market is historically tight. Wage-cost pressures are intensifying. Confidence softened in Q4 2025 following both the general election and hurricane-related disruption. In such an environment, growth will not be driven simply by expanding headcount or raising prices—it must be driven by productivity gains, technological adoption, governance discipline, and management capability.

This is precisely why February marks a major milestone: the launch of the Best Managed Companies Programme in Jamaica, in partnership with Deloitte.

This globally respected programme benchmarks companies on strategy, governance, financial performance, operational discipline, talent management, and long-term sustainability. In a year where GDP is projected to contract, the firms that will outperform are those that manage better—those that embed structured decision-making, capital efficiency, risk management, and scalable systems.

Strong management is not cosmetic. It is economic infrastructure.

The themes of productivity and scale will continue into March with the next installment of our IDB/PSOJ Empower JA Forum Series, titled “Wired for Growth: Boosting SME Efficiency and Growth Through Digital Transformation”.



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The digital transformation conversation is not abstract. It directly responds to the realities highlighted in this Bulletin:

- Tight labour supply requires automation and smarter workflows.
- Margin pressure from inflation demands efficiency.
- Global competitiveness requires digital readiness.
- MSME access to capital must increasingly be paired with digital capability.

The Empower JA Forum will focus on practical tools, digital adoption, AI integration, workforce readiness, and financial solutions to support MSMEs in transitioning toward more efficient, technology-enabled operations. If Jamaica is to stabilize growth beyond the projected recovery in FY2026/27, digital productivity must become mainstream—not niche.

Equally important is the health of our transactional and legal infrastructure.

Later in March, the PSOJ will partner with the Jamaican Bar Association to host a joint engagement workshop addressing inefficiencies in conveyancing, mortgage processing, professional undertakings, restrictive covenants, and utility-related transaction bottlenecks.

Straightforward real estate transactions that once took three months are now taking up to nine months. In an environment where reconstruction,

housing demand, and capital flows are central to recovery, transaction delays represent a productivity drag on the economy. Reducing conveyancing timeframes is not merely a legal reform issue, it is an economic growth issue. It affects housing supply, capital turnover, banking liquidity, MSME investment, and household wealth formation.

The synergy is clear:

- Best Managed Companies strengthens governance and operational excellence.
- Empower JA accelerates digital productivity and SME scaling.
- The JAMBAR/PSOJ Conveyancing Seminar addresses structural inefficiencies that slow capital formation and transaction velocity.
- The President’s strategic focus on productivity and scale binds these initiatives into a coherent economic agenda.

Each initiative responds directly to trends reflected in this Bulletin:

- Where inflation pressures margins — we push efficiency.
- Where GDP contracts — we push management discipline.
- Where labour is tight — we push digital adoption.
- Where confidence softens — we push structural reform.
- Where climate shocks expose vulnerability — we push resilience.



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Jamaica cannot control global trade tensions, geopolitical volatility, or commodity-price fluctuations. But we can control how well our enterprises are governed, how efficiently we transact, how digitally enabled our SMEs become, and how productively we deploy talent.

The turbulence of late 2025 has sharpened our focus. Recovery must not merely restore output; it must upgrade capability. Growth must not simply rebound; it must scale. Resilience must not be reactive; it must be engineered.

As we move into 2026, the PSOJ remains committed to aligning advocacy with action, data with reform, and resilience with competitiveness.

The foundation is stable.

The mandate is clear.

The opportunity is before us.



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SPOTLIGHT

Patrick Hylton: The Architect of Modern Jamaican Finance Steps into a New Era at the PSOJ

When the Private Sector Organisation of Jamaica (PSOJ) announced Patrick Hylton, OJ, CD as its new president in January 2026, the decision resonated far beyond the walls of corporate Jamaica. It signaled a new chapter—one led by a man whose fingerprints are already etched across three decades of financial reform, institutional transformation, and economic stewardship.

From Glenmuir Head Boy to Industry Titan

Patrick Hylton's journey is as compelling as it is inspiring. Long before he commanded boardrooms and shaped national policy, he was known simply as a standout scholar—the Head Boy of Glenmuir High School, a signal of the discipline and leadership that would follow him throughout life.

His entry into banking was serendipitous. After high school, he eyed a career at the Jamaica Public Service, but chance redirected him into finance—a pivot that would alter the trajectory of Jamaica's banking history. Over the years, his relentless work ethic and laser-sharp commitment to excellence earned him

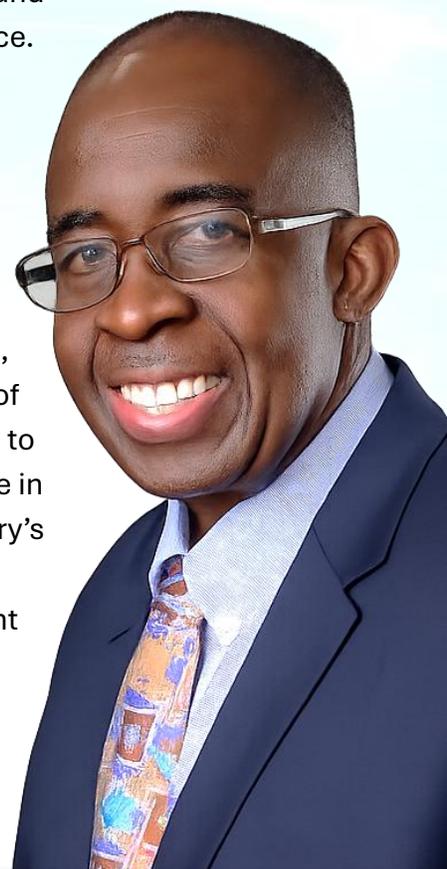
widespread respect and recognition across the financial sector.

Hylton's name became synonymous with the transformation of the NCB Financial Group, where he served as President and CEO and led its ascent to becoming the largest and most profitable financial institution in Jamaica and the most profitable stand-alone financial group in the English-speaking Caribbean.

His leadership style—steady, innovative, intuitive—became the backbone of NCB's evolution into a regional benchmark for financial performance and customer-centric service.

A National Reformer Decorated with Honours

Hylton's rise to national prominence began in the mid-1990s, when the Government of Jamaica appointed him to a critical leadership role in restructuring the country's financial sector during one of its most turbulent economic periods. The success of this historic undertaking later earned him the Order



Hon. Patrick Hylton, OJ, CD
President

Private Sector Organisation of Jamaica

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of Distinction (Commander Class) in 2002.

Nearly two decades later, in 2020, he was conferred with the Order of Jamaica in recognition of his continued contribution to the financial sector and philanthropic endeavors.

These honours reflect more than achievement—they underscore a sustained legacy of national service.

Boardroom Leadership Across Jamaica and the Region

Patrick Hylton’s influence extends well beyond NCB. His leadership portfolio includes chairing some of the most prominent institutions in the Caribbean, among them: National Commercial Bank Jamaica Ltd, NCB Capital Markets, Guardian Holdings Ltd. (T&T), Clarien Bank Ltd. (Bermuda), Glenmuir High School and Mona School of Business & Management.

He currently chairs WIP Energy and serves on the board of regional conglomerate Massy Group.

A former President of the Jamaica Bankers Association, Hylton has also contributed to national policy oversight as a former member of the Economic Programme Oversight Committee (EPOC), which successfully monitored Jamaica’s economic reforms over more than a decade.

A Transformational Vision for the PSOJ

As PSOJ President, Hylton steps into a role that aligns seamlessly with his professional philosophy and nationalistic drive. Since taking office, he has been clear-eyed about his priorities: catalyzing higher levels of economic growth, strengthening public-private partnerships, and equipping Jamaican businesses—large and small—to scale beyond the island’s borders.

He has emphasized:

- **Improved access to financing**, especially for small and medium-sized enterprises.
- **Cutting red tape** and promoting technology adoption to boost productivity.
- Encouraging Jamaican companies to **serve regional and global markets**, breaking through the limitations of a small domestic economy.

PSOJ Executive Director Sacha Vacciana Riley describes him as a transformational leader with deep credibility across the private sector. It’s a description shared by many who have worked alongside him over the years.

A Leader Defined by People and Purpose

Despite his towering résumé, those who know Hylton often describe him in personal terms: even-tempered, visionary, approachable. His leadership style is aspirational yet grounded, focused on outcomes but always centered on



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people—whether customers, colleagues, or community.

Away from the corporate spotlight, he is a devoted family man, an avid reader, and an enthusiastic tennis player—proof that even titans make time for balance.

Steering the Future of Jamaican Enterprise

As Patrick Hylton assumes leadership of the PSOJ, he does so with a rich blend of experience, national commitment, and strategic clarity. His presidency arrives at a pivotal moment—one where Jamaica’s private sector must evolve, innovate, and expand to secure long-term economic success.

With Hylton at the helm, the PSOJ gains not just a president, but a proven architect of transformation—one uniquely prepared to guide Jamaica’s business landscape into its next era of growth.



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GLOBAL MACROECONOMIC INDICATORS

Global economic activity continued to expand at a moderate and trend-like pace through late 2025. The J.P. Morgan Global Composite PMI registered 52.7 in November 2025, easing slightly from 53.0 in October but remaining above the 50.0 neutral threshold, consistent with steady—though not accelerating—global growth.

both project global GDP growth of approximately 3.2% in 2025, while the World Bank’s June 2025 Global Economic Prospects anticipates a slower 2.3% expansion. Collectively, these assessments point to continued global growth supported primarily by services, contrasted by softer manufacturing performance.

Global inflation continued to decline in 2025 but remained above pre-pandemic levels. The IMF expects headline inflation to fall from 4.2% to 3.7% in 2026, while the OECD projects G20 inflation moderating to 2.8% in 2026.

**Global PMI Composite vs Annual GDP Growth
(January 2021 to November 2025)**

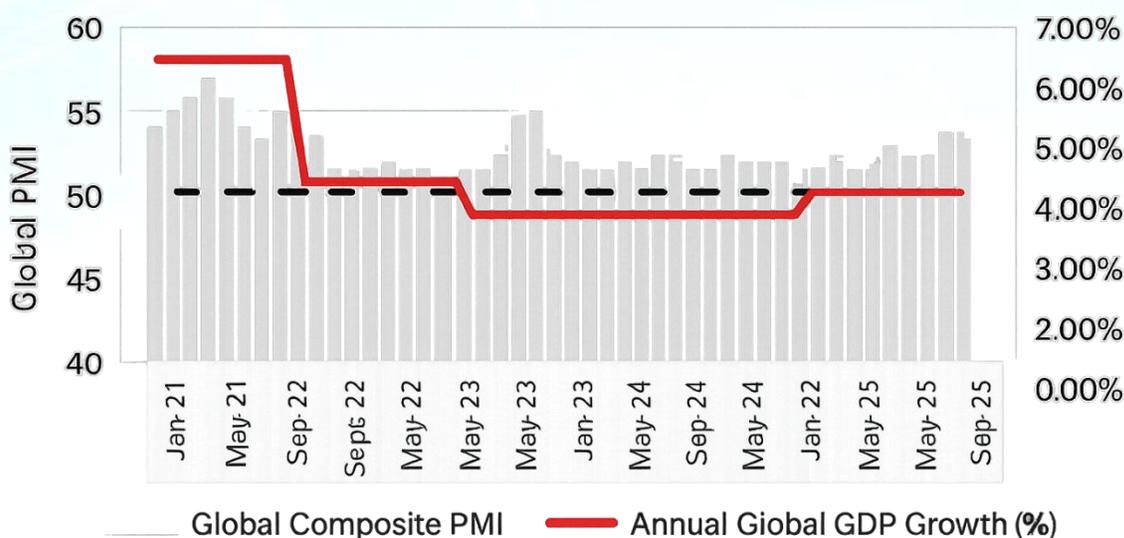


Figure 1: Global PMI vs Annual GDP Growth

Major international institutions broadly align on this outlook. The IMF’s October 2025 World Economic Outlook and the OECD’s September 2025 Interim Outlook

Inflation trends diverged across major economies in the United States, inflation remained above target due to tariff-related price pass-through, contributing to renewed cost pressures in late 2025. China on the other hand continued to



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experience very low or declining consumer prices, reflecting weak demand.

Key Global Risks

Downside risks remained elevated, driven by:

- Trade tensions and geopolitical frictions, including rising tariff barriers.
- Tighter financial conditions, especially amid concerns of a potential AI-driven asset bubble.
- High public debt burdens in several advanced and emerging economies.
- Persistent services led inflation, with supply side pressures constraining faster disinflation.

These risks reinforce the need for continued monetary policy vigilance, prudent fiscal strategies, and accelerated structural reforms to bolster global resilience.

UNITED STATES OF AMERICA

The United States economy ended 2025 with steady but uneven performance. Real GDP grew 4.3% in the third quarter, supported by AI-related investment, resilient consumer spending, and stronger federal defence outlays (Figure 2). Survey-based indicators suggest this momentum moderated heading into year-end, with December's Composite PMI falling to 53.0, a six-month low, reflecting slower new business inflows

and rising cost pressures linked to tariff-driven input inflation.

Labour-market conditions softened as hiring slowed. Job openings stabilized near 7.7 million, but the unemployment rate increased to 4.6% in November, the highest level since 2021 (Figure 3). Nonfarm payrolls rose by 64,000, below historical norms, although declining weekly jobless claims—reaching 199,000 in late December—indicate that layoffs have not accelerated significantly.

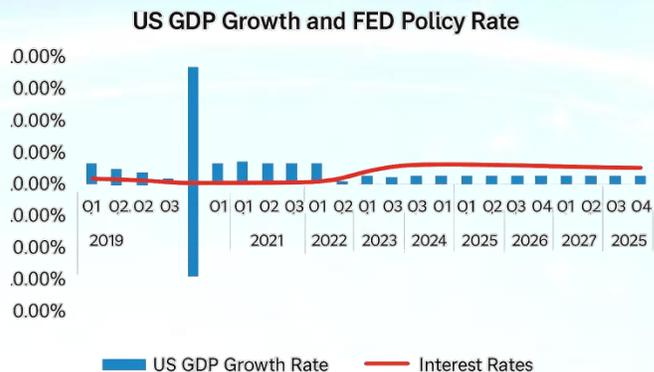


Figure 2: U.S. GDP Growth & Interest Rates

Inflation continued to ease. Headline CPI slowed to 2.7% in November, down from 3.0% in September, while core CPI held at 2.6%. Energy prices increased 4.2% year-over-year, and shelter costs remained firm at 3.0%, though businesses reported renewed cost pressures in December tied to tariff impacts.

In December, the Federal Open Market Committee delivered its third consecutive rate cut, lowering the federal funds target range to 3.50%–3.75% in a divided 9–3 vote. The Committee adopted a cautious



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stance, signalling a slower pace of easing as policy approaches a neutral level. The Federal Reserve’s December projections anticipate 2.3% GDP growth in 2026, 4.4% unemployment, and PCE inflation declining to 2.4% (Figure 4).

Recession-probability estimates declined steadily, with the New York Fed’s yield-curve model falling to 29.4% for the 2025–2026 period, its lowest reading in over a year.

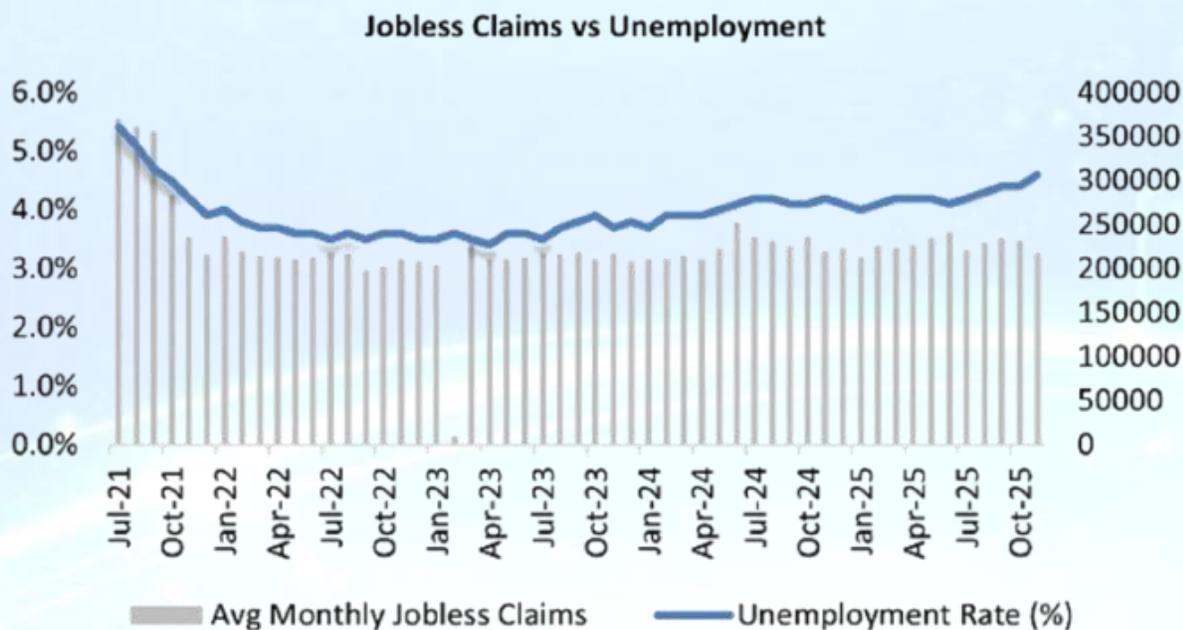


Figure 3: Labour Market Indicators

Financial conditions improved as interest rates fell and credit markets strengthened. U.S. investment-grade and high-yield corporate bonds posted year-to-date gains of roughly 8%, supported by tight spreads and stable corporate earnings.

Broader risks to the U.S. outlook include renewed tariff pressures, elevated public-debt servicing costs, and the potential for financial-market volatility—particularly in sectors linked to rapid AI-driven asset appreciation. Despite these risks, the U.S. economy entered 2026 on a footing of moderate expansion, cooling labour-market conditions, and easing inflation, with policy settings shifting toward measured support for growth.

| Variable (%) | Median | | | | |
|---------------------------------|--------|------|------|------|------------|
| | 2025 | 2026 | 2027 | 2028 | Longer run |
| Change in real GDP | 1.7 | 2.3 | 2 | 1.9 | 1.8 |
| Unemployment rate | 4.5 | 4.4 | 4.2 | 4.2 | 4.2 |
| PCE inflation | 2.9 | 2.4 | 2.1 | 2 | 2 |
| Core PCE inflation ⁴ | 3 | 2.5 | 2.1 | 2 | N/A |
| Federal funds rate | 3.6 | 3.4 | 3.1 | 3.1 | 3 |

Figure 4: Federal Reserve Economic Projections



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DOMESTIC ECONOMIC INDICATORS

Labour Market

Jamaica's labour market remained resilient throughout 2025, despite disruptions caused by Hurricane Melissa. For the quarter ending October 2025, the unemployment rate held at 3.3%, unchanged from April and July, and lower than 3.7% in January 2025 and 3.5% in October 2024 (See Appendix E). The labour force contracted by roughly 28,000 persons, partly reflecting data-collection challenges following the hurricane.



Figure 5: Employed Labour Force

Prior to the storm, employment had reached a historic high of 1.44 million, driven by strengthening activity in several service-oriented industries, particularly Manufacturing and Education, Human Health & Social Work (Figure 5).

Employment gains were concentrated in higher-skill and customer-facing occupations.

- The Managers group recorded the largest annual increase, adding 10,300 persons, including 7,800 additional females.
- Services and Sales Workers grew by 7,300, driven mainly by a rise in male employment. No occupational group was explicitly identified as having the largest decline.

At the industry level, trends were mixed (See Appendix F).

- The largest decline occurred in Real Estate and Other Business Services, down 10,400 to 155,000 workers.
- Accommodation and Food Service Activities showed the strongest expansion, adding 7,900 jobs to reach 124,200 employees. Overall, male employment fell by 1.5%, while female employment increased by 1.2%, indicating a divergence in labour-market outcomes.

Post Melissa Outlook

Hurricane Melissa, which affected an estimated 1.5 million residents, is expected to place upward pressure on unemployment as many enterprises—particularly in western parishes—experienced major damage or total loss of operations. Reduced employment and income levels may temporarily weaken household spending and could lead to softer savings, investment flows, and loan performance across the financial sector.



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Despite these near-term challenges, the recovery phase presents opportunities. Increased demand for housing solutions and construction financing, especially as displaced households relocate or rebuild, could create new avenues for growth within the financial sector, including institutions such as VMBS.

Inflation

Inflation in Jamaica remained relatively subdued for most of 2025, with point-to-point readings staying below the Bank of Jamaica’s 4%–6% target band up to October (Figure 6). This reflected the delayed effects of Hurricane Beryl and continued stability in several major CPI divisions.

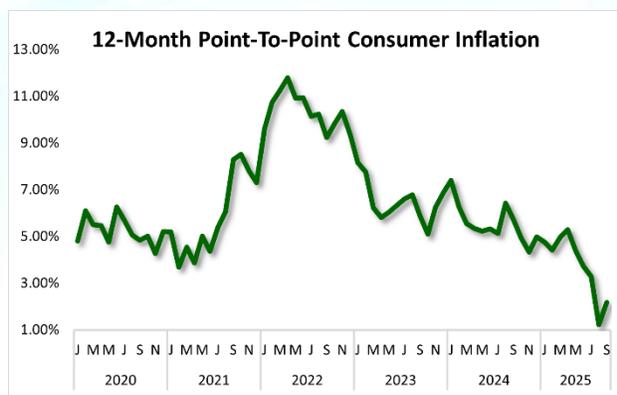


Figure 6: 12-Month Point-To-Point Consumer Inflation

The inflation environment shifted sharply following Hurricane Melissa on October 28, 2025. Severe disruptions to agricultural output—estimated at 50% of the sector’s 2024 GDP—drove food prices significantly higher. In November, the All-Jamaica CPI surged 2.4%, the largest monthly increase since 2013, followed by

a 1.3% rise in December, bringing headline inflation to 4.5%. These increases were concentrated in the Food and Non-Alcoholic Beverages division, reflecting a 19.1% spike in agricultural produce prices (Appendix C).

Policy Response and Short-Term Outlook

Given the sharp supply-driven inflation shock, the Bank of Jamaica maintained its policy rate at 5.75% at the December 2025 MPC meeting and signaled that no rate cuts are expected through FY2025/26 and into the first half of 2026 (Figure 7). Inflation is now projected to breach the 4%–6% target range by early 2026, driven by both direct price increases and expected “second-round” impacts on core inflation.

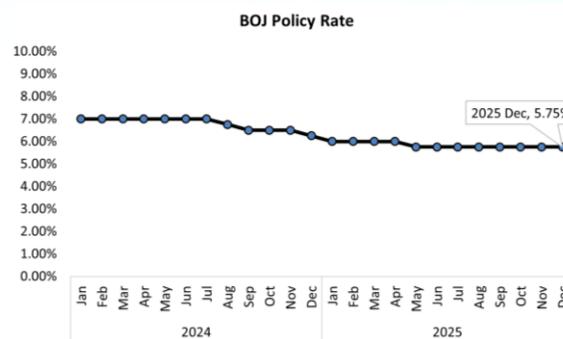


Figure 7: BOJ Policy Rate

Medium-Term Perspective

The Government’s Fiscal Policy Paper projects that inflation will gradually return toward the 5% midpoint once reconstruction stabilizes supply chains and agricultural production normalizes. This adjustment is expected to align with improved economic conditions in



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FY2026/27 and a gradual easing of interest rates as inflation converges back into target.

Implications for Investors

Persistent near-term inflationary pressure, combined with elevated interest rates, supports a more defensive investment stance.

Jamaica’s economic performance remained strong through the third quarter of 2025, continuing the recovery momentum that followed Hurricane Beryl. Real GDP increased by 5.1% year-over-year, representing the strongest quarterly outturn since the post-pandemic rebound in 2021 (Figure 8). The expansion was driven by a 10.9% rise in Goods

5 Year GDP Performance



Figure 8: Year GDP Performance

Investors are encouraged to maintain higher liquidity buffers, increase exposure to safe-haven assets such as GOJ securities and high-grade bonds, and prioritize companies with resilient balance sheets. As inflation stabilizes and rates ease over the medium term, opportunities are expected to emerge across both fixed-income and equity markets.

Economic Activity

Producing Industries and a 3.3% increase in Services Industries. Agriculture played a significant role, posting a 20.9% rebound supported by improved weather conditions and earlier capacity-building initiatives. Seasonally adjusted output expanded by 1.1% quarter-over-quarter, marking the third consecutive quarterly increase.

This positive trajectory shifted markedly with the passage of Hurricane Melissa in late October 2025. The event caused



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widespread damage, with infrastructure losses estimated at more than 40% of GDP, and the agricultural sector suffering output losses equivalent to about 50% of its 2024 GDP. As a result, the Bank of Jamaica now projects a real GDP contraction of between -4.0% and -6.0% for FY2025/26, reversing earlier signs of robust improvement.

Looking ahead, the Government's Fiscal Policy Paper outlines a phased recovery beginning in FY2026/27. GDP growth is expected to return to positive territory at 0.7% , supported by reconstruction activities and increased capital outlays. A more pronounced recovery—approximately 3.1% growth—is anticipated as rebuilding efforts accelerate and productive capacity is restored. Over the longer term, growth is expected to stabilize around 1% annually, reflecting a normalization of economic conditions.

Money Market Interest Rates

Jamaica's money market remained highly liquid through late 2025, even as economic conditions shifted following Hurricane Melissa. In December, the Bank of Jamaica (BOJ) maintained its policy rate at 5.75% , emphasizing the need to contain rising inflation and support exchange-rate stability.

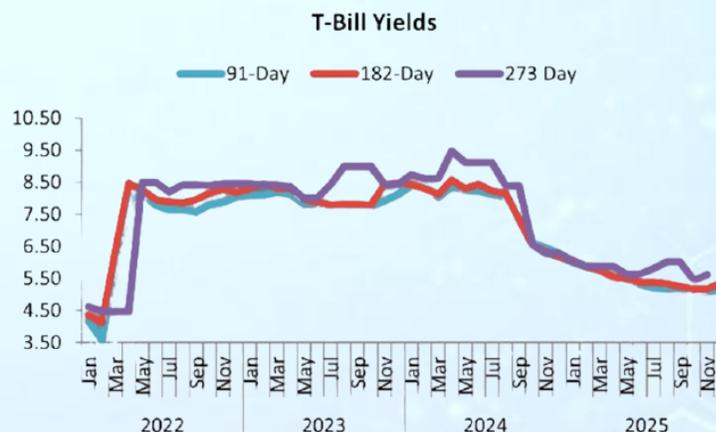


Figure 9: T-Bill Yields

Treasury bill yields reflected continued demand for short-term Jamaican-dollar instruments. In the December auctions:

- The 91-day T-bill yield fell by 5 basis points,
- The 182-day T-bill yield rose by 17 basis points, signalling persistent investor preference for short-duration exposures amid post-hurricane uncertainty.

Throughout November, the BOJ's 30-day fixed-rate certificate of deposit (CD) operations attracted strong bidding. Total bids reached J\$191.4 billion against J\$137.5 billion offered—an average oversubscription of 1.39x. Over the month, weighted-average yields edged down from 5.95% to 5.85% , reinforcing the strength of market liquidity and continued appetite for government-backed instruments.

Across the four weekly BOJ auctions in November:



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- November 5: J\$47.9B in bids for J\$31.5B offered (yield 5.95%)
 - November 14: J\$59.1B in bids for J\$49.0B offered (yield 5.95%)
 - November 21: J\$52.1B in bids for J\$39.0B offered (yield 5.93%)
 - November 28: J\$32.4B in bids for J\$18.0B offered (yield 5.85%)
- These results indicate sustained oversubscription and a marginal downward drift in yields as investors sought safety and liquidity.

Implications

The combination of ample liquidity, strong demand for BOJ instruments, and modest yield compression suggests a stable short-term interest-rate environment heading into 2026. However, elevated inflation and hurricane-related disruptions imply that the BOJ is likely to maintain a restrictive stance in the near term, while market participants continue favouring low-risk, short-tenor securities.

Stock Market

Jamaica's equity market displayed mixed performance in December 2025, reflecting cautious sentiment following the economic impact of Hurricane Melissa. The JSE Combined Market Index declined by 0.16%, while the Main Market Index fell by 0.21% (See Appendix A). In contrast, the All-Jamaican Composite Index rose by 0.39%, and the Junior Market Index gained 0.48%, indicating selective resilience in smaller, more agile

companies. Total market activity amounted to 830.1 million units traded, valued at over J\$5.82 billion across 129 listed securities.



Figure 10: Week JSE Combined Index Performance

Market Dynamics

Performance varied across indices as investors adjusted to elevated inflation, interest-rate stability, and disruptions in key sectors post-Melissa.

- The JSE Market Index recorded a 5.30% decline year-to-date,
- The All-Jamaican Composite Index contracted 5.90% YTD,
- The Junior Market Index fell 8.91% YTD,
- The USD Equities Index declined 15.43% YTD, reflecting global risk aversion and currency-related pressures.

Despite these declines, select pockets of the market continued to attract investor interest. The top volume leaders for December were:

- TransJamaican Highway Limited – 134.86 million units (16.01% of market volume)



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- Dolla Financial Services Limited – 94.24 million units (11.19%)
- Kintyre Holdings (Ja) Limited – 82.34 million units (9.77%)

balance sheets, resilient cash flows, and direct exposure to recovery-related demand.

Market Context and Forward View

The market environment in December reflected a balance between risk aversion and targeted opportunity-seeking. Investors reacted to:

- A projected contraction in GDP for FY2025/26,
- The BOJ’s decision to hold the policy rate at 5.75%,
- Inflation pressures arising from hurricane-related supply disruptions.

Nevertheless, corporate developments—such as the high-profile listing of West Indies Petroleum Terminal Limited—supported activity in select sectors. In particular, manufacturing and distribution companies benefited from early reconstruction demand, while investors gravitated toward energy logistics and essential-services providers, signaling a shift toward defensiveness amid uncertainty.

Outlook

The BOJ’s continued FX intervention measures and stable interest-rate posture are expected to anchor market sentiment in the near term. As reconstruction efforts progress and inflation gradually moderates, opportunities may emerge for both short- and long-horizon investors—particularly in companies with strong



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EXTERNAL SECTORS

Exchange Rates

The Jamaican dollar appreciated modestly against the U.S. dollar in December 2025, with the weighted average selling rate (WASR) strengthening by 0.92% from J\$161.20 at end-October to J\$159.74 at year-end. This movement reflected continued Bank of Jamaica (BOJ) intervention, including a USD\$400 million B-FXITT flash sale during November, aimed at stabilizing market conditions following Hurricane Melissa.

Against other major currencies, performance was mixed (Figure 11):

- JMD/CAD appreciated 1.73% month-over-month,
- JMD/GBP depreciated 1.32%,
- JMD/EUR was relatively stable, declining by 0.14% month-over-month.

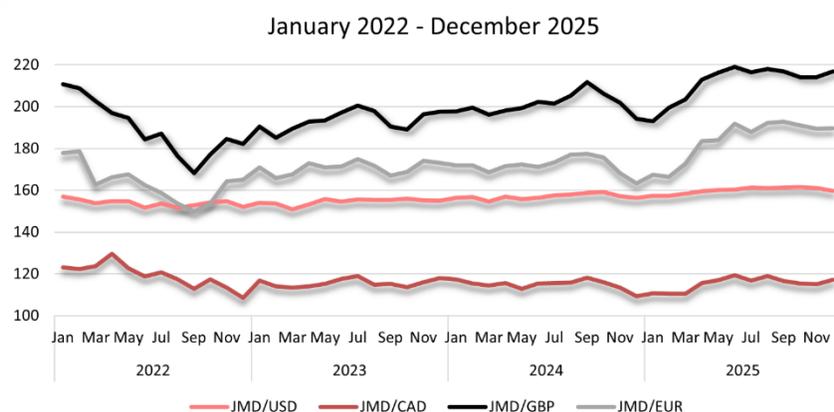


Figure 11: JMD Exchange Rate Movements

The BOJ signaled continued readiness to manage short-term FX volatility, supported by a strong reserve position.

Remittances

Net remittance inflows totaled US\$238.0 million in October 2025, an 8.3% decline compared to October 2024. The decrease reflected lower inflows through both remittance service providers and other channels, along with a slight rise in outflows. Nonetheless, for the fiscal year to date, net remittances grew 1.2% to US\$1.887 billion, indicating continued resilience in this key external source of income.

The United States remained the dominant source market, accounting for 68.4% of inflows, followed by the United Kingdom (10.9%), Canada (10.4%), and the Cayman Islands (6.2%). On a calendar year-to-date basis, remittances increased 1.9%, outperforming declines seen in some regional economies.

Looking ahead, remittance inflows are expected to rise as households receive additional support to assist with post-Melissa recovery, aligning with historical patterns following natural disasters.



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Net International Reserves (NIR)

Jamaica's external buffers remained robust. As at end-November 2025, the Net International Reserves stood at US\$6.12 billion, a slight decrease of US\$5.96 million from October. This level provides:

- 50.7 weeks of goods imports,
- 31.6 weeks of goods and services imports,
- 146.91% of the IMF's Assessing Reserve Adequacy (ARA) metric.

The monthly reduction was driven mainly by a US\$12.1 million decline in Special Drawing Rights (SDRs). Foreign liabilities remained unchanged at US\$22.44 million, all of which represent obligations to the IMF.

The current reserve position continues to underpin FX stability and supports the BOJ's capacity to navigate elevated post-hurricane FX demand.

Summary of Implications

- The BOJ's active intervention strategy and adequate reserve buffers are key stabilizing factors during the recovery period.
- Remittances remain a critical shock absorber and are likely to strengthen as rebuilding accelerates.
- While exchange-rate pressures may persist in the near term due to reconstruction-related FX demand, the strong NIR position should help moderate volatility.

KEY GLOBAL EVENTS

U.S. Military Operation in Venezuela & Rising Geopolitical Risk

Global markets experienced heightened volatility following a major U.S. military operation that resulted in the capture of Venezuelan President Nicolás Maduro. The development triggered a rally in energy and defence stocks and contributed to fluctuations in oil prices, reflecting uncertainty surrounding Venezuela's future production capacity.

The operation increased geopolitical risk premia and raised concerns about potential spillovers for Caribbean trade routes, shipping activity, and tourism flows, given the region's proximity and reliance on stable maritime corridors. Emerging-market investor sentiment also softened as risk perceptions increased.

Global Macro Trends and Risk Themes for 2026

Economic analysis from leading global strategists highlighted several structural risks shaping the 2026 outlook:

- The potential emergence of an AI-driven asset bubble in U.S. equities;
- Labour shortages fueled by declining migration patterns across advanced economies;
- Intensifying trade and geopolitical frictions, particularly between large economic blocs;



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- Higher probability that emerging markets could outperform the U.S. if the dollar weakens and external demand strengthens.

These themes underscore a landscape characterized by uneven regional performance, elevated valuations in certain markets, and the possibility of sharp corrections should monetary conditions tighten abruptly.

Fragile Global Economic Equilibrium Amid Political Pressures

Despite resilient growth in the U.S. and U.K. during late 2025, analysts warned that their economic equilibrium remains vulnerable. Key pressures include:

- High public-debt servicing costs,
- The impact of automation on labour markets,
- Tightening global liquidity, and
- Political developments, including upcoming elections and shifting fiscal priorities.

Combined, these factors heighten the risk of credit-market volatility, potential stress in sovereign debt markets, and more unpredictable cross-border capital flows.

U.S.–Europe Trade Tensions

Trade tensions escalated as the U.S. administration linked European regulatory policies to national security concerns and threatened to maintain high steel tariffs unless the European Union adjusted its policies. This stance increased uncertainty around transatlantic supply

chains, industrial inputs, and bilateral investment flows.

For the U.K., which continues to navigate a post-Brexit trade environment, heightened U.S.–EU friction raises additional questions regarding market access, export competitiveness, and regulatory alignment going forward.

Implications for Jamaica and the Wider Caribbean

While the bulletin focuses on global conditions, several of these developments bear relevance for Jamaica:

- Oil market volatility affects import costs and inflation dynamics.
- Weakened investor sentiment toward emerging markets could influence capital inflows.
- Trade disruptions or rerouting may impact regional shipping and logistics.
- U.S. economic conditions, especially labour-market performance, remain critical to Jamaica's remittance outlook.



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SPECIAL REPORT

PayPulse 2025 signals tightening wage–cost dynamics for Jamaica’s private sector

The *Caribbean Salary Survey Report: PayPulse 2025* provides a comprehensive regional benchmark for employers, capturing salary data across 20 Caribbean countries, 137 job roles, 206 companies, and 208 validated responses from 119 organisations. Its use of USD-denominated salary reporting and percentile-based benchmarks (mean, median, upper-market rates) enhances comparability across jurisdictions and supports more precise compensation planning for Jamaican firms.

Regional Positioning and Sector Insights

PayPulse continues to classify Jamaica among the lower-paying markets in the region, particularly for entry-level roles. Higher-paying jurisdictions—such as The Bahamas, St. Kitts & Nevis, and Barbados—remain more competitive for executive and technical talent. Jamaican employers in Human Resources, Banking/Financial Services/Insurance, and Hospitality & Tourism will therefore face stronger wage-retention pressures, given that these sectors offer higher regional compensation and attract more mobile workers. At the same time, PayPulse notes ongoing wage compression across the Caribbean, especially in frontline positions such as

cashiers, receptionists, bartenders, and grounds staff.

Affordability Pressures and Implications for Employers

A central finding of the report is the new Affordability Index, which measures the relationship between average salaries and basic living costs. Jamaica’s score of 103.95% indicates that the average worker retains only 4% disposable income after covering essential expenses such as food, housing, utilities, transportation, and childcare. While classified as “medium affordable,” this narrow buffer means households are extremely sensitive to price increases—particularly in food and transport, where inflation shocks can quickly erode real wages.

Given these constraints, PayPulse suggests that non-salary total rewards—transport subsidies, health insurance, flexible scheduling, targeted allowances—may provide more cost-effective retention benefits than broad base-pay increases.

Domestic Labour Market Realities

Jamaica’s unemployment rate—3.3% in late 2025/early 2026—remains one of the lowest in its history, reinforcing an environment of tight labour supply and heightened wage-bargaining power. IMF assessments during the 2025 Article IV consultation described the labour market as “historically tight” and emphasised the



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shift from job creation to talent scarcity and productivity challenges. Employers that lag market-aligned pay for technical, digital, or managerial roles face longer vacancy durations, higher recruitment costs, and increased dependence on overtime or contract workers.

Recent policy adjustments also influence compensation structures. The minimum wage increase to J\$16,000 per 40-hour week (effective June 1, 2025) is expected to generate upward ripple effects throughout pay scales as firms attempt to maintain internal differentials and avoid compression in supervisory and semi-skilled roles.

Inflation and Cost-of-Living Dynamics

Inflation trends intersect critically with wage setting. While headline inflation was relatively stable through much of 2025, the spike following Hurricane Melissa, combined with Jamaica's thin affordability margin, suggests that wage negotiations in 2026 will place greater emphasis on maintaining living standards rather than pure performance-based progression. Given persistent supply-driven volatility in food and energy prices, employers are likely to encounter more assertive wage demands—especially from lower-income households that allocate larger shares of their budgets to essentials.

For private-sector employers, the findings translate into two actionable imperatives:

1. Adopt Market-Responsive, Role-Sensitive Pay Strategies

Because Jamaica benchmarks below many regional comparators, selective adjustments—particularly for high-skill, mobile, or scarce roles—may be required to remain competitive. PayPulse's percentile-based methodology allows firms to align compensation philosophy with business strategy (e.g., lead-market for critical roles, meet-market for core roles, or lag-market supplemented by enhanced benefits).

2. Strengthen Total Rewards and Non-Wage Benefits to Support Real Incomes

With households living on narrow margins, benefits such as health coverage, transportation support, meal stipends, or childcare assistance may deliver higher retention value relative to broad wage increases. These tools help stabilize employees' cost of living while safeguarding employer cost structures.

Overall, PayPulse 2025 highlights a labour market characterized by tight supply, escalating living-cost pressures, and widening regional wage competition. For Jamaican employers—especially PSOJ members—the task ahead is to craft compensation approaches that balance financial sustainability, talent retention, and workforce resilience, leveraging targeted market insights and a refined total-rewards philosophy.



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BUSINESS AND CONSUMER CONFIDENCE UPDATE

Confidence levels deteriorated sharply in the fourth quarter of 2025 following the September general election and the extensive economic disruption caused by Hurricane Melissa. Despite this decline, commentary from the Jamaica Chamber of Commerce and GK Capital's joint briefing suggests that the underlying economy remains resilient, with cautious optimism for recovery in 2026.

Consumer Confidence

Consumer confidence fell from its historic Q3 peak of roughly 198 points to approximately 164 points in Q4—a decline of about 17.5%. The Q3 high reflected typical election-cycle optimism, while the Q4 reversal captured both normalization and hurricane-related fallout. Job prospects remained the weakest component, consistent with longstanding public skepticism around employment growth. Additionally, inflation concerns intensified, with nine in ten consumers reporting significant price increases over the past year. Remittances, however, acted as a stabilizing factor, with 30% of households receiving inflows in 2025, up from 28% a year earlier.

Business Confidence

Business confidence also declined, falling to roughly 133 points in Q4 2025. Fewer firms viewed the environment as favorable for investment, though more than half still considered the climate reasonable, reflecting

continued medium-term confidence. While profit expectations softened, the majority of businesses still anticipate improved profitability, and many plan to proceed with capital investments in 2026. Price pressures are expected to persist, with 96% of firms anticipating higher prices over the next 12 months.

Impact of Hurricane Melissa

Melissa generated widespread disruptions across tourism, agriculture, manufacturing, logistics, and export-oriented industries—especially in western Jamaica. Firms cited revenue losses, supply-chain delays, infrastructure damage, and increased operating costs as primary challenges. Still, impacts varied geographically, with around one-third of respondents reporting minimal direct effects.

Recovery Priorities

Consumers expressed clear expectations for how businesses should help guide recovery efforts:

- Support for community rebuilding,
- Assistance through material and financial contributions,
- Job protection and contribution to employment recovery, and
- Stronger public-private collaboration on disaster preparedness.

Businesses, meanwhile, emphasized the need to:

- Build emergency cash buffers,
- Improve disaster preparedness and insurance coverage,
- Upgrade infrastructure resilience and technology, and



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- Diversify markets to mitigate future shocks.

Structural constraints remain, including limited access to finance—especially for MSMEs—underinsurance, and weakened demand and logistics channels.

Outlook

Although confidence contracted sharply in Q4, Jamaica’s macroeconomic fundamentals, strengthened public–private collaboration, and ongoing policy support provide a foundation for gradual improvement through 2026. A meaningful recovery in sentiment will depend on effective reconstruction efforts, financing access for MSMEs, and sustained commitment to resilience-building initiatives.

DID YOU KNOW?

In January 2026, the Jamaican Parliament tabled the Shared Communities Act, legislation designed to formally regulate gated and shared residential communities. A move that could strengthen property management standards and long-term housing market stability.

The proposed Act seeks to:

- Recognize and formalize community corporations
- Mandate maintenance of common property
- Strengthen fee collection mechanisms
- Establish enforcement provisions, including penalties for unpaid maintenance fees

Pre-and Post-Hurricane Melissa Housing Pressures: housing affordability challenges existed prior to Hurricane Mellisa and can intensify following major weather events.

Key structural pressures include:

- Rising construction and labour costs
- Dependence on imported building materials
- Mortgage rate and financing conditions
- Supply constraints relative to demand

Post-disaster conditions may further:

- Increase rebuilding demand and construction costs
- Adjust insurance and lending risk assessments
- Strain rental supply in affected areas

Data sources: Parliament of Jamaica. Shared Communities Bill, 2026 (tabled in the House of Representatives, January 2026).

STATIN (Building Construction Price Index), Bank of Jamaica Monetary Policy Reports.



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REINTEGRATION FOR SUSTAINABLE COMMUNITY DEVELOPMENT

The Planning Institute of Jamaica (PIOJ) hosted its 10th Annual National Symposium of Best Practices for Social and Community Development under the theme “Reintegration for Sustainable Community Development: Bridging Gaps, Building Futures.” The two-day event focused on strengthening national reintegration systems for involuntary returned migrants (IRMs) and persons formerly in conflict with the law, with sessions streamed publicly on January 27–28, 2026.

Day 1 featured a structured agenda combining opening remarks, a keynote address, best-practice presentations, and lived-experience testimonies. The programme highlighted both international and local perspectives, including contributions from the International Organisation for Migration (IOM) and the Open Arms Development Centre, which outlined operational models, reintegration frameworks, and lessons relevant for Jamaica’s policy landscape.

Day 2 examined reintegration within the broader context of public safety and community development. Speakers explored policy implementation challenges, shared international best practices in rehabilitation, and highlighted the role of reintegration in reducing recidivism and strengthening community resilience. A recurring theme was

the link between effective re-entry systems and improved long-term social outcomes.

An important feature across both days was the Local Economic Initiative (LEI) Expo, which showcased micro and small enterprises—many operated by individuals undergoing reintegration. The Expo demonstrated the potential of community-level entrepreneurship to support income generation and strengthen pathways to sustainable livelihoods.

Key Economic and Social Themes Highlighted

1. Stakeholders emphasized stigma as a major impediment to labour-market re-entry for both IRMs and returning citizens with justice-system involvement. The resulting employment barriers weaken productivity, heighten vulnerability, and slow economic reintegration.
2. Unstable housing conditions were identified as a recurring barrier to readiness for work, personal stability, and community safety. Limited access to adequate housing also constrains reintegration programmes’ overall effectiveness.
3. Many reintegrating individuals face restricted access to financing due to past records or limited collateral, constraining their ability to establish or scale micro and small enterprises. This represents a critical gap in Jamaica’s reintegration ecosystem.
4. Discussions reinforced that effective reintegration is not only a social

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development imperative but also a public safety measure, helping reduce reoffending and supporting safer, more resilient communities.

reintegration gaps and sustaining Jamaica's trajectory toward inclusive development.

Business Implications for the private sector

The symposium highlighted several areas where the private sector can support national reintegration outcomes:

- **Employment Pathways**

Expanding structured routes—such as apprenticeships, work trials, or second-chance hiring—can reduce time-to-employment and widen Jamaica's labour supply in a tight job market.

- **Inclusive Financial Products**

Developing credit-building tools, risk-managed financing solutions, or guarantee partnerships can help address barriers identified by reintegration stakeholders, particularly for budding entrepreneurs.

- **Market Access and Procurement**

Connecting LEI-type enterprises to value chains, procurement channels, or distribution networks can boost revenue stability and job creation, deepening the impact of reintegration programmes.

The Symposium underscored reintegration as both a developmental and economic priority, with direct implications for labour supply, MSME growth, and public safety. Strengthened collaboration between government, communities, and the private sector remains essential to closing



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