



ECONOMIC BULLETIN APRIL 2026

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MACROECONOMIC HIGHLIGHTS

- JAMAICA | APRIL 2026



Global & U.S. Economy

Global Growth



PMI: 53.3 ▲

21-month high -
continued expansion



United States

Growth

- Q4.2025 GDP: 2.4%
- Prior quarter: 2.4%
- 2025 growth:
~ 2.1-2.2%



Inflation

- Headline CPI: 2.4%
- Goods: 10.9%
- Services: +3.3%
- Agriculture: 20.9 %



Jamaica Domestic Economy



Labour Market

- Unemployment 3.3
- Employment: 1.44 M



Inflation

- Monthly FEv 0.9 %
- Food prices: 3.9 %
- YoY inflation: 3.9 %



Growth Outlook

FY2025/26: - 1% X
FY2026/27: +1-3%



Financial Markets

Main Market: +746%
Junior Market: - 1.30%
Index: 346,698



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MESSAGE FROM the Chair, Economic Policy Committee

The Private Sector Organisation of Jamaica (PSOJ), in collaboration with VM Wealth Management Limited, is pleased to present the Economic Bulletin – April 2026. This publication forms part of our continued commitment to equipping stakeholders with timely, data-driven insights to support informed decision-making in an increasingly complex global and domestic economic landscape.

The April edition highlights a global environment characterised by measured expansion, tempered by persistent inflationary pressures and elevated geopolitical risks. Rising energy prices and shifting monetary policy expectations in major economies continue to influence capital flows, financial conditions, and growth trajectories. The United States, moderating economic growth and a gradually cooling labour market, signals a transition toward a more balanced, though still uncertain, macroeconomic outlook.

Domestically, Jamaica's economic performance reflects both resilience and vulnerability. Strong labour market fundamentals and prior growth momentum have been counterbalanced by the significant impact of recent climatic events, particularly on the agricultural sector and wider economic output.



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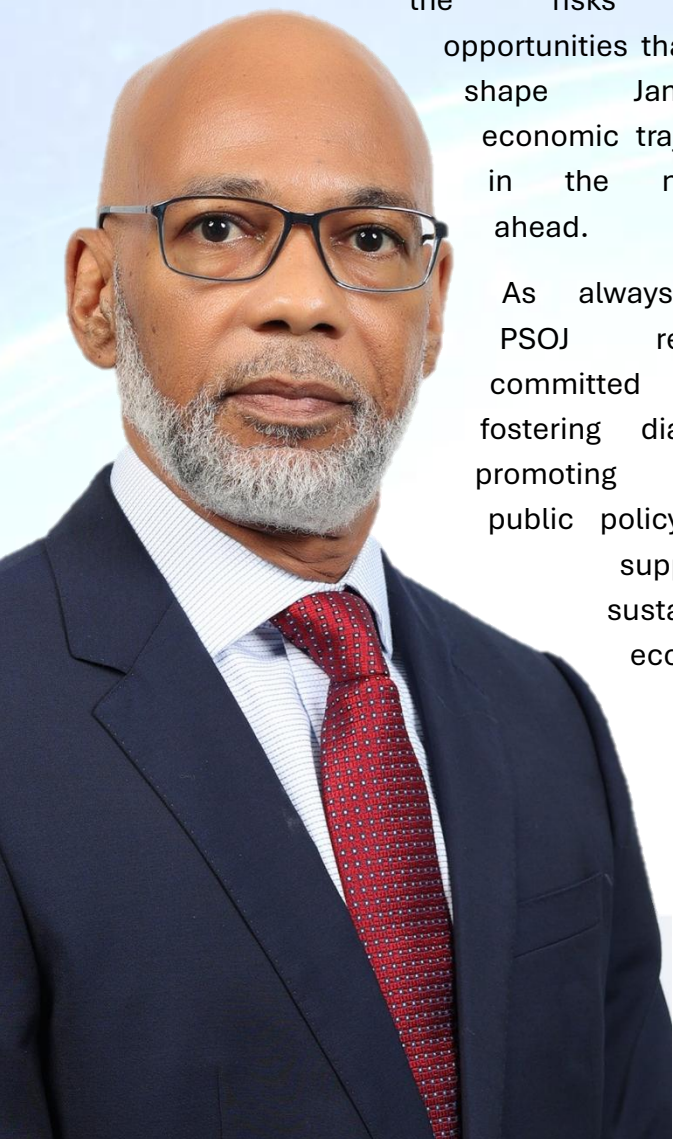


Encouragingly, inflation dynamics remain relatively contained, while financial markets continue to demonstrate stability amid evolving policy adjustments by the central bank.

This bulletin provides a concise yet comprehensive overview of key macroeconomic indicators, including growth, inflation, labour market conditions, interest rates, and external sector developments. It also outlines near-term forecasts and perspectives on the risks and opportunities that may shape Jamaica's economic trajectory in the months ahead.

As always, the PSOJ remains committed to fostering dialogue, promoting sound public policy, and supporting sustainable economic

development. We trust that this report will serve as a valuable resource for business leaders, policymakers, investors, and the wider public.



Dennis Cohen

Chair, Economic Policy Committee

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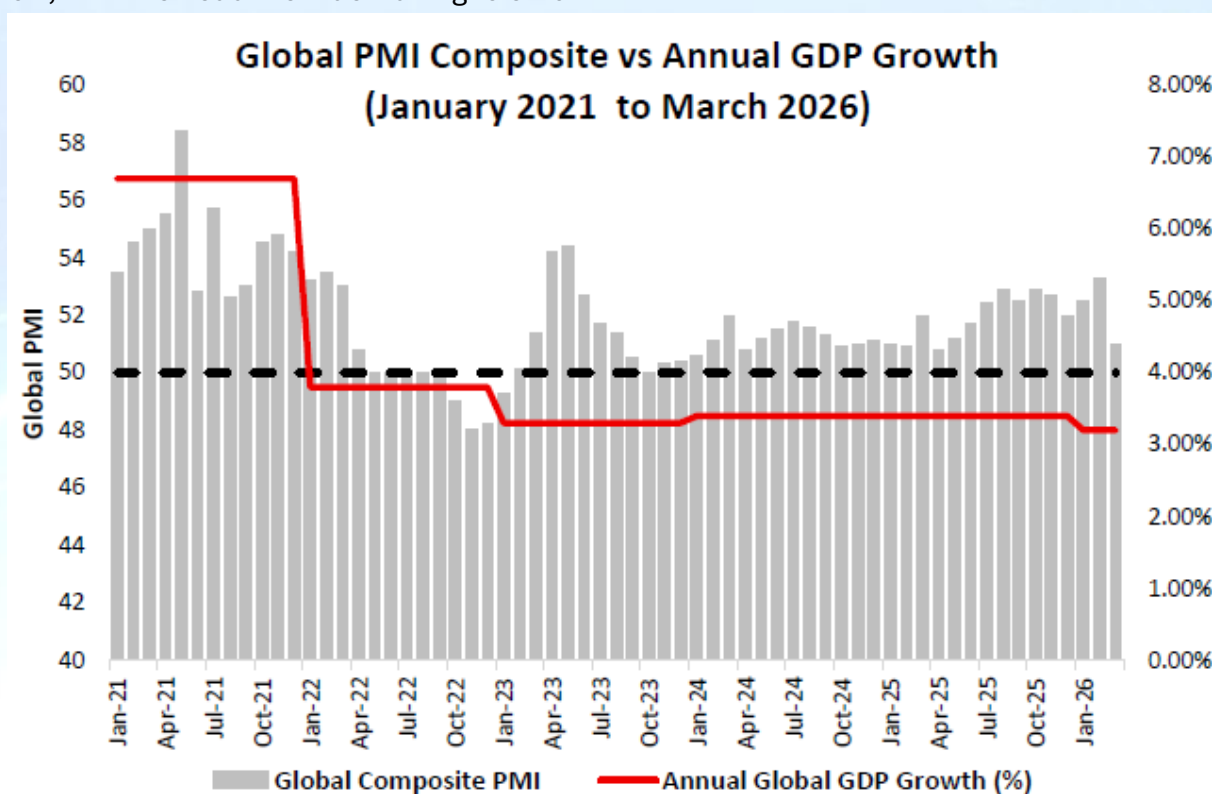


GLOBAL MACROECONOMIC INDICATORS

The March 2026 J.P. Morgan Global Composite PMI indicates that global economic growth eased to an 11-month low, with the headline index falling to 51.0.

ranging impacts on demand, supply chains, and market prices.

While the global economy entered 2026 on a resilient footing, the outbreak of war has transformed the outlook. S&P Global Market Intelligence has raised 2026 inflation forecasts and lowered growth forecasts "across the board," noting that Middle East events have materially



This represents a significant deceleration from February's 21-month high of 53.3. While the index remained above the neutral 50.0 mark for the 38th consecutive month, new order growth slowed, and business optimism fell to one of its lowest levels since the pandemic. March saw the resilience of the global economy tested as the war in the Middle East led to wide-

changed the near-term economic and financial outlook. Their updated baseline, assuming short-lived disruptions, expects Dated Brent crude oil to average \$90 per barrel in March before moderating. However, an alternative "oil shock" scenario warns that if the Strait of Hormuz remains closed, prices could peak at \$200/b in the second quarter, leading to



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large output losses and potential recessions in Japan, Germany, and the UK.

The IMF's April 2026 World Economic Outlook further details this "Global Economy in the Shadow of War," projecting global growth to slow to 3.1% in 2026. The IMF warns that a more "adverse scenario" involving a sustained 80% increase in oil prices (to ~\$100/b) could reduce global growth by 0.8 percentage points to 2.5% in 2026, while pushing inflation 1.5 percentage points higher. In a "severe scenario" where the conflict becomes protracted, growth could drop to 2.2% by 2027, effectively stalling the global recovery.

The OECD March 2026 Interim Report underscores these risks, noting that a halt

in shipments through the Strait of Hormuz has already generated a surge in energy prices and disrupted the supply of critical commodities like fertilisers. This energy shock is particularly acute for net energy importers in Asia, such as Japan and Korea, where imports account for over 80% of domestic energy use. The OECD cautions that central banks must remain vigilant, as monetary policy adjustments may be needed if broadening price pressures arise, potentially keeping interest-rate cuts "off the table" as they pivot to manage stagflation fears. Together, these factors indicate that the disinflation trend of late 2025 has been interrupted by geopolitical conflict.



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UNITED STATES OF AMERICA

The latest U.S. labour market data indicate a resilient employment environment, as total nonfarm payroll employment increased by 178,000 in March 2026. This follows a revised decrease of 133,000 in February, suggesting that while the market has seen recent volatility, it regained momentum at the end of the first quarter. The unemployment rate remained steady at 4.3%, with roughly 7.2 million individuals unemployed. Job gains were concentrated in specific sectors, notably health care (+76,000), construction (+26,000), and transportation and warehousing (+21,000). Conversely, federal government employment continued its downward trend, declining by 18,000 jobs in March and falling by a total of 355,000 since its October 2024 peak.

While payrolls grew, several underlying indicators suggest areas of softening within the broader workforce. The number of discouraged workers—those who have given up looking for work because they believe no jobs are available—increased by 144,000 in March to reach 510,000. Similarly, the number of individuals marginally attached to the labour force rose by 325,000 to a total of 1.9 million. The long-term unemployed population, consisting of those jobless for 27 weeks or more, remained at 1.8 million but has grown by 322,000 over the past year. Wage growth also showed moderate activity, with average hourly earnings rising by 0.2%

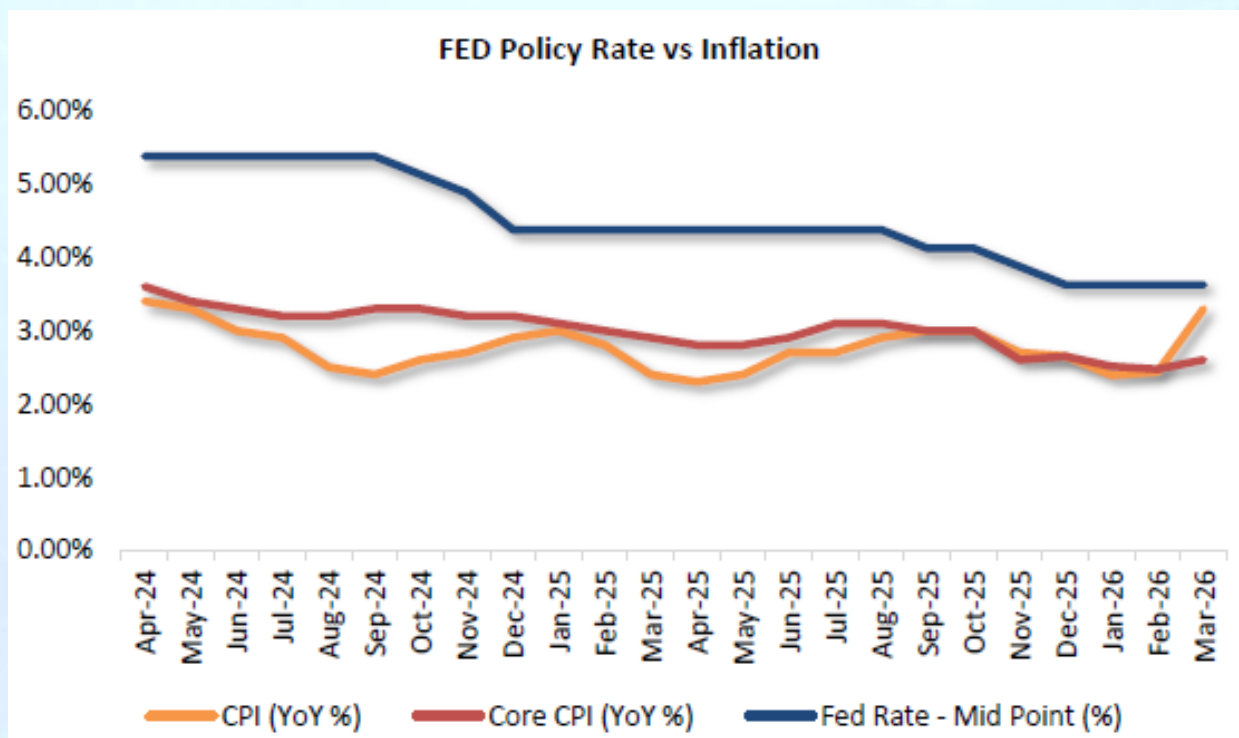
to \$37.38 in March, reflecting a 3.5% increase over the year. Overall, the labour market appears to be transitioning into a phase characterised by moderate growth and sector-specific shifts, as gains in private service-providing industries work to offset continued declines in government and financial services.

U.S. economic growth slowed sharply at the end of 2025, with Q4 GDP revised down to a sluggish 0.5% (annualised). This deceleration from the 4.4% growth in Q3 was primarily driven by a 43-day government shutdown, which caused federal spending and investment to plunge at a 16.6% annual pace, shaving over a percentage point off the growth rate. Despite this, the full-year GDP for 2025 reached 2.0%–2.1%, supported by resilient business investment in artificial intelligence.

The outlook for 2026 has become increasingly uncertain due to the war in the Middle East, which has triggered energy price spikes and stagflation risks. While the IMF and S&P Global project a modest rebound in growth to the 2.2%–2.4% range, they caution that sustained geopolitical conflict and high oil prices could temper consumer spending and push unemployment toward 4%. Overall, the economy is navigating a high-risk transition phase, where stabilised domestic demand is being challenged by significant global supply shocks.

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U.S. inflation dynamics have shifted from stabilisation to a sharp reacceleration, with headline CPI jumping to a two-year high of 3.3% year-on-year in March 2026. This surge, up from 2.4% in February, was primarily driven by the war with Iran and the shutdown of the Strait of Hormuz, which caused energy prices to soar by 10.9% in a single month. Gasoline prices alone spiked 21.2%, marking the largest monthly increase since 1967 and driving up costs for airfare and transportation services.

While core inflation (excluding food and energy) rose more modestly at 2.6%, persistent pressures remain in sectors like shelter. This inflationary shock has severely impacted public outlook, sending U.S. consumer sentiment to a record low in April as households struggle with rising costs. With the Federal Reserve updating

its forecasts to reflect these risks, the disinflationary progress made in late 2025 has been effectively reversed by the ongoing geopolitical conflict.

Federal Reserve's March 2026 decision reflects a cautious, data-dependent pause in policy as it balances persistent inflation risks against signs of economic slowing. The Federal Open Market Committee (FOMC) held the federal funds rate steady at 3.50%–3.75%, signalling a deliberate “wait-and-see” approach amid heightened uncertainty. This stance is increasingly shaped by the war with Iran and the shutdown of the Strait of Hormuz, which have sent energy prices soaring and introduced significant stagflation risks. While the Fed cut rates three times in late 2025 due to a slowing labour market, those cuts have effectively stalled as policymakers pivot to address a sharp

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resurgence in headline inflation, which jumped to 3.3% in March.

The policy outlook is further complicated by a potential leadership transition, as the upcoming April 28-29 meeting could be Jerome Powell's last as Fed chair. The Department of Justice recently dropped its criminal investigation into Powell, potentially clearing the way for the confirmation of President Trump's nominee, Kevin Warsh, to replace him. Amid this looming shift, the Fed has revised inflation expectations upward and projected that policy must remain restrictive for longer. Updated projections now suggest that earlier predicted interest-rate cuts may be "off the table" for the remainder of 2026, as the central bank navigates both external energy shocks and internal leadership changes.

Implications & Opportunities:

As inflation pressures increase as the blockage of the Strait of Hormuz continues, driving increased oil and fuel costs, this causes increased uncertainty in the market. This increased uncertainty may potentially encourage investors to shift some capital from growth stocks to value stocks. Additionally, as energy companies are likely to benefit, gains could potentially be seen for stock in that sector. Additionally, the increased uncertainty and likely halt of rate cuts will likely require new bond issuances to provide greater returns, driving down the

demand of older bond issuances with lower interest rates.

For financial institutions, if interest rates and inflation continue to remain elevated, lending institutions may likely see reduced demand for their loan products or increased loan delinquency. However, financial conglomerates such as the VM Group could take advantage by providing energy and currency hedging products to companies as they try to lock in prices amid the Middle East conflict, facilitating efficiency-driven mergers and acquisitions through investment banking arms, facilitating access to alternative asset classes with inflation-linked returns, and rebalancing client portfolios through private portfolio management.



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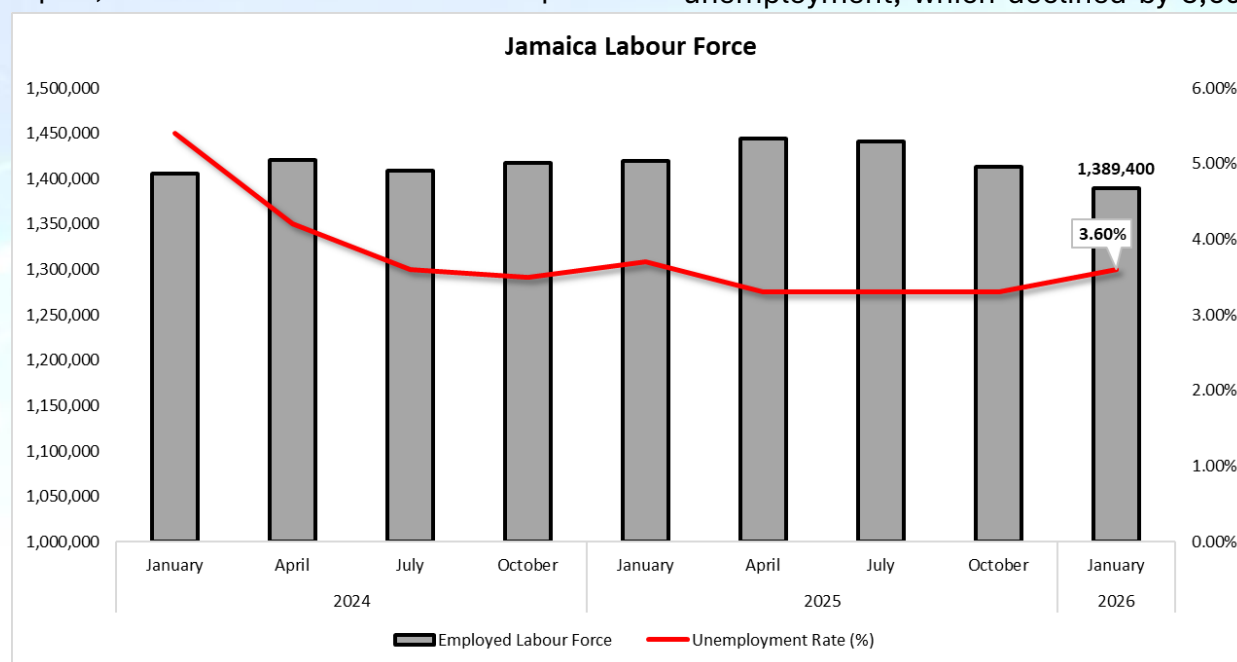
DOMESTIC ECONOMIC INDICATORS

Labour Market

As of January 2026, Jamaica's unemployment rate fell to 3.6 per cent, representing a 0.1 percentage point decrease from the 3.7 per cent recorded in January 2025. However, this reflects an increase compared to the October 2025 report, where the rate stood at 3.3 per

force decreased by 32,900 persons to 1,441,000, and the number of employed individuals fell by 30,100 to 1,389,400 compared to the previous year. Consequently, the number of persons outside the labour force increased by 32,900 to 714,800.

This follow-up to the record highs of 1.44 million employed persons seen prior to the hurricane suggests a stabilisation of the market at lower participation levels. A notable area of resilience remains youth unemployment, which declined by 5,600



cent. This uptick in the unemployment rate relative to the October quarter is likely attributable to the lingering economic impact and operational disruptions caused by Hurricane Melissa.

The latest data indicate a significant shift in the labour market; the year-over-year decline in the unemployment rate was primarily driven by a shrinking labour force rather than net job growth. The total labour

persons to 17,900, resulting in a youth unemployment rate of 10.7 per cent.

The gender breakdown shows that the male unemployment rate declined to 2.8 per cent, while the female rate fell to 4.5 per cent. While 2025 saw significant gains in sectors such as 'Managers' and 'Accommodation and Food Service Activities,' the January 2026 survey utilised an abridged questionnaire in western



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parishes—including St. James, Westmoreland, and Hanover—to maintain core indicator estimates following the storm. This updated outlook reflects a resilient but tightening labour market as it navigates the transition from the record peaks seen in the prior year.

Implications:

The year-over-year reduction in the unemployment rate and resilience following Hurricane Melissa are strong economic indicators for Jamaica, reflecting increased workforce participation and overall productivity. This resilience within the Jamaican labour market supports the maintenance of demand for products across the VM Group, as an increased low unemployment rate indicates greater levels of savings and disposable income, driving demand for savings accounts and investments.

Inflation

Jamaica's inflation dynamics as of March 2026 reflect a shift from temporary relief to renewed upward pressure, driven by surging energy and fuel costs. According to the Statistical Institute of Jamaica (STATIN), the All-Jamaica Consumer Price Index (CPI) rose by 0.3% in March 2026, reversing the 0.9% decline recorded in February. This monthly increase was primarily driven by a 2.3% rise in the 'Housing, Water, Electricity, Gas and Other Fuels' division—fuelled by a 5.1% jump in electricity rates—and a 0.6%

increase in 'Transport' costs due to higher petrol prices. While the 'Food and Non-Alcoholic Beverages' division continued to offer some relief with a 0.6% decline, supported by a 4.9% drop in the prices of vegetables and tubers due to improved local supply, these gains were outweighed by the spike in utility and fuel costs.

On a year-on-year basis, point-to-point inflation climbed to 4.3% as of March 2026, up from 3.9% in the previous month. The main contributors to this elevated annual rate include the 'Food and Non-Alcoholic Beverages' division, which remains up 5.6% over the last year. Analysts and industry stakeholders have noted that external shocks are now deeply impacting the local economy; for instance, the construction sector has seen prices for key building materials climb by as much as 15% in some areas as distributors pass on higher freight and fuel surcharges. Similarly, motorists have faced successive weekly increases from Petrojam, with prices for 87 and 90-octane gasoline rising by \$4.50 per litre in early April due to sustained global oil price volatility.

The outlook for the remainder of 2026 remains subject to a "high degree of uncertainty," according to the Bank of Jamaica (BOJ). The ongoing conflict in the Middle East continues to drive sharp increases in international commodity prices—specifically oil, liquefied natural gas (LNG), and fertiliser—and shipping costs. These factors are expected to keep



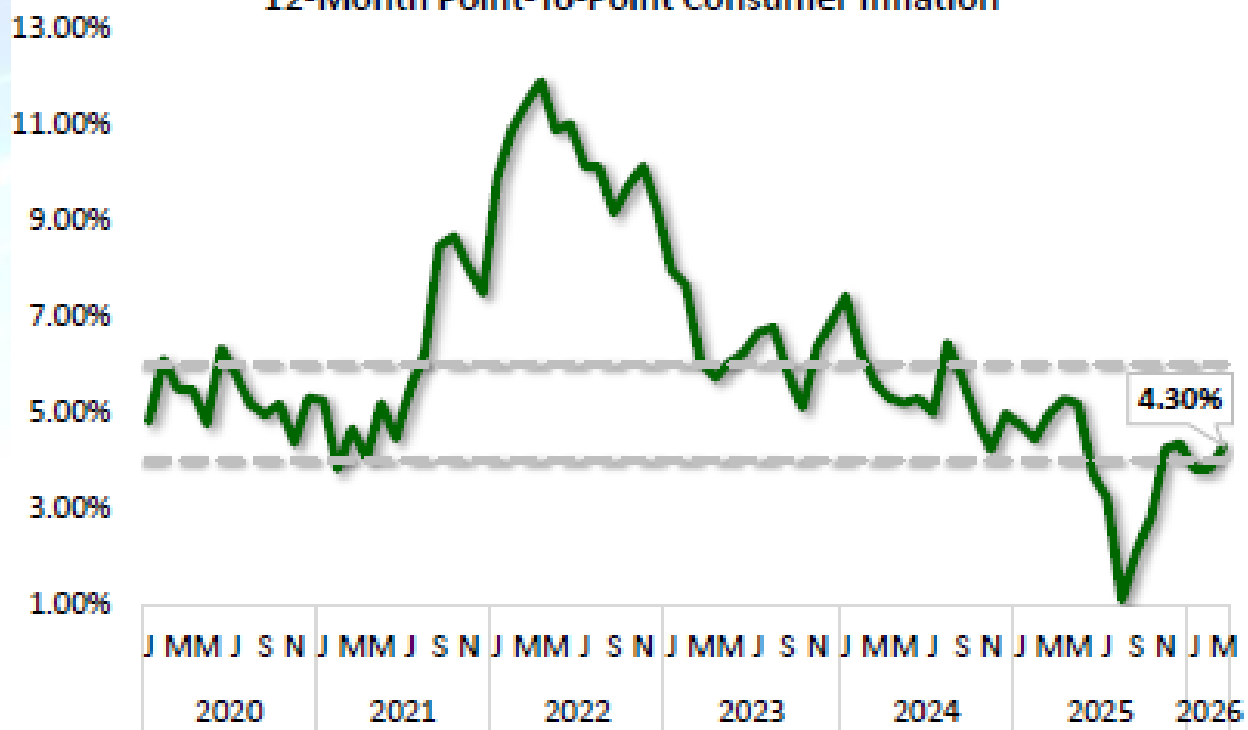
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energy and transport-related inflation on an upward trajectory, with risks to the projected inflation path skewed heavily to the upside. In response to these complex pressures and the volatile global environment, the Bank of Jamaica’s Monetary Policy Committee unanimously decided in late March to maintain the policy rate at 5.50%, aiming to support the convergence of inflation toward its target range while monitoring the effects of post-hurricane recovery spending and external commodity shocks.

erosion of purchasing power, particularly through a 5.1% spike in electricity costs and rising fuel prices that are forcing a shift toward public transportation. For financial conglomerates like VM Financial Group, this environment necessitates a pivot toward rigorous risk management to mitigate potential rises in non-performing loans—especially in the construction sector, where material costs have surged by 15%—while leveraging strong capital buffers and international diversification to maintain institutional stability. Investors can navigate this period of high

12-Month Point-To-Point Consumer Inflation



Implications:

The resurgence of inflation in early 2026, characterised by a 4.3% point-to-point rate driven by global energy shocks, has created a challenging landscape where the everyday Jamaican faces a direct

uncertainty by adopting strategic shifts toward inflation-hedged assets, such as real estate or energy-efficient infrastructure, and diversifying portfolios into more stable markets to reduce domestic exposure. Furthermore,



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opportunities exist in sectors with strong pricing power or those that can utilise the Bank of Jamaica's targeted foreign exchange support for energy, allowing savvy investors to capitalise on market dislocations while protecting against the mark-to-market volatility of fixed-income instruments.

Economic Activity

The Jamaican economy is navigating a complex recovery phase following a significant 7.1% contraction in the fourth quarter of 2025, a downturn primarily triggered by the catastrophic impact of Hurricane Melissa. This decline was most pronounced in the goods-producing sector, which plummeted by 10.7%, largely due to a 37.5% collapse in mining and quarrying and a 17.7% drop in agriculture. While the economy managed a marginal 0.1% growth for the full 2025 calendar year, the short-term outlook remains pressured, with a projected decline of 4.0% to 6.0% for the first quarter of 2026.

This recovery path is now further complicated by the U.S.–Iran conflict, which poses a severe threat to GDP performance through surging international oil and energy prices. As a fuel-dependent nation, Jamaica faces higher production and transportation costs that could dampen reconstruction efforts and erode consumer disposable income. Additionally, the heightened global tension risks weakening tourism

sentiment, potentially slowing the recovery of the services industry that was already impacted by a 43.0% drop in foreign national arrivals following the storm.

In response to these evolving risks, the Bank of Jamaica has maintained its policy rate at 5.50% to provide stability amidst a "high degree of uncertainty." The central bank cautions that these external geopolitical shocks present significant downside risks to domestic growth, which could delay a return to the projected 1.0% to 3.0% growth target for the 2026/27 fiscal year. Consequently, the pace of the rebound will depend heavily on the duration of Middle East tensions and the economy's ability to absorb rising input costs without stalling broader reconstruction activities.

Money Market Interest Rates

Following the initial correction in early 2026, Jamaica's inflation dynamics have shifted from post-hurricane relief to renewed upward pressure driven by global geopolitical volatility. While the consumer price index (CPI) fell in February, it rebounded in March 2026 with a monthly increase of 0.3%, primarily fuelled by a 2.3% jump in the 'Housing, Water, Electricity, Gas and Other Fuels' division—led by a 5.1% surge in electricity rates—and a 0.6% increase in Transport costs following higher petrol prices. These energy-led hikes more than offset a continued 0.6% decline in food prices,

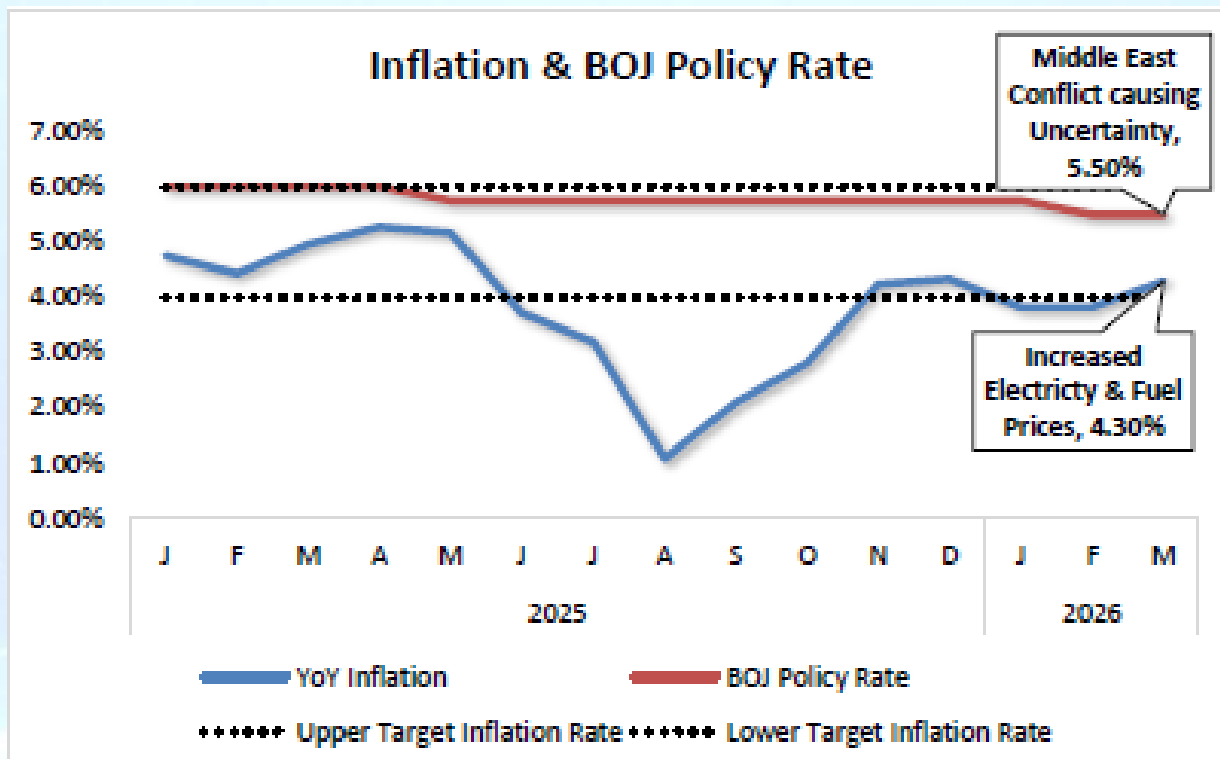


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resulting in a point-to-point inflation rate of 4.3% in March 2026.

The BOJ’s outlook for inflation suggests it will remain within the 4.0% to 6.0% target



In step with this shifting profile and a "high degree of uncertainty," the Bank of Jamaica (BOJ) maintained the policy rate at 5.50% at its March 2026 MPC meeting, pausing the normalisation path initiated in February. The Bank noted that the U.S.–Iran conflict in the Middle East has triggered significant increases in international commodity prices, particularly oil and natural gas. This external shock poses a dual threat of higher domestic inflation and lower domestic growth, with the BOJ warning that risks to the inflation outlook are now skewed heavily to the upside and that headline inflation is likely to rise further in the near term.

range over the next eight quarters, though this path is subject to the persistence of external commodity shocks. The Bank anticipates that while temporary breaches of the target may occur mid-year due to reconstruction demand and energy costs, inflation is expected to return to the target by December 2026 as second-round effects moderate. To support this convergence, the BOJ continues to utilise secondary measures, including directly supplying foreign exchange to major players in the energy sector to dampen the pass-through of global price volatility to the domestic market.

The money-market saw mixed liquidity conditions. T-bill auctions conducted by the Debt Management Branch drew



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healthy demand across the 91-day, but lower liquidity for the 182-day, and 273-day tenors, with allocations of J\$700M, except for the 273-day T-bill with an allocation of J\$800M. Bid coverage exceeded the offer for the 90-day T-bill, resulting in a yield of 5.43%, but bid coverage did not exceed the offer for the 182-day and 273-day T-bills, resulting in the average yields being 5.90% and 6.04%, respectively. BOJ's weekly 30-day fixed-rate CDs showed generally flat liquidity. On March 4, the auction drew J\$56.78Bn in bids for J\$51Bn offered (bid-to-offer 1.11x), with a 5.73% average yield on successful allocations (highest fully allocated bid 5.89%); On March 11, the auction drew J\$33.47Bn in bids for J\$29Bn offered (bid-to-offer 1.15x), with a 5.74% average yield on successful allocations (highest fully allocated bid 5.85%); On March 18, the auction drew J\$20.40Bn in bids for J\$20Bn offered (bid-to-offer 1.02x), with a 5.72% average yield on successful allocations (highest fully allocated bid 6.00%); On March 25, the auction drew J\$34.38.78Bn in bids for J\$40Bn offered (bid-to-offer 0.85x), with a 5.86% average yield on successful allocations (highest fully allocated bid 8.00%). These movements indicate a cautiously defensive market; the undersubscription of the most recent 30-day CD and T-bills indicates that cash in hand liquidity is being prioritised over, possibly indicating that high anticipated inflation may result in a policy response later in the year.

Implications

The current fragmentation in the Jamaican money market, characterised by a "flight to the short-end" and declining appetite for longer-tenor paper, forces investors and financial conglomerates like VM Financial Group into a defensive posture where liquidity preservation outweighs long-term yield. For investors, the failure of 182-day and 273-day T-bills to achieve full subscription indicates a demand for a higher "uncertainty premium" to hedge against the U.S.–Iran conflict's impact on energy costs, suggesting a strategic shift toward liquid, short-dated instruments to avoid being locked into rates that may soon be overtaken by inflation. Financial conglomerates must navigate tightening liquidity conditions, as evidenced by the 0.85x bid-to-cover ratio and the spike in 30-day CD yields to 8.00% in late March, which signals a divergence between market reality and the official 5.50% policy rate. This environment necessitates more rigorous stress-testing of portfolios and a cautious approach to lending, while institutions leverage their capital buffers to manage the increased volatility and the risk of rising non-performing loans.

Stock Market

The Jamaica Stock Exchange began 2026 with a strong rebound, reversing the cautious and hurricane-affected sentiment that characterised December. According to the JSE's official Monthly Quotes for January 2026, the JSE Main

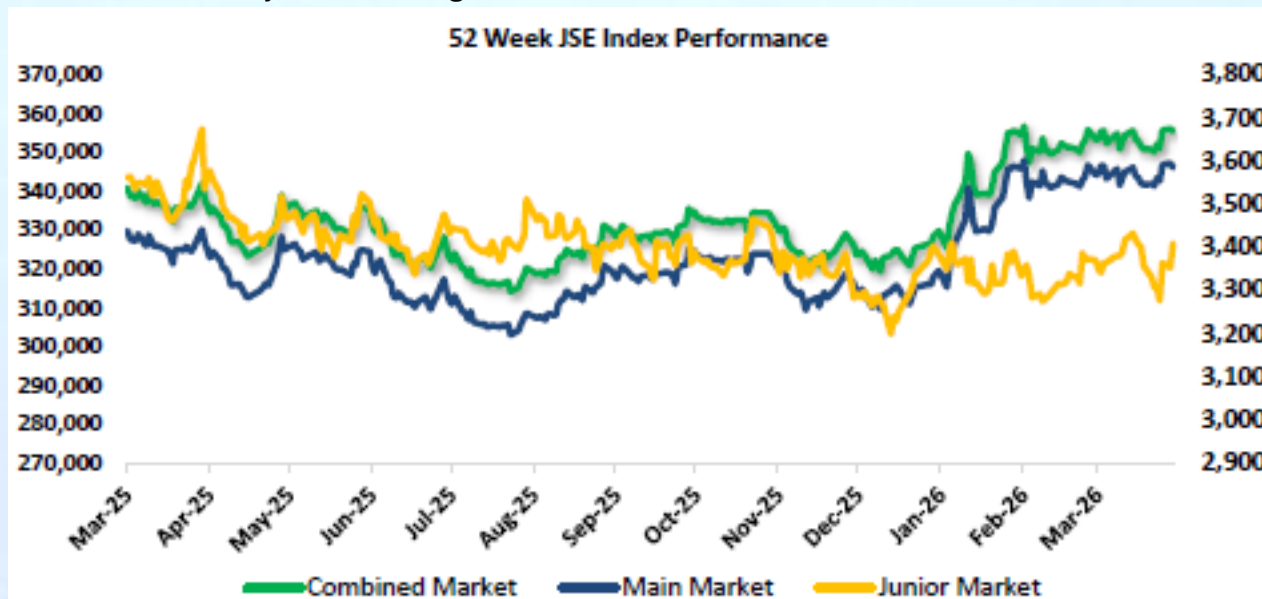


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Market Index saw a modest growth of 0.08% in February, with YTD growth of

capitalisation, which have greater influence on the index, with the overall



7.46%. The Junior market saw a similar monthly growth of just 0.5%, with YTD growth of -1.30%.

Trading was led by TransJamaican Highway Limited (TJH), Radio Jamaica Limited (RJR) and Kintyre Holding (JA) Limited (KNTYR), making up 17.37%, 10.57%, and 8.59% of trading, respectively.

Implications

As in inflation pressures and economic instability increase, the stock market has generally performed poorly, with an average YTD return of -0.27%. This likely would have been driven by the increased inflation pressures stemming from the US-Iran war and the possible second-round effects of Hurricane Melissa. Additionally, the positive performance of the JSE Combined Index is primarily driven by a few companies with large market

market actually averaging negative returns YTD.

Going forward, the stock market is likely to remain selective but more opportunity-driven, especially if the economy continues to recover steadily. Despite inflation being expected to remain within the target range of 4% to 6% for the next two years, the FED’s outlook of at most one cut for the year and the possible inflation pressures from geopolitical conflicts and second-round impacts of Melissa, will likely make investors cautious about the equity market overall but still take positions in strong and robust companies.



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EXTERNAL SECTORS

Exchange Rates

During this period, the BOJ maintained its supportive presence in the FX market through targeted B-FXITT operations, consistent with its post-hurricane stabilization strategy, through two standard sale operations for an amount of USD 80 million, in total. These measured interventions, combined with the earlier strengthening of Net International Reserves (NIR), continued to anchor FX market confidence heading into March.

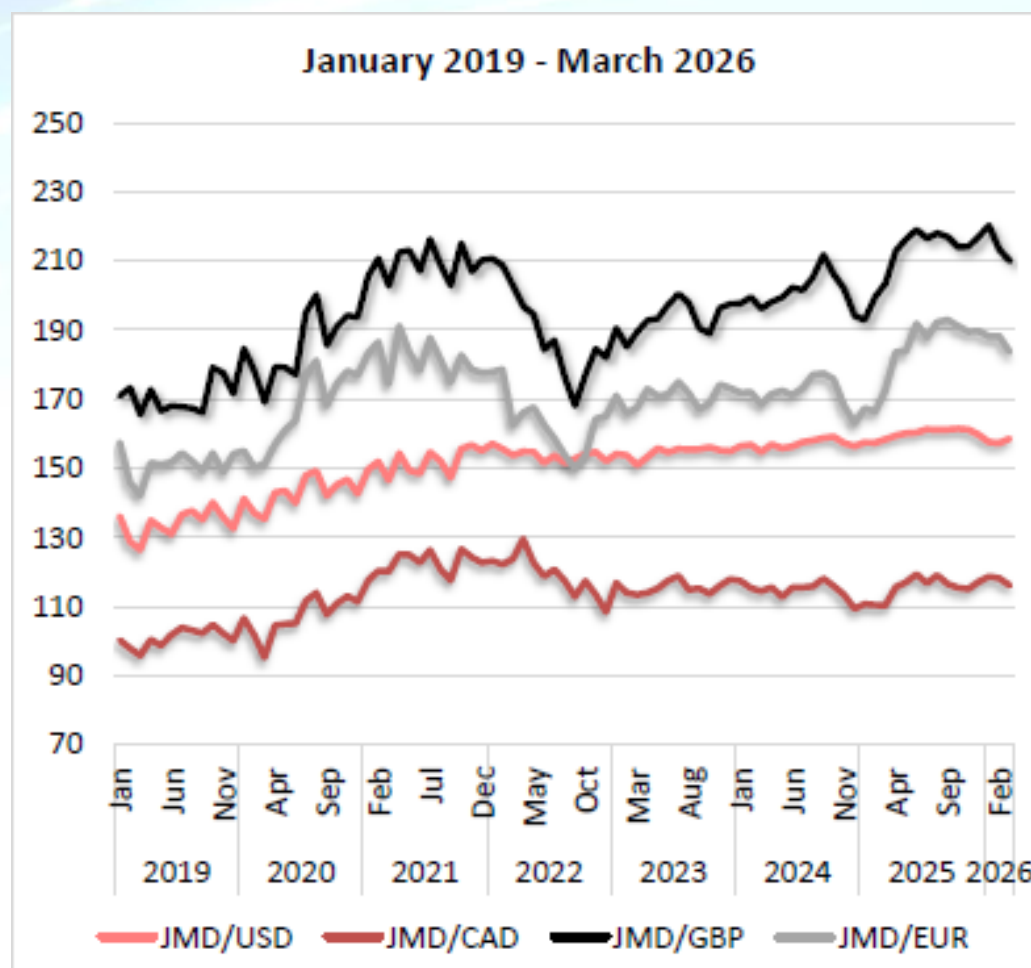
Implications

The stability of the Jamaican dollar throughout March indicates that FX pressures eased earlier than expected, driven by stabilising post-hurricane conditions and reduced demand for emergency imports. This improvement, alongside still-strong reserves, suggests that the BOJ's FX framework remained effective in maintaining orderly market conditions without requiring unusually large interventions during the month.

However, the environment still warrants caution: while March movements were stable, underlying FX demand related to

increased oil prices, which are quoted in US dollars, puts pressure on the FX rate.

Continued vigilant FX liquidity management will remain essential as the economy navigates this time of economic uncertainty stemming from external shocks.



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Remittances

In February 2026, Jamaica's net remittance inflows totalled US\$247.6 million, marking a 3.8 per cent increase compared to February 2025. This was primarily due to an increase of US\$8.8 million or 3.4 per cent in total remittances inflows, supported by a decline in remittance outflows of US\$0.2 million or 1.1 per cent. The fiscal year-to-date performance (April 2025 to February 2026) remained positive, with net inflows increasing by 4.1 per cent or US\$118.2 million relative to the same period in the previous fiscal year. The United States remains the dominant source market, accounting for 68.4 per cent of total inflows, followed by the United Kingdom (11.7 per cent), Canada (8.0 per cent), and the Cayman Islands (6.4 per cent). For the calendar year to date (January to February 2026), Jamaica recorded a 4.2 per cent increase in inflows, a performance that reflects relative stability when contrasted with the 0.6 per cent decline in Mexico, though it trails the growth seen in Guatemala (5.8 per cent) and El Salvador (9.2 per cent).

Implications:

Remittances play a vital role in Jamaica's economy, with the US and UK being the primary sources. Tracking economic developments in these markets is crucial for anticipating trends in remittance flows. The interplay between President Trump's expansionary fiscal policies, employment

rates in the US, and inflation will be crucial in determining remittance inflows and should be monitored. Financial institutions should continue monitoring the growth of digital remittances and position themselves to capitalise on the increasing demand for these services.

Net International Reserves

Jamaica's Net International Reserves (NIR) continued to strengthen with the stock of reserves rising to US\$6.91 billion at the end of March 2026, an increase of US\$102.00 million compared to February. At this level, Jamaica's reserves provide coverage equal to 43.14 weeks of goods imports and 28.57 weeks of goods and services imports, while the IMF ARA adequacy ratio increased to 154.94%, indicating reserve holdings well above prudential thresholds. This reinforces the view that Jamaica's external liquidity position remains exceptionally strong and fully capable of absorbing short-term shocks. Foreign assets increased during March while foreign liabilities decreased by US\$3.37 million, all owed to the IMF.

Implications:

The significant improvement in Jamaica's NIR by March 2026 strengthens the country's external buffers from external shocks. The continued month-over-month increase provides greater confidence in the BOJ's ability to maintain orderly conditions in the foreign exchange market, even as reconstruction-related imports



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and rising energy prices continue to heighten foreign-currency demand.

The current reserve position—exceeding 154% of the ARA metric and providing more than a full year’s worth of goods-import coverage—substantially reduces external vulnerability. This supports exchange-rate stability, improves investor sentiment, and reinforces Jamaica’s capacity to meet external obligations without exerting pressure on the currency. While reconstruction will continue to influence FX flows, the BOJ’s strengthened reserve position and ongoing liquidity management place the country in a favourable position to navigate external headwinds through the near term.



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KEY ECONOMIC DEVELOPMENTS

Geopolitics & Energy

The ongoing war in the Middle East has severely disrupted global energy supply chains, pushing crude oil and natural gas prices to multi-year highs. For energy-importing economies in Europe and Asia, this translates into higher production costs, eroded corporate margins, and reduced consumer purchasing power. Manufacturing firms, airlines, and logistics companies are particularly vulnerable, with equity valuations under pressure and credit spreads widening as investors price in weaker cash flows. Sovereign debt in these regions also faces strain, as governments absorb higher import bills and expand subsidies to shield households, leading to larger fiscal deficits and potential rating concerns.

Conversely, energy-exporting nations such as the U.S., Saudi Arabia, and Qatar are enjoying windfall revenues and enhanced geopolitical leverage. U.S. liquefied natural gas (LNG) exports, in particular, have become a strategic tool to reshape alliances, offering Europe alternatives to Russian supply and strengthening Washington's influence in global energy markets. For investors, this creates opportunities in energy equities, infrastructure firms, and commodity-linked corporate debt, while sovereign

bonds of exporters benefit from improved fiscal positions and narrower spreads.

In commodities markets, oil and gas remain volatile but elevated, supporting upstream producers and service companies. However, volatility also raises hedging costs for corporates reliant on fuel inputs, making risk management essential. Currency markets reflect these dynamics: energy exporters see stronger currencies backed by trade surpluses, while importers face depreciation pressures, complicating monetary policy.

Overall, the energy shock is bifurcating the global investment landscape. It rewards exposure to commodity producers and exporter sovereigns, while penalising consumer-facing equities, transport credits, and import-dependent sovereign debt. Investors must balance opportunity with risk by diversifying across asset classes, hedging commodity exposure, and selectively positioning in regions with resilient fiscal frameworks.

Global Growth Outlook

The IMF's April 2026 forecast downgraded global GDP growth to 3.1%, down from 3.4% in 2025, underscoring the fragility of the post-pandemic recovery. The slowdown is most pronounced in emerging markets and economies proximate to conflict zones, where elevated energy costs, disrupted trade flows, and weaker fiscal capacity are eroding growth prospects. Frontier markets with high external debt burdens



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face particular vulnerability, as tighter global liquidity and weaker export demand amplify refinancing risks. Sovereign spreads in these regions have widened, reflecting investor caution and heightened default probabilities.

By contrast, advanced economies— notably the U.S., Eurozone, and Japan— remain relatively resilient, supported by diversified industrial bases, stronger consumer demand, and more credible fiscal frameworks. However, growth in these economies is still below pre-pandemic averages, reflecting structural headwinds such as aging demographics, productivity stagnation, and geopolitical uncertainty. Equity markets in developed economies have held up better, with defensive sectors like healthcare, utilities, and consumer staples attracting flows as investors seek stability.

In commodities markets, industrial metals such as copper, aluminium, and steel are softening as global manufacturing demand slows, pressuring exporters reliant on resource revenues. This weakness contrasts with continued strength in energy commodities, creating a bifurcated outlook for resource-linked economies. For investors, this divergence highlights opportunities in energy-exposed corporates and sovereigns, while caution is warranted in metals-dependent credits.

From a fixed income perspective, investment-grade corporates in advanced

economies remain relatively resilient, supported by strong balance sheets and access to capital markets. High-yield issuers, however, face widening spreads as slower growth erodes cash flow visibility. Sovereign debt in fiscally weaker jurisdictions is under pressure, with rating agencies signalling potential downgrades. Meanwhile, demand for high-grade sovereigns such as U.S. Treasuries and German Bunds has increased, reflecting a flight to quality amid global uncertainty.

Overall, the growth downgrade reinforces a two-speed global economy: advanced markets offering relative stability but subdued expansion, and emerging/frontier markets facing sharper risks. Investors must balance exposure by tilting toward defensive equities, high-grade sovereigns, and resilient corporates, while carefully managing risk in vulnerable sovereigns and cyclical commodities.

Central Bank Policy Actions

Monetary authorities are recalibrating policy in response to persistent inflationary pressures and uneven growth dynamics. The European Central Bank (ECB) is expected to raise rates modestly in Q2 2026, reflecting concerns about elevated energy costs and sticky core inflation. While higher rates may bolster the euro and improve returns on European sovereign debt, they also risk dampening growth in weaker Eurozone economies, particularly those with high debt burdens such as Italy and Spain. Equity markets in



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Europe remain cautious, with financials benefiting from stronger net interest margins, while cyclical sectors like manufacturing and consumer discretionary face headwinds from tighter credit conditions.

In the United States, the Federal Reserve has delayed anticipated rate cuts until 2027, signalling that inflation risks remain entrenched despite moderating headline figures. This stance keeps borrowing costs elevated for corporates and households, pressuring high-yield issuers and interest-rate-sensitive sectors such as real estate and consumer finance. However, short-duration Treasuries and floating-rate instruments have become attractive for fixed income investors, offering yield without excessive duration risk. Equity markets remain sensitive to policy uncertainty, with defensive sectors like healthcare and utilities outperforming amid tighter liquidity.

The Bank of England has adopted a similarly cautious approach, postponing rate cuts to 2027 as inflationary pressures persist in the U.K. This has strengthened sterling in the near term, but higher borrowing costs weigh on mortgage markets and consumer spending. For investors, U.K. gilts offer improved yields, though fiscal challenges and Brexit-related trade frictions continue to cloud the outlook.

In currency markets, policy divergence is shaping capital flows. The euro and dollar

are supported by tighter monetary stances, attracting global investors seeking yield and stability. Emerging market currencies, by contrast, face depreciation pressures as capital flows shift toward advanced economies, raising refinancing risks for sovereigns with large external debt obligations.

Overall, central bank recalibration underscores the delicate balance between inflation control and growth support. For investors, the environment favours short-duration bonds, floating-rate instruments, and defensive equities, while requiring caution in high-yield credit and cyclical sectors. Currency positioning also becomes critical, with opportunities in euro and dollar assets, but heightened risk in emerging market debt and FX exposures.



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JAMAICA IN THE NEW ENERGY CRUNCH

As global supply routes tighten, countries are cutting demand fast—here’s what that means for our bills and businesses

The latest global energy disruption—linked to conflict in the Middle East and chokepoints affecting oil shipments—has pushed many governments into a two-pronged strategy: immediate demand reduction to protect grids and wallets, and long-term diversification to end the next crisis before it starts.

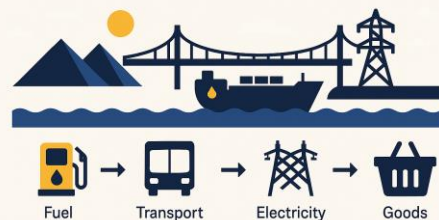
When oil flows tighten, prices jump—and import-dependent countries feel it first. The International Energy Agency (IEA) says shipping through the Strait of Hormuz, normally a key artery for global oil trade, has been dramatically disrupted, tightening markets and driving up crude and fuel prices. In response, governments worldwide are reaching for emergency tools: work-from-home directives, shorter business hours, temperature limits for air-conditioning, and transport restrictions—measures now tracked across 60+ countries in the IEA’s policy tracker. For Jamaica—already shaped by imported fuel and high electricity costs—this global playbook offers both a warning and a roadmap.

WHY THIS GLOBAL CRISIS HITS SMALL IMPORTERS HARD

A global chokepoint becomes a household problem

The IEA warns that the current disruption is one of the largest shocks to oil markets on record, with reduced transit through the Strait of Hormuz tightening supply and lifting prices—especially for diesel, jet fuel and LPG. When fuel prices surge, transport and electricity costs rise, and inflation pressure spreads across food, services, and business operations.

FROM STRAIT TO SUPERMARKET



Disruptions to major oil shipping routes tighten supply and raise prices, which then ripple into transport, electricity, and everyday costs.

WHEN GLOBAL OIL ROUTES CHOKe, SMALL IMPORTERS DON’T JUST PAY MORE—THEY LOSE PREDICTABILITY.

What the world is doing first: cut demand quickly

The IEA’s guidance emphasises that supply actions alone can’t fully offset a shock of this scale—and that demand-side measures are the fastest lever governments and households can pull. The IEA’s policy tracker shows countries using conservation campaigns and rules to reduce consumption, ranging





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from remote work encouragement to limits on cooling and transport use.

knock-on effects—while longer-term fixes ramp up.

WHAT GOVERNMENTS ARE DOING RIGHT NOW'
(60+ COUNTRIES)

CONSERVATION		CONSUMER SUPPORT	
 REMOTE WORK	 COOLING LIMITS	 TAX CUTS	 SUBSIDIES
 REDUCED TRAVEL		 SUBSIDIES	 TARGETED AID

DEMAND MEASURES THAT WORK FAST

 EFFICIENT DRIVING	 REMOTE WORK	 PUBLIC TRANSPORT
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For example, relating to workplace & school adjustments, Pakistan, Laos, and Sri Lanka have introduced mandatory remote work or shortened work weeks (four days) to reduce commuting fuel use, while Bangladesh and Peru have shifted schools and universities to online learning to alleviate power grid strain. Transport restrictions are being observed in Myanmar and South Korea, which use "odd-even" driving bans based on vehicle registration numbers, while New Zealand has considered reviving "car-free days," where motorists nominate one day a week to refrain from driving. Furthermore, Egypt mandates that malls and restaurants close by 9 PM and government buildings by 6 PM to save electricity, while Thailand and Singapore have set strict temperature limits (25–26°C) for air conditioning in public offices.

Work & School adjustments (reduce peak demand and commuting fuel)

Across the world, emergency responses include encouraging remote work, moving meetings online, and adjusting operating hours to lower energy use and fuel consumption. A Jamaica-friendly adaptation could look like “Remote-first days” for eligible public services, staggered hours for large offices, and digital-by-default government appointments during peak price spikes.

“SAVE NOW” OPTIONS JAMAICA CAN ADAPT (WITHOUT GRID PANIC)

This is not about hardship for hardship’s sake. It’s about short, targeted actions that cushion a price spike and prevent

Cooling and lighting rules (quick savings, big impact)

Many governments are using air-conditioning temperature limits and public-sector energy rules as immediate conservation steps. A Jamaica-friendly adaptation could look like public buildings adopting temperature set-points, retrofitting LEDs, and publishing “energy scorecards” by the ministry to make savings visible.



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Transport nudges and restrictions (reduce oil demand fastest)

The IEA notes road transport is a major slice of oil demand, and its “menu” of actions focuses heavily on reducing fuel use quickly. Therefore, a Jamaica-friendly adaptation could include car-pooling, “no-idling” enforcement at depots, and time-limited freight windows to smooth congestion.

THE GLOBAL EMERGENCY TOOLKIT—AT A GLANCE

Countries responding to the crisis are using three fast levers:

1. Conserve energy (remote work, cooling limits, shorter opening hours, public campaigns)
2. Protect consumers (temporary tax cuts, price caps, targeted support)
3. Accelerate independence (faster renewables, electrification, grid upgrades).



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UNLOCKING GROWTH: JAMAICA'S PUBLIC PROCUREMENT SET- ASIDE FRAMEWORK

Jamaica is entering a transformative economic phase as the Government of Jamaica (GOJ) aggressively implements the Public Procurement (Set-Asides) Framework. Designed to dismantle historic barriers that have limited small businesses to just 1% of state contracts, this framework reserves a substantial portion of the government's J\$470 billion annual spend for local entrepreneurs.

Understanding the Set-Aside Mandate

The Public Procurement (Set Asides) Order, 2019 mandates that 20% of designated government contracts must be reserved for qualifying Micro, Small, and Medium Enterprises (MSMEs). This translates to approximately J\$37.1 billion in opportunities specifically carved out for local suppliers.

Eligible business categories include:

- Micro Enterprises: Annual turnover less than J\$15 million.
- Small Enterprises: Annual turnover between J\$15 million and J\$75 million.
- Medium Enterprises: Annual turnover between J\$75 million and J\$425 million.

Strategic Industry Targets

The framework prioritises sectors where local capacity is already strong, allowing smaller players to bid without competing against global conglomerates. Key industries include:

- Manufacturing: School and office furniture, uniforms, and automotive products.
- Services: Printing, drapery assembly, and digital record-keeping for state agencies.
- National Pride Items: Supply of the national flag and emblems.

How SMEs Can Take Advantage

To capitalise on these "Set-Aside" opportunities, businesses must transition from informal operations to "procurement-ready" entities. The Public Procurement Commission (PPC) is currently advancing a verified registry of qualifying MSME suppliers to help government agencies identify eligible partners.

Action Steps for MSMEs:

1. Get Registered: Ensure your business is legally registered with the Companies Office of Jamaica and the PPC.
2. Maintain Compliance: Keep a valid Tax Compliance Certificate (TCC).
3. Utilise Support Programs: Programs like the JBDC Public Procurement Readiness Project offer "hand-holding" assistance for businesses with turnovers below J\$75 million.



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4. Leverage Preferred Margins: Jamaican bidders can benefit from a 20% Domestic Margin of Preference if their products contain at least 35% domestic input.

Economic Outlook

The operationalisation of this framework in the 2026/27 fiscal year is a vital tool for inclusive growth. By decentralising government spending, Jamaica aims to foster a more resilient economy where a "company does not have to be big to bid," ultimately driving job creation and long-term sustainability across the island.



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