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Upcoming Key Economic Events	
Country/Region	**Event**
Wednesday, June 10, 2026	
USA	Consumer Price Index
Canada	Bank of Canada Rate Decision
Thursday, June 11, 2026	
USA	PPI Final Demand YoY
Friday, June 12, 2026	
UK	Manufacturing Production YoY
Monday, June 15, 2026	
USA	Manufacturing Production MoM
Wednesday, June 17, 2026	
UK	Consumer Price Index
Eurozone	Consumer Price Index
USA	FOMC Rate Decision (Upper Bound)
Thursday, June 18, 2026	
UK	Bank of England Bank Rate
Monday, June 22, 2026	
Canada	Consumer Price Index
Thursday, June 25, 2026	
Eurozone	ECB Publishes Economic Bulletin
USA	PCE Price Index YoY

Contributors:

Najay Bailey
najay.bailey@scotiabank.com

Nickolye Graham, CAIA
nickolye.graham@scotiabank.com

Jessee-Grant Myers
jessee-grant.myers@scotiabank.com

Sharnakae Stewart, CFA
sharnakae.stewart@scotiabank.com

Scotia Funds™

Performance at a glance

As of May 31, 2026

Rates of return — Mutual Funds

	Inception Date*	NAVPS ($)	1M (%)	3M (%)	6M (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)	Since inception* (%)
Scotia Funds (USD)											
Scotia Money Market Fund	10/27/1999	15.81	0.26	0.85	1.66	1.35	3.49	4.21	3.06	1.92	1.74
Scotia US Dollar Bond Fund	12/21/1992	2.80	0.21	-1.82	-0.52	-0.11	4.20	3.36	-1.13	0.41	3.13
Scotia Global Equity Fund	06/23/1994	4.81	3.84	2.05	8.43	5.54	19.18	13.52	5.52	7.12	5.04
Scotia US Equity Fund	10/27/1999	27.77	0.48	-0.53	1.36	1.32	14.01	11.78	5.67	7.96	3.94
Scotia Canadian Equity Fund	06/23/1994	5.29	1.84	4.67	12.06	9.49	22.53	15.81	9.13	7.59	6.38
Scotia Caribbean Income Fund	03/31/2009	3.51	0.20	-0.12	1.24	0.88	5.92	5.18	1.90	2.28	3.74
Scotia Premium Funds (JMD)											
Scotia Premium Money Market Fund	07/06/2011	100.00	0.36	1.06	2.12	1.76	4.44	6.11	5.38	3.70	4.37
Scotia Premium Fixed Income Fund	02/11/1994	58.45	0.45	0.59	0.66	0.73	3.55	5.78	4.12	5.05	8.61
Scotia Premium Growth Fund	06/23/1987	143.74	-0.13	0.11	5.03	4.74	5.10	5.82	1.53	8.33	11.77
Scotia Premium USD Indexed Fund	01/15/2016	134.74	0.27	0.61	-0.19	0.22	6.99	5.75	3.52	5.44	5.35
Scotia Premium Short-Term Income Fund (JMD)	11/15/2021	109.61	0.44	1.04	1.89	1.56	4.22	6.53	n/a	n/a	6.29
Scotia Premium Short-Term Income Fund (USD)	11/15/2021	10.46	0.24	0.52	1.33	1.16	3.34	3.55	n/a	n/a	3.28

*Inception date provided is the date of first deposit to the Fund.

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When politics meets persistent inflation *(2 mins)*

U.K. government bond (gilt) yields rose sharply in recent weeks, reflecting a combination of domestic political uncertainty, fiscal pressures and shifting monetary policy expectations. The 10-year yield rose to 5.17% on May 15, 2025, its highest level since peaking at 5.25% in 2008 during the global financial crisis. On the same day, the 30-year yield peaked at 5.85%, the highest level since 1998.

The increase in yields was driven in part by growing concern about the U.K.'s fiscal position. While the deficit has shown some improvement, investors remain cautious about future government borrowing and spending, particularly in the context of political uncertainty and upcoming electoral pressures. As a result, markets are demanding higher compensation to hold U.K. government debt, pushing borrowing costs higher.

External factors have also added to these pressures. Escalating geopolitical tensions in the Middle East have lifted oil and gas prices, driving higher inflation expectations in the U.K. This has translated into a reassessment of the inflation outlook, especially as the U.K. remains sensitive to energy price shocks. Consequently, the Bank of England (BoE) has signalled that policy may remain tighter for longer as inflationary pressures linger and make gilt yields more volatile across maturities. These developments have weighed on investor sentiment as markets balance slower growth prospects against more persistent inflation.

With the rise in yields, the value of existing gilt holdings has declined, particularly for longer-duration positions, given the inverse relationship between bond prices and rates. However, higher yields offer stronger income potential and more attractive returns on gilts than in the years after the financial crisis. Investors therefore face a trade-off between short-term price swings and longer-term income, highlighting the need for careful diversification decisions. The current environment also presents a more attractive entry point than in recent years for prospective investors. Yield levels are now significantly higher, providing improved compensation for interest rate and inflation risks. However, uncertainty around the policy outlook, political trajectory and global energy dynamics suggests that timing and selectivity remain important.

In navigating these dynamics, investors should consider how different maturities or inflation-linked instruments align with their objectives, particularly in an environment where inflation risks remain elevated and policy direction is still evolving. Therefore, developments in energy markets, clarity on the U.K. political landscape and further guidance from the BoE will shape the outlook for gilt yields and broader fixed income opportunities.

Bond markets signal a shift to higher interest rates *(2 mins)*

Bond markets are increasingly signalling a shift toward a period of persistently higher interest rates, a change that carries important implications for portfolio returns and investment decisions. Treasury yields, which anchor borrowing costs and influence the pricing of many financial assets, have moved sharply higher in recent weeks, drawing renewed attention to what the bond market may be indicating about the path ahead.

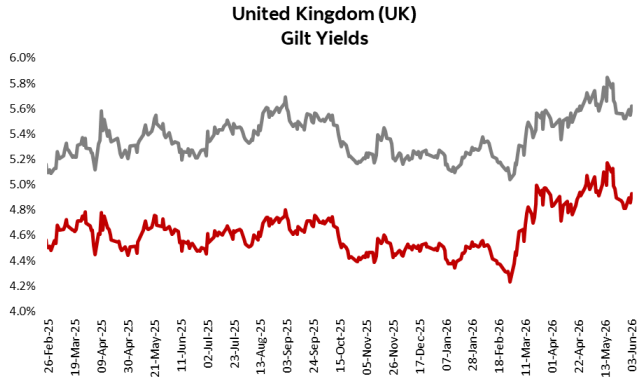
That shift became especially clear in May, with the most pronounced move occurring at the long end of the curve. The 30-year Treasury yield jumped above 5%, returning to levels last seen in 2007 before the global financial crisis. The benchmark 10-year Treasury yield climbed to 4.7% in mid-May, its highest point since January 2025, while the 2-year yield rose above the current federal funds rate, signalling that investors expect rates to stay tight for longer rather than fall in the near term.

These moves matter because Treasury yields play a direct role in shaping portfolio outcomes. When yields rise, the prices of existing bonds fall because newer bonds offer higher income. As a result, fixed income portfolios with greater exposure to longer-dated bonds can experience declines in value even as they continue to generate interest, and the faster yields rise, the more noticeable this effect becomes.

Several forces are driving the move at once. Inflation has remained more persistent than expected, with consumer prices rising at an annual pace of around 3.8%, well above the Federal Reserve's 2% target. Energy has been the biggest contributor, as ongoing conflict and tensions in the Middle East have pushed oil above US$100 a barrel, lifting costs across transportation, production, and everyday goods, and reducing confidence that rates can decline meaningfully soon.

Government borrowing is adding to the pressure. Federal debt has now surpassed US$39T, and the deficit is on track to exceed US$1.9T this fiscal year, forcing the Treasury to issue record volumes of new bonds. Investors are demanding higher yields to absorb the supply, a dynamic visible in recent auctions, including a 30-year auction that cleared above 5%.

Together, these factors mark a departure from the ultra-low yields that followed the financial crisis and the pandemic. While higher yields tighten financial conditions and weigh on rate-sensitive portfolios, they also offer income not seen in years. By staying diversified, favouring shorter-maturity bonds, and gradually locking in higher yields, investors can position for a structurally higher-rate environment..



Source: Bloomberg

Indices	Value	MoM	YTD
S&P 500 Index	7,384	1.7%	7.9%
SPTSX Index	34,413	2.5%	8.5%
MSCI World Index	4,756	1.7%	7.3%

Source: Bloomberg

BoJ maintains cautious stance as inflation risks resurface *(3 mins)*

Against the backdrop of rising global inflationary pressures and a recovering domestic economy, the Bank of Jamaica's (BoJ) Monetary Policy Committee (MPC) maintained the policy rate at 5.50% at its May 2026 meeting. The decision reflects heightened global uncertainty, particularly the escalation of conflict in the Middle East, which has damaged critical oil infrastructure, disrupted supply chain and pushed energy prices higher. West Texas Intermediate crude rose by 21.5% in the March 2026 quarter, with near-term prices expected to remain elevated. For Jamaica's energy-dependent economy, this has direct implications, already feeding into domestic electricity and transport costs and increasing the risk of broader price pass-through across goods and services.

These external pressures are compounding an already fragile domestic environment. The Planning Institute of Jamaica (PIOJ) reported a 5.9% contraction for January to March 2026, with sharp declines in agriculture (-20.3%), mining (-6.6%) and accommodation & food services (-20.4%). The contraction reflects the lingering effects of Hurricane Melissa and weaker external demand, reflecting the sensitivity of key sectors to domestic shocks and global conditions. While the PIOJ projects growth of 1.0% to 3.0% for FY2026/27, the risks remain skewed to the downside, particularly for tourism and energy-intensive sectors.

Inflation dynamics remain a central concern for policymakers. Headline inflation stood at 4.3% in April 2026, unchanged from March, but underlying pressures are building. Higher petrol prices contributed to a 1.1% increase in the 'Transport' division, and further energy-related pass-through is expected. The MPC now forecasts that inflation will breach the 4.0% to 6.0% target range over the June and September quarters before gradually moderating as geopolitical tensions ease and global oil supplies normalize.

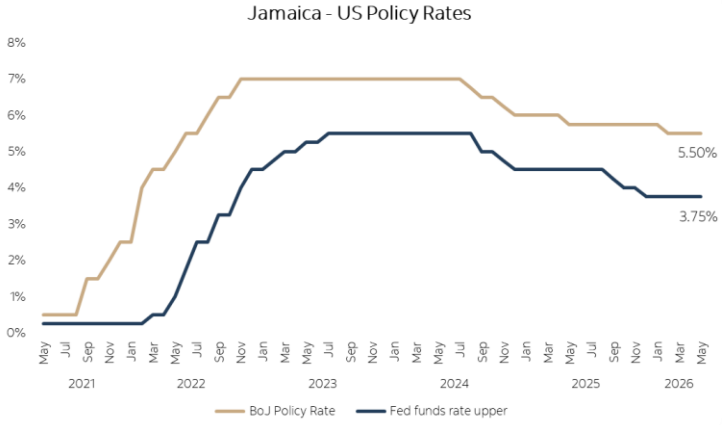
Ultimately, the trajectory of Jamaica's economy for the remainder of 2026 may hinge less on domestic policy choices and more on developments unfolding thousands of miles away. The global energy market remains the most important variable shaping inflation, interest rates and investor sentiment. If geopolitical tensions ease and oil prices retreat, Jamaica could experience a faster-than-expected cooling of inflation, opening the door to monetary easing and improved financial conditions. But if the conflict persists or escalates, elevated energy costs will continue to filter through electricity bills, transport prices and production costs, delaying any policy relief.

Against this backdrop, monetary policy is likely to remain restrictive in the near term. The MPC has emphasized that premature easing could undermine inflation expectations and policy credibility. As a result, the policy rate is likely to remain at 5.50% through at least the third quarter, with the possibility of tightening if inflation expectations drift upward.

For investors, the outlook underscores a "higher-for-longer" interest rate environment and continued inflation volatility. This supports a cautious near-term stance, particularly in interest rate-sensitive assets, while maintaining awareness of sector-specific risks tied to energy costs and external demand. At the same time, Jamaica's medium-term fundamentals remain supportive.

The country continues to benefit from strong foreign reserves, a disciplined fiscal framework and a well-capitalized financial system. Reconstruction activity following Hurricane Melissa and ongoing structural reforms should support a gradual recovery in domestic activity. As global conditions stabilize, these strengths position the economy for a return to more balanced growth and, eventually, a more accommodative policy environment.





Selective opportunities in a constrained equities market *(3 min)*

The equity market continues to navigate a complex macroeconomic backdrop, shaped by weakening domestic activity, rising energy-driven inflation pressures and a "higher-for-longer" interest rate environment. While these conditions are not broadly supportive of equity valuations, there are signs that point to selective opportunities for investors.

First-quarter earnings releases revealed that, in general, macroeconomic pressures continue to weigh on corporate profitability. This was evidenced across the market where earnings were dampened by higher financing costs and inflation. While Hurricane Melissa has sapped the profitability of several firms, there were others whose earnings continued to benefited from post hurricane recovery spending (Caribbean Cement Company). At the same time, a subset of firms demonstrated sustained resilience, supported by strong fundamentals, including pricing power, operational efficiency and diversified revenue streams. GraceKennedy, supported by its diversified food and financial services operations, and Carreras, with its strong market position and brand portfolio, have shown an ability to defend margins through pricing adjustments and operational efficiencies. Taken together, these dynamics underscore a market environment where earnings growth is uneven and, in many cases, constrained, requiring a more deliberate approach to equity positioning.

The case for selective equity exposure is also being strengthened by a shift in the drivers of total return as near-term earnings momentum remains subdued. With valuation multiples likely to remain constrained in a higher interest rate environment, returns are increasingly supported by income rather than capital appreciation. The recent wave of dividend declarations across the market signals that several companies remain confident in their earnings capacity and cash flow generation. As a result, dividend yield is becoming a more critical component of investor returns, reinforcing the importance of focusing on companies with sustainable payout profiles, strong balance sheets and consistent free cash flow generation.

While conditions will likely remain generally muted, opportunities could emerge over the near term. A faster-than-expected recovery in tourism could provide incremental support to hospitality-linked stocks. Meanwhile, the acceleration of reconstruction activity is expected to amplify momentum in construction-related names, supporting a general recovery in economic activity, while improving prospects for companies currently experiencing weak demand. However, risks remain tilted to the downside, particularly if inflationary pressures intensify or economic growth remains subdued, which could weigh on corporate revenues and margins.

For investors, the implication is that broad market exposure is unlikely to deliver consistent returns in this environment. Instead, performance will depend on positioning towards companies with visible earnings, strong cash flow generation, and disciplined capital management and generally robust fundamentals. This will ensure that portfolios remain resilient while investors navigate a still fragile but gradually stabilizing market.

.Market activity *(1 min)*

In May 2026, the JSE All Jamaican Composite Index declined by 7,026.80 points (-1.71% MoM) to close at 403,382.31. The JSE Main Market Index fell by 5,490.43 points (-1.5%), ending the month at 341,344.15. The JSE Junior Market Index lost 126.00 points (-5.0%), ending at 3,117.58.

Market breadth was mixed. On the Main Market, 66 stocks traded during May, with 22 advancing, 43 declining, and 1 trading firm. In the Junior Market, 48 stocks saw activity; approximately 12 posted gains, 35 declined, and 1 held firm.

Trading volumes were concentrated in a few names. In the Main Market, Wigton Energy Limited led with 31.1% of total volume, followed by TransJamaican Highway Limited (23.9%) and JMMB Group Limited 7.4% Cumulative Redeemable Preference Shares (9.43%). In the Junior Market, Kintyre Holdings (JA) Limited was the top volume leader (estimated ~45% of junior market volume), with One on One Educational Services Limited and Woodcats International Limited accounting for approximately 20% and 8% of volume respectively.

Market Quote for Month Ending May 29, 2026

Index	Opening Value	Closing Value	Total Volume	Value (J$)	MTD Change	YTD Change
Main Market	346,834.58	341,344.15	411,536,020	2,787,872,434.32	-1.60%	7.30%
Junior Market	3,269.60	3,117.58	556,548,324	458,673,887.41	-5.00%	-8.00%

Source: JSE, SIJL

Sector	Top Advancers*	Top Decliners*
Finance	SGJ	PJX
Conglomerate	MASSY	ASBH
Other	TJH	ENERGY
Manufacturing	BRG	WISYNCO
Real Estate	KPREIT	FirstRockJMD

*Based on percentage price increase month-over-month
Source: JSE, SIJL (Main Market)

Sector	Top Advancers*	Top Decliners*
Finance	AFS	ISP
Manufacturing	CAC	CFF
Insurance	GENAC	CABROKERS
Other	JETCON	ECL
Retail	FESCO	PTL

*Based on percentage price increase month-over-month
Source: JSE, SIJL (Junior Market)

Local Stock Market News *(1 min)*

- NCB Financial Group Limited (NCBFG) approved an interim dividend of J$0.50 per share, payable on June 5, 2026, to shareholders on record as at May 22, 2026.
- GraceKennedy Limited (GK) declared an interim dividend of J$0.55 per share, payable on June 19, 2026, to stockholders on record at close of business on May 29, 2026.
- Pan Jamaica Group Limited (PJAM) announced a first interim dividend of J$0.175 per share, payable on June 25, 2026, to shareholders on record as at May 29, 2026.
- Dolla Financial Services Limited (DOLLA) declared an interim dividend of J$0.037 per share, to be paid on July 13, 2026, to shareholders on record as at June 29, 2026.
- VM Investments Limited (VMIL) approved an interim dividend of J$0.02 per share, payable on June 4, 2026, to shareholders on record as at May 25, 2026.
- Productive Business Solutions Limited (PBS) declared dividends on its two perpetual preference share classes: US$0.23125 per share on the 9.25% USD prefs, and J$25.890411 per share on the 10.50% JMD prefs, both payable on July 2, 2026 to holders of record as at May 28, 2026.
- Kintyre Holdings (JA) Limited (KNTYR) announced a new leadership team for its real estate subsidiary and a strategic management partnership with Parallel Real Estate Ventures Limited, aiming to broaden the company's operational capacity and market reach.

Recently Released Key Economic Events				
Country/Region	**Event**	**Actual**	**Forecast**	**Previous**
	Tuesday, May 12, 2026			
USA	CPI MoM	0.6%	0.6%	0.9%
USA	CPI YoY	3.8%	3.7%	3.3%
	Wednesday, May 13, 2026			
USA	PPI Final Demand MoM	1.4%	0.5%	0.5%
USA	PPI Final Demand YoY	6.0%	4.8%	4.0%
	Thursday, May 14, 2026			
UK	GDP QoQ	0.6%	0.6%	0.6%
UK	GDP YoY	1.1%	0.8%	0.8%
UK	Manufacturing Production MoM	1.2%	-0.1%	-0.1%
UK	Manufacturing Production YoY	1.2%	0.2%	0.2%
	Friday, May 15, 2026			
USA	Manufacturing Production MoM	0.6%	0.2%	-0.1%
	Tuesday, May 19, 2026			
Canada	CPI YoY	2.8%	3.1%	2.4%
	Wednesday, May 20, 2026			
UK	CPI MoM	0.7%	0.9%	0.7%
UK	CPI YoY	2.8%	3.0%	3.3%
Eurozone	CPI YoY	3.0%	3.0%	3.0%
Eurozone	CPI MoM	1.0%	1.0%	1.0%
USA	FOMC Meeting Minutes	--	--	--
	Thursday, May 21, 2026			
UK	S&P Global UK Manufacturing PMI	--	53.0	53.7
UK	S&P Global UK Composite PMI	--	51.6	52.6
USA	S&P Global US Manufacturing PMI	--	53.8	54.5
USA	S&P Global US Composite PMI	--	51.8	51.7
	Thursday, May 28, 2026			
USA	PCE Price Index YoY	3.8%	3.8%	3.5%
	Friday, May 29, 2026			
Canada	GDP MoM	-0.1%	0.0%	0.2%
Canada	GDP YoY	0.4%	0.9%	1.0%
	Monday, June 1, 2026			
UK	S&P Global UK Manufacturing PMI	53.9	53.7	53.7
Eurozone	Unemployment Rate	6.3%	6.2%	6.2%
Canada	S&P Global Canada Manufacturing PMI	52.9	--	53.3
USA	S&P Global US Manufacturing PMI	55.1	55.3	55.3
USA	ISM Manufacturing	54.0	53.0	52.7
	Tuesday, June 2, 2026			
Eurozone	CPI YoY	3.2%	3.2%	3.0%
Eurozone	CPI MoM	0.1%	0.1%	1.0%
	Wednesday, June 3, 2026			
UK	S&P Global UK Composite PMI	49.7	48.5	48.5
Eurozone	PPI YoY	4.9%	4.9%	2.1%
Canada	S&P Global Canada Composite PMI	50.8	--	49.9
USA	S&P Global US Composite PMI	51.5	51.7	51.7

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