The Outlook: How the Jamaican Economy Fared in 2025 and What It Means for 2026

The year 2025 was one of resilience for Jamaica. Despite global uncertainty and the impact of Hurricane Melissa, the economy maintained stability. This article reviews the key economic developments of 2025, including the performance of macroeconomic indicators, policy actions taken, and capital market trends, and explores what they mean for investors heading into 2026.

Economic Performance, Policy Landscape & Capital Markets

Economic growth was steady. Real GDP, which expanded in the low single digits in the second quarter, grew by 1.2% year-on-year. This was led by gains in agriculture, construction, and tourism. Stopover arrivals surged to near-record levels during the July–September peak season. Amid the aftermath of Hurricane Melissa, fourth-quarter growth is anticipated to slow given the devastation in the western parishes.

Inflation remained subdued for most of the year, dipping to 1.2% in August, before climbing to 2.9% in October and rising to 4.4% in November, as storm-related supply shocks pushed food and material prices higher. Core inflation, however, stayed within the BOJ's 4–6% target range, while unemployment averaged a record low of 3.3%. External buffers were strong with Net International Reserves peaking at a record US$6.15 billion in August and holding above US$6.13 billion in October, covering more than 50 weeks of imports. The Jamaican dollar depreciated by 3.79%, moving from J$155.6 per US$ in January to J$161.5 by October. The Bank of Jamaica supported stability by targeted FX interventions, including three B-FXITT flash sales in October totaling US$90 million, followed by an unprecedented seven interventions in

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November totaling over US$210 million.

The policy rate began the year at 6.00% but was cut 25 bps to 5.75% in May. Thereafter the rate was held steady by the Central Bank. The Ministry of Finance maintained its presence in the market with frequent auctions of Certificates of Deposit (CDs), Treasury Bills (T-Bills) and Fixed Rate Benchmark Investment Notes. With strong liquidity in the market, these offers were largely oversubscribed and yields continued to trend lower, falling below 6% on all tenures of the T-Bills.

In February, Fitch had affirmed Jamaica's credit rating at 'BB-' with a positive outlook, citing strong debt reduction and fiscal discipline; however, following Hurricane Melissa, the outlook was revised to stable while the rating was maintained. On September 25, 2025, S&P Global Ratings upgraded Jamaica's long-term foreign and local currency sovereign credit ratings from 'BB-' to 'BB', keeping a positive outlook. This marked the first upgrade since 2023 and placed Jamaica just two notches below investment grade.The upgrade was justified by sustained fiscal discipline, including a primary surplus above 3% of GDP for over a decade, significant debt reduction with net general government debt projected to fall below 48% of GDP in 2025, and strong institutional frameworks supported by broad political consensus. It acknowledged Jamaica's improved resilience through robust disaster response and enhanced monetary policy independence via the Bank of Jamaica, alongside positive economic indicators such as rebounding growth, controlled inflation, and strengthening external balances.

Capital market performance reflected a cautious investor outlook. The Combined Market, Main Market and Junior Market fell 4.19%, 3.86%, and 8.01% respectively YTD, despite intermittent rallies due to strong earnings results. Trading was concentrated in stocks such as TransJamaican Highway (TJH) and Wigton Energy (WIG). Several corporate actions signaled companies repositioning strategically.

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Early in the year VM Investments offered a J$5 billion bond, while Atlantic Hardware made its debut in April with a Junior Market initial public offer at a price of $1.00.

Tropical Battery made a big move graduating to the Main Market in September, following its additional public offer which was primarily for the purpose of reducing the debt incurred from its acquisition of Rose Batteries. Meanwhile GraceKennedy's completed its acquisition of Key Insurance in April with its takeover bid. Dividends from companies such as Carreras, Caribbean Cement, and Massy also provided handsome cash returns in a year when capital gains were scarce.

Hurricane Melissa & Market Signals

Category 5, Hurricane Melissa's landfall in late October caused US$6–7 billion in damage to infrastructure, housing, tourism assets, and agriculture. Disruptions to production and the consequent supply shortages pushed inflation higher. However, the magnitude of the hurricane unlocked insurance payouts, donor inflows, and multilateral support, setting up a pipeline for the reconstruction of roads, utilities, hotels, and housing to be rolled out over several years. This will drive activity in construction, building materials, and utilities well into 2026 and beyond.

Outlook for 2026

Jamaica enters 2026 from a position of cautious strength with anaemic growth in the low single digits, unemployment at historic lows, FX reserves high, and other positive macroeconomic indications along with potential upside from reconstruction, and the expectation for inflation to normalize.

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For investors, the focus is reconstruction and resilience. The local macroeconomic environment calls for strategic investment choices. Opportunities will favor companies with strong balance sheets, exposure to infrastructure and consumer essentials, and proven ability to navigate volatility. Positioning early and thoughtfully is key to capturing Jamaica's next leg of growth. Investors should watch this space for our Top 10 Stock Picks for 2026 and speak with their wealth advisor to align portfolios with these emerging trends.