

Q1 | January - March 2026

▶ Market Review & Outlook

US & TT Perspectives



Navigating Economic Dynamism by Anchoring on Quality

US | Market Review & Outlook

Q1 | JANUARY - MARCH 2026 | WRITTEN: APRIL 13TH 2026

The U.S. economy entered 2026 with moderating but still resilient momentum following the strong expansion observed through much of 2025. Economic activity continued to expand during the first quarter, with real GDP estimated to have grown at an annualized pace of approximately 2.90%, reflecting a still resilient US consumer, alongside continued capital expenditure investments in technology and artificial intelligence.

ECONOMIC INDICATORS

| | Q2 2025 _A | Q3 2025 _A | Q4 2025 _A | Q1 2026 _P | CY 2025 _A | CY 2026 _P |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Real GDP (YoY%) | 2.10 | 2.30 | 2.00 | 2.90 | 2.10 | 2.20 |
| CPI (YoY%) | 2.40 | 2.90 | 2.70 | 2.70 | 2.70 | 3.10 |
| Housing Starts ('000s monthly avg.) | 1,354 | 1,346 | 1,328 | 1,359 | 1,357 | 1,360 |
| Unemployment (%) | 4.20 | 4.30 | 4.50 | 4.30 | 4.30 | 4.50 |
| Interest Rate - Fed Res. (%) | 4.50 | 4.25 | 3.75 | 3.75 | 3.75 | 3.37 |

(A) Actual (P) Preliminary (F) Forecast

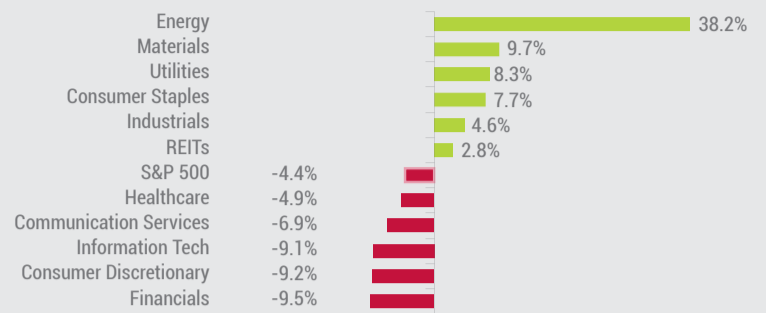
Inflation trends remained mixed during the quarter. Consumer price inflation averaged approximately 2.7% year-over-year, with core inflation measures remaining somewhat elevated relative to the Federal Reserve's long-term target. While inflation has declined significantly from the peaks experienced earlier in the cycle, services inflation and renewed volatility in global energy markets slowed the pace of disinflation. Against this backdrop, the Federal Reserve maintained the Federal Funds target range at 3.50%–3.75%, continuing to emphasize a data-dependent approach toward future policy adjustments.

The labour market remained broadly resilient, though signs of gradual normalization continued to emerge. The unemployment rate averaged approximately 4.3% during the quarter, while job creation continued at a steady but slower pace compared with the strong labour market conditions observed in prior years. Wage growth moderated modestly but remained supportive of household consumption.

Housing activity showed tentative signs of stabilization after experiencing a significant adjustment over the past two years. Housing starts averaged approximately 1.35 million units on an annualized basis, supported by underlying demographic demand but constrained by elevated mortgage rates and affordability challenges.

Financial markets experienced greater volatility during the quarter as investors reassessed expectations surrounding inflation, monetary policy, and geopolitical developments.

TOTAL RETURN Q1 2026 BY SECTOR: S&P 500



Within equity markets, performance was characterized by greater dispersion across sectors compared with the broad-based rally observed during much of 2025. Energy emerged as one of the strongest performing sectors during the quarter, supported by rising oil prices and geopolitical tensions in the Middle East. Utilities and Materials also performed relatively well, benefiting from their defensive characteristics and exposure to commodity price dynamics.

Conversely, some of the sectors that had led market performance in prior quarters experienced periods of consolidation. Consumer Discretionary and Communication Services were among the weaker performers, as investors rotated toward sectors perceived as more resilient in an environment of heightened macro uncertainty and rising input costs.

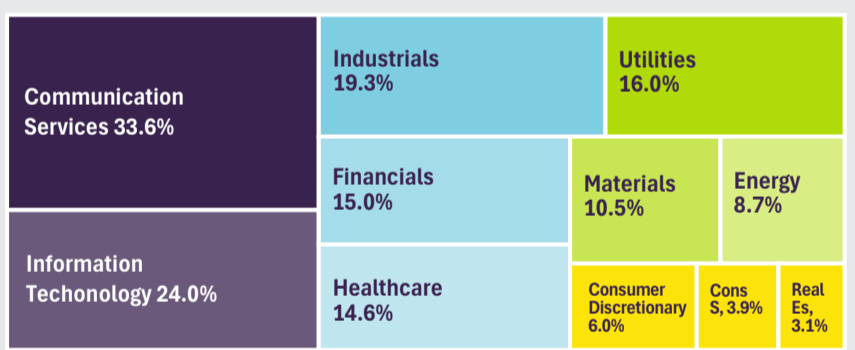
Despite the increased volatility, broader equity markets remained supported by relatively strong corporate earnings and continued investor optimism surrounding long-term productivity gains driven by technological innovation, particularly advancements in artificial intelligence and digital infrastructure.

In fixed income markets, Treasury yields fluctuated throughout the quarter as investors recalibrated expectations around the trajectory of monetary policy. The U.S. 10-year Treasury yield traded within a range of approximately 4.1% to 4.4% during the quarter, reflecting ongoing uncertainty surrounding inflation dynamics and the timing of potential interest rate adjustments.

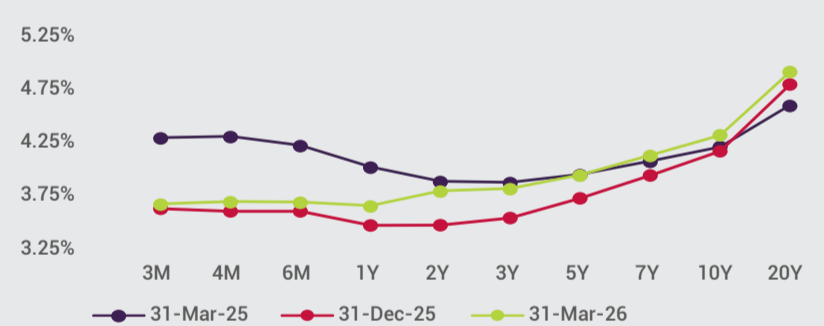
Credit markets softened within the quarter, as evidenced by widened spreads compared with the tight levels observed toward the end of 2025. Investment-grade corporate bond spreads moved modestly higher, reflecting increased risk sensitivity among investors amid geopolitical developments and a more cautious macro-outlook. High-yield spreads also widened moderately, though default rates remained relatively contained and corporate balance sheets generally healthy.

Overall, the first quarter of 2026 reflected an economy transitioning toward a more balanced phase of growth. While economic momentum has moderated relative to earlier periods of the expansion, underlying fundamentals remain supportive, with resilient consumer demand, stable labour market conditions, and continued investment in productivity-enhancing technologies providing an important foundation for economic activity.

TOTAL RETURN FY 2025 BY SECTOR: S&P 500



US TREASURY YIELDS



INVESTOR OUTLOOK

Financial markets are entering a phase where macroeconomic stability can no longer be taken for granted. The combination of geopolitical tensions, evolving financial market structures, and rapid technological change suggests that the next stage of the economic cycle will likely be characterized by greater volatility and increased dispersion across asset classes.

One of the most immediate risks confronting markets centers on the escalating conflict involving Iran and its potential implications for global energy supply. Early market reactions to geopolitical events often assume that disruptions will be temporary. However, historical experience suggests that conflicts involving strategically important regions frequently persist longer than initially expected and can produce lasting economic consequences.

The Russia-Ukraine conflict offers a clear reminder of how quickly geopolitical shocks can evolve into prolonged structural shifts in global energy markets and trade flows. Should tensions in the Middle East remain elevated, the duration of the conflict may ultimately prove longer than current market expectations suggest.

Even in the absence of significant physical supply disruptions, geopolitical uncertainty alone can introduce a persistent risk premium into energy markets. Oil price volatility tends to transmit through the global economy via higher production costs, increased transportation expenses, and reduced real household purchasing power. These secondary effects can weigh on global economic growth even when the initial supply shock is limited.

There are also broader financial parallels worth considering. Periods of external shocks have historically exposed vulnerabilities within the global financial system. During the Asian Financial Crisis of 1997, tightening financial conditions and capital outflows amplified pressures across several emerging economies that relied heavily on external financing. While today's global financial system is more resilient, the episode illustrates how sudden external shocks can interact with existing financial imbalances.

One area receiving increasing scrutiny in this regard is the rapid expansion of private credit markets. Over the past decade, private lending has become an increasingly important source of corporate financing as traditional banks reduced direct exposure

to certain lending activities. While this shift has broadened access to capital, it has also created segments of the credit market that operate with limited transparency and less frequent price discovery.

In stable economic conditions, private credit structures have functioned effectively. However, should financial conditions tighten further or refinancing cycles become more challenging, valuation adjustments within private lending portfolios could unfold gradually over time. The absence of continuous market pricing means that credit stress may emerge more slowly but could persist for longer periods once refinancing pressures begin to build.

Despite these uncertainties, the long-term investment landscape remains shaped by powerful structural forces. Technological transformation, particularly advancements in artificial intelligence, automation, and digital infrastructure is reshaping the global economy at an accelerating pace. Periods of technological change have historically generated substantial economic value, though the benefits tend to accrue disproportionately to the companies building the platforms that enable these innovations.

For equity markets, this suggests that selectivity will become increasingly important. While broad market indices experienced strong gains in the previous cycle, the next phase of the market may be defined less by multiple expansion and more by earnings durability, balance sheet strength, and exposure to long-term structural growth trends.

Within fixed income markets, higher yields relative to the previous decade have improved the income potential of high-quality bonds. Investment-grade corporate credit and select segments of structured credit may offer attractive risk-adjusted opportunities, particularly for investors seeking stability and income generation in a more uncertain macro environment.

Ultimately, the global economy appears to be entering a transitional period. The interaction between geopolitical developments, evolving financial market structures, and rapid technological change is likely to produce periods of volatility as markets adjust to a new set of economic realities.

For investors, maintaining diversification, emphasizing quality assets, and remaining anchored to long-term structural investment themes will remain critical in navigating the evolving landscape ahead.

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Progress in Energy Development Meets an Increasingly Complex Landscape

Economic conditions in Trinidad and Tobago during the first quarter of 2026 reflected a continuation of the modest recovery that began during 2025. According to projections from the International Monetary Fund and estimates compiled from national statistics, the economy expanded by approximately 1.0% in 2025, with similar moderate growth expected in the near term.

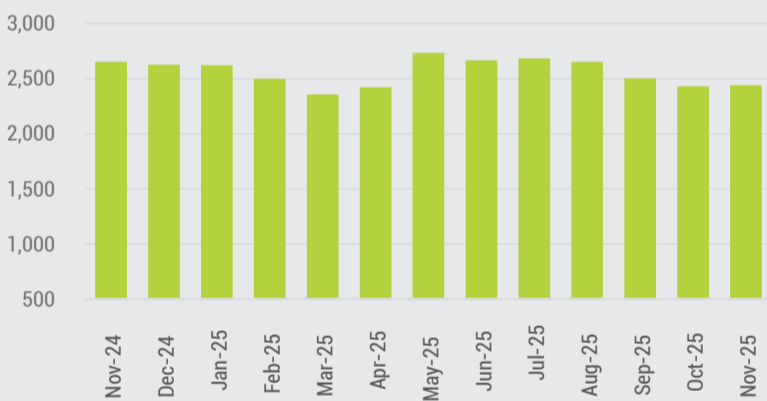
| ECONOMIC STATISTICS | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Q4 2024 _A | Q1 2025 _A | Q2 2025 _A | Q3 2025 _A | CY 2025 _F | CY 2026 _P |
| Real GDP (YoY) | 3.4% | -2.1% | 2.6% | -1.1% | 1.0% | 3.2% |
| CPI Growth (YoY) | 0.5% | 0.2% | 0.5% | 1.3% | 1.5% | 2.3% |
| Debt/GDP | 82.6% | 83.5% | 85.1% | 84.5% | 85% | 84.7% |
| Unemployment | 5.50% | 4.90% | 3.80% | 4.80% | 4.9% | 5.0% |
| Labour Participation | 55.9% | 54.3% | 55.1% | 54.6% | N/A | N/A |

(A) Actual (F) Forecast Data via S&P Global Ratings

Recent data from the Central Bank of Trinidad and Tobago and the Central Statistical Office of Trinidad and Tobago indicate that non-energy sectors, including distribution, construction, financial services, and tourism, provided modest support to overall activity during the period. However, energy sector performance remained the dominant influence on overall economic output.

Inflation remained relatively contained during late 2025 and into early 2026. Consumer price inflation averaged approximately 0.65% year-on-year, reflecting stable domestic demand and moderation in global food prices. Monetary policy remained broadly supportive of economic activity, with interest rates remaining relatively stable as authorities balanced growth considerations with external sector stability. Labour market indicators showed gradual improvement. The unemployment rate remained close to 5%, reflecting moderate job creation in services and construction alongside relatively stable employment in the public sector.

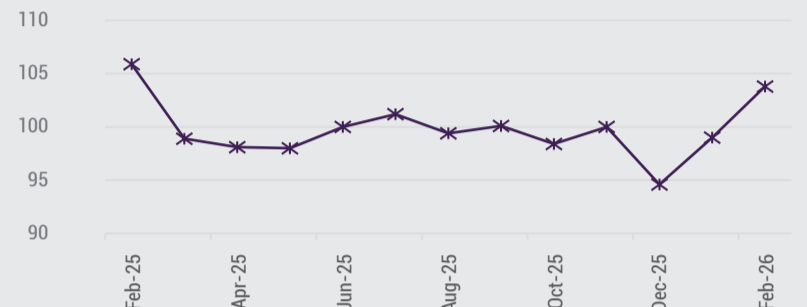
NATURAL GAS PRODUCTION (MMSCF/D)



Foreign exchange availability continued to present a key constraint for businesses. In December net official reserves rebounded to \$5.37 billion, subsequently remaining relatively stable at approximately US\$5.4–US\$5.7 billion, equivalent to roughly 6.3–6.7 months of import cover. Although this reserve level remains adequate by international benchmarks, the private sector continues to face challenges accessing foreign currency due to persistent supply shortages linked to lower energy export receipts.

Several developments during the quarter have the potential to materially reshape the outlook for Trinidad and Tobago's energy sector. The most significant relates to progress on cross-border gas development between Trinidad and Venezuela. The Dragon gas field, located offshore Venezuela, contains an estimated 4–4.5 trillion cubic feet of natural gas reserves. Development of the field is expected to supply roughly 300–350 million cubic feet of gas per day to Trinidad for processing once production begins.

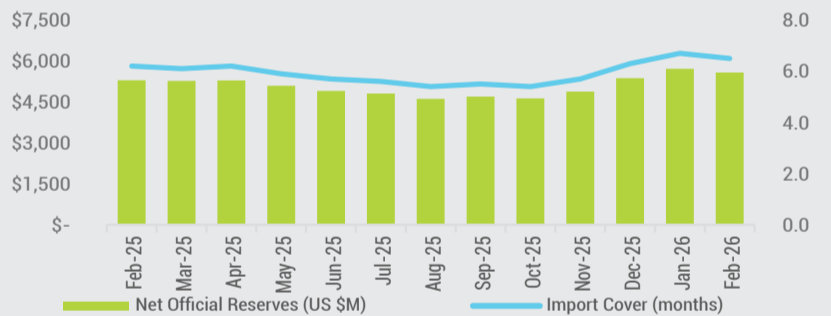
ENERGY COMMODITY PRICE INDEX



In addition, progress continues on the Manatee gas project, operated by Shell and located offshore Trinidad. The Manatee field represents the Trinidad portion of the Loran-Manatee reservoir and contains approximately 2.7 trillion cubic feet of natural gas reserves. Production from the field is expected to reach around 600 million cubic feet per day when fully developed, with first gas anticipated later in the decade.

Several domestic upstream projects are also progressing. These include developments such as Mento, Ginger, and Aphrodite, which are expected to contribute incremental gas supply and help stabilise domestic production levels. Taken together, these developments suggest that the period of declining natural gas supply that constrained LNG and petrochemical output in recent years may gradually begin to reverse.

NET OFFICIAL RESERVES AND IMPORT COVER



INVESTOR OUTLOOK

Looking ahead, the outlook for Trinidad and Tobago's economy is becoming increasingly linked to renewed developments in the energy sector. After several years of declining gas production, the pipeline of upcoming upstream projects suggests that the country could be entering a new phase of investment and production growth.

The combination of projects currently under development could materially strengthen Trinidad's natural gas supply over the medium term. Production from the Dragon field could supply approximately 300–350 million cubic feet per day, while the Manatee project could deliver up to 600 million cubic feet per day when fully operational. Additional domestic projects such as Mento, Ginger, and Aphrodite are expected to contribute further incremental volumes. If these projects progress according to current timelines, Trinidad could eventually see close to 1 billion cubic feet per day of additional gas supply over the medium term.

This additional supply would be critical for restoring utilisation rates at the country's LNG and petrochemical facilities, which have been operating below capacity in recent years due to gas shortages. The emerging pipeline of gas developments has drawn comparisons with the energy expansion experienced during the late 1990s and early 2000s, when large offshore discoveries and the development of the Atlantic LNG complex transformed Trinidad and Tobago into one of the world's major exporters of liquefied natural gas.

While the scale of the current developments may not immediately replicate that earlier boom cycle, the underlying dynamics are similar.

Increased gas availability could stimulate higher LNG production, stronger petrochemical exports, and increased foreign exchange inflows. This, in turn, could encourage renewed investment in energy infrastructure, downstream industries, and energy services.

Improved gas supply prospects are likely to strengthen investor confidence in Trinidad's energy sector. Greater upstream investment could support job creation and stimulate activity across related industries including logistics, engineering, and energy services. Higher LNG production would also help increase foreign exchange inflows, which could ease pressure on the domestic foreign exchange market and support broader economic activity. The success of cross-border energy projects will depend heavily on diplomatic relations between Trinidad and Venezuela. Continued cooperation between both countries will be essential to ensure that projects such as Dragon proceed smoothly.

At the same time, Trinidad appears to maintain favourable political relations with the United States. U.S. support for licensed energy cooperation between Trinidad and Venezuela has helped facilitate progress on projects that were previously stalled. Overall, the economy continues to face structural challenges, including limited diversification, foreign exchange constraints, and fiscal pressures but improving prospects in the energy sector provide a potential catalyst for renewed activity. If upstream developments progress successfully and policy reforms strengthen the investment environment, Trinidad could experience a gradual improvement in economic activity, investment, and external balances over the coming years.

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