



Local Fixed Income Report

Q3 2026

SHEPPARD

A stylized graphic element below the word "SHEPPARD", consisting of a series of horizontal lines that form a wide, shallow, upward-pointing curve or "V" shape.

Market Overview

The local fixed income market through Q3 2026 was characterized by higher yields, resilient investor participation and a modest increase in primary market supply relative to the comparable period in 2025. Overall activity remained concentrated in government and government-linked securities, although increased corporate issuance provided some diversification in primary market supply. The yield curve also remained upward sloping, with yields above September 2025 levels.

- **Government & Quasi-Government Activity:** Government and government-linked borrowing continued to dominate primary market activity. Government issuance totaled approximately TT\$5.42 billion, compared with TT\$6.67 billion in the same period last year, while quasi-government issuance rose to TT\$2.39 billion from TT\$1.33 billion. Together, these segments continued to account for the majority of primary market supply.

Investor Takeaway: Government and government-linked securities remain a core component of the local fixed income market.

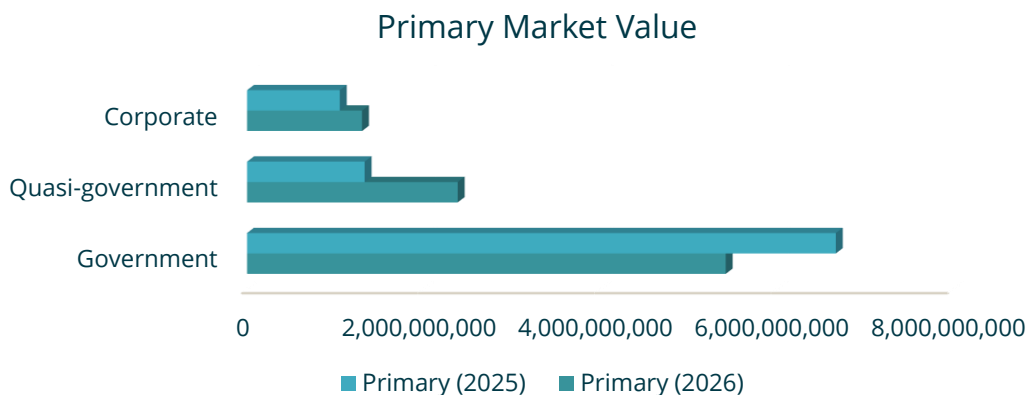
- **Corporate Issues:** Corporate primary market activity strengthened, with issuances rising to TT\$1.30 billion from TT\$1.05 billion year-on-year. The increase provided investors with a broader range of opportunities outside the government and quasi-government segments.

Investor Takeaway: Given continued demand for corporate credit relative to supply, new issues are likely to attract strong investor interest.

- **Interest Rates Landscape:** Yields remained higher year-on-year across the curve. The movement, however, was not proportional across maturities. Increases ranged from as low as 15 basis points, up to 90 basis points, with greater variation at the short and medium ends of the curve and more consistent year-on-year movements at longer maturities.

Investor Takeaway: Higher yields continue to improve income opportunities for investors across most maturities.

Market Activity



Primary Market Activity:

Primary market issuance through the third quarter amounted to TT\$9.11 billion, representing a modest year-on-year increase, even as the number of primary offers declined slightly from 22 to 21. Issuance also increased on a quarter-on-quarter basis during Q3. The higher issuance value alongside fewer offers suggests that overall supply increased despite a modest reduction in the number of issues.

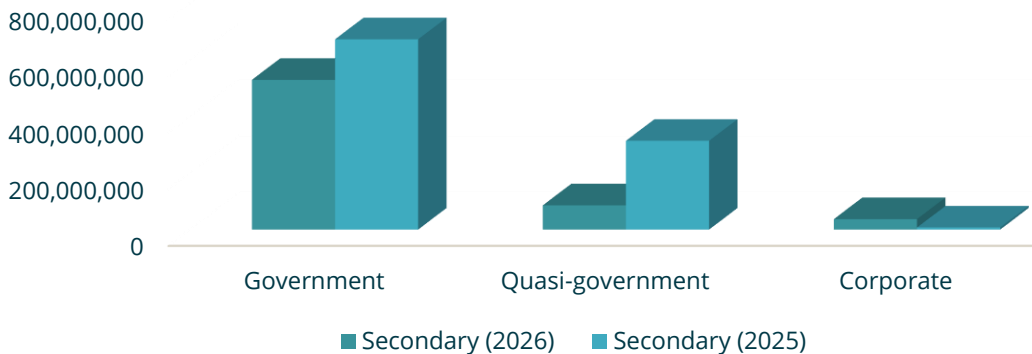
Market Overview

Primary Market Activity Continued:

Treasury bill demand remained healthy, with 20 of the 36 bills issued oversubscribed, 12 fully subscribed and 4 undersubscribed. While oversubscribed and fully subscribed issues were broadly unchanged, the marked decline in undersubscribed issues points to resilient investor participation. On a quarter-on-quarter basis, treasury bill yields moderated, potentially reflecting increased bond issuance and reduced competition for funding as supply improved.

Investor Takeaway: With fewer primary offers and resilient demand, timely participation remains important for investors seeking new issues. Speak to your advisor to ensure you are well positioned for upcoming opportunities.

Secondary Market Value



Secondary Market Activity:

Secondary market activity was also subdued relative to the comparable period in 2025, with the number of offers declining from 70 to 66, alongside a reduction in overall value offered. Government securities continued to anchor the market, but quasi-government offer value fell significantly, while the value of corporate offers increased.

The softer activity may partly reflect investors' preference to hold existing positions, particularly in a market where the availability of attractive securities was relatively limited. Nevertheless, liquidity remained sufficient for clients seeking to reposition across government, quasi-government and corporate holdings.

Treasury bill trading, however, showed stronger transaction activity, demonstrating double-digit growth year-on-year during the first half of 2026.

Investor Takeaway: The thinner secondary market reinforces the importance of monitoring available supply, particularly for investors looking to reposition. Treasury bills, however, continue to provide an active option for investors seeking shorter-term exposure.

Yield Curve Analysis

The yield curve was higher year-on-year across the curve. The increase in rates, however, was not uniform. Instead, the degree of repricing differed by tenor. At the short end, the 90-day, 180-day and 1-year rates increased by 52, 39, and 42 basis points, respectively. The 2-year rate, on the other hand, recorded a more subdued increase of just 15 basis points, making it a notable exception to the broader upward movement at the short end of the curve.

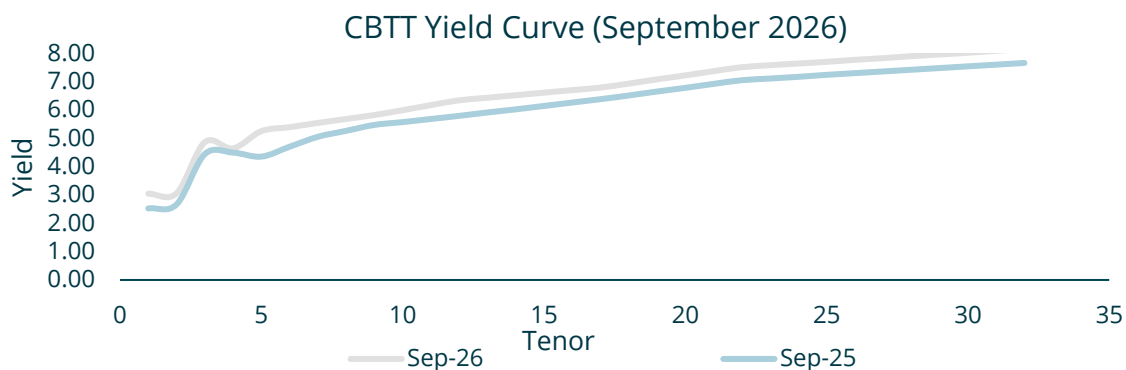
Medium to long term yields also increased, generally by 40 to 50 basis points year-on-year, although the 3-year, 4-year and 10-year tenors recorded larger increases:

- 3-year: rose by 90 basis points
- 4-year rose by 69 basis points
- 10-year: rose by 55 basis points

The uneven repricing may reflect differences in supply and market activity across individual tenors. With more bonds coming to market following a slow start to the year, increased supply further along the curve may have reduced some pressure on treasury bill yields, contributing to more contained movements at the short end.

The 3-year tenor represented the clearest outlier, increasing by 90 basis points year-on-year. A new 3-year government tranche issued at 5.55% may have provided a fresh pricing point; however, the absence of comparable movements at other tenors where new securities were issued suggests that tenor-specific demand, liquidity or pricing dynamics may also have contributed to the outsized movement.

Beyond the exceptions, repricing became more consistent further along the curve, particularly from the 10-year point onward.



What This Means For Investors

Higher yields have improved income opportunities across the curve, but differences in yield movements across maturities mean that some tenors may offer better value than others.

- **Short-Term:** This segment may appeal to investors prioritizing income, liquidity, capital preservation and flexibility.
- **Medium-Term:** This portion of the curve shows the greatest variation in year-on-year repricing. With some maturities offering better value than others, investors should consider yields alongside market activity and liquidity when assessing opportunities.
- **Long-Term:** Long-dated yields remain higher year-on-year, providing investors with an opportunity to lock in higher yields for longer, particularly where longer-term income is the objective.

Market Outlook

Looking ahead, the direction of the local fixed income market is likely to be shaped by both the domestic macroeconomic environment, the pace of new issuance and developments in the energy sector.

Given the importance of energy revenues to the domestic economy and government finances, continued global supply concerns and elevated energy prices could provide some support to government revenues and, by extension, the fiscal position. The latest Budget also projects a smaller fiscal deficit than the previous year's estimate, which could help limit government financing requirements and the need for further borrowing.

Additionally, projected increases in domestic energy production from 2027, combined with supportive energy prices, could further strengthen government revenue and the fiscal position. However, the extent to which the Government may benefit will largely depend on actual production levels and prevailing energy prices.

Market supply will also remain an important consideration. Government bond issuance picked up following a slower start to the year. Should this continue, additional supply could influence yields at specific maturities along the curve. Meanwhile, on the corporate side, demand continues to exceed supply, which should remain supportive of new issues. However, elevated borrowing costs and potentially limited funding requirements may continue to influence the pace at which companies access the market.

Given these factors, investors should continue to monitor fiscal developments, government borrowing requirements, foreign exchange conditions, and energy sector performance, as these factors are likely to remain important drivers of the local fixed income market during the remainder of 2026.

Market Opportunities

Secondary Market Opportunities			
Type	Maturity Bucket	Indicative Yields	Currency
Quasi-Government	1-3 years	4.56%- 4.73%	TTD
Government	5-7 years	4.59% - 5.29%	TTD
Government	7-10 years	5.26% - 5.64%	TTD

Note that issuers and specific security names have been omitted due to confidentiality restrictions. Information is provided for indicative market insight only. Clients interested in available opportunities are invited to contact their advisor for additional details.

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