



SPECIAL NEWS FEATURE • GLOBAL MARKETS • 2026

THE 2026 WORLD RISK MAP

What Damodaran's Equity Risk Premiums Mean for the Caribbean

Belarus, Lebanon, Sudan and Venezuela top the world's riskiest investment destinations at 30.9%. Switzerland, Singapore and Canada anchor the safest at 4.2%. Jamaica sits at 8.9%, Barbados at 11.4%, Trinidad & Tobago at 8.1%, Guyana at 6.3%. Here is what the 2026 numbers reveal about where capital will flow — and why Caribbean risk appetite has to evolve.

RISKIEST BAND

30.9%

4 countries

SAFEST BAND

4.2%

12 countries

SUB-5% CLUB

19

nations total

PRODUCTION DETAILS

Published by: Business Access Television (BATV) — A Dawgen Global Media Platform

Feature Date: April 2026

Editorial Desk: Caribbean Business Intelligence

FEATURE STORY

WHERE THE WORLD'S CAPITAL IS NERVOUS

KINGSTON — The latest 2026 world investment risk map, built on equity risk premium estimates from Professor Aswath Damodaran of NYU Stern, tells a story that every Caribbean boardroom, pension fund manager and finance minister should be reading carefully. The gap between the world's safest markets and its most fragile ones has widened into a canyon: stable economies cluster at 4.2% to 5%, while Belarus, Lebanon, Sudan and Venezuela each carry equity risk premiums of **30.9%** — roughly seven times higher than Canada, Germany or Singapore.

An equity risk premium is the extra return investors demand to place capital in a specific country above what they would accept in a mature, low-risk market. It is the price of uncertainty. The higher the number, the more investors must be paid to tolerate the political, legal, monetary and governance conditions on the ground.

"Risk premiums are not academic numbers. They decide whose factory gets built, whose bond gets issued, and whose pension fund writes the cheque."

— BATV Editorial, April 2026

For the Caribbean, the 2026 numbers are a mixed verdict. The region does not appear in the danger zone of 15% and above. But it does not enjoy the luxury of the sub-5% club either. Most Caribbean economies sit in the 7% to 11% band — a middle tier that global investors increasingly treat as a frontier allocation: interesting, but optional. That middle-tier positioning is where the strategic conversation has to begin.

The 2026 Investment Risk Map

Below is the full Voronoi / Visual Capitalist map showing equity risk premiums across the globe, sourced from Damodaran's January 2026 estimates.

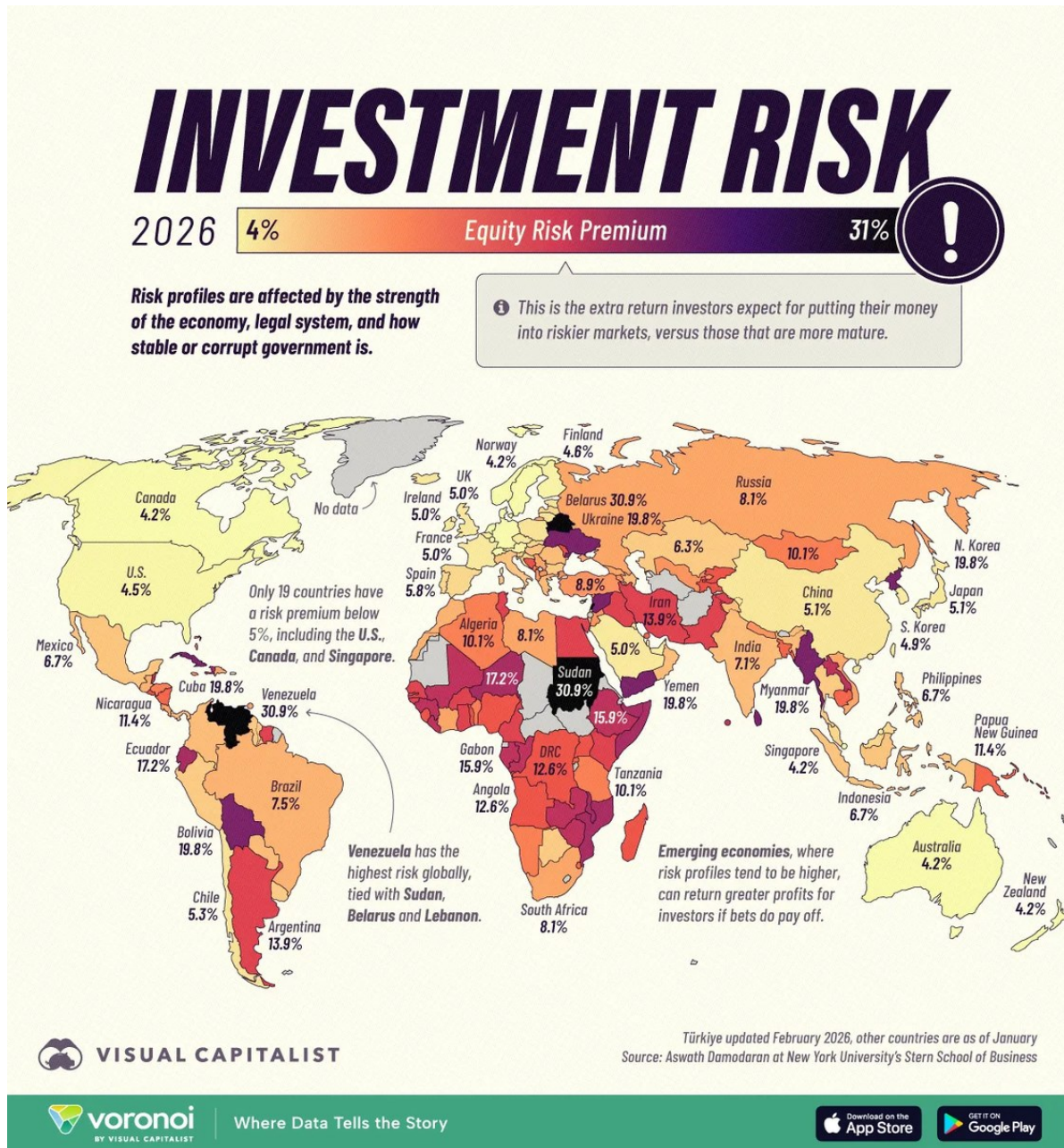


Figure 1 — Investment Risk 2026, Equity Risk Premium by Country. Source: Visual Capitalist / Voronoi, based on Aswath Damodaran (NYU Stern School of Business).

The Five Risk Bands That Define 2026

When we stack the full Damodaran dataset, a clear five-band structure emerges. Capital moves across these bands for different reasons — and with very different conditions.

BAND	RISK RANGE	TYPICAL CHARACTER	REPRESENTATIVE COUNTRIES
Tier 1	4.2% - 5.0%	Mature, stable, investment-grade	Switzerland, Singapore, Germany, Canada, Australia, Netherlands, Sweden, Norway, Denmark, United States, Japan, South Korea, United Kingdom
Tier 2	5.1% - 6.7%	Developed frontier / upper emerging	China, Japan, Chile, Poland, Czechia, Spain, Portugal, Italy, Mexico, Hungary, Indonesia, Philippines
Tier 3	7.1% - 8.9%	Mainstream emerging markets	Brazil, Greece, India, Colombia, South Africa, Vietnam, Russia, Türkiye, Trinidad & Tobago, Jamaica
Tier 4	10.1% - 13.9%	Stressed or fragile economies	Argentina, Egypt, Nigeria, Pakistan, Iran, Iraq, Ghana, Barbados, Bahamas, Papua New Guinea
Tier 5	15.9% - 30.9%	Crisis, conflict, collapse	Belarus, Lebanon, Sudan, Venezuela, Ukraine, Syria, Yemen, North Korea, Haiti, Ecuador

What sits at the extremes

The 4.2% floor is populated by a tight cluster: Australia, Canada, Denmark, Germany, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Singapore, Sweden and Switzerland — twelve jurisdictions that global investors essentially treat as interchangeable. The United States sits marginally higher at 4.5%, a premium that the original Visual Capitalist commentary attributes to political polarization, questions about Federal Reserve independence and recent dollar volatility.

At the other end, Belarus, Lebanon, Sudan and Venezuela share the global ceiling at 30.9%. Each carries a specific pathology: Belarus under sanctions and post-2020 political repression; Lebanon in governance and currency collapse; Sudan at war; Venezuela still recovering from a lost decade of oil-sector mismanagement and hyperinflation. What they share is that institutional investors — pension funds, insurance companies, sovereign wealth funds — effectively cannot participate in them without special mandates.

THE CARIBBEAN RISK MAP: A REGION WITHIN THE REGION



Capital flows across the Caribbean basin, 2026. Editorial illustration.

The Caribbean is not a single allocation. Damodaran's 2026 dataset shows a 3.4-percentage-point spread within the region alone — from Guyana and Turks & Caicos at 6.3% to Jamaica at 8.9%, Barbados at 11.4%, and Haiti at 17.2%. That spread tells investors the region is not homogenous, and it tells regional finance ministries exactly where their reform priorities need to sit.

TERRITORY	ERP 2026	READING
Cayman Islands	5.0%	Effective offshore-finance anchor. Sits in the global top tier alongside UK, France and Ireland.
Bermuda	5.3%	Lowest sovereign band in the region. Benefits from UK overseas-territory status, deep insurance-sector base, and sterling institutional framework.
Turks & Caicos	6.3%	UK overseas territory premium. Ranks alongside Israel, Peru and Thailand.
Guyana	6.3%	Oil-driven upgrade. Its ERP has compressed as production revenues, sovereign ratings and reserves have climbed — the standout regional story.
Curaçao	7.1%	Kingdom of the Netherlands constitutional linkage. Similar band to Oman, Romania and Panama.
Aruba	7.1%	Tourism-dependent but anchored by Dutch Kingdom framework.

Montserrat	7.1%	UK overseas territory — institutional linkage dominates the score despite small economy.
Trinidad & Tobago	8.1%	Hydrocarbon economy still in the comfortable emerging-market band. Same ERP as Russia, Vietnam, South Africa, Serbia.
St. Maarten	8.1%	Dutch-side institutional framework keeps the premium contained.
Jamaica	8.9%	Sits in the same band as Albania, Armenia, Jordan, North Macedonia, Nepal, Türkiye and Uzbekistan. Reflects continued fiscal discipline, but also structural growth and debt legacy.
Bahamas	10.1%	Same risk band as Algeria, Honduras, Mongolia, Montenegro. Tourism dependence and fiscal position weigh on the score.
Barbados	11.4%	Elevated band alongside Bangladesh, Bahrain, Cambodia, Rwanda and Papua New Guinea. Post-2019 restructuring is still pricing in.
St. Vincent & the Grenadines	12.6%	Bracketed with Angola, DRC, Nigeria, El Salvador, Moldova. Small-state vulnerability clearly visible.
Belize	13.9%	Same band as Argentina, Egypt, Pakistan. Reflects external debt trajectory and fiscal buffers.
Haiti	17.2%	Tier 5 territory. Effectively uninvestable for mainstream institutional capital under current conditions.
Cuba	19.8%	Alongside Bolivia, Myanmar, Sri Lanka, Syria, Ukraine, Yemen. Sanctions, scarcity, and external imbalances all priced in.

Note: The Dominican Republic registers at 8.1% in Damodaran's dataset — placing it in the same cluster as Trinidad & Tobago, South Africa and Vietnam. This puts the DR among the more competitively priced Caribbean Basin economies for external capital in 2026.

Five Implications for Caribbean Boardrooms and Ministries

1. The cost of capital gap is structural, not cyclical

A Jamaican corporate competing against a Singaporean peer is, on these numbers, facing a starting hurdle rate that is approximately 4.7 percentage points higher — before any firm-specific risk is added. A Bajan issuer competes with a 7.2-percentage-point handicap. Over a 10-year project, that gap compounds into a measurably different net present value on the same underlying cash flows. This is why pure tax competition has diminishing returns: risk perception is the bigger determinant of where capital actually lands.

2. Investment-grade branding is worth real basis points

The Kingdom-linked and overseas-territory Caribbean jurisdictions — Cayman, Bermuda, Turks & Caicos, Montserrat, Curaçao, Aruba, St. Maarten — sit in the 5.0% to 8.1% range largely because of their institutional linkage to the UK, Netherlands or established offshore frameworks. For independent Caribbean states, this is an instructive datapoint: the market pays for legal-system credibility, currency stability and regulatory predictability, in addition to headline fiscal numbers.

3. Guyana is the single most significant re-rating story in the region

At 6.3%, Guyana now prices inside countries such as Israel, Peru, Uruguay, Kazakhstan and Thailand. Its re-rating is driven by the oil production cycle, strong sovereign reserves, a sovereign wealth framework, and growth rates that have been the fastest in the world for multiple years. For Caribbean corporates, the implication is direct: Guyana is no longer just a commodities story; its cost of capital is now low enough to attract FDI in non-oil sectors — logistics, financial services, agribusiness, infrastructure — provided the bankable project pipeline matures.

"A country does not become cheap to invest in because rates fall. It becomes cheap because risk perceptions change. Guyana is the Caribbean's 2026 case study in exactly that."

— BATV Markets Desk

4. The middle-tier Caribbean story is increasingly about reform credibility

Jamaica at 8.9% now sits only 1.4 percentage points above Mexico and 1.8 percentage points above Italy — narrow, not comfortable. Jamaica's fiscal track record since 2013, its continuing primary surplus, and Bank of Jamaica's inflation framework are clearly being priced in; but the same pricing will reverse quickly if the framework is seen to wobble. For Barbados at 11.4%, the 2018 debt exchange, Bridgetown Initiative and ongoing IMF programme engagement are the reform signals that will ultimately compress the premium back toward its pre-restructuring levels. These numbers are reform-sensitive.

5. Small-state vulnerability needs a Caribbean financing innovation

When Saint Vincent sits at 12.6% and Belize at 13.9%, conventional international bond financing becomes economically punitive. This is exactly the space where regional instruments — CDB blended finance, catastrophe-linked instruments, natural-disaster clauses, the Bridgetown Agenda proposals around hybrid capital, and regional pension-fund pooling — shift from nice-to-have to essential. Damodaran's numbers are a quantified argument for the financing architecture that Caribbean leaders have been advocating at global fora.

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"The audience that reads a piece on country risk premiums is the same audience that signs RFPs, awards mandates, and sits on capital-allocation committees. This is where serious Caribbean commercial decisions are made."

— BATV Sales Desk

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RISK APPETITE: WHO IS WILLING TO BUY THE CARIBBEAN?

Understanding who actually buys risk at these premiums is as important as the numbers themselves. The behaviour of the world's three largest pools of capital tells us where the Caribbean realistically sits in the global allocation queue.

LOW RISK APPETITE Pension funds, SWFs (conservative), insurance reserves Buys: Tier 1 & 2 (below ~6%). Direct Caribbean exposure typically only through Cayman-domiciled fund structures or Bermuda-based reinsurance vehicles. <i>Caribbean touchpoint: Structural only.</i>	MODERATE RISK APPETITE EM mandates, DFIs, development banks, IFC, IDB Invest, CDB Buys: Tier 2 & 3 (5% – 9%). Natural zone for mainstream Caribbean bond issuance and infrastructure-equity placements. <i>Caribbean touchpoint: Jamaica, T&T, DR, Guyana.</i>	HIGH RISK APPETITE Hedge funds, distressed-debt funds, private equity, family offices, specialist frontier funds Buys: Tier 4 & selective Tier 5 (above 10%). Required return profile typically 15%+ IRR, often with control positions and structural protections. <i>Caribbean touchpoint: Barbados, Bahamas, Belize, SVG, Haiti restructurings.</i>
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What this means for regional issuers

- **For sovereigns in the 7-9% band:** access to emerging-market dedicated capital remains open, but demand pricing will continue to reward reform credibility and punish slippage quickly.
- **For sovereigns above 11%:** the investor base narrows sharply. DFI blended finance, concessional multilateral funding and regional pension-fund participation become the realistic execution channels, not Eurobond markets at standard spreads.
- **For corporates region-wide:** the sovereign risk premium functions as a floor. Caribbean corporates cannot generally raise external capital more cheaply than their sovereigns, which is why M&A, group restructuring, regional consolidation and offshore-domiciled holding vehicles become more important — they let strong regional companies access capital at something closer to global rates.

BOARDROOM AGENDA: FIVE QUESTIONS EVERY CARIBBEAN DIRECTOR SHOULD ASK IN Q2 2026



The boardroom discussion is increasingly about global cost of capital. Editorial photograph.

Equity risk premiums are not just a market data point. They should be appearing on your audit committee agenda, your strategy review, and your capital-planning cycle. Here is the BATV Caribbean Business Intelligence Desk's recommended boardroom agenda for the quarter.

Q1 What is our country-of-domicile risk premium — and are we pricing projects accordingly?

Using Jamaica's 8.9% or Barbados's 11.4% in a discounted cash flow model versus a global peer using 4.5% for the United States produces materially different hurdle rates. Boards should know which number their CFO is using and why.

Q2 Is our capital structure optimised for our risk tier?

In Tier 3 jurisdictions, long-duration USD debt without a matching USD revenue stream is now unambiguously expensive. Local-currency issuance, regional pension-fund participation and blended-finance structures deserve a formal look before each major refinancing.

Q3 Are we capturing the Guyana premium-compression story in our regional expansion plan?

A Caribbean corporate that has not explicitly considered its Guyana strategy in 2026 is leaving one of the region's clearest ERP-compression trades on the table. This does not mean everyone should enter — it means everyone should have taken the decision consciously.

Q4 How much of our earnings are geographically concentrated in our highest-ERP market?

If 80% of group revenue comes from a jurisdiction at 11.4% ERP, the enterprise value is, by construction, volatile to that single sovereign's perceived risk. Regional diversification into Tier 2 and Tier 3 Caribbean markets becomes an enterprise-value protection strategy, not just a growth strategy.

Q5 Are we telling our risk story at the standard the market now expects?

ERP is ultimately perception, anchored in data. Governance quality, ESG disclosure, internal audit maturity, cybersecurity posture, and the discipline of a good annual integrated report all influence how a company — and by extension its host country — is perceived. Boards that invest in telling the story properly are, in effect, investing in their own cost of capital.

CLOSING VIEW

The 2026 Damodaran map is, at one level, a simple piece of data journalism. At another, it is the clearest single picture we have of how the world's capital is allocating trust. For the Caribbean, the reading is nuanced but not bleak. The region is not in the danger zone. Several territories — Cayman, Bermuda, Guyana, T&T, the Dominican Republic — are competitively positioned in global terms. Jamaica's reform arc is being credited. Barbados is in the middle of a recognised repricing. Haiti and Cuba remain outside the mainstream capital market, with all that implies for their human development trajectories.

But the region's middle tier — the 7% to 11% cluster — is where the strategic conversation for 2026 and 2027 will take place. This is the band where reforms compound, where reputational capital is earned slowly and lost quickly, and where the financing architecture the Caribbean has been advocating at the UN, IMF and G20 meets the actual numbers that institutional investors look at. The two conversations — the policy one and the investor one — need to become one.

"Risk premium is reputation turned into basis points. The Caribbean's task in 2026 is to make sure its story, its institutions and its numbers all compound in the same direction."

— BATV | Caribbean Business Intelligence



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