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Domestic

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Trinidad and Tobago's credit rating outlook revised to *negative*

- On 24 December 2015, Standard & Poor's revised its rating outlook on T&T from *stable* to *negative*.
- T&T's long term credit rating from S&P of "A" remains unchanged.
- The *negative* rating outlook reflects a one-in-three chance of a rating downgrade in the next two years.
- The change reflects the ratings agency's expectations of prolonged low energy prices and potentially poor GDP growth prospects that could result in a steadily rising debt burden.
- While the energy sector typically contributes about 50% of government revenues, lower energy prices may mean that the sector contribute less than 20% of total government revenues in fiscal year 2015-2016.
- Falling energy prices have also sharply reduced T&T's typically large trade and current account surpluses.
- According to S&P, GDP likely contracted up to 2% in 2015, mainly because of the spillover of lower energy prices, and could fall by up to 1% in 2016.
- Net general government debt (including central bank debt) is likely to remain below 25% of GDP.
- The country's exchange rate, adjusted for different inflation rates among its trading partners, has appreciated nearly 30% since 2010, potentially affecting negatively T&T's long-term external competitiveness.
- Trinidad & Tobago is currently rated Baa2 with a *negative* outlook by Moody's Investor Services, which is three levels below the equivalent S&P rating.

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