

Monday 01st April, 2019 – 1:15 pm

Trinidad and Tobago

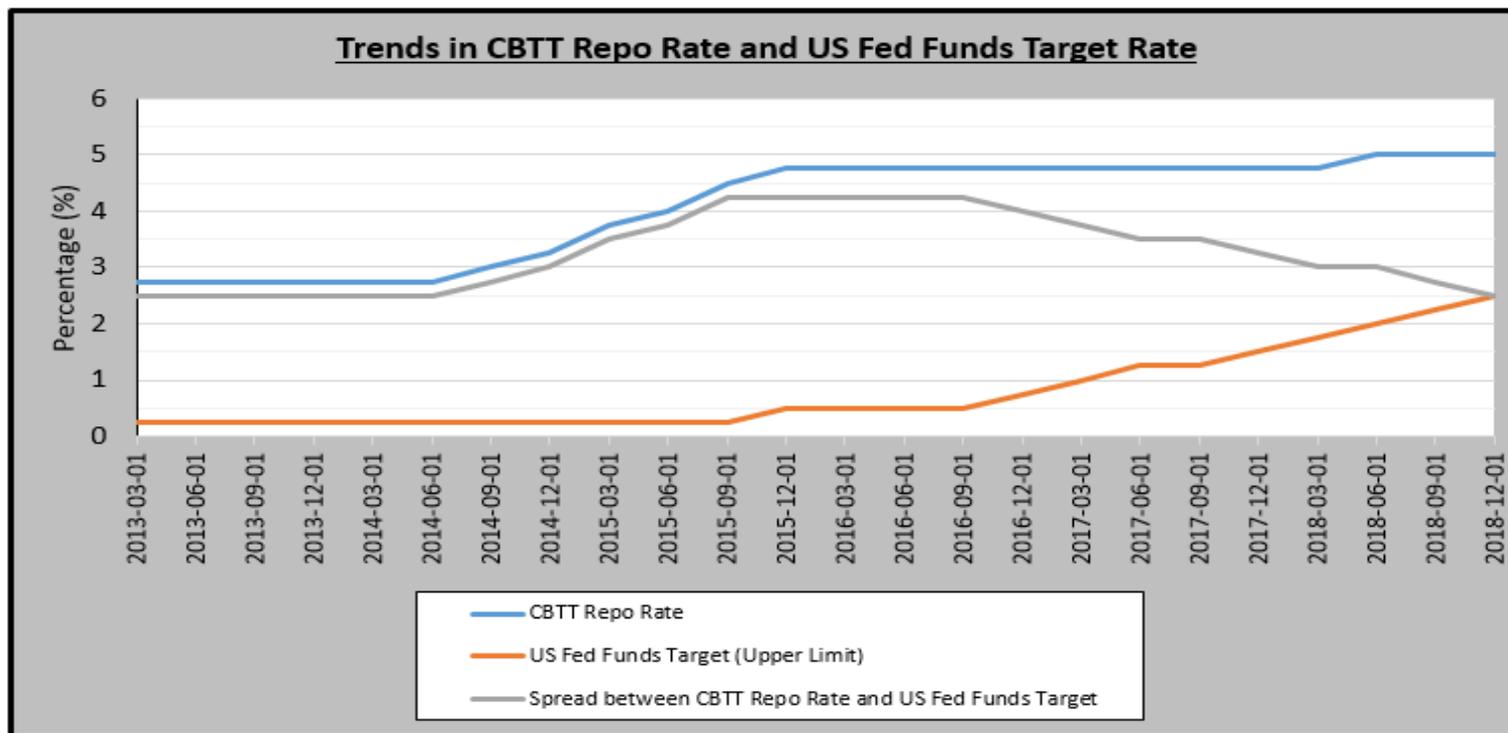
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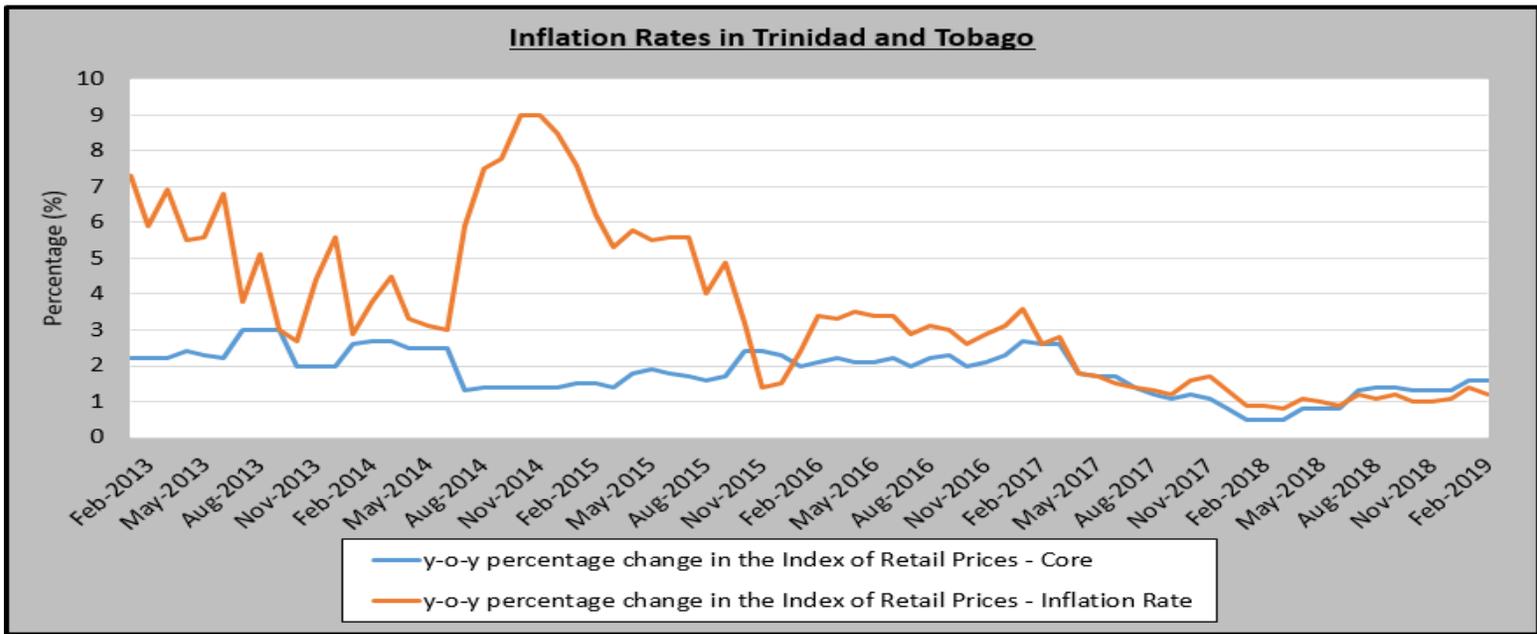
Central Bank of Trinidad and Tobago Maintains Repo Rate

- The Central Bank of Trinidad and Tobago has decided to maintain the repo rate at 5% following the meeting of the Monetary Policy Committee meeting on Friday 29 March, 2019.
- The decision was based on slowing international growth momentum, Brexit uncertainty and US-China trade tensions as well as mixed performance in the domestic economy.
- Overall, the local economy continued to recover with improvements in both the energy and non-energy sectors.
- The energy sector's boost was driven mainly by added natural gas production from Angelin and other investments. Crude production, however, is projected to continue its decline due to the maturation of the oil fields as well as the reorganization activity at Petrotrin.
- The Central Statistical Office's Index of Domestic Production showed a 26.7% increase (y-o-y) in non-energy production for the final quarter of 2018. Food manufacturing, beverages and tobacco were the main drivers of this growth.
- Data on retail sales, new car registrations and production of mined aggregates showed some stability at the end of 2018 and early 2019.
- Headline inflation remained very low at 1.2% y-o-y in February 2019. This was due to low imported inflation, demand conditions and monetary policy decisions. Slight declines were recorded for meats, fruits and vegetables but prices are anticipated to increase following the forecasted harsh dry season.
- The weighted average loan rate declined from 8.13% to 8.01% and deposit rates edged up resulting in a tightening of bank interest spreads over H2 2018. Overall credit rose by 3.2% (y-o-y) but credit to businesses fell by 3.8% (y-o-y).

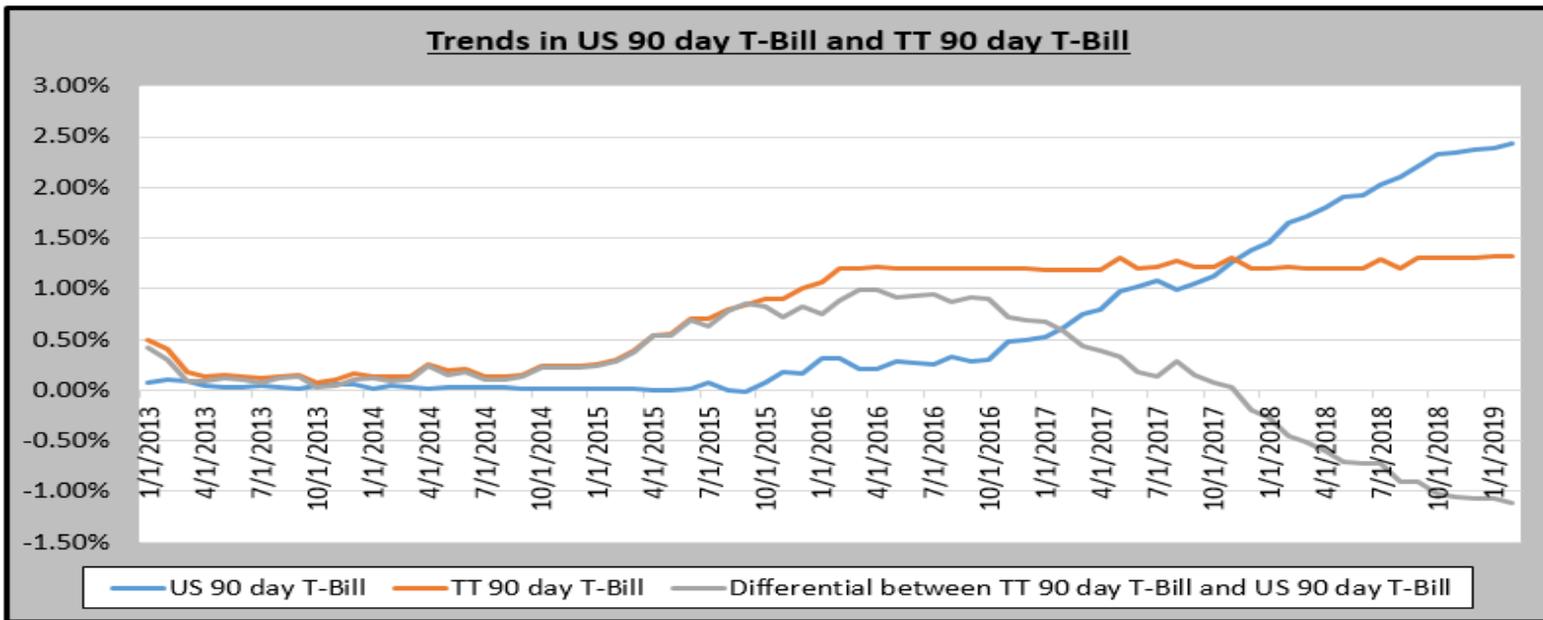
- The differential between the TT 90-day T-Bill and the US 90-day T-Bill remained in negative territory, slightly improving to -1.08% as at the end of March 2019 from -1.12% as at the end of February 2019. This improvement was due to a decline in the US 90-day T-Bill by 0.04%.
- The next Monetary Policy announcement is scheduled for June 28, 2019.



Graph 1 – Trends in CBTT Repo Rate and US Fed Funds Target Rate (Upper Limit)
 (Sources: FCIS, Central Bank of Trinidad and Tobago, Federal Reserve Bank of St. Louis)



Graph 2 – Trends in Core Inflation and Headline Inflation Rates
 (Sources: FCIS, Central Bank of Trinidad and Tobago)



Graph 3 – Trends in TT 90-day T-Bill Rates and US 90-day T-Bill Rates
 (Sources: FCIS, Central Bank of Trinidad and Tobago, Federal Reserve Bank of St. Louis)



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