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Trinidad and Tobago

Prepared by: First Citizens Research and Analytics

Economic Review & Forecast

- According to the Minister of Finance, early estimates are indicative of a growth forecast of 2.0% in 2018, 2.2% in 2019 and 2.5% in 2020.
- The GDP figures for 2017 are being revised upwards and it is expected that instead of a contraction of 2.6% in 2017, the actual growth figure will be closer to -1% due to better than expected increases in natural gas production in the second half of 2017.
- The energy sector is well poised to meet the demands of the downstream sector over the near-term horizon thereby supporting the medium-term growth recovery.
- As stated by the Minister of Finance, access to additional gas from Venezuela will generate substantial opportunities for strengthening and supporting the economy.
- The pick-up in the energy sector is having a knock-on effect on growth in the non-energy sector where that sector is projected to break even in 2018, after years of decline, with growth estimates for the non-oil sector in 2019 of 1.2% rising to 2.9% in 2020.
- As at March 2018, the net public sector debt to GDP ratio was 55%, down from 62% in 2017.
- The Minister noted that headline inflation dropped to 1.3% by the end of 2017, the lowest level in many years and is currently well below the global average of 3.5%.
- In his review, the Minister mentioned that in October 2017, the FY 2018 Budget was predicated on price assumptions for oil at USD52.00 per barrel and gas at USD2.75 per mmbtu.
- If oil price remains at USD70 a barrel, the fuel subsidy could reach as high as TTD900 million in 2018.
- At the end of April 2018, the net official reserves were USD8.11 billion or import cover of over nine (9) months.
- The Minister reported that the Net Asset Value of the Heritage and Stabilization Fund was USD5.87 billion at the end of April 2018. This was over USD200 million higher than the USD5.65 billion in the HSF at the end of September 2015, despite withdrawals totaling USD637 million between 2016 and 2017.

Supplementation & Variation of an additional TTD213 million for expenditure in key areas, such as, but not limited to:

Tobago House of Assembly (THA)

TTD20M

- Fund the expansion of the agricultural access roads programme and in reimbursement for backpay for TRHA workers

Office of Attorney General

TTD30M

- To meet the cost of legal and other fees arising from matters raised in the Commission of Enquiry into CL Financial Limited and Colonial Life Insurance (Trinidad) Company Limited

Ministry Of Community Development

TTD2M

- To enable the National Commission for Self Help with funding to assist individuals in Tobago whose homes have been affected by flooding and other damages

Ministry of Agriculture and Fisheries

TTD38M

- Fund the cost of the subsidy due to farmers under the Agriculture Incentive Programme and farmers compensation

Ministry of Social Development

TTD23M

- To meet expenditure for the Senior Citizens Grant to September 30th, 2018

Ministry of Works & Transport

TTD62.5M

- To continue and expand its infrastructure works programme

Ministry of Health

TTD121M

- To assist with payments to trade creditors

Ministry of Education

TTD159M

- To pay for security and janitorial services at schools

Key Projects

Highways

- The Valencia - Toco Road and others like the Churchill-Roosevelt Highway Extension to Manzanilla (temporarily suspended) and the Solomon Hochoy Highway to Point Fortin are in execution with completion dates in 2019/2020.
- The Curepe Flyover in the East-West Corridor is scheduled for completion by the end of 2019.
- ANR Robinson International Airport is being modernized at a cost of TTD500 million, excluding land acquisition. A public-private-partnership, utilizing a Build-Own-Lease-Transfer (BOLT) mechanism, would be established in 2020 the new terminal and associated works. At present, the Development Bank of Latin America (CAF) is supporting the project with technical advisory services.

Beach Facilities

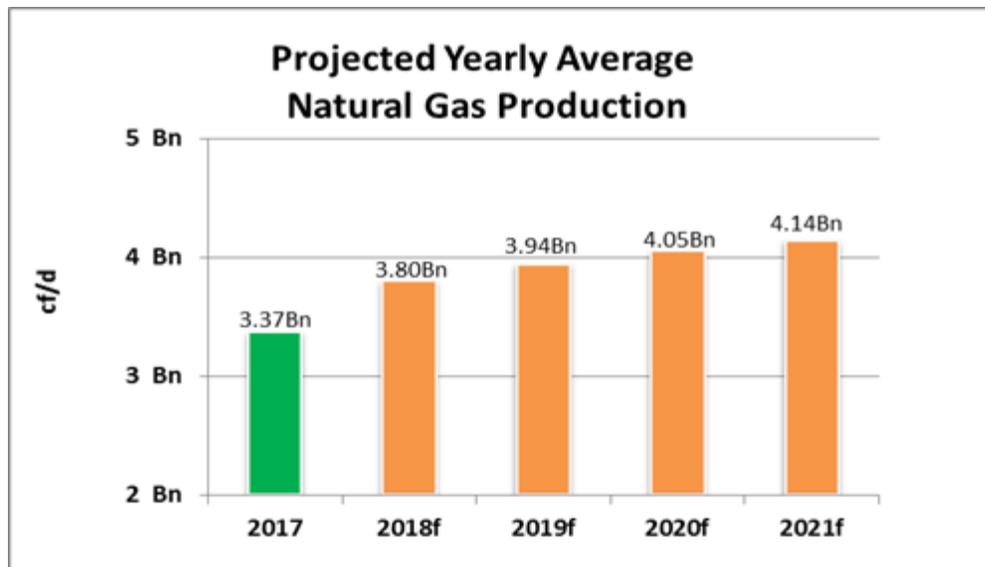
- Manzanilla and Las Cuevas Beach Facilities would be completed in 2018 and rehabilitation works are far advanced at the Vessigny Beach Facility.

Hospitals

- The Couva Medical and Multi-Training Facility: the facility would be jointly-owned by the Government of the Republic of Trinidad and Tobago and the University of the West Indies. In the interim, the Government of India is offering opportunities to healthcare professionals to contribute to training at the facility by teaching traditional Indian medicine.
- The Point Fortin Hospital is expected to be completed in 2019. It would make available 100 beds to service up to 100,000 citizens in the south-west peninsula
- The Arima Hospital is expected to be completed in 2019. It would make available 150 beds to service up to 150,000 citizens in the north eastern district including D'abadie, La Horquetta, Malabar and Arouca.
- The Port of Spain Central Block should begin construction as in 2018 and on completion provide 540 beds to service up to 500,000 citizens in North Trinidad.

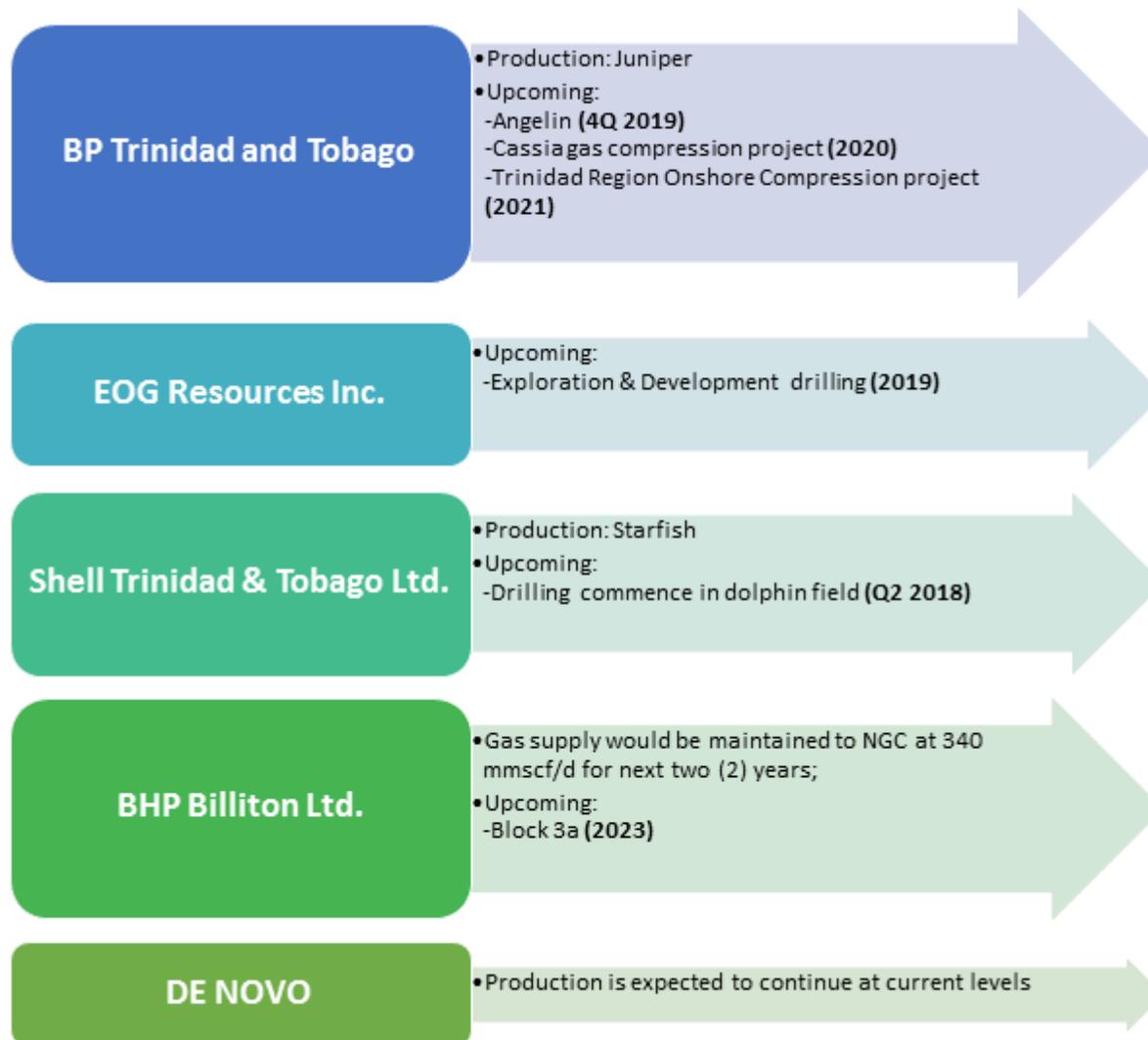
Energy Sector

- Beginning in Q4 of 2018, a number of new gas fields would begin production which would boost gas production levels over the medium-term.
- Projected Yearly Average Natural Gas Production is expected to rise from 3.37Bn cubic feet per day in 2017, as seen in the below graph;



Source: Ministry of Finance, First Citizens Research & Analytics

Production volumes are being driven by activities in major oil and gas upstream producers including:



Source: Ministry of Finance, First Citizens Research & Analytics

Capital Market Development

- Government proposes a June 2018 initial public offering (IPO) of newly-formed National Investment Fund (NIF) Holding Company with an objective to monetize the assets of the fund by the end of July 2018.

- Of TTD22 billion that CLICO owes the State, TTD4.3 billion in Republic Bank shares been transferred to the State, along with TTD200 million in OCM (23%), 29.9% of Angostura, valued at TTD1.07 billion, 5.4% of WITCO valued at TTD402 million, and TTD476 million or 19.5 million shares in Home Construction, plus other assets held by CLICO.
- Also, selected assets of CLICO and CLICO Investment Bank (CIB) in liquidation as well as an appropriate shareholding of Trinidad Generation Unlimited (TGU) owned by GORTT will be transferred to NIF.
- The Government has also recovered TTD3.8 billion in cash so far from CLICO since September 2015 and lands in Tobago valued at TTD186 million for the site of the proposed Sandals Resort.
- The Government is also actively pursuing the sale or acquisition of shares held in Methanol Holdings International Limited, valued at over TTD2 billion, as well as the recovery of TTD500 million in bonds.
- The value of the shares that will underwrite the Fund will be between TTD8 billion and TTD10 billion, of which 49.9% will be offered.

CLICO

- TTD4 billion in Republic Bank shares and TTD6 billion in other assets has been recovered from CLICO. This represents 26% of Republic Bank. It is to be noted that a further 25% of Republic Bank was already held by the CLICO Investment Fund.

Heritage and Stabilization Fund

- The Net Asset Value of the Heritage and Stabilization Fund was USD5.87 billion at the end of April 2018.
- This was over USD200 million higher than the USD5.65 billion in the HSF at the end of September 2015, despite withdrawals totaling USD637 million between 2016 and 2017.

Tax

- No plan for retroactive application of property tax.
- The waiver with respect to the payment of property tax would be extended at this time to the end of December 2017.
- Collection of corporation tax moved from TTD371 million in the period October 2016 to April 2017 to TTD1.2 billion in the period October 2017 to April 2018, an increase year-on-year of TTD835 million. Page 6 of the mid-year review
- Projection for the collection of taxes on income and profits in this fiscal year, up to April 2018, for “Other Companies”, which excludes oil and gas companies, was TTD4.9 billion, an increase of TTD1.1 billion.
- In the non-energy sector, which excludes oil, gas and petrochemical companies, collection of corporation tax has moved from TTD1.8 billion in the period October 2016 to April 2017 to TTD2.3 billion in the period October 2017 to April 2018, an overall increase of TTD500 million year-on-year.

- Total net collections of corporation tax in all sectors is up year-on-year for the period October to April by TTD1.3 billion.
- For Petrotrin, actual collection of petroleum profits tax and supplemental petroleum tax, excluding royalties, is up by TTD500 million year-on-year for the first 7 months of fiscal 2018. Royalties, excluding Petrotrin, are also on target to reach TTD2 billion in this year.

Gambling

- The Minister announced that the Gambling (Gaming and Betting) Control Bill is currently being reviewed by the Joint Select Committee (JSC) of Parliament and should be finalized for the approval by the end of 2018. He noted that in 2019, a well-structured and regulated gambling environment should be in place, generating good quality jobs and making its rightful contribution to public revenue.

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