

Economic Alert iQ



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Domestic

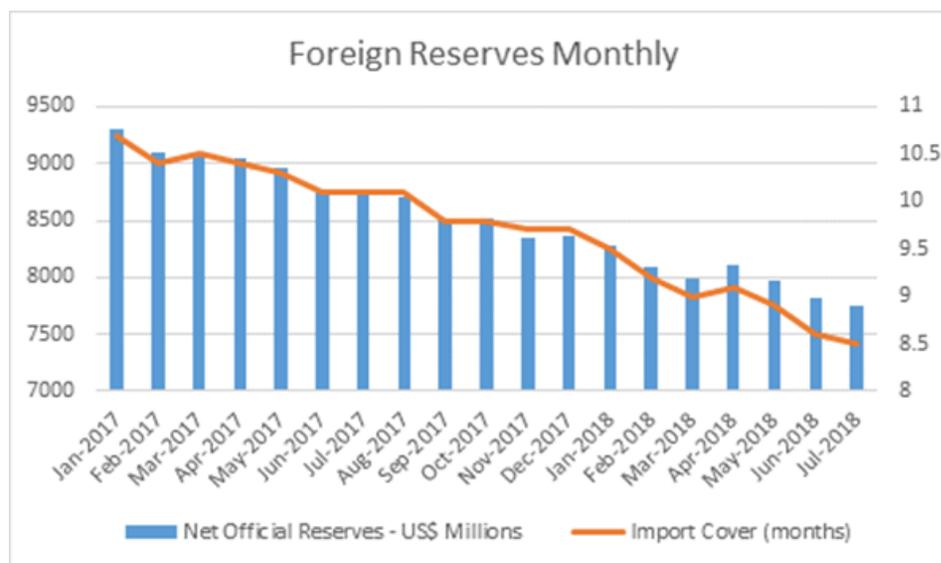
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Trinidad & Tobago Economic Bulletin - July 2018 (released 11 September 2018)

- The Central Bank's Quarterly Index of Economic Activity (QIEA) showed an improvement in the performance of the domestic energy sector in the first quarter of 2018.
- The pickup in the energy sector was based on increased year-on-year natural gas production (12.7%), which supported the higher production of LNG (20.6%), and petrochemicals (13.7%) particularly, methanol and fertilizers.
- The non-energy sector slipped further, but there were positive signs emanating from the distribution, finance, insurance, real estate and other businesses, water and electricity and transport subsectors.
- The construction sector has yet to improve as the indicator for this sector— local sales of cement—continued to decline. The subdued state of the sector was underscored by a further fall in loans for construction (-4.2% in June 2018) and slow growth in building materials prices.
- Higher petroleum prices and natural gas output supported an improved year-on-year performance in the Central Government accounts. Total revenue rose year-on-year by TTD3,123.5 million to TTD29,238.0 million in the first nine months of fiscal year 2017/18 as government revenue benefited from 25.0% higher oil prices.
- Central Government continued to streamline its expenditure across a range of categories. On the whole, expenditure was contained to TTD33,722.2 million, a year-on-year decline of 6.2%.
- The combination of higher receipts and lower expenditure resulted in a smaller deficit of TTD4,484.2 million in the first nine months of fiscal year 2017/18, compared to a deficit of TTD9,847.5 million in the corresponding period one year earlier.

- Financing included borrowing from both domestic and external sources As at June 2018, Central Government domestic debt (excluding debt held for sterilisation purposes) was 4.4% higher than in September 2017, while external debt expanded by 5.6%.
- Headline inflation remained subdued in July 2018 in the context of low aggregate demand. Headline inflation measured 1.2% year-on-year in July 2018 from 0.9% in June.
- In June 2018 the Central Bank of Trinidad and Tobago raised the repo rate by 25 basis points to 5.00%, which was the first increase since December 2015.
- Unemployment statistics show that during the third quarter of 2017 labour market conditions worsened. The unemployment rate increased to 5.1% at the end of September 2017 compared to 4.0% in the same period of 2016.
- At the end of August 2018, gross official reserves declined by USD747.8 million to USD7,622.0 million or 8.3 months of prospective imports of goods and services.



Source: Central Bank Trinidad & Tobago



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