

Economic Alert iQ

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CariCRIS has reaffirmed its ratings of CariAA+ (Foreign and Local Currency Ratings) on its regional rating scale for the USD 500m debt issue (notional) of the Government of The Republic of Trinidad and Tobago (GORTT).

- The decision to reaffirm ratings was supported by energy sector growth, still strong foreign reserves, low external debt and comfortable debt servicing capability.
- A negative outlook is based primarily on overall persistent fiscal deficit for at least another 2 years, which may lead to a further reduction in the level of import cover.
- T&T's energy sector is poised for marginal growth commencing in the last quarter of 2017 based on a number of key projects, some of which have already started production and others that are expected to come on stream during the first half of 2018.
- In June 2017, the year on year inflation rate is 1.5%, a fall from 3.4% in June 2016. However, CariCRIS anticipates inflation will climb for the rest of 2017 due to the possibility of increase in food prices as crops were severely damaged by adverse weather conditions earlier 2017.
- Gross official reserves have declined over the past 3 years to USD8.7 billion as at August 2017 from USD10.3 billion and USD12.1 billion as at August 2016 and August 2015 respectively.
- Despite the deterioration the current level of import cover stands at 10.1 months, compared to 9.6 months in June and July 2017.
- CariCRIS expects a further reduction in gross official reserves over the next 12-15 months, though the decline will be at a reduced rate and not likely to result in the level of import cover falling below 8 months.
- CariCRIS anticipates some recovery in energy sector arising from increased output by the 4th quarter 2017, material price is unlikely.
- The World Bank and U.S. Energy Information Administration anticipates oil prices to range between USD40 to USD55 per barrel for the rest of 2017.

Trinidad and Tobago--Selected Indicators

	2010	2011	2012	2013	2014	2015	2016	2017f	2018f	2019f	2020f
ECONOMIC INDICATORS (%)											
Nominal GDP (bil. LC)	141.27	163.01	165.2	170.32	167.76	150.25	145.91	153.26	164.15	176.98	191.01
Nominal GDP (bil. \$)	22.16	25.43	25.69	26.44	26.18	23.56	21.6	22.14	22.58	23.19	24.43
GDP per capita (\$000s)	16.8	19.2	19.2	19.7	19.5	17.5	16	16.3	16.7	17.1	18
Real GDP growth	3.3	-0.3	1.3	2.7	-0.6	-0.6	-2.3	1	2	2.2	2.3
Real GDP per capita growth	2.7	-1.1	0.7	2.2	-0.9	-0.9	-2.6	1	2	2.2	2.3
Real investment growth	3.3	-0.3	1.3	2.7	-0.6	-0.6	-2.3	1	2	2.2	2.3
Investment/GDP	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.9	13.4
Savings/GDP	31.2	19.4	1.7	25.2	13.8	11.4	2	3.9	5	6.9	9.7
Exports/GDP	50.5	58.7	50.1	70.6	55.5	29.1	29.1	29.1	29.1	29.1	29.1
Real exports growth	-6	30.1	-13.5	44.7	-21.9	-47.8	-2.3	1	2	2.2	2.3
Unemployment rate	5.9	5.1	4.9	3.7	3.3	3.4	4.1	4.3	4.3	4.3	5.3
EXTERNAL INDICATORS (%)											
Current account balance/GDP	18.8	7	-10.7	12.8	1.4	-1	-10.3	-8.5	-7.4	-6.1	-3.7
Current account balance/CARs	33.3	11	-19.5	17	2.4	-1.8	-23.8	-18.9	-15.4	-11.9	-7.1
CARs/GDP	56.5	63.8	54.6	75.4	60.8	52	43.4	44.8	48.1	51	52.4
Trade balance/GDP	21.4	21.5	5	23	12.6	5.6	-3.5	0.7	3.8	6.3	8.1
Net FDI/GDP	2.5	3	3	-0.3	4.6	2	4.6	4.5	4.9	4.7	4.5
Net portfolio equity inflow/GDP	-0.3	-0.3	-1.7	-0.4	-0.6	-0.5	0	-0.5	-0.9	-1.3	-1.2
Gross external financing needs/CARs plus usable reserves	45.5	60.7	73.6	59.7	62.8	56.5	64.8	65.5	68.8	69.2	69.3
Narrow net external debt/CARs	85.4	-75.2	-93.2	-73.5	-98.9	121.2	-132	117.4	-108	100.2	-93.2
Net external liabilities/CARs	39.3	-33.7	-45.9	-43.3	-60.8	-68.1	-48.7	-29.7	-19.7	-12.4	-5.6
Short-term external debt by remaining maturity/CARs	12.4	7.9	9.1	6.4	7.3	9.9	12.9	11.8	11.2	10.7	11.6
Usable reserves/CAPs (months)	13.3	8.1	7.5	7.2	8.2	11.5	10.7	10	8.7	8.3	8
Usable reserves (mil. \$)	9693	10504	9897	10673	11969	10389	9854	9136	9136	9136	9136
FISCAL INDICATORS (% , General government)											
Balance/GDP	-2	-1.4	-2.7	-5.9	-2.6	-1.7	-5	-4.5	-3.4	-2.9	-2.1

Change in debt/GDP	-0.2	2.2	9	1.8	3.7	12.5	2.8	5.2	4	3.5	2.1
Primary balance/GDP	0.3	0.3	-1	-4.3	-0.7	0.5	-3	-1.1	-0.2	-1	-0.2
Revenue/GDP	31.1	29.2	29.8	31	34.9	38.2	30.9	29.8	29.8	28.4	29.5
Expenditures/GDP	33.1	30.6	32.6	36.9	37.5	39.9	35.9	34.3	33.2	31.4	31.6
Interest /revenues	7.5	6	6	5.3	5.3	6	6.7	11.4	10.6	6.8	6.6
Debt/GDP	48.6	44.4	52.8	52.9	57.4	76.7	81.8	83.1	81.6	79.2	75.5
Debt/Revenue	156.5	152.1	176.7	170.8	164.7	200.8	264.7	278.5	273.4	278.5	255.8
Net debt/GDP	16.7	11.6	18.1	15.3	17.5	31.7	34.6	36.8	35.5	32.9	30.3
Liquid assets/GDP	32	32.8	34.7	37.6	39.9	45	47.1	46.3	46	46.2	45.2
MONETARY INDICATORS (%)											
CPI growth	10.5	5.1	9.3	5.2	5.7	4.7	3.1	4	5	5.5	5.5
GDP deflator growth	12.7	15.7	0.1	0.4	-0.9	-9.9	-0.6	4	5	5.5	5.5
Exchange rate, year-end (LC/\$)	6.42	6.42	6.43	6.47	6.39	6.45	6.75	7.09	7.45	7.82	7.82
Banks' claims on resident non-gov't sector growth	-0.2	3.2	10.3	4	8.4	7.3	0.4	5	7.1	7.8	7.9
Banks' claims on resident non-gov't sector/GDP	35.6	31.8	34.6	34.9	38.4	46	47.6	47.6	47.6	47.6	47.6

Source: S&P



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