Economic Alert iQ

First Citizens Research & Analytics

Wednesday 2nd September 2015 – 3:00pm
Domestic

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Highlights of the CBTT Half-Year 2015 Economic Bulletin Report

- According to the Central Bank of Trinidad & Tobago's Index of Real Quarterly Real Gross Domestic Product (QGDP), the T&T economy declined by 1.2% (provisional y-o-y) in the first quarter of 2015. This follows growth of 0.9% in 2014.
- The energy sector experienced a 3.3% contraction in the first quarter 2015, attributed to infrastructural work stoppages, lower gas supplies and plant maintenance at one of the country's largest natural gas producers. The energy sector contracted by 2.0% during 2014.
- The petroleum industry showed marginal improvement for Q1 2015 which extended into half-year (H.Y) 2015. Crude oil production showed a slight uptick of 2.2% y-o-y for HY 2015 as BPTT and Repsol increased output. Total production averaged 81,499 barrels per day in the first six months of 2015, up from 79,741 barrels per day during the corresponding period in 2014.
- Natural Gas production fell by 4.8% relative to the same period a year prior as major upgrade works affected operations. Maintenance activity and lower gas supplies at major upstream producers resulted in declines in both LNG and NGL production. Operations at Atlantic LNG suffered a 3.4% fall during January to May 2015 compared with the same period a year ago, while NGL production at Phoenix Park Gas Processors Ltd fell by 7.8% over the same period.
- The non-energy sector recorded marginal growth of 0.2%, supported by expansions in the transport, storage and communications (3.2%), finance (2.0%) and water and electricity (0.9%) sub-sectors. The non-energy sector is estimated to have grown by 2.7% in 2014.
- Using the revised Index of Retail Prices, which uses Jan 2015 as the base period, headline inflation decelerated to 5.6% as at June 2015. The main contributor to this decline was a fall in the food price index as core inflation measured 1.8% as at H.Y 2015.
- The unemployment rate for the period January to the end of March 2015 increased to 3.7% from 3.1% recorded in the corresponding period a year prior. This marginal increase was mainly the result of the withdrawal of individuals from the labor force.

- Public sector debt (as a % of GDP) stood at 60.3% at the end of June 2015, up from 54.6% at the start of the fiscal year for 2015 (Sep 2014). However total public sector debt for the same period, excluding debt issued for sterilization purposes was flat at 40% for H.Y 2015 (Sep 2014: 40%).
- Trinidad and Tobago’s external debt is expected to accelerate on account of new loans contracted, but not yet disbursed, which would be used to finance the purchase of naval assets and the construction of the Arima Hospital.
- Gross Official Reserves at the end of March 2015 amounted to USD10.7 billion or 12.5 months of import cover.
- As at July 2015, the Repo rate had increased to 4.25%, from 3.25% at the end of 2014. To support its shift away from the accommodative policy stance, the Bank also undertook an active liquidity management approach to contain banking system liquidity at appropriate levels.
- For the period January–June 2015, commercial banks’ excess reserves averaged TTD3.7 billion per day, compared with just over TTD7.0 billion per day during the first half of 2014. Given the reduction in liquidity, activity returned to the inter-bank market for the first time in nearly two years, with daily activity averaging TTD173 million for the three-month period February to April 2015.
- As a result of CBTT’s monetary policy, the median commercial banks’ prime lending rate increased to 8.13% by June 2015 from 7.75% in December 2014.
- Trinidad and Tobago’s international price competitiveness as measured by the trade weighted real effective exchange rate (TWREER) weakened by 10.7% in the first six months of 2015. The fall in competitiveness was a reflection of higher domestic prices when compared with the country’s major trading partners coupled with an appreciation in the exchange rate.
- The CBTT believes the outlook for remainder 2015 to be “tentative”. While natural gas supply issues have not been eliminated, the energy sector should benefit from an increase in crude oil production. Continued spending by Central Government on capital projects as well as critical spending on healthcare and security should provide some measure of fiscal stimulus to the economy.