

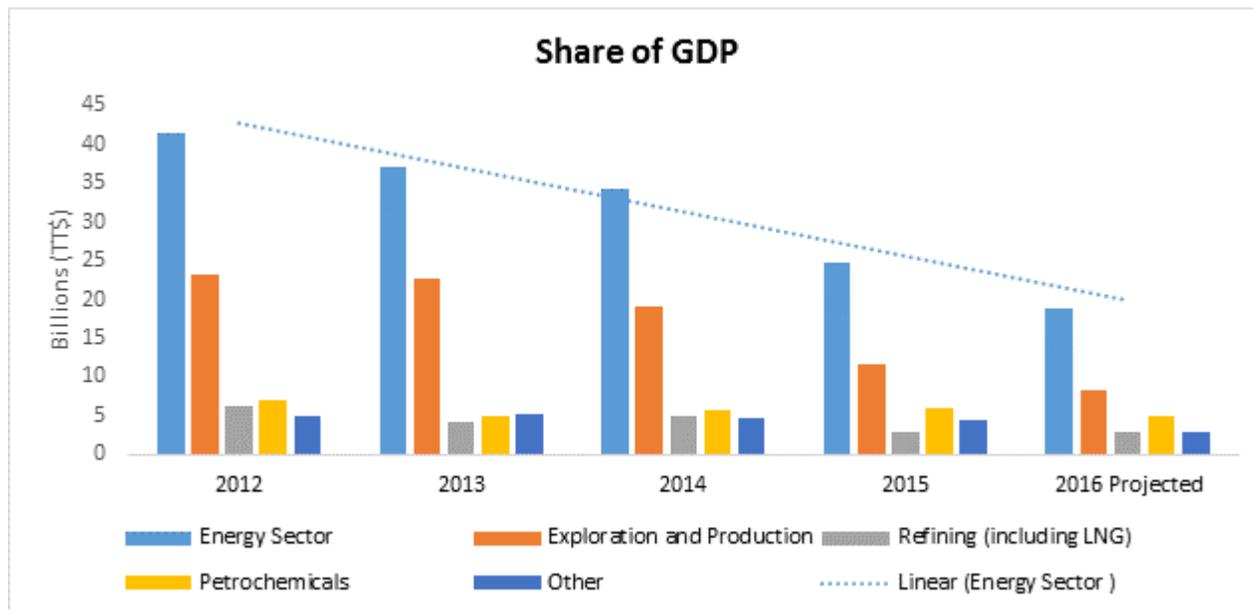
Friday 4<sup>th</sup> August 2017 –1:55 pm  
Local

Prepared by: Trevis Gangaya, Analyst I (Research and Analytics)  
[Trevis.Gangaya@firstcitizenstt.com](mailto:Trevis.Gangaya@firstcitizenstt.com)

## IMF Staff Concludes 2017 Article IV Mission to Trinidad And Tobago

- Following a recent country visit to Trinidad & Tobago, the IMF highlighted that the country continues to face challenges due to the steep decline in global energy prices, combined with a fall in natural gas and oil production locally.
- In addition to the stagnation in economy, capital allowances and challenges with tax administration have continued to contribute to weak revenue collections, leading to still significant fiscal deficits and rising public debt levels.
- An improvement in the economy in the medium term, as the IMF notes that the “economy may be starting to turn a corner as a result of a projected recovery in gas output, though growth may still be flat or somewhat negative for the year as a whole.”
- This view is supported by the premise of a number of projects coming on stream to assist with the natural gas supply thereby also improving the downstream energy sector.
- It is expected with a pickup in the energy sector, this will have a positive impact on the non-energy sector and see some progress in the implementation of the Public-Sector Investment Program.
- Moreover, the IMF welcomed government’s efforts through its fiscal policy adjustments and its attempt of reforming the energy tax regime and to boost domestic revenue.
- However, the IMF did express concern about the need to employ additional measures including the containment of current expenditure as “one-off, non-debt creating financing options such as asset sales will diminish over time.”
- The mission team also voiced the opinion that government should put measures in place to increase capital investment as a means of long-term recovery and economic diversification.

- Whilst Trinidad & Tobago still holds a healthy level of international reserves, there has been a sharp drop in foreign exchange inflows as energy prices and volumes have both fallen. In addition to this, demand on foreign exchange has been high leading to a “notable imbalance in the foreign exchange market that has had a number of adverse consequences.”
- The government was urged to further enhance the functioning of the government and increase the scope for growth and diversification namely by carrying out reforms to procurement, continuing to ease the costs of doing business, modernizing financial supervision and continuing to push through reforms that will enhance, and speed-up the production of the country’s economic statistics.



<b>Key Indicator</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 Provisional</b>
<b>Real GDP Growth (%)</b>	1.3%	2.7	-0.6	-0.6	-2.3
<b>Inflation Rate (end of period)</b>	7.2%	5.6%	8.5%	1.5%	3.1
<b>Unemployment Rate</b>	4.9%	3.7%	3.3%	3.4	4.1*
<b>Balance of Payments Current Account Balance Surplus(+)/Deficit(-)</b>	12.5%	20.0%	14.9%	3.3%	-9.7% ^
<b>Overall Budget</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015 r</b>	<b>2015/2016 r</b>	<b>2016/2017*</b>
<b>Surplus(+)/ Deficit (-)</b>	-2.9%	-2.6%	-1.8%	-5.0%	-3.9%
	<b>Sept 2012 r</b>	<b>Sept 2013 r</b>	<b>Sept 2014 r</b>	<b>Sept 2015</b>	<b>Sept 2016</b>
<b>Net Public Debt as % of GDP</b>	39.4%	39.1%	42.2%	50.0%	60.1%
<b>Central Government Domestic Debt</b>	16.0%	17.0%	17.6%	20.5%	24.4%
<b>Central Government External Debt</b>	6.4%	5.4%	7.5%	8.9%	14.5%

Note: r-revised

Source: Central Bank of Trinidad & Tobago, First Citizens Research & Analytics



Follow us on Twitter @FCISResearch

## Disclaimers

All information contained in this article has been obtained from sources that First Citizens Investment Services believes to be accurate and reliable. All opinions and estimates constitute the Author's judgment as of the date of the article; however neither its accuracy and completeness nor the opinions based thereon are guaranteed. As such, no warranty, express or implied, as to the accuracy, timeliness or completeness of this article is given or made by First Citizens Investment Services in any form whatsoever. First Citizens Investment Services and/or its employees or directors may, where applicable, make markets and effect transactions, or have positions in securities or companies mentioned herein. Neither the information nor any opinion expressed shall be construed to be, or constitute an offer or a solicitation to buy or sell.