

Economic Alert iQ

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Local

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Economic Alert: Key Findings of CBTT's Economic Bulletin September 2017

- According to the CBTT's Economic Bulletin for September 2017, economic activity locally continues to be subdued, notwithstanding this, there are some positive developments in the energy sector.
- Domestic economic activity should improve somewhat in 2017. Natural gas supplies should be boosted by key energy sector projects such as EOG's Sercan and BPTT's Trinidad Onshore Compression (TROC) which came on-stream in the first half of the year. Additionally, the sector will receive a significant boost from BPTT's Juniper project which commenced operations in the third quarter of 2017.
- Crude oil production over the first half of 2017 remained relatively unchanged from the previous year. Looking at production from land fields, there was an increase by 10.3% y-o-y, while output from marine acreages (which accounts for 70% of local crude production) saw a decline by 4.1% y-o-y.
- Data for the first six months of 2017, crude oil production averaged 73,152.7 barrels of production per day (bopd), a marginal improvement from the average of 73,054.8 bopd for the corresponding period of 2016.
- Notably, Petrotrin's refinery continues to be challenged by industrial action and safety concerns, and resulted in a 13.5% y-o-y fall in activity over the period, the first significant contraction since the completion of refinery upgrades in 2015.
- Natural gas production continued its downward trend, falling by 6.2% over the period January to June 2017, when compared to the same period in 2016.
- Methanol production contracted 7.5% during the first six months of 2017. Curtailments from upstream producers affected output of many petrochemical plants.
- The non-energy sector is also expected to have weakened based selected indicators of economic activity for key sub-sectors during the first half of 2017.



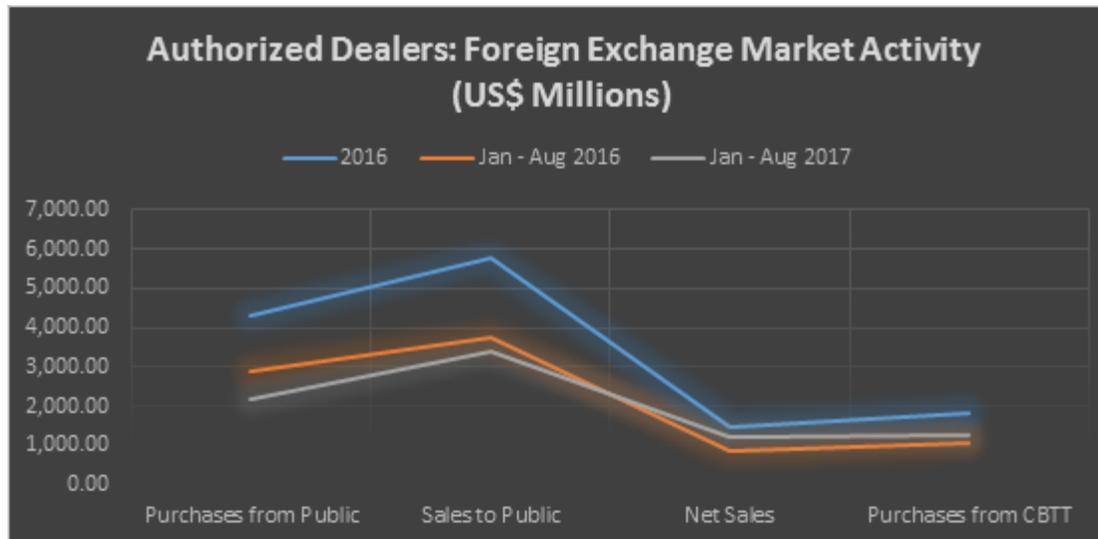
Source: CBTT, First Citizens Research & Analytics

- Official unemployment statistics from the CSO for the fourth quarter of 2016 indicate that the rate of unemployment increased slightly to 3.6% from 3.5% in the corresponding quarter of 2015, largely due to a 12% decline in the labor force during the same period.
- Data on retrenchments from the Ministry of Labour and Small Enterprise Development indicate that during the first eight months of 2017, retrenchments numbered 779 compared with 892 in the same period of 2016, suggesting some moderation in job losses during the current period.

	QII-15	QIII-15	QIV-15	QI-16	QII-16	QIII-16	QIV-16
Unemployment Rate (%)	3.2	3.4	3.5	3.8	4.4	4.0	3.6

Source: Central Statistical Office

- Headline inflation was well-contained over the half of 2017, as subdued economic conditions continued to dampen inflationary pressures. According to the CSO's Index of Retail Prices, headline inflation measured 1.5% in June 2017 compared with 3.6% in January 2017 and 3.4% in June 2016
- Food inflation decelerated to 0.5% in June 2017, compared with 7.6% in January 2017 and 9.4% in June 2016. The end of the base effect after the reintroduction of VAT in February 2016 on several zero-rated items contributed to the slowdown in food price increases.
- According to the Ministry of Finance, the Central Government recorded a deficit of TTD12.1 billion in the first ten months of the FY 2016/17 (October 2016 to July 2017). Despite higher energy receipts, total revenue declined to TTD28.5 billion in July 2017, approximately TTD5.6 billion lower than in the corresponding period of FY 2015/16.
- Energy revenue increased by 17.5% y-o-y due to higher international oil and gas prices over the first ten months to July 2017. On the other hand, non-energy receipts fell by 16.9 % y-o-y to TTD21.8 billion largely on account of lower non-tax revenue and capital revenue.
- Total expenditure declined to TTD40.6 billion with recurrent expenditure falling by TTD681.3 million largely on account of lower outlays on goods and services and transfers and subsidies.
- Total public sector debt outstanding stood at TTD120.3 billion (77.9% of GDP) at the end of June 2017, up from TTD119.7 billion at the end of September 2016.
- Central Government external debt also increased, reaching USD3,164.7 million (13.8% of GDP) as at June 2017 from USD3,141.2 at the end of September 2016.
- For most of 2017, the Central Bank of Trinidad and Tobago has maintained a neutral monetary policy stance. At the four meetings conducted for the year, the Monetary Policy Committee (MPC) of the Bank kept the key policy rate, the Repo rate, at 4.75%.
- Excess liquidity averaged TTD3.2 billion monthly over January to August 2017, lower than the average of TTD4.3 billion in the comparative period in 2016.
- Credit to consumers increased by 4.1% in July 2017, compared with 5.2% in January 2017. Data to June 2017 indicate that lending to consumers for the purchase of motor vehicles slowed for the sixth consecutive quarter, as loans for new private cars continued to decelerate.
- Conditions in the foreign exchange market remained tight in the first eight months of 2017. Purchases of foreign exchange from the public by authorized dealers declined by 24.5% to USD2.2 billion while sales of foreign exchange to the public fell by 9% to USD3.4 billion between January and August 2017 y-o-y .



Source: CBTT

- The country's Balance of Payments (BOP) recorded a deficit of USD360.4 million (6.2% of GDP) in the first quarter of 2017, slightly narrower than the deficit of USD362 million (6.4% of GDP) recorded in the first quarter of 2016. Notwithstanding, a BOP deficit of 8% of GDP in the first quarter of 2016, the external current account posted an estimated surplus of \$97.2 million or 1.7% of GDP in the corresponding period of 2017.
- For the first eight months of 2017, net official reserves amounted to USD8.7 million, compared with USD9.4 million as at December 31, 2016. This represents 10.1 months of import cover.



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