

HIGHLIGHTS



In Summary:

- Macrofinancial uncertainty in the global economy heightened due to geopolitical tensions, which threaten to suppress global growth and reignite inflation.
- Domestically, economic activity picked up and inflation eased. According to Central Bank of Trinidad and Tobago estimates, non-energy sector activity improved offsetting a decline in energy output. Meanwhile, domestic inflation continued its downward trend in October 2023, based on easing food and core inflation.
- Despite lower financial system liquidity, levels remained ample bolstering private sector credit.
- In support of the post-pandemic recovery, the Central Bank of Trinidad and Tobago, in its September 2023 Monetary Policy Committee meeting, held the Repo rate steady.

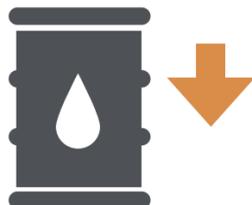
THE INTERNATIONAL ECONOMIC CONTEXT



According to the International Monetary Fund October 2023 World Economic Outlook, **global growth is forecasted to decelerate in 2023** (drafted before the situation in the Middle East arose), owing to **slowdowns in Advanced Economies**.



Ongoing and recent geopolitical conflicts could spur **inflation** and **another cycle of policy rate hikes**, further undermining economic prospects.



Crude oil prices were restrained by slow global economic growth, recessionary concerns and inventory build-up.



In **Latin America and the Caribbean price pressures moderated** and **real GDP growth was mixed** (growth slowed in Latin America and picked up in the Caribbean).

DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS



Economic activity improved in Q2 2023 on account of **higher non-energy sector activity** (3.8%) which offset the **contraction in energy sector activity** (2.3%).



Export earnings dipped in Q2 2023 (45.3%), owing to lower energy prices.



Food and core inflation decelerated in October 2023, reaching 1.9% and 1.2%, respectively, on account of slower price movements in several major categories.



Aggregate demand remained buoyant evidenced by **robust consumer, real estate mortgage and business lending** in September 2023 (8.3%, 6.5% and 7.9%, respectively).



Foreign exchange market conditions remained tight over the period January to November 2023, exacerbated by the deeply disproportionate year-on-year drop-off in purchases (-15.6%) relative to that of sales (-4.6%).



Government bond market activity improved. By the end of September 2023, **primary Government bond activity picked up** (9 trades at \$11.9 billion), while **secondary Government bond market activity surged** (262 trades) over June to October 2023.

MONETARY POLICY CONSIDERATIONS



Headline inflation **slowed to 1.3%** (y-o-y) in October 2023.



The 3-mth TT-US treasury differential **narrowed to -440 bps** in November 2023.



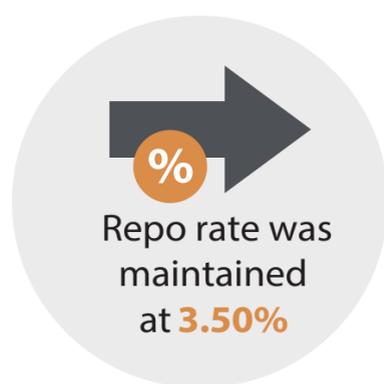
Private sector credit **expanded by 7.8%** (y-o-y) in September 2023.



Excess reserves **averaged \$4.9 bn** daily by November 2023.



Natural gas and crude oil production declined in Q2 2023 by **0.7%** and **4.8%**, respectively.



Repo rate was maintained at **3.50%**