HIGHLIGHTS

Central Bank of Trinidad and Tobago
Annual Economic Survey, 2017

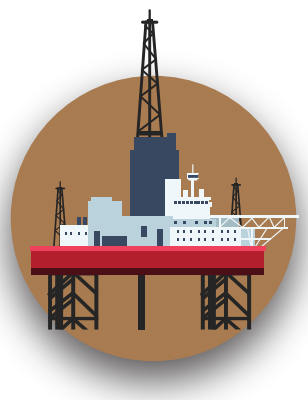
CENTRAL BANK OF TRINIDAD & TOBAGO

In Summary:

- In 2017 the Trinidad and Tobago economy showed signs of improvement. Energy output grew and most major non-energy sub-sectors recorded slower declines when compared to 2016.
- Energy output was boosted by the Juniper project which was commissioned in the third quarter of 2017 and facilitated higher midstream and downstream activity.
- Crude oil prices improved notably in 2017, supported by OPEC production cuts.
- Labour market conditions worsened in early 2017 with higher unemployment and marginal declines in productivity.
- Headline inflation reached a record low in part due to low food inflation.
- Central Government deficit in fiscal year 2016/17 rose primarily due to a fall in non-energy revenue.
- The Central Bank maintained a neutral monetary policy stance.

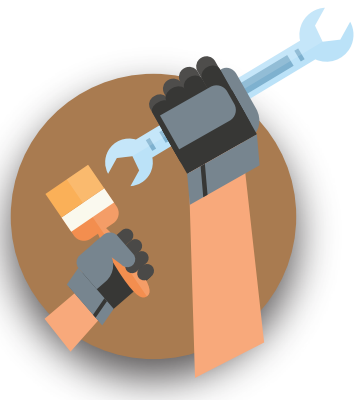
Prospects for the local economy in 2018 appear positive supported by the stronger energy sector. This presents a valuable opportunity to advance longer-term structural reforms to improve national productivity and competitiveness.

ECONOMIC DEVELOPMENTS



Estimates produced by the Central Bank's Quarterly Index of Economic Activity point to a **1.1% increase** in the energy sector, supported by a 2.5% increase in natural gas in 2017.

Similar estimates produced a **3.6% decline** in non-energy sector activity, although declines in the manufacturing and construction sectors slowed.



Conditions in the labour market worsened as the unemployment rate averaged **4.9%** for the first half of 2017, compared to 4.1% for the same period in 2016.

Domestic inflation slowed, as headline inflation averaged **1.9%** in 2017, the lowest level on record.

The Central Government accounts weakened in fiscal year (FY) 2016/17, as the overall deficit rose to **8.5%** of GDP compared to 5.3% in the previous period.

Over 2017, the Central Bank of Trinidad and Tobago maintained a neutral monetary policy stance holding the key policy rate, the 'repo' rate, at **4.75%**.

Global economic activity gained momentum in 2017, as the International Monetary Fund in its January 2018 World Economic Outlook update estimated global growth of **3.7%** in 2017 up from 3.2% one year earlier.

Gross official reserves amounted to **US$8.4bn** at the end of December 2017, equivalent to **9.7 months** of prospective import cover.