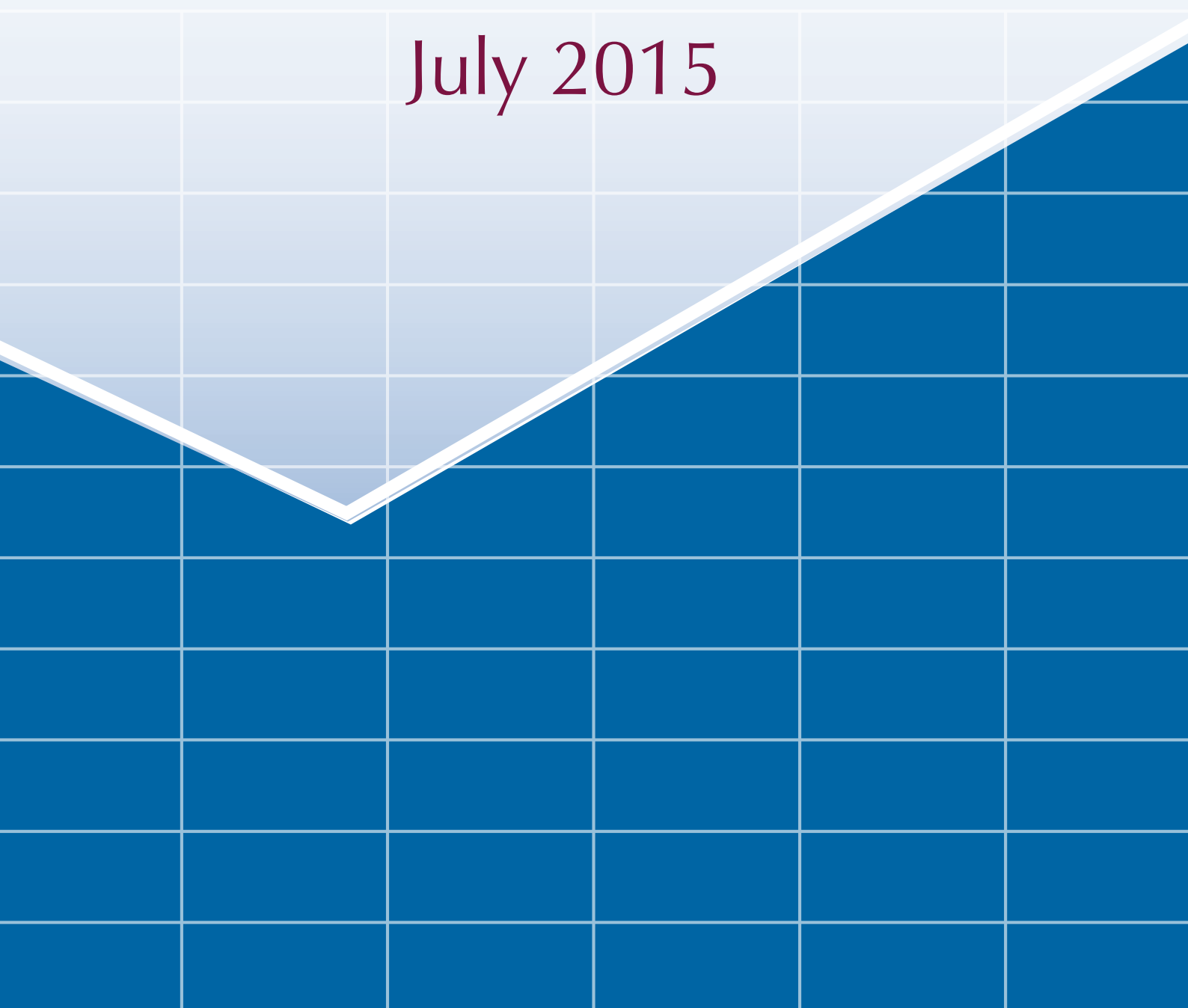




CENTRAL BANK OF
TRINIDAD & TOBAGO

ECONOMIC BULLETIN

July 2015



REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

JULY 2015

PART I: OVERVIEW

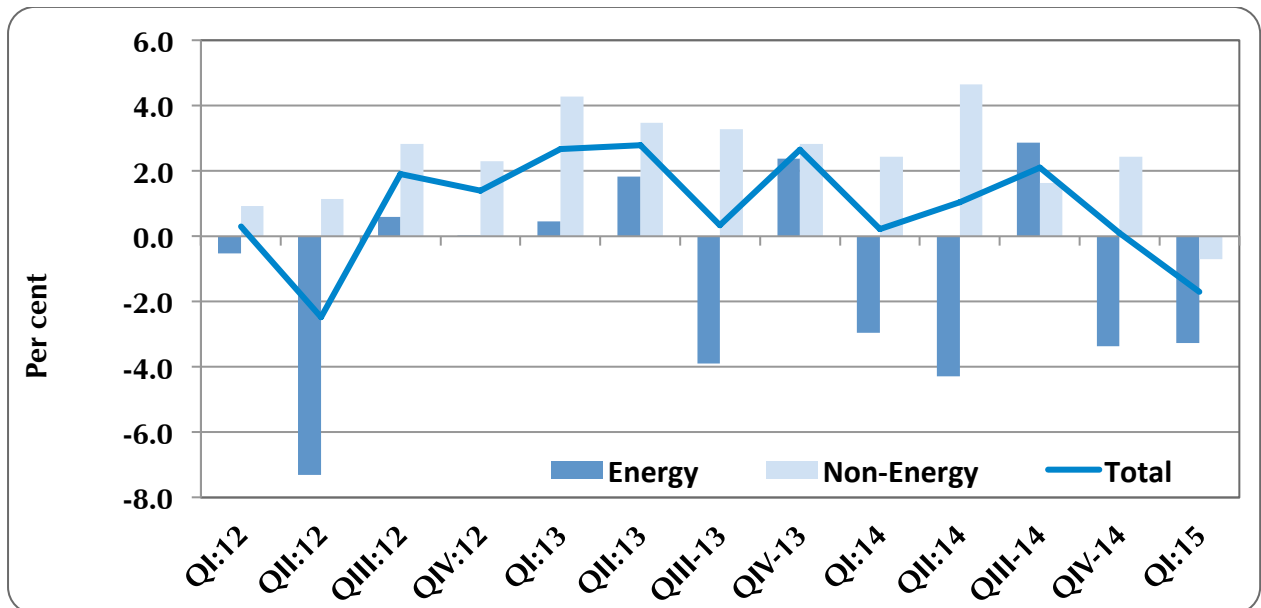
The global economy experienced a fresh round of convulsions in mid-2015, sparked by the intensification of the economic and financial crisis in Greece and stock market upheaval in China. Increasing concerns about adverse spillovers from monetary policy normalization in the United States (US) were also evident as US Fed Chairwoman Janet Yellen, in her mid-July 2015 testimony to Congress, reiterated that the Fed remained on track to raise rates this year. While there may be upside factors associated with the Iran nuclear deal and improvement of diplomatic relations between the US and Cuba, external headwinds may significantly affect domestic economic outcomes for the remainder of 2015.

Economic activity gradually accelerated in several advanced economies. Bolstered by consumer spending, the US economy expanded at an annualized rate of 2.3 per cent (quarter-on-quarter) in the second quarter of 2015, higher than the 0.6 per cent recorded in the previous quarter. Similarly in the UK, economic growth accelerated to 0.7 per cent (quarter-on-quarter) in the second quarter of 2015, from 0.4 per cent in the previous quarter. However in the EU, growth remained sluggish. The debt crisis in Greece sparked grave uncertainty for member countries in the Euro Area. On July 13th, the Euro group agreed to a provisional €86 billion, three-year programme for Greece which will be initially funded by the European Stability Mechanism (ESM). Initial measures to be enacted by the Greek Parliament include legislation on pension and VAT reform, as well as strengthening the independence of the country's statistical office. Going forward, the Euro group has indicated that it will continue to explore pathways toward Greek debt sustainability.

The economic performance of major emerging market economies was mixed. As economic activity in India accelerated in the first quarter of 2015, China's economy continued to cool as real GDP grew by 7.0 per cent on a year-on-year basis compared with 7.5 per cent in the corresponding period one year earlier. Meanwhile, growth contracted in Russia and Brazil by 2.2 per cent and 1.6 per cent, respectively. In the Caribbean, economic conditions remained subdued with modest growth recorded for Barbados and Jamaica. In June 2015, the IMF concluded its eighth review of Jamaica's economic performance under the Extended Fund Facility (EFF). Further, Moody's Investor Services upgraded Jamaica's sovereign credit rating to Caa2 from Caa3, with a positive outlook citing the country's commitment to sustain the reform momentum and fiscal consolidation. In May 2015, a new Government was elected in Guyana following the General Elections and in Suriname the incumbent administration won a historic majority to form the new Government.

In Trinidad and Tobago, estimates point to a decline in economic growth of 1.2 per cent for the first quarter of 2015 (Chart I). A contraction in the energy sector of 3.3 per cent more than offset an increase of 0.2 per cent in the non-energy sector. Infrastructural developments and gas supply issues which affected the energy sector in 2014, continued into 2015. Meanwhile, growth in the non-energy sector was driven mainly by the transport, storage and communication, finance and distribution sub-sectors.

Chart I
Trinidad and Tobago: Real GDP Growth
(Year-on-Year Per cent Change)

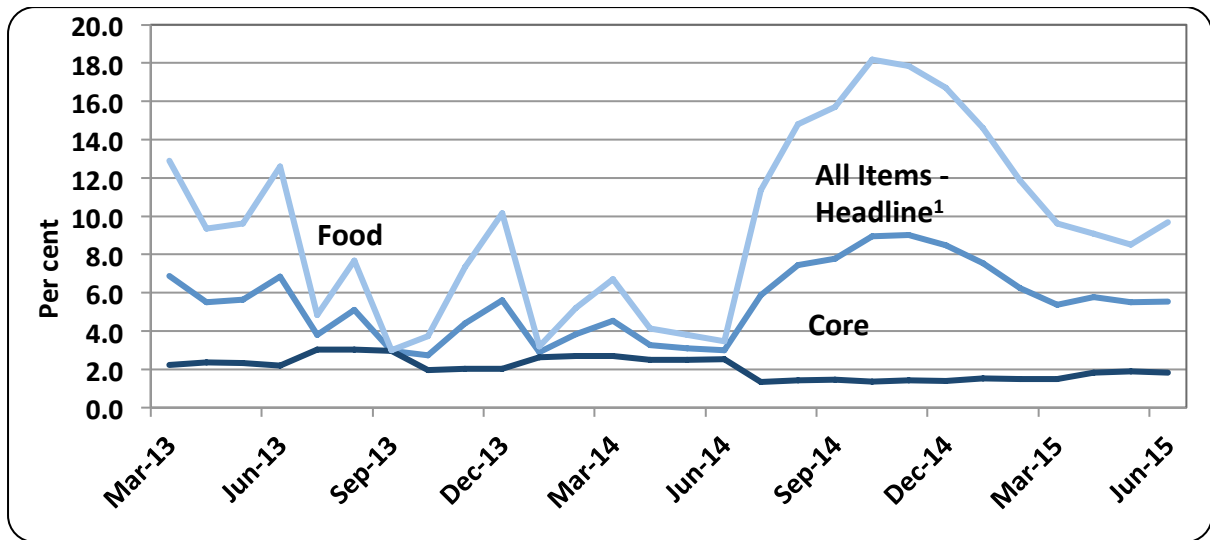


Source: Central Bank of Trinidad and Tobago

The latest data from the Central Statistical Office showed an increase in the unemployment rate during the first quarter of 2015. The reported unemployment rate of 3.7 per cent represented an increase from 3.1 per cent recorded in the corresponding quarter of 2014. The year-on-year increase in the unemployment rate was indicative of a withdrawal of persons from the labour force, which moved from 643,500 persons in Q1 2014 to 623,100 persons in Q1 2015 (see Table 12). Data on retrenchment notices and job openings for the first six months of 2015 revealed an increase in the number of retrenchment notices filed with the Ministry of Labour and Small and Micro Enterprise Development and a decline in the job vacancy rate.

There was a general downward trend in headline inflation in the first six months of 2015, with upticks occurring in April and June (Chart II). The slowdown in headline inflation was primarily due to decelerating food inflation which fell to 8.5 per cent in May from 14.6 per cent in January, before increasing in June to 9.7 per cent. Moreover, after remaining stable at 1.5 per cent for the first quarter of 2015, core inflation increased marginally to hover just below 2 per cent in the second quarter due to accelerated price increases in the Housing, Clothing and Footwear, and Recreation and Culture sub-indices.

Chart II
Index of Retail Prices
(Year-on-Year Per cent Change)



Source: Central Bank of Trinidad and Tobago

The Central Government fiscal accounts recorded a deficit of \$2,168.1 million during the first eight months of the fiscal year (FY) 2014/15 (October 2014-May 2015), compared to a \$1,028.6 million deficit for the comparative period one year earlier. The wider fiscal deficit reflected decreased revenues coupled with higher expenditure. Total Government revenue contracted by 1.7 per cent to roughly \$34.1 billion, due primarily to falling crude oil and natural gas prices. Total revenue, however, was bolstered by a significant increase in capital revenue arising from the sale of CLICO Treasury Bills, which amounted to \$2.45 billion. Central Government expenditure was 1.6 per cent higher, stemming primarily from higher spending on the capital programme as well as the settlement of outstanding commitments. Furthermore, preliminary estimates indicate total public sector debt outstanding increased to \$111.6 billion during the period October 2014 to June 2015, equivalent to 60.3 per cent of GDP. Excluding debt issued for sterilization purposes, total public sector debt outstanding amounted to 39.9 per cent of GDP.

The Central Bank continued to withdraw from an accommodative monetary policy stance, raising the Repo rate by 25 basis points on four successive occasions so far in 2015 –January, March, May and July, 2015. This resulted in the repo rate increasing to 4.25 per cent by July 2015, from 3.25 per cent at the end of 2014. This policy move is against the backdrop of continued growth in the non-energy sector, upside risks to inflation and the expected increases in international interest rates as the US Federal Reserve is expected to commence its policy rate normalization in the latter part of 2015. At end-June 2015, excess liquidity in the financial system has fallen sharply to \$3.7 billion daily, compared with just over \$7.0 billion (daily average) during the first half of 2014. On the other hand, credit to the private sector expanded, but at a slower pace, during the first four months of 2015. Weaker business sentiment, as indicated by a fall in the Business Confidence Index for the first quarter of 2015, seemed to have had an adverse effect on credit extended. In order to support the

foreign exchange market, the Central Bank sold US\$1,119.9 million to authorized dealers in the first half of 2015, a significantly higher amount than the US\$690.0 million provided by the Bank in the first half of 2014.

The balance of payments registered an overall deficit of \$606.4 million in the first quarter of 2015, with gross official reserves reaching \$10.7 billion or 12.5 months of imports of goods and non-factor services at the end of March. The current account registered a surplus of \$19.6 million due largely to a narrowing of the deficit on the investment income account. However, the capital and financial account recorded a deficit of \$626 million in the first quarter following an increase in the net foreign balances held abroad by the private sector.

PART II: OUTLOOK

In the near to medium term, global growth forecasts remain muted. In 2015, growth in advanced countries is projected to improve gradually; however, growth is expected to slow in emerging markets, reflecting reduced prospects for some large emerging market economies, notably commodity exporters. In the July 2015 World Economic Outlook Update, the IMF revised its projections for global growth downward to 3.3 per cent in 2015, from an April 2015 estimate of 3.5 per cent. Growth in advanced economies is expected to increase from 1.8 per cent in 2014 to 2.1 per cent in 2015, while growth in emerging markets and developing countries is projected to slow from 4.6 per cent in 2014 to 4.2 per cent by year's end. Regionally, lower energy prices and a stronger US economy are expected to improve the outlook for the Caribbean, particularly the tourism-dependent economies.

In line with current trends of global commodity exporters, prospects for real GDP growth in Trinidad and Tobago remain tentative. In 2014, the necessary infrastructural, upgrade and maintenance works undertaken by major energy producers resulted in an overall fall in natural gas output -- a trend which continues in 2015. Despite this general trend, however, recent amendments to the fiscal regime resulted in higher crude oil production and will continue to serve as a much needed boost to the refining sub sector which benefits from higher equity crude.

In the non-energy sector growth is expected to be positive, albeit slower than in previous years. Capital projects undertaken primarily by the Central Government are expected to stimulate activity predominantly in the construction sub-sector, providing some measure of fiscal stimulus to the economy.

The uncertainty surrounding the timing of the monetary policy normalization in the US remains an immediate downside risk to the economy of Trinidad and Tobago. Narrowing interest rate differentials could heighten risks of capital outflows and exchange rate pressures. Furthermore, potentially lower foreign exchange earnings will be as a result of two factors: lower energy prices coupled with lower tax revenues due to higher capital allowances for energy companies. Moreover, critical spending on security, healthcare and social programmes is expected to continue. Consequently, inflationary pressures may be stoked by higher-than-average fiscal injections as well as the possible effects of adverse weather conditions on the prices of agricultural supplies.

Table 1
Summary Economic Indicators

	2010	2011	2012	2013	2014	2015
INTERNATIONAL						
World Output¹	5.4	4.2	3.4	34.1	3.4	3.3
Advanced Economies (% change)	3.1	1.7	1.2	1.4	1.8	2.1
Emerging and Developing Markets (% change)	7.4	6.2	5.2	5.0	4.6	4.2
DOMESTIC ECONOMY						
Real Sector Activity						
Real GDP (y-o-y % change)	-0.3	-1.2	0.3	2.1	0.9	-1.2*
Energy (y-o-y % change)	1.8	-3.7	-1.9	0.2	-2.0	-3.3*
Non-Energy (y-o-y % change)	-1.8	0.6	1.8	3.5	2.8	0.2*
Headline Inflation (% end-of-period)	13.4	5.3	7.2	5.6	8.5	5.6**
Headline Inflation (% average)	10.5	5.1	9.3	5.2	5.7	6.0***
Core Inflation (% average)	4.3	1.7	2.5	2.4	2.0	1.7***
Unemployment Rate (% average)	5.9	4.9	5.0	3.7	3.3	3.7*
Fiscal Operations²						
Central Government Fiscal Balance (% GDP)	0.1	-0.8	-1.4	-2.9	-1.5	-1.8 [^]
Public Sector debt ³ (% GDP)	35.3	32.6	41.2	38.6	40.0	39.9**
Money and Finance						
Commercial Banks Credit to the Private Sector (y-o-y % change)	0.5	6.5	3.9	4.7	7.3	4.6 [^] [^]
Broad Money Supply (M2) (y-o-y % change)	5.0	13.9	10.6	8.8	13.1	3.4 [^] [^]
External Sector						
Current Account Balance (% GDP)	19.8	11.9	3.3 ^e	7.0 ^e	4.8 ^e	0.3 ^{e*}
Net Official Reserves (US\$ Million)	9,070.0	9,822.7	9,200.7	9,987.0	11,316.6	10,592.5**
Net Official Reserves (in months of prospective imports)	13.1	13.5	10.4	12.0	12.7	12.2**

Sources: Central Bank of Trinidad and Tobago, Ministry of Finance and the Economy, Central Statistical Office and the International Monetary Fund

^P Provisional.

^e Estimate.

¹ Sourced from IMF World Economic Outlook Update July 2015.

² On a fiscal year basis (October – September).

³ Represents balances (revised) at the end of the fiscal year and excludes all securities issued for Open Market Operations (OMOs) including: Treasury Bills and Notes, Debt Management Bills and Liquidity Absorption. Bonds.

* QI-15.

** As at June 2015.

*** For the period January to June 2015.

[^] For the period October 2014 to May 2015.

^{^^} As at May 2015.

PART III – INTERNATIONAL ECONOMIC DEVELOPMENTS

In July 2015, the Federal Reserve reaffirmed that the current target range of 0 to 0.25 per cent for the federal funds rate remained appropriate and the rate will be increased once further improvement in the labour market and inflation rates were observed. In the second quarter of 2015, the US economy expanded at an annualized rate of 2.3 per cent (quarter-on-quarter) (Table 2), mainly on account of higher consumer spending. Labour market conditions continued to improve slowly, as the unemployment rate declined to 5.3 per cent in June 2015 (Table 3). Furthermore, as low energy prices persisted, inflation remained subdued at a rate below the Federal Reserve’s target of 2 per cent.

Table 2
Advanced Economies - Quarterly GDP Growth
/Quarterly Per Cent Change/

	2013				2014				2015	
	I	II	III	IV	I	II	III	IV	I	II
United States¹	1.9	1.1	3.0	3.8	-0.9	4.6	4.3	2.1	0.6	2.3
United Kingdom	0.6	0.6	0.7	0.4	0.9	0.9	0.7	0.8	0.4	0.7
Euro Area	-0.4	0.4	0.2	0.3	0.2	0.1	0.2	0.4	0.4	n.a.
Japan	1.3	0.7	0.5	-0.2	1.1	-1.7	-0.5	0.3	1.0	n.a.

Source: Bloomberg

¹ Adjusted at annual rates.

Table 3
Rate of Unemployment in Developed Countries
/Per Cent/

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
United States	5.7	5.5	5.5	5.4	5.5	5.3
United Kingdom	5.7	5.6	5.5	5.5	5.6	n.a
Euro Area	11.3	11.2	11.2	11.1	11.1	11.1
Japan	3.6	3.5	3.4	3.3	3.3	3.4

Source: Bloomberg

In the UK, economic activity accelerated during the second quarter of 2015. The economy expanded by 0.7 per cent (quarter-on-quarter) in the second quarter of 2015 primarily due to higher output in the production and services sectors. After entering negative territory in April 2015, the increase in consumer prices essentially remained flat in May-June 2015. In July 2015, the Bank of England kept its benchmark interest rate at 0.5 per cent and maintained its Asset Purchase Programme at £375 billion (US\$630 million). The Bank also indicated that inflation was likely to meet its target of 2.0 per cent within the next two years as the effect of low energy prices is expected to wane.

Table 4
Headline Inflation in Developed Economies
/Year-on-Year Per Cent Change/

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
United States	0.8	-0.1	0.0	-0.1	-0.2	0.0	0.1
United Kingdom	0.5	0.3	0.0	0.0	-0.1	0.1	0.0
Euro Area	-0.2	-0.6	-0.3	-0.1	0.0	0.3	0.2
Japan	2.4	2.4	2.2	2.3	0.6	0.5	0.4

Source: Bloomberg

Disinflation risks have abated in the Euro Area. In May 2015, consumer prices rose by 0.3 per cent (year-on-year) the first increase in six months (Table 4). However, economic activity continued to remain sluggish in the region. The highest recorded growth in the first quarter of 2015 was for the countries of France and Spain which expanded by 0.6 per cent and 0.7 per cent, respectively. The European Central Bank (ECB) commenced its first official quantitative easing programme in May 2015. The ECB is expected to purchase investment-grade securities issued by Euro Area governments at a rate of €60 billion (US\$68.5 billion) per month until September 2016. According to the ECB, the programme may continue until a sustained adjustment in the path of inflation towards the 2.0 per cent target is achieved.

Concerns continued to mount over the situation in Greece as several rounds of negotiations between the Government of Greece and its creditors in June 2015 failed to produce an agreement on reform proposals. Consequently, Greece's loan agreement was not extended in June and the country failed to make a loan repayment of €1.6 billion (US\$1.8 billion) to the IMF on June 30th, 2015. In a referendum held on July 5th 2015, voters rejected the creditors' proposals. However, as exit from the Euro Area loomed, the Government of Greece acquiesced to the creditors' demands on July 13th 2015 to secure a bailout package of €86 billion (US\$94.2 billion). This is the third financial assistance programme instituted for Greece in five years (Box 1).

Japan's economy emerged from recession, growing by 0.3 per cent and 1.0 per cent in the fourth quarter of 2014 and the first quarter of 2015, respectively. Growth was driven mainly by private inventory investment. However, lower fuel and transportation prices resulted in inflation slowing to 0.4 per cent (year-on-year) in June 2015, the lowest level since August 2013. In July 2015, the Bank of Japan (BoJ) maintained its target for enlarging the monetary base at ¥80 trillion (US\$724 billion) in an effort to bolster the economy.

China's economy continued to cool as real GDP grew by 7.0 per cent (year-on-year) in the second quarter of 2015, unchanged from the previous quarter (Table 5). Authorities continue to pursue the internationalization of the renminbi and began to implement reforms geared towards creating a more flexible exchange rate regime, liberalizing interest rates and the country's capital account. These measures include the introduction of private investors in State-owned banks, the removal of

all limits on bank lending rates and an increase in the cap on deposit rates. Furthermore, in an effort to ease financing difficulties faced by the corporate sector, the People’s Bank of China (PBoC) lowered its benchmark interest rate by 25 basis points to 4.85 per cent in June 2015 -- the fourth rate reduction since November 2014. However, Chinese financial markets were rattled in July 2015 as the Shanghai Composite fell substantially from its peak in the previous month. As tighter regulation on margin financing and fading expectations of further monetary easing began to weigh heavily on investor sentiment, the Chinese equity market began to decline rapidly in early July. The Chinese authorities implemented stabilization measures, which included barring major shareholders of listed companies from selling shares for six months (effective July 08, 2015) and encouraging banks to lend to listed companies for the purposes of share buybacks.

In India, economic activity outstripped that of China’s, accelerating to 7.5 per cent (year-on-year) in the first quarter of 2015, as the services and manufacturing sectors expanded. The Reserve Bank of India (RBI) reduced its benchmark interest rate by 25 basis points to 7.25 per cent in June 2015, its third rate cut for the year.

Table 5
Emerging Economies -- Quarterly GDP Growth
/Year-on-Year Per Cent Change/

	2013				2014				2015	
	I	II	III	IV	I	II	III	IV	I	II
China	7.8	7.5	7.9	7.6	7.4	7.5	7.3	7.3	7.0	7.0
India	4.7	7.0	7.5	6.4	6.7	6.7	8.4	6.6	7.5	n.a.
Russia	0.7	1.2	1.3	2.1	0.6	0.7	0.9	0.4	-2.2	n.a.
Brazil	2.6	4.0	2.4	2.1	2.7	-1.2	-0.6	-0.3	-1.6	n.a.

Source: Bloomberg

In light of the cooling economy, the Central Bank of Russia reduced its main policy rate by 50 basis points to 11.0 per cent in July 2015 – the fifth rate reduction since the start of the year. As lower oil prices and international sanctions continued to weigh on Russia, the economy contracted in the first quarter of 2015 – the first decline since 2009. Following lacklustre growth in the fourth quarter of 2014, the Russian economy contracted on a year-on-year basis by 2.2 per cent during the first quarter. On the other hand, the annual inflation rate remained elevated and was recorded at 15.3 per cent in June 2015 ([Table 6](#)).

Brazil continues to struggle with high inflation and depressed economic conditions. The economy contracted by 1.6 per cent (year-on-year) in the first quarter of 2015, as ongoing monetary and fiscal tightening continued to dampen domestic demand. The Central Bank of Brazil raised its benchmark interest rate by 50 basis points to 14.25 per cent in July 2015, following a previous increase of 50 basis points to 13.75 per cent in June 2015. Nonetheless inflation accelerated, rising to 8.9 per cent (year-on-year) in June 2015, higher than the 8.5 per cent recorded in May 2015, and still well above the target of 4.5 per cent ± 2 per cent.

Table 6
Headline Inflation in Emerging Economies
/Year-on-Year Per Cent Change/

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
China	0.8	1.4	1.4	1.5	1.2	1.4
India	5.2	5.4	5.3	4.9	5.0	5.4
Russia	15.0	16.7	16.9	16.4	15.8	15.3
Brazil	7.1	7.7	8.1	8.2	8.5	8.9

Source: Bloomberg

Box 1

Greece's Sovereign Debt Crisis

On April 23rd 2010, Greece surprised global financial markets and the international community when it requested emergency financing from the European Union (EU) and the International Monetary Fund (IMF) to service its public debt..

The Greek debt crisis was attributed to the steady worsening of macroeconomic fundamentals over the period 2001 to 2009 to levels inconsistent with the criteria stipulated for Member States of the European Monetary Union (EMU). This crisis of fundamentals subsequently shifted to a crisis of confidence as markets began to assess new information about the unexpected deterioration in the country's fiscal positions.

On May 2nd 2010, Greece accepted a three-year austerity programme in exchange for a loan of €110 billion (US\$145 billion) from the EU and the IMF. As economic conditions further deteriorated, a second bailout programme was offered by the EU and the IMF in March 2012. In exchange, Greece agreed to implement further austerity measures, restructure its debt and continue to implement structural reforms. Additionally, following a series of negotiations, on April 25th 2012 Greece completed its debt exchange with investors agreeing to restructure €199 billion (96.9 per cent) of the total €205.5 billion of liabilities included in the exchange offer, enabling the country to halve its debt load.

Despite the significant financial support provided to Greece, austerity measures started to take a toll on the Greek economy and the unemployment rate continued to trend upwards. Political tensions began to escalate with several anti-austerity parties gaining greater support from the electorate. In an attempt to restore political stability, snap general elections were held in January 2015 which resulted in two of the country's anti-austerity political parties, Syriza and the Independent Greeks, forming a coalition government. In February 2015, the newly-formed Government negotiated a four-month extension of its loan agreement with the ECB, EU and the IMF in return for its commitment to undertake a reform programme that was approved by the EU.

In June 2015, despite several rounds of negotiations, the Government of Greece, the IMF, the ECB and the European Commission were unable to reach an agreement on reform measures and its loan agreement was not extended. As the package expired, Greece was unable to make a loan repayment of €1.6 billion (US\$1.8 billion) to the IMF on June 30th, 2015. In the days that followed, the Government ordered its banks to temporarily close and imposed capital controls in an effort to stem capital outflows. Further, in a July 2015 referendum, the country voted to reject the proposals of the international creditors. However, as the country's financial system appeared to be on the brink of collapse, the Government conceded to the demands of the creditors and agreed to implement further austerity measures in exchange for a new €86 billion (US\$94.2 billion) financial assistance package. Key requirements of the programme included the creation of a €50 billion fund holding State-owned assets, which would be privatized, and the implementation of VAT and pension reforms.

Prime Minister Tsipras stepped down on July 23, seeking to renew his Government's mandate after conceding to the European Commission's conditions for budget tightening and economic reforms in return for financial assistance.

PART IV – REGIONAL ECONOMIC DEVELOPMENTS

Economic conditions within the Caribbean region continue to remain lacklustre (Table 7).

In June 2015 the IMF concluded its eighth review of Jamaica’s economic performance under the Extended Fund Facility (EFF). Upon completion of the review Jamaica received a disbursement of SDR 28.32 million (US\$40 million). According to the IMF, Jamaica’s economic outlook is improving and growth is expected at 2 per cent in 2015-16. Moody’s Investor Services upgraded Jamaica’s credit rating to Caa2 from Caa3 citing commitment to structural reforms, a more favourable balance of payments position and decreased external vulnerabilities. Due to higher food prices, inflation rose to 4.4 per cent (year-on-year) in June 2015, from 3.9 per cent recorded in the prior month. In the first quarter of 2015, the current account recorded a surplus of 1.1 per cent of GDP, a turnaround from the deficit of 3.2 per cent of GDP in the corresponding period a year earlier. Boosted by growth in the services industry, real GDP increased by 0.4 per cent (year-on-year) in the first quarter of 2015, following a decline of 0.3 per cent in the previous quarter.

Following low growth in 2014, the economy of Barbados grew by 0.5 per cent (year-on-year) in the first half of 2015 as the tourism sector expanded. Due to lower prices of food and fuel, consumer prices fell by 0.7 per cent (year-on-year) in May 2015, the fourth consecutive month of negative inflation.

In May 2015, the Opposition coalition, A Partnership for National Unity (APNU) and the Alliance For Change (AFC), secured a narrow victory over the ruling party in Guyana’s General Elections. The new Government’s mandate aims to promote macroeconomic stability along with rapid economic growth and political reforms. Following an expansion of 5.2 per cent (year-on-year) in 2013, the Guyanese economy registered a slower growth rate of 3.8 per cent (year-on-year) in 2014. Economic activity in 2014 was bolstered by higher output in the agricultural, manufacturing and services sectors. Guyana’s current account deficit narrowed to approximately 14.0 per cent of GDP in 2014, from 17.5 per cent of GDP at the end of 2013. The narrower current account deficit resulted from a fall in net payments for services and higher unrequited transfers.

In March 2015, the Central Bank of Suriname (CBvS) and the People’s Bank of China (PBoC) entered into a bilateral currency swap arrangement. This arrangement, which is valid for three years, provides the CBvS with one billion Chinese yuan and the PBoC will receive in return, a total amount of approximately SRD 520 million. The swap facility is geared towards promoting bilateral trade and investment for the economic development of both countries. In June 2015, Suriname’s inflation rate was 5.2 per cent (year-on-year), higher than the 3.8 per cent recorded in the previous month. Meanwhile, Suriname’s current account deficit widened to roughly 11.8 per cent of GDP in the first quarter of 2015, from 4.2 per cent of GDP recorded a year earlier. International reserves continued to decline, reaching US\$503.9 million at the end of June 2015, from US\$631.5 million at the end of January 2015.

Table 7
Selected Macroeconomic Indicators for the Caribbean
/Per Cent/

Indicator	Country	2010	2011	2012	2013	2014	2015 ^e
General Government Debt/GDP	Antigua and Barbuda	90.8	92.4	87.1	94.3	98.7	106.9
	The Bahamas	43.2	44.9	48.4	56.4	60.4	61.6
	Barbados	70.2	76.2	84.6	95.9	100.4	102.5
	Belize	83.2	79.4	75.0	75.3	76.3	75.7
	Dominica	66.4	67.2	69.8	73.9	76.6	78.5
	Dominican Republic	23.8	25.8	30.5	34.6	35.1	30.7
	Grenada	98.1	101.2	104.5	108.0	107.2	107.1
	Guyana	65.2	65.2	62.5	57.3	65.8	70.6
	Haiti	17.5	12.0	16.6	21.5	26.7	27.6
	Jamaica	143.4	141.7	146.5	141.6	140.6	132.8
	St. Kitts and Nevis	159.3	151.6	137.3	104.7	81.0	74.5
	St. Lucia	62.3	66.7	73.7	79.0	83.9	88.0
	St. Vincent and the Grenadines	65.4	67.8	72.3	73.4	75.1	77.1
	Suriname	18.5	20.4	22.2	30.7	34.1	38.3
	Trinidad and Tobago	35.2	32.3	40.3	37.4	37.6	39.5
Current Account Balance/GDP	Antigua and Barbuda	-14.7	-10.4	-14.6	-14.6	-14.5	-10.7
	The Bahamas	-10.1	-15.0	-18.3	-17.7	-21.6	-12.4
	Barbados	-5.8	-12.8	-9.3	-9.3	-9.1	-5.1
	Belize	-2.4	-1.1	-1.2	-4.4	-5.7	-4.5
	Dominica	-16.3	-13.4	-17.7	-13.1	-13.0	-13.1
	Dominican Republic	-7.4	-7.5	-6.6	-4.1	-3.1	-2.4
	Grenada	-22.1	-21.8	-19.2	-27.0	-23.6	-17.4
	Guyana	-9.6	-13.1	-11.6	-13.3	-15.9	-16.4
	Haiti	-1.5	-4.3	-5.7	-6.7	-5.8	-3.0
	Jamaica	-8.0	-12.1	-10.7	-8.9	-6.4	-5.0
	St. Kitts and Nevis	-20.8	-15.9	-9.8	-6.7	-10.7	-16.2
	St. Lucia	-16.2	-18.7	-13.5	-12.8	-12.4	-13.4
	St. Vincent and the Grenadines	-30.6	-29.4	-27.5	-31.3	-29.4	-27.6
	Suriname	14.9	5.8	3.4	-3.9	-7.3	-7.8
	Trinidad and Tobago	19.8	11.9	3.4	6.7	8.3	5.2
Real GDP	Antigua and Barbuda	-8.5	-1.9	3.6	1.8	2.4	1.9
	The Bahamas	1.5	1.1	1.0	0.7	1.3	2.3
	Barbados	0.2	0.8	0.0	0.0	-0.3	0.8
	Belize	3.1	2.1	3.3	1.5	3.4	2.0
	Dominica	1.1	-0.1	-1.4	-0.9	1.1	2.4
	Dominican Republic	8.3	2.8	2.6	4.8	7.3	5.1
	Grenada	-0.5	0.8	-1.2	2.4	1.5	1.5
	Guyana	4.4	5.4	4.8	5.2	3.8	3.8
	Haiti	-5.5	5.5	2.9	4.2	2.8	3.3
	Jamaica	-1.5	1.4	-0.5	0.2	0.5	1.7
	St. Kitts and Nevis	-3.8	-1.9	-0.9	3.8	7.0	3.5
	St. Lucia	-0.2	1.3	0.6	-0.5	-1.1	1.8
	St. Vincent and the Grenadines	-2.3	0.2	1.1	2.4	1.1	2.1
	Suriname	4.2	5.3	4.8	4.1	2.9	2.7
	Trinidad and Tobago	-0.3	0.0	1.4	1.7	0.8	1.0

Source: International Monetary Fund, World Economic Outlook Database, April 2015 and Central Bank of Trinidad and Tobago e Estimate.

PART V – GROSS DOMESTIC PRODUCT

Provisional estimates based on the Central Bank’s Index of Real Quarterly Gross Domestic Product (QGDP), suggest that domestic economic activity declined by 1.2 per cent (year-on-year) in the first quarter of 2015 (Table 8). This was due to the subpar performance of the Energy sector, which overshadowed moderate growth in the Non-energy sector during the period.

Growth in the Energy sector contracted by 3.3 per cent over the first quarter of 2015 when compared with the corresponding period in 2014, indicating infrastructural works, lower gas supplies as well as maintenance activities which affected the sector in 2014 persisted into early 2015. The Exploration and Production sub-sector declined by 4.3 per cent despite a 4.4 per cent improvement in crude oil production. The expansion in crude oil output was driven mainly by increased activity from bpTT, which recovered from major downtime in 2014, as well as the commercialization of a recent find in the Teak, Samaan and Poui acreage by Repsol. Natural gas production declined by 4.8 per cent relative to the same period one year earlier as a result of further upgrade works at major upstream facilities. Despite this decline, however, production remained healthy at an average rate of 4,047 million cubic feet per day over the quarter.

The Refining sub-sector contracted by 0.4 per cent in the first quarter of 2015 on account of a 1.9 per cent decline in LNG production. Refinery throughput improved by 44.6 per cent, reflecting a recovery from significant maintenance activity at the Petrotrin refinery during the first quarter of 2014. Moreover, the Petrochemicals sub-sector fell by 6.6 per cent in the first quarter of 2015, due to declining methanol production (6.0 per cent) coupled with falling ammonia and urea output (5.7 per cent and 17.7 per cent, respectively). Methanol producers reported gas supply shortages, while fertilizer output was hampered by maintenance work at PCS Nitrogen and the reduced output from the Tringen I plant.

Real value added in the Non-energy sector remained positive, albeit at a slower pace, expanding marginally by 0.2 per cent in the first quarter of 2015 (year-on-year). Activity increased in the Transport, Storage and Communication (3.2 per cent) and Finance (2.0 per cent) sub-sectors (Appendix 1). The Finance sector was driven by the strong performance within the Commercial Bank sub-industry for the first quarter of 2015, as banks recorded growth in both loans and deposits during the period. Additionally, the Water and Electricity sector recorded growth of 0.9 per cent.

Estimates based on the trends in market data from the National Agriculture Marketing and Development Corporation (NAMDEVCO) indicated that the Agriculture sector declined by 6.9 per cent during the first quarter of 2015 on account of lower yields in root crops. Meanwhile in the Construction sector, real value added contracted by 1.4 per cent as local sales of cement -- a key indicator of construction activity -- fell due to a lack of new project start-ups, late payments to contractors and overall challenges with the supply of aggregates.

The Manufacturing sector’s performance was sluggish, declining by 0.5 per cent in first quarter 2015, when compared to the corresponding period one year prior. The reduction in the Chemicals and Non-metallic Minerals sub-sector due to a significant fall-off in steel production more than offset the increase in the Food, Drink and Tobacco sub-sector. In spite of this, manufacturing firms’

rate of capacity utilization continued to be about two-thirds of total capacity with the Food, Drink and Tobacco sub-sector recording the highest capacity utilization rate in the sector of 73.8 per cent (Table 9).

Additionally, the Central Bank's business confidence survey revealed that there was a reduction in the general confidence level of the local business community in the first quarter of 2015, with business owners now having a neutral outlook (BCI +14) as opposed to general optimism in the fourth quarter of 2014. This change occurred in all six dimensions of the survey and was mainly attributed to a general pessimism about the depressed oil prices as well as the domestic and global economic situation.

Table 8
Quarterly GDP Growth Rates
(Per cent)

	Total QGDP	Energy Sector	Non-Energy Sector	Distrib.	Finance	Manuf.	Const.	Agric.
<i>Weights</i>	1000	312.9	687.1	163.6	142.2	70.6	74.6	13.6
Quarterly								
2012								
Qtr. I	0.2	6.1	-3.7	0.9	4.9	-6.1	-5.8	-48.3
Qtr. II	-1.4	-4.3	0.7	-1.9	-1.8	2.9	-5.7	8.9
Qtr. III	2.7	2.8	2.6	0.6	2.6	6.5	16.0	45.7
Qtr. IV	-0.1	-4.3	2.8	0.9	-1.6	-2.1	-0.8	24.2
2013								
Qtr. 1	1.5	6.6	-1.8	6.1	5.8	-3.6	-5.1	-47.5
Qtr. II	-1.3	-3.0	-0.1	-2.7	-1.1	4.6	-5.3	7.3
Qtr. III	0.3	-2.9	2.5	0.4	2.1	1.8	15.5	45.6
Qtr. IV ^P	2.2	2.0	2.4	0.9	-2.7	-0.8	-1.3	17.5
2014								
Qtr. 1 ^P	-1.0	1.0	-2.3	3.1	6.0	-3.8	-4.7	-44.4
Qtr. II ^P	-1.0	-4.3	1.2	-0.9	-2.3	4.6	0.2	6.9
Qtr. III	1.9	4.3	0.4	0.7	2.1	3.0	3.9	51.3
Qtr. IV	0.7	-4.2	3.8	-0.1	-1.9	-1.6	8.0	25.5
2015								
Qtr. 1 ^P	-1.4	1.2	-3.0	4.6	4.2	-1.4	-12.3	-48.7
Year-on-Year								
Jan-Mar12/Jan-Mar11	0.3	-0.5	0.9	2.1	1.7	-2.6	-4.1	-9.0
Apr-Jun12/Apr-Jun11	-2.8	-7.3	0.6	2.0	1.9	-4.2	-3.5	-7.8
Jul-Sep12/Jul-Sep11	1.6	0.6	2.3	4.6	2.3	0.9	1.3	1.1
Oct-Dec12/Oct-Dec11	1.0	0.0	1.7	0.5	3.6	0.7	2.3	1.9
Jan-Mar13/Jan-Mar12	2.7	0.5	4.3	5.7	4.8	3.4	3.0	3.5
Apr-Jun13/Apr-Jun12	2.8	1.8	3.5	4.8	5.5	5.1	3.5	2.0
Jul-Sep13/Jul-Sep12	0.3	-3.9	3.3	4.6	5.0	0.4	3.0	1.9
Oct-Dec13/Oct-Dec12 ^P	2.6	2.4	2.8	4.6	3.8	1.8	2.5	-3.6
Jan-Mar14/Jan-Mar13 ^P	0.2	-3.0	2.4	1.5	4.0	1.6	3.0	2.1
Apr-Jun14/Apr-Jun13 ^P	1.0	-4.3	4.7	6.1	2.8	2.0	8.9	1.7
Jul-Sep14/Jul-Sep13 ^P	2.1	2.9	1.6	3.8	2.8	1.2	-2.0	5.6
Oct-Dec14/Oct-Dec13 ^P	0.1	-3.4	2.4	2.1	3.7	-1.9	7.2	12.3
Jan-Mar15/Jan-Mar14 ^P	-1.2	-3.3	0.2	0.3	2.0	-0.5	-1.4	-6.9
Annual¹								
2009	-4.4	-1.8	-4.9	-20.4	-4.5	1.9	-7.1	-32.4
2010 ^r	-0.1	2.8	-2.8	-13.2	8.1	7.2	-28.4	76.8
2011 ^r	0.0	-3.6	3.8	12.6	5.3	4.0	-8.8	-0.1
2012 ^r	1.4	-1.8	1.8	-1.5	4.6	-5.8	-2.0	-19.1
2013 ^e	1.7	1.6	1.6	0.0	3.3	-1.8	4.1	5.1
2014 ^e	0.8	-2.0	2.7	2.9	3.3	2.0	4.1	6.6

¹ Annual GDP figures for 2009-2013 were sourced from the CSO

^P Provisional.

^e Estimate.

^r Revised.

Table 9
Capacity Utilization in the Manufacturing Sector
/Per Cent/

	2013				2014				2015 ^P
	QI	QII	QIII	QIV	QI	QII	QIII	QIV	QI
Manufacturing	62.7	67.5	65.6	68.8	69.8	70.0	70.8	72.8	66.6
Food, Drink & Tobacco	67.7	74.5	72.5	74.2	78.8	75.3	78.7	83.4	73.8
Chemicals and Non-Metallic Minerals	60.6	64.4	60.0	67.5	63.5	72.8	67.2	66.8	65.7
Assembly Type and Related Industries	55.5	53.7	56.5	53.7	56.6	50.5	47.4	45.9	43.6

Source: Central Bank of Trinidad and Tobago

Part VI – DOMESTIC PRODUCTION AND COMMODITY PRICES

Petroleum

The petroleum industry improved during the first half of 2015 mainly on account of an increase in bpTT's output as well as Repsol's rapid commercialization of a recent find in its Teak, Samaan and Poui acreage. Crude oil production improved 2.2 per cent year-on-year over the first half of 2015. 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.

Petrotrin's Point-a-Pierre refinery regained momentum during the first six months of 2015, following significant maintenance activities in 2014 which adversely affected throughput levels. Consequently, refinery throughput registered a 25.1 per cent year-on-year increase for the six-month period when compared to the corresponding period one year earlier. Moreover, crude imports (which generally account for a large share of refinery throughput) also increased by 41.3 per cent, while exports of refined products expanded by 21.0 per cent.

International crude oil prices have remained suppressed during the first half of 2015. Despite this relative weakness in price, the Organization of Petroleum Exporting Countries (OPEC) held its production quota unchanged at 30.0 million barrels per day at its June 2015 meeting. Coupled with continued strength in production from the US, this has led to an enduring situation of oversupply in the market. As a result, the West Texas Intermediate (WTI) crude oil price averaged US\$53.20 per barrel during the first half of 2015, down from US\$100.90 per barrel a year earlier. Similarly, BRENT prices moved from US\$109.20 per barrel to US\$58.60 per barrel over the same period.

Natural Gas

Natural gas output declined 5.2 per cent over the first half of the year due to downtime at two of the sector's largest producers (Table 10). Although at lower levels than the previous year, production levels remained relatively healthy over the first quarter of 2015 at an average of 4,047 million cubic feet per day. In the second quarter, however, output was noticeably hampered as one of the major producers undertook significant upgrade works at its offshore facilities.

Maintenance activity and lower gas supplies at major upstream producers resulted in declines in both LNG and NGL production. Operations at Atlantic suffered a 3.4 per cent 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 per cent over the same period.

On the international front, the vulnerabilities in natural gas markets in the second half of 2014 spilled over into the first half of 2015. Over the first half of 2014, US Henry Hub natural gas prices were buoyed by an exceptionally cold winter period which saw prices reach as high as US\$6.0 per mmbtu in February 2014. For the first half of 2015, Henry Hub prices averaged just US\$2.8 per mmbtu, a decline of 42.9 per cent from the corresponding period a year prior. There has also been a suppression of natural gas prices in the European and Asian markets, where gas prices are indexed to oil prices.

Table 10
Natural Gas Production

	Jan-Jun 2014	Jan-Jun 2015	% change
	mmcf/d	mmcf/d	
BPTT	2141.3	1983.2	-7.4
Trinmar	16.2	18.5	14.4
Petrotrin	4.2	4.0	-4.0
EOG Resources	562.2	546.5	-2.8
BG T & T	944.5	921.2	-2.5
BHP Billiton	407.7	386.2	-5.3
Repsol	29.2	31.0	6.3
Total	4105.2	3890.5	-5.2

Source: Ministry of Energy and Energy Affairs

Nitrogenous Fertilizers

Fertilizer output declined by 4.9 per cent for the first half of 2015 as maintenance and upgrade activities which negatively impacted the upstream industry spread to the downstream industry. This resulted in several outages at downstream petrochemical plants as downstream producers sought to optimize plant usage given limited gas supplies. Ammonia output was also affected by activities at the Tringen I plant which produced at reduced rates over the first quarter following its retrofitting exercise in the final quarter of 2014. Ammonia output fell 5.0 per cent year on year while urea production saw a decline of 4.2 per cent over the same period.

Fertilizer prices declined in the first half of 2015 as colder weather resulted in lower prices. This led to a fall in ammonia and urea prices by 5.1 per cent and 19.1 per cent, respectively, over the period. A shift in traditional market dynamics saw a greater divergence between ammonia and urea prices over the six-month period under review. Further, while ammonia prices remained relatively stable year-on-year, urea prices began to soften in the fourth quarter of 2014 and declined throughout early 2015, before increasing in May and June 2015.

Methanol

Production of methanol was also affected by lower gas supplies which resulted in a fall of 4.3 per cent in production over the first half of 2015. Additionally, output was adversely affected by maintenance and upgrade activity at upstream producers during the period.

Methanol prices averaged US\$401.5 per tonne over the first half of 2015, representing a decline of 32.0 per cent largely due to an oversupply in key markets which began in 2014. The market has yet to recover, with average prices to June 2015 almost US\$200 below the year-ago average.

Iron and Steel

Severe downtime significantly hampered iron and steel output over the first four months of 2015.

Two of the three DRI plants experienced major downtime due to mechanical issues, while the third has been operating at less than full capacity. Cumulatively, this translated into reduced wire rod and billet output. DRI production declined by 36.0 per cent during January to April 2015 while billet and wire rod production fell by 36.7 per cent and 48.0 per cent, respectively, over the same period.

Iron and steel prices softened over the first half of 2015 as markets remained uncertain. Higher demand for iron and steel absorbed some of the oversupply that had plagued the market for the most of 2014. Despite this, however, the stagnation of key markets in Latin America has suppressed iron and steel prices over the first half of the year. Wire rod prices averaged US\$489.0 per tonne from January through June, while billet prices averaged US\$416.0 per tonne over the same period. These changes represented declines of 17.9 per cent and 17.3 per cent (year-on-year), respectively.

Agriculture

Agricultural output was generally lower in the first quarter of 2015. Data from the National Agricultural Marketing and Development Corporation (NAMDEVCO) suggests a reduction in the availability of selected locally grown root crops and vegetables at the Norris Deonarine Northern Wholesale Market (NDNWM) when compared to the corresponding period one year earlier ([Table 11](#)). The decline in the availability of selected locally grown food crops was partly due to a higher than usual increase in the supply of food crops in the first quarter of 2014, attributable to the carry-over effects from a bumper harvest period which spanned from end-2013 into 2014. Additionally, a reduction in agricultural activity on additional acreage that came under cultivation through the Ministry of Food Production's National Food Production Action Plan also contributed to lower supplies of food crops during the first quarter of 2015. Notwithstanding the lower availability of selected locally grown root crops and vegetables, there was a corresponding fall in the imports of these commodities.

Table 11

Availability of Selected Commodities at the Norris Deonarine Northern Wholesale Market

Commodity	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar (Year-on-Year Per Cent Change)
LOCAL			
Root Crops			
Sweet Potato (kg)	482,186	483,121	0.2
Cassava (kg)	156,608	144,829	-7.5
Dasheen (kg)	54,565	44,745	-18.0
Eddoes (kg)	13,168	8,974	-31.9
Leafy Vegetables			
Cabbage (Local Green) (kg)	168,229	138,307	-17.8
Callaloo Bush (Roll) (Bundle)	55,960	49,530	-11.5
Vegetables			
Tomato(kg)	406,779	381,075	-6.3
Cucumber(kg)	323,012	273,970	-15.2
Sweet Pepper(kg)	83,024	90,938	9.5
Christophene(kg)	70,708	88,120	24.6
Fruits			
Watermelon(kg)	219,348	295,510	34.7
Pineapple(kg)	183,083	220,404	20.4
IMPORTS			
Root Crops			
Dasheen(kg)	461,213	280,264	-39.2
Eddoes(kg)	349,239	293,089	-16.1
Sweet Potato(kg)	119,655	73,441	-38.6
Leafy Vegetables			
Cabbage (Green) (kg)	151,071	184,162	21.9
Vegetables			
Tomato(kg)	71,629	55,831	-22.1

Source: The National Agricultural Marketing and Development Corporation (NAMDEVCO)

PART VII - LABOUR MARKET

Employment

Latest official statistics on the labour market revealed an increase in the unemployment rate. According to the Central Statistical Office (CSO), the unemployment rate increased to 3.7 per cent in the first quarter of 2015 from 3.1 per cent recorded in the corresponding period one year ago (Table 12). This also compares with an unemployment rate of 3.3 per cent in the fourth quarter of 2014. The increase in the unemployment rate was mainly on account of a decline in the number of individuals with jobs (20,400 persons) when compared to the corresponding period in 2014. However, the number of persons without jobs only increased by 3,300 persons reflecting a withdrawal of individuals from the labour force. As a result, the participation rate declined to 60.9 per cent from 62.6 per cent in the period under review.

An analysis of employment by industry revealed job losses were broad-based across sectors. While there were employment gains emerging in the Wholesale and Retail Trade, Restaurants and Hotels (6,600 persons) and Agriculture (3,000 persons) sectors, sizeable job losses were observed in the Community, Social and Personal Services¹ (16,700 persons), Construction (5,900 persons) and Transport, Storage and Communication (4,200 persons) sectors, among others. An analysis of labour transfers revealed notable shifts in employment among the sectors but more so a significant withdrawal of persons from the labour force since 2014 (Table 13). The majority of persons leaving the labour force were females (9,100 persons) who were previously employed under temporary arrangements.

Table 12
Selected Labour Market Indicators

	QI-13	QII-13	QIII-13	QIV-13	QI-14	QII-14	QIII-14	QIV-14	QI-15
Unemployment Rate (%)	3.7	3.5	3.7	3.8	3.1	3.5	3.3	3.3	3.7
Total Labour Force	655,700	643,200	648,200	653,500	664,300	659,000	660,100	651,000	647,100
Total Persons with Jobs	631,500	620,700	624,200	628,800	643,500	636,200	637,900	629,800	623,100
Total Male Unemployed	11,300	9,600	11,300	13,000	10,900	11,500	9,800	11,200	11,400
Total Female Unemployed	12,900	12,900	12,700	11,700	9,800	11,500	12,300	10,100	12,600
Male Participation Rate (%)	72.4	70.4	71.3	72.3	73.1	71.7	71.7	72.2	71.4
Female Participation Rate (%)	51.6	51.1	51.0	50.9	52.1	52.3	52.5	50.2	50.3

Source: Central Statistical Office

¹ The Community, Social and Personal Services industry include CEPEP workers (both contractors and labourers), members of the Defence Force, public servants, teachers, sanitary workers, medical personnel, labour unions, recreational and culture services and personal and household services.

Table 13
Sectoral Distribution of Employment
/Thousands/

Sectors	Q1 2014		Q1 2015		Change	
	Employment	Unemployment	Employment	Unemployment	Employment	Unemployment
Agriculture	24.0	0.5	27.0	0.7	3.0	0.2
Petroleum & Gas	20.0	0.7	21.6	1.5	1.6	0.8
Manufacturing (including Mining & Quarrying)	55.4	0.7	53.6	1.2	-1.8	0.5
Construction (including Electricity & Water)	106.7	5.7	99.5	6.6	-7.2	0.9
Transport, Storage & Communications	40.4	0.2	36.2	0.9	-4.2	0.7
Other Services	391.5	12.8	382.4	12.4	-9.1	-0.4
Of which:						
Wholesale & Retail	113.2	5.0	119.8	4.7	6.6	-0.3
Community, Social & Personal Services	220.5	6.4	203.8	6.5	-16.7	0.1
Finance, Insurance & Real Estate	57.8	1.4	58.8	1.2	1.0	-0.2
Not classified	4.3	0.2	2.6	0.2	-1.7	0.0
Total	643.5	20.7	623.1	24.0	-20.4	3.3

Source: Central Statistical Office

Productivity

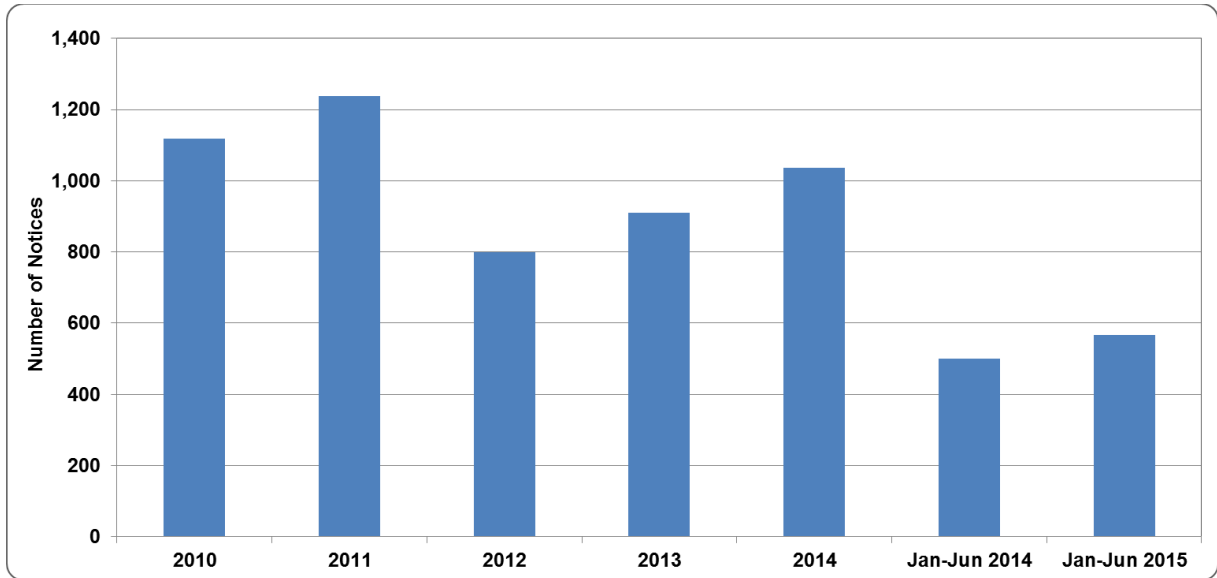
The Index of Productivity as measured by the Index of Domestic Production divided by the Index of Hours Worked, declined by 2.0 per cent in the first quarter of 2015. This compares to a decline of 0.7 per cent in the corresponding period one year ago. The fall in productivity was reflective of decreases in both the Index of Domestic Production and the Index of Hours Worked. The subsectors experiencing larger declines were the assembly-type and related industries (19.7 per cent), Petrochemicals (16.7 per cent) and Textiles, Garments and Footwear (15.9 per cent). Conversely, significant productivity gains were evident in the refining of oil and gas (59.2 per cent), water (13.4 per cent) and food processing (10.9 per cent) subsectors.

Retrenchment Notices and Job Openings²

Information on retrenchment notices for the first six months of 2015 supports the view of a continuation in job losses. Retrenchment notices, a direct barometer of job separation, increased 13.4 per cent in the first six months of 2015 when compared to the corresponding period one year ago ([Chart III](#)). The majority of notices originated in the Assembly (40.4 per cent), Distribution (20.6 per cent) and Finance (20.1 per cent) sectors. These sectors retrenched 229 persons, 117 persons and 114 persons respectively. In contrast, job openings, a direct gauge of the vacancy rate declined 34.0 per cent over the first six months of 2015.

² This indicator is constructed on the number of employment vacancies advertised in the *Daily Express*, *Newsday* and *Guardian* newspapers.

Chart III
Number of Persons Retrenched



Source: Ministry of Labour and Small and Micro Enterprise Development

PART VIII – DOMESTIC PRICES

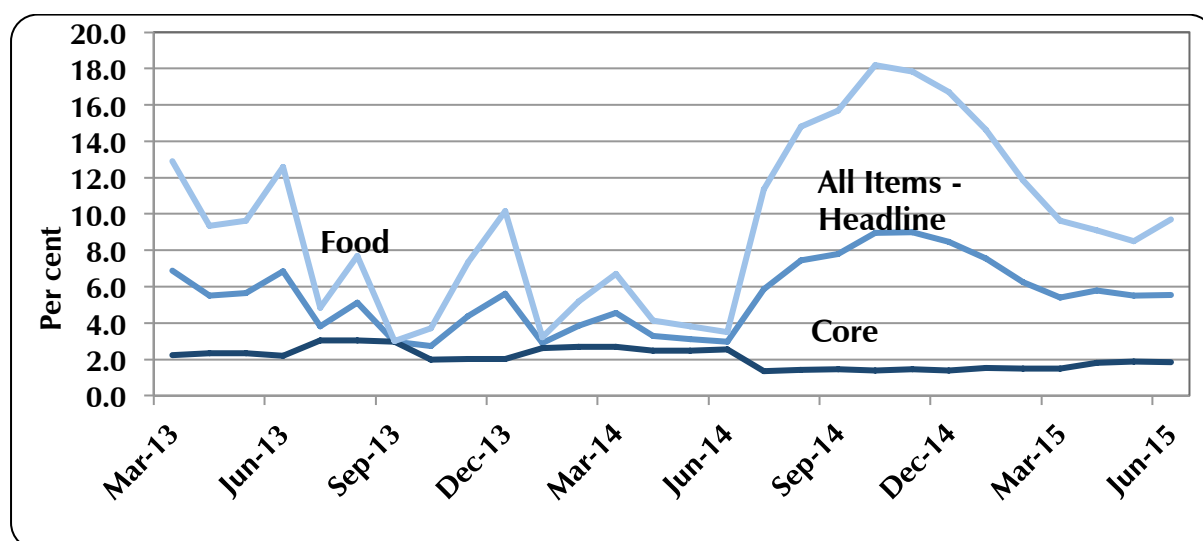
In May 2015, the Central Statistical Office launched the revised Index of Retail Prices using January 2015 as the base period. As such, the basket of goods which forms the basis of the RPI has been revised to be more representative of consumption patterns of domestic households. After starting 2015 at 7.5 per cent (year-on-year) in January, headline inflation decelerated to 5.6 per cent in June 2015. This downward trend was driven largely by the food price index, as core inflation experienced some increase during the second quarter of 2015.

After remaining unchanged over the first quarter of 2015, core inflation accelerated during the second quarter of 2015 (Chart IV). Core inflation measured 1.5 per cent (year-on-year) for the first three months of 2015, before hovering at just under 2.0 per cent during the second quarter of 2015. As at June 2015, core inflation measured 1.8 per cent on a year-on-year basis.

Meanwhile, food inflation decelerated over the first five months of 2015 before experiencing an uptick in June. Prior to June 2015, limited domestic supply disruptions, particularly for fruits and vegetables, helped to subdue increases in food prices, with food inflation slowing to 8.5 per cent in May from 14.6 per cent in January 2015. However, by June 2015 there was some reversal in this trend due to rising domestic input costs (poultry industries) and supply constraints of fruits and vegetables stemming from a pest infestation in an import market.

Concurrently, international food prices, measured by the Food and Agriculture Organization's Food Price Index, showed double-digit declines for the first half of 2015 as global food production improved. The Index declined by just over 20 per cent (year-on-year) in the second quarter of 2015 following a decline of around 16 per cent in the previous quarter. Over the period January to June 2015, all five components of the FAO Food Price Index showed year-on-year price contractions, especially for dairy products.

Chart IV
Index of Retail Prices
(Year-on-Year Per cent Change)



Source: Central Bank of Trinidad and Tobago

Index of Building Materials Prices

In the first quarter of 2015, the Index of Retail Prices of Building Materials recorded its first deceleration in 18 months. Prices for building material increased by 2.3 per cent (year-on-year) at the start of 2015 compared with 3.4 per cent in the final quarter of 2014. The slowdown was due to reductions in Site Preparation (4.4 per cent), Plumbing and Plumbing Fixtures (0 per cent), Walls and Roof (1.7 per cent), and Windows, Doors and Balustrading (1.0 per cent). Conversely, the Electrical Installation sub-sector increased by 1.3 per cent, reversing eight consecutive quarters of decline, while the Finishing sub-sector increased by 3.5 per cent.

Producers' Prices

In the second quarter of 2015, producers' prices held steady from the previous quarter as most of the sub-sectors remained unchanged. The overall Index of Producers' Prices increased by 2.2 per cent for the second quarter of 2015 compared to 2.1 per cent in the previous three-month period. The sub-index showing the largest change was Chemicals and Non-metallic products (1.6 per cent from 0.5 per cent in the previous quarter); accounting for this increase was a significant rise in the price of ready-mixed concrete.

PART IX – CENTRAL GOVERNMENT FISCAL OPERATIONS

Preliminary data from the Ministry of Finance and the Economy for the period October 2014 to May 2015 revealed that the Central Government accounts registered a wider deficit of \$2,168.1 million compared to a deficit of \$1,028.6 million for the comparative period one year prior (Table 14). This was mainly as a result of lower revenues due to lower energy prices, as well as higher capital allowances to major energy companies. The non-energy fiscal deficit narrowed to \$14,645.7 million for the eight-month period under review from \$16,450.5 million in the corresponding year-earlier period.

Total revenue amounted to approximately \$34.1 billion during the first eight months of the fiscal year (FY) 2014/15, which is 1.7 per cent below revenues during the corresponding period in FY 2013/14. Despite this, however, total revenue was bolstered by a significant increase in capital revenue to \$2,572.6 million due mainly to receipts from the sale of CLICO Treasury Bills, which amounted to \$2.45 billion. Further, there were increased receipts from the Non-energy sector, namely from income taxes (15.3 per cent) as well as goods and services (28.8 per cent). Greater revenue from income tax was attributable to larger receipts from individuals and non-energy companies, while the rise in receipts from goods and services was the result of an increase in net Value Added Tax (VAT) collections. Non-energy revenue was constrained by deteriorating non-tax revenue which fell by 22.5 per cent, mainly on account of lower profits from State-owned enterprises, which declined from \$4,205.8 million to \$3,009.4 million..

There was an uptick in Central Government expenditure, stemming primarily from higher spending on the capital programme. Total expenditure amounted to \$36,315.4 million during the period October 2014 to May 2015, 1.6 per cent higher than the corresponding year-earlier period. Capital spending increased by 9.3 per cent to reach \$3,495.8 million from \$3,198.1 million as a result of the pick-up in the pace of project implementation as well as the settlement of outstanding commitments. Recurrent expenditure increased by \$262.4 million largely due to a 6.5 per cent increase in wages and salaries. Transfers and subsidies remained buoyant, amounting to \$20.5 billion in the first eight months of FY 2014/15, relatively unchanged from the same period one year earlier. Of this total, petroleum subsidy payments amounted to \$2.35 billion as the Government continued to clear arrears.

In June 2015, the Minister of Finance and the Economy received approval from the Parliament for a Finance Variation of Appropriation Bill, which allowed for the reallocation of just over \$2 billion in expenditures to the various ministries. The recipients of the largest allocations were the Ministry of Education (\$579 million), the Ministry of National Security (\$478 million) and the Ministry of Environment and Water Resources (\$258 million) (Table 15).

Table 14
Summary of Central Government Fiscal Operations
(TT Millions)

TT\$ Millions	2013/2014 ^p	Oct. 13 - May. 14	Oct. 14 - May. 15	2014/2015 ^b
TOTAL REVENUE	58,313.0	34,726.9	34,147.1	60,351.2
Current Revenue	57,021.7	33,483.0	31,574.5	58,817.1
Energy Revenue	28,043.6	15,422.4	12,477.4	29,024.5
Non-Energy Revenue	28,978.1	18,060.6	19,097.1	29,792.6
Income	11,266.5	6,570.0	7,578.1	10,902.1
Property	3.4	2.2	2.1	3.0
Goods & Services	7,583.4	4,245.1	5,469.0	9,063.5
International Trade	2,902.6	1,798.9	1,830.6	2,815.7
Non-Tax Revenue	7,222.1	5,444.4	4,217.3	7,008.3
Capital Revenue	1,291.3	1,243.9	2,572.6	1,534.1
TOTAL EXPENDITURE	61,033.0	35,755.4	36,315.4	64,664.5
Current Expenditure	53,263.1	32,557.3	32,819.7	56,502.5
Wages and Salaries	8,764.8	5,373.4	5,725.0	9,260.8
Goods and Services	8,030.7	4,673.5	4,756.3	9,915.8
Interest Payments	2,881.5	1,833.1	1,828.9	3,006.6
Transfers and Subsidies ¹	33,586.1	20,677.3	20,509.5	34,319.3
Capital Expenditure and Net Lending ²	7,769.9	3,198.1	3,495.8	8,162.0
Current Account Surplus (+)/Deficit (-)	3,758.6	925.6	-1,245.2	2,314.6
Current Account Surplus /Deficit (% of GDP) ³	2.1	0.8	-1.0	1.2
Overall Surplus (+)/Deficit (-)	-2,720.0	-1,028.6	-2,168.1	-4,313.3
Overall Surplus /Deficit (% of GDP) ³	-1.5	-0.9	-1.8	-2.3
Financing	2,720.0	1,028.6	2,168.1	4,313.3
Foreign Financing	3,156.5	3,374.2	-69.4	3,735.8
Domestic Financing	-436.5	-2,345.6	2,237.5	577.5
Memo items:				
Non-Energy Fiscal Deficit	-30,763.6	-16,450.5	-14,645.7	-33,337.8
Non-energy Fiscal Deficit (% of GDP) ³	-17.2	-13.8	-11.9	-17.9
Transfers to the HSF	0.0	0.0	0.0	0.0

Source: Ministry of Finance and the Economy

1 Adjusted for transfers to the Infrastructure Development Fund, Government Assisted Tertiary Education Fund and CARICOM Petroleum Fund.

2 Includes an adjustment for Repayment of Past Lending.

3 Fiscal flows have been annualized for the computation of ratios for the period October to May.

p Provisional.

b Budgeted.

Table 15
The Finance Variation of Appropriation Bill, 2015

	TT\$ Millions	
Total Variation of Appropriation 2015	2,189.60	2,189.60
<i>of which</i>	Increase	Decrease
Ministry of Education	579.0	
Ministry of National Security	478.0	
Ministry of the Environment and Water Resources	258.0	
Ministry of Finance and the Economy		1,407.8
Ministry of Energy and Energy Affairs		693.8
Ministry of People and Social Development		68.0

Source: Ministry of Finance and the Economy

PART X – PUBLIC SECTOR DEBT

Preliminary estimates indicate total public sector debt outstanding increased to \$111.6 billion during the period October 2014 to June 2015, equivalent to 60.3 per cent of GDP (Table 16). Excluding debt issued for sterilization purposes, total public sector debt outstanding amounted to 39.9 per cent of GDP.

Central Government domestic debt, excluding sterilized securities and contingent liabilities, increased by 3.7 per cent during the first nine months of FY2014/2015 to 16.6 cent of GDP. In December 2014, the Central Government issued two bonds valued at \$2.1 billion for budgetary support. The first bond was issued by ANSA Merchant Bank Limited for \$1.5 billion with a tenor of 12 years and a fixed interest rate of 2.30 per cent, while the second was issued by First Citizens Investment Services Limited in the amount of \$600 million with a tenor of one year.

Contingent debt increased by 3.1 per cent to \$30.1 billion on account of new borrowings by State-owned Enterprises. The National Infrastructure Development Company Limited (NIDCO) issued a domestic bond valued at \$1.5 billion to meet outstanding payment obligations in respect of the Point Fortin Highway, while the Education Facilities Company limited (EFCL) raised \$285.3 million for the construction of Early Childhood Care and Education Centers as well as for primary and secondary schools. Additionally, the National Insurance Property Development Company Limited (NIPDEC) raised \$150.8 million on the domestic market for the construction of the San Fernando Family Court while Caribbean Airlines Limited (CAL) borrowed \$480 million.

External debt increased slightly to \$12.9 billion as a result of US\$30 million in disbursements from the Caribbean Development Bank for the CNG Project Initiative. External debt is expected to accelerate on account of new loans contracted during the quarter but not yet disbursed. This includes borrowings of US\$215 million from the ING Bank N.V. in Amsterdam, Netherlands and US\$171.9 million from the Export Import Bank of China. These monies are to be used to finance the purchase of naval assets, as well as for the construction of the Arima Hospital.

Table 16
Public Sector Debt Outstanding
(TT\$ Millions)

	Sep-14^r	Jun-15^e
TOTAL PUBLIC DEBT	97,635	111,601
CENTRAL GOV'T DOMESTIC DEBT	55,744	68,599
Bonds and Notes	33,624	34,061
<i>Of which:</i>		
General Development Bonds	9,095	10,414
CLICO fixed-rate Bonds	14,821	14,821
CLICO zero-coupon Bonds	4,598	4,095
HCU zero-coupon bonds	0	321
Liquidity Absorption Bonds	2,540	1,840
Treasury Bonds	2,559	2,559
Other ¹	11	11
Treasury Bills	15,108	24,379
Treasury Notes	5,892	9,086
Debt Management Bills	800	800
BOLTS	319	273
CENTRAL GOVERNMENT EXTERNAL DEBT	12,655	12,860
CONTINGENT DEBT	29,237	30,142
Statutory Authorities	10,453	10,135
State Enterprises	18,785	20,007
	Per cent of GDP²	
Total Public Debt	54.6	60.3
Total Public Debt (excl. sterilized debt)*	40.0	39.9
Central Government Domestic Debt (excl. sterilized debt)	16.6	16.6
External Debt	7.1	7.0
Contingent Liabilities	16.4	16.3
Memo:		
Nominal GDP (Fiscal Year) ²	178,784	184,953

Sources: Ministry of Finance and the Economy and Central Bank of Trinidad and Tobago

^r Revised

^e Estimate

¹ Comprises outstanding balances of national tax-free saving bonds, public sector arrears and Central Bank fixed-rate bonds.

² Derived on a fiscal year basis using Calendar Year GDP sourced from the 2014 Review of the Economy.

* Excludes all debt that have been sterilized at the Central Bank and includes the following:

Treasury Bills, Treasury Notes, Treasury Bonds and Liquidity Absorption Bonds.

PART XI – MONEY, CREDIT AND INTEREST RATES

Against the backdrop of growth in the Non-energy sector, rising upside risks to inflation and the expected increases in international interest rates as the US Federal Reserve commences its policy rate normalization in the latter part of 2015, the Central Bank of Trinidad and Tobago continued to adjust its key policy rate upwards during the first seven months of 2015. Following a 50 basis point increase towards the end of 2014, the Bank's Monetary Policy Committee raised the Repo rate, its key policy rate, by 25 basis points at successive meetings in January, March, May and July 2015. By July 2015, the Repo rate had increased to 4.25 per cent, from 3.25 per cent at the end of 2014. To support its policy rate adjustments, the Bank also undertook an active liquidity management approach to contain banking system liquidity at appropriate levels.

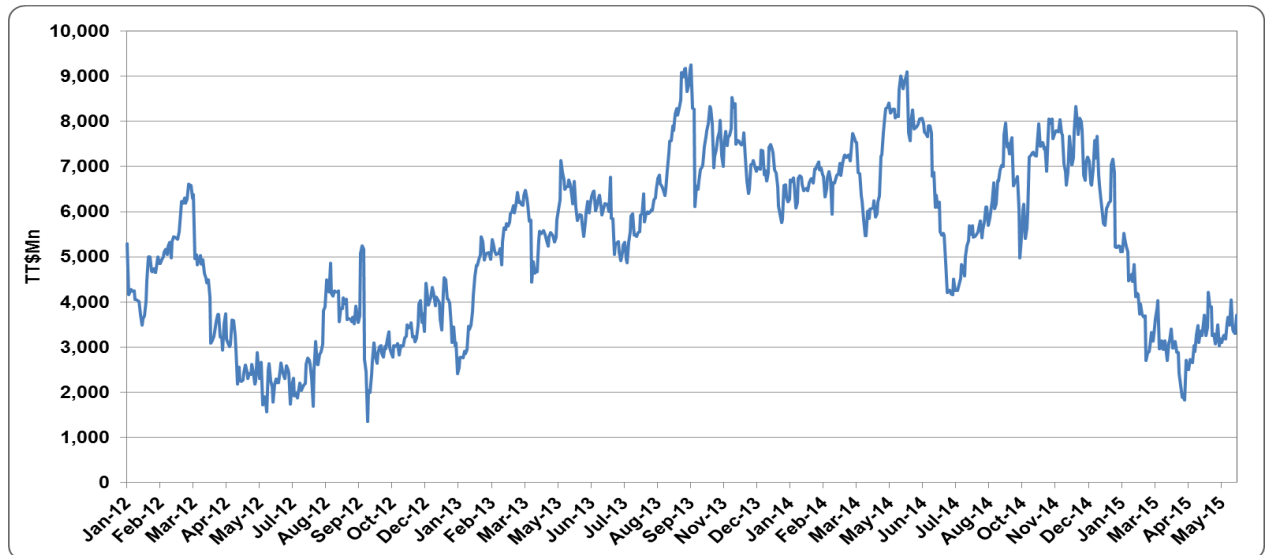
With the Bank implementing a more robust liquidity management strategy, commercial banks' excess reserves moderated significantly throughout the first half of 2015. Over the period January–June 2015, commercial banks' excess reserves averaged \$3.7 billion per day, compared with just over \$7.0 billion per day during the first half of 2014 (Chart V). The Bank removed approximately \$2.3 billion via net open market operations from the banking system during the first half of 2015, \$1 billion more than the corresponding period one year ago. The Bank also rolled over \$2.5 billion in commercial banks' fixed deposits which matured during the review period. Moreover, Central Bank's support to the foreign exchange market indirectly withdrew around \$7.0 billion from the domestic banking system. Meanwhile, net domestic fiscal injections, usually the main source of inflows into the system, amounted to \$6.7 billion in the first half of 2015 compared with approximately \$5.0 billion in the same period in 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 \$173 million for the three-month period February to April 2015.

Consistent with lower liquidity levels and signals provided by the Central Bank, interest rates in the financial system began to trend upwards during the first half of 2015. The discount rate on the 91-day Treasury bill rose to 0.70 per cent in June 2015 from 0.24 per cent in December 2014, while the rate on the 182-day Treasury bill increased to 0.85 per cent from 0.35 per cent over the same period. With the comparative US three-month Treasury bill rate sticky at near zero per cent, the interest rate differential between TT and US three-month T-bills was well into positive territory, reaching 69 basis points -- up from 20 basis points in December 2014. With respect to lending rates, the median commercial banks' prime lending rate increased to 8.13 per cent by June 2015 from 7.75 per cent in December 2014.

However, information to March 2015 indicated that other lending rates have been slower to adjust to the changing financial environment. Unlike other rates, commercial banks' weighted average loan rate fell to 7.60 per cent in March 2015 from 7.77 per cent in December 2014, as policy rate increases were yet to transmit to the wider spectrum of lending rates (Chart VI). Meanwhile, over the same period, the weighted average deposit rate increased by one basis point to reach 0.55 per cent in March 2015. As a result, the spread between weighted average lending and deposit rates narrowed by 18 basis points to 7.05 per cent over the first quarter of 2015. The weighted average real estate mortgage rate on outstanding mortgages also dipped from 5.86 per cent at the end of

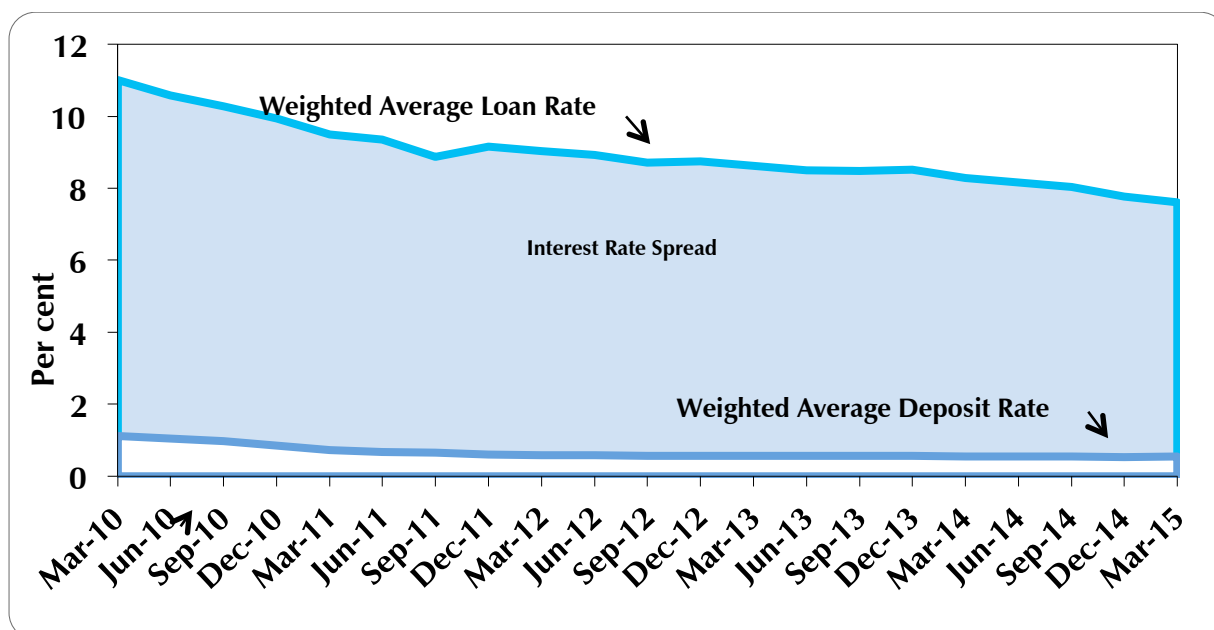
2014 to 5.79 per cent in March 2015. Going forward, with the Mortgage Market Reference Rate (MMRR) rising by 25 basis points to 2.50 per cent in June 2015, interest rates, particularly on residential mortgages, are expected to trend upwards towards the end of 2015.

Chart V
Commercial Banks' Excess Reserves



Source: Central Bank of Trinidad and Tobago

Chart VI
Commercial Banks' Weighted Average Loan and Deposit Rate



Source: Central Bank of Trinidad and Tobago

The expansion in private sector credit has waned somewhat over early 2015 (Chart VII). Lending to the private sector by the consolidated financial system rose by 4.5 per cent on a year-on-year basis to May 2015, compared with an increase of 7.4 per cent in December 2014. Credit granted by both commercial banks and non-bank financial institutions generally slowed in May 2015 when compared with the end of 2014. Further analysis also showed a deceleration in growth across the major credit categories.

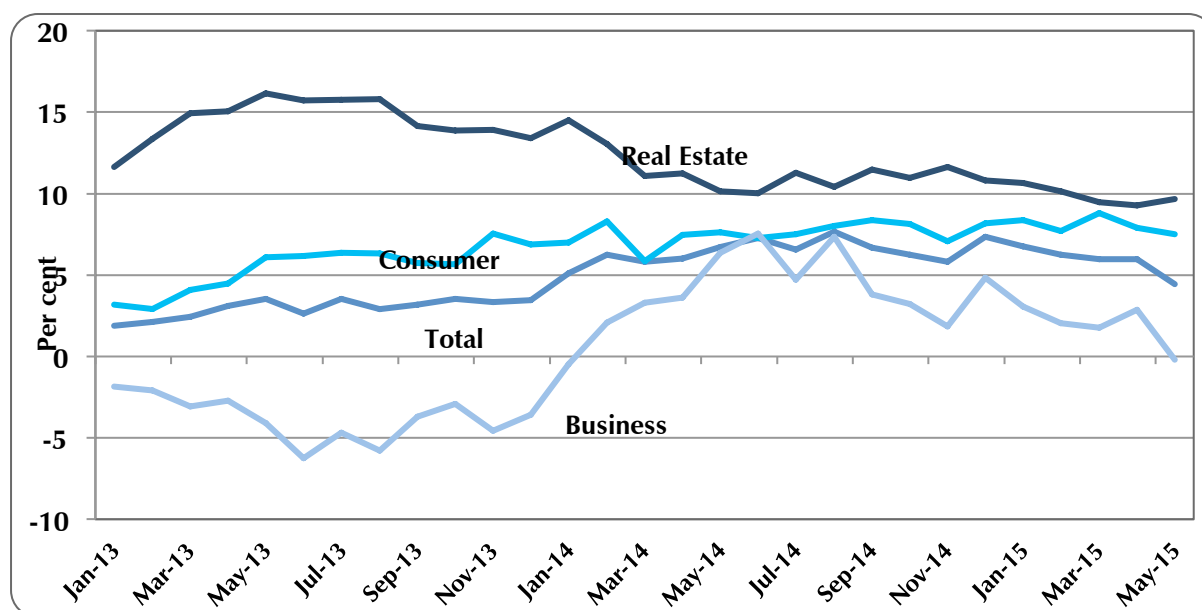
After a gradual slowdown during the final quarter of 2014, lending to businesses was relatively subdued over the early part of 2015. The low-growth trajectory was consistent with the dip in the Business Confidence Index in the first quarter of 2015. On a year-on-year basis, business loans declined by 0.2 per cent in May 2015, compared with growth of 4.8 per cent in December 2014. A further analysis of commercial bank lending to the Business sector revealed relatively sluggish lending to the Construction, Manufacturing and Distribution sectors during the first quarter of 2015.

Despite the slowdown, consumer lending remained fairly robust over the first five months of 2015. Lending to consumers expanded by 7.5 per cent (year-on-year) in May 2015 compared with 8.2 per cent in December 2014. An analysis of banks' consumer loans continued to show strong growth in lending for the purchase of new motor vehicles and home improvement/renovation loans in the early part of 2015.

Growth in real estate mortgage lending decelerated steadily over the early part of 2015, slowing to single digit territory (9.5 per cent) for the first time in approximately 2.5 years. On a year-on-year basis, real estate mortgage lending grew by 9.7 per cent in May 2015, from the 10.8 per cent

experienced in December 2014. With the recent increase in the MMRR and a reduction in the number of mortgage loan applications observed over the first quarter of 2015, the expansion in real estate mortgage lending is expected to soften further.

Chart VII
Private Sector Credit by the Consolidated Financial System
(Year-on-Year Per Cent Change)



Source: Central Bank of Trinidad and Tobago

Developments in the local Foreign Exchange Market

Conditions in the domestic foreign exchange market remained relatively tight in the first half of 2015 (Table 17). Over the period January–June 2015, authorized dealers of foreign exchange purchased a total of US\$2,555.0 million from the public, a 9.7 per cent decline when compared with the same period one year ago. On the other hand, sales to the public by authorized dealers were 9.0 per cent higher on a year-on-year basis at US\$3,665.5 million in the first half of 2015. To support the market, the Central Bank sold US\$1,119.9 million to authorized dealers in the first half of 2015, significantly more than the US\$690.0 million provided by the Bank in the first half of 2014.

The Energy sector continued to be the main source of foreign exchange, while the Non-Energy sector was a net user. In the first half of 2015, the Energy sector accounted for around 74.3 per cent of total purchases, with Credit Card Centres (6.8 per cent), Manufacturing (4.8 per cent) and Transportation and Storage (3.7 per cent) sectors comprising the other contributors to the supply of foreign exchange. Additionally, the Retail and Distribution sector absorbed the largest share of sales to the public (31.9 per cent), followed by Manufacturing (14.0 per cent), Credit Card Centres (11.9

per cent) and Automobile Dealers (7.1 per cent). However, the share of sales to the latter was significantly lower than in the corresponding period in 2014 (13.2 per cent).

Over the first six months of 2015 there was little movement in the TT/US dollar exchange rate. At the end of June 2015, the weighted average selling rate stood at TT\$6.3650 per US dollar, a slight appreciation from TT\$6.3839 per US dollar in December 2014.

Table 17
Authorized Dealers: Foreign Exchange Market Activity
(US \$ Millions)

Date	Purchases from Public	Sales to Public	Net Sales	Purchases from CBTT
2012	4,859.1	6,713.7	1,854.6	1,785.0
2013	5,802.2	7,076.4	1,274.2	1,315.0
2014	5,525.2	6,956.0	1,430.8	1,715.0
Jan-Jun 2014	2,830.4	3,361.8	531.4	690.0
Jan-Jun 2015	2,555.0	3,665.5	1,110.6	1,119.9

Source: Central Bank of Trinidad and Tobago

PART XII – CAPITAL MARKET

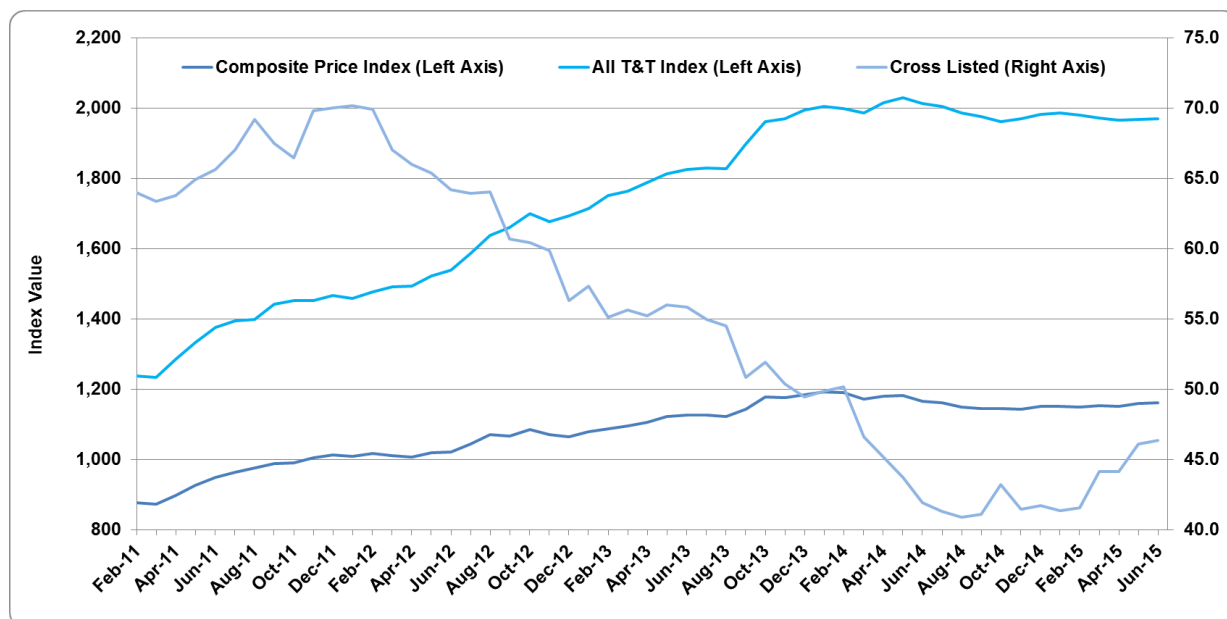
Stock Market

For the first half of 2015, the local stock market, driven mostly by regional companies, posted a marginal uptick (Chart VIII). On a year-to-date basis to June 2015, the Composite Price Index (CPI) recorded a 1.0 per cent gain following a 1.6 per cent decline during the first half of 2014. The performance of the domestic market was bolstered by the strong recovery in the Cross Listed Index (CLI), which expanded by 11.1 per cent over the first six months of 2015 following a 15.2 per cent fall in the same period one year earlier. Conversely, the All Trinidad and Tobago Index (ATI) fell marginally by 0.6 per cent, following a 1.0 per cent increase in the same period during 2014. Given the muted performance of the overall domestic market, stock market capitalization increased by 1.3 per cent to \$111.1 billion in the first six months of 2015.

Positive performances among the sectoral indices were broad based, with all but one sub-index posting positive returns. The Non-Bank and Banking sub-indices both recorded gains of 1.2 per cent and 0.9 per cent, respectively, during the first half of 2015. These sub-indices were bolstered by advances in the National Commercial Bank of Jamaica (NCBJ) and Jamaica Money Market Brokers (JMMB) which rose by 55.7 per cent and 4.7 per cent, respectively, as the prospects for these companies improved in line with the economic recovery in Jamaica. The Manufacturing II sub-index also experienced a 9.0 per cent increase, due to a 73.9 per cent appreciation in the share price of National Flour Mills (NFM). Other sub-indices that reported positive gains over the period were the Manufacturing I (2.1 per cent), Property (1.6 per cent) and Trading (0.4 per cent) sub-indices. On the other hand, the Conglomerates sub-index fell by 1.6 per cent because of a 5.8 per cent drop in the share price of Massy Limited.

Trading activity on the domestic stock market was significantly lower during the first six months of 2015 when compared to the same period in 2014. A total of 37.0 million shares were traded with a combined market value of \$458.7 million compared to 49.9 million shares exchanged with a combined market value of \$592.9 million in 2014. In terms of volume traded, the Non-Bank sub sector dominated with 30.2 per cent (11.2 million) of total shares being exchanged followed by the Banking (9.0 million) and the Manufacturing (8.8 million) sub-sectors. The attractiveness of the regional stocks was also demonstrated in their trade volume performance. Within the Non-Bank sub sector, JMMB dominated with just under 5.0 million shares traded, while within the Banking, NCBJ registered 5.5 million shares traded.

Chart VIII
Trinidad and Tobago Stock Indices



Source: Trinidad and Tobago Stock Exchange

Bond Market

Preliminary information indicated that the domestic primary bond market remained relatively inactive during the first six months of 2015 (Table 18). In the first half of 2015, the Central Government issued a \$500 million (face value), 12-year, 2.3 per cent fixed rate coupon bond. Furthermore, there were three short-term US dollar financing arrangements by the Central Government, a State Enterprise and a regional company. The Central Government raised US\$75 million through a six-month facility, while the Trinidad Nitrogen Company Limited (TRINGEN) accessed financing of US\$25 million through a one-year floating rate security pegged to three-month Libor. Additionally, Sagicor Financial Corporation rolled over US\$43 million through an 11-month short-term financing arrangement. Over the concomitant period in 2014, the Central Government was the sole issuer, raising financing of \$1.0 billion on the primary bond market. The absence of the local private sector on the domestic bond market may be indicative of limited investment opportunities given the low growth environment and waning business sector confidence.

Trading activity on the secondary Central Government bond market continued to decline in 2015. Central Government bonds with a combined face value of \$43.9 million were traded during the first half of 2015 compared with \$152.8 million in the same period 2014. The number of transactions was also generally lower, with only 11 trades occurring in 2015, compared with 25 trades in the previous year. The reduction in trading activity was partly due to the lack of new primary bond issues on the domestic market.

Table 18
Primary Debt Security Activity
January – June 2015^P

Period Issued	BORROWER	Face Value (TT \$M)	Period to Maturity	Coupon Rate per annum	Placement Type
March	Central Government of Trinidad and Tobago	500.00	12 years	Fixed Rate 2.3%	Private
April	Trinidad Nitrogen Company Ltd (TRINGEN)	158.60 (US \$25.0 M)	1 year	Floating Rate 3-Month Libor + 1.55%	Private
June	Central Government of Trinidad and Tobago	475.28 (US \$75.0 M)	6-month	Fixed Rate 2.61%	Private
	Sagicor Financial Corporation	272.80 (US \$43.0 M)	11-months	Fixed Rate 5.0%	Private

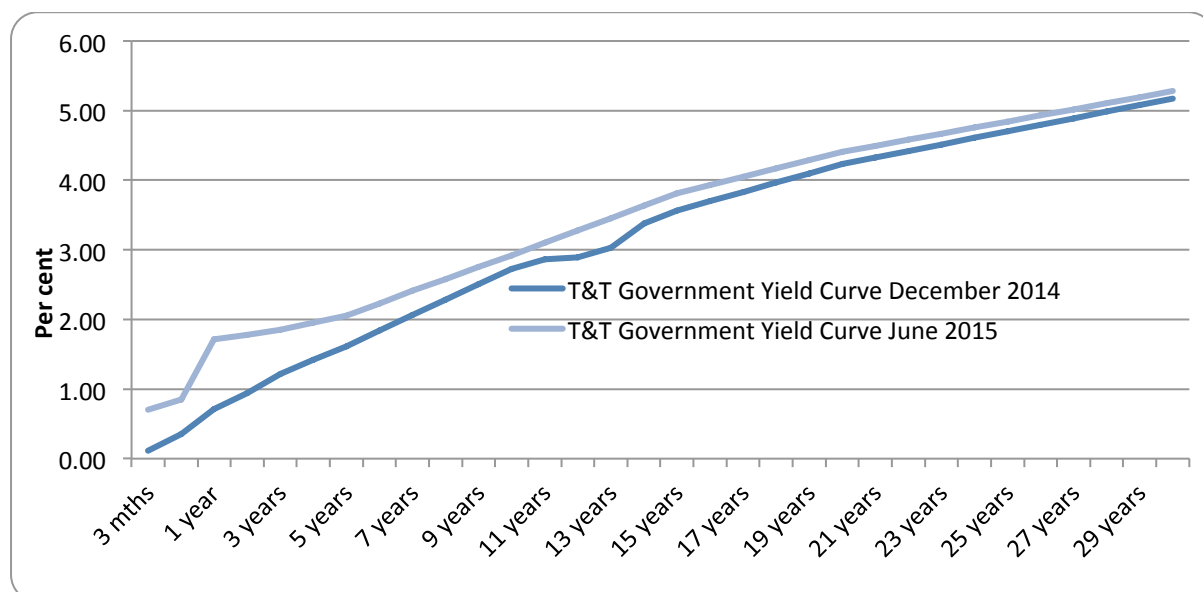
Sources: Central Bank of Trinidad and Tobago and the Securities and Exchange Commission.

P: Provisional

Central Government Yield Curve

Given the lower liquidity levels and interest rate signals provided by the Central Bank, yields on the standardized Central Government Yield Curve trended upwards in the first half of 2015 (Chart IX). The shorter term tenors were most responsive to the changing financial environment, with the 91-day and 182-day Treasury bill rates increasing from 0.11 per cent and 0.35 per cent at the end of 2014 to 0.70 per cent and 0.85 per cent, respectively, by June 2015. There was a notable spike at the one-year tenor, which gained 100 basis points to end June 2015 at 1.71 per cent. Additionally, movements at the longer end of the curve were less pronounced. The 10-year benchmark yield rose by 20 basis points to 2.92 per cent by the end of June 2015, while the benchmark 15-year yield increased by 25 basis points over the same period to 3.81 per cent.

Chart IX
Trinidad and Tobago
Central Government Yield Curve



Source: Central Bank of Trinidad and Tobago

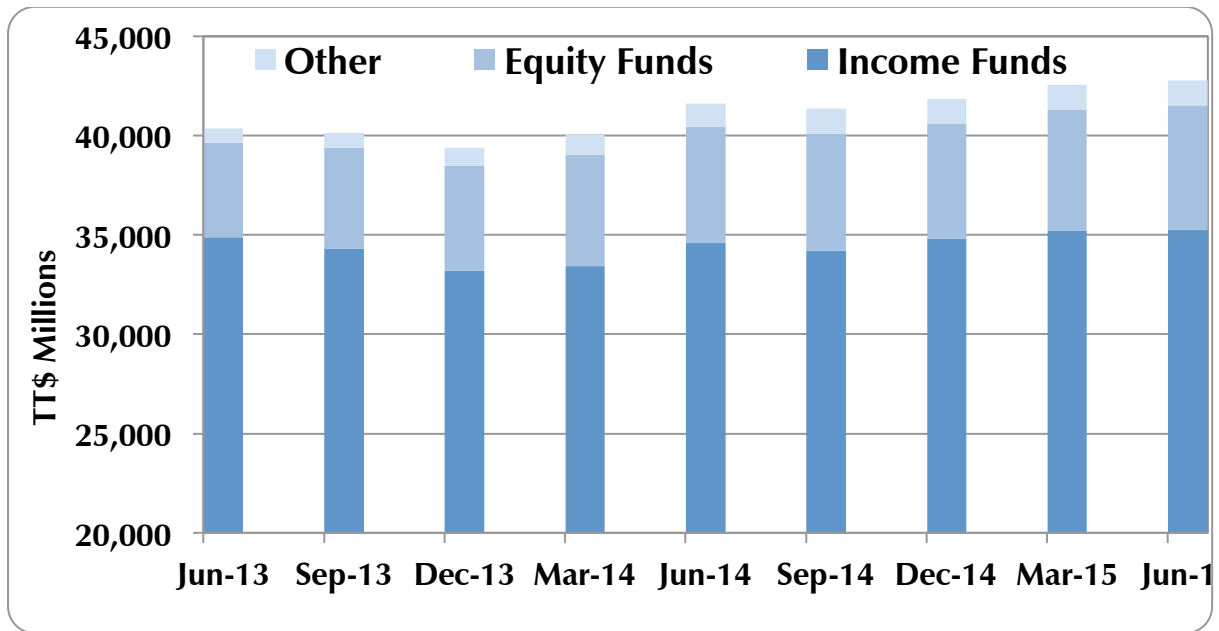
Mutual Funds

Aggregate mutual funds under management³ continued to grow in 2015. At the end of June 2015, funds under management stood at just under \$42.8 billion, representing a 2.2 per cent increase from the end of 2014. In comparison, funds under management grew by 5.7 per cent in the same period one year earlier. Income funds (which accounts for more than 80.0 per cent of funds under management) grew by 1.2 per cent to \$35.3 billion, following a 4.1 per cent increase in the same period of 2014. In addition, equity funds continued to perform robustly, increasing by 8.7 per cent to \$6.3 billion at the end of the year following growth of 10.9 per cent in the first half of 2014. During the first six months of the year, the industry attracted sales of approximately \$6.9 billion, while repurchases amounted to just under \$6.1 billion, resulting in net sales of \$777.4 million. Income funds experienced the largest activity with \$530.7 million in net sales while Equity funds attracted net sales of \$198.6 million in the first half of 2015.

In terms of the industry currency profile, both foreign currency and TT dollar-denominated funds expanded modestly during the period. US dollar funds grew by 3.4 per cent to \$8.4 billion following growth of 9.0 per cent in the previous year. TT dollar funds ended the period at \$34.4 billion, a rise of 1.9 per cent from the end of 2014.

³ Aggregate funds under management refer to mutual fund information collected by the Central Bank of Trinidad and Tobago, including funds managed by the Trinidad and Tobago Unit Trust Corporation, Roytrin, Republic Bank Limited and First Citizens Bank Limited.

Chart X
Mutual Funds-Aggregate Fund Values



Source: Central Bank of Trinidad and Tobago

Box 2

Proposed Initial Public Offerings (IPOs) in the Domestic Stock Market, 2015

Following the highly successful First Citizens Bank IPO back in September 2013, which added over \$6.0 billion in stock market capitalization on its listing date, the Trinidad and Tobago Stock Exchange (TTSE) anticipated two more IPOs in 2015.

(1) *The Stallion Property Trust*

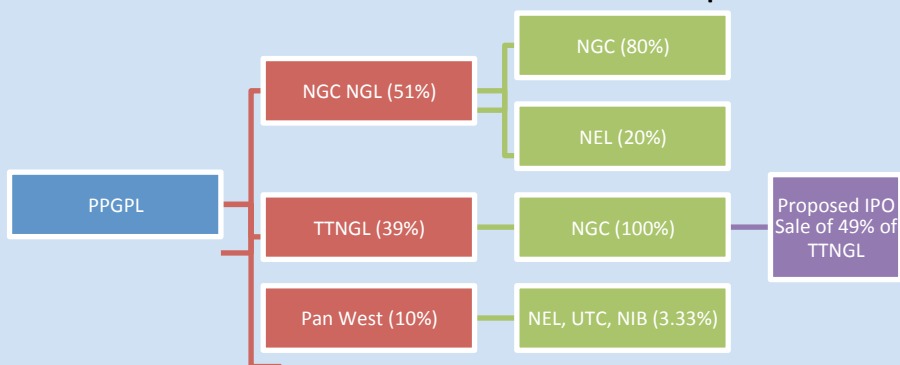
The Stallion Property Trust offering which closed on July 3rd, 2015 was expected to add around \$381 million in market capitalization to the Mutual Fund Shares listed on the TTSE. However, the offering was subsequently canceled because of undersubscription of the offering and the requirement of full subscription as indicated in the proposed business model in the prospectus. All funds were returned to investors.

(2) *Phoenix Park Gas Processors Limited (PPGPL)*

The highly anticipated IPO of Phoenix Park Gas Processors Limited (PPGPL), one of the largest gas processing facilities in the Americas, was launched during the third quarter of 2015 under the Trinidad and Tobago NGL Limited (NGL), a subsidiary of National Gas Company Ltd (NGC).

The ownership structure of PPGPL shows that NGC owns roughly 79.8 per cent of PPGPL through two holding companies NGC NGL and Trinidad and Tobago Holdings LLC (TTNGL). During 2013, NGC purchased the 39.0 per cent stake in PPGPL from US oil giant ConocoPhillips for US\$600 million through TTNGL. The initial plan by the NGC in mid-2014 sought to offer 49.0 per cent of the TTNGL holdings of PPGPL by selling 75.8 million shares. The PPGPL IPO is anticipated to raise around \$1.5 - \$2.0 billion.

Chart I: Phoenix Park Gas Processors Limited Ownership Structure



Source: Trinidad and Tobago Business Guardian, Phoenix Park Gas Processors Limited

PART XIII – INTERNATIONAL TRADE AND PAYMENTS

(Data in this section are in US dollars unless otherwise stated)

Overall, the external accounts of Trinidad and Tobago recorded a deficit of \$606.4 million in the first quarter of 2015, with the level of gross official reserves at the end of March 2015 amounting to \$10.7 billion or 12.5 months of imports of goods and non-factor services (Table 19).

The current account posted an estimated surplus of \$19.6 million (0.3 per cent of GDP) in the first quarter of 2015, in contrast to a deficit of \$355.1 million (5 per cent of GDP) in the corresponding year-earlier period. The improvement in the current account mainly reflected a substantial narrowing of the deficit on the investment income account.

The merchandise trade account registered a smaller surplus of \$26.3 million in the first quarter of 2015, following a surplus of a \$186.5 million in the same period of 2014. This was primarily due to lower energy exports arising out of lower gas production and lower energy prices. Non-energy exports also declined, by 18 per cent (year-on-year) in the first quarter of 2015 as economic activity in major source markets such as the US and CARICOM was subdued. Meanwhile, total imports declined by 13 per cent (year-on-year) as a result of lower imports of non-energy goods. This was partly offset by higher energy imports as greater volumes of crude oil were imported for processing. The surplus on the services account also declined to \$103.2 million in the first quarter of 2015 from \$204.1 million in the corresponding period one year ago. Net factor payments abroad were estimated at \$95.1 million, substantially lower than the \$744.4 million that was recorded in the first quarter of 2014. This was primarily due to lower dividends and profits repatriated abroad by foreign-owned energy companies.

The capital and financial account recorded a deficit of \$626 million in the first quarter of 2015 compared with a surplus of \$381.3 million in the first quarter of 2014. Net foreign direct investment inflows increased from \$305.7 million in the first quarter of 2014 to \$420.9 million in the first quarter of 2015, primarily on account of higher inter-company debt transactions. Meanwhile, portfolio investment registered a net outflow of \$92.1 million, greater than the net outflow of \$33 million in the first quarter of 2014. This was mainly a reflection of increased transactions by energy companies. Further, commercial banks increased their net foreign balances abroad by augmenting their holdings of US Treasury bills, leading to a net outflow of \$252.6 million. The deficit on the public sector sub-account increased to \$133.6 million in the first quarter of 2015 from \$80.6 million in the corresponding period of 2014 on account of investments abroad by the Heritage and Stabilization Fund (HSF).

Table 19
Trinidad and Tobago : Summary Balance of Payments
/US \$Million/

	2009	2010	2011	2012 ^P	2013 ^P	2014 ^P	Jan-Mar 2014 ^P	Jan-Mar 2015 ^P
Current Account	1,632.8	4,172.3	2,898.5	823.6	1,920.0	1,349.5	-355.1	19.6
Trade Balance	2,241.2	4,735.4	5,433.0	3,918.4	3,898.8	3,420.1	186.5	26.3
Exports	9,221.4	11,238.9	14,943.9	12,983.4	12,769.6	11,805.8	2,659.2	2,172.6
Energy	7,939.8	9,435.2	12,709.7	10,569.3	10,854.2	10,034.9	2,260.3	1,846.7
Non-energy	1,281.6	1,803.7	2,234.2	2,414.1	1,915.4	1,770.9	398.9	325.9
Imports	6,980.2	6,503.5	9,510.9	9,065.0	8,870.8	8,385.7	2,472.7	2,146.3
Energy	2,845.6	2,664.4	4,308.5	3,942.0	4,891.9	3,906.1	742.5	1,069.2
Non-energy	4,134.6	3,839.1	5,202.4	5,123.0	3,978.9	4,479.5	1,730.2	1,077.1
Services (Net)	381.7	487.6	506.3	261.2	271.5	317.1	204.1	103.2
Income (Net)	-1,017.1	-1,079.5	-3,073.9	-3,389.5	-2,275.4	-2,367.4	-744.4	-95.1
Transfers (Net)	27.0	28.8	33.1	33.6	25.1	-20.3	-1.2	-14.7
Capital and Financial Account	-2,345.4	-3,753.9	-2,145.8	-1,445.6	-1,133.7	-19.9	381.3	-626.0
Private Sector	-2,622.8	-3,213.0	-1,850.4	-819.7	-1,148.5	283.9	461.9	-492.3
Direct Investment*	709.1	549.4	770.6	772.1	-66.3	1,476.9	305.7	420.9
Portfolio Investment	-62.9	-67.3	-84.7	-445.8	-100.1	-167.0	-33.0	-92.1
Commercial Banks	-701.7	493.9	-309.8	-668.7	94.4	66.0	3.8	-252.6
Other Private Sector	-2,567.3	-4,189.0	-2,226.5	-477.3	-1,076.6	-1,092.1	185.4	-568.5
Capital**	277.4	-540.9	-295.4	-626.0	14.9	-303.7	-80.6	-133.6
Public Sector***	277.4	-540.9	-295.4	-626.0	14.9	-303.7	-80.6	-133.6
Overall Balance	-712.6	418.4	752.7	-622.0	786.3	1,329.6	26.2	-606.4
Per Cent of GDP								
Current Account	8.5	19.7	11.9	3.3	7.0	4.8	-5.0	0.3
Trade Balance	11.6	22.4	22.2	15.9	14.2	12.1	2.6	0.4
Services (Net)	2.0	2.3	2.1	1.1	1.0	1.1	2.9	1.4
Income (Net)	-5.3	-5.1	-12.6	-13.7	-8.3	-8.4	-10.6	-1.3
Transfers (Net)	0.1	0.1	0.1	0.1	0.1	-0.1	0.0	-0.2
Capital and Financial Account	-12.2	-17.8	-8.8	-5.9	-4.1	-0.1	5.4	-8.5
Private Sector	-13.6	-15.2	-7.6	-3.3	-4.2	1.0	6.6	-6.7
Direct Investment*	3.7	2.6	3.2	3.1	-0.2	5.2	4.3	5.7
Portfolio Investment	-0.3	-0.3	-0.3	-1.8	-0.4	-0.6	-0.5	-1.3
Commercial Banks	-3.6	2.3	-1.3	-2.7	0.3	0.2	0.1	-3.4
Other Private Sector	-13.3	-19.8	-9.1	-1.9	-3.9	-3.9	2.6	-7.7
Capital**	1.4	-2.6	-1.2	-2.5	0.1	-1.1	-1.1	-1.8
Public Sector***	1.4	-2.6	-1.2	-2.5	0.1	-1.1	-1.1	-1.8
Overall Balance	-3.7	2.0	3.1	-2.5	2.9	4.7	0.4	-8.2
Memorandum Items								
Gross Official Reserves****	8,651.6	9,070.0	9,822.7	9,200.7	9,987.0	11,316.6	10,013.2	10,710.2
Import Cover (months)****	11.9	13.1	13.5	10.4	12.0	12.7	11.9	12.5

Source: Central Bank of Trinidad and Tobago

^P Provisional. Central Bank estimates for the period March 2012 to March 2015 are based on comparative mirror trade data with the rest of the world, and supplemental data on activity in the energy sector.

* Data for 2013 were revised to account for outflows of equity as a result of the acquisition of foreign-owned energy companies by a resident entity.

** Includes Errors and Omissions and Capital Transfers

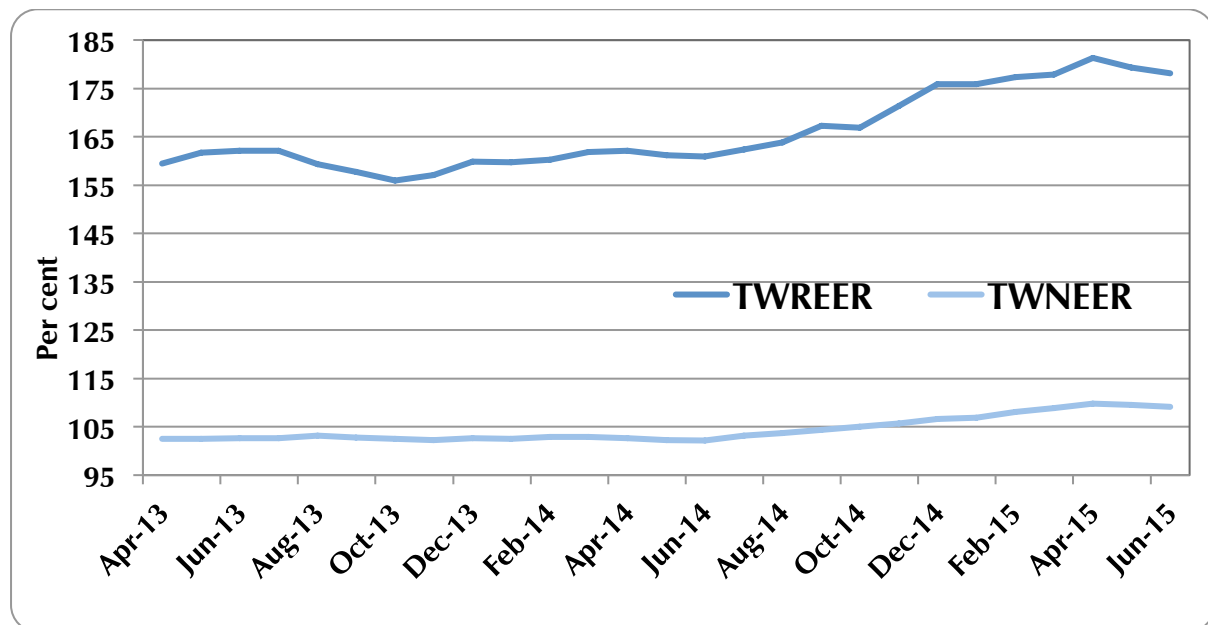
*** Includes Official Borrowing, State Enterprises, Heritage and Stabilization Fund, Other Assets and Other Liabilities

**** End of Period

Effective Exchange Rates

Trinidad and Tobago's international price competitiveness as measured by the trade weighted real effective exchange rate (TWREER) weakened by 10.7 per cent 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. Domestic inflation climbed by 6.0 per cent during the review period, higher than the weighted average inflation rate of Trinidad and Tobago's major trading partners. Further, the appreciation of the Trinidad and Tobago dollar in relation to the United States dollar (USD) and of the USD relative to other currencies resulted in an appreciation of the local currency in nominal effective terms (Chart XI).

Chart XI
Trade Weighted Real and Nominal
Effective Exchange Rate
(2000=100)



Source: Central Bank of Trinidad and Tobago

CALENDAR OF KEY ECONOMIC EVENTS

January-June, 2015

January

01 The Minimum Wages Order, 2014, increased the national minimum wage for workers in Trinidad and Tobago to \$15 dollars per hour exclusive of gratuities, service charges and commissions as of January 1, 2015. This new minimum wage does not apply to trainees in training schools; persons employed in government schemes; registered apprentices; students on vacation jobs and persons who volunteer services to registered charitable organisations and social service agencies. (Legal Notice No. 402 of 2014)

21 Caribbean Rex, a subsidiary of Singapore's Rex International Holding Limited, has reported finding oil bearing sands with commercial quantities in two wells drilled in the South Erin Block in Trinidad and Tobago. The wells were drilled as part of a three well-drilling programme started by the company in its South Erin licence last May. Caribbean Rex will consider putting the wells into production as soon as testing has been completed and approvals have been granted.

The Finance (Supplementation and Variation of Appropriation) (Financial Year 2011) Act, 2013 was assented to on this date. (Act No. 3 of 2015)

26 First Citizens Trinidad and Tobago signed an agreement with Point Lisas Industrial Port Development Corporation Ltd (PLIPDECO) for a \$201 million credit facility which will mature on December 18, 2024. The facility is to be used for the refinancing of previously existing loan arrangements, upgrading of infrastructure and procurement of new port equipment.

27 The Minister of Energy and Energy Affairs Mr. Kevin Ramnarine confirmed that Trinidad and Tobago is now a full member of the Extractive Industries Transparency Initiative (EITI). The EITI is a global initiative to foster transparency and accountability in the extractive industries. Members are expected to publicly declare annually all revenues received from companies engaged in the extractive industries (oil and gas upstream activities). The companies in turn will publicly declare monies paid to the Government of Trinidad and Tobago. Any discrepancies will be subject to an independent audit.

An Act to provide for the variation of certain duties and taxes, the introduction of other provisions of a fiscal nature and related matters, was assented to on this date. This Act may be cited as the Finance Act, 2015. (Act No. 2 of 2015).

28 The Central Bank of Trinidad and Tobago announced that it had sold US\$400 million to the banking system in January; the largest foreign exchange intervention by the Bank in a single month, as part of its strategic foreign exchange management programme.

30 The Central Bank of Trinidad and Tobago increased the Repo Rate by 25 basis points to 3.25 per cent.

February

06 Mr. Winston Dookeran, Minister of Foreign Affairs of Trinidad and Tobago and his Excellency Carlos Raul Morales Moscoso, Minister of Foreign Affairs of Guatemala signed a Partial Scope Trade Agreement. The agreement seeks to promote the harmonious development of the economic relations between both countries through the expansion of trade in goods and services. Discussions commenced in April of 2012, was finalized by August 2013 and subsequently certified by CARICOM.

20 The President of the Inter-American Development Bank (IDB) Luis Alberto Moreno and Planning Minister Dr. Bhoendradatt Tewarie signed a memorandum of understanding (MOU) for establishment of a Multi Donor Energy Facility for Caribbean Sustainability. The objective of the MOU is to formalise a non-exclusive framework of co-operation and to facilitate collaboration between the IDB and the Government of Trinidad and Tobago to establish procedures for attracting donors to the fund and to work out the details of making the fund operational.

24 During his official visit to Trinidad and Tobago, President of Venezuela Mr. Nicolas Maduro signed two agreements with the Government. The first agreement signed was the Unitisation Agreement for the Exploitation and Development of Hydrocarbon Reservoirs of the Manakin-Cocuina Field which extends across the delimitation line between Trinidad and Tobago and Venezuela. The second was the Framework Agreement on Energy Sector Cooperation between Trinidad and Tobago and Venezuela.

March

2 The Central Bank of Trinidad and Tobago sold US\$250 million to the banking system as part of its strategic foreign exchange management programme.

The Mortgage Market Reference Rate (MMRR) remained unchanged at 2.25 per cent.

4 The Trinidad and Tobago International Financial Centre (TTIFC) and the Toronto Financial Services Alliance (TFSA) officially entered into a Memorandum of Understanding (MOU) on January 20, and formalized it on this date during the opening session of the two-day Caribbean Investment and Finance Forum hosted by Latin Finance Magazine and the TTIFC at the Hyatt Regency Trinidad.

11 Republic Bank (Trinidad and Tobago) Limited announced that Ghana's Securities and Exchange Commission (SEC) has fined the bank the sum of US\$285,000 for unintentionally breaching that country's takeover code. However, the local bank has been cleared of allegations of insider trading which surfaced last year during the bank's acquisition of HFC shares from the Union Bank of Nigeria.

17 The Housing Minister Dr. Roodal Moonilal announced that the Trinidad and Tobago Mortgage Finance Company will offer interest rates of two per cent and five per cent, to make housing generally more accessible to the population. Under these two programmes, only the income of the head of the household will be considered and in the case of the two per cent rate persons must earn \$10,000 or less to make it applicable for the financing of properties up to \$850,000. Persons accessing loans at the five per cent rate must have earnings of up to \$30,000 and able to finance properties up to \$1.2 million.

19 Effective this date Mega Insurance Company (MIC) changed its name to Assuria Life (T&T) Ltd as seventy seven per cent of its shareholding (15,791,682 shares) was acquired by Assuria NV; a Suriname-based insurance provider. This is the second local insurance company that Assuria NV has acquired within recent times.

27 The Central Bank of Trinidad and Tobago raised the Repo Rate for a fourth consecutive time by 25 basis points to 3.75 per cent.

Central Bank Governor, Jwala Rambarran, outlined a resolution plan with regards to Colonial Life Insurance Company (CLICO). The plan was developed after consultation with the Minister of Finance and the Economy, Mr. Larry Howai, and is designed to repay all creditors and policyholders in addition to a long-term solution for the insurance company.

Trinidad and Tobago and Cuba signed a Tourism Cooperation Agreement to further boost and diversify the tourism industry in both countries. This agreement will facilitate inter alia; the development of tourism packages, joint venture arrangements and training programmes, among other projects.

31 Trinidad Cement Limited (TCL) closed its offer for the pro-rata Rights Issue of 124,882,568 shares which were offered on the Trinidad and Tobago Stock Exchange on March 20th, 2015 at \$2.90 per share. Shareholders were allowed to purchase one new share for every two shares they held. Sierra Trading, an affiliate of Mexican cement giant Cemex as per the Subscription Agreement with TCL dated February 9th, 2015 purchased 73,064,648 excess shares in the Rights Issue, and increased its shareholding in TCL to 39.5 per cent. The total amount of capital raised by TCL in this Rights Issue was US\$57,131,952.55.

April

1 An Act to give effect to the Partial Scope Trade Agreement between the Republic of Trinidad and Tobago and the Republic of Panama and for related matters was assented to on this date. (Act #5 of 2015)

02 The Central Bank of Trinidad and Tobago announced that it had sold US\$60 million to the banking system.

16 It was announced that First Citizens Trinidad and Tobago underwrote a loan of US\$80.7 million for Phoenix Park Gas Processors Ltd which matures in March 2021, to refinance debt facilities previously arranged by US domiciled banks.

30 Moody's Investors Services downgraded Trinidad and Tobago's Government bond rating and issuer rating to Baa2 from Baa1 and changed the outlook to negative from stable because of persistent fiscal deficits, declining oil prices and a weak macroeconomic policy framework, and inadequate provision of vital macroeconomic data.

May

11 It was announced that the Central Bank of Trinidad and Tobago's new commemorative \$50 banknote which was designed and produced by De La Rue on Safeguard won the International Bank Note of the Year Award 2014.

14 It was announced that HFC Bank Ghana Ltd is now officially a subsidiary of Republic Bank of Trinidad and Tobago. Republic now holds a controlling 57.11 per cent interest in the Ghanaian bank after more than a year of negotiations and process.

June

01 The Mortgage Market Reference Rate (MMRR) was raised to 2.50 per cent from 2.25 per cent and represented the first increase since its introduction in December 2011.

The Central Bank of Trinidad and Tobago raised the Repo Rate for a fifth consecutive time by 25 basis points to 4.00 per cent.

12 The Finance (Variation of Appropriation) (Financial Year 2015) Act, 2015 was assented to on this date. (Act No. 9 of 2015).

