CENTRAL BANK OF
TRINIDAD & TOBAGO

Monetary Policy Report

April 2013

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MONETARY POLICY REPORT

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The Central Bank of Trinidad and Tobago conducts a monetary policy geared towards the promotion of low inflation and a stable foreign exchange market that is conducive to sustained growth in output and employment. This Report provides an account of how monetary policy actions support this objective, in light of recent economic developments.

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Monetary Policy Report

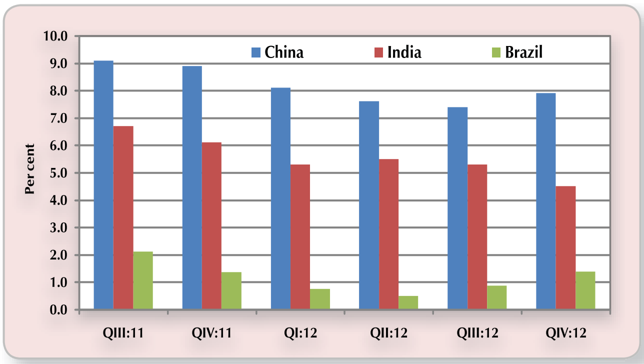
April 2013

PART I - Overview

Since publication of the October 2012 Monetary Policy Report, strong policy actions by major central banks have helped to lessen downside risks to global growth, but economic activity is recovering at three different speeds after the slowdown in 2012. Emerging markets and developing countries in general are doing fairly well (Chart Ia). Countries like the United States appear to be on the mend, while others such as Japan and those in the Euro area still have some distance to travel along the road towards recovery (Chart Ib). Policymakers in Europe and the United States have partially averted two of the more immediate and serious threats to the global recovery, a break-up of the euro area and a plunge off the U.S. "fiscal cliff". However, new threats have come to the fore, including fallout from the banking crisis in Cyprus and political uncertainty in Italy. Nevertheless, volatility in global financial markets has eased considerably since the second half of 2012.

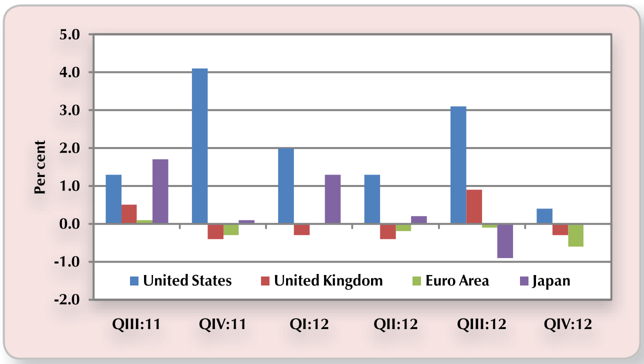
Against this backdrop, many emerging market central banks have either held policy interest rates constant or lowered them modestly over the past six months. In **China**, economic conditions continued to stabilize driven by faster growth in infrastructure investment, modest public spending and a recovery in the property market. The People's Bank of China has maintained a generally accommodative monetary stance. In **India**, growth has remained weak over the past year while wholesale price inflation has eased slightly, providing space for the Reserve Bank of India to cut both its policy rate and the cash reserve ratio. After a weak performance in 2012, growth in **Brazil** is anticipated to gain momentum. However, the Central Bank of Brazil increased its base interest rate in April 2013, the first time in nearly two years, to counter mounting inflationary pressures caused by spiking food prices, fiscal stimulus measures and a weaker currency.

Chart Ia
Selected Emerging Market Economies Real GDP Growth
(Year-on-Year Per cent Change)



Source: Bloomberg.

Chart Ib
Advanced Economies - GDP Growth
(Quarter-on-Quarter Per cent Change)



Source: Bloomberg.

Central banks in the advanced economies continue to keep their policy interest rates close to the zero bound and to engage in further quantitative easing that has led to a substantial expansion of their balance sheets. Among the economies that are on the mend, the **United States** managed to reach a partial resolution to avoid the sharp fiscal contraction from what has been referred to as the "fiscal cliff". However, no agreement was reached on cuts in federal spending and changes to the debt ceiling; these decisions were delayed until May 2013. The Federal Reserve Bank has stated its intentions to continue purchasing agency mortgage-backed securities and long-term U.S. treasury securities, which it started in September 2012 and expects to continue until the outlook for the labor market 'improves substantially'. The Federal Reserve also announced changes to its interest rate framework, indicating that its low interest rate policy will be continued as long as the unemployment rate remains above 6.5 per cent, the projected inflation rate does not exceed 2.5 per cent, and inflationary expectations remain well anchored.

Japan is among the countries with some distance to travel. Its new government, which was elected in mid-December 2012, pledged to boost economic growth and tackle deflation. In January 2013, the Japanese government announced a large supplementary budget to stimulate economic growth. The Bank of Japan also announced the adoption of a new inflation target to be achieved at the 'earliest possible time' and signaled its intention to begin purchases of treasury bills and Japanese government bonds, for as long as is appropriate.

Although economic conditions remain weak in Greece and Spain, growth in core **Euro area** countries such as Germany and France and in non-crisis economies is also moderating. Markets reacted positively to approval of a restructured financing programme for Greece, but concerns escalated in March 2013 when financial difficulties in two of the largest commercial banks in Cyprus destabilized the country's entire banking system. The European Central Bank (ECB), in a widely anticipated action, cut its interest rates to a record low in early May 2013 but surprised markets by announcing that it might consider reducing the interest rate on its deposit facility to less than zero in order to encourage banks to lend more.

Meanwhile, recent incoming data suggest that the **United Kingdom** is experiencing a mild recovery, mainly due to an unexpected strengthening in the services sector, the largest segment of the economy. The Bank of England (BOE) is expected to maintain its highly accommodative policy stance to support economic recovery.

Closer to home, **Caribbean** countries continued to grapple with a number of challenges, including high public debt, which constrains their medium-term growth prospects (Table Ia). Grenada became the latest Caribbean country to undertake debt restructuring efforts following Belize and Jamaica. Grenada's new government announced plans in March 2013 to engage in a comprehensive and collaborative restructuring of its public debt. In February 2013, bondholders of Belize 'super bond' agreed to a debt swap offer after the authorities defaulted on coupon payments.

Table Ia
Selected Caribbean Economies - Economic Growth and Debt
(Per cent)

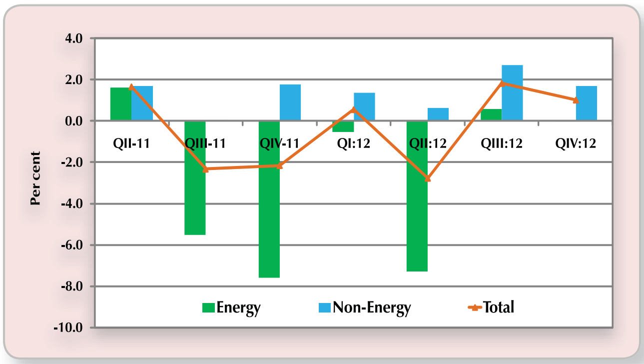
	Real GDP Growth		Debt/GDP	
	2011	2012[e]	2011	2012[e]
Bahamas	1.6	2.5	48.4	51.9
Barbados	0.6	0.0	75.3	72.6
Belize	1.9	5.3	82.3	78.1
ECCU[1]	-0.4	-0.1	94.2	85.3
Guyana	5.4	3.3	65.2	60.3
Jamaica	1.5	0.1	141.5	146.6
Suriname	4.7	4.5	20.4	20.5
Trinidad and Tobago[2]	-2.6	0.2	33.4	39.7

Source: International Monetary Fund, World Economic Outlook, April 2013.

e Estimate.
1 Real GDP sourced from the Eastern Caribbean Central Bank.
2 Real GDP sourced from the Central Bank of Trinidad and Tobago.

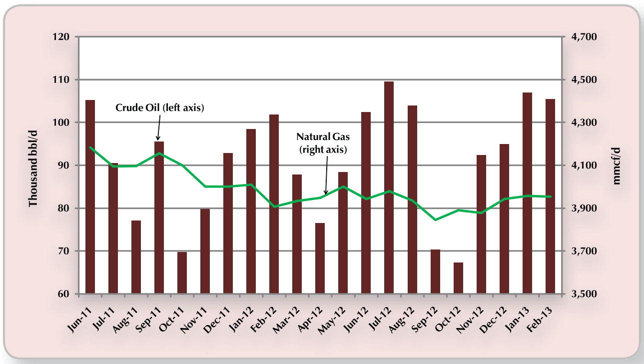
After protracted negotiations, the IMF approved in early May 2013 a four-year Extended Fund Facility for Jamaica to support the country's economic reform program. The main objective of the program is to put the heavy public debt overhang on a firm downward trajectory. A prior action for approval of the Fund program was the successful conclusion of a national debt exchange involving the extension of the maturity profile on a majority of domestic debt held by Jamaican residents and a reduction in coupon payments.

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



Source: Central Bank of Trinidad and Tobago.

Chart Id
Crude Oil and Natural Gas Production



Source: Ministry of Energy and Energy Affairs.

Since publication of the October 2012 Monetary Policy Report, the Trinidad and Tobago economy has experienced a weaker-than-anticipated economic recovery. There has been slow but steady growth in the non-energy sector for the past six quarters. However, this has not been able to offset the contraction in natural gas output arising from longer-than-expected maintenance and safety upgrade works at BGTT and BPTT, the main producers of natural gas. These maintenance works have also adversely affected petrochemical production, as companies coordinated the works with their upstream suppliers. By the fourth quarter of 2012, output in the non-energy sector had recovered from the spillover effects into construction and manufacturing arising from extended industrial action at the Trinidad Cement Limited (TCL) cement plant. Leading indicators such as local sales of cement, production of mined aggregates and new motor vehicle sales were registering robust growth (Charts Ic and Id).

According to the Central Bank's index of quarterly real GDP, the domestic economy saw a return to growth of 1.4 per cent in the second half of 2012, following an unexpected contraction of 1.1 per cent in the previous six months. Real GDP grew by around 0.2 per cent for all of 2012, a welcome reversal from the decline of just over 2.5 per cent in 2011, but still well below the Bank's forecast of 1 per cent.

A weaker-than-anticipated fiscal stimulus in the first half of 2012/2013 has not had the desired impact on the pace of economic recovery. The non-energy fiscal deficit, which is an important indicator of the size of the fiscal stimulus, was 3.2 percentage points of GDP lower than budgeted during the first half of the fiscal year. Capital spending – the main thrust of the government's investment programme to spur economic growth – was almost 7 per cent lower than the corresponding period in FY 2012 (Table Ib). The shortfall in capital spending was mainly due to administrative delays, outstanding submission of invoices for payment and delays in the implementation of several projects.

Table Ib
Actual vs Budgeted Fiscal Operations
(TT$Million)

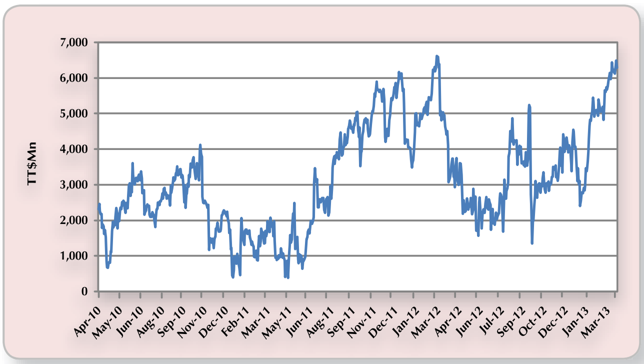
	Actual Oct.11 - Mar.12	Actual Oct.12 - Mar.13	Budgeted Oct.12 - Mar.13
Total Revenue	24,264.9	24,568.5	23,754.5
Total Expenditure	21,453.1	26,327.2	30,797.6
Of which;			
Capital	2,656.4	2,485.6	4,082.3
Overall Surplus (+)/Deficit (-)	2,811.8	-1,758.7	-7,043.1
Non-Energy Fiscal Deficit (-)	-10,826.7	-14,589.4	-20,175.0
	In Per cent of GDP		
Overall Surplus (+)/Deficit (-)	1.8	-1.1	-4.2
Non-Energy Fiscal Deficit (-)	-7.1	-8.9	-12.1

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

Inflationary pressures eased further over the past six months providing enough space for the Central Bank to maintain its accommodative monetary stance. Headline inflation slowed to nearly 7.0 per cent in March 2013 from close to 9.5 per cent in October 2012. Food price inflation also eased, reaching about 13.0 per cent in March 2013 from over 18.0 per cent in October 2012 but still remains volatile. The slower-than-expected pass-through of global food commodity prices and favorable weather conditions helped to ease the increases in food prices. The removal of Value Added Tax (VAT) on selected non-luxury food items which went into effect from November 15, 2012 contributed to an initial slowdown in food price inflation in subsequent months, but the impact has since dissipated. Core inflation, which excludes food prices, has remained well contained despite the reduction in the price subsidy for premium fuel.

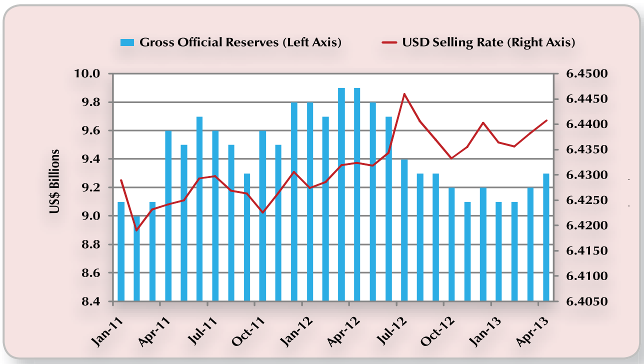
Although some of the larger private conglomerates have expressed confidence in the economic prospects for Trinidad and Tobago, the still weak pace of overall private sector borrowing from the financial system suggests that this is yet to translate into a broader manifestation of credit demand. Business lending continues to be depressed having lost momentum since July 2012. Consumer credit has also been expanding at a slow speed driven in large measure by loans for the purchase of motor vehicles and home improvement/renovation. Compared to business and consumer lending, real estate mortgage lending remains the only credit category demonstrating sustained growth in 2012 and into early 2013.

Chart Ie
Commercial Banks: Excess Reserves



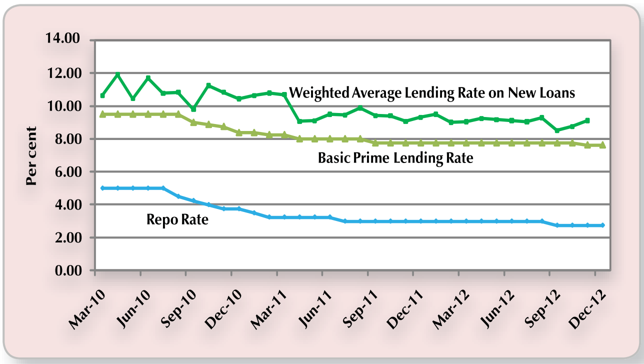
Source: Central Bank of Trinidad and Tobago.

Chart If
Trinidad and Tobago Gross Official Reserves



Source: Central Bank of Trinidad and Tobago.

Chart Ig
Repo Rate, Commercial Banks Basic Prime Lending Rate and Weighted Average Lending Rate on New Loans



Source: Central Bank of Trinidad and Tobago.

Relatively low credit demand and high net fiscal injections led to a considerable accumulation of excess liquidity in the financial system over the past six months. Commercial banks' excess reserves reached $6 billion in March 2013, up from $2.7 billion in October 2012 (Chart Ie). Over the period October 2012- March 2013, the Central Bank took steps to alleviate the surge in liquidity via the conduct of open market operations. Sales of foreign exchange by the Bank also indirectly removed some $4.8 billion from the financial system. In addition, the Central Bank rolled over maturing commercial bank fixed deposits held as special deposits at the Bank. Excess liquidity has contributed to short-term interest rates remaining at record low levels throughout 2012 and into the first four months of 2013.

Notwithstanding the weaker economic climate, demand for foreign exchange remained high, with the Central Bank selling US$845 million in foreign exchange to authorized dealers over the seven months to the end of April 2013. The country's level of gross official reserves, while quite substantial, fell slightly to US$9,278.4 million (or 10.4 months of import cover) at the end of April 2013 from US$9,326.2 million (or 10.7 months of import cover) at the end of September 2012. There has been a little movement in the exchange rate of the TT dollar to the United States dollar (Chart If).

Given the gradual, albeit slower-than-expected economic recovery and the stability of core inflation, the Central Bank continued with an accommodative monetary stance as appropriate. The Bank, therefore, kept its repo rate unchanged at 2.75 per cent for the past eight months and has been very active in the money market, absorbing excess liquidity from the financial system through open market operations and other measures (Chart Ig).

Short-Term Outlook

Although global economic prospects have once again improved, policymakers still have a long way to go in moving from the current three-speed to a full-speed recovery. The persistent sovereign debt crises in Greece and Spain, as well as difficulties facing the banking system in Cyprus are downside risks to growth in the Euro area. In the United States, cuts in public sector spending are likely to pose a drag on growth unless there is consensus over policies to address the budget sequestration and the debt ceiling. Meanwhile, emerging market economies have fared better but face short-term risks stemming from lack of concensus on fiscal policy in the United States, high and rising debt ratios in Japan and possible financial fragmentation in the Euro area.

As a result of the above, the IMF lowered its forecast for global growth in its April 2013 World Economic Outlook to 3.3 per cent for 2013 (from an earlier estimate of 3.6 per cent). Advanced economies are projected to grow by 1.2 per cent compared to an earlier estimate of 1.5 per cent. The growth forecast for emerging market economies has improved considerably (5.3 per cent) on account of a pickup in activity.

The outlook for the CARICOM region is quite subdued as several countries have been unable to adequately address high debt levels against the backdrop of limited fiscal space. Accordingly, the IMF's growth forecast for the region in 2013 has been revised slightly downwards to just below 2.0 per cent.

Domestically, with economic activity expected to pick up gradually over the course of the year, the Central Bank of Trinidad and Tobago has kept its 2013 growth projection at 2.5 per cent. While recent incoming data suggest a rebound in natural gas production, the country's two largest natural gas producers (BPTT and BGTT) are expected to continue major maintenance operations with significant shutdowns planned in September 2013, which could dramatically affect output (Table Ic). The Ministry of Energy and Energy Affairs is working with both companies to mitigate the potential impact of these planned shutdowns on the country's economic recovery.

The modest growth in the non-energy sector in 2012 is expected to gradually strengthen in 2013 once there is a quicker pace of implementation of several Government projects including the Point Fortin Highway, the Accelerated Housing Programme, as well as roads and infrastructure works. In a period in which businesses are cautious about leveraging themselves further, a substantial acceleration in the Government's planned capital programme could also attract new private sector investments.

For the Trinidad and Tobago economy, the Bank's growth forecast continues to embody a gradual recovery, supported by the non-energy sector. However, there are several risks to this outlook. Some of these are as follows:

i. Re-emergence of financial tensions in the Euro area;
ii. No consensus on fully resolving the U.S. fiscal situation;
iii. A longer-than-anticipated shutdown of operations at BPTT and BGTT;
iv. Deterioration of the domestic industrial relations climate; and
v. Further delays in implementation of the planned fiscal stimulus.

The Bank will continue to monitor economic and financial conditions, and will take appropriate action, if necessary.

Table Ic
Summary Economic Indicators

	QI 2012	QI 2013
Real Sector Activity[1]		
Energy Sector		
Total Depth Drilled (metres)	24,606	16,348
Crude Oil Production (b/d)	82,885	82,826
Crude Oil Exports (bbls)	2,240,852	1,866,127
Refinery Throughput (b/d)	127,299	113,980
Natural Gas Production (mmcf/d)	4,303	4,425
Natural Gas Utilization (mmcf/d)	4,012	4,142
LNG Production (Cubic Meters)	5,750,859	5,746,920
Fertlizer Production (000 tonnes)	988	938
Fertlizer Exports (000 tonnes)	859	822
Methanol Production (000 tonnes)	871	983
ECPI (Jan 2007 = 100) *	139.4	142.0
Non-Energy		
Local Sales of Cement (000 tonnes)	99.1	150.4
Motor Vehicle Sales	3,352	3,797
Production of Mined Aggregates (Cubic Yards)	289,657	376,473
Prices		
Year-on-Year Per cent Change		
Producer Prices	3.4	2.2
Headline Inflation	8.3	6.7
Food Inflation	18.1	12.4
Core Inflation	1.8	2.2
Monetary		
Year-on-Year Per cent Change		
Private Sector Credit	2.3	2.1
Consumer Lending	2.4	2.9
Business Lending	2.7	-2.1
Real Estate Mortgage Lending	8.6	13.4
Commercial Bank›s Excess Reserves ($ millions) **	4,607.8	4,959.4
TT$ 91 day Treasury Bill Rate (per cent)	0.04	0.18
Capital Market		
Composite Price Index (quarter-on-quarter per cent change)	-0.1	2.9
US$Millions		
External		
Central Bank of Trinidad and Tobago Sales to Authorized Dealers ***	500.0	390.0
Net Official Reserves ***	9,903.1	9,278.4

1 For the period January to February.
* Average for the period January to March.
** Data for Q1 2013 represents the daily average for the period 1 January - 23 April 2013.
*** As at April.

Part II – Monetary Policy Actions

Table IIa

Changes To The Central Bank Policy Rate

Jun 2011:	'Repo' rate maintained at 3.25 per cent.
Jul 2011:	'Repo' rate reduced to 3.00 per cent.
Aug 2011:	'Repo' rate maintained at 3.00 per cent.
Sep 2011:	'Repo' rate maintained at 3.00 per cent.
Oct 2011:	'Repo' rate maintained at 3.00 per cent.
Nov 2011:	'Repo' rate maintained at 3.00 per cent.
Dec 2011:	'Repo' rate maintained at 3.00 per cent.
Jan 2012:	'Repo' rate maintained at 3.00 per cent.
Feb 2012:	'Repo' rate maintained at 3.00 per cent.
Mar 2012:	'Repo' rate maintained at 3.00 per cent.
Apr 2012:	'Repo' rate maintained at 3.00 per cent.
May 2012:	'Repo' rate maintained at 3.00 per cent.
Jun 2012:	'Repo' rate maintained at 3.00 per cent.
Jul 2012:	'Repo' rate maintained at 3.00 per cent.
Aug 2012:	'Repo' rate maintained at 3.00 per cent.
Sep 2012:	'Repo' rate reduced to 2.75 per cent.
Oct 2012:	'Repo' rate maintained at 2.75 per cent.
Nov 2012:	'Repo' rate maintained at 2.75 per cent.
Dec 2012:	'Repo' rate maintained at 2.75 per cent.
Jan 2013:	'Repo' rate maintained at 2.75 per cent.
Feb 2013:	'Repo' rate maintained at 2.75 per cent.
Mar 2013:	'Repo' rate maintained at 2.75 per cent.

Source: Central Bank of Trinidad and Tobago.

Domestic economic activity, which is yet to experience a sustained recovery, increased slightly during the latter half of 2012. Preliminary estimates from the Central Bank suggest that on a year-on-year basis, the domestic economy grew by 1 per cent in the fourth quarter of 2012, following an expansion of 1.8 per cent in the third quarter.

Headline inflation which was recorded at 6.9 per cent for the month of March 2013, has trended downward since about June 2012. This partly reflects a slower pass through effect of global commodity prices and more favorable weather conditions. The removal of VAT on a range of food items contributed to some reductions in food prices. Food price inflation, which had peaked at 28.3 per cent in May 2012, slowed to 10.6 per cent in February 2013 before increasing to 12.9 per cent in March. Meanwhile, core inflation remained well contained at 2.2 per cent at the end of the first quarter of 2013.

Against a background of still weak economic growth and relatively stable core inflation, the Central Bank maintained an accommodative monetary policy stance in an effort to boost the pace of activity in the domestic economy. The Bank's repo rate was reduced to an all-time low of 2.75 per cent in September 2012 after remaining unchanged at 3.00 per cent since July 2011 (Table IIa). The cut in the repo rate has induced similar actions in commercial banks' prime lending rates as well as rates on new and outstanding loans. The Bank's monetary policy was also geared towards liquidity absorption (Table IIb).

The Bank's accommodative monetary stance was designed to stimulate an increase in credit and economic growth, more so against the backdrop of subsided inflation. This is consistent with the general actions of many other central banks. In the US, the Federal Reserve, with the expectation that inflation will remain subdued in the long-term, continued to provide monetary policy stimulus via purchases of agency mortgage-backed securities and longer-term Treasury securities. Further, the Federal Reserve explicitly stated that as long as the unemployment rate remains above 6.5 per cent and inflation does not exceed 2.5 per cent, the range for the federal funds rate will be maintained. Similarly, given the weak short-term outlook for the UK economy and the expectation of inflation undershooting its target in the medium-term, the Bank of England maintained its Asset Purchase Programme at £375 billion and its benchmark interest rate at 0.5 per cent in an effort to stimulate economic activity. Meanwhile, the European Central Bank continued its Outright Monetary Transactions (OMT) program[1]. In Japan, monetary policy has been geared towards addressing deflationary pressures which have persisted in 2012 and into 2013. Accordingly, the Bank of Japan has committed to achieve its inflation target of 2 per cent within two years by adopting a range of monetary-easing measures including doubling its monetary base and increasing purchases of exchange-traded funds and real-estate investment trusts.

In emerging market economies, monetary policy focused on stimulating economic growth and to a lesser extent controlling inflationary pressures. The Bank of China has maintained its benchmark interest rate at 6.00 per cent since July 2012 while switching to short-term cash injections via open market operations to steer monetary policy. Meanwhile, the Reserve Bank of India reduced its benchmark interest rate to 7.25 per cent in May 2013 in an effort to spur growth. With inflation increasing amidst sluggish economic recovery, the Bank of Brazil increased its benchmark interest rate to 7.50 per cent, the first rate increase in approximately two years (Table IIc).

[1] The Outright Monetary Transactions (OMT) programme is aimed at strengthening liquidity through potentially unlimited buying of short-maturity government bonds (1 to 3 years), once a country commits to a European Financial Stability Facility/European Stability Mechanism Programme.

Table IIb
Fiscal Injections and Liquidity Absorption
(TT$Millions)

	Oct 09 - Mar 10	Oct 10 - Mar 11	Oct 11 - Mar 12	Oct 12 - Mar 13
Fiscal Injections	8,453.9	6,741.7	7,448.9	10,347.4
Liquidity Absorption Measures				
Open Market Operations (OMOs)*	-500.0	-592.7	0.0	270.0
CBTT Sale of Foreign Exchange	5,561.2	6,330.4	4,693.5	4,843.2
Central Gov't Bond Issues	3,931.3	0.0	1,500.0	0.0
Commercial Banks Fixed Deposits	2,000.0	1,000.0	1,490.0	0.0

Source: Central Bank of Trinidad and Tobago.

* A negative sign means that there was a net redemption of OMOs that results in an injection of liquidity and a positive sign means a net issue of OMOs that absorbs liquidity.

Table IIc
Key Central Bank Policy Rates
(Per cent Per Annum)

	Current Rate	Last Change	Amount of Change
United States	0 to 0.25	Dec-08	-0.75
Euro Area	0.5	May-13	-0.25
United Kingdom	0.5	Mar-09	-0.5
Japan	0 to 0.10	Oct-10	- (0 to 0.10)
China	6.0	Jul-12	-0.31
India	7.25	May-13	-0.25
Brazil	7.5	Apr-13	0.25

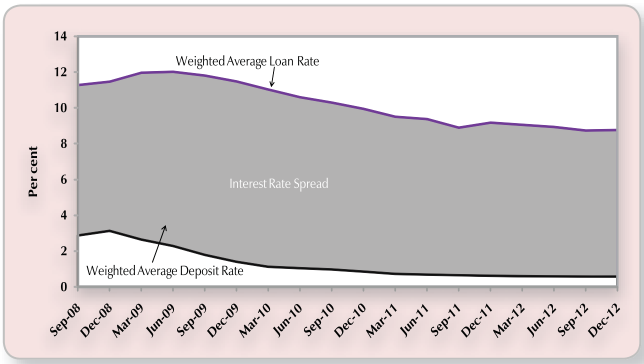
Source: Bloomberg.

Part III – Monetary and Financial Sector Developments

Interest Rates and Credit

The latest available data show that the weighted average lending rate on commercial banks' outstanding loans was 8.75 per cent in December 2012 compared with 9.16 per cent in December 2011 (Chart IIIa). Similarly, the weighted average rate on new loans granted declined to 9.23 per cent in January 2013 from 9.49 per cent in January 2012. However, rates on time loans increased to 6.82 per cent in December 2012 (from 5.03 per cent a year ago) based on the risk associated with a sizable real estate development in June 2012. Deposit rates trended downwards, with the weighted average deposit rate declining further to 0.57 per cent in December 2012, from 0.61 per cent in December 2011.

Chart IIIa
Weighted Average Loan and Deposit Rates

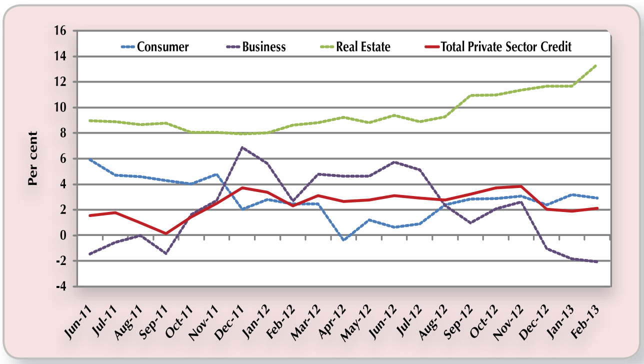


Source: Central Bank of Trinidad and Tobago.

Lending by the consolidated financial system to the private sector remains weak in spite of lower interest rates. On a year-over-year basis, private sector credit grew by 2.1 per cent in December 2012, slower than the 3.4 per cent in January 2012 and 3.7 per cent in the corresponding period of 2011. Private sector credit growth remained subdued in the first two months of 2013, increasing on a year-on-year basis by 2.1 per cent in February 2013. Commercial banks remained the main source of credit growth, with the non-bank financial institutions continuing to reduce their loan portfolios as they streamline their business activities. Lending by the banks to the private sector increased by 3.9 per cent in December 2012 and by 4.4 per cent in February 2013, down from a rate of increase of 6.1 per cent in January 2012. However, lending by the non-banks contracted by 11.2 per cent in December 2012 and by a further 14.8 per cent in February 2013.

Among the major categories of consolidated private sector credit, lending to consumers continued to grow, but at a relatively slow pace. In December 2012 and February 2013, consumer credit granted by the consolidated

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



Source: Central Bank of Trinidad and Tobago.

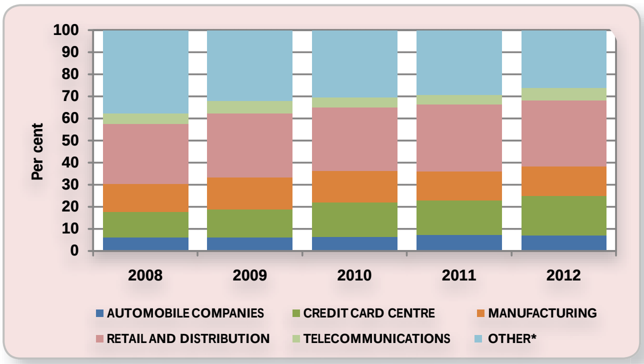
system expanded by 2.3 and 2.9 per cent, respectively, following a slump in April 2012 (a decline of 0.4 per cent) - (Chart IIIb). Consumer loans granted by the commercial banks slowed to 2 per cent in December 2012, from 2.7 per cent in January 2012. In December 2012, the banks reported slower growth in lending for the purchase of furniture and furnishings, education and bridging finance. Loans acquired to consolidate debts and to pay-off existing loans which had been increasing at a relatively fast pace in 2011, lost momentum in late 2012. Loans for debt consolidation declined by 0.2 per cent (compared with an increase of 13.8 per cent in December 2011) while there was a marked slowdown in the pace of growth for refinancing loans to 2.6 per cent (compared with an increase of 10 per cent in December 2011). Meanwhile, lending increased for the purchase of motor vehicles (8.8 per cent) and home improvement and renovation (2.4 per cent).

Business credit granted by the consolidated financial system, staged a partial recovery towards the middle of 2012, growing by 5.1 per cent in the twelve months to July 2012. However, in the later part of 2012, there was a loss of momentum in business credit granted by the consolidated financial system, resulting in a decline of 0.8 per cent in December 2012 with a further decline of 2.1 per cent in February 2013. Business loans granted by the commercial banks, declined by -0.7 per cent in February 2013 after growing on average by 8.2 per cent in the first half of 2012 and then slowing to 3.0 per cent in the remainder of the year. In December 2012, commercial banks reported a decline in lending to the construction (-4.4 per cent) and finance insurance and real estate (-4.2 per cent) sectors of the economy. The pace of lending also slowed to the manufacturing (3.8 per cent) and petroleum (2.8 per cent) sectors. However, there was faster growth in business credit in the retail and distribution (5.9 per cent) and other services (16.6 per cent) sectors. Real estate mortgage lending remained strong (increasing by 13.4 per cent in February 2013). On a year-on-year basis, real estate mortgage loans provided by the banks in February 2013 grew by a similar amount.

The relatively low credit demand coupled with high fiscal injections led to a considerable accumulation of excess liquidity in the financial system since October 2012. Commercial banks' reserves at the Central Bank in excess of the statutory requirement rose to a daily average of $6,043 million in March 2013, up from $2,769.7million in October 2012. This was in large measure due to substantial net domestic fiscal injections of $2,878 million in the first quarter of 2013 following $7,469.4 million in the fourth quarter of 2012. The Central Bank took steps to reduce the excess liquidity via the conduct of open market operations, which absorbed $270 million from the financial system. In addition, sales of foreign exchange by the Central Bank to authorized dealers helped to remove $4,843.2 million. To contain excess liquidity, the Bank also rolled over $1.5 billion in maturing commercial banks fixed deposits in March 2013. Because of the high levels of liquidity, there was no activity in the inter-bank market, and the repo window has not been accessed since June 2011.

The presence of high excess liquidity in the financial system has contributed to short-term interest rates remaining at record low levels throughout 2012 and into the first three months of 2013. The TT 3-month T-bill rate peaked in August 2012 at 0.60 per cent, but fell to 0.18 per cent by March 2013. The rate on the 6-month bill also shared a similar pattern, rising to 0.63 per cent in July 2012 but slipping to 0.36 per cent by March 2013. In comparison, the interest rate offered on United States 3-month T-bills has seen little movement in the year fluctuating between 0.08 per cent and 0.11 per cent during March 2012 to March 2013. Over the twelve months to March 2013, the TT-US interest rate differential peaked at 0.51 per cent in July 2012 but narrowed to 0.10 per cent in March 2013.

Chart IIIc
Authorized Dealers: Sales of Foreign Exchange to the Public by Sector
As a Proportion of Total Sales



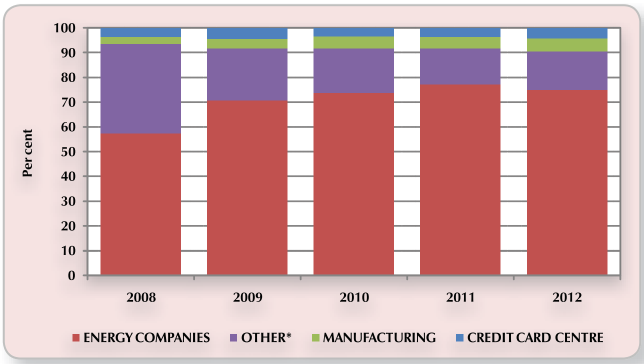
Source: Central Bank of Trinidad and Tobago.

* Other includes agriculture, central and local Government, construction, education, cultural and community services, energy companies, entertainment, financial institutions, hotels and guest houses, individuals, insurance companies, media companies, overseas customers, public utilities, real estate, services, stockbrokers and transportation and storage.

Developments in the Foreign Exchange Market

Trading activity in the local foreign exchange market was stronger in 2012, when compared with 2011. Sales of foreign currency by the authorized dealers in the

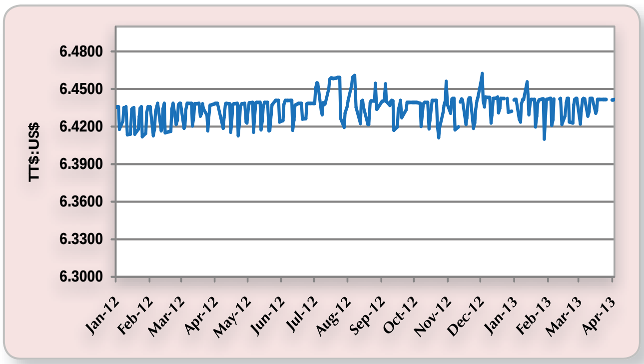
Chart IIId
Authorized Dealers: Purchases of Foreign Exchange from the Public by Sector
As a Proportion of Total Purchases



Source: Central Bank of Trinidad and Tobago.

* Other includes agriculture, automobile companies, central and local Government, construction, education, cultural and community services, entertainment, financial institutions, hotels and guest houses, individuals, insurance companies, media companies, overseas customers, public utilities, real estate, retail and distribution, services, stockbrokers, telecommunications and transportation and storage.

Chart IIIe
TT/US Exchange Rate
(Average Selling Rate)



Source: Central Bank of Trinidad and Tobago.

market (which are the commercial banks and the non-banks financial institutions) to the public amounted to US$6,713.7 million in 2012 which was 8.5 per cent higher than the amount sold in the prior year (Chart IIIc). Reports by dealers on sales in excess of US$50,000, suggest that the demand for foreign exchange was mainly concentrated in the retail and distribution (29.9 per cent) sector of the economy. In addition, the manufacturing (13.8 per cent), automobile (7 per cent), financial institutions[2] (6.4 per cent), and telecommunications (5.6 per cent) sectors, as well as borrowing via international credit cards (17.8 per cent), accounted for significant shares of total foreign exchange sold to the public.

Meanwhile, purchases of foreign exchange from the public (except from the Central Bank) by the authorized dealers amounted to US$4,859.1 million in 2012, just 2.5 per cent higher than in 2011(Chart IIId). The energy sector, which accounted for 74.8 per cent of total purchases in 2012, has traditionally been a key source of foreign currency for the authorized dealers. The excess of sales over purchases amounted to US$1,854.6 million compared with US$1,431.4 million in 2011. Given this excess sales gap, interventions by the Central Bank amounted to US$1,785 million in 2012 (out of which US$510 million was sold via the price auction system), representing an increase of 21 per cent over the prior year.

Over the period January-March 2013 trading activity in the foreign exchange market eased somewhat, compared with the same period a year ago. Sales of foreign exchange to the public amounted to US$1,584.6 million or 3 per cent lower than the same period in 2012 (Table IIIa). Purchases from the public amounted to US$1,301.4 million which was 14.3 per cent higher than the same period, one year ago. The Central Bank intervened at a much lower level, selling US$305 million to authorized dealers, compared with US$395 million in the first quarter of 2012. Prevailing conditions in the market had little impact on the TT/US dollar exchange rate. At the end of March 2013 the selling rate stood at US$1 = TT$6.4415, relatively unchanged from US$1 = TT$6.4356 at the start of January 2012 (Chart IIIe).

2 This category includes financial institutions that are not authorized dealers in the foreign exchange market.

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

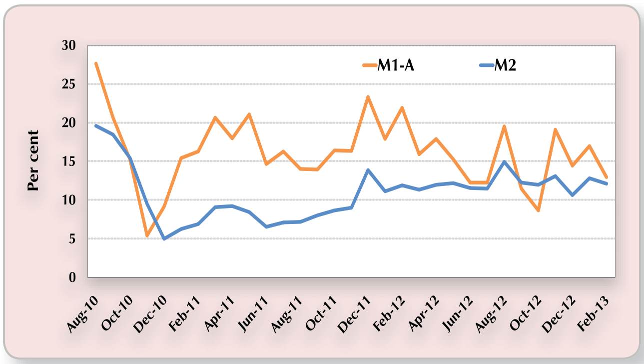
Date	Purchases from Public	Sales to Public	Net Sales	Purchases from CBTT
2009	3,808.2	5,637.2	1,828.9	1,899.1
2010	4,043.3	5,536.0	1,492.7	1,550.1
2011	4,755.5	6,186.8	1,431.4	1,475.0
2012	4,859.1	6,713.7	1,854.6	1,785.0
Jan-Mar 2012	1,138.6	1,634.4	495.8	395.0
Jan-Mar 2013	1,301.4	1,584.6	283.2	305.0
Y-o-Y Per cent Change	**14.3**	**(3.0)**	**(42.9)**	**(22.8)**

Source: Central Bank of Trinidad and Tobago.

Monetary Aggregates

Strong growth of the monetary aggregates continued in the twelve months to February 2013. M-1A, defined as currency in active circulation plus demand deposits, increased by 12.9 per cent in February 2013 (Chart IIIf) largely due to higher demand deposits from private sector businesses. In addition, during the last quarter of 2012, product innovation at one bank boosted demand deposits.

Chart IIIf
Monetary Aggregates
(Year-on-Year Per cent Change)

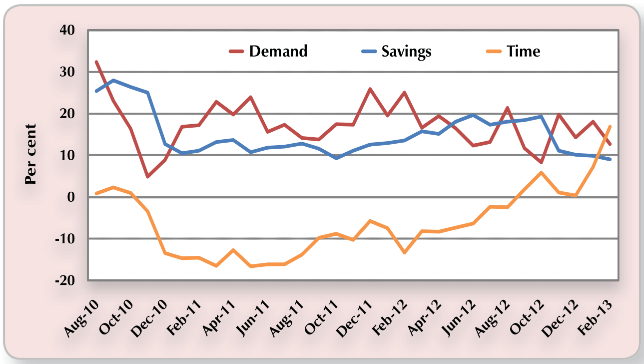


Source: Central Bank of Trinidad and Tobago.

On a year-on-year basis, M-2, which includes M-1A and savings and time deposits expanded by 12.1 per cent in February 2013 compared with an increase of 11.9 per cent one year ago. Time deposits were boosted by sizeable inflows of funds from government-related entities, while savings deposits grew by 9.1 per cent in February 2013 (Chart IIIg).

On a twelve-month basis, M-2*, which takes into account foreign currency deposits accelerated by 14.4 per cent in February 2013 from 12.9 per cent in December 2012. Foreign currency bank deposits increased by 21.8 per cent in February 2013, an improvement in the rate of increase in December 2012 (20.2 per cent) and significantly higher than the average increase of 3.3 per cent over the period January-November 2012. The recent surge is attributed to the deposit of funds from a

Chart IIIg
Demand, Savings and Time Deposits
(Year-on-Year Per cent Change)



Source: Central Bank of Trinidad and Tobago.

matured investment of a non-bank financial institution. This contributed to commercial banks' foreign currency deposits as a share of total deposits increasing to 26.8 per cent in February 2013, up from 25.2 per cent one year earlier.

Stock Market

The domestic stock market performed poorly during the first quarter of 2012, as the Composite Price Index (CPI) declined by 0.1 per cent. However, the maket regained momentum thereafter to end the year with a gain of 5.1 per cent. The Conglomerate, Manufacturing I and Trading sub-indices also delivered gains during 2012, while the remaining four sub-indices fluctuated during the period. Trading activity remained relatively low during 2012, with a total of 50.7 million shares exchanging hands compared to 564.1[3] million shares traded in the previous year.

Based on the available information thus far in 2013, the stock market continued to be in positive territory as at the end of March 2013, the CPI was up 2.9 per cent from the end of December 2012, while the All Trinidad and Tobago Index (ATI) continued to advance, recording a gain of 4.1 per cent over the same period. The Cross Listed Index started 2013 on a dismal note, falling by 1.2 per cent during the same period. This downward trend in the Cross Listed Index may be a reflection of the ongoing economic challenges faced in Jamaica and the recent national debt exchange programme which may have impacted the profitability of the cross listed Jamaican companies holding Government debt in their portfolios. Nevertheless, stock market capitalization rose to approximately $100 billion at the end of the first quarter of 2013 from $97.4 billion at the end of December 2012.

[3] NCBJ via NCB Capital Markets Ltd (NCBCM) purchased 428,777,325 shares of JMMB. This represented 29 per cent of JMMB shares and made it an associated company of NCBCM.

Most of the sub-indices delivered gains during the first quarter of 2013. The Conglomerate, Manufacturing I and the Banking sub-indices outpaced their peers registering gains of 6.1 per cent (year-to-date), 4.1 per cent and 2.8 per cent, respectively. Meanwhile, the Property and Trading sub-indices generated smaller increases of 1.3 per cent and 0.3 per cent, respectively. On the other hand, the Manufacturing II (-5.1 per cent) and Non-Banking (-0.2 per cent) sub-indices recorded losses during the same period.

Trading activity in the domestic stock market saw a pickup in the first quarter of 2013. A total of 16.5 million shares exchanged hands during the quarter with a combined market value of $247.7 million, compared with 13.9 million shares traded in the comparative period in 2012. Trading was heavily concentrated in the Non-Banking sub-sector which accounted for 48.6 per cent of the total shares traded during the quarter.

Bond Market

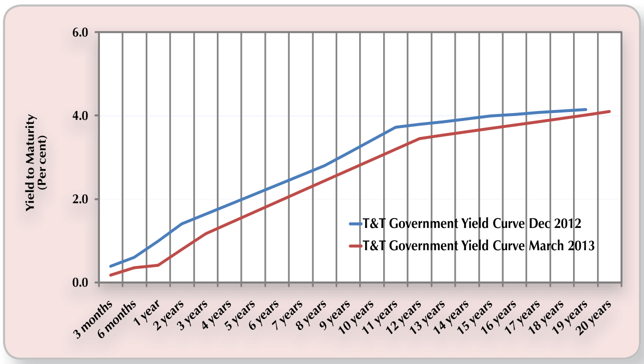
Primary activity on the domestic bond market was relatively subdued in 2012. For the year, there were thirteen bond issues with a combined face value of $4.5 billion compared with 20 issues in 2011 ($7.2 billion) - (Table IIIb). The public sector was once again the main borrower on the market, accounting for eleven of the thirteen primary issues in 2012. With high levels of liquidity in the financial system and low interest rates, there was no evidence of public sector borrowing ‘crowding out’ private sector investment.

So far in 2013, there were two primary bond issues, raising in total $800 million. The Home Mortgage Bank came to the market in January, issuing a $200 million, 10 year bond with a floating coupon rate initially set at 2.05 per cent. In the following month the Trinidad and Tobago Mortgage Finance Company (TTMF) raised $600 million in 20 series with maturities ranging from 6 months to 10 years, and coupons from 1.58 per cent to 5.47 per cent.

Following heavy trading activity on the secondary Central Government bond market in January 2013, there was significant fall-off in activity over the next two months. In January, there were 43 transactions with a combined face value of $560.6 million. There was only one other transaction in the remainder of the quarter which amounted to $13.1 million. The drop in trading activity may be indicative of the large build-up of liquidity levels at the end of the quarter as investors preferred to hold on to their investments, especially in light of limited primary issues in the first quarter of 2013.

With liquidity levels in the financial system averaging just over $6 billion (daily) in March 2013, yields particularly at the shorter end of the curve have fallen off from the end of 2012. The 91-day T-bill rate dropped to 0.18 per cent in March 2013 from 0.39 per cent in December 2012, while the 182 day T-bill rate fell to 0.36 per cent from 0.60 per cent. On the longer end of the curve, the 10-year treasury yield fell to an estimated 2.94 per cent in March 2013 from 3.41 per cent at the end of the 2012 (Chart IIIh). Meanwhile, movements in the Central Bank's Central Government Bond Indices[4] suggest that bonds continued to provide investors with positive returns. Over the twelve month period ending March 2013, the Price and Total Return Indices for Central Government bonds rose by 4.4 per cent and 8.3 per cent, respectively.

Chart IIIh
Central Government of Trinidad and Tobago Yield Curve



Source: Central Bank of Trinidad and Tobago.

Mutual Funds[5, 6]

In 2012, the size of the mutual funds industry was boosted by high levels of liquidity in the domestic financial system which continued into the first quarter of 2013. Following a modest increase of 3.2 per cent in 2011, aggregate mutual funds under management rose by 8.0 per cent in 2012 to $39.7 billion. During 2012, the industry attracted net sales of $2,030.3 million,

4 The Central Bank's Central Government Bond Indices are calculated using price information from the Trinidad and Tobago Stock Exchange's secondary Central Government bond market. See Central Bank Working Paper WP07/2012 September 2012 for more information on the Indices.

5 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.

6 Mutual Fund information for 2011 was revised to reflect the addition of two new mutual funds in the Central Bank of Trinidad and Tobago's database.

compared with $729.5 million in the previous year. Both equity and income funds under management expanded in 2012, with the former increasing by a robust 13.4 per cent and the latter by 7.0 per cent. Foreign currency mutual funds also grew strongly, rising by 12.0 per cent in 2012, in sharp contrast to a 3.0 per cent decline in 2011. Meanwhile, TT dollar funds increased by 6.9 per cent compared with 5.0 per cent one year ago.

In the first quarter of 2013, aggregate mutual funds under management continued to grow. At the end of March 2013, funds under management stood at $40.5 billion, representing an increase of 2.0 per cent (year-on-year) and 9.1 per cent from the end of December 2012. During the first three months of 2013, the industry attracted net sales of $776.6 million compared with $325.4 million in the previous quarter. Buoyed by capital gains and increased net sales, both equity and income funds under management continued to expand during the first quarter of 2013. Consistent with the favorable performance recorded in the domestic stock market, equity funds under management expanded by 5.2 per cent (quarter-on-quarter), reaching $4.7 billion at the end of March 2013. Meanwhile, income funds under management grew by 1.4 per cent in the first quarter to $35.2 billion on account of higher net sales.

In terms of currency profile, foreign currency denominated funds declined after outpacing TT dollar denominated funds for three consecutive quarters. During the first three months of 2013, foreign currency funds declined by 0.7 per cent (quarter-on-quarter), while TT dollar denominated funds rose 2.7 per cent.

Box 1
The Securities Act, 2012

Since the passage of the Securities Industries Act, 1995 the institutional arrangements and actors in the domestic capital and financial markets have evolved to the extent where the existing legislation was inadequate to effectively regulate key aspects of the markets. The Trinidad and Tobago Securities and Exchange Commission (SEC) in consultation with the market and other key stake holders introduced the Securities Act, 2012. Accordingly, this Act seeks to "provide protection to investors from unfair, improper or fraudulent practices; foster fair and efficient securities market and confidence in the securities industry in Trinidad and Tobago; reduce systemic risk and repeal and replace the Securities Industries Act…." According to the SEC, the new Act increases the powers of the regulator and provides for greater transparency through increased disclosure requirements as well as providing for enhanced enforcement tools such as higher penalties and the ability of investors to take civil action against misrepresentations by reporting companies. The new Act broadens the regulatory oversight of the SEC to all market participants which was limited to only registrants under the SIA 1995. The SEC will have the power to conduct on-site visits, inspect company records and issue compliance directions to non-compliant institutions or participants.

The Securities Act, 2012 enhances the disclosure obligations for reporting companies. Relevant companies are expected to submit annual reports, annual audited financial statements, and interim financial statements as well as they are mandated to send proxy forms to eligible holders of voting securities. The new regulation also better allows for the recognition of market manipulations by specifically addressing issues of false trading and artificial pricing, price rigging, dissemination of information containing misrepresentations, securities market manipulation, use of fraudulent trading devices, excessive trading, etc. The issue of insider trading is dealt with by clearly defining connected persons and prohibiting certain actions by these parties.

Another key feature of the Securities Act involves regulatory co-operation with the Central Bank of Trinidad and Tobago and other regulators so as to increase information sharing and avoid duplication of effort. It also facilitates cross border co-operation with foreign regulators and governments. To provide the SEC with more regulatory "bite" there are increases in the fines and charges for parties who have contravened the Act. For example, the maximum administrative penalty is increased to $500,000 under the new Act from $50,000 under the SIA, and the maximum penalty on indictment is now $2 million and two years imprisonment whereas the SIA allowed for a maximum penalty on summary conviction of $100,000 and 3 months imprisonment.

Table IIIb
Primary Bond Market
January 2012 – April 2013p

	Borrower	Face Value ($Mn)	Period To Maturity	Coupon Rate Per Annum	Placement Type
	January – December 2012				
January	Agostini's Limited	50	10 yrs.	Fixed Rate 8.00%	Private
July	Trinidad and Tobago Mortgage Finance Company Limited:				Private
	Series A	108	5 yrs	Fixed Rate 3.75%	
	Series B	51.8	7 yrs	Fixed Rate 4.00%	
	Series C	90.3	10 yrs	Fixed Rate 4.95%	
August	National Insurance Property Development Company Limited (NIPDEC)	339	13 yrs.	Fixed Rate 5.15%	Public
September	Central Government of Trinidad and Tobago	2,500.0	15 yrs.	Fixed Rate 5.20%	Public
October	Home Mortgage Bank	50.1	10 yrs.	1.85% Floating Rate (Indexed to 90 day T-bill rate)	Private
		199.9	10 yrs.	2.25% Floating Rate (Indexed to 90 day T-bill rate)	
	Urban Development Company of Trinidad and Tobago (UDECOTT)	213	8 yrs.	Fixed Rate 3.35%	Public
	National Insurance Property Development Company Limited (NIPDEC)	250	20 yrs.	Floating rate - 6.25% for first 10 years	Private
November	RBC Royal Bank (Trinidad and Tobago) Limited	300	15 yrs.	Fixed Rate 4.75% (Callable after 10 years)	Private
December	Home Mortgage Bank	106.9	10 yrs.	1.85% Floating Rate (Indexed to 90 day T-bill rate)	Private
		245.5	10 yrs.	2.25% Floating Rate (Indexed to 90 day T-bill rate)	
	January – April 2013				
January	Home Mortgage Bank	200	10 yrs	Floating Rate, Initially Set at 2.05%	Private
February	Trinidad and Tobago Mortgage Finance Company Limited (Issued in 20 Series ranging from 6 mths – 10 years)	600	6 mths - 10 yrs	Coupons ranging between 1.58% and 5.47%	Private

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

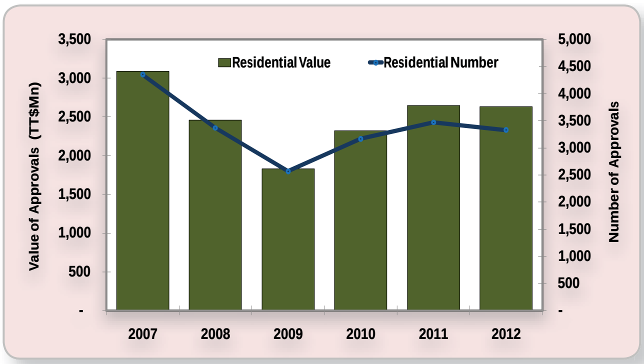
p Preliminary.

Real Estate Mortgage Market

Notwithstanding the weakness in real GDP growth which adversely impacted business and consumer credit, the pace of growth of real estate mortgage lending remained strong over the twelve months to February 2013. Mortgage lending operations are mainly carried out by the commercial banks, which for some time now have encouraged borrowing through historically low mortgage rates. On a year-on-year basis, mortgage credit granted by the consolidated financial system to the private sector increased by 13.4 per cent in February 2013 compared to 8.6 per cent one year ago. Mortgage lending by the commercial banks sub-sector was up by a similar pace.

A closer analysis of commercial banks' real estate mortgage lending revealed that the largest portion of all new mortgages granted in 2012 was for the purchase of newly constructed houses (32.8 per cent). The data also show that a fair portion (27.3 per cent) of new mortgages was for the purchase of land (Table IIIc and Chart IIIi). Over 2012, only 14.4 per cent of all new mortgages were granted for renovation/home improvement.

Chart IIIi
New Residential Real Estate Mortgage Approvals



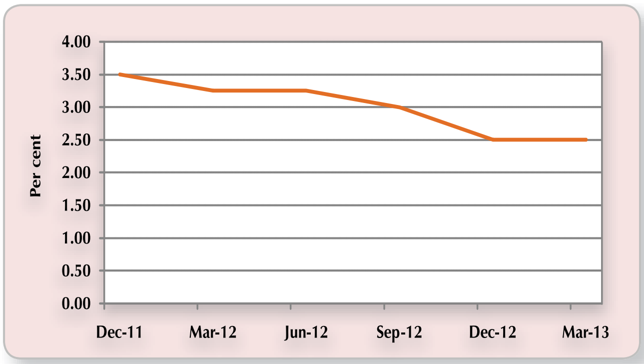
Source: Central Bank of Trinidad and Tobago.

Table IIIc
Commercial Banks: New Residential Real Estate Mortgages Granted in 2012
By Purpose as a Proportion of Total Granted

Purpose	Number of New Mortgages				Annual Average	Value of New Mortgages				Annual Average
	QI	QII	QIII	QIV		QI	QII	QIII	QIV	
Renovation/Home Improvement	14.6	16.6	15.1	11.2	14.4	10.4	11.6	10.3	7.8	10.0
Acquisition of Newly Constructed Houses	32.3	29.8	27.6	41.3	32.8	23.0	23.0	21.1	28.6	23.4
Purchase of Existing Houses	23.6	27.9	28.9	21.9	25.6	40.2	40.7	40.6	34.7	39.1
Purchase of Land	29.4	25.7	28.4	25.6	27.3	26.4	26.8	28.0	28.8	27.5
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

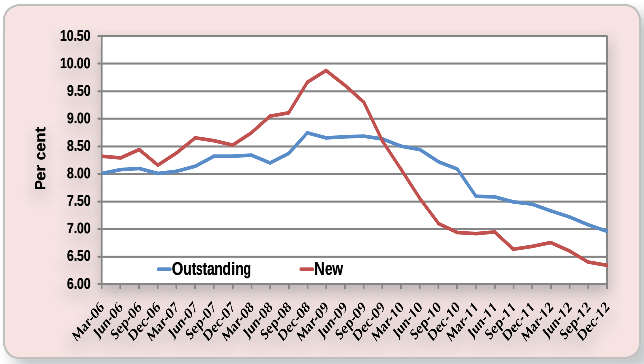
Source: Central Bank of Trinidad and Tobago.

Chart IIIj
Mortgage Market Reference Rate (MMRR)
(Per cent Per Annum)



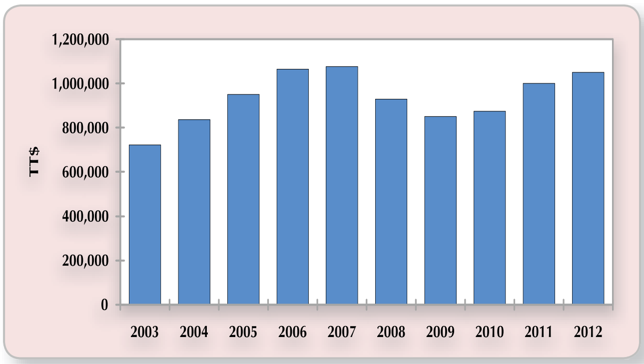
Source: Central Bank of Trinidad and Tobago.

Chart IIIk
Commercial Banks:
Residential Mortgage Loan Rates
(Per cent Per Annum)



Source: Central Bank of Trinidad and Tobago.

Chart IIIL
Trinidad and Tobago: Estimated Median House Prices (3 bdrm)



Source: Central Bank of Trinidad and Tobago.

Given the downward trend in the Mortgage Market Reference Rate (MMRR), commercial banks have been adjusting mortgage rates downward. In December 2012, the MMRR fell to 2.50 per cent from 3.00 per cent in September 2012 (Chart IIIj). This compared with 3.50 per cent when the rate was first launched in December 2011. This trend is reflected in the fall of the weighted mortgage rate on new mortgages to 6.34 per cent in December 2012 from 6.40 per cent in September 2012 and 6.68 per cent in December 2011. Similarly, the weighted average rate on outstanding residential mortgages in the books of commercial banks went down to 6.95 per cent in December 2012 from 7.07 per cent in September 2012 and 7.45 per cent in December 2011 (Chart IIIk).

Strong mortgage lending supported by low mortgage rates has kept the price of residential property buoyed for some time now. According to data provided by private valuators, the estimated median price of a typical 3-bedoom house stood at $1,050,000 in the quarter ending December 2012, slightly up from the same period of 2011 (Chart IIIL).

Part IV – Domestic Economic Developments

Gross Domestic Product

Growth in the domestic economy slowed during the fourth quarter of 2012 reflecting the effects of maintenance-related outages in the energy sector and slower growth in the non-energy sector. Preliminary estimates from the Central Bank's Quarterly GDP Index (QGDP) indicate that the domestic economy grew by 1.0 per cent (year-on-year) in the fourth quarter of 2012 with non-energy sector growth of 1.7 per cent and a flat outturn in the energy sector.

Growth in the energy sector was flat in the fourth quarter due to coordinated maintenance stoppages by some companies. Exploration and production increased by 1.0 per cent driven by developments in natural gas production, which picked up in November and December after dipping in October when British Petroleum Trinidad and Tobago (BPTT) and British Gas Trinidad Limited (BGTT) carried out maintenance works. Data for the first two months of 2013 point to a continued increase in natural gas output. On the other hand, crude oil production continued its secular decline on account of aging oil fields and lower condensate output arising from maintenance activity and drier natural gas[7].

The Refining sub-sector, although affected significantly by the maintenance activity during the fourth quarter, grew slightly (0.5 per cent) due in large measure to higher LNG production (10 per cent). The increase in LNG output was partially offset by a substantial decline in petroleum refining (56.1 per cent) in the fourth quarter of 2012 as Petrotrin began an 8-week turnaround of the No. 8 Crude Distillation Unit[8] (8CDU) in late October 2012. This led to sharp reductions in the outturn of several

7 Natural gas is considered 'dry' when it is almost pure methane, having had most of the other commonly associated hydrocarbons removed. Natural Gas Liquids (NGLs) are extracted from natural gas. The amount of these liquids found in natural gas differs across wells. The 'drier' the natural gas, the less the amount of liquids (NGLs) that can be obtained per unit of natural gas.

8 The 8CDU is a critical unit in the refinery process with a capacity of 140,000 barrels per day. The turnaround operation affected the Liquefied Petroleum Gas (LPG) Unit and the Isomerisation Unit.

plants. Industrial action at the refinery in September and October also resulted in several days of downtime. Output of natural gas liquids continued to fall (17.1 per cent) mainly due to the dry nature of the natural gas being produced.

Output of Petrochemicals contracted by 7.5 per cent as several companies scheduled maintenance activity to coincide with those of the major natural gas suppliers. These plants included the country's two largest methanol plants, the M5000 plant and the Atlas plant, TTMC 1 methanol plant as well as several ammonia plants.

Preliminary data suggest that the moderate recovery in the non-energy sector continued into the fourth quarter, but at a slightly slower pace. The finance, insurance and real estate sector led with growth of 3.6 per cent as activity in the commercial banks and real estate sub-sectors remained relatively strong. Available data on local sales of cement and production of mined aggregates - two key indicators of construction activity, suggest that the construction sector grew by 2.3 per cent. The manufacturing sector grew slightly (0.9 per cent) on account of moderate increases in the food processing (2.6 per cent) and assembly type and related industries (14.8 per cent). However, these were partially offset by a decline in output of the chemicals sub-sector (-3.5 per cent) due to lower cement production (-8.8 per cent) stemming from a drop in cement exports. Marginal growth was also recorded in the distribution sector. Retail sales, one of the major indicators of distribution activity, increased 2.5 per cent. Most sub-categories of the index showed increases including; dry goods (5.8 per cent), textiles and wearing apparels (8.5 per cent), motor vehicles and parts (2.5 per cent) and household appliances, furniture and other furnishings (22.3 per cent).

Finally, the agriculture and water and electricity sectors expanded by 2.6 per cent and 4.9 per cent, respectively. In the absence of official agriculture data, estimates were partially based on observed trends in market data sourced from the National Agricultural Development Company Limited (NAMDEVCO).

Domestic Production

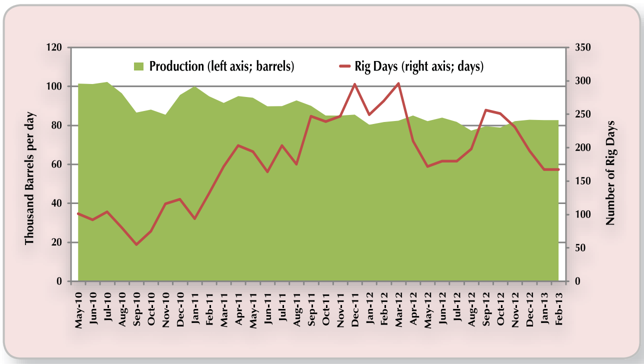
Energy Sector

(i) Petroleum

Significant maintenance activity during September and October reduced petroleum output in the second half of 2012 by 9.2 per cent when compared to the same period a year ago. Coordinated maintenance activity by several major gas producers during the period affected the production of condensate, which accounts for part of total crude oil output[9]. However, there was a rebound in crude production in December 2012, with January and February 2013 recording favorable production rates. Total crude production for these two months was just 1.8 per cent below output in the same period of 2012, a significant improvement on the declines that was previously observed. Increased marine rig activity by Bayfield Energy and EOG Resources helped to drive rig days in the fourth quarter of 2012. As these were completed by the end of the year, the beginning of 2013 saw a slight fall off in rig activity. Meanwhile, total depth drilled fell to 55.2 thousand metres in the second half of 2012 from 58.1 thousand metres in the year-ago period. The first two months of 2013 also saw some decline in drilling activity as several companies such as Bayfield Energy and Niko Resources completed drilling at respective wells by the end of 2012.

Refinery throughput at the state oil company declined significantly during the second half of the year, a result of the maintenance programme which began in October 2012. Phase 1 of that programme saw a turnaround of the 8CDU. As a result, refinery throughput fell from 149,231 barrels per day in August 2012 to 35,539 barrels per day in December 2012. Added to this, activity at the refinery was interrupted by industrial unrest. Due to reduced refinery throughput in the second half of the year, crude imports and exports were also significantly down.

Chart IVa
Production, Depth Drilled and Rig Days



Source: Ministry of Energy and Energy Affairs.

[9] In 2012, production of condensates accounted for 15.5 per cent of total crude output down from a high of 31.4 per cent in 2010.

The recovery at the refinery in 2013 was affected by industrial unrest in March 2013. Crude production and refinery throughput rebounded from late 2012 levels to 141,577 barrels per day in February 2013, but industrial action at the refinery in March resulted in a seven-day strike before the Industrial Court instructed workers to return to work. Company officials have indicated that this forced shutdown was a significant setback given the improvements the company made in recent months.

(ii) Natural Gas

Despite major maintenance works in September/ October 2012, average natural gas output remained 2.6 per cent higher in the second half of the year when compared to the same period a year-ago. BPTT and BGTT, the country's two largest natural gas producers, carried out significant maintenance activity during September and October 2012. Tables IVa and IVb show the effect of maintenance activity in 2011 and 2012 on natural gas output of major companies. On average however, the country's seven gas producers still managed to produce at a higher rate than in the second half of 2011, given the severe cutbacks due to maintenance operations during much of 2011. Production in 2013 also looks promising as output for the first two months of 2013 increased by 2.8 per cent (year-on-year) to average 4,410 mmcf/d in February (Table IVc). However, industry officials indicate that there may be another programme of maintenance during September 2013, but the Ministry of Energy and Energy Affairs is working to mitigate the potential effects on production rates.

Table IVa
Natural Gas Production by Major Energy Companies

Company	Natural Gas Production (mmcf/d)		
	2010	2011	2012
BPTT	2,565	2,271	2,118
BG	1,016	994	977
EOG	534	513	546
BHP	153	314	431
Others	20	19	17
Total	**4,330**	**4,149**	**4,122**

Source: Ministry of Energy and Energy Affairs.

Table IVb
Share of Natural Gas Production by Major Companies

Company	Natural Gas Production (mmcf/d)		
	2010	2011	2012
BPTT	59.2	54.7	51.4
BG	23.5	24.0	23.7
EOG	12.3	12.4	13.2
BHP	3.5	7.6	10.5
Others	1.4	1.4	1.2
Total	**100.0**	**100.0**	**100.0**

Source: Ministry of Energy and Energy Affairs.

Table IVc
Production of Selected Energy and Energy-based Commodities

Period	Crude Oil bbl/d	Natural Gas mmcf/d	Fertilizers tonnes	Methanol tonnes
12-Jan	85,491	4,269	527,609	424,364
12-Feb	80,278	4,337	460,381	446,722
12-Mar	81,670	4,063	483,435	529,655
12-Apr	82,376	3,838	507,215	412,154
12-May	85,039	4,072	497,719	468,394
12-Jun	82,138	4,328	469,941	503,994
12-Jul	83,946	4,471	461,823	512,288
12-Aug	81,776	4,388	472,478	495,509
12-Sep	77,288	3,707	390,053	422,318
12-Oct	79,537	3,645	323,190	301,767
12-Nov	78,847	4,148	393,342	441,496
12-Dec	82,135	4,201	465,662	532,016
13-Jan	82,989	4,439	472,913	521,685
13-Feb	82,662	4,410	465,175	461,201
Jan-Dec 11	91,974	4,149	5,715,173	5,904,258
Jan-Dec 12	81,710	4,122	5,452,848	5,490,677

Source: Ministry of Energy and Energy Affairs.

(iii) Liquefied Natural Gas (LNG) and Natural Gas Liquids (NGLs)

While LNG output grew at a healthy rate in the second half of 2012, the NGLs industry continued to contract. LNG production increased by 7.9 per cent over the last six months of 2012 compared to the same period a year ago, largely reflecting much lower production in 2011 when Train 4 was taken down for maintenance works. On the other hand, the NGLs industry continues to suffer from the production of drier natural gas. For the first two months of 2013, the data indicate a continued decline in NGLs output while there has been no change in the rate of LNG production (year-on-year).

(iv) Petrochemicals

Output of petrochemicals declined 9.7 per cent (year-on-year) during the second half of 2012 as a number of producers scheduled maintenance works in September/October to coincide with downtime at major upstream natural gas producers. However, data for January and February 2013 point to a recovery in output of petrochemicals.

(v) Methanol

Methanol production was also lower during the second half of 2012. Several methanol plants at the Point Lisas Industrial Estate also engaged in the coordinated maintenance effort in September/October including M5000, Atlas and TTMC 1. Hence, methanol production during July to December 2012 declined 4.2 per cent (year-on-year). Methanol production saw a strong uptick in the first two months of 2013, with year-on-year growth of 12.8 per cent.

(vi) Iron and Steel

The local iron and steel industry improved markedly during the fourth quarter of 2012. This represented a recovery from the year-ago period, when maintenance works affected activity at the production facilities. DRI production grew 14.0 per cent (year-on-year), driving growth of 7.7 per cent in overall iron and steel output during the quarter.

(vii) Energy Commodity Price Index (ECPI)[10]

The ECPI ended 2012 on a weak note but garnered strength in early 2013. Increasing output from OPEC and the easing of geo-political tensions in late 2012 influenced declining crude and crude-derivative prices. However, as tensions rose once again in the Middle East in early 2013, so too did crude and crude-related prices. As a result, the ECPI fell from 142.22 in October 2012 to 134.69 in December 2012 before rising to 141.23 by March 2013.

(viii) Agriculture

According to available data from the Central Statistical Office, the performance of the agriculture sector in the first nine months of 2012 was mixed. Year-on-year comparisons of production data for several commodities over the period showed increased output of eddoes (62.8 per cent), cucumber (27.4 per cent), and dasheen (12.6 per cent) – (Table IVd). In contrast, there were marked declines in the supplies of watermelon (54.2 per cent), sweet pepper (53.7 per cent), cassava (40.9 per cent) and sweet potato (33.7 per cent), partly due to adverse weather conditions.

Table IVd
Production of Selected Commodities (Trinidad only)

Commodity	Jan-Sep 2012	Jan-Sep 2011	Year-on-year Per cent Change
	(Thousands)		
Root Crops			
Sweet Potato (kg)	642.4	968.8	-33.7
Cassava (kg)	1,348.4	2,280.7	-40.9
Dasheen (kg)	2,142.4	1,902.9	12.6
Eddoes (kg)	1,440.0	884.6	62.8
Leafy Vegetables			
Dasheen Bush	156.9	289.5	-45.8
Vegetables			
Tomato (kg)	1,222.7	1,267.9	-3.6
Cucumber (kg)	1,031.9	810.2	27.4
Sweet Pepper (kg)	183.8	396.8	-53.7
Fruits			
Watermelon (kg)	372.9	814.0	-54.2

Source: Central Statistical Office.

[10] The Energy Commodity Price Index is a summary measure of the price movements of Trinidad and Tobago's top ten energy-based commodity exports.

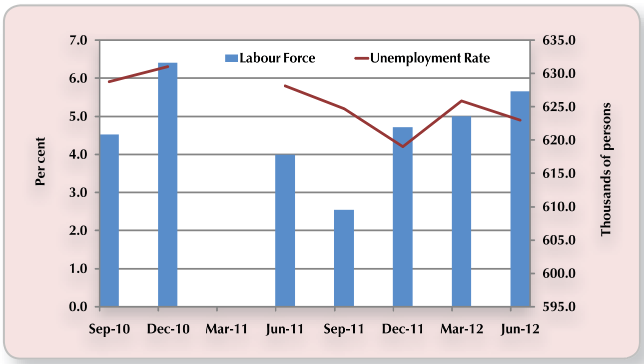
Supplementary data from the Norris Deonarine Northern Wholesale Market (NDNWM) provide a more current indicator of the agriculture sector. For the first quarter of 2013, similar to the corresponding period a year earlier, there were increased volumes of sweet potatoes (78.1 per cent), cassava (36.6 per cent) and cucumber (27.2 per cent) available at the market. For the same period, availability of sweet peppers and tomatoes declined 28.8 per cent and 14.0 per cent, respectively. However, these shortfalls were supplemented by imports to some extent as data showed increased imports of dasheen (17.6 per cent) and tomatoes (16.1 per cent) over the period (Table IVe).

Table IVe
Availability of Selected Commodities
(Norris Deonarine Northern Wholesale Market only)

Commodity	Jan-Mar 2013	Jan-Mar 2012	Jan-Mar (Year-on-Year Per cent Change)
LOCAL			
Root Crops			
Sweet Potato (kg)	328,254	184,274	78.1
Cassava (kg)	120,809	88,420	36.6
Dasheen (kg)	61,880	71,654	(13.6)
Eddoes (kg)	8,530	14,970	(43.0)
Leafy Vegetables			
Cabbage (Local Green) – (kg)	180,128	214,689	(16.1)
Callaloo Bush (Roll) (Bundle)	49,140	57,600	(14.7)
Vegetables			
Tomato (kg)	391,372	454,857	(14.0)
Cucumber (kg)	306,410	240,826	27.2
Sweet Pepper (kg)	82,848	116,337	(28.8)
Christophene (kg)	84,136	76,338	10.2
Fruits			
Watermelon (kg)	188,657	167,504	12.6
Pineapple (kg)	132,309	97,864	35.2
IMPORTS			
Root Crops			
Dasheen (kg)	248,870	211,665	17.6
Eddoes (kg)	123,839	130,482	(5.1)
Sweet Potato (kg)	69,410	108,314	(35.9)
Leafy Vegetables			
Cabbage (Green) (kg)	97,388	136,624	(28.7)
Vegetables			
Tomato (kg)	72,646	62,585	16.1

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

Chart IVb
Unemployment Rate and Labour Force



Source: Central Statistical Office.

Labour Market

(i) Unemployment

Latest data from the Central Statistical Office indicate an improvement in the labour market during the second quarter of 2012. The rate of unemployment fell to 4.9 per cent from 5.4 per cent at the end of the first quarter. This rate was also lower than the 5.8 per cent recorded for the corresponding period a year prior (Chart IVb).

In terms of the sectoral composition, the construction industry experienced the largest year-on-year reduction in the unemployment rate (8.7 per cent from 14.3 per cent in the second quarter of 2011) followed by wholesale and retail trade, restaurants and hotels (4.7 per cent from 6.4 per cent) and financing, insurance and real estate (1.9 per cent from 2.7 per cent). In contrast, the unemployment rate within community, social and personal services (4.8 per cent from 3.8 per cent) increased.

In addition to a fall in the number of persons unemployed, there was also an expansion of the labour force. The most recent data provided showed the labour force expanding to approximately 627,300 persons from 617,800 persons in the corresponding period of 2011. The participation rate in each of the first two quarters of 2012 was 61.8 per cent compared to 61.6 per cent for the second quarter of 2011. However, this increase in the participation rate on a year-on-year basis resulted from increased female participation overriding declines in the male participation rate. Year-on-year comparisons showed that male participation decreased to 71.7 per cent during the second quarter of 2012 from 73.1 per cent while female participation increased to 52.0 per cent from 50.3 per cent. Historically, female participation is lower than that of males but the gap between the two has narrowed over the last few years.

(ii) Labour Productivity

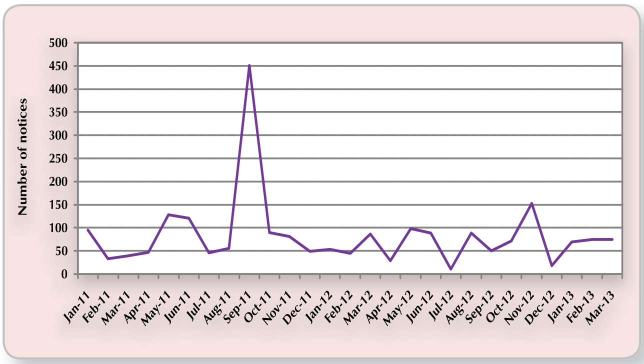
Labour productivity declined in the last quarter of 2012 (year-on-year), albeit at a slower rate than the previous two quarters. Measured productivity, calculated as the Index of Domestic Production divided by the Index of Man Hours Worked, fell by 2.8 per cent in the last quarter of 2012, compared with declines of 10.9 per cent and 5.0 per cent for the second and third quarters of 2012, respectively (Table IVf). Propelling this trend was maintenance activities at Petrotrin, which resulted in labour productivity falling by 49.1 per cent within the oil and natural gas refining sub-index. While the energy sector was the main factor in declining productivity, year-on-year decreases in non-energy sub-sectors such as chemical and non-metallic minerals (15.8 per cent) and textiles, garments and footwear (9.1 per cent) added to the problem. However, partially offsetting the fall was an improvement in productivity within some non-energy sectors such as assembly type and related products (39.2 per cent) and food processing (24.9 per cent) sectors.

Table IVf
Index of Productivity
(1995=100)

		Index of Productivity	Year-on-Year Per cent Change
2010	Qtr. 1	334.5	3.8
	Qtr. 2	356.0	6.1
	Qtr. 3	354.0	1.9
	Qtr. 4	367.5	7.0
2011	Qtr. 1	359.5	7.5
	Qtr. 2	398.2	11.8
	Qtr. 3	365.7	3.3
	Qtr. 4	335.7	-8.7
2012	Qtr. 1	360.0	0.1
	Qtr. 2	354.7	-10.9
	Qtr. 3	347.5	-5.0
	Qtr. 4	326.2	-2.8

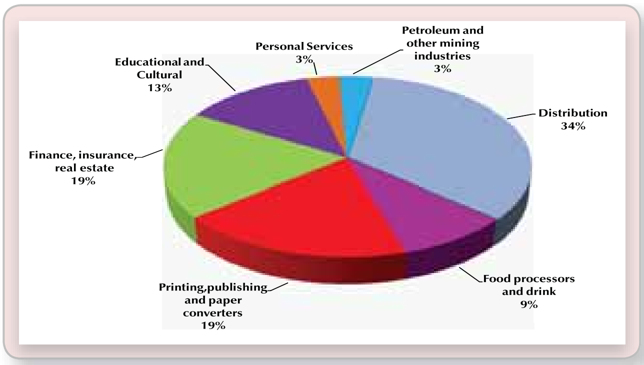
Source: Central Statistical Office.

Chart IVc
Retrenchment Notices Registered
(Number by Month)



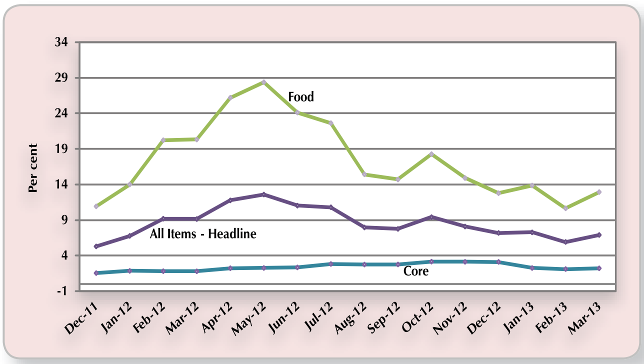
Source: Ministry of Labour and Small and Micro Enterprise Development.

Chart IVd
Retrenchment Notices by Sector
January – March 2013



Source: Ministry of Labour and Small and Micro Enterprise Development.

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



Source: Central Statistical Office.

(iii) Retrenchment Notices

Data released by the Ministry of Labour and Small and Micro Enterprise Development (MLSMED) show an increase in retrenchment notices at the start of 2013. The number of retrenchment notices served during the first quarter of 2013 increased 18.3 per cent (year-on-year) from 186 to 220 notices (Chart IVc). The majority of those notices originated in the distribution (33.6 per cent), printing and packaging (19.1 per cent) and the finance, insurance and real estate (19.1 per cent) sectors. There were also significant increases in the educational and cultural services (12.7 per cent) and food processing (9.1 per cent) sectors (Chart IVd).

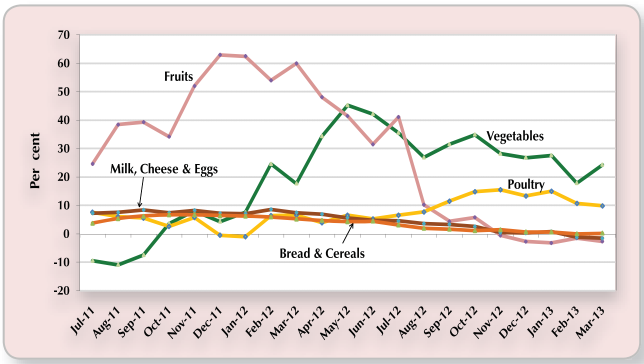
Inflation

(i) Consumer Prices

Headline inflation continued to decline reaching 5.9 per cent in February 2013 before pushing upwards to 6.9 per cent in March (Chart IVe). The average rate of headline inflation for the first quarter of 2013 was 6.7 per cent compared to 8.3 per cent for the same period a year earlier. Since November 2012, the removal of Value Added Tax (VAT) on non-luxury food items has had a downward influence on year-on-year headline inflation. In addition to the VAT measure, more stable domestic food supplies have helped reduce food inflation.

At end-March 2013, the year-on-year food inflation stood at 12.9 per cent up from 10.6 per cent in the previous month. The increase in the rate was largely due to an acceleration in fish prices brought on by supply shortages mainly caused by the rough seas experienced during February and early March 2013. For the quarter ended March 2013, food inflation slowed to 12.4 per cent compared to 18.1 per cent for the similar period in 2012. This deceleration can be attributed to the stabilization of markets following a recovery of domestic and international producers from various weather-related supply shocks (Chart Vf).

Chart IVf
Components of Food Sub-Index
(Year-on-Year Per cent Change)



Source: Central Statistical Office.

During the first quarter of 2013, core inflation remained well contained at 2.2 per cent having declined from 3.1 per cent in the last quarter of 2012. Some of the main contributors to the slower pace of growth of the core sub-index include a slowdown in the inflation rates for housing, clothing and footwear and alcoholic beverages and tobacco (see Appendix C). A comparison of the first quarter average core rates of 2013 (2.2 per cent) and 2012 (1.8 per cent) showed some increase signifying some uptick in underlying inflationary pressures.

(ii) Prices of Building Materials

The Index of Retail Prices of Building Materials revealed a slight increase of 0.5 per cent in the first quarter (year-on-year) of 2013 (Appendix F). Among the sub-sections, there was moderate growth in the site preparation (1.5 per cent) - mainly the result of a 9.5 per cent rise in the price of cement in January 2013. Other sub-indices moved upwards included plumbing (1.7 per cent) and walls and roofs (1.4 per cent). Prices of concrete blocks and plastering sand also went up by 7.9 per cent and 10.5 per cent, respectively. There were small declines recorded in the electrical installation and fixtures (2.3 per cent) and windows, doors and balustrading (1.8 per cent) sub-sections (Table IVg).

Table IVg
Selected Building Material Prices
(TT$)

	Q1 2013		
	Price	Quarter-on-Quarter Per cent Change	Year-on-Year Per cent change
Cement (price/bag)	57.1	16.9	10.2
Gravel (price/12cu yrds)	2,531.0	-1.7	-1.2
Plastering Sand (price/8 cu yrds)	1,253.7	5.8	10.5
Concrete Blocks (price/block)			
100mm (4"x8"x16")	6.5	3.4	11.7
150mm (6"x8"x16")	7.9	2.9	7.9
Steel (Price/20ft)			
¼"	10.9	3.9	3.9
½"	42.3	6.2	8.3

Source: Central Statistical Office.

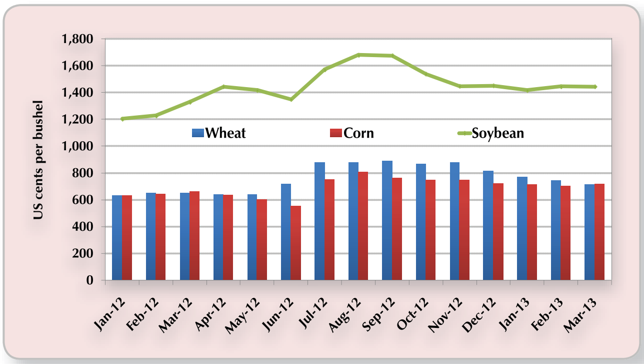
(iii) Producer Prices

According to the latest data from the Central Statistical Office, producer prices were up 2.2 per cent in the first quarter of 2013 compared to 3.4 per cent the same period a year earlier. Increases within chemical and non-metallic products (5.3 per cent), drink and tobacco (2.7 per cent) and food processing (2.2 per cent) were primarily responsible for this trend. Price increases in January 2013 by Trinidad Cement Limited (TCL) pushed the ready-mix concrete and cement sub-indices upwards by 21.6 per cent and 12.4 per cent, respectively, and was mainly responsible for the boost in chemical and non-metallic minerals.

(iv) The Food and Agriculture Organization's (FAO) Food Price Index

The FAO Food Price Index declined 1.7 per cent for the first two months of 2013 compared to the corresponding period in 2012, mainly due to decreases within the sugar (22.5 per cent) and the oils price (14.6 per cent) sub-indices (see Table IVh). The meat sub-index sustained a 0.4 per cent growth over the same period, partly attributable to the drought that plagued the U.S in the third and fourth quarters of 2012 which affected the supply of corn, a major component in animal feed. This also contributed to an increase in the cereals sub-index over the period (8.8 per cent). However, early forecasts for 2013 suggest declines in the cereals sub-index. This may be due to an expected expansion in production, particularly in Europe where high 2012 prices attracted greater acreage on particular crops. Price declines on selected cereals have already been witnessed (Chart IVg).

Chart IVg
Global Food Prices



Source: Bloomberg.

Table IVh
Food Price Index

Date	Food Price Index (FPI)	Food Price Index (Year-on-Year Per cent Change)	Meat Price Index	Dairy Price Index	Cereals Price Index	Oils Price Index	Sugar Price Index
11-Jun	233.4	38.8	178.1	231.6	259.0	259.0	357.7
11-Jul	231.2	33.9	176.5	227.8	247.2	252.9	400.4
11-Aug	230.6	26.0	178.6	220.6	252.4	245.3	393.7
11-Sep	225.1	15.9	177.3	214.7	244.3	239.4	379.0
11-Oct	215.8	5.3	176.1	203.5	231.3	224.3	361.2
11-Nov	216.4	1.7	181.1	201.0	228.8	234.8	339.9
11-Dec	210.8	-5.6	178.8	201.7	217.6	227.5	326.9
12-Jan	212.8	-8.0	174.2	206.8	222.7	233.7	334.3
12-Feb	215.6	-9.4	178.1	202.0	226.3	238.7	342.3
12-Mar	216.0	-6.9	178.0	197.0	227.8	244.9	341.9
12-Apr	213.0	-9.3	179.6	185.6	223.3	251.0	324.0
12-May	204.7	-11.6	175.0	176.1	221.3	233.8	294.6
12-Jun	200.4	-14.1	169.5	173.4	222.1	220.7	290.4
12-Jul	212.9	-7.9	166.8	172.9	260.2	226.1	324.3
12-Aug	212.5	-7.8	170.5	175.6	259.9	226.0	296.2
12-Sep	215.7	-4.2	174.9	187.7	262.6	224.7	283.7
12-Oct	214.5	-0.6	177.2	194.0	259.5	206.4	288.2
12-Nov	212.0	-2.1	177.8	195.0	255.6	200.4	274.5
12-Dec	210.8	0.0	179.5	196.8	250.1	196.5	274.0
13-Jan	210.3	-1.2	177.5	198.2	247.3	205.2	267.8
13-Feb	210.7	-2.3	179.2	203.0	245.1	206.1	259.2
13-Mar	212.4	-1.7	175.7	225.3	244.0	201.1	262.0

Source: Food and Agriculture Organization.

International Energy Commodities

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

(i) Petroleum

After ending 2012 on a weaker note, international crude oil prices garnered strength during the first couple months of 2013. In late 2012, high crude oil stocks outweighed the effects of tension in the Middle East and brought about weaker sentiment in the crude oil market. By January 2013 however, crude oil prices edged higher, gathering strength from seasonally stronger winter demand and re-emerging geo-political concerns. Crude oil prices attained 9-month highs in early February as improved economic signals from the US and China, robust financial market activity and colder temperatures in the northern hemisphere buoyed market sentiment (Chart IVi). These increases were also driven by such factors as a terrorist attack on a natural gas facility in Algeria, Israel airstrikes on Syria and continued hostile rhetoric from Iran. Markets lost momentum in March however, due to a shift in market sentiment about growth in the US and China.

(ii) Natural Gas

Colder than average winter weather drove natural gas markets in late 2012 and early 2013. Prices at the Henry Hub moved from an average of $2.85 per mmbtu in September 2012 to $3.79 in March 2013, while those prices in the UK remained strong as well. Weather-related demand pushed the UK NBP gas price to $10.46 per mmbtu in March 2013 from $9.63 per mmbtu in September 2012. Poor demand in Asia saw markets relatively weak, prices were still significantly above those of other regions. Asian markets saw relatively weaker demand since most Japanese utility companies had reportedly completed their procurement in anticipation of summer demand and were operating at full capacity.

(iii) Petrochemicals

Fertilizer prices have weakened in early 2013 after a strong increase in prices during 2012. The expectation of curtailed ammonia production in Trinidad and Tobago during the second half of 2012 given reports of the intended maintenance programme in September/ October 2012 saw a significant run up in prices. Markets largely stabilized in December 2012, with a marked downturn in demand occuring throughout the first quarter of 2013. High stocks in India and a resultant cut in import demand coupled with reduced demand from the phosphate sector led to reduced global prices. A weaker sentiment prevailed despite the approach of the Spring fertilizer application season in the northern hemisphere. Though prices were on a downward trend during the first quarter of 2013, prices remained significantly above the average for the same period a year ago.

(iv) Methanol

Increased demand in early 2013 put some upward pressure on prices. At the end of 2012, the spate of production outages in Trinidad, Russia and North Africa along with the prohibitions placed against Iranian methanol left many European importers without inventories. In addition, several plants around the globe have scheduled turnarounds during March to June 2013 and production problems still plague Egypt and Libya. Despite this, markets should see lower prices in the medium-term, as low-priced shale gas facilitates vast increases in production capacity in the US. Thus far, 10 methanol plants with a total capacity of 8.26 million tonnes per year are carded to come on stream in the US between 2011 and 2016. With two of these plants already in line this is expected to have a knock on effect not only on prices in the US market but also on Trinidad and Tobago's methanol exports to that country. In 2012, 62 per cent of Trinidad and Tobago's methanol exports went to the US, accounting for over 65 per cent of that country's total methanol imports. With the expected fall in US import demand by 2016, Trinidad producers may be forced to seek alternative markets. One promising market is China, where significant growth in demand is expected during 2012 to 2022.

(v) Iron and Steel

After a generally weaker market in 2012 because of economic fragility across continental Europe, iron and steel markets have remained largely uneventful in the first quarter of 2013. However, a slight increase in prices during the period came through raw material prices and demand to a lesser extent. Average prices of billets and wire rods during the first quarter of 2013 remained somewhat below the similar period a year-ago.

Table IVi
Prices of Selected Export Commodities

	US$/bbl[1]		US$/mmbtu[2]	US$/tonne				
	Crude Oil (BRENT)	Crude Oil (WTI[3])	Natural Gas (Henry Hub)	Ammonia (fob Caribbean)	Urea (fob Caribbean)	Methanol (fob Rotterdam)	Billets (fob Latin America)	Wire Rods (fob Latin America)
Jul-11	116.13	97.31	4.42	521.88	473.38	413.00	690.00	740.00
Aug-11	108.70	86.32	4.05	526.25	510.00	424.00	693.75	746.25
Sep-11	106.00	86.58	3.89	556.25	509.00	405.00	705.00	765.00
Oct-11	103.83	86.41	3.56	623.13	499.38	440.50	655.00	750.00
Nov-11	107.76	97.12	3.26	651.25	491.25	436.50	615.00	698.75
Dec-11	106.23	98.56	3.16	553.00	421.50	424.50	610.00	678.33
Jan-12	110.67	100.29	2.67	495.90	393.00	410.00	627.50	697.50
Feb-12	117.68	102.21	2.50	393.50	414.88	423.00	604.00	692.00
Mar-12	123.60	105.88	2.16	357.50	535.38	420.00	612.50	698.75
Apr-12	119.47	103.28	1.95	425.00	680.00	446.00	610.00	691.88
May-12	109.53	94.68	2.43	520.00	666.25	436.00	610.00	679.50
Jun-12	95.77	82.36	2.45	580.00	491.13	426.00	605.00	688.75
Jul-12	102.50	87.90	2.97	651.00	443.80	417.00	565.00	650.00
Aug-12	111.83	94.11	2.84	651.25	436.25	419.00	554.00	650.00
Sep-12	112.77	94.51	2.85	662.50	429.13	447.00	527.50	630.00
Oct-12	110.20	89.52	3.32	670.50	428.70	441.00	510.00	620.00
Nov-12	108.99	86.68	3.54	668.75	396.13	432.00	525.00	611.25
Dec-12	108.66	88.19	3.34	642.50	402.00	439.00	525.00	600.00
Jan-13	110.94	94.74	3.33	626.00	409.13	495.00	537.00	604.00
Feb-13	114.77	95.27	3.34	608.75	424.38	493.00	540.00	612.50
Mar-13	109.19	92.91	3.79	582.50	401.88	484.00	540.00	615.00

Sources: Bloomberg; Green Markets; Fertilizer Week; European Chemical News; Monthly Methanol Newsletter (TECNON); Metal Bulletin.

All prices are monthly averages of published quotations and not necessarily realized prices.

1 – US dollars per barrel.
2 – US dollars per million British thermal units.
3 – West Texas Intermediate.

Balance of Payments

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

The movement in international reserves indicates that for 2012, the external accounts registered an overall deficit of $622.1 million, compared to a surplus of $752.6 million in 2011 (Table IVj). At the end of December 2012, the level of gross official reserves amounted to $9.2 billion or 10.4 months[11] of prospective imports of goods and non-factor services. In 2012, the current account is estimated to have recorded a surplus of $1.3 billion, $1.6 billion less than the surplus recorded in the previous year ($2.9 billion). Meanwhile, the capital and financial account remained in deficit.

The reduction in the current account surplus was primarily driven by the relatively poor performance of the merchandise trade account compared to the previous year. The estimated merchandise trade balance in 2012[12] was much smaller ($3.9 billion) compared to the trade balance in 2011 ($5.4 billion). This was the result of both lower exports and imports, but more so that the reduction in exports (13.1 per cent) outstripped the reduction in imports (4.7 per cent). Meanwhile, the deficit on the investment income account moved from $3.1 billion in 2011 to $3.3 billion in 2012 and was mostly attributable to higher reinvested earnings by foreign owned companies. Net current transfers were recorded at $116.1 million in 2012, up from $33.1 million in the previous year and stemmed mainly from an increase in the number of firms surveyed to capture data on private sector unrequited transfers.

In 2012, the merchandise trade surplus was $1.5 billion less than the surplus recorded in the year prior. Based on comparative mirror trade data, both energy exports and imports were lower in 2012 compared to 2011. Total energy exports declined in 2012 despite

11 Starting with 2012, the methodology for compiling import cover was revised to use prospective imports calculated for 12 months ahead of the current time period. Historically, import cover was calculated using the prospective imports for the entire year following the current time period.

12 Actual data from the Central Statistical Office on merchandise trade are up to February 2012. Data for the rest of 2012 represent Central Bank estimates based on comparative mirror trade data with the rest of the world, and supplemental data on activity in the energy sector.

the 3.4 per cent increase in the volume of liquefied natural gas (LNG) exports. The fall was mainly driven by the reduction in crude oil exports (in barrels), which contracted by almost 28.0 per cent, as well as the slightly lower price of West Texas Intermediate (WTI), which averaged $94.13 per barrel in 2012 compared to the average price of $95.05 per barrel in 2011. Crude refining activity also contracted in 2012 (22.0 per cent) due to downtime at several plants at the Pointe-a-Pierre refinery and industrial action in the second half of the year. This led to an estimated reduction in energy imports to $3.9 billion in 2012 from $4.3 billion in 2011.

In 2012, the capital and financial account recorded a deficit of $1.9 billion. Net foreign direct investment inflows rose to $1.2 billion, reflecting greater reinvestments[13] by foreign-owned energy companies. During the year, net foreign direct investments were directed mainly to the energy sector and sourced primarily from North America. Portfolio investment recorded a net outflow of $357.9 million, significantly larger than the net outflow of $84.7 million in the previous. This was mainly due to larger transactions by foreign-owned energy companies.

Commercial banks increased their holdings of foreign assets by augmenting their holdings of US treasury bills as well as equity investments in non-resident institutions. According to preliminary estimates, some net outflows of other private sector capital originated from loans ($918.3 million) and transactions involving currency and deposits ($376.7 million).

The public sector account reflects the international transactions of the Government of Trinidad and Tobago in the form of foreign investments of the Heritage and Stabilization Fund (HSF) and official borrowing of the Central Government. The deficit on this sub-account moved from $295.4 million in 2011 to $627.3 million primarily reflecting lower net loan proceeds, as well as greater investments abroad from the HSF.

Gross official reserves declined by $14.8 million during the first three months of 2013 to $9.2 billion, or 10.9 months of prospective imports of goods and non-factor services

[13] For a broader discussion on reinvested earnings see Taylor, Troy, Reshma Mahabir, Vishana Jagessar and Joseph Cotton. 2013. “Examining Reinvestment in Trinidad and Tobago.” Central Bank of Trinidad and Tobago Working Papers—WP 10/2013 January 2013.

Table IVj
Trinidad and Tobago: Summary Balance of Payments
(US$ Millions)

	2009r	2010r	2011r	2012p
Current Account	**1,632.8**	**4,172.3**	**2,898.5**	**1,322.2**
Trade Balance	2,241.2	4,735.4	5,433.0	3,918.4
Exports	9,221.4	11,238.9	14,943.9	12,983.4
Energy	7,884.6	9,314.9	12,597.5	10,569.3
Non-energy	1,336.8	1,924.1	2,246.4	2,414.1
Imports	6,980.2	6,503.5	9,510.9	9,065.0
Energy	2,845.6	2,664.4	4,308.5	3,942.0
Non-energy	4,134.6	3,839.1	5,202.4	5,123.0
Services (Net)	381.7	487.6	506.3	538.6
Income (Net)	-1,017.1	-1,079.5	-3,073.9	-3,250.9
Transfers (Net)	27.0	28.8	33.1	116.1
Capital and Financial Account	**-2,345.4**	**-3,753.9**	**-2,145.9**	**-1,944.3**
Private Sector	-2,622.8	-3,213.0	-1,850.5	-1,317.0
Direct Investment	709.1	549.4	770.6	1,195.0
Portfolio Investment	-62.9	-67.3	-84.7	-357.9
Commercial Banks	-701.7	493.9	-309.8	-669.7
Other Private Sector Capital*	-2,567.3	-4,189.0	-2,226.6	-1,484.4
Public Sector**	277.4	-540.9	-295.4	-627.3
Overall Balance	**-712.6**	**418.4**	**752.6**	**-622.1**
Per cent of GDP				
Current Account	**8.5**	**20.2**	**12.3**	**5.5**
Trade Balance	11.6	22.9	23.1	16.3
Services (Net)	2.0	2.4	2.2	2.2
Income (Net)	-5.3	-5.2	-13.1	-13.6
Transfers (Net)	0.1	0.1	0.1	0.5
Capital and Financial Account	**-12.2**	**-18.2**	**-9.1**	**-8.1**
Private Sector	-13.6	-15.5	-7.9	-5.5
Direct Investment	3.7	2.7	3.3	5.0
Portfolio Investment	-0.3	-0.3	-0.4	-1.5
Commercial Banks	-3.6	2.4	-1.3	-2.8
Other Private Sector Capital*	-13.3	-20.3	-9.5	-6.2
Public Sector**	1.4	-2.6	-1.3	-2.6
Overall Balance	**-3.7**	**2.0**	**3.2**	**-2.6**
Memorandum Items				
Gross Official Reserves (US$Millions)**	8,651.6	9,070.0	9,822.7	9,200.7
Import Cover (months)	11.9	13.1	13.5	10.4

Source: Central Bank of Trinidad and Tobago.

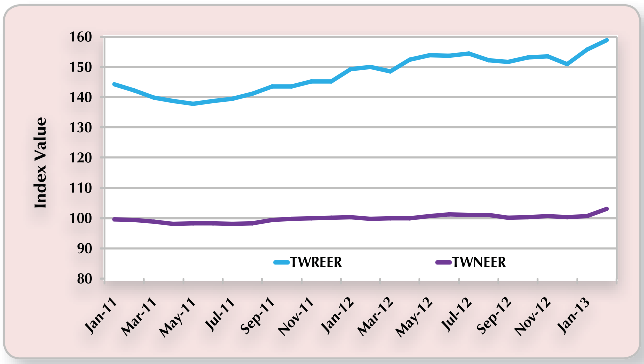
r Revised.
p Provisional. Central Bank estimates for the period March to December 2012 are based on comparative mirror trade data with the rest of the world, and supplemental data on activity in the energy sector.
* Includes Errors and Omissions.
** Includes Official Borrowing, State Enterprises, Heritage and Stabilization Fund, Other Assets and Other Liabilities.
*** End of Period.

Effective Exchange Rates

In the 12 months to February 2013, the trade-weighted real effective exchange rate (TWREER) appreciated by 5.9 per cent. The trade-weighted real effective exchange rate reflects the trade-weighted (nominal) exchange rate (TWNEER) adjusted for inflation. The TWNEER appreciated by 3.3 per cent while the weighted inflation differential (which refers to domestic inflation rates relative to those of our major trading partners) increased by 2.5 per cent (Chart IVh).

The appreciation in real effective terms of the Trinidad and Tobago dollar was influenced by the rise in domestic inflation compared to price increases in partner countries. Domestic inflation averaged 9.1 per cent over the 12-month review period, significantly higher than the average weighted inflation rate of 5.6 per cent for our major trading partners. Further, over the review period, the US dollar strengthened against major currencies, such as the Japanese Yen (18.2 per cent), the British pound (2.1 per cent) and the Canadian dollar (1.3 per cent). This appreciation in the US currency would have caused an indirect appreciation of the Trinidad and Tobago dollar. Consequently, the appreciation of the Trinidad and Tobago dollar in real effective terms resulted in the country's exports becoming less competitive in international markets.

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



Source: Central Bank of Trinidad and Tobago.

Fiscal Operations

According to the Ministry of Finance and the Economy, the central government incurred a deficit of $1,758.7 million for the first half of the fiscal year 2013 (October 2012 to March 2013), in comparison to a surplus of $2,811.8 million in the corresponding period one year earlier (Table IVI). The deficit can largely be explained by an increase in central government spending mainly on transfers and subsidies which more than offset the rise in total revenue.

Notwithstanding a 5.9 per cent decline in energy sector collections over the period, total government revenue grew by 1.3 per cent to reach $24,568.5 million. The reduction in energy revenue was largely as a result of relatively lower crude oil prices[14], reduced production due to maintenance activity at several energy companies as well as some timing differences in the payment of energy sector taxes. Meanwhile, non-energy receipts increased to $11,686.7 million when compared with $10,588.4 million during the same period a year ago. Taxes on income and profits increased by 14.9 per cent on account of higher collections from corporations and individual income taxes. Further, non-energy revenue was boosted by greater profits from state enterprises and increased net VAT collections.

Central government spending rose by 22.7 per cent as recurrent expenditure reached $26,327.2 million over the period. The increase in recurrent expenditure was propelled by larger payments towards the petroleum subsidy in the amount of $4,230.6 million[15] compared with $796.5 million the same period one year earlier. Also, higher transfers to Statutory Boards and Similar Bodies were recorded during the period. Expenditure on wages and salaries grew by 7.7 per cent due to the completion of several outstanding wage negotiations as well as payments of increments to public servants, while spending on goods and services climbed by 3.7 per cent. However, interest payments fell sharply to $939.2 million as compared with $1,242.2 million over the same period a year earlier due to lower domestic interest rates on open market operations, as well as falling external interest rates. Spending on the central government capital programme totaled $2,485.6 million during the first half of FY2013, 6.4 per cent below the $2,656.4 million recorded in the corresponding period in FY2012. The shortfall in capital expenditure was mainly due to administrative delays, outstanding submission of invoices for payment and delays in the implementation of several projects. However, the pace of capital spending is expected to gain momentum in the second half of the fiscal year in

[14] Crude oil prices averaged US$91.22 per barrel, (WTI) during the first half of FY2013, down from an average of US$98.41 per barrel, (WTI) in the same period one year earlier. Over the period October 2012 to February 2013, crude oil production fell to 81,234 barrels per day from 85,157 barrels per day.

[15] This is in keeping with the government's thrust to reduce the backlog of petroleum subsidy arrears in FY2013.

keeping with the government's objective of stimulating economic growth through its capital programme. Table IVk provides a listing of some of the major capital projects to be implemented in FY2013 and the status of these projects at the end of March 2013.

Table IVk
Costing of Selected Capital Projects in the FY 2013

Projects	Budgeted Expenditure (Fiscal Year 2013)	Actual Expenditure (As at March 2013)
	TT$ Millions	
Total Capital Expenditure	7,500	2,486
of which:		
Accelerated Housing Programme and Housing Settlement Development	718	596
Roads and Bridges	695	142
Early Childhood, Primary and Secondary School Modernization Programme	581	64
Construction of Multi fuel pipeline and Development of New Port Facilities	403	91
Construction of Police Stations and Facilities	256	55
Development of Lands at Caroni and Orange Grove	250	130
Construction of Hospitals and Health Centers	175	16
Construction and upgrading of Sporting facilities	148	24
Establishment of the main campus of UTT - Tamana	75	12

Source: Ministry of Finance and the Economy.

Table IVl
Summary of Central Government Fiscal Operations
(TT$ Millions)

	October 2012-March 2013	October 2011-March 2012	October 2012 - September 2013
	Actual	Actual	Budgeted
TOTAL REVENUE	**24,568.5**	**24,264.9**	**50,736.2**
Current Revenue	24,517.3	24,226.8	50,689.1
Energy Revenue	12,830.7	13,638.5	26,866.0
Non-Energy Revenue	11,686.7	10,588.4	23,823.1
Income	4,790.1	4,170.7	9,548.1
Property	2.0	2.5	14.4
Goods & Services	4,107.1	3,917.3	8,331.6
International Trade	1,176.8	1,141.2	2,419.3
Non-Tax Revenue	1,610.7	1,356.7	3,509.7
Capital Revenue	51.2	38.1	47.1
TOTAL EXPENDITURE	**26,327.2**	**21,453.1**	**58,405.5**
Current Expenditure	23,841.6	18,796.7	50,905.5
Wages and Salaries	3,788.9	3,517.5	8,635.7
Goods and Services	2,759.4	2,662.0	9,443.6
Interest Payments	939.2	1,242.2	3,811.7
Transfers and Subsidies[1]	16,354.1	11,375.0	29,014.5
Capital Expenditure and Net Lending[2]	2,485.6	2,656.4	7,500.0
Current Account Surplus (+)/Deficit (-)	**675.7**	**5,430.1**	**-216.4**
Overall Surplus (+)/Deficit (-)	**-1,758.7**	**2,811.8**	**-7669.3**
Financing	1,758.7	-2,811.8	7,669.3
Foreign Financing	-303.8	1,160.0	2,604.5
Domestic Financing	2,062.5	-3,971.8	5,064.8
Memo items:			
Non-energy Fiscal Deficit	-14,589.4	-10,826.7	-34,535.3
Transfers to the HSF	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.

Public Debt

There was a sharp increase in public sector debt outstanding during the first five months of the FY2013 on account of new borrowings by the Central Government. Preliminary data show a 5.6 per cent increase in the debt stock over the five-month period from $89.7 billion at end-September 2012 to $94.8 billion at the end of February 2013, bringing the estimated debt to GDP ratio to 48.7 per cent (excluding OMOs) - (Table IVm).

There were large domestic borrowings by the Central Government during the period October 2012 to February 2013. A total of $5.1 billion was raised through two (2) bond issues ($4,397.1 million and $702.9 million, respectively). These bonds were used to help finance the CLICO Investment Fund (CIF) which was launched on November 1, 2012 and subsequently listed on the Trinidad and Tobago Stock Exchange (TTSE) on January 7, 2013. As a result, the domestic debt outstanding of the Central Government increased from 20.8 per cent of GDP at end-September 2012 to 24.2 per cent of GDP at the end of February 2013[16].

During the same period under review, the external debt outstanding declined marginally from 6.9 per cent to 6.8 per cent of GDP. The reduction in the debt was due to higher principal repayments on a US$93.6 million loan contracted in 2010 for the supply of four Helicopters. More recent information from the Ministry of Finance and the Economy indicates that the Government has signed several new loan agreements for the financing of new infrastructural projects (Table IVn) scheduled to start during the fiscal year. However, disbursements on these facilities have not yet commenced.

The latest available data on contingent liabilities outstanding also point to a similar decline (See Table IVm). Whilst the Urban Development Corporation of Trinidad and Tobago (UDECOTT) issued a $213 million bond on the domestic market, the increase in the debt was overridden by an increase in principal repayments.

16 It is important to note that the impact of this $5.1 billion on the outstanding debt may be temporary. The CIF provides policy holders the option of exchanging their zero-coupon bonds (which are included in the public debt) for units in the CIF that are backed by Government securities and Republic Bank shares. Hence if policy holders' exercise this option it could lead to a reduction in the public debt, the size of which will depend on the amount of bond exchanges.

Table IVm
Public Sector Debt
September 2012 - December 2012

	Sep-12r	Feb-13e
	TT$ Millions	
TOTAL PUBLIC DEBT	**89,720**	**94,766**
CENTRAL GOV'T DOMESTIC DEBT	**51,723**	**57,202**
Bonds/Notes	31,432	36,662
Treasury Bills	13,930	14,200
Treasury Notes	5,000	5,000
Debt Management Bills	800	800
BOLTS & Leases	471	450
Other[1]	91	91
EXTERNAL DEBT	**10,583**	**10,376**
CONTINGENT DEBT[2]	**27,413**	**27,189**
Per cent of GDP		
Total Public Debt	58.4	61.6
Total Public Debt (excluding OMOs)	45.6	48.7
Central Government Domestic Debt (excluding OMOs)	20.8	24.2
External Debt	6.9	6.8
Contingent Liabilities	17.8	17.7
Memo:		
Nominal GDP (Calendar Year 2012)[3]	153,588	153,588

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

e Estimates.
1 Comprises outstanding balances of national tax-free saving bonds, public sector arrears & Central Bank fixed-rate bonds.
2 Represents the outstanding balance as at the end of December 2012.
3 Sourced from the Review of the Economy 2012, MOF.

Table IVn
New External loans contracted in FY 2013

Loan/Purpose	Type	Creditor	Agreement Date	Amount (Millions)
Digital Communications System	Commercial	US Exim Bank	9-Nov-12	US30.0
Multi-Phase Wastewater Rehabilitation	Multilateral	IADB	12-Dec-12	US 246.5
Couva Children's Hospital	Commercial	Export-Import Bank of China	15-Mar-13	RMB 990
U.W.I. South Campus Chancery Lane	Commercial	Austria Exim Bank	11-Mar-13	EUR 33.8
6 National Sporting Facilities	Commercial	Export-Import Bank of China	15-Mar-13	US 85.0

Source: Ministry of Finance and the Economy.

Part V – International and Regional Developments

The International Setting

Prospects for global economic growth remain subdued in the face of persistent uncertainty from the sovereign debt crisis in Europe. While the granting of a restructured financing programme to Greece, liquidity injections by the European Central Bank and the aversion of elements of the US "fiscal cliff" temporarily boosted economic sentiment in early 2013, market fears escalated as banking sector challenges resurfaced in Cyprus. Further, the electoral setback in Italy led to increased political tensions which now run the risk of unraveling support mechanisms implemented to sustain the economy.

While emerging market economies continue to grow, they have not been immune to the effects of Europe's debt crisis. Particularly in China and India, growth has slowed on account of crisis-related contagion effects as well as domestic policy tightening previously implemented to stem the risk of asset bubbles and inflationary pressures. Since the second half of 2011, there has been evidence of a decline in cross-border capital flows to emerging markets as investors became more cautious in the face of increased financial turbulence.

International Economic Developments

The US economy continues to recover slowly. According to preliminary estimates[17], in the first quarter of 2013, the pace of US growth accelerated to 2.5 per cent (quarter-on-quarter) from 0.4 cent in the fourth quarter of 2012 (Table Va). The acceleration in growth in the first quarter was largely due to higher consumer spending and private inventory investment. The unemployment rate remains elevated despite some recent improvements in labour market conditions (Table Vb). In light of this and with the expectation that inflation will remain subdued

17 Bureau of Economic Analysis, US Department of Commerce.

in the long-term, the Federal Reserve continued to provide monetary policy stimulus via purchases of agency mortgage-backed securities and longer-term Treasury securities. Further, the Federal Reserve explicitly stated that as long as the unemployment rate remains above 6.5 per cent and inflation does not exceed 2.5 per cent, the range for the federal funds rate will be maintained. Concerns over the fiscal situation were briefly alleviated as the US Congress reached a temporary deal to avoid some elements of the "fiscal cliff" and to postpone decisions on the federal debt ceiling until May 2013. However, under current fiscal plans, the sequester – mandatory spending cuts required under the Budget Control Act of 2011– that began in March 2013 is expected to place a drag on economic growth.

Table Va
Advanced Economies – Quarterly GDP Growth
(Quarterly Per cent Change)

	2011				2012				2013
	I	II	III	IV	I	II	III	IV	I
United States	0.1	2.5	1.3	4.1	2.0	1.3	3.1	0.4	2.5
United Kingdom	0.5	0.1	0.6	-0.1	-0.1	-0.4	0.9	-0.3	0.3
Euro Area	0.6	0.2	0.1	-0.3	-0.1	-0.2	-0.1	-0.6	n.a.
Japan	-1.8	-0.9	2.5	0.1	1.5	-0.2	-0.9	0.0	n.a.

Source: Bloomberg.

Table Vb
Rate of Unemployment in Advanced Economies
(Per cent of Labour Force)

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
United States	7.9	7.8	7.8	7.9	7.7	7.6
United Kingdom	7.8	7.7	7.8	7.8	7.8	n.a
Euro Area	11.7	11.8	11.8	12.0	12.0	n.a
Japan	4.2	4.2	4.3	4.2	4.3	n.a

Source: Bloomberg.

The UK economy advanced by 0.3 per cent (quarter-on-quarter) in the first quarter of 2013. Growth in the first quarter was due to an acceleration in the services sector as well as a recovery in oil and gas output. The annual rate of change in the Consumer Price Index (CPI) was recorded at 2.8 per cent in March 2013, above the 2 per cent inflation target (Table Vc).

In the Euro Area, output fell by 0.6 per cent (quarter-on-quarter) in the fourth quarter of 2012, as the sovereign debt crisis continued to persist. Continued positive reaction to a restructured financing programme for Greece, the European Central Bank's Outright Monetary Transactions (OMT) program and the significant initial repayments by commercial banks of funds borrowed under the first Long-Term Refinancing Operations (LTRO) improved market sentiment in early 2013.

Table Vc
Headline Inflation in Advanced Economies
(Year-on-Year Per cent Change)

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
United States	2.2	1.8	1.7	1.6	2.0	1.5
United Kingdom	2.7	2.7	2.7	2.7	2.8	2.8
Euro Area	2.5	2.2	2.2	2.0	1.8	1.7
Japan	-0.4	-0.2	-0.1	-0.3	-0.7	0.9

Source: Bloomberg.

However, market fears escalated in March as the banking system of Cyprus appeared to be on the brink of collapse. The total financing needs of Cyprus was calculated at 23 billion, of which the European Union (EU) and the International Monetary Fund (IMF) agreed to provide 10 billion (Table Vd). An additional 5.8 billion is expected to be obtained via the restructuring of two of the country's largest banks, including tapping a portion of uninsured deposits (over 100,000) in these two institutions. Other measures including privatizations and tax increases are also expected to help fill the financing gap. Further, in an effort to prevent a bank run, several capital controls were implemented by the Government of Cyprus including daily cash withdrawal limits and caps on transfers on debit or credit cards.

The economic environment in Europe remains challenging not only on account of the situation in Cyprus but also due to growing concerns about the economic and political tensions in Italy[18]. These developments are further compounded by the ongoing lack of broad-based agreement on several key elements to establish the planned Economic and Monetary Union, such as an integrated budgetary framework and major structural reforms to shore up growth and competitiveness.

Table Vd
Financial Support Programmes for the European Union 2010-2013[1]

Country	Date of Agreement	Institution	Total Programme	Amount Disbursed	Description
Greece	2-May-10	EU/IMF	110 billion	EU: 52.9 billion (as at Dec 2011) IMF: 20.1 billion (as at Dec 2011)	This programme was discontinued and the remaining amount to be contributed will now be disbursed by the EFSF. The remaining 10 billion from the IMF was transferred to the second Greek programme.
	14-Mar-12	EU/IMF	180 billion	EFSF[2]: 125.14 billion (as at Feb 2013)	The programme was structured to include EFSF (144.7 billion), IMF (19.8 billion) and Private Sector Involvement (PSI) Participation[4].
Ireland	28-Nov-10	EU/IMF	85 billion	EFSM[3]: 21.7 billion (as at Dec 2012) EFSF: 12.1 billion (as at Dec 2012) IMF: 19.4 billion (as at Dec 2012)	Includes a 17.5 billion contribution from Ireland. External financing of 67.5 billion is shared equally (22.5 billion each), amongst the EFSM, EFSF and IMF.
Portugal	3-May-11	EU/IMF	78 billion	EFSM: 22.1 billion (as at Dec 2012) EFSF: 18.2 billion (as at Dec 2012) IMF: 21.1 billion (as at Dec 2012)	The programme is shared equally (26 billion each) amongst the EFSM, EFSF and IMF.
Spain	20-Jul-12	EU	100 billion	39.5 billion (as at Dec 2012)	Requested to recapitalize banking sector.
Cyprus	25-Mar-13	EU/IMF	10 billion	Not yet disbursed.	Requested to recapitalize banking sector.

Sources: European Commission and the European Financial Stability Facility.

1 In addition to these support measures, the European Central Bank also engaged in a number of operations aimed at providing liquidity support. These included Long-Term Refinancing Operations (LTROs), offering unlimited dollar loans, reactivating dollar swap lines and easing collateral rules.

2 The European Financial Stability Facility (EFSF) provides loans to EU Member States facing financial difficulties, intervenes in the debt primary and secondary markets and finances recapitalizations of financial institutions through loans to governments. To fulfill its mission, EFSF issues bonds or other debt instruments on the capital markets. This facility is backed by guarantee commitments from the Euro Area Member States for a total of 780 billion and has a lending capacity of 440 billion. The European Stability Mechanism (ESM) was launched on October 08 2012 and will operate alongside the EFSF.

3 The European Financial Stability Mechanism (EFSM) provides financial assistance to EU Member States in financial difficulties. Under EFSM, the European Commission is allowed to borrow up to a total of 60 billion in financial markets on behalf of the Union under an implicit EU budget guarantee.

4 In December 2012, due to the worsening of macroeconomic conditions, the EU approved several measures to reduce the country's debt burden including a reduction in the interest rates and an extension in maturities of loans. This was conditional on the success of a debt buy-back operation by the Government of new bonds that were issued under the PSI operation in March 2012.

18 In an attempt to bolster growth, the European Central Bank reduced its benchmark interest rate by 50 basis points to 0.5 per cent in May 2013.

Following a contraction of 0.9 per cent in the third quarter of 2012, the economy of Japan remained stable in the fourth quarter. However, economic activity continues to be hindered by lower export demand due to deteriorating economic conditions in Europe and diplomatic tensions between Japan and China. Deflationary pressures persisted with consumer prices continuing on a downward trend since June 2012.

In the first quarter of 2013, China's economy expanded year-on-year by 7.7 per cent (Table Ve), lower than the growth of 7.9 per cent recorded in the previous quarter. Investment continued to be the main driver of economic activity. However, the country's growth rate of 7.8 per cent for all of 2012 is its slowest rate of growth in thirteen years.

Table Ve
Emerging Economies – Quarterly GDP Growth
(Year-on-Year Per cent Change)

	2011				2012				2013
	I	II	III	IV	I	II	III	IV	I
China	9.7	9.5	9.1	8.9	8.1	7.6	7.4	7.9	7.7
India	9.2	7.5	6.5	6.0	5.3	5.5	5.3	4.5	n.a.
Brazil	4.2	3.3	2.1	1.4	0.8	0.5	0.9	1.4	n.a.

Source: Bloomberg.

The economy of India grew by 4.5 per cent (year-on-year) in the fourth quarter of 2012, lower than the 5.3 per cent recorded in the previous quarter and well below the average of the past decade. This deceleration was mainly due to lower farm, mining and manufacturing output.

In the fourth quarter of 2012, economic growth in Brazil increased to 1.4 per cent (year-on-year) from 0.9 per cent in the previous quarter. This uptick in growth was due to the effects of a series of stimulus measures including an extension in tax breaks and a weakened currency. Inflation accelerated to 6.6 per cent (year-on-year) in March 2013, from 5.8 per cent in December 2012 (Table Vf).

Affected by the Euro Area debt crisis, economic growth in Russia slowed to 2.1 per cent (year-on-year) in the fourth quarter from 3.0 per cent (year-on-year) in the previous quarter. Meanwhile, consistent domestic labour tensions and slower domestic demand continued to subdue the economic recovery in South Africa.

Table Vf
Headline Inflation in Emerging Markets
(Year-on-Year Per cent Change)

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
China	1.7	2.0	2.3	2.0	3.2	2.1
India	9.6	9.6	11.2	11.6	12.1	n.a
Brazil	5.5	5.5	5.8	6.2	6.3	6.6

Source: Bloomberg.

Regional Economic Developments

According to the International Monetary Fund[19], the Caribbean region[20] expanded by 2.4 per cent in 2012 (Table Vg). The Fund has forecasted that the region's recovery will continue in 2013, with a projected growth rate of 2.2 per cent. Regional tourism is expected to improve during the year but, high debt and weak competiveness will continue to constrain growth (Table Vh).

Table Vg
Selected Caribbean Economies - Quarterly GDP Growth Rates
(Per cent)

	2011				2012[e]				2013[e]
	Q I	Q II	Q III	Q IV	Q I	Q II	Q III	Q IV	Q I
Barbados	(1.2)	0.8	1.2	2.3	2.3	(1.3)	(0.8)	(0.2)	(0.4)
Belize	7.3	(1.4)	1.6	0.3	5.4	9.1	3.9	2.6	n.a.
Jamaica	1.5	1.9	0.3	1.5	(0.1)	(0.2)	(0.2)	(0.9)	(1.0)*
Trinidad and Tobago	(2.4)	1.7	(2.3)	(2.1)	0.6	(2.8)	1.8	1.0	n.a.
ECCU	(4.0)	(2.8)	(4.0)	(0.5)	n.a.	0.0	(0.4)	(0.2)	n.a.

Sources: Central Bank of Barbados, Statistical Institute of Belize and the Statistical Institute of Jamaica.

* Planning Institute of Jamaica, PIOJ.
e Estimate.

19 *World Economic Outlook,* April 2013.
20 The Caribbean comprises: Antigua and Barbuda, The Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

The Jamaican economy contracted in the fourth quarter of 2012, following the trend observed in the previous three quarters. According to the Statistical Institute of Jamaica (STATIN), real GDP in Jamaica is estimated to have contracted by 0.9 per cent (Table Vg), mainly on account of the slower than anticipated recovery of the global economy and estimated losses from Hurricane Sandy of J$1.5 billion (US$15.3 million). The weak economic performance continued into 2013 as estimates from the Planning Institute of Jamaica (PIOJ) point to a 1.0 per cent contraction in real GDP in the first quarter of 2013.

Real GDP growth in the Barbadian economy is projected to remain flat in 2013, similar to the zero per cent growth recorded in 2012, according to the Central Bank of Barbados. Real GDP for the first quarter of 2013 is estimated to have contracted by 0.4 per cent as growth in tourism output experienced in the first quarter of 2012 was not sustained at the start of 2013. In the first two months of the year, visitor arrivals declined by 8.9 per cent (year-on-year), while average spending decreased by an estimated 5.0 per cent. Visitor arrivals from Barbados' top-three source destinations contracted in the first two months of 2013. On a year-on-year basis, arrivals from the USA, Canada and the UK declined by 13.2 per cent, 15.2 per cent and 4.4 per cent, respectively.

Economic growth is returning to the Bahamian economy mainly due to strong tourism and construction activity, according to the IMF. The economy is expected to grow by 2.7 per cent in 2013, up from an estimated 2.5 per cent in 2012 and 1.6 per cent in 2011. Growth could increase further over the medium-term if new projects and trade initiatives materialize. However, there remain several challenges including: reducing the high level of unemployment (16 per cent) and addressing the large fiscal and current account deficits expected in 2013.

Economic activity in the Eastern Caribbean Currency Union (ECCU) is estimated to have contracted for a fourth consecutive year in 2012, according to the Eastern Caribbean Central Bank (ECCB). Real GDP growth is estimated to have declined by 0.2 per cent in 2012 compared to an annual average contraction of 2.8 per cent over the period 2009-2011. However, the pace of decline slowed in 2012 relative to the average decline for the previous three years and the ECCB has projected the ECCU to experience a turnaround in 2013 with real GDP expanding by 1.5 per cent.

According to the Caribbean Tourism Organization (CTO), tourism within CARICOM countries is “bouncing back”, but has not yet kept pace with the wider Latin American and Caribbean region[21]. Overall, CARICOM countries recorded a modest 1.9 per cent (year-on-year) increase in tourist arrivals in 2012. However, the Eastern Caribbean countries recorded a 0.4 per cent decline in tourist arrivals, reflecting falling British and intra-regional travel (Table Vi).

21 *State of the Industry Report*, Caribbean Tourism Organization (February 14, 2013). Available at *http://www.onecaribbean.org/content/files/StateofIndustryFeb2013.pdf.*

Table Vh
Selected Macroeconomic Indicators for the Caribbean

Indicator	Country	2008	2009	2010	2011	2012
Debt/GDP	Antigua and Barbuda	77.3	102.5	90.8	92.9	89.2
	The Bahamas	32.6	38.1	45.5	48.4	51.9
	Barbados	56.1	63.9	72.6	75.3	72.6
	Belize	80.8	84.4	84.4	82.3	78.1
	Dominica	65.3	64.2	69.9	70.7	72.2
	Dominican Republic	25.0	28.4	29.0	30.3	33.5
	Grenada	84.4	97.7	104.3	109.0	112.6
	Guyana	61.6	64.8	65.3	65.2	60.3
	Haiti	37.8	28.2	17.7	12.2	15.4
	Jamaica	125.6	139.4	140.8	141.5	146.6
	St. Kitts and Nevis	131.0	148.5	163.9	153.6	89.3
	St. Lucia	57.1	61.3	66.0	71.1	78.4
	St. Vincent and the Grenadines	57.3	64.6	66.2	67.8	70.2
	Suriname	15.6	15.6	18.5	20.4	20.5
Current Account Balance/GDP	Antigua and Barbuda	(25.9)	(19.4)	(14.7)	(10.8)	(12.8)
	The Bahamas	(10.6)	(10.5)	(10.5)	(14.0)	(14.1)
	Barbados	(9.6)	(5.6)	(8.2)	(8.7)	(5.7)
	Belize	(10.6)	(5.7)	(2.8)	(1.1)	(2.6)
	Dominica	(27.5)	(21.2)	(16.2)	(12.8)	(13.5)
	Dominican Republic	(9.9)	(5.0)	(8.4)	(7.9)	(7.2)
	Grenada	(25.3)	(23.6)	(24.1)	(23.3)	(23.0)
	Guyana	(13.4)	(9.0)	(9.6)	(13.4)	(13.2)
	Haiti	(4.4)	(3.5)	(12.5)	(4.6)	(4.0)
	Jamaica	(17.9)	(10.9)	(8.7)	(12.6)	(11.9)
	St. Kitts and Nevis	(27.6)	(27.4)	(22.4)	(15.6)	(13.5)
	St. Lucia	(29.2)	(11.7)	(16.9)	(20.1)	(19.1)
	St. Vincent and the Grenadines	(33.1)	(29.3)	(30.6)	(28.8)	(27.9)
	Suriname	6.6	(0.6)	6.4	5.8	6.4

Source: International Monetary Fund, World Economic Outlook Database, April 2013.

Table Vi
Tourist (Stop-Over) Arrivals and Cruise Passenger Visits in 2012

Destination	Tourist Arrivals			Cruise Passenger Visits		
	Period	Tourists	% Change 2012/2011	Period	Cruise Passengers	% Change 2012/2011
Antigua and Barbuda	Jan-Sep	186,626	1.7	Jan-Jun	371,857	(2.7)
Bahamas	Jan-Jun	773,896	4.3	Jan-Jul	2,666,280	8.8
Barbados	Jan-Aug	377,853	(4.8)	Jan-Aug	417,594	(2.1)
Belize	Jan-Aug	198,007	8.5	Jan-Jun	431,443	(7.3)
Dominican Republic	Jan-Sep	3,519,987	7.3	Jan-Jun	241,367	9.3
Dominica	Jan-Sep	57,981	2.9	Jan-Sep	191,752	(18.6)
Grenada	Jan-Jun	55,924	(5.1)	Jan-Apr	170,699	(24.2)
Guyana	Jan-Jun	80,151	17.9	n.a.	n.a.	n.a.
Jamaica	Jan-Jun	1,072,232	2.5	Jan-Aug	937,343	33.9
St. Lucia	Jan-Aug	215,526	(2.1)	Jan-Aug	383,521	7.5
St. Vincent and the Grenadines	Jan-Aug	53,175	2.3	Jan-Aug	49,249	(16.1)
Suriname	Jan-Jul	132,592	6.3	n.a.	n.a.	n.a.

Source: Reproduced from the Caribbean Tourism Organization's website. Data supplied by member countries and available as at October 29, 2012.

In February 2013, the IMF reached a staff-level agreement with the Jamaican authorities on key elements of an economic programme that would be supported by a 48-month arrangement under the Extended Fund Facility (EFF) for approximately US$958 million (SDR 615 million). Before the programme was finalized, Jamaican authorities had to complete several preconditions and obtain assurances from bilateral lending institutions such as the World Bank and the Inter-American Development Bank (IADB) that they provide funding over the medium-term. Some of the preconditions included a tax revenue package, a national debt exchange (Box 2) and an agreement with public sector workers that would help to achieve a wage to GDP ratio of 9 per cent by 2015/2016. At the end of March 2013, the Jamaican government announced that the country had satisfied all the preconditions outlined by the IMF. In early April 2013, the World Bank and the IADB each gave assurances for a preliminary allocation of US$510 million over the next four years to Jamaica to supplement the IMF's support to Jamaica. The IMF Executive Board approved the agreement with the Jamaican authorities on May 1, 2013.

Box 2
Jamaica's National Debt Exchange 2013

One of the preconditions of the IMF loan agreement, Jamaica's National Debt Exchange (NDX) was concluded on February 28, 2013 with a near 99 per cent participation. The debt exchange, and a high rate of participation of private creditors, is a key precondition for the IMF to approve a new US$958 million loan arrangement. Six major owners of Jamaica's bonds were among those who agreed to participate in the exchange which will swap about US$9 billion in existing debt for bonds with later maturity dates and lower interest payments.

Among the firms that signalled their participation were: Sagicor Life Jamaica, Guardian Holdings and Grace Kennedy Group. Others that issued statements of their support included: Bank of Nova Scotia unit - Scotia Group Jamaica, National Commercial Bank's NCB Jamaica Limited, and Jamaica Money Market Brokers. The debt exchange will retire J$860 billion (US$9.1 billion) worth of existing bonds.

Bondholders of Belize's US$548.3 million defaulted "super bond" agreed to a debt swap offer in February 2013. Under the agreed exchange offer, the bondholders will accept new bonds that have lower step-up coupon (from 8.5 per cent to 5.0 per cent through 2017 and 6.8 per cent afterwards), longer maturity (from 2029 to 2038), and a sinking fund starting from 2019 until maturity. The new bonds will have a 10 per cent principal haircut, and the missed coupon payments and accrued interest will be capitalized at the old 8.5 per cent coupon rate.

Grenada will most likely be the third Caribbean country to restructure its debt in 2013 having missed a second bond coupon payment. Eight years after its last debt swap in 2005, the Government of Grenada has requested from its creditors a restructuring of bonds in the amount of US$198 million after missing a coupon payment that was due on March 15, 2013. Prior to this, the Government had also missed a coupon payment in September 2012. In response, Standard and Poor's downgraded the country's foreign and local currency sovereign credit ratings to 'SD' (selective default) from 'CCC+/C' (Table Vj). According to Moody's Investors Service, Grenada's default has increased the risk of distress spilling over to member countries in the ECCU.

Moody's highlighted that Grenada's default will elevate short-term financing costs for its peers in the ECCU that issue local currency (Eastern Caribbean dollar) bonds and treasury bills on the ECCU's Regional Government Securities Market (RGSM). Moody's also noted that sovereign defaults will weaken the balance sheets of banks and institutional bondholders in the sub-region.

The IMF approved an extension of the zero-interest rate charged on loans to the Caribbean and other low-income countries via the Poverty Reduction and Growth Trust (PRGT) until the year 2014. The IMF indicated that the two-year extension is part of a wider strategy to support concessional lending to poorer countries as they combat the effects of the global economic crisis. Several Caribbean countries are recipients of funds under the PRGT including Haiti, Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines.

Table Vj
Standard and Poor's Credit Ratings[1] for Selected Caribbean Countries
(End of Period)

Country	2009	2010	2011	2012	2013*
Bahamas	BBB+	BBB+	BBB	BBB	BBB
Barbados	BBB	BBB-	BBB-	BB+	BB+
Belize	B	B	B-	SD	B-
Grenada	B-	B-	B-	CCC+	SD
Jamaica	CCC	B-	B-	B-	CCC+

Source: Bloomberg.

1 Long-term foreign currency debt.
* As at April 10, 2013.

Appendices

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Monetary Policy Report

Appendices:

Tables

Appendix A
Index of Retail Prices (January 2011 – March 2013)

	ALL ITEMS 1,000			CORE 820		FOOD 180			TRANSPORT 167	
Date	Index	Mthly %	Y-o-Y %	Index	Y-o-Y %	Index	Mthly %	Y-o-Y %	Index	Y-o-Y %
Jan-11	182.10	1.05	12.48	131.96	2.63	410.50	2.39	30.86	140.40	1.89
Feb-11	180.90	-0.66	10.71	132.06	2.81	403.40	-1.73	25.05	140.40	1.89
Mar-11	179.70	-0.66	9.37	132.09	2.71	396.60	-1.69	21.32	140.40	1.89
Apr-11	180.40	0.39	6.37	132.37	1.33	399.20	0.66	15.01	140.40	0.00
May-11	179.70	-0.39	3.93	132.37	1.32	395.30	-0.98	8.18	140.40	0.00
Jun-11	180.70	0.56	0.84	132.36	1.35	400.90	1.42	0.07	140.40	0.00
Jul-11	182.60	1.05	1.44	132.86	1.35	409.20	2.07	1.59	141.30	0.64
Aug-11	185.10	1.37	0.60	132.81	1.22	423.30	3.45	-0.28	141.30	0.64
Sep-11	187.50	1.30	2.52	132.93	1.26	436.10	3.02	4.31	141.30	0.64
Oct-11	187.30	(0.11)	3.71	133.74	1.55	431.30	(1.10)	6.92	141.30	0.64
Nov-11	189.60	1.23	5.74	133.71	1.44	444.20	2.99	12.29	141.30	0.64
Dec-11	189.70	0.05	5.27	133.77	1.53	444.50	0.07	10.88	141.30	0.64
Jan-12	194.40	2.48	6.75	134.39	1.84	467.80	5.24	13.96	141.30	0.64
Feb-12	197.50	1.59	9.18	134.43	1.80	484.80	3.63	20.18	141.30	0.64
Mar-12	196.10	(0.71)	9.13	134.44	1.78	477.00	(1.61)	20.27	141.30	0.64
Apr-12	201.60	2.80	11.75	135.31	2.22	503.60	5.58	26.15	143.40	2.14
May-12	202.30	0.35	12.58	135.35	2.25	507.30	0.73	28.33	143.40	2.14
Jun-12	200.60	(0.84)	11.01	135.45	2.33	497.40	(1.95)	24.07	143.40	2.14
Jul-12	202.30	0.85	10.79	136.60	2.82	501.60	0.84	22.58	143.40	1.49
Aug-12	199.80	(1.24)	7.94	136.45	2.74	488.40	(2.63)	15.38	143.40	1.49
Sep-12	202.00	1.10	7.73	136.59	2.75	500.00	2.38	14.65	143.40	1.49
Oct-12	204.90	1.44	9.40	137.95	3.14	509.90	1.98	18.22	146.40	3.61
Nov-12	204.90	0.00	8.07	137.88	3.12	510.20	0.06	14.86	146.40	3.61
Dec-12	203.30	(0.78)	7.17	137.93	3.11	501.10	(1.78)	12.73	146.40	3.61
Jan-13	208.50	2.56	7.25	137.40	2.24	532.40	6.25	13.81	146.70	3.82
Feb-13	209.10	0.29	5.87	137.25	2.10	536.40	0.75	10.64	146.70	3.82
Mar-13	209.60	0.24	6.88	137.40	2.20	538.50	0.39	12.89	146.70	3.82

	HOUSING 262		HEALTH 51		EDUCATION 16		HOTELS, CAFES, REST. 30		ALCOHOLIC BEVERAGES 25	FURNISHINGS, HOUSEHOLD EQUIP. & MAINT. 54
Date	Index	Y-o-Y %	Index	Y-o-Y %	Index	Y-o-Y %	Index	Y-o-Y %	Y-o-Y %	Y-o-Y %
Jan-11	126.50	0.72	149.70	3.67	172.40	1.89	174.50	0.40	6.17	0.62
Feb-11	126.50	0.72	149.60	3.74	172.40	1.89	174.50	0.40	6.09	0.62
Mar-11	126.50	0.72	149.80	3.74	172.40	1.89	174.50	0.40	6.20	0.62
Apr-11	126.60	0.96	150.50	2.03	175.70	2.63	177.60	1.89	5.98	0.97
May-11	126.60	0.96	150.90	2.24	175.70	2.63	177.60	1.89	5.75	0.97
Jun-11	126.60	0.96	151.50	2.36	175.70	2.63	177.60	1.89	5.42	0.97
Jul-11	126.90	1.20	151.50	2.09	175.70	2.63	179.10	2.58	6.10	0.88
Aug-11	126.90	1.20	151.50	2.02	175.70	2.63	179.10	2.58	5.97	0.88
Sep-11	126.90	1.20	151.50	1.68	175.70	2.63	179.10	2.58	6.20	0.88
Oct-11	129.10	2.46	151.30	1.20	175.40	1.74	179.60	3.04	4.56	1.58
Nov-11	129.10	2.46	150.30	0.47	175.40	1.74	179.60	3.04	0.83	1.58
Dec-11	129.10	2.46	151.00	0.94	175.40	1.74	179.60	3.04	2.35	1.58
Jan-12	129.90	2.69	151.00	0.87	175.40	1.74	180.40	3.38	2.52	1.75
Feb-12	129.90	2.69	151.00	0.94	175.40	1.74	180.40	3.38	2.21	1.75
Mar-12	129.90	2.69	151.10	0.87	175.40	1.74	180.40	3.38	2.39	1.75
Apr-12	129.91	2.61	154.10	2.39	178.60	1.65	181.00	1.91	2.32	1.31
May-12	129.91	2.61	153.50	1.72	178.60	1.65	181.00	1.91	2.57	1.31
Jun-12	129.91	2.61	153.30	1.19	178.60	1.65	181.00	1.91	4.75	1.31
Jul-12	130.30	2.68	155.40	2.57	178.60	1.65	185.30	3.46	4.78	2.18
Aug-12	130.30	2.68	155.20	2.44	178.60	1.65	185.30	3.46	4.56	2.18
Sep-12	130.30	2.68	155.30	2.51	178.60	1.65	185.3	3.46	4.68	2.18
Oct-12	131.00	1.47	159.00	5.09	186.40	6.27	187.30	4.29	4.56	1.38
Nov-12	131.00	1.47	158.80	5.66	186.40	6.27	187.30	4.29	4.73	1.38
Dec-12	131.00	1.47	159.40	5.56	186.40	6.27	187.30	4.29	3.13	1.38
Jan-13	130.00	0.08	160.20	6.09	186.40	6.27	187.70	4.05	2.49	1.29
Feb-13	130.00	0.08	160.20	6.09	186.40	6.27	187.70	4.05	1.97	1.29
Mar-13	130.00	0.08	160.20	6.02	186.40	6.27	187.70	4.05	4.12	1.29

Source: Central Statistical Office.

Appendix B
Price Movements in the Major Categories of the Food Sub-Index of the RPI, October 2012 - March 2013

(Year-on-Year Per cent Change)

	Weight	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
FOOD AND NON-ALCOHOLIC BEVERAGES	**180.00**	**18.22**	**14.86**	**12.73**	**13.81**	**10.64**	**12.89**
FOOD	**156.20**	**19.04**	**15.47**	**13.37**	**14.48**	**11.13**	**13.49**
BREAD AND CEREALS	**31.21**	**1.08**	**1.42**	**0.69**	**0.62**	**0.01**	**0.25**
Bread	5.51	0.00	0.00	0.00	0.00	0.00	0.00
Cereals -Includes rice and flour	18.74	0.68	1.41	1.54	1.79	1.73	2.57
Pasta Products	1.38	5.86	4.42	4.34	3.05	3.45	3.53
Pastry Cooked Products	5.27	2.51	2.16	-2.09	-3.04	-6.30	-7.61
MEAT	**29.21**	**10.49**	**10.26**	**8.50**	**9.61**	**6.87**	**5.98**
Fresh, Chilled or Frozen Beef	3.09	1.61	-2.67	1.21	1.77	1.44	0.55
Fresh, Chilled or Frozen Lamb or Goat	1.13	-3.99	-4.23	-1.54	-1.87	-0.51	0.26
Fresh Chilled or Frozen Pork	2.34	5.89	4.76	1.39	1.12	0.04	-2.61
Fresh, Chilled or Frozen Poultry	18.18	14.73	15.41	13.24	14.92	10.67	9.78
Dried, Salted or Smoked Meat	4.10	3.79	3.04	-2.37	-2.08	-2.05	-2.33
FISH	**11.37**	**8.00**	**8.96**	**8.24**	**6.49**	**4.79**	**5.73**
Fresh, Chilled or Frozen Fish	7.21	9.08	10.01	8.76	7.19	4.20	5.59
Fresh, Chilled or Frozen Seafood	1.83	1.34	1.77	6.67	1.64	6.22	4.84
Other Preserved or Processed Fish	1.03	7.59	6.92	3.61	3.24	3.65	7.15
MILK, CHEESE AND EGGS	**19.05**	**2.60**	**0.43**	**0.28**	**0.86**	**-1.23**	**-1.52**
Whole Milk	1.75	0.95	-8.32	-7.19	-1.73	-8.01	-8.58
Preserved Milk	9.22	5.44	3.39	3.15	2.96	0.67	0.24
Cheese, Yogurt & Milk Products	6.34	0.79	-0.39	-0.52	-0.79	-0.73	-0.53
Eggs	1.74	-3.67	-4.19	-4.77	2.09	-6.02	-6.74
OILS AND FATS	**9.07**	**12.02**	**6.13**	**2.69**	**2.77**	**1.61**	**0.76**
Butter	0.82	6.76	5.30	4.12	5.58	5.66	5.91
Margarine and Other Vegetable Fats	2.56	11.34	9.44	8.70	9.14	8.51	7.93
Edible Oils and Animal Fats	5.69	13.44	4.68	-0.53	-0.88	-2.51	-3.64
FRUIT	**14.28**	**5.74**	**-0.63**	**-2.76**	**-3.27**	**-1.55**	**-2.69**
VEGETABLES	**21.84**	**34.85**	**28.14**	**26.78**	**27.55**	**17.80**	**24.24**
Fresh or Chilled Vegetables	12.09	61.97	45.28	49.65	55.06	27.57	47.05
Dried Vegetables	2.42	4.22	-0.40	-1.18	-1.46	0.26	-3.98
Fresh or Chilled Tuber Vegetables	7.33	10.58	11.52	7.72	3.94	8.07	-5.99
SUGAR,JAM,HONEY,SYRUPS, CHOCOLATE AND CONFECTIONERY	**7.66**	**3.12**	**2.73**	**1.78**	**0.41**	**-1.49**	**-2.99**
OTHER FOOD PRODUCTS	**12.51**	**19.01**	**21.77**	**18.75**	**24.38**	**31.87**	**40.11**
NON-ALCOHOLIC BEVERAGES	**23.80**	**1.84**	**1.93**	**-0.33**	**-1.00**	**-0.44**	**-0.65**
Coffee, Tea and Cocoa	3.06	4.66	4.19	1.84	1.81	-0.24	-1.79
Soft Drinks	13.33	1.65	1.88	1.40	0.20	1.25	1.29
Juices	7.40	0.95	1.03	-4.75	-4.84	-3.92	-3.98

Source: Central Statistical Office.

Appendix C
Price Movements in the Categories of the Core Sub-Index of the RPI, October 2012 - March 2013

(Year-on-Year Per cent Change)

	Weight	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
CORE INFLATION SUB-INDEX	**820.00**	**3.14**	**3.12**	**3.11**	**2.24**	**2.10**	**2.20**
Alcoholic Beverages and Tobacco	**25.00**	**4.56**	**4.73**	**3.13**	**2.48**	**1.97**	**4.12**
Alcoholic Beverages	16.90	0.24	0.43	0.93	0.86	-0.03	0.35
Tobacco	8.10	12.79	12.95	7.10	5.35	5.51	10.80
Clothing and Footwear	**53.00**	**3.54**	**3.34**	**3.09**	**2.94**	**1.65**	**1.65**
Clothing	39.23	4.14	3.89	3.49	4.44	2.64	2.57
Footwear	13.75	1.52	1.52	1.52	-2.32	-1.77	-1.70
Housing, Water, Electricity, Gas and Other Fuels	**262.00**	**1.47**	**1.47**	**1.47**	**0.08**	**0.08**	**0.08**
Rental for Accommodation	24.00	3.45	3.45	3.45	2.01	2.01	2.01
Imputed Rentals for Owner Occupiers	180.00	1.62	1.62	1.62	-0.23	-0.23	-0.23
Materials and Services for the Repair of Dwelling	8.51	0.99	0.99	0.99	1.20	-1.20	-1.20
Electricity	47.87	0.00	0.00	0.00	0.00	0.00	0.00
Liquefied Hydrocarbons and Other Fuels	4.08	0.57	0.09	0.00	0.17	0.18	0.21
Furnishings, Household Equipment and Routine Maintenance	**54.00**	**1.38**	**1.38**	**1.38**	**1.29**	**1.29**	**1.29**
Furniture, Furnishings and Floor Coverings	12.44	1.40	1.40	1.40	2.15	2.15	2.15
Household Appliances- Refrigerators, Freezers, and Fridge-freezers	6.51	2.80	2.80	2.80	-0.09	-0.09	-0.09
Cleaning and Maintenance products	7.95	6.09	6.09	6.09	4.67	4.67	4.67
Health	**51.00**	**5.09**	**5.66**	**5.56**	**6.09**	**6.09**	**6.02**
Pharmaceutical Products	23.06	-0.89	0.38	0.23	1.13	1.11	0.85
Medical Services	19.91	12.29	12.29	12.29	12.56	12.55	12.55
Transportation	**167.00**	**3.61**	**3.61**	**3.61**	**3.82**	**3.82**	**3.82**
Purchase of Motor Vehicles	53.89	2.83	2.83	2.83	2.83	2.83	2.83
Fuel and Lubricants	25.79	0.00	6.24	6.24	6.24	6.24	6.24
Transport Services (including passenger transport by road)	65.29	3.94	3.94	3.94	3.94	3.94	3.94
Recreation and Culture	**85.00**	**5.23**	**5.20**	**5.13**	**2.03**	**2.07**	**2.07**
Recreational and Cultural Services	29.28	3.44	3.45	3.44	3.44	4.44	4.44
Newspaper, Books and Stationery	18.51	3.18	3.18	3.18	3.18	3.18	3.18
Package Holidays	23.05	9.31	9.31	9.31	-1.09	-1.10	-1.10
Hotels, Cafes and Restaurants	**30.00**	**4.29**	**4.29**	**4.29**	**4.05**	**4.05**	**4.05**
Catering (Restaurants, Cafes, Vendors)	28.57	4.42	4.42	4.42	4.14	4.14	4.14
Education	**16.00**	**6.27**	**6.27**	**6.27**	**6.27**	**6.27**	**6.27**
Tuition Fees (all schools)	10.13	6.52	6.52	6.52	6.52	6.52	6.52
Miscellaneous Goods and Other Services	**36.00**	**2.36**	**2.36**	**2.36**	**1.15**	**1.15**	**1.15**
Personal Care	25.85	2.66	2.66	2.66	3.33	3.33	3.33
Jewellery, Clocks and Watches	4.16	2.76	2.76	2.76	-12.91	-12.91	-12.91

Source: Central Statistical Office.

Appendix D
Index of Retail Sales: Base 2000=100
Base Period: Average of 4 Quarters
(2009 - 2012)

	ALL SECTIONS INDEX		DRY GOODS STORES		SUPERMARKETS AND GROCERIES		CONSTRUCTION MATERIALS AND HARDWARE	
weights	*1000*		*76*		*279*		*130*	
	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %
Mar-09	198.7	-7.7	439.4	18.1	201.9	-0.4	199.3	-17.4
Jun-09	202.5	-11.7	458.3	7.0	212.4	2.1	195.8	-17.9
Sep-09	237.5	-1.1	742.8	53.9	213.8	-1.7	173.8	-28.9
Dec-09	256.1	-8.9	636.3	2.5	255.2	1.0	197.2	-20.1
2009	**223.7**	**-7.6**	**569.2**	**19.6**	**220.8**	**0.3**	**191.5**	**-21.1**
Mar-10	197.4	-0.6	449.1	2.2	198.5	-1.7	165.7	-16.8
Jun-10	209.2	3.3	535.4	16.8	211.3	-0.5	164.9	-15.8
Sep- 10	223.3	-6.0	608.4	-18.1	216.0	1.0	156.1	-10.2
Dec-10	266.2	3.9	770.7	21.1	252.8	-0.9	179.1	-9.2
2010	**224.0**	**0.2**	**590.9**	**5.5**	**219.7**	**-0.5**	**166.5**	**-13.0**
Mar-11	211.7	7.2	573.6	27.7	208.6	5.1	149.1	-10.1
Jun-11	220.7	5.5	613.7	14.6	233.7	10.6	148.4	-10.0
Sep-11	237.5	6.4	663.1	9.0	231.4	7.1	162.2	3.9
Dec-11	301.9	13.4	883.1	14.6	317.0	25.4	205.3	14.6
2011	**242.9**	**8.4**	**683.4**	**15.6**	**247.7**	**12.8**	**166.3**	**-0.1**
Mar-12	230.6	8.9	640.6	11.7	230.7	10.6	142.4	-4.5
Jun-12	228.2	3.4	453.7	-26.1	246.5	5.5	139.6	-6.0
Sep-12	263.2	10.8	720.9	8.7	251.6	8.7	163.0	0.5
Dec-12p	309.4	2.5	934.6	5.8	302.0	-4.7	208.9	1.7

	HOUSEHOLD APPLIANCES FURNITURE AND OTHER FURNISHINGS		TEXTILES AND WEARING APPAREL		MOTOR VEHICLES AND PARTS		PETROL FILLING STATIONS		OTHER RETAIL ACTIVITIES*	
weights	*79*		*43*		*173*		*99*		*121*	
	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %
Mar-09	110.8	-8.9	52.0	-17.4	202.7	-27.8	164.4	-0.6	171.0	-5.3
Jun-09	117.4	-21.9	66.7	7.7	211.2	-33.2	144.8	-16.4	164.6	-6.8
Sep-09	158.4	-0.9	60.2	-21.3	246.2	-20.1	168.0	0.7	202.1	-10.2
Dec-09	346.3	-5.1	83.6	8.6	226.0	-32.8	174.4	-1.7	194.7	0.2
2009	**183.2**	**-8.0**	**65.6**	**-5.7**	**221.5**	**-28.6**	**162.9**	**-4.6**	**183.1**	**-5.7**
Mar-10	109.3	-1.4	53.6	3.0	230.1	13.6	162.7	-1.1	160.8	-6.0
Jun-10	121.5	3.6	64.9	-2.7	231.7	9.7	165.5	14.3	158.8	-3.5
Sep-10	154.5	-2.5	80.0	32.9	232.8	-5.4	164.5	-2.1	200.8	-0.6
Dec-10	340.4	-1.7	96.0	14.8	251.3	11.2	169.3	-2.9	186.6	-4.2
2010	**181.4**	**-0.5**	**73.6**	**12.0**	**236.5**	**7.2**	**165.5**	**2.1**	**176.8**	**-3.6**
Mar-11	111.9	2.4	61.0	13.8	260.4	13.1	137.3	-15.6	168.4	4.7
Jun-11	148.6	22.2	75.2	15.9	226.1	-2.4	159.5	-3.6	163.0	2.6
Sep-11	163.6	5.9	91.6	14.5	247.5	6.3	157.4	-4.3	216.4	7.8
Dec-11	366.7	7.7	87.1	-9.2	274.0	9.0	164.0	-3.1	192.3	3.1
2011	**197.7**	**9.0**	**78.7**	**7.0**	**252.0**	**6.6**	**154.6**	**-6.6**	**184.7**	**4.5**
Mar-12	124.4	11.1	59.9	-1.9	289.9	11.3	159.3	16.0	170.9	1.5
Jun-12	157.8	6.3	74.6	-0.8	317.7	40.5	159.3	-0.1	168.7	3.5
Sep-12	184.4	12.7	95.4	4.2	321.5	29.9	164.3	4.4	218.7	1.0
Dec-12p	448.5	22.3	94.5	8.5	280.8	2.5	174.9	6.7	178.5	-7.2

Source: Central Statistical Office.
*Pharmaceuticals and cosmetics, books and stationery and jewellery.

Appendix E
Index of Retail Prices by Area - March 2013
(Year-on-Year Per cent Change)

	TRINIDAD & TOBAGO		PORT OF SPAIN		SAN FERNANDO		ARIMA BOROUGH	
	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12
ALL ITEMS	**1,000.00**	**6.90**	**262.65**	**6.43**	**128.70**	**5.18**	**52.09**	**7.08**
Food and Non-Alcoholic Beverages	180.00	12.89	27.25	13.42	17.27	13.72	8.13	12.32
Food	156.20	13.49	22.74	13.80	14.79	14.49	7.15	12.62
Bread and Cereals	31.21	0.25	4.00	4.25	2.79	-1.71	1.30	0.83
Meat	29.21	5.98	3.21	5.90	2.45	23.71	1.43	1.02
Fish	11.37	5.73	1.81	-14.02	1.00	22.22	0.44	15.17
Milk, Cheese and Eggs	19.05	-1.52	3.24	-0.86	1.87	-1.27	0.79	2.48
Oils and Fats	9.07	0.76	1.20	3.51	0.85	1.26	0.33	1.85
FRUIT	**14.28**	**-2.69**	**2.94**	**-3.95**	**1.53**	**-8.87**	**0.72**	**48.60**
VEGETABLES	**21.84**	**24.24**	**3.32**	**31.99**	**2.28**	**22.29**	**1.17**	**-4.62**
Sugar, Jam, Honey, Syrups, Chocolate and Confectionery	7.66	-2.99	1.33	-4.45	0.68	-3.05	0.44	-2.36
Food Products N.E.C	12.51	40.11	1.69	36.63	1.34	36.99	0.53	28.14
Non-Alcoholic Beverages	23.80	-0.65	4.51	3.35	2.48	2.36	0.98	3.86

Source: Central Statistical Office.

Appendix E (Continued)
Index of Retail Prices by Area - March 2013
(Year-on-Year Per cent Change)

	DIEGO MARTIN		ST. ANNS (SAN JUAN)		TACARIGUA (TUNAPUNA)		CHAGUANAS BOROUGH	
	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12
ALL ITEMS	**38.52**	**4.77**	**45.17**	**5.67**	**123.49**	**4.85**	**111.64**	**6.75**
Food and Non-Alcoholic Beverages	12.00	8.07	17.92	6.75	20.23	11.59	19.75	13.23
Food	10.37	8.83	15.41	6.96	17.46	14.25	17.33	13.86
Bread and Cereals	2.34	0.56	3.02	-0.36	3.50	-1.00	3.27	-2.09
Meat	1.99	8.81	2.57	-3.89	3.52	7.80	3.32	1.72
Fish	0.72	0.39	1.17	20.34	1.13	4.76	1.22	22.44
Milk, Cheese and Eggs	1.56	1.75	2.08	-0.85	2.28	-0.54	1.87	-13.95
Oils and Fats	0.52	6.89	0.91	-1.05	0.99	2.43	1.16	-5.94
FRUIT	**1.12**	**-4.97**	**1.60**	**-2.70**	**1.35**	**7.15**	**1.75**	**-14.41**
VEGETABLES	**0.93**	**17.61**	**2.03**	**21.98**	**2.36**	**51.35**	**2.47**	**25.51**
Sugar, Jam, Honey, Syrups, Chocolate and Confectionery	0.44	-0.29	0.85	-5.13	0.84	-7.53	0.70	-3.65
Food Products N.E.C	0.75	19.54	1.18	31.45	1.49	21.27	1.57	56.31
Non-Alcoholic Beverages	1.63	-0.48	2.51	0.64	2.77	-7.45	2.42	-3.65

Source: Central Statistical Office.

Appendix E (continued)
Index of Retail Prices by Area - March 2013
(Year-on-Year Per cent Change)

	COUVA		COCAL (RIO CLARO)		MANZANILLA/TURERE (SANGRE GRANDE)		NAPARIMA (DEBE)	
	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12
ALL ITEMS	**23.23**	**-0.63**	**2.23**	**13.16**	**21.75**	**1.70**	**5.62**	**94.85**
Food and Non-Alcoholic Beverages	7.61	-1.49	1.04	17.82	4.68	1.87	4.73	100.94
Food	6.75	-1.50	0.95	19.06	4.17	1.79	4.10	105.53
Bread and Cereals	1.28	-1.79	0.25	-1.26	0.85	-2.40	0.96	-1.36
Meat	1.75	15.60	0.21	1.12	0.96	-1.27	1.07	3.70
Fish	0.63	3.58	0.09	13.75	0.29	-3.00	0.26	11.53
Milk, Cheese and Eggs	0.56	3.49	0.04	-3.37	0.45	-0.45	0.38	1.95
Oils and Fats	0.43	5.71	0.07	0.95	0.26	-0.58	0.23	1.00
FRUIT	**0.56**	**11.24**	**0.10**	**40.31**	**0.30**	**-3.08**	**0.17**	**-10.38**
VEGETABLES	**0.77**	**-7.21**	**0.09**	**45.86**	**0.62**	**3.84**	**0.57**	**140.78**
Sugar, Jam, Honey, Syrups, Chocolate and Confectionery	0.25	20.10	0.03	3.10	0.16	7.58	0.14	-0.22
Food Products N.E.C	0.52	6.48	0.07	48.35	0.28	37.80	0.32	15.79
Non-Alcoholic Beverages	0.86	-1.23	0.09	-2.22	0.51	4.77	0.63	0.31

Source: Central Statistical Office.

Appendix E (continued)
Index of Retail Prices by Area - March 2013
(Year-on-Year Per cent Change)

	SAVANA GRANDE (PRINCES TOWN)		SIPARIA		PT. FORTIN		TOBAGO (SCARBOROUGH)	
	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12	WEIGHT	MAR' 13/ MAR' 12
ALL ITEMS	**13.12**	**22.87**	**48.14**	**6.95**	**28.07**	**4.67**	**95.58**	**1.61**
Food and Non-Alcoholic Beverages	8.30	27.47	10.80	5.95	6.25	7.64	14.04	0.23
Food	7.33	29.07	9.79	6.15	5.52	7.86	12.34	0.14
Bread and Cereals	1.73	-0.65	2.26	-0.48	1.14	-2.33	2.52	5.23
Meat	1.40	-3.61	1.99	0.92	1.28	37.37	2.06	-3.76
Fish	0.26	17.37	0.60	28.14	0.32	-8.16	1.43	-0.89
Milk, Cheese and Eggs	0.79	-0.12	0.84	1.55	0.62	-3.49	1.68	1.59
Oils and Fats	0.46	5.21	0.62	-1.81	0.25	-0.11	0.79	2.83
FRUIT	**0.56**	**4.99**	**0.67**	**16.32**	**0.33**	**-36.24**	**0.58**	**7.04**
VEGETABLES	**1.21**	**45.08**	**1.58**	**2.82**	**0.90**	**12.59**	**1.54**	**-1.99**
Sugar, Jam, Honey, Syrups, Chocolate and Confectionery	0.30	1.82	0.46	2.16	0.26	-10.81	0.78	-7.09
Food Products N.E.C	0.62	156.52	0.77	31.89	0.42	53.65	0.96	10.35
Non -Alcoholic Beverages	0.97	0.26	1.01	-0.78	0.73	-0.81	1.70	2.09

Source: Central Statistical Office.

Appendix F
Index of Retail Prices of Building Materials
Base Period: Average of 4 Quarters 1996=100 (2009 - 2013)

	ALL SECTIONS			SITE PREPARATION, STRUCTURE & CONCRETE FRAME			WALLS AND ROOF			ELECTRICAL INSTALLATION AND FIXTURES		
Date	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %
2009 I	205.60	0.7	10.6	284.70	-5.3	13.2	226.90	0.7	10.5	230.50	5.6	10.4
II	198.46	-3.5	2.7	267.79	-5.9	-0.2	216.51	-4.6	1.1	228.30	-1.0	6.8
III	196.05	-1.2	-2.2	259.10	-3.2	-12.2	215.30	-0.6	-1.8	228.25	0.0	4.6
IV	192.11	-2.1	-5.9	255.12	-1.5	-15.2	209.08	-2.9	-7.2	227.60	-0.3	4.2
2010 I	194.06	1.0	-5.6	257.64	1.0	-9.5	211.85	1.3	-6.6	232.12	2.0	0.7
II	198.05	2.1	-0.2	260.87	1.3	-2.6	209.56	-1.1	-3.2	272.71	17.5	19.5
III	200.15	1.1	2.1	263.99	1.2	1.9	212.39	1.4	-1.4	275.90	1.2	20.9
IV	201.30	0.6	4.8	263.06	-0.4	3.1	216.40	1.9	3.5	277.90	0.7	22.1
2011 I	204.11	1.4	5.2	265.31	0.9	3.0	219.19	1.3	3.5	279.24	0.5	20.3
II	204.59	0.2	3.3	269.38	1.5	3.3	217.51	-0.8	3.8	280.66	0.5	2.9
III	206.62	1.0	3.2	273.78	1.6	3.7	219.11	0.7	3.2	281.29	0.2	2.0
IV	209.90	2.6	4.9	271.03	0.6	2.7	230.20	5.8	8.4	280.68	0.0	1.7
2012 I	212.77	1.4	4.3	279.41	3.1	5.3	231.68	0.6	5.7	286.10	1.9	2.5
II	219.84	3.3	7.5	304.92	9.1	13.2	236.79	2.2	8.9	286.32	0.1	2.0
III	220.14	0.1	6.5	305.72	0.3	11.7	236.12	-0.3	7.8	288.57	0.8	2.6
IV	211.51	-3.9	0.8	277.29	-9.3	2.3	231.32	-2.0	0.5	281.34	-2.5	0.2
2013 1	213.98	1.2	0.5	283.61	2.3	1.5	235.02	1.6	1.4	279.49	-0.7	-2.3

	PLUMBING & FIXTURES			WINDOWS, DOORS & BALUSTRADING			FINISHING, JOINERY UNITS AND PAINTING & EXTERNAL WORKS		
Date	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %
2009 I	149.70	14.7	17.0	143.80	1.1	2.4	134.60	3.7	10.2
II	152.00	1.5	17.9	144.22	0.3	2.7	132.72	-1.4	5.9
III	149.90	-1.4	16.0	143.90	-0.2	1.5	130.30	-1.8	2.1
IV	150.60	0.5	15.4	143.86	0.0	1.2	125.76	-3.5	-3.1
2010 I	148.20	-1.6	-1.0	143.17	-0.5	-0.4	127.13	1.1	-5.6
II	152.69	3.0	0.5	143.17	0.0	-0.7	127.79	0.5	-3.7
III	153.02	0.2	2.1	143.01	-0.1	-0.6	128.90	0.9	-1.1
V	153.80	0.5	2.2	143.30	0.2	-0.4	125.90	-2.3	0.1
2011 I	167.9	9.2	13.3	144.39	0.8	0.9	127.7	1.4	0.4
II	175.2	4.3	14.8	143.82	-0.4	0.5	128.0	0.3	0.2
III	177.6	1.4	16.1	145.71	1.3	1.9	129.6	1.2	0.6
IV	178.1	1.7	16.4	144.84	0.7	1.3	127.7	-0.3	-0.9
2012 I	179.8	0.9	7.1	145.17	0.2	0.5	129.7	1.5	1.6
II	178.3	-0.9	1.7	145.49	0.2	1.2	134.7	3.9	5.2
III	177.8	-0.3	0.1	145.53	0.0	-0.1	135.9	0.9	4.8
IV	183.4	3.2	3.0	145.06	-0.3	0.1	126.5	-6.9	-0.9
2013 I	182.8	-0.3	1.7	145.81	0.5	0.4	127.4	0.7	-1.8

Source: Central Statistical Office.

Appendix G
Export and Import Prices Indices, 2005 - 2011
(Per cent)

		Import Prices			*Export Prices*			*Net Barter Terms of Trade*		
DATE		INDEX VALUE	QUARTERLY CHANGE	YEAR-ON-YEAR CHANGE	INDEX VALUE	QUARTERLY CHANGE	YEAR-ON-YEAR CHANGE	INDEX VALUE	QUARTERLY CHANGE	YEAR-ON-YEAR CHANGE
2005	II	124.16	1.4	9.9	132.42	4.1	15.4	106.65	2.6	5.0
	III	130.40	5.0	11.8	143.15	8.1	14.2	109.77	2.9	2.1
	IV	129.30	-0.8	6.8	143.05	-0.1	10.6	110.64	0.8	3.5
2006	I	137.50	6.3	12.3	157.04	9.8	23.4	114.21	3.2	9.9
	II	135.20	-1.7	8.9	153.57	-2.2	16.0	113.58	-0.6	6.5
	III	133.38	-1.3	2.3	157.57	2.6	10.1	118.14	4.0	7.6
	IV	140.41	5.3	8.6	160.14	1.6	11.9	114.05	-3.5	3.1
2007	I	144.50	2.9	5.1	159.45	-0.4	1.5	110.35	-3.3	-3.4
	II	154.20	6.7	14.1	159.98	0.3	4.2	103.75	-6.0	-8.7
	III	159.10	3.2	19.3	167.20	4.5	6.1	105.09	1.3	-11.0
	IV	162.10	1.9	15.4	172.66	3.3	7.8	106.51	1.4	-6.6
2008	I	164.40	1.4	13.8	165.40	-4.2	3.7	100.61	-5.5	-8.8
	II	169.70	3.2	10.1	185.40	12.1	15.9	109.25	8.6	5.3
	III	167.50	-1.3	5.3	186.60	0.6	11.6	111.40	2.0	6.0
	IV	164.72	-1.7	1.6	180.06	-3.5	4.3	109.31	-1.9	2.6
2009	I	159.32	-3.3	-3.1	160.00	-11.1	-3.3	100.43	-8.1	-0.2
	II	158.21	-0.7	-6.8	149.70	-6.4	-19.3	94.62	-5.8	-13.4
	III	154.05	-2.6	-8.0	147.59	-1.4	-20.9	95.81	1.3	-14.0
	IV	156.50	1.6	-5.0	151.98	3.0	-15.6	97.11	1.4	-11.2
2010	I	157.80	0.8	-1.0	157.20	3.4	-1.8	99.62	2.6	-0.8
	II	157.72	-0.1	-0.3	158.89	1.1	6.1	100.74	1.1	6.5
	III	171.47	8.7	11.3	160.38	0.9	8.7	93.53	-7.2	-2.4
	IV	171.76	0.2	9.8	163.88	2.2	7.8	95.41	2.0	-1.8
2011	I	164.17	-4.4	4.0	173.47	5.9	10.3	105.66	10.7	6.1
	II	171.03	4.2	8.4	174.88	0.8	10.1	102.25	-3.2	1.5

Source: Central Statistical Office.

Appendix H
Stock Market Indices
June 2006 – March 2013

	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T
Date	***Index Values***		***Quarterly Change (%)***		***Year on Year Change (%)***	
Jun-06	920.3	1,168.4	-4.0	-0.2	-21.4	-21.1
Sep-06	868.8	1,090.3	-5.6	-6.7	-19.8	-19.0
Dec-06	969.2	1,205.7	11.6	10.6	-9.2	-8.9
Mar-07	929.1	1,178.2	-4.1	-2.3	-3.1	0.7
Jun-07	918.8	1,152.4	-1.1	-2.2	-0.2	-1.4
Sep-07	936.6	1,179.6	1.9	2.4	7.8	8.2
Dec-07	982.0	1,200.7	4.9	1.8	1.3	-0.4
Mar-08	992.9	1,256.6	1.1	4.7	6.9	6.7
Jun-08	1,150.2	1,502.1	15.8	19.5	25.2	30.3
Sep-08	1,065.6	1,444.1	-7.4	-3.9	13.8	22.4
Dec-08	842.9	1,154.8	-20.9	-20.0	-14.2	-3.8
Mar-09	821.8	1,121.9	-2.5	-2.8	-17.2	-10.7
Jun-09	779.6	1,080.9	-5.1	-3.7	-32.2	-28.0
Sep-09	787.5	1,105.0	1.0	2.2	-26.1	-23.5
Dec-09	765.3	1,099.2	-2.8	0.5	-9.2	-4.8
Mar-10	817.7	1,165.5	6.9	6.0	-0.5	3.9
Jun-10	827.2	1,172.2	1.2	0.6	6.1	8.4
Sep-10	821.7	1,151.9	-0.7	-1.7	4.3	4.2
Dec-10	835.6	1,175.7	1.7	2.1	9.2	7.0
Mar -11	872.1	1,234.7	4.4	5.0	6.6	5.9
June-11	950.1	1,376.1	8.9	11.5	14.9	17.4
Sep-11	989.3	1,441.2	4.1	4.7	20.4	25.1
Dec-11	1,012.9	1,467.0	2.4	1.8	21.2	24.8
Mar-12	1,011.6	1,491.6	-0.1	1.7	16.0	20.8
Jun-12	1,022.4	1,539.6	1.1	3.2	7.6	11.9
Sep-12	1,066.4	1,659.8	4.3	7.8	7.8	15.2
Dec-12	1,065.0	1,694.3	-0.1	2.1	5.1	15.5
Mar-13	1,095.9	1,763.3	2.9	4.1	8.3	18.2

Source: Central Bank of Trinidad and Tobago.

Appendix I
Trinidad and Tobago Mutual Funds Under Management by Type of Fund[1,2]
September 2005 – March 2013

Date	AGGREGATE FUND VALUE	INCOME FUNDS	EQUITY	AGGREGATE FUND VALUE	INCOME FUNDS	EQUITY	AGGREGATE FUND VALUE	INCOME FUNDS	EQUITY
	TT$ Million			*Quarterly Percent Change (%)*			*Year-on-Year Percent Change (%)*		
Sep-05	31,110.89	24,554.75	6,556.14	4.3	7.0	-4.5	23.4	22.2	27.9
Dec-05	31,304.82	25,029.62	6,275.20	0.6	1.9	-4.3	16.1	18.0	8.9
Mar-06	31,477.52	25,742.18	5,735.34	0.6	2.8	-8.6	11.9	19.9	-14.1
Jun-06	31,071.82	25,498.85	5,572.97	-1.3	-0.9	-2.8	4.2	11.1	-18.8
Sep-06	31,039.68	25,627.01	5,412.67	-0.1	0.5	-2.9	-0.2	4.4	-17.4
Dec-06	31,834.88	26,145.44	5,689.44	2.6	2.0	5.1	1.7	4.5	-9.3
Mar-07	32,172.25	26,441.20	5,731.05	1.1	1.1	0.7	2.2	2.7	-0.1
Jun-07	31,893.44	26,397.62	5,495.82	-0.9	-0.2	-4.1	2.6	3.5	-1.4
Sep-07	33,284.84	27,556.99	5,727.85	4.4	4.4	4.2	7.2	7.5	5.8
Dec-07	34,545.56	28,794.65	5,750.91	3.8	4.5	0.4	8.5	10.1	1.1
Mar-08	34,940.23	29,121.13	5,502.45	1.1	1.1	-4.3	8.6	10.1	-4.0
Jun-08	36,806.96	30,717.73	5,733.47	5.3	5.5	4.2	15.4	16.4	4.3
Sep-08	36,627.16	31,373.90	4,941.86	-0.5	2.1	-13.8	10.0	13.9	-13.7
Dec-08	36,154.62	31,528.35	4,315.63	-1.3	0.5	-12.7	4.7	9.5	-25.0
Mar-09	36,465.79	32,173.01	3,991.58	0.9	2.0	-7.5	4.4	10.5	-27.5
Jun-09	39,266.87	35,105.26	3,854.08	7.7	9.1	-3.4	6.7	14.3	-32.8
Sep-09	40,768.86	36,754.70	3,685.34	3.8	4.7	-4.4	11.3	17.2	-25.4
Dec-09	35,510.14	31,480.57	3,663.70	-12.9	-14.3	-0.6	-1.8	-0.2	-15.1
Mar-10	36,312.71	32,290.12	3,633.87	2.3	2.6	-0.8	-0.4	0.4	-9.0
Jun-10	36,812.39	32,745.57	3,677.50	1.4	1.4	1.2	-6.3	-6.7	-4.6
Sep-10	36,556.18	32,612.89	3,625.60	-0.7	-0.4	-1.4	-10.3	-11.3	-1.6
Dec-10	35,648.97	31,728.88	3,585.09	-2.5	-2.7	-1.1	0.4	0.8	-2.1
Mar-11r	35,554.92	31,406.65	3,750.08	-0.3	-1.0	4.6	-2.1	-2.7	3.2
Jun-11r	36,335.76	31,988.14	3,909.93	2.2	1.9	4.3	-1.3	-2.3	6.3
Sep-11r	36,196.62	31,914.39	3,851.86	-0.4	-0.2	-1.5	-1.0	-2.1	6.2
Dec-11r	36,802.59	32,419.08	3,926.34	1.7	1.6	1.9	3.2	2.2	9.5
Mar-12	37,140.89	32,541.81	4,128.55	0.9	0.4	5.2	4.5	3.6	10.1
Jun-12	37,807.73	33,170.24	4,139.80	1.8	1.9	0.3	4.1	3.7	5.9
Sep-12	39,279.51	34,380.74	4,334.62	3.9	3.6	4.7	8.5	7.7	12.5
Dec-12	39,741.40	34,675.01	4,454.41	1.2	0.9	2.8	8.0	7.0	13.4
Mar-13	40,450.20	35,154.20	4,684.20	1.8	1.4	5.2	8.9	8.0	13.5

Source: Central Bank of Trinidad and Tobago.

r Revised (See Footnote 2).

1 Aggregate funds under management refer to all 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 and does not represent full coverage.

2 Mutual Fund information was revised in 2011 to reflect the addition of two new mutual funds in the Central Bank of Trinidad and Tobago's database.

Appendix J
Private Sector Credit by the Consolidated Financial System
December 2009 – February 2013

(Year-on-Year Per cent Change)

PRIVATE SECTOR CREDIT BY INSTITUTION				MAJOR PRIVATE SECTOR CREDIT COMPONENTS		
DATE	BANKS	NON-BANKS	CONSOLIDATED FINANCIAL SYSTEM	CONSUMER CREDIT	REAL ESTATE MORTGAGE LOANS	LOANS TO BUSINESS FIRMS
Dec-09	-4.4	0.3	-4.0	-3.4	7.9	-2.5
Jan-10	-4.8	3.6	-4.1	-2.9	8.0	-3.8
Feb-10	-4.2	2.5	-3.6	-3.1	6.5	-5.4
Mar-10	-2.7	-0.9	-2.4	-2.7	7.5	-4.9
Apr-10	-2.4	-4.7	-2.8	-1.3	6.3	-4.7
May-10	-4.5	-5.1	-4.6	-1.2	5.7	-9.6
Jun-10	-4.0	-13.9	-5.7	-0.5	5.6	-9.0
Jul-10	-3.8	-15.6	-5.8	0.3	7.0	-10.3
Aug-10	-2.8	-14.2	-4.7	0.0	7.0	-9.2
Sep-10	-1.5	-4.6	-2.0	-0.5	7.4	-5.1
Oct-10	-0.4	-10.8	-2.1	1.1	6.9	-5.9
Nov-10	0.0	-10.2	-1.7	1.5	7.5	-5.1
Dec-10	0.5	-15.9	-2.2	4.1	9.0	-6.2
Jan-11	0.5	-15.8	-2.3	3.3	7.6	-5.7
Feb-11	0.9	-14.9	-1.7	3.9	7.7	-4.8
Mar-11	1.5	-15.8	-1.4	5.1	8.2	-5.3
Apr-11	1.6	-13.3	-0.8	6.7	8.8	-5.9
May-11	3.3	-11.5	0.9	4.6	10.2	-2.2
Jun-11	4.0	-11.5	1.5	5.4	10.0	-1.5
Jul-11	4.5	-13.2	1.8	4.3	9.9	-0.6
Aug-11	4.1	-16.0	1.0	4.2	9.6	0.0
Sep-11	4.1	-20.7	0.1	3.9	9.8	-1.4
Oct-11	4.5	-15.7	1.4	3.7	8.9	1.6
Nov-11	5.3	-13.6	2.5	4.3	9.1	2.7
Dec-11	6.5	-12.7	3.7	1.9	8.8	6.9
Jan-12	6.1	-12.8	3.4	2.8	8.0	5.6
Feb-12	5.4	-16.0	2.3	2.4	8.6	2.7
Mar-12	6.3	-15.8	3.1	2.4	8.8	4.8
Apr-12	5.4	-23.1	1.3	-0.4	9.2	4.6
May-12	5.7	-15.1	2.8	1.2	8.8	4.6
Jun-12	6.3	-16.7	3.1	0.6	9.4	5.7
Jul-12	5.4	-13.2	2.9	0.9	8.9	5.1
Aug-12	4.7	-10.6	2.7	2.3	9.3	2.3
Sep-12	4.7	-7.1	3.2	2.8	10.9	1.0
Oct-12	5.1	-6.3	3.7	2.9	11.0	2.1
Nov-12	5.4	-7.5	3.8	3.1	11.3	2.6
Dec-12	3.9	-11.2	2.0	2.3	11.7	-1.1
Jan-13	4.5	-16.7	1.9	3.2	11.6	-1.9
Feb-13	4.4	-14.8	2.1	2.9	13.4	-2.1

Source: Central Bank of Trinidad and Tobago.

Appendices:

Media Releases on the 'Repo' Rate from November 2012 to April 2013

1. **Media Release dated November 30, 2012 -**
   Inflation Rises To 9.4 Per cent In October: Central Bank Maintains 'Repo' Rate At 2.75 Per cent

2. **Media Release dated December 21, 2012 -**
   Inflation Slows To 8.1 Per cent In November: Central Bank Maintains 'Repo' Rate At 2.75 Per cent

3. **Media Release dated January 25, 2013 -**
   Inflation Slows To 7.2 Per cent At The End Of 2012: Central Bank Maintains 'Repo' Rate At 2.75 Per cent

4. **Media Release dated February 28, 2013 -**
   Inflation Measures 7.3 Per cent In January: Central Bank Holds 'Repo' Rate At 2.75 Per cent

5. **Media Release dated March 22, 2013 -**
   Inflation Slows To 5.9 Per cent In February: Central Bank Maintains 'Repo' Rate At 2.75 Per cent

6. **Media Release dated April 26, 2013 -**
   Inflation Increases To 6.9 Per cent In March: Central Bank Maintains 'Repo' Rate At 2.75 Per cent

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Media Release

INFLATION RISES TO 9.4 PER CENT IN OCTOBER: CENTRAL BANK MAINTAINS REPO RATE AT 2.75 PER CENT

The latest data released by the Central Statistical Office show that headline inflation picked up in October 2012, after falling for four consecutive months. **Headline inflation**, measured by the 12-month increase in the Index of Retail Prices, accelerated to 9.4 per cent in October 2012, up from 7.7 per cent in September and 3.7 percent one year ago. On a monthly basis, headline inflation rose by 1.4 per cent in October 2012, compared with an increase of 1.1 per cent in the previous month.

Higher food prices, particularly for vegetables and fruit, were mainly responsible for the acceleration in headline inflation. On a year-on-year basis, food price inflation reached 18.2 per cent in October 2012 from 14.7 per cent in September. Key components in the food basket which recorded faster price increases included **vegetables (34.9 per cent** up from 31.5 per cent in September), **fruits (5.7 per cent** up from 4.3 per cent in September), **meat (10.5 per cent** up from 8.2 per cent) and **fish (8 per cent** up from 5.3 per cent). At the same time, there was a slight deceleration in the year-on-year price increases for bread and cereals (1.1 per cent compared with 1.6 per cent), milk, cheese and eggs (2.6 per cent compared with 3.4 per cent) and oils and fats (12 per cent compared with 12.8 per cent). The impact of the removal of Value Added Taxes (VAT) on a range of food items has not been reflected in the inflation data for October 2012.

Despite the pick-up in headline inflation, there is evidence that underlying inflationary pressures remain relatively stable. Core inflation, which excludes food prices, stood at 3.1 per cent in October 2012, up from 2.8 per cent in the previous month as the announced rise in the price of premium gasoline went into effect. Due to higher prices of new motor vehicles and driving fees as well as the partial reduction in the subsidy on premium gasoline, the transportation sub-index rose by 3.6 per cent in October (year-on-year) from 1.5 per cent in September. There were also faster price increases in several sub-categories including clothing and footwear and health, which were offset by price decelerations in other areas such as furnishings, household equipment, recreation and housing

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Available data to September 2012 point to steady but measured expansion in credit to the private sector. On a year-on-year basis, private sector credit granted by the consolidated financial system increased by 3.2 per cent in September 2012, slightly up from the increase of 2.7 per cent in August. Lending for real estate mortgages remained one of the strongest credit categories, growing by 10.9 per cent in September. Meanwhile, lending to consumers rose by 2.8 per cent (year-on-year) in September 2012, somewhat above the pace of the previous few months. On the other hand, business credit continued to lose momentum, rising by just 1 per cent in September 2012, compared with 2.3 per cent in August and 5.1 per cent in July.

On account of high net fiscal injections, liquidity levels in the financial system rebounded in November from the low levels reached in early October following the issuance of the Central Government $2.5 billion bond. For the period November 1-27, commercial bank balances at the Central Bank in excess of the statutory requirement, climbed to a daily average of $3,308 million from $2,770 million in October. Open market operations together with sales of foreign exchange helped to absorb around $1,356 million in excess funds from the system. In the very liquid financial environment, there was no recourse to the inter-bank market and the 'repo' facility remained unutilized.

High liquidity levels continued to suppress short-term interest rates. The three-month treasury bill rate declined to **0.46 per cent** as at November 26, 2012 from 0.54 per cent in October. With the US three-month treasury bill rate also dipping to 0.10 per cent from 0.13 per cent in October, the differential between the TT and US three-month treasury bill rates narrowed to 36 basis points in November from 41 basis points in October.

Notwithstanding the increase in headline inflation, there is evidence that underlying inflationary pressures remain contained. Although current financial conditions provide a strong enough basis for an expansion of private investment, business demand for credit remains relatively subdued. Against this background, the Central Bank has decided to maintain the 'repo' rate at 2.75 per cent.

The Bank will continue to keep economic and monetary conditions under close review in the coming months.

The next 'repo' rate announcement is scheduled for December 21, 2012.

November 30, 2012

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

(Per cent Change)

	Monthly		Year-on-Year	
	Sep 2012	Oct 2012	Sep 2012	Oct 2012
Headline Inflation	1.1	1.4	7.7	9.4
Food Prices and Non-Alcoholic Beverages	2.4	2.0	14.7	18.2
Bread and Cereals	0.2	0.1	1.6	1.1
Meat	2.3	2.2	8.2	10.5
Fish	2.3	2.4	5.3	8.0
Vegetables	3.8	5.8	31.5	34.9
Fruits	(1.6)	(7.1)	4.3	5.7
Milk, Cheese & Eggs	0.7	(1.3)	3.4	2.6
Oils and Fats	1.0	0.2	12.8	12.0
Sugar, Jam, Confectionery, etc.	(0.5)	0.7	3.4	3.1
Core Inflation	0.1	1.0	2.8	3.1
Alcoholic Beverages & Tobacco	0.3	0.1	4.7	4.6
Clothing and Footwear	0.9	0.6	2.1	3.5
Furnishings, Household Equipment and Routine Maintenance	0.0	0.2	2.2	1.4
Health	0.1	2.3	2.5	5.1
Of which: Medical Services	0.0	4.9	7.0	12.3
Housing, Water, Electricity, Gas & Other Fuels	0.0	0.5	2.7	1.5
Of which: Rent	0.0	0.6	6.5	3.4
Home Ownership	0.0	0.7	3.0	1.6
Education	0.0	4.3	1.7	6.3
Recreation & Culture	0.0	(0.9)	6.0	5.2
Hotels, Cafes & Restaurants	0.0	1.1	3.5	4.3
Transport	0.0	2.1	1.5	3.6

Source: Central Statistical Office.

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Media Release

INFLATION SLOWS TO 8.1 PER CENT IN NOVEMBER: CENTRAL BANK MAINTAINS REPO RATE AT 2.75 PER CENT

The latest data on retail prices released by the Central Statistical Office (CSO) indicate a marked deceleration in inflationary pressures in November 2012. **Headline inflation**, measured by the 12-month change in the Index of Retail Prices (RPI), slowed to **8.1 per cent** in November 2012 from 9.4 per cent in October.

Food price inflation, which continues to exert a strong influence on the headline inflation rate, slowed to **14.9 per cent** (year-on-year) in November 2012, down from 18.2 per cent in October. The impact of the removal of the Value Added Tax (VAT) on several food items was not reflected in the inflation data for November 2012. Instead, this moderation in food price inflation reflected, for the most part, the decline in the price of fruits (a fall of 0.6 per cent in November compared to an increase of 5.7 per cent in October) along with slower year-on-year price increases for **vegetables** (28.1 per cent in November compared with 34.9 per cent in October), **meat** (10.3 per cent compared with 10.5 per cent), **milk, cheese and eggs** (0.4 per cent compared with 2.6 per cent), **oils and fats** (6.1 per cent compared with 12 per cent) and sugar and **confectionery products** (2.7 per cent compared with 3.1 per cent). In contrast, prices rose at a faster rate for fish (9.0 per cent from 8.0 per cent in October) and **bread and cereals** (1.4 per cent from 1.1 per cent).

It is worth noting that the CSO is in the process of updating its current methodologies and practices for compiling retail prices in Trinidad and Tobago. These revisions include alterations to the method for estimating the food component to more accurately reflect household spending patterns and the changing nature of the current basket of consumer items. This basket is expected to include some new technological goods and services such as mobile communication devices as well as energy conservation products. The rebasing exercise is expected to be completed in early 2013.

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Core inflation, which filters out the impact of food prices, measured 3.1 per cent in November 2012, unchanged from the previous month. The sub-indices for alcoholic beverages and tobacco and health posted year-on-year increases of 4.7 per cent and 5.7 per cent, respectively. These increases were however counterbalanced by a reduction of 3.4 per cent in the rate of increase in one of the larger components of the core basket - the clothing and footwear sub-category.

Private sector credit edged up in October 2012 but was still broadly unresponsive to current financial conditions. On a year-on-year basis, private sector credit granted by the consolidated financial system increased by 3.7 per cent in October 2012, up from 3.2 per cent in September. Of the major categories of private sector lending, consumer and business credit posted small year-on-year increases of 2.9 per cent and 2.1 per cent, respectively, while real estate mortgage lending continued to expand at a robust rate (11 per cent) in October 2012.

Liquidity in the domestic financial system remained high mainly on account of substantial net fiscal injections during November and the first half of December 2012. Commercial banks' holdings of excess reserves at the Central Bank increased to a daily average of $4,075 million in the period December 1-18, 2012, up from $3,342 million in the previous month. Excess liquidity continued to drive down interest rates on short-term government paper. The rate on three-month treasury bills fell to 0.39 per cent as at December 19, 2012 from 0.46 per cent in November and 0.54 per cent in October. The six-month t-bill rate declined to 0.47 per cent in December from 0.58 per cent in September.

Economic activity is likely to remain somewhat subdued in the third quarter of 2012, despite a slight uptick in the energy and non-energy sectors. The slow pace of expansion in consumer and business credit suggests that aggregate demand has not picked up sufficiently to create the momentum required for a sustained economic recovery. With underlying inflationary pressures in check, the Bank continues to adopt an accommodative monetary stance to support the resurgence of economic activity, especially in the non-energy sector. Against this background, **the Bank has decided to maintain the 'Repo' rate at 2.75 per cent**.

The Bank will continue to keep economic and monetary conditions under close review in the coming months.

The next 'Repo' rate announcement is scheduled for January 25, 2013.

December 21, 2012

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per cent Change/

	Monthly		Year-on-Year	
	October 2012	November 2012	October 2012	November 2012
Headline Inflation	1.4	0.0	9.4	8.1
Food Prices and Non-Alcoholic Beverages	2.0	0.1	18.2	14.9
Bread and Cereals	0.1	(0.1)	1.1	1.4
Meat	2.2	0.2	10.5	10.3
Fish	2.4	4.1	8.0	9.0
Vegetables	5.8	(0.3)	34.9	28.1
Fruits	(7.1)	(1.5)	5.7	(0.6)
Milk, Cheese & Eggs	(1.3)	(1.1)	2.6	0.4
Oils and Fats	0.2	(0.8)	12.0	6.1
Sugar, Jam, Confectionery, etc.	0.7	(0.4)	3.1	2.7
Core Inflation	1.0	(0.0)	3.1	3.1
Alcoholic Beverages & Tobacco	0.1	(0.1)	4.6	4.7
Clothing and Footwear	0.6	0.1	3.5	3.3
Furnishings, Household Equipment and Routine Maintenance	0.2	(0.0)	1.4	1.4
Health	2.3	(0.1)	5.1	5.7
Of which: Medical Services	4.9	(0.0)	12.3	12.3
Housing, Water, Electricity, Gas & Other Fuels	0.5	0.0	1.5	1.5
Of which: Rent	0.6	0.0	3.4	3.4
Home Ownership	0.7	0.0	1.7	1.7
Education	4.3	0.0	6.3	6.3
Recreation & Culture	(0.9)	0.0	5.2	5.2
Hotels, Cafes & Restaurants	1.1	0.0	4.3	4.3
Transport	2.1	0.0	3.6	3.6

Source: Central Statistical Office.

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Media Release

INFLATION SLOWS TO 7.2 PER CENT AT THE END OF 2012: CENTRAL BANK MAINTAINS REPO RATE AT 2.75 PER CENT

The final inflation figures released by the Central Statistical Office (CSO) for 2012 indicate that headline inflation slowed to 7.2 per cent in the twelve months to December 2012 from 8.1 per cent in November and a high of 12.6 per cent in May. Headline inflation for the whole of 2012 averaged 9.3 percent, up from 5.2 percent in 2011.

Food price inflation, which had peaked at 28.3 per cent (year-on-year) in May 2012 before slowing to 14.9 per cent in November, eased even further to 12.7 per cent in December. The slowing of the food inflation rate in December partly reflects the impact of the removal of VAT on a range of food items which went into effect on November 15, 2012. In this context, there were slower price increases in December for **bread and cereals** (0.7 per cent compared with 1.4 per cent in November 2012), **meat** (8.5 per cent compared with 10.3 per cent), **fish** (8.2 per cent compared with 9.0 per cent), **milk, cheese and eggs** (0.3 per cent compared with 0.4 per cent), **oils and fats** (2.7 per cent compared with 6.1 per cent) and **sugar and confectionery products** (1.8 per cent compared with 2.7 per cent). The increase in **vegetable prices** decelerated to 26.8 per cent in December from 28.1 per cent in the previous month after having peaked at 45 per cent in May 2012. **Fruit prices** decelerated markedly over the course of the year, from a high of 62.1 per cent in January 2012 to -2.8 per cent in December.

Core inflation, which filters out the impact of food prices, remained unchanged at 3.1 per cent in December 2012. Slower year-on-year increases were recorded for alcoholic beverages and tobacco (3.1 per cent), health (5.6 per cent), clothing and footwear (3.1 per cent) and recreation and culture (5.1 per cent). This steadiness in the core inflation rate suggests that underlying inflationary pressures are still relatively subdued.

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Private sector credit continued to rise moderately during the final quarter of 2012. On a year-on-year basis, private sector credit granted by the consolidated financial system increased by 3.8 per cent in November, up slightly from 3.7 per cent in October. There was a pick-up in credit in all the major lending categories in November 2012. **Consumer credit** rose by **3.1 per cent** (year-on-year) in November 2012 compared with an increase of 2.9 per cent in October while **business lending** regained some traction, rising by **2.6 per cent** in November following a slowing of growth to 1.0 per cent in September. **Real estate mortgage lending** continued to grow at a robust pace, increasing by **11.3 per cent** in the twelve months to November 2012.

Modest private sector credit demand and high net fiscal injections contributed to elevated levels of liquidity in the financial system. Commercial banks' reserve balances at the Central Bank in excess of the statutory requirements rose to a daily average of TT$4 billion in December from TT$3.3 billion in November 2012. In an effort to contain the increase in excess liquidity, the Bank rolled over $1.5 billion in commercial banks' special deposits which matured in December. In early January 2013, excess liquid balances hovered just under TT$3 billion as the payment of quarterly taxes helped to drain some excess funds from the financial system.

In the still liquid environment, short-term interest rates remained depressed with the discount rate on three-month TT treasury bills falling to 0.40 per cent as at January 22, 2013, from 0.46 per cent in November 2012.

Although there were some encouraging signs of a recovery in domestic economic activity during the third quarter of 2012, credit demand is still quite subdued as evidenced by the slower-than-anticipated pace of loan growth in the banking system. With core inflation relatively well contained at around 3 per cent, the Bank has decided to maintain its accommodative monetary policy stance to sustain the nascent recovery in economic activity. Consequently, the Bank has decided to **hold the 'Repo' rate at 2.75 per cent.**

The Bank will continue to keep economic and monetary conditions under close review in the coming months.

The next 'Repo' rate announcement is scheduled for Thursday February 28, 2013.

January 25, 2013

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per cent Change/

	Monthly		Year-on-Year	
	November 2012	**December 2012**	**November 2012**	**December 2012**
Headline Inflation	0.0	(0.8)	8.1	7.2
Food Prices and Non-Alcoholic Beverages	0.1	(1.8)	14.9	12.7
Bread and Cereals	(0.1)	(0.6)	1.4	0.7
Meat	0.2	(1.4)	10.3	8.5
Fish	4.1	2.7	9.0	8.2
Vegetables	(0.3)	(4.3)	28.1	26.8
Fruits	(1.5)	6.6	(0.6)	(2.8)
Milk, Cheese & Eggs	(1.1)	0.3	0.4	0.3
Oils and Fats	(0.8)	(2.9)	6.1	2.7
Sugar, Jam, Confectionery, etc.	(0.4)	(0.7)	2.7	1.8
Core Inflation	(0.0)	0.0	3.1	3.1
Alcoholic Beverages & Tobacco	(0.1)	0.1	4.7	3.1
Clothing and Footwear	0.1	(0.9)	3.3	3.1
Furnishings, Household Equipment and Routine Maintenance	(0.0)	0.0	1.4	1.4
Health	(0.1)	0.4	5.7	5.6
Of which: Medical Services	(0.0)	0.0	12.3	12.3
Housing, Water, Electricity, Gas & Other Fuels	0.0	0.0	1.5	1.5
Of which: Rent	0.0	0.0	3.4	3.4
Home Ownership	0.0	0.0	1.7	1.7
Education	0.0	0.0	6.3	6.3
Recreation & Culture	0.0	0.0	5.2	5.1
Hotels, Cafes & Restaurants	0.0	0.0	4.3	4.3
Transport	0.0	0.0	3.6	3.6

Source: Central Statistical Office.

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Media Release

INFLATION MEASURES 7.3 PER CENT IN JANUARY: CENTRAL BANK HOLDS REPO RATE AT 2.75 PER CENT

Data from the Central Statistical Office reveal that **headline inflation, as measured by the twelve-month increase in the Index of Retail Prices, stood at 7.3 per cent in January 2013,** slightly up from 7.2 per cent in December 2012. On a monthly basis, headline inflation rose by 2.6 per cent in January 2013 following a decline of 0.8 per cent in December 2012.

Food inflation accelerated to 13.8 per cent (year-on-year) in January 2013 compared with 12.7 per cent in the previous month. This was primarily due to faster price increases for vegetables (27.6 per cent from 26.8 per cent in December), food products not elsewhere classified (24.4 per cent from 18.8 per cent), meat (9.6 per cent from 8.5 per cent), oils and fats (2.8 per cent from 2.7 per cent), and milk, cheese and eggs (0.9 per cent from 0.3 per cent).

Core inflation, which excludes food prices, slowed to 2.2 per cent in January 2013, from 3.1 per cent in December 2012. There were slower price increases in most of the major components of core inflation including alcoholic beverages and tobacco (2.5 per cent), clothing and footwear (2.9 per cent), housing and utilities (0.1 per cent), recreation and culture (2.0 per cent), and hotels and restaurants (4.0 per cent). Meanwhile, costs related to health care and transportation rose faster in January 2013 by 6.1 per cent and 3.8 per cent, respectively.

After exhibiting a slow but steady rise, there was an unexpected slowdown in private sector credit towards the end of 2012. On a year-on-year basis, private sector credit granted by the consolidated financial system decelerated to 2.1 per cent in December 2012 from 3.8 per cent in November. Growth in consumer credit slipped to 2.4 per cent from 3.1 per cent, while business lending declined by 0.8 per cent following a 2.6 per cent rise in November. On the other hand, real estate mortgage lending continued to be robust, expanding by 11.2 per cent in December 2012.

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High net domestic fiscal injections contributed to a sharp build up in financial system liquidity in February 2013. Commercial banks' holdings of excess reserves at the Central Bank climbed to a daily average of $5,132.5 million in February 2013 from $3,432.3 million in January. In this context, the inter-bank market was inactive in February as commercial banks were sufficiently liquid to meet all their short-term funding needs. The Central Bank remained active in the market addressing the excess liquidity situation through open market operations. Sales of foreign exchange to authorized dealers also helped to contain excess liquidity. In the coming months, the Bank intends to step up its efforts to manage the build-up of system liquidity.

Short-term interest rates remained depressed. The rate on Trinidad and Tobago Government three-month securities declined from 0.40 per cent in January to 0.24 per cent in February 2013, while the rate on US three-month treasury bills rose from 0.08 to 0.13 per cent. These movements resulted in a narrowing of the differential between TT and US three-month interest rates to 0.11 per cent from 0.32 per cent in January.

With underlying inflationary pressures still well contained and continuing expectation for a turnaround in economic activity in 2013, the Bank views its present accommodative monetary stance as appropriate. In this context, **the Bank has decided to maintain the 'repo' rate at 2.75 per cent.**

The Bank will continue to keep economic and monetary conditions under close review in the coming months.

The next 'repo' rate announcement is scheduled for March 22, 2013.

February 28, 2013

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per cent Change/

	Weights	Monthly		Year-on-Year	
		December 2012	January 2013	December 2012	January 2013
Headline Inflation	1,000.00	(0.8)	2.6	7.2	7.3
Food and Non-Alcoholic Beverages	180.00	(1.8)	6.2	12.7	13.8
Bread and Cereals	31.21	(0.6)	0.0	0.7	0.6
Meat	29.21	(1.4)	0.6	8.5	9.6
Fish	11.37	2.7	1.8	8.2	6.5
Vegetables	21.84	(4.3)	8.2	26.8	27.6
Fruits	14.28	6.6	5.7	(2.8)	(3.3)
Milk, Cheese & Eggs	19.05	0.3	0.5	0.3	0.9
Oils and Fats	9.07	(2.9)	0.6	2.7	2.8
Sugar, Jam, Confectionery, etc.	7.66	(0.7)	(0.4)	1.8	0.4
Food Products NEC	12.51	(6.2)	15.3	18.8	24.4
Non-Alcoholic Beverages	23.80	(1.7)	0.7	(0.3)	(1.0)
Core Inflation	820.00	0.0	(0.4)	3.1	2.2
Alcoholic Beverages & Tobacco	25.00	0.1	(0.2)	3.1	2.5
Clothing and Footwear	53.00	(0.9)	0.9	3.1	2.9
Furnishings, Household Equipment and Routine Maintenance	54.00	0.0	0.1	1.4	1.3
Health	51.00	0.4	0.5	5.6	6.1
Of which: Medical Services	19.91	0.0	0.5	12.3	12.6
Housing, Water, Electricity, Gas & Other Fuels	262.00	0.0	(0.8)	1.5	0.1
Of which: Rent	24.00	0.0	(0.8)	3.4	2.0
Home Ownership	180.00	0.0	(1.0)	1.7	(0.2)
Education	16.00	0.0	0.0	6.3	6.3
Recreation & Culture	85.00	0.0	(1.9)	5.1	2.1
Hotels, Cafes & Restaurants	30.00	0.0	0.2	4.3	4.0
Transport	167.00	0.0	0.2	3.6	3.8

Source: Central Statistical Office.

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Media Release

INFLATION SLOWS TO 5.9 PER CENT IN FEBRUARY: CENTRAL BANK MAINTAINS REPO RATE AT 2.75 PER CENT

Recent data released by the Central Statistical Office show that on a twelve month basis **headline inflation fell to 5.9 per cent in February 2013** from 7.3 per cent in the previous month. On a monthly basis, headline inflation slowed to 0.3 per cent following an increase of 2.6 per cent in January 2013.

A deceleration in food prices contributed to the decline in headline inflation during February as **food price inflation eased to 10.6 per cent** from 13.8 per cent in January 2013 (both year-on-year). This partly reflected a slowdown in the price increases for vegetables (to 17.8 per cent in February compared with 27.6 per cent in January) and meat (to 6.9 per cent compared with 9.6 per cent in January). At the same time, there were slight declines in the prices of fruit, milk, cheese and eggs, as well as sugar and confectionary items in February 2013 relative to levels in February, 2012.

Core inflation, which excludes movements in food prices, also slipped further to 2.1 per cent (year-on- year) in February 2013 from 2.2 per cent in January. Slower price increases were recorded for alcoholic beverages and tobacco, as well as clothing and footwear, while there was a marginal acceleration in prices for recreation and culture.

Latest available statistics show that **credit to the private sector remained subdued in early 2013.** On a year-on-year basis to January, credit granted by the consolidated financial system slowed to 1.9 per cent from 2.1 per cent in December 2012. Loans to consumers expanded by 3.2 per cent while real estate mortgage lending continued to be very robust, increasing by 11.6 per cent (year-on-year) in January. On the other hand, credit to private businesses declined for the second consecutive month, by 1.9 per cent in January from 0.8 per cent in December 2012 despite the softening of loan interest rates over the past few months.

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On account of significant net domestic fiscal injections and relatively low demand for credit, liquidity in the financial system continued to increase. Commercial banks' holdings of excess reserves at the Central Bank rose to a daily average of $5,961.9 million in March 2013 from $5,125.5 million in the previous month. In the context of addressing the liquidity situation, the Central Bank rolled over for one year $1.5 billion in fixed deposits which the commercial bank held at the Bank. Central Bank foreign exchange sales to authorised dealers also helped to remove $415 million from the banking system. The Central Bank stands ready to employ additional measures in coming months based on the evolution of financial system liquidity.

Short-term interest rates fell further during the month of March, with the rate on three-month treasury bills declining by 6 basis points to 0.18 per cent as at March 18. Meanwhile, the US three-month treasury rate reached 0.10 per cent, resulting in a narrowing of the differential between TT and US three-month treasury rates to 0.08 per cent in March from 0.11 per cent in the previous month.

The stability of core inflation supports the view that underlying price pressures remain subdued at present. While the domestic economy is expected to improve over the course of 2013, available indicators suggest that private sector demand for credit was relatively slow in the early months of the year. In the circumstances, **the Bank views the present accommodative monetary policy stance as appropriate and has decided to maintain the 'Repo' rate at 2.75 per cent.**

The Bank will continue to keep economic and monetary conditions under close review in the coming months.

The next 'repo' rate announcement is scheduled for April 26, 2013.

March 22, 2013

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per cent Change/

	Weights	Monthly		Year-on-Year	
		January 2013	February 2013	January 2013	January 2013
Headline Inflation	1,000.00	2.6	0.3	7.3	5.9
Food and Non-Alcoholic Beverages	180.00	6.2	0.8	13.8	10.6
Bread and Cereals	31.21	0.0	(0.5)	0.6	0.0
Meat	29.21	0.6	(0.8)	9.6	6.9
Fish	11.37	1.8	3.5	6.5	4.8
Vegetables	21.84	8.2	0.2	27.6	17.8
Fruits	14.28	5.7	6.8	(3.3)	(1.6)
Milk, Cheese & Eggs	19.05	0.5	(0.5)	0.9	(1.2)
Oils and Fats	9.07	0.6	0.3	2.8	1.6
Sugar, Jam, Confectionery, etc.	7.66	(0.4)	(0.1)	0.4	(1.5)
Food Products NEC	12.51	15.3	(3.8)	24.4	31.9
Non-Alcoholic Beverages	23.80	(0.7)	0.3	(1.0)	(0.4)
Core Inflation	820.00	(0.4)	(0.1)	2.2	2.1
Alcoholic Beverages & Tobacco	25.00	(0.2)	(0.4)	2.5	2.0
Clothing and Footwear	53.00	0.9	(1.1)	2.9	1.7
Furnishings, Household Equipment and Routine Maintenance	54.00	0.1	0.0	1.3	1.3
Health	51.00	0.5	0.0	6.1	6.1
Of which: Medical Services	19.91	0.5	0.0	12.6	12.6
Housing, Water, Electricity, Gas & Other Fuels	262.00	(0.8)	0.0	0.1	0.1
Of which: Rent	24.00	(0.8)	0.0	2.0	2.0
Home Ownership	180.00	(1.0)	0.0	(0.2)	(0.2)
Education	16.00	0.0	0.0	6.3	6.3
Recreation & Culture	85.00	(1.9)	0.0	2.1	2.1
Hotels, Cafes & Restaurants	30.00	0.2	0.0	4.0	4.0
Transport	167.00	0.2	0.0	3.8	3.8
Communication	41.00	0.0	0.0	0.1	0.1
Miscellaneous Goods and Other Services	36.00	(0.7)	0.0	1.1	1.1

Source: Central Statistical Office.

- End -

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Media Release

INFLATION INCREASES TO 6.9 PER CENT IN MARCH: CENTRAL BANK MAINTAINS REPO RATE AT 2.75 PER CENT

The latest data on retail prices released by the Central Statistical Office indicate that there was a slight increase in the rate of inflation. Headline inflation, measured by the twelve-month increase in the Index of Retail Prices, rose to 6.9 per cent in March 2013 from 5.9 per cent in the previous month. However, on a month-on-month basis, headline inflation for two consecutive months slowed, to 0.2 per cent in March compared with an increase of 0.3 per cent in February.

Food inflation, the main driver of headline inflation, rose to 12.9 per cent in March 2013, up from 10.6 per cent in February. This was mainly attributed to faster price increases for vegetables (24.2 per cent compared with 17.8 per cent in February 2013), fish (5.7 per cent compared with 4.8 per cent in February 2013) and food products not elsewhere classified (40.1 per cent compared with 31.9 per cent in February 2013). Slower price increases were recorded for meat (6.0 per cent compared with 6.9 per cent in February 2013) and oils and fats (0.8 per cent compared with 1.6 per cent in February 2013). In contrast, prices declined for milk, cheese and eggs (-1.5 per cent), fruits (-2.7 per cent) and sugar, jam and confectionery (-3.0 per cent).

Core inflation, which excludes the influence of food prices, remained relatively unchanged, inching up to 2.2 per cent in March from 2.1 per cent recorded in February. There was an uptick in the price increase for alcoholic beverages and tobacco (4.1 per cent compared with 2.0 per cent in February) while prices decelerated for health (6.0 per cent compared with 6.1 per cent in February).

Growth in private sector credit remained relatively slow in February 2013. On a year-on-year basis, credit granted by the consolidated system to the private sector increased by 2.1 per cent from 1.9 per cent in the previous month. Among the major loan categories, lending for real estate mortgages

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rose at a robust rate of 13.4 per cent compared with 11.6 per cent in January, while the pace of growth in consumer lending slowed, to 2.9 per cent compared with 3.2 per cent in January 2013. However, business lending declined on a year-on-year basis for the third consecutive month, by 2.1 per cent in February 2013.

Liquidity levels in the financial system, though still high, retreated in the first three weeks of April 2013. Commercial banks' excess reserve balances held at the Central Bank fell to a daily average of $5,236 million in April 1-23 compared with a daily average of $6,043 million in March. Central bank intervention in the foreign exchange market via sales of US$60 million to authorised dealers helped to remove $383 million in excess liquidity from the system. Commercial banks remained adequately liquid and therefore did not require funds from the inter-bank market or the repo window. The Central Bank plans to undertake additional measures in the coming months to withdraw excess system liquidity.

Short term interest rates declined further in April 2013. The interest rate on 91-day treasury bills fell to 0.15 per cent in April 2013 from 0.18 per cent in March 2013 and the 182-day treasury bill rate declined to 0.36 per cent in March 2013 from 0.46 per cent in January. With rates in US comparative markets also declining, the differential between TT and US three-month t-bills remained unchanged at 0.10 per cent in April 2013.

While economic activity is expected to pick up gradually over the course of 2013, the recovery is likely to be subdued. Continued stability in core inflation suggests that underlying inflationary pressures remain well contained. In these circumstances, the Central Bank views the present accommodative monetary stance as appropriate and has decided to maintain the 'Repo' rate at 2.75 per cent.

The Bank will continue to keep economic and monetary conditions under close review in the coming months.

The next 'Repo' rate announcement is scheduled for May 24, 2013.

April 26, 2013

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per cent Change/

	Weights	Monthly		Year-on-Year	
		February 2013	March 2013	February 2013	March 2013
Headline Inflation	1,000.00	0.3	0.2	5.9	6.9
Food and Non-Alcoholic Beverages	180.00	0.8	0.4	10.6	12.9
Bread and Cereals	31.21	(0.5)	0.1	0.0	0.2
Meat	29.21	(0.8)	(0.3)	6.9	6.0
Fish	11.37	3.5	0.9	4.8	5.7
Vegetables	21.84	0.2	(4.8)	17.8	24.2
Fruits	14.28	6.8	11.5	(1.6)	(2.7)
Milk, Cheese & Eggs	19.05	(0.5)	(0.1)	(1.2)	(1.5)
Oils and Fats	9.07	0.3	0.7	1.6	0.8
Sugar, Jam, Confectionery, etc.	7.66	(0.1)	(1.1)	(1.5)	(3.0)
Food Products NEC	12.51	(3.8)	4.1	31.9	40.1
Non-Alcoholic Beverages	23.80	0.3	0.0	(0.4)	(0.6)
Core Inflation	820.00	(0.1)	0.1	2.1	2.2
Alcoholic Beverages & Tobacco	25.00	(0.4)	2.3	2.0	4.1
Clothing and Footwear	53.00	(1.1)	0.0	1.7	1.7
Furnishings, Household Equipment and Routine Maintenance	54.00	0.0	0.0	1.3	1.3
Health	51.00	0.0	0.0	6.1	6.0
Of which: Medical Services	19.91	0.0	0.0	12.6	12.6
Housing, Water, Electricity, Gas & Other Fuels	262.00	0.0	0.0	0.1	0.1
Of which: Rent	24.00	0.0	0.0	2.0	2.0
Home Ownership	180.00	0.0	0.0	(0.2)	(0.2)
Education	16.00	0.0	0.0	6.3	6.3
Recreation & Culture	85.00	0.0	0.0	2.1	2.1
Hotels, Cafes & Restaurants	30.00	0.0	0.0	4.0	4.0
Transport	167.00	0.0	0.0	3.8	3.8
Communication	41.00	0.0	0.0	0.1	0.1
Miscellaneous Goods and Other Services	36.00	0.0	0.0	1.2	1.2

Source: Central Statistical Office.

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Appendices:

Media Release on the Mortgage Market Reference Rate

1 **Media Release dated December 03, 2012 - Mortgage Market Reference Rate (MMRR) for December 2012 Falls to 2.50 Per cent.**

2 **Media Release dated March 01, 2013 - Mortgage Market Reference Rate (MMRR) for March 2013 Remains at 2.50 Per cent.**

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Media Release

MORTGAGE MARKET REFERENCE RATE (MMRR) FOR DECEMBER 2012 FALLS TO 2.50 PER CENT

The Central Bank of Trinidad and Tobago in consultation with the Bankers' Association of Trinidad and Tobago (BATT) has established a set of rules for the Residential Mortgage Market. These rules, which take the form of a **Residential Real Estate Mortgage Market Guideline**[1] went into effect on September 14, 2011, and are applicable, in the first instance, to all commercial banks and their affiliated non-bank financial institutions that grant residential mortgages.

The Residential Real Estate Mortgage Market Guideline can be accessed via the websites of the Central Bank (www.central-bank.org.tt), the National Financial Literacy Programme (www.national-financial-literacy.org.tt) and the Bankers' Association of Trinidad and Tobago (www.batt.org.tt).

The Guideline establishes an interest rate benchmark - the **Mortgage Market Reference Rate (MMRR)** – against which all residential mortgage rates are to be priced and re-priced. This MMRR is computed by the Central Bank using information on **commercial banks' funding costs and yields on applicable treasury bonds** and is announced on a quarterly basis **(on the first business day in the months of March, June, September and December).**

Available data from the mortgage operations of commercial banks indicate that mortgage rates have continued to decline in September 2012. The weighted average lending rates on new as well as outstanding residential mortgages fell to 6.40 per cent and 7.07 per cent, respectively in September from 6.60 per cent and 7.21 per cent in June. In a context of limited opportunities for attractive financial instruments, investors have been adding real assets (including real estate) to their wealth portfolios in search of better returns and to diversify risks. Lower mortgage rates have been providing some stimulus

[1] The Residential Real Estate Mortgage Market Guideline can be accessed via the web-sites of the Central Bank (www.central-bank.org.tt), the National Financial Literacy Programme (www.national-financial-literacy.org.tt) and the Bankers' Association of Trinidad and Tobago (www.batt.org.tt).

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to credit expansion in the residential real estate segment of the loan market. In the twelve months to September 2012, outstanding residential mortgage loans held by both commercial banks and non-bank financial institutions rose by 10.9 per cent from 9.4 per cent in June.

The high level of liquidity in the financial system is serving to keep yields on domestic bonds as well as deposit rates at depressed levels. The ten-year treasury bond yield (based on the Central Bank's yield curve estimates) slipped by 48 basis points to 3.28 per cent in September from 3.76 per cent in June 2012. Commercial banks' funding costs also fell slightly as deposit rates declined in September.

Against the background of lower funding costs and bond yields, the public is asked to note that the **MMRR for December 2012,** which is based on data for the quarter ending September 2012, **fell to 2.50 per cent** from 3.00 per cent in the previous quarter. **Commercial banks and their affiliated non-bank financial institutions are expected to apply this rate to all existing residential mortgage loans that are due to be re-priced as well as new mortgages from December 03, 2012.**

Customers are also reminded that the **MMRR is not the mortgage rate** that will be charged by the commercial bank. **The mortgage rate will be computed as the MMRR plus a margin which will be negotiated between the commercial bank and the customer.** The margin will take into account the customer's credit rating, the location of the property, the size of the down payment and the size and quality of collateral.

The next MMRR announcement is scheduled for March 1, 2013.

December 03, 2012.

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Table 1
Changes to the Mortgage Market Reference Rate (MMRR) and Commercial Banks' Residential Mortgage Rates
(Per cent)

	MMRR	Residential Mortgage Rate (Outstanding and New Mortgages)	Residential Mortgage Rate (New Mortgages Only)
Dec-11	3.50	7.45	6.68
Mar-12	3.25	7.33	6.75
Jun-12	3.25	7.21	6.60
Sep-12	3.00	7.07	6.40
Dec-12	2.50	-	-

Source: Central Bank of Trinidad and Tobago.

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Media Release

MORTGAGE MARKET REFERENCE RATE (MMRR) FOR MARCH 2013 REMAINS AT 2.50 PER CENT

The Central Bank of Trinidad and Tobago in consultation with the Bankers' Association of Trinidad and Tobago (BATT) has established a set of rules for the Residential Mortgage Market. These rules, which take the form of a **Residential Real Estate Mortgage Market Guideline** went into effect on September 14, 2011, and are applicable, in the first instance, to all commercial banks and their affiliated non-bank financial institutions that grant residential mortgages.

The Guideline establishes an interest rate benchmark – the **Mortgage Market Reference Rate (MMRR)** – against which all residential mortgage rates are to be priced and re-priced. This MMRR is computed by the Central Bank using information on **commercial banks' funding costs and yields on applicable treasury bonds** and is announced on a quarterly basis **(on the first business day in the months of March, June, September and December).**

Latest available data on commercial banks' mortgage operations show that mortgage rates continued to fall in December 2012. In fact, since the new regime for pricing residential mortgages came into effect, residential mortgage rates have trended downwards. The **weighted average rate on outstanding residential mortgages** fell to 6.95 per cent in December 2012 from 7.07 per cent in September 2012 and 7.45 per cent in December 2011. Likewise, the w**eighted average rate on new residential mortgages** declined to 6.34 per cent in December from 6.40 per cent in September 2012 and 6.68 per cent one year earlier. Lower mortgage rates have encouraged demand for real estate mortgage loans, which has helped to bolster growth in overall bank credit. On a year-on-year basis, real estate mortgage loans granted by commercial banks and non-bank financial institutions rose by 11.2 per cent in December 2012 compared with 10.9 per cent in September.

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With the financial system continuing to experience high liquidity levels in the fourth quarter of 2012, deposit rates and Central Government bond yields were little changed from the previous quarter. The commercial banks' weighted average deposit rate held at 0.57 per cent in December, while the 10-year treasury bond yield (based on the Central Bank's yield curve estimates) was up 18 basis points to 3.41 per cent in December from 3.23 per cent in September 2012.

Against this background, the public is asked to note that the **MMRR for March 2013**, which is based on data for the quarter ending December 2012, **remained unchanged at 2.50 per cent. Commercial banks and their affiliated non-bank financial institutions are expected to apply this rate to all existing residential mortgage loans that are due to be re-priced as well as new mortgages from March 01, 2013.**

Customers are also reminded that **the MMRR is not the mortgage rate** that will be charged by the commercial bank. **The mortgage rate will be computed as the MMRR plus a margin which will be negotiated between the commercial bank and the customer.** The margin will take into account the customer's credit rating, the location of the property, the size of the down payment and the size and quality of collateral.

The next MMRR announcement is scheduled for June 3, 2013.

March 01, 2013.

- End -

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