CENTRAL BANK OF TRINIDAD & TOBAGO

Monetary Policy Report

April 2012

Volume XII Number 1

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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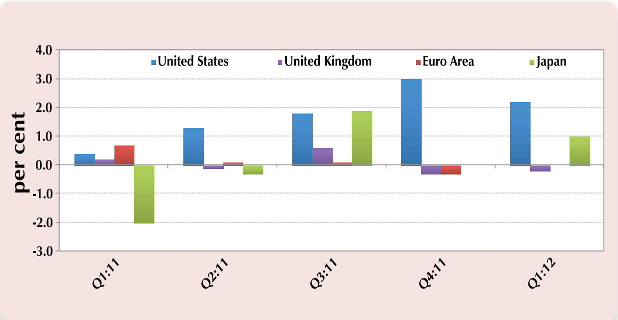
PART I - Overview

At the beginning of 2012, agreements on an international bailout plan for Greece and on an enhanced "safety net" for the region promised to bring financial stability to the EU, after a prolonged turmoil caused by the European sovereign debt crisis. However, increasing public discontent about the hardships caused by the underlying austerity plan translated into an electoral setback for the Greek Government and an ensuing political crisis, which currently threatens to unravel the bailout plan and, at worst, prompt Greece's pullout from the Euro Area.

This prospect has set in train a new Greek banking crisis, which is threatening to spread to Spain, another vulnerable Euro Area member. To underscore the potential contagion that could be triggered by this worsening situation, a special meeting of G8 leaders, called by President Obama on May 17-18, urged Greece to remain in the Euro Area and agreed on the need for more stimulus policies to promote growth and job creation (Chart Ia). Meanwhile:

Chart Ia
Advanced Economies - GDP Growth Rates
(Quarter-on-Quarter Per Cent Change)



- In the US, a gradual recovery remains in progress with economic growth in the first quarter of 2012 estimated at 2.2 per cent. After a strong spurt in January 2012, job creation has lagged behind expectations and the unemployment rate has declined only marginally to a still high 8.1 per cent. Inflation remains under control (at 2.3 per cent year-on-year in April), aided by the fall in energy prices.

- In the UK, preliminary GDP data for the first quarter of 2012 indicated that the economy returned to recession as growth contracted for the second consecutive quarter. Output declined by 0.3 per cent in the last quarter of 2011 and by 0.2 per cent in the first quarter of 2012. Inflation in the UK has remained at 3.0 per cent in April, well above the 2 per cent target, with unemployment remaining stubborn at about 8.2 per cent.

Chart Ib
Advanced Economies - Unemployment
(Quarter-on-Quarter Per Cent Change)

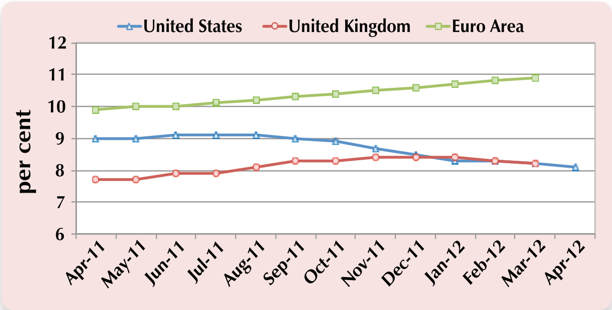
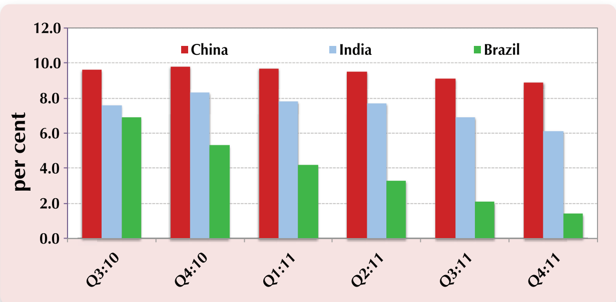


Chart Ic
Emerging Market Economies - GDP Growth
(Year-on-Year Per Cent Change)



- A robust German rebound allowed real GDP in the Euro Area to remain flat in the first quarter of 2012 avoiding a second consecutive quarter of decline. While inflation in the Euro Area remains basically under control (2.6 per cent in April), unemployment has increased to an estimated 11 per cent. Within the Euro Area, unemployment in Spain and Greece stands at 24.4 and 21.7 per cent respectively (Chart lb).

- Japan's economy grew by 1 per cent in the first quarter of 2012, following a flat fourth quarter 2011. With a subdued export performance, first quarter growth was propelled by rising private consumption and public investment. Japan's unemployment rate has declined from around 4.9 per cent to 4.5 per cent and inflation has remained subdued.

Emerging market economies are now experiencing some financial instability related to the Euro Area crisis, as well some moderation in their high growth rates as authorities begin to tighten policies to contain inflationary pressures (Chart lc).

- Real GDP growth in China slowed to an 8.1 per cent annual rate in the first quarter of 2012, down from an 8.9 per cent rate in the fourth quarter of 2011. The slowdown reflected weaker export demand and domestic measures to prevent overheating. Inflation in China has come down from 4.1 per cent in December 2011 to 3.4 per cent in April 2012.

- The Indian economy has similarly experienced a deceleration in the rate of growth to an annual rate of 6.1 per cent in the fourth quarter of 2011 (the slowest rate in two years), compared with more than 8 per cent the previous year. The pronounced slowdown coincided with a tightening of the monetary stance in the face of a resurgence of inflation which reached 8.7 per cent in March 2012.

- Notwithstanding considerable monetary stimulus, Brazil's economy grew at a rate of 2.7 per cent in 2011, compared with an average of over 3.6 per cent in the previous two years. Economic growth has remained anemic in 2012, with the first quarter increase in real GDP estimated at 1.1 per cent. Inflation in Brazil has receded to 5.1 per cent in April 2012 from 6.5 per cent in December 2011.

Although growth in the Caribbean region staged somewhat of a partial recovery in 2011 (2.2 per cent), much of this improved performance came from strong economic growth in the commodity-producing nations of Guyana and Suriname. Available statistics indicate that real GDP in Guyana and Suriname grew by an estimated 5.4 per cent and 4.5 per cent, respectively in 2011, substantially above the rate of growth of the major tourism-dependent economies of Barbados (0.4 per cent), Jamaica (1.5 per cent) and the Bahamas (2.0 per cent) (Table la).

Table Ia
CARICOM Countries - GDP Growth
(Per Cent)

	2009	2010	2011
The Bahamas	-5.4	1.0	2.0
Barbados	-4.2	0.2	0.5
Guyana	3.3	4.4	4.2
Jamaica	-3.1	-1.4	1.5
Suriname	3.5	4.5	4.5

Source: IMF, Regional Economic Outlook.

Chart Id
Trinidad and Tobago: Real GDP Growth
(Year-on-Year Per Cent Change)

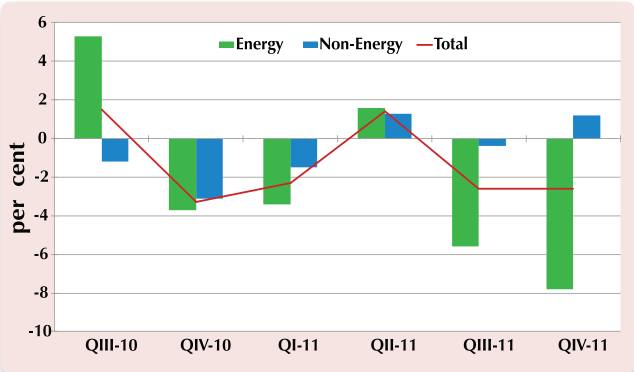
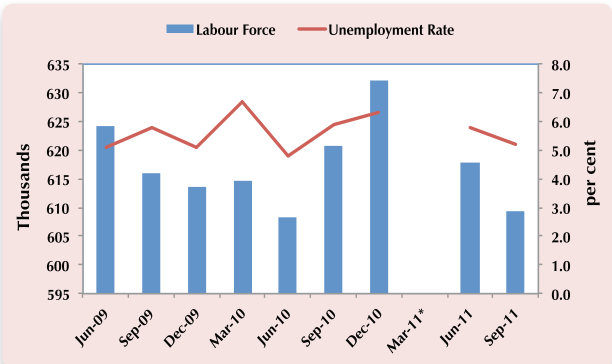


Chart Ie
Unemployment Rate and Labour Force



* Data for March 2011 is unavailable.

The Domestic Economy

Trinidad and Tobago's economy contracted in the fourth quarter of 2011 mainly on account of the fall in value-added in the energy sector (Chart Id). Oil production continued its secular decline, but significantly, output of natural gas was 7.6 per cent lower in quarter 4 2011, than in the corresponding period of 2010 mainly because of plant closures for maintenance and security upgrades. Natural gas shortages negatively affected production in the downstream petrochemical sector.

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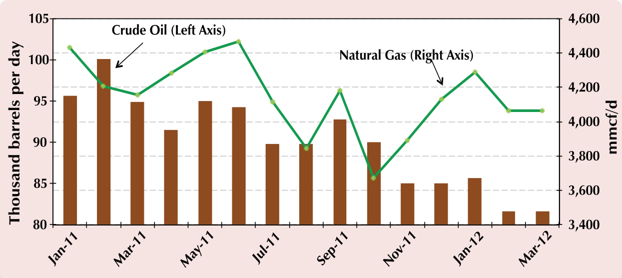
Notwithstanding the impact of shorter working hours related to the curfew, available indicators point to a slight overall increase in activity in the non-energy sector. Output in the manufacturing sector is estimated to have declined but this was more than offset by an increase in activity in the construction, distribution, finance and water and electricity sectors.

Incorporating the fourth quarter data puts the real GDP decline for 2011 at 1.5 per cent, a slight revision from the negative 1.4 per cent originally estimated.

According to the latest data released by the Central Statistical Offcice the unemployment rate fell to 5.2 per cent in the third quarter of 2011 from 5.8 per cent in the previous quarter (Chart Ie). This improvement, is however ,more apparent than real since it results mainly from the reduction in the labour force, which outweighed the number of jobs lost in the quarter.

The last MPR had anticipated a recovery in economic activity in 2012, after three consecutive years of economic decline. Data for the first quarter of 2012 do not yet validate this optimism as a further, albeit small, decline in real GDP seems to have occurred.

Chart If
Crude Oil and Natural Gas Production



According to available information for the first quarter of 2012, crude oil output continued its declining trend, falling by some 13.8 per cent below first quarter 2011. Lower output by BPTT as a result of ongoing maintenance operations was the main contributing factor (Chart If). Lower crude oil production also contributed to a 15 per cent decline in the output of refinery products. Output of natural gas was slightly higher than in the first quarter of 2011.

In the petrochemical sector, the closure of the Atlas Methanol plant for scheduled maintenance in January 2012 significantly reduced domestic methanol output, while mechanical problems at the urea plant limited fertilizer production to year-earlier levels. Producers in the downstream sector continue to complain that the chronic imbalance in gas supply is forcing major under-utilization of plant capacity and having serious effects on competitiveness.

In the non-energy sector, available data suggest that output of the construction and manufacturing sectors was negatively affected by industrial action at Trinidad Cement Limited, which significantly reduced output and sale of cement in the quarter. Reduced production of mined aggregates - which are used in construction and are complements to cement - also point to weak construction activity.

In respect of manufacturing activities, several manufacturers of bricks and blocks and concrete products report that production and sales were curtailed by cement shortages. Distribution activity was also affected as lower cement production and the rise in cement prices lowered retail sales of hardware and construction materials.

There are indeed other indicators that support the assessment of an economy that is still struggling to get into recovery mode. For example, while there has been some pick-up, credit demand remains basically weak, particularly for business and consumer credit. Much of the increase in consumer credit was for the purchase of automobiles. Private sector representatives acknowledge that there are several government initiatives geared to promoting new business investment. They concede,

Table Ib
Central Government Revenue and Expenditure
(TT$ Million)

	Oct 2011 - Mar 2012	Oct 2010- Mar 2011
REVENUE	**24,264.90**	**20,019.20**
Energy Revenue	13,638.50	10,831.00
Non-Energy Revenue	10,626.50	9,188.20
EXPENDITURE	**21,453.10**	**20,226.70**
Current Expenditure	18,796.70	18,012.50
Capital Expenditure and Net Lending [1]	2,656.40	2,214.20
Overall Surplus (+)/Deficit (-)	**2,811.80**	**-207.50**
Memo Item:		
Non-energy Fiscal Deficit	-10,826.70	-11,038.50

Source: Ministry of Finance

[1] Includes an adjustment for Repayment of Past Lending.

however, that the turnaround in business, is taking longer than expected because many business are still taking a wait-and-see attitude, given weak export demand from the region and concerns about the security and industrial relations environment.

Fiscal operations in the first half of the fiscal year have not provided the stimulus to economic activity that was originally envisaged. Based on preliminary data, fiscal operations produced an overall surplus of $2.8 billion compared with a deficit of $207.5 million in the corresponding period of the last fiscal year (Table 1b). Much of the surplus derives from higher energy revenues. However, partial data suggests that even the non-energy fiscal deficit was lower in the first six months of the current fiscal year than in the last fiscal period. The data also show that non-energy income taxes and excise taxes are down compared both with budget projections and with last year

Chart Ig
Repo Rate and Weighted Average Rate on New Loans

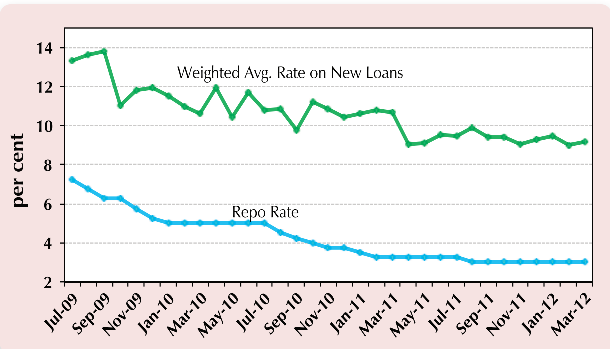
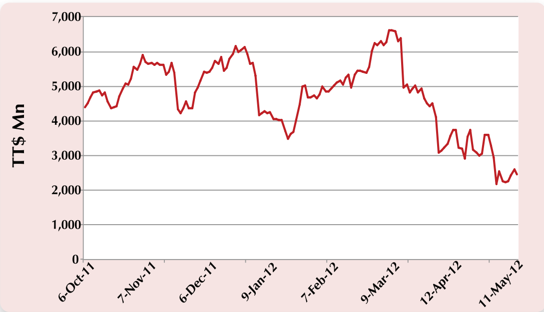


Table Ic
Private Sector Credit by the Consolidated Financial System
(Year-on-Year Percentage Changes)

	Consumer Credit	Real Estate Mortgage Loans	Loans to Business Firms	Consolidated Financial System
Mar-11	5.1	8.2	-5.3	-1.4
Apr-11	6.7	8.8	-5.9	-0.8
May-11	4.6	10.2	-2.2	0.9
Jun-11	5.4	10.0	-1.5	1.5
Jul-11	4.3	9.9	-0.6	1.8
Aug-11	4.2	9.6	0.0	1.0
Sep-11	3.9	9.8	-1.4	0.1
Oct-11	3.7	8.9	1.6	1.4
Nov-11	4.3	9.1	2.7	2.5
Dec-11	1.9	8.8	6.9	3.7
Jan-12	2.5	8.7	5.7	3.4
Feb-12	2.2	9.4	2.8	2.3
Mar-12	2.2	9.8	4.8	3.1

Source: Central Bank of Trinidad and Tobago.

Chart Ih
Commercial Banks' Excess Reserves



collections. While capital expenditure in the first half of the year is some 20 per cent higher than last year, it is significantly below budget projections.

The Central Bank sought to maintain an accommodative monetary stance geared to supporting the expansion of economic activity. The repo rate was maintained at 3 per cent, the rate to which it was lowered in July 2011 (Chart Ig). While bank lending rates have been lowered somewhat, in general, except for rates on mortgage loans, lending rates over the past two years have not come down commensurately with the decline in the repo rate. The year-on-year increase in financial system credit to the private sector has risen marginally by an average of 2.2 per cent with the major increase relating to mortgage loans. Business and consumer credit registered only modest increases (Table 1c).

Sluggish credit demand combined with limited capital market activity were the main factors contributing to the

Chart Ii
Trinidad and Tobago
Central Government Yield Curve

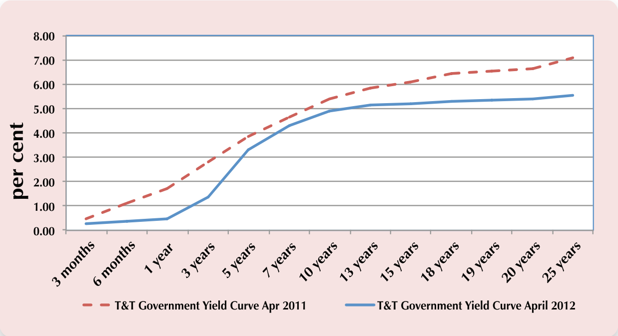
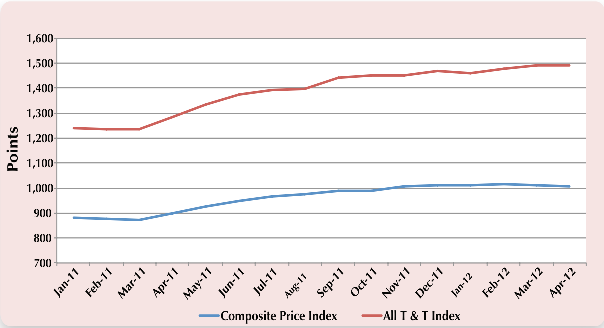


Chart Ij
Trinidad and Tobago Stock Indices



significant growth in excess reserve deposits. The Bank has sought to reduce this excess liquidity through the use of compulsory reserve deposits and through sales of foreign exchange. By end April 2012, excess reserves were reduced to roughly one-half the peak of $6.1 billion.

The high level of excess reserves has put downward pressure on short-term interest rates (Chart Ih). Three-month treasury bill rates reached a low of 4 basis points, while the rate on one year treasury notes reached a low of 28 basis points.

Over the past eighteen months, there were no central government long-term government issues other than for the CLICO bailout of policy holders with over $75,000. There were (three) government guaranteed issues at rates sharply lower than in previous year. The public sector yield curve has thus flattened in the past eighteen months (Chart Ii).

In the current very low interest rate environment there has been some increase in activity in the stock market, with the Composite Stock Price Index (CPI) rising by 21.2 per cent in 2011 (Chart Ij).

With domestic demand relatively subdued and with considerable spare capacity in the economy, core inflation has remained fairly contained at under 2 per cent. However, reflecting a sharp increase in food prices related to weather-induced supply shortages, headline inflation jumped to 9.1 per cent in March, 2012 from 0.6 per cent in August, 2011.

There is now general agreement that the current methodology for estimating the food component of the Index of Retail Prices (RPI) which utilises arithmetic averaging of some sub-items in the food basket, overstates the increase in food prices by a significant amount. The CSO is currently updating the methodology for the food sub-index to reflect the standards in the latest CPI Manual. It is also updating the weights for all the indices in the RPI to reflect expenditure patterns in the 2008-2009 Household Budgetary Survey. A rebased RPI is expected at the end of 2012.

Short Term Outlook

The worsening crisis in the Euro Area poses a serious threat to the short-term economic outlook of the bloc itself as well as to its main trading partners. The current Euro Area forecast is for a real GDP decline of 0.3 per cent in 2012 to be followed by 1 per cent growth in 2013. In the UK, the Bank of England expects growth of about 0.6 per cent in 2012 with a pick-up of around 2 per cent in 2013. The latest US forecasts are for real GDP growth of about 2.1 per cent in 2012, rising to 2.4 per cent in 2013.

However, while its precise impact is difficult to predict, a disorderly Greek exit from the Euro Area would prompt a loss of credibility in the economic bloc and spread contagion in the advanced economies and globally. Many emerging market economies are now facing increased capital outflows related to the unsettled market conditions in the Euro Area. If the Greek crisis is not successfully resolved this trend could intensify, with negative consequences for growth and for exchange rate and financial stability in the more dynamic emerging market countries.

In the case of Trinidad and Tobago, based on the economic developments in the first quarter of the year, the Bank has made a downward revision in its growth projection for 2012 from 1.5 per cent to (at most) 1 per cent.

The Bank has also raised its projection for headline inflation to 7.0 per cent from 5.0 per cent in the last MPR. While the upward revision mainly reflects higher expected food inflation, there is some allowance for a modest increase in core inflation to compensate for price adjustments which were repressed during the past two years of sluggish economic activity, and for higher wage settlements.

Monetary policy will have to deal with specific challenges in the months ahead. There is a case for continuing the accomodating monetary stance to further promote the recovery. However, the frequent bouts of substantial excess liquidity are potentially de-stabilizing especially with signs of an upward drift in core inflation. The Bank will need to keep this situation under close review.

The revised growth projection continues to carry downside risks. It assumes, for example, that ongoing maintenance activity in the energy sector is completed on schedule and that production of oil and gas returns to trend levels in the second half of the year. In the non-energy sector, it is expected that normalization of production in the cement industry will facilitate a pick-up of activity in the construction sector and that there will be a marked improvement in the implementation of the public sector investment programme.

There are three main downside risks to the growth projection.

First, the worsening crisis in the Euro Area will affect the advanced countries, and thereafter contagion will spread to the Caribbean region including Trinidad and Tobago through the trade and remittances channels.

Second, the current industrial relations climate constitutes a major risk to the achievement of an economic recovery. At present, there are ongoing wage negotiations in several critical sectors — including in the central government and in the financial sector. Continuation of the current adversarial negotiating environment would, as a minimum, further reduce productivity levels, and, at worst, could lead to major work disruptions, all of which could impact growth.

Related to the industrial relation risk is the possible escalation of wage settlements. The floor to three-year wage settlements seems to have moved from five to nine per cent (excluding cost of living adjustments). A generalization of this trend could erode the competitive position of the non-energy export sector.

Finally, the private sector now identifies the current crime situation as a major consideration in investment decisions. It also notes that security is adding considerably to operating costs. Here is a challenge that we need to address immediately.

Table Id
Summary Economic Indicators for 2011-2012

	Jan-Mar 2011	Jan-Mar 2012
Real Sector Activity		
Energy Sector		
Total Depth Drilled (metres)	20,116	34,907
Crude Oil Production (b/d)	96,865	82,480
Crude Oil Exports (bbls)	3,424,194	3,001,075
Refinery Throughput (b/d)	145,749	123,223
Natural Gas Production (mmcf/d)	4,260	4,232
Natural Gas Utilization (mmcf/d)	3,982	3,909
LNG Production (mmcf/d)	2,278	2,224
Fertlizer Production (000 tonnes)	1,473	1,471
Fertlizer Exports (000 tonnes)	1,277	1,292
Methanol Production (000 tonnes)	1,525	1,401
ECPI (Jan 2007 = 100)*	147.6	140.9
Non Energy		
Local Sales of Cement (000 tonnes)	119,677	99,116
Motor Vehicle Sales	3,303	3,352
Daily Job Vacancy Advertisements	593	769
Prices*		
Year-on-Year per cent change		
Producer Prices	526.6	544.3
Headline Inflation	9.4	9.1
Food Inflation	21.3	20.3
Core Inflation	2.7	1.8
Monetary*		
Year-on-Year per cent change		
Private Sector Credit	-1.4	3.1
Consumer Lending	5.1	2.2
Business Lending	-5.3	4.8
Real Estate Mortgages	8.2	9.8
M-1A	20.6	15.9
M-2	9.1	11.3
Commercial Banks' Excess Reserves ($ millions)	1,679.7	5,609.9
TT 91 day Treasury Bill Rate (per cent)	0.40	0.04
Financial Stability*		
Non-performing Loans (per cent)	5.7	6.8
Capital Adequacy Ratio (per cent)	24.6	26.1
Capital Market*		
Composite Price Index (1983 = 100)*	872.1	1011.6
Volume of Shares Traded (millions)	14.6	13.9
Mutual Funds Under management ($billions)*	35.6	37.1
External		
US$ Million		
Sales of Foreign Exchange to Public	1,433.6	1,634.4
Purchases of Foreign Exchange to Public	947.7	1,138.6
CBTT Sales to Authorized Dealers	385.0	395.0
Net Official Reserves*	9,143.5	9,884.9

* As at March.

Chart IIa

Changes To The Central Bank Policy Rate

Jan 2011:	'Repo' rate reduced to 3.50 per cent.
Feb 2011:	'Repo' rate reduced to 3.25 per cent.
Mar 2011:	'Repo' rate maintained at 3.25 per cent.
Apr 2011:	'Repo' rate maintained at 3.25 per cent.
May 2011:	'Repo' rate maintained at 3.25 per cent.
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.

Part II – Monetary Policy

Domestic Setting

The economy deteriorated further in the second half of 2011, with real GDP declining by 2.6 per cent in both the third and fourth quarters. In this environment of lethargic demand the twelve month rate of headline inflation, which measured 12.5% in January 2011, plummeted to an historic low of 0.6% in August 2011 before rising once again to 5.3 per cent in December 2011. This rise in headline inflation in the second half of 2011 was associated with a sharp increase in food prices which partly reflected the effects of inclement weather conditions on the domestic supply of fruits and vegetables. By December, food prices had risen to 11 per cent year-on-year compared with a decline of 0.3 per cent in August. Core inflation, however, which excludes food prices, held steady at under 2.0 per cent for most of 2011.

With domestic economic activity continuing to contract for most of 2011, and with core inflation well anchored, the Central Bank maintained its accommodative monetary stance in an effort to stimulate growth, especially in the non-energy sector.

The repo rate, which is the Central Bank's main policy rate remained unchanged at 3.00 per cent—the level established in July 2011 (Chart IIa). Commercial banks lowered their median prime lending rate by 25 basis points to 7.75 per cent in September 2011, and while this rate has remained unchanged since then, other loan rates have continued to fall. Weighted average rates on new loans fell by 133 basis points between January and December 2011 to 9.31 per cent and fell further to 9.19 per cent in March 2012. The commercial banks' weighted average loan rate on new and existing loans declined to 9.04 per cent in March 2012 from 9.16 per cent in December 2011 while the weighted average deposit rate declined to 0.59 per cent from 0.61 per cent over this period (Chart IIb).

Chart IIb
Weighted Average Loan and Deposit Rates

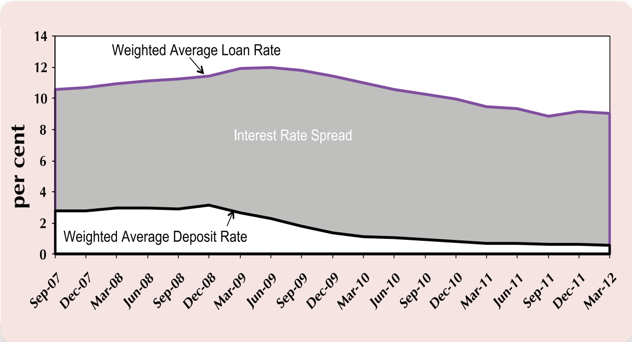
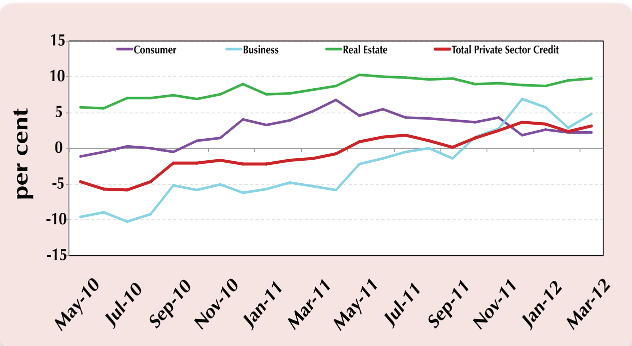


Chart IIc
Private Sector Credit by the Consolidated Financial System
(Year-on-Year Per Cent Change)



Private sector credit which had begun to show signs of a recovery since mid 2011 following 20 consecutive months of decline, gained momentum later in the year. By December, private sector lending was up by 3.7 per cent (year-on-year) compared with just 0.9 per cent in May 2011 and a decline of 2.2 per cent a year earlier. The expansion was sustained into 2012 with private sector credit granted by the consolidated system rising by 3.1 per cent (year-on-year) in March 2012 (Chart IIc).

The rise in private sector credit resulted mainly from the lending activity of commercial banks, as credit from non-bank financial institutions (NFIs) continued to contract. On a year-on-year basis, loans granted by the commercial banks to the private sector rose in excess of 4.0 per cent from July 2011 onwards. The latest data put the increase at 6.3 per cent in March 2012. On the other hand, credit extended by the NFIs contracted, by 16.0 per cent in February 2012 and by 15.8 per cent in March 2012 albeit at slower rates when compared to the decline of 20.7 per cent in September 2011. Partly on account of stiffer competition from the commercial banks, the NFIs have been reducing their loan portfolios for the past year and a half and concentrating on other aspects of their core business. As a result, by the end of the first quarter of 2012 NFIs accounted for 12 per cent of the loan portfolio of the financial system, down from 22 per cent at the end of 2006.

After declining for twenty-three consecutive months, business credit began a recovery in October 2011. Encouragingly, the growth in business lending has continued into 2012 with an increase of 4.8 per cent being recorded in March. A sectoral analysis of commercial bank lending showed year-on-year increases in loans granted to the manufacturing, other services and petroleum sectors. There was also a reversal of the downward trend in construction loans, mainly on account of lending associated with highway construction. However, lending to the agriculture, distribution and finance, insurance and real estate sectors recorded year-on-year declines of 2.0 per cent, 9.9 per cent, and 7.6 per cent.

Consumer lending, which had been growing steadily in 2011, continued its steady path of recovery, expanding by 2.2 per cent (year-on-year) in March 2012. The breakdown of consumer lending by major categories indicate that in the low interest environment, lending for refinancing and debt consolidation continued to grow strongly, rising by 8.6 per cent and 10.2 per cent, respectively, in March 2012 (12-month basis). Loans for home improvement, education and medical expenses and for the purchase of motor vehicles also registered increases. Real estate mortgage lending maintained its robust growth momentum throughout 2011, accelerating to 8.8 per cent year-on-year in December 2011 and 9.8 per cent by March 2012.

Despite some expansion in banks' credit portfolios, there was a considerable build up in liquidity in the financial system in March 2012. With loan demand still relatively weak and investment alternatives limited, commercial banks continued to build up excess reserve balances at the Central Bank. The banks' reserves in excess of the statutory requirement rose to a daily average of $5.7 billion in December 2011 from $4.6 billion in September and climbed to a record high of $6.6 billion in early March 2012. This steep increase was mainly associated with a rise in net domestic spending by the Central Government. The sale of foreign exchange by the Central Bank helped to remove TT$3.2 billion from the financial system between January and April 2012. In order to reduce the liquidity overhang, the Central Bank withdrew $1.5 billion through voluntary deposits which commercial banks placed in an interest bearing account at the Central Bank for a period of 1 year. This action along with the sale of foreign exchange helped to reduce excess liquidity at the commercial banks to around $3.4 billion at the end of April 2012. Given the extent of liquid resources available, commercial banks did not need to access the inter-bank market or the "repo" window at the Central Bank to satisfy their financing needs.

The accumulation of excess liquid balances in the financial system kept short-term interest rates at record lows during the first quarter of 2012, although rates have begun to inch up in May. The three-month treasury bill rate rose to 0.25 per cent in May 2012 having fallen to an historic low of 0.04 per cent in March. Similarly, the six-month treasury bill rate rose to 0.47 per cent in May 2012 from 0.14 per cent in March 2012 and 0.32 per cent in December 2011. With the US 91 day treasury bill rate slipping to 0.09 per cent in May, the interest rate differential between the TT and US three-month treasury bill which had turned negative in March 2012 (-0.05 per cent) became positive again in May 2012 (0.16 per cent).

Developments in the Foreign Exchange Market

High levels of domestic liquidity along with the sharp narrowing of the differential between US and TT short-term interest rates have contributed to an increased demand for foreign exchange. Local investors may have expanded their portfolios through the purchase of US dollar denominated instruments. Transactions reported by authorized dealers, which mainly comprise commercial banks and NFIs, show a steady increase in sales of foreign exchange for credit card transactions and to companies involved in the retail and distribution and automobile sectors. Sale of foreign exchange by authorized dealers to the public rose by 11.8 per cent to US $6.2 billion in 2011 from US $5.5 billion a year earlier (Table IIa).

With energy prices remaining firm for much of 2011, higher inflows of foreign currency, especially from the energy sector companies, enabled the authorized dealers to meet much of the increase in demand for foreign currency by the public. In 2011 foreign currency purchased from the public amounted to US$4,755.5 million, 17.6 per cent higher than in 2010. In 2011, the energy sector companies accounted for an estimated 77.2 per cent (compared with 73.6 per cent in 2010) of total

Table IIa
Foreign Exchange Sales and Purchases by Authorized Dealers/
(US$ Million)

	Purchases from the Public	Sales to the Public	Net Sales to the Public	Purchases from the Central Bank
2007	4,170.3	5,434.6	1,264.3	1,020.0
2008	5,785.2	6,466.3	681.1	822.8
2009	3,808.2	5,637.2	1,829.0	1,899.0
2010	4,043.3	5,536.0	1,492.7	1,550.0
2011	4,755.5	6,186.8	1,431.4	1,475.0
Jan – Mar 2011	947.7	1,433.6	485.9	385.0
Oct – Dec 2011	1,312.8	1,641.1	328.2	345.0
Jan – Mar 2012	1,138.6	1,634.4	495.8	395.0

Source: Central Bank of Trinidad and Tobago.

Chart IId
Commercial Banks- Sales of Foreign Exchange to the Public by Sector

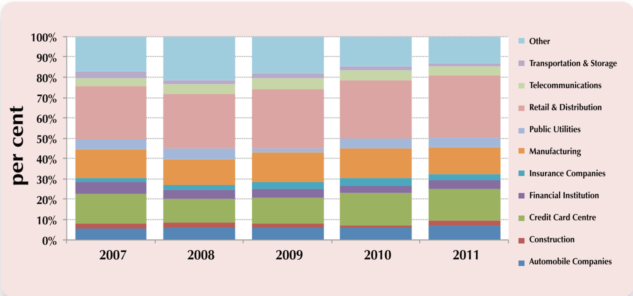


Chart IIe
Commercial Banks- Purchases of Foreign Exchange from the Public by Sector

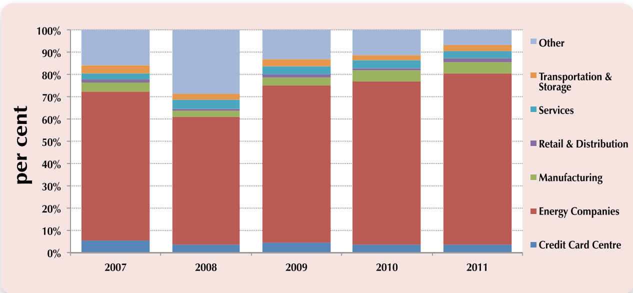
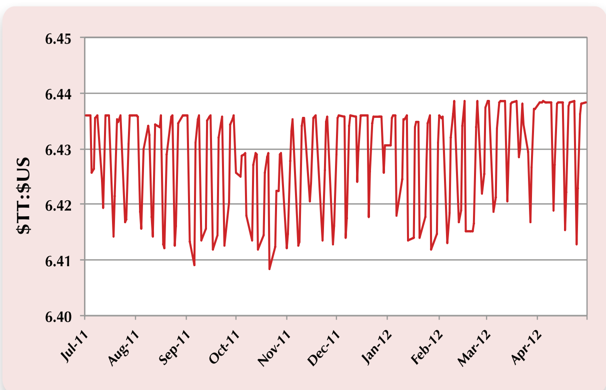


Chart IIf
TT/US Exchange Rate
(Average Selling Rate)



inflows of foreign currency in the local foreign exchange market (Table IIa and Chart IIe).

For the year as a whole, the Central Bank sold US$1,475.0 million in the foreign exchange market (compared with US$1,550 million in 2010). In particular, in the last quarter of 2011, the Central Bank's intervention was the lowest for the year as the market was well supplied due to a surge in inflows of foreign currency in December 2011. Central Bank sales of foreign currency during the first quarter of 2012 amounted to US$395 million, a somewhat higher pace than the $385 million recorded in the corresponding period of 2011. There was little change in the exchange rate of the Trinidad and Tobago dollar over the course of 2011, with the weighted average selling rate moving from US$1 = TT$6.4325 to US$1 = TT$6.4305. By the end of March 2012 the rate averaged TT$6.4314 (Chart IIf).

Part III – Monetary and Financial Sector Developments

Monetary Aggregates

Available data suggest that depositors continue to favour highly liquid demand deposits relative to the longer term instruments given the low interest rate environment. On a year-on-year basis to March 2012, M-1A grew by 15.9 per cent, with the growth rate of demand deposits at 16.6 per cent, while currency in circulation increased by 11.8 per cent (Charts IIIa and IIIb).

On a twelve-month basis, M-2, which includes M-1A as well as time and savings deposits expanded by 11.3 per cent in March 2012. Time deposits fell by 8.2 per cent, while savings deposits, which are held mostly by consumers, increased by 15.8 per cent (Chart IIIb). Meanwhile foreign currency deposits, recorded a year-on-year growth rate of 2.7 per cent in March 2012.

Chart IIIa
Trends in M-1A and M-2

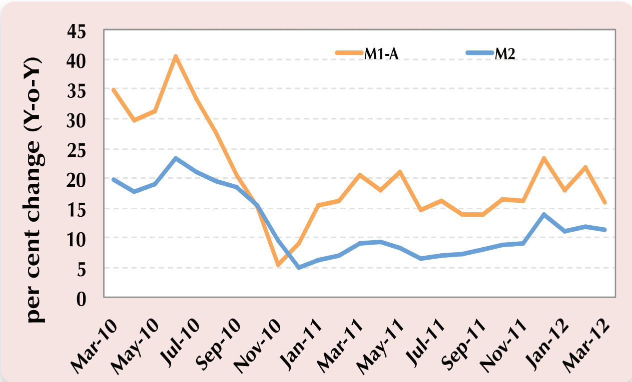
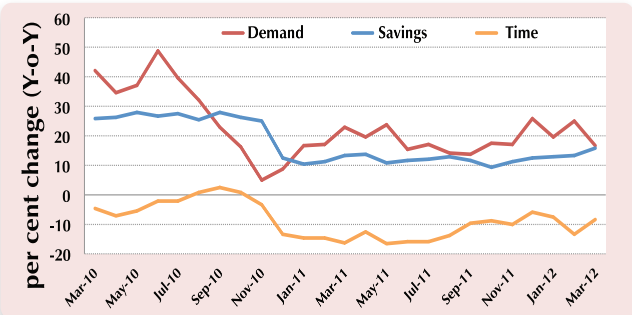


Chart IIIb
Trends in Demand, Savings and Time Deposits



Stock Market

The domestic stock market enjoyed a bullish run throughout 2011, providing investors with attractive returns, but has been hard pressed to sustain the performance in 2012 so far. The Composite Price Index (CPI) rose by 21.2 per cent in 2011 compared with an increase of 9.2 per cent in 2010 and a 9.2 per cent decline in 2009. During 2011, the majority of the sub-indices enjoyed impressive returns, with the Non-Banking sub-sector leading the group and posting an increase of 31 per cent. Trading activity surged due to a few large but one-off transactions, resulting in a total of 564 million shares exchanging hands in 2011.

In the first quarter of 2012, the domestic market struggled to maintain its momentum. At the end of March 2012, the CPI was down 0.1 per cent from the end of December, in contrast to the 4.4 per cent gain in the same period a year earlier. Declines were concentrated in the foreign headquartered companies, as the Cross Listed Index fell by 4.2 per cent in the first quarter. On the other hand, the All Trinidad and Tobago Index (ATI) registered growth of 1.7 per cent during the first quarter in 2012. After growing strongly in 2011, the Banking and Non-Banking sub-indices slipped in Q1 2012, retreating by 1.7 per cent and 1.6 per cent respectively, from the end of 2011. There was also a sharp decline of 6.1 per cent in the Property sub-index, while the Manufacturing II sub-index fell by 1.9 per cent.

However, not all sectors experienced losses. At the end of March, the Manufacturing I sub-index was up 7.6 per cent from the end of December 2011. Within this sub-index, the main performer was Angostura Holdings Limited, whose share price rose by 16.1 per cent. Other marginal gains were achieved by the Trading and Conglomerate sub-indices. Given the overall market performance, market capitalization remained relatively stable at $94.4 billion by the end of the first quarter in 2012.

The market continued to be characterized by low trading activity early in 2012. Over the first quarter, 13.9 million shares exchanged hands compared with 14.6 million and 14.3 million in the first and last quarters of 2011, respectively. However, during the first quarter in 2012, outstanding bids averaged 434,454 shares daily suggesting that there may be some unfulfilled demand in the market. Trading was heavily concentrated in the Non-Banking sub sector which accounted for 40.6 per cent of the total shares traded in the first quarter of 2012.

In institutional developments, the Trinidad and Tobago Securities and Exchange Commission issued guidelines aimed at providing a framework for the operations of the repurchase agreements market in the domestic financial system (Box 1). The Guidelines require that market players uphold a level of confidentiality and integrity in the Repo market and specify a minimum set of details that must be included in the legal agreement. The Guidelines also treat with other issues such as the margin, procedure for confirmation of deals, coupon payments, settlement of transactions, defaults and disclosure and reporting requirements. In terms of the latter, Sellers must submit the necessary reporting requirements to the Regulator, make available financial statements to clients and provide key and accurate information on the instrument in its marketing material.

Box 1
Trinidad and Tobago Securities and Exchange Commission – Repurchase Agreements Guidelines

In April 2012, the Trinidad and Tobago Securities and Exchange Commission (TTSEC) introduced the "Repurchase Agreements Guidelines" (hereafter referred to as Guidelines). These Guidelines are intended to provide a framework for the operations of the repurchase agreements (Repos) market in Trinidad and Tobago[1] . By establishing clearly defined rules governing the seller/borrower, quality of collateral (particularly for retail investors), the custodian and legal agreements, etc., the Guidelines aim to protect investors in the Repo market from risks which may arise due to the asymmetry of information between borrowers (sellers) and lenders (buyers). Some of the key elements of the Guidelines are specifications of 'who' can engage in Repo transactions (from the seller/borrower side), 'how' Repos may be conducted and the 'reporting' requirements to the Regulator (the TTSEC).

The TTSEC defines a repurchase agreement as the "sale of a security with a commitment by the Seller to buy the same or equivalent security back from the Purchaser at a specified price and at a designated date in the future". In its simplest form, a Repo is a short-term collateralized loan. The Guidelines clearly specify that to engage in a Repo transaction as a Seller (i.e. the borrower), a company must be registered with the TTSEC as a securities company and be authorized to do the business of a Broker and/or Dealer, as well as have a capital base of at least $15 million.

The Guidelines provides guidance for the operations of the Repo market, such as the hours of business, the securities that can be pledged as collateral, costing and pricing of Repos, substitution of collateral and the custody and custodian agreements. With regards to securities that can be pledged as collateral, the Guideline specifies that collateral securities must be registered with the TTSEC or in accordance with securities laws or regulations in another jurisdiction. For Repos to non-institutional buyers, securities pledged for collateral are restricted to Trinidad and Tobago Government securities, bonds with government guarantees issued in Trinidad and Tobago and corporate bonds listed on the Trinidad and Tobago Stock Exchange. In addition, collateral securities must not be: used to cover short sales; subject to margin purchases if held by other Brokers; or otherwise pledged or used as collateral.

The Repurchase Agreements Guidelines can be accessed on the TTSEC's website via the following address: www.ttsec.org.tt

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[1] Repurchase agreements between the Central Bank of Trinidad and Tobago and financial institutions licensed under the Financial Institutions Act (FIA), or among commercial banks do not fall under the scope of the Repurchase Agreements Guidelines.

Bond Market

There was a slight increase in primary bond market activity in 2011 when compared to 2010. In 2011, there were twenty primary issues, raising approximately $7.2 billion compared with nineteen bond issues in 2010, which raised $7.1 billion (Table IIIa). As has been the case for the past few years, the public sector was the major borrower, accounting for 74 per cent of total primary market issues during the year. However, unlike 2010, both private and public sector borrowers came to the market to raise US dollar financing in 2011. Of the twenty bonds issued in 2011, six were denominated in US dollars, raising in total US$238 million or approximately TT$1.5 billion.

In the first quarter of 2012, there has been little activity on both the primary and secondary bond markets. On the primary market, the only bond has been one issued by Agostini Limited, a $50 million, 10 year, 8 per cent fixed rate coupon bond (Table IIIa). There has also been little trading on the secondary market for government bonds. There were 7 trades with a combined face value of $196.7 million, compared with 17 trades at a combined face value of $82.8 million in the corresponding period a year earlier.

Given the abundant liquidity in the financial system, demand for government securities continued to be high. On the shorter end of the yield curve, the 91 day treasury bill (t-bill) rate fell to a low of 0.04 per cent in March before rising to 0.10 per cent in April, while the 182 day t-bill rate stood at 0.14 per cent. These rates were lower when compared with the end of 2011, when the 91 and 182 day t-bill rates stood at 0.28 per cent and 0.32 per cent, respectively. At the longer tenors, trading on the secondary market saw the 7-year government bond yield fall to 3.19 per cent in April 2012 from 4.16 per cent at the end of the year, while the 20-year yield fell to 5.25 per cent from 5.40 per cent over the same period. With US treasuries retreating, the interest rate differential between the TT and US curves narrowed. In fact, the differential between the TT and US 91 day t-bills turned negative in

March before recovering to around 3 basis points in April, while the spread at the 20-year tenor also narrowed to 253 basis points in April 2012 from 285 basis points at the end of 2011.

In January 2012, the Government began the distribution of zero coupon bonds to holders of short-term investment products (STIPS) valued over $75,000 issued by CLICO and BA. The Government has earmarked a total of $10 billion in zero coupon bonds, with maturities of 1 to 20 years, to facilitate this process. Financial institutions, such as banks and securities firms, have agreed to 'make a market' for the zero coupon bonds with maturities of 1 to 10 years. Zero coupon bonds with maturities of 11 to 20 years have a conversion option, in that they may be exchanged for share units in a new holding company, National Enterprises Limited (NEL) 2[2] .

[2] According to the Ministry of Finance, NEL 2 is to be established within the next year as a holding company, which will have as its primary asset CLICO's shareholding of Republic Bank Ltd shares. NEL 2 will be listed on the Trinidad and Tobago Stock Exchange and can be traded by investors.

TABLE IIIa
PRIMARY BOND MARKET
JANUARY 2011 – March 2012[p]

	Borrower	Face Value ($Mn)	Period To Maturity	Coupon Rate Per Annum	Placement Type
January	Guardian Holdings Limited	900.0	12 yrs.	Fixed Rate 7.98 %	Private
March	Water and Sewerage Authority (WASA)	1,335.9	20 yrs.	Fixed Rate 6.95%	Private
May	National Insurance Property Development Company Limited (NIPDEC)	750.0	19 yrs.	Fixed Rate 6.55%	Public
	Home Mortgage Bank – Series 1	40.6	5.3 yrs.	Fixed Rate 5.00%	Private
	Home Mortgage Bank – Series 2	33.7	5.3 yrs.	Step up, 1-3 yrs. @4.75%; 4-5 yrs. @5.25%	Private
	Home Mortgage Bank – Series 3	27.5	8.1 yrs.	Step up, 1-4 yrs. @5%; 5-8 yrs. @5.75%	Private
	Home Mortgage Bank – Series 4	83.2	13 yrs.	Fixed Rate 6.25 %	Private
June	Fatum Holdings N.V.	US$50.0	5 yrs.	Floating Rate: LIBOR + 480 bps	Private
July	Ansa Merchant Bank Limited – Tranche 1	US$25.0	3 yrs.	Fixed Rate 3.50%	Private
	Ansa Merchant Bank Limited – Tranche 2	US$10.0	5 yrs.	Fixed Rate 5.00%	Private
	Ansa Merchant Bank Limited – Tranche 3	US$15.0	7 yrs.	Fixed Rate 5.50%	Private
August	Urban Development Corporation of Trinidad and Tobago Limited (Udecott)	US$88.0	10 yrs.	Fixed Rate 5.67%	Private
September	Telecommunications Service of Trinidad and Tobago*	270.0	6 yrs.	Fixed Rate 3.85%	Private
October	National Insurance Property Development Company Limited (NIPDEC)	500	15 yrs.	Fixed Rate 6.05%	Public
November	Central Government of Trinidad and Tobago	1,500.0	20 yrs.	Fixed Rate 6.00%	Public
	Government of St. Lucia	US$50.0	10 yrs.	Fixed Rate 7.50%	Private
December	Home Mortgage Bank	32.9	10 yrs.	Fixed Rate 4.30%	Private
	Home Mortgage Bank	47.0	5 yrs.	Fixed Rate 3.60%	Private
	Home Mortgage Bank	92.5	10 yrs.	Fixed Rate 5.60%	Private
	Home Mortgage Bank	27.6	15 yrs.	Fixed Rate 6.10%	Private
	2012				
January	Agostini's Limited	50.0	10 yrs.	Fixed Rate 8.00%	Private

Sources: Central Bank of Trinidad and Tobago and the Securities and Exchange Commission.
[p] preliminary.
* This security was registered with the Securities and Exchange Commission in September 2011.

Mutual Funds[3,4]

In 2011, mutual funds under management rose by 3.2 per cent compared with a small increase of 0.4 per cent as capital gains offset net redemptions in 2010. During the year, the industry was buoyed by net sales of $729.5 million compared with net redemptions of $359.7 million in 2010. At the end of 2011, aggregate funds under management stood at $36.8 billion, up from $35.6 billion at the end of 2010 (Appendix Table I). With the Composite Price Index on the domestic stock market up by 21.2 per cent in 2011, equity mutual funds under management expanded by 9.5 per cent, as this segment benefited from both capital gains and net sales. Meanwhile, income funds under management grew by a more moderate 2.2 per cent in 2011.

As liquidity levels in the domestic banking system kept banks' term deposit rates and yields on short-term government paper low, investors continued to view mutual funds as a relatively attractive investment vehicle. At the end of March 2012, funds under management stood at $37.1 billion, up 0.9 per cent from the end of 2011 and 4.5 per cent from March 2011. During the first three months of 2012, the industry attracted net sales of $433.2 million compared with $457.4 million in the previous quarter and net redemptions of $261 million in the corresponding period a year ago.

With the domestic stock market offering positive returns over the past few quarters, equity mutual funds continued to attract investors. Equity funds under management expanded by 5.2 per cent (quarter-on-quarter), reaching $4.1 billion at the end of March 2012. Investors placed a net $94.6 million in equity funds during the quarter, much higher than the $22.6 million quarterly average of 2011. Income funds have also grown thus far in 2012, albeit at a slower pace than equity funds. At the end of the first quarter of 2012, income funds under

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

[4] 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.

Chart IIIc
Commercial Banks:
Residential Mortgage Approvals

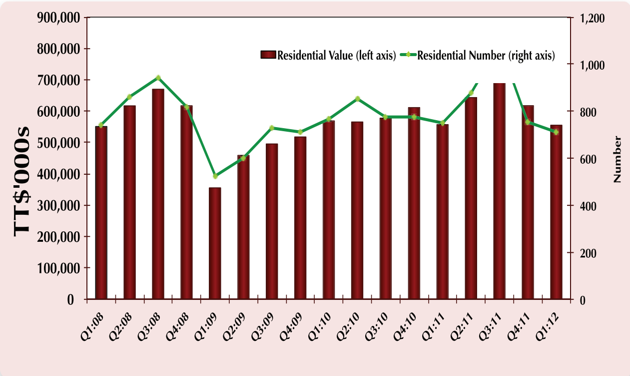
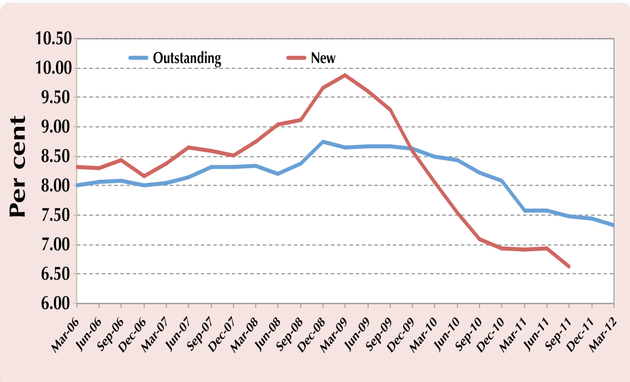


Chart IIId
Commercial Banks:
Residential Mortgage Rates



management rose by 0.4 per cent to $32.5 billion from the end of the year. However, investor appetite for these funds has been relatively robust, as income funds attracted net sales of $336.2 million compared with average net sales of $146.3 million quarterly in 2011.

In terms of currency profile, with high liquidity in the domestic banking system, TT dollar denominated funds grew by 1.0 per cent quarter-on-quarter and by 6.2 per cent in the year to March 2012. Foreign currency funds on the other hand were up 0.7 per cent in the quarter, but were 1.7 per cent lower when compared with a year ago.

Real Estate Mortgage Market

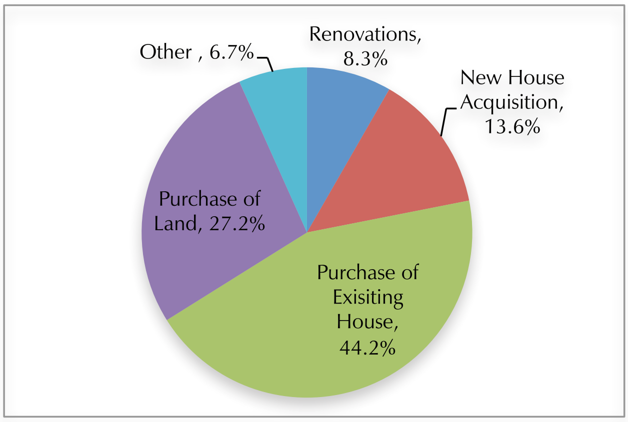
The real estate mortgage portfolios of commercial banks have continued to expand at a relatively strong pace, supported by historically low mortgage rates. On a year-on-year basis to March 2012, the value of real estate mortgage loans outstanding on the books of commercial banks, the main lenders in this market, increased by 10.5 per cent to $10,620 million. The number of new residential mortgage approvals granted by the commercial banks in the twelve months to March 2012 totaled 3,426, representing a 8.7 per cent increase over the number of approvals in the year to March 2011. (Chart IIIc).

The Mortgage Market Reference rate (MMRR),[5] fell to 3.25 per cent in March 2012 from 3.50 per cent in December 2011. Commercial banks have also been adjusting their mortgage rates downwards for both existing and new customers. The latest provisional data show that the weighted average rate on all outstanding mortgages fell to 7.3 per cent by March 2012 from 7.6 per cent in March 2011. Rates offered to new customers fell to 6.75 per cent (weighted average) in March 2012, slightly down from 6.93 per cent in March 2011 (Chart IIId).

[5] The MMRR is an interest rate benchmark against which mortgages are to be priced and re-priced and will be announced by the Central Bank on a quarterly basis. The MMRR is computed by the Central Bank based on information on commercial banks' funding costs and yields on applicable treasury bonds. A customer's mortgage rate will be based on the MMRR plus the margin charged by the lender (See CBTT Guideline: http://www.central-bank.org.tt)

Chart IIIe
Commercial Banks: Residential Mortgage Disbursements By Purpose
Proportion of Total Mortgage Disbursements

December 2010



December 2011

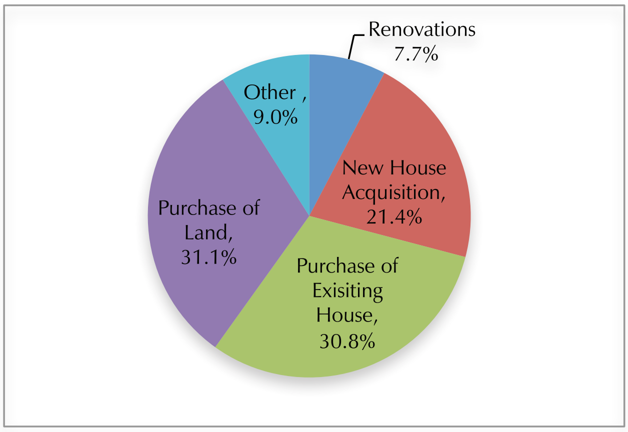
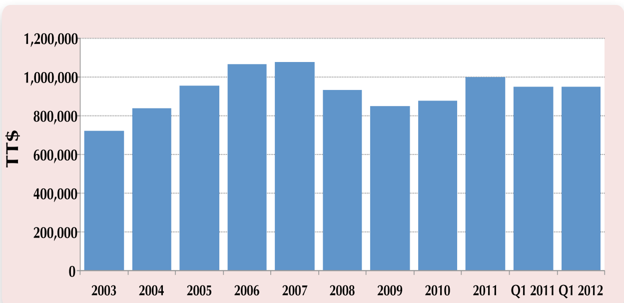


Chart IIIf
Trinidad and Tobago: Estimated Median House Prices (3 bdrm)



Information submitted by commercial banks indicate that 30.8 per cent and 21.4 per cent of residential mortgage loans disbursed in December 2011 were for the purchase of new and existing houses, respectively, while the purchase of land, and property renovations accounted for 31.1 per cent and 7.7 per cent respectively (Chart IIIe).

As regards house prices data collected from valuators suggest that the value of a typical 3-bedroom residential property stood at around $950 thousand (median) in the first quarter of 2012, unchanged when compared with the first quarter of 2011. (Chart IIIf).

Part IV – International and Regional Developments

The International Setting

The global recovery which began in 2011 faltered during the first half of 2012, and by mid-year the situation remains very uncertain, particularly in Europe. The granting of a second rescue package to Greece, abundant liquidity injections by the European Central Bank (ECB) and continued recovery of the US economy (Table IVa) temporarily boosted economic sentiment in early 2012 but were insufficient to calm financial markets. While the immediate financial market pressures in Europe were alleviated by extensive quantitative easing, a credible resolution to the region's sovereign debt crisis is yet to emerge, and fears over renewed funding pressures to Spain and Italy have mounted. Further, election results in Greece and France cast doubt over Europe's austerity plans. In Greece, pro-programme parties failed to secure a majority vote while France's newly elected government has pledged to refocus efforts from austerity to growth. Meanwhile, a rise in oil prices caused either by supply concerns or geopolitical tensions in the Middle East could threaten global growth.

While emerging markets continued to outperform their industrialized counterparts, the pace of growth in these economies has begun to slow (Table IVb). This may be as a result of the winding down of the fiscal stimuli initiated to counteract the effects of the global financial crisis and, more recently monetary tightening aimed at stemming excessive credit growth and inflationary pressures. Since late in the third quarter of 2011, there has been evidence of a sharp decline in capital inflows to emerging markets due to increasing wariness on the part of global investors in the face of the financial turmoil in Europe.

Table IVa
Rate of Unemployment in Developed Countries
(per cent)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
United States	8.9	8.7	8.5	8.3	8.3	8.2	8.1
United Kingdom	8.3	8.4	8.4	8.4	8.3	8.2	n.a.
Euro Area	10.4	10.6	10.6	10.7	10.8	10.9	n.a.
Japan	4.4	4.5	4.5	4.6	4.5	4.5	n.a.

Source: Bloomberg.

Table IVb
Emerging Economies - Quarterly GDP Growth
(Year-on-Year Per Cent Change)

	2010				2011				2012
	I	II	III	IV	I	II	III	IV	I
China	11.9	10.3	9.6	9.8	9.7	9.5	9.1	8.9	8.1
India	9.4	8.5	7.6	8.3	7.8	7.7	6.9	6.1	n.a.
Brazil	9.3	8.8	6.9	5.3	4.2	3.3	2.1	1.4	n.a.
Russia	3.8	4.9	3.8	4.9	4.0	3.4	5.0	4.8	4.9

Source: Bloomberg.

Table IVc
Advanced Economies - Quarterly GDP Growth
(Quarterly Per Cent Change)

	2010				2011				2012
	I	II	III	IV	I	II	III	IV	I
United States	3.9	3.8	2.5	2.3	0.4	1.3	1.8	3.0	2.2
United Kingdom	0.4	1.1	0.7	-0.5	0.2	-0.1	0.6	-0.3	-0.2
Euro Area	0.4	0.9	0.4	0.3	0.7	0.1	0.1	-0.3	0.0
Japan	1.3	1.3	0.7	0.0	-2.0	-0.3	1.9	0.0	1.0

Source: Bloomberg.

International Developments

The US economy continues to recover slowly from its deep recession. In the first quarter of 2012, the pace of US growth slowed to 2.2 per cent (quarter-on-quarter) compared to 3.0 per cent in the previous quarter (Table IVc). Growth in the first quarter was led mainly by private inventory investment and consumer spending. Nonetheless, while some broad labour market indicators have improved, unemployment levels remain stubbornly high (Table IVa). Despite a pick-up in energy prices in recent months, inflation remains subdued. In April 2012, consumer prices rose by 2.3 per cent (year-on-year), above the newly adopted inflation target of 2 per cent established by the Federal Reserve. Over the coming months, the Federal Reserve expects moderate economic growth and a gradual decline in the unemployment rate, although increases in energy prices could temporarily fuel inflation.

In the first quarter of 2012, the UK economy contracted by 0.2 per cent (quarter-on-quarter) largely driven by a contraction in the construction sector. The annual rate of change in the Consumer Price Index (CPI) was 3.0 per cent in April 2012, down from 3.5 per cent in the previous month and still well above the 2 per cent inflation target (Table IVd). The decrease in inflation between March 2012 and April 2012 were mainly due to air transport, alcohol, clothing and sea transport. The outlook for near-term economic growth remains bleak with the most significant downside risk stemming from developments in the Euro Area. Given the weak economic outlook, the Bank of England expanded its Asset Purchase Programme by £50 billion to £325 billion and maintained its benchmark interest rate at 0.5 per cent (Table IVe).

Table IVd
Headline Inflation in Developed Economies
(Year-on-Year Per Cent Change)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
United States	3.5	3.4	3.0	2.9	2.9	2.7	2.3
United Kingdom	5.0	4.8	4.2	3.6	3.4	3.5	3.0
Euro Area	3.0	3.0	2.7	2.7	2.7	2.7	2.6
Japan	-0.2	-0.5	-0.2	0.1	0.3	0.5	n.a.

Source: Bloomberg.

Table IVe
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	1.00	Dec-11	-0.25
United Kingdom	0.50	Mar-09	-0.50
Japan	0 to 0.10	Oct-10	- (0 to 0.10)
China	6.56	Jul-11	+0.25
India	8.00	Apr-12	-0.50
Brazil	9.00	Apr-12	-0.75

Source: Bloomberg.

In the Euro Area, output remained unchanged in the first quarter of 2012 compared to the previous quarter. Until recently, confidence in the region had seemed to be rising, as the granting of a second bailout package to Greece and debt restructuring (Table IVf) were viewed as positive steps towards the containment of the sovereign debt crisis. The provision of Longer-Term Refinancing Operations (LTRO) by the European Central Bank also eased critical funding challenges faced by the European banking system. However, higher borrowing costs currently being faced by Spain and Italy combined with rising political instability and uncertainty over the region's plan for fiscal consolidation have revived fears of a renewed Euro Area crisis.

Table IVf
Financial Support Programmes for the European Union[1]
2010 - 2012

Country	Date of Agreement	Institution	Total Programme	Amount Disbursed	Description
Greece	May 02, 2010	EU/IMF	€110 billion	EU:€52.9 billion (as at December 2011) IMF: €20.1 billion (as at December 2011)	At the time of agreement, it was decided that €80 billion will be funded by bilateral loans pooled by the European Commission and €30 billion by an IMF Stand-By Arrangement.
	March 14, 2012	EU/IMF	€172.6 billion	EU: €12.7 billion (as at May 2012)	Bailout was granted on the condition that private sector holders of Greek debt also accept a 53.5 per cent write-down on their holdings.
Ireland	November 28, 2010	EU/IMF	€85 billion	EFSM[2]:€18.4 billion (as at March 2012) EFSF[3]: €9.3 billion (as at February 2012) IMF: €16.1 billion (as at March 2012)	EU portion funded by the EFSM (€22.5 billion) and EFSF (€17.7 billion).
Portugal	May 03, 2011	EU/IMF	€78 billion	EFSM: €20.1 billion (as at May 2012) EFSF: €9.6 billion (as at February 2012) IMF: €18.6 billion (as at April 2012)	EU portion funded by the EFSM (€26 billion) and EFSF (€26 billion).

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 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.

[3] 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 economy of Japan rebounded by 1.0 per cent in the first quarter of 2012 in the context of solid private demand and reconstruction spending. Inflationary pressures remain subdued and in the 12 months to March 2012, consumer prices rose slightly by 0.5 per cent. The Bank of Japan kept its benchmark interest rate in a range between 0 per cent and 0.1 per cent and further expanded its Asset Purchase Programme by ¥10 trillion to ¥70 trillion. The outlook for growth in Japan is highly uncertain, hinging heavily on the outcome of the European debt crisis as well as the evolution in the value of the Yen.

In the first quarter of 2012, China's economy expanded by 8.1 per cent (year-on-year), on the back of domestic demand. The performance was down from 8.9 per cent in the previous quarter and was the slowest rate since the second quarter of 2009. The slowdown in the pace of growth was as a result of declining export demand as well as measures aimed at reducing the risk of asset bubbles created by the domestic investment boom. These measures included restrictions on lending to prevent overheating in the property and investment markets, and monetary tightening. Inflation, as measured by the CPI, was 3.6 per cent in March 2012, before slipping to 3.4 per cent in April (Table IVg).

Table IVg
Headline Inflation in Emerging Markets
(Year-on-Year Per Cent Change)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
China	5.5	4.2	4.1	4.5	3.2	3.6	3.4
India	9.4	9.3	6.5	5.3	7.6	8.7	n.a.
Brazil	7.0	6.6	6.5	6.2	5.9	5.2	5.1

Source: Bloomberg

Hit by high credit costs and waning global demand, the Indian economy grew by 6.1 per cent (year-on-year) in the fourth quarter of 2011, the slowest rate in more than two years. Consumer prices rose year-on-year by 8.7 per cent in March 2012, from 7.6 per cent in the previous month. To curb inflationary pressures, the Reserve Bank of India had raised its benchmark interest rate 13 times between March 2010 and October 2011. However in April 2012, the Bank cut its repurchase rate for the first time in three years in an effort to bolster economic growth.

In the fourth quarter of 2011, economic growth in Brazil decelerated to 1.4 per cent (year-on-year) from 2.1 per cent in the previous quarter. Despite extensive stimulus measures, the Index of Economic Activity of the Central Bank (IBC-Br), a closely watched proxy for economic growth, contracted 0.2 per cent (year-on-year) in the first quarter of 2012. While domestic demand remains the primary driver of economic growth, the external sector has experienced a slowdown in economic activity as high labour costs and infrastructure bottlenecks have reduced the competitiveness of Brazilian firms. With inflation pressures easing, the Central Bank of Brazil reduced its benchmark interest rate in an effort to bolster economic growth. Since August 2011, the Bank reduced its Selic rate by 350 basis points to the current rate of 9 per cent.

Regional Economic Developments

According to the International Monetary Fund[6], the Caribbean region[7] expanded by 2.8 per cent in 2011. The region is still recovering from a protracted recession, in which growth is being stunted by high debt levels, high international oil prices, weak growth in tourism, and natural disasters (Table IVh). In April 2011, torrential rains

[6] World Economic Outlook, April 2012.

[7] The Caribbean comprises: Antigua and Barbuda, The Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

Table IVh
Selected Caribbean Economies - Quarterly GDP Growth
(Per Cent)

Country	2010					2011				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Barbados	-1.2	0.7	1.0	0.3	0.2	-1.4	0.6	0.8	1.5	0.4
Belize	2.7	1.8	1.1	5.5	2.8	6.7	-0.9	2.2	2.5e	2.7
Jamaica	-1.6	-2.5	-1.1	-0.6	-1.5	1.6	2.2	0.6	1.7	1.5

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

caused massive flooding and landslides in St. Vincent and Grenadines and damaged some infrastructure. Previously, in late 2010, Hurricane Tomas had destroyed roads, bridges, houses and parts of the agriculture sector. The combined effect of these two natural disasters is estimated at 3.6 per cent of GDP. Additionally, major flooding and landslides affected Dominica in the latter half of 2011. The cost of reconstruction and rehabilitation in Dominica is estimated to be as high as 6.5 per cent of GDP.

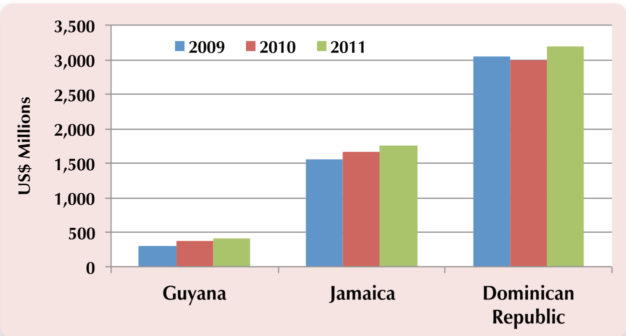
Meanwhile soft growth in the advanced countries has constrained tourism revenues in the region. Based on travel statistics published by the Caribbean Tourism Organisation (CTO), the growth in tourist (stop-over) arrivals in 2011 ranged from a decline of 6.2 per cent in St. Lucia, to positive growth of 12.0 per cent in Anguilla. Arrivals grew by 7.0 per cent in Barbados. Arrivals from the region's major source markets showed little improvement – the number of tourists visiting the region from the US increased by 3.0 per cent, while those from Europe and Canada increased by 1.7 per cent and 6.9 per cent[8], respectively.

The CTO however predicts positive growth in the tourism industry in 2012, subject to several downside risks, including high unemployment and fiscal cutbacks in major source markets, as well as high energy costs. The CTO does not expect the expansion in arrivals to the region to exceed 3 per cent in 2012, and visitor expenditure is not expected to grow meaningfully.

[8] Countries in this calculation include: Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Dominica, Dominican Republic, Guyana, Jamaica, St. Lucia, St. Vincent and the Grenadines, and Suriname.

Furthermore, Britain's Air Passenger Duty (APD) tax, which was increased again effective April 01 2012, will result in an 8 per cent hike in airfares. At the same time Barbados' cruise industry is facing a bleak future for at least the next two years, according to the Barbados Hotel and Tourism Association (BHTA). The Association revealed a significant decline in both cruise calls and cruise passenger arrivals during the 2010/11 season and even fewer bookings for the 2012/13 season.

Chart IVa
Net Remittance Flows to Selected Economies



On a positive note, remittance flows to the Latin American and Caribbean (LAC) region continued to improve in 2011, increasing by 6 per cent year-on-year, according to the Multilateral Investment Fund (MIF), an arm of the Inter-American Development Bank. The growth in remittances in 2011 confirmed the upward trend in money transfers to the region that started in mid-2010, following the double-digit (15 per cent) decline recorded in 2009 due to the economic crisis. Some of the more remittance-dependent countries in the Caribbean registered positive growth in net remittance flows in 2011 – Jamaica (6.3 per cent), Guyana (11.8 per cent) and the Dominican Republic (6.7 per cent) – Chart IVa.

The International Monetary Fund continued to play a major role in the region. Jamaica's current 27-month Stand-By Agreement (SBA) with the Fund is scheduled to end in May 2012 and negotiations for a new agreement were conducted in March-April 2012. The Fund released an additional US$17.6 million to the government of St. Kitts-Nevis after the country achieved the September 2011 quantitative targets under its SBA. This brings the total funds released to date to approximately US$51.6 million, for the country's recent debt restructuring exercise (Box 2). The Fund first approved a US$80.7 million 36-month SBA with the government of St. Kitts-Nevis on July 27, 2011. Dominica also received assistance, in the form of a US$3.1 million disbursement under the Fund's Rapid Credit Facility to help manage the economic impact of a series of natural disasters in the second half of 2011.

Box 2
Debt Restructuring in St. Kitts and Nevis

The Government of St Kitts-Nevis announced on March 15, 2012 that 96.8 per cent of investors holding certain classes of its sovereign bonds agreed to a debt-exchange offer that would entail US$150 million in outstanding obligations being restructured. The debt's covenants contain collective action clauses[9] (CACs) that will be triggered, and will force the remaining 3.2 per cent of bondholders to accept the deal's terms. Bondholders will receive either New Discount Bonds or New Par Bonds. The New Discount Bonds, which are partially guaranteed by the Caribbean Development Bank, cut the face value by 50 per cent with the balance to be repaid over 20 years. The coupon is set at 6 per cent for the first four years and then reduces to 3 per cent thereafter. The New Par Bonds have a final maturity of 45 years, inclusive of a 15-year grace period on the principal with interest fixed at 1.5 per cent throughout the life of the issue. Those bondholders who were forced to accept the deal will automatically receive New Discount Bonds when the transaction settles. The Government of St. Kitts-Nevis is the most recent country in the region to restructure its debt, following other regional governments like Jamaica in 2010 and Dominica in 2004.

The first regional Human Development Report for the Caribbean indicated that the CARICOM Human Development Index[10] (HDI) measured 0.56 in 2011. This is considerably lower than the HDI of 0.731 for Latin America and the Caribbean (LAC). However, the HDI is a population-weighted index and the low HDI for CARICOM may be accounted for by Haiti (which represented 60 per cent of the region's population in 2011). If the CARICOM HDI is estimated without Haiti, the value shifts upwards (and closer to the LAC value) to 0.724. The latest HDI for the LAC region (2011) represents an improvement from the previous year when the HDI was measured at 0.704.

[9] The Collective Action Clause (CAC) approach to debt restructuring applies to individual bond issues and permits a defined set of super-majority of holders to agree to a debt restructuring that will be legally binding on all holders of that issue.

[10] The Human Development Index (HDI) is a summary measure of human development. It measures the average achievements in a country in three basic dimensions of human development: (i) a long and healthy life (health); (ii) access to knowledge (education) and; (iii) a decent standard of living (income). The HDI serves as a frame of reference for both social and economic development, and sets a minimum and a maximum for each dimension which are expressed as a value between 0 and 1. The report can be viewed at http://www.undp.org/content/undp/en/home/librarypage/hdr/caribbean-human-development-report-2012-l/

Part V – Domestic Economic Developments

Gross Domestic Product

According to preliminary estimates from the Central Bank's Quarterly Gross Domestic Product (QGDP) Index, the Trinidad and Tobago economy declined (year-on-year) by 2.6 per cent in the fourth quarter of 2011, largely on account of considerable reduction in activity in the energy sector (7.8 per cent). At the same time, activity in the non-energy sector increased by 1.2 per cent, a rate that was insufficient to offset the slippage in the energy sector.

Apart from ageing oil fields, the continuation of maintenance operations by some energy companies into the fourth quarter accounted for the substantial decline in the energy sector (see Domestic Production Section). Within energy, the Exploration and Production sub-sector declined by 7.2 per cent mainly due to an 8.0 per cent drop in natural gas production because of ongoing maintenance operations at BPTT. Crude oil output for the fourth quarter remained relatively low, averaging 86,673 barrels per day, about the same as the final quarter of 2010 when BHP Billiton temporarily ceased crude oil production to install new capacity.

The lower natural gas production contributed to a 15.3 per cent (year-on-year) contraction in the Refining sub-sector. In particular LNG output fell by 16.5 per cent while natural gas liquids declined by 16.1 per cent. Petroleum refining was in fact supported by a 17.2 per cent rise in crude imports as a smaller quantity of crude was available to support refining activity.

The Petrochemicals sub-sector also declined (10.4 per cent) as the industry was adversely affected by the lower supplies of natural gas to the Point Lisas Industrial Estate. The Yara ammonia plant was shut down during October as a result. Ammonia and methanol production fell by 13.3 per cent and 2.4 per cent, respectively.

With respect to the non-energy sector, preliminary data suggest that activity in this sector grew slightly during the fourth quarter of 2011 despite the existence of a curfew for part of the quarter which resulted in reduced working hours for some businesses. There were signs of moderate growth in the Distribution, Finance, Construction and Water and Electricity sectors. The Distribution sector grew by an estimated 1.8 per cent with overall retail sales expanding by 13.3 per cent. Of note, sales of dry goods rose by 14.6 per cent, supermarket and groceries by 25.4 per cent and motor vehicles and parts by 9.0 per cent. A 3.2 per cent growth (year-on-year) in consumer credit during the fourth quarter of 2011—particularly to finance the purchase of new vehicles and furniture as well as for home renovation projects—supported the increase in retail sales. Nonetheless, as anticipated the shorter working hours had a more direct effect on some other activities such as restaurants and bars as well as some manufacturers.

Over the fourth quarter of 2011, the Finance sector grew by an estimated 2.0 per cent, reflecting growth in the Commercial Banks and Real Estate sub-sectors. Meanwhile, the Water and Electricity sub-sector increased by 3.9 per cent.

There was some evidence of a slight pick-up in the construction sector which is estimated to have grown by 1.3 per cent during the fourth quarter of 2011. Local sales of cement increased by 6.5 per cent, production of mined aggregates by 2.4 per cent and retail sales of hardware and construction materials by 14.6 per cent. The rise in construction activity was likely associated with public road works in several areas of the country. However, a major drop in the supply of cement associated with industrial action at the sole local producer starting around the close of the first quarter of 2012, has reportedly had a major impact on the construction sector in early 2012.

Available data suggest that the Manufacturing and Agriculture sectors contracted by 1.1 per cent and 1.5 per cent respectively in the fourth quarter of 2011. The slippage in manufacturing reflected lower output from the Food, Drink and Tobacco sub-sector that was likely linked to the impact of the curfew on late shift work. Indeed, the Index of Hours worked for the Food Processing industry recorded a 2.4 per cent decline in the fourth quarter of 2011 from the same period of 2010. Activity in the Assembly Type and Related Industries slowed largely as a result of lower steel production as the Direct Reduced Iron (DRI) plant was shut down temporarily in November due to lower demand. Meanwhile, available volume data from the National Agricultural Marketing and Development Corporation (NAMDEVCO) for the Northern Wholesale Market indicate lower production of several vegetable and root crops during the fourth quarter of 2011. This may have been related to unfavorable weather conditions.

Domestic Production

Energy Sector

(i) Petroleum

Despite substantial exploration activity, crude oil output continued to slip in the final months of 2011. Operators substantially stepped up upstream activity in the hopes of increasing production rates and finding new reserves. As a result, total depth drilled increased by upwards of 150 per cent during the fourth quarter of 2011 compared to the same period in 2010, while average rig days increased almost three-fold. However, crude production failed to gain immediate impetus and averaged only 86.7 thousand barrels per day (bpd) during the final quarter of 2011 (Table Va). Production was relatively unchanged from the last quarter of 2010, when BHP Billiton had temporarily shut down production from its Angostura field in order to complete infrastructural works.

Table Va
Production of Selected Energy and Energy-based Commodities

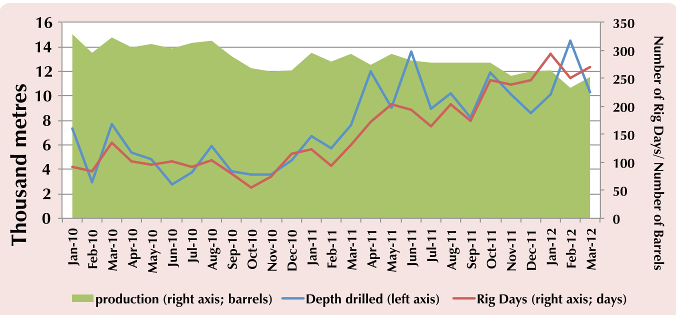
Period	Crude Oil bbl/d	Natural Gas mmcf/d	Fertilizers tonnes	Methanol tonnes
Oct-11	89,991	3,696	419,699	459,478
Nov-11	85,039	3,897	402,256	481,432
Dec-11	84,988	4,157	453,314	440,826
Jan-12	85,490	4,287	527,609	424,364
Feb-12	80,240	4,343	460,381	446,722
Mar-12	81,670	4,067	483,435	529,655
Jan-Mar11	96,865	4,260	1,473,477	1,524,955
Jan-Mar12	82,467	4,232	1,471,425	1,400,741

Source: Ministry of Energy and Energy Affairs.

While crude exports rose by 9.5 per cent year-on-year during October-December 2011, this increase was relative to a very low base at the end of 2010 when BHP Billiton had cut production reducing the availability of Calypso Crude for export. Crude imports registered a year-on-year growth of 17.2 per cent in the fourth quarter of 2011 as increased imports were needed to supplement the shortfalls in local supplies. As a result, refinery throughput was able to rise by roughly 8 per cent over the period.

Data for the first quarter of 2012 point to a further decline in crude oil production to 82.5 thousand bpd, down from 96.9 thousand bpd in the same period of 2011. Crude exports declined marginally (year-on-year) since the export of Calypso Crude only resumed in March 2011. Declines were also evident in petroleum refining, which shrank by 14.7 per cent. This was due in large measure to a 44 per cent drop in the production of diesel in the context of reduced export of the product (40.6 per cent). According to industry sources, the lower export volumes could be related to the crackdown on the illegal export of the commodity. The curtailment of refinery activity brought with it a fall (19.6 per cent) in the import of crude during the period.

Chart Va
Production, depth drilled and rig days



Exploration activity increased markedly during the first quarter of 2012 as high international oil prices continued to drive the search for new oil. Total depth drilled increased by 73.5 per cent (year-on-year) to a total of 34.9 thousand metres while average rig days jumped 133.8 per cent (see Chart Va). Levels of optimism among upstream energy companies remained high according to the Energy Services Sector Survey (ESSS) conducted quarterly by the Energy Chamber. The recent signing of Production Sharing Contracts (PSC) by BPTT and BGTT arising out of the 2010 bid rounds may further help to boost optimism in the second quarter and beyond[11].

Bayfield Energy, a local upstream operator, announced an oil and gas find in March 2012. The discovery is in the company's offshore Galeota acreage, a block operated jointly with state-owned PETROTRIN. The company indicated that the well will have a production capacity

[11] BPTT and BGTT signed a total of three Production Sharing Contracts for oil and gas exploration in May 2012

of roughly 1,000 barrels per day when commercialized. PETROTRIN subsequently announced the discovery of 48 million barrels of oil in the Soldado Marine Oil Field.

(ii) Natural Gas

Output of natural gas slipped in the fourth quarter of 2011 by 7.6 per cent on a year-on-year basis (Table Va), with an even more pronounced decline evident in the rate of gas utilization. Natural gas production during the first quarter of 2012 has remained at the depressed levels seen throughout 2011. Sustained maintenance activity in the upstream sector continued to dampen production rates.

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

LNG and NGL production suffered double-digit declines on account of reduced availability of natural gas. LNG production plunged 16.6 per cent (year-on-year) during the fourth quarter of 2011. The Train 4 LNG plant was taken down for most of October 2011 for planned maintenance operations. The production of natural gas liquids fell 16.1 per cent over the same period. The decline in the export of natural gas liquids was even more pronounced (22.3 per cent). More recent information shows that LNG production in the first three months of 2012 remained relatively unchanged from the previous year, while NGL production fell 15.4 per cent. Industry analysts explained that the natural gas produced by upstream companies contains less liquid than previously, negatively affecting NGL output[12].

(iv) Nitrogenous Fertilizers

Natural gas curtailments also significantly affected the petrochemicals industry during the fourth quarter of 2011 with output in the sector declining by 17.7 per cent compared to the fourth quarter of 2010 (Table Va). The Yara ammonia plant was taken offline during October 2011, which contributed to reduced fertilizer production in the fourth quarter of 2011. Ammonia output rose by 2.2 per

[12] Natural gas liquids (NGLs) are extracted from natural gas. The 'drier' the natural gas, the less the amount of liquid (NGLs) which can be obtained per unit of natural gas.

cent (year-on-year) in the first quarter of 2012 but relative to a low base. Meanwhile, urea production fell by 17.9 per cent due to mechanical problems experienced by the plant during the first quarter.

(v) Methanol

Methanol production declined by 2.4 per cent in the fourth quarter of 2011 with several plants producing at roughly 80 per cent capacity in the context of the reduced availability of natural gas (Table Va). It should be noted that in the fourth quarter of 2010 methanol output had also been exceptionally low. During that period, a 30-day outage at Trinidad and Tobago's largest methanol plant, the M5000, resulted in a significant drop in output. As a result, a comparison between both periods masks the extent of the curtailed production in the final three months of 2011. Data for the first three months of 2012 are just as bleak. The 1.7 million tonne per annum Atlas plant was taken down in January 2012 for scheduled maintenance resulting in a significant fall off in output from the first quarter of the previous year.

In broader industry developments, it was reported that Saudi Arabia's Saudi Basic Industries Corporation (SABIC) and China's Sinopec have begun negotiations with the Government of Trinidad and Tobago on a proposed US$5.3 billion methanol-to-olefins and methanol-to-petrochemicals complex.

(vi) Iron and Steel

Low demand for exports of direct reduced iron (DRI) brought about reduced production during the fourth quarter of 2011. However, the company managed to raise output of billets and wire rods relative to the corresponding period in 2010. The Point Lisas-based company subsequently temporarily retrenched 120 workers in January 2012 before making the retrenchments permanent a month later.

(vii) Energy Commodity Price Index (ECPI)[13]

The Energy Commodity Price Index was dragged down by weaker Henry Hub natural gas prices in late 2011/early 2012. The Index declined from 148.67 in October 2011 to 138.23 in February 2012, weighed down by a 30 per cent decline in the Henry Hub price over the same period[14]. The Index increased to 144.0 by April 2012 however, driven by strength in petrochemical prices. Given the changing structure of Trinidad and Tobago's natural gas exports[15] changes in the Henry Hub benchmark may no longer fully reflect movements in the value of the nation's gas exports. Efforts are under way to develop a new benchmark price for natural gas exports.

(viii) The Energy Services Sector Survey (ESSS)[16]

The ESSS has revealed a greater degree of optimism among energy service companies during the first quarter of 2012 relative to the corresponding period a year earlier. While strong upstream activity is behind this optimism, clouds of uncertainty continue to hang over the downstream industry, with the major issue being the natural gas supply.

Agricultural Production

Data released by the National Agricultural Marketing and Development Corporation (NAMDEVCO) indicate significant declines in the availability of several staple agricultural products in the first quarter of 2012 compared to the corresponding period in 2011. Declines in availability were recorded for cassava (39.4 per cent), sweet potatoes (24.8 per cent) and cucumbers (13.5 per cent) at the Northern Wholesale Market as heavy flooding in some key agricultural districts affected local agricultural produce (Table Vb).

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13 The Energy Commodity Price Index (ECPI) is a summary measure of the price movements in Trinidad and Tobago's top ten energy-based commodity exports. See K. Finch and D. Cox, The Energy Commodity Price Index, Economic Bulletin Vol XII No.2, 2010 for details on the ECPI at www.central-bank.org.tt.

14 The Henry Hub gas price accounts for 40 per cent of the Index.

15 See Box entitled 'Monitoring Movements in the Price of Trinidad and Tobago's LNG', Economic Bulletin Vol I=XIV No. 1, 2012. Available at www.central-bank.org.tt.

16 The Energy Services Sector Survey is a quarterly survey conducted by the Energy Chamber of Trinidad and Tobago.

Table Vb
Availability of Selected Commodities at the Northern Wholesale Market

Commodity	Jan-Mar 2012	Jan-Mar 2011	Per cent change
LOCAL			
Root Crops			
Sweet Potato (kg)	184,274	244,917	-24.8
Cassava (kg)	88,420	145,809	-39.4
Dasheen (kg)	71,654	44,810	59.9
Eddoes (kg)	14,970	17,178	-12.9
Leafy Vegetables			
Cabbage (Local Green) (kg)	214,689	228,601	-6.1
Callaloo Bush (Roll) (Bundle)	57,600	36,280	58.8
Vegetables			
Tomato(kg)	454,857	303,857	49.7
Cucumber(kg)	240,826	278,347	-13.5
Sweet Pepper(kg)	116,337	128,337	-9.3
Christophene(kg)	76,338	120,478	-36.6
Fruits			
Watermelon(kg)	167,504	204,119	-17.9
Pineapple(kg)	97,864	156,457	-37.5
IMPORTS			
Root Crops			
Dasheen(kg)	211,665	181,974	16.3
Eddoes(kg)	130,482	121,139	7.7
Sweet Potato(kg)	108,314	90,037	20.3
Leafy Vegetables			
Cabbage (Green) (Imported) (kg)	136,624	160,779	-15.0
Vegetables			
Tomato(kg)	62,585	73,321	-14.6
Sweet Pepper(kg)	2,427	3,549	-31.6

Source: NAMDEVCO

Labour Market

(i)Unemployment

The latest data released by the Central Statistical Office (CSO) indicate that the rate of unemployment stood at 5.2 per cent in the third quarter of 2011, representing a decline from the 5.8 per cent recorded in the previous quarter and 5.9 per cent recorded in the third quarter a year earlier (Table Vc). Notwithstanding the decline in the unemployment rate between the third quarter of 2010 and the third quarter of 2011, the number of persons with jobs also fell. The majority of job losses over the period occurred in the 20-24 (4,600 persons) and the 40-44 year (5,800 persons) age groups. These job losses were spread over the manufacturing (3,200 persons), wholesale and retail trade (2,700 persons) and construction (2,500 persons) sectors. In contrast, job increases were reported in the finance and insurance (2,700 persons) and petroleum (2,000 persons) sectors.

The improvement in the unemployment rate resulted mainly from the reduction in the labour force which outweighed the number of jobs lost in the quarter. Between the third quarter of 2010 and the third quarter of 2011, the

Table Vc
Labour Force Details

	Labour Force	Persons with Jobs	Unemployed	Unemployment Rate	Participation Rate
2010	(Thousands)			(Per cent)	
Qtr-1	614.6	573.5	41.1	6.7	61.9
Qtr-2	608.4	578.9	29.5	4.8	61.0
Qtr-3	620.8	584.3	36.6	5.9	62.2
Qtr-4	631.6	591.8	39.8	6.3	63.2
2011					
Qtr-1	n.d.	n.d.	n.d.	n.d.	n.d.
Qtr-2	617.8	581.9	35.9	5.8	61.6
Qtr-3	609.5	578.0	31.5	5.2	60.6

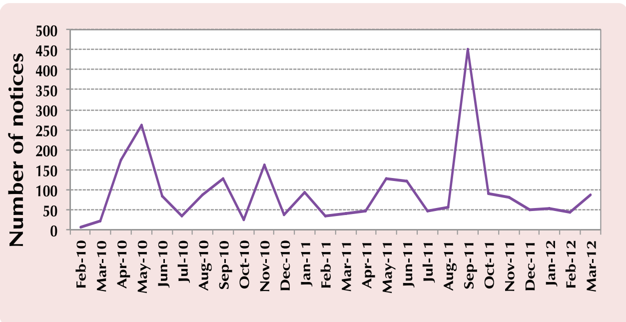
Source: Central Statistical Office of Trinidad and Tobago.
n.d. no data available.

labour force declined by 1.8 per cent or 11,300 persons to reach 610,000 persons. As a consequence the labour force participation rate fell to 60.6 per cent in the third quarter of 2011 from 62.2 per cent in the corresponding quarter in 2010.

(ii) Retrenchment Notices

Data released by the Ministry of Labour and Small and Micro Enterprise Development (MLSMED) showed that 186 retrenchment notices were filed in the first quarter of 2012 compared to 168 notices a year earlier (Chart Vb). The sectors that accounted for the majority of notices were distribution (43 per cent), transport (26.3 per cent) and food processing (22 per cent).

Chart Vb
Retrenchment Notices Registered
(Number by month)



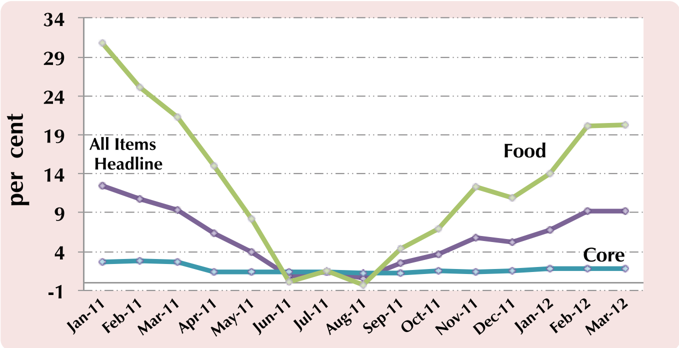
(iii) Industrial Relations

Protracted wage negotiations have resulted in frictions in industrial relations in some sectors. Workers at the Public Service Transport Corporation (PTSC) and Port Authority of Trinidad and Tobago engaged in strike action following the breakdown of wage negotiations in late 2011 and early 2012. In the first quarter of 2012 a strike was also called at a major cement producer. This action resulted in reduced supplies of cement, sharp increases in the price of the commodity, and knock-on effects on the production and sales of complementary products such as sand, gravel and building blocks. Contractors have reported a delay in project execution and a cutback in the amount of work available to the various tradesmen in the building industry.

(iv) Labour Productivity

The fourth quarter of 2011 was associated with a 5.0 per cent year-on-year decline in labour productivity across all industries. In general the number of hours worked declined, especially in activities affected by curfew restrictions but for some businesses the drop in output was even more pronounced. Productivity declines were recorded in food processing (42.8 per cent), petrochemicals (15.5 per cent) and exploration and production of oil and natural gas (10.8 per cent). This latter decline resulted from a significant fall in the production of petrochemicals (20.2 per cent) and oil and gas (See Domestic Production Section). Excluding the oil and gas sector, labour productivity rose by 2.8 per cent. This reflects the fact that hours worked in the non-energy sectors declined more steeply (2.9 per cent) than did production (0.2 per cent).

Chart Vc
Index of Retail Prices
(Year-on-Year Per Cent Change)

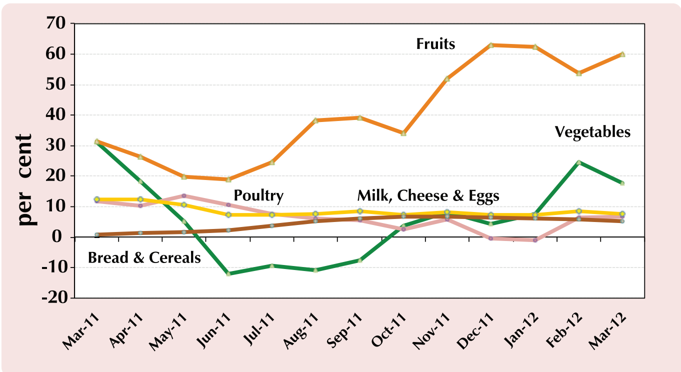


Inflation

(i) Consumer Prices

Domestic food inflation has accelerated since the last quarter of 2011 despite evidence that the surge in global food prices in the first half of 2011 has been easing. On a year-on-year basis to March 2012, headline inflation rose to 9.1 per cent (Chart Vc). The increase in headline inflation over the last few months was the result of accelerating domestic food prices. Food price inflation measured 14.0 per cent in January 2012 ending the quarter at 20.3 per cent. At that time strong price increases were recorded in the fruits (59.9 per cent), vegetables (17.7 per cent) and oils and fats (19.1) sub-categories (Chart Vd). The price increases for the latter commodity are primarily due to a lag in the price transmission mechanism for Trinidad and Tobago[17]. Based on global forecasts the prices for oils and fats could slow in coming months (see International Commodity Prices section).

Chart Vd
Components of Food Sub Index of the RPI
(Year-on-Year Per Cent Change)



Core inflation, which excludes food prices, remained below 2 per cent. In the twelve months ending March 2012, core inflation measured 1.8 per cent. The steadiness of core inflation suggests that underlying demand pressures continued to be contained, although there is an upside risk if domestic demand improves and international prices impact on freight and transport costs of imports.

[17] Mahabir and Jagessar 2011, "An Examination of the Import Price Transmission Mechanism in Trinidad and Tobago" suggest that the impacts of international price increases can affect the domestic market anywhere between 2-9 months depending on the commodity in question. This paper can be referenced at http://www.central-bank.org.tt/content/research-publications-0.

(ii) Price of Building Materials

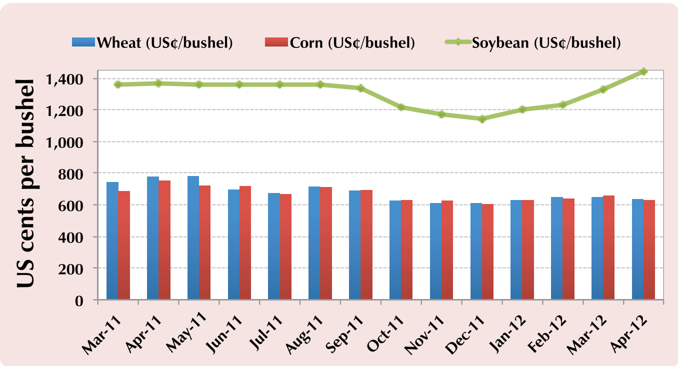
For the first quarter of 2012, the Index of Building Materials Prices increased by 4.2 per cent from the similar period a year earlier. The hike in cement prices discussed earlier was reflected in an increase of 5.3 per cent in the site preparation, structure and concrete frame sub-index (See Appendix F). The costs of electrical installation and fixtures also rose by 2.5 per cent over the period.

(iii) Producer Prices

For the first quarter of 2012, the Producers' Price Index (PPI) increased by 3.4 per cent on a year-on-year basis. All the main sub-indices of the PPI displayed growth, with the larger increases coming from drink and tobacco (7.1 per cent), food processing (3.7 per cent) and chemical and non-metallic products (2.1 per cent). These increases may have resulted from rising prices of imported inputs.

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

Chart Ve
Global Food Prices
(Year-on-Year Per Cent Change)



Global food prices have been softening somewhat since the beginning of 2012 (Chart Ve). Influenced by the cessation of export bans in countries such as India, Russia and Pakistan, wheat prices have tumbled. Also, favourable weather conditions in late 2011 have led to record-breaking cereal production. The upshot of these developments has been an overall decline in the cereal sub-index. The Food and Agricultural Organization (FAO) estimates the world cereal stock-to-use ratio for 2011/2012 at 22.1 per cent, slightly higher than the 21.7 per cent recorded for 2010/2011.

The FAO's overall Food Price Index showed an average decrease of 8.1 per cent for the first quarter of 2012 compared to the comparable period in 2011 (Table Vd). The main contractions in prices occurred within the sugar (15.9 per cent), oils (12.7 per cent), dairy (11.6 per cent) and cereals (10.4 per cent) sub-indices.

Table Vd
Food Price Index
(2002-2004 = 100)

Date	Food Price Index	Meat Price Index	Dairy Price Index	Cereals Price Index	Oils Price Index	Sugar Price Index
Jan-11	231.3	166.8	221.3	244.8	279.4	420.2
Feb-11	237.9	170.5	230.0	258.6	281.1	418.2
Mar-11	232.0	174.5	234.4	251.2	261.7	372.3
Apr-11	234.9	180.4	228.7	265.4	260.9	345.7
May-11	231.6	180.0	231.1	261.3	260.9	312.2
Jun-11	233.4	178.1	231.6	259.0	259.0	357.7
Jul-11	231.2	176.5	227.8	247.2	252.9	400.4
Aug-11	230.6	178.6	220.6	252.4	245.3	393.7
Sep-11	225.1	177.3	214.7	244.3	239.4	379.0
Oct-11	215.8	176.1	203.5	231.3	224.3	361.2
Nov-11	216.4	181.1	201.0	228.8	234.8	339.9
Dec-11	210.8	178.8	201.7	217.6	227.5	326.9
Jan-12	212.8	174.2	206.8	222.7	233.7	334.3
Feb-12	215.4	177.5	202.0	226.3	238.7	342.3
Mar-12	215.9	178.2	197.0	227.0	244.9	341.9

Source: Food and Agriculture Organization.

Balance of Payments

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

Preliminary data suggest that for 2011, the external accounts registered an overall surplus of $752.7 million, compared with a smaller surplus of $418.4 million in 2010. At the end of 2011, the level of gross official reserves amounted to $9.8 billion or 13.5 months of prospective imports of goods and non-factor services. The overall current account is estimated to have recorded a surplus of $862.2 million over the first nine months of 2011 (almost 67 per cent less than in the corresponding period of 2010) while the capital and financial account remained in deficit.

The smaller surplus on the current account was related to movements in the investment income account, which registered a net outflow of $2.5 billion compared with a net outflow of $812.6 million in the similar period of 2010. This was largely as a result of higher dividends attributed to foreign direct investors which amounted to $2.2 billion for the first nine months of 2011 compared with $517.4 million one year earlier.

The merchandise trade surplus is estimated[18] to total $3.0 billion (compared to $3.1 billion in the same period of 2010) as the increase in imports (44 per cent) outstripped the increase in exports (25 per cent). Actual data for the first seven months of 2011 showed that energy sector exports amounted to $6.9 billion, $1,546.6 million more than in the similar period one year earlier (Table Ve), driven in part by the strength in energy prices. Nonetheless, Central Bank estimates for the overall third quarter of 2011 point to a lower level of energy exports related to declines in the export volumes of petroleum and natural gas. Total merchandise imports during the first seven months of 2011 (based on actual data) increased by $1,502.8 million to total $5.3 billion as both energy and non-energy imports increased. Given falling crude oil production over the year, it was necessary to increase crude imports in order to maintain the production of refined products, such as gasoline, diesel, jet fuel, and kerosene. Meanwhile, non-energy imports increased particularly in the categories of food and capital equipment. For the third quarter of 2011, the Central Bank has estimated a continuation in this upward trend in imports, which is consistent with the rise in international trade taxes received by the Government during the same period.

The capital and financial account registered an overall deficit of approximately $586 million in the first nine months of 2011. Net foreign direct investment was recorded at $768.5 million reflecting higher reinvested earnings mainly within the energy sector. Commercial banks increased their net foreign balances (particularly for liquid funds) which led to net outflows of $319.6 million. This was in contrast to the corresponding period in 2010 when there was a net inflow of $795 million.

[18] Actual data from the Central Statistical Office on merchandise trade are up to July 2011. Data for the third quarter represent Central Bank estimates for August and September 2011.

Jobs Rate Rate

Table Ve
Trinidad and Tobago: Exports and Imports
(US$ Million)

SITC[1] Category	2010		2011	
	January - July		January - July	
	Exports	Imports	Exports	Imports
0. Food	75.5	358.8	108.5	400.8
1. Beverage and Tobacco	55.9	28.5	114.5	27.9
2. Crude Materials	313.2	204.0	384.1	236.5
3. Minerals and Fuels	4,557.3	1,267.1	4,911.8	2,226.2
4. Animal & Vegetable Oils & Fats	1.0	20.0	1.8	26.4
5. Chemicals	817.8	287.4	2,069.3	330.5
6. Manufactured Goods	378.8	418.0	584.5	414.3
7. Machinery & Transport Equipment	129.5	946.3	97.6	1,435.5
8. Misc. Manufactured Articles	27.0	193.9	37.7	174.2
9. Misc. Transactions & Commodities	0.3	2.9	0.3	2.4
TOTAL	**6,356.3**	**3,726.9**	**8,310.1**	**5,274.6**

Source: Central Statistical Office of Trinidad and Tobago.
1Standard International Trade Classification, Revision 4.

Central government principal repayments on external debt rose to $88.3 million from $61.8 million and included repayments made to the Inter-American Development Bank (IADB) for existing loans as well as a new loan that was contracted in 2005 for the construction of the National Academy for the Performing Arts Centres. With interest payments totaling $49.2 million during the period, total debt service amounted to $137.5 million, compared with $99.6 in the first nine months of 2010.

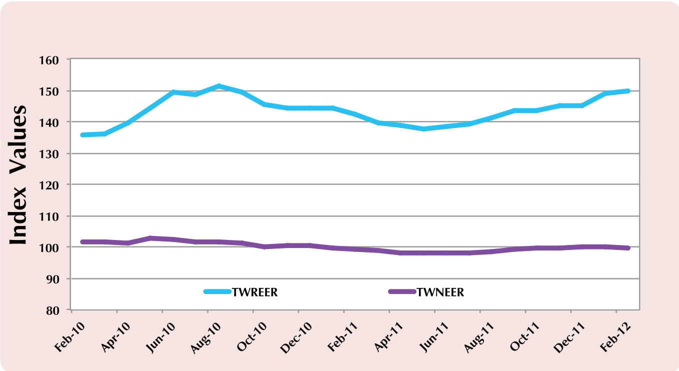
Other private capital flows amounted to a net outflow of $597.1 million during the period partly due to an increase in currency and deposits held abroad. This may have been driven in part by the low level of interest rates in the domestic economy. Private sector short term lending, particularly by the energy companies, to non-resident institutions also contributed to the outflow of other private capital during the review period.

Table Vf
Trinidad and Tobago : Summary Balance of Payments
(US$ Million)

	2007r	2008r	2009r	2010r	Jan-Sept 2010r	Jan-Sept 2011e
Current Account Balance	**5,166.5**	**8,499.0**	**1,632.8**	**4,172.3**	**2,646.8**	**862.2**
Trade Balance	5,528.7	9,070.4	2,241.2	4,735.4	3,114.4	2,952.6
Exports	13,215.2	18,647.1	9,221.4	11,238.9	7,986.6	9,987.3
Energy	11,434.3	16,481.8	7,884.6	9,314.9	6,631.0	8,345.6
Non-Energy	1,780.9	2,165.4	1,336.8	1,924.1	1,355.6	1,641.7
Imports	7,686.5	9,576.7	6,980.2	6,503.5	4,872.2	7,034.7
Energy	3,156.4	4,115.7	2,845.6	2,664.4	1,984.5	3,361.8
Non-Energy	4,530.1	5,461.0	4,134.6	3,839.1	2,887.6	3,672.9
Services (net)	546.4	609.7	381.7	487.6	331.5	409.6
Income (Net)	-968.8	-1,228.0	-1,017.1	-1,079.5	-812.6	-2,514.8
Current Transfers (Net)	60.2	46.9	27.0	28.8	13.5	14.8
Capital and Financial Account	**-3,625.8**	**-5,793.5**	**-2,345.4**	**-3,753.9**	**-2,212.0**	**-586.2**
Official Sector	-280.8	-1,017.4	277.4	-540.9	-662.8	-438.0
Foreign Direct Investment	830.0	2,100.8	709.1	549.4	397.2	768.5
Commercial Banks	88.3	-352.6	-675.2	493.3	795.0	-319.6
Other Private Capital Flows*	-4,263.3	-6,524.3	-2,656.7	-4,255.7	-2,741.4	-597.1
Overall Balance	**1,540.7**	**2,705.5**	**-712.6**	**418.4**	**434.8**	**276.0**
per cent of GDP						
Current Account Balance	**23.8**	**30.3**	**8.3**	**19.9**	**16.8**	**5.1**
Trade Balance	25.4	32.4	11.4	22.6	19.8	17.5
Exports	60.8	66.6	46.7	53.7	50.8	59.2
Energy	52.6	58.8	39.9	44.5	42.2	49.5
Non-Energy	8.2	7.7	6.8	9.2	8.6	9.7
Imports	35.4	34.2	35.4	31.0	31.0	41.7
Energy	14.5	14.7	14.4	12.7	12.6	19.9
Non-Energy	20.8	19.5	20.9	18.3	18.4	21.8
Services (net)	2.5	2.2	1.9	2.3	2.1	2.4
Income (Net)	-4.5	-4.4	-5.2	-5.2	-5.2	-14.9
Current Transfers (Net)	0.3	0.2	0.1	0.1	0.1	0.1
Capital and Financial Account	**-16.7**	**-20.7**	**-11.9**	**-17.9**	**-14.1**	**-3.5**
Official Borrowing	-1.3	-3.6	1.4	-2.6	-4.2	-2.6
Foreign Direct Investment	3.8	7.5	3.6	2.6	2.5	4.6
Commercial Banks	0.4	-1.3	-3.4	2.4	5.1	-1.9
Other Private capital Flows*	-19.6	-23.3	-13.5	-20.3	-17.5	-3.5
Overall Balance	**7.1**	**9.7**	**-3.6**	**2.0**	**2.8**	**1.6**
Gross Official Reserves (US$million)	6,673.5	9,380.3	8,651.6	9,070.0	9,086.4	9,346.1
In months of Imports	9.4	11.5	11.9	13.1	13.1	12.8

Source: Central Bank of Trinidad and Tobago.
* Includes errors and omissions.
r Revised.

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



Effective Exchange Rates

In the 12 months to March 2012, the trade-weighted real effective exchange rate (TWREER) appreciated by 6.3 per cent (Chart Vf). Movements in the TWREER can be decomposed into two effects, an exchange rate effect which is measured by the trade-weighted nominal exchange rate (TWNEER) and an inflation effect which is measured by the effective inflation rate (EIR). The TWNEER appreciated slightly, by just over 1.0 per cent (1.1 per cent) while the EIR (which measures domestic inflation rates relative to those of the country's major trading partners) increased by 5.2 per cent. The main contributory factor to the appreciation in the Trinidad and Tobago dollar was the steady rise in domestic inflation relative to price increases in Trinidad and Tobago's major trading partners. Domestic inflation averaged 5.0 per cent over the 12-month review period, significantly higher than the weighted average inflation rate (0.7 per cent) of the country's major trading partners.

Fiscal Operations

Preliminary data from the Ministry of Finance indicate that the fiscal accounts registered a surplus of $2,811.8 million in the first half of fiscal year 2011/2012 (October 2011 to March 2012) (Table Vg). This compares with a deficit of $207.5 million in the corresponding period, one year earlier. The improved fiscal position reflected higher revenue collections which more than offset the increases in Central Government's spending during the review period.

Total revenue amounted to $24,264.9 million, an increase of 21.2 per cent from the same period in the fiscal year 2010-2011. The gains in revenue were largely due to buoyant commodity prices which were well above budgeted prices, coupled with the payment of outstanding arrears by energy sector companies. Non-energy revenue also increased over the period owing to higher collections from individual income tax[19], Value Added Tax (VAT) and international trade taxes.

[19] This was partly due to the payment of salary arrears from wage settlements in the public as well as private sector which had the effect of boosting the tax base.

Table Vg
Summary Central Government Fiscal Operations

(TT$ Million)

	Actual Oct.2011 - Mar.2012	Actual Oct.2010- Mar.2011	Budgeted October 2011- September 2012
TOTAL REVENUE	**24,264.9**	**20,019.2**	**46,959.9**
Current Revenue	24,226.8	20,017.1	46,943.0
Energy Revenue	13,638.5	10,831.0	23,782.1
Non-Energy Revenue	10,588.4	9,186.1	23,160.9
Income	4,170.7	3,817.0	9,884.5
Property	2.5	4.4	15.0
Goods & Services	3,821.2	3,054.9	8,145.3
International Trade	1,141.2	1,026.4	2,248.1
Non-Tax Revenue	1,452.8	1,283.4	2,868.0
Capital Revenue	38.1	2.1	16.9
TOTAL EXPENDITURE	**21,453.1**	**20,226.7**	**54,602.3**
Current Expenditure	18,796.7	18,012.5	47,020.4
Wages and Salaries	3,517.5	3,422.3	8,481.9
Goods and Services	2,662.0	2,581.6	9,091.5
Interest Payments	1,242.2	1,324.0	4,128.9
Transfers and Subsidies[1]	11,375.0	10,684.6	25,318.1
Capital Expenditure and Net Lending[2]	2,656.4	2,214.2	7,581.9
Current Account Surplus (+)/Deficit (-)	5,430.1	2,004.6	-77.4
Overall Surplus (+)/Deficit (-)	**2,811.8**	**-207.5**	**-7,642.4**
Net Financing	**-2,811.8**	**207.5**	**7,642.4**
Net Foreign Financing	1,160.0	473.1	2,847.1
Net Domestic Financing	-3,971.8	-265.6	4,795.3
Memo items:			
Non-energy Fiscal Deficit	-10,826.7	-11,038.5	-31,424.5
Transfers to the HSF	0.0	0.0	0.0

Source: Ministry of Finance
[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.

Central government spending reached $21,453.1 million for the first six months of fiscal year 2011/2012 propelled by a 20.0 per cent increase in capital spending. As a result of the faster implementation of several programmes, including the Accelerated Housing Programme, the Housing Settlement Development Programme as well as the Early Childhood, Primary and Secondary School Modernization Programmes, capital expenditure amounted to $2,656.4

million during the period. Meanwhile, recurrent expenditure increased by 4.4 per cent, particularly in the categories of transfers and subsidies and wages and salaries. The rise in transfers and subsidies was largely as a result of increases in the petroleum subsidy[20] (given higher international petroleum prices), higher transfers to Government Assistance for Tuition Education (GATE) and State Enterprises, while the completion of some outstanding wage negotiations contributed to an increase in wages and salaries by 2.8 per cent.

Public Debt

Public sector debt outstanding increased during the first half of fiscal year 2011-2012. Preliminary data indicate a 5.5 per cent increase over the six-month period bringing the outstanding balance to $77 billion at the end of March 2012 (Table Vh). The increase was mainly driven by new Central Government borrowing as well as increases in contingent debt. Financing from external sources were project-related and came mainly from the Inter-American Development Bank (IADB). New IADB loans were contracted totalling TT$1.5 billion (US$235 million). The new loans coupled with disbursements from existing ones resulted in the external debt stock increasing from $9.2 billion at the end of September 2011 to $10.8 billion at the end of March 2012.

The Central Government also borrowed $1.5 billion domestically to support its payout to CLICO policyholders (Table IIIa). This amount was raised through the issuance of a bond on the domestic capital market in November 2011. As a result the outstanding balance on bonds and notes increased to $19.3 billion.

Contingent liabilities increased by $1.1 billion over the six months ending March 2012. This was mainly due to the Government guaranteeing previously contracted debt by the Urban Development Corporation of Trinidad and Tobago Limited (UDECOTT) for the construction of the Government Campus Plaza . Additionally, the National Insurance Property Development Company (NIPDEC) raised $500 million on the domestic capital market to support its programme for the upgrade of road efficiency (P.U.R.E.).

[20] The petroleum subsidy increased to $796.5 million during the period October 2011 to March 2012 from $300 million in the same period one year earlier.

Table Vh
Total Public Debt Outstanding
September 2011 - March 2012

(TT$ Million)

	Sep 2011r	Mar 2012p	Increase/ Decrease	Per cent Change
TOTAL PUBLIC DEBT	**72,981.5**	**77,006.2**	**4,024.7**	**5.5**
CENTRAL GOV'T DOMESTIC DEBT	**38,817.6**	**40,129.6**	**1,312.0**	**3.4**
Of which;				
Bonds and Notes	17,947.9	19,299.5	1,351.6	7.5
BOLTS	540.1	500.6	-39.5	-7.3
Treasury Bills (OMOs)	14,200.0	14,200.0	0.0	0.0
Treasury Notes	5,000.0	5,000.0	0.0	0.0
Debt Management Bills	800.0	800.0	0.0	0.0
Other	329.6	329.5	0.0	0.0
EXTERNAL DEBT	**9,239.8**	**10,834.5**	**1,594.7**	**17.3**
CONTINGENT DEBT	**24,924.1**	**26,042.1**	**1,118.0**	**4.5**
State Enterprises	13,968.4	16,703.1*	2,734.7	19.6
Statutory Authorities	10,955.7	9,339.0	-1,616.7	-14.8

Source: Ministry of Finance.
r Revised
p Preliminary
* Balance as at the end of December 2011

Appendices

Tables
Media Releases

Appendices:

Tables

Appendix A

Index of Retail Prices (February 2010 – March 2012)

	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 %
Feb-10	163.40	0.93	4.81	128.45	4.03	322.60	2.84	6.26	137.80	9.54
Mar-10	164.30	0.55	5.05	128.61	4.07	326.90	1.33	6.86	137.80	9.54
Apr-10	169.60	3.23	7.27	130.64	4.36	347.10	6.18	12.66	140.40	11.78
May-10	172.90	1.95	9.57	130.64	4.29	365.40	5.27	19.41	140.40	11.78
Jun-10	179.20	3.64	13.63	130.60	4.28	400.60	9.63	31.09	140.40	11.78
Jul-10	180.00	0.45	14.14	131.09	4.08	402.80	0.55	33.25	140.40	11.78
Aug-10	184.00	2.22	16.23	131.21	4.07	424.50	5.39	39.13	140.40	11.78
Sep-10	182.90	-0.60	13.18	131.27	4.13	418.10	-1.51	29.24	140.40	11.78
Oct-10	180.60	-1.26	12.52	131.69	4.65	403.40	-3.52	26.70	140.40	12.14
Nov-10	179.30	-0.72	12.77	131.82	4.83	395.60	-1.93	27.41	140.40	12.14
Dec-10	180.20	0.50	13.40	131.75	4.72	400.90	1.34	29.49	140.40	12.14
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

	HOUSING 262		HEALTH 51		EDUCATION 16		HOTELS, CAFES, RESTAURANTS 30		ALCOHOLIC BEVERAGES 25	FURNISHINGS HOUSEHOLD EQUIPMENT MAINTAINENCE 54
Date	Index	Y-o-Y%	Index	Y-0-Y%	Index	Y-0-Y%	Index	Y-0-Y%	Y-0-Y%	Y-0-Y%
Feb-10	125.60	1.13	144.20	6.34	169.20	3.17	173.80	2.96	14.38	0.98
Mar-10	125.60	1.13	144.40	6.10	169.20	3.17	173.80	2.96	12.23	0.98
Apr-10	125.40	-0.24	147.50	4.39	171.20	2.88	174.30	2.05	12.16	-0.18
May-10	125.40	-0.24	147.60	4.46	171.20	2.88	174.30	2.05	12.08	-0.18
Jun-10	125.40	-0.24	148.00	4.74	171.20	2.88	174.30	2.05	12.15	-0.18
Jul-10	125.40	0.32	148.40	4.95	171.20	2.88	174.60	1.39	11.34	1.07
Aug-10	125.40	0.32	148.50	4.95	171.20	2.88	174.60	1.39	11.66	1.07
Sep-10	125.40	0.32	149.00	5.37	171.20	2.88	174.60	1.39	9.35	1.07
Oct-10	126.00	0.16	149.50	3.89	172.40	1.89	174.30	0.75	3.35	0.97
Nov-10	126.00	0.16	149.60	3.96	172.40	1.89	174.30	0.75	6.50	0.97
Dec-10	126.00	0.16	149.60	3.82	172.40	1.89	174.30	0.75	6.01	0.97
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

Source: Central Statistical Office.

Appendix B
Price Movements in the Major Categories of the Food Sub-Index of the RPI, October 2011 – March 2012

(Year-on-Year Per Cent Change)

	Weight	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
FOOD AND NON-ALCOHOLIC BEVERAGES	180.00	6.92	12.29	10.88	13.96	20.18	20.27
FOOD	156.20	7.01	12.68	11.14	14.41	20.99	21.14
BREAD AND CEREALS	31.21	6.68	6.68	6.28	6.19	5.93	5.15
Bread	5.51	7.90	7.90	7.74	6.95	5.93	5.73
Cereals -Includes rice and flour	18.74	6.02	5.71	5.02	5.10	5.00	3.70
Pasta Products	1.38	(3.51)	(2.61)	(0.11)	3.25	3.99	4.28
Pastry Cooked Products	5.27	10.53	11.39	10.98	10.20	9.84	9.95
MEAT	29.21	5.21	7.68	3.24	2.83	6.91	6.90
Fresh, Chilled or Frozen Beef	3.09	12.76	17.24	12.95	10.98	8.12	8.10
Fresh, Chilled or Frozen Lamb or Goat	1.13	14.84	13.58	12.10	12.04	8.10	5.23
Fresh Chilled or Frozen Pork	2.34	10.56	8.77	11.85	13.23	8.05	8.85
Fresh, Chilled or Frozen Poultry	18.18	2.61	5.75	(0.45)	(1.00)	6.39	6.61
Dried, Salted or Smoked Meat	4.10	7.51	8.18	8.68	8.90	8.02	7.09
FISH	11.37	4.28	6.74	8.15	9.11	13.63	12.58
Fresh, Chilled or Frozen Fish	7.21	2.72	6.52	8.91	9.14	15.05	13.93
Fresh, Chilled or Frozen Seafood	1.83	11.93	10.04	4.48	11.28	10.73	8.54
Other Preserved or Processed Fish	1.03	4.09	5.34	5.94	6.44	8.46	6.90
MILK, CHEESE AND EGGS	19.05	7.44	8.29	7.22	7.17	8.61	7.48
Whole Milk	1.75	9.63	10.43	10.42	10.32	12.46	12.70
Preserved Milk	9.22	3.09	4.22	4.58	5.33	7.74	7.82
Cheese, Yogurt & Milk Products	6.34	10.45	10.83	7.57	7.18	6.31	4.79
Eggs	1.74	18.70	19.47	16.07	13.33	16.11	9.50
OILS AND FATS	9.07	9.76	14.87	16.50	17.09	17.86	19.10
Butter	0.82	9.28	9.41	10.58	10.21	9.71	10.40
Margarine and Other Vegetable Fats	2.56	14.89	15.40	16.68	17.69	18.43	18.57
Edible Oils and Animal Fats	5.69	7.30	15.70	17.59	18.18	19.22	21.10
FRUIT	14.28	34.14	51.91	62.89	62.44	53.91	59.88
VEGETABLES	21.84	3.67	8.07	4.23	7.49	24.53	17.68
Fresh or Chilled Vegetables	12.09	27.32	37.98	18.02	15.91	57.96	34.26
Dried Vegetables	2.42	10.28	10.78	12.04	11.99	6.25	11.82
Fresh or Chilled Tuber Vegetables	7.33	(11.94)	(11.85)	(5.75)	0.77	2.20	6.73
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	7.66	8.90	8.82	8.89	9.49	9.02	6.70
OTHER FOOD PRODUCTS	12.51	(8.56)	(0.40)	(7.71)	4.19	(1.08)	10.88
NON-ALCOHOLIC BEVERAGES	23.80						
Coffee, Tea and Cocoa	3.06	9.21	9.20	9.88	9.70	11.46	11.03
Soft Drinks	13.33	4.07	4.20	4.86	4.80	3.53	2.97
Juices	7.40	3.89	3.87	4.00	3.24	2.59	2.07

Source: Central Statistical Office.

Appendix C
Price Movements in the Categories of the Core Sub-Index of the RPI, October 2011– March 2012

(Year-on-Year Percentage Change)

	Weight	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
CORE INFLATION SUB-INDEX	**820.00**	**1.55**	**1.44**	**1.53**	**1.84**	**1.80**	**1.78**
Alcoholic Beverages and Tobacco	**25.00**	**4.56**	**0.83**	**2.35**	**2.54**	**2.21**	**2.39**
Alcoholic Beverages	16.90	6.41	1.03	0.56	(0.11)	(0.41)	(0.12)
Tobacco	8.10	1.14	0.43	5.68	7.49	7.12	7.19
Clothing and Footwear	**53.00**	**1.91**	**2.45**	**2.62**	**3.20**	**2.76**	**2.87**
Clothing	39.23	2.89	3.48	3.79	4.42	4.05	4.25
Footwear	13.75	(1.01)	(1.01)	(1.01)	(0.91)	(1.47)	(1.53)
Housing, Water, Electricity, Gas and Other Fuels	**262.00**	**2.46**	**2.46**	**2.46**	**2.69**	**2.69**	**2.69**
Rental for Accommodation	24.00	9.41	9.41	9.41	6.73	6.73	6.73
Imputed Rentals for Owner Occupiers	180.00	2.28	2.28	2.28	2.97	2.97	2.97
Materials and Services for the Repair of Dwelling	8.51	4.18	4.18	4.18	3.27	3.27	3.27
Electricity	47.87	0.00	0.00	0.00	0.00	0.00	0.00
Liquefied Hydrocarbons and Other Fuels	4.08	(0.01)	0.52	0.56	0.65	0.75	0.81
Furnishings, Household Equipment and Routine Maintenance	**54.00**	**1.58**	**1.58**	**1.58**	**1.75**	**1.75**	**1.75**
Furniture, Furnishings and Floor Coverings	12.44	(1.41)	(1.41)	(1.41)	(1.57)	(1.57)	(1.57)
Household Appliances- Refrigerators, Freezers, and Fridge-freezers	6.51	0.80	0.80	0.80	0.92	0.92	0.92
Cleaning and Maintenance products	7.95	3.82	3.82	3.82	6.15	6.15	6.15
Health	**51.00**	**1.20**	**0.47**	**0.94**	**0.87**	**0.94**	**0.87**
Pharmaceutical Products	23.06	1.63	0.03	1.16	0.71	0.85	0.76
Medical Services	19.91	0.99	0.99	0.99	1.23	1.23	1.23
Transportation	**167.00**	**0.64**	**0.64**	**0.64**	**0.64**	**0.64**	**0.64**
Purchase of Motor Vehicles	53.89	0.00	0.00	0.00	0.00	0.00	0.00
Fuel and Lubricants	25.79	2.78	2.78	2.78	2.78	2.78	2.78
Transport Services (including passenger transport by road)	65.29	0.00	0.00	0.00	0.00	0.00	0.00
Recreation and Culture	**85.00**	**(0.55)**	**(0.53)**	**(0.46)**	**0.62**	**0.62**	**0.62**
Recreational and Cultural Services	29.28	(3.03)	(3.03)	(3.03)	(3.03)	(3.03)	(3.03)
Newspaper, Books and Stationery	18.51	2.07	2.07	2.07	2.07	2.07	2.07
Package Holidays	23.05	0.25	0.25	0.25	3.42	3.42	3.42
Hotels, Cafes and Restaurants	**30.00**	**3.04**	**3.04**	**3.04**	**3.38**	**3.38**	**3.38**
Catering (Restaurants, Cafes, Vendors)	28.57	3.12	3.12	3.12	3.51	3.51	3.51
Education	**16.00**	**1.74**	**1.74**	**1.74**	**1.74**	**1.74**	**1.74**
Tuition Fees (all levels)	10.13	1.83	1.83	1.83	1.83	1.83	1.83
Miscellaneous Goods and Other Services	**36.00**	**3.07**	**3.07**	**3.07**	**3.30**	**3.30**	**3.30**
Personal Care	25.85	3.35	3.35	3.35	3.52	3.52	3.52
Jewellery, Clocks and Watches	4.16	4.45	4.45	4.45	5.30	5.30	5.30

Source: Central Statistical Office.

Appendix D
Index of Retail Sales: Base 2000=100
Base Period: Average of 4 Quarters
(2008 – 2011)

	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-08	215.3	17.9	372.2	55.6	202.6	15.4	241.1	34.2
Jun-08	229.4	17.6	428.4	58.5	208.1	10.0	238.5	7.1
Sep-08	242.1	14.4	482.6	56.6	217.5	7.2	244.5	6.6
Dec-08	281.1	7.2	620.5	37.0	252.6	4.1	247.1	-18.7
2008	**242.0**	**13.7**	**475.9**	**49.9**	**220.2**	**8.7**	**242.8**	**3.8**
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	301.7	13.3	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**

	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-08	121.7	7.1	63.0	-5.0	280.9	17.6	165.4	6.0	180.6	-6.9
Jun-08	150.3	21.9	61.9	-3.7	316.3	30.5	173.3	9.1	176.7	-5.5
Sep-08	159.8	6.0	76.5	13.3	308.1	16.0	166.9	3.3	225.2	9.0
Dec-08	365.1	-0.2	77.0	-10.7	336.3	19.1	177.3	19.9	194.2	-3.6
2008	**199.2**	**5.8**	**69.6**	**-2.1**	**310.4**	**20.6**	**170.7**	**9.4**	**194.2**	**-1.6**
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	190.8	2.2
2011	**197.7**	**9.0**	**78.7**	**7.0**	**252.0**	**6.6**	**154.6**	**-6.6**	**184.7**	**4.5**

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

Appendix E
Index of Retail Prices by Area – March 2012

(Year-on-Year Per Cent Change)

	TRINIDAD & TOBAGO		PORT OF SPAIN		SAN FERNANDO		ARIMA BOROUGH	
	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11
ALL ITEMS	1,000.00	9.13	262.65	8.73	128.70	8.15	52.09	10.71
Food and Non-Alcoholic Beverages	180.00	20.27	27.25	25.57	17.27	22.30	8.13	15.01
Food	156.20	21.14	22.74	26.84	14.79	23.18	7.15	15.44
Bread and Cereals	31.21	5.15	4.00	6.26	2.79	6.15	1.30	4.22
Meat	29.21	6.90	3.21	2.80	2.45	3.60	1.43	4.30
Fish	11.37	12.58	1.81	7.72	1.00	13.01	0.44	21.36
Milk, Cheese and Eggs	19.05	7.48	3.24	5.93	1.87	9.85	0.79	8.54
Oils and Fats	9.07	19.10	1.20	20.73	0.85	19.83	0.33	18.28
FRUIT	14.28	59.88	2.94	69.94	1.53	77.17	0.72	1.35
VEGETABLES	21.84	17.68	3.32	20.31	2.28	14.74	1.17	10.61
Sugar, Jam, Honey, Syrups, Chocolate and Confectionery	7.66	6.70	1.33	3.99	0.68	12.73	0.44	(0.85)
Food Products N.E.C	12.51	10.88	1.69	12.94	1.34	35.15	0.53	128.63
Non-Alcoholic Beverages	23.80	3.72	4.51	(0.72)	2.48	6.44	0.98	4.02

Source: Central Statistical Office.

Appendix E (continued)
Index of Retail Prices by Area - March 2012
(Year-on-Year Per Cent Change)

	DIEGO MARTIN		ST. ANNS (SAN JUAN)		TACARIGUA (TUNAPUNA)		CHAGUANAS BOROUGH	
	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11
ALL ITEMS	38.52	1.57	45.17	31.59	123.49	2.31	111.64	6.48
Food and Non-Alcoholic Beverages	12.00	(0.80)	17.92	44.64	20.23	2.27	19.75	12.33
Food	10.37	(1.24)	15.41	46.47	17.46	2.08	17.33	12.51
Bread and Cereals	2.34	5.28	3.02	5.32	3.50	4.55	3.27	2.63
Meat	1.99	8.89	2.57	2.26	3.52	4.12	3.32	3.70
Fish	0.72	1.45	1.17	3.50	1.13	0.75	1.22	41.29
Milk, Cheese and Eggs	1.56	9.70	2.08	9.91	2.28	5.96	1.87	8.13
Oils and Fats	0.52	20.62	0.91	15.69	0.99	10.85	1.16	48.86
FRUIT	1.12	(12.61)	1.60	92.02	1.35	24.43	1.75	49.22
VEGETABLES	0.93	(9.43)	2.03	32.94	2.36	(10.02)	2.47	7.78
Sugar,Jam,Honey,Syrups,Chocolate and Confectionery	0.44	6.05	0.85	9.23	0.84	9.32	0.70	6.12
Food Products N.E.C	0.75	3.24	1.18	16.24	1.49	(3.65)	1.57	(12.38)
Non-Alcoholic Beverages	1.63	4.37	2.51	5.75	2.77	3.68	2.42	7.80

Source: Central Statistical Office.

Appendix E (continued)
Index of Retail Prices by Area - March 2012

(Year-on-Year Per Cent Change)

	COUVA		COCAL (RIO CLARO)		MANZANILLA/TURERE (SANGRE GRANDE)		NAPARIMA (DEBE)	
	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11
ALL ITEMS	23.23	(0.25)	2.23	4.52	21.75	12.37	5.62	(1.71)
Food and Non-Alcoholic Beverages	7.61	(1.66)	1.04	4.60	4.68	24.99	4.73	(1.88)
Food	6.75	(2.02)	0.95	4.96	4.17	25.75	4.10	(2.01)
Bread and Cereals	1.28	4.74	0.25	(2.25)	0.85	0.67	0.96	3.38
Meat	1.75	4.68	0.21	3.61	0.96	17.82	1.07	14.23
Fish	0.63	25.77	0.09	1.39	0.29	4.55	0.26	20.69
Milk, Cheese and Eggs	0.56	4.75	0.04	7.83	0.45	9.17	0.38	7.08
Oils and Fats	0.43	8.08	0.07	19.09	0.26	11.73	0.23	13.18
FRUIT	0.56	23.48	0.10	0.39	0.30	52.80	0.17	(1.14)
VEGETABLES	0.77	(7.33)	0.09	22.54	0.62	15.67	0.57	(4.93)
Sugar,Jam,Honey,Syrups,Chocolate and Confectionery	0.25	1.81	0.03	8.77	0.16	6.60	0.14	11.22
Food Products N.E.C	0.52	2.79	0.07	(24.03)	0.28	5.16	0.32	3.31
Non-Alcoholic Beverages	0.86	8.41	0.09	(0.95)	0.51	3.15	0.63	1.06

Source: Central Statistical Office.

Appendix E (continued)
Index of Retail Prices by Area - March 2012

(Year-on-Year Per Cent Change)

	SAVANA GRANDE (PRINCES TOWN)		SIPARIA		PT. FORTIN		TOBAGO (SCARBOROUGH)	
	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11	WEIGHT	MAR '12/ MAR '11
ALL ITEMS	13.12	11.67	48.14	15.28	28.07	16.36	95.58	6.73
Food and Non-Alcoholic Beverages	8.30	13.64	10.80	32.78	6.25	27.86	14.04	22.44
Food	7.33	14.58	9.79	34.10	5.52	28.60	12.34	23.31
Bread and Cereals	1.73	0.83	2.26	10.55	1.14	3.07	2.52	8.10
Meat	1.40	56.98	1.99	1.77	1.28	3.44	2.06	0.93
Fish	0.26	7.38	0.60	40.89	0.32	9.23	1.43	5.48
Milk, Cheese and Eggs	0.79	7.51	0.84	7.69	0.62	5.81	1.68	4.98
Oils and Fats	0.46	4.46	0.62	9.58	0.25	17.29	0.79	7.08
FRUIT	0.56	28.97	0.67	(15.12)	0.33	54.03	0.58	5.08
VEGETABLES	1.21	14.24	1.58	60.19	0.90	36.18	1.54	49.32
Sugar,Jam,Honey,Syrups,Chocolate and Confectionery	0.30	8.05	0.46	6.13	0.26	12.48	0.78	3.23
Food Products N.E.C	0.62	(14.57)	0.77	21.47	0.42	(4.50)	0.96	9.64
Non -Alcoholic Beverages	0.97	(0.31)	1.01	(0.01)	0.73	4.62	1.70	6.78

Source: Central Statistical Office.

Appendix F
Index of Retail Prices of Building Materials
Base Period: Average of 4 Quarters 1996=100

	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 %
2008 I	185.90	0.9	4.3	251.60	0.4	5.4	205.40	1.2	4.0	208.80	-1.2	4.5
II	193.20	3.9	6.6	268.20	6.6	8.9	214.20	4.3	7.2	213.80	2.4	5.2
III	200.55	3.8	9.8	295.09	10.0	18.9	219.32	2.4	9.0	218.28	2.1	5.1
IV	204.25	1.8	10.8	300.74	1.9	20.0	225.24	2.7	11.0	218.38	0.1	3.4
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	4.2	279.41	3.1	5.3	231.68	0.6	5.7	286.10	1.9	2.5

	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 %
2008 I	127.90	4.2	9.4	140.40	2.7	2.3	122.20	0.1	3.3
II	128.90	0.8	8.9	140.40	0.0	3.5	125.30	2.5	3.2
III	129.26	0.3	8.5	141.76	1.0	4.1	127.57	1.8	4.6
IV	130.48	0.9	6.3	142.18	0.3	4.0	129.83	1.8	6.3
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
IV	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	178.3	0.1	6.2	145.17	0.2	0.5	129.7	1.5	1.6

Source: Central Statistical Office.

Appendix G
Export and Import Prices Indices, 2005 - 2011

(Per Cent)

		Import Prices			*Export Prices*			*Net Barter Terms of Trade*		
		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
September 2005 – March 2012

	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T
	Index Values		*Quarterly Change (%)*		*Year on Year Change (%)*	
Sep-05	1,082.9	1,345.9	-7.5	-9.1	12.5	12.4
Dec-05	1,067.4	1,323.0	-1.4	-1.7	-0.7	2.5
Mar-06	958.6	1,170.4	-10.2	-11.5	-16.5	-18.3
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

Source: Central Bank of Trinidad and Tobago.

Appendix I
Trinidad and Tobago Mutual Funds Under Management by Type of Fund[1, 2]
March 2005 – March 2012

	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 (%)*		
Mar-05	28,140.66	21,462.21	6,678.45	4.3	1.2	15.8	22.7	15.7	52.6
Jun-05	29,821.36	22,955.65	6,865.71	6.0	7.0	2.8	22.8	16.6	49.8
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-11[r]	35,554.92	31,406.65	3,750.08	-0.3	-1.0	4.6	-2.1	-2.7	3.2
Jun-11[r]	36,335.76	31,988.14	3,909.93	2.2	1.9	4.3	-1.3	-2.3	6.3
Sep-11[r]	36,196.62	31,914.39	3,851.86	-0.4	-0.2	-1.5	-1.0	-2.1	6.2
Dec-11[r]	36,802.59	32,419.08	3,926.34	1.7	1.6	3.2	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

Source: Central Bank of Trinidad and Tobago.

r Revised (see footnote 2).

[1] 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.

[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
January 2009 – February 2012

(Year-on-Year Per Cent Change)

PRIVATE SECTOR CREDIT BY INSTITUTION				MAJOR PRIVATE SECTOR CREDIT COMPONENTS		
	BANKS	NON-BANKS	CONSOLIDATED FINANCIAL SYSTEM	CONSUMER CREDIT	REAL ESTATE MORTGAGE LOANS	LOANS TO BUSINESS FIRMS
Jan-09	11.0	-14.4	8.4	3.4	15.8	9.9
Feb-09	9.7	-15.7	7.1	3.6	17.4	11.8
Mar-09	5.5	-15.9	3.2	2.0	14.9	9.9
Apr-09	3.2	-16.4	1.2	0.2	13.3	6.9
May-09	3.0	-11.4	1.6	-0.9	12.1	9.5
Jun-09	4.5	13.3	5.3	-0.2	12.4	13.1
Jul-09	3.4	9.1	4.0	1.2	10.3	10.8
Aug-09	1.9	3.6	2.1	-1.5	9.8	9.8
Sep-09	0.2	-5.8	-0.4	-2.2	9.0	6.5
Oct-09	-2.2	-0.1	-2.0	-3.2	11.4	1.5
Nov-09	-4.4	-2.6	-4.2	-4.9	8.5	-1.2
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	2.5	8.7	5.7
Feb-12	5.4	-16.0	2.3	2.2	9.4	2.8
Mar-12	6.3	-15.8	3.1	2.2	9.8	4.8

Source: Central Bank of Trinidad and Tobago.

Monetary Policy Report

Appendices:

Media Releases on the 'Repo' Rate from December 2011 to April 2012

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Media Release

INFLATION RISES TO 5.7 PER CENT IN NOVEMBER: CENTRAL BANK MAINTAINS 'REPO' RATE AT 3.00 PER CENT

The latest data released by the Central Statistical Office show that inflation continued to creep up in November. **Headline inflation, measured by the 12 month increase in the Index of Retail Prices rose to 5.7 per cent in November**, up from 3.7 per cent in the previous month. On a monthly basis the general price level rose by 1.2 per cent in November, following a decline of 0.1 per cent in October.

The increase in the headline inflation rate was mainly attributable to higher food prices. For the first time in six months year-on-year food inflation reached double digits—12.3 per cent in November. This increase may have been the result of the flooding of some agricultural areas in late October and early November which impacted local supply and prices of fruits and vegetables. For the year to November, fruit prices increased by 51.9 per cent, compared with 34.1 per cent in October, while prices of vegetables rose by 8.1 per cent compared with 3.7 per cent in October. Retail prices for several other categories of food items likewise increased on a 12 month basis to November. Prices of oils and fats rose by 14.9 per cent, meats by 7.7 per cent, fish by 6.7 per cent, and milk, cheese and eggs by 8.3 per cent.

Core inflation, which excludes the impact of food prices, has been relatively well contained for most of 2011, indicative of the overall sluggish demand conditions in the economy. In November, core inflation slowed to 1.4 per cent on a year-on-year basis from 1.6 per cent in October. While most sub categories remained unchanged, prices decelerated for alcoholic beverages and tobacco (0.8 per cent compared with 4.6 per cent in October), health (0.5 per cent compared with 1.2 per cent) and recreation and culture (0.5 per cent compared with 0.6 per cent). The sole sub category to register an increase was clothing and footwear where prices rose by 2.4 per cent in the year to November compared with 1.9 per cent in October.

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There are encouraging signs that private sector credit expansion is continuing to stage a slow recovery. On a year-on-year basis to October 2011, private sector credit extended by the consolidated financial system grew by 1.4 per cent following an increase of 0.1 per cent in September. While consumer and real estate mortgage lending continue to grow, business lending also registered growth for the first time in 23 months. Lending to consumers rose by 3.7 per cent (year-on-year) in October, slightly lower than the 4.0 per cent averaged in August and September. Real estate mortgage lending remains a strong loan category, rising by 8.9 per cent in October. Meanwhile, loans to businesses grew by 1.6 per cent—the first increase since October 2009—as commercial banks expanded their lending to private companies.

The domestic financial system remained very liquid at the end of the year. Commercial banks' excess balances at the Central Bank averaged just over TT$5.2 billion in November, rising close to TT$6 billion by the last week in December. A pickup in government expenditure in the first quarter of its fiscal year 2011/2012, financed by a drawdown in government deposits at the Central Bank, has contributed to the build-up of financial system liquidity. Given the extent of liquid resources available, commercial banks did not need to access the inter-bank market nor the Central Bank's repo facility.

The accumulation of excess liquid balances in the financial system has served to keep short-term interest rates at record lows with the three-month treasury bill rate reaching 0.28 per cent in late December, slightly higher than the 0.23 per cent in November. The rate on US 91-day treasury bills also ended the year at a low of 0.03 per cent, resulting in a marginal widening of the spread between the TT and US 3-month treasury bill rates to 0.25 per cent from 0.20 per cent a month earlier.

While there are signs that credit demand may be increasing, the basis for a sustained economic recovery is still to be established. In the current circumstances, **the Bank has decided to maintain the 'repo' rate at 3.00 per cent.**

The Bank will continue to keep economic and monetary conditions under close review.

The next 'repo' rate announcement is scheduled for January 27, 2012.

December 30, 2011.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

(Per Cent Change)

	Monthly		Year-on-Year	
	October 2011	November 2011	October 2011	November 2011
Headline Inflation	**(0.1)**	**1.2**	**3.7**	**5.7**
Food Prices	(1.1)	3.0	6.9	12.3
Bread and Cereals	0.7	(0.4)	6.7	6.7
Meat	0.0	0.4	5.2	7.7
Fish	(0.1)	3.1	4.3	6.7
Vegetables	3.2	5.0	3.7	8.1
Fruits	(8.4)	4.8	34.1	51.9
Milk, Cheese & Eggs	(0.6)	1.0	7.4	8.3
Oils and Fats	0.9	4.7	9.8	14.9
Sugar, Jam, Confectionery, etc.	0.9	(0.1)	8.9	8.8
Core Inflation	**0.6**	**(0.0)**	**1.6**	**1.4**
Alcoholic Beverages & Tobacco	0.2	(0.2)	4.6	0.8
Clothing and Footwear	(0.8)	0.3	1.9	2.4
Furnishings, Household Equipment and Routine Maintenance	1.0	0.0	1.6	1.6
Health	(0.1)	(0.7)	1.2	0.5
Of which: Medical Services	0.0	0.0	1.0	1.0
Housing, Water, Electricity, Gas & Other Fuels	1.7	0.0	2.5	2.5
Of which: Rent	3.6	0.0	9.4	9.4
Home Ownership	2.0	0.0	2.3	2.3
Education	(0.2)	0.0	1.7	1.7
Recreation & Culture	(0.2)	0.1	(0.6)	(0.5)
Hotels, Cafes & Restaurants	0.3	0.0	3.0	3.0
Transport	0.0	0.0	0.6	0.6

Source: Central Statistical Office.

- End -

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Media Release

INFLATION ENDS 2011 AT 5.3 PER CENT: CENTRAL BANK MAINTAINS 'REPO' RATE AT 3.00 PER CENT

The final figures released by the Central Statistical Office for 2011 indicate that **headline inflation** slowed **to 5.3 per cent** on a year-on-year basis in December from 5.7 per cent in the previous month. On a monthly basis, headline inflation increased by just 0.1 per cent in December compared to an increase of 1.2 per cent in November.

Food prices rose by **10.9 per cent** (year-on-year) in December 2011 following the 12.3 per cent increase in November. Over the course of the year there had been a notable volatility in the movement of food prices, initially characterized by a steep deceleration in the 12-month rate from 30.9 per cent in January to -0.3 per cent by August. The subsequent up-tick was largely associated with flooding in several agricultural districts. The December data showed that the fastest rises in food prices occurred for fruits (62.9 per cent on a 12-month basis), while prices of oils and fats rose by 16.5 per cent, fish by 8.1 per cent and milk, cheese and vegetables by 7.2 per cent.

Core inflation, which excludes food prices, remained relatively steady over the course of 2011, edging up to **1.5 per cent** (year-on-year) in December from 1.4 per cent in November. Since the middle of 2011, core inflation has stayed under 2.0 per cent reflecting weak underlying demand pressures in the economy.

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Private sector credit demand, an important yardstick of demand conditions in the economy, has continued a slow but steady rate of expansion since the second quarter of 2011. On a year-on-year basis, **private sector credit** granted by the consolidated financial system grew by **2.5 per cent** in November 2011, up from 1.4 per cent in October. Among the major categories of lending, **consumer credit** continued its steady path of recovery growing by **4.3 per cent** while **real estate mortgage lending** maintained a robust rate of growth, expanding by **9.1 per cent** in the twelve months to November. **Business lending**, which recorded in October 2011 its first year-on-year increase in twenty-three months, picked up momentum in November, rising by **2.7 per cent** (year-on-year).

The financial system has continued to exhibit very high levels of liquidity, with excess commercial bank deposits at the Central Bank averaging over TT$5 billion in the months of November and December. More recently, liquidity has contracted somewhat in the context of a bulge in tax payments to the Government at the start of 2012. Over the first three and a half weeks of January 2012, **commercial banks' excess reserves** fell to a daily average of **TT$4.1 billion.**

In the face of significant excess liquidity, short-term interest rates have continued to slip to record lows. The **three- and six-month treasury bill rates** declined to **0.22 per cent and 0.28 per cent**, respectively by January 24, 2012 from 0.28 per cent and 0.32 per cent in December. With the TT 91-day treasury bill discount rate falling and the US 91-day treasury rate inching up to 0.04 per cent in January, the differential between the TT and US 3-month treasury rates narrowed to 18 basis points from 25 basis points in December 2011.

There is as yet no reliable evidence of a solid recovery in economic conditions, although the nascent improvement in financial system credit to the private sector is encouraging. If core inflation is taken as a guide, inflationary pressures remain well contained for the time being. Under these circumstances, **the Central Bank continues to view the present accommodative monetary policy stance as appropriate and has decided to maintain the 'Repo' rate at 3.00 per cent.**

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

The next 'Repo' rate announcement is scheduled for February 24, 2012.

January 27, 2012.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	November 2011	December 2011	November 2011	December 2011
Headline Inflation	**1.2**	**0.1**	**5.7**	**5.3**
Food Prices and Non- Alcoholic Beverages	3.0	0.1	12.3	10.9
Bread and Cereals	(0.4)	0.1	6.7	6.3
Meat	0.4	0.2	7.7	3.2
Fish	3.1	3.4	6.7	8.1
Vegetables	5.0	(3.2)	8.1	4.2
Fruits	4.8	8.9	51.9	62.9
Milk, Cheese & Eggs	1.0	0.5	8.3	7.2
Oils and Fats	4.7	0.3	14.9	16.5
Sugar, Jam, Confectionery, etc.	(0.1)	0.2	8.8	8.9
Core Inflation	**(0.0)**	**0.0**	**1.4**	**1.5**
Alcoholic Beverages & Tobacco	(0.2)	1.6	0.8	2.4
Clothing and Footwear	0.3	(0.6)	2.4	2.6
Furnishings, Household Equipment and Routine Maintenance	0.0	0.0	1.6	1.6
Health	(0.7)	0.5	0.5	0.9
Of which: Medical Services	0.0	0.0	1.0	1.0
Housing, Water, Electricity, Gas & Other Fuels	0.0	0.0	2.5	2.5
Of which: Rent	0.0	0.0	9.4	9.4
Home Ownership	0.0	0.0	2.3	2.3
Education	0.0	0.0	1.7	1.7
Recreation & Culture	0.1	0.1	(0.5)	(0.5)
Hotels, Cafes & Restaurants	0.0	0.0	3.0	3.0
Transport	0.0	0.0	0.6	0.6

Source: Central Statistical Office.

- End -

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Media Release

FOOD PRICES PUSH INFLATION TO 6.8 PER CENT IN JANUARY 2012: CENTRAL BANK MAINTAINS 'REPO' RATE AT 3.0 PER CENT

The latest data released by the Central Statistical Office indicate that **headline inflation**, measured by the twelve-month increase in the Index of Retail Prices, rose to **6.8 per cent** in January 2012 from 5.3 per cent in December 2011. The headline inflation rate registered a monthly increase of 2.5 per cent in January 2012 - the highest monthly increase since June 2010.

The continuing rise in food prices was the main reason behind the pick up in the headline inflation rate. On a year-on-year basis, **food prices** rose by **14.0 per cent** in January 2012 from 10.9 per cent in the previous month. The increase in the food index was led mainly by **fruits, vegetables** and **fish** which rose by **62.4 per cent, 7.5 per cent and 9.1 per cent,** respectively in the twelve months to January 2012. Besides the sharp increase in these categories, higher international prices may have begun to impact some categories in the domestic food basket, particularly **oils and fats (17.1 per cent), dairy-based products (7.2 per cent), bread and cereals (6.2 per cent)** and **meat (2.8 per cent).**

Core inflation, which filters out the impact of food prices, edged upwards to **1.8 per cent** (year-on-year) in January 2012 from 1.5 per cent in December 2011. The sub-indices for housing, clothing and footwear and hotels, cafes and restaurants posted year-on-year increases of 2.7 per cent, 3.2 per cent and 3.4 per cent, respectively.

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Available data show that credit continued its modest recovery in December 2011. On a year-on-year basis to December, private sector credit granted by the consolidated financial system grew by **3.7 per cent** somewhat faster than the 2.5 per cent increase recorded in November. Loans for real estate mortgages and to business firms were the main areas in which growth was evident. The expansion in **real estate mortgage lending** maintained its momentum at close to **9.0 per cent** (year on year) in December. Meanwhile, from a position of continuous decline over most of 2011, **business lending** rose by **6.9 per cent** (year on year) in December, up from 2.7 per cent in November, as some large companies in the energy and construction sectors obtained project financing from local banks. At the same time, credit to consumers continued to expand, albeit more slowly in December (1.9 per cent, year on year), compared to the 4.3 per cent recorded in November.

Liquidity in the domestic financial system has remained very high. Commercial bank balances at the Central Bank in excess of the required levels averaged TT$5.0 billion over the first three weeks of February, 2012 partly due to an increase in the pace of government expenditure. The abundant liquidity has served to drive short-term interest rates to new lows. The **TT three-month treasury bill rate** declined to **0.20 per cent** in February 22, 2012 from 0.22 per cent in January 2012, forcing down the differential with the US three-month treasury rate to 11 basis points. Deposit and loan rates of commercial banks also continued to slip. Over the last three months of 2011, the weighted average deposit rate lost 4 basis points to reach 0.61 per cent while the weighted average lending rate declined by 3 basis points to 9.16 per cent.

The signs of an incipient recovery in credit to the business sector are encouraging, although it is too early to ascertain whether this will result in a sustained boost to private demand. At the same time, there is little evidence so far to suggest that the uptick in core inflation represents a generalized increase in demand pressures in the economy. In this context, the Central Bank views the present accommodative stance as appropriate and has decided to maintain the 'repo' rate at 3.00 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 23, 2012.

February 24, 2012.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	December 2011	January 2012	December 2011	January 2012
Headline Inflation	**0.1**	**2.5**	**5.3**	**6.8**
Food Prices and Non-Alcoholic Beverages	0.1	5.2	10.9	14.0
Bread and Cereals	0.1	0.1	6.3	6.2
Meat	0.2	(0.4)	3.2	2.8
Fish	3.4	3.5	8.1	9.1
Vegetables	(3.2)	7.6	4.2	7.5
Fruits	8.9	6.3	62.9	62.4
Milk, Cheese & Eggs	0.5	(0.1)	7.2	7.2
Oils and Fats	0.3	0.5	16.5	17.1
Sugar, Jam, Confectionery, etc.	0.2	0.9	8.9	9.5
Core Inflation	**0.0**	**0.5**	**1.5**	**1.8**
Alcoholic Beverages & Tobacco	1.6	0.4	2.3	2.5
Clothing and Footwear	(0.6)	1.0	2.6	3.2
Furnishings, Household Equipment and Routine Maintenance	0.0	0.2	1.6	1.8
Health	0.5	0.0	0.9	0.9
Of which: Medical Services	0.0	0.2	1.0	1.2
Housing, Water, Electricity, Gas & Other Fuels	0.0	0.6	2.5	2.7
Of which: Rent	0.0	0.6	9.4	6.7
Home Ownership	0.0	0.8	2.3	2.9
Education	0.0	0.0	1.7	1.7
Recreation & Culture	0.1	1.0	(0.5)	0.6
Hotels, Cafes & Restaurants	0.0	0.4	3.0	3.4
Transport	0.0	0.0	0.6	0.6

Source: Central Statistical Office.

- End -

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Media Release

INFLATION RISES TO 9.2 PER CENT IN FEBRUARY: CENTRAL BANK MAINTAINS 'REPO' RATE AT 3.00 PER CENT

According to data from the Central Statistical Office, there was a marked acceleration in the inflation rate in February 2012, reflecting a broad-based increase in food prices. **Headline inflation**, as measured by the twelve-month increase in the Index of Retail Prices, rose to **9.2 per cent** in February from 6.8 per cent in the previous month. On a monthly basis, the overall price level increased by 1.6 per cent in February 2012, following an increase of 2.5 per cent in January.

The dominant factor behind the rise in the overall inflation rate continued to be food prices. On a year-on-year basis, **food inflation** reached **20.2 per cent** in February 2012, compared with 14.0 per cent in January. The lingering effects of adverse weather conditions in earlier months on supplies of domestically-produced crops continued to be reflected in the prices of vegetables and fruits. At the same time, international price developments appear to have been gradually affecting domestic prices either directly in the case of dairy products or indirectly via higher costs of animal feed. As a consequence, in February, the 12-month increase in the price of fruit was 53.9 per cent, vegetables 24.5 per cent, milk, cheese and eggs 8.6 per cent, and meat 6.9 per cent. Reported reductions in fish catches also contributed to the 13.6 per cent rise in the selling price of fish.

The data show that, so far, prices of other goods and services have not generally mirrored the movements in food prices. **Core inflation**, which filters out the impact of food prices, **remained unchanged** in February from the previous month at **1.8 per cent** (year-on-year basis), but there was a slight decline in the 12-month rate of increase in the sub-indices for clothing and footwear and for alcoholic beverages and tobacco in February (2.8 and 2.2 per cent, respectively) relative to January (3.2 and 2.5 per cent, respectively).

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The recovery in private sector credit continued into January 2012, albeit at a slightly slower pace. On a year-on-year basis, **credit granted by the consolidated financial system** to the private sector grew by **3.4 per cent** in January, following an increase of 3.7 per cent in December 2011. As regards the major categories of lending, the recorded 12-month increase in January was **8.7 per cent for real estate mortgage lending, 5.7 per cent for business credit, and 2.5 per cent for consumer credit**. Lower interest rates and more active marketing by banks geared to sustaining their loan portfolios contributed to the buoyancy in private sector credit.

Despite some expansion in credit, liquidity in the domestic financial system remained very high. Commercial bank balances at the Central Bank in excess of required levels averaged just over TT$5.1 billion in February 2012, peaking at over TT$6.5 billion in early March. The rise in liquidity levels was due in part to net domestic fiscal injections which reached approximately TT$3 billion in the period February to mid March. In an effort to mop up some of this liquidity, the Central Bank withdrew TT$1.5 billion through voluntary deposits by the commercial banks on March 16, 2012. The Bank will be employing additional liquidity absorption measures over the next few months to contain excess liquidity levels.

In the highly liquid environment, short-term interest rates sank further. The three-and six-month treasury bill rates declined to 0.04 per cent and 0.14 per cent, respectively in the third week of March from 0.10 per cent and 0.28 per cent, respectively in February. As a result, the interest rate differential between TT and US three-month treasury bills actually turned negative. By March 21 2012, the **differential** was recorded at **-0.06 per cent**, compared with 0.25 per cent at the end of 2011.

The rise in headline inflation warrants close and continuous monitoring. So far, the volatile food component has driven overall inflation, while the steadiness of core inflation suggests that underlying demand pressures continue to be contained. While credit conditions have been improving, there is little evidence as yet of a sustained recovery in private demand. Against this background, the Central Bank has decided to maintain the 'Repo' rate at 3.00 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 27, 2012.

March 23, 2012.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	January 2012	February 2012	January 2012	February 2012
Headline Inflation	**2.5**	**1.6**	**6.8**	**9.2**
Food Prices	5.2	3.6	14.0	20.2
Bread and Cereals	0.1	0.1	6.2	5.9
Meat	(0.4)	1.8	2.8	6.9
Fish	3.5	5.2	9.1	13.6
Vegetables	7.6	8.5	7.5	24.5
Fruits	6.3	5.0	62.4	53.9
Milk, Cheese & Eggs	(0.1)	1.6	7.2	8.6
Oils and Fats	0.5	1.5	17.1	17.9
Sugar, Jam, Confectionery, etc.	0.9	1.8	9.5	9.0
Core Inflation	**0.5**	**0.0**	**1.8**	**1.8**
Alcoholic Beverages & Tobacco	0.4	0.1	2.5	2.2
Clothing and Footwear	1.0	0.1	3.2	2.8
Furnishings, Household Equipment and Routine Maintenance	0.2	0.0	1.8	1.8
Health	0.0	0.0	0.9	0.9
Of which: Medical Services	0.2	0.0	1.2	1.2
Housing, Water, Electricity, Gas & Other Fuels	0.6	0.0	2.7	2.7
Of which: Rent	0.6	0.0	6.7	6.7
Home Ownership	0.8	0.0	2.9	2.9
Education	0.0	0.0	1.7	1.7
Recreation & Culture	1.0	0.0	0.6	0.6
Hotels, Cafes & Restaurants	0.4	0.0	3.4	3.4
Transport	0.0	0.0	0.6	0.6

Source: Central Statistical Office.

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Media Release

INFLATION AT 9.1 PER CENT IN MARCH: CENTRAL BANK MAINTAINS 'REPO' RATE AT 3.00 PER CENT

The latest data released by the Central Statistical Office indicate that **headline inflation**, measured by the twelve-month increase in the Index of Retail Prices, slowed slightly to **9.1 per cent** in March 2012 from 9.2 per cent in February. On a monthly basis however, the overall price level decreased by 0.7 per cent in March following an increase of 1.6 per cent in February.

Food price inflation, which has been the principal cause of the relatively high headline inflation rate, increased marginally to **20.3 per cent** in the twelve months to March from 20.2 per cent in February. The main contributors to food price inflation were increases in the prices of **fruits (59.9 per cent)** and **vegetables (17.7 per cent)**. Faster price increases were also recorded for **oils and fats (19.1 per cent** in March compared with 17.9 per cent in February). The rate of price increases however slowed for **bread and cereals (5.2 per cent** compared with 5.9 per cent in February), **fish (12.6 per cent** compared with 13.6 per cent in February) and **milk, cheese and eggs (7.5 per cent** compared with 8.6 per cent in February).

Core inflation, which excludes movements in food prices, has remained relatively unchanged indicating that underlying inflationary pressures have been contained so far. On a year-on-year basis, the **core inflation** rate measured **1.8 per cent** in March 2012, the same rate as in the previous two months. The sub-indices for clothing and footwear and alcoholic beverages posted increases of 2.9 per cent 2.4 per cent respectively, somewhat slightly higher than in previous months.

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Private sector credit continued to expand in February 2012, albeit at a slower pace than in the previous two months. Credit granted by the consolidated financial system to the private sector slowed to 2.3 per cent (year-on-year) in February from 3.4 per cent and 3.7 per cent in January 2012 and December 2011, respectively. Among the major categories of private sector credit, **consumer credit** and **business lending** slowed in February to **2.2 per cent** and **2.8 per cent** (year-on-year) respectively from 2.5 per cent and 5.7 per cent in January. **Real estate mortgage lending**, on the other hand, continued to maintain its robust pace of expansion, increasing by **9.4 per cent** (year-on-year) in February from 8.7 per cent in January.

Liquidity in the domestic financial system retreated significantly in April from the high levels recorded in previous months mainly as a result of the liquidity absorption measures adopted by the Central Bank in March as well as a relatively small net domestic fiscal injection in April. Commercial banks' holdings of excess reserves at the Central Bank averaged $3.5 billion daily in the first three and a half weeks of April compared with $5.6 billion in March 2012.

While short-term interest rates are still quite low, the reduction in the level of excess liquidity in April prompted a small upturn in short-term treasury rates. The three-month treasury bill rate rose to 0.10 per cent in April after having fallen to an historic low of 0.04 per cent in March. As a consequence, the interest rate differential between the TT and US three-month treasury bill rates which had turned negative in March became positive (0.02 per cent) again in April.

Although headline inflation is just below double digits, most of the increase in the headline rate has been driven by food inflation, which is influenced by inclement weather conditions. By contrast, core inflation, which provides a better gauge of underlying demand pressures, has remained contained for the year thus far. Recent trends in credit, especially to consumers and businesses, suggest that the pace of recovery in private sector demand is still relatively sluggish. Against this background, the Bank has decided to maintain the 'Repo' rate at 3.00 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 25, 2012.

April 27, 2012.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	February 2012	March 2012	February 2012	March 2012
Headline Inflation	**1.6**	**(0.7)**	**9.2**	**9.1**
Food Prices and Non-Alcoholic Beverages	3.6	(1.6)	20.2	20.3
Bread and Cereals	0.1	(0.2)	5.9	5.2
Meat	1.8	0.6	6.9	6.9
Fish	5.2	0.0	13.6	12.6
Vegetables	8.5	(9.7)	24.5	17.7
Fruits	5.0	12.8	53.9	59.9
Milk, Cheese & Eggs	1.6	0.2	8.6	7.5
Oils and Fats	1.5	1.6	17.9	19.1
Sugar, Jam, Confectionery, etc.	1.8	0.4	9.0	6.7
Core Inflation	**0.0**	**0.0**	**1.8**	**1.8**
Alcoholic Beverages & Tobacco	0.1	0.2	2.2	2.4
Clothing and Footwear	0.1	0.0	2.8	2.9
Furnishings, Household Equipment and Routine Maintenance	0.0	0.0	1.8	1.8
Health	0.0	0.0	0.9	0.9
Of which: Medical Services	0.0	0.1	1.2	1.2
Housing, Water, Electricity, Gas & Other Fuels	0.0	0.0	2.7	2.7
Of which: Rent	0.0	0.0	6.7	6.7
Home Ownership	0.0	0.0	2.9	2.9
Education	0.0	0.0	1.7	1.7
Recreation & Culture	0.0	0.0	0.6	0.6
Hotels, Cafes & Restaurants	0.0	0.0	3.4	3.4
Transport	0.0	0.0	0.6	0.6

Source: Central Statistical Office.

- End -

Appendices:

Media Release on the Mortgage Market Reference Rate

1 **Media Release dated March 01, 2012- Mortgage Market Reference Rate (MMRR) for March 2012 Falls to 3.25 Per cent**

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Media Release

MORTGAGE MARKET REFERENCE RATE (MMRR) FOR MARCH 2012 FALLS TO 3.25 PER CENT

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

A key aspect of the Guideline is the new **Mortgage Market Reference Rate (MMRR)**, which is an interest rate benchmark 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).**

The MMRR was first introduced in December 2011 at a benchmark rate of 3.50 per cent and reflected banks' funding costs and yields on applicable treasury bonds for the quarter ending September 2011.

[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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The public is asked to note that the **MMRR for March 2012 which is based on data for the quarter ending December 2011 is 3.25 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, 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 based on 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 quantity of collateral.

The next MMRR announcement is scheduled for June 1, 2012.

March 01, 2012.

- End -

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