

HIGHLIGHTS



In Summary:

- Global economic growth lost momentum in the second half of 2022 as aggressive monetary policy tightening to combat inflation stymied demand.
- Domestically, improved economic growth in the second quarter of 2022 was supported by positive performance in the non-energy sector which overshadowed a decline in energy sector activity. Preliminary indicators suggest a slower momentum of economic activity during the third quarter.
- Headline inflation accelerated in the second half of 2022, driven by a combination of external (international food prices) and domestic (adverse local weather conditions) supply-side factors.
- Despite an increase in aggregate expenditure, the Central Government fiscal accounts recorded an improved outturn during the first quarter of FY 2022/2023, primarily reflective of higher energy revenue.
- The Repo rate remained unchanged at 3.50 per cent during 2022 in support of the domestic economic recovery.
- Excess reserves declined to a daily average of \$4.9 billion in 2022 compared with \$8.1 billion in 2021.
- Driven by elevated energy prices, the current account of the balance of payments recorded a surplus of US\$1.3 billion during the second quarter of 2022, more than double the outturn in the comparable period of 2021.
- Gross official reserves stood at US\$6,832.4 million at the end of December 2022, representing 8.6 months of import cover.

Economic activity is anticipated to improve in 2023, bolstered by activity in the energy sector. Key upstream energy sector projects will help to boost domestic energy sector production. Meanwhile, increased business activity and continued recovery of consumer demand are expected to strengthen the performance of non-energy sectors. The pace of domestic recovery will depend in large measure on the extent of business confidence, and relatedly how much progress is made in improving the ease of doing business in Trinidad and Tobago. Over the short term, energy prices are anticipated to remain elevated but may experience some softening. Consequently, domestic inflation is likely to continue to edge up in early 2023, and moderate thereafter in line with global developments.

EXTERNAL DEVELOPMENTS



Global growth slowed in the second half of 2022.



The growth momentum in **Emerging Market and Developing Economies** moderated in the second half of 2022.

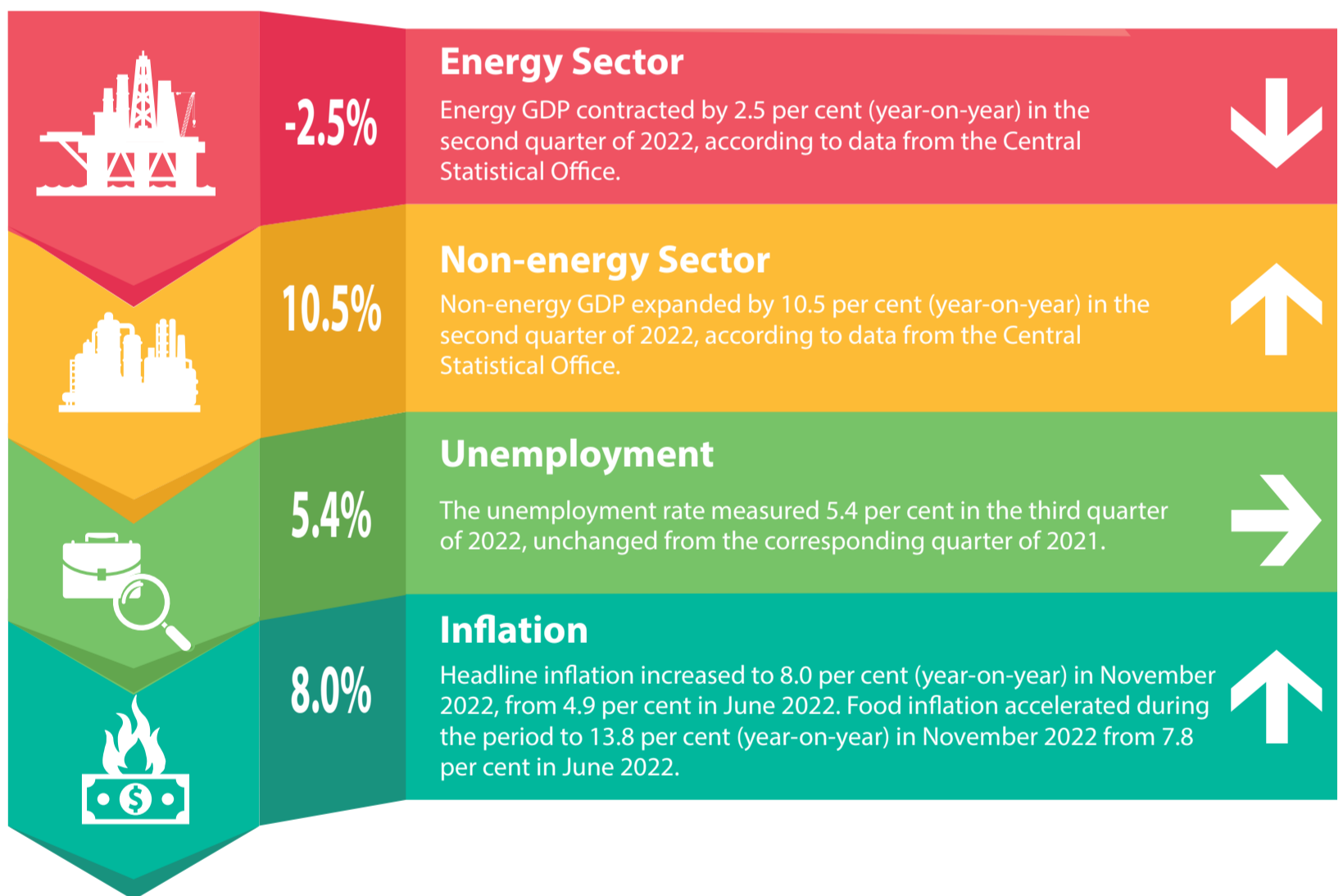


Crude oil and natural gas prices eased in the second half of 2022, reflecting reduced demand.



Despite trending downward, **inflation rates** remained above target in several Advanced Economies.

DOMESTIC DEVELOPMENTS



DECEMBER 2022



BUSINESS SECTOR CREDIT GROWTH
y-o-y, NOV 2022
10.9%



CENTRAL GOVERNMENT FISCAL SURPLUS
DEC 2022
\$2.0 Bn



ADJUSTED GENERAL GOVERNMENT DEBT
DEC 2022
\$128.8 Bn

CONSUMER CREDIT GROWTH
y-o-y, NOV 2022
5.4%

