

HIGHLIGHTS



In Summary:

- The global economy, in part, has shown resilience despite earlier concerns of possible recession.
- Domestically, following prior evidence of a sustained economic recovery, latest data published by the Central Statistical Office points to a slip in domestic economic activity. Meanwhile, headline inflation drifted upwards in May 2024, but remained contained.
- Though financial system liquidity fluctuated, levels remained ample bolstering private sector credit.
- The Central Bank of Trinidad and Tobago, in its December 2023, March and June 2024 Monetary Policy Committee meetings, held the Repo rate steady.

THE INTERNATIONAL ECONOMIC CONTEXT

World growth showed resilience



According to the International Monetary Fund April 2024 World Economic Outlook, **global growth is forecasted to remain unchanged** from 2023 at 3.2 per cent until 2025.

Price pressures eased



Owing to **softer food and energy prices**, inflation gradually decelerated. However, it remains a concern in some Caribbean countries.

Geopolitical conflicts are ongoing



Though energy commodity prices were lower, **geopolitical uncertainty** could add upward pressure.

Mixed Latin American and Caribbean performance



In **Latin America** inflation slowed and growth improved for some territories, while in the **Caribbean**, growth strengthened but the performance of inflation was mixed.

DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS



Economic growth contracted. In Q3 2023, growth slipped (-2.3%) due to a contraction in the energy sector (10.3%), overshadowing the expansion in non-energy sector activity (1.3%).



Export earnings declined in Q4 2023 (31.6%), owing to lower energy exports.



Food inflation accelerated, while core inflation slowed. In May 2024, food and core inflation reached 3.1% and 0.3%, respectively, due to a combination of higher retail food prices and softer retail prices across major categories.



Consumer and business lending grew robustly, while real estate mortgage lending slowed. In April 2024, year-on-year increases of 10.2%, 9.5%, and 4.5%, respectively, were observed.

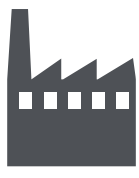


The foreign currency market remained tight due to the disproportionate year-on-year decline in purchases of foreign exchange by authorised dealers (-8.5%) relative to that of sales (-11.4%) over January to May 2024.



Government financing activity picked up. By the end of May 2024, primary debt market activity rose (14 trades at \$9.2 bn), while secondary bond market activity declined (301 trades at \$39.6 mn) over the seven months ending May 2024.

MONETARY POLICY CONSIDERATIONS



Natural gas and crude oil production declined by 1.4% and 10.4%, respectively, according to preliminary data for Q1 2024.



Headline inflation reached 0.9% (y-o-y) in May 2024.



The **3-mth TT-US treasury differential improved** to -406 bps in May 2024.



Excess reserves decreased, averaging \$4.3 bn daily in May 2024.



Private sector credit expanded by 6.7 per cent in April 2024.



Repo Rate Unchanged