

HIGHLIGHTS



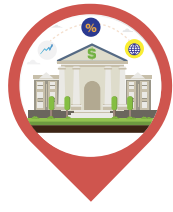
In Summary:

- The global economic recovery is likely to slow in 2022, owing to high food and energy prices on account of the Russian/Ukraine crisis and supply shortages stemming from the COVID-19 pandemic, which have added to inflationary pressures across many economies.
- Rising inflationary expectations have prompted monetary policy rate normalisation in the United States and elsewhere, sparking concerns of a further deceleration in growth over the medium term.
- Domestically, higher crude oil and petrochemical production spearheaded a return to positive growth in energy sector activity during the fourth quarter of 2021.
- The rollback of COVID-19 restrictions boosted business operations in some non-energy sectors while inflation, though rising, remains relatively contained.
- Bank financing has supported private sector business activity, as evidenced by the pickup in business lending. Sluggish employment conditions may have adversely impacted consumer lending, which continued to decline.
- The Central Bank maintained an accommodative policy stance, in the context of relatively low, supply-side inflation impulses and an incipient economic recovery.
- Recent high international energy prices have boosted the public finances and external accounts, creating a welcome space for financing further adjustment to the lingering effects of the pandemic.
- In the very uncertain global setting care must be taken to not consider this 'windfall' as permanent, and to continue much needed structural reforms to strengthen Trinidad and Tobago's competitiveness.

THE INTERNATIONAL ECONOMIC CONTEXT



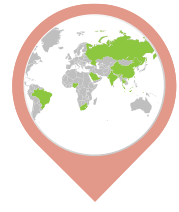
The International Monetary Fund (IMF), in its April 2022 World Economic Outlook (WEO), projects the world economy to **expand by 3.6 per cent in 2022**.



Despite a slowdown thus far in 2022, the **United States** economy expanded moderately, and the **Euro Area** continued to recover.



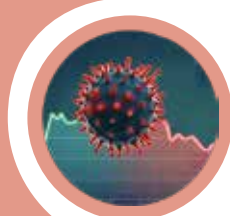
Crude oil prices surged in the **first four months of 2022**, on the heels of higher demand and geopolitical tensions.



Real GDP in the **Latin American** region recorded positive outturns during the **fourth quarter of 2021**.

DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS

Pandemic-related undercurrents showed signs of abating following an uptick in energy sector activity during the fourth quarter of 2021 alongside the reopening of many non-energy sector entities.



Inflation remained anchored over October 2021 to March 2022 due to still relatively subdued economic activity. However, an acceleration in international food prices, higher shipping costs and logistical delays had notable pass-through to domestic prices.



Elevated energy prices and increased external demand boosted the country's exports, but fuel imports also rose over the final quarter of 2021.



The local market for foreign currency remained tight in 2022. Purchases and sales of foreign exchange by authorised dealers inched up over January to April 2022 compared to one year earlier.



MONETARY POLICY CONSIDERATIONS

