

HIGHLIGHTS



In Summary:

- Though risks, such as subdued growth, heightened political risks, ongoing geopolitical conflicts and trade tensions, threaten the global economic outlook, global economic activity is stabilising and global inflation has decelerated.
- Domestically, economic activity improved and inflation eased. According to data published by the Central Statistical Office, real gross domestic product (GDP) expanded in the first quarter of 2024.
- Effective July 24, 2024, the primary reserve requirement of commercial banks was lowered from 14 per cent to 10 per cent to bolster commercial bank liquidity.
- The Central Bank of Trinidad and Tobago, in its September 2024 Monetary Policy Committee meeting, maintained the Repo rate at 3.50 per cent.

THE INTERNATIONAL ECONOMIC CONTEXT

Stabilising global economic activity



According to the International Monetary Fund October 2024 World Economic Outlook, **global growth is projected to remain steady at 3.2 per cent in 2024**, following 3.3 per cent in 2023.

Easing global inflation, shifting monetary policy



More central banks are adopting a **less restrictive stance as inflation decelerates** towards target ranges. However, some Caribbean countries continue to be challenged by high inflation.

Looming risks threaten to temper economic outlook



The **economic outlook remains tempered by several factors**, such as subdued growth, heightened political risks, ongoing geopolitical conflicts and trade tensions, and debt.

Mixed Latin American and Caribbean performance



Most **Latin American countries'** economic performance improved and their policy rates fell. Meanwhile in the **Caribbean**, growth and policy changes were mixed, with some keeping policy rates unchanged and others lowering rates.

DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS



Economic activity improved. In Q1 2024, real GDP grew by 1.5% on account of the expansion of the non-energy sector (1.8%) and a marginal increase in the energy sector (0.9%).



Export earnings fell in Q2 2024 (-6.4%) owing to softer international commodity prices and lower export volumes.



Inflation eased. In October 2024, food and core inflation reached 2.4% and -0.3%, respectively.



Consumer, real estate mortgage and business lending continued to grow robustly in September 2024 (10.9%, 5.6%, and 11.8%, respectively).

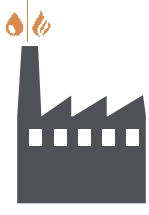


The local market for foreign currency remained tight. Purchases and sales of foreign exchange by authorised dealers declined over January to October 2024 compared to one year earlier.



Government borrowing remained robust. In the first ten months of 2024, the primary debt market recorded 15 bond issues raising \$9.0 billion.

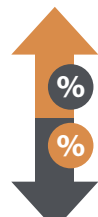
MONETARY POLICY CONSIDERATIONS



Crude oil production declined by 3.1% (y-o-y) over the period July to August 2024, while natural gas output increased by 2.8%.



Headline inflation slowed to 0.2% (y-o-y) in October 2024.



The 3-mth TT-US treasury differential improved to -242 bps in October 2024.



Excess reserves averaged \$6.3 bn daily in October 2024.



Private sector credit expanded by 7.9% (y-o-y) in September 2024.



Monetary Policy Stance Maintained, Repo Rate Unchanged