Central Bank of
Trinidad & Tobago

Monetary Policy Report

April 2005

Volume V Number 1

MONETARY POLICY REPORT

APRIL 2005

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The Central Bank of Trinidad & Tobago conducts a monetary policy geared towards the promotion of low inflation and a stable exchange market. This is conducive towards sustained growth in output and employment. This Report provides an account of how recent monetary policy actions were designed to support this objective, in the light of recent economic developments.

MONETARY POLICY REPORT

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An Overview

This first Monetary Policy Report for 2005 is couched against the background of a strong **global economic expansion** in 2004 which has remained broadly intact in 2005. The expansion continues to be driven by the US and China. Economic resurgence in the **Eurozone** has been dampened by the steady appreciation of the Euro and the persistent sluggishness of domestic demand, while economic growth in Japan seems to be slowing down because of weak global demand for IT products and a decline in consumption spending.

Growth in **Latin America** has continued to be robust supported by the favourable external environment and strong domestic demand. **Caribbean economies**, most of which depend heavily on tourism, have also benefited from the buoyant global conditions. However, rising interest rates, the relatively high levels of public debt and increasing inflationary pressures could dampen the positive growth outlook for the region.

The continued strong economic performance in **the US** is taking place in the context of a well-managed transition from an accommodating to a more neutral monetary policy, and masks the long-term risks being posed by widening fiscal and external imbalances. Inflation in the US remains basically under control but the Federal Reserve has pointed to rising risks related mainly to strong energy prices. While inflationary pressures are well-contained, further currency appreciation and high oil prices remain key risks to stronger economic growth in both the **Euro area** and in **Japan**.

For the past several years, **Trinidad and Tobago** has also been enjoying a robust non-inflationary economic expansion, led by booming activity in the energy sector. With the non-energy sector growing at a relatively sluggish pace, a boost to domestic demand and employment became a primary concern for economic management. Against this background, the **Central Bank opted to pursue an accommodating monetary stance**, reducing the policy interest rate (the repo rate) by 25 basis points on September 4, 2003. The reduction in **banks' reserve requirements** from 18 percent in October 2003 to 11 percent in 2004 also contributed to an easing in monetary conditions.

Reflecting the easier monetary conditions **short-term money market rates** declined markedly to 4.70 per cent at the end of 2004 compared with 6.21 per cent at the start of 2002. Interest rates charged by commercial banks also trended downwards. The **prime lending rate**, the base rate for most commercial banks, was lowered from 11.50 percent to 8.75 percent by end 2004; similarly the banks' weighted average lending rate declined from 10 percent as at December 2003, to around 9 percent at the end of 2004. **Longer term rates** followed suit as government bond placements with 10-15 year maturities fell from around 11.30 per cent in 2002, to around 6.00 per cent in 2003 and 2004; mortgage interest rates softened significantly to 9.50 per cent in 2004 from 12.50 per cent a year earlier.

The lower interest rate environment contributed to a resurgence in **bank credit expansion** which rose by 15.1 percent in 2004 compared with 5.7 per cent a year earlier. Corporate credit increased by 17 per cent in 2004 compared with 10.5 per cent in the previous year, while installment credit expanded by 8.7 per cent from almost flat growth in 2003.

The increase in bank credit expansion (as well as higher public sector spending) seems to have buoyed up domestic demand, supporting a pickup in economic activity in several of the non-energy sectors, particularly in construction, manufacturing and some services. There was also an increase in job creation in the non-energy sector, as the average unemployment rate fell to 8.4 percent in 2004 from 10.5 percent the previous year.

On the inflation front, after remaining fairly well contained for the first three quarters, **headline inflation** started to rise more sharply in the last quarter of 2004. This was largely due to an increase in food prices partly related to agricultural food shortages linked to inclement weather and flooding. Other factors contributing to the rise in food prices during 2004 were: (i) the depreciation of the TT dollar against the pound sterling and the Euro which raised the prices of dairy products imported from these markets; and (ii) a more general rise in commodity import prices relating to increasing demand from fast growing China.

The steady rise in **food prices** has continued in the first quarter of 2005. In the 12-month period ended March 2005, headline inflation amounted to 7.3 percent compared with 2.8 percent in the corresponding period a year earlier. Food prices increased by 25.6 percent year-on-year, the highest increase in any 12 month period since 1989. **Core inflation** measured 2.8 percent in the 12 month period to March 2005, representing a pickup since year-end when the core inflation rate was 2 percent. The rise in core inflation came mainly from three categories viz (i) prices in hotels and restaurants; (ii) rents; and (iii) transport costs.

On March 03, 2005 **the Central Bank raised the repo rate** by twenty-five basis points to 5.25 percent. The Bank explained that this action was intended to signal the start of a gradual shift away from the accommodative monetary policy stance since mid-2002. The move came against the background of the pick-up in headline and core inflation (noted above), and an apparent rise in inflation expectations. The action was also intended to help address emerging pressures in the foreign exchange market which may have been influenced, in part, by the declining spread between domestic and foreign interest rates.

Since the last increase in the repo rate there has been some upward movement in short term rates. The weighted average inter-bank rate has increased from 4 percent to around 4.20 percent; the three month treasury bill yield at issue has risen marginally from 4.76 percent to 4.85 percent while the yield on 6-month treasury bill at issue has gone from 4.79 percent to 5.05 percent. Most commercial banks have increased their prime lending rate by 25 basis points to 9 percent. Even before these interest rate adjustments, preliminary data indicated that the rate of commercial bank credit expansion had leveled off in the first two months of 2005.

As regards long term interest rates, non-government bond issues made since early March have shown slightly higher yields, to 6.25 percent for a 10 year maturity and 6.30 percent for a 12 year maturity.

During 2004, the Central Bank intensified the use of **Open Market Operations** to sterilize liquidity deriving from foreign exchange inflows and fiscal injections. In 2004, the level of the net domestic fiscal injection (the non-oil fiscal deficit) amounted to 5.9 percent of GDP. Open market operations sterilized liquidity in an amount of 3.5 percent of GDP while Central Bank net foreign exchange sales of US$400 million also served to absorb liquidity.

The level of open market operations in the first four months of 2005, has increased by about 15 percent from the corresponding period of 2004. **Net foreign exchange sales** by the Central Bank have amounted to about US$110 million compared with US$184 million in the comparable period of 2004. **Official foreign exchange** reserves currently stand at US$3.4 billion, compared with US$ 3 billion at the end of 2004.

Notwithstanding the increase in open market operations, the persistence of excess reserves has continued to affect the efficiency of monetary policy. The present liquidity management framework includes a special deposits window where funds are remunerated at a rate of 2 percentage points below the repo rate (currently at 3.25 percent). This encourages banks to maintain higher reserve balances minimizing the need for recourse to the inter-bank market or to Central Bank repurchase facilities. The level of special deposits has more than doubled in the first four months of 2005 compared with the corresponding period last year.

The Short-Term Outlook

The latest data showing increased inflation pressure and a slackening in consumer spending have created a dilemma for the US Federal Reserve, which must now determine whether the economy is facing a temporary soft patch caused by the high energy prices or a fundamental slowdown in activity. Although the official growth forecast for the US economy has been reduced, growth is still projected to be close to the economy's trend rate of 3.5 percent this year. The widespread expectation is that the Federal Reserve will continue to move interest rates upward at the current measured pace to a more neutral level. However, any further confirmation of inflationary pressure could prompt a shift to more aggressive interest rate increases.

In Trinidad and Tobago, the acceleration in food prices has become a public concern and is presenting challenges for public policy. This is so for several reasons. **Firstly**, it is not clear whether an adequate supply response, for instance, to temper the rise in prices of fruits and vegetables would be forthcoming very soon. **Secondly**, there is anecdotal evidence that given the oligopolistic nature of the distribution sector, speculative price increases over a broad range of commodities are already taking place. (There is the additional concern that the recent rise in haulage fees could present an opportunity for further exaggerated increases). This type of behaviour could exacerbate inflation expectations, intensify wage pressures and lead to further price increases. **Thirdly**, while central government expenditures remain in check, the projected rise in public sector spending on infrastructure by quasi-government agencies, if not properly phased, could boost domestic demand placing additional pressure on prices. Against this background, headline inflation, could end up outside the target range of 4-5 percent, for the year as a whole.

The appropriate public policy response should range over several areas.

1. To help deal with the longer term issue of fluctuating food prices, there is need for an urgent review of policies geared to increase agricultural output. In the short run, increased domestic supply may require higher imports (including of agricultural commodities).

2. While official price controls should be avoided at all cost, consumer vigilance could help address the exploitation of oligopolistic market forces.

3. Continued wage restraint will contribute to dampening inflation expectations.

4. Restraint in the growth of (and the proper phasing of) public sector expenditures (combined central government and quasi-government agencies) is important to help contain demand pressures.

As regards monetary policy, while further increases in interest rates could impact on growth and further employment generation in the non-energy sector, the Central Bank must stand ready to tighten monetary conditions as needed to contain core inflation and address the inflation risk. The Bank will therefore continue the keep the situation under close review.

I THE POLICY SETTING

1. The International Economy

In 2004, the performance of the global economy was buoyant, as growth measured 5.1 per cent, (according to the International Monetary Fund), which represented the strongest growth rate in 30 years. Inflationary pressures were generally contained except for a period during the year when high oil prices forced a surge in consumer prices. However, inflation rates returned to more moderate levels after oil prices leveled off. The generally buoyant market for commodity prices and robust economic growth in the industrialized economies contributed to favourable economic conditions in the developing economies and emerging markets.

The **US economy** expanded by 4.4 per cent in 2004, the largest increase since 1999, powered mainly by strong growth in consumer spending and private capital investment. High oil prices have contributed to a pick-up in inflation with the consumer price index in the twelve months to December 2004 increasing by 3.3 per cent compared with 1.9 per cent in the previous year. Core inflation rose to 2.2 per cent in 2004 from 1.1 per cent in 2003. On a monthly basis, inflationary pressures have increased in 2005 with the consumer price index rising from 0.1 per cent in January 2005 to 0.6 per cent in March 2005. Core inflation in the twelve month period to March 2005 was 2.3 per cent. To help contain inflationary pressures, the Federal Reserve Board raised its policy interest rate from 2.75 per cent to 3 per cent on May 3, 2005.

One significant development in 2004 which has continued in 2005 has been the fall of the US dollar against other major currencies (the euro, sterling, the yen and the Canadian dollar). This depreciation has been due, in part, to market concerns about the sustainability of flows needed to finance the large US external current account deficit which rose by 24 per cent to a record high in 2004. In addition, the large US fiscal deficit (3.5 per cent of GDP) was also seen as a potential risk by many investors.

China's economy expanded by 9.5 per cent in 2004, driven mainly by investments in fixed assets. This marked the second consecutive year that growth exceeded 9 per cent. The significant increase in lending and the fast pace of economic growth have raised concerns about the potential over-heating of the economy and the build-up in inflationary pressures. The consumer price index increased by 3.9 per cent in 2004 compared with a modest 1.2 per cent in the previous year. The Central Bank of China, for the first time in nine years, raised its benchmark one-year lending rate to 5.58 per cent from 5.31 per cent in a further attempt to slow economic growth.

The expansion in economic activity in the **Eurozone** continued to lag behind that of the US influenced by deteriorating fiscal conditions, the loss of export competitiveness due to the appreciation of the euro and ongoing delays in the implementation of structural reforms. Real GDP in the Eurozone increased by 2 per cent in 2004 compared with 0.5 per cent in 2003. Across the region, the performance has been mixed with Germany growing at a much slower pace than France and Spain.

In the twelve months to December 2004, inflation measured 2.4 per cent, somewhat above the Bank's target of 2 per cent. This slowed to 2.1 per cent in April 2005. In May 2005, the European Central Bank left its main interest rate unchanged for the 23rd consecutive month at 2 per cent.

The **Japanese economy** expanded by an estimated 2.6 per cent in 2004, significantly higher than the growth rate of 1.4 per cent in 2003. The faster growth reflected increased business investment which led to a more robust job market. Export demand on which the economic recovery depended, slowed during the year because of both weaker US demand for information technology products and the declining US dollar.

Developments in the industrialised countries had a positive impact on economic activity in **Latin America and the Caribbean**. Recent estimates for economic growth published by the United Nations Economic Commission for Latin America and the Caribbean indicate that real GDP for the region as a whole grew by 4.4 per cent in 2004. This growth was bolstered by relatively strong demand for exports from the region by the United States and China. Despite the positive growth outlook, there are, however, concerns about high debt levels and increasing inflationary pressures in some economies.

In **Venezuela,** economic activity rebounded growing by 17.3 per cent, following sharp contractions in the previous two years. This translated into significant employment gains, while inflation moderated to 19.2 per cent in 2004 from 27.1 per cent in the previous year. **Brazil's** economic performance in 2004 was driven by export demand and higher commodity prices resulting in a significant merchandise trade account surplus of US$33.7 billion, 6.8 per cent of GDP.

The **Jamaican economy** is expected to grow by 1-2 per cent in 2004, supported by the mining and tourism sectors. In addition, the exchange rate displayed relative stability, which led to declining inflationary pressures. The resumption of growth may have persuaded Standard and Poor's to upgrade Jamaica's foreign and local currency debt rating from "negative" to "stable". Growth in the **Barbados** economy accelerated to 3.4 per cent in 2004 from 2.2 per cent in 2003, propelled mainly by the tourism sector. The increase in the pace of economic activity led to a fall in the unemployment rate to 9.8 per cent at the end of 2004 from 11.1 per cent at the end of 2003. However, Barbados received a rating downgrade of its long-term foreign currency debt from 'A-(-)' to 'BBB+' because of concerns about the country's fiscal outlook.

2. The Domestic Economy

(i) Real GDP

Real GDP expanded by 6.2 per cent in 2004, reflecting solid growth in the energy sector. Real value-added in the energy sector increased by 10.5 per cent as activity in the petrochemical industry expanded by 14.9 per cent because of increased LNG and natural gas production as well as the commencement of production at the Atlas methanol and Nitrogen 2000 facilities. Real GDP in the non-energy sector grew by a modest 2.9 per cent in 2004 with strong performances in the Manufacturing (6.6 per cent), Construction (9 per cent), and Tourism (5.9 per cent) sectors. However, the Agriculture sector declined (-20.2 per cent) for the second consecutive year, reflecting the teething problems associated with the restructuring of the sugar industry and adverse weather conditions.

(ii) Employment

The robust growth in the economy had a positive impact on the labour market. According to the latest data released by the Central Statistical Office, the unemployment rate averaged 8.4 per cent in 2004, a significant improvement from the 10.5 per cent posted for 2003. The number of jobs increased by 28,200, while the labour force grew by 17,000 persons.

The largest employment gain was recorded in the Services sector where 15,600 jobs were created. Heightened activity in Construction, reflecting government's accelerated housing programme and construction projects in the energy sector led to an increase in employment of 11,200 persons. For reasons noted earlier, there was a reduction of 5,400 in employment in the Agricultural sector.

Table 1
Unemployment Rate – 1988-2004
Per Cent

	A Quarterly Series			
	March	June	September	December
1988	22.7	21.4	21.6	22.4
1989	22.5	22.3	22.4	20.8
1990	20.1	20.3	20.6	19.2
1991	20.4	17.6	18.5	17.4
1992	19.8	20.6	18.7	19.2
1993	21.1	19.5	19.0	19.4
1994	19.7	18.1	17.9	17.9
1995	18.1	16.5	17.8	16.3
1996	17.1	15.1	16.9	15.9
1997	17.2	14.5	14.9	13.5
1998	14.6	13.4	13.8	15.1
1999	14.1	11.7	13.6	13.2
2000	12.5	..	12.1	11.9
2001	10.7	10.8	10.1	11.7
2002	10.3	10.1	10.6	10.6
2003	11.0	10.2	10.5	10.2
2004	10.2	7.8	7.7	7.8

Source: Central Statistical Office

(iii) Inflation

One of the core objectives of the Central Bank's monetary policy is the maintenance of a low and stable rate of inflation. The Bank focuses on two measures of inflation – the '**headline' inflation rate** and the **'core' inflation rate**. 'Headline' inflation measures the overall change in the All-Items Index. Core inflation excludes the volatile food component and reflects the underlying inflationary environment in the economy.

An analysis of the monthly data reveals that in the first quarter of 2004, headline inflation remained relatively subdued increasing on an average monthly basis by 0.1 per cent. Monthly inflation rates continued to increase during the course of the year picking up more significantly during the last quarter of 2004, when the average monthly rate increased by 0.7 per cent. This trend in average monthly headline inflation has continued during the first quarter of 2005.

Figure I contains a graphical comparison of the year-on-year movements in headline and core inflation and illustrates the significant pick-up in headline inflation from around the last quarter of 2004. In the twelve months to March 2005, headline inflation measured 7.3 per cent compared with 2.8 per cent a year earlier. Core inflation, on a year-on-year basis, generally hovered around 2 per cent in 2004 but rose to 2.8 per cent by March 2005.

Further analysis of the various sub-components of the Retail Prices Index indicates that the main contributory factor to the rise in headline inflation has been the sharp increase in the Food Prices Sub-Index. Earlier in 2004, the increase in this Sub-Index resulted largely from the rise in the prices of commodities such as rice, flour, powdered milk and chicken. In the case of rice and flour, which are imported under oligopolistic conditions by the National Flour Mill, increases in prices reflect higher prices for grain. For items such as powdered milk, which originate or are transhipped through Europe, the depreciation of the TT dollar relative to the Euro may have contributed to the increased prices.

During the last quarter of 2004, however, adverse weather conditions had a devastating impact on domestic supply of some critical agriculture produce, leading to supply shortages and consequently to an increase in the prices of several commodities. Additionally, Trinidad and Tobago experienced the fallout from Hurricane Ivan as imports of agricultural products, particularly of root crops, from other Caribbean islands declined.

For the period January-March 2005, the prices of fruits and vegetables which have a significant weight in the consumer's food basket increased by 12.5 per cent and 14.8 per cent, respectively compared to the corresponding period of 2004.

Table 2

Index of Retail Prices (January 2003 = 100)

	2003			2004			2005	
	Percentage Change (Monthly)	**Percentage Change (Year-on-Year)**		**Percentage Change (Monthly)**	**Percentage Change (Year-on-Year)**		**Percentage Change (Monthly)**	**Percentage Change (Year-on-Year)**
Jan-03	(0.13)	2.51	Jan-04	0.19	3.30	Jan-05	0.46	5.91
Feb-03	0.30	3.24	Feb-04	0.10	3.09	Feb-05	1.01	6.87
Mar-03	0.50	4.18	Mar-04	0.19	2.78	Mar-05	0.63	7.34
Apr-03	0.60	4.87	Apr-04	0.68	2.86			
May-03	0.30	4.75	May-04	0.58	3.15			
Jun-03	0.20	4.18	Jun-04	0.29	3.24			
Jul-03	0.49	4.89	Jul-04	0.57	3.32			
Aug-03	(0.10)	3.60	Aug-04	0.28	3.71			
Sep-03	-	2.98	Sep-04	0.57	4.30			
Oct-03	0.59	3.72	Oct-04	0.75	4.47			
Nov-03	0.29	3.82	Nov-04	0.56	4.75			
Dec-03	(0.10)	2.96	Dec-04	0.74	5.63			
Annual Average	**3.81**			**3.72**				

Source: Central Statistical Office

Figure 1

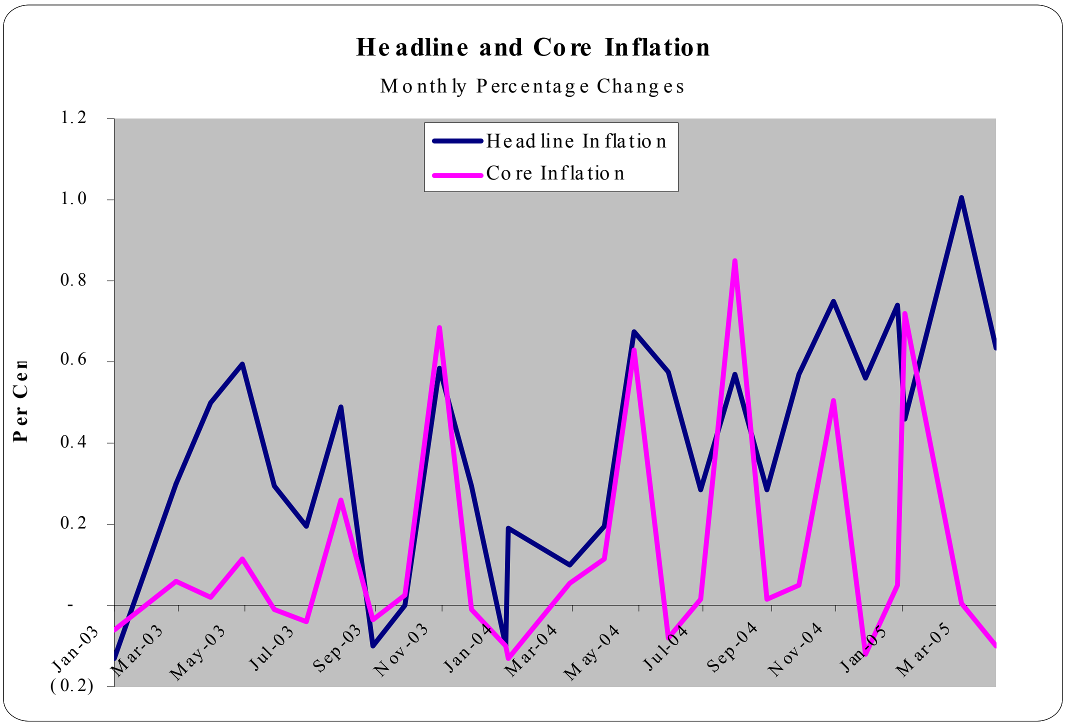

Figure 2

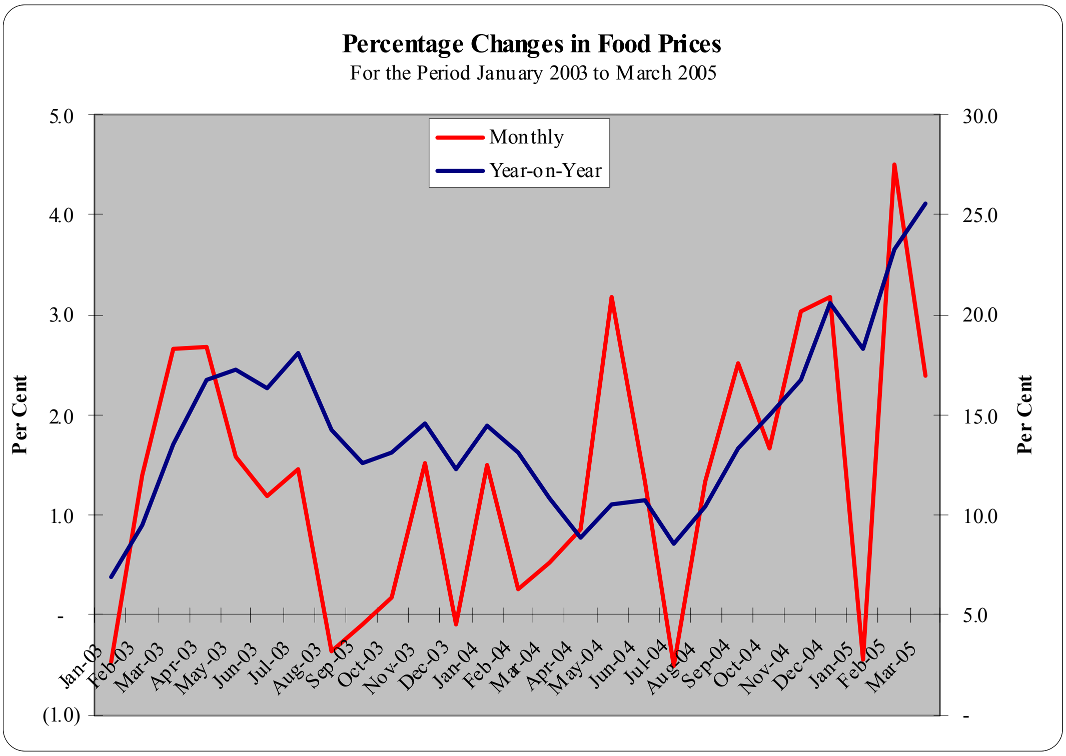

Table 3
Monthly Changes in Prices for Fruits and Vegetables
January - March 2005

PERIOD	FOOD INDEX	VEGETABLES	FRUITS
	Percentage Increase (Monthly	Percentage Increase (Monthly)	Percentage Increase (Monthly)
January	-0.4	-1.2	-3.6
February	4.5	7.8	9.8
March	2.4	6.6	2.4

Source: Central Statistical Office

Table 4
Price Increases of Selected Commodities

	Weights			
	All Items = 1000	Jan. - March 2005	Jan. - March 2004	Jan. - March 2003
	Of which Food = 180	Percentage Increase	Percentage Increase	Percentage Increase
Of Which:				
Rice (packaged)	6.35	2.8	5.7	0.8
Flour (packaged)	6.82	0.1	6	15.7
Poultry (Fresh, Chilled, or Frozen)	18.18	1.5	0.8	1.7
Of Which: Chicken Parts	1.37	-1.0	5.3	-1.3
Fish	11.37	12.4	4.8	14.4
Powdered Milk	7.04	-0.4	0.2	1.4
Eggs	1.74	-1.7	2.4	-1.4
Cooking Oil (Corn)	0.43	1.5	3.2	64.6
Butter	0.82	1.3	2.9	2.8
Fruits	14.28	12.5	-1.3	11.7
Vegetables	21.84	14.8	-20.6	-0.4

Source: Central Statistical Office

Table 5
Food Prices

	2003			2004			2005	
	Percentage Change (Monthly)	Percentage Change (Year-on-Year)		Percentage Change (Monthly)	Percentage Change (Year-on-Year)		Percentage Change (Monthly)	Percentage Change (Year-on-Year)
Jan-03	(0.46)	6.85	Jan-04	1.51	14.50	Jan-05	(0.44)	18.25
Feb-03	1.40	9.51	Feb-04	0.26	13.21	Feb-05	4.51	23.26
Mar-03	2.66	13.55	Mar-04	0.52	10.85	Mar-05	2.40	25.56
Apr-03	2.69	16.74	Apr-04	0.87	8.89			
May-03	1.59	17.33	May-04	3.18	10.59			
Jun-03	1.20	16.33	Jun-04	1.33	10.74			
Jul-03	1.46	18.13	Jul-04	(0.49)	8.61			
Aug-03	(0.36)	14.34	Aug-04	1.32	10.44			
Sep-03	(0.09)	12.64	Sep-04	2.53	13.33			
Oct-03	0.18	13.12	Oct-04	1.67	15.02			
Nov-03	1.53	14.52	Nov-04	3.05	16.74			
Dec-03	(0.09)	12.28	Dec-04	3.19	20.57			
Annual Average	**13.78**			**12.79**				

Source: Central Statistical Office

(iv) Fiscal Developments

During the first six months of the fiscal year to March 2005, the fiscal accounts performed significantly better than expected as the central government posted a surplus of $2,444.8 million on its fiscal accounts compared with a projected deficit of $770.3 million. This improvement reflected higher than anticipated collections from both the energy ($5,088.4 million) and the non-energy ($7,568.2 million) sectors.

Despite the improvement in the government's accounts, the non-energy fiscal deficit widened to $2,643.6 million from $2,236.3 million for the first half of fiscal 2004, an increase of $407.3 million. This occurred in the face of lower than budgeted expenditure of $9,295.9 million, which reflected reduced spending in all categories. Although expenditure was lower than anticipated, it represented a 26.1 per cent increase over the corresponding fiscal period of 2004.

The central government raised one bond issue during this period. In March, there was an auction of a $400 million 10-year government bond with a coupon rate of 6.00 per cent. The yield on this bond issue was 6.05 per cent. During the first six months of the fiscal year, the public sector external debt declined by US$160 million to US$1,316.2 million.

(v) Balance of Payment and Foreign Exchange Market

Higher energy prices and the increase in export volumes have enabled Trinidad and Tobago to achieve a balance of payments surplus (US$734 million or 6.4 per cent of GDP) in 2004, more than twice the amount recorded (US$334.2 million or 3.2 per cent of GDP) in 2003. There was a large increase in the surplus (US$1,508.7 million) on the merchandise trade account.

The capital account registered a deficit of US$736.8 million which was partly due to regional bond issues of US$690.1 million. The strong balance of payments position led to a build-up in gross official reserves to US$2,993 million by year's end, equivalent to 6.9 months of imports of prospective goods and non-factor services. Government transferred TT$1,239.7 million to the Revenue Stabilisation Fund.

Box I
Revenue Stabilisation Fund

The Government has agreed to establish a Heritage and Stabilisation Fund which has as its core objectives:

1. To build a cushion of reserves that could be utilized to sustain public expenditure capacity during periods of revenue shortfalls arising from declines in the prices of oil and gas;

2. To have an additional source of revenue from monetizing the non-renewable oil and gas reserves in order to provide for inter-generational equity and for investment in strategic projects that could transform and diversify the domestic economy.

The objectives of the Fund would be achieved through the establishment of two portfolios:

- **A Financial Investment Portfolio** which would hold assets that are easily negotiable. These assets would be assigned to two accounts – the **Fiscal Sustainability Account** which would be invested in international short-term securities and the **Heritage Account** which would be invested in international bonds.
- **A Strategic Investment Portfolio** which would hold debt and equity positions in companies or other types of investments considered to be strategic or tactical would be assigned to the **Strategic Account.**

The funds in the investment portfolio would be managed by a Board of Trustees which would be responsible for developing the structure, governance, operational and investment procedures of the Fund so that accountability and transparency of the Fund would be ensured. The Government intends to take these proposals to Parliament.

Table 6
Summary Balance of Payments, 2000-2004
/US$ million/

	2000	2001	2002	2003r	2004p
Current Account	544.3	445.8	76.4	984.7	1,622.5
Merchandise	968.8	718.1	237.7	1,293.2	1,508.7
Services	166.1	233.6	264.0	313.8	511.6
Income	-628.5	-539.3	-479.8	-680.9	-450.4
Transfers	37.9	33.4	54.5	58.6	52.6
Capital Account	234.7	428.1	328.7	-505.7	-736.8
Official	114.9	-34.7	-50.8	-63.5	-216.1
State Enterprises	-61.0	-14.7	-10.2	-10.2	- 10.7
Private Sector	180.8	477.5	389.7	-432.0	-510.0
Errors and Omissions	-338.0	-403.3	-356.2	-144.8	-151.7
Overall Surplus/Deficit	441.0	470.6	48.9	334.2	734.0
Change in Reserves Increase (-) / decrease (+)	**-441.0**	**-470.6**	**-48.9**	**-334.2**	**-734.0**
Memo Items:					
Gross Official Reserves	**1,405.5**	**1,876.0**	**1,923.6**	**2,257.8**	**2,993.0**
Import Cover (months)	4.3	5.6	5.5	5.4	6.9

Source: Central Bank and Central Statistical Office

The foreign exchange market experienced increased activity in 2004 which reflected the buoyant economic conditions in the economy. Commercial bank purchases of foreign exchange from the public rose by 17.9 per cent to US$2,441.3 million from US$2,070.4 million in 2003. Sales of foreign exchange rose by 13.7 per cent to US$ 2,984.2 million from US$ 2,625.1 million in the previous year. Against the background of a high level of foreign exchange reserves, the Central Bank provided US$400 million in support to the foreign exchange market. The TT dollar remained relatively stable vis-à-vis the US dollar. The weighted average selling rate of the TT dollar was TT$6.2998=US$1.00 at the end of 2004.

During the first four months of 2005, activity in the foreign exchange market continued to increase. The level of commercial bank purchases of foreign exchange from the public increased by 23.0 per cent to US$880.5 million while the level of sales grew by 30 per cent to US$1,158 million. The Central Bank intervened in the market on a number of occasions with net sales of US$110 million. At the end of April 2005, official foreign exchange reserves amounted to US$3.4 billion compared with US$3.0 billion at the end of 2004.

II MONETARY POLICY

Over the past several years, Trinidad and Tobago has been enjoying robust non-inflationary growth, which has been led by the growth in the energy sector. The non-energy sector, which employs a significant proportion of the country's labour force, has been growing at a more sluggish pace. To encourage investment and growth in the non-energy sector, the Central Bank pursued an accommodating monetary policy stance involving the reduction in September 2003 of the 'Repo' rate and a phased programme for the gradual reduction in the reserve requirement for commercial banks. In October 2003, the Bank implemented the first phase of this reduction, lowering the reserve requirement of the commercial banks by four percentage points from 18 per cent of prescribed liabilities to 14 per cent. The second phase of the reduction was implemented in September 2004 with a further three percentage point reduction (from 14 per cent of prescribed liabilities to 11 per cent) in the statutory reserve requirement for commercial banks.

With the easing of monetary conditions in 2004, **short-term interest rates** in the financial system trended downward. The **prime lending rate** fell by 275 basis points from 11.50 per cent to 8.75 per cent by the end of 2004.

With the reduction in the statutory reserve requirement, the **intermediation margin,** which the Bank defines as the difference between the weighted average loan and deposit rates, fell by 54 basis points to 7.23 per cent between December 2003 and 2004. Similarly, the **weighted average loan rate** declined by 94 basis points to 9.09 per cent, while the **weighted average deposit rate** fell by 40 basis points to 1.86 per cent.

Longer term interest rates also trended downwards during 2004 with **Real estate mortgage rates** at commercial banks declining from 12.50 per cent to 9.50 per cent at the end of 2004. Real estate mortgage rates at the non-bank financial institutions fell from 12.00 per cent to 10.38 per cent over the same period.

The net domestic fiscal injection is a major source of liquidity in the domestic financial system. During 2004, there was a substantial net domestic fiscal injection of $4,254.2 million (5.9 per cent of GDP). This was sterilised partly by Open Market Operations amounting to $2,490 million (3.5 per cent of GDP). The Central Bank's net sales of foreign exchange of US$400 million also served to absorb liquidity from the financial system.

With the build-up of inflationary pressures in the first quarter of 2005 and the narrowing of the differential between US and TT three-month Treasury Bill rates, the Central Bank announced an increase in the 'Repo' rate from 5.00 per cent to 5.25 per cent. This action was meant to signal the start of a gradual shift away from the accommodative monetary policy stance which has been in effect since August 2002.

This action has led to some upward movement in short term interest rates. The weighted average inter-bank rate increased to 4.20 per cent from 4.0 per cent while the three month treasury bill yield rose from 4.76 per cent to 4.85 per cent. Most of the commercial banks have increased their prime lending rates by 25 basis points from 8.75 per cent to 9.0 per cent.

The financial system has continued to be liquid in the first four months of 2005. The Government's domestic fiscal operations injected a net amount of $1,315.3 million into the financial system. The Central Bank heightened its Open Market Operations and absorbed a total of $796.4 million. The sale of US$110 million to the foreign exchange market over the period also reduced liquidity in the financial system.

III *FINANCIAL SECTOR DEVELOPMENTS*

1. Money and Credit

There was a declining trend in the monetary aggregates in 2004. **Narrow money** (M1-A) defined as currency in active circulation and demand deposits slowed to an average of 8.8 per cent compared with a 12.1 per cent increase in the same period of the previous year. There was no change in the growth of **M-2**, (defined as M1-A plus time and savings deposits). Although savings deposits expanded by 8.8 per cent in 2004, time deposits continued its declining trend (-5.3 per cent). The low interest rate conditions at commercial banks encouraged investors to seek higher-yielding returns in mutual funds and on the stock exchange.

Over the period, foreign currency deposits as a share of total deposits increased to 29 per cent, up from 24 per cent and 26 per cent in 2003 and 2002, respectively.

Preliminary data indicate that the strong growth in private sector credit exhibited in 2004 has started to level off in the first two months of 2005. The growth in private sector credit of the consolidated financial system slowed to 8.6 per cent in the twelve months to February 2005 from 15.6 per cent for the corresponding period in 2004.

2. Mutual Funds

Mutual funds continued to be one of the more attractive investment instruments during 2004. This was reflected in the growth of the industry (22.7 per cent), with assets under management climbing to $23.9 billion. The income and growth funds increased by 52.6 per cent, outperforming the money market funds, which rose by 15.9 per cent. Annualized yields on investments in the TT-dollar denominated income and growth funds averaged over 26 per cent, reflecting the bullish trend of the stock market in 2004.

3. Bond Market

There was a decline in the number of issues on the domestic bond market in 2004 relative to 2003, notwithstanding continued strong participation by regional governments. There were 35 placements valued at $7,523 million in 2004 compared with 40 in the previous year in the amount of $9,733.5 million. In 2004, there were 2 issues of Government bonds, each of which raised $300 million. State enterprises and statutory corporations issued 9 bonds for a value of TT$1,261.4 million, while 7 bonds (valued at TT$1,511 million) were issued by 4 firms in the local private sector. The remaining 17 bonds placed during the year were issued by regional governments and private sector entities. Long-term interest rates eased in 2004 - the rate on government 10 year bonds fell from 11.30 percent in 2002 to around 6 percent in 2004.

A major development in the bond market in 2004 was the introduction of automated trading in government securities and the establishment of an electronic depository. The auction system is linked to the Real Time Gross Settlement System (RTGS) to provide delivery versus payment, thus enhancing the efficiency of the settlement process (Boxes II and III).

Box II
Government Securities System (GSS)

The GSS which is comprised of a central depository and an auction system was launched in December 2004. The depository is an electronic register of the holders of the various government issues and provides an online record of movements within holders' accounts.

In auctions, bids are entered from a participant institution's desktop and allocation is performed automatically. The GSS is inextricably linked to the Real Time Gross Settlement System (RTGS), and reduces risk as delivery of securities occurs simultaneously with the exchange of value. In December 2004, the system became operational for Treasury Bills and Treasury Notes. The Bond auction facility of the GSS came online on February 21, 2005. The first automated bond auction took place on March 14, 2005 with a TT$400 million issue with maturity of 10 years and a coupon rate of 6.00 per cent. The automation of these activities adds greater efficiency and security to the government securities market increasing the transparency of the pricing of government securities. This new system also provides an electronic centralized record of activity related to locally-issued government debt instruments.

The facility links the main participants in the government primary bond market – the Central Bank, primary dealers and government securities intermediaries. Users of the system will also be able to:

- View their bids;
- Cancel or create additional bids prior to the close of the auction;
- View results of the auction from their work stations and download reports in various formats;
- Access a comprehensive record of government debt instruments.

Box III
Payments System Reform

1. The Introduction of the Real Time Gross Settlement System

A major part of the reform of the national payments system was completed on October 14 2004 when the Bank introduced a Real Time Gross Settlement System (RTGS). This system named **safe-tt** clears and settles in a faster, safer and generally more efficient manner, time critical large-value payments (TT$500,000 and over) between domestic banks, The RTGS is comparable to similar systems in the developed world and results in the virtual elimination of settlement risk.

2. Trinidad and Tobago Interbank Payments System

Recently, the Bank signed an agreement with the members of the Bankers Association of Trinidad & Tobago to create an automated clearing house (ACH) named the Trinidad & Tobago Interbank Payments System Limited (TTIPS). The ACH is another component of the payments system reform being undertaken in Trinidad and Tobago. It will process all interbank debit and credit payments starting with fully electronic end-to-end payments such as payroll, insurance premiums, pensions, insurance premiums, cash management, dividends, insurance claims and utility bill remittances. The TTIPS will facilitate faster, more accurate payments processing and is expected to come on line in September 2005.

Stock Market

Conditions in the domestic stock market were bullish in 2004, with the Stock Exchange reaching new highs. The Composite Stock Price Index (CPI, 1983=100) grew by 54.8 per cent from 691.1 at the start of the year to 1,074.6, the highest growth rate since 1997. During 2004, 312.5 million shares were traded with a market value of $3,033.4 million, which represented an increase of 31.7 per cent when compared to 2003.

The robust growth performance was driven by strong gains in the Banking and Non-Banking sectors. The Banking and Non-Banking sector sub-indices increased by 46.2 per cent and 49.5 per cent, respectively, and accounted for 43.2 per cent and 33.6 per cent of the volume of shares traded, respectively.

The upward trend continued in 2005 with the CPI recording a growth rate of 6.8 per cent in the first quarter of 2005 compared with the comparative period of 2004. The Banking and Non-Banking Financial sectors accounted for 49.8 per cent and 20.1 per cent of the volume of shares traded, respectively. At the end of the first quarter of 2005, market capitalisation stood at TT$115.1 billion.

The number of regional companies listed on the domestic stock exchange increased to 7 with the cross-listing of Sagicor Financial Corporation of Barbados and Dehring, Bunting and Golding of Jamaica. The market infrastructure has been enhanced with the introduction of electronic trading on the Stock Exchange in March 2005.

Box IV
Electronic Trading

Electronic trading commenced on the Stock Market on March 18, 2005 with the introduction of the Automated Trading System. This system is expected to yield many benefits which include:

1. The elimination of an anomaly that existed previously where the share price moved without actual trades occurring.

2. Shorter Settlement Period (The Settlement Period will move from T +5 to the international norm of T +3).

3. Share prices will be able to move to reflect current positions without actual trade occurring.

4. Since the trading system will operate on a time and price sequence, every order will be filled according to its position on the queue.

5. The electronic environment should result in more liquidity on the stock market.

6. Over time, there is the option to increase the available number of trading days from three (3) to increase to five (5).

List of Charts

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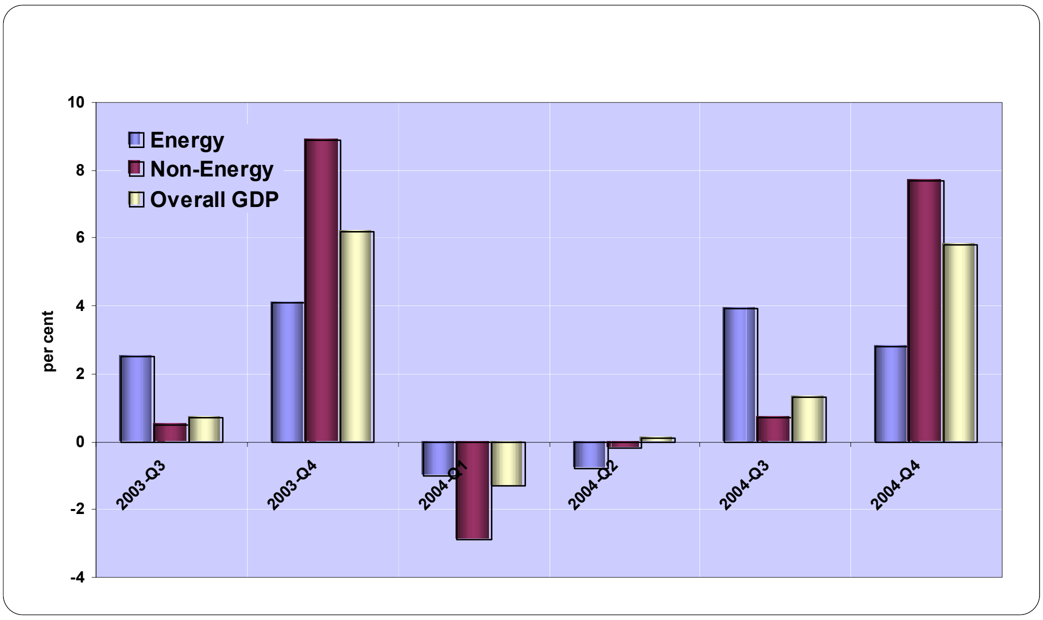
Quarterly Changes in Real GDP



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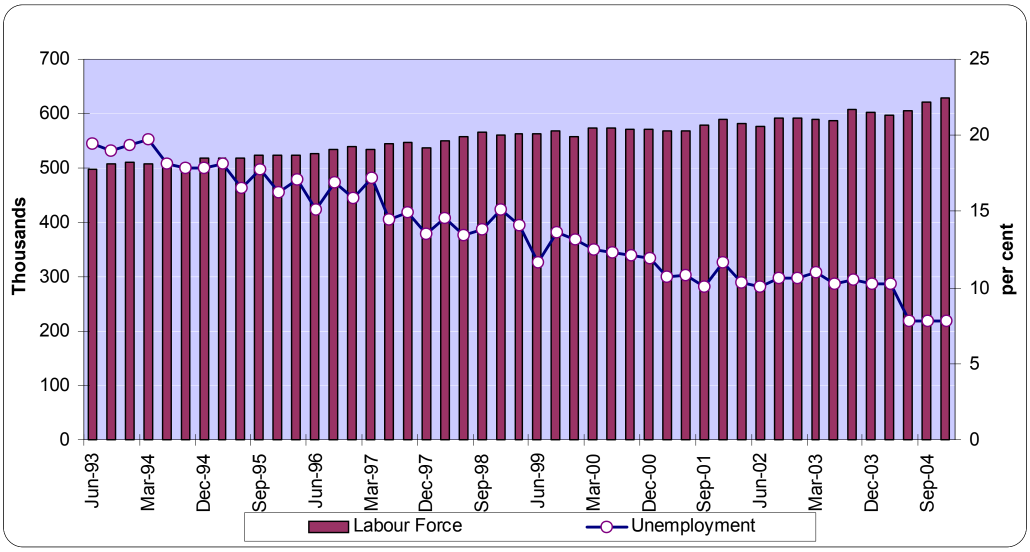

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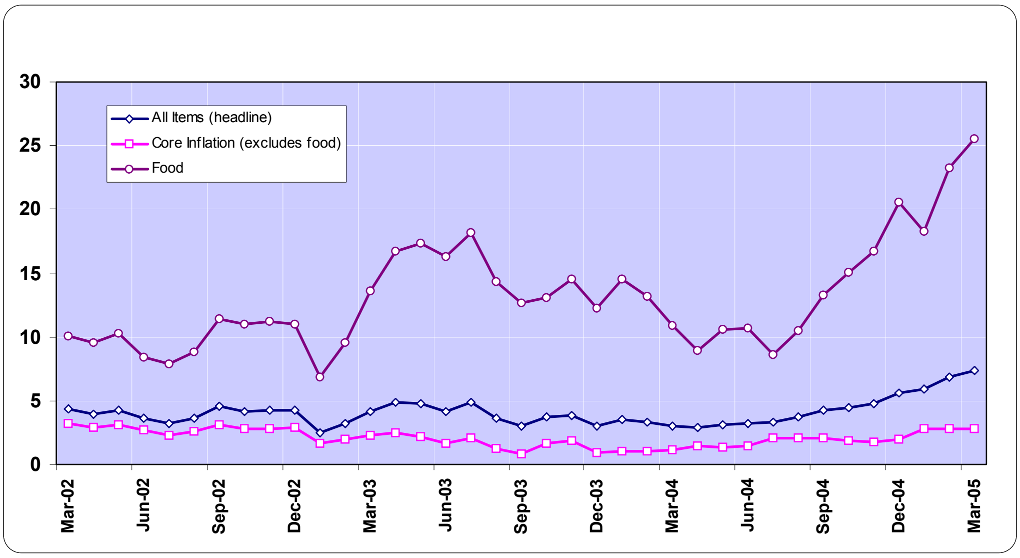

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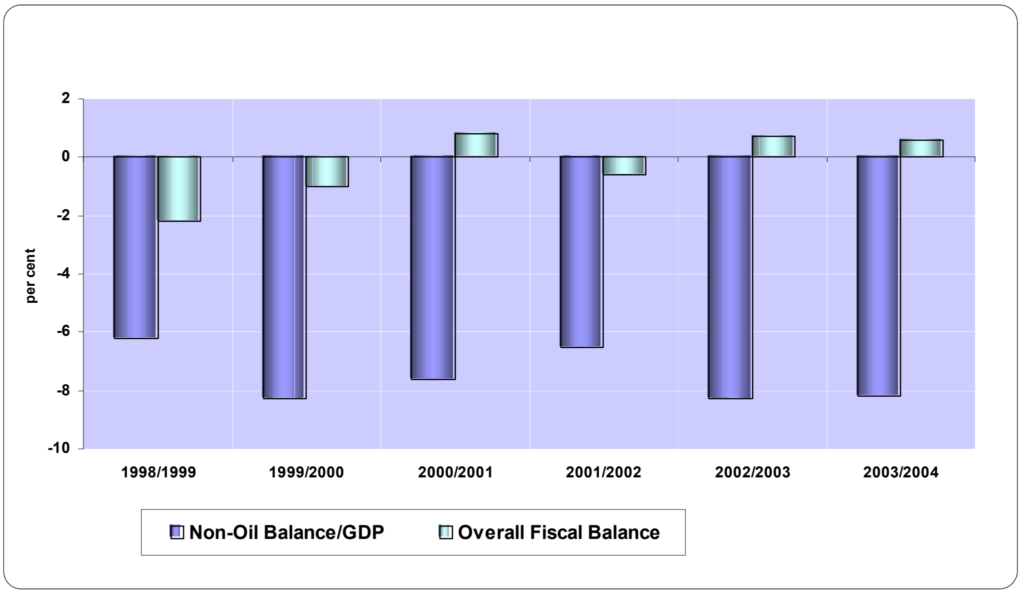

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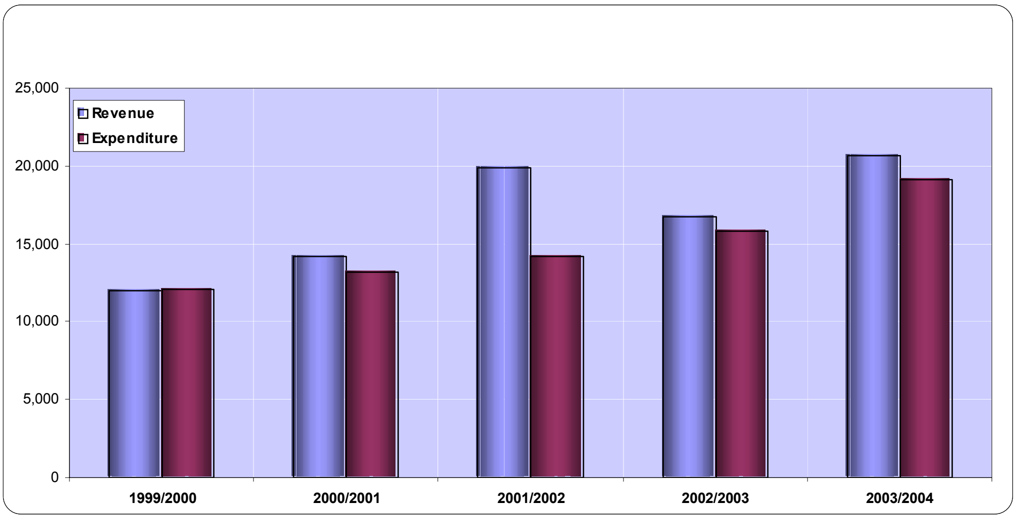

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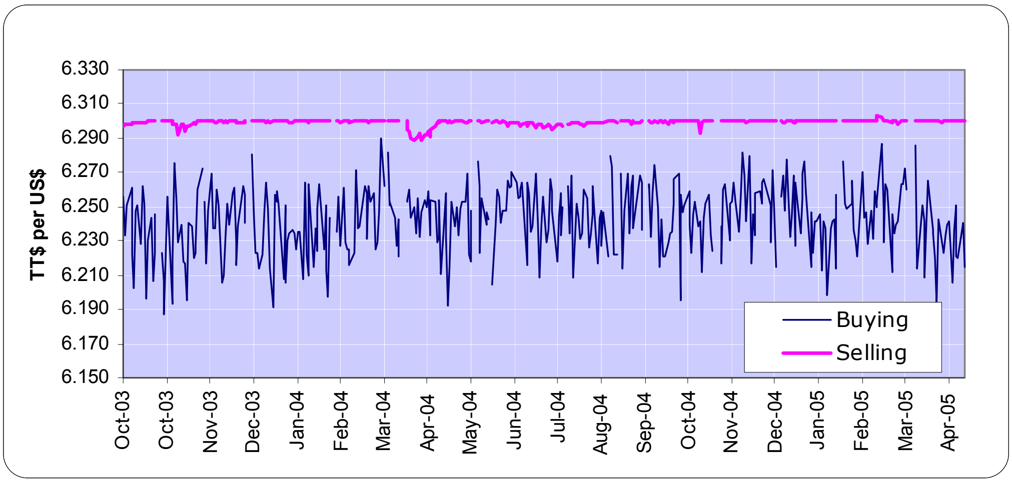

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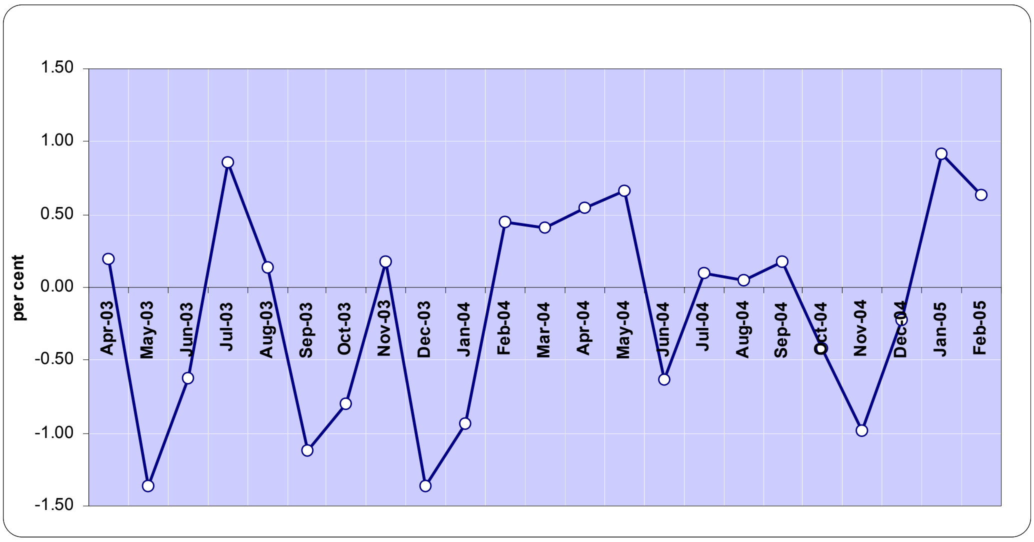

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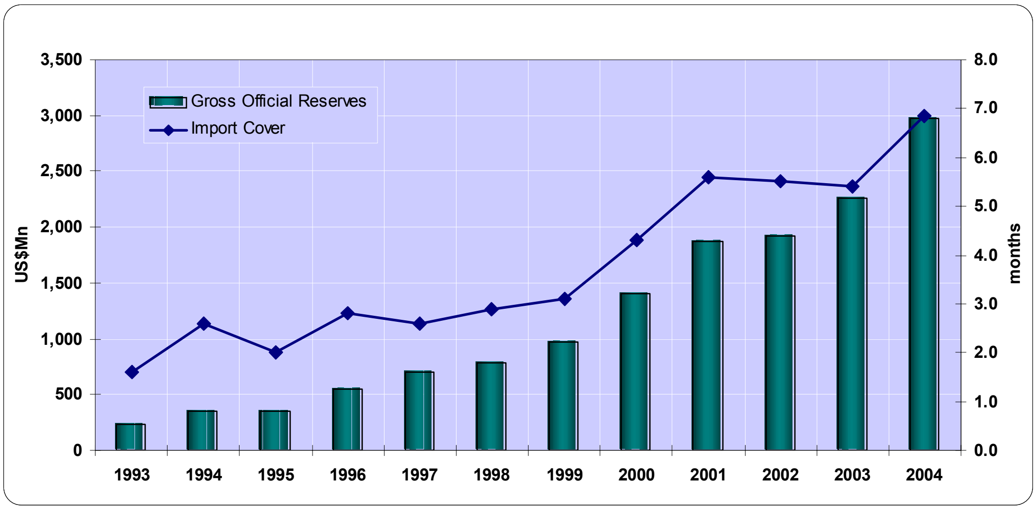

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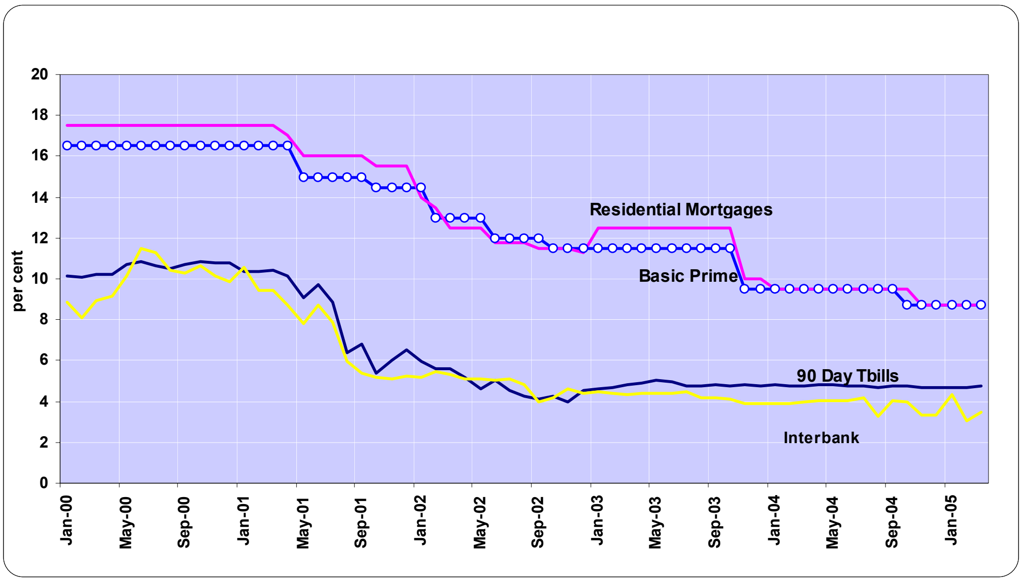

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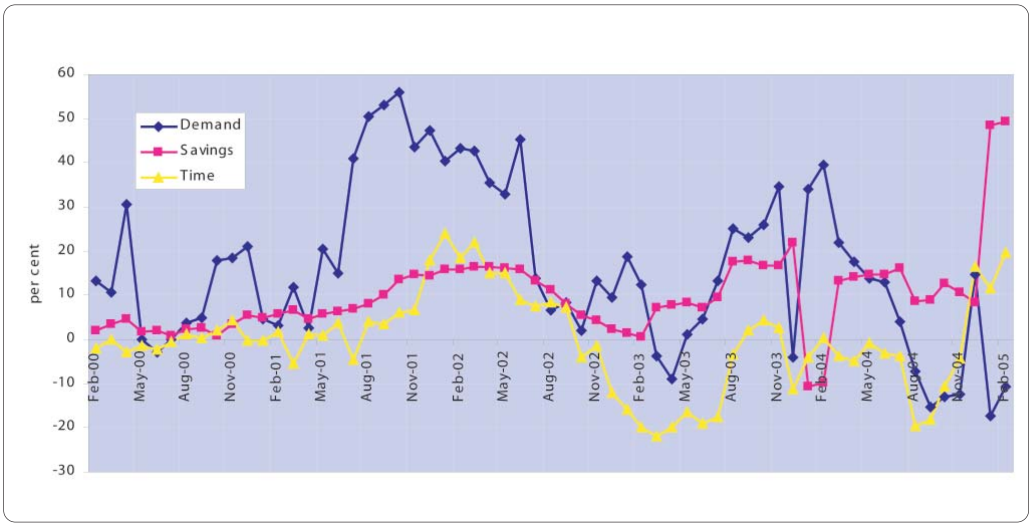

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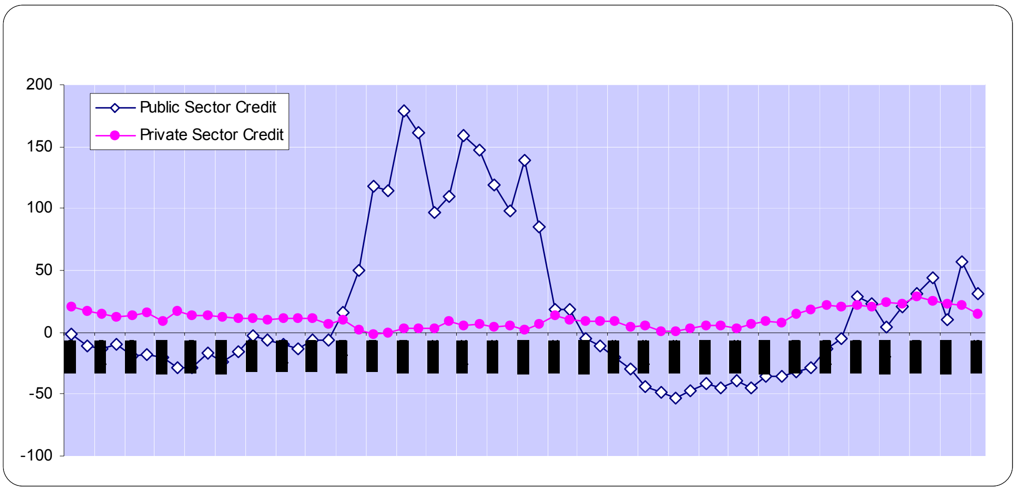

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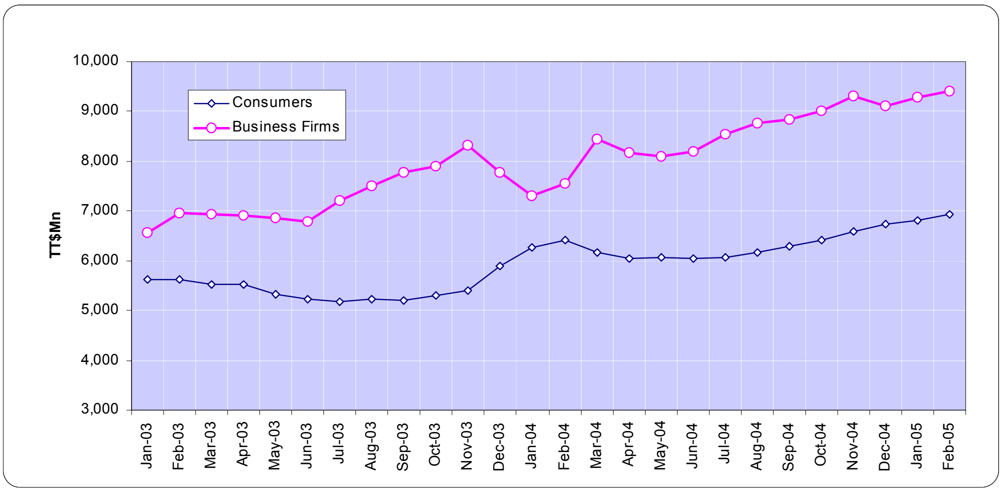

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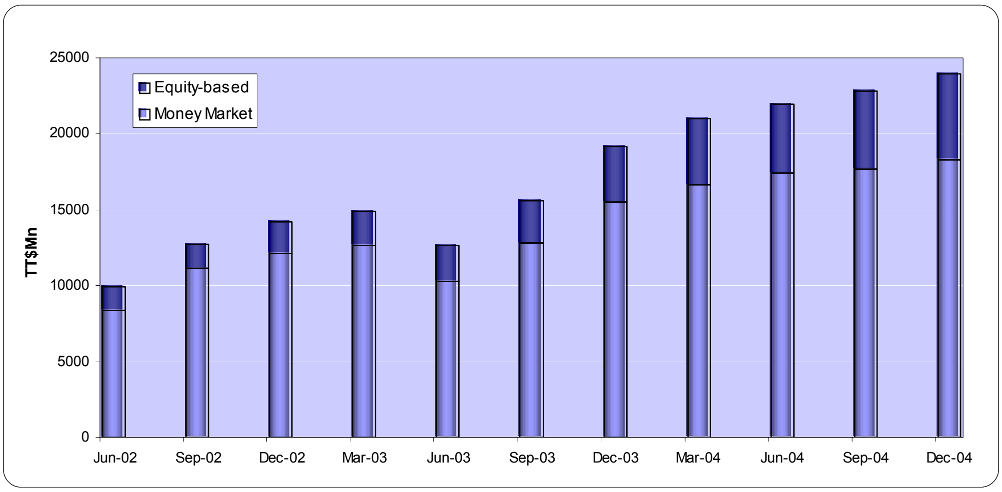

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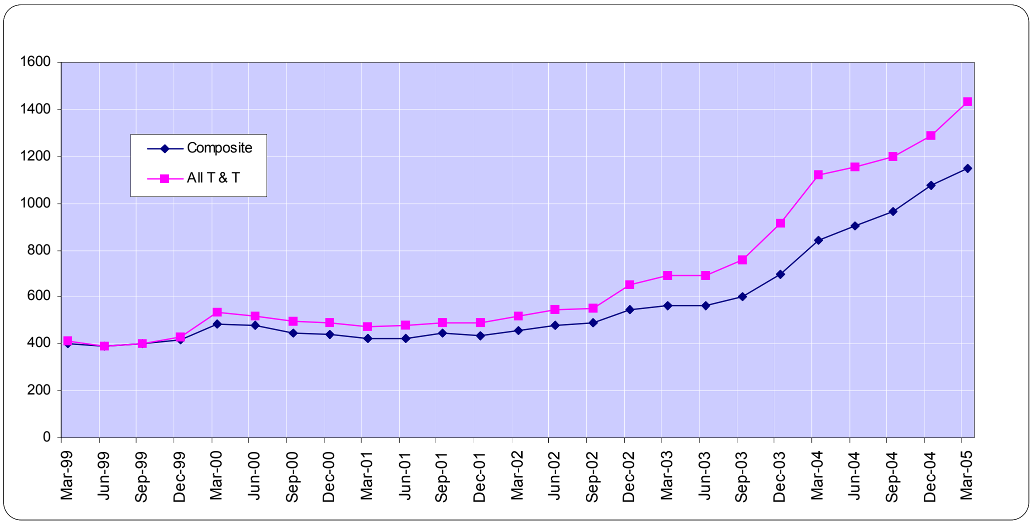

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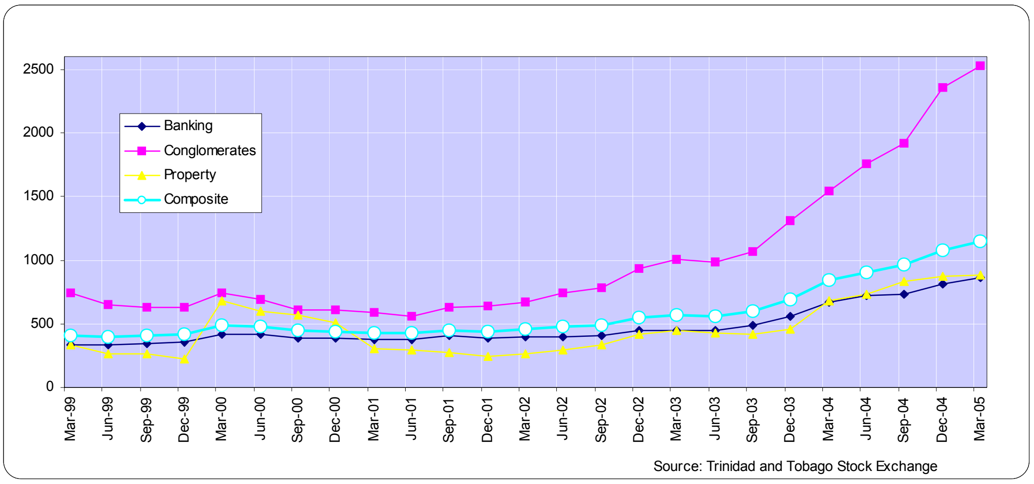

Source: Trinidad and Tobago Stock Exchange

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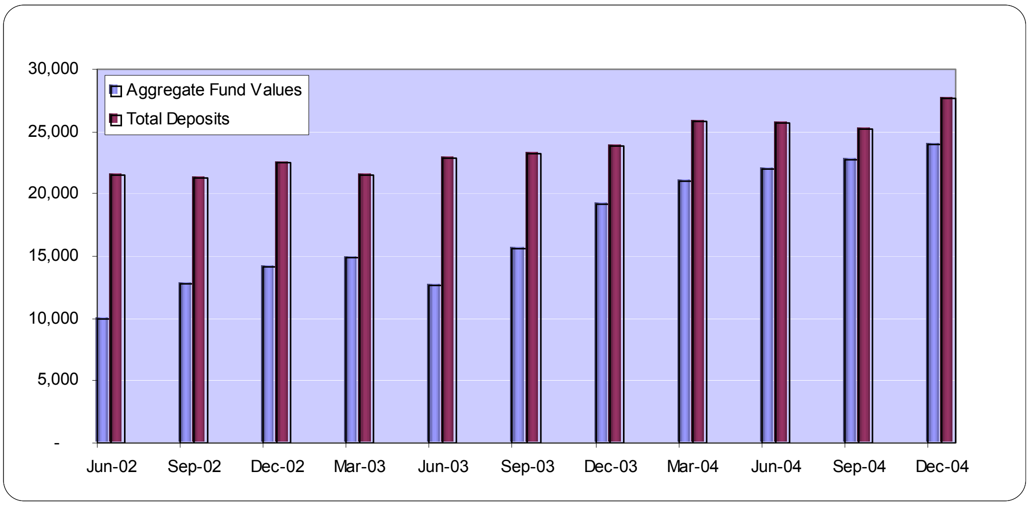

Appendices:

Media Releases on the 'Repo' Rate from October 2004 to May 2005

1 *Media Release dated October 7, 2004* -
Central Bank Holds Its 'Repo' Rate at 5.0 Per cent Per Annum

2 *Media Release dated November 4, 2004* -
Central Bank's 'Repo' Rate To Stay At 5 Per cent Per Annum

3 *Media Release dated December 2, 2004* -
Central Bank Holds The 'Repo' Rate Unchanged

4 *Media Release dated January 6, 2005* -
No Change In Central Bank's 'Repo' Rate

5 *Media Release dated February 3, 2005* -
Central Bank Maintains Its 'Repo' Rate at 5.00 Per cent Per Annum

6 *Media Release dated March 3, 2005* -
Central Bank Raises 'Repo' Rate by 25 Basis Points

7 *Media Release dated April 7, 2005* -
No Change In Central Bank's 'Repo' Rate

8 *Media Release dated May 5, 2005* -
Central Bank's 'Repo' Rate Remains Unchanged

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Media Release

CENTRAL BANK HOLDS ITS 'REPO' RATE AT 5.0 PER CENT PER ANNUM

The Central Bank will maintain its current monetary policy stance and will maintain its target for the overnight 'repo' rate at 5.00 per cent per annum. Latest available data reveal that the pace of economic activity has quickened in response to strong domestic demand, relatively easy liquidity in the financial markets and a low interest rate environment. Moreover inflationary pressures, although increasing, are still within target levels.

The Bank implemented the second phase of the programmed reduction of the reserve requirement for commercial banks on September 15th when the banks' reserve requirement was lowered by 3 percentage points from 14 per cent to 11 per cent of prescribed liabilities. The resultant release of $516 million of previously sterilised reserves into the financial system was immediately neutralised by the special issue of a government bond of equivalent amount.

The main objective of the lowering of the reserve requirement is to reduce intermediation margins. Since the reduction took effect, four of the six commercial banks lowered their prime lending rates by 75 basis points from 9.50 per cent to 8.75 per cent. It is expected that the remaining banks will follow this lead shortly.

The latest data on the producer price index as well as recent increases in the prices of a few staples suggest an upside inflationary risk. With the presentation of the National Budget on October 8th, the Central Bank will continue to monitor developments and review its monetary policy stance as appropriate.

The next 'repo' rate announcement is scheduled for November 4th 2004.

October 7th 2004

END

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Media Release

CENTRAL BANK'S 'REPO' RATE TO STAY AT 5 PER CENT PER ANNUM

The Central Bank plans to hold the 'repo' rate, the rate at which it lends overnight to the banking sector, at 5 per cent per annum.

The Retail Prices Index (RPI) rose by 0.6 per cent in September following an increase of 0.3 per cent in August. This increase may, in part, be reflecting the impact of changes in the price of rice and powdered milk, which were announced in July and was therefore not unexpected. On a year-on-year basis, the RPI rose by 4.3 per cent as at September 2004 compared to 3.7 per cent at the end of August. Core inflation remained at the same level of 2 per cent as it was in August.

Commercial bank credit to the private sector increased by 3.4 per cent in August 2004, compared to 1.9 per cent for July. For the year to date, credit has grown by 11.5 per cent compared 7.6 per cent for the same period a year earlier, suggesting a positive response to the lower interest rate environment in the past twelve months, following the reduction in reserve requirements in October 2003 and the consequential reduction in the prime lending rates of commercial banks. Short-term interest rates were somewhat softer in the past month, following the second reduction (by three percentage points) in the reserve requirement of commercial banks in September 2004 and the further lowering of prime rate. The Government also added liquidity to the market through a bond repayment of $303 million.

Data on Gross Domestic Product (GDP) for the third quarter of 2004 are not yet available but are expected to show relatively robust growth, based on preliminary figures which indicate strong expansion in LNG production in July and August. For the first six months of 2004, GDP grew by 4.4 per cent[1] compared to a year earlier, with contributions from both the energy and non-energy sectors.

The Bank will continue to monitor the trend in the RPI and other indicators and will pay close attention to interest rates in the US following the presidential elections there. The next announcement on the 'repo' rate will be made on December 2nd.

November 4, 2004

[1] The data on quarterly GDP have not yet been adjusted to reflect the recent change in the base year of the Index from 1985 to 2000 by the Central Statistical Office.

- END -

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Media Release

CENTRAL BANK HOLDS THE 'REPO' RATE UNCHANGED

Today the Central Bank decided to maintain the 'repo' rate at 5.00 per cent. This rate was last modified in September 2003.

Over the last month, conditions in the financial markets have been little changed. Short-term interest rates were relatively stable, with the 3-month Treasury bill rates at around 4.75 per cent and inter-bank rates at around 4 per cent. The latest data on consumer prices indicate a marginal decline in core inflation, which excludes the influence of extreme food price movements, to just below 2 per cent. In the twelve months to October, headline inflation rose to 4.5 per cent from 4.3 per cent a month earlier, mainly due to further increases in food prices. The higher food prices stemmed from the unusually bad weather and resultant flooding which resulted in a diminished supply of vegetables, (vegetables carry the third highest weight, after Bread and Cereals and Meat, in the Food Sub-Index of the Retail Prices Index). The prolonged bad weather is likely to have a lingering effect on food prices through the end of the year.

In the foreign exchange market, demand has been strong over the past month, given the seasonal pattern of imports. The Central Bank, in light of the strong reserves position, has been adding to supply through sales of foreign currency to the banking system. Net international reserves at the end of November were approximately equivalent to 6 months of prospective imports.

The next 'repo' rate announcement is scheduled for January 6 2005.

December 2, 2004

- END -

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Media Release

NO CHANGE IN CENTRAL BANK'S 'REPO' RATE

The Central Bank has decided to leave its 'repo' rate unchanged at 5.00 per cent per annum. As a consequence, the special deposit rate and the discount rate will also remain unchanged at 3.00 per cent and 7.00 per cent, respectively. The decision to maintain this monetary policy stance has been taken against the background of growing evidence that domestic demand is gaining momentum but in the context of a core inflation rate that remains under 2 percent.

Higher food prices continued to exert pressure on the rate of headline inflation which increased by 4.8 per cent in the twelve months to November 2004 compared with 3.8 per cent in the year-earlier period. However, core inflation which excludes volatile food price movements has risen by only 1.8 per cent over this period compared with 1.5 per cent in the corresponding period of 2003.

On the international markets, the impact of the most recent natural disasters in Asia is yet to be seen. Prior to these events, there was general consensus of broad-based global growth in the year ahead. As part of its "measured" response to continuing strong growth in the United States, the Federal Reserve Bank raised its benchmark interest rate, the Federal Funds rate, another quarter percentage point in December 2004 to 2.25 percent. The Central Bank will continue to monitor external market conditions and will also continue to assess how long the recent developments in food prices are likely to last and their impact on the general price level in the coming months.

The next 'repo' rate announcement is scheduled for February 3, 2005.

January 6, 2005

- END -

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Media Release

CENTRAL BANK MAINTAINS ITS 'REPO' RATE AT 5.00 PER CENT PER ANNUM

The Central Bank has decided to hold its overnight 'repo' rate unchanged at 5.00 per cent. While there have been signs of increased inflationary pressures since the end of 2004, these are largely related to the sharp rise in food prices. Meanwhile, core inflation, which in principle is what is influenced by monetary policy, has remained below 2.0 per cent.

The accommodative monetary policy stance, which the Central Bank pursued over the last year, seems to have had the intended effect since there has been a significant increase in private sector credit. The credit expansion has also contributed to increased activity in the non-energy sector as well as to an overall growth in employment. The economy as a whole is projected to have grown by about 8 per cent in 2004 and is expected to grow between 6-7 per cent in 2005.

On February 02, 2005, the Federal Reserve Bank announced another 25 basis points increase in the Feds Fund rate which has led to a further narrowing of the spread between TT and US interest rates. However, since US interest rates are still relatively low, the narrowing of the spread appears to have had minimal impact on capital flows.

The Bank continues to actively monitor the trend in domestic inflation and the evolution of foreign interest rates.

The next 'repo' rate announcement is scheduled for March 3 2005.

February 3, 2005

- END -

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Media Release

CENTRAL BANK RAISES 'REPO' RATE BY 25 BASIS POINTS

The Central Bank will increase the 'Repo Rate' by 25 basis points from 5.00 per cent to 5.25 per cent per annum with effect from March 04, 2005. The decision to change the rate has been taken against the background of increasing signs of a pick-up in inflation and the narrowing of the differential between TT and foreign interest rates.

Continuing the upward trend identified towards the end of 2004, headline inflation in January 2005 (as measured by the increase in the Retail Price Index) rose by 0.5 per cent compared with 0.2 per cent in January 2004. On a year-on-year basis (January 2005 over January 2004), headline inflation was 5.9 per cent, somewhat outside of the Bank's target range. The main impetus continues to come from food prices which rose by 18.3 per cent over the 12-month period to January 2005. Core inflation also rose to 2.8 per cent, largely on account of increases in clothing and housing. By comparison, the year-on-year increase to December 2004 was 1.96 per cent.

The differential between the TT and US short term interest rate has narrowed from 3.84 per cent in February 2004 to 1.98 per cent at the end of February 2005. There has also been a narrowing in the differential between short term interest rates in Trinidad and Tobago and those in some countries of the Caribbean region. Given the increasing integration of capital markets in the region, this trend is also having some impact on the local capital market.

In principle, interest rate increases take time to work themselves through the economy and may not have an immediate effect on inflation. However, the Bank is of the view that it is important to recognize the existence of inflationary pressures and to take measures to manage the emergence of an inflationary psychology. Over time, adjustments in interest rates should also improve developments in the foreign exchange market.

The Bank will continue to monitor developments in the domestic economy as well as foreign interest rates and will keep monetary conditions under close review.

The next 'Repo' rate announcement is scheduled for April 7, 2005.

March 3 2005

- END -

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Media Release

NO CHANGE IN CENTRAL BANK'S 'REPO' RATE

The Central Bank has decided to leave its overnight 'Repo' rate unchanged at 5.25 per cent.

Recent data released by the Central Statistical Office indicate that headline inflation rose to 6.9 per cent in the twelve months to February 2005 compared with 5.9 per cent in the twelve months to January 2005. The strong upward pressure on the Retail Prices Index continued to come from rising food prices, which increased by 23.3 per cent in the twelve months to February 2005. This represented the largest increase in food prices since 1989 and, in part, reflected higher prices for fresh and chilled fruits and vegetables as a result of the adverse weather conditions experienced in the last quarter of 2004.

Core inflation which filters out the food price effect was 2.8 per cent in the twelve months to February 2005, the same as in the twelve-month period ending January 2005. The components of the Index which impacted on core inflation included Home Ownership (5.5 per cent), Rent (5.2 per cent) and Hotels, Cafes and Restaurants (6.8 per cent).

On March 03, 2005, the Central Bank increased the 'Repo' rate by 25 basis points after keeping it unchanged at 5.00 per cent since September 2003. The increase was meant to signal the start of a gradual change from the accommodative monetary policy stance which has been in effect since August 2002. The Bank's intention is to adopt a measured approach to this transition, keeping under close review the trend in core and headline inflation and the movement in international interest rates.

With the continued adjustment in US interest rates, the margin between the benchmark TT and US Treasury Bill rates has narrowed to 2.00 per cent at the end of March 2005 compared with 2.22 per cent at the end of January 2005. While this is the lowest the spread has been in many years, there is no indication that this is having a major impact on capital flows. In fact, the domestic foreign exchange market has remained relatively stable over the last two weeks.

The next 'Repo' rate announcement is scheduled for May 5, 2005.

April 7, 2005

- END -

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Media Release

CENTRAL BANK'S 'REPO' RATE REMAINS UNCHANGED

The Central Bank has decided to hold its overnight 'Repo' rate at 5.25 per cent. The decision to hold the rate at its current level has been taken against the background of the relative stability of core inflation, which has remained at around 2.8 percent (year-on-year) for the last three months.

Headline inflation in March rose sharply to 7.3 percent on a year-on-year basis. The rise continues to be largely due to the behaviour of food prices. For the most part, this reflects the impact of adverse weather conditions on fruit and vegetable supplies.

Also, since the last increase in the 'Repo' rate on March 03, there has been an upward creep of short-term interest rates and in the prime lending rate of commercial banks. The impact of these adjustments on credit expansion and domestic demand is now slowly being felt.

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

The date for the 'Repo' rate announcement is being shifted to follow the release of monthly inflation data by the Central Statistical Office.

The next 'Repo' rate announcement is scheduled for June 17, 2005.

May 5, 2005

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