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CENTRAL BANK OF TRINIDAD & TOBAGO

Monetary Policy Report

April 2010

Volume X Number 1

MONETARY POLICY REPORT

APRIL 2010

VOLUME X NUMBER 1

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

Monetary Policy Report

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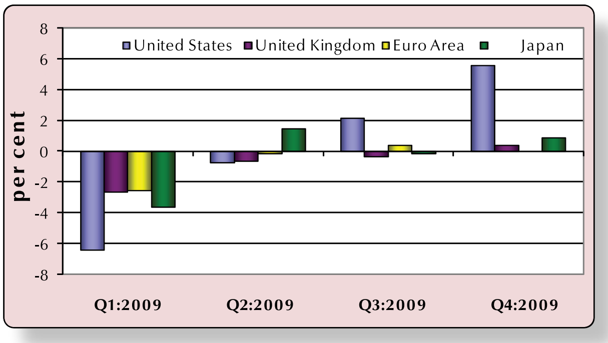
PART I – Overview

Global economic recovery from the deep downturn has been better than envisaged at the time of the last Monetary Policy Report. Recovery has been strongest in Asia, led by China and India and in other emerging market economies in Latin America. The rebound in commodity prices is also helping many developing countries.

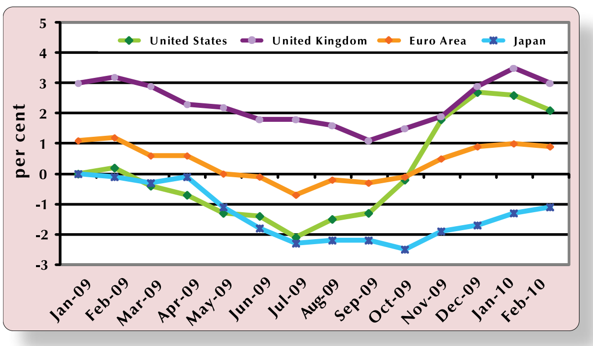
The recovery is also underway in the advanced economies though it is less grounded and much more sluggish (Chart Ia). The main driver of the recovery in the advanced economies is the extraordinary amount of fiscal stimulus in response to the deep downturn. Monetary policy has also been actively supportive with interest rates falling to record lows in most advanced countries. In many of these economies, there is not as yet any convincing evidence that a major increase in autonomous private demand is taking hold.

Chart Ia
Advanced Economies – Quarterly GDP Growth
(Quarterly Per Cent Change)



The impact of the recovery on job creation in the advanced economies has been less than expected. Unemployment in the US has been sticky at 9.7 per cent, slightly down from the high point of 10.0 per cent reached in October while in the euro area and in the UK, the unemployment rate also remains relatively high at 10.0 per cent and 7.7 per cent, respectively.

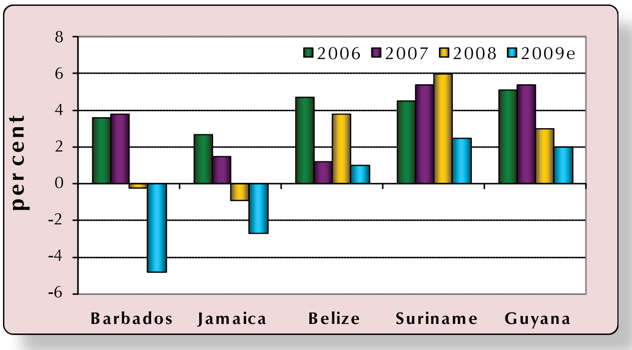
Chart Ib
Headline Inflation in Developed Economies



Consumer price inflation slowed considerably across the world through 2009, turning negative in some advanced economies (Chart Ib). The sharp decline was driven by the global recession, particularly through its effects on oil and other commodity prices as well as through the significant expansion of spare capacity, which served to reduce "core" inflation in most advanced economies. Although inflation declined in many emerging market economies, the pace of decline was much slower than in many advanced economies. One reason for this was that many emerging market economies experienced currency devaluations in the aftermath of the global financial crisis.

In 2010, inflation in the advanced economies has begun a slow recovery from the historical lows of last year. This is partly due to the pick-up in demand and to the rise in commodity prices. However, even with fiscal and monetary stimulus continuing for a while, the existence of significant spare capacity should keep inflation well under control.

Chart Ic
Real GDP Growth: Selected Caribbean Economies
(Per Cent)



Source: IMF

Regional Developments

In the wake of the global economic crisis, economic activity in the Caribbean region declined sharply, weighed down by declining tourism receipts, falling workers' remittances and slower foreign direct investment inflows. Most of the economies were saddled with substantial public debt burdens and had limited fiscal space or borrowing capacity.

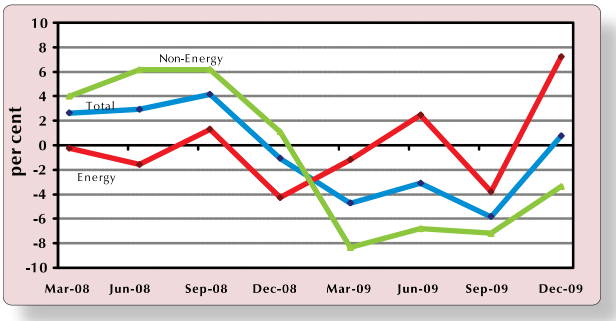
In the circumstances, a number of countries accessed financial support from the multilateral institutions, including the International Monetary Fund (IMF). Most recently, Antigua and Barbuda is close to finalizing a 36 month Stand-by Arrangement with the IMF which has already approved US$1.27 billion under a 27-month Stand-By Arrangement for Jamaica. Barbados, on the other hand, was able to increase its borrowing abroad through bond placements in regional capital markets.

All the economies in the Caribbean region with the exception of Guyana, Belize and Suriname contracted in 2009 and regional GDP is estimated to have declined by around 1.4 per cent. With employment growth in the major markets for tourism and remittance flows still tentative, the rebound in regional economic activity is expected to be slow in 2010 (Chart Ic).

Domestic Developments

According to preliminary Central Bank data, after four consecutive quarters of decline, real GDP registered a small increase of 0.8 per cent (year-on-year) in the last quarter of 2009 (Chart Id). The fourth quarter growth reversal puts the GDP decline for 2009 as a whole at 3.2 percent. The weak recovery in the fourth quarter is related almost entirely to the improved output performance of the energy sector.

Chart Id
Real GDP Growth
(Year-on-Year Per Cent Change)



While oil production continued on a downward slide, there was a sizeable increase in the output of petro-chemicals and natural gas in the fourth quarter of 2009. The higher production came from rising demand related to the global recovery and reflected the coming on stream of new natural gas production capacity (the offshore Savonetta field). During the quarter, crude oil prices rose to US$76 per barrel while the prices of ammonia, urea and methanol also strengthened. Gas prices, however, continued to trend downwards reaching as low as US$3.68 (Henry Hub) during the course of the quarter (Table Ia).

Table Ia
Prices of Selected Comodities

Period		(US$/bbl)	(US$/mmbtu)	(US$/tonne)				
				Petrochemicals			Metals	
		Crude Oil *WTI*	**Natural Gas** *Henry Hub*	**Ammonia** *fob Caribbean*	**Urea** *fob Caribbean*	**Methanol** *fob Rotterdam*	**Billets** *fob Latin America*	**Wire rods** *fob Latin America*
2009	**I**	43	4.6	167	267	206	477	635
	II	60	3.7	216	257	200	376	439
	III	68	3.2	229	257	228	427	492
	IV	76	4.3	298	281	331	430	501
2010	**I**	79	5.1	341	329	331	488	500

Source: Central Bank of Trinidad and Tobago

Available indicators show that economic activity remained depressed in the non-energy sector, with the largest contraction coming in the distribution sub-sector. As compared with the corresponding quarter of 2008, during the last quarter of 2009:

- retail sales declined by 10.0 per cent because of reduced sales in a broad range of products (motor vehicles and parts, construction materials and hardware and groceries);

- the volume of imports, which is a good indicator of wholesale trading activity, declined by 6.0 per cent;

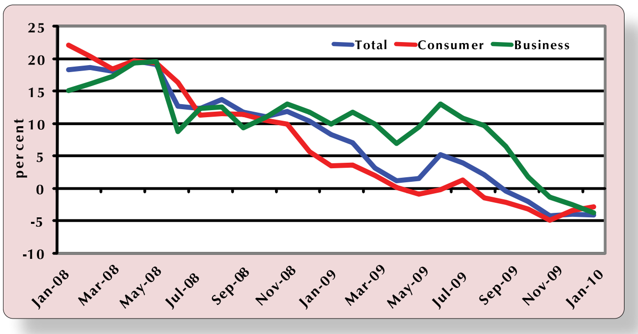
- bank credit outstanding fell by 4.4 per cent in the quarter, compared to an increase of 13.7 per cent in the previous year.

- Consumer and business credit also declined by 2.9 per cent and 3.8 per cent respectively from increases of 5.7 per cent and 11.8 per cent a year ago (Chart Ie).

Based on Central Bank quarterly GDP estimates, construction activity in the fourth quarter of 2009 was 3.6 per cent below that of the last quarter of 2008.

Output in the manufacturing sector was marginally higher than in the fourth quarter of 2008. There were increases in the output of the food processing and assembly industries, which were partly offset by lower production of construction materials. A quarterly survey of production conducted by the Central Bank indicated that capacity utilization in the manufacturing sector averaged about 66 per cent in the fourth quarter, significantly lower than the quarterly norm.

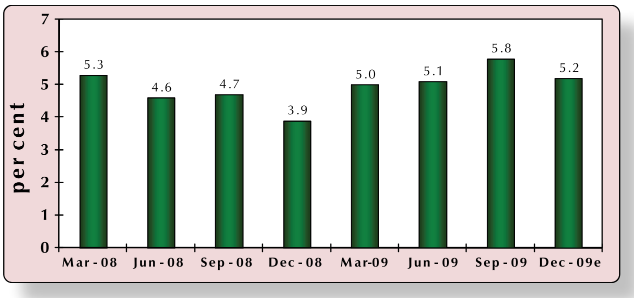
Chart Ie
Credit by the Consolidated Financial System
(Year-on-Year Per Cent Change)



Employment

The latest official unemployment survey published by the CSO is for the third quarter of 2009 and shows an unemployment rate of 5.8 per cent. Preliminary estimates for the fourth quarter suggest that the rate could have declined to around 5.2 per cent (Chart If). Consistent with the growth in manufacturing mentioned above, the index of employment in manufacturing shows a small increase in employment and hours worked in the manufacturing industry.

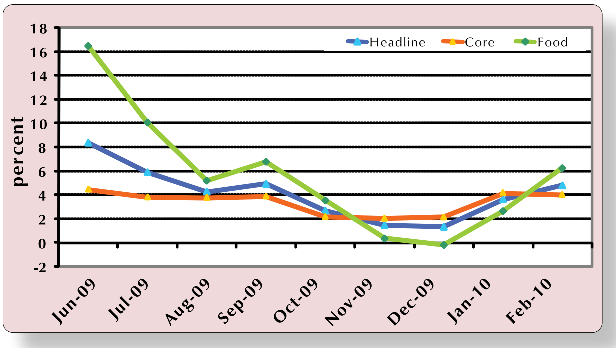
Chart If
Unemployment Rate



Prices

Conditions of sluggish domestic demand contributed to the decline in inflation throughout 2009, including in the fourth quarter. As at December 2009, headline inflation reached an all-time low of 1.34 per cent, reflecting an absolute decline in food prices on a 12-month basis. Core inflation at year-end 2009 was just over 2.0 per cent, the lowest level in years (Chart Ig).

Chart Ig
Index of Retail Prices
(Year-on-Year Per Cent Change)

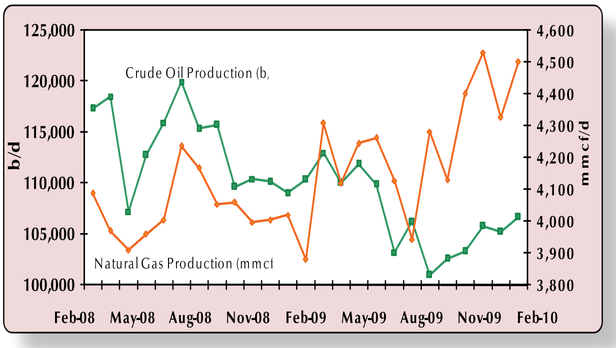


Developments in Early 2010

Available indicators suggest that the small improvement in economic activity recorded in the last quarter of 2009 may have continued into the first quarter of 2010, again led by increasing production in the energy sector.

In the first two months of 2010, oil production continued to decline reaching 105 thousand barrels per day compared with an average of almost 110 thousand barrels per day in the first two months of last year. In the same period, there were sizeable increases in the production of petrochemicals and natural gas (Chart Ih). Energy product prices also continued to trend upwards.

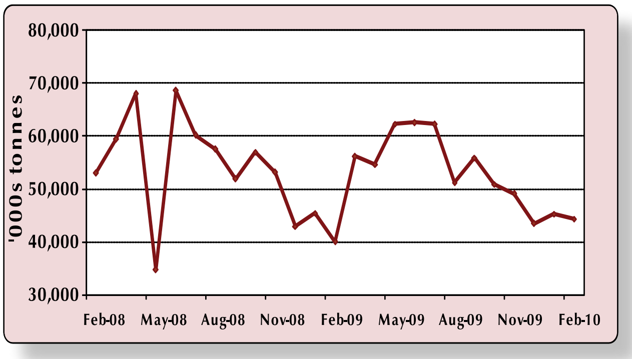
Chart Ih
Crude Oil and Natural Gas Production



Indicators of activity in the non-energy sector paint a mixed picture:

- Cement sales in January-February 2010 were 5.0 per cent higher than in the corresponding period of 2009. It is not clear whether this represents some resurgence in construction activity (Chart Ii).
- New vehicle registrations in the first two months were 12.0 per cent higher than in 2009.

Chart Ii
Cement Sales



While data are not available, it is more than likely that the harsh drought conditions - water production for the first two months of 2010 was about 13 per cent lower than in the corresponding period of 2009 - may have resulted in a decline in agricultural output and also may have negatively affected the manufacturing and distribution sectors.

In addition, private sector representatives have indicated that the intensification of problems at the nation's ports caused by intermittent industrial action has had an adverse impact on business efficiency. These representatives state that the time needed to clear a container has risen from an average of 4 days to an average of 8 days. The representatives suggested that such factors, in combination with the generally uncertain economic environment, are contributing to an increase in part-time employment along with additional layoffs. There are, however, no firm data to confirm these observations.

Financial Policies

(i) Fiscal Policy

For fiscal year 2010, government policy provided for a fiscal stimulus through a central government deficit of about $7.7 billion (5.4 per cent of GDP) (Chart Ij). For the first five months of the year, the deficit was less than one-half the level envisaged for the period because of higher-than-projected revenues (in part, due to higher oil prices), and lower-than-budgeted expenditures, mainly on capital projects. Finance Ministry officials caution that the expenditure shortfalls largely result from: (i) initial delays in the implementation of large projects; (ii) termination of some contracts for performance reasons; (iii) the non-submission of claims by contractors; and (iv) administrative delays in the processing of claims for payment. As private demand continues to be weak, the Government's intention is to maintain the expansionary fiscal stance to support economic growth and job creation. It is expected that, in the course of the year, the problems that constrained expenditure will be corrected such that the overall central government deficit will be broadly in line with the budget projection for the year as a whole.

Chart Ij
Fiscal Balance and Gross Public Sector Debt to GDP

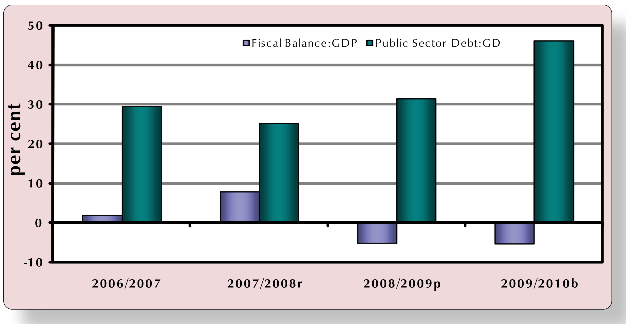


Chart Ik
Repo Rate and Commercial Banks' Basic Prime Lending Rate

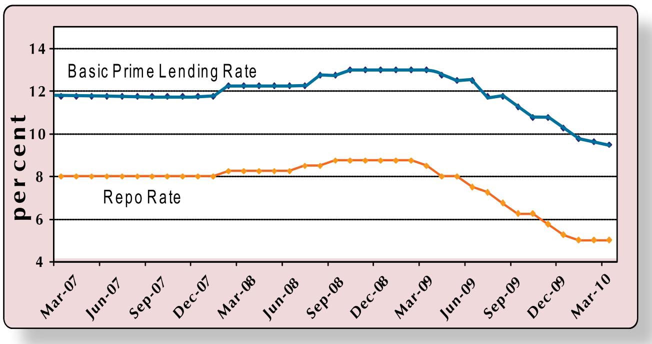


Chart Il
Excess Liquidity

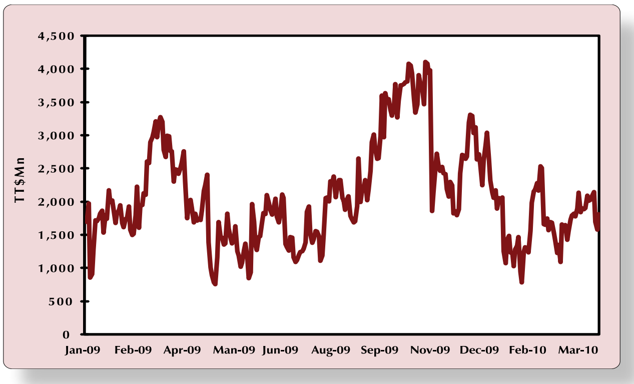
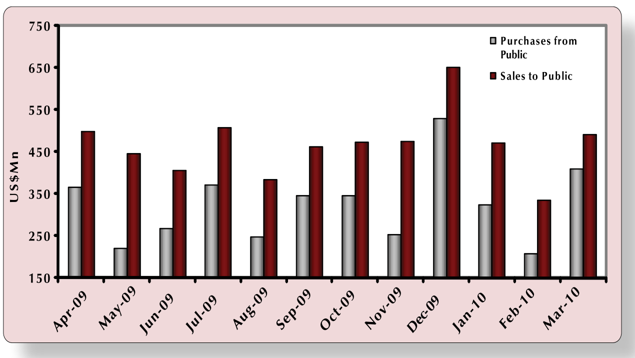


Chart Im
Authorized Dealers Purchases and Sales of Foreign Exchange to the Public



(ii) Monetary Policy

With inflation on the decline throughout 2009, the Central Bank has sought to maintain an accommodative monetary policy stance to support growth and employment. To this end, the Bank's policy rate (the repo rate) was lowered by 375 basis points to 5.0 per cent, the lowest historical level (Chart Ik). Since the start of 2010, with the resurgence of inflation largely due to the drought-induced rise in food prices, the steady reduction in the repo rate has been temporarily suspended. Commercial banks' prime lending rates have declined in step with the policy rate and banks have advertised markedly lower rates for new loans, particularly mortgage loans. Despite these efforts, credit to households and to businesses has continued to decline reflecting reduced demand. Mortgage loans have shown a modest increase.

The reduction in bank credit has led to a sizeable increase in excess bank liquidity, which has been reduced, from time to time, by government bond issuance (Chart Il). Interest rates on government paper have declined sharply over the last 18 months. The three-month treasury bill rates have fallen from 5.0 per cent at the start of 2009 to 1.3 per cent currently. Given the strong level of investor demand, government bond yields at issue have fallen sharply. For example a 15-year government bond issued in February 2010 carried a yield which was 175 basis points below a similar bond issued one year ago. In addition, secondary market trading saw the yield on a ten-year government bond fall to 5.33 per cent in March 2010 from an estimated yield of 8.18 per cent one year earlier.

Low domestic interest rates reduced the opportunity cost of holding foreign exchange and in conditions of excess liquidity created severe pressures in the foreign exchange market. During 2009, the Central Bank increased its foreign exchange sales to authorised dealers to US$1,899.1 million compared with US$822.8 million in 2008 (Chart Im). The pace of foreign exchange sales has slowed somewhat in the first four months of 2010. Gross official reserves currently stand at US$8.6 billion, the equivalent of 12.3 months of imports.

Short Term Outlook

The outlook for the world economy has improved since the last Monetary Policy Report in November 2009, although the risks to global growth that were identified at that time remain. Overall global growth is now projected at 4.0 per cent in 2010 and 4.3 per cent in 2011. Growth in the US, UK and Eurozone in 2010 has been projected at 2.7 per cent, 1.3 per cent and 1.0 per cent, respectively. The still low level of capacity utilization and well-anchored inflation expectations are expected to contain inflation pressures in the major advanced economies.

A major risk to the growth forecasts for the advanced economies could be the untimely reversal of supportive fiscal and monetary policies before private demand gathers sufficient strength to be self-sustaining. There is the opposite worry that concerns about worsening budgetary positions and increasing public debt could unsettle financial markets and stifle the recovery by raising the cost of borrowing.

The 2010 scenario sketched for the domestic economy is predicated on certain basic assumptions, which include crude oil prices averaging between US$ 75-80 per barrel and gas prices averaging about US$4.00 per mmbtu. The scenario assumes that a new oil and gas regime will come into being later this year leading to additional investment in exploratory and development drilling from next year.

The Bank's projection of real GDP growth of 2.0 per cent in 2010 anticipated that the fiscal stimulus included in the budget would be complemented by a steady rise in export and private demand gaining strength in the second quarter.

However there are certain downside risks that need to be taken into account. The slower-than-expected recovery of the regional economies has served to dampen export demand facing our manufacturing sector. Moreover, according to business representatives, issues such as problems at the port and threats to the industrial relations climate have created additional uncertainties leading to further postponement of business spending. The announcement of early elections has been yet another factor that could possibly delay the resurgence of private sector activity.

As regards inflation, there is the likelihood that the impact of the severe drought and acute floods thereafter, as well as the projected rise in commodity prices, will continue to exert upward pressure on domestic food prices. To keep headline inflation within a target range of 5-6 per cent, monetary policy would need to meet the challenge of supporting the growth process while containing core inflation. Given the current level of core inflation and the sizeable spare capacity in the economy, there is still room for a further reduction in the policy interest rate to spur domestic demand. The Bank would nonetheless need to stand ready to shift its monetary policy stance as needed to protect the inflation target.

Beyond 2010, the main policy challenge will be the pressing need to design a credible fiscal plan to meet the government's target of overall fiscal balance by FY 2012. Achieving this target is critical to containing inflation and keeping the public debt to a level that is sustainable in the medium term. Of course, support for deficit reduction would depend on the recovery of private sector activity. This in turn would depend on a concerted effort to address the major bottlenecks to private sector activity in the areas of infrastructure, access to new markets, investment finance and innovation and training to boost productivity.

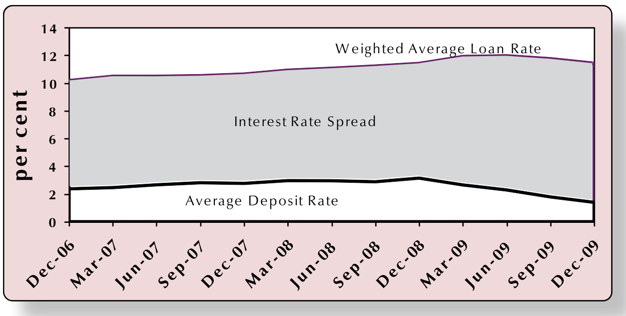
PART II – Monetary Policy

Chart IIa

Changes To The Central Bank Policy Rate

Jan 2009:	'Repo' rate maintained at 8.75 per cent.
Feb 2009:	'Repo' rate maintained at 8.75 per cent.
Mar 2009:	'Repo' rate reduced to 8.50 per cent.
Apr 2009:	'Repo' rate reduced to 8.00 per cent.
May 2009:	'Repo' rate maintained at 8.00 per cent.
Jun 2009:	'Repo' rate reduced to 7.50 per cent.
Jul 2009:	'Repo' rate reduced to 7.25 per cent.
Aug 2009:	'Repo' rate reduced to 6.75 per cent.
Sep 2009:	'Repo' rate reduced to 6.25 per cent.
Oct 2009:	'Repo' rate maintained at 6.25 per cent.
Nov 2009:	'Repo' rate reduced to 5.75 per cent.
Dec 2009:	'Repo' rate reduced to 5.25 per cent.
Jan 2010:	'Repo' rate reduced to 5.00 per cent.
Feb 2010:	'Repo' rate maintained at 5.00 per cent.
Mar 2010:	'Repo' rate maintained at 5.00 per cent.

Chart IIb
Weighted Average Loan and Deposit Rates



Monetary Policy

Domestic Setting

In the context of a general slowdown of the Trinidad and Tobago economy for most of 2009, the central government has adopted an expansionary fiscal policy aimed at stimulating domestic output. Moreover, a steady decline in headline inflation provided scope for a progressive easing of monetary policy. Since the start of 2010, however, there are signs that inflationary pressures may be reemerging. prompting the Central Bank to hold the line on further monetary easing.

Since March 2009, the Central Bank has pursued an accommodative monetary policy stance aimed at facilitating the expansion of private sector credit and boosting economic activity. The main tool of monetary policy has been changes in the "repo" rate—the interest rate at which banks could borrow from the Central Bank. This rate, which has serves as an effective signaling device, was lowered several times during the second and third quarters of 2009. The rate was further reduced on three occasions between October 2009 and January 2010 by a total of 125 basis points to 5.0 per cent, its lowest historical level (Chart IIa).

Commercial banks responded by lowering their announced prime lending rates from an average of 10.75 per cent in October 2009 to 9.50 per cent in March 2010, a fall of 125 basis points. However actual lending rates have been slower to adjust—available data indicate that weighted average lending rates declined by just 33 basis points during the last three months of 2009. Over this period, weighted average deposit rates fell by 39 basis points as banks slightly increased their interest spreads in order to preserve their profit margins (Chart IIb).

Notwithstanding the reduction in borrowing costs, the level of private sector credit outstanding has actually

Chart IIc

Liquidity Management Measures

April 2009: A 15-year, 7.75 per cent government bond for TT$1 billion with an option to increase in size to TT$1.5 billion was offered for issue to the public on April 23, 2009. The bond was oversubscribed with total bids received amounting to $2.6 billion. As a result, the bond's value was raised to TT$1.5 billion, consistent with the offering information memorandum. This issue formed part of the government's deficit financing programme for Fiscal Year 2009/2010 and temporarily removed some of the excess liquidity.

June 2009: To finance Local Government projects and other expenses, the central government put out for auction 2 series of bonds at the end of June 2009 to raise TT$880 million. The first, a TT$280 million, 7-year bond was issued to the public at a coupon rate of 6.20 per cent on June 30 2009. This bond was heavily oversubscribed, attracting almost $1,039 million in bids. The second series, an 11-year bond with a coupon rate of 6.40 per cent per annum and a face value of TT$600 million was undersubscribed as only TT$368.5 million was allocated. The remaining portion (TT$231.5 million) was re-issued in October 2009. While these bonds were not issued for liquidity absorption purposes, they mopped-up excess liquidity in the financial system, albeit temporarily.

June 2009: The commercial banks' deposit of $500 million in an interest bearing account at the Central Bank was rolled over for another year.

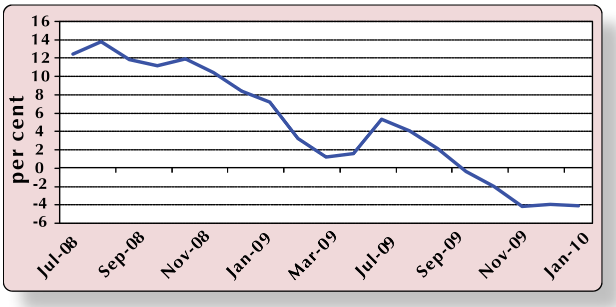
Nov 2009: Commercial banks deposited a total of $2 billion in interest-bearing accounts at the Central Bank on November 4 2009. One half ($1 billion) was placed for a minimum period of one year and the remaining $1 billion was deposited for eighteen months.

Feb 2010: The Central Government issued a 15 year, 6.5 per cent fixed rate bond for $600 million on February 9, 2010. Once again, this issue was heavily oversubscribed, with total bids received amounting to $2,087.6 million. Although not issued for liquidity absorption purposes, this bond assisted in the removal of some liquidity from the financial system.

April 2010: The Central Government plans to issue a 13 year, 5.95 per cent fixed rate bond for the amount of $794 million on April 20, 2010. The purpose of this bond is to finance government's budgetary expenditure. Like most bonds for this purpose, it is expected to temporarily withdraw liquidity from the financial system.

been on a downward path since late 2009. Both private companies and individuals continued to deleverage in the face of uncertainty regarding short-term business and employment prospects. For the fifth consecutive month, overall private sector credit extended by the consolidated financial system contracted by 4.1 per cent on a year-on-year basis to January 2010 compared with growth of 8.4 per cent one year earlier (Chart IId).

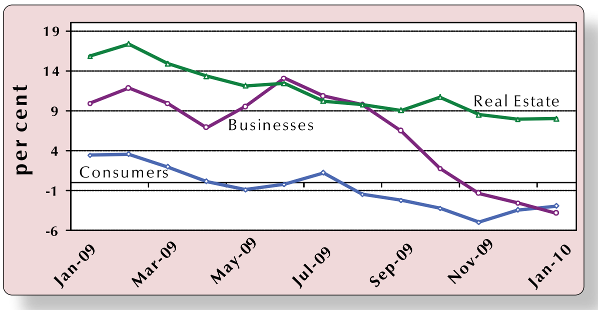
Chart IId
Credit to the Private Sector by the Consolidated Financial System
(Year-on-Year Per Cent Change)



Loans to consumers, which accounted for about a third of private sector credit, were on a downward path through 2009. This persisted into 2010 as the month of January saw a further 12-month decline of 2.9 per cent. The value of loans outstanding for most purposes, including consumer durables such as automobiles, continued to contract (Chart IIe).

Loans to business firms, which represent roughly 44 per cent of total private sector credit, exhibited a similar performance. Since the middle of 2009, growth in business credit started to decelerate and by November 2009, the outstanding level of loans contracted. In January 2010, business credit declined on a year-on-year basis by 3.8 per cent. Commercial bank credit to the finance, insurance and real estate, as well as to the distribution and manufacturing sectors were particularly affected.

Chart IIe
Credit by the Consolidated Financial System
(Year-on-Year Per Cent Change)



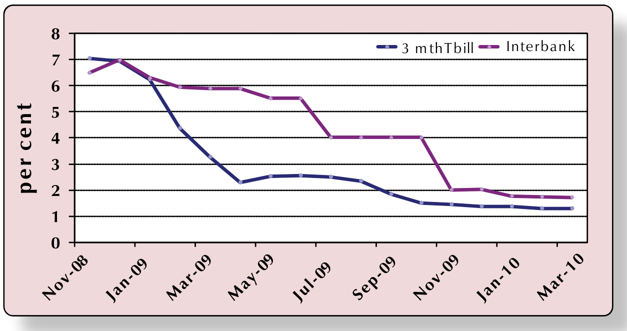
The one category of lending that continued to increase was real estate mortgage loans, as individuals took advantage of lower property prices and reduced rates on new mortgages. Mortgage credit rose by 8.0 per cent in the 12 months to January 2010, albeit substantially lower than the 17.1 per cent increase during the corresponding period a year earlier.

Against the general background of low appetite for credit by the private sector, financial system liquidity remained relatively high. Commercial banks' reserves at the Central Bank in excess of the required levels averaged $1,831.8 million in March 2010, although this was substantially lower than the $3,707.2 million average of October 2009. Liquidity conditions over the six-month period were fuelled by a net fiscal injection of $8,640.0 million, while a $500 million Central Bank bill that matured in November 2009 was not rolled over.

Table IIa
Fiscal Injections and Liquidity Absorption
/TT$ Mn/

	Oct 07 - Mar-08	Oct 08 - Mar-09	Oct 09 - Mar-10
Fiscal Injections	**7,855.4**	**9,752.4**	**8,640.0**
Liquidity Absorption Measures			
Open Market Operations	-3,757.4	-500.0	500.0
CBTT Sale of Foreign Exchange	3,434.9	4,434.8	5,278.2
Central Gov't Bond Issues	0.0	0.0	4,021.5

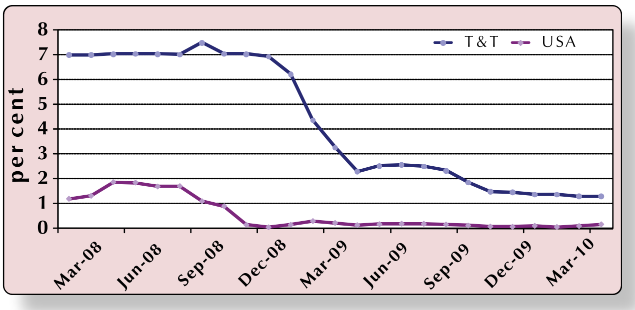
Chart IIf
Short Term Money Market Interest Rates



In a move to rein in excess liquidity, in November 2009, the Central Bank requested commercial banks to deposit a total of $2 billion in interest-bearing accounts at the Bank. In December, the Central Bank also extended the term of similarly held commercial banks' deposits totaling $1.5 billion that were due to mature in that month. Meanwhile, the sale of US$886 million to authorized foreign exchange dealers over the period October 2009 to March 2010 absorbed over $5 billion in liquidity from the financial system (Table IIa).

Following virtually no activity for most of 2009, there was some resurgence in inter-bank lending beginning in late December 2009, reaching a daily average of $65.5 million during the four months to March, 2010. This suggests that not all banks were sustaining high levels of excess reserves. Nonetheless, banks still had no need to borrow from the Central Bank and activity in the "repo" market has remained dormant for over a year.

Chart IIg
Comparative 90-day Treasury Bill Rates: Trinidad and Tobago and the United States



Excessive liquidity conditions continued to depress short-term interest rates (Chart IIf). The interest rate on three-month treasury bills declined from 1.49 per cent in October 2009 to 1.28 per cent in March 2010. Meanwhile, the differential between the TT and US three-month treasury bill rate narrowed from 1.41 per cent to 1.13 per cent (Chart IIg). Over this time period, the average inter-bank rate declined from 4.0 per cent to 1.7 per cent. Longer term interest rates have also slipped over the past few months. A case in point is rates on new residential mortgages. Available data show that between October and December 2009, 53.6 per cent of all new residential mortgages were contracted between 8.10 per cent and 9.00 per cent compared with 21.2 per cent for the same period a year earlier. Commercial banks have continued to advertise lower mortgage rates in 2010, with rates reaching as low as 6.75 per cent.

Developments in the Foreign Exchange Market

Lower energy prices for most of 2009 constrained the earnings of energy sector companies, the largest public (i.e. non-Central Bank) source of foreign exchange for authorized dealers in Trinidad and Tobago. Consequently, authorized dealers purchased much less from the public in 2009—US$3,808.2 million or 34.1 per cent less than in 2008. As the demand for foreign exchange declined in the context of lower imports, authorized dealers' sales to the public also fell, but by a much smaller margin than their purchases. Sales to the public totaled $5,637.2 million or 12.8 per cent lower than in 2008. This situation prompted the Central Bank to substantially increase its interventions in the foreign exchange market in 2009, selling US$1,899 million to authorized dealers or more than double its sales of the previous year (Table IIb).

Table IIb
Foreign Exchange Sales and Purchases by Authorized Dealers
/US$ Mn/

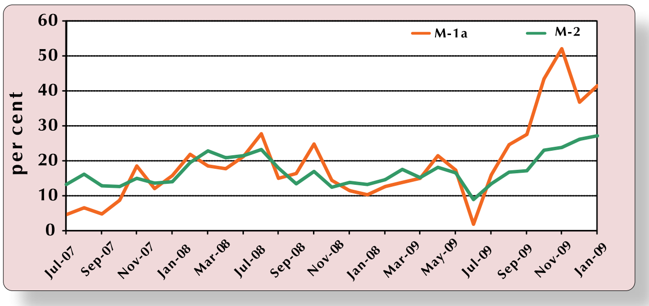
	Purchases from Public	Sales to the Public	Net Sales to the Public	Purchases from the Central Bank
2007	4,170.3	5,434.6	1,264.3	1,020.0
2008	5,785.2	6,466.3	681.1	822.8
2009	3,808.2	5,637.2	1,829.0	1,899.0
Jan – Mar 2009	858.3	1,327.8	469.5	473.4
Jan - Mar 2010	941.0	1,298.5	357.5	325.0

Source: Central Bank of Trinidad and Tobago.

During the first quarter of 2010, the firming up of energy prices relieved some pressures on the foreign exchange market. Authorized dealers' purchases from the public during January – March 2010 totaled US$941.0 million, 9.6 per cent higher than in the corresponding period in 2009, while sales to the public amounted to US$1,298.5 million, approximately 2.2 per cent lower than one year ago. The Central Bank intervened at a much lower level, selling US$325 million to authorized dealers, compared with US$473.4 million in the first quarter of 2009. (Table 2) The exchange rate remained stable, reaching a selling rate of TT$6.3729/US$1.00 on March 31, 2010 from TT$6.3735/US$1.00 at the end of 2009.

Part III - Monetary and Financial Sector Developments

Chart IIIa
Monetary Aggregates
(Year-on-Year Per Cent Change)



Monetary Aggregates

There continued to be rapid growth of the monetary aggregates in the twelve months to January 2010 partly related to a portfolio shift among some investors towards bank deposits at the end of 2009. Narrow money, M-1A (defined as currency in active circulation plus demand deposits) increased by 41.9 per cent on a year-on-year basis to January 2010 compared with 27.3 per cent in September 2009 and 12.6 per cent in January 2009. Although currency in active circulation accelerated by 19.9 per cent in January 2010 from 9.9 per cent in September 2009, demand deposits expanded at a much faster pace. Demand deposits increased by 49.2 per cent in January 2010 compared with 31.9 per cent in September 2009 (Chart IIIa).

On a twelve month basis, growth in the broader measure of the money supply, M-2 (M-1A plus savings and time deposits) grew by 29 per cent in January 2010 compared with 17 per cent in September 2009. Accounting for this was the dramatic growth of savings deposits towards the end of 2009 and into 2010. Growth in savings deposits increased by 30 per cent in January 2010 compared with 9.5 per cent in September 2009, as a number of investors transferred their mutual fund repurchases to deposit accounts. This action followed the decision of one institution to switch its pricing of an income fund from a fixed to a floating net asset value (NAV[1]) to take effect from January 2010. It is likely that much of the move towards highly liquid savings deposits from the mutual funds represented a temporary asset reallocation. Less liquid, but higher yielding time deposits actually lost some momentum, increasing by 11.3 per cent in January 2010 compared with growth of 11.6 per cent in September 2009.

[1] The Net Asset Value of a mutual fund unit is generally defined as the market value of the fund assets less liabilities correspondence to the accrued fund expenses, divided by the total nunmber of units outstanding and is usually calculated daily

Chart IIIb
Market Capitalisation

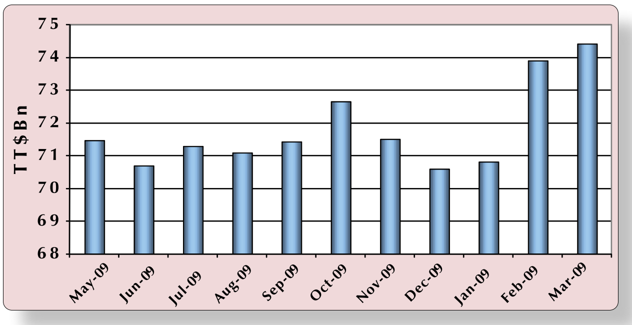
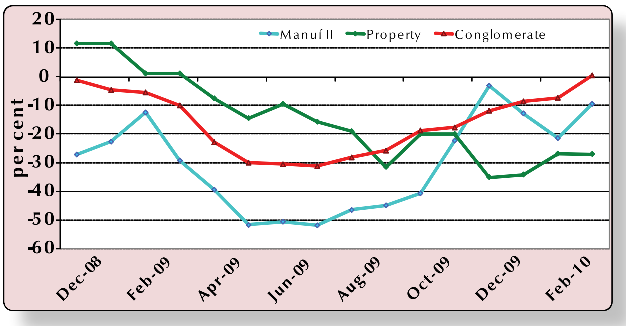


Chart IIIc
Trinidad and Tobago Stock Price Indicies
- Selective Sub-Sectors
(Year-on-Year Per Cent Change)



Stock Market

After experiencing bearish market conditions throughout most of 2009, there was some upward movement in the domestic stock market in early 2010. Over the course of 2009, the Composite Price Index (CPI) and the All Trinidad and Tobago index (ATI) fell by 9.2 per cent and 4.8 per cent, respectively. However, between January and March 2010 the market rallied somewhat, with the CPI gaining 6.9 per cent and the ATI rising by 6.0 per cent. Market capitalization rose to $75.4 billion from $70.6 billion over this period (Chart IIIb).

On a sectoral level, strong gains were registered in the Manufacturing I[2] (10.8 per cent), Banking (8.7 per cent) and Conglomerate (6.5 per cent) sub-indices during the first quarter of 2010. Some of the top performing shares within these sub-indices were Grace Kennedy (50.0 per cent), the West Indies Tobacco Company (23.5 per cent), First Caribbean International Bank Limited (FCIB) (19.8 per cent) and Scotia Bank Trinidad and Tobago (12.2 per cent). On the other hand, the Manufacturing II[3] and Trading sub-indices posted declines of 6.1 per cent and 1.9 per cent respectively (Chart IIIc).

The overall rise in the stock indices was also associated with a pick up in trading activity but primarily of cross-listed shares. In the first three months of 2010, 25.6 million shares were traded compared with 19 million in the preceding quarter and 17.4 million in the first quarter of 2009. Lower priced cross-listed Jamaican shares dominated trading, with the National Commercial Bank of Jamaica, Supreme Ventures Limited and Jamaican Money Market Brokers collectively accounting for 44.1 per cent of total shares traded. Meanwhile, the Trinidad and Tobago based company, National Enterprises Limited made up 15.5 per cent of total shares traded.

[2] Manufacturing I includes Angostura Holdings Limited, One Caribbean Media Limited, National Flour Mills Limited, Trinidad Publishing Company Limited, Unilever Caribbean Limited and West Indian Tobacco Company Limited.

[3] Manufacturing II includes Berger Paints Limited, Flavourite Foods Limited, Readymix West Indies Limited and Trinidad Cement Limited.

Bond Market

There was heightened activity on the domestic primary bond market in 2009. Twenty four (24) bonds carrying a collective face value of $7.5 billion were issued compared with 20 issues in 2008 with a face value of $6.4 billion. Central government and state enterprises were active on the local securities market, issuing $2.7 billion and $3.3 billion in bonds, respectively and together accounting for 80 per cent of total issues in 2009 (Table IIIb).

The public sector was also relatively active during the first quarter of 2010. In February 2010, the central government issued four bonds totaling $3.7 billion. Of this total, $3.1 billion was issued in a private placement in three tranches. The fourth was a $600 million, 15-year, 6.50 per cent fixed rate bond and was raised in a public auction (Table 3) . The National Insurance Property Development Company Ltd (NIPDEC) also came to the market, issuing a $500 million, 18-year, 6.25 per cent fixed rate bond in a public auction during the quarter. As with the case of most central government and state enterprise issues auctioned publicly, these bonds were oversubscribed.

Given the strong level of investor demand, yields on government bonds continued to fall in the first quarter of 2010. For instance, the 15-year government bond was issued at a yield of 6 per cent in February 2010 compared with 7.75 per cent for a comparable bond issued around the same period in 2009. In addition, secondary market trading saw the 10-year government bond yield fall to 5.33 per cent in March 2010 from an estimated yield of 8.18 per cent in March 2009. Compared with March 2009, the Trinidad and Tobago government bond yield curve has shifted downwards and steepened somewhat in March 2010.

Table IIIb
PRIMARY BOND MARKET[1]

JANUARY 2009 – MARCH 2010

2009	Borrower	Face Value ($Mn)	Period To Maturity	Coupon Rate Per Annum	Placement Type
January	TCL Leasing Limited	187.00	10 yrs.	Fixed rate 8.95%	Private
February	Housing Development Corporation (HDC)	500.00	15 yrs.	Fixed rate 8.25%	Auctio
April	Government of Trinidad and Tobago	1,500.00	15 yrs.	Fixed rate 7.75%	Auction
	Airport Authority of Trinidad and Tobago	US$ 45.30	10 yrs.	Fixed rate 7.00%	Private
June	Water and Sewerage Authority of Trinidad and Tobago (WASA)	300.00	5 yrs.	Fixed rate 6.30%	Auction
	Home Mortgage Bank - Tranche A	5.50	7 yrs.	Fixed rate 5.25% , Tax-exempt	Private
	Home Mortgage Bank - Tranche B	6.60	7 yrs.	Fixed rate 6.50%	Private
	Home Mortgage Bank - Tranche C	26.32	11 yrs.	Fixed rate 5.81%,	Private
	Government of Trinidad and Tobago - Series 1	280.00	7 yrs.	Fixed rate 6.20%	Auction
	Government of Trinidad and Tobago - Series 2	368.50	11 yrs.	Fixed rate 6.40%	Auction
July	National Insurance Property Development Company Limited (NIPDEC)	682.00	13 yrs.	Fixed rate 6.80%	Auction
August	Government of Barbados - Class A	US$ 80.00	5 yrs.	Fixed rate 6.75%	Private
	Government of Barbados - Class B	US$ 40.00	10 yrs.	Fixed rate 7.80%	Private
September	National Infrastructure Development Company Limited	344.75	15 yrs.	Fixed rate 6.70%	Private
	Home Mortgage Bank - Tranche A	7.25	7 yrs.	Fixed rate 5.25%, Tax-exempt	Private
	Home Mortgage Bank - Tranche B	18.43	7 yrs.	Fixed rate 6.50%	Private
October	Trinidad and Tobago Mortgage Finance Company Limited (TTMF) – Tranche A	179.31	15 yrs.	Fixed rate 7.00%	Auction
	Government of Trinidad and Tobago - Series 2	231.50	11 yrs.	Fixed rate 6.40%	Auction
	Education Facilities Company Limited	400.00	7 yrs.	Fixed rate 5.35%	Auction
December	Trinidad and Tobago Mortgage Finance Company Limited (TTMF) – Tranche B	320.69	5 yrs.	Fixed rate 6.00%	Auction
	Ansa Merchant Bank Limited	350.00	6 yrs	Fixed Rate 6.50%	Private
2010					
February	Central Government of Trinidad and Tobago	1,199.80	17 yrs	Fixed Rate 6.60%	Private
	Central Government of Trinidad and Tobago	1,000.00	19 yrs	Fixed Rate 6.70%	Private
	Central Government of Trinidad and Tobago	1,000.00	21 yrs	Fixed Rate 6.80%	Private
	Central Government of Trinidad and Tobago	600.00	15 yrs	Fixed Rate 6.50%	Public
March	National Insurance Property Development Company Limited (NIPDEC)	500.00	18 yrs	Fixed Rate 6.25%	Public

Source: Central Bank of Trinidad and Tobago.

1. Represents fixed income securities with terms five years and greater.

Mutual Funds

On a year-on-year basis to December 2009, aggregate mutual funds under management declined by 1.8 per cent, bringing the total value to $35,510.1 million compared with $36,154.65 million at the end of 2008. The decline was concentrated at the end of 2009 and largely reflected investors' reactions to one institution's decision to switch its TT and US dollar-denominated income funds to a floating NAV basis at the beginning of 2010. Prior to this development, aggregate mutual funds under management had grown by 12.8 per cent in the year to September 2009 as investors viewed these instruments as an attractive savings vehicle.

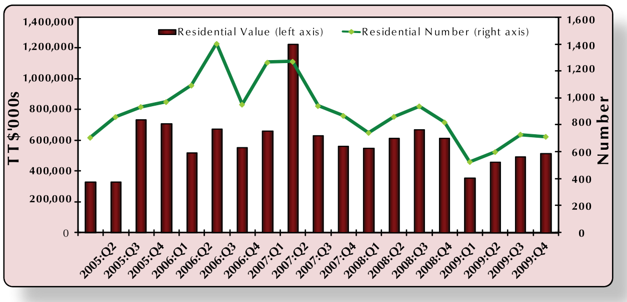
Income funds under management amounted to $31,480.6 million at the end of December 2009, representing a contraction of 14.3 per cent in the fourth quarter alone, but just 0.2 per cent lower than at the end of 2008. Meanwhile, investments in equity funds waned over the course of 2009 with equity funds under management falling by 15.1 per cent to $3,663.7 million in 2009.

Real Estate Mortgage Market

Despite the economic downturn, mortgage credit in Trinidad and Tobago continues to expand, albeit at a slower pace. On a year-on-year basis, the value of mortgage loans outstanding on the books of the main mortgage lending institutions (the commercial banks and trust and mortgage companies) increased by 5.1 per cent in January 2010, compared with 15.8 per cent in January 2009. Meanwhile the number of mortgage approvals has picked up substantially, moving from 1,216 in the first half of 2009 to 1,550 in the second half of 2009.

The resilience of the local mortgage market may be attributed to a number of factors. A fall in property prices may have brought house prices within the reach of more potential purchasers. According to data

Chart IIId
Residential Real Estate Mortgage Approvals



provided by property valuators, the estimated price of a typical three bedroom house declined by 13.6 per cent in 2008 to $930,000 and again by 8.2 per cent in 2009 to $853,750. Some lenders, for their part, have indicated that medium range houses can be considered as relatively safe collateral in the current economic environment. With excess liquidity prompting a drop in mortgage rates, the lower debt servicing costs have created further incentives for home acquisitions. (Chart IIId).

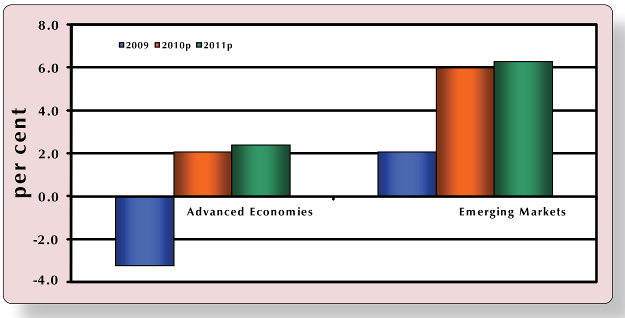
It is likely that most of the new mortgage loans are on existing homes given the slowdown in construction activity by the public sector and private developers. Nonetheless, a decline in the price of key building materials, (e.g. cement, gravel, and plastering sand) could have added to the demand for mortgage loans to cover renovations as well as new construction.

Part IV - International and Regional Developments

The International Setting

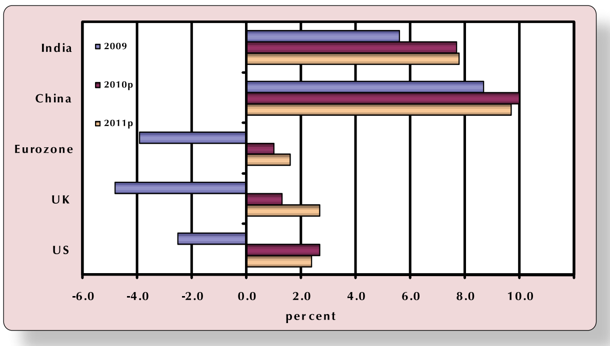
Most developed countries emerged from recession in the latter half of 2009 driven by extraordinary stimulus measures and expansionary monetary policy. As a result of a stronger than anticipated expansion in economic growth in the second half of 2009, the International Monetary Fund (IMF) slightly raised its forecasts for global expansion. The global economy is now expected to grow by 3.9 per cent in 2010 and 4.3 per cent in 2011.

Chart IVa
Real GDP Growth
Advanced and Emerging Economies
/Per Cent/



Economic growth in advanced economies is projected to expand in 2010 and 2011, by 2.1 per cent and 2.4 per cent respectively. Meanwhile, in 2010 and 2011, growth in emerging economies is expected to increase by 6.0 per cent and 6.3 per cent respectively (Chart IVa and Chart IVb).

Chart IVb
Real GDP Growth
Selected International Economies
/Per Cent/



In light of the improved conditions in financial markets, monetary authorities in advanced economies have been gradually withdrawing the non-conventional liquidity support measures provided during the crisis. Nonetheless, most of the central banks remain cautious about the self-sustainability of the nascent recovery and have maintained their benchmark interest rates at current levels. This has been accommodated by still relatively low levels of inflation in the context of high excess capacity. On the other hand, emerging economies such as China and India now grapple with increasing consumer prices due to narrowing excess capacity, as well as higher levels of capital inflows. In an effort to curb the risk of overheating, the central banks of India and China have begun to moderately tighten policies.

As governments attempted to thwart the global recession using expansionary fiscal stimulus measures, debt levels have risen to record highs. Following the improvement of economic conditions in the latter part of 2009, several governments including in Germany, India and China have formulated more conservative budgets for 2010-2011 with the aim of reducing their respective fiscal deficits.

Despite recent improvements in financial markets and global trade, there is not yet sufficient momentum to support a self-sustaining recovery as evidenced by still high unemployment levels in advanced economies. In the US, the unemployment rate has declined somewhat in early 2010 but still hovers close to 10 per cent of the labour force. Joblessness also continues to be high in the UK and across Europe (Table IVa). Such levels of unemployment can have profound effects on financial and real estate markets and may result in a protracted period before the recovery is fully established.

Table IVa
Rate of Unemployment in Developed Countries
/Per Cent/

	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
United States	10.1	10.0	10.0	9.7	9.7
United Kingdom	7.9	7.8	7.8	7.7	N/A
Euro Area	9.8	9.9	9.9	9.9	10.0
Japan	5.2	5.3	5.2	4.9	4.9

Source: Bloomberg

(i) International Developments

The US economy registered a 5.6 per cent growth in the fourth quarter of 2009 following a 2.2 per cent expansion in the previous quarter. This positive performance reflected contributions from private non-inventory investment, exports, personal consumption expenditures and non-residential fixed investment. Meanwhile, headline inflation decreased to 2.1 per cent on a year-on-year basis to February 2010, after reaching over 2.5 per cent in the previous two months. As inflationary pressures eased, the Federal Reserve concentrated its efforts on bolstering economic growth. Thus, the federal funds target rate was maintained at a range between 0.0 and 0.25 per cent. However, in light of the Federal Reserve's assessment that there was evidence of a "continued improvement in financial market conditions," the Fed has been closing the special liquidity facilities (with the exception of the Term Auction Facility), that it created to support markets during the crisis.

Table IVb
Advanced Economies - Quarterly GDP Growth
(Quarterly Per cent Change)

	2008				2009			
	I	II	III	IV	I	II	III	IV
United States	-0.7	1.5	-2.7	-5.4	-6.4	-0.7	2.2	5.9
United Kingdom	0.7	-0.1	-0.9	-1.8	-2.6	-0.6	-0.3	0.3
Euro Area	0.3	-0.3	-0.4	-1.9	-2.5	-0.1	0.4	0.1
Japan	0.9	-1.1	-1.3	-2.7	-3.6	1.5	-0.1	0.9

Source: Bloomberg.

The UK narrowly emerged from recession in the fourth quarter of 2009. Real GDP expanded by 0.4 per cent in the fourth quarter following six consecutive quarterly declines (Table IVb). Meanwhile, inflation increased on a year-on-year basis to February 2010 by 3.0 per cent (Table IVc). Although inflation is higher than the Bank of England's target of 2 per cent, the Bank's policy is still very sensitive towards the promotion of economic growth. In light of this, the Bank of England (BOE) maintained its benchmark interest rate at a record low of 0.5 per cent and upheld its £200 billion quantitative easing programme.

Table IVc
Headline Inflation in Developed Economies
(Year-on-Year Per Cent Change)

Country	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
United States	-0.2	1.8	2.7	2.6	2.1
United Kingdom	1.5	1.9	2.9	3.5	N/A
Euro Area	-0.1	0.5	0.9	1.0	0.9
Japan	-2.5	-1.9	-1.7	-1.3	N/A

Source: Bloomberg

Following growth of 0.4 percent in the third quarter of 2009, real GDP in the Euro-area remained flat in the final quarter. The data showed that the fragile recovery of the 16-country region remains significantly dependent on exports. Germany, the bloc's largest economy, reported no growth in the fourth quarter. In the Euro-zone as a whole, headline inflation moved up to 0.9 per cent in the 12 months ending February 2010, compared with -0.3 per cent in September 2009. Nonetheless, inflation continued to remain below the European Central Bank's (ECB) target of 2.0 per cent. The ECB therefore had sufficient room to maintain its accommodative monetary policy and kept its main policy rate at 1.0 per cent, the level set in May 2009 (Table IVd).

Most recently, credit and financial markets in the Euro-zone were negatively impacted by the Greek debt crisis. In March 2010, Greece announced new austerity measures to reduce its fiscal deficit and rein in its burgeoning public debt. Further, In April 2010, European Union leaders announced a joint assistance programme with the International Monetary Fund (IMF) to provide financial support to Greece. Over the past few weeks, the value of the euro has been affected by evolving market perceptions on the support programme. The longer term impact of the Greece fallout on the 16-country region remains to be seen.

Table IVd
Key Central Bank Policy Rates
/Per Cent/

	Current Rate	Last Change	Amount of Change
United States	0.00 - 0.25	Dec-08	-0.75
Euro-zone	1.00	May-09	-0.25
United Kingdom	0.50	Mar-09	-0.50
Japan	0.10	Dec-08	-0.20
China	5.31	Dec-08	-0.27
India	4.75	April-09	-0.25

Source: Bloomberg

In the fourth quarter of 2009 Japan's economy grew by 0.9 per cent (quarter-on-quarter), as stimulus enabled a gradual growth in consumer spending. This was the largest gain in GDP since a 1.4 per cent rise in the first quarter of 2007 and compared with a revised 0.1 per cent decline in the third quarter of 2009. Consumer spending climbed 0.7 per cent quarter-on-quarter, fueled by government incentives to purchase energy-efficient cars and appliances. On a year-on-year basis, there was a decline in consumer prices by 1.1 per cent in February 2010, the eleventh consecutive monthly decrease. Further, the output gap, a gauge of price pressures, stood at -6.4 per cent in the fourth quarter showing that a high level of excess capacity still plagued the economy. In an effort to combat the current deflationary phase, the Bank of Japan (BOJ) stepped up its quantitative easing programme by introducing a new "funds-supplying operation" in December 2009. Through the programme the BOJ will lend up to 10 trillion yen ($116 billion) in three-month loans at the 0.1 per cent policy rate, accepting Japanese government bonds, corporate bonds, commercial paper and loans on deeds as collateral.

Table IVe
Emerging Economies - Quarterly GDP Growth
(Year-on-Year Per cent Change)

/per cent/	2008				2009			
	I	II	III	IV	I	II	III	IV
Brazil	6.3	6.5	7.1	0.8	-2.1	-1.6	-1.2	4.3
China	10.6	10.1	9.0	6.8	6.2	7.9	9.1	10.7
India	8.5	7.6	7.5	6.2	5.8	6.1	7.9	6.0

Source: Bloomberg.

Year-on-year, China's economy grew by 10.7 per cent in the fourth quarter of 2009, up from 9.1 per cent in the third quarter (Table IVe). Growth in the fourth quarter was driven by a $586 billion stimulus package, subsidies for consumer purchases and a credit-fuelled investment boom. In 2009, Chinese banks lent a record-high US$1.4 trillion (9.5 trillion yuan), which equates to approximately 55 per cent of China's total GDP and almost double the amount of loans extended

Table IVf
Headline Inflation in Emerging Markets
(Year-on-Year Per cent Change)

	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
Brazil	4.2	4.2	4.3	4.6	4.8
China	-0.5	0.6	1.9	1.5	2.7
India	11.5	13.5	15.0	16.2	N/A

Source: Bloomberg.

in 2008. Underscoring inflationary risks, the consumer price index increased by 2.7 per cent (year-on-year) in February 2010, accelerating sharply from the 0.6 per cent rise in November 2009 (Table IVf). In response, the Bank of China twice hiked banks' required reserve ratios in 2010, following a return to net liquidity reductions through open-market operations in October 2009. Meanwhile, the Bank's benchmark one-year lending rate was maintained at 5.3 per cent, the level set in December 2008. Thus, the steps China has taken so far to curb excess liquidity have been moderate.

The Indian economy expanded by 6.0 per cent (year-on-year) in the fourth quarter of 2009 after growing by 7.9 per cent in the previous quarter. While growth in manufacturing picked up, agriculture contracted by 2.8 per cent in the final quarter. Inflationary pressures have risen, as wholesale prices in the 12 months to February 2010 increased by 9.9 per cent, a 16-month high. In light of the acceleration in growth and inflation, the Reserve Bank of India (RBI) began tightening its policy stance, increasing regulation (related to real estate and capital inflows) and raising bank reserve requirements in the first quarter of 2010. Further, in March 2010, the RBI increased its repo and reverse repo rates to 5.0 per cent and 3.5 per cent respectively, from 4.75 per cent and 3.25 per cent.

(ii) Economic Developments in the Caribbean

In 2009, the member states of CARICOM were negatively impacted by the global economic and financial crises. In October 2009, the IMF estimated that economic growth in the Caribbean would contract by 1.4 per cent in 2009. Among the countries estimated to record negative growth in 2009 were Barbados, the Bahamas and the Eastern Caribbean Currency Union .

Table IVg
Caribbean Economies
Real GDP and Inflation
Estimates and Forecast
(Per cent)

Country	Real GDP		Inflation Rate[1]	
	2009[e]	2010[f]	2009[e]	2010[f]
Bahamas	-3.9	-0.5	1.8	0.2
Barbados	-4.8	0.0	3.1	7.2
Belize	1.0	2.0	-1.1	2.5
EC Currency Union	-7.4	-2.3	-0.8	N/A
Guyana	2.0	4.0	3.6	4.0
Jamaica	-2.7	-0.2	10.2	8.7
Suriname	2.5	3.5	1.3	4.3

Source: International Monetary Fund, Central Bank of Barbados, Eastern Caribbean Central Bank, Central Planning Institute of Jamaica.
[1] End of Period.
[e] Estimate.
[f] Forecast.

During the first quarter of 2010, Barbados reported a 0.1 per cent decline in GDP (Table IVg). Some of the more tourist-dependent economies like the Bahamas, Barbados and the Eastern Caribbean all experienced lower tourist arrivals and revenues. In the first two months of 2010, long stay tourist arrivals in Barbados increased by 2.0 per cent over the corresponding period in 2009. In spite of this, tourists receipts were down due to a combination of factors: hotel discounts, shorter lengths of stay and lower average tourist expenditure. Remittance inflows to the Caribbean, which declined on average by 10 per cent during the first half of 2009, appear to have subsequently stabilized.

During 2009, most of the region experienced a deceleration in inflationary pressures although joblessness has been on the rise. Jamaica still has the highest inflation rate in the region, measuring 12.2 per cent (year-on-year) in January 2010. In terms of the labour market, Barbados' unemployment rate hovered around 10.0 per cent in 2009, up from 8.1 per cent in 2008. By mid-year 2009, Jamaica's unemployment rate rose to 11.3 per cent from 10.6 per cent in December 2008.

In dealing with the negative effects of the global economic crisis, the governments of Jamaica and Antigua and Barbuda approached the IMF for financial assistance. On February 4, 2010, the IMF approved a 27-month Stand-By Arrangement for Jamaica in the amount of US$1.27 billion (see Box 1 for key features of the Arrangement). Approval of this accord is expected to generate additional funds of US$1.1 billion from other multilateral lending institutions. On March 16, 2010, Antiguan authorities and the IMF reached an agreement, in principle, for a Stand-By Arrangement amounting to US$124 million over 36 months. In another major development in the region, Haiti experienced a devastating earthquake in January. Relief efforts are ongoing and some of the recent measures are outlined in Box 2.

Box 1
Main Features of Jamaica's Stand-By Arrangement with the IMF

OBJECTIVE	APPROACH
Improve sustainability of public finances	• Tax package to generate 2% of GDP in revenue. • Extend public sector wage freeze for 2 years. • Divest loss-making public enterprises.
Remove debt overhang and reduce interest costs	• Debt exchange to generate savings of 3% of GDP and 65% reduction in maturing debt over next 3 years.
Reduce systemic financial sector risks	• Establish a Financial Stability Support Fund. • Legislative and regulatory reform (Omnibus Banking Law, Amendment to Bank of Jamaica Act, reform of deposit-taking institutions and securities dealer sector).
Protect vulnerable groups	• Increase targeted social spending - health, education, social safety net.
Increase external financing	• IMF 27-month Stand-By Arrangement of US$1.27 billion. • Program expected to generate additional US$1.1 billion from other multilateral financial institutions.

Box 2
International Financial Response following the Earthquake in Haiti

On January 12 2010, a 7.0 earthquake struck Haiti, killing more than 200,000 persons and leaving over 1 million persons homeless. Estimates of the cost of reconstruction over the next 10 years ranged between US$8 billion and US$14 billion, over 100 per cent of Haiti's GDP. International organizations as well as individual countries have shown support for Haiti in the form of financial assistance through loans and grants and debt forgiveness. At the end of March a major conference in New York brought together many of these efforts.

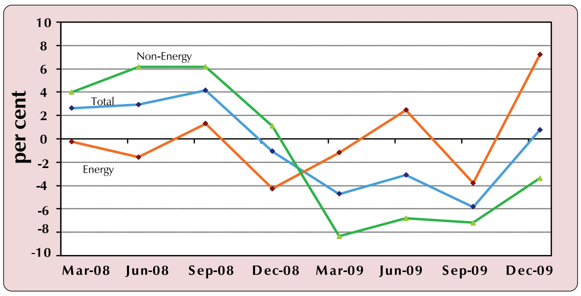
On March 31, 2010 the United Nations (UN) and United States hosted an International Donor's Conference, titled "Towards a New Future for Haiti". At the conference UN member states and international organizations pledged almost US$9.9 billion in immediate and long-term assistance for Haiti. Of this total, US$5.26 billion was pledged to be disbursed over the next 18 months to finance specific projects of a national action plan.

Some of the donors included Brazil (US$172 million); Canada (US$375 million); European Union (US$1.65 billon); France (US$194 million); and Spain (US$467 million). The International Monetary Fund's Executive Board is currently considering to relieve Haiti of all of its existing debt with the organization – US$271 million, inclusive of the US$114 million that was disbursed immediately after the earthquake. France also announced that it would immediately cancel Haiti's bilateral debt of 56 million euros.

Part V - DOMESTIC ECONOMIC DEVELOPMENTS

Gross Domestic Product

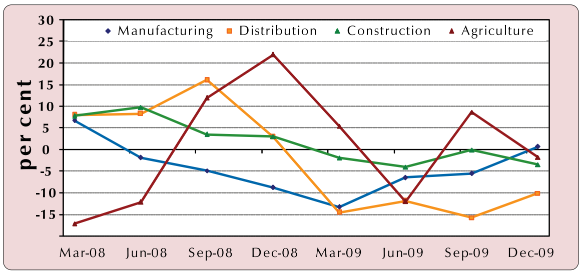
Chart Va
Quarterly Real GDP Growth
(Year-on-Year Per Cent Change)



After four consecutive quarters of negative economic growth, the domestic economy experienced a moderate increase in activity during the fourth quarter of 2009. Preliminary estimates from the Central Bank's Quarterly Gross Domestic Product (QGDP) index indicate that on a year-on-year basis, the Trinidad and Tobago economy grew by 0.8 per cent during the fourth quarter of 2009. This increase in economic activity was driven principally by a turnaround in the energy sector, while performance of the non-energy sector was weaker (Chart Va).

Real value added in the energy sector grew by 7.3 per cent. In comparison with its slide in the fourth quarter of 2008, by the end of 2009 activity in the energy sector had recovered substantially with the Petrochemicals and Other Petroleum sub-sectors growing by 28.5 per cent and 4.9 per cent, respectively. The sizeable increase in the production of petrochemicals resulted from significant expansions in the output of methanol (39.7 per cent) and fertilizers (18.7 per cent). Outside of petrochemicals, exploration and production activities increased by 6.4 per cent, principally reflecting a surge in natural gas production (8.3 per cent) which outweighed a 5.6 per cent decline in crude oil production. Refining activities also expanded by 5.5 per cent as a result of enhanced production of natural gas liquids (26.3 per cent) and liquefied natural gas (2.5 per cent).

Chart Vb
Real GDP Growth
Selected Non-Energy Sectors



Conversely, the non-energy sector as a whole registered a decline of 3.4 per cent based on the performance of several sectors. The distribution sector—comprising retail and wholesale trade—is estimated to have contracted by 10.2 per cent. Retail sales fell by 9.9 per cent, largely on account of reduced sales of motor vehicles and parts, hardware and building materials and in supermarkets and groceries. The volume of imports, an indicator used to estimate wholesale trade, also decreased by around 6.3 per cent (Chart Vb).

With major components of construction such as cement recording less sales, construction is estimated to have contracted by 3.6 per cent in the final quarter of 2009. Available data also point to less than full recovery in agriculture as production of refined sugar as well as several vegetables and root crops were lower than at the end of 2008.

On the other hand, there were encouraging signs in the finance, water and electricity and manufacturing sectors. The Finance, Insurance and Real Estate sector is estimated to have grown by 8.3 per cent as financial intermediation remained strong, real estate transactions picked up and insurance companies reported a marked increase in the amount of new insurance policies and policy renewals.

The manufacturing sector posted growth of 0.6 per cent as activities in food and assembly rose, while there were reductions in the production of cement, bricks and blocks. Electricity and water increased by 7.7 per cent due to an upturn in electricity generation following the shut down of several energy plants in the fourth quarter of 2008.

Results from a preliminary quarterly survey of production conducted by the Central Bank indicate that considerable spare capacity in the local manufacturing sector has lingered into the fourth quarter of 2009. Businessmen reported that production for most of the year remained at about two-thirds of capacity.

Domestic Production in the Energy and Petrochemical Sector in early 2010

(i) Crude Oil

During the first two months of 2010, exploration activity (as measured by total depth drilled) was given a boost with the spudding of the Poinsettia well in the North Coast Marine Area (NCMA) by British Gas. As a result, total depth drilled measured 10.4 thousand meters – an almost three-fold increase from the same period of 2009.

Crude oil production continued to descend in 2010, falling to an average of 105.9 thousand barrels per day (b/d) during the first two months of the year. This is compared with 109.7 thousand barrels a year earlier. Crude oil exports also declined during the period by 10.3 per cent to 2.8 million barrels as BHP Billiton made no shipments of crude during January 2010.

At the Petrotrin refinery, operations have been relatively stable. Refinery throughput decreased negligibly during the months of January and February, averaging 152.3 thousand b/d compared with 155.3 thousand b/d for the corresponding period of 2009. However, crude oil imports fell to 5.5 million barrels, a decline of 8.6 per cent over the same period.

(ii) Natural Gas

In late October 2009, BPTT began natural gas production from its offshore Savonetta field, located about fifty miles off Trinidad's southwest coast. This contributed to a notable increase in overall natural gas production: an average of 4,353.3 million cubic feet per day (mmcf/d) of natural gas was produced during the fourth quarter of 2009, an increase of 7.1 per cent and 8.3 per cent over the previous quarter and the same quarter of 2008 respectively. Production in December 2009, at 4,530.0 mmcf/d, marked the highest rate of local natural gas production to date.

During the first two months of 2010, the country produced an average of 4,413.5 mmcf/d of natural gas, an increase of 7.8 per cent over production during the same period of 2009. Utilization also displayed a sizeable increase, with a 9.2 per cent jump over that of 2009 to 4,086.5 mmcf/d.

(iii) Liquefied Natural Gas (LNG)

Total LNG production during January and February 2010 amounted to 5,492.9 thousand cubic meters. This was a decline (2.3 per cent) from the 5,620.6 thousand cubic meters produced during the same period in 2009. The falloff in production came about as warmer weather and a resultant fall in demand characterized major consuming regions during early 2010, following a bitterly cold spell during December 2009.

(iv) Nitrogenous Fertilizers

The first two months of 2010 saw increased activity in the petrochemicals sector. Production increased by 22.2 per cent over the same period last year to 1,148.1 thousand tonnes, when account is taken of the output from Methanol Holdings Trinidad Limited's (MHTL) Ammonia-Urea-Melamine (AUM) Project. MHTL commissioned an ammonia plant in the second quarter of 2009 as part of an integrated complex which will produce melamine powder, ammonium-urea--nitrate and ammonia. Exports of fertilizer also grew to 1,217.8 thousand tonnes. This total was above that of last year by 44.2 per cent.

(v) Methanol

Methanol production also began the year on a positive note as production and exports during January and February 2010 increased by 30.7 per cent and 22.2 per cent, respectively over that of the corresponding period of 2009. While 1,116.9 thousand tonnes of methanol were produced during the period, a total of 1,093.4 thousand tonnes was exported. This increase was mainly on account of a restoration to normal operations during 2010 following curtailed production due to shutdowns during early 2009.

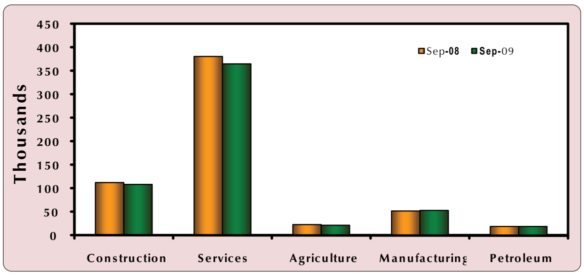
Labour Market Conditions

Preliminary labor market statistics show that the unemployment rate reached 5.2 per cent of the labor force in the fourth quarter of 2009, down from 5.8 per cent in the previous quarter. Detailed data for the fourth quarter have not yet been published but manufacturing indicators show that there was some increase in employment in that sector at the end of 2009. Specifically, according to the Index of Employment in the Manufacturing Sector, there was a 4 per cent rise (year-on-year) in the number of persons employed in manufacturing activities in the fourth quarter of 2009.

Over the last few months there has been an intensification of discussions among trade unions, the public sector and private businessmen particularly over issues of job security. According to the data from the Retrenchment Notices filed with the Ministry of Labour, Small and Microenterprises, 126 persons were retrenched during the period January to March 2010. This compares with the much larger figure of 1,433 persons for the same period of 2009.

With respect to wages, data from the Central Statistical Office show that average weekly earnings in the manufacturing sector as a whole increased by 6.2 per cent in the twelve months to December 2009. This however largely incorporated increased take-home pay of workers in the energy sector relative to the low levels at the end of 2009 associated with a major reduction in the amount of hours worked. Average weekly earnings of non-energy workers in manufacturing at the end of 2009 were 1.4 per cent higher than at the end of 2008.

Chart Vc
Employment by Sector

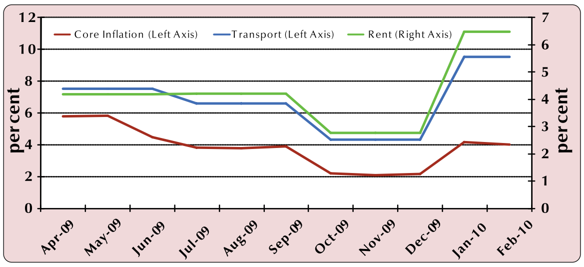


Inflation

After declining steadily over the course of 2009, inflation picked up considerably at the start of 2010. In the twelve months to January 2010, the change in the Retail Prices Index measured 3.7 per cent compared with 1.3 per cent in December 2009. The acceleration continued in February 2010, with headline inflation reaching 4.8 per cent.

In January 2010, the rise in inflation was mostly attributable to price changes in the components which comprise core inflation. Core inflation almost doubled from the previous month, accelerating to 4.2 per cent and accounting for just over 75 per cent of the change in the All Items index. A 9.5 per cent jump in the transport sub-index was one factor behind the movement of core inflation and reflected, among other things, the incorporation of new data on the cost of fuels and lubricants. There was also an uptick in the cost of rent (6.5 per cent in January 2010 compared with 2.8 per cent in December 2009). While price increases for existing tenants were negligible, new tenants faced significantly higher prices – almost 25 per cent in some cases. In February 2010, core inflation moderated to 4.0 per cent (ChartVd).

Chart Vd
Components of Core Sub Indicies of RPI



Food prices also began to increase in 2010—2.7 percent (year-on-year) in January and 6.3 per cent in February—after falling by 0.2 per cent in the twelve months to December 2009. Details of the February data show higher prices for fruits (40.7 per cent) and vegetables (9.4 per cent). The items reflecting significant price increases included: cucumbers (29.8 per cent), ochroes (12.6 per cent), limes (12.3 per cent), melongene (12.2 per cent), carrots (12.1 per cent), cabbage (10.5 per cent) and grapes (7.8 per cent). Arid weather conditions since the start of 2010 have affected local production and contributed to the rise in food prices. The National Agricultural and Marketing Development Corporation (NAMDEVCO) is planning to undertake a survey during April 2010 in order to further gauge the impact of the water shortage on the farming community and on food production.

The changes in producer prices have exhibited a similar pattern to retail prices. In the twelve months to March 2010, producer prices increased by 3.6 per cent, up from the 3.4 per cent recorded at the end of 2009.

Balance of Payments

The external accounts of Trinidad and Tobago registered an overall deficit of $712.6 million for 2009, the first annual deficit since 1992 (Table Va). This brought the level of gross official reserves to $8,651.6 million, equivalent to 11.9 months of prospective imports of goods and non-factor services. Preliminary data suggests that based on the change in reserves, the external accounts recorded a surplus of $136.8 million for the first quarter of 2010, bringing the level of gross official reserves to $8,788.4 million at the end of March.

For 2009 as a whole, the current account balance amounted to $1,759.1 million (8.4 per cent of GDP), compared with $8.5 billion (32.6 per cent of GDP) recorded in 2008. This was largely as a result of a reduction in the merchandise trade balance to $2.2 billion in 2009 compared with over $9 billion one year earlier. Merchandise exports declined by 50.9 per cent while merchandise imports fell by 27.5 per cent.

Despite a slight recovery in energy prices during the fourth quarter of 2009 (compared with the first three quarters of the year), the value of energy sector exports for the year as a whole declined to $7.8 billion. This contrasts with the $16.5 billion recorded one year earlier when crude oil prices peaked at US$147 per barrel in July 2008. Non-energy exports also fell, reaching $1,335.8 million in 2009, $868.6 million less than 2008. Manufacturing exports were halved from $851 million in 2008 to $429 million in the reporting period as regional demand remained subdued.

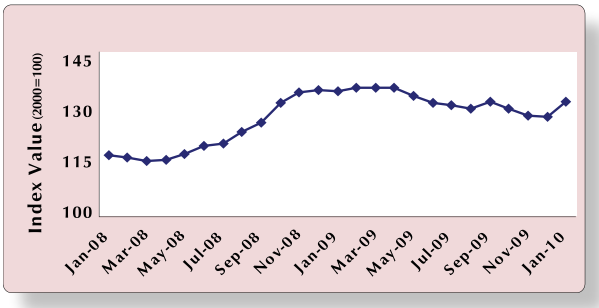
Energy imports declined to $2,843.1 million for 2009, compared with $4,130 million one year earlier. This was mainly on account of lower crude oil prices coupled with a reduced demand for refined crude during the year. At the same time, non-energy imports slowed with capital imports declining to $1.9 billion as many of government's infrastructure projects neared completion. Consumer goods imports also showed declines over the period.

Table Va
Trinidad and Tobago: Summary Balance of Payments
/US $Million/

	2005	2006	2007	2008	2009p
Current Account Balance	3,594.3	7,270.5	5,364.3	8,518.8	1,759.1
Trade Balance	3,948.0	7,700.2	5,721.4	9,064.4	2,202.1
Exports	9,672.3	14,217.4	13,391.3	18,686.4	9,175.2
Energy	8,596.0	12,955.0	11,650.0	16,482.0	7,839.4
Non-Energy	1,076.3	1,262.4	1,741.3	2,204.4	1,335.8
Imports	5,724.3	6,517.2	7,669.9	9,622.0	6,973.1
Energy	2,412.6	2,809.4	3,150.1	4,130.0	2,843.4
Non-Energy	3,311.7	3,707.8	4,519.8	5,492.0	4,129.7
Services (net)	356.2	450.9	546.4	609.7	721.3
Income (Net)	-760.0	-935.8	-963.7	-1,202.2	-1,219.5
Current Transfers (Net)	50.1	55.2	60.2	46.9	55.2
Capital and Financial Account*	-2,118.0	-6,151.7	-3,823.2	-5,813.3	-2,471.7
Overall Balance	1,476.3	1,118.8	1,541.1	2,705.5	-712.6
per cent of GDP					
	2005	**2006**	**2007**	**2008**	**2009p**
Current Account Balance	22.4	39.4	25.6	32.6	8.3
Trade Balance	24.6	41.7	27.3	34.7	10.4
Exports	60.2	77.0	63.8	71.6	43.3
Energy	53.5	70.2	55.5	63.1	37.0
Non-Energy	6.7	6.8	8.3	8.4	6.3
Imports	35.6	35.3	36.5	36.9	32.9
Energy	15.0	15.2	15.0	15.8	13.4
Non-Energy	20.6	20.1	21.5	21.0	19.5
Services (net)	2.2	2.4	2.6	2.3	3.4
Income (Net)	-4.7	-5.1	-4.6	-4.6	-5.8
Current Transfers (Net)	0.3	0.3	0.3	0.2	0.3
Capital and Financial Account*	-13.2	-33.3	-18.2	-22.3	-11.7
Overall Balance	9.2	6.1	7.3	10.4	-3.4

Source: Central Bank of Trinidad and Tobago
* includes errors and omissions
p data is provisional

Chart Ve
Real Effective Exchange Rate



An increase in the index represents an appreciation

The capital and financial account recorded an overall deficit of $2.5 billion for 2009. Net foreign direct investment amounted to just over $500 million with regional bond issues reaching $120 million. Meanwhile, commercial bank assets held abroad increased by $675.2 million in 2009.

Terms of Trade and Real Effective Exchange Rate

Available data show that Trinidad and Tobago's terms of trade improved by about 1.4 per cent in the fourth quarter of 2009. Both export and import prices rose over this period. More recent information on exchange rates and inflation point to a 0.6 percent appreciation of the exchange rate in real effective terms over the September 2009 to February 2010 period (Chart Ve). On a trade-weighted basis, the nominal exchange rate appreciated by around 0.3 percent. This was augmented by the recent uptick in domestic inflation since the start of 2010.

Fiscal Operations

The fiscal outturn was better than originally budgeted for the first five months of fiscal year 2009/2010. The outturn was principally due to higher energy sector revenues and delays in expenditure, notably on the capital program. Between October 2009 and February 2010, the central government recorded a deficit of $2,153.3 million, which was not only much lower than the $5,878.3 million budgeted, but was also less than the deficit recorded in the same five months one year earlier (Table Vb).

On the revenue side, actual crude oil prices averaged US$76.63 per barrel compared with the budgeted price of US$50.00 and helped to boost energy sector tax payments. Non-energy receipts were also higher than expected in part due to larger as well as earlier than projected tax payments by state agencies. On the other hand, the slowdown in domestic activity and imports negatively impacted collections from the Value Added Tax (VAT) and import duties.

The pace of spending was slower than budgeted. Based on cash outlays, the execution rate of the capital program was approximately 60 percent, in part due to some delays in the procurement of associated goods and services. Payments on most categories of current spending were also less than budgeted for several reasons including: (i) lower than projected interest rates;

Table Vb
Summary of Central Government Fiscal Operations
October – December, 2009

(TT$ Million)

	October 2008 - February 2009	October 2009 - February 2010	
	Actual	Actual	Projected
TOTAL REVENUE	**15,205.9**	**13,845.8**	**13,289.2**
Current Revenue	15,187.1	13,841.6	13,285.0
Energy Revenue	8,871.5	6,249.5	5,975.4
Non-Energy Revenue	6,315.6	7,592.2	7,309.7
Capital Revenue	18.8	4.2	4.2
TOTAL EXPENDITURE	**18,163.2**	**15,999.1**	**19,167.5**
Current Expenditure	15,724.3	13,658.8	15,244.6
Wages and Salaries	2,719.0	2,792.1	2,911.5
Goods and Services	2,140.9	2,145.7	3,084.3
Interest	1,303.6	1,162.2	1,506.7
Transfers and Subsidies1	9,560.8	7,558.8	7,742.1
Capital Expenditure and Net Lending2	2,438.9	2,340.3	3,922.9
Current Account Surplus(+)Deficit(-)	**-537.2**	**182.8**	**-1,959.6**
Overall Surplus(+)Deficit(-)	**-2,957.3**	**-2,153.3**	**-5,878.3**
Net Financing	**2,957.3**	**2,153.3**	**5,878.3**
Net Foreign Financing	-109.2	-37.5	-47.2
Net Domestic Financing	3,066.5	2,190.8	5,925.5
Memo items			
Non-energy Fiscal Deficit	-11,828.8	-8,402.8	-11,853.7
Transfers to the HSF	0.0	0.0	0.0

Source: Ministry of Finance and Central Bank of Trinidad and Tobago.

1. Adjusted for transfers to the Infrastructure Development Fund, Government Assisted Tertiary Education Fund and CARICOM Petroleum Fund.
2. Includes an adjustment for Repayment of Past Lending.

(ii) difficulties in hiring certain categories of contract personnel; (iii) delays in the award of contracts and processing of invoices for completed contracts; and (iv) a rescheduling of a transfer to the CARICOM Petroleum Fund.

External Debt

At the end of January 2010, external debt outstanding was recorded at US$1,274.7 million from US$1,280.7 million at the end of 2009. For calendar 2009, disbursements to the central government from external sources totaled US$144.3 million compared to US$150.1 in 2008. In the October 2009 to January 2010 period disbursements amounted to US$41.6 million, of which 69.7 percent originated from commercial lenders. Loans from multilateral lenders, (US$12.6 million) were directed toward the continuation of development projects in health (US$ 4.4 million), education (US$4.6 million), national settlements (US$3.3 million) and to a lesser extent, citizen security (US$0.2 million) and the prevention of HIV/Aids (US$0.1 million).

Debt service in the four months to January 2010 reached US$46 million, of which interest payments represented more than 50 percent (US$26.8 million). Interest payments (US$26.8 million) were dominated by commercial interest (US$22.1 million). Amortization amounted to US$19.1 million and concerned repayments to multilateral and commercial creditors of US$17.7 million and US$1.4 million respectively.

Domestic Debt

Central government domestic debt outstanding increased to TT$16,648.5 million at the end of January 2010, from TT$$16,333.6 million at the end of the third quarter of 2009. In October 2009, the Education Facilities Company raised a bond valued at $400 million for the construction and outfitting of Early Childhood Care and Education Centres. The bond carries a 5.35 percent fixed rate of interest and will mature in 2016.

Domestic debt service over the period October 2009 through January 2010 amounted to $192.3 million. Contingent liabilities outstanding increased over the review period to include two bonds: the first to ETeck ($190 million) for the refurbishment of the Trinidad Hilton and the other to the Trinidad and Tobago Mortgage Finance Company Limited ($320.7 million).

Appendices

Tables
Media Releases

Appendices:

Tables

Appendix A

Index of Retail Prices (January 2003 = 100)

	ALL ITEMS 1,000			CORE 820		FOOD 180			TRANSPORT 167	
Date	Index	Mthly %	Y-o-Y %	Index	Y-o-Y %	Index	Mthly %	Y-o-Y %	Index	Y-o-Y %
Jan-08	139.90	2.12	9.98	117.33	5.71	242.70	2.19	20.75	116.70	4.01
Feb-08	139.60	-0.21	9.40	117.32	5.65	241.70	-0.66	18.77	116.70	4.01
Mar-08	140.50	0.64	9.77	117.39	5.72	245.80	1.95	19.73	116.70	4.01
Apr-08	141.30	0.57	9.28	118.32	5.16	246.00	0.08	19.53	116.80	2.82
May-08	143.10	1.27	9.99	118.36	5.15	255.80	3.98	21.81	116.80	2.82
Jun-08	145.10	1.68	11.32	119.86	6.44	262.30	2.54	23.09	116.80	2.82
Jul-08	148.00	2.34	11.87	121.31	6.20	274.60	4.69	25.33	117.80	1.73
Aug-08	151.80	1.96	13.45	121.46	6.28	290.00	5.61	30.22	117.80	1.73
Sept-08	154.00	1.45	14.75	121.31	6.17	302.91	4.45	34.62	117.80	1.73
Oct-08	156.30	1.49	15.35	123.11	7.38	307.50	1.52	33.41	120.00	3.63
Nov-08	156.70	0.26	14.30	123.18	7.24	309.40	0.62	29.78	120.00	3.63
Dec-08	156.80	0.06	14.45	123.13	7.12	310.20	0.26	30.61	120.00	3.63
Jan-09	156.20	-0.38	11.65	123.40	5.17	305.60	-1.48	25.92	125.80	7.80
Feb-09	155.90	-0.19	11.68	123.48	5.25	303.60	-0.65	25.92	125.80	7.80
Mar 09	156.40	0.32	11.32	123.58	5.28	305.90	0.76	24.45	125.80	7.80
Apr-09	158.10	1.09	11.89	125.17	5.79	308.10	0.72	25.24	125.60	7.53
May-09	157.80	-0.19	10.27	125.27	5.84	306.00	-0.68	19.62	125.60	7.53
Jun-09	157.70	-0.06	8.38	125.23	4.48	305.60	-0.13	16.51	125.60	7.53
Jul-09	157.70	0.00	5.91	125.96	3.83	302.30	-1.08	10.09	125.60	6.62
Aug-09	158.30	0.38	4.28	126.08	3.80	305.10	0.93	5.21	125.60	6.62
Sep-09	161.60	2.08	4.94	126.06	3.91	323.50	6.03	6.80	125.60	6.62
Oct-09	160.50	-0.68	2.69	125.84	2.22	318.40	-1.58	3.54	125.20	4.33
Nov-09	159.00	-0.93	1.47	125.74	2.08	310.50	-2.48	0.36	125.20	4.33
Dec-09	158.90	-0.06	1.34	125.82	2.19	309.60	-.029	-0.19	125.20	4.33
Jan-10	161.90	1.89	3.65	128.58	4.19	313.70	1.32	2.65	137.80	9.54
Feb-10	163.40	0.93	4.81	128.45	4.03	322.60	2.84	6.26	137.80	9.54

	HOUSING 262		HEALTH 51		EDUCATION 16		HOTELS, CAFES, REST. 30		ALCOHOLIC BEVERAGES 25	FURNISHINGS, HOUSEHOLD EQUIP. & MAINT. 54
Date	Index	Y-o-Y%	Index	Y-0-Y%	Index	Y-0-Y%	Index	Y-0-Y%	Y-0-Y%	Y-0-Y%
Jan-08	115.20	3.32	129.90	6.83	150.20	13.96	140.10	13.44	13.75	1.03
Feb-08	115.30	3.22	130.10	6.81	150.20	13.96	140.10	13.44	13.33	1.03
Mar-08	115.50	3.22	130.20	7.07	150.20	13.96	140.10	13.44	13.65	1.03
Apr-08	116.00	2.11	131.20	5.64	155.80	16.44	147.40	19.16	12.69	14.68
May-08	115.90	1.93	131.00	5.39	155.80	16.44	147.40	19.16	13.54	14.68
Jun-08	120.60	6.07	132.10	6.10	155.80	16.44	147.40	19.16	12.77	14.69
Jul-08	122.50	7.64	133.00	5.72	155.80	16.44	159.10	25.37	13.03	2.97
Aug-08	122.50	7.64	134.00	6.26	155.80	16.44	159.10	25.37	16.13	2.97
Sept-08	121.70	6.94	134.40	6.58	155.80	16.44	159.10	25.37	15.88	2.97
Oct-08	124.10	8.01	134.70	6.06	164.00	9.19	166.70	21.77	14.81	4.23
Nov-08	124.10	8.01	134.80	5.81	164.00	9.19	166.70	21.77	7.99	4.23
Dec-08	124.10	7.91	135.00	6.05	164.00	9.19	166.70	21.77	6.62	4.23
Jan-09	124.20	7.81	135.50	4.31	164.00	9.19	168.80	20.49	5.54	5.25
Feb-09	124.20	7.72	135.60	4.23	164.00	9.19	168.80	20.49	5.81	5.25
Mar-09	124.20	7.53	136.10	4.53	164.00	9.19	168.80	20.49	7.56	5.25
Apr-09	125.70	8.36	141.30	7.70	166.40	6.80	170.80	15.88	7.62	-6.98
May-09	125.70	8.46	141.30	7.86	166.40	6.80	170.80	15.88	7.68	-6.98
Jun-09	125.70	4.23	141.30	6.96	166.40	6.80	170.80	15.88	7.61	-6.98
Jul-09	125.00	2.04	141.40	6.32	166.40	6.80	172.20	8.23	7.57	3.50
Aug-09	125.00	2.04	141.50	5.60	166.40	6.80	172.20	8.23	4.09	3.50
Sep-09	125.00	2.71	141.40	5.21	166.40	6.80	172.20	8.23	6.30	3.50
Oct-09	125.80	1.37	143.90	6.83	169.20	3.17	173.00	3.78	12.58	2.17
Nov-09	125.80	1.37	143.90	6.75	169.20	3.17	173.00	3.78	12.95	2.17
Dec-09	125.80	1.37	144.10	6.74	169.20	3.17	173.00	3.78	13.96	2.17
Jan-10	125.60	1.13	144.40	6.57	169.20	3.17	173.80	2.96	14.01	0.98
Feb-10	125.60	1.13	144.20	6.34	169.20	3.17	173.80	2.96	14.38	0.98

Source: Central Statistical Office.

Appendix B
Price Movements in the Major Categories of the Food Sub-Index of the RPI, September 2009-February 2010
(Year-on-Year Per Cent Change)

	Weight	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
FOOD AND NON-ALCOHOLIC BEVERAGES INDEX	180.00	6.80	3.55	0.35	(0.20)	2.67	6.24
Food Sub Index	156.20	6.97	3.37	0.02	(0.54)	2.55	6.38
Bread And Cereals	31.21	(7.09)	(7.60)	(9.27)	(7.70)	(6.64)	(6.30)
Bread	5.51	(4.27)	(4.20)	(4.27)	(0.30)	0.01	0.00
Cereals (Includes rice and flour)	18.74	(10.33)	(10.71)	(12.94)	(11.51)	(10.06)	(9.55)
Pasta Products	1.38	1.61	(3.14)	(8.22)	(10.44)	(11.06)	(11.24)
Pastry Cooked Products	5.27	0.40	(0.24)	(0.52)	(0.31)	0.27	0.36
Meat	29.21	2.46	1.32	(0.30)	(0.98)	(2.39)	(3.36)
Fresh, Chilled or Frozen Beef	3.09	(5.63)	(5.83)	(6.40)	(10.66)	(10.28)	(8.10)
Fresh, Chilled or Frozen Lamb or Goat	1.13	0.37	(1.72)	(4.01)	(4.58)	(1.15)	(0.63)
Fresh Chilled or Frozen Pork	2.34	7.10	0.10	(0.88)	0.66	(0.75)	0.49
Fresh, Chilled or Frozen Poultry	18.18	2.21	1.68	0.41	0.15	(2.11)	(4.03)
Dried, Salted or Smoked Meat	4.10	9.12	7.65	2.55	1.34	1.51	1.01
Fish	11.37	3.48	7.30	0.77	3.72	(0.84)	(4.92)
Fresh, Chilled or Frozen Fish	7.21	2.96	7.16	(1.31)	2.97	(2.66)	(7.46)
Fresh, Chilled or Frozen Seafood	1.83	2.09	8.75	10.65	9.55	5.75	2.62
Other Preserved or Processed Fish	1.03	11.55	10.49	9.21	7.38	5.63	6.07
Milk, Cheese And Eggs	19.05	(9.23)	(9.79)	(9.71)	(10.19)	(9.67)	(9.30)
Whole Milk	1.75	0.28	(0.28)	(0.58)	(0.42)	0.07	0.14
Preserved Milk	9.22	(7.98)	(9.24)	(8.91)	(9.51)	(9.45)	10.09
Cheese, Yogurt & Milk Products	6.34	(16.54)	(16.84)	(16.78)	(16.34)	(15.72)	(13.34)
Eggs	1.74	0.20	2.54	1.47	(1.84)	0.63	(0.34)
Oils And Fats	9.07	4.24	2.97	0.70	(0.70)	(1.46)	(1.61)
Butter	0.82	3.66	0.49	(1.43)	(2.39)	(2.67)	(2.90)
Margarine and Other Vegetable Fats	2.56	5.84	4.31	0.75	(2.16)	(1.86)	(2.25)
Edible Oils and Animal Fats	5.69	3.58	2.79	1.07	0.34	(1.04)	(1.06)
Fruit	14.28	40.18	29.32	27.31	28.50	37.21	40.70
Vegetables	21.84	0.76	1.66	(1.46)	(1.25)	1.01	9.41
Fresh or Chilled Vegetables	12.09	10.49	10.73	(0.22)	2.34	13.84	32.57
Dried Vegetables	2.42	(2.89)	(1.41)	(4.29)	(3.50)	(0.37)	0.00
Fresh or Chilled Tuber Vegetables	7.33	(4.71)	(3.40)	(2.08)	(3.29)	(5.86)	(2.24)
Sugar, Jam, Honey, Syrups, Chocolate and Confectionery	7.66	5.19	0.13	2.31	1.66	0.74	3.30
Food Products NEC	12.51	36.93	5.36	(4.79)	(13.73)	(0.43)	4.16
Non-Alcoholic Beverages Sub Index	23.80	3.90	6.40	5.80	5.30	4.50	4.10
Coffee, Tea and Cocoa	3.06	7.24	5.03	2.82	2.25	2.25	2.33
Soft Drinks	13.33	5.42	6.73	6.59	5.65	4.58	3.97
Juices	7.40	(0.46)	6.33	5.66	5.77	5.20	5.31

Source: Central Statistical Office.

Appendix C

Index of Retail Sales: Base 2000=100
Base Period: Average of 4 Quarters 2000=100

	ALL SECTIONS INDEX		DRY GOODS STORES		SUPERMARKETS AND GROCERIES		CONSTRUCTION MATERIALS AND HARDWARE	
weights	*1000*		*76*		*279*		*130*	
	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %
2005	**159.9**	**14.4**	**213.0**	**17.9**	**154.5**	**10.0**	**142.0**	**2.7**
Mar-06	150.6	7.6	203.5	22.8	150.2	10.3	149.5	15.7
Jun-06	163.4	11.4	214.6	12.3	175.3	20.4	157.1	18.5
Sep-06	180.5	11.3	247.8	20.8	176.9	19.3	177.2	15.8
Dec-06	214.1	12.2	330.8	14.0	204.1	8.6	198.5	29.5
2006	**177.2**	**10.8**	**249.2**	**17.0**	**176.6**	**14.3**	**170.6**	**20.1**
Mar-07	182.6	21.2	239.2	17.5	175.6	16.9	179.7	20.2
Jun-07	195.0	19.3	270.2	25.9	189.1	7.9	222.7	41.8
Sep-07	211.6	17.2	308.2	24.4	202.9	14.7	229.4	29.5
Dec-07	262.1	22.4	452.8	36.9	242.6	18.9	304.1	53.2
2007	**212.8**	**20.1**	**317.6**	**27.5**	**202.6**	**14.7**	**234.0**	**37.2**
Mar-08	215.3	17.9	372.2	55.6	202.6	15.4	241.1	34.2
Jun-08	229.4	17.6	428.4	58.5	208.1	10.0	238.5	7.1
Sep-08	242.1	14.4	482.6	56.6	217.5	7.2	244.5	6.6
Dec-08	281.1	7.2	620.5	37.0	252.6	4.1	247.1	-18.7
2008	**242.0**	**13.7**	**475.9**	**49.9**	**220.2**	**8.7**	**242.8**	**3.8**
Mar-09	198.7	-7.7	439.4	18.1	201.9	-0.4	199.3	-17.4
Jun-09	202.5	-11.7	458.3	7.0	212.4	2.1	195.8	-17.9
Sep-09	237.5	-1.1	742.8	53.9	213.8	-1.7	173.8	-28.9
Dec-09	253.3	-9.9	636.3	2.5	245.5	-2.8	197.2	-20.1
2009	**223.0**	**-7.8**	**569.2**	**19.6**	**218.4**	**-0.8**	**191.5**	**-21.1**

	HOUSEHOLD APPLIANCES FURNITURE AND OTHER FURNISHINGS		TEXTILES AND WEARING APPAREL		MOTOR VEHICLES AND PARTS		PETROL FILLING STATIONS		OTHER RETAIL ACTIVITIES*	
weights	*79*		*43*		*173*		*99*		*121*	
	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %	Index	Y-on-Y %
2005	**153.5**	**17.3**	**109.1**	**30.9**	**179.6**	**31.1**	**138.4**	**8.5**	**173.3**	**13.1**
Mar-06	102.3	1.6	54.0	-32.5	172.1	4.2	140.5	7.3	162.9	0.6
Jun-06	120.8	11.2	70.9	-3.9	198.3	14.6	103.7	-24.8	170.1	8.3
Sep-06	140.1	16.8	95.2	-35.7	230.4	24.1	103.0	-25.8	199.0	1.8
Dec-06	292.8	2.8	110.4	-18.0	252.2	29.5	105.0	-28.1	200.7	12.2
2006	**164.0**	**6.8**	**82.6**	**-24.3**	**213.3**	**18.7**	**113.0**	**-18.3**	**183.2**	**5.7**
Mar-07	113.6	11.0	66.3	22.8	238.9	38.8	156.1	11.1	194.0	19.1
Jun-07	123.3	2.1	64.3	-9.3	242.3	22.2	158.9	53.2	186.9	9.9
Sep-07	150.8	7.6	67.5	-29.1	265.6	15.3	161.3	56.6	206.6	3.8
Dec-07	365.7	24.9	86.2	-21.9	282.4	12.0	147.9	40.9	201.5	0.4
2007	**188.4**	**14.8**	**71.1**	**-14.0**	**257.3**	**20.7**	**156.1**	**38.0**	**197.3**	**7.7**
Mar-08	121.7	7.1	63.0	-5.0	280.9	17.6	165.4	6.0	180.6	-6.9
Jun-08	150.3	21.9	61.9	-3.7	316.3	30.5	173.3	9.1	176.7	-5.5
Sep-08	159.8	6.0	76.5	13.3	308.1	16.0	166.9	3.3	225.2	9.0
Dec-08	365.1	-0.2	77.0	-10.7	336.3	19.1	177.3	19.9	194.2	-3.6
2008	**199.2**	**5.8**	**69.6**	**-2.1**	**310.4**	**20.6**	**170.7**	**9.4**	**194.2**	**-1.6**
Mar-09	110.8	-8.9	52.0	-17.4	202.7	-27.8	164.4	-0.6	171.0	-5.3
Jun-09	117.4	-21.9	66.7	7.7	211.2	-33.2	144.8	-16.4	164.6	-6.8
Sep-09	158.4	-0.9	60.2	-21.3	246.2	-20.1	168.0	0.7	202.1	-10.2
Dec-09	346.3	-5.1	83.6	8.6	226.0	-32.8	174.4	-1.7	194.7	0.2
2009	**183.2**	**-8.0**	**65.6**	**-5.7**	**221.5**	**-28.6**	**162.9**	**-4.6**	**183.1**	**-5.7**

Source: Central Statistical Office.
*Pharmaceuticals and cosmetics, books and stationery and jewellery.

Appendix D
Index of Retail Prices by Area
(Year-on-Year Per Cent Change)

	TRINIDAD & TOBAGO		PORT OF SPAIN		SAN FERNANDO		ARIMA BOROUGH	
	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09
ALL ITEMS	**1,000.00**	**4.81**	**262.65**	**3.94**	**128.70**	**3.54**	**52.09**	**6.17**
FOOD AND NON-ALCOHOLIC BEVERAGES	180.00	6.24	27.25	8.20	17.27	4.69	8.13	9.95
FOOD	156.20	6.38	22.74	8.50	14.79	4.93	7.15	10.43
BREAD AND CEREALS	31.21	(6.30)	4.00	(7.18)	2.79	(3.98)	1.30	(6.76)
MEAT	29.21	(3.36)	3.21	(1.45)	2.45	(1.53)	1.43	(2.56)
FISH	11.37	(4.92)	1.81	(6.38)	1.00	(6.16)	0.44	0.64
MILK, CHEESE AND EGGS	19.05	(9.30)	3.24	(9.30)	1.87	(6.31)	0.79	(8.76)
OILS AND FATS	9.07	(1.61)	1.20	(1.66)	0.85	(0.04)	0.33	(5.90)
FRUIT	**14.28**	**40.70**	**2.94**	**45.17**	**1.53**	**19.21**	**0.72**	**33.70**
VEGETABLES	**21.84**	**9.41**	**3.32**	**13.74**	**2.28**	**13.61**	**1.17**	**16.51**
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	7.66	3.30	1.33	3.04	0.68	9.81	0.44	4.60
FOOD PRODUCTS N.E.C	12.51	4.16	1.69	(7.20)	1.34	(8.08)	0.53	(5.25)
NON-ALCOHOLIC BEVERAGES	23.80	4.14	4.51	3.27	2.48	1.20	0.98	1.62

Source: Central Statistical Office.

Appendix D (continued)
Index of Retail Prices by Area
(Year-on-Year Per Cent Change)

	DIEGO MARTIN		ST. ANNS (SAN JUAN)		TACARIGUA (TUNAPUNA)		CHAGUANAS BOROUGH	
	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09
ALL ITEMS	**38.52**	**(2.27)**	**45.17**	**6.20**	**123.49**	**5.16**	**111.64**	**10.31**
FOOD AND NON-ALCOHOLIC BEVERAGES	12.00	(3.93)	17.92	7.66	20.23	(3.45)	19.75	16.25
FOOD	10.37	(4.39)	15.41	7.92	17.46	(5.36)	17.33	17.07
BREAD AND CEREALS	2.34	(2.01)	3.02	(5.18)	3.50	(10.90)	3.27	(6.01)
MEAT	1.99	(1.83)	2.57	(3.42)	3.52	(9.92)	3.32	(4.85)
FISH	0.72	(3.32)	1.17	(17.26)	1.13	(6.02)	1.22	5.13
MILK, CHEESE AND EGGS	1.56	(12.29)	2.08	(9.40)	2.28	(8.46)	1.87	(9.57)
OILS AND FATS	0.52	(6.79)	0.91	(5.09)	0.99	0.48	1.16	3.03
FRUIT	**1.12**	**14.87**	**1.60**	**48.56**	**1.35**	**(0.95)**	**1.75**	**29.90**
VEGETABLES	**0.93**	**(7.90)**	**2.03**	**1.14**	**2.36**	**(2.35)**	**2.47**	**31.82**
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	0.44	(0.54)	0.85	5.71	0.84	6.32	0.70	2.58
FOOD PRODUCTS N.E.C	0.75	(2.14)	1.18	6.55	1.49	2.48	1.57	32.87
NON-ALCOHOLIC BEVERAGES	1.63	1.15	2.51	3.73	2.77	11.85	2.42	1.67

Source: Central Statistical Office.

Appendix D (continued)
Index of Retail Prices by Area
(Year-on-Year Per Cent Change)

	COUVA		COCAL (RIO CLARO)		MANZANILLA/TURERE (SANGRE GRANDE)		NAPARIMA (DEBE)	
	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '08
ALL ITEMS	**23.23**	**2.21**	**2.23**	**2.22**	**21.75**	**11.97**	**5.62**	**3.29**
FOOD AND NON-ALCOHOLIC BEVERAGES	7.61	2.01	1.04	(0.64)	4.68	36.02	4.73	2.15
FOOD	6.75	2.03	0.95	(1.40)	4.17	38.05	4.10	1.09
BREAD AND CEREALS	1.28	(1.55)	0.25	2.32	0.85	(6.81)	0.96	(6.78)
MEAT	1.75	13.29	0.21	(14.42)	0.96	(0.04)	1.07	7.08
FISH	0.63	(1.00)	0.09	11.99	0.29	(1.01)	0.26	(1.14)
MILK, CHEESE AND EGGS	0.56	(7.13)	0.04	(9.19)	0.45	(6.85)	0.38	(8.12)
OILS AND FATS	0.43	(2.27)	0.07	(4.44)	0.26	0.85	0.23	6.25
FRUIT	**0.56**	**19.45**	**0.10**	**(4.94)**	**0.30**	**291.17**	**0.17**	**8.02**
VEGETABLES	**0.77**	**0.90**	**0.09**	**0.07**	**0.62**	**19.67**	**0.57**	**2.19**
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	0.25	0.74	0.03	1.56	0.16	(6.20)	0.14	(3.15)
FOOD PRODUCTS N.E.C	0.52	(1.85)	0.07	28.49	0.28	24.97	0.32	(4.81)
NON-ALCOHOLIC BEVERAGES	0.86	1.40	0.09	11.52	0.51	1.23	0.63	19.92

Source: Central Statistical Office.

Appendix D (continued)
Index of Retail Prices by Area
(Year-on-Year Per Cent Change)

	SAVANA GRANDE (PRINCES TOWN)		SIPARIA		PT. FORTIN		TOBAGO (SCARBOROUGH)	
	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09	WEIGHT	FEB '10/ FEB '09
ALL ITEMS	**13.12**	**2.28**	**48.14**	**10.24**	**28.07**	**(0.54)**	**95.58**	2.57
FOOD AND NON-ALCOHOLIC BEVERAGES	8.30	2.55	10.80	14.93	6.25	(7.17)	14.04	(1.01)
FOOD	7.33	2.59	9.79	15.66	5.52	(7.53)	12.34	(1.32)
BREAD AND CEREALS	1.73	(6.17)	2.26	(13.28)	1.14	(6.53)	2.52	(1.01)
MEAT	1.40	(14.50)	1.99	(14.76)	1.28	13.72	2.06	(4.83)
FISH	0.26	(6.39)	0.60	(2.52)	0.32	15.33	1.43	(3.59)
MILK, CHEESE AND EGGS	0.79	(5.15)	0.84	(11.55)	0.62	(7.27)	1.68	(13.23)
OILS AND FATS	0.46	(9.90)	0.62	0.82	0.25	(4.10)	0.79	(1.83)
FRUIT	**0.56**	**2.01**	**0.67**	**39.59**	**0.33**	**46.80**	**0.58**	**19.85**
VEGETABLES	**1.21**	**26.20**	**1.58**	**46.46**	**0.90**	**(16.10)**	1.54	(0.65)
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	0.30	(5.06)	0.46	(10.98)	0.26	13.53	0.78	13.67
FOOD PRODUCTS N.E.C	0.62	(0.52)	0.77	32.37	0.42	1.74	0.96	7.89
NON-ALCOHOLIC BEVERAGES	0.97	2.08	1.01	(0.42)	0.73	2.67	1.70	5.01

Source: Central Statistical Office.

Appendix E
INDEX OF RETAIL PRICES OF BUILDING MATERIALS
Base Period: Average of 4 Quarters 1996=100 (REVISED)

		ALL SECTIONS			SITE PREPARATION, STRUCTURE & CONCRETE FRAME			WALLS AND ROOF			ELECTRICAL INSTALLATION AND FIXTURES		
Date		Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %
2005	I	133.20	1.1	14.5	165.50	1.0	16.1	141.70	1.0	13.5	151.20	5.2	52.1
	II	136.80	2.7	11.6	170.50	3.0	7.7	145.70	2.8	9.5	153.90	1.8	46.2
	III	140.30	2.6	11.4	175.80	3.1	9.9	150.20	3.1	10.4	155.20	0.9	35.9
	IV	143.30	2.1	8.8	181.80	3.4	10.9	154.60	2.9	10.2	152.30	-1.9	6.0
2006	I	147.20	2.7	10.5	187.20	3.0	13.1	157.10	1.6	10.9	161.10	5.8	6.6
	II	154.84	5.2	13.2	199.55	6.6	17.0	171.45	9.1	17.7	165.65	2.8	7.6
	III	162.79	5.1	16.0	209.64	5.1	19.3	180.61	5.4	20.3	186.28	12.5	20.0
	IV	167.75	3.0	17.1	217.93	4.0	19.9	184.80	2.3	19.5	191.60	2.9	25.8
2007	I	178.30	6.3	21.1	238.70	9.5	27.5	197.50	6.9	25.7	199.80	4.3	24.0
	II	181.22	1.6	17.0	246.18	3.1	23.4	199.85	1.2	16.6	203.24	1.7	22.7
	III	182.72	0.8	12.2	248.26	0.8	18.4	201.21	0.7	11.4	207.62	2.2	11.5
	IV	184.30	0.9	9.9	250.00	0.7	14.7	202.90	0.8	9.8	211.30	1.8	10.3
2008	I	185.90	0.9	4.3	251.60	0.4	5.4	205.40	1.2	4.0	208.80	-1.2	4.5
	II	193.20	3.9	6.6	268.20	6.6	8.9	214.20	4.3	7.2	213.80	2.4	5.2
	III	200.55	3.8	9.8	295.09	10.0	18.9	219.32	2.4	9.0	218.28	2.1	5.1
	IV	204.25	1.8	10.8	300.74	1.9	20.0	225.24	2.7	11.0	218.38	0.1	3.4
2009	I	205.60	0.7	10.6	284.70	-5.3	13.2	226.90	0.7	10.5	230.50	5.6	10.4
	II	198.46	-3.5	2.7	267.79	-5.9	-0.2	216.51	-4.6	1.1	228.30	-1.0	6.8
	III	196.05	-1.2	-2.2	259.10	-3.2	-12.2	215.30	-0.6	-1.8	228.25	0.0	4.6
	IV	192.11	-2.1	-5.9	255.12	-1.5	-15.2	209.08	-2.9	-7.2	227.60	-0.3	4.2
2010	I^{p}	194.06	1.0	-5.6	257.64	1.0	-9.5	211.85	1.3	-6.6	232.12	2.0	0.7

		PLUMBING & FIXTURES			WINDOWS, DOORS & BALUSTRADING			FINISHING, JOINERY UNITS AND PAINTING & EXTERNAL WORKS		
Date		Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %	Index	Qtrly %	Y-o-Y %
2005	I	107.70	0.9	2.6	115.30	0.4	6.8	97.10	0.1	4.8
	II	109.10	1.3	3.2	115.60	0.3	6.9	101.30	4.3	9.2
	III	111.90	2.6	4.7	116.40	0.7	1.9	104.20	2.9	10.9
	IV	113.70	1.6	6.6	117.20	0.7	2.1	106.40	2.1	9.7
2006	I	114.40	0.6	6.2	118.60	1.2	2.9	108.10	1.6	11.3
	II	115.84	1.3	6.2	119.56	0.8	3.4	109.49	1.3	8.1
	III	115.17	-0.6	2.9	122.05	2.1	4.9	112.41	2.7	7.9
	IV	117.95	2.4	3.7	130.18	6.7	11.1	114.25	1.6	7.4
2007	I	116.90	-0.9	2.2	137.30	5.5	15.8	118.33	3.6	9.5
	II	118.34	1.2	2.2	135.63	-1.2	13.4	121.42	2.6	10.9
	III	119.18	0.7	3.5	136.24	0.5	11.6	121.94	0.4	8.5
	IV	122.80	3.0	4.1	136.70	0.3	5.0	122.10	0.1	6.9
2008	I	127.90	4.2	9.4	140.40	2.7	2.3	122.20	0.1	3.3
	II	128.90	0.8	8.9	140.40	0.0	3.5	125.30	2.5	3.2
	III	129.26	0.3	8.5	141.76	1.0	4.1	127.57	1.8	4.6
	IV	130.48	0.9	6.3	142.18	0.3	4.0	129.83	1.8	6.3
2009	I	149.70	14.7	17.0	143.80	1.1	2.4	134.60	3.7	10.2
	II	152.00	1.5	17.9	144.22	0.3	2.7	132.72	-1.4	5.9
	III	149.90	-1.4	16.0	143.90	-0.2	1.5	130.30	-1.8	2.1
	IV	150.60	0.5	15.4	143.86	-0.0	1.2	125.76	-3.5	-3.1
2010	I^{p}	148.20	-1.6	-1.0	143.17	-0.5	-0.4	127.13	1.1	-5.6

Source: Central Statistical Office.

Appendix F
Export and Import Prices Indices, 2004 - 2009

(Per Cent)

		Import Prices			*Export Prices*			*Net Barter Terms of Trade*		
		INDEX VALUE	QUARTERLY CHANGE	YEAR-ON-YEAR CHANGE	INDEX VALUE	QUARTERLY CHANGE	YEAR-ON-YEAR CHANGE	INDEX VALUE	QUARTERLY CHANGE	YEAR-ON-YEAR CHANGE
2004	I	123.20	6.9	13.9	117.60	3.6	7.8	95.45	-3.1	-5.4
	II	112.96	-8.3	7.4	114.70	-2.5	0.0	101.54	6.4	-6.9
	III	116.60	3.2	3.1	125.40	9.3	10.9	107.55	5.9	7.5
	IV	121.10	3.9	5.1	129.40	3.2	14.0	106.85	-0.6	8.5
2005	I	122.40	1.1	-0.6	127.23	-1.7	8.2	103.95	-2.7	8.9
	II	124.16	1.4	9.9	132.42	4.1	15.4	106.65	2.6	5.0
	III	130.40	5.0	11.8	143.15	8.1	14.2	109.77	2.9	2.1
	IV	129.30	-0.8	6.8	143.05	-0.1	10.6	110.64	0.8	3.5
2006	I	137.50	6.3	12.3	157.04	9.8	23.4	114.21	3.2	9.9
	II	135.20	-1.7	8.9	153.57	-2.2	16.0	113.58	-0.6	6.5
	III	133.38	-1.3	2.3	157.57	2.6	10.1	118.14	4.0	7.6
	IV	140.41	5.3	8.6	160.14	1.6	11.9	114.05	-3.5	3.1
2007	I	144.50	2.9	5.1	159.45	-0.4	1.5	110.35	-3.3	-3.4
	II	154.20	6.7	14.1	159.98	0.3	4.2	103.75	-6.0	-8.7
	III	159.10	3.2	19.3	167.20	4.5	6.1	105.09	1.3	-11.0
	IV	162.10	1.9	15.4	172.66	3.3	7.8	106.51	1.4	-6.6
2008	I	164.40	1.4	13.8	165.40	-4.2	3.7	100.61	-5.5	-8.8
	II	169.70	3.2	10.1	185.40	12.1	15.9	109.25	8.6	5.3
	III	167.50	-1.3	5.3	186.60	0.6	11.6	111.40	2.0	6.0
	IV	164.72	-1.7	1.6	180.10	-3.5	4.3	109.34	-1.9	2.6
2009	I	159.32	-3.3	-3.1	160.00	-11.1	-3.3	100.43	-8.1	-0.2
	II	158.21	-0.7	-6.8	149.70	-6.4	-19.3	94.62	-5.8	-13.4
	III	154.05	-2.6	-8.0	147.59	-1.4	-20.9	95.81	1.3	-14.0
	IV	156.50	1.6	-5.0	151.98	3.0	-15.6	97.11	1.4	-11.2

Source: Central Statistical Office.

Appendix G
Stock Market Indices, March 2003 - March 2010

	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T
	Index Values		*Quarterly Change (%)*		*Year on Year Change (%)*	
Mar-03	564.2	688.7	3.4	5.3	23.9	33.5
Jun-03	560.4	691.1	-0.7	0.3	16.5	27.1
Sep-03	600.0	759.1	7.1	9.8	22.8	37.9
Dec-03	694.1	912.0	15.7	20.1	27.2	39.4
Mar-04	839.4	1,118.3	20.9	22.6	48.8	62.4
Jun-04	904.7	1,155.5	7.8	3.3	61.5	67.2
Sep-04	962.7	1,197.7	6.4	3.7	60.5	57.8
Dec-04	1074.6	1,290.1	11.6	7.7	54.8	41.5
Mar-05	1148.5	1,432.2	6.9	11.0	36.8	28.1
Jun-05	1170.3	1,480.0	1.9	3.3	29.4	28.1
Sep-05	1082.9	1,345.9	-7.5	-9.1	12.5	12.4
Dec-05	1067.4	1,323.0	-1.4	-1.7	-0.7	2.5
Mar-06	958.6	1,170.4	-10.2	-11.5	-16.5	-18.3
Jun-06	920.3	1,168.4	-4.0	-0.2	-21.4	-21.1
Sep-06	868.8	1,090.3	-5.6	-6.7	-19.8	-19.0
Dec-06	969.2	1,205.7	11.6	10.6	-9.2	-8.9
Mar-07	929.1	1,178.2	-4.1	-2.3	-3.1	0.7
Jun-07	918.8	1,152.4	-1.1	-2.2	-0.2	-1.4
Sep-07	936.6	1,179.6	1.9	2.4	7.8	8.2
Dec-07	982.0	1,200.7	4.9	1.8	1.3	-0.4
Mar-08	992.9	1,256.6	1.1	4.7	6.9	6.7
Jun-08	1150.2	1,502.1	15.8	19.5	25.2	30.3
Sep-08	1065.6	1,444.1	-7.4	-3.9	13.8	22.4
Dec-08	842.9	1,154.8	-20.9	-20.0	-14.2	-3.8
Mar-09	821.8	1,121.9	-2.5	-2.8	-17.2	-10.7
Jun-09	779.6	1,080.9	-5.1	-3.7	-32.2	-28.0
Sep-09	787.5	1,105.0	1.0	2.2	-26.1	-23.5
Dec-09	765.3	1,099.2	-2.8	0.5	-9.2	-4.8
Mar-10	817.7	1165.5	6.9	6.0	-0.5	3.9

Source: Central Bank of Trinidad and Tobago.

Appendix H
Trinidad and Tobago Mutual Funds Under Management by Type of Fund[1]
March 2003 - December 2009

	AGGREGATE FUND VALUE	MONEY MARKET	EQUITY	AGGREGATE FUND VALUE	MONEY MARKET	EQUITY	AGGREGATE FUND VALUE	MONEY MARKET	EQUITY
	TT$ Million			*Quarterly Percent Change (%)*			*Year-on-Year Percent Change (%)*		
Mar-03	14,918.14	12,664.12	2,254.02	5.4	4.7	9.2	46.8	46.5	48.2
Jun-03	12,645.77	10,290.83	2,354.94	-15.2	-18.7	4.5	27.7	22.8	54.6
Sep-03	18,041.01	15,082.96	2,958.05	42.7	46.6	25.6	41.6	35.8	81.9
Dec-03	19,510.19	15,822.03	3,688.16	8.1	4.9	24.7	37.8	30.8	78.7
Mar-04	22,927.77	18,551.23	4,376.54	17.5	17.2	18.7	53.7	46.5	94.2
Jun-04	24,278.61	19,694.98	4,583.63	5.9	6.2	4.7	92.0	91.4	94.6
Sep-04	25,213.95	20,089.28	5,124.67	3.9	2.0	11.8	39.8	33.2	73.2
Dec-04	26,970.40	21,205.50	5,764.90	7.0	5.6	12.5	38.2	34.0	56.3
Mar-05	28,140.66	21,462.21	6,678.45	4.3	1.2	15.8	22.7	15.7	52.6
Jun-05	29,821.36	22,955.65	6,865.71	6.0	7.0	2.8	22.8	16.6	49.8
Sep-05	31,110.89	24,554.75	6,556.14	4.3	7.0	-4.5	23.4	22.2	27.9
Dec-05	31,304.82	25,029.62	6,275.20	0.6	1.9	-4.3	16.1	18.0	8.9
Mar-06	31,477.52	25,742.18	5,735.34	0.6	2.8	-8.6	11.9	19.9	-14.1
Jun-06	31,071.82	25,498.85	5,572.97	-1.3	-0.9	-2.8	4.2	11.1	-18.8
Sep-06	31,039.68	25,627.01	5,412.67	-0.1	0.5	-2.9	-0.2	4.4	-17.4
Dec-06	31,834.88	26,145.44	5,689.44	2.6	2.0	5.1	1.7	4.5	-9.3
Mar-07	32,172.25	26,441.20	5,731.05	1.1	1.1	0.7	2.2	2.7	-0.1
Jun-07	31,893.44	26,397.62	5,495.82	-0.9	-0.2	-4.1	2.6	3.5	-1.4
Sep-07	33,284.84	27,556.99	5,727.85	4.4	4.4	4.2	7.2	7.5	5.8
Dec-07	34,545.56	28,794.65	5,750.91	3.8	4.5	0.4	8.5	10.1	1.1
Mar-08	34,940.23	29,121.13	5,502.45	1.1	1.1	-4.3	8.6	10.1	-4.0
Jun-08	36,806.96	30,717.73	5,733.47	5.3	5.5	4.2	15.4	16.4	4.3
Sep-08	36,627.16	31,373.90	4,941.86	-0.5	2.1	-13.8	10.0	13.9	-13.7
Dec-08	36,154.62	31,528.35	4,315.63	-1.3	0.5	-12.7	4.7	9.5	-25.0
Mar-09	36,465.79	32,173.01	3,991.58	0.9	2.0	-7.5	4.4	10.5	-27.5
Jun-09	39,266.87	35,105.26	3,854.08	7.7	9.1	-3.4	6.7	14.3	-32.8
Sep-09	40,768.86	36,754.70	3,685.34	3.8	4.7	-4.4	11.3	17.2	-25.4
Dec-09	35,510.14	31,480.57	3,663.70	-12.9	-14.3	-0.6	-1.8	-0.2	-15.1

Source: Central Bank of Trinidad and Tobago.

[1]Aggregate funds under management refer to all funds collected by the Central Bank of Trinidad and Tobago, including funds managed by the Trinidad and Tobago Unit Trust Corporation, Roytrin, Republic Bank Limited and First Citizens Bank Limited.

Appendix I
Private Sector Credit by the Consolidated Financial System

/Year-on-Year Per cent Change/

	PRIVATE SECTOR CREDIT BY INSTITUTION			MAJOR PRIVATE SECTOR CREDIT COMPONENTS		
	BANKS	NON-BANKS	CONSOLIDATED FINANCIAL SYSTEM	CONSUMER CREDIT	REAL ESTATE MORTGAGE LOANS	LOANS TO BUSINESS FIRMS
Aug-06	23.2	-31.1	9.1	16.0	12.1	19.0
Sep-06	23.3	-36.5	7.3	16.9	13.6	19.1
Oct-06	23.7	-35.2	8.1	17.5	13.4	20.4
Nov-06	18.2	-21.1	10.1	18.8	14.8	18.7
Dec-06	18.5	-15.2	11.7	18.5	15.0	23.2
Jan-07	21.9	-22.2	13.2	22.4	13.0	21.1
Feb-07	20.8	-19.1	13.2	20.2	12.5	19.8
Mar-07	20.6	-3.9	16.2	18.3	14.0	21.2
Apr-07	20.5	-4.8	16.0	16.5	14.1	21.0
May-07	20.5	-3.7	16.4	17.6	14.3	18.3
Jun-07	22.8	3.4	19.7	17.1	15.9	23.3
Jul-07	23.9	2.4	20.5	19.6	16.4	21.9
Aug-07	22.9	-8.5	17.8	21.3	18.0	15.6
Sep-07	24.0	-3.5	19.7	20.9	17.4	21.1
Oct-07	23.8	-8.3	18.7	21.6	18.3	17.8
Nov-07	22.5	-5.0	18.4	19.9	18.2	17.3
Dec-07	21.7	-15.3	16.1	21.3	17.5	13.2
Jan-08	23.0	-10.9	18.4	22.1	22.2	15.1
Feb-08	23.1	-9.5	18.7	20.4	21.1	16.2
Mar-08	24.3	-17.2	18.1	18.4	19.7	17.3
Apr-08	25.5	-13.9	19.7	19.7	21.1	19.4
May-08	25.0	-16.6	19.2	19.3	21.5	19.6
Jun-08	18.4	-23.5	12.7	16.3	18.7	8.8
Jul-08	17.5	-20.6	12.4	11.3	18.9	12.4
Aug-08	17.6	-12.9	13.7	11.6	18.4	12.6
Sep-08	16.2	-18.3	11.8	11.4	17.8	9.4
Oct-08	15.4	-19.4	11.1	10.5	16.5	10.9
Nov-08	16.0	-18.4	11.9	9.9	17.2	13.1
Dec-08	13.7	-16.4	10.4	5.7	17.1	11.8
Jan-09	11.0	-14.4	8.4	3.4	15.8	9.9
Feb-09	9.7	-15.7	7.1	3.6	17.4	11.8
Mar-09	5.5	-15.9	3.2	2.0	14.9	9.9
Apr-09	3.2	-16.4	1.2	0.2	13.3	6.9
May-09	3.0	-11.4	1.6	-0.9	12.1	9.5
Jun-09	4.5	13.3	5.3	-0.2	12.4	13.1
Jul-09	3.4	9.1	4.0	1.2	10.3	10.8
Aug-09	1.9	3.6	2.1	-1.5	9.8	9.8
Sep-09	0.2	-5.8	-0.4	-2.2	9.0	6.5
Oct-09	-2.2	-0.1	-2.0	-3.2	11.4	1.5
Nov-09	-4.4	-2.6	-4.2	-4.9	8.5	-1.2
Dec-09	-4.4	0.3	-4.0	-3.4	7.9	-2.5
Jan-10	-4.8	3.6	-4.1	-2.9	8.0	-3.8

Source: Central Bank of Trinidad and Tobago.

Appendices:

Media Releases on the Repo Rate from November 2009 to March 2010

1 **Media Release dated November 20, 2009 -**
Inflation Falls to 2.7 Per cent: Central Bank Lowers 'Repo' Rate by 50 Basis Points to 5.75 Per cent.

2 **Media Release dated December 23, 2009 -**
Inflation Falls to 1.5 Per cent: Central Bank Lowers 'Repo' Rate by 50 Basis Points to 5.25 Per cent.

3 **Media Release dated January 22, 2010 -**
Inflation Falls to 1.3 Per cent: Central Bank Reduces 'Repo' Rate by 25 Basis Points to 5.0 Per cent.

4 **Media Release dated February 26, 2010 -**
Inflation Rises: Central Bank Maintains 'Repo' Rate at 5.0 Per cent.

5 **Media Release dated March 26, 2010 -**
Inflation Trends Upward: Central Bank Maintains 'Repo' Rate at 5.0 Per cent.

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Media Release

INFLATION FALLS TO 2.7 PER CENT: CENTRAL BANK LOWERS 'REPO' RATE BY 50 BASIS POINTS TO 5.75 PER CENT

Recent data on the Retail Prices Index (RPI) released by the Central Statistical Office show a marked deceleration in the rate of inflation. On a year-on-year basis to October 2009, headline inflation decelerated to **2.7 per cent** – the lowest rate since January 2003 – from **4.9 per cent** in September 2009.

Food Inflation, the main driver of the headline inflation rate, slowed to **3.5 per cent** in the twelve months to October from **6.8 per cent** in the previous month. This was the first occasion that food inflation dipped below 4.0 per cent since late 1999. On a year-on-year basis to October 2009, slower price increases were recorded for meat, oils and fats, fruits, sugar and confectionery items in comparison to September 2009, while the rate of increase in the prices of fish and vegetables was somewhat higher. At the same time, the 12-month decline in the prices of bread and cereals as well as in milk, cheese and eggs evident in September was more pronounced in October 2009.

Core inflation, which excludes food prices, also slowed in October. On a year-on-year basis, the rate of core inflation fell to **2.2 per cent** from **3.9 per cent** in the previous month (and 7.4 per cent a year earlier). The sub-indices for recreation and culture as well as clothing and footwear posted year-on-year declines: 5.8 per cent in the case of the former (compared to 1.8 percent increase in September) and 1.6 per cent for the latter category (compared to 1.0 percent decline in September). There was also a broad-based slowdown in most other non-food categories with the exception of health and alcoholic beverages and tobacco. On a year-on-year basis, the cost of health services rose by 6.8 percent in October reflecting increased medical fees (17.4 per cent in October compared with 12.3 per cent the previous month) while increases in the prices of alcoholic beverages and tobacco reflected, in the main, price adjustments by retailers to the tax changes announced in the budget for fiscal 2010.

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The decline in economic activity and the delayed impact of lower international commodity prices, particularly of food items, have contributed to the sharp fall in the inflation rate. In the more subdued economic environment, private sector credit by the consolidated financial system contracted by 0.4 per cent – the first time in seven years - compared with growth of 11.8 per cent in the same time period one year ago. Lending to consumers continued to decline, falling by 2.1 per cent on a year- on- year basis to September. Information at a more disaggregated level reveals that consumer borrowing for the purchase of motor vehicles and for investments in financial assets has slowed sharply. Both **business credit** and **real estate mortgage lending** also lost momentum slowing to **6.5 per cent** and **9.0 per cent**, respectively in the twelve months to September from 9.8 per cent in the previous month.

The decline in credit to the private sector, combined with higher net fiscal injections contributed to elevated levels of **liquidity** in the financial system. With excess reserve balances hovering around TT$2.5 billion, commercial banks, in early November, were requested to deposit TT$2.0 billion in interest-bearing accounts at the Central Bank for a period of one year to eighteen months. Sales of foreign exchange by the Bank also helped to drain excess reserve balances from the financial system.

Against the background of a continuing contraction in domestic economic activity, declining credit demand and low inflation, **the Bank has decided to lower its main policy rate – the "Repo rate" – by 50 basis points to 5.75 per cent.**

The Bank will continue to keep a close watch on domestic, regional and international economic developments.

The next 'Repo' rate announcement is scheduled for December 23, 2009.

November 20, 2009.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	September 2009	October 2009	September 2009	October 2009
Headline Inflation	**2.1**	**(0.7)**	**4.9**	**2.7**
Food Prices	6.0	(1.6)	6.8	3.5
Bread and Cereals	(0.9)	0.5	(7.1)	(7.6)
Meat	1.5	1.5	2.5	1.3
Fish	0.6	5.2	3.5	7.3
Vegetables	6.0	(0.7)	0.8	1.7
Fruits	9.9	(7.6)	40.2	29.3
Milk, Cheese & Eggs	(2.3)	(0.8)	(9.2)	(9.8)
Oils and Fats	(0.4)	(1.0)	4.2	3.0
Sugar, Jam, Confectionery, etc.	2.2	(0.4)	5.2	0.1
Core Inflation	**0.0**	**(0.2)**	**3.9**	**2.2**
Alcoholic Beverages & Tobacco	2.1	7.7	6.3	12.6
Clothing and Footwear	(0.1)	(0.9)	(1.0)	(1.6)
Furnishings, Household Equipment and Routine Maintenance	0.0	0.4	3.5	2.2
Health	(0.1)	1.8	5.2	6.8
Of which: Medical Services	0.0	4.0	10.0	14.1
Housing, Water, Electricity, Gas & Other Fuels	0.0	0.7	2.7	1.4
Of which: Rent	0.0	0.1	4.2	2.8
Home Ownership	0.0	0.0	3.4	0.7
Water, Electricity, Gas & Other Fuels	0.0	2.8	0.0	2.9
Education	0.0	1.7	6.8	3.1
Recreation & Culture	0.0	(8.0)	1.8	(5.8)
Hotels, Cafes & Restaurants	0.0	0.5	8.2	3.8
Transport	0.0	(0.3)	6.6	4.4

Source: Central Statistical Office.

- End -

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Media Release

INFLATION FALLS TO 1.5 PER CENT: CENTRAL BANK LOWERS 'REPO' RATE BY 50 BASIS POINTS TO 5.25 PER CENT

The latest data released by the Central Statistical Office indicate that the pace of inflation has continued to decelerate. **Headline inflation**, measured by the 12-month change in the Index of Retail Prices (RPI), decelerated to **1.5 per cent** (on a year-on-year basis) in November 2009, from 2.7 per cent in October, and 14.3 per cent one year earlier.

It should be recalled that there was an unusual surge in prices in the latter part of 2008. The resulting elevated price level now forms the base for measuring current inflation, and affects the inflation calculations which are done on a year-on-year basis. However, even excluding the "base" effect, inflation during the period January to November 2009 fell to 1.4 per cent compared with 13.6 per cent for the corresponding period of 2008.

Food inflation, which has been a major driver of the headline inflation rate, fell sharply to 0.4 per cent (year-on-year) in November from 3.5 per cent in October. The decrease in food price inflation was led by declines in the prices of milk, cheese and eggs (-9.7 per cent), bread and cereals (-9.3 per cent), vegetables (-1.5 per cent) and meat (-0.3 per cent). The sugar and confectionery group of the food prices sub-index was the only category which experienced a faster rate of growth in November (2.3 per cent compared to 0.1 per cent in October). This increase coincided with a rise in the price of sugar on international markets.

Core inflation, which excludes movements in food prices, declined slightly to 2.1 per cent on a year-on-year basis to November from 2.2 per cent in the preceding month. The marginal fall in the core inflation rate was mainly attributed to a decline in the price of clothing and footwear (-1.7 per cent). In contrast, the alcoholic beverages and tobacco sub-index posted an increase of 13.0 per cent (year-on-year) in November.

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As regards core inflation, the sub-indices for **health and alcoholic beverages and tobacco** posted year-on-year increases of **5.8 per cent** and **8.0 per cent,** respectively in November compared with increases of 6.1 per cent and 14.8 per cent, respectively in October.

A continued slump in domestic private demand in 2009 has been the principal factor behind the sharp fall in inflation. **Private sector credit** by the consolidated financial system fell by 2.0 per cent on a year-on-year basis to October following a decline of 0.4 per cent in the previous month. **Consumer credit** contracted by 3.1 per cent in October following less pronounced declines in the previous two months while lending to businesses slowed sharply to 1.8 per cent in October from 6.5 per cent in September. **Real estate mortgage lending** has remained rather resilient thus far to the uncertain economic environment, rising by 10.6 per cent (year-on-year) in October from 9.0 per cent in September.

The reduction in credit expansion in combination with higher **net fiscal injections** has been reflected in an increase in **banking system liquidity.** For the period October – November 2009, excess reserves averaged close to TT$3.0 billion, three times more than the average for the corresponding period in 2008. To address a persistent liquidity overhang, in November the Central Bank requested commercial banks to deposit TT$2.0 billion in interest-bearing accounts at the Bank for a minimum period of 1 year. Increased sales of foreign exchange also helped to drain excess reserve balances from the financial system. In the upcoming weeks, additional measures will be introduced to absorb excess liquidity in the domestic financial system.

The high level of excess liquidity has helped to suppress **short-term interest rates**, with the discount rate on the three-month treasury bill falling to 1.42 per cent in mid-December 2009 from 1.85 per cent in September. As a consequence, the differential between the TT and US 3-month treasury bill rates has narrowed sharply to 138 basis points in mid-December from 173 basis points in September.

The persistent slowdown in the economy, against a background of subdued inflation, provides additional scope for monetary policy that is geared to boosting private sector economic activity. Accordingly, **the Bank has decided to lower its main policy rate – the 'Repo' rate – by 50 basis points to 5.25 per cent.**

The Bank will continue to keep a close watch on economic developments and stands ready to take early action to restrain inflationary pressures if circumstances so warrant.

The next 'Repo' rate announcement is scheduled for January 22, 2010.

December 23, 2009.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	October 2009	November 2009	October 2009	November 2009
Headline Inflation	**(0.7)**	**(0.9)**	**2.7**	**1.5**
Food Prices	(1.6)	(2.5)	3.5	0.4
Bread and Cereals	0.5	(1.4)	(7.6)	(9.3)
Meat	1.5	(1.2)	1.3	(0.3)
Fish	5.2	(0.2)	7.3	0.8
Vegetables	(0.7)	(2.2)	1.7	(1.5)
Fruits	(7.6)	(5.7)	29.3	27.3
Milk, Cheese & Eggs	(0.8)	0.5	(9.8)	(9.7)
Oils and Fats	(1.0)	0.0	3.0	0.7
Sugar, Jam, Confectionery, etc.	(0.4)	2.4	0.1	2.3
Core Inflation	**(0.2)**	**(0.1)**	**2.2**	**2.1**
Alcoholic Beverages & Tobacco	7.7	0.4	12.6	13.0
Clothing and Footwear	(0.9)	(0.2)	(1.6)	(1.7)
Furnishings, Household Equipment and Routine Maintenance	0.4	0.0	2.2	2.2
Health	1.8	0.0	6.8	6.8
Of which: Medical Services	4.0	0.0	14.1	14.1
Housing, Water, Electricity, Gas & Other Fuels	0.7	0.0	1.4	1.4
Of which: Rent	0.1	0.0	2.8	2.8
Home Ownership	0.0	0.0	0.7	0.7
Water, Electricity, Gas & Other Fuels	2.8	0.0	2.9	2.9
Education	1.7	0.0	3.2	3.2
Recreation & Culture	(8.0)	0.0	(5.7)	(5.7)
Hotels, Cafes & Restaurants	0.5	0.0	3.8	3.8
Transport	(0.3)	0.0	4.3	4.3

Source: Central Statistical Office.

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Media Release

INFLATION FALLS TO 1.3 PERCENT: CENTRAL BANK REDUCES 'REPO' RATE BY 25 BASIS POINTS TO 5.0 PER CENT

The final inflation figures for 2009 released by the Central Statistical Office indicate that **headline inflation** slowed to **1.3 per cent** in the twelve months to December 2009 from 1.5 per cent in November and 14.5 per cent a year earlier.

Food prices were 0.2 per cent lower than in December 2008. The reductions were largely in the prices of **bread and cereals (-7.7 per cent), milk, cheese and eggs (-10.2 per cent), oil and fats (-0.7 per cent)** and **vegetables (-1.3 per cent)**. There were offsetting increases in the prices for **fish (3.7 per cent)** and **fruits (28.5 per cent)**.

Core inflation, which excludes the impact of food prices, was **2.2 per cent** (year-on-year) in December compared with 7.1 percent in December 2008. A major contributor to the deceleration over the course of the year was slower price increases for **household services** (1.4 per cent compared to 7.9 per cent). The sharp decline in inflation during 2009 is mainly attributable to the **slack in domestic demand** resulting from the economic downturn.

During the year, bank credit expansion to the private sector decelerated steadily and by November 2009, credit outstanding was **4.2 per cent** lower than a year earlier. With the exception of real estate mortgage lending, all the major categories of private sector credit weakened substantially. **Consumer credit**, which had been falling since around the middle of 2009, posted a year-on-year decline of **4.9 per cent** in November while **business credit** contracted by **1.3 per cent** in November following growth of 1.8 per cent in the previous month. Real estate mortgage lending remained resilient, increasing by 8.4 per cent in the twelve months to November.

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Higher net fiscal injections along with the sharp contraction in bank credit expansion have contributed to a rise in excess reserves balances in the financial system that persisted into 2010. While for the year to date commercial banks' excess balances have averaged around TT$1.4 billion, the payment of approximately $805 million in quarterly taxes in early January 2010 has helped to drain some of these excess balances from the financial system. Additional sales of foreign exchange have also helped with liquidity absorption.

In the face of significant excess liquidity, short-term interest rates have remained generally depressed with the three-month and six-month Treasury bill rates declining to 1.36 per cent and 1.47 per cent respectively in January from 6.22 per cent and 6.95 per cent in January 2009. There has also been a sharp narrowing in the **differential between TT and US short-term interest rates**, which declined to **130 basis points** in January 2010 from around 607 basis points at the start of 2009.

While the short-term prognosis is for a recovery in economic activity in 2010, private sector demand still remains subdued and is perhaps not likely to strengthen before the second quarter of 2010. With inflationary pressures currently contained, there is room for monetary policy to continue to stimulate domestic demand in order to lay a firm foundation for resumption in economic growth. Against this background, **the Bank has decided to lower its main policy rate – the "Repo rate" – by 25 basis points to 5.00 per cent.**

The Bank will continue to keep a close watch on economic developments and stands ready to take early action to restrain inflationary pressures if circumstances so warrant.

The next 'Repo' rate announcement is scheduled for February 26, 2010.

January 22, 2010.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		**Year-on-Year**	
	November 2009	December 2009	November 2009	December 2009
Headline Inflation	**(0.9)**	**(0.1)**	**1.5**	**1.3**
Food Prices	(2.5)	(0.3)	0.4	(0.2)
Bread and Cereals	(1.4)	(0.9)	(9.3)	(7.7)
Meat	(1.2)	(0.2)	(0.3)	(1.0)
Fish	(0.2)	4.2	0.8	3.7
Vegetables	(2.2)	(0.1)	(1.5)	(1.3)
Fruits	(5.7)	0.4	27.3	28.5
Milk, Cheese & Eggs	0.5	(0.4)	(9.7)	(10.2)
Oils and Fats	0.0	(0.8)	0.7	(0.7)
Sugar, Jam, Confectionery, etc.	2.4	0.2	2.3	1.7
Core Inflation	**(0.1)**	**0.1**	**2.1**	**2.2**
Alcoholic Beverages & Tobacco	0.4	0.6	13.0	14.0
Clothing and Footwear	(0.2)	0.1	(1.7)	(1.5)
Furnishings, Household Equipment and Routine Maintenance	0.0	0.0	2.2	2.2
Health	0.0	0.1	6.8	6.7
Of which: Medical Services	4.0	0.0	14.1	14.1
Housing, Water, Electricity, Gas & Other Fuels	0.0	0.0	1.4	1.4
Of which: Rent	0.0	0.0	2.8	2.8
Home Ownership	0.0	0.0	0.7	0.7
Water, Electricity, Gas & Other Fuels	0.0	0.0	2.9	2.9
Education	0.0	0.0	3.2	3.2
Recreation & Culture	0.0	0.0	(5.7)	(5.7)
Hotels, Cafes & Restaurants	0.0	0.0	3.8	3.8
Transport	0.0	0.0	4.3	4.3

Source: Central Statistical Office.

- End -

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Media Release

INFLATION RISES: CENTRAL BANK MAINTAINS 'REPO' RATE AT 5.0 PER CENT

Recent data released by the Central Statistical Office indicate that **headline inflation** rose by **3.7 per cent** in the twelve months to January 2010 from 1.3 per cent a month earlier. The January increase represents a reversal from the steady decline in inflation from 10.3 per cent in May 2009.

Food price inflation, rose by **2.7 per cent** on a year-on-year basis in January following a decline of 0.2 per cent in December 2009. On a monthly basis, food inflation increased in January by 1.3 per cent – the first monthly increase since September 2009. The rise in food inflation in January came largely from price increases for **fruits (11.7 per cent)** and **fish (3.2 per cent)**.

Core inflation, which excludes the impact of food prices, rose to **4.2 per cent** (year-on-year) in January from **2.2 per cent** in December. On a monthly basis, core inflation rose by 2.2 per cent in January 2010, following an increase of 0.1 per cent in December 2009 and three consecutive monthly declines. The increase in core inflation in January was spread over several categories – alcoholic beverages, clothing and footwear, rent and, most notably, in transportation. In the case of the transportation sub-index, the increase of 10 per cent in January partly reflects the inclusion of cumulative increases in the prices of fuels and lubricants since January 2009.

The sudden rise in inflation in January does not seem to be a response to any major changes in the underlying fundamentals.

Domestic demand remains depressed with **private sector credit** by the consolidated financial system declining by **4.1 per cent** in the twelve months to December 2009. All the major credit categories, save real estate mortgage lending, continue to show weaknesses. **Consumer and business credit** fell by **3.3 per cent** and **2.5 per cent**, respectively in December following declines of **4.9 per cent** and **1.3 per cent** in the previous month. **Real estate mortgage lending**, however, remained quite robust growing by **7.8 per cent** on a year-on-year basis to December.

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Excess liquidity in the financial system has remained high reflecting weak credit expansion. Notwithstanding the recent issuance by the central government of a TT$600 million 15-year bond in early February, excess reserve balances held by commercial banks averaged around TT$1.3 billion significantly above the normal range of TT$400 million – TT$600 million.

The sharp build-up in excess liquidity over the past several months has served to depress short-term interest rates, with the **three-month treasury bill rate** declining to **1.29 per cent** in February from 1.36 per cent in January and from 4.4 per cent a year ago. Long-term bond rates as well as the entire structure of commercial bank interest rates have also trended downwards.

It is not clear whether the sudden jump in inflation in January represents a resurgence of underlying inflationary pressures. At the same time, available indicators suggest that economic activity seems depressed in the context of significant spare capacity. In these circumstances, **the Bank has decided to maintain its main policy rate – the "Repo rate" – at 5.0 per cent.**

The Bank will continue to keep a close watch on economic developments and stands ready to take early action to restrain inflationary pressures if circumstances so warrant.

The next 'Repo' rate announcement is scheduled for March 26, 2010.

February 26, 2010.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	December 2009	January 2010	December 2009	January 2010
Headline Inflation	**(0.1)**	**1.9**	**1.3**	**3.7**
Food Prices	(0.3)	1.3	(0.2)	2.7
Bread and Cereals	(0.9)	(0.2)	(7.7)	(6.6)
Meat	(0.2)	(0.8)	(1.0)	(2.4)
Fish	4.2	3.2	3.7	(0.8)
Vegetables	(0.1)	(1.6)	(1.3)	1.0
Fruits	0.4	11.7	28.5	37.2
Milk, Cheese & Eggs	(0.4)	(0.1)	(10.2)	(9.7)
Oils and Fats	(0.8)	0.3	(0.7)	(1.5)
Sugar, Jam, Confectionery, etc.	0.2	0.6	1.7	0.7
Core Inflation	**0.1**	**2.2**	**2.2**	**4.2**
Alcoholic Beverages & Tobacco	0.6	0.1	14.0	14.0
Clothing and Footwear	0.1	0.7	(1.5)	(1.0)
Furnishings, Household Equipment and Routine Maintenance	0.0	0.3	2.2	1.0
Health	0.1	0.2	6.7	6.6
Of which: Medical Services	0.0	0.4	14.1	14.0
Housing, Water, Electricity, Gas & Other Fuels	0.0	(0.1)	1.4	1.1
Of which: Rent	0.0	4.2	2.8	6.5
Home Ownership	0.0	(0.8)	0.7	(0.2)
Water, Electricity, Gas & Other Fuels	0.0	0.0	2.9	2.9
Education	0.0	0.0	3.2	3.2
Recreation & Culture	0.0	(0.3)	(5.7)	3.1
Hotels, Cafes & Restaurants	0.0	0.5	3.8	3.0
Transport	0.0	10.0	4.3	9.5

Source: Central Statistical Office.

- End -

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Media Release

INFLATION TRENDS UPWARD: CENTRAL BANK MAINTAINS 'REPO' RATE AT 5.0 PER CENT

The latest data released by the Central Statistical Office indicate that **headline inflation**, measured by the 12-month increase in the Index of Retail Prices, rose to **4.8 per cent** in February 2010 from **3.7 per cent** in the previous month. The main influence on the headline rate has come from food prices which rose by **2.8 per cent** during the month of February. On a year-on-year basis to February, **food inflation** measured **6.3 per cent**, up from 2.7 per cent in January. Much of the increase represented higher prices for **fruits** and **vegetables**. After rising by 11.7 percent in January, fruit prices rose by a further **5 per cent** in February. Vegetable prices rose by **6.1 per cent** in February after declining by 1.6 per cent in January. The rise in food inflation suggests that the severe drought is already beginning to have an effect on domestic food prices. This impact is likely to continue and even intensify in the next few months.

Core inflation, which excludes food prices, slowed to 4.0 per cent (year-on-year) in February from 4.2 per cent a month earlier. The main factor contributing to the deceleration in the core rate was a reduction in the prices of **clothing and footwear** which fell by **1.9 per cent** in February following a decrease of 1.0 per cent in January.

The rise in inflation is taking place against the background of a protracted weakness in private sector credit demand. In the twelve months to January 2010, **private sector credit** by the consolidated financial system declined by **4.1 per cent** as loans to business and consumers contracted. On a year-on-year basis, **consumer credit** fell for the sixth consecutive month in January by **2.9 per cent** while **business credit** declined for the third consecutive month by an even larger rate **(-3.8 per cent)**. The only category of credit that has remained resilient to the more fragile economic environment is real estate mortgage lending. This sub-group rose by 8 per cent (year-on-year) in January following increases of similar magnitudes in the previous two months.

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High net fiscal injections, along with the sharp fall in bank credit, have kept excess liquidity in the financial system at elevated levels (averaging TT$1.6 billion during the first quarter of 2010). The recent issuance of a TT$600 million 15-year central government bond has helped to contain the rapid build-up in excess liquidity. In the coming weeks, the issuance of a government bond should also assist in draining some of the excess liquid balances from the system.

The relatively high levels of excess liquidity over the past several months have helped to suppress short-term interest rates which have plunged to record lows. The **three-month and six-month treasury bill rates** declined to **1.28 per cent** and **1.44 per cent**, respectively in March from 1.85 per cent and 2.56 per cent in September 2009. As a consequence, the **differential** between the TT and US three-month treasury bill rates has narrowed to **108 basis points** in March from 173 basis points in September 2009. Monetary policy is now required to face the reality of sluggish economic activity and rising inflation. There is also concern that a continued rise in food prices could result in heightened inflation expectations. These factors could present challenges as to when to reverse the current neutral monetary policy stance. Against this background, **the Bank has decided to maintain the 'Repo' rate at 5.0 per cent.**

The Bank will continue to keep a close watch on economic developments and stands ready to take early action to restrain inflationary pressures if circumstances so warrant.

The next 'Repo' rate announcement is scheduled for April 23, 2010.

March 26, 2010.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Per Cent Change/

	Monthly		Year-on-Year	
	January 2010	February 2010	January 2010	February 2010
Headline Inflation	**1.9**	**0.9**	**3.7**	**4.8**
Food Prices	1.3	2.8	2.7	6.3
Bread and Cereals	(0.2)	(0.2)	(6.6)	(6.3)
Meat	(0.8)	(1.9)	(2.4)	(3.4)
Fish	3.2	0.6	(0.8)	(4.9)
Vegetables	(1.6)	6.1	1.0	9.4
Fruits	11.7	5.0	37.2	40.7
Milk, Cheese & Eggs	(0.1)	0.1	(9.7)	(9.3)
Oils and Fats	0.3	0.3	(1.5)	(1.6)
Sugar, Jam, Confectionery, etc.	0.6	2.5	0.7	3.3
Core Inflation	**2.2**	**(0.1)**	**4.2**	**4.0**
Alcoholic Beverages & Tobacco	0.1	0.4	14.0	14.4
Clothing and Footwear	0.7	(1.0)	(1.0)	(1.9)
Furnishings, Household Equipment and Routine Maintenance	0.3	0.0	1.0	1.0
Health	0.2	(0.1)	6.6	6.3
Of which: Medical Services	0.4	0.0	14.0	14.0
Housing, Water, Electricity, Gas & Other Fuels	(0.1)	0.0	1.1	1.1
Of which: Rent	4.2	0.0	6.5	6.5
Home Ownership	(0.8)	0.0	(0.2)	(0.2)
Water, Electricity, Gas & Other Fuels	0.0	0.0	2.9	2.9
Education	0.0	0.0	3.2	3.2
Recreation & Culture	(0.3)	0.0	3.1	3.1
Hotels, Cafes & Restaurants	0.5	0.0	3.0	3.0
Transport	10.0	0.0	9.5	9.5

Source: Central Statistical Office.

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ISSN 1817-9959