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CENTRAL BANK OF
TRINIDAD & TOBAGO

Monetary Policy Report

October 2009

Volume IX Number 2

MONETARY POLICY REPORT

OCTOBER 2009

VOLUME IX NUMBER 2

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

Since the publication of the last Monetary Policy Report, the global economic landscape has improved markedly. Financial market sentiment has rebounded, commodity prices are on the rise and there are signs of economic recovery in most advanced and emerging market countries.

However, analysts caution about the strength and sustainability of the recovery which, so far, in advanced countries is largely based on temporary factors, including major fiscal stimuli, central banks' support for credit markets, and the restoration of falling inventories. They also note that, in most advanced economies, unemployment has continued to edge upward.

Since the impact of the temporary factors could be expected to weaken and with consumption and investment projected to gain strength only slowly, the outlook is for a rather weak recovery.

In the latest IMF projections, the advanced economies are expected to expand sluggishly through much of 2010 and register growth of only 1.3 per cent for 2010 as a whole. Emerging market economies are projected to register real growth of 5.1 per cent in 2010, led by China, India and a number of Asian economies (Table Ia).

Table Ia
Real GDP Growth - Selected Economies

/per cent/	2007	2008	2009p	2010p
Advanced Economies	**2.7**	**0.6**	**-3.4**	**1.3**
US	2.1	0.4	-2.7	1.5
UK	2.6	0.7	-4.4	0.9
Eurozone	2.7	0.7	-4.2	0.3
Emerging Markets	**8.3**	**6.0**	**1.7**	**5.1**
China	13.0	9.0	8.5	9.0
India	9.4	7.3	5.4	6.4

Source: International Monetary Fund World Economic Outlook, October 2009.

Chart Ia
International Stock Market Indices - Advanced Economies

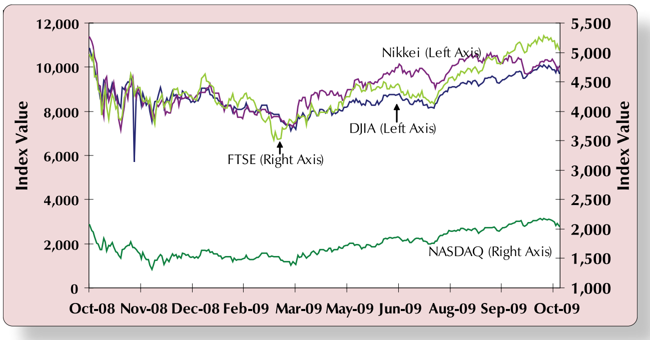


Chart Ib
International Stock Market Indices - Emerging Economies

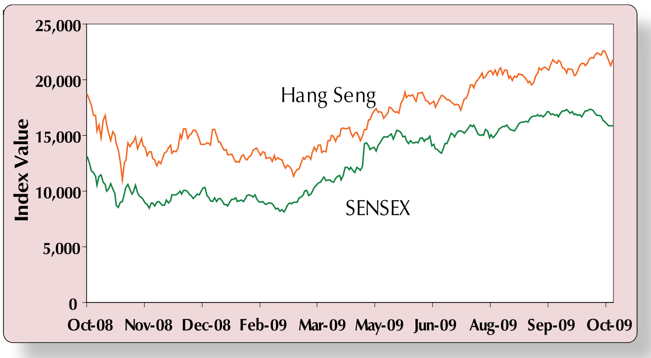


Chart Ic
Energy Prices

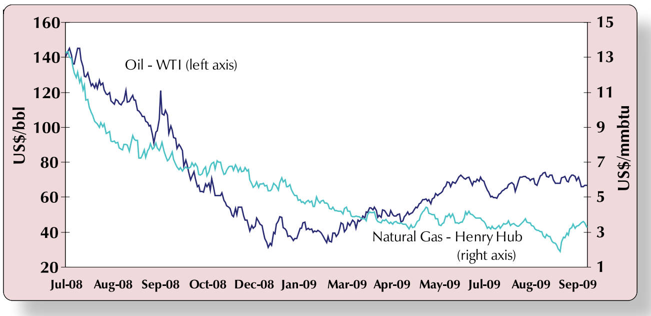
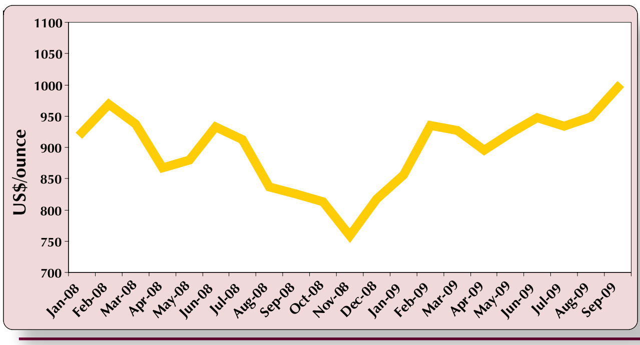


Chart Id
Gold Prices



Expectations of recovery, public intervention and low policy interest rates are being reflected in **a rebound in global financial markets**. Since the second quarter of 2009, spreads in the major inter-bank markets have fallen sharply and equity markets, both in the advanced and emerging economies, have rallied (Charts Ia and Ib).

After a sharp fall beginning in the second half of 2008, **commodity prices** have also begun a steady climb. The largest increase has been in crude oil, but metal and food prices have also shown sizeable gains (Charts Ic and Id).

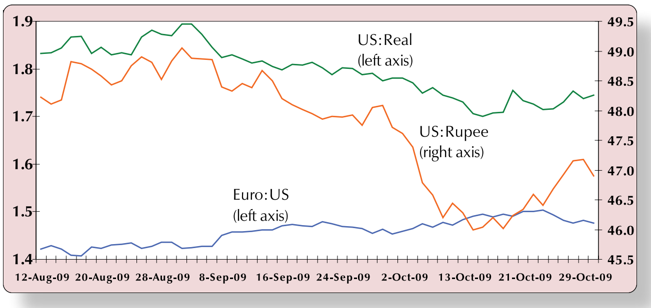
The easing of the global crisis and the return of some appetite for risk in international markets have contributed to a **recent depreciation of the US dollar** against many emerging market currencies and the euro (Chart Ie). At the height of the crisis, the US dollar strengthened against these currencies because of an increase in "safe-haven" inflows.

Economic activity in the CARICOM region has been buffeted by the sharp decline in global tourism and workers remittances as well as the fall in demand and prices for the region's commodity exports. Tourist arrivals in the Bahamas, Barbados and the Eastern Caribbean states have fallen by an average of 10-15 per cent. In Jamaica, the decline has been contained to below 5 per cent, due, in part, to intensified promotion and considerable price discounting.

Based on data for the first half of the year, workers' remittances to the Caribbean region have been estimated to have declined by an average of 10 per cent. Jamaica is projected to experience a larger decline in excess of 15 per cent.

The global recession has also led to a decline in commodity exports from the region. Plummeting demand and export prices for aluminium have battered key exporters in Jamaica, Suriname and Guyana, resulting in a large reduction in export receipts, government revenue, output and employment. Guyana has enjoyed some offset via an increase in gold prices. Trinidad and

Chart Ie
International Exchange Rates



Tobago has been negatively affected by the decline in oil and gas prices.

As shown in Table Ib, nine of the fourteen CARICOM countries (excluding Montserrat) are projected to register negative growth in 2009. Dominica, Guyana, Suriname and Haiti are expected to achieve modest positive growth. All countries in the region have enjoyed a marked deceleration in inflationary pressures (Table Ic).

Table Ib
CARICOM Economies - Real GDP Growth

	2008	2009^p	2010^p
Antigua & Barbuda	2.8	-6.5	-1.5
Bahamas	-1.7	-3.9	-0.5
Barbados	0.2	-3.0	0.0
Belize	3.8	1.0	2.0
Dominica	3.2	1.1	2.0
Grenada	2.2	-4.0	0.0
Guyana	3.0	2.0	4.0
Haiti	1.2	2.0	2.7
Jamaica	-1.0	-3.6	-0.2
St. Lucia	0.7	-2.5	-0.4
St. Kitts & Nevis	2.4	-2.0	0.0
St. Vincent & the Grenadines	0.9	-1.1	2.1
Suriname	6.0	1.5	3.5
Trinidad & Tobago	2.3	-2.0	2.0

Source: International Monetary Fund World Economic Outlook, October 2009 and Central Bank of Trinidad and Tobago.

Table Ic
CARICOM Economies - Inflation Rates

	2008	2009p	2010p
Antigua & Barbuda	5.3	-0.8	2.5
Bahamas	4.5	1.8	0.6
Barbados	8.1	3.5	5.2
Belize	6.4	2.7	1.8
Dominica	6.3	1.8	1.6
Grenada	8.0	1.4	3.2
Guyana	8.1	2.9	3.5
Haiti	14.4	3.5	3.9
Jamaica	22.0	9.4	8.7
St. Lucia	7.2	2.2	2.8
St. Kitts & Nevis	5.4	3.4	2.1
St. Vincent & the Grenadines	10.1	4.2	2.9
Suriname	14.6	7.5	6.0
Trinidad & Tobago	12.1	7.2	5.0

Source: International Monetary Fund World Economic Outlook, October 2009.

The Domestic Economy

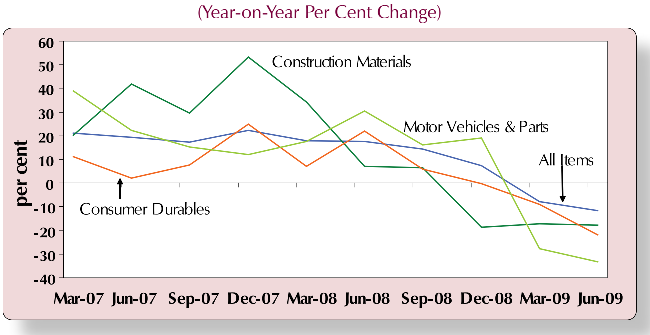
According to the Central Bank's Quarterly Gross Domestic Product Index, **real GDP** is estimated to have registered a decline of 3.6 per cent in the quarter ended June 2009, following declines of 4.6 per cent in the first quarter of 2009 and 1.0 per cent in the last quarter of 2008. Whereas the second quarter estimates show some pick-up (2.2 per cent) in energy sector activity, largely reflecting higher output of natural gas and petrochemicals, activity in the non-energy sector remained depressed, declining by 7.5 per cent. Within the non-energy sector, the second quarter indicators reveal a decline in activity in the construction and the distribution sectors and a pronounced fall in manufacturing output, reflecting reduced demand from regional markets (Table Id)..

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

	QIII-08r	QIV-08r	QI-09r	QII-09p
Total	**4.2**	**-1.0**	**-4.6**	**-3.6**
Energy	**1.3**	**-4.3**	**-1.2**	**2.2**
Petrochemicals	0.4	-14.4	-4.3	1.9
Other Petroleum	1.4	-3.0	-0.8	2.2
Non Energy	**6.2**	**1.2**	**-8.2**	**-7.5**
Manufacturing	-4.6	-8.8	-12.3	-4.2
Finance, Insurance and Real Estate	3.8	1.7	-2.8	-3.4
Distribution	16.0	2.9	-14.6	-12.4
Construction and Quarrying	3.4	2.9	-2.0	-7.3
Agriculture	10.1	26.8	10.9	-5.5

Source: Central Bank of Trinidad and Tobago estimates.

Chart If
Index of Retail Sales
(Year-on-Year Per Cent Change)



Available **indicators of private demand** support the overall picture of still depressed activity. For example, the index of retail sales declined by 11.7 per cent (year–on-year) in the second quarter, following a fall of 7.7 per cent in the first quarter. Sales of construction materials, consumer durable and automobiles all showed declines (Chart If). Consumer credit from banks continued to decline and while credit card debt outstanding showed some increase, this may be related to an increasing trend towards partial payments (as opposed to elimination of outstanding balance) by credit card holders (Chart Ig).

Chart Ig
Credit Card Loans
(Year-on-Year Per Cent Change)

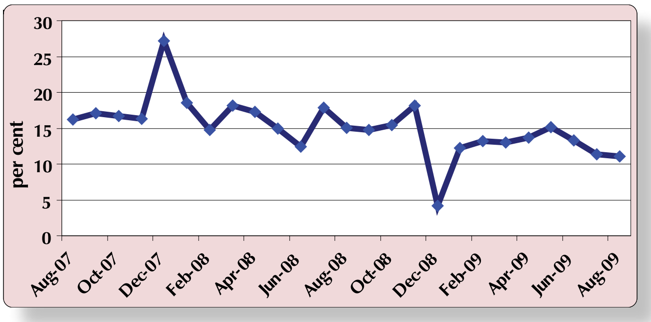


Chart Ih
Trends in Labour Force and the Unemployment Rate

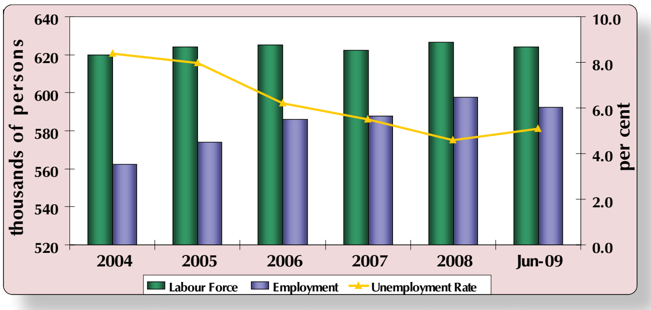


Chart Ii
Index of Retail Prices
(Year-on-Year Per Cent Change)

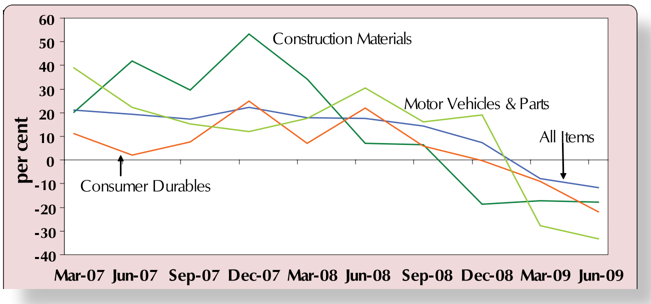
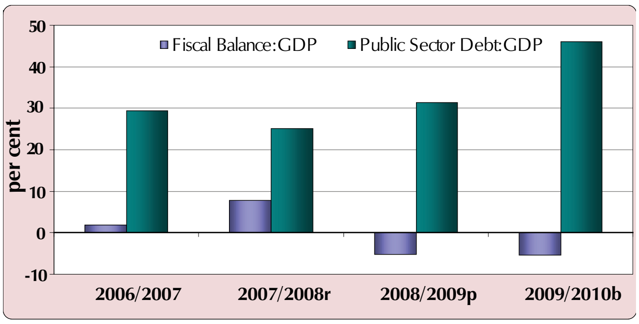


Chart Ij
Fiscal Balance and Gross Public Sector Debt



The **latest unemployment data** show a slight increase in the unemployment rate to 5.1 per cent in the second quarter of 2009, up from 5 per cent in the first quarter. The data indicate a second-quarter loss of 5,700 jobs. However, this was partly compensated by the fall in the labour force as fewer persons indicated that they were on the job market (Chart Ih).

The decline in economic activity and demand and the delayed impact of the decline in food prices have contributed to a sharp **fall in the inflation rate** from a high of 15.4 per cent in October 2008 to 4.9 per cent in September 2009. Food inflation declined from a high of 34.6 per cent (year-on-year) to 6.8 per cent, while core inflation, which is a better measure of underlying inflationary pressures, declined from 5.8 per cent to 3.9 per cent (Chart Ii).

In an effort to compensate for sluggish domestic demand and address rising unemployment, **fiscal policy** sought to maintain expenditure levels, in the face of a sharp decline in revenues. The result was a fiscal deficit of about 5.3 per cent of GDP in FY 2009 following years of fiscal surpluses. This policy stance was justified by the fiscal space afforded by falling inflation and a very comfortable public debt position.

To support the recovery of economic activity and employment, **the central government budget for FY 2010** provides for another deficit of around 5.4 per cent of GDP. It is estimated that this deficit will leave the level of public debt at a still comfortable level of 46 per cent of GDP. In the budget statement, the Government also made a commitment to return to fiscal balance by FY2012 (Chart Ij).

For the past several months, **monetary policy** has been accommodating. Concerns about the state of the economy and employment prospects have led to a strong withdrawal of private demand, which is reflected, in part, in the virtual stagnation in bank credit expansion and a strong rise in deposits in the banking system. The resulting build-up in liquidity has created the environment for a sharp drop in money market interest rates. With inflation

Chart Ik
Treasury Bill Rates

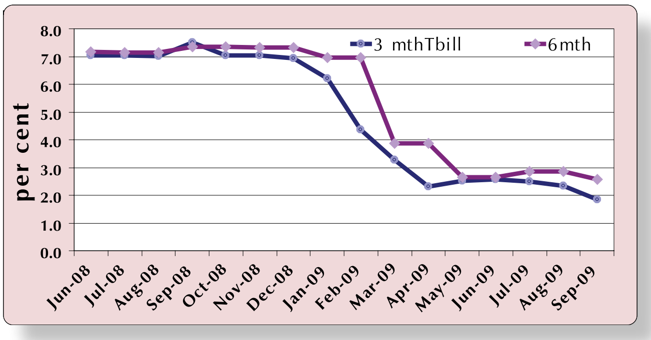


Chart Il
Bond Market Yield Curve

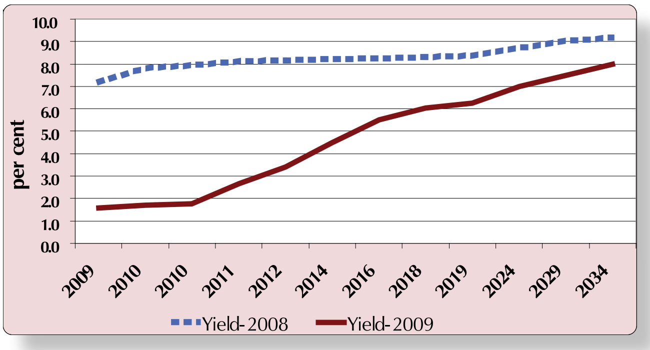


Chart Im
Trinidad and Tobago Stock Price Indices
(Year-on-Year Per Cent Change)

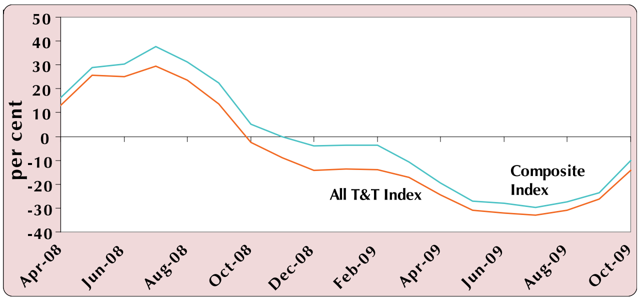
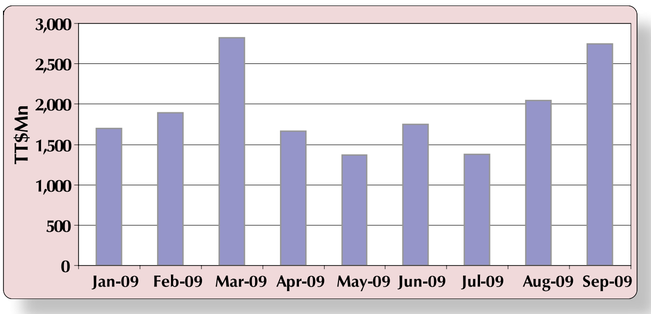


Chart In
Commercial Banks' Excess Reserves



on the decline, the Central Bank has seized the opportunity to reduce the policy interest rate, which, in turn, has led to a fall in the commercial banks' prime lending rate.

The Central Bank has also taken to steps to absorb much of the **excess liquidity** in the banking system through a special deposit facility for commercial banks. Increased sales of foreign exchange have also helped in liquidity absorption.

Since the last MPR in April, the **six-month treasury bill rate** has declined by 242 basis points to 1.46 per cent, while the 1-year treasury note has declined by 487 basis points to 3.00 per cent (Chart Ik). While rates on long-term government securities have also declined, the yield curve has steepened considerably (Chart Il).

Unlike the trend in the US, the perception that the economic decline has not yet bottomed out seems to be contributing to continued risk aversion by investors. The **equity market** declined by 6.6 per cent through the first three quarters of 2009; the growth of **mutual funds** is also lagging behind the pace of previous years and inflows are being allocated to money market as against equity funds (Chart Im). Meanwhile, in the context of excess bank liquidity, **government bond issues** are over-subscribed and the demand for foreign exchange remains unusually high (Chart In).

The Central Bank's latest survey show that residential house prices declined by a further 10.1 per cent over the first six months of 2009 following a decline of 11.8 per cent in 2008. Meanwhile, the number of residential mortgages approved in the nine months to September 2009 was 28.7 per cent below the level recorded over the same period of 2008.

On the external front, despite some **upturn in energy prices** and export volume in the past few months, export receipts in the first seven months of 2009 were 40.8 per cent below the corresponding period of last year. The data show declines in both energy (38.8 per cent) and non-energy (53.3 per cent) exports. Imports for the same period are also down sharply from last year (Chart Io).

Chart Io
Energy and Non-Energy Exports and Imports

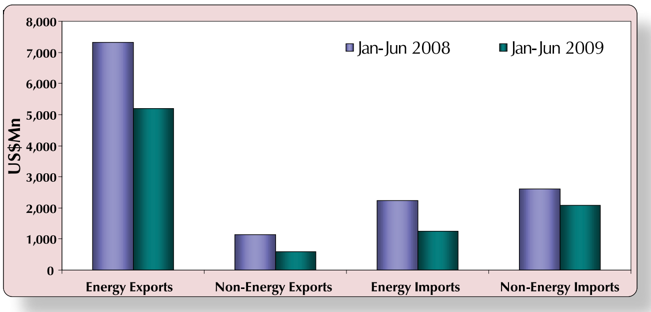


Chart Ip
Authorized Dealers Purchases and Sales of Foreign Exchange to the Public

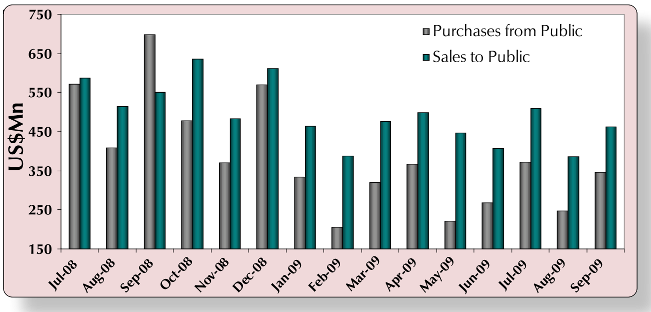


Chart Iq
Central Bank Sales of Foreign Exchange to Authorized Dealers

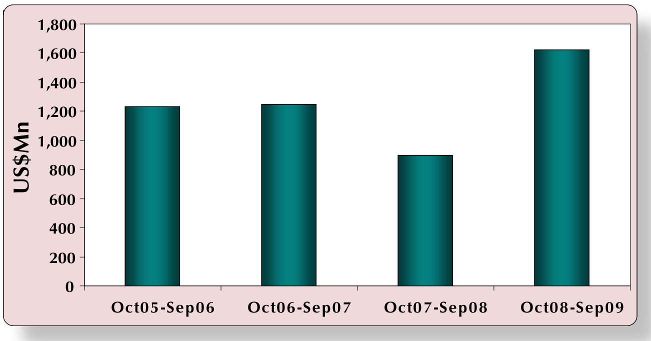
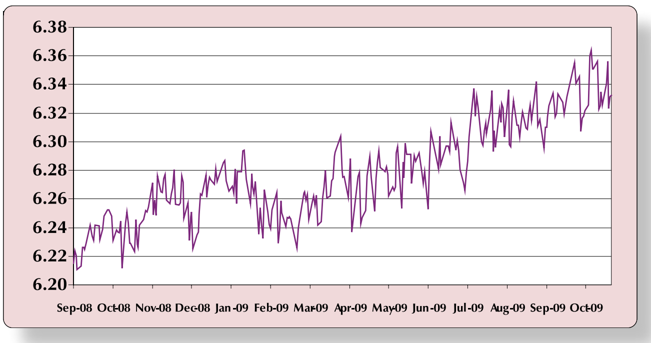


Chart Ir
TT:US Exchange Rate



The fall in export receipts has meant a sizeable reduction in foreign exchange sales to the banking system. However, foreign exchange demand has not fallen in line with the decline in imports. The persistently strong foreign exchange demand is facilitated by the significant levels of excess liquidity and the sharp decline in interest rate differentials. To address the **imbalance in the foreign exchange market,** the Central Bank has more than doubled its sales of foreign exchange to the authorized dealers (Charts Ip and Iq).

In addition, there has been a marginal depreciation of **the exchange rate** of the TT dollar in terms of the US dollar (Chart Ir). Given the recent strengthening of the euro, as at end-October, the TT dollar/euro exchange rate was 5.5 per cent more depreciated than at the beginning of the year (Chart Is).

Short-Term Outlook

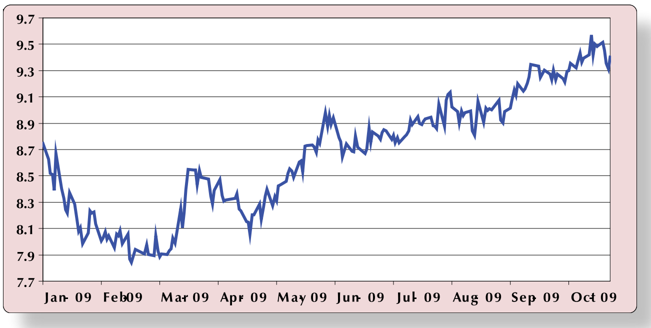
The global outlook continues to be clouded in uncertainty. In the US, notwithstanding the resumption of growth in the third quarter, Federal officials remain cautious for the remainder of 2009 and concerned about the likely impact that winding down of Government's special stimulus measures could have on the economy in 2010. To provide confidence for a resurgence in private sector activity, the Federal Reserve Bank announced that policy interest rates would remain at their current level of close to zero for the next six months.

Similar sentiments are being expressed in the Eurozone where the signs of recovery are also weak and in the UK where there is not yet sufficient evidence that the recession has ended.

With unemployment in both the US and the UK likely to remain high in the next six months, recovery in the tourism and remittance-dependent economies of the CARICOM region is also expected to lag.

In Trinidad and Tobago, the decline in GDP in the first half of the year, estimated at 4.1 per cent (compared with the corresponding period last year), has been much

Chart Is
TT:Euro Exchange Rate



larger than originally expected. Moreover, the few third quarter indicators that are available show no convincing signs of a pick-up in private demand. Accordingly, the Bank is now projecting the decline in GDP in 2009 at between 1.5 – 2.0 per cent compared with earlier projections of 0.9 per cent. Given the significant easing of inflationary pressures over the past few months, our projection of end-December inflation has been revised downwards to between 5-6 per cent.

The strengthening of oil prices (which is an important psychological indicator in Trinidad and Tobago), the consolidation of the global recovery, and further interest rate reductions, should help boost domestic consumer confidence and lead to a moderate pick up in private demand by about the second quarter of 2010. This, combined with planned government expenditures on infrastructural projects, should contribute to the achievement of the 2.0 per cent growth rate projected for 2010. The inflation target for 2010 remains 5.0 per cent.

The main risk to this scenario is a sharp resurgence in inflation, due to a sudden rise in food prices or too fast an expansion in domestic demand. Such an outcome could create challenges for monetary policy which would need to balance the requirements of supporting growth and dampening inflation.

Beyond 2010, the central issue will be Government's ability to bring the fiscal accounts back into balance by 2012, as envisaged in the 2010 budget strategy. While international gas prices, which have a major influence on Government's revenue, have risen in the last two months, experts continue to believe that given global over-supply, prices could settle in the US$2.50 - $3.50 range for the next few years.

Such a scenario will require a substantial boost to domestic revenue or equivalent expenditure restraint to achieve fiscal balance. It is to be emphasized that returning to fiscal balance is important to maintaining public debt at acceptable levels and for allowing the resumption of transfers to the HSF.

Even with the larger-than-expected decline in GDP in 2009, Trinidad and Tobago has weathered the global recession well, thanks to the fiscal space resulting from years of budget surpluses and low public debt. The return to fiscal balance combined with a national policy to raise productivity and a clearly defined diversification strategy will go a long way to ensuring sustainable long-term growth.

Chart IIa
Monetary Policy Responses

Liquidity Management Measures

June 2008:	The commercial banks' deposit of $500 million that was placed in an interest-bearing account at the Central Bank in June 2006 was rolled over for a second time in June 2008.
July 2008:	A TT$1,200 million 9-year government bond was issued at a coupon rate of 8.25 per cent on July 2 to absorb the liquidity arising from the sale of RBTT. The total bids received amounted to TT$1.976 billion as the bond was heavily oversubscribed. With effect from July 30 2008, the primary reserve requirement of the commercial banks was increased to 15 per cent of prescribed liabilities from 13 per cent.
Nov 2008:	The third time for the year, the Central Bank increased the cash reserve requirement of the commercial banks by 2 percentage points, from 15 per cent to 17 per cent, with effect from November 5 2008.
Nov 2008:	A Central Bank 91 day bill for $500 million was issued on November 28 2008.
Dec 2008:	The commercial banks' deposit of $1 billion in an interest bearing account at the Central bank was rolled over for another year.
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.

PART II – Monetary Policy

Monetary Policy

International Setting

Signs of a nascent economic recovery in developed countries have prompted several central banks to pause on the policy of monetary loosening underway since the beginning of 2009. In the United States, the Federal Reserve kept its target interest range unaltered at between 0 percent and 0.25 percent while adopting a plan to slow the pace of its purchases of both agency debt and agency mortgage-backed securities. The European Central Bank also kept its benchmark rate on hold at 1 percent in November and signalled that, in light of some evidence of economic stabilization, it would reduce the scale of its liquidity operations. Similarly, while keeping its key rate on hold, the Bank of Japan adjusted its policy to reflect modest improvements in credit markets and the economy. Meanwhile, with the United Kingdom economy failing to pull out of recession during the third quarter, the Bank of England kept its benchmark rate on hold for an eighth consecutive month in November and increased the scope of its program of quantitative easing. The Reserve Bank of Australia was the first of the developed nations to tighten monetary policy, with two increases in its key rate since October. Norway's central bank also raised rates by 25 basis points to 1.25 percent in November.

The policy dilemma of when and how to exit from unusually loose monetary policy without jeopardizing economic growth extends to central banks in developing countries. Following aggressive interest rate hikes between 2006 and 2008, most central banks from emerging market economies reversed course sharply since the end of 2008 in the wake of the global crisis. Although there are marked differences in the speed of economic recovery across emerging markets, the general expectation is that monetary authorities will start moving away from a very loose monetary policy stance toward a more neutral one in 2010.

Chart IIb
Monetary Policy Responses

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.

Chart IIc
Interest Rates on New Loans

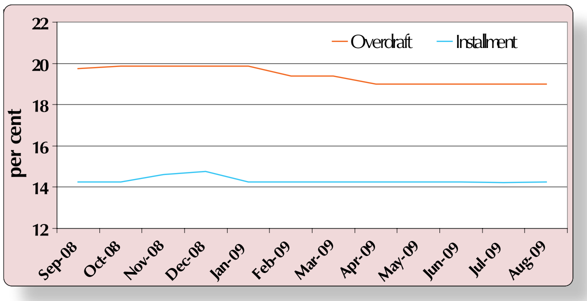
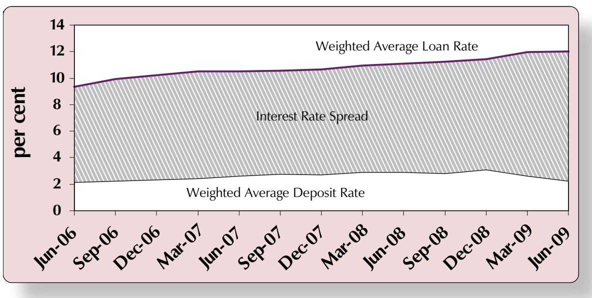


Chart IId
Weighted Average Loan and Deposit Rates



Domestic Setting

In Trinidad and Tobago, the Central Bank eased its monetary policy stance in 2009 amid the marked slowdown in economic activity, sluggish credit growth and weakening inflationary pressures. In view of the marked slowdown in economic growth, benign credit expansion and declining inflationary pressures which characterized most of 2009, the Central Bank adopted an accommodative monetary policy stance aimed at stimulating economic activity. The Bank's policy rate, the 'Repo' rate, was reduced on six separate occasions between March and September 2009 by a total of 250 basis points. In October, the Bank decided to maintain the rate at 6.25 percent in the context of a slight uptick in inflation (Chart IIb).

Despite a drop in commercial bank prime interest rates in response to the trajectory of the Central Bank's 'Repo' rate during the year, there was little pickup in credit and excess liquidity rose to unprecedented levels.

The reduction in prime lending rates did not translate into concomitant drops in average loan rates. The median prime lending rate of commercial banks declined from 13 per cent in March 2009 to 11.25 per cent by the end of September. However, this downward adjustment was not reflected in the commercial banks' weighted average lending rate (WALR) which stayed relatively flat at around 12 percent. While the median rate on new overdraft loans declined marginally from 19.38 per cent in March 2009 to 19.00 per cent in August 2009, interest rates on new installment loans remained at around 14.25 per cent (Chart IIc). On the other hand, the weighted average deposit rate declined from 2.65 per cent in March 2009 to 2.29 per cent in June 2009. Consequently, the interest rate spread widened from 9.32 per cent in March 2009 to 9.71 per cent in June 2009 (Chart IId).

With high excess liquidity persisting into the third quarter, short-term interest rates on interbank loans and on treasury bills declined significantly. Excess liquidity,

Chart IIe
Short Term Money Market Interest Rates

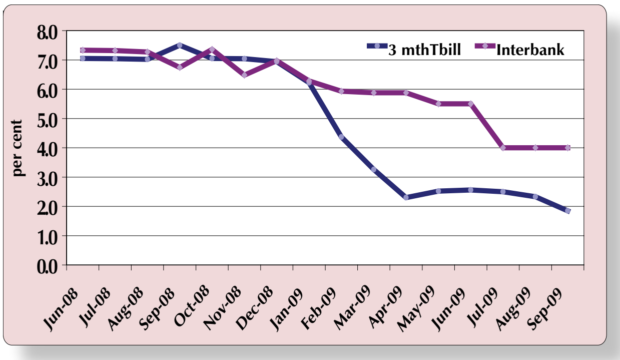
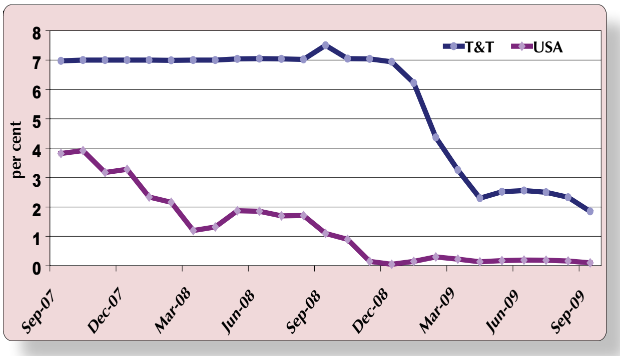


Chart IIf
Comparative 90-day Treasury Bill Rates: Trinidad and Tobago and the United States



measured by the level of commercial bank reserves at the Central Bank greater than the required levels, rose from an average of $1,895.7 million in January to $2,776.2 million in September. As such commercial banks made little use of the inter-bank market or the Central Bank's repurchase window. Inter-bank activity averaged $16 million per month between January and September compared to a monthly average of $282.2 million over the same period a year earlier while repo activity was virtually zero in 2009. The inter-bank rate declined from 6.50 per cent in January 2009 to 4.00 per cent in September 2009 (Chart IIe). Meanwhile 3-month government treasury-bill rates plummeted from 6.22 per cent in January to 1.85 per cent by September resulting in a narrowing of the interest rate differential with 3-month US treasury-bill rates from 6.07 per cent to 1.73 per cent (Chart IIf).

While there was limited scope for liquidity absorption through the issue of treasury bills and notes given legislative ceilings on open market operations, the issuance of a $1.5 billion government bond in April and two additional government placements totalling $648.5 million in June temporarily reduced excess reserves. Along with these measures, a $500 million compulsory deposit facility that had matured in June 2009 was renewed for another year and, in early November, commercial banks were required to deposit $2 billion in interest-bearing accounts at the Central Bank for a period of one year to eighteen months. In addition, the sale of US$1,394.5 million by the Central Bank to authorized foreign exchange dealers absorbed $8,679.8 million over the period January 2009 to September 2009

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

	Oct 06 - Sep-07	Oct 07 - Sep-08	Oct 08 - Sep-09
Net Fiscal Injections	**12,189.6**	**12,658.2**	**16,447.4**
Liquidity Absorption Measures			
Open Market Operations	3,457.8	8,230.3	500.0*
CBTT Sale of Foreign Exchange	7,758.0	5,610.4	10,093.0
Central Gov't Bond Issues	2,392.3	1,200.0	0.0

* Represents a $500 million Central Bank Bill issued in November 2008.

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

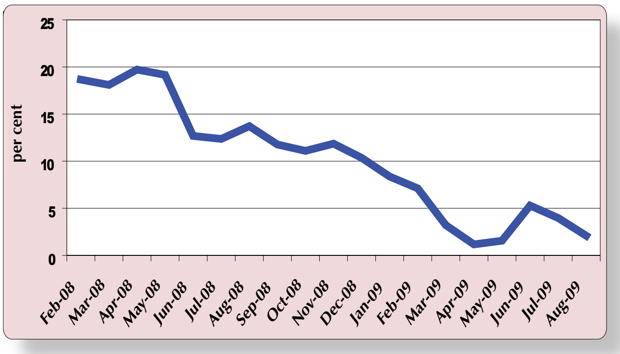
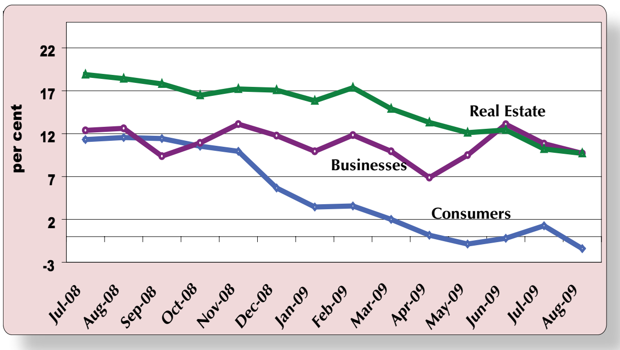


Chart IIh
Credit by the Consolidated Financial System
(Year-on-Year Per Cent Change)



compared with $3,704.9 million in the same period of 2008 (Table IIa).

Despite the more accommodative policy stance, growth in private sector credit from the consolidated financial system slowed to 2.1 per cent on a year-on-year basis to August 2009, compared with 10.4 per cent in December 2008. Of the major credit categories, consumer lending exhibited the sharpest deceleration, from 5.7 percent in December 2008 to -1.4 percent by August 2009 (Chart IIg). Loans for the purchase of motor vehicles, financial assets and refinancing were especially restrained. Growth in business loans was less affected, moderating to a 12-month rate of 9.7 per cent in August 2009 compared with 11.8 per cent in December 2008 (Chart IIh).

Developments in the Foreign Exchange Market

Due to reduced earnings by energy sector companies consequent on relatively lower energy prices, there has been a marked reduction in the conversion of foreign exchange in the first ten months of 2009 compared with the corresponding period one year earlier. Between January and October 2009, authorized dealers' purchases from the public totalled US$2,759.8 million, or US$2,086.2 million lower than year earlier period. Meanwhile, sales to the public amounted to US$4,193.0 million compared with US$5,370.7 million from the same period of 2008. This resulted in the Central Bank selling US$1,389 million to support the market, significantly surpassing the US$595 million sold between January and October 2008. On the demand side, high levels of domestic liquidity coupled on the supply side with the lumpiness of private sector foreign exchange inflows have likely contributed to the existence of temporary queues for foreign exchange (see Box 1). The TT$/US$ weighted average selling rate rose by 1.0 per cent from TT$6.2993 since the beginning of the year, to TT$6.3595 at the end of October 2009.

Box 1
The Foreign Exchange Market

The foreign exchange market in Trinidad and Tobago has undergone significant change since 1993 when exchange controls were lifted and the exchange rate was allowed to float. Commercial banks, non-banks and bureaux de change are the financial intermediaries which are authorised to buy and sell foreign exchange. Firms and individuals buy foreign currency from these authorized dealers in order to meet foreign payment obligations or sell foreign currency in exchange for local currency. The Central Bank of Trinidad and Tobago oversees the overall conduct of the market and may buy or sell foreign exchange to commercial banks and non-banks in order to maintain stability in the market and minimize volatility in the exchange rate.

Given that the larger foreign exchange inflows tend to be lumpy and occur at discrete intervals while the demand is spread more evenly over the year, the foreign exchange market experiences, from time to time, periods of demand pressures. In order to better balance demand and supply conditions in the market, the Central Bank, in 1993, introduced a sharing arrangement whereby foreign exchange receipts of some major suppliers in the energy sector would be shared among all banks.

Not unexpectedly, in the aftermath of the global economic crisis, softer prices for commodity exports as well as weaker demand in Trinidad and Tobago's major export markets have adversely impacted foreign exchange inflows. For the first nine months of 2009, purchases of foreign exchange by commercial banks from the public were 39 per cent lower than in the corresponding period of 2008. At the sectoral level, purchases by the commercial banks from the energy and non-energy sectors were down by about one-third and one-half, respectively.

Despite a significant contraction in imports in the first half of 2009, the demand for foreign exchange still remains relatively strong. For the year to September 2009, the major users of foreign exchange were retail and distribution, manufacturing and credit card centres, which accounted for 28 per cent, 15 per cent and 12 per cent, respectively of total sales.

In an effort to enhance the smooth functioning of the market, the Central Bank has increased its sales of foreign exchange to the market as demand conditions necessitate. In the first nine months of the year, the Bank sold a total of US$1.3 billion to the market, more than twice the amount compared to the same period a year earlier.

Box 1 cont'd

Foreign Exchange Purchases and Sales

(US$ million)

Commercial Banks' Purchases			
	January – September 2008	January – September 2009	% Change
Total Purchases	**4369**	**2679**	**(38.7)**
Energy Sector	*2171*	*1562*	*(28.1)*
Sharing Companies	*807*	*520*	*(35.6)*
Other	*1364*	*1042*	*(23.6)*
Non-Energy Sector	**2198**	**1117**	**(49.2)**

Commercial Banks' Sales			
	January – September 2008	January – September 2009	% Change
Total Sales	**4734**	**4036**	**(14.7)**
Of which:			
Retail and Distribution[e]	*1231*	*1131*	*(8.1)*
Manufacturing[e]	*710*	*525*	*(26.1)*
Credit Card Centres[e]	*569*	*484*	*(14.9)*
Central Bank Sales	*595*	*1339*	*125.0*

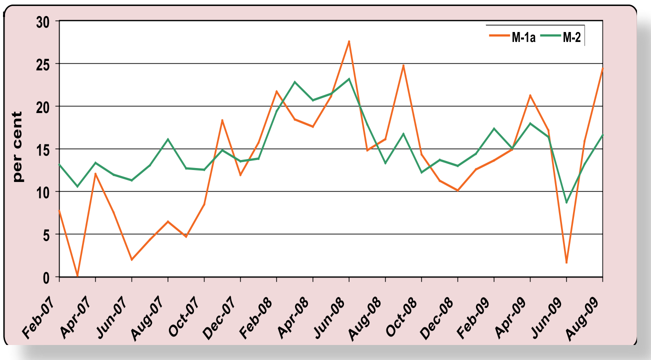
e – estimate.

Source: Central Bank of Trinidad and Tobago.

Part III - Monetary and Financial Sector Developments

Monetary Aggregates

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



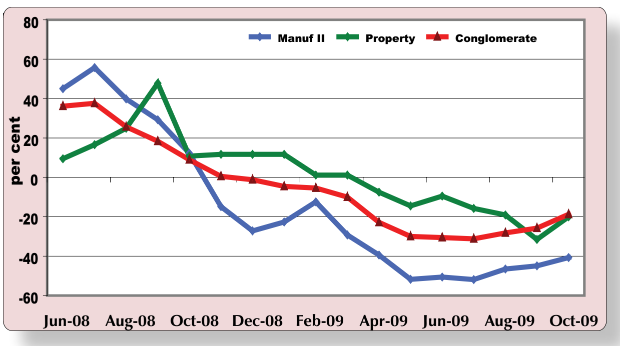
The growth in the monetary aggregates was relatively rapid in the year to August 2009. Narrow money, (M-1A), defined as currency in active circulation plus demand deposits, grew by 24.4 per cent in August 2009 on a 12 month basis compared with 16.1 per cent in the corresponding period of 2008. This quicker pace of growth in M-1A was on account of demand deposits which increased by 29.2 per cent in August 2009 compared with 16.3 per cent a year earlier. However, the other component of M-1A, currency in active circulation, slowed to 8.8 per cent in August 2009 compared with 15.6 per cent over the same period one year earlier.

M2, which includes M-1A plus savings and time deposits, expanded by 16.6 per cent in August 2009, compared with 13.3 per cent in the corresponding period of 2008. This trend reflected the strong growth in time deposits to 15 per cent in August 2009 while savings deposits expanded at a slower pace of 10 per cent (Chart IIIa).

Given the relatively low rates of return on alternative investment instruments such as stocks and equity mutual funds, there appears to be less incentive for investors to move surplus funds out of demand, savings and time deposit accounts at commercial banks.

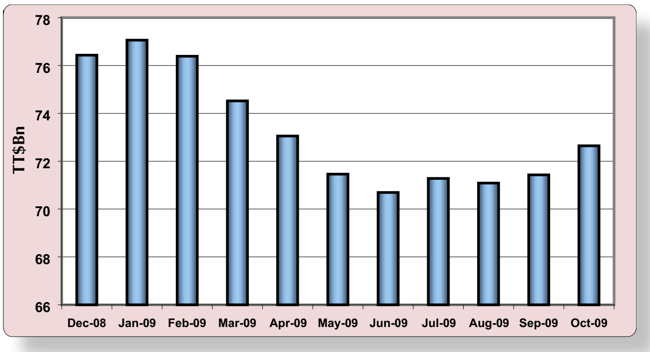
Stock Market

Chart IIIb
Trinidad and Tobago Stock Price Indices - Selected Sub-Sectors
(Year-on-Year Per Cent Change)



The performance of the local stock market exhibited an overall downward trend in 2009 as the Composite Price Index (CPI) and the All Trinidad and Tobago Index (ATI) dropped a total of 55 and 42 points respectively in the year to October. The subdued economic environment has led to a more bearish sentiment in the domestic stock market. On a year-on-year basis to October, all the sectoral indices posted declines with the largest occurring in the manufacturing, property and conglomerate sub-sectors (Chart IIIb). Property shares remained the least traded category of shares in the market. In respect of value, market capitalisation was $3.8 billion less at the end of October

Chart IIIc
Market Capitalisation



2009 when compared to December 2008 (Chart IIIc). In October 2009, a new financial institution, BCB holdings Limited, was listed while two companies – Furness Trinidad Limited and Valpark Shopping Plaza – that had ceased trading for some time were de-listed. Unlike the case of the developed stock markets where some recovery is already evident, activity in the local stock market is likely to remain flat for the remainder of the year.

Bond Market

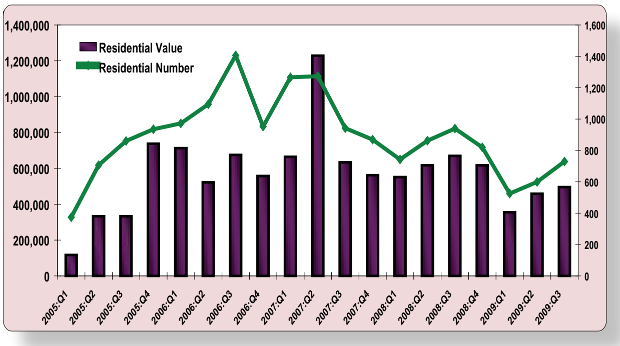
Activity on the domestic primary bond market declined during the first ten months of 2009 as seventeen bonds were offered with a total face value of TT$5,054 million compared with twenty bonds which carried a face value of TT$5,832 million for the same period last year. Government-guaranteed issues dominated the market, accounting for nine of the seventeen placements. Most of these bonds were heavily oversubscribed indicating a strong desire by investors to hold relatively safe government paper in a context of high liquidity and sluggish activity on the local stock market.

Following an inactive first quarter with only two placements, bond issuance heightened somewhat in the second quarter of 2009 with eight bonds being offered. This level of activity declined slightly in the subsequent quarter as seven placements occurred, of which the Government of Barbados raised a total of US$120 million in two tranches. These were the only sovereign issues for the year.

Mutual Funds

On a year-on-year basis, aggregate funds under management expanded by 11.3 per cent in the third quarter of 2009, a slightly faster pace than the 10 per cent registered one year earlier. This increase took total funds under management to TT$40.8 billion at the end of September 2009, 4.1 billion higher than the value at the end of September 2008. There has been a noticeable shift in the composition of mutual funds towards income-based as opposed to equity-based funds. The latter contracted by 25.4 per cent in the third quarter. In the short-term market, the slightly higher rates of return on income funds may have induced yield-seeking investors to purchase these funds since the yield on other short-term investments such as the three-month treasury bills have fallen to 1.59 per cent. Moreover, the rate offered on commercial banks' time deposits continues to hover around 1.50 per cent.

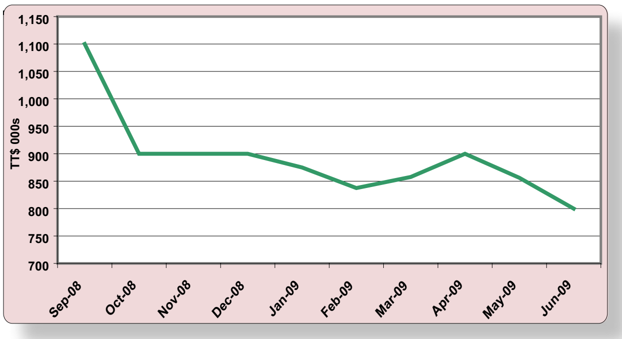
Chart IIId
Residential Real Estate Mortgage Approvals



Credit Card Debt

Available data on credit card debt showed that growth in outstanding balances slowed over the last twelve months. On a year-on-year basis to August 2009, these balances grew by 11.6 per cent ($1,640.6 million) compared with 13.9 per cent ($1,564.7 million) in March 2009, and 15.2 per cent ($1,470.2 million) in the corresponding period a year ago.

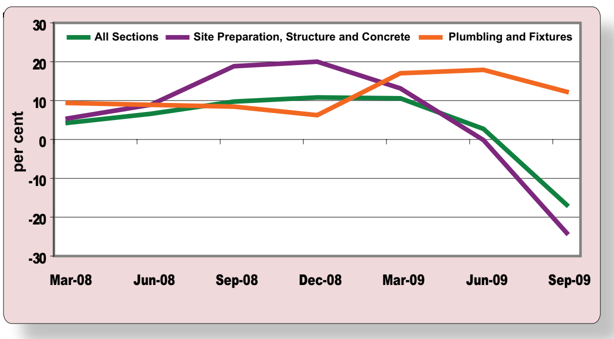
Chart IIIe
Median House Price



Real Estate Mortgage Market

The real estate mortgage market continued to experience a slowdown. On a year-on-year basis, the rate of increase in the value of real estate mortgage loans granted by the consolidated financial system slowed to 9.7 per cent in August 2009 ($8,736.8 million) compared with 17.1 per cent in December 2008 ($8,273.3 million). The number of mortgage loans approved by commercial banks and trust and mortgage companies declined over the first nine months of 2009. The number of mortgages in January-September 2009 was 26.8 per cent less than in the first nine months of 2008 in the context of a slight rise in mortgage interest rates (Chart IIId).

Chart IIIf
Index of Retail Prices of Building Materials
(Year-on-Year Per Cent Change)



The slowdown in activity in the mortgage market is also reflected in a reduction in the price of residential property. According to data provided by the Association of Real Estate Agents and several developers, the median selling price of a typical three-bedroom house declined by about 10.1 per cent over the first half of 2009 to $856 thousand from $950 thousand in 2008 (Chart IIIe). In an environment of lower property demand, the prices of key building materials (as captured in the Index of Retail Prices of Building Materials) declined by 16.8 per cent (year-on-year) in June 2009 (Chart IIIf). Those items where prices declined included cement, mild steel, concrete blocks and construction aggregate (Table IIIa).

Table IIIa
Prices of Selected Building Materials
(TT$)

	Cement (price/bag)	Concrete Blocks (150mm) (price/block)	Gravel (price/ 12cu yards)	Plastering Sand	1/2" Steel (price/20ft)
Mar-08	43.9	8.8	2,421.1	1,005.2	32.5
Jun-08	46.9	8.8	2,437.7	1,005.2	38.9
Sep-08	48.2	9.2	2,540.4	1,075.2	57.8
Dec-08	49.7	9.6	2,604.4	1,075.2	54.2
Mar-09	50.3	9.2	2,704.5	1,294.4	38.9
Jun-09	50.1	7.5	2,731.3	1,281.9	31.1
Sep-09	48.3	7.4	2,731.3	1,258.0	30.9

Source: Central Statistical Office.

Part IV – International and Regional Developments

The International Setting

In the latter half of 2009 signs have emerged that the global economic crisis is beginning to ease. This is primarily the result of the array of stimulus measures implemented in the United States, other developed countries and emerging market economies aimed at improving liquidity in financial markets and boosting real economic activity. The latest estimates from the International Monetary Fund reflect a growing international consensus that a turnaround could take hold next year. In a slightly more optimistic perspective than its July forecasts, the Fund's most recent prediction is that the global economy will contract by 1.1 per cent in 2009 before expanding by 3.1 per cent in 2010[1]. Economic growth in advanced economies is forecast to be negative 3.4 per cent in 2009 and recover slowly to 1.3 per cent in 2010. Meanwhile, in 2009 and 2010, growth in emerging economies is expected to moderate to 1.7 per cent and 5.1 per cent respectively, mainly driven by China and India (Chart IVa and Chart IVb).

Chart IVa
Real GDP Growth -
Advanced and Emerging Economies

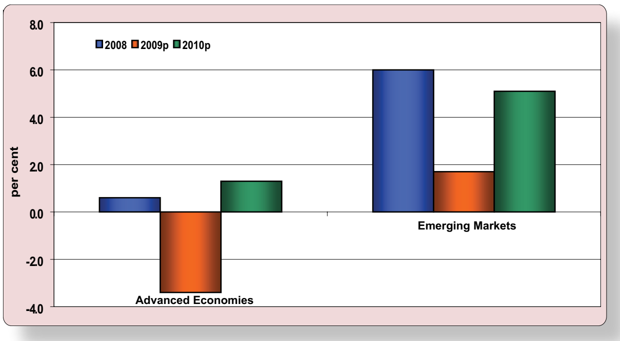
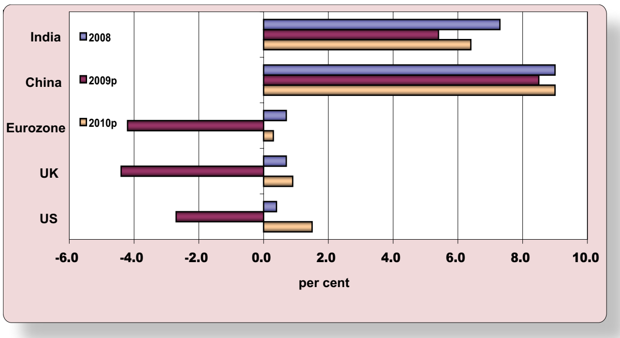


Chart IVb
Real GDP Growth -
Selected Economies



Despite some signs of economic recovery, rising unemployment levels continue to pose a major problem, including in advanced economies. Since December 2007, the number of unemployed in the US has increased by 8.2 million to 15.7 million in October 2009, bringing the jobless rate to a 26-year high of 10.2 per cent. The unemployment rate in the UK remained unchanged at 7.8 per cent in September from the previous month. Further, unemployment has continued to rise in the Euro-area, reaching 9.7 per cent in September 2009 or 15.3 million (Table IVa). The fall in employment translates into lower income and tighter consumer spending which could make the recovery more protracted. Higher joblessness also increases the likelihood of credit delinquencies experienced by financial institutions, particularly in the housing market[2].

[1] International Monetary Fund, *World Economic Outlook* (WEO), October 2009.

[2] According to the IMF's *Global Financial Stability Report* (October 2009) banks could be facing additional write-downs of an estimated $1.5 trillion by the end of 2010.

The existence of significant unused capacity in many countries also suggests that a re-absorption of labour could lag well behind the pickup in economic growth.

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

	May-09	Jun-09	Jul-09	Aug-09	Sep-09
United States	9.4	9.5	9.4	9.7	9.8
United Kingdom	7.6	7.8	7.9	7.8	7.8
Euro Area	9.3	9.4	9.5	9.6	9.7
Japan	5.2	5.4	5.7	5.5	5.3

Source: Bloomberg.

A major policy dilemma that has emerged is when to roll back the fiscal stimulus packages that have kept economies afloat in recent months in light of the implications for burgeoning public debt. With concerns that the private sector is not yet fully in a position to take over from the public programmes currently in train, there is a risk that immediate withdrawal of fiscal stimulus measures could lead to a more protracted or 'double-dip' recession. On the flip side, maintaining large budget deficits to finance the policies aimed at bolstering economies may increase public debts to unsustainable levels, raise long-term interest rates and result in a crowding out of private demand.

(i) International Developments

Following four consecutive quarters of economic decline, the US economy expanded by 3.5 per cent in the third quarter, supported by scaled-up federal government expenditure as well as higher levels of consumer spending (Table IVb). The expansion in headline inflation remained subdued as a result of the downturn in domestic demand, measuring -1.3 per cent on a year-on-year basis to September 2009 compared with an increase of 4.9 per cent in September 2008 (Table IVc). The diminishing inflationary pressures have allowed the Federal Reserve some space to concentrate on promoting economic growth and, since December 2008, it has held its target rate between 0 and 0.25 per cent.

The Fed has also utilized non-conventional policy measures such as its mortgage-backed securities and agency debt purchase programmes to thaw credit markets and boost economic activity. Overall, however, for calendar 2009, real GDP in the US is projected to contract by around 2.7 percent in the context of an increase in the savings rate and a drop in personal income.[3]

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

	2008				2009		
	I	II	III	IV	I	II	III
United States	-0.7	1.5	-2.7	-5.4	-6.4	-0.7	3.5
United Kingdom	0.6	-0.1	-0.7	-1.8	-2.5	-0.6	-0.4
Euro Area	0.7	-0.3	-0.5	-1.9	-2.4	-0.3	n.a.
Japan	0.9	-0.7	-1.3	-3.4	-3.3	0.6	n.a.

Source: Bloomberg.

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

Country	May-09	Jun-09	Jul-09	Aug-09	Sep-09
United States	-1.3	-1.4	-2.1	-1.5	-1.3
United Kingdom	2.2	1.8	1.8	1.6	1.1
Euro Area	0.0	-0.1	-0.7	-0.2	-0.3
Japan	-1.1	-1.8	-2.3	-2.2	-2.2

Source: Bloomberg.

The rate of decline (measured on a quarter-on-quarter basis) is also abating in the United Kingdom, as the economy contracted by 0.4 per cent in the third quarter of 2009, subsequent to the 0.6 percent decline of the previous three months. Since the beginning of the year, dampened global demand has been having a particularly significant negative impact in the UK manufacturing sector, especially the automotive industry. Meanwhile, the consumer price index (CPI) was 1.1 per cent in September 2009 on a 12-month basis, and inflation remains well below the Bank of England's (BOE) target of 2 per cent. With interest rates at historically low levels and seemingly ineffective in fostering growth, the BOE is relying more on non-traditional means to

[3] WEO (2009).

support the economy. To this end, the BOE has expanded its Asset Purchase Scheme—which is funded through a programme of quantitative easing—by £75 billion in March, £125 billion in May and £175 billion in August 2009.

Following a quarter-on-quarter decline of 2.4 per cent in the first quarter of 2009, real GDP growth in the Euro-area was recorded at -0.3 per cent in the second quarter. Component figures revealed that most economies in the 16-country region shrank at a slower rate in the second quarter than the first, with Germany and France reporting a return to growth. Robust consumer and public spending - buoyed by large government stimulus programmes -helped both economies grow 0.3 per cent during the second quarter. Meanwhile, annual inflation in the region was -0.3 per cent in September 2009, compared to -0.2 per cent in August 2009. The rate of inflation in the Euro-area has been below the European Central Bank's (ECB) target rate of 2.0 per cent since December 2008. The ECB held its policy benchmark rate at the 1.0 per cent level established in May 2009 (Table IVd).

Table IVd
Changes in Key Central Bank Policy Rates
/per cent/

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
United States	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25
Euro-zone	3.75	4.25	1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00
United Kingdom	1.50	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Japan	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
China	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31
India	5.50	5.50	5.00	4.75	4.75	4.75	4.75	4.75	4.75	4.75

Source: Bloomberg.

Japan returned to positive growth of 0.6 percent in the second quarter of 2009, following four consecutive quarterly declines. Nonetheless, when compared to previous years, Japan's export performance remained severely constrained as a result of weak economic activity in its major trading partners. Further, business fixed investment continues to decline substantially, reflecting the deterioration in corporate profits and financial conditions. Inflationary pressures continue to be suppressed, as the consumer price index (CPI), measured on an annualized basis, fell by 2.2 per cent in September 2009, the seventh consecutive decline for the year. The Bank of Japan (BOJ) expects that the rate of decline in the CPI will moderate in coming months and has kept its key rate at 0.1 per cent, the level set in December 2008.

In China, the economy advanced by 8.9 percent (year-on-year) in the third quarter of 2009, following growth of 7.9 per cent in the second quarter (Table IVe). This was largely attributable to the implementation of stimulus measures to boost domestic demand. In September 2009, the CPI fell by 0.8 per cent on a 12-month basis (Table IVf). The Bank of China maintained its benchmark one-year lending rate at 5.3 per cent from January 2009 to October 2009 in the context of its "moderately loose" monetary policy intended to encourage credit expansion and sustain China's economic performance. It is anticipated that China's growth will be on the order of 8.5 per cent in 2009.

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

/per cent/	2008				2009		
	I	II	III	IV	I	II	III
Brazil	6.1	6.2	6.8	1.3	-1.8	-1.2	n.a.
China	10.6	10.1	9.0	6.8	6.1	7.9	8.9
India	8.6	7.8	7.7	5.8	5.8	6.1	n.a.

Source: Bloomberg.

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

Country	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Brazil	5.2	4.8	4.5	4.4	4.3
China	-1.4	-1.7	-1.8	-1.2	-0.8
India	8.6	9.3	11.9	11.7	11.9

Source: Bloomberg.

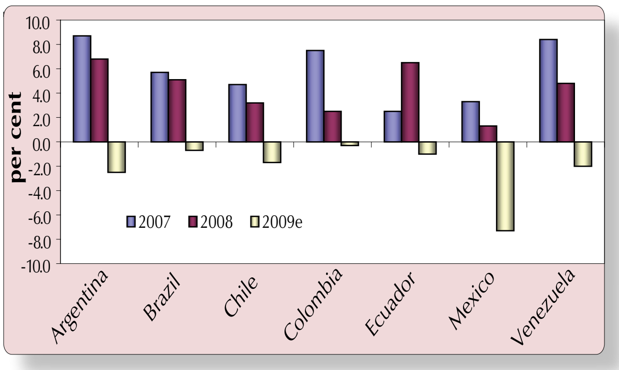
Driven by increased manufacturing output, real GDP in India also increased in the second quarter of 2009 by 6.1 per cent (year-on-year), compared to 5.8 per cent in the first quarter. Inflationary pressures have receded, as 12-month wholesale prices rose in mid October 2009 by 1.5 per cent, down from 5.3 per cent in January 2009. The Reserve Bank of India (RBI) held its repo rate at 4.75 percent in October, the level set when the repo rate was last moved (downwards by 75 basis points) in April. India's Ministry of Finance expects economic growth to accelerate to 7.8 per cent in 2009, with downside risks emanating from probable delays in recovery in the US and domestically, in implementing a large infrastructure spending plan.

(ii) Regional Economic Developments[4]

Latin America

Latin American economies have recently begun to show signs of stabilisation and recovery due to improvements in global financial and commodity markets and stronger policy frameworks. Economic activity contracted in the last quarter of 2008 and the first quarter of 2009 as consumption, investment and exports fell sharply as a result of tighter international credit markets, deteriorating external demand and lower remittances. However, during the second quarter of 2009, there were some signs of recovery, particularly in Brazil. It is expected that the recovery will pick up during the second half of 2009. There are indications that consumer and investor confidence have improved somewhat and retail sales have increased, while the recent rebound in commodity prices has improved the region's overall outlook. For 2009 as a whole, real GDP in the region is expected to contract by 2.5 per cent, followed by positive growth of 2.9 per cent in 2010 (Chart IVc). The downside risks to this outlook include a more protracted global recovery and tight international credit markets. With sizeable output gaps still apparent, inflation is forecasted to slow to 6.1 per cent in 2009, down from 8.0 per cent in 2008, and to slow even further to 5.2 per cent in 2010.

Chart IVc
Latin American Economies - Real GDP Growth

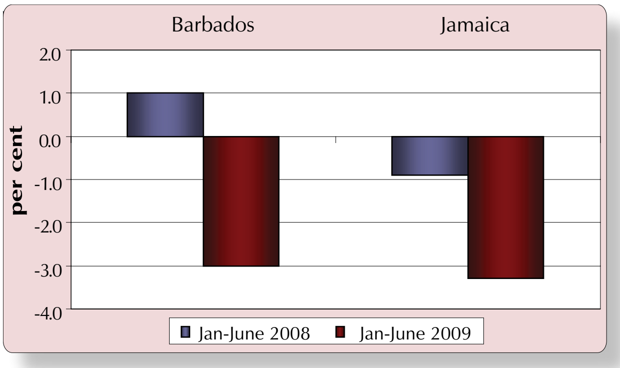


[4] Projections from WEO (October, 2009).

The Caribbean

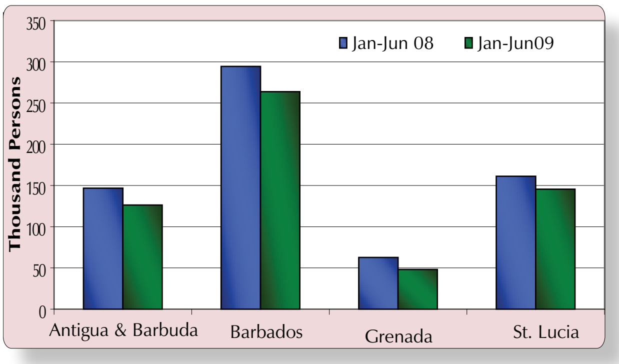
During the first six months of 2009, economic activity in most Caribbean countries slowed, engendered by weak external demand for the region's goods and services (bauxite, alumina, manufactured goods, and tourism) and lower remittances and foreign investment. During the period January 2009 to September 2009, real economic activity in Barbados contracted by 4.4 per cent compared to the first nine months of 2008. The Jamaican economy contracted by an estimated 3.3 percent in the first half of 2009 while preliminary data indicate that the Bahamian economy contracted in the first and second quarters of 2009 (Chart IVd). The Caribbean region as a whole is projected to contract by 0.5 per cent in 2009, before recovering in 2010 with a growth rate of 1.6 per cent.

Chart IVd
Barbados & Jamaica - Real GDP Growth



With the slump in worldwide tourist travel, almost all Caribbean islands have experienced lower tourist arrivals and revenues. In Barbados, value-added in the tourism sector contracted by 9.8 per cent during the first nine months of 2009 compared to a year earlier—the largest nine month decline since 1990. The number of tourist arrivals in The Bahamas decreased by 15 per cent during the first half of 2009, while the economies of the Eastern Caribbean are projected to experience a decline in tourism of 14 per cent in 2009. Industry experts forecast that during 2009 the decline in visitor arrivals to the Caribbean will be in the order of 5-8 per cent (Chart IVe).

Chart IVe
Caribbean Economies - Tourist Arrivals



A decline in remittances to the Caribbean has continued into the first half of 2009. During the first nine months of 2009, remittances to Jamaica, which constitute roughly 60 per cent of the country's current account inflows, declined by 16.7 per cent from the previous year. Indications are that remittances to Guyana, which represent about 45 per cent of GDP, have continued to shrink in 2009 following a 2 per cent fall in 2008. The Inter-American Development Bank forecasts that remittances to Latin America and the Caribbean could decline by 11.0 per cent in 2009, notably due to reduced earnings of migrant workers in the United States and Europe.

In the context of the deceleration in economic activity, there has been a noticeable decline in inflation in Caribbean countries. Most recent data put inflation throughout the region at below 8 per cent, with the overall price level in the Eastern Caribbean actually decreasing, resulting in a 12-month inflation rate of -1.25 per cent in September 2009. At the other end of the spectrum, while Jamaica still has the highest inflation rate in the region, price increases there have slowed from 16.8 per cent in December 2008 to 7.2 per cent in September 2009. Regional inflation is forecast to slow to 3.5 per cent in 2009, down from 11.9 per cent in 2008.

In an attempt to deflect some of the negative impact of the global crisis, several Caribbean countries have implemented fiscal stimulus packages and have sought financing from multilateral lending agencies including the International Monetary Fund, the Inter-American Development Bank and the World Bank. Some countries (St. Lucia – US$10.7 million; and Dominica – US$5.1 million) have accessed financing from the IMF under the rapid-access component of the Exogenous Shocks Facility (ESF). Other countries, like Antigua and Barbuda and Jamaica, are currently in talks with the IMF for financial assistance to help close balance of payments gaps (Table IVg).

Table IVg
Financial Assistance Measures for CARICOM countries

(US $Million)

Country	Institution	Date of Arrangement	Amount	Purpose
Belize	IMF IADB	February 18, 2009 April 07, 2009	$6.9 $5.0	· Natural Disaster Assistance for storm damage and flooding. · Road rehabilitation in response to flooding.
Dominica	IMF	February 06, 2009	$8.4	· Natural Disaster Assistance for damage caused by Hurricane Dean. ESF[1] increased by $5.1 million in July 2009.
Dominican Republic	IADB IADB IMF	October 21, 2009 November 03, 2009 November 09, 2009	$500 $0.557 $1,700	· Fiscal strengthening. · To strengthen fiscal management. · Stand-By Arrangement.
Grenada	IMF	April 17, 2006	$25.4	· PRGF[2] increased by $6.8 million in June 2009 to cope with global economic slowdown.
Haiti	IMF IMF & WB IADB	November 20, 2006 July 01, 2009 August 26, 2009	$177.4 $1,200 $25	· PRGF[2] increased by $25.4 million and $38.1 million in June 2008 and February 2009 respectively to cope with hurricane damage and global economic slowdown. · Debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. · Fiscal support.
Jamaica	IADB	January 14, 2009	$300	· Liquidity support for the financial sector.
St. Kitts & Nevis	IMF	May 15, 2009	$3.4	· Natural Disaster Assistance for damage caused by Hurricane Omar in October 2008.
St. Lucia	IMF	July 27, 2009	$10.7	· ESF support to mitigate the effects of the global economic slowdown.
St. Vincent & the Grenadines	IMF	May 15, 2009	$5.7	· ESF support to mitigate the effects of the global economic slowdown.

Source: International Monetary Fund (IMF), Inter-American Development Bank (IADB), and the World Bank (WB).

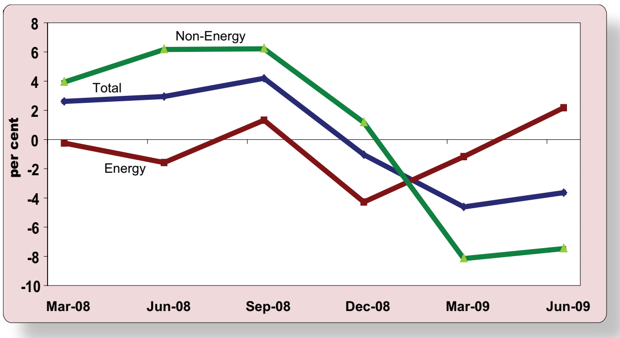
1 The Exogenous Shock Facility provides policy support and financial assistance to low-income countries facing exogenous shocks.

2 The Poverty Reduction and Growth Facility (PRGF) is a 3-year arrangement for lower income countries.

Part V - Domestic Economic Developments

Real GDP

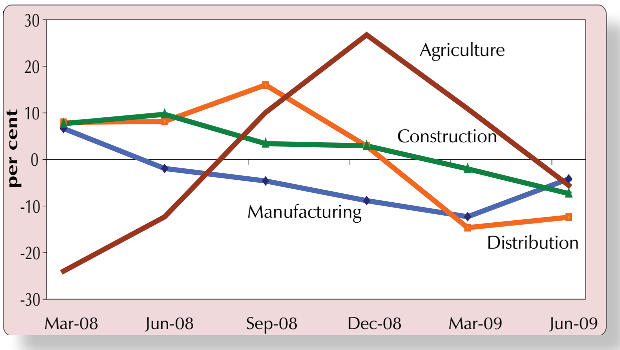
Chart Va
Quartely Real GDP Growth
(Year-on-Year Per Cent Change)



Economic activity in Trinidad and Tobago contracted during the second quarter of 2009 despite the improved performance of the energy sector. On a year-on-year basis, real GDP declined by 3.6 per cent in the quarter ending June 2009 following declines of 4.6 per cent and 1.0 per cent in the quarters ending March 2009 and December 2008, respectively (Box 2). The significant fall in non-energy sector activity, which overshadowed the growth in the energy sector, was the prime factor behind the lacklustre economic performance (Chart Va).

The contraction in non-energy real GDP was broad-based with distribution, manufacturing, construction and agriculture all registering sizeable declines. Real GDP in the non-energy sector fell by 7.5 per cent in the second quarter of 2009 compared with a decline of 8.2 per cent in the first quarter and growth of 1.2 per cent in the last quarter of 2008. The continued contraction in construction remains linked to the slowing of several major government projects since late 2008 that have not been replaced by private sector ventures of equivalent scale. The volume of wholesale and retail trade, including of construction materials, furniture and furnishings, jewellery and motor vehicles and parts, remains subdued in the face of lower foreign and domestic demand (Chart Vb).

Chart Vb
Quarterly Real GDP Growth -
Selected Non-Energy Sectors
(Year-on-Year Per Cent Change)



In contrast, real output in the energy sector expanded by 2.2 per cent in the second quarter, on the heels of contractions in the previous two quarters. This recuperation was principally driven by a 3.3 per cent rise in output of natural gas in tandem with a 0.9 per cent increase in petroleum production. While overall refining activity was flat, there were signs that production of natural-gas based petrochemicals, notably methanol, had started to recover. Methanol output rose by 5.6 per cent during the second quarter of 2009 compared to the first three months of this year. At the same time, fertilizer production -primarily urea and ammonia - increased by a less pronounced 1.4 per cent.

Box 2
The Central Bank of Trinidad and Tobago's (CBTT) Quarterly Gross Domestic Product Index (QGDP)

To fill a gap in analyzing economic developments within a calendar year, the CBTT started since 1987 to provide quarterly estimates of movements in real GDP with a sectoral classification based on the Trinidad and Tobago System of National Accounts (TTSNA). Up to that time, the only GDP data available were annual series compiled by the Central Statistical Office of Trinidad and Tobago (CSO). The CSO's historical data remain the official definitive annual statistics on GDP.

The table below compares the main features of the series from the CSO and CBTT.

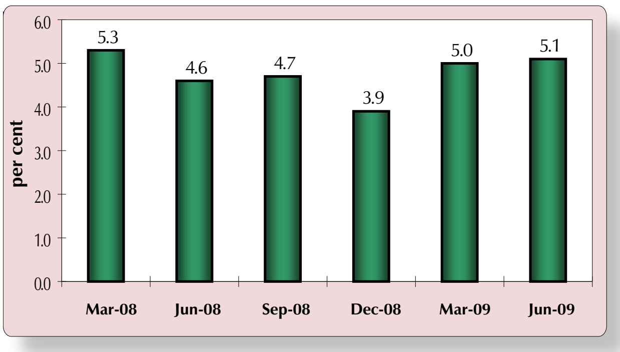
	CSO	CBTT
Periodicity	Annual	Quarterly (Seasonally Adjusted)
Sectoral Classification	TTSNA	TTSNA
Sectoral Coverage	Comprehensive	Less disaggregated
Base Year	2000	2000
Nominal GDP	Yes	No
Real (Constant Price) GDP	Yes	Yes
Unit of measurement	Trinidad & Tobago dollars	Index Number

Labour Market Conditions

The unemployment rate edged up from 5.0 per cent to 5.1 per cent between the first and second quarters of 2009. The latest available data point to a contraction in employment by about 5,700 jobs during the second quarter with an increase in employment in agriculture and construction offset by declines in other sectors. However, the impact on the unemployment rate was muted by a decline in the labour force as approximately 5,700 fewer persons put themselves on the job market (Chart Vc).[1]

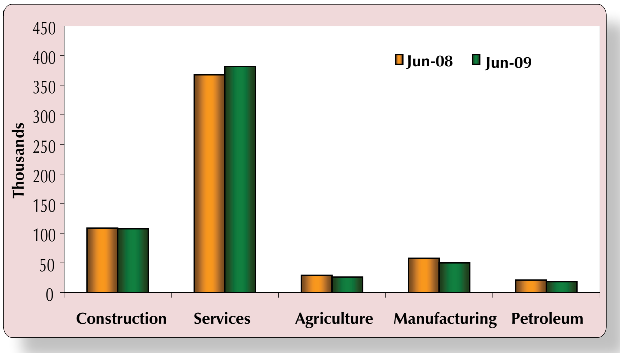
At approximately 592,500, the number of employed workers at mid-2009 was just around the level of the similar period of 2008. There is, however, evidence of a pronounced shift (an increase of close to 15,000) towards employment in the services industries over this 12-month period despite some reversal in the second quarter of 2009 in the number of job losses in agriculture and construction (Chart Vd).

Chart Vc
Unemployment Rate



[1] The unemployment rate is a ratio of unemployed persons (i.e. the labour force minus persons with jobs) to the labour force (persons able to work and seeking jobs).

Chart Vd
Employment by Sector

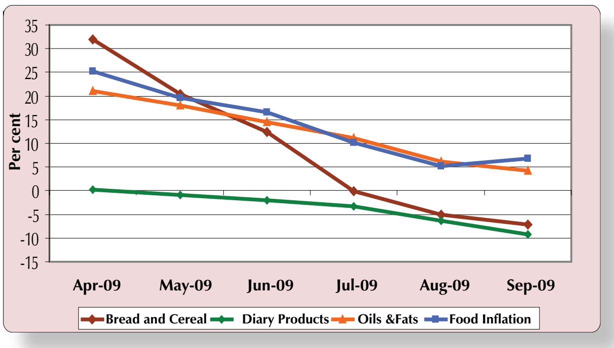


Indications are that employment conditions have remained difficult during the third quarter. Between July and early October 2009, more than two dozen companies filed retrenchment notices with the Ministry of Labour and Small and Micro Enterprise Development. Close to 500 workers were affected. Meanwhile, instances of industrial action have been reported in the finance, energy, personal services and transport, storage and communications sectors.

Inflation

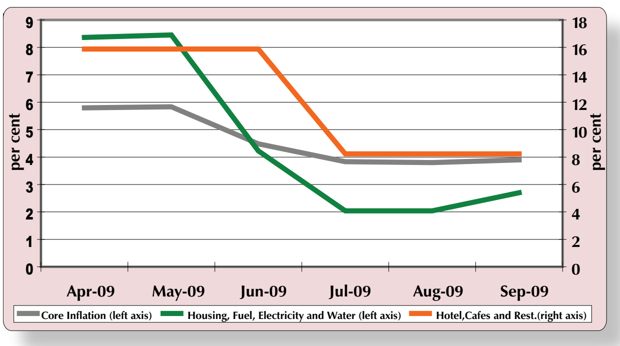
After reaching a high of 11.9 per cent (year-on-year) in April 2009, headline inflation has moderated considerably in response to the decline in economic activity and the delayed impact of the reduction in international commodity prices. Domestic inflation, as measured by the 12-month increases in the Index of Retail Prices (RPI), reached a low of 4.3 per cent in August 2009 before rising slightly to 4.9 per cent in September 2009. A deceleration in the rate of food price increases played a major part in rolling back headline inflation over the last few months. Price changes of food and non-alcoholic beverages slowed from 25.2 per cent in April 2009 to 6.8 per cent in September 2009. There were notable declines in the prices of bread and cereals (from 31.9 per cent to -7.1 per cent); dairy products (from 0.3 per cent to -9.2 per cent) and oils and fats (from 21.1 per cent to 4.2 per cent) (Chart Ve).

Chart Ve
Components of Food Sub-Index of RPI
(Year-on-Year Per Cent Change)



Core inflation, which excludes food prices, also moderated. The rate of increase in core inflation declined from 5.8 per cent in the twelve months to April 2009 to 3.9 per cent in September 2009. Contributing to the fall were reductions in housing, water, and fuel (from 8.4 per cent to 2.7 per cent) and in the hotels, cafés and restaurants sub-index (from 15.9 per cent to 8.2 per cent) (Chart Vf). These were associated with the lower costs of building materials and services for household maintenance, combined with a more guarded approach to discretionary components of expenditure such as dining out.

Chart Vf
Components of Core Sub-Indices of RPI
(Year-on-Year Per Cent Change)



For the rest of 2009, domestic inflationary pressures should remain moderate in the context of restrained domestic and external demand and foreign inflation. Over the next six months or so, several components of the RPI are expected to be affected as tax changes announced in the government's budget for fiscal year 2009/10, including on alcoholic beverages, tobacco and property, are passed through to consumers.

According to the Index of Retail Sales, consumer spending declined by 11.7 per cent (year-on-year) in the second quarter of 2009 following the decline of 7.7 per cent in the first quarter. Sales of construction materials, hardware items, household appliances, furniture, furnishings, motor vehicles, and petrol were the main categories with lower sales.

Balance of Payments

For the first half of 2009, the external accounts of Trinidad and Tobago registered an overall deficit of US$578.1 million, the first deficit since 1992. This deficit was recorded notwithstanding a surplus on the current account of US$2.2 billion. The outturn on the current account was largely reflected in the merchandise trade balance of US$2.4 billion for the first half of the year compared with US$3.6 billion for the corresponding period one year earlier. Merchandise exports fell by 31.8 per cent while imports declined by a similar magnitude (31.1 per cent) for the reporting period.

Despite a slight recovery in energy prices in early 2009, energy sector exports slowed by US$2.1 billion to reach just over US$5 billion for the first half of 2009. Non-energy exports also fell, reaching US$585.8 million in the January-June period of 2009 compared with US$1,148.6 million for the comparable period in 2008. Manufacturing exports to CARICOM fell by more than 50 per cent as regional demand continued to wane in the wake of sharp declines in incomes in many CARICOM economies.

Energy imports dropped by 44.5 per cent in the first half of 2009, reaching US$1,239 million compared with US$2,232 million for the corresponding period in 2008. This was largely as a result of lower crude oil prices coupled with a reduced demand for refined crude. Non-energy imports also slowed as capital imports continued to fall given the reduction in the pace of execution of the government's infrastructure projects. Consumer goods such as food and passenger cars also showed declines over the period.

The capital and financial account recorded an overall deficit of US$2.8 billion for the first half of the year. Net foreign direct investment amounted to just over US$200 million with no regional bond issues occurring in the first half of the year. Meanwhile, commercial banks' assets held abroad decreased by US$163.3 million (Table Va).

Table Va
Trinidad and Tobago: Summary Balance of Payments

/ US$ Mn /

	2005	2006	2007	2008p	Jan-Jun 2008p	Jan- Jun 2009p
Current Account Balance	**3,594.3**	**7,270.5**	**5,364.3**	**8,791.9**	**3,618.6**	**2,221.4**
Trade Balance	3,948.0	7,700.2	5,721.4	9,064.4	3,626.8	2,438.6
Exports	9,672.3	14,217.4	13,391.3	18,686.4	8,464.5	5,770.8
Energy	8,596.0	12,955.0	11,650.0	16,482.0	7,315.9	5,185.0
Non-Energy	1,076.3	1,262.4	1,741.3	2,204.4	1,148.6	585.8
Imports	5,724.3	6,517.2	7,669.9	9,622.0	4,837.7	3,332.2
Energy	2,412.6	2,809.4	3,150.1	4,130.0	2,232.0	1,239.3
Non-Energy	3,311.7	3,707.8	4,519.8	5,492.0	2,605.7	2,092.9
Services (net)	356.2	450.9	546.4	614.4	318.9	350.8
Income (Net)	-760.0	-935.8	-963.7	-897.1	-329.9	-571.5
Current Transfers (Net)	**50.1**	**55.2**	**60.2**	**10.2**	**2.8**	**3.5**
Capital and Financial Account*	**-2,118.0**	**-6,151.7**	**-3,823.2**	**-6,086.4**	**-1,558.0**	**-2,799.5**
Overall Balance	**1,476.3**	**1,118.8**	**1,541.1**	**2,705.5**	**2,060.6**	**-578.1**
per cent of GDP						
	2005	**2006**	**2007**	**2008**	**Jan-Jun 2008**	**Jan- Jun 2009**
Current Account Balance	**22.4**	**39.4**	**25.6**	**33.6**	**13.8**	**10.4**
Trade Balance	24.6	41.7	27.3	34.7	13.9	11.5
Exports	60.2	77.0	63.8	71.4	32.4	27.1
Energy	53.5	70.2	55.5	63.0	28.0	24.4
Non-Energy	6.7	6.8	8.3	8.4	4.4	2.8
Imports	35.6	35.3	36.5	36.8	18.5	15.7
Energy	15.0	15.2	15.0	15.8	8.5	5.8
Non-Energy	20.6	20.1	21.5	21.0	10.0	9.8
Services (net)	2.2	2.4	2.6	2.3	1.2	1.6
Income (Net)	-4.7	-5.1	-4.6	-3.4	-1.3	-2.7
Current Transfers (Net)	0.3	0.3	0.3	0.0	0.0	0.0
Capital and Financial Account*	**-13.2**	**-33.3**	**-18.2**	**-23.3**	**-6.0**	**-13.2**
Overall Balance	**9.2**	**6.1**	**7.3**	**10.3**	**7.9**	**-2.7**

Source: Central Bank of Trinidad and Tobago.

* includes errors and omissions.

Chart Vg
Gross Official Reserves and Import Cover
(Year-on-Year Per Cent Change)

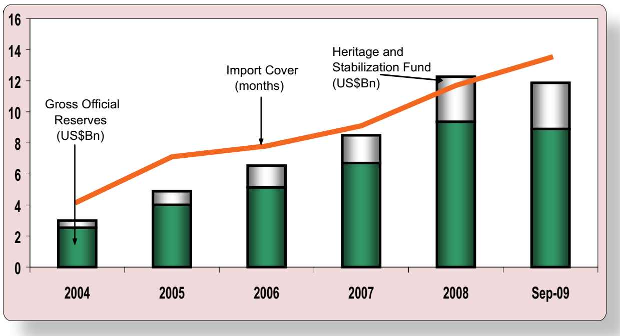


Chart Vh
The Real Effective Exchange Rate
(Year-on-Year Per Cent Change)

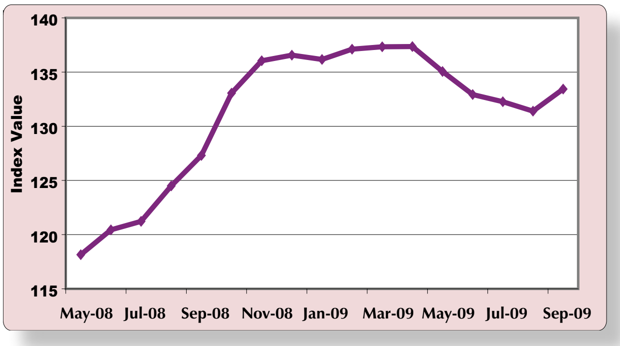
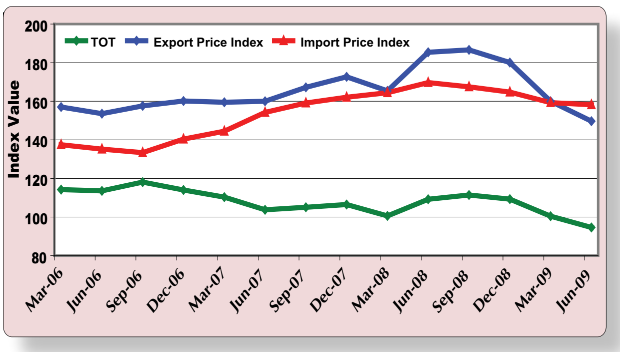


Chart Vi
Terms of Trade, Export Price Index & Import Price Index
(Year-on-Year Per Cent Change)



Preliminary data for the first nine months of 2009 suggest that the balance of payments recorded a deficit of US$429.3 million. This brought the level of gross official reserves to US$8,934.9 million, equivalent to 13.5 months of prospective imports of goods and non-factor services (Chart Vg). In late August/early September, Trinidad and Tobago's official reserves were boosted by the equivalent of approximately US$441 million from the IMF's new allocation of Special Drawing Rights (SDRs) to its members (Box 3).

Real Effective Exchange Rates and Terms of Trade

The combination of depreciations of the Trinidad and Tobago dollar in relation to the United States dollar (USD), and of the USD relative to other major currencies, resulted in a depreciation of the local currency in nominal effective terms between April and August. Apart from currency movements, the sharp slowdown in domestic inflation resulted in a depreciation of the TT dollar in real effective terms by 4.3 per cent or a slight gain in competitiveness of locally produced goods (Chart Vh). Available data for earlier in the year show that Trinidad and Tobago's terms of trade worsened by 13.4 per cent on a year-on-year basis during the second quarter of 2009 as export prices (19.3 per cent) principally for petroleum declined faster than import prices (6.8 per cent) (Chart Vi).

Fiscal Operations

In the period October 2008–September 2009 (FY 2008/09) the fiscal authorities sought to maintain expenditure levels in the face of sluggish domestic demand and a sharp decline in energy revenues. (See Box 4 for a discussion of the expected impact of higher energy prices). As a consequence, the fiscal accounts recorded an overall deficit following seven consecutive years of surpluses. Provisional estimates put this deficit at **$7,474 million or 5.3 per cent of GDP** compared to the surplus of 7.8 per cent of GDP in FY 2007/08. The available data indicate that total revenue amounted to $38.1 billion in FY2008/09, 33 per cent lower than in the previous fiscal year. There was a noticeable widening of the non-energy deficit—from 13.1 per cent of GDP in FY 2007/08 to 18.3 per cent of GDP in FY2008/09—as slower economic activity constrained the base for revenue collections from the non-energy sector.

The National Budget for FY 2009/10 was presented in Parliament on Monday 7th September, 2009. It was premised on an oil price of US$55 per barrel (West Texas Intermediate) and a natural gas price of US$2.75 per mmbtu. Total revenue is budgeted at $36,664 million, while total expenditure is estimated to be $44,366 million. This will result in an anticipated deficit of $7,702 million (5.4 per cent of GDP). The government anticipates that the fiscal stimulus could progressively be withdrawn and the accounts return to a surplus position by FY2012 (Table Vb).

Table Vb
Trinidad and Tobago: Summary of Central Government Operations

/ TT$ Mn /

	2006/2007	Revised 2007/2008	Revised 2008/2009	Budgeted 2009/2010
Revenue	**40,064.4**	**56,847.8**	**38,110.6**	**36,644.7**
Energy	22,248.5	32,444.3	18,183.0	15,556.2
Nonenergy	17,815.9	24,403.5	19,927.6	21,088.5
Expenditure	**37,765.9**	**44,715.1**	**45,584.2**	**44,347.3**
Current	29,984.0	35,030.6	37,611.0	37,250.1
Capital expenditure & net lending	7,781.9	9,684.5	7,973.2	7,097.2
Overall non-energy balance	**-19,950.0**	**-20,311.6**	**-25,656.6**	**-23,258.8**
Overall balance	**2,298.5**	**12,132.7**	**-7,473.6**	**-7,702.6**
Total financing	**-2,298.5**	**-12,132.7**	**7,473.6**	**7,702.6**
Of which: transfers to the HSF	-2,030.2	-6,587.8	0.0	0.0
per cent of GDP				
	2006/2007	**Revised 2007/2008**	**Revised 2008/2009**	**Budgeted 2009/2010**
Revenue	**31.3**	**36.5**	**27.2**	**25.9**
Energy	17.4	20.9	13.0	11.0
Nonenergy	13.9	15.7	14.2	14.9
Expenditure	**29.5**	**28.7**	**32.5**	**31.3**
Current	23.4	22.5	26.8	26.3
Capital expenditure & net lending	6.1	6.2	5.7	5.0
Overall non-energy balance	**-15.6**	**-13.1**	**-18.3**	**-16.4**
Overall balance	**1.8**	**7.8**	**-5.3**	**-5.4**
Total financing	**-1.8**	**-7.8**	**5.3**	**5.4**
Of which: transfers to the HSF	-1.6	-4.2	0.0	0.0

Source: Ministry of Finance.

Box 3
Allocation of Special Drawing Rights in the Context of Reform of the International Financial System

Key elements of the international reform agenda:

The intensified focus on the international financial structure brought about by the international crisis has resulted in several important achievements over the past few months including:

- Restructuring the main body that sets the international financial agenda, to provide for broader representation of the fast-growing emerging market economies. Thus, the G7 has given way to the G20 on which are represented countries such as Brazil, China, India etc.
- There is now a very active discussion on the need for developed countries to reform and tighten significantly financial sector regulation to avoid another major financial crisis. This discussion has raised issues about the risks of having institutions that are " too big to fail", the salary incentive structure in the banking industry and the need for a counter-cyclical approach to financial regulation.
- Reform of the International Monetary Fund (IMF) has gathered new momentum. This reform has included so far, an increase in resources available for lending to emerging market and developing countries; greater access to IMF resources by countries needing support; a modest relaxation of IMF conditionality and a new allocation of Special Drawing Rights (SDRs).

The Allocation of SDRs:

A Special Drawing Right is an interest-bearing international reserve asset created by the IMF in 1969 to supplement other reserve assets of member countries.[1] It is based on a basket of international currencies comprising the US dollar, Japanese Yen, Euro, and the Pound Sterling. The SDR serves as the unit of account of the IMF and some other international organisations and its value is calculated daily on the basis of market exchange rates.[2] An SDR allocation is a low-cost way of adding to a country's international reserves. Once allocated, IMF member countries can hold the SDRs as part of their country's international reserves or sell part or all of their SDR allocations.

In response to the global financial crisis and constrained liquidity conditions in international markets, the IMF issued new allocations of SDRs amounting to the equivalent of around US$283 billion in late August/ early September 2009. These allocations were implemented to supplement IMF member countries' foreign exchange reserves, with low-income and liquidity-constrained countries expected to benefit substantially.

The allocation of SDRs, which is based on the size of a country's quotas in the IMF, immediately increased the reserves of IMF member countries. For Caribbean countries this increase ranged from the equivalent of US$12 million for Dominica to US$441 million for Trinidad and Tobago.

[1] For further details on SDRs see http://www.imf.org/external/np/exr/faq/sdrallocfaqs.htm .
[2] SDR exchange rate: 1 SDR = US$ 1.6026 (as at November 9, 2009).

Box 3 cont'd

Recent IMF SDR Allocations to Caribbean Countries [1/]
(Millions of United States dollars) [2/]

Country	SDR Allocation
Antigua and Barbuda	20.0
Bahamas, The	183.0
Barbados	90.3
Belize	28.7
Dominica	11.6
Dominican Republic	284.1
Grenada	16.4
Guyana	116.3
Haiti	103.9
Jamaica	354.2
St. Kitts and Nevis	13.6
St. Lucia	22.2
St. Vincent & the Grenadines	12.1
Trinidad & Tobago	440.6

Source: IMF

1/ The sum of allocations effective August 28 and September 9, 2009.
2/ Calculated using SDR1=US$1.6026 (exchange rate of November 9, 2009).

Box 4

Short term Impact of Higher Energy and Petrochemical Prices

Following the crash in prices in late 2008, energy markets remained weak during the first half of 2009. WTI crude oil prices reached a low of US$33.98/bbl while natural gas prices dipped under US$4.00/mmbtu in the context of falling global demand and significant supply. Crude inventories swelled in OECD countries with stocks exceeding 60 days of forward cover, up from normal levels of around 55 days.

With signs of economic recovery in major industrial countries in the third quarter, energy prices have picked up considerably. Crude oil prices averaged just over US$70/bbl in August and strengthened further to average US$76/bbl in October. Natural gas prices have also started to recover. The approaching winter season should provide additional fillip to natural gas prices, despite the dampening effects of burgeoning inventories. Following a low of US$1.88/mmbtu in early September, natural gas prices at the Henry Hub averaged US$3.99/mmbtu in October and above US$5.00/mmbtu on the futures market at the end of the month.

Higher international energy prices improve revenue collections by the Government of Trinidad and Tobago but with a lag of about three months. The delay largely reflects the quarterly tax payment schedule of exploration and production companies to the Board of Inland Revenue, as well as administrative and accounting processes.

Streamlining operations at domestic oil production and refining companies have continued notwithstanding the recent rise in petroleum prices. Since the start of the year, several energy companies have been reviewing and adjusting operating procedures in order to strengthen efficiency. For example, alongside its ongoing Gasoline Optimisation Programme, Petrotrin's strategy involved trimming operating expenses and improving oil production from existing acreage. To further enhance production, sub-licenses were awarded to contractors for the development of seven of Petrotrin's onshore eastern blocks in October.

The lull in activity in the upstream sector is projected to continue into early 2010. The energy services industry shed almost 50 per cent of its workforce since the beginning of the downturn in prices several months ago, and new employment prospects will likely remain dim in the short-run. Moreover, energy companies are awaiting approval of the new energy taxation regime; the next bid round for offshore blocks is carded for March 2010; and BPTT (a principal player in the upstream sector) is not expected to recommence exploration activity until 2010.

Petrochemical output has been quicker to recover. Several petrochemical companies cut output in the first few months of 2009. By October however, faced with a resurgence of demand, domestic production of petrochemicals had improved substantially with ammonia and methanol plants returning to at or near full capacity.

In the rest of the Caribbean, higher energy prices presents additional challenges. Most of the countries in CARICOM have been hard hit by the global economic crisis and rising energy costs would exacerbate their difficulties. Moreover, financing arrangements for oil purchases under PetroCaribe—a Caribbean oil alliance with Venezuela to purchase oil on conditions of preferential payment that was launched in June 2005—may become more difficult. Venezuela has proposed to increase the proportion of the oil price that would be paid within 90 days by PetroCaribe member states to 80 per cent from 60 per cent previously.

ADVANCE COPY

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 %
Jul-07	133.10	1.84	7.95	114.22	4.49	219.10	2.82	17.17	115.80	5.56
Aug-07	133.80	0.53	7.90	114.29	4.53	222.70	1.64	16.72	115.80	5.56
Sep-07	134.20	0.30	7.27	114.27	4.61	225.00	1.03	13.98	115.80	5.56
Oct-07	135.50	0.97	7.28	114.65	3.65	230.50	2.44	16.58	115.80	3.21
Nov-07	137.10	1.18	8.12	114.86	3.90	238.40	3.43	18.73	115.80	3.21
Dec-07	137.00	-0.07	7.62	114.94	3.93	237.50	-0.38	16.76	115.80	3.21
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	156.90	-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	19.61	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	161.30	2.08	4.94	126.06	3.91	323.50	6.03	6.80	125.60	6.62

	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-o-Y %	Index	Y-o-Y %	Index	Y-o-Y %	Y-o-Y %	Y-o-Y %
Jul-07	113.80	3.83	125.80	4.23	133.80	11.50	126.90	7.54	8.37	1.40
Aug-07	113.80	3.93	126.10	4.56	133.80	11.50	126.90	7.54	8.33	1.40
Sep-07	113.80	3.93	126.10	4.39	113.80	11.50	126.90	7.54	8.40	1.40
Oct-07	114.90	3.70	127.00	3.84	150.20	13.96	136.90	14.37	7.32	0.66
Nov-07	114.90	3.70	127.40	4.94	150.20	13.96	136.90	14.37	12.13	0.66
Dec-07	115.00	3.79	127.30	4.77	150.20	13.96	136.90	14.37	12.95	0.66
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	5.23
Feb-09	124.20	7.72	135.60	4.23	164.10	9.19	168.80	20.49	5.81	5.25
Mar-09	124.20	7.53	136.10	4.53	164.10	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	7.65	-6.98
May-09	125.70	8.46	141.30	7.86	166.40	6.80	170.80	15.88	7.69	-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	141.50	5.21	166.40	6.80	172.20	8.23	6.30	3.50

Source: Central Statistical Office.

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

	Weight	Mar-09	Apr-09	May-09	June-09	Jul-09	Aug-09	Sep-09
FOOD AND NON-ALCOHOLIC BEVERAGES	180.00	24.46	25.23	19.61	16.49	10.09	5.21	6.80
FOOD	156.20	25.83	26.62	20.63	17.24	10.39	5.26	6.97
BREAD AND CEREALS	31.21	40.90	31.93	20.38	12.45	(0.03)	(5.11)	(7.09)
Bread	5.51	33.66	12.49	9.85	9.85	0.13	(3.90)	(4.27)
Cereals (Includes rice and flour)	18.74	46.83	39.90	24.74	12.29	(3.50)	(8.32)	(10.33)
Pasta Products	1.38	39.55	40.22	21.69	18.31	20.30	14.57	1.61
Pastry Cooked Products	5.27	29.83	27.64	17.47	14.70	9.74	1.82	0.40
MEAT	29.21	6.36	7.91	8.26	7.13	8.05	2.21	2.46
Fresh, Chilled or Frozen Beef	3.09	15.68	10.42	5.77	0.97	(4.23)	(5.90)	(5.63)
Fresh, Chilled or Frozen Lamb or Goat	1.13	6.74	6.22	3.26	0.75	1.23	0.64	0.37
Fresh Chilled or Frozen Pork	2.34	13.08	10.66	10.27	9.37	9.34	7.33	7.10
Fresh, Chilled or Frozen Poultry	18.18	3.14	6.43	7.84	7.42	10.04	1.63	2.21
Dried, Salted or Smoked Meat	4.10	13.55	13.59	13.67	12.07	10.60	10.27	9.12
FISH	11.37	16.31	13.27	4.99	(0.90)	8.19	10.74	3.48
Fresh, Chilled or Frozen Fish	7.21	18.55	15.27	4.33	(4.55)	8.21	11.07	2.96
Fresh, Chilled or Frozen Seafood	1.83	7.53	4.84	3.85	9.47	9.10	13.13	2.09
Other Preserved or Processed Fish	1.03	10.63	11.16	9.91	13.59	11.87	12.24	11.55
MILK, CHEESE AND EGGS	19.05	2.13	0.28	(0.84)	(2.05)	(3.33)	(6.40)	(9.23)
Whole Milk	1.75	1.51	0.95	1.49	0.17	0.54	0.56	0.28
Preserved Milk	9.22	2.50	2.26	1.88	1.30	1.01	(3.91)	(7.98)
Cheese, Yogurt & Milk Products	6.34	(2.23)	(7.54)	(8.89)	(11.57)	(15.57)	(16.35)	(16.54)
Eggs	1.74	15.03	14.95	9.29	9.43	11.49	7.73	0.20
OILS AND FATS	9.07	26.27	21.13	18.02	14.54	11.10	6.17	4.24
Butter	0.82	24.87	15.52	16.28	14.42	11.63	7.00	3.66
Margarine and Other Vegetable Fats	2.56	29.62	21.24	19.69	17.84	12.54	6.14	5.84
Edible Oils and Animal Fats	5.69	24.97	22.19	17.55	13.02	10.31	6.03	3.58
FRUIT	14.28	29.49	36.59	41.07	36.68	28.67	44.25	40.18
VEGETABLES	21.84	28.55	35.70	23.55	23.33	8.21	(1.07)	0.76
Fresh or Chilled Vegetables	12.09	44.37	60.45	29.16	34.89	18.01	2.62	10.49
Dried Vegetables	2.42	12.98	2.69	3.31	4.52	2.69	(0.53)	(2.89)
Fresh or Chilled Tuber Vegetables	7.33	21.12	24.91	21.57	18.17	3.41	(3.19)	(4.71)
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	7.66	19.07	15.47	11.29	7.43	4.57	3.48	5.19
OTHER FOOD PRODUCTS	12.51	54.63	37.29	34.70	19.60	30.07	15.77	36.93
NON-ALCOHOLIC BEVERAGES	23.80							
Coffee, Tea and Cocoa	3.06	11.29	11.45	9.40	9.07	7.52	7.73	7.24
Soft Drinks	13.33	7.47	8.18	6.76	7.47	6.82	4.76	5.42
Juices	7.40	1.89	1.95	1.69	1.59	2.16	2.37	(0.46)

Source: Central Statistical Office.

Appendix C
Index of Retail Sales: Base 2000=100
Base Period: Average of 4 Quarters 1996=100 (REVISED)

	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 %
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	-0.3	199.3	-17.3
Jun-09	202.5	-11.7	458.3	7.0	212.4	2.1	195.8	-17.9

	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 %
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	166.7	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	-9.0	52.0	-17.5	202.7	-27.8	164.4	-0.6	171.0	-5.3
Jun-09	117.4	-21.9	66.7	7.8	211.2	-33.2	144.8	-16.4	164.6	-6.8

Source: Central Statistical Office.
*Pharmaceuticals and cosmetics, books and stationary 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	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08
ALL ITEMS	**1,000.00**	**4.94**	**262.65**	**9.28**	**128.70**	**3.20**	**52.09**	**8.32**
FOOD AND NON-ALCOHOLIC BEVERAGES	180.00	6.80	27.25	18.35	17.27	7.43	8.13	15.83
FOOD	156.20	6.97	22.74	19.26	14.79	7.63	7.15	16.48
BREAD AND CEREALS	**31.21**	**(7.08)**	**4.00**	**(5.47)**	**2.79**	**(6.73)**	**1.30**	**(6.05)**
MEAT	29.21	2.46	3.21	1.10	2.45	5.62	1.43	(2.17)
FISH	11.37	3.48	1.81	5.09	1.00	(4.76)	0.44	(4.13)
MILK, CHEESE AND EGGS	19.05	(9.24)	3.24	(10.46)	1.87	(7.21)	0.79	(5.48)
OILS AND FATS	9.07	4.24	1.20	0.83	0.85	5.39	0.33	8.54
FRUIT	**14.28**	**40.18**	**2.94**	**53.57**	**1.53**	**40.07**	**0.72**	**62.98**
VEGETABLES	**21.84**	**0.76**	**3.32**	**0.11**	**2.28**	**4.15**	**1.17**	**12.18**
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	7.66	5.19	1.33	10.67	0.68	(2.01)	0.44	16.34
FOOD PRODUCTS N.E.C	12.51	36.93	1.69	66.77	1.34	33.20	0.53	21.80
NON-ALCOHOLIC BEVERAGES	23.80	3.94	4.51	3.28	2.48	4.41	0.98	3.94

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	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08
ALL ITEMS	**38.52**	**1.56**	**45.17**	**9.41**	**123.49**	**0.30**	**111.64**	**4.15**
FOOD AND NON-ALCOHOLIC BEVERAGES	12.00	0.18	17.92	13.16	20.23	(5.50)	19.75	2.72
FOOD	10.37	(0.34)	15.41	13.80	17.46	(6.09)	17.33	2.53
BREAD AND CEREALS	**2.34**	**(3.55)**	**3.02**	**(3.29)**	**3.50**	**(11.38)**	**3.27**	**(8.01)**
MEAT	1.99	10.62	2.57	(1.60)	3.52	1.15	3.32	(5.45)
FISH	0.72	(0.37)	1.17	8.09	1.13	(12.12)	1.22	0.72
MILK, CHEESE AND EGGS	1.56	(11.76)	2.08	(8.58)	2.28	(9.52)	1.87	(9.15)
OILS AND FATS	0.52	6.70	0.91	(0.09)	0.99	3.37	1.16	11.48
FRUIT	**1.12**	**8.54**	**1.60**	**50.67**	**1.35**	**15.43**	**1.75**	**14.85**
VEGETABLES	**0.93**	**(2.07)**	**2.03**	**8.51**	**2.36**	**(16.43)**	**2.47**	**2.47**
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	0.44	(3.25)	0.85	5.15	0.84	11.72	0.70	4.88
FOOD PRODUCTS N.E.C	0.75	9.48	1.18	28.19	1.49	(1.21)	1.57	13.66
NON-ALCOHOLIC BEVERAGES	1.63	6.29	2.51	4.26	2.77	(0.72)	2.42	6.29

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	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08
ALL ITEMS	**23.23**	**3.13**	**2.23**	**(1.24)**	**21.75**	**7.83**	**5.62**	**5.69**
FOOD AND NON-ALCOHOLIC BEVERAGES	7.61	4.08	1.04	(4.96)	4.68	16.71	4.73	5.79
FOOD	6.75	4.08	0.95	(5.92)	4.17	17.25	4.10	5.34
BREAD AND CEREALS	**1.28**	**(5.33)**	**0.25**	**(12.16)**	**0.85**	**(12.65)**	**0.96**	**(10.02)**
MEAT	1.75	9.17	0.21	1.64	0.96	12.72	1.07	(2.14)
FISH	0.63	(0.78)	0.09	18.44	0.29	8.53	0.26	1.99
MILK, CHEESE AND EGGS	0.56	(7.86)	0.04	(14.34)	0.45	(3.67)	0.38	(10.10)
OILS AND FATS	0.43	12.68	0.07	(2.75)	0.26	7.16	0.23	2.73
FRUIT	**0.56**	**15.18**	**0.10**	**18.57**	**0.30**	**87.38**	**0.17**	**14.18**
VEGETABLES	**0.77**	**4.36**	**0.09**	**(24.64)**	**0.62**	**18.62**	**0.57**	**9.96**
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	0.25	0.98	0.03	3.17	0.16	0.11	0.14	2.30
FOOD PRODUCTS N.E.C	0.52	7.55	0.07	15.45	0.28	31.43	0.32	(3.00)
NON-ALCOHOLIC BEVERAGES	0.86	4.00	0.09	12.25	0.51	6.57	0.63	13.70

Source: Central Statistical Office.

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

	SAVANA GRANDE (PRINCESS TOWN)		SIPARIA		PT. FORTIN		TOBAGO (SCARBOROUGH)	
	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08	WEIGHT	SEP '09/ SEP '08
ALL ITEMS	**13.12**	**(2.87)**	**48.14**	**4.68**	**28.07**	**0.70**	**95.58**	**2.09**
FOOD AND NON-ALCOHOLIC BEVERAGES	8.30	(4.04)	10.80	4.99	6.25	(3.84)	14.04	(3.13)
FOOD	7.33	(4.61)	9.79	5.18	5.52	(4.00)	12.34	(3.59)
BREAD AND CEREALS	**1.73**	**(10.64)**	**2.26**	**(13.01)**	**1.14**	**(7.23)**	**2.52**	**1.64**
MEAT	1.40	2.45	1.99	7.38	1.28	5.88	2.06	11.43
FISH	0.26	11.45	0.60	29.71	0.32	21.04	1.43	4.22
MILK, CHEESE AND EGGS	0.79	(4.74)	0.84	(7.70)	0.62	(10.13)	1.68	(12.84)
OILS AND FATS	0.46	(2.28)	0.62	5.24	0.25	(1.13)	0.79	3.03
FRUIT	**0.56**	**(1.61)**	**0.67**	**13.98**	**0.33**	**31.64**	**0.58**	**15.10**
VEGETABLES	**1.21**	**(11.42)**	**1.58**	**5.83**	**0.90**	**(10.12)**	**1.54**	**(12.74)**
SUGAR, JAM, HONEY, SYRUPS, CHOCOLATE AND CONFECTIONERY	0.30	10.12	0.46	0.51	0.26	16.27	0.78	(2.96)
FOOD PRODUCTS N.E.C	0.62	14.79	0.77	35.11	0.42	18.37	0.96	21.13
NON-ALCOHOLIC BEVERAGES	0.97	4.68	1.01	0.72	0.73	0.25	1.70	5.69

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	155.21	0.9	35.9
	IV	143.30	2.1	8.8	181.79	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	6.5
	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	5.3	20.2	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	0.0	3.4
2009	I	205.60	0.7	10.6	284.70	-5.3	13.2	226.90	0.7	10.5	230.50	5.5	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	166.84	-15.9	-16.8	224.13	-16.3	-24.0	184.49	-14.8	-15.9	210.37	-7.9	-3.6

		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	0.4	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	10.1
	II	152.00	1.5	17.9	144.22	0.3	2.7	132.72	-1.4	5.9
	III	145.14	-4.5	12.3	106.29	-26.3	-25.0	102.37	-22.9	-19.8

Source: Central Statistical Office.

Appendix F

Export and Import Prices Indices, 2003-Quarter II 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
2003	I	108.19	1.1	1.8	109.13	-2.8	-0.8	100.87	-3.9	-2.5
	II	105.20	-2.8	-1.9	114.74	5.1	7.0	109.07	8.1	9.1
	III	113.06	7.5	9.2	113.06	-1.5	2.6	100.01	-8.3	-6.0
	IV	115.24	1.9	7.7	113.50	0.4	1.1	98.49	-1.5	-6.1
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	180.27	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	109.31	-1.9	2.6
2009	I	159.32	-3.3	-3.1	160.10	-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

Source: Central Statistical Office.

Appendix G
Stock Market Indices, June 2003 - September 2009

	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T	COMPOSITE	ALL T&T
	Index Values		*Quarterly Change (%)*		*Year on Year Change (%)*	
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	1118.3	20.9	22.6	48.8	62.4
Jun-04	904.7	1155.5	7.8	3.3	61.5	67.2
Sep-04	962.7	1197.7	6.4	3.7	60.5	57.8
Dec-04	1074.6	1290.1	11.6	7.7	54.8	41.5
Mar-05	1148.5	1432.2	6.9	11.0	36.8	28.1
Jun-05	1170.3	1480.0	1.9	3.3	29.4	28.1
Sep-05	1082.9	1345.9	-7.5	-9.1	12.5	12.4
Dec-05	1067.4	1323.0	-1.4	-1.7	-0.7	2.5
Mar-06	958.6	1170.4	-10.2	-11.5	-16.5	-18.3
Jun-06	920.3	1168.4	-4.0	-0.2	-21.4	-21.1
Sep-06	868.8	1090.3	-5.6	-6.7	-19.8	-19.0
Dec-06	969.2	1205.7	11.6	10.6	-9.2	-8.9
Mar-07	929.1	1178.2	-4.1	-2.3	-3.1	0.7
Jun-07	918.8	1152.4	-1.1	-2.2	-0.2	-1.4
Sep-07	936.6	1179.6	1.9	2.4	7.8	8.2
Dec-07	982.0	1200.7	4.9	1.8	1.3	-0.4
Mar-08	992.9	1256.6	1.1	4.7	6.9	6.7
Jun-08	1150.2	1502.1	15.8	19.5	25.2	30.3
Sep-08	1065.6	1444.1	-7.4	-3.9	13.8	22.4
Dec-08	842.9	1154.8	-20.9	-20.0	-14.2	-3.8
Mar-09	821.8	1121.9	-2.5	-2.8	-17.2	-10.7
Jun-09	779.6	1080.9	-5.1	-3.7	-32.2	-28.0
Sep-09	787.5	1105.0	1.0	2.2	-26.1	-23.5

Source: Central Bank of Trinidad and Tobago.

Appendix H
Trinidad and Tobago Mutual Funds Under Management by Type of Fund

	AGGREGATE FUND VALUE	INCOME	EQUITY	AGGREGATE FUND VALUE	INCOME	EQUITY	AGGREGATE FUND VALUE	INCOME	EQUITY
	TT$ Million			*Quarterly Percent Change (%)*			*Year-on-Year Percent Change (%)*		
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

Source: Central Bank of Trinidad and Tobago.

N.B. The difference between the sum of income and equity funds and aggregate fund value represents the value of other funds that are not classified as either income or equity funds.

Appendices:

Media Releases on the Repo Rate from April 2009 to October 2009

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Media Release

CENTRAL BANK LOWERS REPO RATE BY 50 BASIS POINTS TO 8.00 PER CENT

According to the latest data released by the Central Statistical Office, **headline inflation**, measured by the twelve-month change in the Index of Retail Prices, declined to **11.3 per cent** in March from 11.7 per cent in the February 2009.

Food price inflation, which has been an important contributor to headline inflation, slowed to 24.5 per cent year-on-year in March 2009 from 25.9 per cent in February. The slowdown in food prices reflected lower price increases for bread and cereals (40.9 per cent in March compared with 45.8 per cent in February), fish (16.3 per cent in March compared with 23.5 per cent in February) and fruits (29.5 per cent in March compared with 36.9 per cent in February). To date the reduction in domestic prices of many imported food items has been fairly limited.

On a monthly basis, **headline inflation** rose by 0.3 per cent following a decline of 0.2 per cent in February 2009. This monthly increase was driven by slightly higher prices for vegetables as well as sugar, jam and confectionery, which registered increases of 4.5 per cent and 1.4 per cent, respectively.

Core inflation, which excludes the food component, measured 5.3 per cent, the same rate as in the previous month. Although this rate remained unchanged, there were notable movements in some sub-components of the Index. In particular, the sub-indices for tobacco and alcoholic beverages as well as health showed increases on a year-on-year basis to 7.6 per cent and 4.5 per cent, respectively and these were offset by reductions in the rate of increase in the largest sub-component of the core basket - housing, water, electricity and gas – which fell to 7.5 per cent.

Over the last three months, liquidity in the financial system has been unusually high with excess reserves averaging around $2.2 billion. However, credit growth has remained subdued. In the twelve months to February 2009, growth in **private sector credit by the consolidated financial system** slowed to 7.1 per cent from 8.4 per cent in January 2009 and 18.7 per cent a year earlier. Nevertheless, private sector credit to businesses and lending for real estate mortgages have increased by 11.8 per cent and 17.4 per cent, respectively on a year-on-year basis to February 2009.

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The recent issue of a 15-year bond by the Government which raised $1.5 billion will help to address the very liquid conditions in the market. This bond was heavily oversubscribed which indicates that there is still a considerable amount of liquidity in the market. The Bank will therefore continue to promote measures to absorb the excess liquidity in the system.

These developments are taking place in the context of a slowdown in the global economy. The International Monetary Fund now projects that world output will decline by 1.3 per cent in 2009. This weakness is expected to be more severe in the advanced economies where the projection is for a decline of 3.8 per cent. This weaker outlook will have some impact on growth prospects in the domestic economy. Under these conditions, monetary policy will need to strike the right balance between providing support for economic growth and containing inflation.

Against this background, the Central Bank has decided to make a further cut in the "repo" rate by 50 basis points to 8.00 per cent.

The Bank will continue to monitor domestic and international economic developments in order to take further monetary policy action as required.

The next 'Repo' rate announcement is scheduled for May 29, 2009.

April 24, 2009.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Percentage Change/

	Monthly		Year-on-Year	
	February 2008	March 2008	February 2008	March 2008
Headline Inflation	**(0.2)**	**0.3**	**11.7**	**11.3**
Food Prices	(0.7)	0.8	25.9	24.5
Bread and Cereals	(0.5)	(0.8)	45.8	40.9
Meat	(0.9)	(0.6)	8.1	6.4
Fish	4.9	(0.5)	23.5	16.3
Vegetables	(2.1)	4.5	26.1	28.6
Fruits	2.4	(3.6)	36.9	29.5
Milk, Cheese & Eggs	(0.3)	(0.7)	3.3	2.1
Oils and Fats	0.4	0.1	28.7	26.3
Sugar, Jam, Confectionery, etc.	(0.1)	1.4	18.0	19.1
Core Inflation	**0.1**	**0.1**	**5.3**	**5.3**
Alcoholic Beverages & Tobacco	0.1	1.9	5.8	7.6
Clothing and Footwear	(0.1)	(0.2)	0.9	1.3
Furnishings, Household Equipment and Routine Maintenance	0.0	0.0	5.3	5.3
Health	0.1	0.3	4.2	4.5
Of which: Medical Services	0.0	0.0	2.8	2.8
Rent	0.0	0.0	6.5	6.5
Home Ownership	0.0	0.0	5.1	5.1
Water, Electricity, Gas & Other Fuels	0.0	0.0	17.1	16.4
Education	0.0	0.0	9.2	9.2
Recreation & Culture	0.0	0.0	(8.9)	(8.9)
Of Which: Package Holidays	0.0	0.0	(30.5)	(30.5)
Hotels, Cafes & Restaurants	0.0	0.0	20.5	20.5
Transport	**0.0**	**0.0**	**7.8**	**7.8**

Source: Central Statistical Office.

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Media Release

CENTRAL BANK MAINTAINS REPO RATE AT 8.0 PER CENT

The latest statistics on retail prices released by the Central Statistical Office show a moderate increase in the domestic inflation rate. **Headline inflation,** measured by the 12-month increase in the Index of Retail Prices, rose to **11.9 per cent** in April 2009 from 11.3 per cent in March.

Food inflation, the key driver of the headline inflation rate, rose by **25.2 per cent** in the twelve months to April 2009 from 24.5 per cent in the previous month. The increase reflected, for the most part, higher prices for **fruits (36.6 per cent)** and **vegetables (35.7 per cent),** which together account for twenty per cent of the food sub-index. The rate of price increases however slowed for **bread and cereals (31.9 per cent in April 2009 compared with 40.9 per cent in March 2009), oils and fats (21.1 per cent compared with 26.3 per cent), milk, cheese and eggs (0.3 per cent compared with 2.1 per cent) and fish (13.3 per cent compared with 16.3 per cent).**

On a **monthly basis, headline inflation** rose by **1.1 per cent,** after posting declines in the first two months of the year. For the month of April, food inflation rose by 0.7 per cent, slightly below the 0.8 per cent monthly increase recorded in March. The sub-indices for **fruits** and **vegetables** posted monthly increases of **7.0 per cent** and **2.5 per cent,** respectively.

Core inflation, which filters the out the impact of food prices, rose by **5.8 per cent** on a year-on-year basis to April from 5.3 per cent in March 2009. The sub-indices for **Health** and **Housing** posted year-on-year increases of **7.7 per cent** and **8.4 per cent,** respectively, somewhat higher than in recent months.

In **April 2009, core inflation** rose by **1.3 per cent** from 0.1 per cent in the previous month. This surge in the monthly core inflation rate resulted, in large measure, from increases in the sub-indices for **health (3.8 per cent), recreation and cultural services (5.5 per cent)** and **home ownership (1.6 per cent).**

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Net fiscal injections during the first half of the fiscal year 2009 were 24 per cent higher than in the corresponding period of the previous fiscal year and this has impacted liquidity in the financial system. Liquidity continues to be quite high with excess reserves averaging close to TT$1.5 billion during the last two months. This build-up in excess reserve balances is partly reflective of the sharp contraction in bank credit expansion as consumers and business firms have adopted a more cautious approach to borrowing in the face of slower economic activity. The recent issuance of a TT$300 million WASA 5-year bond along with more intensified open market operations should assist in mopping up some of these excess reserve balances.

In the twelve months to March 2009, **private sector credit by the consolidated financial system** slowed to **3.1 per cent** from 8.4 per cent at the beginning of the year and from 18.0 per cent a year earlier. **Consumer credit expansion** also slowed sharply to **2.0 per cent** (year-on-year) in March 2009 from 3.4 per cent in January and 18.4 per cent in March 2008. **Credit to businesses** and **lending for real estate mortgage loans** have posted increases of **9.7 per cent** and **14.9 per cent,** respectively in the twelve months to March 2009.

The slowdown in bank credit expansion and the resultant increase in excess reserve balances held by commercial banks have served to depress short-term market rates. The **three-month treasury bill rate** declined to **2.50 per cent** in May 2009 from 6.22 per cent in January 2009 resulting in a narrowing in the differential between short-term US and TT interest rates. This differential declined to 230 basis points in May 2009 from 607 basis points in January 2009.

Monetary policy continues to face the dual challenge of containing inflation which remains stubbornly in double-digits while moderating the pace of the economic slowdown in the domestic economy.

Against this background, the Bank has decided to maintain the "Repo" rate at 8.00 per cent. The Bank will continue to keep a close watch on domestic, regional and international economic developments and is prepared to take further monetary policy action if circumstances so warrant.

The next 'Repo' rate announcement is scheduled for June 26, 2009.

May 29, 2009.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Percentage Change/

	Monthly		Year-on-Year	
	March 2009	April 2009	March 2009	April 2009
Headline Inflation	**0.3**	**1.1**	**11.3**	**11.9**
Food Prices	0.8	0.7	24.5	25.2
Bread and Cereals	(0.8)	(0.2)	40.9	31.9
Meat	(0.6)	(0.2)	6.4	7.9
Fish	(0.5)	(3.6)	16.3	13.3
Vegetables	4.5	2.5	28.6	35.7
Fruits	(3.6)	7.0	29.5	36.6
Milk, Cheese & Eggs	(0.7)	(1.4)	2.1	0.3
Oils and Fats	0.1	0.9	26.3	21.1
Sugar, Jam, Confectionery, etc.	1.4	(0.3)	19.1	15.5
Core Inflation	**0.1**	**1.3**	**5.3**	**5.8**
Alcoholic Beverages & Tobacco	1.9	0.1	7.6	7.6
Clothing and Footwear	(0.2)	(0.8)	1.3	(0.5)
Furnishings, Household Equipment and Routine Maintenance	0.0	0.9	5.3	(7.0)
Health	0.3	3.8	4.5	7.7
Of which: Medical Services	0.0	9.2	2.8	11.3
Rent	0.0	0.5	6.5	4.2
Home Ownership	0.0	1.6	5.1	6.6
Water, Electricity, Gas & Other Fuels	0.0	0.0	16.4	16.3
Education	0.0	1.4	9.2	6.8
Recreation & Culture	0.0	5.5	(8.9)	1.7
Hotels, Cafes & Restaurants	0.0	1.1	20.5	15.9
Transport	0.0	(0.2)	7.8	7.5

Source: Central Statistical Office.

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Media Release

INFLATION FALLS: CENTRAL BANK LOWERS REPO RATE BY 50 BASIS POINTS TO 7.5 PER CENT

Recent data released by the Central Statistical Office indicate that **headline inflation**, measured by the 12-month increase in the Index of Retail Prices, slowed to **10.3 per cent** in May 2009 from 11.9 per cent in the previous month. **Food price inflation,** the main contributor to headline inflation, measured **19.6** per cent in the twelve months to May compared with **25.2 per cent** in April. **Core inflation,** which filters out the impact of food prices, remained virtually unchanged from the previous month at **5.8 per cent** (year-on-year). On a **monthly basis, headline inflation** fell by **0.2 per cent** in **May**, reversing the upward trend of the previous two months.

With respect to food price inflation, slower year-on-year price increases were recorded for **bread and cereals (20.4 per cent** compared with 31.9 in April), **fish (5.0 per cent** compared with 13.3 per cent in April), **oils and fats** (**18.0 per cent** compared with 21.1 per cent in April), **vegetables (23.6 per cent** compared with 35.7 per cent in April) and **sugar, jams and confectionery (11.3 per cent** compared with 15.5 per cent in April). In contrast, the sub-indices for **fruits** and **meat** posted year-on-year increases of **41.1 per cent and 8.3 per cent,** respectively.

As noted above, the reduction in food inflation reflected movements in a wide range of items. It is, however, too early to say whether this reduction marks the start of a trend deriving from structural factors (such as increased production) and the delayed pass-through of international commodity price decreases.

As regards **core inflation,** the sub-indices for **health and alcoholic beverages and tobacco** posted year-on-year increases of **7.9** and **7.7 per cent,** respectively. The increase in the cost of health services reflected higher prices for pharmaceutical products. The stickiness in the rate of core inflation, which has been hovering in the 5-6 per cent range since the beginning of the year, suggests that underlying inflationary pressures have not yet been fully contained.

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Against the background of a more subdued economic climate, there continues to be a steady contraction in bank **credit expansion**. On a year-on-year basis to April, the growth **in private sector credit** measured **1.2 per cent** compared with 8.4 per cent in January and 19.7 per cent a year ago. Of the three major categories of private sector credit, the largest deceleration occurred in **consumer lending,** with the year-on-year rate slowing markedly to **0.2 per cent** in April from 2.0 per cent in the previous month and from around 20 per cent a year earlier. Meanwhile, the rate of growth of **credit to businesses** and **lending for real estate mortgages** slowed to **7.4 per cent** and **13.3 per cent**, respectively.

Net fiscal injections for the first nine months of fiscal year 2009 were approximately **21 per cent** higher than in the corresponding period a year earlier. The high level of fiscal injections combined with sluggish credit demand has led to significant excess liquidity in the banking system. The sharp increase in foreign exchange sales by the Central Bank as well as two bond auctions **(a TT$280 million 7-year bond and a TT$600 million 11-year bond**) scheduled for June 26, will assist in mopping up some of this excess liquidity.

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As noted, the Bank is still uncertain as to whether the significant reduction in inflation is the start of a downward trend. At the same time, there continues to be strong evidence of a slowing in domestic economic activity. Under these circumstances, the Bank has decided to **reduce the "Repo" rate by 50 basis points to 7.50 per cent.**

The Bank will continue to keep a close watch on domestic, regional and international economic developments and is prepared to take further monetary policy action if circumstances so warrant.

The next 'Repo' rate announcement is scheduled for July 24, 2009.

June 26, 2009.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Percentage Change/

	Monthly		Year-on-Year	
	April 2009	May 2009	April 2009	May 2009
Headline Inflation	**1.1**	**(0.2)**	**11.9**	**10.3**
Food Prices	0.7	(0.7)	25.2	19.6
Bread and Cereals	(0.2)	(1.5)	31.9	20.4
Meat	(0.2)	0.1	7.9	8.3
Fish	(3.6)	(12.2)	13.3	5.0
Vegetables	2.5	(4.2)	35.7	23.6
Fruits	7.0	19.4	36.6	41.1
Milk, Cheese & Eggs	(1.4)	(0.7)	0.3	(0.8)
Oils and Fats	0.9	(0.2)	21.1	18.0
Sugar, Jam, Confectionery, etc.	(0.3)	(1.3)	15.5	11.3
Core Inflation	**1.3**	**0.1**	**5.8**	**5.8**
Alcoholic Beverages & Tobacco	0.1	0.1	7.6	7.7
Clothing and Footwear	(0.8)	0.5	(0.5)	(0.3)
Furnishings, Household Equipment and Routine Maintenance	0.9	0.0	(7.0)	(7.0)
Health	3.8	0.0	7.7	7.9
Of which: Medical Services	9.2	0.0	11.3	11.3
Rent	0.5	0.0	4.2	4.2
Home Ownership	1.6	0.0	6.6	6.6
Water, Electricity, Gas & Other Fuels	0.0	0.0	16.3	8.4
Education	1.4	0.0	6.8	6.8
Recreation & Culture	5.5	0.0	1.7	1.7
Of Which: Package Holidays	10.9	0.0	(9.0)	(9.0)
Hotels, Cafes & Restaurants	1.1	0.0	15.9	15.9
Transport	(0.2)	0.0	7.5	7.5

Source: Central Statistical Office.

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Media Release

INFLATION FALLS TO SINGLE DIGITS: CENTRAL BANK LOWERS REPO RATE BY 25 BASIS POINTS TO 7.25 PER CENT

Recent inflation data released by the Central Statistical Office indicate a marked deceleration in the rate of inflation in June 2009. **Headline Inflation**, measured by the 12-month increase in the Index of Retail prices, fell sharply to **8.4 per cent** in June 2009 from 10.3 per cent in May. **This is the first time in twelve months that the rate has reached a single-digit figure**. **Food inflation**, the main driver of the headline rate, decelerated to **16.5 per cent** in the twelve months to June 2009 from close to 20 per cent in May. Core Inflation, which excludes the food inflation impact, slowed to **4.5 per cent** (year-on-year) in June from **5.8 per cent** in May. The June figure was the lowest rate for the last 17 months.

As regards **food inflation**, slower year-on-year price increases were recorded for **bread and cereals (12.5 per cent** compared with 20.4 per cent in May), **meat (7.1 per cent** compared with 8.3 per cent in May), **oils and fats (14.5 per cent** compared with 18 per cent in May), **fruits (36.7 per cent** compared with 41.1 per cent in May) and sugar, jams and confectionery (7.4 per cent compared with 11.3 per cent in May). In the case of core inflation, the deceleration reflected slower price increases in the sub-indices for **health** (7.0 per cent compared to 7.9 per cent in May) and **housing** (4.2 per cent compared to 8.5 per cent in May).

An analysis of the monthly data clearly reveals that there has been a pronounced deceleration in inflation for the entire first half of 2009. In the first half of 2008, the average monthly increase in inflation was 1.0 per cent. In the corresponding period of 2009, there were declines in headline inflation in four of the six months (January, February, May and June) while the monthly increases in March and April averaged 0.7 per cent.

In June 2009, there was a broad-based decline in food inflation with the highest reductions occurring in the sub-indices for **fish (6.3 per cent), meat (1.7 per cent), and sugar, jam and confectionery (2.4 per cent)**. The monthly decline in core inflation came largely in the **clothing and footwear** category (**1.4 per cent**).

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The reduction in inflation is largely attributable to lower international commodity prices as well as to the compression in domestic demand arising from the marked slowdown in the local economy. This is reflected in the rise in the unemployment rate to 5.0 per cent in the first quarter of 2009 and the sharp deceleration in bank credit growth.

Higher net domestic fiscal injections along with the more restrained credit environment have contributed to more buoyant liquidity conditions in the domestic financial system. Over the past four months, commercial banks' balances at the Central Bank in excess of the statutory requirement **(i.e. excess reserves) have averaged $1.5 billion** - a three-fold increase from the corresponding period in 2008. However, the recent issuance of three bonds (the **TT$280 million 7-yr bond**, the **TT$368.5 million 11-year bond** and the **TT$682 million NIPDEC 13-year bond)** totalling **$1,330.5 million** have helped to drain some of this excess liquidity from the financial system.

On a year-on-year basis to May 2009, **private sector credit** by the consolidated financial system measured **1.6 per cent** compared with 8.4 per cent in January. Consumer credit declined by **0.9 per cent** in May, the first recorded year-on-year fall since November 2003. Both **business credit expansion** and **real estate mortgage lending** slowed on a year-on-year basis to **10.0 per cent and 12.1 per cent**, respectively in May from 11.8 per cent and 17.4 per cent in February.

The easier liquidity environment has served to depress short-term interest rates, which have plummeted in the last six months. The **3-month treasury bill rate** fell by 370 basis points to **2.5 per cent** in July from 6.2 per cent in January while the **6-month treasury bill rate** declined to **2.9 per cent** from 7.0 per cent in January. The recent bond auctions also show a decline in long-term rates.

While the continued deceleration in inflation is quite encouraging, there are several downside risks to the inflation outlook. Firstly, it is not yet certain whether inflation expectations have been fully reversed. Secondly, there is always a risk that domestic agricultural prices could increase in the coming months in the face of inclement weather. Thirdly, the balance between fiscal and monetary policy needs to be adjusted. At the current moment, credit expansion is at a low level. However, as credit growth picks up, fiscal pressures would need to decline to maintain domestic demand at levels that are consistent with continuing inflation reduction.

Against the background of slower domestic economic activity, sluggish credit growth and signs of an incipient and slow recovery in the global economy, **the Bank has decided to lower its main policy rate – the "Repo rate" – by 25 basis points to 7.25 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 August 28, 2009.

July 24, 2009

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Percentage Change/

	Monthly		Year-on-Year	
	May 2009	June 2009	May 2009	June 2009
Headline Inflation	**(0.2)**	**(0.1)**	**10.3**	**8.4**
Food Prices	(0.7)	(0.1)	19.6	16.5
Bread and Cereals	(1.5)	0.1	20.4	12.5
Meat	0.1	(1.7)	8.3	7.1
Fish	(12.2)	(6.3)	5.0	(0.9)
Vegetables	(4.2)	0.0	23.6	23.3
Fruits	19.4	0.4	41.1	36.7
Milk, Cheese & Eggs	(0.7)	(0.3)	(0.8)	(2.1)
Oils and Fats	(0.2)	0.0	18.0	14.5
Sugar, Jam, Confectionery, etc.	(1.3)	(2.4)	11.3	7.4
Core Inflation	**0.1**	**0.0**	**5.8**	**4.5**
Alcoholic Beverages & Tobacco	0.1	(0.1)	7.7	7.6
Clothing and Footwear	0.5	(1.5)	(0.3)	(1.4)
Furnishings, Household Equipment and Routine Maintenance	0.0	0.0	(7.0)	(7.0)
Health	0.0	0.0	7.9	7.0
Of which: Medical Services	0.0		11.3	11.3
Rent	0.0	0.0	4.2	4.2
Home Ownership	0.0	0.0	6.6	6.6
Water, Electricity, Gas & Other Fuels	0.0	0.0	8.4	(2.9)
Education	0.0	0.0	6.8	6.8
Recreation & Culture	0.0	0.0	1.7	1.7
Of Which: Package Holidays	0.0	0.0	(9.0)	(9.0)
Hotels, Cafes & Restaurants	0.0	0.0	15.9	15.9
Transport	0.0	0.0	7.5	7.5

Source: Central Statistical Office.

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Media Release

INFLATION FALLS TO UNDER 6 PER CENT: CENTRAL BANK LOWERS REPO RATE BY 50 BASIS POINTS TO 6.75 PER CENT

The latest data released by the Central Statistical Office show that inflation in Trinidad and Tobago continues to decelerate. **Headline inflation**, measured by the twelve-month change in the Index of Retail Prices, declined sharply to **5.9 per cent** in July from 8.4 per cent in June and down from a peak of 15.4 per cent in October 2008. Headline inflation is now at the lowest level since January 2005.

The rate of headline inflation has slowed markedly since the beginning of 2009. The cumulative monthly inflation rate between January and July 2009 was 0.6 per cent compared to 8.4 per cent in the corresponding period of 2008.

Food price inflation, which has been the main contributor to headline inflation, declined significantly to 10.1 per cent year-on-year in July 2009 compared with 16.5 per cent in June 2009 and down from a high of 34.6 per cent in September 2008. The current rate of food price inflation is the lowest recorded since July 2004. Measured on a year-on-year basis to July 2009, there were absolute declines in the prices for Bread and Cereals and Milk, Cheese and Eggs. Four other categories recorded lower price increases. Slower year-on-year increases were recorded for Oils and Fats (11.1 per cent compared with 14.5 per cent), Fruits (28.7 per cent compared with 36.7 per cent), Vegetables (8.2 per cent compared with 23.3 per cent) and Sugar, Jam, Honey, Syrups, Chocolate and Confectionery (4.6 per cent compared with 7.4 per cent).

Core inflation, which excludes the food component, also trended downwards in July. On a year-on-year basis, the rate of core inflation fell to **3.8 per cent** from 4.5 per cent in June 2009. Most of the sub-categories of core inflation registered a slowdown in growth. The rate of increase in the Housing, Water, Electricity, Gas and Other Fuels sub-index slowed to 2.0 per cent compared with 4.2 per cent in June, while the Hotels, Cafés and Restaurants sub-index declined to 8.2 per cent from 15.9 per cent in the previous month.

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The sharp deceleration in headline inflation since the beginning of the year could be traced to the reduction in domestic demand consequent on a pronounced slowdown in the economy, the delayed pass-through effects of some commodity prices as well as increasing agricultural supplies.

Credit growth has remained subdued. In the twelve months to June 2009, growth in **private sector credit by the commercial banking system** slowed to 4.3 per cent from 18.4 per cent in June 2008. This decline largely reflects a sharp reduction in consumer credit. Commercial bank credit to businesses and lending for real estate mortgages increased modestly in the month, but also remained well below the levels of 2008.

As a result of the deceleration in credit growth, there has been a build-up in liquidity in the domestic banking system which has helped to push down short-term interest rates. The three-month Treasury bill rate now stands at 2.3 per cent in August 2009 down from 6.9 per cent in December 2008, while the six-month Treasury bill rate fell to 2.9 per cent compared with 7.3 per cent over the similar period.

Based on the current economic outlook, aggregate demand is expected to remain soft throughout the rest of the year, in which case inflation should continue to be subdued. It must be noted however, that the Index of Retail Prices is extremely responsive to changes in international commodity prices and domestic agricultural supply. Accordingly, the recent widespread flooding could have some impact on food prices and affect the trend in headline inflation. Nevertheless, the overall prospect is for inflation to remain contained for the rest the year.

Against this background **the Central Bank has decided to lower the "Repo" rate by 50 basis points to 6.75 per cent.** At the same time, in order to guard against a re-emergence of inflationary expectations, the Bank will continue to keep under close review the trend in bank liquidity and the rate of credit resurgence.

The next 'Repo' rate announcement is scheduled for September 25, 2009.

August 28, 2009.

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MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Percentage Change/

	Monthly		Year-on-Year	
	June 2009	July 2009	June 2009	July 2009
Headline Inflation	**(0.1)**	**0.0**	**8.4**	**5.9**
Food Prices	(0.1)	(1.1)	16.5	10.1
Bread and Cereals	0.1	0.1	12.5	0.0
Meat	(1.7)	0.7	7.1	8.1
Fish	(6.3)	3.6	(0.9)	8.2
Vegetables	0.0	(4.6)	23.3	8.2
Fruits	0.4	(3.2)	36.7	28.7
Milk, Cheese & Eggs	(0.3)	(1.0)	(2.1)	(3.3)
Oils and Fats	0.0	(0.1)	14.5	11.1
Sugar, Jam, Confectionery, etc.	(2.4)	(1.1)	7.4	4.6
Core Inflation	**0.0**	**0.6**	**4.5**	**3.8**
Alcoholic Beverages & Tobacco	(0.1)	0.5	7.6	7.6
Clothing and Footwear	(1.5)	0.6	(1.4)	(1.3)
Furnishings, Household Equipment and Routine Maintenance	0.0	(0.7)	(7.0)	3.5
Health	0.0	0.1	7.0	6.3
Of which: Medical Services	0.0	0.0	11.3	10.0
Housing, Water, Electricity, Gas & Other Fuels	0.0	(0.6)	4.2	2.0
Of which: Rent	0.0	1.6	4.2	4.2
Home Ownership	0.0	(1.0)	6.6	3.3
Water, Electricity, Gas & Other Fuels	0.0	0.0	(2.9)	(2.9)
Education	0.0	0.0	6.8	6.8
Recreation & Culture	0.0	6.5	1.7	1.7
Hotels, Cafes & Restaurants	0.0	0.8	15.9	8.2
Transport	0.0	0.0	7.5	6.6

Source: Central Statistical Office.

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Media Release

INFLATION CONTINUES DOWNWARD TREND: CENTRAL BANK LOWERS REPO RATE BY 50 BASIS POINTS TO 6.25 PER CENT

According to the latest data released by the Central Statistical Office, inflation continued on a downward trend for the fourth consecutive month. **Headline Inflation**, measured by the 12-month increase in the Index of Retail prices, fell to **4.3 per cent** in August 2009 from 5.9 per cent in the previous month and from 11.6 per cent at the start of the year. Over the first eight months of the year, the Index of Retail Prices has increased by 1.0 per cent compared to 10.8 per cent over the corresponding period of 2008.

There was a notable decline in **food inflation**, which measured **5.2 per cent** on a year-on-year basis to August compared with 10.1 per cent in July. Within the food sub-index, slower year-on-year increases were recorded for **meat (2.2 per cent** in August compared with 8.1 per cent in July); **oils and fats (6.2 per cent** compared with 11.1 per cent in July); and **sugar and confectionery (3.5 per cent** compared with 4.6 per cent in July). The sub-indices for **bread and cereals, vegetables** and **milk, cheese and eggs** posted year-on-year declines in August of **5.1 per cent, 1.1 per cent** and **6.4 per cent,** respectively. However, faster year-on-year increases were recorded for **fish (10.7 per cent)** and **fruits (44.3 per cent)**.

Core Inflation, which excludes the impact of food prices, remained unchanged at **3.8 per cent**. In August, the sub-indices for **Health and Alcoholic Beverages and Tobacco** posted year-on-year increases of **5.6 per cent** and **4.1 per cent**, respectively.

Liquidity in the banking system remained high partly on account of increased net domestic fiscal injections with excess reserves balances held by commercial banks averaging around TT$2.0 billion over the last two months. The upcoming TT$500 million Trinidad and Tobago Mortgage Finance Company Limited 15-year fixed rate bond should help to initially drain some of this excess liquidity from the system.

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Credit growth has remained sluggish in the face of the sharp reduction in domestic demand resulting from the more subdued economic environment. On a year-on-year basis to July, the growth in **private sector credit** by the consolidated financial system slowed to **4.0 per cent** from 5.3 per cent in the previous month and from 12.4 per cent a year ago. Of the three major categories of private sector credit, **consumer credit** has recorded the largest deceleration with the year-on-year rate slowing to **1.3 per cent** in July from an average of 3.0 per cent in the first three months of 2009 and from 11.3 per cent, a year ago. Both **business credit** and **real estate mortgage lending** also lost some momentum and slowed to **10.8 per cent** and **10.2 per cent**, respectively in the twelve months to July from 13.1 per cent and 12.4 per cent in the previous month.

The significant liquidity overhang in the domestic financial system has helped to depress short-term interest rates, which have continued to fall steadily over the past two months. The **3-month treasury bill rate** fell to **1.85 per cent** in September from 2.50 per cent in July while the **6-month treasury bill rate** declined to **2.56 per cen**t from 2.86 per cent. As a consequence, there has been a sharp narrowing in the **differential between the TT and US 3-month treasury bill rates** to **175 basis points** in late September from 232 basis points in July and from 607 basis points at the start of the year.

While the current outlook is for a reduction in the pace of inflation for the remainder of the year, risks to this outlook still exist especially in light of the expansionary 2009/2010 central government budget, which provides for a fiscal deficit of around 6 per cent of GDP and includes higher taxes on alcohol and tobacco, which have taken effect from early September 2009. The situation could be compounded further by current liquidity levels and seasonal weather patterns that affect the supply of some major agricultural produce.

In the context of strong evidence of a continuing contraction in domestic economic activity that is being accompanied by sluggish credit demand, **the Bank has decided to lower its main policy rate – the "Repo rate" – by 50 basis points to 6.25 per cen**t.

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

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

September 25, 2009

MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Percentage Change/

	Monthly		Year-on-Year	
	July 2009	August 2009	July 2009	August 2009
Headline Inflation	**0.0**	**0.4**	**5.9**	**4.3**
Food Prices	(1.1)	0.9	10.1	5.2
Bread and Cereals	0.1	(1.2)	0.0	(5.1)
Meat	0.7	(0.7)	8.1	2.2
Fish	3.6	1.8	8.2	10.7
Vegetables	(4.6)	4.0	8.2	(1.1)
Fruits	(3.2)	4.2	28.7	44.3
Milk, Cheese & Eggs	(1.0)	(2.7)	(3.3)	(6.4)
Oils and Fats	(0.1)	(0.7)	11.1	6.2
Sugar, Jam, Confectionery, etc.	(1.1)	(0.6)	4.6	3.5
Core Inflation	**0.6**	**0.1**	**3.8**	**3.8**
Alcoholic Beverages & Tobacco	0.5	(0.1)	7.6	4.1
Clothing and Footwear	0.6	0.9	(1.3)	(0.7)
Furnishings, Household Equipment and Routine Maintenance	(0.7)	0.0	3.5	3.5
Health	0.1	0.1	6.3	5.6
Of which: Medical Services	0.0	0.0	10.0	10.0
Housing, Water, Electricity, Gas & Other Fuels	(0.6)	0.0	2.0	2.0
Of which:: Rent	1.6	0.0	4.2	4.2
Home Ownership	(1.0)	0.0	3.3	3.3
Water, Electricity, Gas & Other Fuels	0.0	0.0	(2.9)	(2.9)
Education	0.0	0.0	6.8	6.8
Recreation & Culture	6.5	0.0	1.7	1.7
Hotels, Cafes & Restaurants	0.8	0.0	8.2	8.2
Transport	0.0	0.0	6.6	6.6

Source: Central Statistical Office.

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Media Release

INFLATION REMAINS UNDER 5.0 PER CENT: CENTRAL BANK MAINTAINS REPO RATE AT 6.25 PER CENT

The latest data released by the Central Statistical Office indicate that inflation edged up in September following four consecutive months of decline. **Headline inflation**, measured by the twelve-month increase in the Index of Retail Prices, rose to **4.9 per cent** in September from **4.3 per cent** in the previous month, reflecting higher food prices.

Food price inflation, the main contributor to headline inflation measured **6.8 per cent** in the twelve months to September compared with **5.2 per cent** in August. Increases in the food sub-index came mainly from **fruits** and **sugar and confectionery products**.

Core inflation, which excludes food prices, also inched up to 3.9 per cent in the twelve months to September from 3.8 per cent in August. The rise reflected increases in the prices of alcohol and tobacco following the imposition of higher taxes announced in the 2009 /2010 budget.

The main factor behind the subdued inflation performance continues to be the decline in economic activity and domestic demand. Available indicators suggest that while the economic downturn may be levelling off, consumer confidence and private spending remain depressed.

Higher net domestic fiscal injections along with the continued deceleration in credit to the private sector have contributed to an unusually high level of liquidity in the financial system. **Excess reserve balances** held by commercial banks in the past three months averaged **TT$2.1 billion** dollars representing a three-fold increase compared to the corresponding period of 2008. Faced with sizeable excess balances, commercial banks have had little need to access the inter-bank market or the repurchase facility at the Central Bank. In the coming weeks, the Bank will be introducing additional measures designed to absorb excess liquidity from the domestic financial system.

In the twelve months to August, the **growth in private sector** credit from the consolidated financial system slowed to **2.1 per cent** from **5.3 per cent** in June and from **13.7 per cent** a year earlier. With aggregate demand remaining weak in a subdued economic climate, consumer credit contracted by 1.4

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per cent on a year-on-year basis to August after having expanded by 1.3 per cent in the previous month. **Credit to businesses** and **real estate mortgage lending** also posted slower rates of increase of **9.7 per cent** each in the twelve months to August, compared to 10.8 per cent and 10.2 per cent respectively in July 2009.

Short-term interest rates have continued to decline steadily in the easier liquidity environment. The **discount rate on three-month treasury bills** fell to **1.49 per cent** in October from 1.85 per cent at the end of September and from 6.2 per cent in January 2009. As a consequence, the **differential** between the **TT and US dollar 3-month treasury bill rates** narrowed to **141 basis points** in October from 175 basis points in September and 607 basis points in January.

In the face of sluggish economic activity, monetary policy has been more accommodative since March 2009 and the "Repo" rate has been reduced, on a cumulative basis, by 250 basis points between February and September 2009. The Bank is in the process of assessing the impact of the recent round of rate cuts and has decided to **maintain the "Repo" rate at 6.25 per cent**.

The Bank will continue to keep a close watch on domestic, regional and international economic developments and is prepared to take further monetary policy action if circumstances so warrant.

The next 'Repo' rate announcement is scheduled for November 20, 2009.

October 23, 2009.

MOVEMENT OF SELECTED CATEGORIES OF THE INDEX OF RETAIL PRICES

/Percentage Change/

	Monthly		Year-on-Year	
	August 2009	September 2009	August 2009	September 2009
Headline Inflation	0.4	2.1	4.3	4.9
Food Prices	0.9	6.0	5.2	6.8
Bread and Cereals	(1.2)	(0.9)	(5.1)	(7.1)
Meat	(0.7)	1.5	2.2	2.5
Fish	1.8	0.6	10.7	3.5
Vegetables	4.0	6.0	(1.1)	0.8
Fruits	4.2	9.9	44.3	40.2
Milk, Cheese & Eggs	(2.7)	(2.3)	(6.4)	(9.2)
Oils and Fats	(0.7)	(0.4)	6.2	4.2
Sugar, Jam, Confectionery, etc.	(0.6)	2.2	3.5	5.2
Core Inflation	0.1	0.0	3.8	3.9
Alcoholic Beverages & Tobacco	(0.1)	2.1	4.1	6.3
Clothing and Footwear	0.9	(0.1)	(0.7)	(1.0)
Furnishings, Household Equipment and Routine Maintenance	0.0	0.0	3.5	3.5
Health	0.1	(0.1)	5.6	5.2
Of which: Medical Services	0.0	0.0	10.0	10.0
Housing, Water, Electricity,				
Gas & Other Fuels	0.0	0.0	2.0	2.7
Of which: Rent	0.0	0.0	4.2	4.2
Home Ownership	0.0	0.0	3.3	3.3
Water, Electricity, Gas & Other Fuels	0.0	0.0	(2.9)	0.0
Education	0.0	0.0	6.8	6.8
Recreation & Culture	0.0	0.0	1.7	1.7
Hotels, Cafes & Restaurants	0.0	0.0	8.2	8.2
Transport	0.0	0.0	6.6	6.6

Source: Central Statistical Office.

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