

Monetary Policy Report

May 2026

HIGHLIGHTS

IN SUMMARY

- Rising geopolitical tensions following the outbreak of the United States (US)-Israel war with Iran heightened global economic uncertainty as energy prices spiked, supply chains were disrupted, shipping costs increased, financial market volatility intensified, and inflationary pressures mounted.
- Domestically, data published by the Central Statistical Office indicates that economic growth moderated in the third quarter of 2025, reflecting an increase in energy sector production while non-energy sector output declined.
- Commercial banks' excess liquidity remained stable while interest rates edged up.
- The Central Bank of Trinidad and Tobago, in its December 2025 and March 2026 Monetary Policy Committee meetings, kept the Repo rate at 3.50 per cent.

INTERNATIONAL ECONOMIC CONTEXT

Growth forecasted to expand



Global growth is projected to expand by 3.4 per cent in 2025, unchanged from 2024, according to the International Monetary Fund April 2026 World Economic Outlook.

Central banks cautious



Monetary policy continues to become less restrictive. Central banks reacted cautiously, prioritising macroeconomic stability and postponing previously anticipated policy adjustments.

Several factors threaten the economic prospects



The economic outlook continues to be challenged by trade tensions and geo-political uncertainty.

The performance of Latin America and the Caribbean was broadly positive



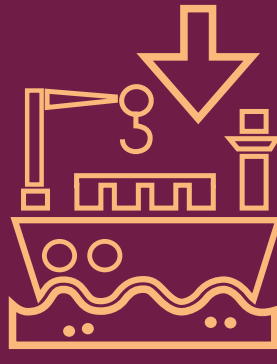
Policy rates across Latin America and the Caribbean varied, while **economic growth** was mixed.

DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS

Economic Activity and Prices



Economic activity softened. In Q3 2025, real GDP reached 0.1%, on account of expansions in the energy sector (3.4%), which outweighed the decline in the non-energy sector (-1.1%).



Export earnings declined in Q4 2025 (8.1%), owing to dampened performance in both the energy and non-energy sectors.

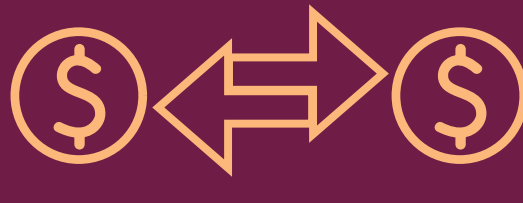


Inflation slowed. In April 2026, core inflation slowed to 0.2%, while food inflation inched up to 1.2% (y-o-y).

Macrofinancial Conditions



Consumer, business and real estate mortgage lending decelerated in March 2026 (5.2%, 3.7%, and 4.4%, respectively).

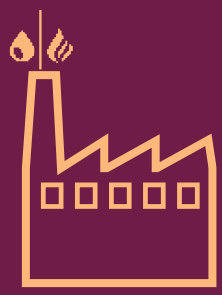


The local market for foreign currency remained tight. Purchases and sales of foreign exchange by authorised dealers declined over January to April 2026 compared to one year earlier (10.4% and 0.6%, respectively).



Government borrowing slowed. Over the period October 2025 to April 2026, the primary debt market recorded 3 bond issues raising \$2.3 bn.

MONETARY POLICY CONSIDERATIONS



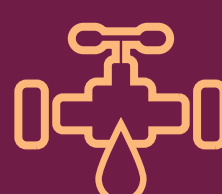
Refining and crude oil production improved during the third quarter of 2025, 18.8% and 2.6%, respectively (y-o-y).



Headline inflation slowed to 0.4% (y-o-y) in April 2026.



The 3-mth TT-US treasury differential improved to -91 bps in April 2026.



Excess reserves remained steady, averaging \$4.4 bn daily in April 2026.



Private sector credit expanded by 4.2% (y-o-y) in March 2026.

March 2026
3.50 per cent

Monetary Policy Stance Maintained, Repo Rate Unchanged