



CENTRAL BANK OF TRINIDAD & TOBAGO

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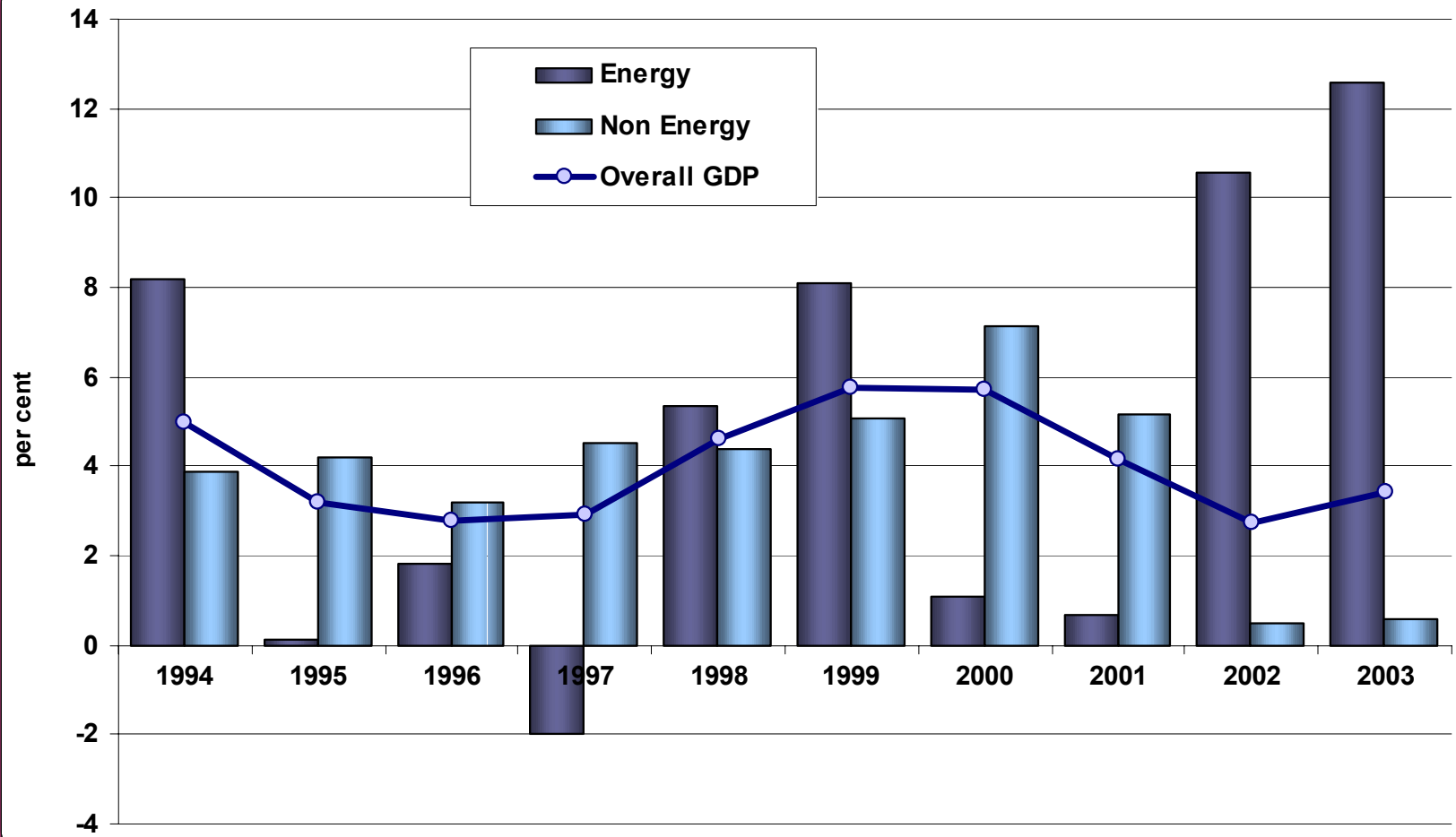
An Outlook for the Trinidad and Tobago Economy with Focus on Monetary Policy, Foreign Exchange Management and Fiscal Activity

Ewart S Williams, Governor
Central Bank of Trinidad and Tobago

February 10, 2004

GDP Growth Rates

/per cent/



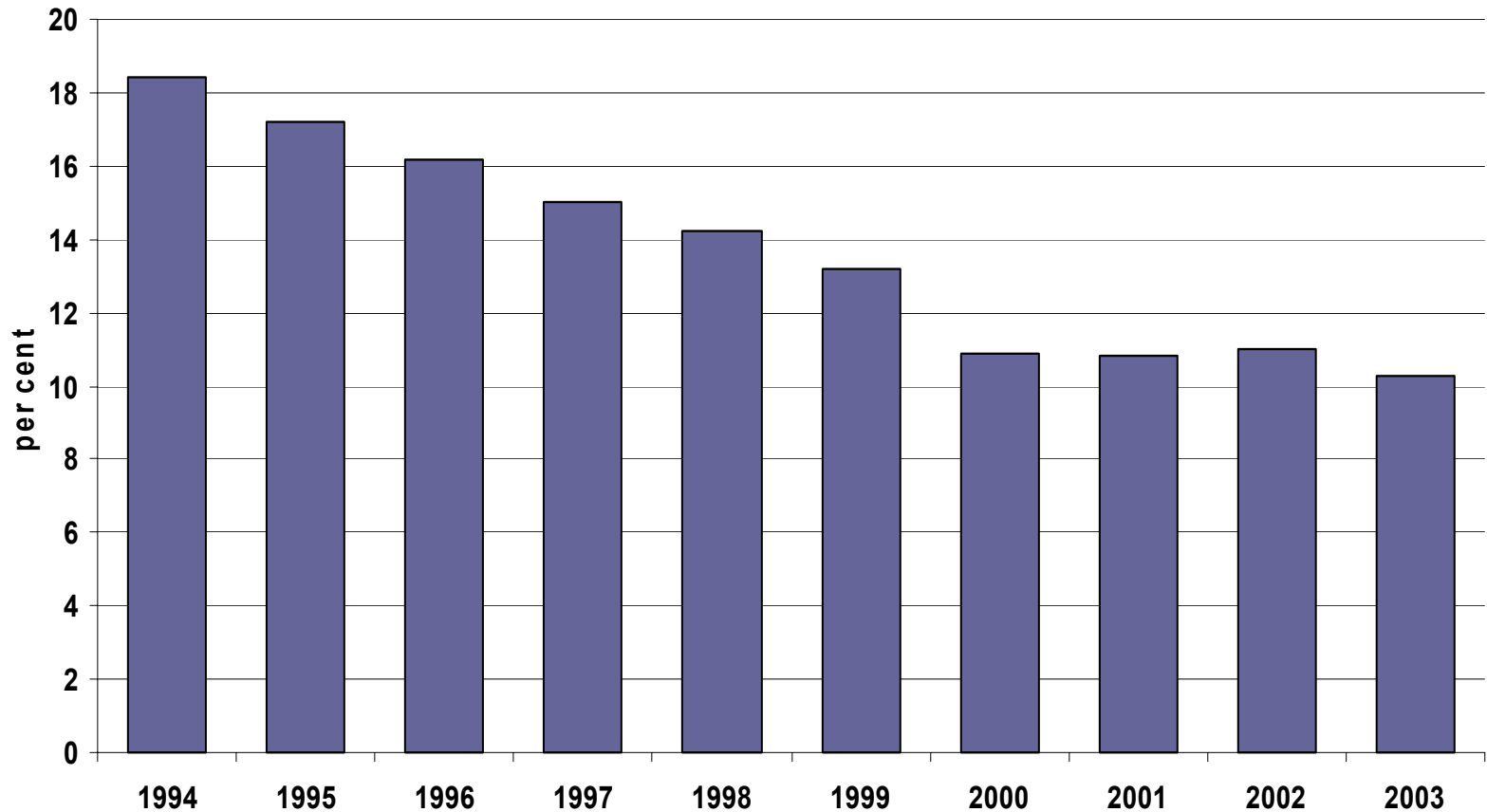
Source: Central Bank of Trinidad and Tobago

Inflation Rates

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Inflation	8.8	5.3	3.3	3.7	5.6	3.4	3.6	5.5	4.2	3.0
Core Inflation	4.7	1.8	1.0	1.3	1.8	1.0	1.2	1.1	0.6	0.9
Food Prices	17.4	16.8	10.2	10.0	15.1	8.6	8.3	13.9	10.2	12.6

Source: Central Statistical Office

Trends in Unemployment



Source: Central Statistical Office

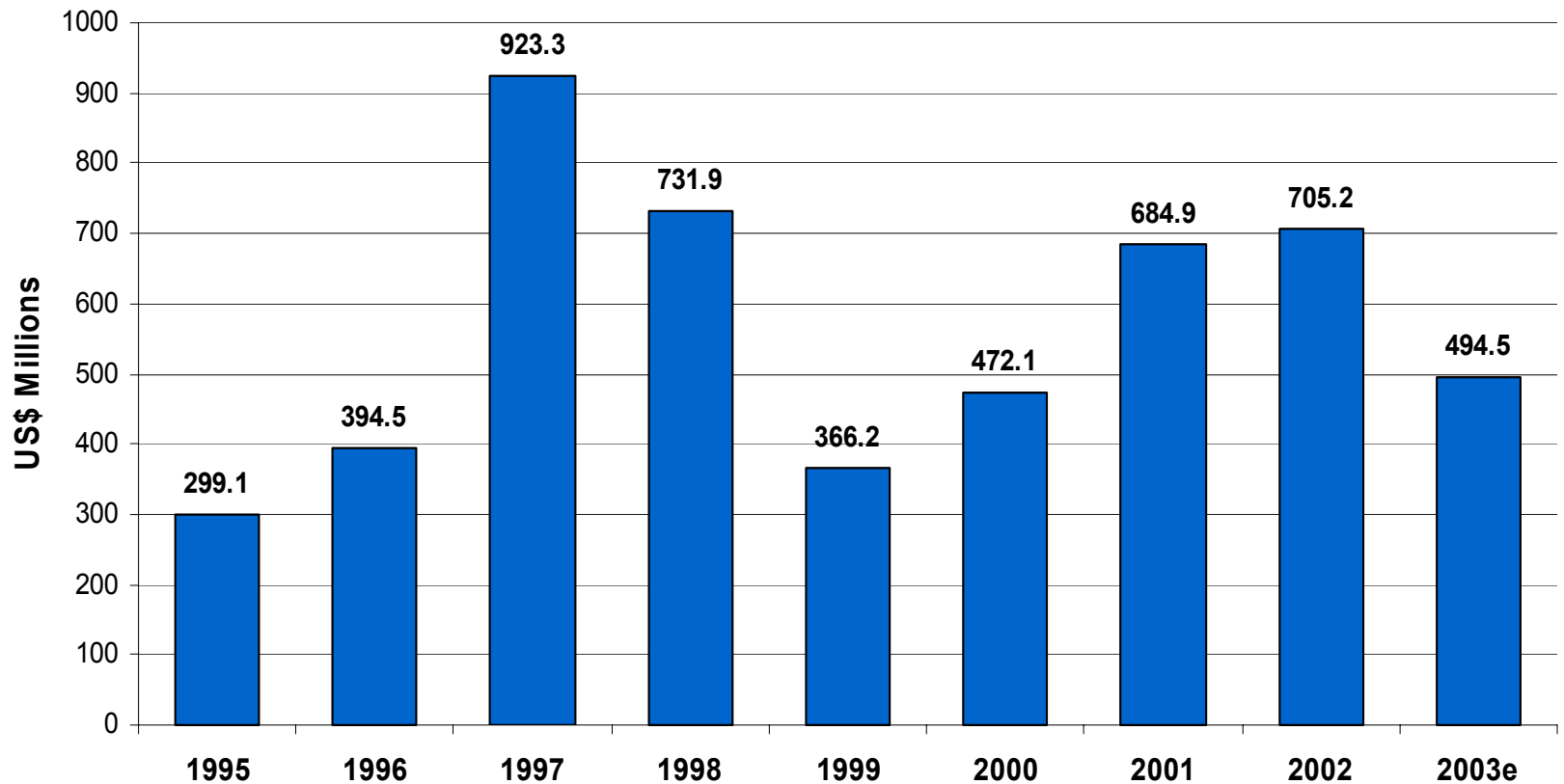
Summary Balance of Payments

US\$ Millions

	2000	2001	2002	2003 ^p
Current Account	544.3	409.1	66.8	824.3
Exports	4,290.3	4,227.5	4,033.6	5,454.8
of which: Non Oil Exports	1,489.7	1,684.0	1,540.0	1,396.0
Imports	(3,321.5)	(3,603.5)	(3,555.8)	(4,235.4)
of which: Base Imports	1,217.7	1,418.2	1,378.0	1,337.8
Capital Account	(103.3)	61.5	(17.9)	(489.4)
Overall Surplus(+)/Deficit(-)	441.0	470.6	48.9	334.9

Source: Central Bank of Trinidad and Tobago and Central Statistical Office

Foreign Direct Investment



Source: Central Bank of Trinidad and Tobago

Foreign Exchange Reserves

US\$ Millions

	2000	2001	2002	2003
Gross Official Reserves	1,405.5	1,876.0	1,923.6	2,257.7
Gross International Reserves*	1,909.7	2,455.2	2,594.0	2,909.8
Net International Reserves*	1,619.7	1,833.1	1,961.4	2,251.2

Source: Central Bank of Trinidad and Tobago

Real GDP Forecast

/per cent/

	2002	2003	2004	2005
Real GDP	2.7	3.4	4.2	10.0
Energy	10.6	12.6	6.0	25.0*
Non-Energy	0.5	0.6	3.5	4.5

- * (1) All three Atlantic LNG plants in operation; (2) Significant expansion in output from two major methanol and an ammonia plant; (3) Increased crude production from new discoveries by BHP

Source: Central Bank of Trinidad and Tobago

Selected Projections 2004 - 2005

- Inflation : 3-4 percent
- Fiscal balance or small fiscal surpluses
- External current account surplus of approximately US\$800-1,000 million.

Central Government Fiscal Operations

/per cent/

	Revenue/GDP		Expenditure/GDP		Overall Surplus/Deficit	Public Sector Debt/GDP
	Total	Of which: Oil Revenue	Total	Of which: Capital Exp.		
1996	27.6	8.8	28.0	1.7	-0.5	53.9
1997	27.3	5.7	27.2	3.1	0.1	54.8
1998	26.1	4.8	28.4	3.2	-2.3	57.2
1999	22.3	4.0	24.5	1.2	-2.2	56.1
2000	23.3	7.3	23.5	2.3	-0.2	55.2
2001	25.8	8.4	23.9	1.8	1.9	53.6
2002	23.2	5.7	23.5	1.2	-0.3	54.8
2003	24.8	9.1	23.3	1.2	1.4	51.5

Challenges (Revenue)

- Review the energy tax regime
- Stem the erosion of the non-oil tax base

Fiscal Challenges (Expenditure)

- Increase Central Government Investment
- Increase spending on :
 - Health
 - Education
 - Targeted Poverty Alleviation Programmes

External Debt

- Total External Debt – US\$1,556 million
- Debt Service Ratio – 5.5 percent of exports of goods and services

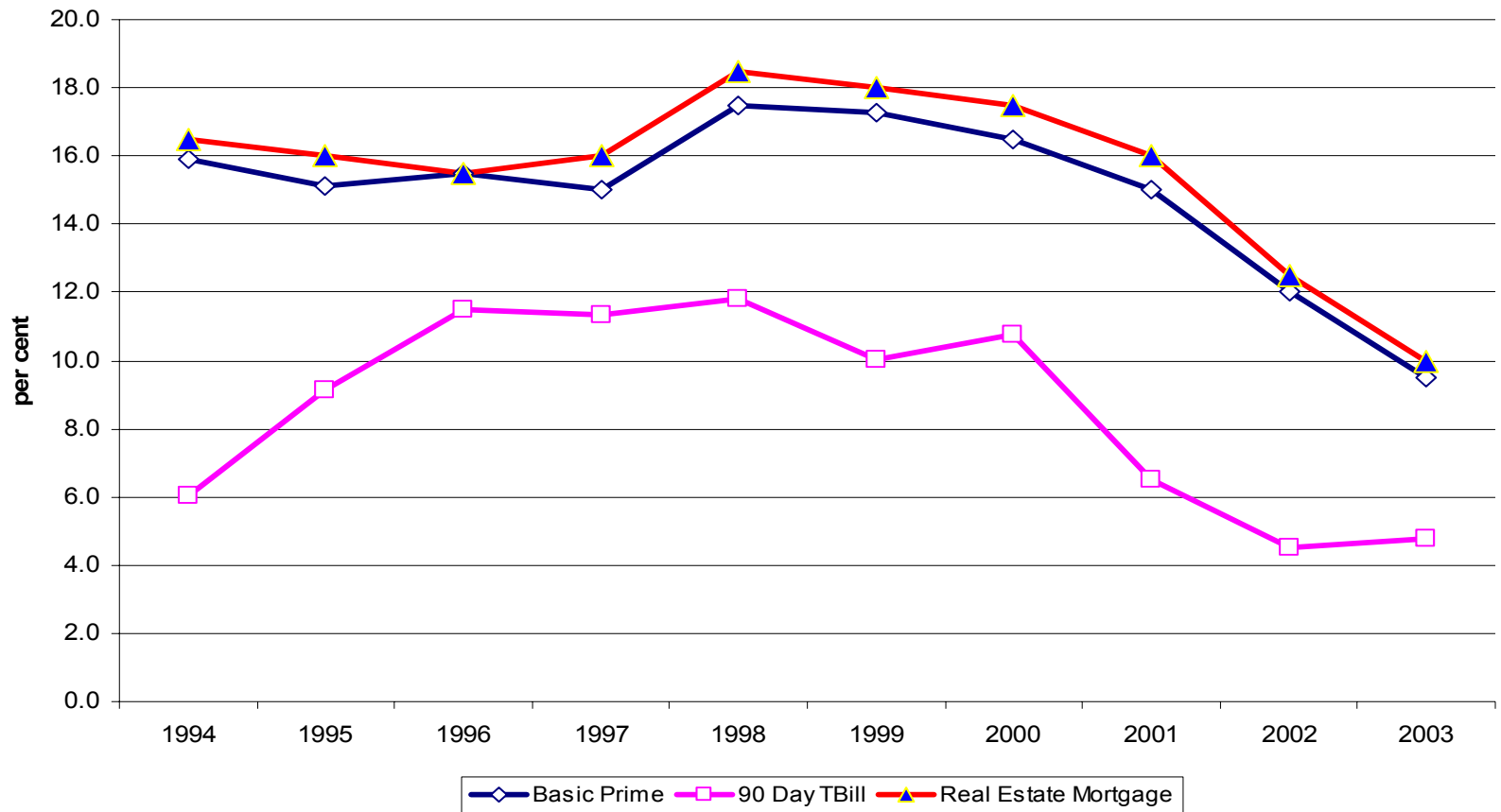
Monetary Policy

An Accommodating Monetary Policy

Stance due to:

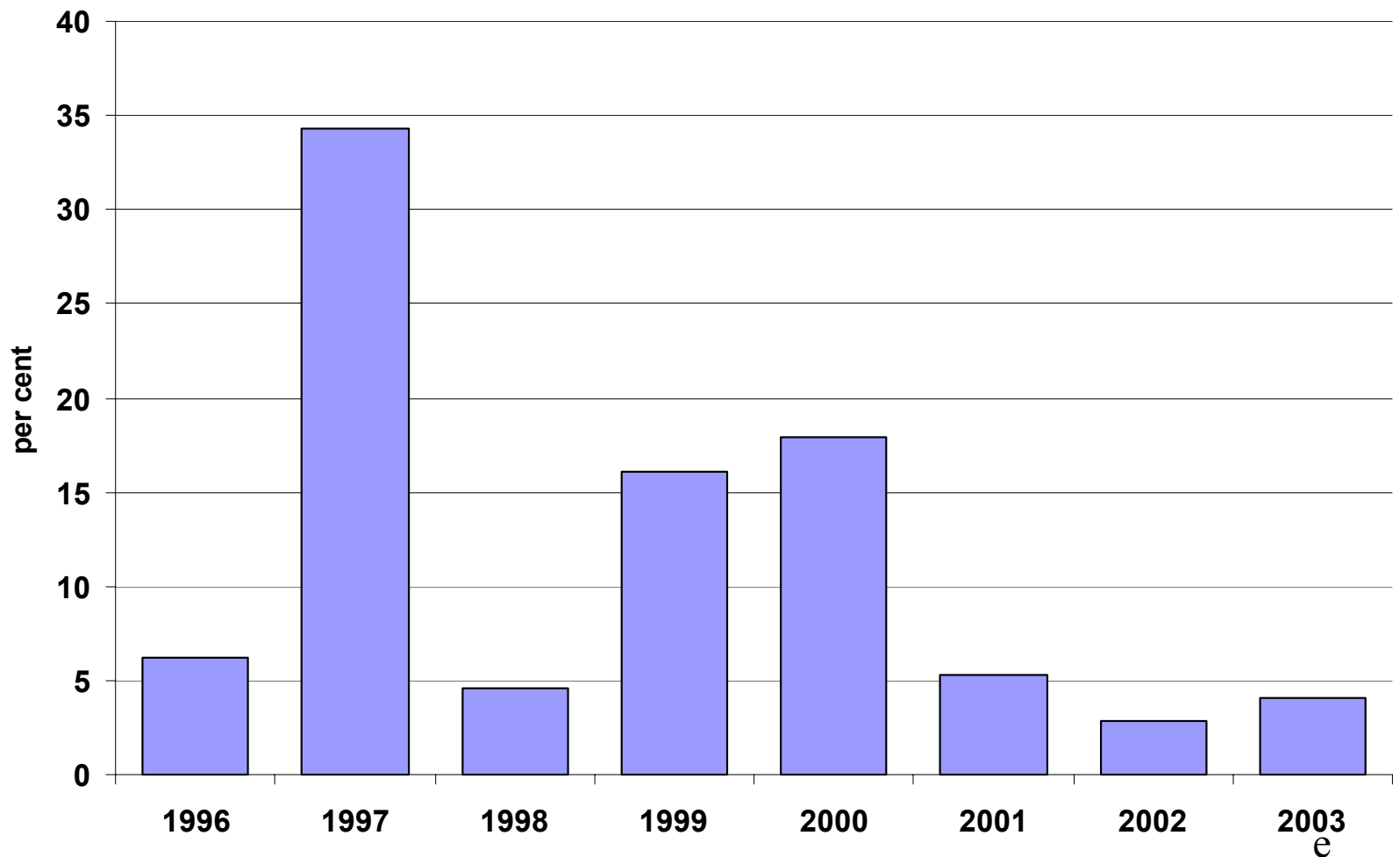
- Weak credit demand
- Slow non-energy growth
- Low inflation risk
- Strong balance of payments

Selected Interest Rates



Source: Central Bank of Trinidad and Tobago

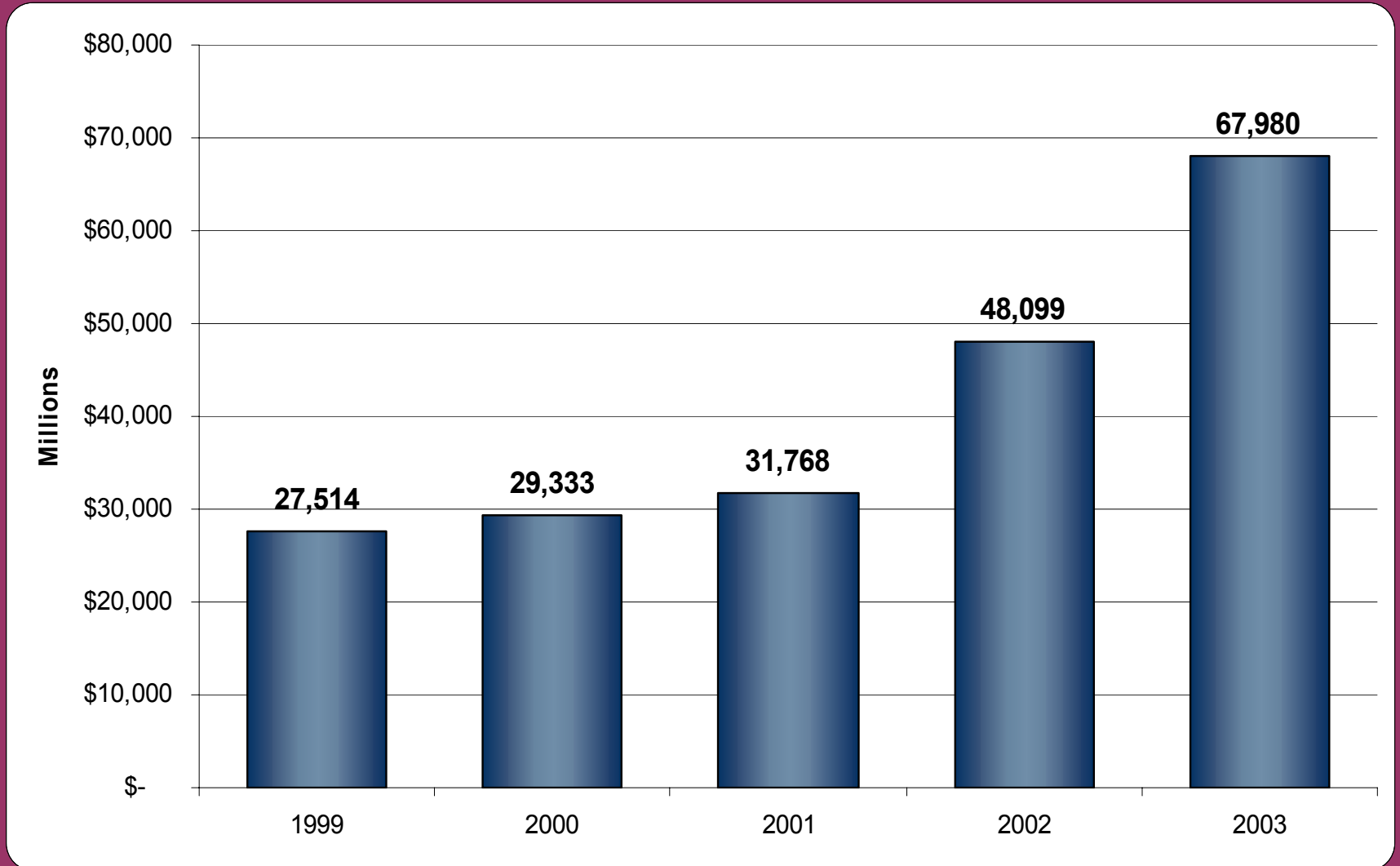
Annual Changes Private Sector Credit



Source: Central Bank of Trinidad and Tobago

Total Market Capitalization

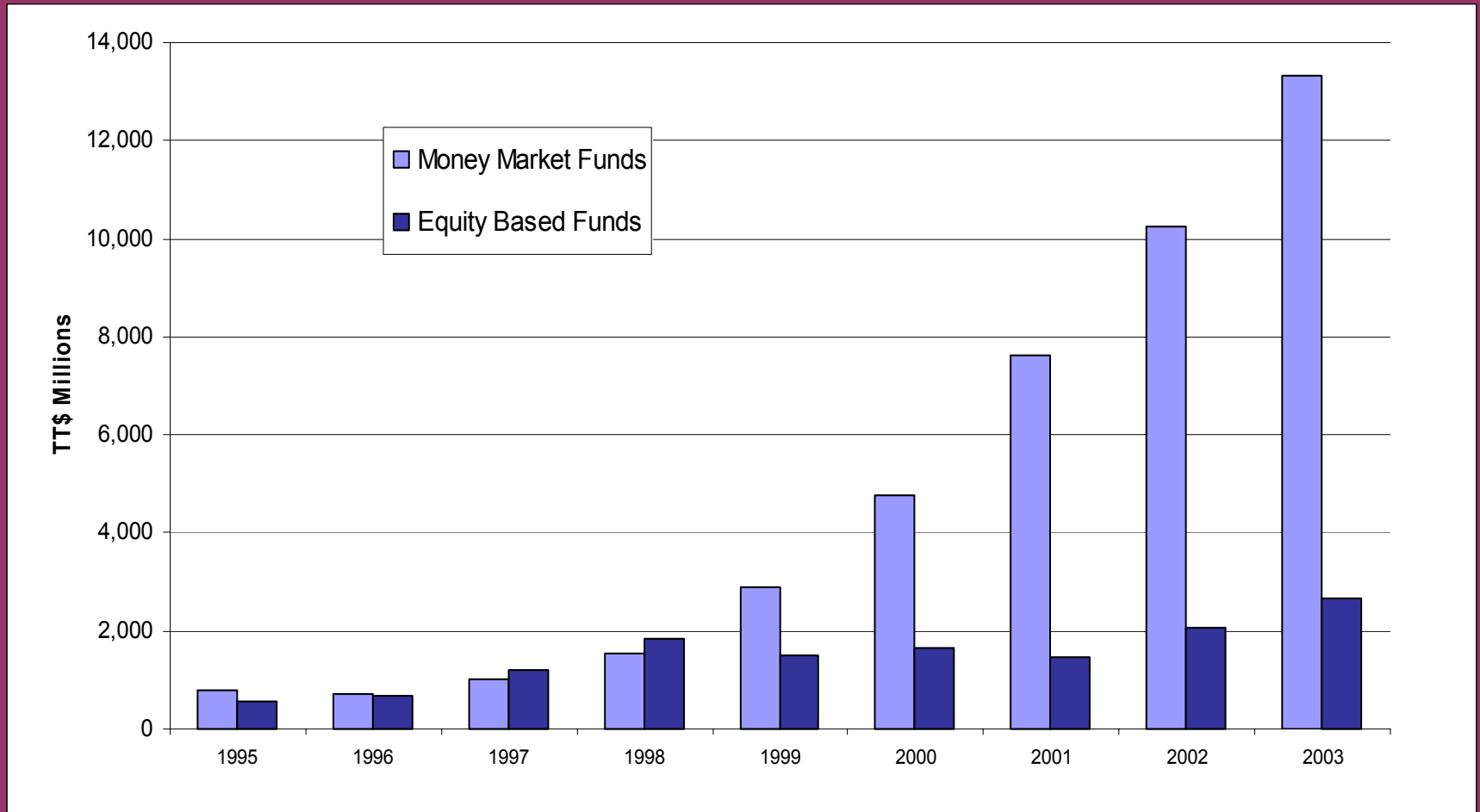
1999-2003



Source: Trinidad and Tobago Stock Exchange

Mutual Fund Activity

1995-2003



Source: Central Bank of Trinidad and Tobago

Foreign Exchange Market Guidelines

- A sharing arrangement whereby purchases from large earners would be shared among authorized dealers
- Moral suasion to persuade major earners to repatriate on a timely basis
- Guidelines for the behaviour of market participants

Foreign Exchange Market

US\$ Millions

	Purchases from the Public	Sales to the Public	Net Sales	Central Bank Sales to Banks
1993	856.6	901.6	45.0	32.8
1994	886.2	946.4	60.2	3.0
1995	1,238.9	1,341.8	102.9	6.0
1996	1,141.5	1,317.5	176.0	102.0
1997	1,398.7	1,433.9	35.2	48.0
1998	1,576.3	1,648.8	72.5	85.0
1999	1,285.4	1,471.9	186.5	170.0
2000	1,526.9	1,835.0	308.1	296.0
2001	2,135.4	2,313.6	178.2	45.0
2002	2,003.0	2,315.3	312.3	309.0
2003	2,070.4	2,625.1	554.7	487.3

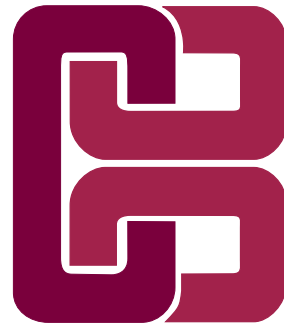
Source: Central Bank of Trinidad and Tobago

Selected Capital Outflows

US\$ Millions

	Foreign Acquisitions	Bond Placements			Total
		Sovereign	Other	Total	
1999	264.1	149.6	28.0	177.6	441.7
2000	25.2	30.0	-	30.0	55.2
2001	58.1	39.6	166.7	206.3	264.4
2002	105.9	70.1	-	70.1	176.0
2003 ^p	200.0	177.8	368.2	546.0	746.0

Source: Central Bank of Trinidad and Tobago and Central Statistical Office



The End