



CENTRAL BANK OF
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MONETARY POLICY ANNOUNCEMENT

July 19, 2024

CENTRAL BANK REDUCES RESERVE REQUIREMENT FROM 14 PER CENT TO 10 PER CENT

The Monetary Policy Committee of the Central Bank of Trinidad and Tobago (MPC) held a special meeting on July 19, 2024. The MPC examined the recent decline in excess reserves of commercial banks—the deposits held by banks at the Central Bank in excess of the required reserve ratio of 14 per cent of prescribed liabilities (deposits and short term borrowings). The daily average of excess reserves measured \$2,766 million from July 1 to July 18, 2024 compared to \$3,914 million in June 2024.

The MPC reaffirmed the appropriateness of the overall stance of monetary policy, as articulated most recently in its [June 28, 2024 Monetary Policy Announcement](#). At the same time, the Committee considered that, in the current circumstances, a lowering of the reserve requirement, accompanied by greater reliance on open market operations (the purchase and sale of securities by the Central Bank to affect liquidity), would have an immediate impact on liquidity. This combination is also consistent with the Central Bank's longstanding objective of progressively moving towards more market-determined instruments of monetary policy.

Taking all factors into consideration, the MPC decided to reduce the primary reserve requirement of commercial banks from 14 per cent to 10 per cent of prescribed liabilities with effect from the reserve week beginning July 24, 2024.

The next Monetary Policy Announcement is scheduled for September 27, 2024.

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