

HIGHLIGHTS



In Summary:

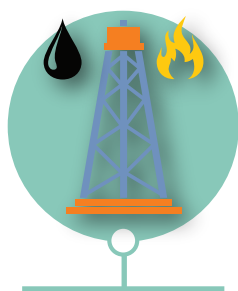
- The global economy continues to strengthen in 2018 amid growing risks relating to a possible trade war principally between the United States (US) and China.
- The domestic economy saw an increase in activity in the first quarter of 2018, led by an improvement in energy output.
- Headline inflation remained subdued in July 2017 in the context of low aggregate demand.
- Higher petroleum prices and natural gas output supported an improved year-on-year performance in the Central Government fiscal accounts.
- In June 2018, the Central Bank of Trinidad and Tobago raised the repo rate, seeking to address the growing risks posed by the widening negative differential between yields on US and TT short-term treasury instruments.
- Latest available unemployment statistics show that during the third quarter of 2017, labour market conditions worsened when compared to the same period one year ago.
- Conditions in the foreign exchange market eased slightly in the first eight months of 2018 in light of higher foreign exchange conversions as the energy sector improved. Despite this, gross official reserves registered a decline for the same period in 2018.

Overall, the domestic economy should improve moderately in 2018 mainly due to the resurgence of growth in the energy sector. Further, anticipated improvement in domestic energy output may have positive spill-over effects on the non-energy sector. The general improvement in the domestic economy is expected to reflect favourably on the fiscal accounts in FY2017/18.

EXTERNAL DEVELOPMENTS



Global growth is anticipated to increase in 2018, while becoming more uneven among countries.



Energy Commodity Prices Index (ECPI) registered an increase for 2018 thus far.



Economic activity in the Latin America and Caribbean (LAC) Region was mixed with mild recoveries in some economies.



Inflation rates in several Advanced Economies trended upwards.

DOMESTIC DEVELOPMENTS

9.1%



Energy sector output picked up during Q2 2018, with upstream production buoyed by new natural gas output.



Non-energy sector activity declined in Q1 2018, despite favourable outturns in several sub-sectors.



-0.2%

5.1%



The **unemployment** rate increased in Q3 2017, compared to the same period in 2016.



According to the CSO's Index of Retail Prices, the rate of inflation remained contained in July 2018.



1.2%

AUGUST 2018

US\$7.6 Bn



8.3 months

GROSS OFFICIAL RESERVES

IMPORTS OF GOODS AND SERVICES

BUSINESS SECTOR CREDIT GROWTH
y-o-y, JUNE 2018

1.7%

REPO RATE
5.00%
Increased in June 2018

CENTRAL GOV'T DEFICIT
OCTOBER 2017 - JUNE 2018

-\$4.5 Bn



NET DEBT
JUNE 2018

\$96.2 Bn

CONSUMER SECTOR CREDIT GROWTH
y-o-y, JUNE 2018

7.6%