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.

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.

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.

Inflation rates in several Advanced Economies trended upwards.