In Summary:

- Spurred by the energy sector, there were tentative signs of a rebound in economic output but non-energy sector activity remains weak.
- Inflation remained well contained on account of subdued domestic aggregate demand and negligible external price pressures.
- The interest rate differential between short-term TT-US treasury securities turned negative in the fourth quarter of 2017; nonetheless this has so far not translated into significant capital outflows.

The Central Bank maintained a neutral monetary policy stance and kept the "Repo" rate at 4.75 per cent. In doing so—in the backdrop of well-anchored inflation expectations—the Bank weighed carefully the need to support the economy while recognizing the potential for increased capital outflows given the negative TT-US treasury yield differentials.

Headline inflation is expected to remain relatively low over 2018, but the near certainty of additional interest rate hikes by the US Federal Reserve in 2018 would create further challenges for domestic monetary policy by exacerbating the already negative interest differential between Trinidad and Tobago and US short term instruments.

Global growth is likely to strengthen to 3.9% in both 2018 and 2019.

Crude oil prices (WTI) averaged $65/bbl in the first 5 months of 2018.

The global monetary policy environment remained generally supportive in early 2018.