HIGHLIGHTS

In Summary:

- There is evidence of an energy-led recovery in domestic economic activity in 2018.
- During the first half of fiscal year (FY) 2018/19 Central Government’s deficit was much lower compared to the corresponding period one year earlier.
- Inflation continued to be low and stable in early 2019 owing to low international food prices and moderate domestic demand.
- The local foreign exchange market remained tight despite an increase in authorised dealers’ foreign currency purchases from the public.

INTERNATIONAL DEVELOPMENTS

For 2018 and 2019, global growth was revised downward by the IMF to 3.6% and 3.3%, respectively.

Energy prices exhibited positive trends over the period November 2018 to May 2019.

Economic growth in emerging market and developing economies was hindered by worsening financial market sentiment and country-specific factors.

DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS

Inflation stood at 1.2% in May 2019.

Gross official reserves stood at US$7.2bn at the end of May 2019 or 8.1 months of prospective imports.

During the first half of FY 2018/19, the Central Government registered a deficit of US$1.9bn, 38.7% lower than in the corresponding period one year earlier.

Central Bank interventions amounted to US$826.0mn during November 2018 to May 2019, approximately US$79mn less than in the corresponding period in 2017-2018.

The latest data available indicate an increase in the unemployment rate to 4.8% in 2017.

Natural gas production increased by 1.5% in January-February 2019, when compared to the same period last year.

DOMONETARY POLICY CONSIDERATIONS

Repo rate was maintained at 5.00%.

The 3-month TT-US interest rate differential stood at -103bps at end May 2019.

Consolidated private sector credit, which had been expanding moderately in 2018, dipped in March 2019.

In March 2019 the Monetary Policy Committee held the Repo rate constant at 5.00 per cent.

The US maintained its federal funds rate range while monetary policies in other advanced economies remained accommodative.

Private sector credit grew by 3.3% in March 2019, below the 5.6% average for 2018.

Excess reserves averaged $2.8bn for November 2018 to May 2019.

The latest data available indicate an increase in the unemployment rate to 4.8% in 2017.

The latest data available indicate an increase in the unemployment rate to 4.8% in 2017.