

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.
- 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 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.



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



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

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



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

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



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.

MONETARY POLICY CONSIDERATIONS

