The emergence and spread of the novel coronavirus (COVID-19) has wreaked havoc globally, impacting the health, well-being and lives of millions.

The fiscal measures adopted by the Government of Trinidad and Tobago were complemented by strong monetary policy action by the Central Bank.

Regional Developments

- Loss of economic activity, especially within the tourism sector.
- Compromised government revenue given COVID-19 containment measures.

Domestic Developments

- Worsened fiscal accounts due to fall in energy prices.
- Constrained domestic economic activity and increased unemployment.

COVID RESPONSE – CENTRAL BANK OF TRINIDAD AND TOBAGO

Objectives

- Augment liquidity in support of the economy and the financial system.
- Make credit more accessible and cheaper.

Accommodative Policy Response

- The Repo rate was reduced from 5.00% to 3.50% on March 17, 2020.
- The Reserve Requirement Ratio for commercial banks was reduced from 17% to 14% on March 17, 2020.

Impact

- Average daily excess liquidity increased from $4.0bn (January 2 - March 17, 2020) to $5.7bn (March 18 – April 30, 2020) and further to $8.3bn (May 2020).
- The median basic prime lending rate fell from 9.25% to 7.50% at the end of March 2020.

COVID RESPONSE – VARIOUS CENTRAL BANKS

- Federal Reserve Bank
- Bank of England
- European Central Bank
- Bank of Jamaica
- People’s Bank of China
- Eastern Caribbean Central Bank
- Bank of Barbados
- Reserve Bank of India

KEY

- Interest rate cuts
- Asset purchases
- Reduced reserve requirements
- Other liquidity support measures
- Moratorium directive
- Disbursements of funds to members