

# HIGHLIGHTS



## In Summary:

- Macrofinancial uncertainty in the global economy heightened due to geopolitical tensions, which threaten to suppress global growth and reignite inflation.
- Domestically, economic activity picked up and inflation eased. According to Central Bank of Trinidad and Tobago estimates, non-energy sector activity improved offsetting a decline in energy output. Meanwhile, domestic inflation continued its downward trend in October 2023, based on easing food and core inflation.
- Despite lower financial system liquidity, levels remained ample bolstering private sector credit.
- In support of the post-pandemic recovery, the Central Bank of Trinidad and Tobago, in its September 2023 Monetary Policy Committee meeting, held the Repo rate steady.

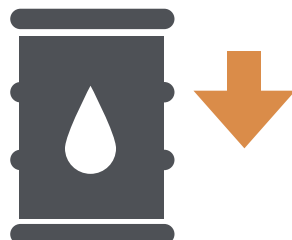
## THE INTERNATIONAL ECONOMIC CONTEXT



According to the International Monetary Fund October 2023 World Economic Outlook, **global growth is forecasted to decelerate in 2023** (drafted before the situation in the Middle East arose), owing to **slowdowns in Advanced Economies**.



**Ongoing and recent geopolitical conflicts** could spur **inflation** and **another cycle of policy rate hikes**, further undermining economic prospects.



**Crude oil prices were restrained** by slow global economic growth, recessionary concerns and inventory build-up.

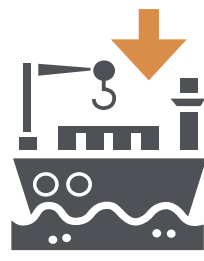


In **Latin America and the Caribbean price pressures moderated** and **real GDP growth was mixed** (growth slowed in Latin America and picked up in the Caribbean).

## DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS



**Economic activity improved** in Q2 2023 on account of **higher non-energy sector activity** (3.8%) which offset the **contraction in energy sector activity** (2.3%).



**Export earnings dipped** in Q2 2023 (45.3%), owing to lower energy prices.



**Food and core inflation decelerated** in October 2023, reaching 1.9% and 1.2%, respectively, on account of slower price movements in several major categories.



Aggregate demand remained buoyant evidenced by **robust consumer, real estate mortgage and business lending** in September 2023 (8.3%, 6.5% and 7.9%, respectively).



**Foreign exchange market conditions remained tight** over the period January to November 2023, exacerbated by the deeply disproportionate year-on-year drop-off in purchases (-15.6%) relative to that of sales (-4.6%).



Government bond market activity improved. By the end of September 2023, **primary Government bond activity picked up** (9 trades at \$11.9 billion), while **secondary Government bond market activity surged** (262 trades) over June to October 2023.

## MONETARY POLICY CONSIDERATIONS



Headline inflation **slowed to 1.3%** (y-o-y) in October 2023.



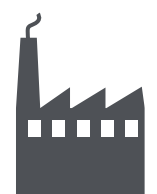
The 3-mth TT-US treasury differential **narrowed to -440 bps** in November 2023.



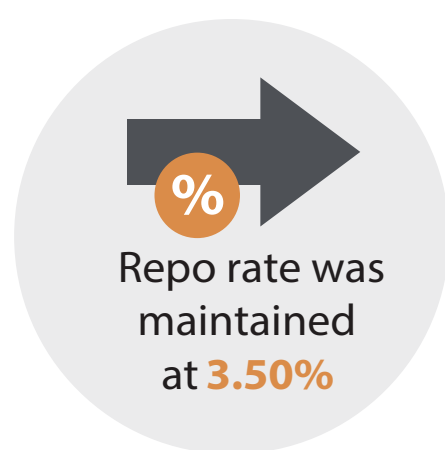
Private sector credit **expanded by 7.8%** (y-o-y) in September 2023.



Excess reserves **averaged \$4.9 bn** daily by November 2023.



Natural gas and crude oil production declined in Q2 2023 by **0.7%** and **4.8%**, respectively.



Repo rate was maintained at **3.50%**