In Summary:

- In 2017 the Trinidad and Tobago economy showed signs of improvement. Energy output grew and most major non-energy sub-sectors recorded slower declines when compared to 2016.
- Energy output was boosted by the Juniper project which was commissioned in the third quarter of 2017 and facilitated higher midstream and downstream activity.
- Crude oil prices improved notably in 2017, supported by OPEC production cuts.
- Labour market conditions worsened in early 2017 with higher unemployment and marginal declines in productivity.
- Headline inflation reached a record low in part due to low food inflation.
- Central Government deficit in fiscal year 2016/17 rose primarily due to a fall in non-energy revenue.
- The Central Bank maintained a neutral monetary policy stance.

Prospects for the local economy in 2018 appear positive supported by the stronger energy sector. This presents a valuable opportunity to advance longer-term structural reforms to improve national productivity and competitiveness.

ECONOMIC DEVELOPMENTS

- Estimates produced by the Central Bank’s Quarterly Index of Economic Activity point to a 1.1% increase in the energy sector, supported by a 2.5% increase in natural gas in 2017.

- Conditions in the labour market worsened as the unemployment rate averaged 4.9% for the first half of 2017, compared to 4.1% for the same period in 2016.

- Over 2017, the Central Bank of Trinidad and Tobago maintained a neutral monetary policy stance holding the key policy rate, the ‘repo’ rate, at 4.75%.

- Global economic activity gained momentum in 2017, as the International Monetary Fund in its January 2018 World Economic Outlook update estimated global growth of 3.7% in 2017 up from 3.2% one year earlier.

- Headline inflation reached a record low in part due to low food inflation.

- Central Government deficit in fiscal year 2016/17 rose primarily due to a fall in non-energy revenue.

- The Central Bank maintained a neutral monetary policy stance.

- Similar estimates produced a 3.6% decline in non-energy sector activity, although declines in the manufacturing and construction sectors slowed.

- Domestic inflation slowed, as headline inflation averaged 1.9% in 2017, the lowest level on record.

- The Central Government accounts weakened in fiscal year (FY) 2016/17, as the overall deficit rose to 8.5% of GDP compared to 5.3% in the previous period.

- Gross official reserves amounted to US$8.4bn at the end of December 2017, equivalent to 9.7 months of prospective import cover.