HIGHLIGHTS

INTERNATIONAL DEVELOPMENTS

Global economic growth for 2020 experienced sharp contractions as a result of the COVID-19 pandemic.

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

Energy prices were generally lower in 2020, compared to the same period a year earlier.

Economic growth in emerging market and developing economies is improving led by faster than expected recovery from China.

In Summary:

The spread of COVID-19 and measures implemented to limit its impact resulted in an unprecedented fall in world output during the first half of 2020, with a recovery anticipated in the second half of 2020.

According to the Central Bank’s Quarterly Index of Real Economic Activity, domestic economic activity contracted in the first half of 2020.

The Central Government fiscal accounts registered an overall deficit in fiscal year (FY) 2019/20 (October 2019 – September 2020).

Headline inflation has remained well contained in 2020.

The labour market was negatively affected by measures to curtail the spread of COVID-19, including ‘Stay at Home’ restrictions. Latest data indicated a sharp rise in the number of persons retrenched, 1,820 persons over May to September 2020.

The 3-mth TT-US differential stood at 6bps in October 2020.

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In September 2020 the Monetary Policy Committee held the Repo rate constant at 3.50 per cent following a 150 basis point reduction in March 2020.

The COVID-19 pandemic resulted in a general compression in the market for foreign currency, which remained tight thus far in 2020.

DOMESTIC ECONOMIC AND FINANCIAL CONDITIONS

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Private sector credit grew by 0.3% in August 2020.

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