



CENTRAL BANK OF
TRINIDAD & TOBAGO

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MONETARY POLICY ANNOUNCEMENT

September 30, 2026

CENTRAL BANK MAINTAINS REPO RATE AT 3.50 PER CENT

The IMF, in its July World Economic Outlook update, projected a reduction in global growth to 3.0 percent for 2026 and 3.4 percent for 2027, reflecting the effects of the war in the Middle East and its impact on energy importers and vulnerable economies. Internationally, inflation has increased as a result of geopolitical tensions, higher global demand and the impact of climate change, particularly the higher than usual temperatures in agricultural producing regions around the globe. The persistently high inflation rates in several advanced economies and other concerns about the economic environment have resulted in central banks, in the US, Japan and the Euro area, adjusting their monetary policy rates upwards.

Unlike the experience internationally, inflation levels in Trinidad and Tobago continue to remain low, with the latest figures from the CSO for July 2026 showing headline inflation of 0.6 per cent. Food inflation rose to 1.7 per cent while core inflation steadied at 0.2 per cent.

The most recent data from the Central Statistical Office (CSO) indicated that in the fourth quarter of 2025, the non energy sector grew by 0.2 per cent, while the energy sector contracted. Recent indicators of economic activity suggest that in the first quarter of 2026 there was a slow down in the construction and distribution sectors offset by a pick up of 4.3 per cent in the manufacturing sector. On the energy side, an uptick in petroleum exports was offset by marginal declines in the methanol, ammonia and natural gas production. This slowing will likely be arrested as the energy sector benefits

from increasing production of crude oil and natural gas as investments in new acreage and projects begin to bear fruit. In the case of the non-energy sector a pick-up in construction is likely as Government projects come on stream.

On a year-on-year basis, consolidated system credit growth continued but at a slower rate over the first half of 2026. Consolidated system credit expanded by 3.4 per cent in July 2026, down from 4.2 per cent in March 2026 and 3.5 per cent in June 2026. On a year-on-year basis, consumer lending slowed to 4.3 per cent in July 2026, down from 5.2 per cent in March 2026, while business lending eased from 3.7 per cent to 0.6 per cent over the same period. Over the period March to July 2026, real estate mortgage lending expanded from 4.4 per cent to 5.6 per cent. Real estate mortgages for both residential and commercial properties continued to grow, despite the slowing down of the demand for residential mortgages. Data to June 2026 show that interest rates on new mortgages increased to 5.33 per cent up from 5.24 per cent in the first quarter of 2026.

On the other hand, labour market conditions weakened during the first quarter of 2026, according to official data from the CSO, with the unemployment rate measuring 5.4 per cent during the period, up from 4.9 per cent in the corresponding quarter of 2025. Sectoral employment showed mixed developments during the first quarter of 2026. Supplementary indicators monitored by the Central Bank suggest that labour demand softened through July 2026.

Excess liquidity in the banking system remained well balanced over the period June to August. Over the reference period, Government operations resulted in a net domestic fiscal injection of \$3,436.9 million. Sales of foreign exchange to authorised dealers, though not a liquidity absorption measure, indirectly removed \$2,405.4 million over the period. Overall, liquidity decreased from a daily average of \$4,252.5 million in June 2026 to \$4,053.9 million in August, which is overall within a comfortable range for the system. Interbank market activity reached a daily average of \$119.8 million over 27 trading days during June to August 2026.

Interest rate differentials moved in opposite directions in August 2026.

Movements in the respective US and TT three-month Treasury bill rates resulted in the TT-US yield differential on three-month Treasuries improving by 3 basis points over June to August 2026, settling at -91 basis points below parity. At the longer end of the curve, the TT-US ten-year yield differential declined by 15 basis points over June to August 2026, reaching 157 basis points at the end of the period.

In its deliberations, the Monetary Policy Committee (MPC) noted that global economic conditions remain highly uncertain due, in part, to persistent geopolitical tensions, elevated inflation, and tightening monetary conditions. On the domestic front, the Committee considered the moderation of economic activity, slowing private sector credit expansion, and low inflation conditions. Taking all factors into account, the Committee decided to **maintain the repo rate at its current level of 3.50 per cent**. The Central Bank will continue to monitor international and domestic developments and will take further actions as necessary.

The next Monetary Policy Announcement is scheduled for December 23, 2026.

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