HIGHLIGHTS

Central Bank of Trinidad and Tobago
Annual Economic Survey, 2020

CENTRAL BANK OF TRINIDAD & TOBAGO

In Summary:

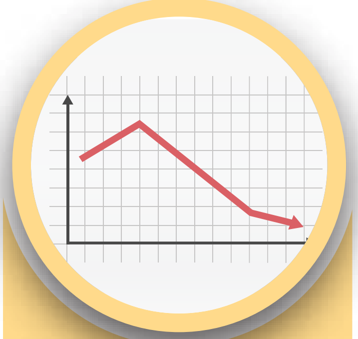
- The coronavirus (COVID-19) pandemic negatively impacted the macroeconomic landscape of Trinidad and Tobago in 2020.
- Preliminary Central Bank estimates suggest a significant contraction in domestic economic activity in 2020.
- Crude oil and natural gas prices decreased in 2020, as a result of geopolitical tensions and lower demand due to the pandemic.
- Available indicators suggest that, given the various national stay-at-home public health measures implemented during the year to curb the spread of the virus, the labour market faced several challenges over the period.
- Headline inflation declined in 2020, reflective of the slow-down in economic activity.
- The Central Government realised a larger fiscal deficit during the fiscal year (FY) 2019/20 when compared to the previous period. While expenditure remained relatively flat, Central Government revenues were significantly lower.
- In March 2020, the Central Bank lowered the Repo rate and the primary reserve requirement of commercial banks, to increase liquidity in the financial system and reduce the cost of borrowing.
- Global growth contracted in 2020 due to weak global demand as a result of strict containment measures due to the COVID-19 pandemic, coupled with capital flow reversals and depressed commodity prices.

Global growth in 2021 hinges on the continued efficacy of economic and financial stability policies, the success of efforts to ensure existing and future variants of the COVID-19 virus remain contained, together with access to and distribution of vaccines. The global pandemic will continue to affect all facets of the Trinidad and Tobago economy.

ECONOMIC DEVELOPMENTS

According to the Central Bank's Quarterly Index of Real Economic Activity, domestic economic activity contracted by **7.9%** in 2020, led by the decline in energy sector output (13.8%).

In 2020, labour market adjustments included furloughed employment, layoffs, pay cuts and reductions in working hours.



Headline inflation averaged **0.6%** in 2020, from 1.0% in 2019.

The Central Government registered a larger deficit of **11.2%** of GDP in FY2019/20, compared with a deficit of 2.6% in FY2018/19.

In March 2020, the Central Bank lowered the Repo rate and primary reserve requirement to **3.5%** and **14.0%**, respectively, where it remained for the rest of 2020.

Gross official reserves amounted to US$7.0 billion at the end of December 2020, representing **8.5 months** of import cover.

Global growth contracted in 2020 by **3.5%** (IMF World Economic Outlook, January 2021), compared with growth of 2.9% in 2019.