



TRINIDAD & TOBAGO

For the Quarter: January to March 2024

Economic Review

After recording an estimated growth rate of **2.1%** in 2023, the economy of Trinidad and Tobago is forecasted to grow by **2.4%** in 2024, according to the International Monetary Fund (IMF). 2023's output reflects strong performance of the non-energy sector, which was partially offset by a contraction in the energy sector. Regarding local price levels, headline inflation rose to **0.8%** in March, up from the **0.3%** that was recorded in January. In relation to the labour market, the unemployment rate fell to **3.2%** in the third quarter of 2023, lower than the **5.4%** recorded in the same period one year earlier.

Meanwhile, net official reserves declined to US\$5.5 billion or about 6.9 months of import cover at the end of March 2024, down from US\$6.3 billion or 7.8 months of import cover for December 2023. Against the backdrop of low, stabilizing inflationary conditions, the CBTT maintained its accommodative monetary policy stance, holding the Repo Rate unchanged at **3.50%** at its March 2024 meeting.

Capital Market Review

In the first quarter of 2024, all major local stock indices fell with the TT Composite, the All T&T and the Cross-Listed indices registering declines of **1.3%**, **1.2%** and **1.8%** respectively. In terms of individual stocks, Prestige Holdings Ltd was the top performer after its stock price rose by **29.1%** in the quarter. Conversely, TTNGL was the major laggard over the same period with a **-23.7%** price return. On the fixed income side, there has been a general upward shift of the domestic yield curve in the first quarter of 2024. More pronounced increases were observed from the 3-month to 9-year tenors while more modest increases were observed from the 10-year to 30-year tenors.

Outlook

According to the IMF, in its latest Article IV statement, economic growth is expected to gain momentum in 2024 supported by the non-energy sector and new energy projects coming onstream. In the medium term, the execution of several planned natural gas projects is expected to boost growth in the energy sector, while also supporting economic activity in the non-energy sector. Headline inflation is projected to stay relatively low in 2024, especially since imported inflation is anticipated to stay modest unless any new external shocks occur. However, the CBTT warns of potential factors such as weather conditions, higher utility rates, increased cement prices, and property taxes that could lead to an increase in domestic inflation.



THE UNITED STATES OF AMERICA

For the Quarter: January to March 2024

Economic Review

According to revised estimates from the U.S. Commerce Department, the U.S. economy grew by **3.4%** in the fourth quarter of 2023, marginally above the initial reading of **3.3%**. Growth was largely attributable to robust consumer demand and strong exports.

In relation to monetary policy, the U.S. Federal Reserve (Fed) kept the federal funds rate unchanged at the target range of **5.00% - 5.25%** for the fifth consecutive time at the conclusion of its March 2024 meeting. The Fed also signaled three quarter percentage points rate cuts may be on the cards in 2024. In terms of inflation, the core Personal Consumption Expenditures (PCE) price index measured **2.8%** year-on-year (y-o-y) for the month of March 2024.

Capital Market Review

In the first quarter of 2024, U.S. equity markets recorded strong gains, with the S&P 500 rising by **10.2%**. Market sentiment was bolstered by continued optimism due to the sustained rise of the “Magnificent Seven” stocks, positive earnings results as well as the expectations for multiple rate cuts by the Fed and a soft landing of the U.S. economy.

Among U.S. sectors, Communication Services, Energy, and Information Technology were the best performing sectors in the first quarter, with returns of **15.6%**, **12.7%**, and **12.5%**, respectively. Conversely, Real Estate, Utilities, and Consumer Discretionary were the worst performers, with returns of **-1.4%**, **3.6%**, and **4.8%**, respectively. The 10-year U.S. Treasury yield closed the first quarter at **4.20%**, 32 basis points higher when compared to the level at the end of 2023.

Outlook

In terms of the outlook for growth in 2024, the IMF projects the U.S. economy to grow by **2.1%**. On the inflation front, price levels are anticipated to trend downwards while investors are of the view that the Fed is at the end of its rate hiking cycle with forecasters expecting interest rate reductions. In November, Presidential elections will be held which may have a significant impact on financial markets.