



TRINIDAD & TOBAGO

For the Quarter: January to March 2026

Economic Review

According to the International Monetary Fund, Trinidad and Tobago's economy recorded modest growth of 0.8% in 2025. Expansion was driven primarily by the non-energy sector, which grew by an estimated 1.2%, supported by the manufacturing and services sectors. In contrast, the energy sector contracted by 0.5%, reflecting maturing hydrocarbon fields and softer export conditions. Despite the positive, albeit limited growth, fiscal and external vulnerabilities continued to weigh on the broader macroeconomic outlook. Inflation, however, has remained subdued, with headline CPI registering 0.7% in March, marginally higher than the 0.4% recorded in December 2025, supported by stable food prices and minimal supply disruptions.

In its latest Monetary Policy Announcement (dated March 27, 2026), the Monetary Policy Committee (MPC) of the Central Bank of Trinidad and Tobago noted that, while energy sector output exhibited mixed performance, non-energy sector activity remains weak while credit growth has slowed. On the positive side, the bank noted that liquidity conditions are ample, official reserves are stable, and inflation remains contained amid heightened global uncertainty. In light of these conditions, the MPC decided to maintain the repo rate at 3.50%. With respect to international buffers, net official reserves marginally decreased by 0.2% to US\$5.36 billion, equivalent to 6.2 months of import cover, by the end of March 2026, down from US\$5.37 billion or 6.3 months of import cover at the end of December 2025.

Capital Market Review

In the first quarter of 2026, two of the three major local stock market indices declined, with the TT Composite, All T&T indices falling by 1.4% and 2.2% respectively. The sole positively performing index: the Cross-Listed index reported a 0.7% quarterly gain. From a sector perspective, four sectors generated positive returns for the quarter. Energy was the best performing sector, recording an impressive return of 202.6%, followed by the Property sector with a return of 51.5%. At the individual stock level, Trinidad & Tobago NGL Limited led the market with a gain of 202.6%, while the biggest laggard was A.S. Bryden & Sons Holdings Limited, which declined by 26.3%.

On the fixed income side, yields generally increased across the curve between December 2025 and March 2026, with most of the upward movement concentrated in the short- to medium-term tenors. The most notable shifts occurred in the 5–7 year segments, where yields rose by up to 17 basis points, while the long end remained relatively stable, with only modest increases in the 25-30 year segments.

Outlook

For Trinidad and Tobago, the macroeconomic outlook heading into 2026 remains subdued, reflecting structural constraints and continued weakness in the energy sector. The IMF estimates real GDP growth of approximately 0.7% in 2026, as stronger non-energy sector activity partly offsets an anticipated decline in energy production. Medium-term prospects are expected to improve as new energy developments, including Manatee, come onstream. Fiscal pressures remain elevated. The Government's 2026 budget targets a TT\$3.87 billion deficit (2.2% of GDP) financed through borrowing and possible Heritage and Stabilization Fund drawdowns, while IMF projects the deficit could be nearer 5.0% of GDP under current policies. Public sector debt is rising, and credit rating agency S&P Global Ratings has revised its outlook to negative due to fiscal and growth vulnerabilities. Downside risks center on the energy sector and the external environment. Delays or disruptions in energy production and geopolitical issues affecting cross border gas development could weaken growth and fiscal revenues. Additional risks include tighter global financial conditions and trade disruptions. Over the medium term, stronger energy prices, timely project execution and structural reforms could support growth and fiscal performance.



THE UNITED STATES OF AMERICA

For the Quarter: January to March 2026

Economic Review

The U.S. Bureau of Economic Analysis released its GDP (Advance Estimate) for the first quarter of 2026 and reported that real GDP increased at an annualized rate of 2.0%. This represents a rebound from 0.5% in the fourth quarter, though it fell short of the 2.2% estimate. Contributing to the increase were investment, exports, consumer spending, and government spending. As of March 31st, 2026, the Federal Reserve has held rates steady at the target range of 3.50%–3.75% so far, reflecting a wait-and-see approach amid inflation uncertainty. Latest inflation data showed that the U.S. Consumer Price Index (CPI) rose 3.3% year-over-year in March 2026, with a monthly increase of 0.9%, marking the largest monthly gain since June 2022. The rise in inflation was largely driven by a spike in energy prices due to U.S.-Iran conflict. Regarding the labour market, the U.S. unemployment rate edged down to 4.3% in March 2026, compared with 4.4% in February. Total nonfarm payroll employment increased by +178,000 in March, following a loss in February of 133,000.

Capital Market Review

U.S. stock markets recorded losses during the first quarter of 2026, with the S&P 500, Nasdaq, and DJIA declining by 4.6%, 7.1%, and 3.6%, respectively. This performance was largely driven by heightened geopolitical instability stemming from the Iran conflict, which intensified inflation concerns, weakened investor sentiment, and contributed to increased market volatility. From a sector perspective, gains were recorded across six of the eleven sectors in the S&P over the first quarter, led by Energy (+37.2%), Materials (+9.3%), and Utilities (+7.5%). Conversely, Financials (-9.8%), Consumer Discretionary (-9.3%), and Information Technology (-9.3%) were the worst performing sectors. In fixed income markets, yields trended higher in Q1 2026, reflecting expectations of higher inflation. The 10-year Treasury yield, sensitive to Fed policy, growth, and inflation expectations, rose from 4.17% at the end of 2025 to 4.32% by March 31, 2026- representing an increase of about 15 basis points.

Outlook

According to the U.S. Federal Reserve, the economy is projected to grow by 2.4% in 2026. Inflation is expected to remain sticky, ending the year at 2.7% while the labour market is expected to remain broadly stable with a projected unemployment rate of 4.4% by the end of the year. Monetary policy is expected to remain accommodative in 2026, with the Fed's latest dot plot projections suggesting a modest decline in policy rates of approximately 25 basis points from current levels. Recent market weakness largely reflects heightened geopolitical tensions linked to the U.S.–Israel–Iran conflict, which have intensified inflation concerns, weighed on investor sentiment, and increased volatility. While risks remain if tensions persist, the baseline outlook assumes a gradual easing, allowing markets to move broadly in line with year-end targets.