



## TRINIDAD & TOBAGO

For the Quarter: October to December 2025

### Economic Review

According to the Central Statistical Office (CSO), the domestic economy grew by 2.6% year-on-year in the second quarter of 2025, rebounding from a 2.1% contraction in the first quarter. The increase was driven primarily by a resurgence in the energy sector, supported by new gas fields that boosted natural gas and crude oil production, as well as higher output from ammonia and urea. Overall, energy output rose 10.4% year-on-year, with natural gas production increasing 11.7% and crude oil production up 8.9%. Some non-energy sectors, including agriculture and trade and repairs, recorded declines.

Inflation has remained low, with headline CPI registering 0.4% in December, supported by stable food prices. The Monetary Policy Committee of the CBTT noted that although inflation is contained and liquidity conditions have improved, economic growth remains tentative, with non-energy sectors underperforming. Considering these factors, the MPC of the Central Bank decided to keep the repo rate unchanged at 3.5%, balancing support for domestic recovery with the need to safeguard reserves. In terms of international buffers, net official reserves increased by 10.1% to US\$5.4 billion or 6.3 months of import cover by the end of December 2025, from US\$4.9 billion or 5.7 months of import cover in November.

### Capital Market Review

In the fourth quarter of 2025, all three major local stock market indices declined, with the TT Composite, All T&T, and Cross-Listed indices falling by 3.5%, 4.1%, and 2.0%, respectively. For the full year, the indices also posted losses, with the TT Composite down 11.8%, the All T&T down 13.3%, and the Cross-Listed index declining by 7.3%. From a sector perspective, only two sectors generated positive returns for the year. The Property sector was the best performer, recording a return of 40.3%, followed by the Trading sector with a return of 14.6%. At the individual stock level, A.S. Bryden & Sons Holdings Limited led the market with a gain of 65.2%, while the biggest laggard was West Indian Tobacco Company, which declined by 53.4%.

On the fixed income side, yields generally increased across the curve, with most of the movement concentrated in the short- to medium-term tenors. The most notable shift for the year occurred at the one-year tenor, which increased by 65 basis points to reach 4.6% at the end of December.

### Outlook

On December 12, 2025, Moody's Investors Service affirmed Trinidad and Tobago's long-term local and foreign currency issuer and senior unsecured rating at Ba2 but revised its outlook from "Stable" to "Negative" to reflect heightened external vulnerabilities. The agency highlighted a significant decline in liquid foreign exchange reserves, defined by Moody's as gross reserves excluding gold and Special Drawing Rights, which fell by about 24% over the past year to approximately US\$3.2 billion as of August 2025, below earlier projections of around US\$4 billion. This reduction has intensified foreign exchange shortages and weakened coverage of upcoming external debt obligations. The ratings agency also noted that new hydrocarbon projects, such as Shell's Manatee field, are expected to boost FX inflows, but these benefits are unlikely before 2027.



## THE UNITED STATES OF AMERICA

For the Quarter: October to December 2025

### Economic Review

According to the U.S. Bureau of Economic Analysis the U.S. economy grew at an annual rate of 4.4% in the third quarter of 2025, the fastest pace of expansion in two years and above the 3.8% recorded in the second quarter. Growth was driven by increases in consumer spending, exports, and government spending, partially offset by a decrease in investment, while imports declined as well. In December, the Federal Reserve held its final policy meeting of 2025 and cut the federal funds rate by 25 basis points to a target range of 3.50%–3.75%, marking the third rate cut of the year.

Latest inflation data showed that the Consumer Price Index (CPI) rose 2.7% year-over-year in December 2025, unchanged from the November reading. Core CPI came in at 2.6% in December, also unchanged from November. Regarding the labour market, the U.S. economy added about 50,000 jobs, below expectations and capping the weakest year for employment growth since 2020. Nevertheless, the unemployment rate edged down slightly to 4.4% in December from 4.5% in November. This modest decline occurred even as labour market momentum weakened, with hiring subdued.

### Capital Market Review

In the fourth quarter of 2025, U.S. equity market momentum slowed, but the S&P 500 still gained modestly, supported by broad investor confidence despite periodic profit-taking amid concerns about valuations. Over the full year, the S&P 500 returned 16.4%, driven by strong corporate earnings and optimism around artificial intelligence and digital innovation. From a sector perspective on the S&P 500, Communication Services led the markets with a 32.4% gain followed by Info Tech and Industrials up 23.3% and 17.7% respectively. Real Estate led the declines as was the only sector to end the year with a negative price return, down 0.4%. In fixed income markets, the yield on the 10-year U.S. Treasury ended the year lower than at the end of 2024, reflecting shifts in monetary policy expectations and easing rate pressures toward year-end.

### Outlook

According to the U.S. Federal Reserve, the economy is projected to grow by 2.3% in 2026. Inflation is expected to remain sticky, gradually declining toward 2.4% over the year, supported by lower energy prices and adjustments to tariff impacts. Some Fed officials cautioned that inflation could persist longer than previously anticipated. Officials also highlighted downside risks to employment following a year of softer labour market conditions. 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.