

Forex sales by dealers drop by US\$298.5m

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FOREIGN exchange sales to the public from authorised dealers fell by US\$298.5 million between January and October this year compared with the same period in 2024, the Central Bank reported in its Monetary Policy Report released yesterday.

The Central Bank noted that authorised dealers sold US\$4.93 billion to the public over January to October 2024.

This year's US\$4.63 billion total represents a 6.1% decline.

Of that US\$4.63 billion, credit card payments made up 44% of transactions exceeding US\$20,000, the Central Bank said.

'Sales of foreign exchange by authorised dealers to the public reached US\$4,628.9 million over January to October 2025, a decrease of 6.1% relative to the same period a year prior. Based on reported data for transactions over US\$20,000, credit cards (44%), retail and distribution (20%), energy companies (10.6%), and automobile companies (5.9%) made up the bulk of foreign exchange sales by authorised dealers to the public,' the Central bank stated.

The Central Bank said the foreign-currency market has stayed tight this year, citing a 10% fall in purchases by authorised dealers from the public and a 14.9% slide in conversions from energy companies.

'Purchases of foreign exchange by authorised dealers from the public amounted to US\$3,354.8 million over January to October 2025, a decrease of 10% relative to the same period a year earlier. The decrease in purchases followed a 14.9% decline in conversions by energy companies relative to the same period in 2024, likely related to redemptions of VAT bonds by energy sector companies during 2025,' it stated.

'For the period January to October 2025, purchases from the energy sector accounted for 66.9% of total foreign currency purchases over US\$20,000 in value. Other sectors with notable inflows were services (8%) and credit cards (6.4%),' the Central Bank stated.

The Central Bank said foreign-exchange inflows from the energy sector are expected to improve in line with the sector's projected recovery.

'Nonetheless, energy commodity prices remain sensitive to global demand trends, supply-side dynamics, and inventory levels. On the demand side, pressures are expected to persist, particularly as wages for public sector employees rise following the conclusion of wage negotiations. In FY2024/25, the Central Bank sustained its intervention, with net foreign exchange sales to authorised dealers averaging US\$114.2 million per month-exceeding the prior year's monthly average of US\$108.7 million. Given the prevailing demand-supply imbalance, the foreign exchange market is expected to remain tight. However,

in the absence of equilibrium shift in exchange rate management policy, the need for Central Bank interventions are anticipated to persist,' it stated.

The Central Bank said the foreign-exchange market posted a net sales gap of US\$1.27 billion over the period.

'To support the market, the Central Bank sold US\$1,087.7 million to authorised dealers,' the Central Bank stated.

The Central Bank said its foreign-currency interventions, or sales to authorised dealers, remain well below the volume sold by dealers to the public and typically track the size of the net sales gap.

'Over January to October 2025, Central Bank interventions accounted for 23.5% of total sales of foreign exchange by authorised dealers to the public, up from 21.8% a year prior,' it stated.