

## CBTT: Economy rebounded in Q2

A Central Bank report issued yesterday states that indicators monitored by the Central Bank suggest that economic activity rebounded in the second quarter of 2025, while headline inflation, measured by the CSO's Consumer Price Index (CPI), slid between May and October 2025 and there was a reduction in the demand for foreign exchange.

In its Monetary Policy Report (MPR) for November, the Central Bank said the improvement in the second quarter, from April 1 to June 30 2025, was attributable to a surge in energy sector activity, which countered estimations of reduced activity in the non-energy sector.

The report indicated that data from the Ministry of Energy and Energy Industries attributed much of the energy sector expansion in the second quarter of 2025 to improved upstream production.

"During this period, both natural gas and crude oil production recorded strong year-on-year increases of 11.7 per cent and 8.9 per cent, respectively," the report said.

"This was partly due to a base effect, stemming from maintenance activities by key upstream producers in the corresponding period of 2024. The boost to production was also attributed to the commencement of activity at the bpTT Cypre and the bpTT/EOG Mento fields," according to the Central Bank.

The Bank also noted that strong upstream performance bolstered activity in the refining sub-sector, as output of liquefied natural gas (LNG) and natural gas liquids (NGLs) recorded notable upticks of 27.8 per cent and 24.1 per cent, respectively.

"Activity in the petrochemicals sub-sector was also buoyant, evidenced by a rise in ammonia (23.6 per cent) and urea (51.3 per cent) output. Conversely, methanol production dipped (-12.7 per cent) given the ongoing effects of the idled Atlas facility in the fourth quarter of 2024," the MPR noted.

The Central Bank said its leading indicators pointed to a dip in non-energy sector activity during the second quarter of 2025. One of those indicators is the growth in the Cashless Payment Index, which is a proxy for non-energy sector activity that the Bank started using last year.

The MPR indicates that the Cashless Payment Index slowed to 6.7 per cent over the period, compared to 10.1 per cent in the same period one year prior.

On the issue of inflation in T&T, the Central Bank said it slowed to 0.4 per cent in October 2025 (year-on-year) from 1.4 per cent in May 2025. There were slowdowns in both food and core inflation over the period with food inflation slowing to 0.9 per cent in October 2025 from 4.1 per cent in May 2025. This was based on smaller price increases and faster price declines in several sub-indices.

With regard to foreign exchange demand, the Central Bank noted that sales of foreign exchange by authorised dealers to the public reached US\$4.62 billion over January to October 2025, a decrease of 6.1 per cent relative to the same period a year prior.

The supply of foreign exchange to the market—determined by purchases of foreign exchange by authorised dealers from the public—amounted to US\$3.35 billion over January to October 2025, a decrease of 10.0 per cent relative to the same period a year earlier.