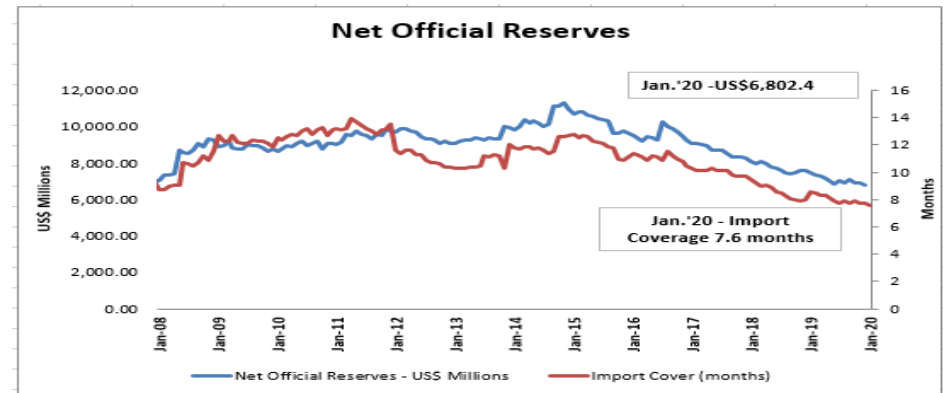
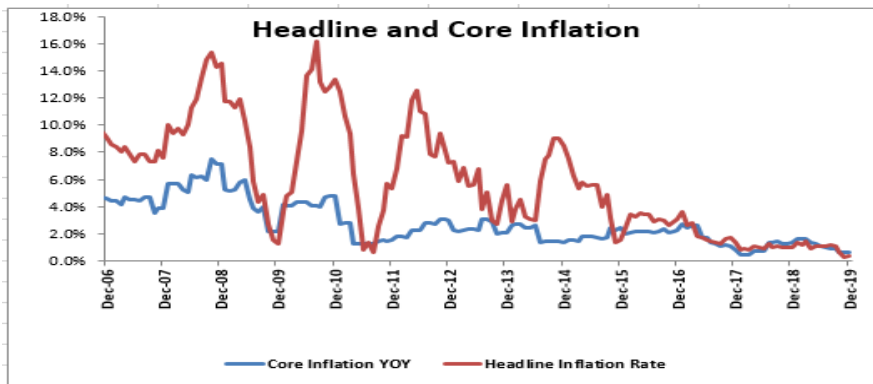


Company (Ticker) (S&P / Moody's / Fitch)	Major Issues / Risks	Major Developments	Credit Outlook																																				
<p>Trinidad & Tobago (TRITOB) (BBB-/Ba1/--)</p> <p>The Republic of Trinidad and Tobago (T&T) high-income country, boasting one of the highest per capita incomes in Latin America and the Caribbean. Trinidad and Tobago's economic activity spans several sectors, chief among which is the Petroleum & petrochemical sector which account for approximately 35% of GDP, over 80% of exports and a third of government revenue. Agriculture, industry, tourism, and services also contribute to the economy's GDP.</p> <p>Due to its heavy dependence on the production of oil, the Trinidad and Tobago economy was rocked by the sustained decline in the prices of hydrocarbons since 2014. This contributed to a four-year recessionary period during which there was a sustained contraction in revenues and profitability of firms and general economic activity. The economy exhibited green shoots of a recovery in 2019, posting growth in the energy and non-energy sectors.</p> <div data-bbox="86 876 623 1201"> <table border="1"> <caption>Oil & Natural Gas Prices (2010-2020)</caption> <thead> <tr> <th>Year</th> <th>Oil Price (US\$/bbl) (LHS)</th> <th>Natural Gas Price (US\$/mmbtu) (RHS)</th> </tr> </thead> <tbody> <tr><td>2010</td><td>~80</td><td>~105</td></tr> <tr><td>2011</td><td>~95</td><td>~95</td></tr> <tr><td>2012</td><td>~90</td><td>~70</td></tr> <tr><td>2013</td><td>~95</td><td>~85</td></tr> <tr><td>2014</td><td>~95</td><td>~110</td></tr> <tr><td>2015</td><td>~50</td><td>~65</td></tr> <tr><td>2016</td><td>~45</td><td>~60</td></tr> <tr><td>2017</td><td>~55</td><td>~75</td></tr> <tr><td>2018</td><td>~65</td><td>~80</td></tr> <tr><td>2019</td><td>~60</td><td>~65</td></tr> <tr><td>2020</td><td>~35</td><td>~45</td></tr> </tbody> </table> </div> <p>Source: Central Bank of Trinidad & Tobago</p>	Year	Oil Price (US\$/bbl) (LHS)	Natural Gas Price (US\$/mmbtu) (RHS)	2010	~80	~105	2011	~95	~95	2012	~90	~70	2013	~95	~85	2014	~95	~110	2015	~50	~65	2016	~45	~60	2017	~55	~75	2018	~65	~80	2019	~60	~65	2020	~35	~45	<p>Strengths/ Opportunities</p> <ul style="list-style-type: none"> • Developed energy sector, large natural gas reserves, and well-developed infrastructure. Major supplier of refined products to the region. • Structural reforms being pursued are expected to drive growth in the private sector. • Stable democracy, free and fair elections • Significant stock of foreign reserves and a large sovereign wealth fund. • Funding secured from various multilateral to assist with fight against COVID-19, <p>Weaknesses /Threats</p> <ul style="list-style-type: none"> • Heavy reliance on the energy sector. • Vulnerable to global oil price shocks • Small, open economy with risk of capital flight if there is currency devaluation and uncertainty surrounding growth prospects. • Perception of widespread government corruption. • Key reforms such as exchange rate liberalisation could be delayed given impending elections. 	<p>Ratings downgrade by S&P. In March 2020, S&P lowered T&T's credit ratings to BBB- from BBB. This was against the background of the COVID-19 pandemic which has severely constrained economic activity and weaken global demand for oil. This, coupled with oversupply of the commodity, amidst geopolitical tensions, resulted in sharp decline in oil prices which has adversely impacted the economies of oil producing states such as Trinidad & Tobago.</p> <p>Economic Recovery will likely be delayed by COVID-19 – In 2019, the economy showed early signs of recovery from the four-year recession, growing by 0.8% for Q1-Q2 of 2019. Despite lower productivity of mature fields and maintenance activity by major oil and gas producers, the energy sector increased by 0.9% YoY, reflecting increases in crude oil and natural gas and LNG & Fertilizer production. The non-energy sector also grew, driven by growth in the Finance, Distribution, construction, and manufacturing sectors. The most recent developments are likely to place the economy back into a recession. Latest IMF projections suggest a -4.5% economic contraction in 2020, with a 2.6% recovery forecasted for 2021.</p> <p>Consolidation of T&T's fiscal position likely to be stymied by increased demand for Government spending – Before the onset of the pandemic, T&T's fiscal deficit was narrowing due to improvement in energy revenues and the Government of the Republic of Trinidad & Tobago's (GORTT) tighter management of expenditure (capital expenditure and subsidies).</p> <p>Lower revenues, as well as programmes to support households experiencing financial challenges amid the COVID-19 crisis, will increase government expenditure and place additional pressure on the already fragile fiscal position. There is also the possibility that government may provide extraordinary support to key state agencies in the event of distress. Indications are that the Government will likely cover contingencies through drawdowns from the Heritage Stabilization Fund (HSF) as well as emergency facilities from regional development banks.</p>	<p>Stable</p> <p>S&P assigned a stable outlook to the sovereign. T&T may face further downgrades if there is a prolonged period of global economic contraction which will weigh on the global prices of hydrocarbons. This will delay the recovery of T&T's economic activity, industrial demand as well as government revenues.</p> <p>Current economic challenges are expected to adversely impact already declining reserves - Gross reserves as of September 2019 were \$6.9bn (7.7 months of imports of goods & services), down nearly \$650m from December 2018, due to the support of the FX market from reserves. The Central Bank has been managing currency at around USD6.75/TTD in 2019, an artificially high value that has contributed to persistent hard currency shortages, which limits the ability to import capital goods. In the current crisis which has reduced revenues from oil, T&T's external accounts expected to deteriorate which will adversely impact the nation's gross reserves.</p> <p>While GORTT will find it difficult to safeguard gains made so far in terms of the fiscal and economic consolidation, the access to reserves and other sources of support should facilitate a meaningful response to the critical challenges arising from the COVID-19 pandemic</p> <p>Recommendation – If owning the issuer's notes is aligned with the client's overall objective, we recommend that they hold.</p>
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Trinidad & Tobago - Selected Economic Indicators Annual									
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Real GDP (2012=100) Growth - Total (%)	2.6	-4.54	n.a.	-0.2	-2.3	-6.3	1.8	-0.9	2.2
Inflation Rate (%)	1.279	-1.003	1	1	1.9	3.1	4.7	5.7	5.2
Oil Price (US\$/bbl)	n.a.	n.a.	57	64.8	50.9	43.2	48.7	93.1	97.9
Natural Gas Price (US\$/mmbtu)	n.a.	n.a.	2.6	3.2	3	2.5	2.6	4.4	3.7
Net Official Reserves (US\$Mn)	n.a.	n.a.	6,929.0	7,575.0	8,369.8	9,465.8	9,933.0	11,497.1	10,175.9
Import Cover (months)	n.a.	n.a.	7.7	8	9.7	10.5	11.2	12.9	12.2
Overall Fiscal Balance (TT\$Mn)	n.a.	n.a.	n.a.	-4,180.8	-10,404.0	-9,628.5	-3,813.4	-8,264.1	-752.0
Gross Public Sector Debt to GDP Ratio (%)	n.a.	n.a.	74.7	76.5	75.8	79	72.2	66.5	53.6
Net Public Sector Debt to GDP Ratio (%)	n.a.	n.a.	65.5	60.8	60.3	58	50.6	45.2	39.5



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