Credit Analysis

December 2008

Trinidad & Tobago

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Trinidad & Tobago		
	Foreign Currency	**Local Currency**
Government Bond Rating	Baa1-Stable	Baa1-Stable
Country Ceiling	A1-Stable	Aa3-Stable
Bank Deposit Ceiling	Baa1-Stable	A1-Stable

Moody's sovereign rating list

Summary and Outlook

Ratings supported by a vibrant energy sector, a low public debt burden and strong policy consensus

Trinidad and Tobago's Baa1 government bond ratings in both local and foreign currency are supported by a vibrant and well diversified energy sector, a relatively low public debt burden and a strong consensus on macroeconomic policies. Despite the continued rapid improvement in most key debt indicators over the past few years, Trinidad and Tobago's ratings are lower than other energy producers, particularly those in the Gulf, because key credit metrics, particularly fiscal indicators, are far stronger in those countries. Further, given the current state of commodity markets, upward pressure on the ratings is unwarranted at this juncture despite recent improvements.

Moody's Investors Service

Trinidad and Tobago's investment grade rating expresses Moody's positive view about the ability of Trinidad and Tobago to respond to a downturn in the commodity cycle without a significant increase in credit risk relative to its rating peers. Although the depth of the current crisis presents significant challenges, there are some important factors that support the view that the current shock is far less likely to lead to a painful "bust" similar to that experienced during 1970s and 1980s.

The massive increase in energy output over the past few years should serve to protect the economy from the ongoing dramatic fall in prices and the fallout thereof. Largely due to the coming on stream of natural gas since the late 1990s, output of energy products (ranging from oil to natural gas to petrochemicals) has surged in the past few years. Natural gas output, for example, has almost tripled since 2000, while methanol output has increased by 140%. Oil output has increased by around 10%. In the case of natural gas in particular, Trinidad and Tobago has experienced one of the largest expansions relative to its competitors, including Qatar and Kazakhstan. Although the pace of volume growth is moderating and there are concerns about reserve depletion over the next decade, the number of projects underway (particularly in the petrochemical industry) suggests that output will remain elevated over the next few years.

Another important factor underpinning Trinidad and Tobago's investment grade rating has been the diversification within the energy sector, which has reduced the economy's dependence on a single commodity. This has been a key policy directive of the past few years and one that has secured the country's prominent role in the export of liquefied natural gas and petrochemicals. Trinidad and Tobago is the world's largest exporter of ammonia and methanol and supplies the U.S. with almost 60% of its liquefied natural gas needs. In addition, diversification in the downstream industry has created the possibility for a higher concentration of local content in the energy sector.

Further upgrades unlikely in the short-term

Trinidad and Tobago's ratings have been upgraded twice since 2005, in recognition of the decline in credit risk as a result of the strengthening of government finances during the energy boom. However, over the next year, a further upgrade is unlikely. There are two main reasons. First, the government ratings are an expression of relative default risk and as such, must be compared not only to similarly-rated credits, but also to other energy producers globally. Second, given this difficult juncture in the global economic and energy cycle, it will be important to see the policy response to the commodity downturn and the resilience of the economy to this shock.

Regarding the latter, there are some structural vulnerabilities that are common to energy producers and that could, if not counterbalanced by policy efforts, cause major dislocations and lead to rating downgrades. Because of the economy's heavy concentration in a single industry, the sensitivity of government finances to the commodity cycle is far higher than in more diversified economies. In this regard, Trinidad and Tobago has, in Moody's view, managed its fiscal policy relatively conservatively compared to energy producers whose sovereign ratings are lower in the scale. However, as elaborated below, notwithstanding the level of windfall savings, there are some concerns with respect to the aggressive expansion of government expenditures and the ability to adjust without severe consequences for the economy. Over the course of the next year or two, the management of the downturn will be an important test of the economy's resilience to shocks.

Second, since the ratings are relative, it is important to highlight that in terms of several important indicators of creditworthiness, Trinidad and Tobago ranks at the bottom of investment-grade energy producers. In this respect, the differential in terms of credit ratings is consistent with the country's net assets and energy wealth.

Trinidad & Tobago

Key Comparative Indicators for Oil Exporters In 2007

Country	Rating[1]	GDP Per Capita[2]	Oil and Gas Reserves Per Capita[3]	Oil and Gas Production Per Capita[4]	Net Official Assets[5]	Fiscal Balance[6]	Current Account Balance[6]	Governance Indicator[7]
Kuwait	Aa2	39	34	313	200+	42	42	63
Qatar	Aa2	86	204	874	80	13	30	58
UAE	Aa2	38	30	306	200+	31	21	79
Saudi	A1	23	13	176	60	17	25	51
Bahrain	A2	32	10	183	20	3	17	68
Oman	A2	24	4	161	80	10	8	67
T&Tobago	Baa1	18	3	232	3	1	26	66
Russia	Baa1	15	3	53	41	5	6	42
Kazakhstan	Baa2	11	3	47	33	4	-7	33

[1]Foreign currency government bond rating; [2] $'000, PPP; [3]Proven, '000 barrels of oil equivalent; [4]barrels of oil equivalent per year

[5]Gross government financial assets minus debt plus central bank fx reserves, % GDP; [6]% GDP; [7]World Bank Government Effectiveness Indicator, 2007 percentile rank.

Factor 1 – Economic Strength: Moderate

SCALE		Very High	High	Moderate	Low	Very Low	
Trinidad & Tobago	+			■			-

Moody's recently published sovereign rating methodology places Trinidad and Tobago's economic strength at moderate in the sovereign universe, balancing a high GDP per capita ($17,700 in PPP terms at the end of 2006) and a small economy (nominal GDP was $20.9bn in 2007) with a high potential for growth in the longer term. The latter is based on the country's prominent role in the energy sector, given its abundant natural resources and its diversified petrochemical export base.

The coming on stream of new energy facilities, including several liquefied natural gas trains and new petrochemical plants, explains the vibrant real GDP growth experienced over the past few years. Energy accounted for 43% of GDP, 57% of fiscal revenues and 87% of exports in 2007. Real GDP growth averaged 7.7% over the 2000-2008 period, compared to an average 3.9% during the 1990s. As a result of high growth in the past few years, GDP per capita (both on a PPP and nominal basis) has increased substantially since 2000. Unemployment has fallen to historical lows, despite an increase in the labor participation rate.

Although the energy sector has been predictably the main force behind GDP growth, the non-energy sector has also been growing at a respectable 6% annual rate over the past few years (2003-2007). Part of the non-energy sector growth (particularly construction) can be attributed to an aggressive fiscal expansion, although other areas of the economy, such as manufacturing, have also grown strongly, making Trinidad and Tobago a major manufacturing hub in the Caribbean.

Energy-driven boom could complicate the adjustment to the ongoing shock

The rapid pace of growth has created a number of challenges that have tested policymakers and could complicate the adjustment to the current shock. There are clear signs that the economy is operating at full capacity and overheating, with raw material and labor shortages in some sectors. This, together with a significant influx of foreign exchange and a large non-oil fiscal deficit, has led to significant price pressures even well before the onset of global food-related increases in inflation. After averaging around 3% for a number of years, inflation spiked to 5.6% in 2004, 7.2% in 2005, 9.1% in 2006, 7.6% in 2007 and is likely going to end at over 15% in 2008, the highest level in more than a decade. Despite a series of policy rate hikes and aggressive measures to withdraw liquidity from the system and a decelerating economy, inflation was still running at around 15% in October, with core inflation at around 7%.

The relevance of inflation to the rating is due to the impact this could have on external competitiveness via a real effective exchange rate (REER) appreciation. Although Trinidad and Tobago is primarily an energy exporter and as such the prices of its exports are determined in the global market, a significant REER appreciation could complicate the outlook for other exports – particularly manufacturing – as well as intensify import demand, potentially eroding the external position. REER appreciation has picked up over the past two years, although in part this has been offset thus far by labor productivity gains. However, this is a situation that could deteriorate easily.

Commodity shock will affect macroeconomic performance but unlikely to lead to a "bust"

Trinidad and Tobago's exposure to the ongoing global shock is not particularly significant in terms of the liquidity crisis. The country's financial system is well capitalized and supervised, and in large part funded by deposits. Clearly the brunt of the impact is coming for the precipitous decline in oil and gas prices during the past few months. Given the very large participation of energy in the economy and in the fiscal accounts, the price shock has intensified concerns about the country's ability to adjust without severe dislocations (as occurred in the aftermath of previous energy booms).

Economic growth had already begun to moderate in 2007, declining to 5.5%, less than half the pace recorded in 2006 and well below the 10% average of the past five years. Most of the slowdown was due to a slowdown in the energy sector on account of declining oil output (a 16% drop relative to 2006) because of maturing oil fields and less buoyant natural gas and petrochemical production relative to the double-digit growth experienced for the past several years. The non-energy sector grew strongly, in part due to a fiscal expansion.

In 2008 and 2009, officials are expecting growth to fall to 3.5% and 2.0%, respectively, as reduced demand for commodities intensifies and as non-energy sector activity declines due to a fiscal contraction and lower demand for Trinidad's manufactured goods in the region, among other factors. Drastically reduced demand for petrochemical products in recent months has caused several of Trinidad's plants to shut down. Also, the dramatic drop in commodity prices and tighter liquidity conditions globally could significantly limit exploration activity in the next few months, further limiting growth prospects.

An aggressive fiscal expansion and the difficulties in containing liquidity during the boom years have positioned the economy for a considerable slowdown. Still, high inflation will affect purchasing power and the competitiveness of manufactured goods, while the government's pro-cyclical fiscal policy during the past few years will likely limit, if not rule out, any scope for fiscal stimulus. That said, overall, the economy seems to be far better prepared than in the past to prevent the energy boom from turning into a full blown bust in light of the country's net creditor position, institutionalized savings from the oil windfall and enhanced diversification within the energy sector.

Factor 2 – Institutional Strength: High

SCALE		Very High	High	Moderate	Low	Very Low	
Trinidad & Tobago	+		■				-

On a global scale, Trinindad and Tobago's institutional strength is ranked "high" under Moody's sovereign ratings methodology. This is due to the country's long history of policy consensus with respect to macroeconomic policies, despite some important other differences among the main political parties. In general terms, this translates in a high willingness to pay government obligations, in Moody's view.

The political landscape has been traditionally dominated by two major parties: the People National Movement (PNM) and the United National Congress (UNC). More recently, a third party, the Congress of the People (COP) has emerged, after splintering from the UNC. There are little ideological differences in terms of economic policy, with all parties sharing the same view with respect to the benefits of saving part of the energy windfall and diversifying the economy.

The two main parties (PNM and UNC) are polarized along ethnic lines, with the PNM drawing most of its support among urban Afro-Trinidadians and the UNC among rural Indo-Trinidadians. At times, this has reinforced mild ethnic tensions. The new COP party seems to be somewhat bridging the racial divide, but it is still in the early stages. The PNM has been the traditional ruling party since independence in 1962, with the exception of the 1986-1991 and 1995-2001 periods. Strong macroeconomic performance and a fragmented opposition have contributed to strengthening the ruling PNM's party leadership, despite some of the PNM's shortcomings, mostly notably its perceived inability to control crime and corruption.

Trinidad and Tobago has in the past experienced very brief periods of political instability, which have included an attempted coup in 1990 and a legislative deadlock in 2002. Notwithstanding these pressures, however, there have not been disruptions in debt servicing or in overall macroeconomic management. Trinidad and Tobago is a parliamentary democracy with solid British institutions and a long history of policy consensus.

High crime levels are a difficult political issue, but not a ratings constraint

Crime has deteriorated significantly over the past few years despite the economic boom, defying conventional wisdom that links crime to low levels of unemployment. While the murder and kidnapping rate has been falling since 2006 as a result of the government's intensified security efforts, it is still very high by historical and regional standards. Violent crime seems to be related to the country's unfortunate location as a transshipment point for drug trafficking between Latin America and Europe.

The perceived inability of the government to curb crime has been a matter of fierce criticism and at times, national outrage. Indeed, this could erode some of the government's popularity and could, in turn, limit its ability to undertake a fiscal adjustment. Overall, however, from a ratings perspective, the issue of crime should not have significant implications in as long as it does not affect governability, local economic activity and foreign investment in the energy sector. Even though crime has increased some of the local firms' costs devoted to security, there is no evidence that Trinidad and Tobago has had difficulty in attracting a mostly foreign labor force (and a relatively large expatriate community) in the energy sector in order to meet a domestic skills gap. Furthermore, there are no signs of deceleration in economic activity specifically due to crime.

Factor 3 – Government Financial Strength: High

SCALE		Very High	High	Moderate	Low	Very Low	
Trinidad & Tobago	+		■				-

Under Moody's sovereign bond methodology, Trinidad and Tobago's government financial strength is ranked "high" on a global scale, due to low levels of public debt (particularly in foreign currency), very high access to financing and a strong fiscal position. After years of fiscal surpluses and high GDP growth, Trinidad and Tobago's key debt ratios have significantly improved and are among the best among similarly rated peers and in the Caribbean. Most of the debt is in domestic currency. Further, the country is a net external creditor. Foreign currency savings in the stabilization fund are about twice the size of the entire public external debt stock.

Energy sector downturn forces a fiscal adjustment

Trinidad and Tobago's fiscal position has improved considerably in recent years in light of the upsurge in energy proceeds, which accounted for close to 60% of total central government revenues in fiscal year 2008 (which ended in September). In terms of GDP, total central government revenues reached 37% in fiscal year 2008, compared to 25% in 2004.

Expenditures have grown in tandem, reaching an historical high of 33% of GDP last fiscal year, up from 23% in 2004. The quality of expenditures has been in line with a long-term strategy aimed at bringing Trinidad and Tobago to a "developed country status" by 2020, with heavy investments in education, housing, infrastructure and health. Capital expenditures tripled in terms of GDP since fiscal year 2004. In terms of GDP, wages have remained fairly constant. Subsidies, however, have risen considerably, however, including for pension payments as well as generous electricity and fuel subsidies.

Despite the fact that the fiscal balance has remained in surplus for six consecutive years and that savings of the windfall reached 12% of GDP by September 2008, Moody's has for some time expressed concern that the fiscal position would be untenable in the event of a downturn, a scenario that has indeed materialized sooner and more forcefully than expected just a few months ago. Such concern has been exacerbated by the growing size of the non-energy deficit in recent years, which has grown to an estimated 14.5% of GDP this past fiscal year, according to the IMF.

With oil far below the $70 per barrel originally assumed in the 2009 fiscal year budget and gas prices falling towards the original assumption of $4 per million British thermal units, the authorities have been swift in recognizing that a revenue shortfall relative to the budget estimate of more than 3% of GDP would have compromised the fiscal position. A series of expenditure cuts were announced recently, mostly for capital expenditures. A small 0.4% of GDP fiscal deficit is expected for the fiscal year ending in September 2009. If realized, this would be a minimal change with respect to the balanced budget originally approved before the revisions to the assumptions.

With these expenditure reductions, the government has shown its commitment to avoid tapping into the stabilization fund (according to the law, the option to withdraw from the fund exists given the magnitude of the drop in oil prices), opting for a fiscal contraction instead. The planned reduction in expenditures is a positive signal in terms of the government's willingness to adjust to more difficult circumstances despite the political cost. It also underscores Trinidad and Tobago's longstanding tradition of prudent policy management.

Trinidad and Tobago's Stabilization Fund

The "Heritage and Stabilization Fund" was established in 2000 and is managed by the Central Bank and had accumulated savings around 12% of GDP at the end of the 2008 fiscal year, an amount well in excess of the entire public sector external debt stock. After years of voluntary contributions (the fund was established by the previous administration headed by the current opposition), Parliament finally approved a law binding such transfers in 2007.

The purpose of the fund is two-fold: to sustain fiscal performance during energy downturns (i.e. "stabilization") and prepare the country for the eventual depletion of energy resources by investing in diversification (i.e. "heritage"). There is no specified percentage that is devoted to "stabilization" and to "heritage". The regulations of the fund stipulate that whenever oil prices rise by 10% above the budgeted forecasts, the government must deposit at least 60% of the difference. This happens on a quarterly basis without requiring parliamentary approval. Withdrawals can occur when prices fall below 10% the budgeted price and can amount to either 60% of the shortfall or 25% of the fund savings, whichever is smaller. There are, thus far, no specified rules for withdrawals for "heritage" purposes.

Debt ratios improve and should remain manageable

High GDP growth and fiscal surpluses have translated into falling government debt ratios in recent years. Many of Trinidad and Tobago's central government debt indicators have continued posting significant improvements, including ratios such as debt to revenues and interest to revenues, both closely monitored by Moody's. The central government's debt to GDP is estimated to have reached 27% of GDP at the end of fiscal year 2008, down from 41% in 2002. Excluding bonds issued to absorb liquidity in open market operations (whose stock increased significantly since 2004), the ratio is smaller at 17.5%. Most of the central government debt is in domestic currency. The portion in foreign currency (18% of the total, or 5% of GDP in 2008) in particular has been declining sharply over the years, contributing to the country's growing external creditor status.

Contingent liabilities decline but the public sector remains large

Although when measured by the size of central government expenditures alone (around 30% of GDP), Trinidad and Tobago's public sector does not appear large, at 11% of GDP, the size of contingent liabilities gives a hint regarding the true size of the public sector. There are 53 public entities, the majority of which are fully owned by the government. Several of these were created in recent years as part of the government policy to carry out a large portion of its fiscal policy outside the central government, particularly for capital projects, arguing that implementation is more efficient. These entities, known as Special Purpose Vehicles, function as "project management companies" whose fees are included in the central government budget under capital expenditures. Despite guidelines to ensure efficiency, this set-up has the potential to degenerate under political influence and complicate expenditure restraint as well as limit transparency.

An encouraging development in the last couple of years, however, is the decline of contingent liabilities to pre energy-boom levels. At the end of the 2008 fiscal year, contingent liabilities in terms of GDP were half their 21.1% peak of 2002 and well below the 13% reported in 2007. Once these obligations are added to the central government debt, total public debt stood at 37% of GDP in 2007, down from 54% in 2003, a considerable improvement. Over 80% of contingent liabilities carry explicit government guarantees and are denominated in domestic currency. While only entities deemed as "profitable" are allowed to borrow (the majority of Trinidad and Tobago's state-owned entities are indeed profit-making), these claims are a potential debt burden on the central government.

Strength of external position should moderate, but net creditor status should be preserved

Mostly as a result of the massive energy windfall, Trinidad and Tobago has been registering double-digit current account surpluses during the past four years. Energy exports have almost tripled since 2003, as both prices and volumes have surged. In addition, the services' account has been recording surpluses, as Trinidad and Tobago is a leading exporter of financial services in the region. Despite surging capital goods imports and a low level of remittances from abroad, the current account surplus is expected to reach 20% of GDP in 2008, compared to 9% in 2003. These surpluses are expected to moderate in the next couple of years, as the volume and price of energy exports are expected to decline. The current account surplus should decline to around 16% next year.

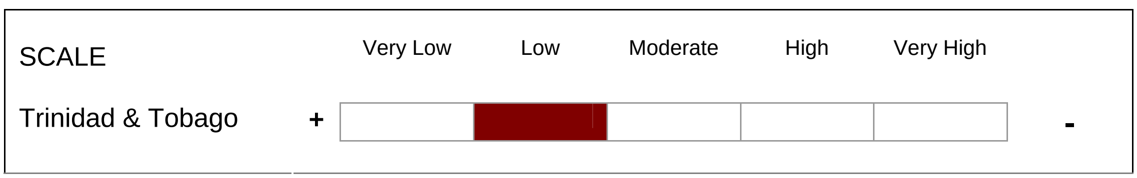
The large balance-of-payments surpluses and the rapid growth of foreign exchange reserves reported in recent years are expected to moderate. At the end of 2008, foreign exchange reserves should reach US$8.7 bn, over three times their level in 2003 and well in excess of the entire external debt stock (including private external debt and the foreign liabilities of local banks). It would take a significant erosion of foreign exchange reserves and a significant build-up in external debt for Trinidad and Tobago to lose its external creditor status.

The ratios of external debt to GDP and to current account receipts, and the debt service and external vulnerability indicators are all significantly below the mean for Baa credits (see the table below), including similarly-rated energy exporters such as Mexico, Russia and Kazakhstan. Even taking into account the real possibility of deterioration in these indicators, Trinidad and Tobago should continue outperforming its peers in this regard.

Trinidad & Tobago

Country	External Debt/CA Receipts	Debt Service Ratio	External Vulnerability Indicator
Barbados (Baa2)	102.6	5.4	67.9
Bulgaria (Baa3)	147.0	31.1	135.5
Croatia (Baa3)	167.9	25.3	124.2
El Salvador (Baa3)	101.5	14.3	94.6
Iceland (Baa1)	923.4	162.3	2267.2
India (Baa3)	68.2	9.6	29.5
Kazakhstan (Baa2)	172.2	45.3	201.8
Mauritius (Baa2)	17.0	3.3	18.2
Mexico (Baa1)	60.1	11.2	45.0
Romania (Baa3)	123.8	17.3	95.0
Russia (Baa1)	102.1	16.7	34.7
South Africa (Baa1)	78.1	5.8	88.3
Thailand (Baa1)	32.3	7.4	38.0
Trinidad & Tobago (Baa1)	**33.8**	**3.2**	**1.0**
Tunisia (Baa2)	99.7	12.5	64.7
Average (Baa)	*148.6*	*24.7*	*220.4*

Factor 4 – Event Risk: Low



The main risk to Trinidad and Tobago's ratings is that the major correction in energy prices could cause severe macroeconomic dislocations. An extreme scenario could include a deep contraction in real GDP growth, the inability of the government to undertake a meaningful fiscal adjustment and a serious deterioration in the external position as a result of a collapse in energy revenues and a loss of competitiveness. While we do expect some deterioration in line with a downturn in the commodity cycle, we see at this point only a low probability that such an extreme scenario will materialize.

First, the policy response has been appropriate. During the boom times, the accumulation of windfall savings has been institutionalized and is bound by law, which is different than what happened in the past. And recently, the government has responded quickly by adjusting its budgeted expenditures in line with an expected fall in energy revenues rather than waiting and tapping into its stabilization fund. Although spending cuts might come at a high political cost, given that capital expenditures are twice their level in 2005, an adjustment of 3% of GDP should not be particularly difficult.

The risk that revenues decline even further than the adjusted estimate (thus requiring further expenditure cuts or debt accumulation) is low in Moody's view. During the most recent episode of very low energy prices (1998-1999), revenues reached 24% of GDP, a level that is close to the revised budget estimate of 26%. Given that output has increased significantly since then, the new revenue assumptions seem conservative. A deficit of 0.5%, which is being contemplated under the new assumptions, is extremely small, considering the magnitude of the downturn.

Trinidad & Tobago

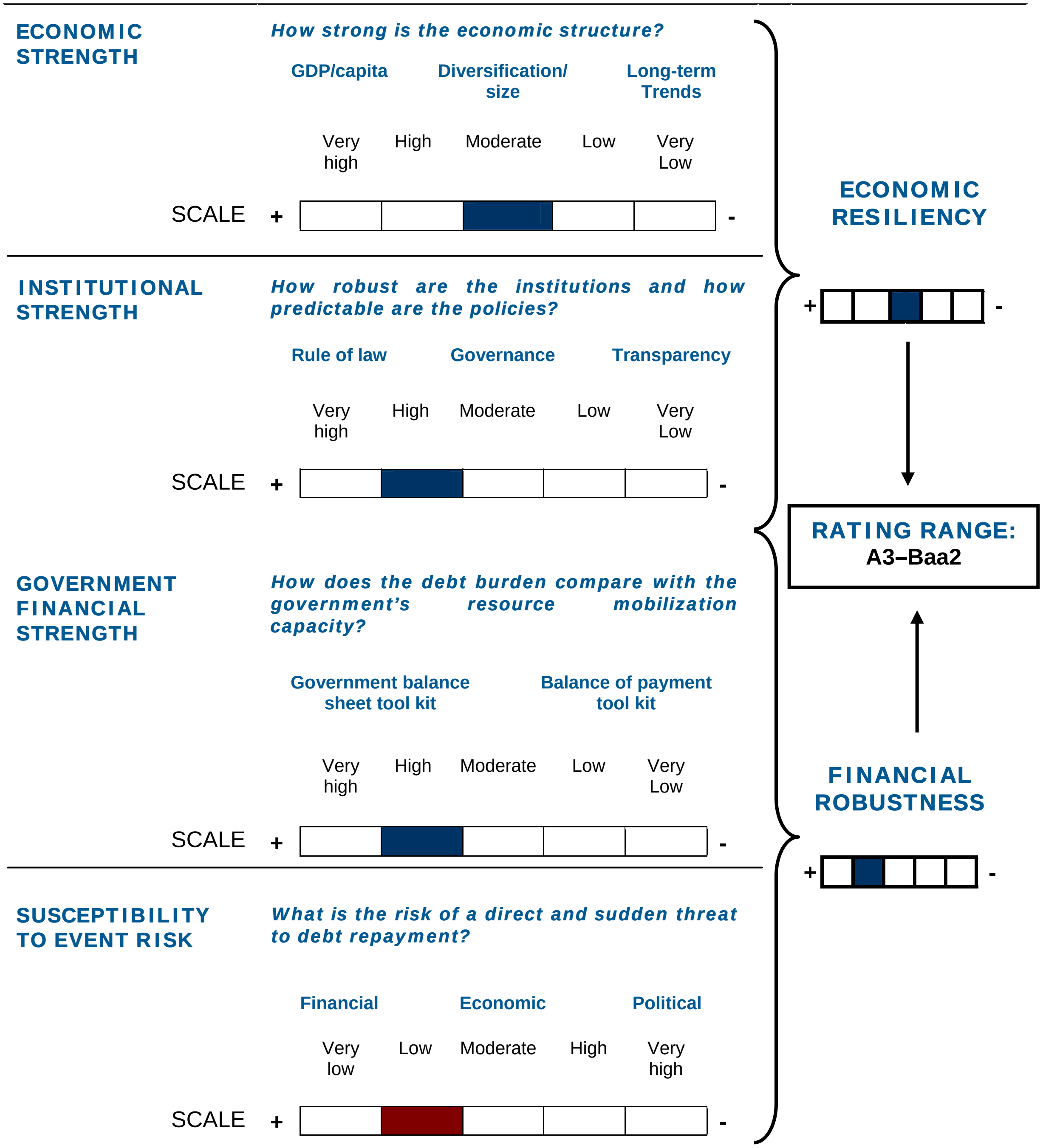
Second, the authorities have buffers to weather this shock that they did not have in the past. The stabilization fund now stands at around 11% of GDP. Assuming that in a worst case scenario, half of this amount is used to smooth out revenue losses in excess of the recently revised estimates, it would still leave the government with some savings to prevent debt accumulation. Despite an anticipated decline in the current account surplus, as long as energy prices are near the bottom (i.e. they do not fall further) and production remains close to current levels, the country external position should remain among the strongest among its peers.

Rating History

	Foreign Currency Ceilings				Government Bonds		Outlook	Date
	Bonds & Notes		Bank Deposit		Foreign Currency	Local Currency		
	Long-term	Short-term	Long-term	Short-term				
Rating Raised	A1	--	Baa1	P-2	Baa1	--	Stable	July-06
Rating Raised	A2	P-1	--	--	--	--	--	May-06
Rating Raised	Baa2	P-3	Baa2	P-3	Baa2	--	Stable	August-05
Rating Raised	Baa3	--	Ba1	--	Baa3	Baa1	Stable	April-00
Review for Upgrade	Ba1	--	Ba2	--	Ba1	Baa3	--	January-00
Rating Assigned	--	--	--	--	--	Baa3	--	November-98
Outlook Assigned	--	--	--	--	--	--	Stable	March-97
Rating Raised	Ba1	--	Ba2	--	Ba1	--	--	October-95
Rating Assigned	--	NP	Ba3	NP	--	--	--	October-95
Rating Assigned	Ba2	--	--	--	Ba2	--	--	February-93

Trinidad & Tobago

Sovereign Rating Mechanics[1]: Trinidad & Tobago



1 Link to our Sovereign Bond Rating Methodology

Trinidad & Tobago

Annual Statistics

Trinidad & Tobago

	2002	2003	2004	2005	2006F	2007	2008F	2009F
Economic Structure and Performance								
Nominal GDP (US$ Bil.)	9.0	11.3	13.2	15.1	19.1	20.9	24.2	26.9
Population (Mil.)	1.31	1.31	1.32	1.32	1.33	1.30	1.31	1.31
GDP per capita (US$)	6,876	8,600	9,969	11,440	14,377	16,054	18,561	20,535
GDP per capita (PPP basis, US$)	10,689	12,450	13,883	15,387	17,717	-	-	-
Nominal GDP (% change, local currency)	2.3	26.4	16.4	15.2	26.4	9.6	15.1	11.2
Real GDP (% change)	7.9	14.4	7.8	6.1	12.2	5.5	3.5	3.0
Inflation Rate (CPI, % change Dec/Dec)	4.3	3.0	5.6	7.2	9.1	7.6	12.0	8.0
Gross Investment/GDP (%)	22.6	25.2	16.8	15.5	12.9	13.4	16.0	18.0
Gross Domestic Saving/GDP (%)	28.2	39.3	31.8	43.7	52.8	36.3	34.0	36.0
Nominal Exports of G & S (% change, US$ basis)	-7.2	29.3	23.3	45.7	39.6	-15.7	23.2	9.1
Nominal Imports of G & S (% change, US$ basis)	2.4	5.7	23.1	19.0	13.3	7.5	30.7	8.2
Openness of the Economy (%) [1]	95.0	89.5	94.8	110.6	113.9	95.7	104.0	102.0
Government Effectiveness Indicator	-0.05	0.05	0.10	-0.12	0.18	0.12	--	-
Government Finance								
Gen. Gov. Revenue/GDP (%) [2]	25.1	23.6	24.9	31.1	32.3	30.3	36.6	25.9
Gen. Gov. Expenditures/GDP (%) [2]	25.3	23.3	25.0	28.5	30.8	30.1	36.4	26.3
Expenditures Excluding Contributions to Stab. Fund	25.3	22.9	23.7	26.2	29.3	28.9	33.2	26.3
Contributions to Stabilization Fund/GDP (%)	0.0	0.4	1.2	2.3	1.4	1.2	3.2	0.0
Gen. Gov. Financial Balance/GDP (%) [2]	-0.2	0.6	1.2	4.9	2.9	1.4	0.1	-0.4
Gen. Gov. Primary Balance/GDP (%) [2]	4.1	4.3	4.1	7.5	5.0	3.5	5.3	1.5
Gen. Gov. Direct Debt (US$ Bil.) [2]	3.6	3.9	3.8	4.2	4.3	5.1	6.5	6.0
Gen. Gov. Direct Debt/GDP (%) [2]	40.7	34.6	29.1	27.6	22.4	24.3	26.8	22.2
Gen. Gov. Domestic Debt/GDP	22.9	20.1	18.6	19.1	15.8	18.5	21.9	18.2
Gen. Gov. External Debt/GDP	17.8	14.5	10.4	8.5	6.6	5.9	4.9	4.0
Gen. Gov. Direct Debt/Gen. Gov. Revenue (%) [2]	162.2	147.1	116.7	88.7	69.5	80.2	73.3	85.8
Gen. Gov. Int. Pymt/Gen. Gov. Revenue (%) [2]	17.1	15.5	11.6	8.6	6.3	6.7	5.4	7.4
Gen. Gov. FC & FC-indexed Debt/Gen. Gov. Debt (%) [2]	43.8	41.9	36.0	30.7	29.4	24.1	18.4	18.1
Gen. Gov. Guaranteed Debt (US$ Bil.)	1.5	1.7	1.8	1.8	1.8	1.8	1.9	1.4
Contingent Liabilities/GDP (%)	21.1	19.8	17.9	16.3	14.3	12.6	11.3	7.4
Total GG Direct & Guaranteed Debt (US$ Bil.)	5.2	5.6	5.6	5.9	6.1	6.8	8.3	7.4
Total GG Direct & Guaranteed Debt/GDP (%)	57.4	49.8	42.8	39.2	31.9	32.8	34.4	27.5
Total GG Direct & Guaranteed Debt/GG Revenue (%)	228.7	211.3	171.9	126.3	98.8	108.1	94.0	106.5

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	2002	2003	2004	2005	2006F	2007	2008F	2009F
External Payments and Debt								
Nominal Exchange Rate (local currency/US$)	6.3	6.3	6.3	6.3	6.3	6.32	6.3	6.3
Real Eff. Exchange Rate (% change)	2.5	(1.7)	(1.3)	2.7	4.4	2.6	--	--
Current Account Balance (US$ Bil.)	0.1	1.0	1.6	3.6	4.8	5.4	4.9	4.2
Current Account Balance/GDP (%)	0.8	8.7	12.5	23.7	25.2	25.8	20.3	15.8
External Debt (US$ Bil.)	3.8	4.9	4.5	4.9	5.1	4.9	4.9	4.8
Public Sector External Debt/Total External Debt	14.2	14.8	10.8	8.7	7.0	6.2	5.2	4.2
Short-term External Debt/Total External Debt(%)	--	--	--	--	--	--	--	--
External Debt/GDP (%)	41.8	43.3	34.5	32.3	26.6	23.7	20.3	17.8
External Debt/CA Receipts (%) [3]	79.8	80.6	61.1	45.5	38.6	33.8	32.5	31.5
Interest Paid on External Debt (US$ Bil.)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Amortization Paid on External Debt (US$ Bil.)	0.1	0.1	0.2	0.1	0.2	0.1	0.1	0.3
Net Foreign Direct Investment/GDP (%)	7.6	5.2	7.4	4.0	2.7	4.0	2.5	3.4
Official Forex Reserves (US$ Bil.)	1.9	2.3	3.0	4.8	6.5	6.7	8.7	8.5
Net Foreign Assets of Domestic Banks (US$ Bil.)	0.0	-0.2	0.2	0.2	1.1	0.9	--	--
Monetary, Vulnerability and Liquidity Indicators								
M2 (% change, Dec/Dec)	5.7	-0.7	15.2	29.2	21.4	25.5	18.0	--
Short-Term Nominal Interest Rate (%, Dec 31)	2.6	2.8	2.7	2.9	5.7	6.7	7.3	--
Domestic Credit (% change, Dec/Dec)	11.0	-3.8	-9.7	4.2	-10.4	69.6	11.0	--
Domestic Credit/GDP (%)	30.5	23.2	18.0	16.3	11.5	17.9	--	--
M2/Official Forex Reserves (X)	2.2	1.9	1.6	1.3	1.2	1.3	--	--
Total External Debt/Forex Reserves (%)	195.8	216.7	151.8	102.2	78.0	74.2	56.3	56.3
Debt Service Ratio (%) [4]	4.2	8.1	8.5	4.6	5.1	3.2	3.1	4.5
External Vulnerability Indicator (%) [5]	3.6	4.0	7.6	1.9	3.8	1.0	0.6	3.3
Liquidity Ratio (%) [6]	36.8	47.9	41.8	29.0	20.0	10.3	11.8	--
Total Liabilities due BIS Banks/Total Assets Held in BIS Banks (%, DC only)	91.5	112.4	101.1	76.1	54.6	40.8	45.6	--
"Dollarization" Ratio (%) [7]	25.6	20.3	27.0	22.3	25.8	25.9	27.9	--
"Dollarization" Vulnerability Indicator (%) [8]	45.3	33.3	34.6	23.4	21.9	25.1	22.4	--

Notes:

[1] Sum of Exports and Imports of Goods and Services/GDP (%)

[2] Central Government; Fiscal Year ends in September

[3] Current Account Receipts

[4] (Interest + Current-Year Repayment of Principal)/Current Account Receipts (%)

[5] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Nonresident Foreign Currency Deposits Over One Year)/Official Foreign Exchange Reserves (%)

[6] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks (%)

[7] Total Foreign Currency Deposits in the Domestic Banking System/Total Deposits in the Domestic Banking System (%)

[8] Total Foreign Currency Deposits in the Domestic Banking System/(Official Foreign Exchanges Reserves + Foreign Assets of Domestic Banks) (%)

Moody's Related Research

Credit Opinion:

- Trinidad & Tobago, November 2008

Special Comments:

- A Guide to Moody's Sovereign Ratings, July 2006 (98177)
- A Quantitative Model for Local Currency Government Bond Ratings, September 2003 (79404)
- A Quantitative Model for Foreign Currency Government Bond Ratings, February 2004 (81176)

Rating Methodologies:

- Sovereign Bond Ratings Methodology, September 2008 (109490)
- Piercing the Country Ceiling: An Update, January 2005 (91215)
- Revised Foreign-Currency Ceilings to Better Reflect Reduced Risk of a Payments Moratorium in Wake of Government Default, May 2006 (97555)

Other Related Research:

- Moody's Statistical Handbook, Country Credit, November 2008 (112148)

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