

KEY ECONOMIC INDICATORS

Gross Domestic Product (GDP)

Key Definitions:

Gross Domestic Product (GDP) is the total value of all goods and services produced within a country's borders over a specific period, typically measured on a quarterly or annual basis. It is one of the most widely used and accepted indicators for a country's economic health.

When GDP is rising, it generally indicates that businesses are producing more, people are earning more and the government is collecting more in taxes to fund public services. When GDP falls, it may signal an economic slowdown, with reduced spending, job losses and fiscal pressures.

Nominal vs. Real GDP

Nominal GDP measures the values of goods and services at current market prices, without adjusting for inflation. This means that if prices increase from one year to the next, nominal GDP may rise even if the actual quantity of goods and services being produced has remained the same. For example, if inflation causes food prices to go up significantly, nominal GDP will also increase, even though the economy has not necessarily become more productive.

To account for this, economists use real GDP, which adjusts for changes in price levels. **Real GDP is calculated using constant prices from a chosen base year, allowing the isolation of the actual growth in output, independent of inflation.** This makes real GDP a more accurate measure of economic progress over time. It answers the question: *Are we really producing more or are we just paying more for the same things?*

GDP Trends from 2014 to present

Real GDP

2014- 2018

Following growth of 3.7 percent in 2014, the domestic economy entered into a period of decline, contracting by 0.4 percent in 2015, before falling sharply by 7.5 percent in 2016, the second largest decline recorded over the past decade.

Between 2015 and 2018, Trinidad and Tobago experienced four consecutive years of economic contraction. The sharp downturn was largely driven by the underperformance of the Energy Sector, which recorded significant declines, most notably in 2016 (-10.0 percent), as energy commodity prices fell and production volumes declined.

The Non-Energy Sector also contracted from 2015 to 2017, reflecting spill-over effects from the energy sector downturn and reduced government expenditure. By 2018, the non-energy economy began to stabilize registering a marginal contraction of 0.3 percent, even as the Energy Sector remained in decline.

Stabilization in 2019

In 2019, overall real GDP posted marginal growth of 0.5 percent, ending the four-year period of decline. This improvement was attributed to a moderate expansion in the Non-Energy Sector (2.2 percent), which offset continued contraction in the Energy Sector (-1.7 percent).

Pandemic Induced Decline (2020-2021)

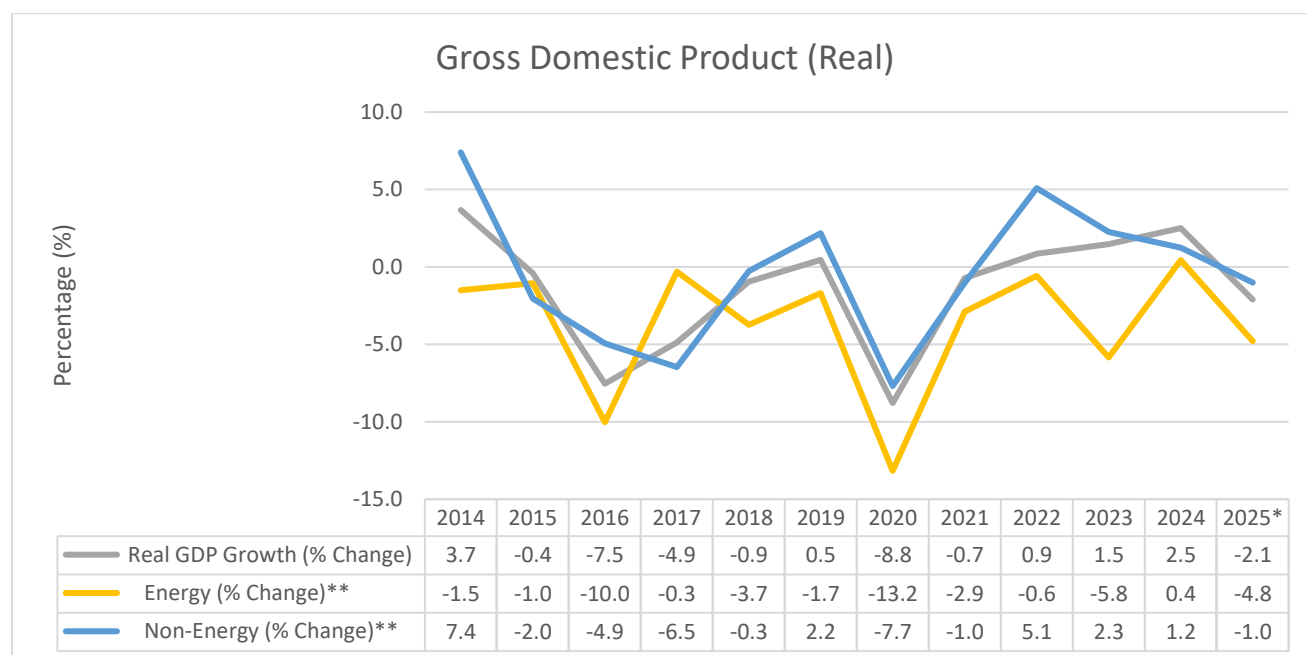
The economic gains of 2019 were subsequently eroded by the onset of the COVID-19 pandemic in 2020. Public health restrictions and the global economic slowdown significantly impacted both energy and non-energy activities. In 2020, the economy contracted by 8.8 percent overall, with the Energy Sector declining by 13.2 percent and the Non-Energy Sector declining by 7.7 percent. In 2021, the contraction slowed to -0.7 percent with both the Energy and the Non-Energy sectors registering milder contractions of 2.9 percent and 1.0 percent, respectively, relative to the previous year.

Gradual Recovery (2022-2024)

A slow recovery began in 2022, with real GDP expanding by 0.9 percent. Growth was driven by the Non-Energy Sector, which grew by 5.1 percent, supported by the reopening of the economy and the return of consumer demand and service activities. However, the Energy Sector remained a drag on growth, contracting by 0.6 percent. In 2023, real GDP growth improved to 1.5 percent, as the Non-Energy Sector continued to expand (2.3 percent), though the Energy Sector declined more sharply by 5.8 percent. By 2024, growth accelerated to 2.5 percent, the highest since 2014 and was supported by a return to marginal growth in the Energy Sector (0.4 percent) and continued, albeit slower, growth in the Non-Energy Sector (1.2 percent).

2025 Estimate

The most recent quarterly data from the **Central Statistical Office (CSO)** -<https://cso.gov.tt/> suggests a weakened momentum during the January to March 2025 period, with overall real economic activity contracting by 2.1 percent. This downturn was on account of declines in both the Energy (4.8 percent) and the Non-Energy (1.0 percent) sectors. While a subdued performance is expected to persist throughout the remainder of calendar 2025 amid ongoing geopolitical and trade tensions, the contraction in real GDP is projected to moderate, supported by modest growth in the Non-Energy sector and a milder decline in Energy output relative to the first quarter.



Inflation

Key Definitions:

Inflation is the general increase in the prices of goods and services over time. A positive inflation rate means prices have risen, whereas a negative inflation rate means prices have fallen, a situation known as deflation. Monitoring and controlling inflation is important because inflation reduces the purchasing power of money and increases the cost of living for citizens.

How is inflation measured?

The **Consumer Price Index (CPI)**, is a weighted average of the proportionate changes in the prices of a specified set or 'basket' of consumer goods and services between two periods of time. The CPI monitors the prices of a fixed basket of goods and services in 15 areas in Trinidad and Tobago. Monthly price surveys are conducted in groceries, shops and local markets for food and petroleum items by the Central Statistical Office (CSO). Price are collected quarterly for other items that are not as variable. Changes in the CPI can be used to assess price changes associated with the cost-of-living; and is one of the most frequently used statistics for identifying periods of inflation or deflation.

Headline inflation measures the overall change in prices across all twelve (12) item grouping included in the CPI. These are:

- Food and Non-Alcoholic Beverages;
- Alcoholic Beverages and Tobacco;
- Clothing and Footwear;
- Housing, Water, Electricity, Gas and Other Fuels;
- Furnishings, Household Equipment and Routine Maintenance of the House;
- Health;
- Transport;
- Communication;
- Recreation and Culture;
- Education;
- Hotels, Cafes and Restaurants; and
- Miscellaneous Goods and Services.

Core inflation excludes food and non-alcoholic beverages because their prices tend to fluctuate more often. Core inflation provides a clearer view of the underlying, long-term trend in inflation and is often used to guide economic policy.

Trend from 2014-present

Between 2014 to present, Trinidad and Tobago experienced varied inflation rates, influenced by changes in global prices, domestic demand and supply conditions.

In 2014, headline inflation stood at 5.8 percent, driven mainly by high food prices, with food inflation at 10.0 percent. Over the following years, headline inflation declined steadily, reaching a historic low of 0.6 percent in 2020. This multi-year decline reflected easing price pressures in food and non-alcoholic beverages, with food inflation falling from 10.0 percent in 2014 to 0.5 percent in 2019, before edging up to 2.8 percent in 2020. The pandemic-related fall in consumer demand and collapse in energy commodity prices drove the historically low headline inflation in 2020.

In 2021, headline inflation rose to an average of 2.0 percent, driven by higher food inflation at 4.4 percent and a rebound in core inflation from 0.2 percent in 2020 to 1.5 percent. Global supply chain disruptions caused by the COVID-19 pandemic led to rising international prices and increased import and input costs, contributing to domestic cost-push inflation.

From 2022 to 2023, inflation rose again, with headline inflation peaking at 5.8 percent in 2022.

This was mainly due to a sharp increase in food prices, which jumped by 10.5 percent in 2022, the highest food inflation rate over the past decade. In 2023, however, inflation dynamics began to shift, with headline inflation decelerating to 4.7 percent.

In 2024, inflation slowed markedly, with headline inflation averaging 0.5 percent, core at 0.2 percent and food inflation easing to 1.5 percent. By August 2025, inflationary pressures showed some signs of re-emergence, with headline inflation rising to 1.4 percent, food inflation increasing to 2.9 percent, and core inflation edged up to 1.0 percent.

Source: Economic Management Division (EMD)