WHAT IS UNDERPINNING THE FOREX CRISIS IN T&T?

Would you pay someone to hurt you? Would you pay someone to make your life worse? Would you pay someone to steal your money, especially your precious foreign exchange? I would hope not, but in essence, this is what we, the taxpayers in T&T have been doing for the last 15 years at least.

The Government collects revenue mostly from the taxes we pay on our income, the taxes we pay on everything we use and consume, and taxes (mostly in USD) on oil and gas (which belongs to the citizens of T&T). So in essence we *are* paying the whole Government including all policymakers, who we elect to manage our country in a way that makes our lives better. This, in essence, is our social contract. The Government is accountable to us for how it spends our money, and for making our lives better. But do we actively hold them to account? And do they actually make our lives better?

Well, as discussed here, we basically paid the Government to raise poverty levels by 50% about a decade ago. The Government spent 30% more from ~TTD46 billion in 2009 to ~TTD62 billion in 2014, while poverty increased by 50% - the proportion of the population living below the poverty line increased from 16.7% of the population in 2009, to about 24% of the population in 2014. We essentially paid the Government to make us poorer! And T&T, like most Caribbean countries, has failed to measure poverty for over 10 years, so we DO NOT KNOW if we are *still* paying the Government to make us poorer. But we do know that we are paying the Government and elected policymakers to break our own laws.

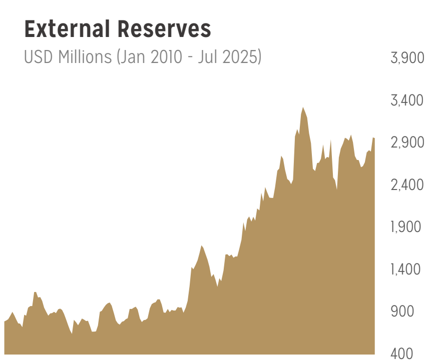
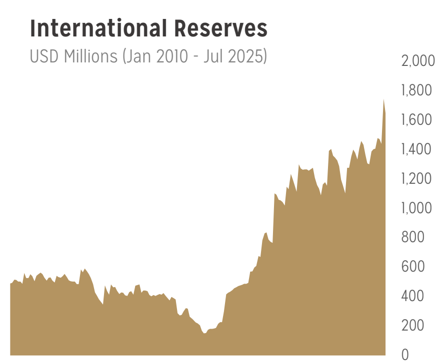
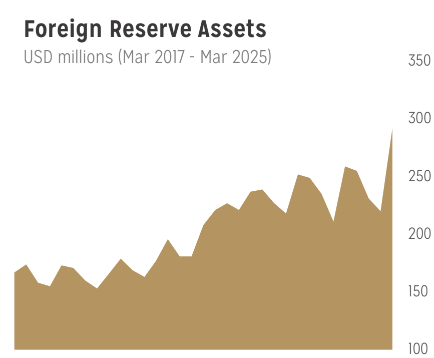
THE SOCIAL CONTRACT IN TRINIDAD AND TOBAGO IS BROKEN

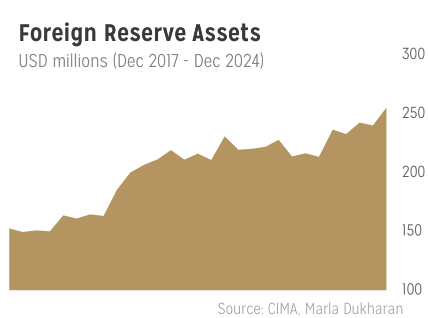
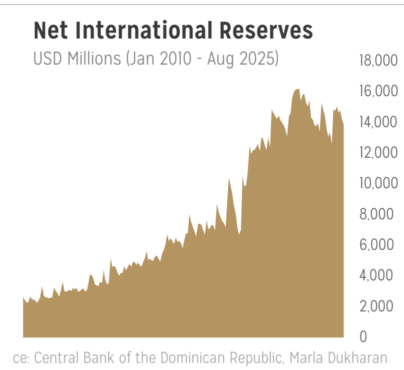
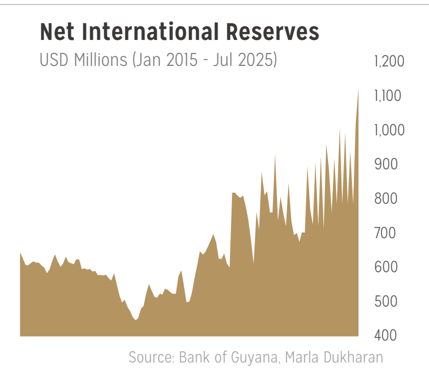
Since 2016, as discussed here, the IMF pointed out that our Government is in breach of the international agreements it signed on behalf of the people of T&T regarding FX management. Since 1993, the Government amended the Exchange Control Act to 'liberalize' access to and remove controls on FX access. So the FX restrictions we face today, the (de facto) controls that are currently in place, the calls for 'transparency' (and controls) on who has access to FX, are all in breach of the prevailing laws and agreements that our Government has signed / enacted on our behalf internationally and domestically. We are paying our Government and elected policymakers to break our laws and agreements, making us all worse off in the process. Surely, this situation could not persist for over a decade unless some powerful person(s) were benefitting. The USD25 billion question is who, and how? And who will solve this problem? My eyes and hopes are on our new Prime Minister, who is saying all the right things this time re transparency and accountability, but who presided over the exacerbation of the FX problem when she was last in this position.

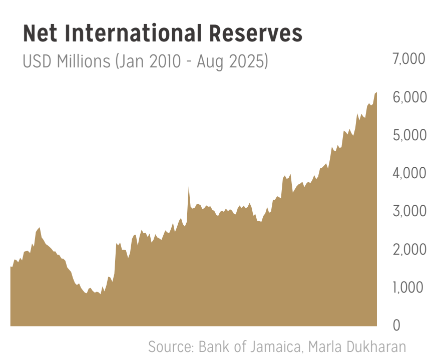
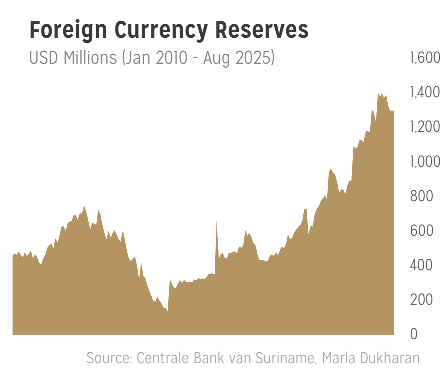
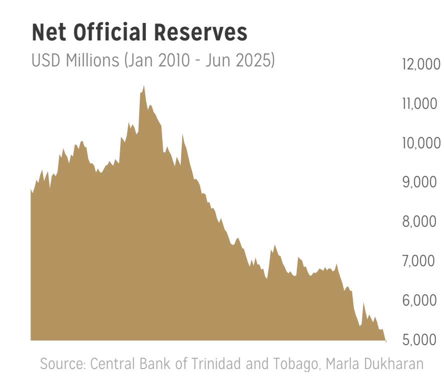
Arguably, if these laws and agreements were not broken, and / or if more appropriate laws were implemented, we would not have these FX problems. This clearly demonstrates that the social contract is broken.

Furthermore, the fact that successive Governments and policymakers are knowingly and willfully breaking our laws and agreements related to FX, begs the questions, how can the Government continue to be in breach of the law without any consequences? Who do we appeal to? What is the point of legislation and the legislative process if the Government can just decide to break the law, and do whatever they want, in plain sight, for over a decade? Can this type of lawlessness on the part of the state, carry over into other areas beyond FX? What is the role of the Board of the Central Bank and the President in all of this? What is the role of the Opposition? What can we, the ordinary citizens of T&T do about this?

On Tuesday 30th September 2025 at 12 noon T&T time, I will be hosting a live webinar and Q&A to discuss the FX situation in our country, and explain how we got here, what the Government is doing wrong, and what can be done now. Register at: marladukharan.com/facts.

	THE BAHAMAS	BARBADOS	BERMUDA
UPDATE	Real GDP +3.4% in 2024; wholesale trade +14.7%, public admin +3.1%, real estate -1.8%, financial sector -0.5%. Public sector debt +3.5% y/y in June 2025; external debt +2.8% to 44.7%/total debt, and BSD debt +4% y/y. Interest payments/revenue +0.4pp to 23.6%. 50% of external debt is privately held, 27% by financial institutions, and 22% by multilaterals. 26.8% of public debt matures within 1 year. Inflation was 0.4% y/y in May; household furnishings & maintenance +15%, clothing +4.7%, health +2.6%. Bank credit +5.4% y/y in H1-25, with personal loans at 74.6%/total; residential mortgages +0.2%, consumer loans +1.5%, overdrafts -13.3%. Tourist arrivals +10.7% y/y in H1-25; sea +13.8% and air -3.1%. Total and usable reserves both -1.5% y/y in Jul 2025 to USD3 billion and USD1.4 billion (or around 2.4 months of imports) and these reserves are >100% borrowed! Central bank flipped from net FX purchase of USD53.5 million in Jul 2024 to net FX sale of USD16.2 million in July 2025.	Real GDP +2.5% y/y in H1-25; tradables +3.9%, non-tradables +2.3%. Public sector debt +2.2% y/y in H1-25; external debt +8.6% to 40%/total debt. Reserves +13% y/y to USD1.65 billion or ~7.3 months of G&S imports in July vs external debt ~USD3 billion, so reserves are >100% borrowed! Fiscal surplus +6.7% in Q1 FY2026; total revenue +11%, corporate tax revenue +43%, expenditure +5.7%; transfers & subsidies are 33%/spending, salaries 29%. USD92.7 million borrowed from Saudi Fund for Development for health & housing. Inflation was 0.6% y/y in June with restaurants +6.6%, food +2.4%, alcohol +2.4%. Tourist arrivals +3.3% y/y in H1-25; USA 33% of visitors, UK 33%, & Canada 13%. Cruise arrivals expected +22% y/y with >400 cruise calls this winter. Aug 2025 saw record shipping containers discharged/week at 1,047, >double the average 500. Immigration reforms underway to address demographics and skills gap. Bank credit to the private sector +6% y/y and NPLs -1.2pp to 3.5%/total in H1-25.	Real GDP +1.1% y/y in Q1-25 driven by consumer spending +1.5%, gov't spending +1.5%, and gross capital formation +5.2%. Employment income +6.3% y/y in Q1-25 with highest increase in Business services +17.1%, Transport & Comms +12.8%, and Hotels & Rests +9.8%. Monetary Authority's 2025 Global Financial Crisis stress test showed reinsurance sector capital buffers remained above regulatory minimum of 100%; 71% of entities maintained an Enhanced Capital Requirement coverage ratio >150% and 97% of entities either maintained coverage of >100% or had management plans to restore strength. NPLs +0.6pp y/y to 5.7% in Q1-25; real estate accounted for 58%/total loans; loan/deposit ratio -2.1pp y/y to 36.7% as deposit growth outpaced loan growth. Inflation reached 1.8% y/y in April; fuel +5.7%, health +3.8%, rent +2.4%. The BoP current account surplus narrowed in Q1-25. Tax Reform Commission released detailed policy recommendations to reshape the tax framework.
TOURISM	Stay-over: 2025: 978,770 (Jun) / -1.3% y/y Cruise: 2025: 5,277,639 (Jun) / +13.1% y/y	Stay-over: 2025: 394,675 (Jun) / +3% y/y Cruise: 2025: 472,875 (Jun / +35% y/y	Stay-over: 2025: 95,334 (Jun) / +3% y/y Cruise: 2025: 210,947 (Jun) / -10% y/y
GROWTH	2023: 2.6% (IMF) / 2024: 1.9% (IMF PRELIM)	2023: 4.1% (IMF) / 2024: 4.0 (CB PRELIM)	2023: 4.9% / 2024: 2.3% (PRELIM)
RESERVES	 Source: Central Bank of The Bahamas, Marla Dukharan	 Source: Central Bank of Barbados, Marla Dukharan	 Source: Depatrment of Statistics, Marla Dukharan
OUTLOOK	The IMF expects 1.7% growth in 2025, falling below 1.6% through 2029, with an estimated long run growth potential of 1.5%. Central Bank also anticipates growth below 2% in 2025.	Central Bank expects 3% growth in the short to medium term based on tourism output and investment. IMF projects 3% growth in 2025, falling to 2% for the foreseeable future.	Fitch projects growth of 2.1% for 2025 driven by the tourism recovery and growth in the international business sector.

	THE CAYMAN ISLANDS	DOMINICAN REPUBLIC	GUYANA
UPDATE	Household consumption +10% every year on avg from 2015-23 according to Household Budgetary Survey; spending on health +232.2%, food +166.8%, furnishings +156.1% in 2023 vs 2015; housing & utilities account for 32.7%/household consumption (-0.2pp vs 2015), transport 11% (-5.4pp vs 2015) and food 9.9% (+3.2pp vs 2015); spending on housing & food accounts for 59% of low income vs 35% of high income households. Public Sector overall surplus -7% y/y in H1-25 to KYD201.5 million, 26% above budget; revenue +9%, expenses +5%; 'other' company fees, mutual & private fund fees, and import duties accounted for 18%, 16% and 15% of gov't revenue respectively. Salaries and outputs purchased from state authorities & gov't authorities accounted for 23% and 18% of expenses respectively. Deferrals in work permit applications increased between Jan-Jul 2025, with 3.8% deferred and 11% refused; 69% of total deferrals YTD occurred in July 2025. Possible return of Cayman Protection law, and higher work permit and import duty fees expected in Oct 2025 budget.	Moody's upgraded from Ba3 to Ba2 and revised outlook from positive to stable in Aug 2025 citing strong economic performance, but warning of fiscal constraints from low tax and high external debt. IMF's Article IV lauds economic performance, strong policies and institutions, but highlights risks due to uncertainty in the external environment. Debt ceiling raised from DOP350 billion to DOP361.618 billion in Sept 2025. FDI ~USD4.5 billion in 2024, projected >USD4.86 billion by end-2025 i.e record figures for four consecutive years. Production sharing contract signed for hydrocarbon production in the Cibao Basin. Over the next 3 years hotel capacity expected +18% with 14,900 new rooms and >USD3 billion in investment. Remittance inflows >USD1 billion for Aug 2025 to USD7.9 billion for Jan-Aug, +11.4% y/y; 80.4% from the USA. Inflation was 3.71% in Aug 2025, well within target; alcohol +7%, education +6%, health +5%. Net 10,242 new jobs created in H1-25; informality rate was 54.0% in Q2-25, -2.2pp y/y; unemployment rate was 5% in Q2-25, -0.3pp y/y.	Incumbent re-elected for 2nd term in Sept 2025 elections. Capital projects planned including upgrade of Georgetown and a new Hospitality Institution. Gov't flipped from GYD19 billion surplus in Q1-24 to deficit of GYD692 million in Q1-25 driven by current spending +49% and capital spending +36% y/y. Domestic debt +36% and external debt +21% y/y in March 2025. Visitor arrivals +18% y/y in Jan-Jul 2025, with USA accounting for 41%, Caribbean 31%, Canada 7% and Europe 6%. Inflation was 4.1% in July 2025 with food +8%, education +3.7% and health +3.6%. GPL expects electricity demand to surge to 300MW by 2026 following a YTD peak of 221MW in Sept 2025, +23% y/y, increasing pressure on the national grid. Exxon reports that 6,200 Guyanese or 70% of their workforce employed at Exxon Guyana in mid-2025, with 1 in 3 being Guyanese women. Free climate-risk crop insurance was launched to support rice farmers for 3 years; >69% of farmers were registered within 2 months. NRF balance was USD3.6 billion in Aug 2025, +9% since Jan 2025.
TOURISM	Stay-over: 2025: 300,326 (Jul) / +4% y/y Cruise: 2025: 690,850 (Jul) / -0.4% y/y	Stay-over: 2025: 6,084,800 (Aug) / +2% y/y Cruise: 2025: 1,893,199 (Aug) / +5% y/y	Stay-over: 2025: 242,655 (Jul) / +18% y/y Cruise: n/a
GROWTH	2023: 4.4% / 2024: 2.2%	2022: 2.4% (IMF) / 2024: 5.0% (CB prelim)	2023: 33.0% (IMF) / 2024: 43.6% (CB)
RESERVES			
OUTLOOK	Gov't forecasts growth at 2.6% for 2025 and 2.4% for 2026.	Growth for 2025 is expected to remain strong and to be one of the highest in the region at around 4% according to the IMF.	The IMF and World Bank project growth of 10.3% and 12.3% respectively for 2025. Growth is expected to average 14% for 2026-30 (IMF). Gov't growth projections are lower, at 10.6% for 2025 with non-oil growth of 13.8%.

	JAMAICA	SURINAME	TRINIDAD & TOBAGO
UPDATE	Incumbent re-elected for 3rd term in Sept 2025 elections. PIOJ estimates real growth ~1.4% y/y for Q2-25; goods producing industries +3.8%, agriculture +9.8% due to favourable weather, construction +1.6% but mining & quarrying -3.5% due to bauxite and alumina production challenges; services +0.5%; accommodation & food service +2.5%, education, health & other services +1.4%, transport and storage +1.3%. Growth projected at 2-3% in Q3-25. Unemployment at 3.3% in Q2-25, -0.9pp y/y. Labour force participation +0.5pp y/y to 69.3%; males steady at 74.5% and females +1pp to 64.3%. JMD depreciated 1.3% in Q2 vs Q1 due to narrower interest rate margin. Remittances +3.7% y/y to USD1.77 billion in H1-25, and tourism earnings for Jan-Jul ~USD2.4 billion, pushing reserves +23% y/y in Aug 2025 to USD6.15 billion or 8 months of G&S imports. Inflation was 1.2% y/y in Aug 2025; education +9.8%, restaurants & accommodation +5.2%, health +4.6%. Serious crimes -15.8% y/y for Jan-mid Sept 2025, murders -42%, shootings -34.3%, robberies +11.8%.	Gov't debt +1.8% q/q in Q2-25 to 110.6%/GDP; external debt at 82%/total debt, -0.2% q/q; and domestic debt +3% y/y due to accumulation of arrears. Within a year, IDB may provide USD500 million in financing to support agriculture and tourism. TotalEnergies estimate that USD1-1.5 billion will be invested in local content and creation of 6,000 direct, indirect and induced jobs through the GranMorgu project. Monthly Economic Activity +2.6% y/y in March 2025, driven by construction +36%, wholesale and retail +12%, while agriculture -17%, and financial & insurance activity -12%. Inflation was 10% y/y in July, with health +28%, housing & utilities +18%, and transport +18%. USD2 million was auctioned by the Central Bank in June to support FX liquidity. Reserves, which are >100% borrowed, +11% to USD1.3 billion or 7 months of imports in Aug 2025. The SRD continued to depreciate, reaching SRD37.90: USD1 in Aug 2025 from SRD35.30 in Jan 2025. The M0 money supply was 18.7% above the Central Bank's target in July, mainly due to higher govt expenditure.	CBTT 2024 Financial Stability Report highlights household indebtedness re-emerged as a risk to the financial sector in 2024, as 16.4% of consumer credit growth was attributed to refinancing and debt consolidation. The sovereign-bank nexus risk also increased amid mounting gov't borrowing; 52.6% of general gov't debt was domestic in FY2024. Real GDP -2.1% y/y in Q1-25; non-energy GDP -1% and energy sector GDP -4.8% y/y; petrochemicals -3.6%, and natural gas exploration & extraction -12.9%. Production of natural gas -5%, methanol -19%, urea +16%, and ammonia +5% in Jan-Apr 2025 y/y. Exxon signed major ultra deep water exploration contract in Aug 2025. Inflation was 1.4% y/y in Aug 2025; food +2.9%, recreation & culture +2.4%, and health +1.9%. Purchases of FX from the public was 23% lower than sales of FX to the public in Jan-Aug 2025 - a USD902.5 million gap. Foreign exchange reserves, which are >100% borrowed, -16.7% y/y to USD4.6 billion in Aug 2025 i.e 6.6 months of imports (officially), 5.4 months according to our calculations using 2024 BoP data.
TOURISM	Stay-over: 2025: 1,478,168 (Jun) / -2% y/y Cruise: 2025: 711,670 (Jun) / -10% y/y	n/a	Stay-over: 2025: 255,346 (Aug) / +13% y/y Cruise: 2025: 48,908 (Apr) / -56% y/y
GROWTH	2023: 2.6% (IMF) / 2024: 1.3% (IMF prelim)	2023: 2.1% (IMF) / 2024: 3.0% (IMF prelim)	2023: 1.1% / 2024: 1.6% (IMF prelim)
RESERVES			
OUTLOOK	The World Bank and IMF project growth of 2.2% and 2.1% respectively for 2025. The IMF expects growth to remain around1.6% for 2026-2029.	The IMF and World Bank project 2025 growth at 3.2% and 3.0% respectively.	IMF projects growth of 2.4% for 2025 and average 2.2% for 2026-2030. We expect growth to remain below 2% for the foreseeable future, failing any major policy improvement.