

Private Sector Commission

Technical Information Bulletin

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The Guyana Economy

June 2006

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Selected Indicators

Guyana – The Economy as at June 2006

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Real Economic Growth

The Guyana economy experienced a modest increase in real economic growth of 0.4% in the first half of 2006. This compares favourably with the 5.9% decline of the economy in the first half of 2005 that was occasioned primarily by the severe flooding.

Fiscal Position

The overall fiscal position of the central government improved dramatically over the year-to-date position. The surplus increased from G\$770 million to G\$2318 primarily due to improvements in capital account receipts.

Current Account

Current revenue increased by 11.95% to G\$31,286 million due primarily to a 19.6% increase in revenue collection from companies. The increase was outstripped by a 17.38% in current expenditure occasioned primarily by a higher wage bill and resumed debt service payments to Trinidad and Tobago.

Capital Account

An 18.93% increase in capital expenditure due to infrastructural works was more than offset by capital revenue which rose sharply by 85.21% to G\$8,518 million due to debt relief and increased grants.

Balance of Payments

The overall balance of payments position showed a significantly higher surplus for the first half of 2006 than for the corresponding period of 2005, moving to US\$37.3 million from US\$2.5 despite a higher merchandise trade and overall current account deficit.

Current Account

The current account deficit worsened by almost 7% to US\$96.4 million reflecting increased imports and higher fuel prices.

Imports of consumption goods declined marginally to US\$90.0m from US\$92.3m but the value of imports of intermediate goods, including fuel, rose by 16.15% to US\$233.7m while capital goods imports rose by 17.88% to US\$94.3m.

Total export receipts rose by 5.4% to US\$265.2 million though receipts from some commodities such as rice, gold and rum showed a decline.

Capital Account

The capital account position improved by 23.69% to US\$106 million due primarily to debt relief and capital grants.

Public Debt

The stock of government debt increased only slightly for the review period reflecting the result of debt relief.

Domestic Debt

Domestic debt increased by 5.22% as government increased treasury bill issuance to \$54,988 million in order to mop up excess liquidity. Government holdings of debentures and bonds remained unchanged. Commercial banks continue to be the largest holders of treasury bills.

External Debt

External debt increased by 1.4% to a total of US\$1,081.8 million due primarily to counterpart financing for the government's Public Sector Investment Program.

Indebtedness to the IMF declined sharply by 52.7% to US\$41.1 million. Total multi-lateral debt declined from US\$955.5 million year-on-year to US\$952.1 despite an 8.2% increase in the total owed to the Inter-American Development Bank to US\$492.8 million.

Monetary Indicators

Interest Rates

The 91-day treasury bill rate was 3.85% at end-June 2006 compared to 3.80% for June 2005. The small savings rate declined marginally to 3.29% from 3.38% but there was a relatively significant movement of the weighted average lending rate from 13.80% to 12.84%.

Deposits

Total domestic deposits held by commercial banks increased to G\$137,769 for the first half of 2006, an increase of 5.6% over the corresponding period last year. This represented a 7.5% increase in private sector deposits and a 2% increase in public sector deposits.

Private sector deposits were 78.5% of all commercial bank deposits at the end of June 2006 while individual customers accounted for 84.5% of all private sector deposits.

Commercial Bank Lending

Net domestic credit was only 1.75% higher than at end June 2005 reflecting large reductions in net credit to the public sector as a result of deposits from debt relief.

Credit to the private sector at G\$56,973 million was 12.76% higher than at end June 2005. In dollar terms, the manufacturing and mortgage sectors saw the highest increases with loans to the manufacturing sector increasing from G\$6,670 million in June 2005 to G\$8,403 million. The highest percentage increase in loans was to the mining and quarrying sector where credit expanded by 185.1% to G\$995 million.

Production

Sugar

Sugar production expanded by a marginal 3.97% for the first half of 2006 as compared to the corresponding period in 2005. The output of just over 90,000 tonnes represented only 28.7% of the total targeted production for 2006.

The industry continued to be affected by the floods of 2005 which destroyed crops and hindered replanting.

Rice

Rice production improved by only 4% over first half 2005, reflecting the impact on harvests of flooding in the Mahaica and Mahaicony at end 2005 and early 2006.

Fishing

Fish and shrimp catches were 31.98% and 24.59% lower respectively than output for the first half of 2005. Output was affected by depleted fish stocks, high fuel costs and flooding as well as an increase in piracy.

Poultry

Poultry production remained relatively constant with only a 0.81% decline but egg production was severely affected by flooding, declining by 85.68% over first half 2005.

Forestry

Production of logs and sawnwood increased by 7.84% and 7.34% respectively but roundwood production was down 26.5% due primarily to delayed commencement of operations by large producers.

Bauxite

Bauxite production was down 1.19% over half year 2005 caused partly by temporary closure of operations at the Omai mine due to reduced sales on the world market.

Gold

Gold output was down by more than 40% due to the closure in late 2005 of the Omai gold mine but output by small producers rose by 10.4%, spurred by higher world market prices. Flooding also impacted negatively on gold production.

Diamonds

Diamond production increased by 13.89% primarily due to increased investment in equipment but also due to a shift into production of diamonds by some gold miners whose operations had been affected by floods.

Manufacturing

Output in the manufacturing sector increased only marginally for the first half 2006. Production of alcoholic beverages increased by 12.67% but competition forced a decline in production of non-alcoholic beverages.

Production of liquid pharmaceuticals doubled due to increased capacity of producers and increased demand.

Engineering & Construction

The engineering and construction sector grew by 9% for the first half of 2006. Public sector spending on infrastructural works contributed largely to the increase but high cement prices slowed private construction, especially of low-income buildings.

Services

The service sector grew by 3.9% reflecting a small increase in the public sector wage bill and a 5.5% increase in the transport and communications sub-sector occasioned by higher demand and higher fuel prices.

Selected Production Indicators			
Agriculture, Fishing and Forestry			
	Jan - June 2005	Jan - June 2006	% Change
Commodity			
Sugar (tonnes)	86,906	90,354	3.97%
Rice (tonnes)	135,887	141,317	4.00%
Fish (tonnes)	15,498	10,542	-31.98%
Shrimp (tonnes)	13,776	10,389	-24.59%
Poultry (tonnes)	8,429	8,361	-0.81%
Eggs ('000)	15,721	2,252	-85.68%
Logs (cub. mt)	156,403	168,669	7.84%
Sawnwood (cu. mt)	14,287	15,336	7.34%
Roundwood (mt)	270,402	198,747	-26.50%

Sources: Bureau of Statistics & Bank of Guyana

Selected Production Indicators			
Mining, Quarrying and Manufacturing			
	Jan - June 2005	Jan - June 2006	% Change
Commodity			
Bauxite (tonnes)	791,018	781,570	-1.19%
Gold (ounces)	150,593	89,112	-40.83%
Diamonds (mt. ct.)	169,684	193,251	13.89%
Alcoholic Beverages ('000 lit)	10,993	12,386	12.67%
Non-alc. Beverages ('000 lit)	21,062	17,245	-18.12%
Liquid Pharmaceuticals ('000 lit)	230	459	99.57%
Paints ('000 lit)	913	1,000	9.53%
Garments ('000 doz)	70	72	2.86%
Electricity ('000 MWH)	259	260	0.39%

Sources: Bureau of Statistics & Bank of Guyana

Balance of Payments			
US\$MN			
	Jan - June 2005	Jan - June 2006	% Change
Current Account	(90.5)	(96.4)	-6.52%
Merchandise Trade	(129.7)	(158.3)	-22.05%
Services (Net)	(38.9)	(43.9)	-12.85%
Transfers	78.1	105.7	35.34%
Capital Account	85.7	106.0	23.69%
Capital Transfers	20.2	28.9	43.07%
Non-financial Public Sector	30.4	28.2	-7.24%
Private Capital	52.5	75.0	42.86%
Other	0.0	0.0	0.00%
Short-term capital	(17.4)	(26.1)	-50.00%
Errors and Omissions	7.3	27.7	279.45%
Overall Balance	2.5	37.3	1392.00%

Sources: Bureau of Statistics & Bank of Guyana

Exports			
US\$MN			
Commodity	Jan - June 2005	Jan - June 2006	% Change
Sugar	46.3	50.7	9.50%
Rice	22.4	21.7	-3.13%
Bauxite	26.7	32.7	22.47%
Gold	60.4	50.1	-17.05%
Timber	19.8	27.0	36.36%
Garments & Clothing	4.6	5.4	17.39%
Fish & Shrimp	31.9	36.7	15.05%
Rum & Other Spirits	3.7	2.3	-37.84%
Fruits & Vegetables	1.1	1.4	27.27%
Prepared Foods	3.9	2.7	-30.77%
Wood Products	1.3	1.3	0.00%
Pharmaceuticals	0.9	0.8	-11.11%
Diamonds	17.5	23.4	33.71%
Molasses	1.4	1.5	7.14%
Re-Exports	3.5	3.5	0.00%
Others	6.3	4.1	-34.92%

Sources: Bureau of Statistics & Bank of Guyana

Imports			
US\$MN			
	Jan - June 2005	Jan - June 2006	% Change
Consumption Goods			
Food-Final Consumption	35.7	28.7	-19.61%
Beverages and Tobacco	9.0	7.3	-18.89%
Other Non-Durables	21.9	28.0	27.85%
Clothing and Footwear	5.4	3.8	-29.63%
Other Semi-Durables	3.8	3.4	-10.53%
Motor Cars	6.1	7.5	22.95%
Other Durables	10.4	11.3	8.65%
Sub-total	92.3	90.0	-2.49%
Intermediate Goods			
Fuel & Lubricants	103.3	123.9	19.94%
Food-Intermediate Use	12.2	14.6	19.67%
Chemicals	15.4	19.1	24.03%
Textiles & Clothing	3.7	4.0	8.11%
Parts & Accessories	16.5	29.5	78.79%
Other Intermediate Goods	50.1	42.6	-14.97%
Sub-total	201.2	233.7	16.15%
Capital Goods			
Agricultural Machinery	21.1	24.8	17.54%
Industrial Machinery	7.4	7.5	1.35%
Transport Machinery	11.6	18.7	61.21%
Mining Machinery	4.4	2.5	-43.18%
Building Material	19.6	21.1	7.65%
Other Goods	15.9	19.7	23.90%
Sub-total	80.0	94.3	17.88%
Miscellaneous	7.8	5.5	-29.49%
Total Imports	381.3	423.5	11.07%

Sources: Bureau of Statistics & Bank of Guyana

Central Government Finances			
G\$ Million			
	Jan - June 2005	Jan - June 2006	% Change
Current Account			
Revenue	28,428.0	31,826.0	11.95%
Expenditure	21,721.0	25,497.0	17.38%
Current Primary Balance	8,373.0	8,354.0	-0.23%
Interest	1,667.0	2,025.0	21.48%
Current Balance	6,707.0	6,329.0	-5.64%
Capital Account			
Receipts	4,599.0	8,518.0	85.21%
Expenditure	10,536.0	12,530.0	18.93%
Overall Balance	770.0	2,317.0	200.91%
Financing	(770.0)	(2,317.0)	-200.91%
Net External Borrowing	5,852.0	3,755.0	-35.83%
Net Domestic Borrowing	(2,223.0)	(4,883.0)	-119.66%
Net Divestment Proceeds	0.0	0.0	
Other Financing	(4,399.0)	(1,190.0)	72.95%

Sources: Bureau of Statistics & Bank of Guyana

Central Government Bonded Debt by Holders			
G\$ Million			
	June 2005	June 2006	% Change
Total Bonded Debt	69,203	72,818	5.22%
Treasury Bills	51,339	54,988	7.11%
91-day	3,063	1,064	-65.26%
182-day	11,370	2,914	-74.37%
364-day	36,906	51,010	38.22%
CARICOM Loan	704	670	-4.83%
Guymine Bonds	5,340	5,340	0.00%
Debentures	11,817	11,817	0.00%
Defense Bonds	3	3	0.00%

Sources: Bureau of Statistics & Bank of Guyana

Monetary Survey			
G\$ Million			
	Jan - June 2005	Jan - June 2006	% Change
Narrow Money	32,507	37,602	15.67%
Quasi Money	81,451	91,665	12.54%
Money Supply	113,958	129,267	13.43%
Net Domestic Credit	32,418	32,985	1.75%
Public Sector (Net)	(6,138)	(15,018)	-144.67%
Private Sector Credit	50,526	56,973	12.76%
Agriculture	3,553	3,706	4.31%
Manufacturing	6,670	8,403	25.98%
Rice Milling	1,874	1,748	-6.72%
Distribution	9,565	9,013	-5.77%
Personal	8,733	10,497	20.20%
Mining & Quarrying	349	995	185.10%
Other Services	5,061	5,679	12.21%
Transp. & Com.	1,214	1,086	-10.54%
Ent. & Catering	1,295	1,802	39.15%
Prof. Services	415	406	-2.17%
Other	2,137	2,386	11.65%
Mortgage Loans	8,076	11,065	37.01%
Other	6,645	5,867	-11.71%
Financial Institutions	(11,970)	(8,971)	25.05%
Net Foreign Assets	39,249	56,252	43.32%
Other Items (Net)	42,292	40,030	-5.35%

Sources: Bureau of Statistics & Bank of Guyana

Consumer Price Index		
January 1994 = 100		
	June 2005	June 2005
All Items	200.8	217.6
Food	195.8	210.0
Vegetables & Vegetable Products	229.1	273.3
Fruits & Fruit Products	221.7	238.8
Medical & Personal Care	206.5	227.8
Education	298.0	331.4
Housing	231.5	258.1
Furniture	143.3	146.8
Transport & Communication	262.3	291.7
Expenditure in Restaurants	237.4	251.7

Sources: Bureau of Statistics & Bank of Guyana

Commercial banks		
Interest Rates		
	Percent per annum	
	June 2005	June 2005
Small Savings Rate	3.38	3.29
Weighted Average Time Deposit Rate	3.01	3.01
Weighted Average Lending Rate	13.80	12.84
Prime Lending Rate	14.54	14.54
Average 91-day Treasury Bill Rate	3.80	3.85

Sources: Bureau of Statistics & Bank of Guyana

