

# Private Sector Commission

Technical Information Bulletin  
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*The Guyana Economy as at June 2007*

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## **Preface**

We are pleased to send you our **Technical Information Bulletin No. 10** on the performance of the Guyana Economy for the first six months of 2007.

Much of the data provided was drawn from the Mid-Year Report 2007 which was recently released by the Ministry of Finance.

We hope you find this Bulletin useful and would appreciate your comments etc.

Bal Parsaud  
Executive Director

### **Previous Bulletins**

*Bulletin 1 (Dec 2006) - The Guyana Economy June 2006*

*Bulletin 2 (Mar 2007) - Highlights of the Guyana National Budget 2007*

*Bulletin 3 (Mar 2007) - Recent Growth Trends in the Guyana Economy*

*Bulletin 4 (Apr 2007) - Labour Force and Employment in the Guyana Economy*

*Bulletin 5 (May 2007) - Employment Structure in Guyana*

*Bulletin 6 (July 2007) - Measuring Inflation in Guyana*

*Bulletin 7 (July 2007) - Living Conditions in Guyana*

*Bulletin 8 (October 2007) - The Jagdeo Initiative*

*Bulletin 9 (November 2007) - Educational Achievement in the Population of Guyana*

**E-copies available on request.**

## **The Guyana Economy as at June 2007**

### *Selected Indicators*

The Guyana economy recorded significant increases as at June 2007 compared with the position as at June 2006. The growth rate reached 5.8% as compared with 3.3% in the corresponding period in 2006.

#### **Fiscal Position**

The overall fiscal position improved significantly with the surplus climbing to G\$3,231 million from G\$682 million in June 2006. The increases were due primarily to increased revenue. Total revenue was up 27.13% to G\$40,461 million from \$31,827 million in June 2006. Taxes on income were up 7.5% while taxes on consumption increased by 57.92% to G\$18,681 million.

Current expenditure increased only marginally by 2.8% to G\$27,909 million while capital expenditure increased by 8.73% to G\$13,608 million.

#### **Balance of Payments**

The overall balance of payments position declined to a deficit of US\$8.6 million compared to a surplus of US\$17 million in June of 2006. This was occasioned primarily by an increase in imports to US\$500.2 million which outstripped a 19.69% increase in exports recorded at US\$317.3 million.

Exports of most major commodities showed significant improvements over June 2006 with the highest percentage increase in rice export receipts which rose 77.88% to US\$38.6 million.

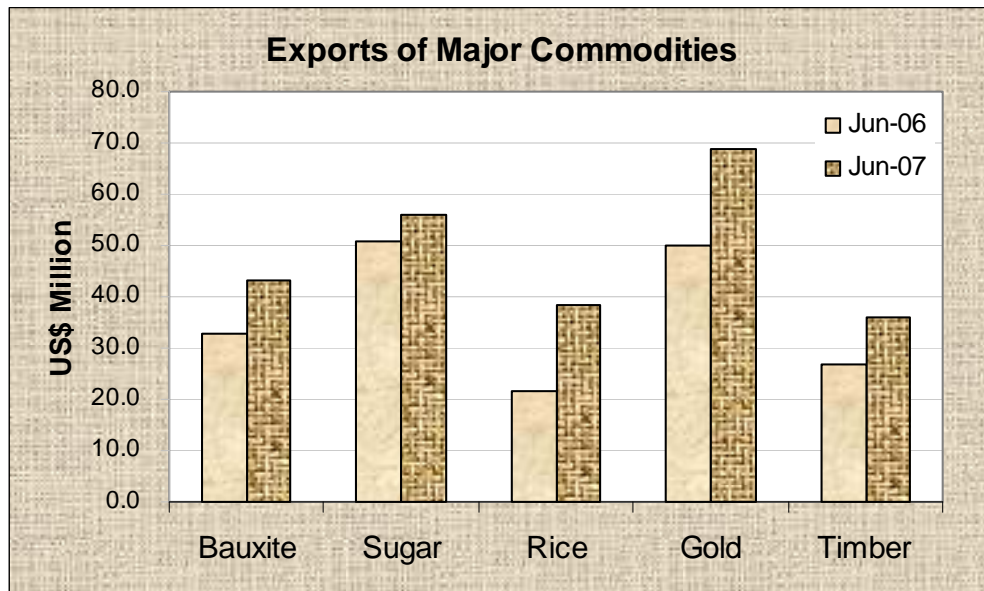
Sugar receipts were up 10.65% at end June 2007, reaching US\$56.1 million. This was primarily due to higher volumes of exports. Bauxite receipts were up 32.11% to US\$43.2 million. The higher receipts from bauxite were due to increases in both price and volume exported.

Gold export receipts were up 37.33% by June 2007 reaching US\$68.8 million. The increase in receipts was due to both increased export volumes and higher prices. Timber export receipts rose by 33.33% to reach US\$36 million.

Merchandise imports were up 18.11% reaching US\$500.2 million. This was primarily due to increased demand occasioned by preparations for Cricket World Cup.

The current account deficit worsened by 13.47% to US\$109.5 million from US\$96.5 million for the first half of 2006.

On the capital account the balance was down 13.3% to US\$91.9 million from US\$106 million in the corresponding period last year.



## Public Debt

The country's stock of external debt declined significantly during the first half of 2007, declining by 45.74% to US\$654.95 million. This was occasioned primarily by a decline in multilateral debt stock due to debt write-offs. Multilateral debt declined 59.68% to US\$383.9 million.

Overall bilateral debt increased by 7.06% to US\$249.12million. This was occasioned by a 10.38% increase in debt to non-Paris Club creditors.

## Monetary Indicators

### Interest Rates

While the 91-day treasury bill rate rose slightly to 3.94%, the small savings rate declined to 3.19% from 3.29% in June 2006. The prime lending rate remained constant at 14.54% while the weighted average lending rate declined marginally from 12.84% to 12.72%.

### Domestic Credit

Net domestic credit increased significantly in the review period moving up by 35.86% to G\$44.8 billion. Private sector credit increased by 17.47% to G\$66.9 billion but this was fuelled primarily by personal and real estate credit with credit for agriculture and rice milling declining sharply.

In the public sector credit to the central government rose by 188.62% to G\$7.2 billion.

## **Consumer Prices**

In June of 2007 consumer prices were up 13.10% compared with June 2006. The highest percentage increases were in the categories of medical and personal care which rose by 23.75% and miscellaneous goods and services which was up 25.33%. Food prices increased by 15.81% in the review period.

## **Production**

### **Sugar**

Sugar production was up by 11.73% in June 2007 with production reaching 100,952 tonnes up from 90,354 tonnes in the first half of 2006.

### **Rice**

Rice output was up by a significant 19.52% in the review period. Production increased from 141,317 tonnes in June 2006 to 168,902 tonnes in June 2007 despite flooding in the second quarter.

### **Fishing**

The fish sub-sector recorded an increase of 10.56% to 12,588 tonnes in the first half of the year but this was accompanied by a sharp decline of 25.09% in the shrimp sub-sector. Shrimp output was down to 8,983 tonnes due primarily to higher fuel prices and the threat of piracy.

### **Poultry**

Poultry production was up by 52.98% to 12,790 tonnes in the first half of 2007 compared with 8,361 tonnes for the first half of 2006.

### **Forestry**

Output of forestry products was mixed for the review period. Output of logs, roundwood and charcoal was down while sawnwood, firewood and plywood production increased significantly.

Output of sawnwood climbed by 23.94% to 36,555 cubic metres. Firewood and plywood production increased by 25.79% and 40.98% respectively with output of firewood reaching 11,384 cubic metres and plywood production increasing to 22,036 cubic metres.

### **Bauxite**

Bauxite production increased by 21.21% for the first half of the year reaching 947,340 tonnes as compared with 781,570 tonnes in the first half of 2006. The increased production resulted from increased investment and restructuring in the industry.

### **Gold**

Gold production was up by 20.79% to 107,638 ounces compared to 89,112 at June 2006. This was partly attributed to higher gold prices on the international market which reached US\$655 per ounce as well as to a shift into gold production by some diamond miners.

### **Diamonds**

Diamond production declined by 11.85% in the review period reaching 179,357 metric carats. Production had reached 193,251 for the first half of 2006. The decline was due partially to lower yields from mines as well as to some miners moving into gold production.

### **Sand and stone**

Output of sand and stone were both up significantly. Sand production increased by 76.32% to 188,345 tonnes while output of stone climbed by 95.28% to 156,159 tonnes. This was primarily due to heightened demand by the construction industry in the run-up to Cricket World Cup.

### **Manufacturing and Distribution**

Growth in the manufacturing sector declined by 10.2% in the first half of the year. Higher production was recorded in the manufacture of beverages, paints, footwear and electricity but rum production, pharmaceuticals and garments declined for the period.

In the distribution sector a growth rate of 10.7% was recorded. This was primarily due to increased imports of consumption and intermediate goods.

### **Transportation and Communication**

The transportation and communication sector grew by 10.0% reflecting expansion in both sub-sectors. Significant growth in the communication sub-sector was occasioned by the advent of another cellular service provider and resulting increased competition and sales.

### **Engineering and Construction**

This sector expanded by 6.6% in the first half of 2007 due primarily to preparations for Cricket World Cup which resulted in increased construction activity.

### **Financial**

The financial sector also expanded significantly by 6.2% by June 2007. This was primarily manifest in the offer of more banking products such as international credit card facilities.

<b>Central Government Finances</b>			
<b>G\$ Million</b>			
	<b>Jan - June 2006</b>	<b>Jan - June 2007</b>	<b>% Change</b>
<b>Total Revenue</b>	<b>31,827.3</b>	<b>40,460.9</b>	<b>27.13%</b>
<b>Revenue</b>	<b>31,827.3</b>	<b>40,460.9</b>	<b>27.13%</b>
Tax	29,992.5	38,817.0	29.42%
Income Taxes	14,343.0	15,419.1	7.50%
Consumption Taxes	11,828.9	18,680.6	57.92%
Trade Taxes	2,324.0	3,092.6	33.07%
Other	1,496.6	1,624.7	8.56%
Non-tax	1,834.8	1,643.9	-10.40%
Private Sector	1,472.9	944.9	-35.85%
Public Enterprise & BOG	361.9	699.0	93.15%
<b>Total Expenditure</b>			
<b>Current Expenditure</b>	<b>27,148.6</b>	<b>27,909.4</b>	<b>2.80%</b>
Non-Interest Expenditure	23,472.5	24,461.6	4.21%
Personal Emoluments	9,050.1	9,958.8	10.04%
Other goods and services	8,165.3	7,200.0	-11.82%
Transfers to the Private Sector	6,257.1	7,302.8	16.71%
Transfers to the Public Sector	-	-	
<b>Interest</b>	<b>3,676.1</b>	<b>3,447.8</b>	<b>-6.21%</b>
External	2,290.3	1,629.9	-28.83%
Domestic	1,385.8	1,817.9	31.18%
<b>Primary Balance</b>	<b>8,354.8</b>	<b>15,999.3</b>	<b>91.50%</b>
<b>Current Balance</b>	<b>4,678.7</b>	<b>12,551.6</b>	<b>168.27%</b>
<b>Capital Revenue</b>	<b>-</b>	<b>-</b>	
<b>Capital Expenditure</b>	<b>12,515.2</b>	<b>13,608.1</b>	<b>8.73%</b>
<b>Overall Balance before Grants</b>	<b>(7,836.5)</b>	<b>(1,056.5)</b>	<b>86.52%</b>
<b>Grants</b>			
HIPC relief	3,858.0	1,923.1	-50.15%
Original			
Enhanced	1,948.3	526.6	-72.97%
CMCF	257.0	257.0	0.00%
MDRI	1,652.7	1,139.5	-31.05%
Other	4,660.3	2,364.7	-49.26%
Projects	2,589.0	2,364.7	-8.66%
Non-projects	2,071.3	-	
<b>Overall Balance after Grants</b>	<b>681.7</b>	<b>3,231.3</b>	<b>374.01%</b>
<b>Financing</b>	<b>(681.7)</b>	<b>(3,231.3)</b>	<b>-374.01%</b>
Net External Borrowing	3,754.8	6,048.7	61.09%
Disbursements of Loans	4,355.0	5,053.9	16.05%
Debt Repayments	2,253.0	1,422.3	-36.87%
Rescheduling	855.8	762.1	-10.95%
Guysuco - Escrow A/C	797.0	1,655.0	107.65%
Net Domestic Borrowing	(4,436.5)	(9,279.9)	-109.17%

Source: Ministry of Finance



Balance of Payments		
US\$MN		
	Jan - June 2006	Jan - June 2007
<b>Current Account</b>	<b>(96.5)</b>	(109.5)
Merchandise Trade	(158.4)	(182.9)
Exports (f.o.b.)	265.1	317.3
<i>Bauxite</i>	32.7	43.2
<i>Sugar</i>	50.7	56.1
<i>Rice</i>	21.7	38.6
<i>Gold</i>	50.1	68.8
<i>Timber</i>	27.0	36.0
<i>Other</i>	79.5	67.4
<i>Re-Exports</i>	3.5	7.1
Imports (c.i.f.)	(423.5)	(500.2)
<i>Fuel &amp; Lubricants</i>	(123.9)	(130.5)
<i>Other</i>	(299.6)	(369.7)
Services (Net)	(43.8)	(56.9)
Transfers	105.7	130.4
<b>Capital Account</b>	<b>106.0</b>	91.9
Capital Transfers	28.9	386.5
Non-financial Public Sector	28.2	(352.4)
Private Capital	75.0	105.0
Other	0.0	0.0
Short-term capital	(26.1)	(47.2)
<b>Errors and Omissions</b>	<b>7.5</b>	9.0
<b>Overall Balance</b>	<b>17.0</b>	(8.6)

Source: Bank of Guyana

<b>External Debt Stock</b>			
<b>US\$ Million</b>			
	<b>June 2006</b>	<b>June 2007</b>	<b>% Change</b>
<b>Total External Debt</b>	<b>1206.97</b>	<b>654.95</b>	<b>-45.74%</b>
<b>Multilateral</b>	<b>952.11</b>	<b>383.90</b>	<b>-59.68%</b>
IBRD	0.00	0.00	
IDA	230.19	9.59	<b>-95.83%</b>
IADB	492.77	118.79	<b>-75.89%</b>
CDB	101.79	116.69	<b>14.64%</b>
CMCF	35.95	31.10	<b>-13.49%</b>
IMF	41.14	56.17	<b>36.53%</b>
Others	50.27	51.56	<b>2.56%</b>
<b>Bilateral</b>	<b>232.68</b>	<b>249.12</b>	<b>7.06%</b>
Paris Club Creditors	60.95	59.56	<b>-2.28%</b>
Non-Paris Club Creditors	171.73	189.56	<b>10.38%</b>
<b>Private Creditors</b>	<b>22.17</b>	<b>21.93</b>	<b>-1.09%</b>
Suppliers	13.36	13.38	<b>0.16%</b>
Financial Markets/Bonds	8.81	8.55	<b>-2.98%</b>

Source: Ministry of Finance

Monetary Survey			
	G\$Million		
	June 2006	June 2007	% Change
<b>Total Money &amp; Quasi Money</b>	<b>129,267.3</b>	<b>148,635.4</b>	<b>14.98%</b>
<b>Money</b>	<b>37,602.5</b>	<b>44,591.1</b>	<b>18.59%</b>
Currency	19,912.5	23,714.5	19.09%
Demand Deposits	17,690.0	20,876.6	18.01%
<b>Quasi Money</b>	<b>91,664.8</b>	<b>104,044.3</b>	<b>13.51%</b>
Time Deposits	13,920.3	14,890.8	6.97%
Savings Deposits	77,744.5	89,153.5	14.67%
<b>Domestic Credit (Net)</b>	<b>32,984.5</b>	<b>44,811.9</b>	<b>35.86%</b>
Public Sector (Net)	(15,017.7)	(13,585.8)	9.53%
Central Government (Net)	2,484.3	7,170.0	188.62%
Public Enterprises (Net)	(5,522.4)	(8,584.8)	-55.45%
Other Public Sector (Net)	(11,979.6)	(12,171.0)	-1.60%
Private Sector	56,973.1	66,925.8	17.47%
Agriculture	3,706.1	3,027.8	-18.30%
Other Manufacturing & Process.	8,402.8	8,859.0	5.43%
Rice Milling	1,748.6	1,517.7	-13.21%
Distribution	9,012.7	9,686.3	7.47%
Personal	10,496.6	14,097.8	34.31%
Mining & Quarrying	994.9	958.3	-3.67%
Other Services	5,679.3	6,725.1	18.41%
Real Estate Mortgage Loans	11,065.6	14,682.1	32.68%
Other	5,866.5	7,371.9	25.66%
Financial Institutions	(8,970.9)	(8,528.1)	4.94%
<b>Foreign Assets (Net)</b>	<b>56,252.4</b>	<b>65,430.0</b>	<b>16.32%</b>
Assets	83,013.4	95,636.1	15.21%
Liabilities	(26,761.0)	(30,206.1)	-12.87%
<b>Other Items (Net)</b>	<b>40,030.4</b>	<b>38,393.5</b>	<b>-4.09%</b>

Source: Ministry of Finance

<b>Consumer Price Index</b>			
<b>January 1994 = 100</b>			
	<b>June 2006</b>	<b>June 2007</b>	<b>% Change</b>
All Items	217.6	246.1	<b>13.10%</b>
Food	210.0	243.2	<b>15.81%</b>
Clothing	75.4	86.3	<b>14.46%</b>
Footwear & Repairs	66.7	71.1	<b>6.60%</b>
Housing	258.1	282.5	<b>9.45%</b>
Furniture	146.8	163.2	<b>11.17%</b>
Transport & Communication	291.7	312.6	<b>7.16%</b>
Medical & Personal Care	227.8	281.9	<b>23.75%</b>
Education, Recreation & Cultural Servi	235.5	269.5	<b>14.44%</b>
Miscellaneous Goods & Services	167.0	209.3	<b>25.33%</b>

Source: Bureau of Statistics

<b>Commercial banks</b>			
<b>Interest Rates</b>			
<b>Percent per annum</b>			
	<b>June 2006</b>	<b>June 2007</b>	<b>% Change</b>
Small Savings Rate	3.29	3.19	<b>-3.04%</b>
Weighted Average Lending Rate	12.84	12.72	<b>-0.93%</b>
Prime Lending Rate	14.54	14.54	<b>0.00%</b>
Average 91-day Treasury Bill Rate	3.85	3.94	<b>2.34%</b>

Source: Bank of Guyana

<b>Selected Production Indicators</b>			
<b>Agriculture, Fishing and Forestry</b>			
<b>Commodity</b>	<b>Jan - June 2006</b>	<b>Jan - June 2007</b>	<b>% Change</b>
Sugar (tonnes)	90,354	100,952	<b>11.73%</b>
Rice (tonnes)	141,317	168,902	<b>19.52%</b>
Fish (tonnes)	11,386	12,588	<b>10.56%</b>
Shrimp (tonnes)	11,991	8,983	<b>-25.09%</b>
Poultry (tonnes)	8,361	12,790	<b>52.98%</b>
Eggs ('000)	2,252	3,402	<b>51.06%</b>
Logs (cub. mt)	176,698	159,675	<b>-9.63%</b>
Sawnwood (cub. mt)	29,494	36,555	<b>23.94%</b>
Roundwood (cub. mt)	8,966	7,988	<b>-10.91%</b>
Charcoal (cub. Mt)	932	829	<b>-11.08%</b>
Firewood (cub. Mt)	9,050	11,384	<b>25.79%</b>
Plywood (cub. Mt)	15,631	22,036	<b>40.98%</b>

Source: Bureau of Statistics

<b>Selected Production Indicators</b>			
<b>Mining, Quarrying and Manufacturing</b>			
<b>Commodity</b>	<b>Jan - June 2006</b>	<b>Jan - June 2007</b>	<b>% Change</b>
Bauxite (tonnes)	781,570	947,340	<b>21.21%</b>
Gold (ounces)	89,112	107,638	<b>20.79%</b>
Diamonds (mt. ct.)	193,251	170,357	<b>-11.85%</b>
Sand (tonnes)	106,823	188,345	<b>76.32%</b>
Crushed stone (tonnes)	79,967	156,159	<b>95.28%</b>
Paints ('000 lit)	1,000	1,062	<b>6.16%</b>
Garments ('000 doz)	72	59	<b>-17.92%</b>
Footwear (pairs)	9,327	30,511	<b>227.13%</b>
Electricity ('000 MWH)	260	274	<b>5.42%</b>

Source: Bureau of Statistics

GDP Growth Rates		
	Jan- June 2006	Jan- June 2007
Sugar	4.0	11.7
Rice	4.0	19.5
Livestock	-3.0	12.7
Other Crops	-2.0	8.3
Fishing	1.0	-20.3
Forestry	4.0	-5.0
Mining & Quarrying	-31.8	20.5
Manufacturing	2.0	-10.2
Distribution	4.0	10.7
Transportation & Communication	5.5	10.0
Engineering & Construction	9.0	6.6
Rent of Dwellings	3.0	3.5
Financial	5.0	6.2
Other	4.0	5.3
Government	2.0	0.0
<b>TOTAL</b>	<b>3.3</b>	<b>5.8</b>

Source: Ministry of Finance

