



COUNTRY		CREDIT RATING			
Guyana		S&P Foreign Currency	Not rated	Major Trade Partners	US; T&T; EU; Canada; Venezuela; China; Suriname; Jamaica
Real GDP growth (%) 2016	4.00%	S&P Local Currency	Not rated	Major Exports	Agricultural products; Fuels and Mining products
Next General Election	Jul-20	Moody's Foreign Currency	Not rated	GDP Composition	Services (64%); Agri (22%); Mining (10%); Manu (7%)
Exchange Rate (GYD/USD)	200				

RECENT ECONOMIC DEVELOPMENTS

ECONOMIC OUTLOOK Positive

The Guyanese economy measured growth of 2.0% according to data as at 1H16 (0.9% - 1H15) boosted by increased mining activity. There was expansion in the mining sector in gold, diamond and bauxite output of 94.3%, 16.7% and 1.8% respectively. Gold output was boosted by two new gold mining companies – Troy Resources Inc. and Guyana Goldfields as well as increased outturn from small and medium miners. The services sector performance was estimated to be relatively flat for 1H16 due to sluggish activities in wholesale & retail trade and construction sector due to weak domestic demand. Production in the agricultural sector of rice, forestry and sugar fell by 26.2%, 16% and 30.3% respectively. This was due to low commodity prices and adverse weather conditions. The manufacturing sector fell by 14.1% mainly due to the lower production of rice and sugar. Total public sector employment increased by 0.2% for the period. The mining and services sectors are expected to support growth this year and the economy is projected to grow by 4.0% in 2016 by the IMF.

INFLATION Stable

According to the Urban Consumer Price Index (CPI) there was a 1.1% increase in prices as at the end of 1H16. This was mainly due to price increase in food (3.2%) and marginal price declines in housing (0.1%) and transport & communication (0.4%). The IMF forecasts inflation to remain low and average 0.2% in 2016.

TRADE BALANCE/ BOP Stable

The overall balance of payments recorded a surplus of USD12.1 million from a deficit of USD58.1 million for 1H15. This performance was as a result of a surplus on the current account. The current account recorded a surplus of USD40.9 million due to a lower merchandise trade deficit which contracted by 92.4% to USD19.1 million. Imports declined by 10.1% to USD699.5 million due to a reduction in imports of capital goods (13.9%) and intermediate goods (15.2%). Exports increased by 29.1% to USD680.4 million mainly due to an increase in gold exports (107% to USD390.7 million) and other exports (8.3% to USD114.9 million). The services account increased by 36% to USD113.5 million. The capital account registered a greater deficit of USD31.2 million due to lower foreign direct investment (63%) and lower disbursements to the nonfinancial public sector (54%). The overall balance of payments surplus of USD12.1 million provided for the accumulation of gross international reserves at the Bank of Guyana of USD634.6 million which were equivalent to 4.2 months of imports cover. The overall balance of payments is expected to record a surplus of USD74.6 million for 2016.

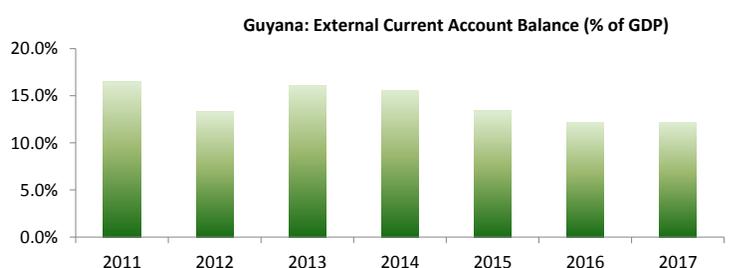
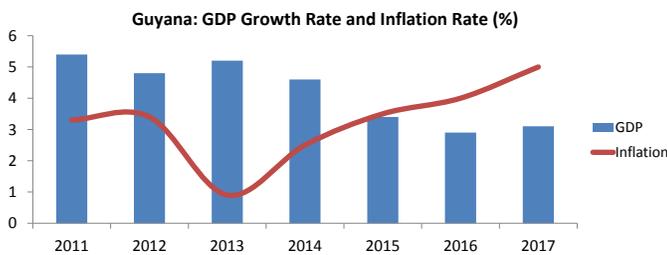
FISCAL ACCOUNTS Stable

As at 1H16 the Central Government's overall fiscal position recorded a surplus of USD3.95 million which was 94% lower than 1H15 levels due to a lower current account surplus (53.3%) and a higher capital account deficit (37.5%). There was 31.6% increase in current expenditure and an 89.4% increase in capital expenditure. Capital expenditure increased by USD30.07 million due to the implementation of capital projects in the construction and education sector. Current revenue increased by 9.7% to USD414.7 million due to higher receipts from non-tax revenues (44% to USD51.98 million) and the Internal Revenue Department (15.6% to USD176.33 million). External debt declined by 2.7% to USD1,144 million due to lower disbursements by the Inter-American Development Bank (IADB) as well as the cessation of credit from Venezuela under the PetroCaribe Agreement. Domestic debt increased by 11.3% to USD407.52 million as a result of higher issuance of 91-day, 182-day and 364-day treasury bills for 1H16. External debt service declined by 46.9% to USD27 million while domestic debt service payments increased to USD4.13 million mainly due to higher interest payments on treasury bills. Guyana's public debt stood at an estimated 49% of GDP in 2015 - one of the lowest in the region.

OUTLOOK

The economy of Guyana is projected to grow by 4.0% in 2016. Growth is expected to be tempered as commodity prices fall but still average on the higher end in relation to the Caribbean. After a turbulent lead up to elections in May 2015, the political landscape has somewhat stabilized with the election of David Granger's opposition coalition. Positively the country is making progress albeit very slowly from its racially divisive political system as the traditional party lines (ethnic) have begun to break down. Despite depressed commodity prices, the extractive sector is expected to boost growth in 2016, particularly from the gold mining sector where a number of new projects are set to come online such as the Goldfields' Aurora mine which is expected to boost production from 30,000-50,000 ounces in 2015 to 120,000-140,000 ounces in 2016. A boost in hydrocarbon production is also expected in the coming years. Oil conglomerate, Exxon discovered an estimated 700 million barrels of oil offshore Guyana in May 2015, and company officials have indicated their intent to fast track the project in spite of lower oil prices and elevated political tension between Guyana and Venezuela. Further investments are also expected and already government has granted a ten year exploration license to UK based Tullow Oil. There was also a further oil find in June 2016 by Exxon of an estimated 800 million – 1.4 billion barrels in their second well drilled on the 6.6 million acre Stabroek block. The outcome is for Guyana to possibly produce up to 200,000 barrels per day from the field and join the ranks of oil producing nations.

First Citizens Research & Analytics holds a stable view on Guyana but notes that fundamental problems continue to persist such as tensions with Venezuela concerning territorial borders, a poor security situation, elevated levels of corruption and weak infrastructure. These negative factors are tempered by the positive outlook of its extractive sector even in the current low commodities price environment.



DISCLAIMER

This report has been prepared by First Citizens Investment Services Limited, a subsidiary of First Citizens Bank Limited. It is provided for informational purposes only and without any obligation, whether contractual or otherwise. All information contained herein has been obtained from sources that First Citizens Investment Services believes to be accurate and reliable. All opinions and estimates constitute the author's judgment as at the date of the report. First Citizens Investment Services does not warrant the accuracy, timeliness, completeness of the information given or the assessments made. Opinions expressed may change without notice. This report does not constitute an offer or solicitation to buy or sell any securities discussed herein. The securities discussed in this report may not be suitable to all investors, therefore Investors wishing to purchase any of the securities mentioned should consult an investment adviser.

DISCLOSURE

We, First Citizens Investment Services Limited hereby state that (1) the views expressed in this Research report reflects our personal view about any or all of the subject securities or issuers referred to in this Research report, (2) we are not a beneficial owner of securities of the issuer (3) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report (4) we have not acted as underwriter in the distribution of securities referred to in this Research report in the three years immediately preceding and (5) we do not have a direct or indirect financial or other interest in the subject securities or issuers referred to in this Research report.