



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	3.40%	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 performance of the Guyanese economy was mixed according to data as at 1Q16. There was expansion in the mining sector in gold, diamond and bauxite output of 124.8%, 37.5% and 13.9% respectively. Gold output was boosted by two new gold mining companies – Troy Resources Inc. (25% increase) and Guyana Goldfields (13.9% increase). There was a decrease in sand output of 68% compares to a 39.4% increase for 1Q15. The services sector performance was estimated to be relatively flat during 1Q16 due to sluggish activities in wholesale & retail trade, financial & insurance and other services industries. Production in the agricultural sector of rice, forestry and sugar fell by 37.3%, 19.2% and 4.7% respectively. This was due to lower market prices and adverse weather conditions. The manufacturing sector measured lower production of alcoholic beverages (15%), stockfeed (14.9%) and flour and paints (5.3%) while pharmaceutical increased by 10.5%. 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 0.5% decrease in prices as at the end of 1Q16. There were price decreases in food (0.6%), housing (0.6%) and transport & communication (0.8%). There were increases in footwear & repairs (0.3%) and miscellaneous goods & services (0.1%). The IMF forecasts inflation to remain low and average 0.1% in 2016.

**TRADE BALANCE/ BOP**

**Stable**

The overall balance of payments recorded a surplus of USD14.7 million from a deficit of USD51.7 million for 1Q15. This performance was as a result of a surplus on the current account. The current account recorded a surplus of USD51.5 million due to lower merchandise trade deficit which contracted by 96.7% to USD4.4 million. Imports declined by 16.6% to USD312.9 mn due to a reduction in imports of capital goods (25.7%), intermediate goods (17.4%) and consumption goods (5.0%). Exports increased by 28.8% to USD308.4 million mainly due to an increase in gold exports (USD97.2 mill). The services account increased by 10.3% to record a deficit of USD46.5 mill. The capital account registered a deficit of USD6.9 million due to lower foreign direct investment and lower inflows to the nonfinancial public sector in the form of disbursements. Inflows from bilateral and multilateral agencies declined by 61.4% to USD 4.4 million. The overall balance of payments surplus of USD14.7 million provided for the accumulation of gross international reserves at the Bank of Guyana which were equivalent to 4.7 months of imports of goods and services.

**FISCAL ACCOUNTS**

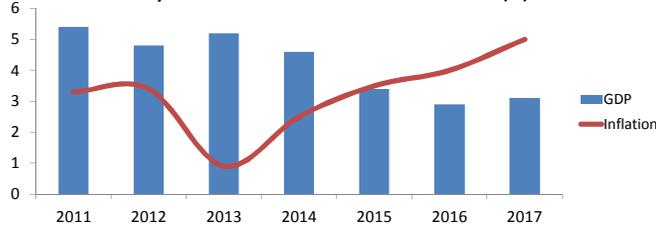
**Stable**

As at 1Q16 the Central Government's overall fiscal position recorded a surplus of USD2.64 million which was 92% lower than 1Q15 levels due to a 36.2% increase in current expenditure and a 25.6% increase in capital expenditure. Current revenue increased by 7.4% to USD168.04 mill due to higher receipts from non-tax revenues (USD18.3 mill) and the Internal Revenue Department (USD4.56 mill). Miscellaneous revenues and rent & royalties grew by USD11.91 million and USD6.17 million respectively. Company income tax increased by 9.6% to USD38.01 million while excise tax and value added tax declined by 22.4% and 9.7% to USD23.73million and USD40.35 million respectively. Capital expenditure increased by 25.6% to USD12.4 million due to implementation of capital projects in the construction sector. External debt declined 0.3% to USD1,140 million due to lower disbursements by the Inter-American Development Bank (IADB) by 97.3% to USD0.5 million as well as the cessation of credit from Venezuela under the PetroCaribe Agreement. Domestic debt increased to USD405.39 million as a result of higher issuance of 182-day and lower redemption of 364-day treasury bills for 1Q16. External debt service declined by 6.3% to USD15.9 million, due to lower principal payments to the IMF while domestic debt service payments fell by 7.5% to USD2.59 million mainly due to lower interest payments on treasury bills as a result of lower redemptions on 364-day bills (16.5%). Guyana's public debt stood at an estimated 49% of GDP in 2015 - one of the lowest in the region.

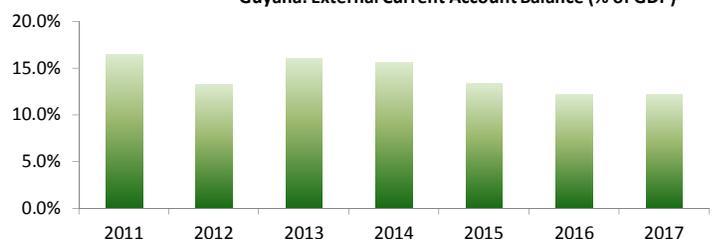
**OUTLOOK**

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 the country would 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 and Suriname 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.*

**Guyana: GDP Growth Rate and Inflation Rate (%)**



**Guyana: External Current Account Balance (% of GDP)**



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