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BUDGET 2024: Inflation lowered last year; oil & agri. among sectors booming

By Editor

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Finance Minister Dr. Ashni Singh on Monday said inflation in Guyana was lower last year even though the country grappled with many regional and international economic challenges.

Dr. Singh is presenting the 2024 National Budget at a sitting of the National Assembly being held at the Arthur Chung Conference Centre, Liliendaal, Georgetown.

The theme of the 2024 budget is “Staying the Course: Building Prosperity for All.”

And before he delved into the government's plans for the Guyanese economy this year, Dr. Singh reflected on the country's economic performance last year.

According to him, Guyana real Gross Domestic Product (GDP) growth last year was 33%.

That growth is largely attributed to a continued expansion of the nascent oil and gas sector. Guyana's oil wealth fund- named the Natural Resource Fund (NRF) – saved \$1.9 billion last year, he said too.

For context, Real GDP is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy (in this case, Guyana's economy) in a given year.

In the non-oil sector though, Guyana recorded growth at a rate of 11.7%.

"...Growth in the non-oil economy was primarily driven by expansions in construction and services, agriculture, forestry, fishing and manufacturing as well as in the other mining and quarrying subsector.

"Our government's policy continues to be supporting growth in traditional sectors of the economy while managing the oil and gas sector effectively." Dr. Singh told members of the House.

Based on his report, increases were recorded in the agriculture, fisheries and forestry sector (7%), with the sugar sub sector alone experiencing 28% economic growth, and the manufacturing sector (25%).

The extractive sector also saw a 42.6% expansion. When disaggregated though, that figure was largely on account of the oil and gas sector (with a 45.9% expansion) since gold declined by 11.2% and bauxite declined by 20.4%. Stone, diamond, sand and manganese, however, saw an expansion of 22.7%.

The construction sector expanded by 26.8%.

With those developments in the domestic economy, Dr. Singh also highlighted that the inflation rate in Guyana was lower last year.

According to him, inflation was at 2% at the end of 2023, lower than the inflation rate of 7.2% in 2022. Food prices, on the other hand, were at 3.8% compared to the 14.1% in prices in 2022.

In simple terms, inflation refers to the general increase of prices of goods and services in an economy. Managing inflation rates has been a global focus since the COVID-19 pandemic caused substantial disruptions and price increases in 2020 and thereafter.

Though Guyana continues to record substantial economic growth, Dr. Singh pointed out that the country nevertheless experienced substantial economic challenges stemming from external shocks like the El Niño phenomenon and general climate change alongside the Ukraine crisis and resulting

supply chain disruptions.

And Dr. Singh pointed out that the government was able to cushion the effects of these challenges and provide cash grants and other monetary transfers to Guyanese.

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