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Guyana’s Growth Test: Strong Momentum, Emerging Structural Risks

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Strong growth does not settle the question of economic **strength.** The harder test is whether extraordinary fiscal abundance is building a productive and resilient economy—and whether it is expanding domestic supply fast enough to protect purchasing power when external shocks recur.

10.1%	4.2%	14.3 pp	30.0%
NON-OIL GROWTH H1 2026	PRODUCTIVE CORE H1 2026	MONEY–OUTPUT GAP 2025	H1 PSIP / REVISED 2026 PLAN

GLOBAL SHOCKS AND THE STEWARDSHIP TEST. Guyana is not insulated from global turbulence. Commodity-price movements, shipping costs, geopolitical disruptions and international inflation can all transmit into domestic prices, production and household welfare, particularly in a small, import-dependent economy. These exogenous pressures are recurring features of a globalised economy and are not unique to the present economic environment. During the 1992–2011 scarcity era, Guyana absorbed recurring global and domestic pressures—including the global financial crisis and commodity volatility—without petroleum revenues, with limited foreign-exchange buffers and far less fiscal space. Scarcity did not produce faster growth, but it demonstrated resilience under constraint. H1 2026 therefore presents a sharper stewardship test: official non-oil growth remained 10.1%, yet the indicative productive core slowed from roughly 10.9% to 4.2% as agriculture contracted and manufacturing decelerated. External conditions explain part of the weakness, but unprecedented fiscal capacity should enable stronger buffers, more resilient infrastructure and agriculture, better supply-side adaptation and institutions capable of converting shocks into temporary disruptions rather than persistent structural vulnerabilities. The relevant comparison is not between an economy facing shocks and one facing none; it is whether today’s abundance is producing greater resilience than yesterday’s scarcity.

01 | THE COMPOSITION TEST

The first half of 2026 offers an important warning. Official non-oil GDP still expanded by a strong 10.1%, but that aggregate conceals divergent sectoral outcomes. Construction grew by 24.7% and non-oil mining by approximately 22.5%, while agriculture contracted by 0.5%, manufacturing slowed to 3.0%, and services eased to 7.2%. The indicative productive core used here comprises agriculture, manufacturing and services while excluding construction and non-oil mining. It is not an official national-accounts aggregate and does not eliminate all oil-related spillovers. On that basis, estimated productive-core growth slowed from roughly 10.9% in H1 2025 to about 4.2% in H1 2026.

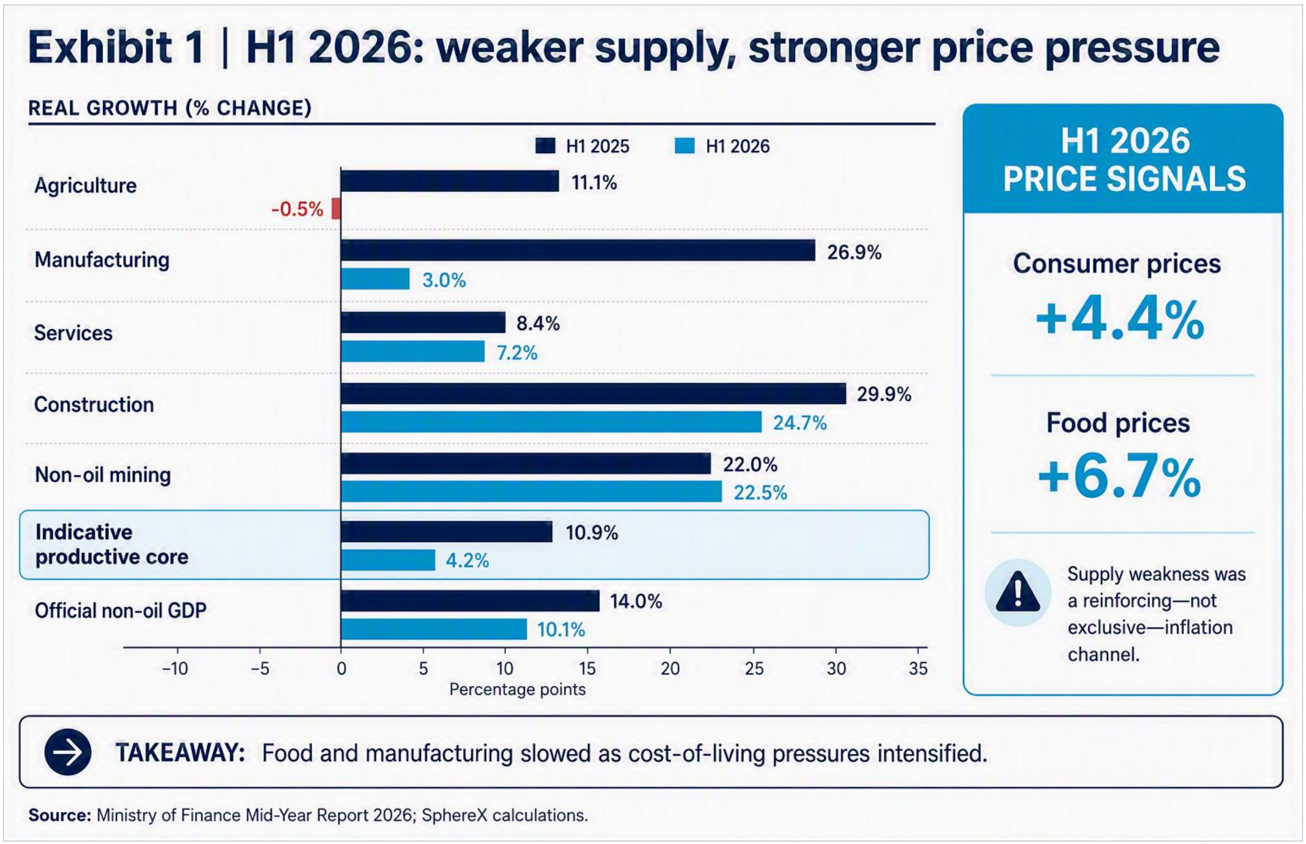
THE COST-OF-LIVING CHANNEL. Consumer prices rose 4.4% from December 2025 to June 2026, while food prices increased 6.7% and drove most of the rise. Agriculture contracted by 0.5%, other crops by 6.4%, manufacturing slowed to 3.0%, and rice manufacturing fell by 2.7%. These movements do not prove direct causality, but they are consistent with a reinforcing mechanism: when domestic supply weakens amid strong incomes, liquidity and public spending, more demand is met through imports, increasing exposure to freight, external prices and exchange-rate pass-through. The mid exchange rate moved from G$216.40 to G$221.87 per US dollar between December 2024 and July 2026, representing a depreciation of approximately 2.5% in the Guyana dollar and reinforcing the exchange-rate pass-through channel for imported goods and inputs. Imported inflation, retail mark-ups and adverse weather also mattered.

Policy should therefore judge agriculture and manufacturing by output, yields, reliability and import substitution—not expenditure alone.

The Mid-Year Report records major achievements: 33.3% overall GDP growth, sustained double-digit non-oil expansion, higher petroleum receipts and NRF balances, strong construction and tourism, continued regulatory and local-content work, broad infrastructure investment and targeted household support.

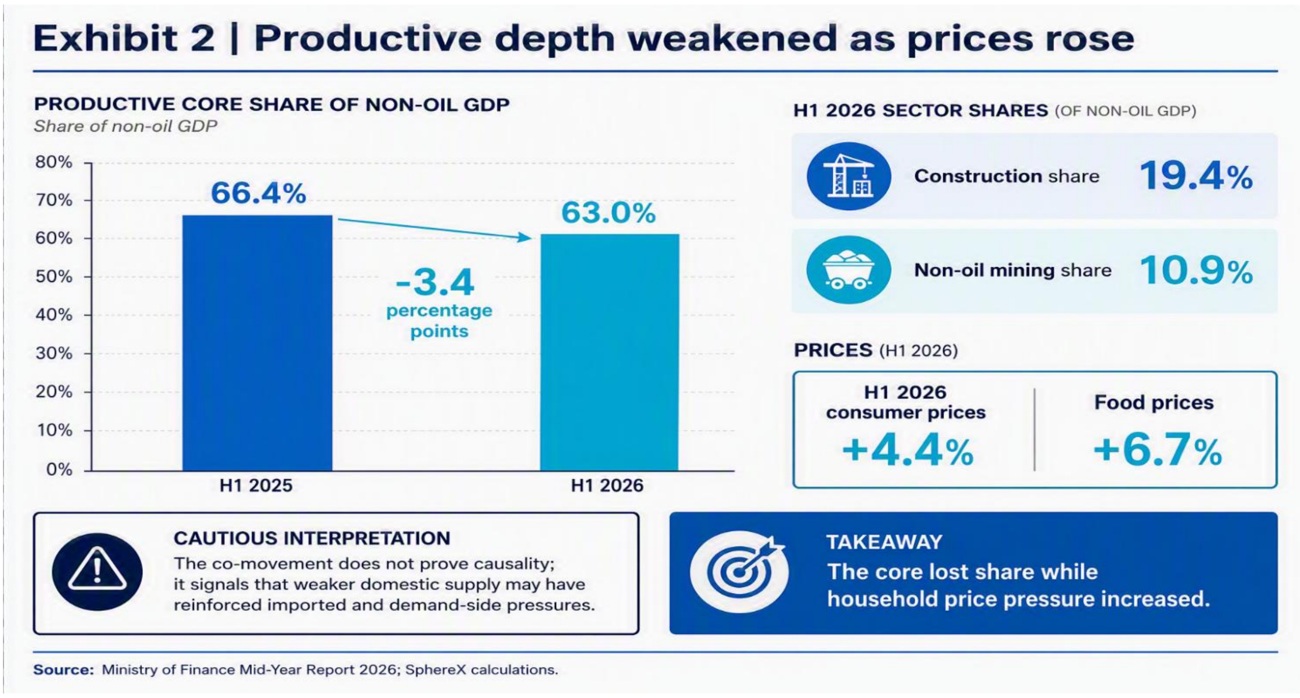
The harder question is whether these gains are creating durable non-oil productive depth. This distinction matters because non-oil GDP includes sectors with different petroleum linkages. Construction, mining, trade and logistics generate real output and jobs, but much of their momentum reflects oil investment and public spending. Agriculture, manufacturing and capability-oriented services are therefore the clearest available test of whether Guyana is building capacity that can compete when oil-funded demand weakens.

The composition of non-oil GDP provides a further basis for scrutiny. The indicative productive core's share of non-oil output fell from about 66.4% in H1 2025 to 63.0% a year later as construction and mining gained weight. That shift matters because agriculture supports food security, exports and agro-processing; manufacturing deepens value addition; and capability-oriented services strengthen productivity. A sustained decline during peak fiscal capacity would suggest expansion around oil expenditure without sufficient autonomous productive depth.



Source: Ministry of Finance Mid-Year Report 2026, Appendices A1–A2; SphereX calculations. The productive core is an indicative, non-official aggregate.

THE FINITE OIL WINDOW. SphereX's reserve-constrained Stabroek screening scenario reaches about 1.3 million barrels per day in 2028, holds that level through 2040, then declines to 1.13 million in 2041, 783,000 in 2046 and 114,000 by 2051, with screening depletion in 2054. This is not an operator forecast or reserve certification and remains sensitive to exploration, timing, recovery and field performance. Its central implication is a finite high-output fiscal window: without sufficient resource replacement, petroleum receipts and oil-funded demand will narrow, strengthening the need for a productive non-oil core.



Source: SphereX calculations using Ministry of Finance Mid-Year Report 2026, Appendix A2. Shares are approximate owing to rounding.

02 | HOW THE RESOURCE CURSE TAKES ROOT

H1 2026: THE PRODUCTIVE-CORE WARNING. The concern is not that official non-oil growth fell below a high threshold—it remained 10.1%. It is where the deceleration occurred. Agriculture moved from 11.1% growth in H1 2025 to a 0.5% contraction; manufacturing slowed from 26.9% to 3.0%; services eased from 8.4% to 7.2%; and the indicative productive core slowed from approximately 10.9% to 4.2%. At the same time, its estimated share of non-oil GDP declined from about 66.4% to 63.0%, while construction and non-oil mining gained relative weight. One half-year does not establish structural failure, especially given rainfall, commodity-price movements and demanding base effects. It does, however, identify a composition risk worthy of prominent policy attention: the sectors most important to diversification and post-oil resilience lost momentum during a period of exceptional fiscal capacity.

Resource-curse risks can emerge amid strong growth. H1 2026 does not prove they are entrenched, but it heightens the importance of stronger institutions and implementation, broader procurement access, greater domestic value retention, and spending that builds competitive capacity rather than activity alone. Two indicative diagnostics reinforce the warning: a SphereX review of 8,490 validated awards found that about 1% of suppliers captured 25% of procurement value and the top 10% roughly 70%, while a separate model identified a US$78.9 million commercial-bank foreign-exchange leakage signal for 2025. These findings do not establish inefficiency, the destination of foreign exchange or causality, but they flag concentration and retention risks when assessing whether large inflows are creating broad productive capacity.

03 | SPEED, RESILIENCE AND OVERHEATING

From 2020 to 2025, Guyana's productive core grew by about 8.7% annually, versus 3.2% during the 2001–2011 scarcity benchmark. Abundance has therefore delivered much faster growth. Yet speed is not structural strength. The scarcity era showed that Guyana could sustain expansion through global and domestic shocks with limited fiscal and foreign-exchange capacity.

That raises the standard today: comparable shocks cannot fully explain productive-core weakness amid unprecedented resources and institutional experience. H1 2026 does not prove structural failure, but the contrast is clear—official non-oil growth remained 10.1% while the productive core slowed to roughly 4.2% and lost share. Abundance becomes demonstrably stronger only when fiscal scale produces resilience, productivity, tradability and less dependence on the oil-funded demand cycle.

The macro-financial evidence reinforces the warning. In 2025, broad money grew by an estimated 29.3%, versus nominal non-oil GDP growth of about 15.0%—a 14.3-percentage-point gap. By early 2026, excess liquidity remained high, the Treasury-bill curve was compressed, monetary transmission weak, unemployment 6.2%, and food-price and wage pressures visible. With food production contracting and manufacturing slowing, more demand risked spilling into imports and prices. This is not proof of broad-based overheating, but it is a coherent early-warning set for inflation, foreign-exchange pressure, labour bottlenecks and real exchange-rate appreciation.

04 | FROM EXPENDITURE TO OUTCOMES

Public investment is central to this test. The revised 2026 Public Sector Investment Programme reached G$829.7 billion, while H1 expenditure was G$248.9 billion—about 30% of the plan. Cash execution is not a complete measure of physical progress or quality, but it highlights the central challenge: expanding absorptive capacity while improving the speed, efficiency and quality of delivery. Delayed projects, uneven readiness and scarce contractors, engineers, inputs and labour can magnify fiscal and macroeconomic risks unless investments are managed against credible cost, time, quality and outcome benchmarks.

The policy test is not how much is allocated or spent, but what the money changes**.** Fiscal sequencing should protect high-return, supply-enhancing investment while deferring low-readiness projects that compete for scarce capacity. Stronger preparation, procurement, contract administration and supervision are essential to value for money: drainage should reduce crop losses; roads, transport costs; electricity infrastructure, outages and production costs; and incentives should create exporters, stronger supply chains and private investment—not merely turnover, imports and price pressure.

The response is better execution and calibration, not austerity: sharper project selection, expenditure sequenced to absorptive capacity, gradual liquidity absorption and stronger market-based price signals. Procurement concentration should be addressed through a modern, transparent system, accelerated e-procurement and wider supplier development. Agricultural and manufacturing support should be tied to yields, resilience, exports, skills and value addition. With proper governance and human oversight, digital technology and artificial intelligence can strengthen project screening, procurement analytics, contract monitoring and service delivery—helping to narrow the development lag and lift productivity.

THE BOTTOM-LINE STEWARDSHIP TEST

Guyana's progress is real. The stewardship test is whether today's abundance is producing greater resilience than yesterday's scarcity: lowering production costs, strengthening agriculture and manufacturing, enabling Guyanese firms to compete, improving household purchasing power and reducing exposure to future shocks. Abundance becomes transformation only when it builds the productive strength, institutions and resilience that scarcity could not finance.

Notwithstanding the **risks, Guyana is broadly on the right track in policy direction and development priorities.** Investment is flowing to transport, drainage, energy, housing, education, health, digitalisation and productive sectors. The issue is not whether government is doing the wrong things, but whether the right things are being delivered fast enough, efficiently enough and to the required standard.

The greatest risk—and government's most difficult challenge—is execution. Implementation must accelerate as absorptive capacity expands: the ability to convert large budgets into completed, high-quality projects. Delays raise costs, defer benefits and intensify competition for contractors, engineers, materials and labour. Better preparation, coordination, supervision and management are therefore essential, with stronger accountability and a transparent focus on value for money. Procurement concentration must be confronted through a modernised system that broadens access, strengthens competition and enables capable local firms to graduate into larger opportunities. Accelerated e-procurement is central. Responsibly deployed digital technology and artificial intelligence can also improve project design, procurement, monitoring, public administration and service delivery—identifying bottlenecks earlier, strengthening accountability, shortening the development lag and lifting productivity.

Policy attention must now centre on implementation speed, institutional and absorptive capacity, infrastructure quality, project management, procurement reform, value for money and productivity. Guyana has chosen the broad direction of development; the decisive task is to strengthen the machinery required to deliver it.

PUBLICATION NOTES

METHODOLOGY

The analysis draws primarily on the Ministry of Finance Mid-Year Report 2026, Bank of Guyana data and SphereX calculations. The productive core is an indicative sensitivity measure comprising agriculture, manufacturing and services while excluding construction and non-oil mining. It is not an official national-accounts aggregate and does not eliminate all petroleum-related spillovers.

LIMITATIONS

Sectoral growth, budget execution, procurement concentration, foreign-exchange leakage and monetary indicators are diagnostic rather than causal findings. The Stabroek production profile is a reserve-constrained screening scenario—not an operator forecast, reserve certification or petroleum-engineering study—and remains sensitive to exploration success, project timing, recovery factors, prices and field performance. This article is intended for policy discussion and does not constitute an audit opinion, investment recommendation or official forecast.

AI-USE DISCLOSURE

Artificial intelligence tools were used as an assistive editorial and analytical support layer for document structuring, consistency checks and language refinement. The intellectual framework, evidence selection, interpretation, policy judgement, conclusions and final approval remain those of the author.

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SphereX Professional Services Inc. is a Guyana-based, finance-led advisory and research platform integrating strategic intelligence, macro-financial analysis, capital-market expertise, governance and execution support. SphereX helps public institutions, enterprises, investors and development stakeholders translate evidence into disciplined decisions, stronger institutional architecture and measurable economic outcomes.

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