BUREAU VOOR DE STAATSSCHULD

Suriname Debt Management Office (SDMO)

Quartly report **3rd Report 2023**

An Overview of the Macro-economic Developments

October 30, 2023

Introduction

The Suriname Debt Management office (SDMO) is producing since 2022 a quarterly report, titled: **"An Overview of the Macro-economic Developments**".
On a quarterly base, SDMO is presenting the relevant international and economic developments of Suriname in this report. If you have any questions please contact us at email address: info@sdmo.org or telephone: 597 552644 and 597 552645.

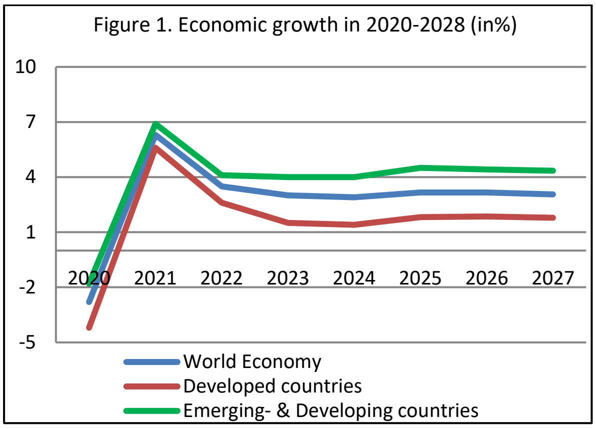
Summary

Based on the most recent, updated, and available statistics and information, as well as the outlook until October 2023, the analysis can be summarized as follows:

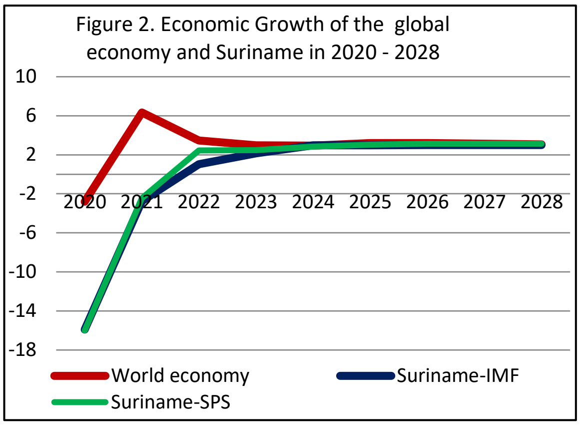
- The recovery of global economic growth continues to be delayed by political and other tensions in the world. The medium-term growth is approximately 3 percent. This is also the average growth expectation of the Surinamese economy in this period.
- According to the ABS, the Surinamese economy grew by 2.4 percent in 2022. The expectation is that the growth in 2023 and 2024 will be 2.5 and 2.8 percent, respectively. The growth is mainly driven by the service sector, while the production in the secondary and primary sectors are showing signs of recovery in 2023.
- In the first half of 2023, export revenues from goods and services are 10 percent (USD 123 million) lower than in the first half of 2022. The lower export value is noticeable in almost all categories of export products, but is primarily due to a lower export volume of gold and a lower export price for oil.
- Exchange rates are fairly stable from April onwards and have ensured low monthly inflation between 1 and 3 percent in the period April and September.
- Due to an increase in cash reserves and a rising competitive position among banks to provide SRD credits, there is a decrease in the average interest rate on SRD credits in 2023.
- The government's financing and primary balance by the end of July 2023 showed surpluses of approximately 0.5 percent and 1.7 percent of GDP. However, we observe an increasing trend in the unpaid receipts for goods and services delivered to the government.
- On October 23, the government announced a bond exchange that was successfully concluded on November 3, where the existing Oppenheimer bond loans were exchanged for a new bond under restructured conditions. With this, the restructuring of the government's largest debt is almost fully completed.

Economic Growth and Investments

The global economy is slowly recovering from the setbacks caused by the COVID pandemic, the war between Russia and Ukraine, and the rising cost of living. Tight monetary policies with increasing interest rates worldwide to tackle high inflation have resulted in a slowdown in economic growth. The financial turbulence due to the collapse of some major banks in the USA and Europe in the first half of the year is reasonably under control.
The average global inflation is decreasing from around 8.7 percent in 2022[1] to about 4 percent in the medium term. Tensions that arose in October with a looming war situation in the Middle East could push inflation figures up again and further deteriorate the uncertainty regarding global growth and investments.



Source: IMF WEO October 2023



Source: IMF WEO October 2023, SPS

According to the International Monetary Fund (IMF), World Economic Outlook of October, the expected global growth can be considered moderate, with a growth rate of 3 percent in 2023 and 2.9 percent in 2024 (figures 1 and 2). Average global growth in the medium term (2024-2028) is projected at 3.1 percent. While these figures are lower than historical averages, they suggest a certain level of stability.
The recovery of growth expectations varies by region and different categories of countries. The average medium-term growth expectations for developed countries and those of emerging economies & developing countries (including China and India) are 1.7 percent and 3.9 percent, respectively (figure 1). While the United States has demonstrated resilience in consumption and investments in recent periods, some European economies are experiencing a downward adjustment. Emerging market economies have also shown resilience, although China is still struggling with challenges due to a real estate crisis.

According to the IMF (WEO-October 2023), global economic development is influenced by three factors.

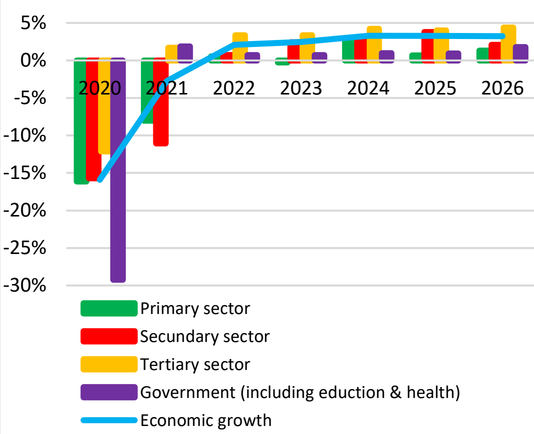
- First of all, the recovery of the service sector is approaching its end. Economies that are heavenly relying on the service sector have experienced strong demand for services in the recent period. This has led to labor market tightness and higher services inflation, although this inflation is expected to decrease in 2024 due to easing labor markets and economic activity.
- Secondly, a tighter monetary policy is playing a role in curbing inflation. However, this policy has uneven effects across different countries and has put pressure on housing markets, investments, and economic activity.
- Thirdly, inflation and economic activity are also influenced by the aftermath of last year's commodity price shock. Economies, heavily reliant on Russian energy imports, are facing rising energy prices and a sharp slowdown in their growth. These higher energy prices, in

[1] The inflation figures from the previous year and the projected figures have been revised downwards in the latest World Economic Outlook (WEO) as of October 2023.

particular, have contributed to increasing inflation in the Euro area, while in the United States, a tight labor market is primarily driving inflation.

According to the ABS, the Surinamese economy grew by 2.4 percent in 2022, following a contraction in two consecutive years of -16 percent in 2020 and -2.4 percent in 2021. According to ABS, the growth in the past year was primarily driven by the service sector, particularly tourism, construction, and government (figures 3 and 4). Figure 2 indicates that the medium-term growth expectation for the Surinamese economy, at approximately 3 percent, which is similar to the global economic growth forecast.

Figure 3. Economic Growth of Suriname by Sector Clusters in 2020-2026 (%)



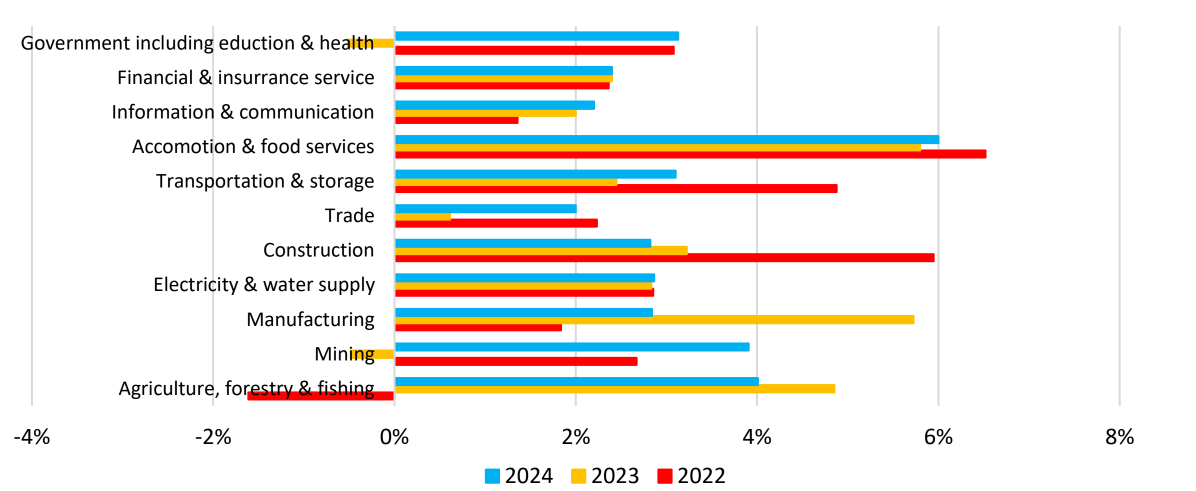
Figures 3 and 4 indicate that the economic growth of our country, in the period 2023-2026, continues to be primarily driven by the service sector, specifically the accommodation and food service, transportation, financial services, construction, and water & electricity sectors.

After the reopening of the airspace in 2022, following COVID pandemic of approximately 3 years was under control, it is understandable that the transport and hospitality sectors have experienced growth in the past year. These sectors were severely affected during the pandemic and are slowly recovering.

In 2023, the secondary and primary production sectors, particularly manufacturing and agricultural production, are also starting to show signs of improvement.

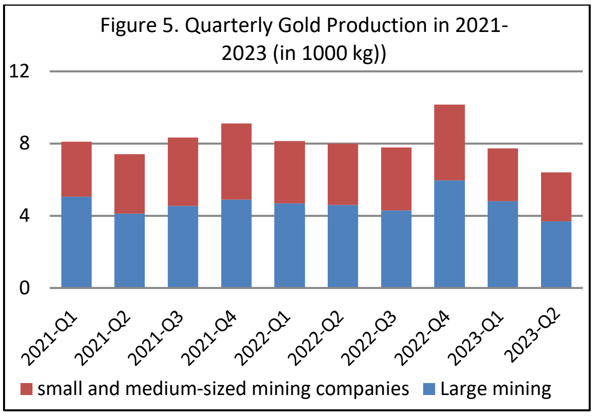
Source: SPS with modifications by SDMO

Figure 4. Economic Growth of Suriname by Industry in 2022-2024 (in %)

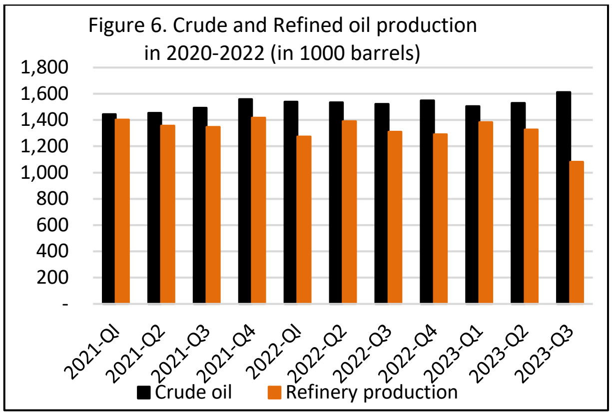


Source: SPS

According to the National Planning Office (SPS), the mining sector is expected to contract by approximately 0.5 percent in 2023 and grow again by about 4 percent in 2024. The growth in manufacturing in 2023 is mainly attributed to wood processing, while the agricultural sector's growth in 2023 is linked to forestry and a slight increase in paddy production. It is also expected that the number of connections related to water utilities will increase by an average of 9 percent this year and in the coming years.



Source: Central Bank of Suriname (CBvS)



Source: Staatsolie Maatschappij Suriname N.V.

When examining the gold production in the first half of 2023, there is a downward trend compared to the same period in 2022 (figure 5). The gold production during this period is approximately 12 percent lower than in 2022. In the first half of 2022, the production was about 16.1 kg, whereas in 2023, it was approximately 14.1 kg.
This declining trend is particularly noticeable in the second quarter of 2023. There was a significant drop of 20 percent in the total gold production during this quarter, decreasing from 8006 kg in the same quarter of 2022 to 6397 kg. This decline was mainly attributed to a sharp decrease in production from Newmont Suriname by 44 percent and the small-scale gold production by 20 percent. In contrast, the multinational Zijin showed a growth increase of 23 percent in their production.
The decrease in production at Newmont is attributed to geotechnical problems, weather conditions (flooding), and a reduce gold processing capacity.

The production of crude oil has seen an increase, reaching 4.6 million barrels by the end of the third quarter of 2023, indicating a growth of 1.2 percent compared to the same period in 2022 (figure 6). This rise in production is credited to initiatives aimed at enhancing oil recovery, known as "enhanced oil recovery/improved oil recovery" (EOR/IOR) projects.
In figure 6, it is evident that the processed oil production in the third quarter of 2023 decreased by approximately 17 percent compared to the third quarter of 2022. This decline can be attributed to disruptions or maintenance activities at the refinery.

Regarding offshore oil exploration activities, the following can be noted. In September, Total Energies announced the commencement of development studies for a major oil project in Block 58 off the coast of Suriname. FDI by Total is expected to take place in 2024. Total Energies holds a 50 percent stake in Block 58, in partnership with APA Corporation.
The assessment of the key oil discoveries, Sapakara South and Krabdagu, was successfully completed in August 2023. These fields have combined recoverable reserves of nearly 700 million barrels. The project, involving an investment of approximately $9 billion, will utilize subsea wells connected to a Floating Production Storage Offloading (FPSO)[2] located 150 km off the coast of Suriname.

International trade and capital flows

International commodity prices have been on a downward trend since 2023 and are expected to continue to decline in the following years, according to the IMF (figure 8). Current prices are very volatile (figure 7). Figure 7 shows that the prices of agricultural commodities are relatively stable in 2023, while the prices of precious metals and energy fluctuate more strongly. In October 2023, the price index of precious metals rose by an average of 15 percent compared to the same period in 2022. The main cause of this is the ongoing tensions in the world.

[2] FPSO, which stands for Floating Production Storage Offloading, is a vessel used in the offshore oil and gas industry. It is designed to produce, store, and transport crude oil and natural gas. FPSO units combine facilities for oil and gas production with storage and loading capacities for the produced hydrocarbons.

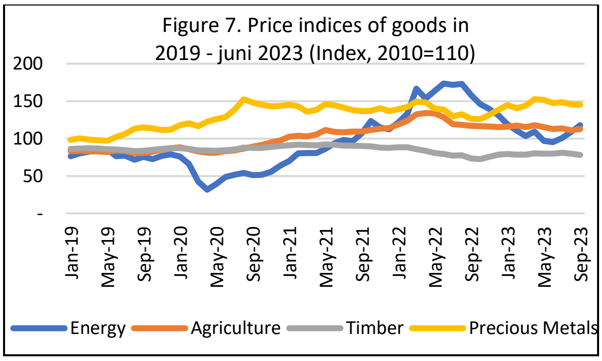


Figure 7. Price indices of goods in 2019 - juni 2023 (Index, 2010=110)

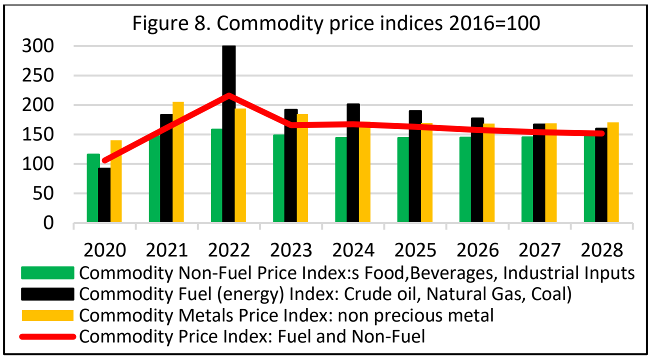


Figure 8. Commodity price indices 2016=100

Source: Worldbank, Global Economic Prospects, Oktober 2023

Source: IMF WEO oktober 2023

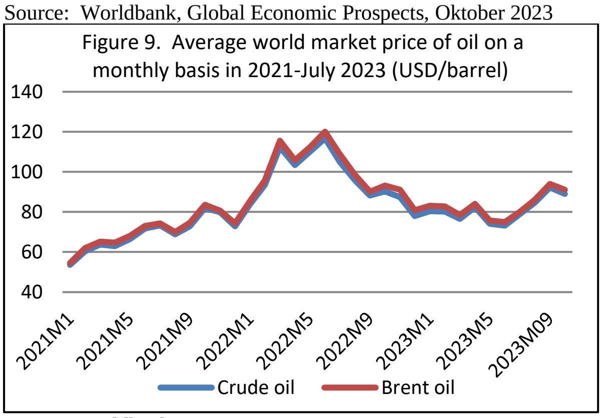


Figure 9. Average world market price of oil on a monthly basis in 2021-July 2023 (USD/barrel)

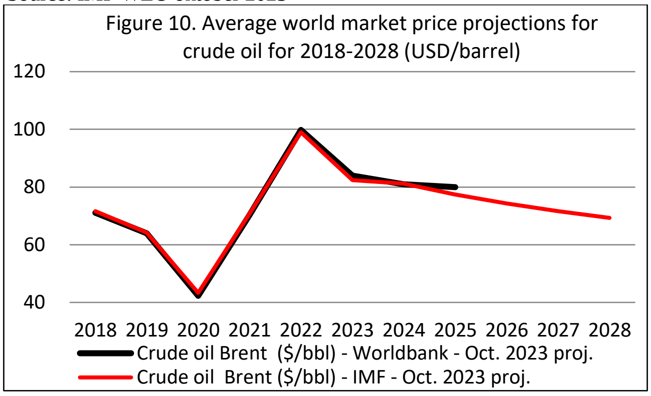


Figure 10. Average world market price projections for crude oil for 2018-2028 (USD/barrel)

Source: Worldbank

Source: Worldbank, IMF WEO oktober 2023

Based on the information up to September 2023, the downward trend in energy prices started in June 2022 and in the same month in 2023 we see that the price is rising again (figure 7 and 9).
The Brent oil price has recovered by more than 17 percent after a sustained downward trend in the first half of 2023 and amounts to USD 94 per barrel as of September 2023. The major producing countries, particularly Saudi Arabia, want to maintain their production restrictions until at least the end of the year. According to these countries, production must be reduced due to the uncertainty about the growth of the global economy and the demand for oil in the coming months.

The current geopolitical stress and war situation in the Middle East are also causing uncertainty in the oil market. These tensions can move the price in both directions, especially as oil traders can demand a premium for the risk of an interruption in oil supplies.
The estimated and projected oil prices for 2023 and beyond of the Bretton Woods institutions do not differ from each other (figure 10). According to the IMF, the average oil price in 2023 is estimated at USD 82 per barrel, after the average price of USD 99 in 2022. The price will decline in the following years with a further recovering global economy and the minimization of tensions in the world.

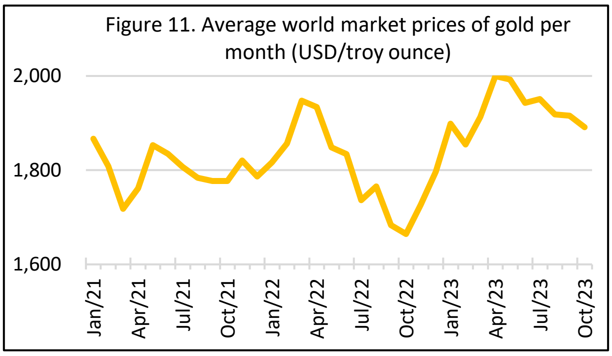


Figure 11. Average world market prices of gold per month (USD/troy ounce)

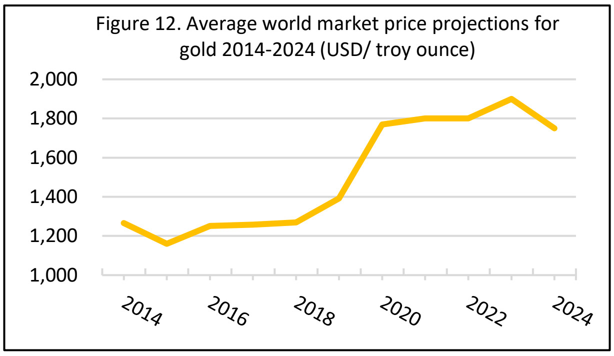


Figure 12. Average world market price projections for gold 2014-2024 (USD/ troy ounce)

Source: Worldbank

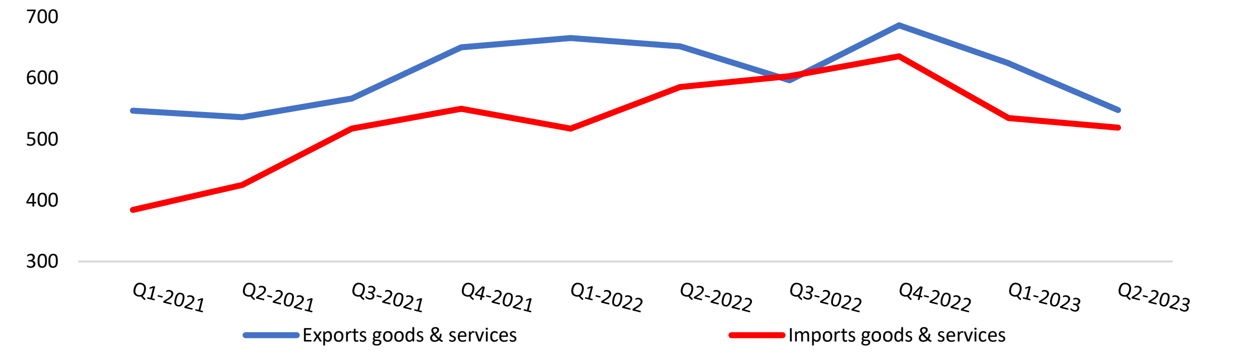
Source: Worldbank, www.kitco.com

The gold price has been on a downward trend since May 2023 (figure 11). The downward trend that has persisted since the beginning of the second quarter of this year and is the result of monetary policy in the

United States. The higher interest rates set by the Federal Reserve to combat inflation make it less attractive for speculators to invest in precious metals, as they are non-yielding assets. In addition, the stronger dollar has meant that investors in other currencies have to pay more for dollar-denominated gold, which has reduced demand. The average gold price was USD 1,891 per troy ounce as of October 2023.

The World Bank expects that the international gold price will be around USD 1,900 in 2023 and then decline to approximately USD 1,750 per troy ounce in 2024. In the long term, the development of inflation, interest rates, and growth expectations will be the main factors determining gold prices. Short-term price volatility is likely to continue, given the war and geopolitical tensions in the world.

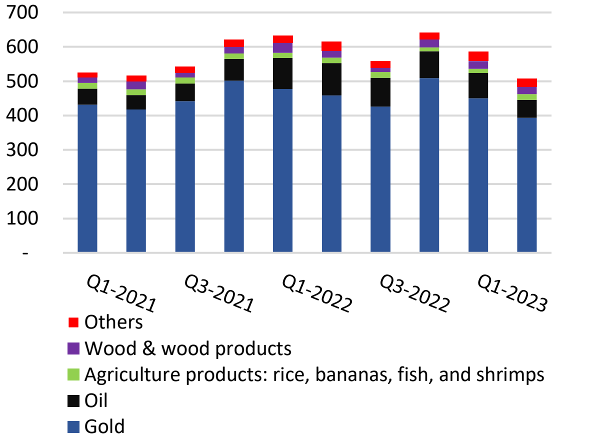
Figure 13. Export and import of goods and services in mil. USD in 2021-Q2 2023



Source: CBvS

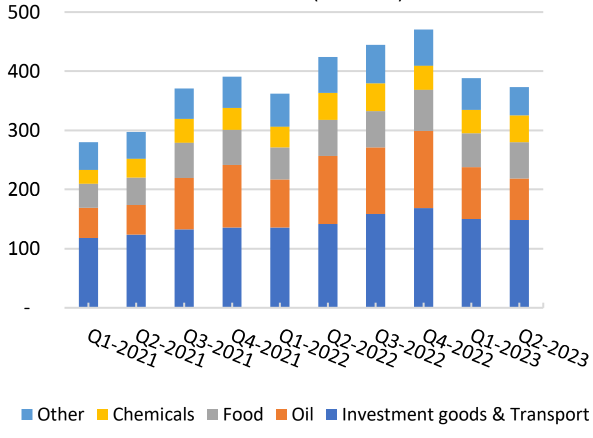
Looking at the trade and capital flows of our country, the balance of payments shows us a sharp decline in revenues from exports of goods and services compared to the same period in 2022 (figure 13).
For example, export earnings in the first half of 2023 and 2022 were USD 1,051 million and USD 1,174 million respectively, which indicates a decline of 10 percent and USD 123 million.
The export value felt sharply by USD 138 million in the second quarter of 2023 compared to 2022.

Figure 14. Export of goods on cash basis in 2021-Q2 2023 (mil. USD)



Source: CBvS

Figure 15. Import of goods on cash basis in 2021-Q2 2023 (mil. USD)



Source: CBvS

Figure 14 shows that the total export value of goods in the first half of 2023 decreased by USD 158 million compared to the first half of 2022.
This is partly due to the decline in the export value of gold and oil, which decreased by USD 91 million and USD 59 million respectively. Despite the higher average gold price in the first half of 2023, the lower production and export volume of this product contributed to this decline.
The lower oil prices in the first half of 2023 and the lower export volume of Staatsolie resulted in the declining export value of oil.

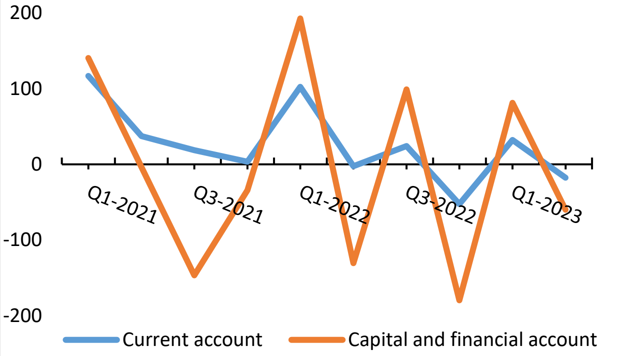
The exports of wood products and total agricultural production also decreased in this period by approximately USD 6.6 million and USD 1.6 million respectively.
As stated in the previous report, the decline in wood exports is due to the following factors: an increased FOB value of roundwood in March 2023, fewer wood species eligible for export, obstacles to export to India, and declining international wood prices.

The total import value of goods decreased by USD 24 million in this period. This decrease is mainly due to lower international oil prices. For the other categories of imports, namely food, capital goods, and transportation, there is an increase in the import value due to import inflation (figure 15).

Due to developments on the trade and services balance, the current account showed a negative balance of USD 18 million in the second quarter of 2023. There was also a marginal decrease in the secondary income balance. The current account balance in the first half of 2023 was positive USD 23.1 million.

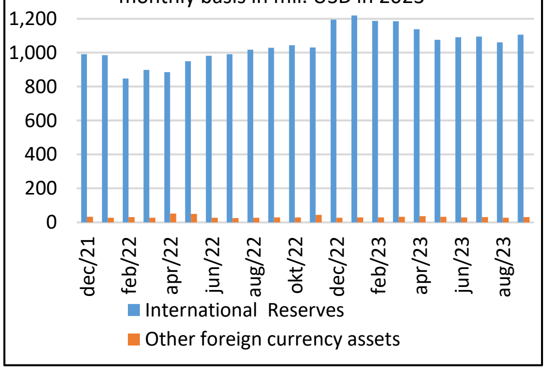
The capital and financial account also showed a negative result of USD 60 million in the second quarter. The capital and financial account balance in the first half of 2023 was positive and amounted to USD 21 million. According to the balance of payments, this positive balance is a reflection of outgoing capital flows to foreign countries due to increased foreign claims and/or a decrease in obligations to foreign countries.
The positive balance of the capital and financial account is the result of an increase in obligations due to reinvestments by primarily foreign companies active in the gold industry.
This was offset by the claims of banks on foreign countries due to significantly increased investments abroad, including investments in T-bills of the United States of America. In this period, the obligations of the private sector with foreign countries decreased due to repayments of loans and the settlement of trade credits. Interest obligations on the government Eurobond increased in the first half of 2023.

Figure 17. Balance of Current account and Capital & financial account in mil. USD in 2021 - Q2 2023



Source: CBvS

Figure 18. International Reserves on a monthly basis in mil. USD in 2023



Source: CBvS

The level of international reserves as of September 30, 2023 was USD 1,107 billion, a decrease of USD 87.4 million compared to December 2022 (figure 18). The decrease in international reserves is attributed to a partial transfer of foreign currency cash reserve resources from commercial banks held at the CBvS to the foreign bank account.

Monetary and the financial sector developments

In recent months, the exchange rate of Euro, UK Pound, and CNY against the US dollar have increased (figure 17). According to international currency experts, the recent weakness of the dollar is expected to persist throughout the rest of the year. The resilient US economy and rising interest rates on government bonds to curb high inflation, gave the dollar an edge over other currencies in the first half of the year. However, the expectation is that the Fed, with its latest interest rate hikes until the end of July of 5.33 percent, will not raise interest rates further. This anticipation contributes to the weakness of the US dollar in recent months.

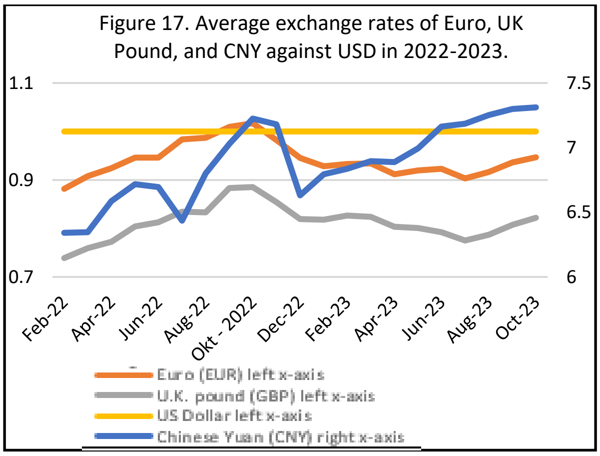


Figure 17. Average exchange rates of Euro, UK Pound, and CNY against USD in 2022-2023.

Source: IMF

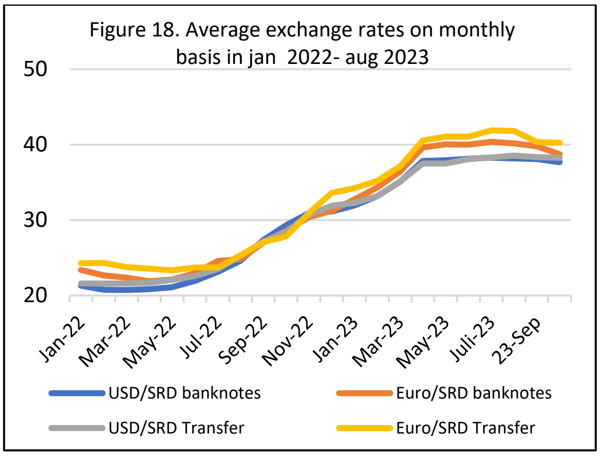
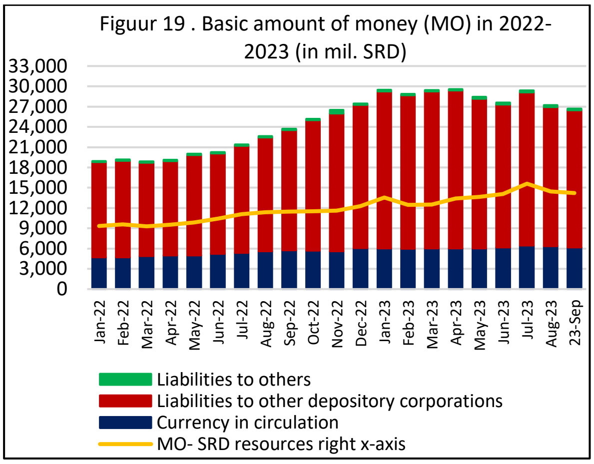


Figure 18. Average exchange rates on monthly basis in jan 2022- aug 2023

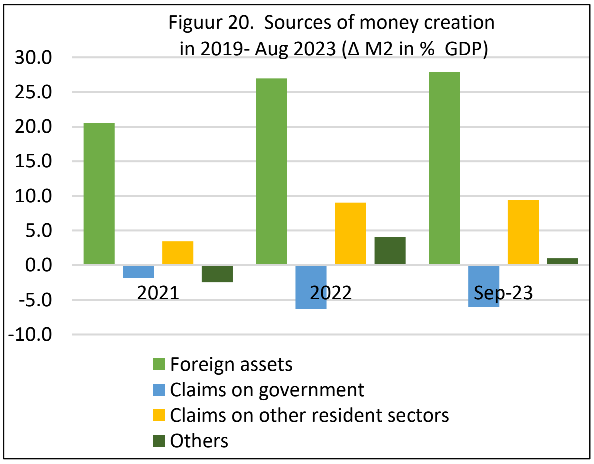
Source: CBvS

The local exchange rates have shown a relatively stable trend since April (figure 18). This is due to policy regarding public finances and monetary policy aimed at control the base money supply.
In figure 21, the trend of the SRD share of the base money supply is reflected, indicating a slight increase in January (8.3 percent) and July 2023 (8.0 percent) compared to the previous month. The increase in January was related to the payment of expired OMOs and TDs by the Central Bank of Suriname (CBvS), while the increase in July was related to the rising subsidy expenditures of the government.



Figuur 19 . Basic amount of money (MO) in 2022-2023 (in mil. SRD)

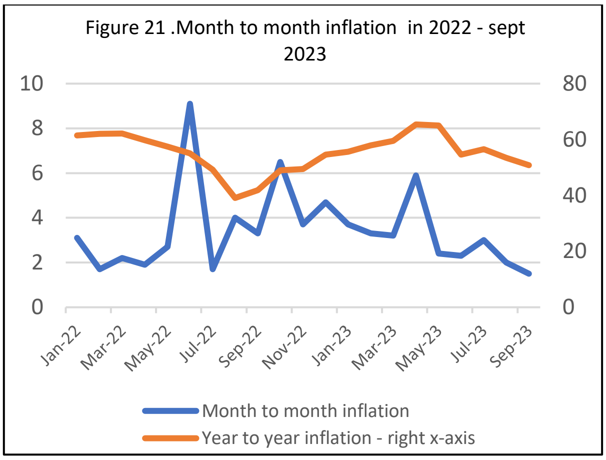
Source: CBvS



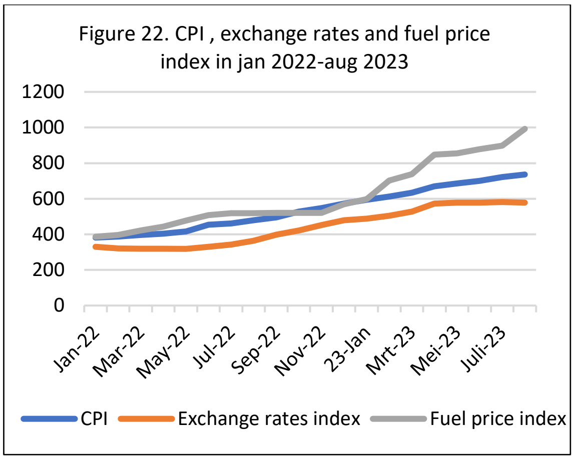
Figuur 20. Sources of money creation in 2019- Aug 2023 (Δ M2 in % GDP)

Source: CBvS

The total money creation in 2023 is the result of an inflow of external capital and lending to the private sector, often provided in foreign currency loans due to the exchange rate depreciation in 2023, which amounted to approximately 22 percent until the end of October compared to the end of 2022 (figure 20). To further curb money creation for lending, the Central Bank of Suriname (CBvS) increased the reserve requirement in April 2023 from 39 percent to 44 percent, while also imposing a limit on the growth of the SRD credit portfolio of banks at 20 percent for the period from April 2023 to April 2024.

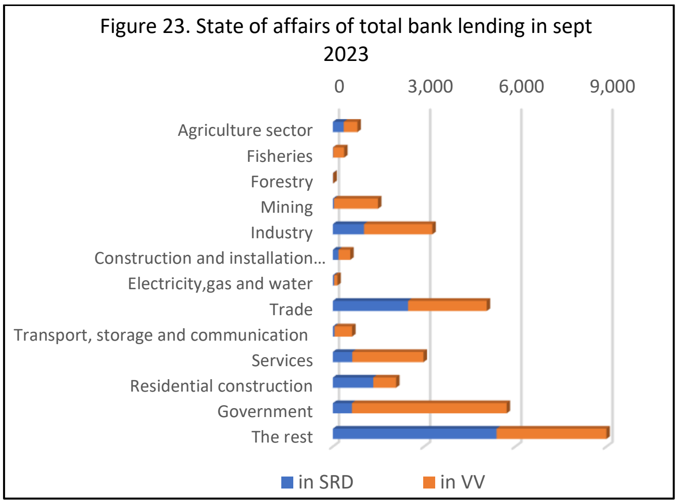


Source :ABS

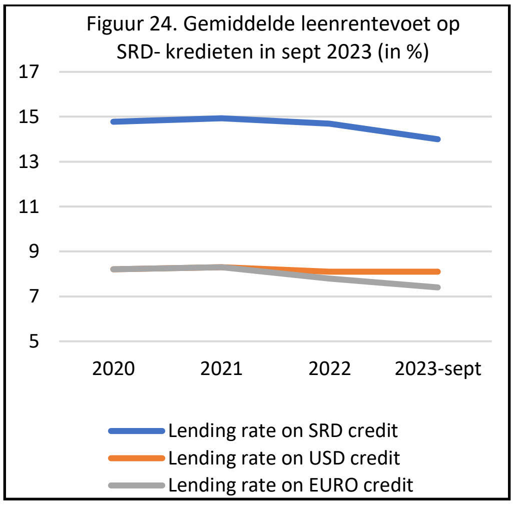


Source : ABS

The year-on-year inflation in the month of September, at approximately 51 percent, remains very high (figure 21). Since exchange rates have been under control since April, the month-to-month inflation between 1 and 3 percent can be considered relatively low. Figure 22 indicates that since April, the fuel index has a significant impact on month-to-month inflation.
The high month-to-month inflation of 3 percent in August is attributed to the effects of reducing subsidies on the electricity bill to EBS, and to a lesser extent, adjustments in SWM rates, which manifested in this month. The various consumption categories most susceptible to price increases include the transportation sector due to rising fuel prices, housing, and food due to import inflation.



Source : CBvS



Source : CBvS

The total nominal lending expressed in SRD as of the end of September 2023 is SRD 30.6 billion. In nominal terms, this represents an increase of 19.5 percent compared to the end of 2022. In real terms, there was a decrease of 7 percent. Lending to the private sector decreased by approximately 4 percent in real terms during this period.

Table 1. Average nominal international exchange rates in 2020-2023

	2020	2021	2022	oct-2023
US Libor 6 months	0.69	0.20	2.87	5.53
SOFR	0.36	0.04	1.64	4.93
Euribor 6 months	0.69	0.20	0.68	3.62
Fed. Effective Fund rate	0.37	0.08	1.69	4.97

Source : https://fred.stlouisfed.org, www.globalrates

Until September, most loans were allocated to non-productive sectors (figure 23).

Figure 25 shows that the interest rates for SRD and Euro loans from the banking sector are declining. This is in contrast to the rising international interest rates due to tight monetary policies worldwide. Table I clearly illustrates the increasing international interest rates since 2022.
The decreasing average interest rates on SRD loans from the banking sector can be attributed to the competition among banks to attract credit applications, with the two largest banks offering a lower interest rate to the public. The declining interest rate on Euro loans is a result of low funding costs for these loans.

Table 2. Financial soundness indicators of the banking sector in 2020-2023-june (in %)

	2020	2021	2022	2023-June.
Solvability*				
Regulatory Tier 1 capital***/ Risk-weighted assets: **capital adequacy ratio**	10.5	12.9	16.8	17.7
Regulatory capital /Risk-weighted assets	11.8	14.3	15.5	15.7
Tier 1/total assets	4.9	5.7	6.6	7.0
Quality of loan portfolio				
Non-performing Loans/gross loans	4.6	12.8	12.4	14.9
Non-performing Loans (minus provision)/Tier 1			36.1	44.8
Provision/ Non-performing Loans	60.4	43.6	138.4	127.9
Profitability				
Return on Asset	2.0	1.8	3.3	1.8
Return on equity	34.8	29.6	48.1	24.4
Share of interest income in total income			37.5	34.3
Difference between debit and credit interest rates (in %)			8.1	8.1
Liquidity				
Cash and cash equivalents/ total assets	51.5	58.8	54.3	52.9
Cash and cash equivalents/ short-term debt	101.3	117.0	107.0	105.4
Total loans/total deposits			74.1	75.4

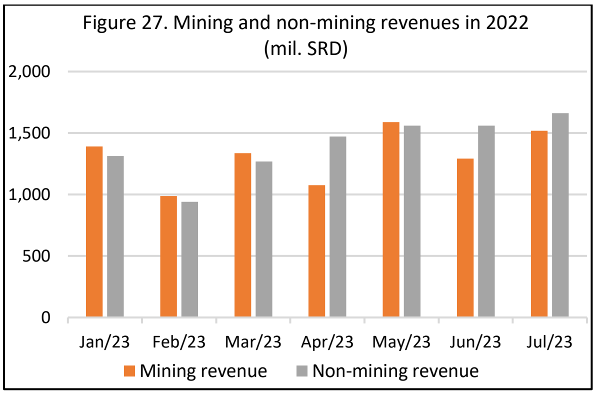
Source : CBvS
*Solvency ratio is based on guidelines of the CBvS regarding the capital adequacy ratio. The norm for the solvency ratio set by the CBvS for banks is 10 percent.
** Tier 1 capital: used to describe the capital availability of a bank and includes equity and reserves.

Looking at the financial soundness indicators of the banking sector in Table 2, it can be concluded that the solvency of the banking sector is improving. However, profitability and liquidity indicators in June 2023 show a decrease compared to previous years. The share of non-performing loans relative to the total portfolio is increasing to approximately 15 percent in June 2023. This will, once again, impact the profitability of the banking sector.

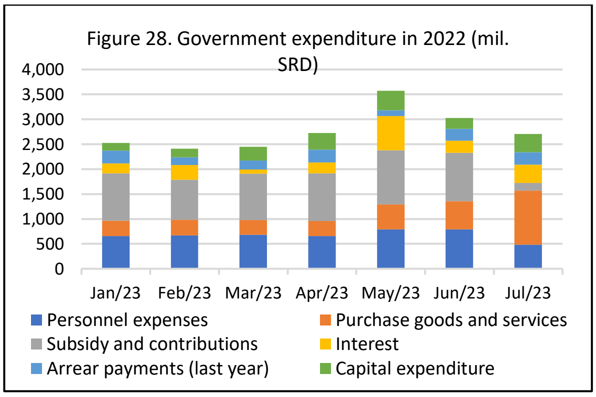
Public Finance and Government Debt

The government finances have been showing a positive trend for quite some time. As of July 2023, the financing and primary surplus, including statistical differences, amounted to 0.5 percent and 1.7 percent of the projected GDP by the IMF for 2023 (figures 29 and 30). During the period January to July 2023, total government revenues increased by approximately 51 percent compared to the same period in 2022, while expenditures increased by 42 percent. Up to July 2023, total revenues amounted to approximately SRD 19 billion, and expenditures were SRD 18.6 billion.

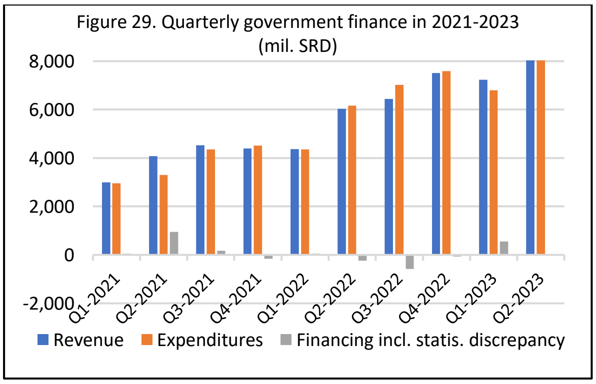
It is primarily non-tax revenues, namely royalties and dividends from large and medium-sized mining companies, that have contributed to the increase in revenues (figure 26). The revenues from these companies are mainly received in USD and due to the depreciation of exchange rates, the revenues in SRD have increased. From the second quarter of 2023, the tax revenues of the non-mining sectors show an upward trend due to collected VAT revenues, import duties, and the exchange rate effect on import duties.



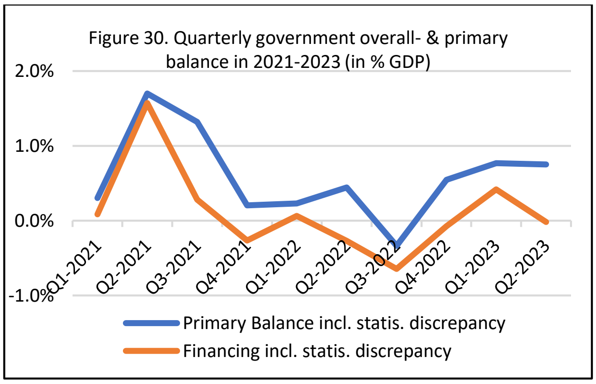
Source: Ministry of Finance & Planning



Source: Ministry of Finance & Planning



Source: Ministry of Finance & Planning



Source: Ministry of Finance & Planning

Total government expenditures (figure 28) have increased due to an increase in the categories: subsidies (especially to EBS through settlements), wages and salaries, and the purchase of goods and services. These expenditure items account for 36 percent, 28 percent, and 15 percent of the total expenditures, respectively. Although government finances show positive results up to July 2023, there is another concerning development, namely, a rising trend in unpaid receipts for goods and services delivered by the government (figure 30).

In the period from January to July 2023, a total of SRD 1.1 billion was paid for processed receipts from previous fiscal years. The total unpaid receipts (supplier arrears) have now increased to SRD 3.5 billion as of the end of September 2023. These payments have already exceeded the 90-day limit.

Table 3: Budget vs actual until july 2023 (SRD bln.)

	Budget 2023	**Actual till july 2023**	**July Actuals in % of the Budget for 2023**	**% GDP 2023 IMF estimate SRD 135,5 bln.**
Total revenues	33.8	19.0	56.2%	14.0%
Total expenditures	35.0	18.6	53.1%	13.7%
Primary balance	3.1	2.2	71.0%	1.6%
Financing deficit	-1.2	0.3	-25.0%	0.2%
Budget result	-11.2	1.1	-9.8%	0.8%

Source: Ministry of Finance and Planning, CBvS & IMF with SDMO processing,
*IMF calculation at 1st review (SRD 135,5 billion). The calculated ratios do not include statistical differences.

According to the IMF-EFF, there are several Quantitative Performance Criteria (QPCs), including targets. Regarding government finances, the primary balance target is essential. This target is set at 1.7 percent of GDP for 2023. As of July 2023, the primary balance was 1.6 percent. Table 3 shows that just over 50 percent of the budgeted revenues and expenditures have been realized up to July 2023. It is expected that the percentage of realized versus budgeted government revenues / expenditures will be close to 90 percent.

The government budget for 2024 was submitted to Parliament in September. According to the Financial Year Plan 2024 of the Republic of Suriname, total expenditures for 2024 are budgeted at SRD 53.5 billion, while revenues are estimated at SRD 48.1 billion. This results in a financing deficit of SRD 2.5 billion, equivalent to 1.4 percent of the projected GDP by the IMF for 2024 (table 4). The budgeted primary balance for 2024 is set at 2.2 percent of GDP.
The financing deficit of SRD 2.5 billion, approximately USD 65 million, can be fully covered with the budget support received from International Financial Institutions under the IMF Extended Fund Facility program in the coming year.

Table 4: Approved government budget for 2024

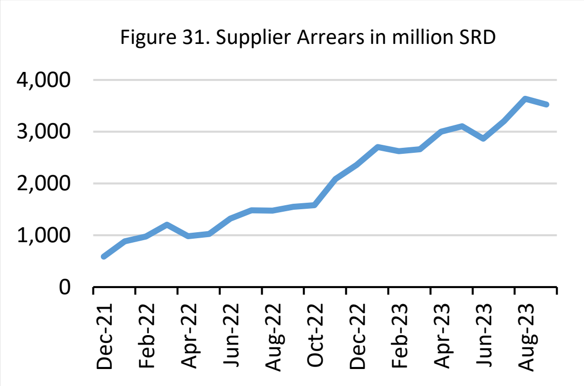
	In billions SRD	**In % GDP estimate 2024 SRD 179,3 billion**
Total revenues inclusive disbursements	53.5	29.9%
Total expenditures inclusive amortization	48.1	26.8%
Primary balance	3,909	2.2%
Financing deficit	-5,439	-1.4%
Overall balance (total revenue- expenditure)	-10,974	-3.0%

Source: "Amendments to the Draft State Budget Law 2023" with calculations by SDMO
Estimated GDP 2024 = SRD 179,254 billion (IMF- estimate)

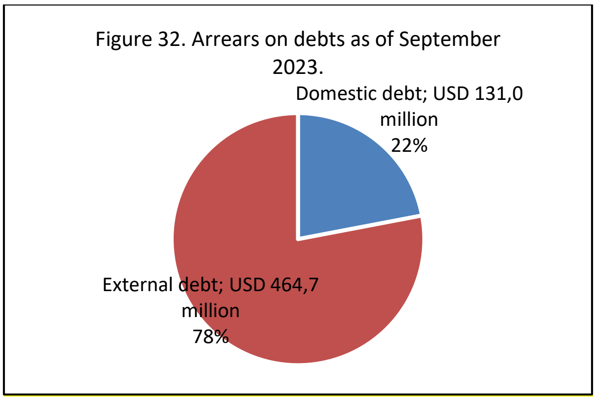
As of the end of September 2023, the total government debt amounted to SRD 126.3 billion (USD 3.3 billion). Compared to the end of 2022, the debt has increased by 22 percent. The rise in outstanding debt during this period is attributed to:

- Disbursements minus principal payments on external and domestic loans amounted to a net total of USD 83.2 million during this period.
- Inclusion of supplier arrears in domestic debt statistics has been accounted for since December 2021. As of the end of September 2023, supplier arrears amounted to a net total of SRD 3.5 billion (USD 91.5 million).
- The increase in arrears, mainly on external debt. The arrears on the total debt amounted to USD 595.7 million as of the end of September, an 8 percent increase compared to the end of 2022. The largest arrears are on issued bonds for USD 280.9 million and China for USD 123.6 million (figure 32).
- The depreciation of the SRD against the USD reached over 21 percent as of the end of September compared to December 2022. Approximately 87 percent of the total debt is denominated in foreign currency, leading to a substantial increase in the outstanding debt when converted to SRD.

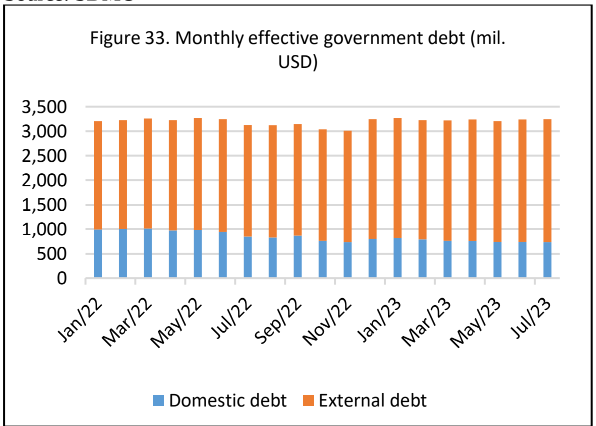
As of September 2023, the total external government debt was amounted to USD 2.5 billion, while the domestic debt stood at USD 732.5 million (figure 32).



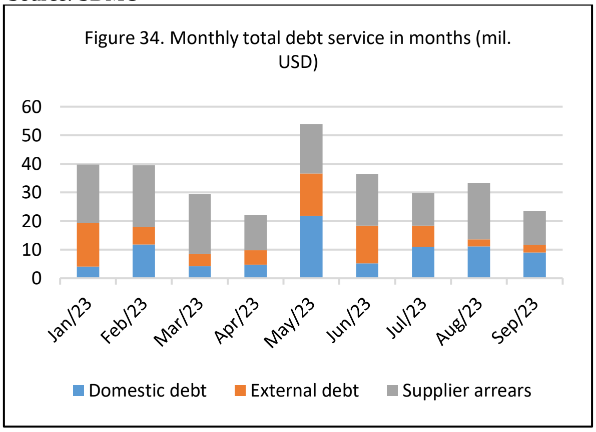
Source: SDMO



Source: SDMO



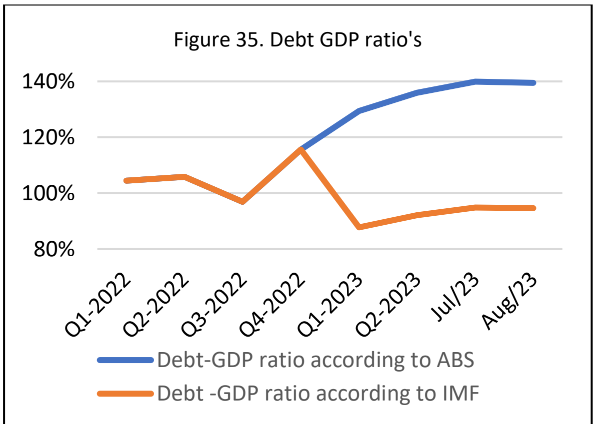
Source: SDMO



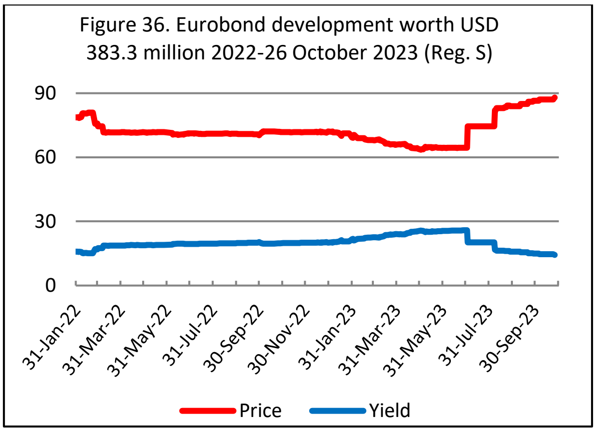
Source: SDMO

The total debt service payments in 2023 until September amounted to approximately USD 307,2 million, of which 77 percent allocated to domestic debt and 23 percent to external debt. The majority of these payments occurred in February and May, primarily due to payments on supplier arrears and overdue interest payments on the consolidated debt to the Central Bank of Suriname.

As of the end of September, the total legal debt-to-GDP ratio was 140 percent, calculated based on the GDP figure issued by ABS for the year 2022 of SRD 89.5 billion. The National Debt Act stipulates that the debt (obligo) ceiling should be based on the nominal GDP for Suriname, compiled by ABS of the most recent calendar year.
The impact that the government debt has on the total earnings of the economy as a whole in 2023, is measured by the estimated GDP figure for 2023 (SRD 131.9 billion according to IMF), the debt to GDP ratio is approximately 96 percent (figure 35).



Source: SDMO



Source: Luxenberg Stock Exchange

Restructuring Process

With the **international Oppenheimer bondholders**, a principle agreement was reached on May 3. In October, the restructuring continued by formally offering bondholders to convert their securities into the restructured bond. The original debt of USD 675 million, contracted at interest rates ranging from 9.25 percent to 12.875 percent, had increased to USD 912 million by early November. On October 23, Suriname proposed exchanging USD 660 million of the total debt of USD 912 million for the newly restructured bond loan.
The tenure of the new bond is 10 years, with an interest rate of 4.95 percent to be paid in cash for the first 2 years, and the remaining 3 percent during this period will be capitalized. Afterward, the total interest rate of 7.95 percent will be paid.
Due to the reduction in debt, the new bond loan is supplemented with a Value Recovery Instrument (VRI), paid from offshore oil royalties from block 58. Until 2050, these paid royalties can be tapped for the repayment of the VRI. The total paid VRI is estimated to be around 2 percent of total government revenues (dividends from Staatsolie, royalties, income taxes) from block 58.

On October 24, the committee of debt holders issued a statement supporting Suriname's offer, and the closing of this offer on November 3 was successful. Due to the above developments, the Eurobond price shows an upward trend and is approximately USD 0.88 on a dollar as of October 26, 2023 (figure 35).

The consolidated debt contracted with the CBvS was restructured as of July 14, 2023. The restructured principal amount is SRD 8.4 billion, with a tenure of 30 years and an interest rate of 9 percent. In the restructuring, it was agreed that all overdue interest would be fully paid by the end of December 2024. Only interest will be paid until April 28, 2025. Payments will be made on a quarterly basis from 2023 to April 2025. The first principal repayment has been changed from April 28, 2020, to May 28, 2025.
Furthermore, an agreement has been reached with the CBvS that the advances provided, including interest, totaling SRD 1.9 billion, will be fully settled in 2023.

An agreement is yet to be reached with **China**, and the aim is to reach an agreement with this creditor this year. Both Suriname and China have committed to striving to reach an agreement by the next IMF review, under similar conditions to other creditors. It is expected to conclude the restructuring process in 2023.

Selected macroeconomic indicators

Annual statistics 2017-2024									
Real Sector	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023** Est.	**2024** proj.	**Source**
Economic growth (%) *	1.6	4.9	1.1	-15.9	-2.7	1.0	2.1	3.0	ABS/IMF Est.+ proj.
Economic growth (%)	1.6	4.9	1.2	-16.0	-2.4	2.4	2.5	2.8	ABS/SPS Est.+ proj.
GDP nominal market pr, (mil, SRD)	26,893	29,822	31,732	38,719	60,704	89,472	131,936	174,309	ABS/IMF Est,+proj,
GDP per capita in USD	6,156	6,738	7,075	4,447	4,623	4,488	6,619	8,744	IMF
National Income per capita in USD	5,432	6,079	6,384	3,945	4,051	4,101			ABS/calcul, SDMO
Inflation rate – average (%)	22.0	6.9	4.4	34.9	59.1	52.4	47.3	30.7	ABS/IMF
Inflation rate – e.o.p. (%)	9.3	6.9	4.4	60.7	60.7	54.6	36.4	18.5	ABS/IMF
Economic growth (%)	7.0	9.0	8.8	11.1	11.2	10.9	10.6	10.3	IMF
Balance of Payments (combination cash- and accrual base) From 2017 the data presented in based on the Balance of Payment Manual 6									
Total export- G + S (mil. USD)	2,143.4	2,235.8	2,286.8	2,446.4	2.299,5	2.598,6			CBvS
• Gold	1,608.4	1,631.6	1,732.2	1,959.5	1,792.1	1,870.6			CBvS
• Alumina	0.0	0.0	0.0	0.0	0.0	0.0			CBvS
• Oil	178.1	206.6	171.0	154.4	204.0	347.3			CBvS
• Rice and banana	51.0	52.6	45.6	43.5	34.5	25.9			CBvS
• Wood and wood products	59.5	69.1	71.4	89.1	72.3	85.9			CBvS
• Fish and shrimp	38.8	41.6	37.5	33.6	31.9	32.4			CBvS
• Other goods	56.1	68.6	68.7	65.1	69.0	86.7			CBvS
• Net exports goods under merchanting	**-6.9**	-5.0	2.8	-1.3	-0.2	7.9			CBvS
• Services	158.3	170.7	157.4	102.6	95.9	143.0			CBvS
Total import- G + S (mil. USD)	1,779.9	2,069.8	2,412.7	1,845.1	1,876.4	2,341.6			CBvS
• Services	158.3	170.7	157.4	102.6	95.9	143.0			CBvS
Balance current account (mil. USD)	1,779.9	2,069.8	2,412.7	1,845.1	1,876.4	2,341.6			CBvS
Balance Cap. + Fin. Acc. (mil. USD) **	569.3	666.9	815.1	562.6	537.9	640.2			CBvS
Balance current account (% GDP)	69.2	-118.7	-448.3	259.8	176.1	76.3			CBvS/calcul. SDMO
Balance Cap. + Fin. Acc. (% GDP) **	-112.6	-299.2	-535.1	219.9	-44.4	-19.4			CBvS/calcul. SDMO
Statistical discrepancies (% GDP)	1.9	-3.0	-11.2	9.0	5.8	2.2			CBvS/calcul. SDMO
Total imports (F.O.B. mil. USD)	-3.1	-7.5	-13.4	7.6	-1.5351	-0.6			CBvS
• Investment & transportation	-4.5	-0.8	-7.3	-4.3	4.1	3.7			CBvS
• Oil	1,210.5	1,402.9	1,597.6	1,282.5	1,338.5	1,701.4			CBvS
• Consumption goods	485.7	570.7	698.4	507.8	510.3	604.5			CBvS
• Chemical goods	217.0	264.6	286.3	235.3	293.3	438.9			CBvS
• Other goods	190.7	202.1	219.5	194.0	206.2	246.9			CBvS
Internationally Reserve (mil. USD)	120.2	129.4	131.5	137.3	132.8	168.4			CBvS
World market prices in USD									
Gold USD/troz	1,257.5	1,269.1	1,392.6	1,769.6	1,800	1,801	1,800	1,900	World bank proj.
Crude oil USD/bbl.	54.4	71.1	64.0	42.3	70.4	99.8	84.0	81.0	World bank proj.
Crude oil USD/bbl.	52.8	68.3	61.4	41.8	70.8	98.9	82.3	81.1	IMF proj.
Monetary and Financial sector									
Liquidity ratio (M2 in % GDP)	65.4	64.4	73.6	84.9	80.5	80.3			CBvS/calcul. SDMO
Balance of credit by banking sector to government (mil. SRD)	2,191,6	2,325.4	2,369.5	3,748	4,524	5,857			CBvS/calcul. SDMO
Balance of credit by banking sector to private sector (mil. SRD)	8,164,1	8,094.6	8,218.8	10,787	12,805	19,762	24,273	8,164.1	CBvS/calcul. SDMO

Selling rate SRD/USD (e.o.p.)	7.5	7.5	7.5	14.3	21.3	31.9	CBvS
Selling rate SRD/USD average	7.6	7.5	7.5	9.4	18.5	24.6	CBvS
Selling rate SRD/Euro (e.o.p.)	8.9	8.6	8.4	17.6	23.0	33.9	CBvS
Selling rate SRD/Euro average	8.5	8.9	8.4	10.8	21.1	33.6	CBvS
Average SRD lending interest rate	14.3	14.4	15.2	14.8	14.9	14.7	CBvS
Interbank SRD interest rate	17.4	10.1	11.7	11.9	9.4	85.0	CBvS
Average USD lending interest rate	9.1	8.3	8.6	7.9	8.5	8.2	CBvS
Average Euro lending interest rate	8.8	8.5	8.3	8.3	8.2	7.5	CBvS
Government Finance and Debt (cash base)							
Primary balance	-5.8	-6.8	-15.6	-7.5	3.6	0.6	MoF/calcul. SDMO
Overall balance including statistical differences. (% GDP)	-8.7	-10.1	-18.4	-9.6	1.7	-0.6	MoF/calcul. SDMO
Commitment balance including Statistical differences. (% GDP)	-7.8	-6.8	-15.8	-11.0	2.4	0.0	MoF/calcul. SDMO
Primary non-mineral balance in % of non--mineral GDP	-18.3	-20.6	-31.0	-19.4	-12.3	-19.2	MoF/calcul. SDMO
Fiscal impulse (%)	3.5	2.3	10.4	-11.6	-7.1	6.9	MoF/calcul. SDMO
Governm. Debt (national def.) (Mil. SRD)	18,093.6	18,703.8	22,513.4	46,797.4	67,174.4	103,453.7	SDMO
Effective Governm. Debt (mil. USD)	18,093,6	18,703,8	22,513,4	46,797,4	67,174,4	103,4537	SDMO
External debt (mil. USD)	2,406.1	2,487.2	2,993.8	3,274.8	3,154.3	3,247.8	SDMO
Domestic debt (mil. USD)	1,682.7	1,715.9	1,987.1	2,084.3	2,197.9	2,443.7	SDMO
Domestic debt to banking sector (mil. USD) ***	723.4	771.3	1,006.7	1,190.5	956.5	804.2	SDMO
Governm.Debt nat.def. GDP ratio (%)	290.2	347.6	396.0	392.6	212.1	171.6	SDMO
Disbursements on external debt (mil. USD)	47.1%	43.3%	47.1%	76.9%	77.1%	87.0%	SDMO
Debt service payments (mil. USD)	291.8	186.3	357.7	87.9	102.6	299.3	SDMO

Quarterly statistics 2021-2023

Balance of Payments (cash base)	**2021 Q3**	**2021 Q4**	**2022 Q1**	**2022 Q2**	**2022 Q3**	**2022 Q4**	**2023 Q1**	**2023 Q2**	**Source**
Total export- G+S (mil. USD)	**566.75**	**650.38**	**665.55**	**652.01**	**596.46**	**686.19**	**624.22**	**547.7**	CBvS
• Gold	442.09	501.12	477.19	458.21	426.18	508.98	450.31	393.6	CBvS
• Oil	51.35	64.08	90.84	94.48	83.94	77.99	73.75	52.3	CBvS
• Rice and banana	8.94	7.36	5.93	7.69	6.93	5.43	4.76	6.6	CBvS
• Wood and wood products	13.15	19.53	29.85	19.65	12.97	23.39	22.28	20.6	CBvS
• Fish and shrimp	8.23	8.44	8.47	8.42	9.21	6.34	7.41	10.2	CBvS
• Other goods	17.77	20.58	20.63	26.97	19.49	19.60	27.35	24	CBvS
• Net export goods under merchanting	0.34	-0.37	-0.27	2.77	2.20	3.18	-0.25	-0.3	CBvS
• Services	24.89	29.66	32.54	33.61	35.55	41.28	38.61	44.7	CBvS
Total import- G+S (mil. USD)	**517.46**	**549.58**	**517.44**	**585.46**	**603.15**	**635.55**	**534.48**	**518.8**	CBvS
• Services	146.83	158.46	155.32	161.57	158.35	164.93	146.32	145.7	CBvS
Balance current account (mil. USD)	18.70	3.24	102.26	-2.40	24.02	-52.57	32.32	-17.9	CBvS
Balance Cap. + Fin. account (mil. USD)**	-146.66	-34.27	192.74	-130.41	99.05	-179.65	81.40	-60.1	CBvS
Balance Current account (% GDP)	0.68	0.12	2.48	-0.06	0.70	-1.85	0.86	-0.52	CBvS/calcul. SDMO
Balance Cap. + Fin. Acc. (% GDP)**	-5.34	-1.26	4.67	-3.21	2.87	-6.33	2.17	-1.73	CBvS/calcul. SDMO
Statistical discrepancies (% GDP	2.75	2.50	-0.03	-0.61	4.13	0.64	1.22	-1.18	CBvS/calcul. SDMO

Total imports (F.O.B. value mil. USD)	**370.64**	**391.13**	**362.12**	**423.89**	**444.80**	**470.61**	**388.16**	**373.1**	CBvS
• Investment & transportation	132.22	135.76	135.87	141.59	158.93	168.14	150.38	114.6	CBvS
• Oil	87.68	105.35	81.04	114.75	112.32	130.79	86.92	70.8	CBvS
• Consumption goods	59.19	59.74	54.08	61.48	61.37	69.94	57.72	61.3	CBvS
• Chemical goods	40.51	37.03	35.61	45.39	46.95	40.49	39.70	45.1	CBvS
• Other goods	51.04	53.25	55.52	60.67	65.22	61.25	53.44	47.9	CBvS
Government Finance and debt (cash base)									
Primary balance (% GDP)	1.3	0.2	0.2	0.4	-0.3	0.5	0.8	0.8	MvF/calcul. SDMO
Overall balance including statistical differences. (% GDP)	0.3	-0.3	0.1	-0.3	-0.6	-0.1	0.4	0.0	MvF/calcul. SDMO
Commitment balance including statistical differences. (% GDP)	0.6	-0.1	0.3	0.1	-0.5	0.1	0.8	0.3	MvF/calcul. SDMO

Monthly statistics September 2022 – August 2023

	Sept. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	March 2023	Apr. 2023	May. 2023	Jun. 2023	Jul. 2023	Aug. 2023	Source
Inflation (%)													
Inflation – month to previous month	3.3	6.5	3.7	4.7	3.7	3.3	3.2	5.9	2.4	2.3	3.0	2.0	ABS
Inflation – month to. month of previous year	41.9	49	49.5	54.6	55.6	57.9	59.5	65.4	65.0	54.6	56.6	53.5	ABS
International Reserve in USD													
International Reserve	1,029	1,045	1,032	1,195	1,219	1,188	1,186	1,138	1,076	1,091	1,096	1,062	CBvS
World market prices in USD													
Gold USD/troz	1,680	1,664	1,725	1,797	1,897	1,854	1,912	1,999	1,992	1,942	1,951	1,918	World Bank
Crude oil USD/bbl.	88.2	90.3	87.3	78.0	80.4	80.2	76.4	82.4	74.1	73.2	78.9	84.7	World Bank
Liquidity ratio (M2 in % GDP) and balance of credit from the banking sector (mil, SRD)													
Liquidity ratio	67.6	73.4	78.4	80.1	53.6	56.0	57.8	60.7	61.3	61.0	62.3		CBvS/calcul, SDMO
M0 (broad definition)	23,723	25,204	26,513	27,470	29,489	28,890	29,465	29,608	28,448	27,589	29,377		CBvS
M2	58,625	63,624	67,957	69,485	70,738	73,876	76,195	80,082	80,861	80,509	82,254		CBvS
Balance of total credit	21.555	23.331	24.911	25.619	26.892	27.853	29.084	30.689	30.985	31.014	30.975		CBvS/calcul, SDMO
Balance of credit to government	5.059	5.576	5.909	5.857	5.884	6.004	6.179	6.439	6.409	6.426	6.433		CBvS/calcul, SDMO
Balance of credit to private sector	16.497	17.756	19.002	19.762	21.049	21.848	22.906	24.251	24.576	24.588	24.542		CBvS/calcul, SDMO
CBvS Exchange rates (selling rates banknotes) ****													
SRD/USD (e.o.p.)	24.4	25.1	28.9	29.8	30.9	31.1	31.9	33.2	35.1	38.6	37.3	38.1	CBvS
SRD/USD average	23.1	24.6	27.4	29.3	30.9	31.1	31.9	33.2	35.1	37.8	37.9	38.1	CBvS
SRD/Euro (e.o.p.)	24.6	24.8	27.0	28.6	30.4	31.2	32.8	34.3	36.4	40.7	39.3	40.2	CBvS
SRD/Euro average	23.1	24.5	26.4	27.6	30.4	31.2	32.8	34.3	36.4	39.6	40.1	40.0	CBvS
Average lending rates (%)													
SRD credit	14.8	14.6	14.5	13.4	13.4	13.6	13.5	13.6	14	14.1	14.3		CBvS
Inter banking SRD interest rate	10.0	10.0	10.0	85.0	-	-	-	-	-	-	50.0		CBvS
USD credit	8.0	8.1	8.1	8.2	8.2	8.1	8.2	8.1	8.2	8.2	8.1		CBvS
Euro credit	7.7	7.7	7.6	7.5	7.4	7.4	7.4	7.4	7.4	7.4	7.4		CBvS
Government finance (mil, SRD) en debt (mil, USD)													
Tot. Revenues cash base	2,047	2,215	2,882	2,416	2,705	1,928	2,560	2,547	3,148				MoF
Tot. Expend. cash base	2,351	2,135	2,567	2,893	2,274	2,254	2,272	2,468	3,451				MoF
Primary balance	-0,2	0,2	0,5	-0,2	0,5	0,0	0,3	0,2	0,3				MoF
Overall balance	-0.5	0.0	0.5	-0.5	0.4	-0.3	0.4	0.1	-0.2				MoF
Government debt (national def.-mil. SRD)	62,663	72,685	74,006	77,652	78,918	109,079	116,254	121,841	121,158	121,625	125,150		SDMO

Debt to central bank (mil. SRD)	11,214	11,275	11,335	11,250	11,310	11,149	11,209	11,268	11,068	11,128	11,187		SDMO
Domestic debt to banking sector (mil. USD)***	4,795	5,219	5,556	5,466	5,457	5,709	6,063	6,274	5,946	5,930	5,874	5,811	SDMO
Effective debt (intern. Def. mil. USD)	3,150	3,038	3,013	3,248	3,273	3,227	3,219	3,241	3,204	3,236	3,243	3,244	SDMO
External debt (mil. USD)	2,279	2,274	2,277	2,443	2,452	2,434	2,451	2,480	2,460	2,497	2,510	2,507	SDMO
Domestic debt (mil. USD)	870	764	736	804	822	793	768	761	744	739	734	737	SDMO
Government debt (National def,)-GDP ratio	107	124	126	132	117	122	130	136	135	136	140	140	SDMO
Disbursements on external debt (mil,USD))	1.1	4.6	10.4	161.2	4.9	0.1	7.8	3.2	1.8	40.7	9.0	7.5	SDMO
Tot. Debt service paym. (mil. USD)	22.9	29.5	44.2	52.2	19.3	18.0	8.5	9.8	36.6	18.4	18.4	13.6	SDMO

e.o.p. = end of period
ABS = General Bureau of Statistics, IMF- International Monetary Fund, CBvS = Central Bank of Suriname, MoF = Ministry of Finance & Planning, SDMO = Suriname Debt Management Office
* GDP figures of 2020-2022 are preliminary figures.
** This is the balance of capital transfers and the financial account of the balance of payment.
*** Government domestic debt of the banking sector includes treasury paper and loans.

<u>Explanation of certain terms:</u>

1. Government overall balance is government income minus expenditure, If the balance is a deficit, then debt needs to be attracted to finance the deficit and thereby will lead to an increase of the government debt,
2. Government Commitment balance is the overall balance minus government arrear payments related to previous financial years,
3. Primary government balance is the overall balance excluding interest payments on government debt, the primary balance indicates the extent to which the current government policy contributes to attracting new debts, without taking into account payments on old debts,
4. To indicate the fiscal impulse for pro-cyclicality, revenues from the mineral sector is deducted from the primary deficit and the whole is expressed as a percentage of GDP, excluding the mineral sector,
5. The difference between the effective debt (government debt, according to the international definition) and government debt, according to the national definition, is the exchange rate that is used to convert foreign currency debts to SRD, When compiling the government debt, according to the national definition, foreign currency debt must be converted to SRD at the year-end exchange rate of the last published GDP by the ABS, The effective debt calculation, which is based on the international debt definition, uses the exchange rate of the moment to which the debt relates,
6. The effective debt-GDP ratio is calculated with the projected GDP of the respective year, while the legal national debt-GDP ratio is based on the latest GDP figure from the ABS.