Suriname

Suriname's economy has largely stabilized in 2018. The exchange rate steadied at around 7.5 Suriname dollars (Sur$) per US$ 1 for the first 10 months of the year, which has allowed the inflation rate to settle further into single-digit territory. Growth is estimated at 1.9% for 2018, up from 1.7% in 2017 and -5.6% in 2016. The annualized fiscal deficit remained largely unchanged at 7.9% of GDP, as increased revenues were offset by increased expenditure, particularly on subsidies and transfers. The current account deficit over the first half of 2018 expanded, but international reserves grew nonetheless.

The fiscal deficit for 2018, using annualized half-year data, is estimated to be unchanged from 2017 at 7.9% of GDP. Total revenue held steady at 20.0% of GDP. Indirect taxes were up largely owing to increased import duties on the back of stronger imports. Total expenditure edged up, from 26.7% of GDP in 2017 to 26.9% in 2018. Current expenditure grew —for just the second time in five years— from 23.4% of GDP in 2017 to 25.4% in 2018, driven by an increase in transfers and subsidies, the latter by 12.6% of GDP, compared with 7.1% the previous year. The increased transfers and subsidies went in particular to the Ministries of Agriculture, Natural Resources and Finance. More than 55% of the public deficit was financed by domestic sources.

Average lending rates for domestic currency loans remained fairly steady in 2018, edging down from 14.3% in January to 14.3% in September. Average deposit rates rose slightly from 9.1% in January to 9.3% in September. Net domestic credit fell by 10.9% between December 2017 and September 2018, driven by contractions in lending to both the public sector —by 20.1% in that period, after growth of 56.9% in 2017— and the private sector —by 5.4%, after marginal 0.2% growth in 2017. The decline in credit was partially due to reduced foreign-currency lending stemming from the central bank's limiting lending to foreign-currency earners.

Suriname's exchange rate vis-à-vis the United States dollar also fluctuated little over the first nine months of 2018. The official selling rate increased from Sur$ 7.523 per US$ 1 in January to Sur$ 7.530 in February, then fell to Sur$ 7.520 by October 2017.

After increased gold exports narrowed the current account deficit to almost zero in 2017, this deficit expanded again in the first half of 2018 and by June stood at -2.8% of full year GDP, compared to a surplus of 2.4% of GDP in the year-earlier period. Exports in the first half of 2018 were up by 11.8% year on year, owing once again to the performance of the gold and oil sectors, compared to a 47% jump in imports, which was spread across the major export categories: food and live animals; mineral fuels, lubricants and related products; machinery and transport equipment; and commodities and transactions (which includes gold). Much of the surge in imports reflected increased imports of capital goods by oil exploration firms. The service account deficit widened, owing to reduced travel receipts.

The financial account surplus expanded to US$ 239 million in the first half of 2018, compared to a surplus of US$ 98.8 million over the same period in 2017. Direct investment increased to US$ 116.4 million in the half year from US$ 53.1 million at the halfway mark of 2017, with investments going mainly to infrastructure and the mining sector.

International reserves grew from US$ 424.4 million, or 2.3 months of import cover, at the end of 2017, to US$ 540.7, or 3.0 months of import cover, by September 2018.

Economic growth is estimated at 1.9% for 2018, up from 1.7% in 2017. The largest contributor to growth, accounting each for 0.9 percentage points, were manufacturing and agriculture, hunting and forestry, while the government sectors contributed -0.3 percentage points. The government sectors have contributed negatively to growth every year since 2015. Growth in 2019 is projected at 2.8%, based on 7.3% growth in the mineral sector and 2.2% in the non-mineral sector.

Suriname: main economic indicators, 2016-2018

	2016	2017	2018 [a]
	Annual growth rate		
Gross domestic product	-5.6	1.7	1.9
Per capita gross domestic product	-6.4	0.8	1.0
Consumer prices	49.2	10.0	6.8 [b]
Money (M1)	15.0	14.1	11.2 [b]
	Annual average percentage		
Central government			
Overall balance / GDP	-10.8	-7.9	-5.4
Nominal deposit rate [c]	8.1	9.1	9.3 [d]
Nominal lending rate [e]	13.5	14.4	14.3 [d]
	Millions of dollars		
Exports of goods and services	1 606	2 167	...
Imports of goods and services	1 702	1 812	...
Current account balance	-170	490	...
Capital and financial balance [f]	248	23	...
Overall balance	78	21	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Estimates.
b/ Figures as of August.
c/ Average deposit rates.
d/ Figures as of September.
e/ Average bank lending rate in local currency.
f/ Includes errors and omissions.

Prices remained much more stable in 2018, following the very high inflation in the two years prior, after the gradual devaluation of the currency starting at the end of 2015. Inflation continued its slow decline over the first nine months of 2018, falling from 9.1% in January to 5.5% by September. The smallest price rises were seen in the housing and utilities subcomponent of the consumer price index, which fell from a 1.2% year-on-year change in January to 0.6% in September 2018. The largest changes occurred in transportation, which fell from a 13.4% year-on-year change in January to 10.0% in September.