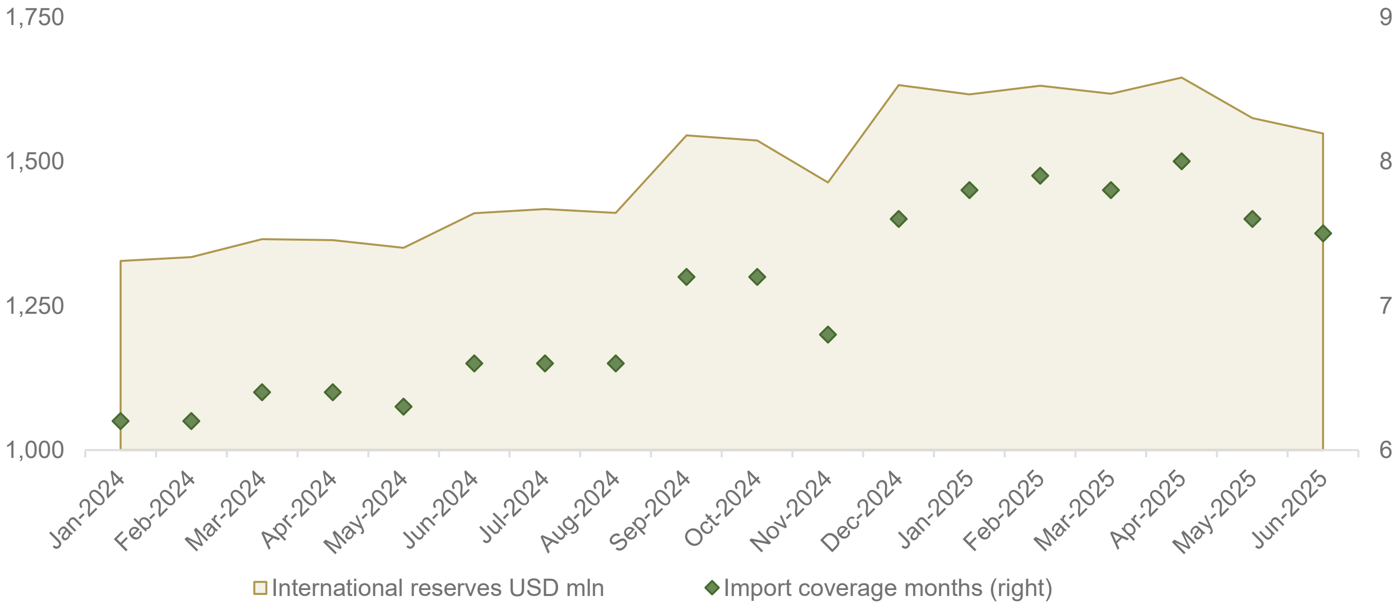
BULLETIN #23 **AUGUST 2025**

The 23rd SEOB bulletin addresses recent economic developments in Suriname. SEOB is an independent body established in June 2023, originally tasked with monitoring the IMF program. Following the program's conclusion, SEOB now focuses on monitoring key macroeconomic indicators and advising the government and other major stakeholders. The performance indicators used are based on the IMF program's objectives. Up-to-date statistics are regularly published on our website: www.seob.sr. Statistical data is regularly presented in a clear and accessible manner on our website – www.seob.sr.

Key developments

- Year-on-year inflation in June rose to 8%, up from 6% in May 2025. This is concerning, as prices have been increasing again in recent months.
- The exchange rate of the Surinamese dollar has shown an upward trend since late 2024, with a recent rate of around SRD 38 per USD in June 2025 (compared to ~SRD 35 per USD in January 2025).
- In May, the SRD component of M0 increased by more than 8.4%. There has been a sharp rise in the money supply since mid-2024.
- International reserves improved significantly to over USD 1.55 billion, covering 7.5 months of imports (Figure 1) in June 2025. However, a slight decline was observed in May and June.
- Public finances remain a concern, with persistently high budget deficits and a public debt of approximately 109% of GDP.
- The financial health of the banking sector has improved significantly, with higher solvency (around 23%) and a substantial reduction in non-performing loans.

Figure 1. International Reserves (in USD millions)



Source: CBvS.

Lessons from the Completed IMF Program

Suriname implemented important measures during the IMF program. However, some of these measures delivered only short-term progress, while key structural adjustments remain unaddressed. Inflation has slowed, international reserves have been strengthened (Figure 1), and public debt has been (mostly) restructured. In addition, structural reforms have been initiated, including the introduction of VAT, the revision of subsidies, and the modernization of budget management.

SEOB, however, notes significant weaknesses, such as the persistent budget deficit and the weak execution of social programs. Further policy consolidation is needed to sustainably enhance the country's growth potential.

Key focus areas for a successor IMF Program

SEOB advocates for a follow-up IMF program primarily aimed at strengthening institutions. This program should address both external and internal risks to which Suriname is exposed, in order to safeguard the reform achievements of the first program.

SEOB emphasizes that such a follow-up IMF program should focus in particular on the following areas:

Focus area	Description
1) Stronger institutions and governance	Enhance transparency, strengthen oversight, and prevent the misuse of public resources.
2) Structural fiscal discipline	Keep the budget deficit manageable and prevent further increases in public debt.
3) Effective social protection	Ensure that social programs function effectively and reach vulnerable groups in a timely manner. The SEOB advocates for benefit payments to be made through the banking system.
4) Further modernization of monetary policy	Aim for price stability through active monetary policy, such as interest rate targeting or inflation targeting.
5) Resilient financial sector	Further strengthen the banking sector and financial supervision to enhance stability.

A coherent policy approach requires the government to maintain fiscal discipline while ensuring sufficient scope for targeted social protection of vulnerable groups. In addition, it is essential to further strengthen supervision and governance within the financial sector to mitigate future risks. The digitalization of public services must also be accelerated, with particular attention to securing digital systems against cyber threats. Furthermore, it is crucial that policy implementation be increasingly based on up-to-date, reliable data.

Recent economic developments

Inflation and exchange rates

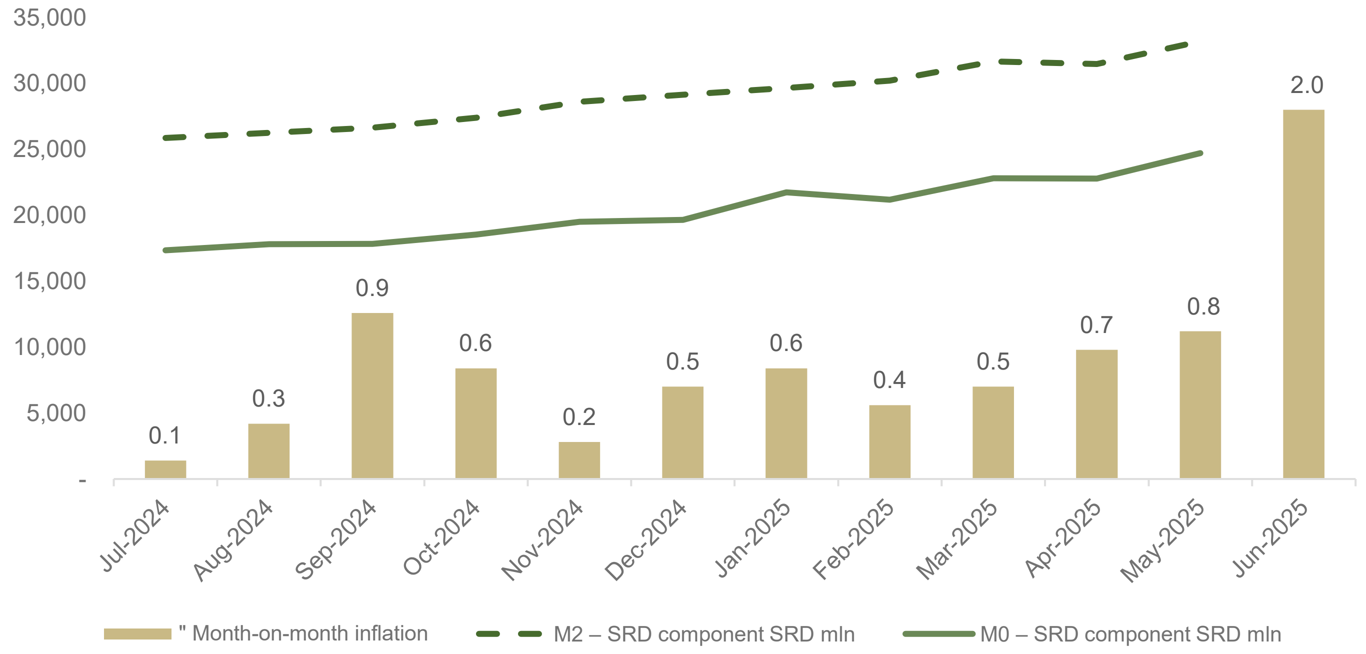
From early 2024, inflation fell sharply: from 29% to around 5.7% in March 2025, providing temporary relief for consumers and businesses. Since the beginning of 2025, however, inflation has been rising again, reaching approximately 8% in June 2025.

Monthly inflation in June stood at 2% (Figure 2). This increase is mainly driven by a weakening of the SRD due to a higher exchange rate. The rise in the exchange rate has made imported goods and rents denominated in SRD more expensive, once again putting pressure on purchasing power. In Bulletin 22, SEOB provided a more in-depth analysis of the causes of inflation and exchange rate increases.

Monetary developments

The local component of the monetary base grew by 8.4% in May 2025 and stood 32.3% above the set M0 target. This increase was the result of a decline in the stock of OMOs and a rise in net government expenditures.
The SRD share of broad money (M2) also grew by approximately 5.5% in May 2025. This expansion, driven in part by substantial government spending, could exacerbate inflationary pressures and exchange rate instability.

Figure 2. Money supply (in SRD million) and monthly inflation (in %)



Sources: ABS and CBvS.

International reserves

A positive development is the strong level of international reserves. In June 2025, these reserves amounted to USD 1.55 billion, equivalent to 7.5 months of import coverage. The slight decline in recent months, however, warrants continued vigilance.

Public finances

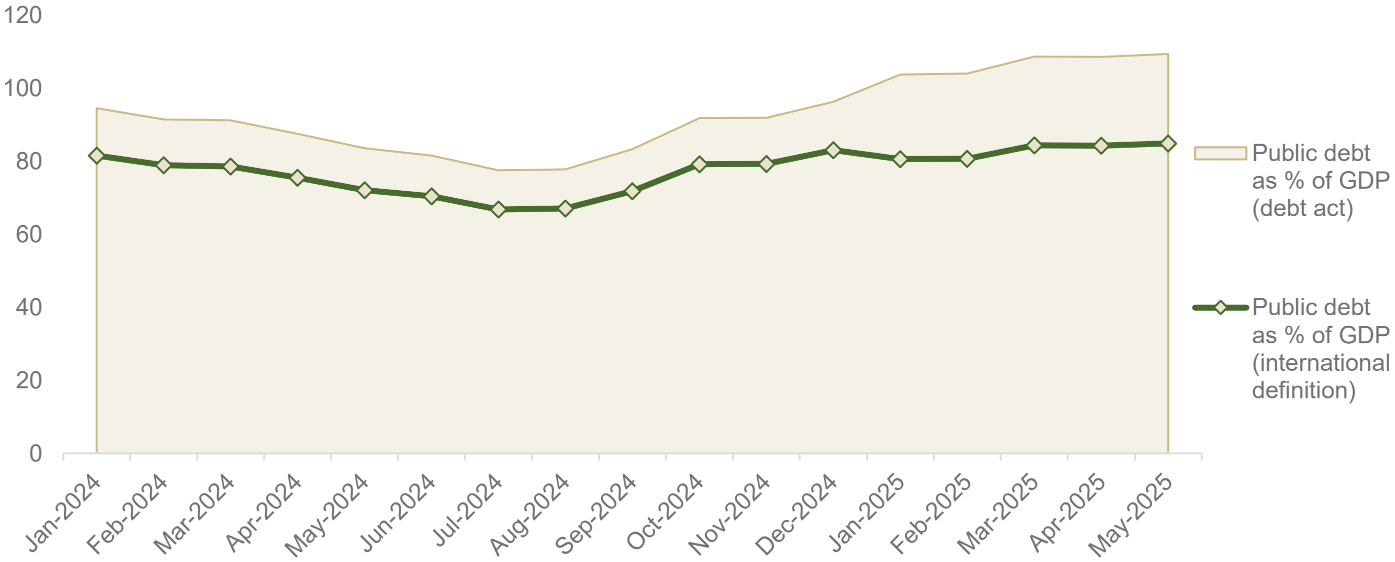
The government's financial position remains precarious, with persistently high budget deficits. In 2024, the deficit stood at approximately 2.6% of GDP, highlighting the challenge of balancing expenditures and revenues. The primary balance was positive in April 2025; however, the overall balance deficit still amounted to around SRD 400 million. The SEOB expects that government deficits will have persisted throughout the remainder of the second quarter of 2025, partly due to additional costs associated with election-related expenditures. This situation calls for urgent measures to increase government revenues.

Public debt

The debt-to-GDP ratio has risen sharply in recent periods, partly due to exchange rate effects. For a well-informed discussion on the debt burden, it is important to focus on the debt ratio rather than solely on the absolute debt level in SRD, especially given the impact of exchange rate movements and economic growth. In May 2025, the debt ratio, according to the Public Debt Act, stood at approximately 109% of the most recently published GDP figure (Figure 3), indicating that the outstanding debt exceeds the economy's annual output. According to the international definition, the ratio was 85%, based on the estimated GDP.

SEOB expects that public finances will remain under pressure at least until the end of 2028 and that the state will likely need to continue borrowing in the coming years to finance deficits. The focus must therefore be on active and professional debt management, with policies aimed at optimizing maturities, interest costs, and risk exposure. This will enable the government to keep the debt burden manageable over time and strengthen investor confidence.

Figure 3. Public debt as a percentage of GDP



Source: SDMO.

Banking sector

Financial stability, particularly within the Surinamese banking sector, has improved significantly. In May 2025, the average solvency ratio rose to around 23%, well above the minimum requirements, thereby strengthening confidence in the sector. The share of non-performing loans dropped sharply from about 25% in early 2024 to just 4–5% recently, largely due to restructurings and repayments. Average lending rates (SRD) have declined slightly to around 14.5%, while deposit rates have fallen more sharply to approximately 6.6% in May 2025. As a result, savers receive lower returns, but borrowing for investments has become more attractive. This is reflected in an upward trend in lending activity.

SEOB recommendations

The Surinamese economy shows signs of recovery: inflation has been brought down to a single-digit level, banks are financially stronger, and international reserves are adequate. However, the exchange rate and structural budget deficits remain areas of concern. Strict fiscal discipline is essential to preserve the stability achieved and to anchor the recovery in a sustainable manner.

SEOB emphasizes that a follow-up IMF program, with a focus on strengthening institutions, is necessary to consolidate the results of the previous program. SEOB further recommends:

- Further develop human capital, independently and sustainably, within key institutions such as the Tax Authority, Customs, and ministries.
- Reduce the budget deficit by improving (digital) tax collection and ensuring more effective collection of import duties.
- Ensure close coordination between fiscal and monetary policy to limit additional inflationary pressures and stabilize the SRD. The SEOB also stresses the importance of safeguarding the independence of the central bank in line with the Central Bank Act of 2022.
- Enact the Public Procurement Act to ensure transparency and clear rules for government contracts and tenders.
- Strengthen and maintain international reserves through export growth and investment promotion. Stimulate economic diversification, particularly outside the mining sector, and focus on sectors such as services and (eco)tourism.
- Closely monitor inflation and protect vulnerable groups through a well-targeted and effective social program.
- Consider restructuring domestic and external debt to lower interest costs; the current debt ratio requires active debt management.
- Safeguard financial stability by promoting responsible lending policies at banks, particularly credit provision to SMEs and households, without weakening capital buffers. High lending rates are currently hindering investment.
- Restore confidence through consistent policy implementation and clear communication on reforms and achieved results.

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