

Dominican Republic

To accommodate a higher frequency of rating reviews during the coronavirus pandemic, Fitch is publishing scaled-down Sovereign Rating Reports that focus on data and forecasts encompassed in reviews. For the rating rationale, refer to the relevant published Rating Action Commentary.

Comparative Analysis - Key Indicator Charts



Note: Medians based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period.
Source: Fitch Ratings

Ratings

Foreign Currency	
Long-Term IDR	BB-
Short-Term IDR	B
Local Currency	
Long-Term IDR	BB-
Short-Term IDR	B
Country Ceiling	BB-

Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative

Rating Derivation

Component	Outcome
Sovereign Rating Model (SRM)	BB
Qualitative Overlay (QO)	-1
Structural Features	0
Macroeconomic	0
Public Finances	-1
External Finances	0
Long-Term Foreign-Currency IDR	BB-

Applicable Criteria

Sovereign Rating Criteria (Apr 2020)
Country Ceilings Criteria (Jul 2019)

Related Research

Global Economic Outlook (Apr 2020)

Financial Data

(USDbn)	2019
GDP	89.7
GDP per head (USD 000)	8.7
Population (m)	10.3
International reserves	8.9
Net external debt (% GDP)	17.9
General government total debt (% GDP)	41.7

Source: Fitch Ratings

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Comparative Analysis - Strengths & Weaknesses Table

2019	Dominican Republic BB-	BB Median ^a	B Median ^a	Georgia BB	Jamaica B+	Seychelles B+
Structural Features						
GDP per capita (USD, mkt exchange rates)	8,685	5,697	3,335	4,773	5,393	16,957
GNI per capita (PPP, USD, latest)	16,960	15,670	7,760	10,900	8,930	29,070
GDP (USDbn)	90	46	25	18	16	2
Human Development Index (percentile, latest)	52.6	52.9	37.9	63.2	48.9	67.5
Governance Indicator (percentile, latest) ^b	42.0	43.8	38.2	64.0	60.3	63.0
Broad money (% GDP)	33.5	47.7	37.7	49.0	73.8	83.5
Default record (year cured) ^c	2005	-	-	2004	2013	2010
Ease of Doing Business (percentile, latest)	39.7	52.2	38.7	96.9	63.0	47.7
Trade openness (avg. of CXR + CXP % GDP)	33.0	46.5	40.0	72.9	59.0	108.4
Gross domestic savings (% GDP)	21.1	17.8	15.7	17.9	10.6	11.6
Gross domestic investment (% GDP)	26.0	22.0	22.4	26.8	23.5	26.8
Private credit (% GDP)	26.1	36.7	24.6	63.8	41.7	41.8
Bank Systemic Risk Indicators ^d	b / 1	-	-	bb / 2	n.a. / 1	n.a. / 1
Bank system capital ratio (% assets)	-	15.9	15.7	18.2	14.9	19.1
Foreign bank ownership (% assets)	8.3	35.3	36.4	88.5	50.0	61.6
Public bank ownership (% assets)	27.5	16.8	18.8	0.0	0.0	38.5
Macroeconomic Performance and Policies						
Real GDP (5yr average % change)	6.1	4.2	4.6	4.1	1.2	4.3
Volatility of GDP (10yr rolling SD)	1.8	2.5	2.9	1.5	1.0	0.8
Consumer prices (5yr average)	2.2	5.6	7.7	3.9	3.6	2.3
Volatility of CPI (10yr rolling SD)	2.3	3.3	4.4	3.1	3.2	2.7
Unemployment rate (%)	6.0	8.9	9.0	11.1	7.7	3.0
Type of exchange rate regime	Crawl-like arrangement	-	-	Floating	Floating	Floating
Dollarisation ratio (% of bank deposits)	24.8	40.4	32.3	61.2	38.9	43.1
REER volatility (10yr rolling SD)	1.9	6.3	6.6	5.6	5.3	6.9
Public Finances^e						
Budget balance (% GDP)	-2.3	-2.7	-3.6	-2.0	0.2	0.2
Primary balance (% GDP)	0.0	-0.6	-1.1	-0.8	6.5	2.6
Gross debt (% revenue)	289.5	153.6	214.1	154.3	312.6	146.7
Gross debt (% GDP)	41.7	38.8	49.7	39.8	92.3	53.0
Net debt (% GDP)	39.4	32.7	42.2	35.2	83.8	48.9
Foreign-currency debt (% total debt)	68.5	60.7	65.4	77.7	59.9	50.3
Interest payments (% revenue)	16.1	9.1	8.6	4.7	21.3	6.5
Revenues and grants (% GDP)	14.4	24.8	23.2	25.8	29.5	36.1
Volatility of revenue/GDP ratio	3.7	5.8	8.9	1.6	6.0	2.2
Central government debt maturities (% GDP)	3.9	4.8	5.7	5.5	8.3	25.4
External Finances						
Current account balance + net FDI (% GDP)	2.1	0.8	-1.4	0.5	2.6	-3.4
Current account balance (% GDP)	-1.3	-2.7	-4.2	-5.1	-1.9	-16.1
Net external debt (% GDP)	17.9	9.6	17.7	60.3	32.2	31.3
Gross external debt (% CXR)	118.5	114.0	142.8	149.2	150.5	105.1
Gross sovereign external debt (% GXD)	72.7	46.7	59.2	33.1	63.3	25.3
Sovereign net foreign assets (% GDP)	-20.4	-2.5	-14.8	-14.9	-32.5	8.2
Ext. interest service ratio (% CXR)	5.6	3.9	3.7	5.2	7.5	2.2
Ext. debt service ratio (% CXR)	12.3	14.6	12.1	19.1	15.0	4.2
Foreign-exchange reserves (months of CXP)	3.5	4.3	3.8	3.1	4.6	3.6
Liquidity ratio (latest) ^f	178.1	149.8	165.6	98.7	209.4	126.3
Share of currency in global reserves (%)	-	-	-	-	-	-
Commodity export dependence (% CXR, latest)	16.6	22.3	34.2	27.7	16.7	33.0
Sovereign net foreign-currency debt (% GDP)	17.6	2.2	14.7	11.2	32.5	-8.2

^a Medians based on three-year centred averages.^b Composite of six World Bank Governance Indicators used in the Sovereign Rating Model: Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence.^c Official rescheduling (1985, 1986, 1991, 1992); restructuring by private creditors (1983, 1986, 2005); Brady initiative (1994); Paris Club rescheduling (2004, 2005); bond restructuring (2005). For further details on this indicator, please refer to the Sovereign Rating Criteria (see paragraphs for the SRM variable for years since default or restructuring).^d Bank systemic indicator, which equates to a weighted-average Viability Rating; and macro-prudential indicator, with 1 'low' systemic risk through to 3 'high'.^e General government unless stated.^f Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year.

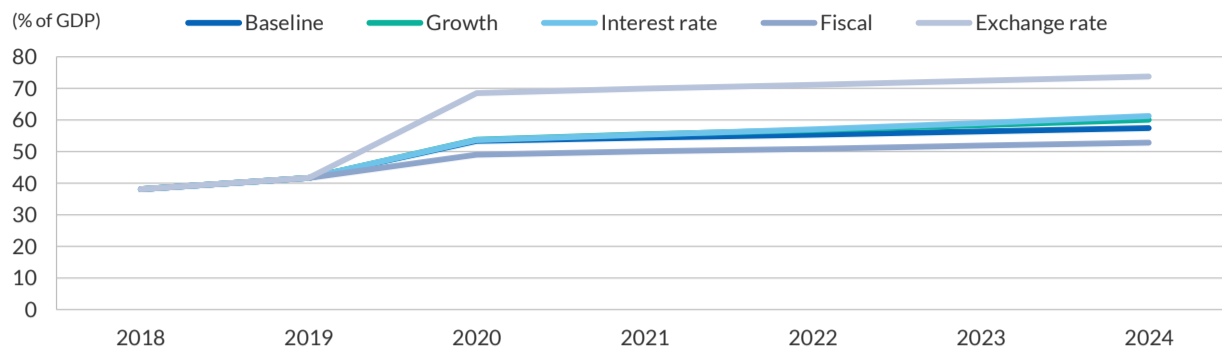
Note: Acronyms used: consumer price inflation (CPI), gross domestic product (GDP), current external receipts (CXR), current external payments (CXP), gross national income (GNI), purchasing power parity (PPP), standard deviation (SD), foreign direct investment (FDI).

Source: Fitch Ratings

Public Debt Dynamics

Sensitivity Analysis

Gross general government debt



Source: Fitch Ratings' Debt Dynamics Model

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Debt Dynamics - Fitch's Baseline Assumptions

	2019	2020	2021	2022	2023	2024
Gross general government (NFPS) debt (% of GDP)	41.7	53.3	54.4	55.3	56.4	57.5
Primary balance (% of GDP)	0.0	-4.3	0.0	0.0	0.0	0.0
Real GDP growth (%)	5.0	-3.5	5.6	5.0	5.0	5.0
Avg. nominal effective interest rate (%)	6.6	7.7	7.8	7.9	8.1	8.2
DOP/USD (annual avg)	50.9	56.1	60.9	63.8	66.3	69.0
GDP deflator	2.5	2.8	4.0	4.0	4.0	4.0

Source: Fitch Ratings

Debt Sensitivity Analysis - Fitch's Scenario Assumptions

Growth	GDP growth 0.9% lower (half standard deviation lower)
Interest rate	Marginal interest rate 250bp higher
Fiscal	No change in primary balance from 2019 level
Exchange rate	50% devaluation at end-2019

Source: Fitch Ratings

Detailed Data Tables

Forecast Summary

	2015	2016	2017	2018	2019	2020E	2021F
Macroeconomic Indicators and Policy							
Real GDP growth (%)	6.9	6.7	4.7	7.0	5.0	-3.5	5.6
Unemployment (%)	7.6	7.3	5.9	5.9	6.0	15.0	10.0
Consumer prices (annual average % change)	0.8	1.6	3.3	3.6	1.8	2.0	4.0
Short-term interest rate (bank policy annual avg) (%)	5.4	5.1	5.5	5.4	4.5	3.5	3.5
General government balance (% of GDP)	-3.3	-2.8	-2.9	-2.4	-2.3	-7.1	-3.1
General government (non-financial public sector, NFPS) debt (% of GDP)	34.3	35.8	37.4	38.1	41.7	53.3	54.5
DOP per USD (annual average)	44.7	45.8	47.2	49.0	50.9	56.1	60.9
Real effective exchange rate (2000=100)	96.6	96.1	93.2	90.1	89.0	-	-
Real private sector credit growth (%)	11.7	10.2	6.5	7.6	7.4	2.0	5.8
External Finance							
Current account balance (% of GDP)	-1.8	-1.1	-0.2	-1.3	-1.3	-4.6	-1.9
Current account balance plus net FDI (% of GDP)	1.3	1.9	4.4	1.6	2.1	-3.4	1.6
Net external debt (% of GDP)	21.4	21.0	21.6	17.8	17.9	23.3	21.5
Net external debt (% of CXR)	66.4	65.0	66.5	55.2	55.5	80.5	69.8
Official international reserves including gold	5,266	6,134	6,873	7,718	8,871	6,833	7,364
Official international reserves (months of CXP cover)	2.6	2.9	3.1	3.2	3.5	3.0	3.3
External interest service (% of CXR)	4.3	4.6	5.1	4.9	5.6	7.5	8.2
Gross external financing requirement (% int. reserves)	104.4	47.5	34.4	40.6	40.9	65.9	53.1
Real GDP growth (%)							
US	2.9	1.6	2.4	2.9	2.3	-5.6	4.3
China	6.9	6.7	6.9	6.7	6.1	0.7	7.9
Eurozone	2.1	2.0	2.4	1.9	1.2	-7.0	4.3
World	2.9	2.6	3.4	3.2	2.7	-3.9	5.0
Oil (USD/barrel)	52.4	45.1	54.9	71.5	64.1	35.0	45.0

Source: Fitch Ratings

Detailed Data Tables

Fiscal Accounts Summary

% of GDP	2016	2017	2018	2019	2020E	2021F
General government (non-financial public sector, NFPS)						
Revenue	13.9	14.0	14.2	14.4	12.2	14.4
Expenditure	16.7	16.9	16.6	16.7	19.3	17.5
o/w interest payments	1.7	2.2	2.3	2.3	2.8	3.1
Primary balance	-1.1	-0.7	-0.1	0.0	-4.3	0.0
Overall balance	-2.8	-2.9	-2.4	-2.3	-7.1	-3.1
General government (NFPS) debt						
% of general government revenue	257.9	267.2	269.2	289.5	435.9	378.3
Central government deposits	1.4	1.3	2.0	2.2	2.1	2.2
Net general government (NFPS) debt	34.4	36.1	36.1	39.4	51.2	52.3
General government (NFPS) debt						
	1,247,094	1,423,506	1,614,129	1,901,119	2,404,204	2,694,082
By residency of holder						
Domestic	390,694	451,137	482,467	605,842	692,154	756,568
Foreign	856,680	972,659	1,131,963	1,295,595	1,719,435	1,948,526
By currency denomination						
Local currency	382,944	458,462	505,317	598,953	759,650	852,105
Foreign currency	864,430	965,333	1,109,113	1,302,484	1,651,938	1,852,989
in USD equivalent (eop exchange rate)	18,543	20,031	22,093	24,621	27,881	29,643
Average maturity (years)	n.a.	n.a.	n.a.	n.a.	11.5	n.a.
Memo:						
Nominal GDP (DOPbn)	3,487	3,803	4,236	4,562	4,524	4,967

Source: Fitch Ratings estimates and forecasts and Ministry of Finance

Detailed Data Tables

External Debt and Assets

(USD Billions)	2014	2015	2016	2017	2018	2019
Gross external debt	28.1	28.8	30.8	31.4	33.4	34.3
% of GDP	41.4	40.1	40.4	38.9	38.6	38.3
% of CXR	123.5	124.4	125.0	120.0	119.6	118.5
By maturity						
Medium- and long-term	27.2	27.9	30.1	30.9	33.0	34.1
Short-term	0.8	0.9	0.7	0.5	0.3	0.3
% of total debt	2.9	3.2	2.2	1.5	1.0	0.8
By debtor						
Sovereign	18.2	17.8	19.3	20.8	23.1	25.0
Monetary authorities	1.2	1.0	0.9	0.6	0.5	0.5
General government	17.0	16.9	18.4	20.2	22.6	24.5
o/w central government	17.0	16.9	18.4	20.2	22.5	24.5
Banks	2.2	2.3	2.6	2.4	2.2	1.6
Other sectors	7.7	8.6	8.8	8.2	8.0	7.8
Gross external assets (non-equity)	13.8	13.5	14.9	15.4	18.3	20.5
International reserves, incl. gold	4.9	5.3	6.1	6.9	7.7	8.9
Other sovereign assets nes	0.3	0.3	0.3	0.1	0.1	0.1
Deposit money banks' foreign assets	1.5	0.9	1.0	0.9	1.0	0.8
Other sector foreign assets	7.1	7.0	7.6	7.6	9.5	10.8
Net external debt	14.3	15.4	16.0	17.4	15.4	16.1
% of GDP	21.2	21.4	21.0	21.6	17.8	17.9
Net sovereign external debt	13.1	12.3	13.1	15.3	15.7	18.3
Net bank external debt	0.6	1.4	1.6	1.5	1.2	0.8
Net other external debt	0.6	1.7	1.3	0.5	-1.5	-3.1
Net international investment position	-39.5	-42.8	-45.8	-50.9	-51.7	-55.3
% of GDP	-58.3	-59.7	-60.2	-63.2	-59.9	-61.6
Sovereign net foreign assets	-13.1	-12.3	-13.1	-15.3	-15.7	-18.3
% of GDP	-19.4	-17.1	-17.2	-19.0	-18.1	-20.4
Debt service (principal & interest)	3.2	4.8	2.8	3.3	3.0	3.6
Debt service (% of CXR)	14.0	20.6	11.4	12.7	10.8	12.3
Interest (% of CXR)	4.0	4.3	4.6	5.1	4.9	5.6
Liquidity ratio (%)	122.1	97.6	130.5	137.3	160.9	178.1
Net sovereign FX debt (% of GDP)	18.4	16.6	16.3	16.3	16.6	17.6
Memo:						
Nominal GDP	67.7	71.8	76.1	80.6	86.4	89.7
Inter-company loans	-	-	-	-	-	-

Source: Fitch Ratings estimates and forecasts, Central Bank, IMF and World Bank

Detailed Data Tables

Balance of Payments

(USD Billions)	2016	2017	2018	2019	2020E	2021F
Current account balance	-0.8	-0.1	-1.2	-1.2	-3.7	-1.5
% of GDP	-1.1	-0.2	-1.3	-1.3	-4.6	-1.9
% of CXR	-3.3	-0.5	-4.2	-4.2	-16.0	-6.0
Trade balance	-7.6	-7.6	-9.3	-9.1	-6.0	-5.2
Exports, fob	9.8	10.1	10.9	11.2	10.9	10.8
Imports, fob	17.4	17.7	20.2	20.3	16.9	16.0
Services, net	4.9	5.5	5.9	5.5	1.6	3.0
Services, credit	8.3	8.9	9.3	9.3	5.6	7.1
Services, debit	3.4	3.3	3.4	3.9	4.0	4.1
Income, net	-3.3	-3.8	-3.8	-4.3	-4.4	-4.6
Income, credit	0.5	0.5	0.5	0.5	0.5	0.6
Income, debit	3.7	4.3	4.3	4.8	4.9	5.2
O/w: interest payments	1.1	1.3	1.4	1.6	1.8	2.1
Current transfers, net	5.1	5.7	6.1	6.7	5.1	5.3
Capital and Financial Accounts:						
Non-debt-creating inflows (net)	2.3	3.7	2.5	3.1	1.0	2.8
o/w equity FDI	2.3	3.7	2.5	3.1	1.0	2.8
o/w portfolio equity	0.0	0.0	0.0	0.0	0.0	0.0
o/w other flows	0.0	0.0	0.0	0.0	0.0	0.0
Change in reserves	0.9	0.7	0.8	1.2	-2.0	0.5
Gross external financing requirement	2.5	2.1	2.8	3.2	5.8	3.6
Stock of international reserves, incl. gold	6.1	6.9	7.7	8.9	6.8	7.4

Source: Fitch Ratings estimates and forecasts and IMF

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