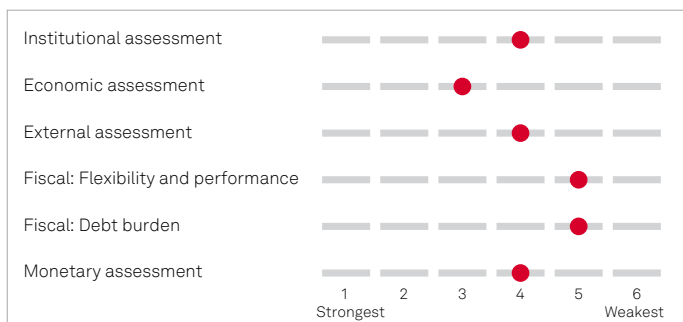


Dominican Republic

December 4, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



Sovereign credit rating

Foreign currency
BB/Stable/B

Local currency
BB/Stable/B

Primary Contact

Manuel Orozco
Mexico City
52-55-5081-2872
manuel.orozco
@spglobal.com

Secondary Contact

Patricio E Vimberg
Mexico City
52-55-1037-5288
patricio.vimberg
@spglobal.com

Credit Highlights

Overview

Institutional and economic profile

We expect market-friendly policy continuity to support higher-than-peers economic growth.

--Policy continuity anchors predictability and investor sentiment.

--However, there is moderately weak institutional capacity to address structural economic model rigidities.

--We expect economic growth to accelerate in 2026 and rise toward potential levels.

Flexibility and performance profile

Significant fiscal rigidities and shallow debt markets constrain flexibility and performance.

--We expect moderate fiscal deficits, reflecting low fiscal revenue, persistent energy subsidies, and the central bank quasi-fiscal deficit.

--A shallow debt market has led to moderately high external debt and external liquidity needs.

--Quasi-fiscal debt also limits monetary policy effectiveness.

Relatively limited capacity to advance with additional structural reforms constrains the Dominican Republic's policy flexibility. Amid relatively low general government revenue compared to peers, longstanding structural shortfalls such as the central bank's quasi-fiscal deficit and significant energy subsidies diminish policy effectiveness.

We expect the Dominican Republic's economy to grow in line with potential levels over the next three years. Following a notable slowdown so far in 2025, we think a neutral monetary policy eventually leading to softer domestic financial conditions will contribute to stronger consumption and investment trends and growth converging to its potential.

High external debt and liquidity needs. Despite sizable capacity to generate current account receipts (CARs), shallow financial markets make the economy reliant on external funding.

Outlook

The stable outlook reflects our expectation that economic growth will pick up as domestic and global financial conditions soften, anchored by domestic policy continuity. We expect moderate deficits over the next 12-18 month, which, combined with strong economic growth, will help stabilize debt levels.

Downside scenario

We could lower the ratings in the next 12-18 months if wider-than-expected government deficits lead to a marked increase in the fiscal debt burden and/or external debt. We could also lower the ratings if medium-term economic growth were to structurally lose momentum.

Upside scenario

We could raise the ratings in the next 12-18 months if the Dominican Republic structurally narrows government deficits, leading debt levels and interest burden to consistently decrease, improving the country's fiscal flexibility. Lower debt levels, in combination with a buildup of international reserves, would strengthen buffers to face external shocks, strengthening the Dominican Republic's creditworthiness.

Rationale

Our 'BB' sovereign credit ratings reflect the country's open and fast-growing economy compared to peers. Despite its vulnerability to external shocks, the economy also has a record of fast recoveries. Although policy continuity supports growth, the rating also captures a limited capacity to continue to promote structural reforms. This constraint diminishes the flexibility of the fiscal profile, characterized by relatively low revenue size and large spending rigidities such as the relatively high interest burden, energy subsidies, and the quasi-fiscal deficit of the central bank. Over time, fiscal rigidities have contributed to moderately high general government debt and less effective monetary policy.

Institutional and economic profile: A fast-growing economy anchors the Dominican Republic's creditworthiness

The Dominican Republic is a consolidating democracy with smooth political transitions and market-friendly policy continuity, which have anchored predictability, investment sentiment, and economic growth. President Luis Abinader of the Modern Revolutionary Party is serving a second consecutive four-year term. His party has an absolute majority in the lower house of the Congress and in the Senate, and it governs most of the subnational entities.

Since his second term began in August 2024, the government has approved some significant measures to improve governability, including political and electoral reforms, and increased the

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independence of the attorney general office and strengthened government procurement laws. A labor reform cleared the Senate in September 2025 and was reintroduced to Congress for final debates. There is also broad agreement on sectoral reforms' path forward, summarized in the government's long-term development plan (known as Meta RD 2036). In addition, a change of leadership at the Ministry of Finance has reignited expectations for a fiscal reform.

That said, despite the usual strong mandates of Dominican presidents, approving structural reforms and implementing them has proved challenging. Key energy sector stakeholders agreed in 2021 to an "Energy Pact," an agreement that aimed to reduce energy subsidies and improve the country's transmission and distribution capacities. However, as inflation surged in 2022, energy tariffs were again frozen, resulting in persistent energy subsidies with significant fiscal costs. The government also backtracked from a tax reform proposal in December 2024. We think a faster recapitalization of the central bank, which holds significant quasi-fiscal debt on its balance sheet after the 2003 banking crisis, is unlikely without the government securing additional fiscal resources.

Moreover, progress in improving social conditions still lags the fast economic growth. The poverty rate remains 19%, informality encompasses over 50% of employment, and education results remain well behind those of peers.

Higher global uncertainty, restrictive domestic financial conditions (despite monetary policy softening), and the economic slowdown in the U.S., which is the country's main trade partner, have hit domestic consumption and investment. As a result, the Dominican Republic's economy has slowed, and we expect it to grow 2.2% in 2025, versus 5% in 2024. We expect economic growth to rise near potential levels in 2026 and onward.

As softer monetary policy eventually improves domestic financial conditions and global interest rates fall, we expect consumption and investment in the Dominican Republic to recover. Relatively high investment (27% of GDP) and favorable export and remittance performance should support GDP growth of 5% on average over 2026-2028.

We expect real per capita GDP growth at 3.5% over the same period, higher than peers with similar levels of economic development. We expect GDP per capita to be \$11,709 in 2025 and to rise to \$13,000 by 2028.

Flexibility and performance profile: Significant fiscal rigidities and moderately high general government debt

Despite a recent budget expansion as part of a battery of countercyclical measures, we expect deficits to remain moderate over 2025-2028, averaging 3.8% of GDP. Our base case assumes a stable and low general government revenue size, with some marginal gains from tax efficiency measures, as well as central government primary growth spending within the limits of the Dominican fiscal rule.

We expect energy subsidies at 1.1% of GDP and the central bank's deficit to average 0.5% of GDP for the same period, explaining the bulk of our deficit projections. Change in net general government debt will edge marginally higher, averaging 4.6% of GDP and mostly reflecting the impact of DOP depreciation on the debt stock.

Persistent and rapid economic growth should stabilize the net general government debt trajectory at around 56% of GDP. Our measure of the net debt stock includes the central bank's certificates (approximately 11% of GDP as of September 2025) and excludes the bonds that the government issued to capitalize the central bank (3% of GDP), following the 2003-2004 bailout of the country's banking sector.

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General government interest rates peaked in 2024, and we expect them to marginally decline in 2025-2028. That said, general government interest burden will still average 20% of general government revenues or 3.3% of GDP over 2025-2028. The debt profile remains vulnerable to exchange-rate shocks, as about 74% of central government debt is denominated in foreign currency.

We think the banking sector's contingent liabilities are limited, given its relatively small size--we estimate it to be approximately 56% of GDP. The banking system continues to have strong capitalization and liquidity ratios.

Favorable terms of trade, mostly reflecting the significant surge in gold prices and low oil prices; resilient tourism inflows; and remittances should continue to narrow the current account deficits (CADs) toward an average of 2.5% of GDP. As a small island nation within the Caribbean hurricane belt, the Dominican Republic's external profile is vulnerable to natural disasters. As a relatively large net energy importer, the external profile is also vulnerable to energy commodity prices. We expect foreign direct investment (FDI) to overfund the CADs, resulting in reserve accumulation in 2025-2028.

Still shallow domestic markets lead the general government and the banking sector (although to a significantly lesser extent) to rely on global markets. As a result, we forecast narrow net external debt to average about 73% of current account receipts (CARs) over 2025-2028, a relatively high level compared to regional peers with large CARs in terms of GDP. We expect that the country's gross external financing needs will remain about 94% of CARs plus usable reserves in 2025-2028.

Inflation has remained within the central bank's target range (4% +/- 1%) since December 2023 and below the center of the target since April 2024. The inflation convergence to the target allowed the monetary authority to reduce reference rates in 2025 to neutral levels. Aiming to support economic growth, the central bank also injected liquidity in 2025. We believe that persistent quasi-fiscal deficits, low domestic credit (about 31% of GDP), and the shallow domestic debt and capital markets constrain the effectiveness of monetary policy.

The spread reduction between Dominican and U.S. Federal Reserve rates in 2025 amid higher liquidity conditions led to external outflows and DOP depreciation, leading the central bank to intervene amid high currency volatility. That said, the more targeted and less frequent interventions recently led the IMF to change the Dominican Republic de facto foreign exchange arrangement to "managed float" from "crawling peg."

Dominican Republic--Selected Indicators

	2019	2020	2021	2022	2023	2024	2025bc	2026bc	2027bc	2028bc
Economic indicators (%)										
Nominal GDP (bil. DOP)	4,572.7	4,439.8	5,427.5	6,257.3	6,764.5	7,402.9	7,845.7	8,526.7	9,311.2	10,167.8
Nominal GDP (bil. \$)	89.2	78.6	94.9	112.4	120.5	124.3	126.9	131.8	138.7	145.2
GDP per capita (000s \$)	8.6	7.5	9.0	10.6	11.3	11.5	11.7	12.0	12.6	13.0
Real GDP growth	4.9	(7.9)	14.0	5.2	2.2	5.0	2.2	4.5	5.0	5.0
Real GDP per capita growth	4.0	(8.7)	13.1	4.4	1.3	4.1	1.4	3.7	4.2	4.2
Real investment growth	5.5	(8.3)	24.3	5.1	2.1	2.9	2.2	4.5	5.0	5.0
Investment/GDP	25.2	24.9	30.3	30.7	27.8	27.0	26.1	26.1	26.1	26.1

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Dominican Republic--Selected Indicators

Savings/GDP	23.9	23.2	27.4	24.9	24.2	23.7	23.6	23.3	23.7	23.8
Exports/GDP	23.3	18.8	21.5	22.0	21.3	22.8	23.2	23.2	23.2	23.2
Real exports growth	1.8	(28.5)	35.4	13.1	(1.6)	7.8	3.0	4.5	5.0	5.0
Unemployment rate	10.8	15.0	14.3	12.2	11.5	10.3	11.0	11.0	11.0	11.0

External indicators (%)

Current account balance/GDP	(1.3)	(1.7)	(2.8)	(5.8)	(3.7)	(3.4)	(2.5)	(2.8)	(2.4)	(2.4)
Current account balance/CARs	(4.1)	(5.5)	(8.3)	(17.7)	(11.5)	(10.0)	(7.3)	(8.3)	(7.0)	(6.9)
CARs/GDP	32.6	31.0	34.3	32.9	32.0	33.7	34.9	34.1	34.0	34.0
Trade balance/GDP	(10.2)	(8.7)	(12.4)	(15.3)	(13.2)	(12.8)	(12.6)	(12.5)	(12.4)	(12.5)
Net FDI/GDP	3.4	3.3	3.4	3.7	3.6	3.6	3.6	3.6	3.6	3.6
Net portfolio equity inflow/GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross external financing needs/CARs plus usable reserves	96.3	98.5	94.4	99.8	93.9	94.3	97.0	96.3	92.4	90.4
Narrow net external debt/CARs	85.3	114.3	83.0	68.5	79.5	83.7	77.6	75.2	72.0	68.7
Narrow net external debt/CAPs	81.9	108.4	76.6	58.2	71.3	76.1	72.3	69.4	67.3	64.3
Net external liabilities/CARs	194.0	244.5	186.2	167.4	180.6	177.3	174.8	181.0	179.3	178.0
Net external liabilities/CAPs	186.4	231.8	172.0	142.2	162.0	161.2	163.0	167.1	167.5	166.5
Short-term external debt by remaining maturity/CARs	11.3	21.0	9.0	10.0	10.9	12.1	12.3	12.2	9.4	7.9
Usable reserves/CAPs (months)	2.3	3.2	2.7	2.9	3.3	3.2	2.6	2.8	2.9	3.0
Usable reserves (Mil. \$)	6,910.8	7,887.7	10,324.2	11,668.1	12,295.9	10,300.1	11,276.6	12,290.3	13,357.2	14,474.5

Fiscal indicators (general government %)

Balance/GDP	(3.4)	(9.4)	(3.5)	(3.8)	(4.1)	(3.9)	(4.4)	(4.0)	(3.4)	(3.3)
Change in net debt/GDP	6.6	15.2	3.0	4.9	5.6	3.8	4.8	4.8	4.4	4.5
Primary balance/GDP	(0.7)	(6.1)	(0.4)	(0.9)	(0.9)	(0.5)	(1.0)	(0.6)	(0.1)	(0.1)
Revenue/GDP	14.4	14.2	15.5	15.3	15.9	16.4	15.6	15.7	15.7	15.7
Expenditures/GDP	17.8	23.6	19.0	19.1	19.9	20.2	20.0	19.7	19.1	19.0
Interest/revenues	19.1	22.9	20.0	18.7	19.9	20.7	21.6	21.1	20.8	20.3
Debt/GDP	51.5	71.0	61.6	58.5	59.5	57.9	59.6	59.9	59.5	59.3
Debt/revenues	358.7	498.8	397.6	383.2	375.3	353.3	381.9	381.5	379.2	377.4
Net debt/GDP	49.3	66.0	57.0	54.3	55.9	54.9	56.6	56.9	56.5	56.3
Liquid assets/GDP	2.2	5.1	4.6	4.2	3.6	3.0	3.0	3.0	3.0	3.0

Monetary indicators (%)

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Dominican Republic--Selected Indicators

CPI growth	1.8	3.8	8.2	8.8	4.8	3.3	3.7	4.0	4.0	4.0
GDP deflator growth	3.6	5.5	7.2	9.6	5.8	4.3	3.7	4.0	4.0	4.0
Exchange rate, year-end (DOP/\$)	53.0	58.3	57.6	56.4	58.3	61.3	63.6	65.8	68.5	71.6
Banks' claims on resident non-gov't sector growth	10.7	2.8	12.3	16.5	19.2	12.3	7.0	9.7	10.2	10.2
Banks' claims on resident non-gov't sector/GDP	28.6	30.2	27.8	28.1	31.0	31.8	32.1	32.4	32.7	33.0
Foreign currency share of claims by banks on residents	21.7	17.7	18.6	20.2	19.6	21.2	21.23	21.23	21.23	21.23
Foreign currency share of residents' bank deposits	25.3	29.2	27.5	26.4	25.8	25.8	25.82	25.82	25.82	25.82
Real effective exchange rate growth	(1.2)	(6.7)	0.2	9.2	(0.3)	(2.9)	0	0	0	0

Sources: Central Bank of Dominican Republic (economic indicators, external indicators), Ministry of Finance and Central Bank of Dominican Republic (fiscal indicators), and International Monetary Fund (monetary indicators).

Adjustments: Our GG debt data includes debt issued by the central bank and excludes recapitalization bonds issued by the Ministry of Finance. Our fiscal data includes the quasi-fiscal deficit from the central bank

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. DOP--Dominican peso. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Dominican Republic--Rating Component Scores

Key rating factors	Score	Explanation
Institutional assessment	4	Policy consensus and predictability allow for balanced and strong economic growth. A less effective fiscal policy may compromise the sustainability of the Dominican Republic's public finances.
Economic assessment	3	Based on GDP per capita and growth trends, per selected indicators in table 1. Weighted average real GDP per capita trend growth over a 10-year period is above sovereigns in the same GDP category.
External assessment	4	Based on narrow net external debt and gross external financing needs/(current account receipts plus usable reserves), per selected indicators in table 1. Risk of marked deterioration in the cost of or access to external financing, given that net external liabilities are significantly higher than narrow net external debt, by around 100% of current account receipts, per selected indicators in table 1.
Fiscal assessment: flexibility and performance	5	Based on the change in net general government debt (% of GDP), per selected indicators in table 1.

Dominican Republic--Rating Component Scores

Key rating factors	Score	Explanation
Fiscal assessment: debt burden	5	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue), per selected indicators in table 1. Over 50% of gross government debt is denominated in foreign currency.
Monetary assessment	4	The exchange rate regime is still a managed float, with the central bank intervening intermittently in foreign exchange markets. The central bank has a short record of operational independence and uses market-based monetary instruments, such as open market operations. CPI as per selected indicators in table 1. The central bank has the ability to act as a lender of last resort for the financial system.
Indicative rating		
Notches of supplemental adjustments and flexibility	bb	As per table 1 of Sovereign Rating Methodology.
Final rating		
Foreign currency	BB	Default risks do not apply differently to foreign currency and local currency debt.
Notches of uplift	0	
Local currency	BB	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | Sovereigns: Sovereign Rating Methodology](#), Dec. 18, 2017
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments](#), May 18, 2009

Related Research

- [Economic Outlook Emerging Markets Q1 2026: AI Will Drive Trade Divergence In 2026](#), Nov. 24, 2025
- [Sovereign Ratings History](#), Nov. 11, 2025
- [Sovereign Risk Indicators](#), Oct. 9, 2025

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- [Americas Sovereign Rating Trends 2025: Momentum Loses Steam Amid Global Uncertainty](#), July 8, 2025
- [2024 Annual Global Sovereign Default And Rating Transition Study](#), March 24, 2025
- [Dominican Republic 'BB/B' Ratings Affirmed; Outlook Remains Stable](#), Dec. 3, 2024

Ratings Detail (as of December 04, 2025)*

Dominican Republic

Sovereign Credit Rating	BB/Stable/B
Transfer & Convertibility Assessment	BBB-
Senior Secured	BB
Senior Unsecured	BB

Sovereign Credit Ratings History

19-Dec-2022	<i>Foreign Currency</i>	BB/Stable/B
02-Dec-2021		BB-/Stable/B
16-Apr-2020		BB-/Negative/B
19-Dec-2022	<i>Local Currency</i>	BB/Stable/B
02-Dec-2021		BB-/Stable/B
16-Apr-2020		BB-/Negative/B

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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