



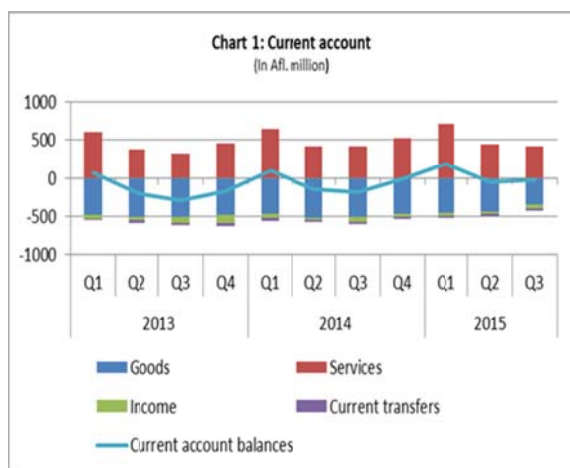
## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: January 14, 2016

#### **Balance of payments developments: the deficit on the current account declined to Afl. 19.0 million in the third quarter of 2015**

The balance of payments current account deficit contracted by Afl. 168.8 million to Afl. 19.0 million deficit in the third quarter of 2015, compared to the corresponding quarter of 2014 (Chart 1 and Table 1). The improvement in the current account was mainly driven by a decrease in the deficit on the goods account, and to a lesser extent, by decreases in the deficits on the income account and current transfers account. On the other hand, the net services exports showed a slight decrease.



Source: Centrale Bank van Aruba

**Table 1: Components of the current account**

|                                  | 2014<br>Q3             | 2015<br>Q3    |
|----------------------------------|------------------------|---------------|
|                                  | <i>In Afl. million</i> |               |
| <b>Current account (net)</b>     | <b>-187.8</b>          | <b>-19.0</b>  |
| <b>Goods balance</b>             | <b>-502.2</b>          | <b>-341.6</b> |
| <i>Oil sector</i>                | -135.6                 | 40.9          |
| Exports                          | 37.8                   | 83.8          |
| Imports                          | 173.3                  | 42.9          |
| <i>Non-oil sector</i>            | -366.6                 | -382.4        |
| Exports                          | 47.6                   | 39.5          |
| Imports                          | 414.3                  | 422.0         |
| <b>Services balance</b>          | <b>415.4</b>           | <b>413.2</b>  |
| <b>Income balance</b>            | <b>-67.3</b>           | <b>-58.4</b>  |
| <b>Current transfers balance</b> | <b>-33.7</b>           | <b>-32.2</b>  |

Source: Centrale Bank van Aruba

The goods account deficit narrowed by Afl. 160.6 million to Afl. 341.6 million in the quarter under review, compared to the corresponding quarter of 2014. This improvement was largely caused by the oil sector's transactions leading to a turnaround from an Afl. 135.6 million deficit to an Afl. 40.9 million surplus. This turnaround was associated with an Afl. 130.4 million decline in imports of oil products along with an Afl. 46.0 million increase in re-exports. On the contrary, the deficit on the goods account of the non-oil sector increased somewhat by Afl. 15.8 million to Afl. 382.4 million, as import payments increased by Afl. 7.7 million (1.9 percent) to Afl. 422.0 million and export receipts fell by Afl. 8.1 million (17.0 percent) to Afl. 39.5 million. The growth in import payments was due to higher import of goods related to the new port project in Barcadera. The fall in exports receipts was brought about by the weakening of the trade activities of the free zone sector.

The services account surplus decreased marginally by Afl. 2.2 million to Afl. 413.2 million in the quarter under review, compared to the same quarter of 2014. This drop was largely caused by transactions of the non-oil sector as the increase in payments for services (Afl. 10.4 million) slightly exceeded the increase in receipts from services (Afl. 8.2 million), of which tourism receipts increased by Afl. 2.7 million (0.4 percent).

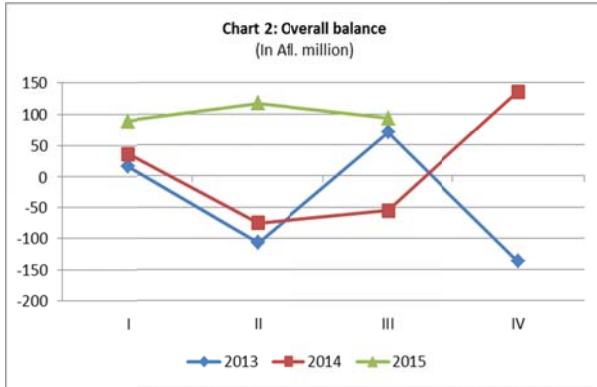
The income account deficit declined by Afl. 8.9 million to Afl. 58.4 million, mainly as a result of an Afl. 6.8 million reduction in income payments, which was largely attributed to lower interest payments on other investment loans and dividend payments of the non-oil sector. The current transfers account deficit fell by Afl. 1.5 million to Afl. 32.2 million, resulting from less current transfers payments in all sectors (Afl. 4.3 million) and less current transfer receipts by the non-oil sector (Afl. 2.8 million).

The capital and financial account surplus contracted by Afl. 46.2 million to Afl. 101.3 million, compared to the same quarter of 2014 (Table 2). This outcome was the result of the transactions of the oil-sector, which were partly offset by transactions of the non-oil sector. The financial account of this sector turned from an Afl. 66.4 million net inflow into an Afl. 105.4 million net outflow, largely due to the repayment of intercompany trade credits (Afl. 137.8 million), and to a lesser extent, to the funding of foreign bank accounts (Afl. 22.4 million). On the other hand, the financial account net inflow of the non-oil sector grew by Afl. 124.2 million to Afl. 203.9 million, associated mostly with portfolio investment transactions. The latter related to an Afl. 152.0 million foreign bond issuance by the government during the period under review, as well as higher sales of foreign securities by resident investors (Afl. 47.6 million). On the contrary, financial derivatives transactions showed an Afl. 16.3 million net outflow, compared to an Afl. 0.6 net inflow in the same quarter of 2014, mainly as result of the hedging consequences associated with a considerable fall of Heavy Fuel Oil (HFO) prices. Furthermore, the net inflow of direct investment contracted slightly by Afl. 2.8 million and the other investment net outflow increased fairly by Afl. 2.2 million. Despite minimal net changes in direct investment, gross transactions in both the equity and intercompany lending category showed large transactions related to the rebranding of Radisson to Hilton in July 2015.

| <b>Table 2: Components of the capital and financial account</b> |                        |              |
|---|------------------------|--------------|
|   | 2014                   | 2015         |
|   | Q3                     | Q3           |
|   | <i>In Afl. million</i> |              |
| <b>Capital account (net)</b>                                    | <b>1.4</b>             | <b>2.7</b>   |
| <b>Financial account (net)</b>                                  | <b>146.1</b>           | <b>98.5</b>  |
| <i>Oil sector</i>   | 66.4                   | -105.4       |
| <i>Non-oil sector</i>   | 79.7                   | 203.9        |
| <b>Direct investment (net)</b>                                  | <b>185.3</b>           | <b>31.0</b>  |
| <i>Oil sector</i>   | 68.4                   | -83.2        |
| <i>Non-oil sector</i>   | 116.9                  | 114.1        |
| <b>Portfolio investment (net)</b>                               | <b>-13.8</b>           | <b>132.8</b> |
| <b>Financial derivatives (net)</b>                              | <b>0.6</b>             | <b>-16.3</b> |
| <b>Other investment (net)</b>                                   | <b>-26.0</b>           | <b>-48.9</b> |
| <i>Oil sector</i>   | -1.7                   | -22.3        |
| <i>Non-oil sector</i>   | -24.4                  | -26.6        |
| <b>Capital and financial account (net)</b>                      | <b>147.5</b>           | <b>101.3</b> |

Source: Centrale Bank van Aruba

The overall balance of payments recorded an Afl. 92.9 million surplus in the third quarter of 2015, compared to an Afl. 55.0 million deficit in the corresponding quarter of 2014 (Chart 2 and Table 3). This improvement led to a slight decrease in the net foreign assets of the commercial banks of Afl. 4.7 million and an increase in the official reserves of the Central Bank of Afl. 97.6 million.



Source: Centrale Bank van Aruba

|                          | 2014                   | 2015        |
|--------------------------|------------------------|-------------|
|                          | Q3                     | Q3          |
|                          | <i>In Afl. million</i> |             |
| Current account (net)    | -187.8                 | -19.0       |
| Capital account (net)    | 1.4                    | 2.7         |
| Financial account (net)  | 146.1                  | 98.5        |
| Items not yet classified | -14.6                  | 10.6        |
| <b>Overall balance</b>   | <b>-55.0</b>           | <b>92.9</b> |

Source: Centrale Bank van Aruba