



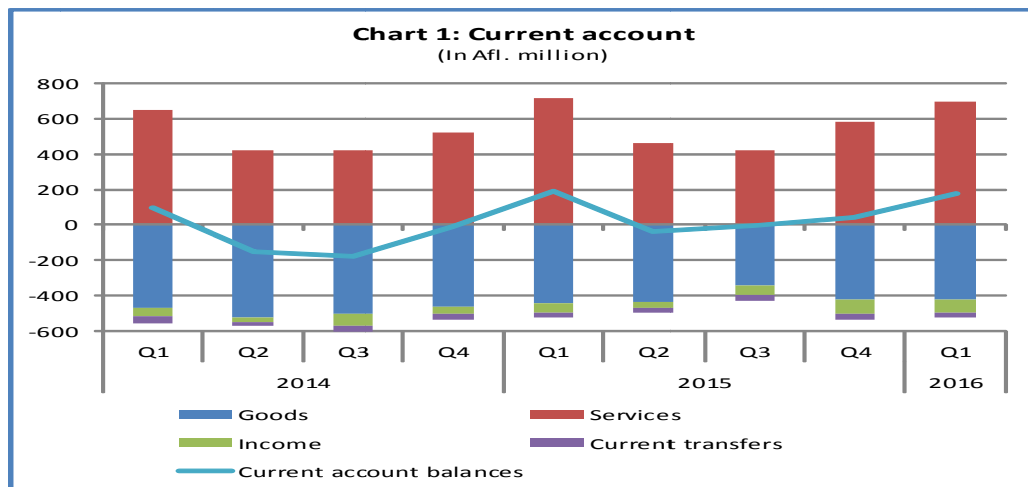
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: July 27, 2016

Current account surplus fell by Afl. 17.6 million in the first quarter of 2016 compared to the same quarter of last year

The current account of the balance of payments ended in the first quarter of 2016 with an Afl. 175.0 million surplus, which can be attributed entirely to the services account (Chart 1 and Table 1). Compared to the first quarter of 2015, the surplus was however Afl. 17.6 million lower.



Source: Centrale Bank van Aruba

The income account registered an Afl. 27.5 million higher deficit in the first quarter of 2016, reflecting higher dividend payments by the hotel sector and interest payments on bonds by the government. The surplus on the services account decreased by Afl. 17.3 million, mostly attributed to an Afl. 31.9 million (2.9 percent) decline in services exports, largely caused by the service components tourism receipts (1.4 percent), construction services (88.4 percent) and other services (4.7 percent). In contrast, the goods account deficit strengthened by Afl. 22.8 million, primarily associated with transactions of the non-oil sector. These transactions led to an Afl. 37.2 million lower deficit, reflecting decreases in both exports and imports of goods by, respectively, Afl. 8.9 million (19.8 percent) and Afl. 46.0 million (10.6 percent).

Factors that contributed to this outcome were declines in merchandise exports by the free zone companies and lower foreign exchange earnings received from bunker activities, while the decline in imports was related to lower payments for consumer goods. Furthermore, the deficit on the goods account of the oil sector deteriorated by Afl. 14.4 million to Afl. 72.0 million. The deficit of the current transfers account

narrowed by Afl. 4.5 million to Afl. 24.6 million, reflecting a decline in payments for nonlife insurance premiums and lower receipts by the government in the quarter under review, compared to the same quarter of last year.

Table 1: Components of the current account				
		2015	2016	Changes
		Q1	Q1	Q1 2016 vs Q1 2015
<i>In Afl. million</i>				
1	Goods balance	-445.6	-422.8	22.8
	Oil sector	-57.7	-72.0	-14.4
	Exports	88.1	42.4	-45.7
	Imports	145.8	114.4	-31.4
	Non-oil sector	-388.0	-350.8	37.2
	Exports	44.9	36.0	-8.9
	Imports	432.8	386.8	-46.0
2	Services balance	715.0	697.7	-17.3
3	Income balance	-47.8	-75.3	-27.5
4	Current transfers balance	-29.1	-24.6	4.5
CURRENT ACCOUNT (NET) (1+2+3+4)		192.6	175.0	-17.6

Source: Centrale Bank van Aruba

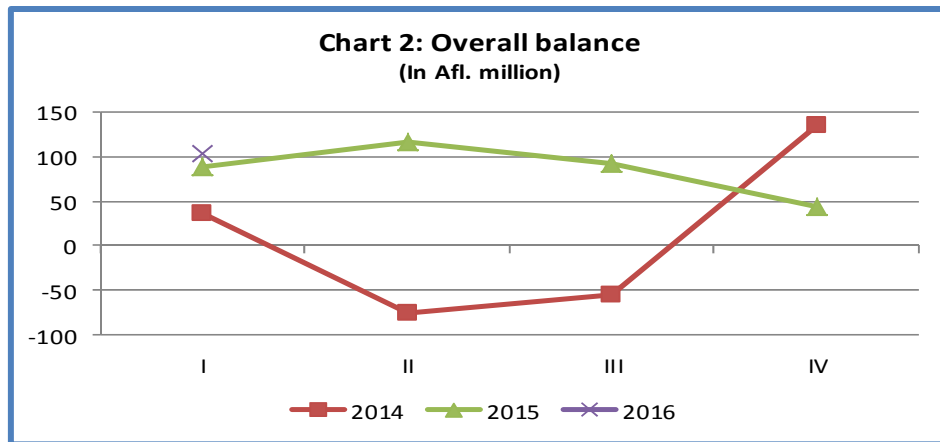
The capital and financial accounts showed an Afl. 63.3 million net outflow, Afl. 21.8 million smaller than in the same quarter of 2015 (Table 2). On the one hand, the net outflow of the financial account of the non-oil sector recorded a considerable Afl. 51.5 million higher net outflow. The latter was primarily caused by a higher net increase in outflow of Afl. 99.0 million in the other investment account, reflecting a rise in banks' currency and deposits of resident holders of notified foreign bank accounts and a considerable lower inflow of capital recorded in other investment assets, compared to the first quarter of 2015. On the other hand, the financial account of the oil sector recorded an Afl. 74.3 million higher net inflow, chiefly attributed to the direct investment account related to trade credit transactions.

Table 2: Components of the capital and financial account				
		2015	2016	Changes
		Q1	Q1	Q1 2016 vs Q1 2015
<i>In Afl. million</i>				
1	Capital account (net)	-0.3	-1.3	-1.0
2	Financial account (net) (a+b+c+d)	-84.8	-62.0	22.8
	Oil sector	-7.1	67.2	74.3
	Non-oil sector	-77.7	-129.2	-51.5
a.	Direct investment (net)	-40.5	33.8	74.3
	Oil sector	-25.8	53.3	79.1
	Non-oil sector	-14.7	-19.5	-4.8
b.	Portfolio investment (net)	-41.4	15.9	57.3
c.	Financial derivatives	-21.0	-26.0	-5.0
d.	Other investment (net)	18.0	-85.7	-103.7
	Oil sector	18.3	13.7	-4.7
	Non-oil sector	-0.3	-99.3	-99.0
CAPITAL AND FINANCIAL ACCOUNT (NET) (1+2)		-85.1	-63.3	21.8

Source: Centrale Bank van Aruba

Portfolio investment of the non-oil sector registered an Afl. 15.9 million net inflow, compared to an Afl. 41.4 million net outflow in the first quarter of 2015, due to higher net sales of foreign equities and debt securities by residents. Continuing the pattern, financial derivatives transactions showed an Afl. 5.0 million higher net outflow, compared to the first quarter of 2015, mainly the result of hedging transactions as prices of Heavy Fuel Oil (HFO) dropped. Direct investment of the non-oil sector recorded an Afl. 4.8 million higher net outflow. This increase was mostly associated with the pay-off of foreign intercompany loans balances of the former shareholders of a hotel of which its shareholders' structure changed on the nonresident level. The latter transaction was not reflected in the balance of payments, because it involved a transaction between nonresidents.

The overall balance of payments recorded an Afl. 103.1 million surplus in the first quarter of 2016, improving by Afl. 14.5 million (Chart 2). This improvement reflected an increase of Afl. 61.2 million in the official reserves of the Centrale Bank van Aruba, which was partially offset by an Afl. 46.6 million contraction in the net foreign assets of the commercial banks (Table 3).



Source: Centrale Bank van Aruba

Table 3: Balance of Payments summary			
	2015	2016	Changes
	Q1	Q1	Q1 2016 vs Q1 2015
<i>In Afl. million</i>			
1 Current account (net)	192.6	175.0	-17.6
2 Capital account (net)	-0.3	-1.3	-1.0
3 Financial account (net)	-84.8	-62.0	22.8
4 Items not yet classified	-18.9	-8.6	10.3
5 Overall balance (1+2+3+4)	88.6	103.1	14.5
<i>Reflected in:</i>			
6 Banking transactions	-78.1	-31.5	46.6
7 Official reserves	-10.4	-71.6	-61.2

Source: Centrale Bank van Aruba