



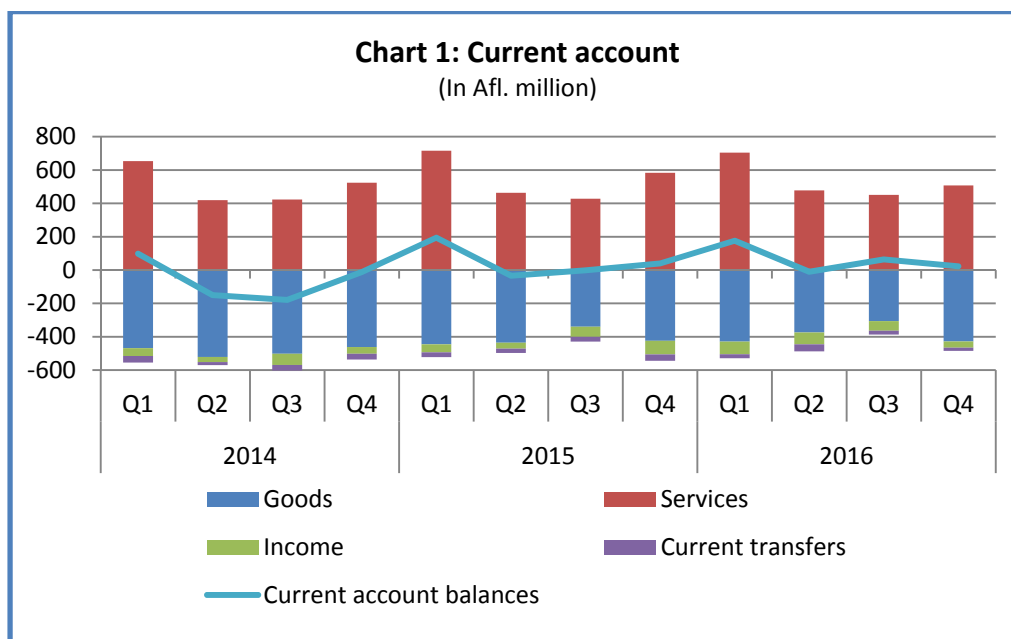
## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: April 12, 2017

#### ***Balance of payments developments: the current account of the balance of payments showed a lower surplus in the fourth quarter of 2016***

During the fourth quarter of 2016, the current account of the balance of payments posted an Afl. 22.9 million surplus, Afl. 16.5 million lower than in corresponding quarter of the previous year. This contraction resulted from a decline in the net export of services, which was partly offset by a drop in the income and current transfers accounts deficit (see Chart 1 and Table 1).



Source: Centrale Bank van Aruba

The net export of goods and services fell by Afl. 79.1 million in the quarter under review, chiefly resulting from an Afl. 75.8 million contraction in the net export of services. The latter was associated with the non-oil sector transactions. Export of services of this sector shrank by Afl. 39.9 million, due to a 4 percent decrease in foreign exchange revenue from tourism activities, as the number of both stay-over and cruise visitors fell by, respectively, 25.4 percent and 2.5 percent. Expansions in import of services (Afl. 25.9 million) of the non-oil sector, primarily resulting from increases in payments for government representatives abroad and health related purposes, and a decline in transshipment activities of the oil sector (Afl. 4.1 million) also contributed to the deterioration in the net export of services.

The deficit on the goods account widened by Afl. 3.3 million, largely due to an Afl. 4.3 million increase in net import of goods of the oil sector. This rise was attributed to the decline in re-export of oil products (Afl.13.2 million) outweighing the drop in imports of oil products (8.9 million).

The deficit on both the income and current transfers accounts narrowed by, respectively, Afl. 43.5 million and Afl. 19.1 million. The drop in the income account deficit was mainly attributed to lower dividend payments (Afl. 56.1 million), while the fall in the current transfers account deficit was associated with an incidental tax gain (Afl. 14.5 million) by the government from the hotel sector. On the other hand, interest payments on bonds, including government bonds, and intercompany loans grew by Afl. 6.5 million and Afl. 1.4 million, respectively,

Table 1: Components of the current account				
	2015	2016	Changes	
	Q4	Q4	Q4-2016 vs Q4-2015	
<i>In Afl. million</i>				
1	Goods and services balance	159.0	79.9	-79.1
	Goods balance	-424.5	-427.8	-3.3
	Oil sector	-31.6	-35.9	-4.3
	Exports	29.2	16.0	-13.2
	Imports	-60.8	-51.9	8.9
	Non-oil sector	-392.9	-391.8	1.1
	Exports	39.2	56.0	16.8
	Imports	-432.1	-447.9	-15.8
	Services balance	583.5	507.7	-75.8
2	Income balance	-80.8	-37.3	43.5
3	Current transfers balance	-38.8	-19.7	19.1
<b>CURRENT ACCOUNT (NET) (1+2+3)</b>		<b>39.4</b>	<b>22.9</b>	<b>-16.5</b>

Source: Centrale Bank van Aruba

The capital and financial accounts recorded a net outflow of Afl. 22.2 million, Afl. 14.4 million higher than that in the same period of 2015, resulting from widening of the financial account net outflow by Afl. 26.2 million (see Table 2). This outcome was largely offset by an Afl. 11.7 million increase in the capital account surplus resulted primarily from an incidental revenue (Afl. 13.6 million) related to patent rights.

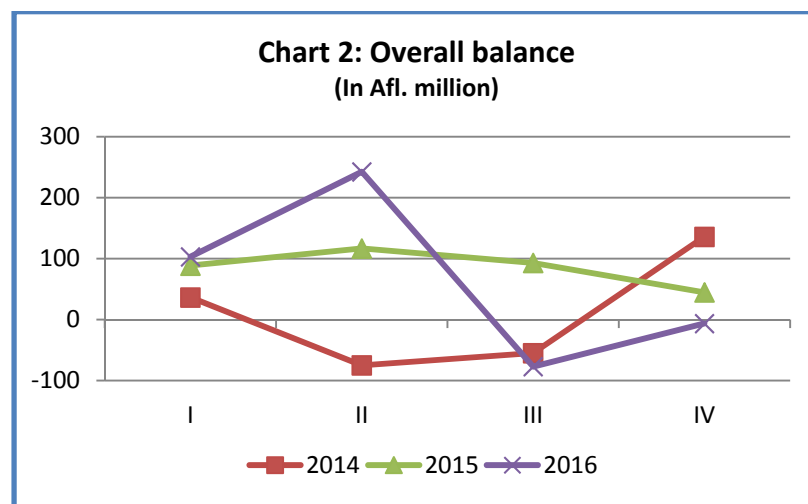
The higher financial account net outflow resulted from transactions of the non-oil sector. Net outflows of direct investment and portfolio investment of this sector mainly contributed to this outcome. Direct investment showed an Afl. 65.2 million net outflow, compared to an Afl. 23.4 million net inflow in the same quarter of 2015, largely brought about by a decrease in net intercompany lending (Afl. 69.1 million). Portfolio investment recorded an Afl. 50.7 million net outflow, compared to an Afl. 6.9 million net inflow in the corresponding quarter of 2015. This outturn was due to lower receipts from government bond issuance and higher repayments on matured government bonds held by nonresidents. Financial derivatives related transactions led to an Afl. 21.9 million net outflow of capital, compared to Afl. 22.1 million net capital outflow in the corresponding quarter of 2015, largely reflecting the result of hedging transactions. On the

other hand, the net outflow of other investment of the non-oil sector expanded from Afl. 8.5 million to Afl. 57.9 million, largely due to a net transfer from notified foreign accounts, although other investment related transactions, including foreign loans received recorded a drop. Direct investment of the oil sector turned from an Afl. 27,2 million net outflow in the fourth quarter of 2015 into an Afl. 44.7 million net inflow in the quarter under review. This improved outturn was caused mainly by higher inflow of funds related to equity contribution and received trade credits.

Table 2: Components of the capital and financial account				
		2015	2016	Changes
		Q4	Q4	Q4-2016 vs Q4-2015
<i>In Afl. million</i>				
<b>1</b>	<b>Capital account (net)</b>	<b>0.3</b>	<b>12.0</b>	<b>11.7</b>
<b>2</b>	<b>Financial account (net) (a+b+c+d)</b>	<b>-8.1</b>	<b>-34.3</b>	<b>-26.2</b>
	Oil sector	-24.8	46.9	71.7
	Non-oil sector	16.8	-81.1	-97.9
a.	Direct investment (net)	-3.8	-20.5	-16.7
	Oil sector	-27.2	44.7	71.9
	Non-oil sector	23.4	-65.2	-88.6
b.	Portfolio investment (net)	6.4	-49.7	-56.1
c.	Financial derivatives	-22.1	-21.9	0.2
d.	Other investment (net)	11.4	57.9	46.5
	Oil sector	2.9	1.2	-1.7
	Non-oil sector	8.5	56.7	48.2
<b>CAPITAL AND FINANCIAL ACCOUNT (NET) (1+2)</b>		<b>-7.8</b>	<b>-22.2</b>	<b>-14.4</b>

Source: Centrale Bank van Aruba

During the fourth quarter of 2016, the overall balance of payments recorded an Afl. 6.5 million deficit, a turnaround compared to the Afl. 44.6 million surplus in the same quarter of 2015 (see Table 3 and Chart 2). This overall outcome resulted in a decrease in the official reserves of the Centrale Bank van Aruba (Afl. 42.2 million) and an increase in the net foreign assets of the commercial banks (Afl. 35.7 million).



Source: Centrale Bank van Aruba

Table 3: Balance of Payments summary				
	2015	2016	Changes	
	Q4	Q4	Q4-2016 vs Q4-2015	
<i>In Afl. million</i>				
1	Current account (net)	39.4	22.9	-16.5
2	Capital account (net)	0.3	12.0	11.7
3	Financial account (net)	-8.0	-34.2	-26.2
4	Items not yet classified	12.9	-7.2	-20.1
<b>5</b>	<b>Overall balance (1+2+3+4)</b>	<b>44.6</b>	<b>-6.5</b>	<b>-51.1</b>
	<i>Reflected as increase (-)/ decrease (+) in:</i>			
6	Banking transactions	-7.7	-35.7	-28.0
7	Official reserves	-36.9	42.2	79.1

Source: Centrale Bank van Aruba