



CENTRALE BANK VAN ARUBA

Statistical News Release

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The official reserves of the Centrale Bank van Aruba increased during the second quarter and the first six months of 2017

Developments in the second quarter of 2017

In the second quarter of 2017, foreign exchange transactions settled through the Centrale Bank van Aruba (CBA) resulted in a net purchase by the CBA of Afl. 31.6 million of foreign exchange, which was Afl. 139.0 million lower than in the second quarter of 2016. This decline was attributed mainly to government transactions. These transactions led to a net foreign exchange sale of Afl. 47.5 million in the quarter under review, compared to a net foreign exchange purchase of Afl. 153.9 million in the second quarter of 2016. On the other hand, the net purchase of foreign exchange from the commercial banks grew by Afl. 47.4 million to Afl. 73.3 million. Transactions settled on behalf of other clients led to an Afl. 5.8 million net purchase of foreign exchange, compared to a net foreign exchange sales of Afl. 9.2 million in the corresponding quarter of 2016. As a consequence, the official reserves of the CBA, including other changes not related to foreign exchange transactions, increased by Afl. 31.1 million to Afl. 1,704.2 million at the end of June 2017 (see Table 1).

Table 1: Factors affecting CBA's official reserves¹

(in Afl. million)

	2015		2016		2017	
	Q2	YTD ³	Q2	YTD ³	Q2	YTD ³
I. Reserves at beginning of period	1,260.8	1,239.8	1,593.6	1,479.9	1,673.1	1,673.2
II. Net purchases/sales (-) of foreign exchange	114.2	263.9	170.6	241.9	31.6	-59.0
<i>Of which from/to:</i>						
1. Commercial banks	134.0	133.1	25.9	153.3	73.3	68.7
2. Government	-19.3	116.0	153.9	96.5	-47.5	-136.9
3. Other clients	-0.5	14.8	-9.2	-7.8	5.8	9.2
III. Other changes ²	-6.7	-135.4	21.9	64.4	-0.5	90.0
IV. Reserves at ending of period (I+II+III)	1,368.3	1,368.3	1,786.2	1,786.2	1,704.2	1,704.2
V. Change in official reserves during period (IV-I)	107.5	128.5	192.6	306.3	31.1	31.0

Source: CBA

¹ Including valuation changes.

² Include valuation changes refer to revaluation of gold, foreign exchange and security holdings and statistical differences.

³ January up to and including June.

On a gross basis, the CBA's total foreign exchange purchases fell by Afl. 121.4 million or 37.9 percent to Afl. 198.7 million in the second quarter of 2017, compared to the same period of 2016 (see Table 2). This decrease was attributed mainly to government transactions, as the government did not issue bonds on the international capital market during the quarter under review. On the other hand, foreign exchange purchases from the commercial banks and other clients grew by Afl. 51.3 million to Afl. 190.7 million and Afl. 5.5 million to Afl. 8.0 million, respectively.

Table 2: Foreign exchange transactions

(in Afl. million)

	2015		2016		2017	
	Q2	YTD ¹	Q2	YTD ¹	Q2	YTD ¹
I. Total purchases of foreign exchange	231.2	411.4	320.1	556.7	198.7	200.9
Of which from:						
1. Commercial banks	226.7	346.2	139.4	371.2	190.7	187.1
2. Government	0.4	54.7	178.2	178.2	0.0	0.0
3. Other clients	4.1	10.5	2.5	7.3	8.0	13.8
II. Total sales of foreign exchange	117.0	279.2	149.5	314.8	167.1	259.9
Of which to:						
1. Commercial banks	92.7	211.5	113.5	218.0	117.4	118.4
2. Government	19.8	61.4	24.3	81.7	47.5	136.9
3. Other clients	4.6	6.3	11.7	15.1	2.2	4.6
III. Net purchases/sales (-) of foreign exchange	114.2	132.2	170.6	241.9	31.6	-59.0
IV. Net purchases/sales (-) from/to commercial banks	134.0	134.7	25.9	153.2	73.3	68.7
V. Net purchases/sales (-) from/to government	-19.3	-6.6	153.9	96.5	-47.5	-136.9
VI. Net purchases/sales (-) from/to other clients	-0.5	4.2	-9.2	-7.8	5.8	9.2

Source: CBA

¹ January up to and including June.

The total foreign exchange sales of the CBA rose by Afl. 17.6 million or 11.8 percent to Afl. 167.1 million, mainly because foreign exchange sales to the government expanded by Afl. 23.2 million to Afl. 47.5 million, reflecting largely Afl. 32.2 million government foreign debt service payments and Afl. 4.0 million funding of its notified foreign account. In addition, foreign exchange sales to commercial banks increased by Afl. 3.9 million to Afl. 117.4 million. On the other hand, sales of foreign exchange to other clients declined by Afl. 9.5 million to Afl. 2.2 million.

Developments in the first half of 2017

During the first six months of 2017, foreign exchange transactions effectuated via CBA resulted in a net sale of Afl. 59.0 million of foreign exchange, compared to a net purchase of Afl. 241.9 million of foreign exchange, in the same period of 2016. This outcome was largely caused by transactions with the government leading to a turnaround from a net foreign exchange purchase of Afl. 96.5 million into a net sale of foreign exchange Afl. 136.9 million. Additionally, a decrease of Afl 84.6 million in the

net foreign exchange purchase from the commercial banks also contributed to the aforementioned outcome.

During the first six months of 2017, total foreign exchange purchases contracted by Afl. 355.8 million or 63.9 percent to Afl. 200.9 million, compared to the corresponding quarter of 2016. This contraction was associated partially with a decrease of Afl. 184.1 million or 49.6 percent in foreign exchange purchases from the commercial banks. Additionally, there were no purchases of foreign exchanges from the government. On the other hand, foreign exchange purchases from other clients grew by Afl. 6.5 million.

During the first six months of 2017, total foreign exchange sales shrunk by Afl. 54.9 million or 17.4 percent to Afl. 259.9 million, compared to the first half of 2016. Decreases in foreign exchange sales to the government (-Afl. 99.6 million) and other clients (-Afl. 10.5 million) contributed to this fall. However, sales of foreign exchange to commercial banks increased (Afl. 10.5 million).