



CENTRALE BANK VAN ARUBA

Statistical News Release

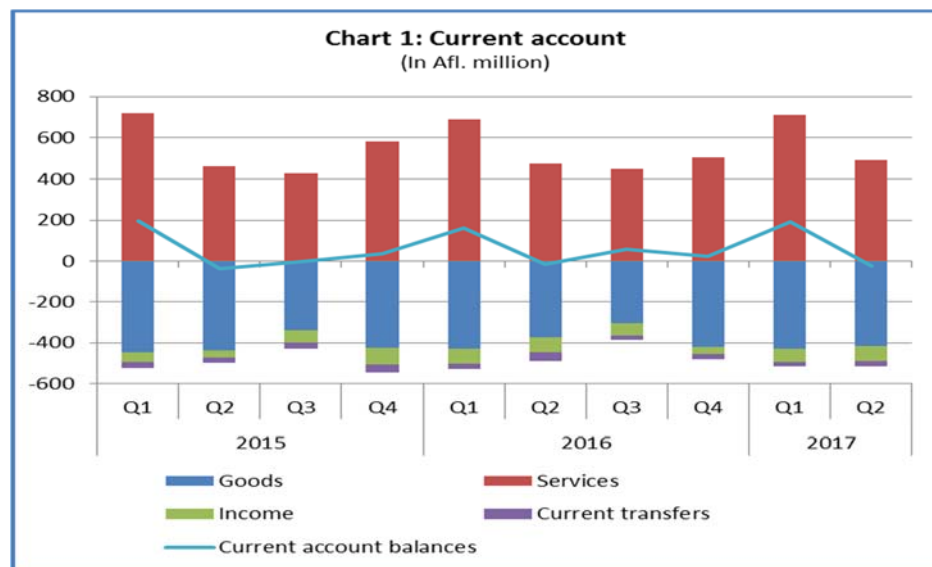
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The balance of payments recorded an Afl. 35.4 million deficit in the second quarter of 2017

In the second quarter of 2017, the balance of payments registered an Afl. 35.4 million deficit, compared to an Afl. 242.4 million surplus in the corresponding quarter of 2016. The former was the result of a turnaround from an Afl. 271.8 million surplus into an Afl. 9.1 million deficit on the capital and financial account (excluding banking transactions) and a widening of Afl. 9.3 million of the current account deficit.

Current account

The deficit on the current account of the balance of payments amounted to Afl. 23.4 million in the second quarter of 2017 (2016-II: Afl. 14.1 million). The goods account was responsible for this widening of the current account deficit. On the other hand, the services account surplus continued to increase and the current transfers account deficit dropped (see Chart 1 and Table 1).



Source: Centrale Bank van Aruba

The goods account recorded an Afl. 415.4 million deficit (2016-II: Afl. 374.3 million). Lower exports receipts of oil and re-exports of goods as well as increased payments for non-oil goods of 6 percent contributed to this deterioration. On the other hand, payments for oil products declined by 63.5 percent.

The surplus on the services account expanded by Afl. 17.9 million to Afl. 491.8 million, mainly attributed to an Afl. 49.0 million (5.9 percent) rise in services exports, which was partly offset by an expansion of Afl. 31.1 million (8.6 percent) in services imports. The increase in services exports was largely caused by a 6.3 percent

increase in tourism receipts. Also, the deficit on the current transfers account dropped by Afl. 15.0 million (35 percent) to Afl. 27.2 million, due largely to less non-life insurance premiums to abroad. Services imports grew due to higher payments for professional and technical services as well as higher tourism expenses abroad.

Table 1: Components of the current account				
		2016	2017	Changes
		Q2	Q2	Q2 2017 vs Q2 2016
In Afl. million				
1	Goods balance	-374.3	-415.4	-41.1
	Oil sector	-28.8	-40.7	-11.9
	Exports	140.6	21.1	-119.5
	Imports	169.4	61.8	-107.6
	Non-oil sector	-345.5	-374.7	-29.2
	Exports	33.0	26.5	-6.5
	Imports	378.5	401.2	22.7
2	Services balance	473.9	491.8	17.9
3	Income balance	-71.5	-72.6	-1.1
4	Current transfers balance	-42.2	-27.2	15.0
CURRENT ACCOUNT (NET) (1+2+3+4)		-14.1	-23.4	-9.3

Source: Centrale Bank van Aruba

Capital and financial account

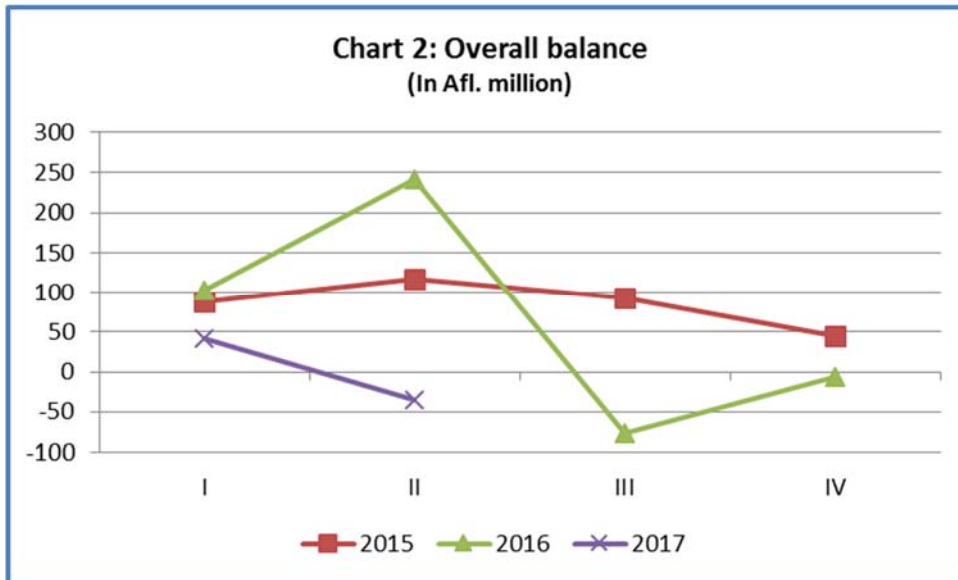
The Afl 271.8 million surplus on the capital and financial account (excluding banking transactions) in the second quarter of 2016 turned into an Afl. 9.1 million deficit in the quarter under review (see Table 2). Both the portfolio investment and other investment recorded a net outflow of, Afl. 38.1 million and Afl. 2.7 million, respectively, compared to net inflows of Afl. 146.0 million and Afl. 70.2 million in the same period of 2016. The turnaround in the portfolio investment was largely attributed to government transactions, as the government did not issue bonds on the international capital market in the second quarter of 2017. The deterioration in the other investment was brought about by lower receipts related to foreign loans and lower net transfers from foreign bank accounts held by residents. Additionally, the net inflow in the direct investment contracted by Afl. 31.6 million to Afl. 48.9 million, mostly related to higher inter-company loans extended and trade credit repayments. On the other hand, lower hedging expenses for the acquisition of Heavy Fuel OIL (HFO) led to an Afl. 15.9 million drop in financial derivatives.

Table 2: Components of the capital and financial account				
		2016	2017	Changes
		Q2	Q2	Q2 2017 vs Q2 2016
In Afl. million				
1	Capital account (net)	1.0	-7.2	-8.2
2	Financial account (net) (a+b+c+d)	270.8	-1.9	-272.7
	Oil sector	-6.1	-0.4	5.7
	Non-oil sector	276.9	-1.5	-278.4
a.	Direct investment (net)	80.5	48.9	-31.6
	Oil sector	0.0	4.4	4.4
	Non-oil sector	80.5	44.5	-36.0
b.	Portfolio investment (net)	146.0	-38.1	-184.1
c.	Financial derivatives	-25.9	-10.0	15.9
d.	Other investment (net)	70.2	-2.7	-72.9
	Oil sector	-5.7	-4.8	0.9
	Non-oil sector	75.9	2.1	-73.8
CAPITAL AND FINANCIAL ACCOUNT (NET) (1+2)		271.8	-9.1	-280.9

Source: Centrale Bank van Aruba

Overall balance

The balance of payments recorded an Afl. 35.4 million deficit in the second quarter of 2017. The net foreign assets of the commercial banks contracted by Afl. 65.9 million, while the official reserves grew by Afl. 30.5 million (see Chart 2 and Table 3).



Source: Centrale Bank van Aruba

Table 3: Balance of Payments summary			
	2016	2017	Changes
	Q2	Q2	Q2 2017 vs Q2 2016
<i>In Afl. million</i>			
1 Current account (net)	-14.1	-23.4	-9.3
2 Capital account (net)	1.0	-7.2	-8.2
3 Financial account (net)	270.8	-1.9	-272.7
4 Items not yet classified	-15.3	-2.9	12.4
5 Overall balance (1+2+3+4)	242.4	-35.4	-277.8
<i>Reflected in (minus sign denotes an increase):</i>			
6 Banking transactions	-71.4	65.9	-137.3
7 Official reserves	-171.0	-30.5	-140.5

Source: Centrale Bank van Aruba