



CENTRALE BANK VAN ARUBA

Statistical News Release

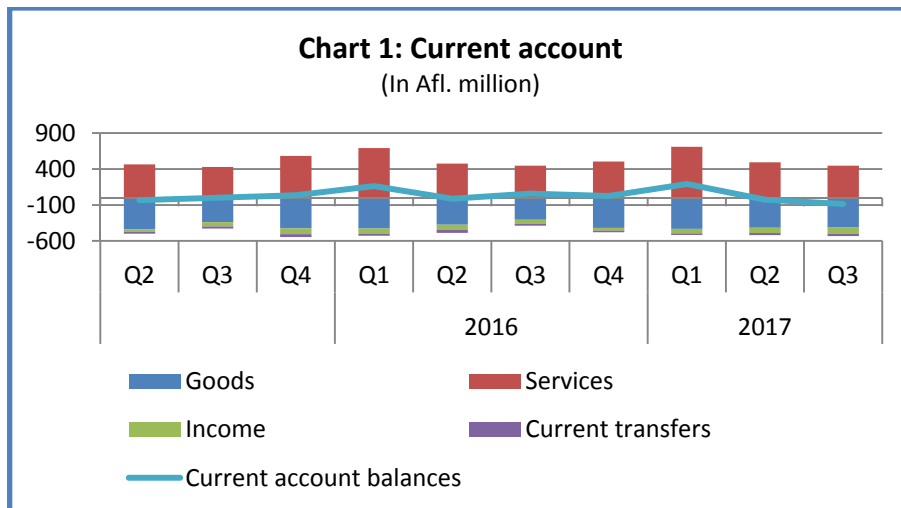
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The balance of payments recorded a higher deficit in the third quarter of 2017, compared to the same quarter of last year

In the third quarter of 2017, the balance of payments registered an Afl. 124.6 million deficit, Afl. 47.4 million higher than that in the corresponding quarter of 2016. This outcome was the result of deficits on both the current account (Afl. 85.5 million) and the capital and financial account (Afl. 41.6 million), excluding banking transactions and items not yet classified.

Current account

The Afl. 58.5 million surplus on the current account of the balance of payments in the third quarter of 2016 turned into an Afl. 85.5 million deficit in the quarter under review. The goods, income and current transfers accounts were responsible for this turnaround. On the other hand, the services account surplus increased marginally (see Chart 1 and Table 1).



Source: Centrale Bank van Aruba

The goods account recorded an Afl. 414.9 million deficit (2016-III: Afl. 306.5 million), mostly caused by lower receipts of exports and re-exports by the oil sector. In addition, import payments for non-oil goods increased by 6.4 percent, while on the other hand import payments for oil products declined by 39.4 percent.

In the quarter under review, higher deficits were recorded on both the income account (Afl. 28.7 million) and the current transfers account (Afl. 8.0 million). Increased dividend payments and profit transfers (Afl. 37.3 million) to abroad contributed to the deterioration in the income account. The current transfers account outcome was mainly brought about by lower claims paid-off from non-life insurance (Afl. 8.7 million).

The surplus on the services account recorded a slight increase of Afl. 1.0 million to Afl. 447.6 million, mainly attributed to an Afl. 24.6 million (2.9 percent) rise in services exports, which was partly offset by an expansion of Afl. 23.5 million (5.9 percent) in services imports. The increase in services exports was largely caused by a 3 percent increase in tourism receipts. Services imports grew due to higher payments for, transportation, professional and technical services as well as higher tourism expenses abroad.

Table 1: Components of the current account				
		2016	2017	Changes
		Q3	Q3	Q3 2017 vs Q3 2016
In Afl. million				
1	Goods balance	-306.5	-414.9	-108.4
	Oil sector	40.2	-43.0	-83.2
	Exports	150.5	23.9	-126.6
	Imports	110.3	66.9	-107.6
	Non-oil sector	-346.7	-372.0	-29.2
	Exports	36.7	35.9	-0.8
	Imports	383.4	407.9	24.5
2	Services balance	446.6	447.6	1.0
3	Income balance	-57.6	-86.3	-28.7
4	Current transfers balance	-24.0	-32.0	-8.0
CURRENT ACCOUNT (NET) (1+2+3+4)		58.5	-85.5	-144.0

Source: Centrale Bank van Aruba

Capital and financial account

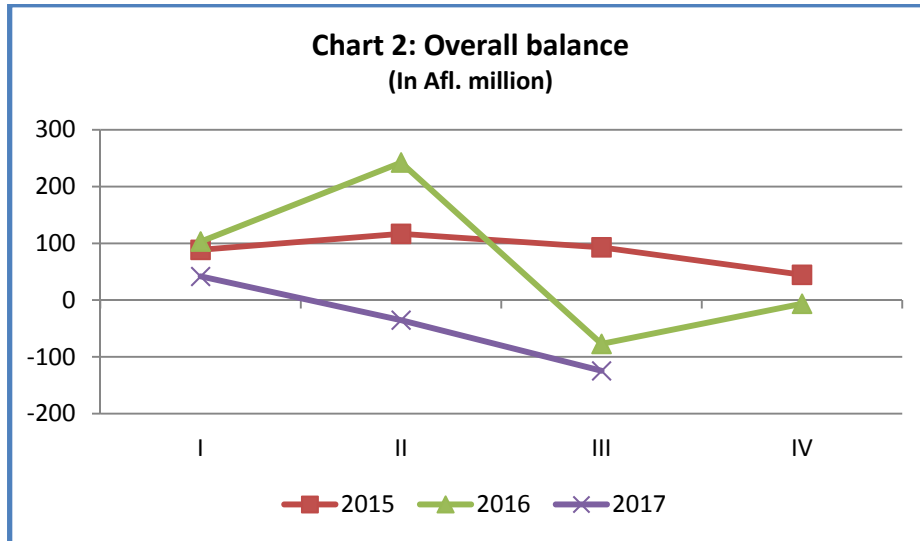
In the third quarter of 2017, the capital and financial account deficit (excluding banking transactions) contracted by Afl. 96.0 million to Afl. 41.6 million, compared to the same quarter of 2016 (see Table 2). This contraction was the result of a turnaround from an Afl. 69.6 million net outflow into an Afl. 66.0 million net inflow of direct investment, largely related to lower repayments on trade credits and inter-company loans received. In addition, lower hedging expenses for the acquisition of Heavy Fuel OIL (HFO) resulted in an Afl. 14.2 million decline in financial derivatives. On the other hand, net outflow of portfolio investment expanded by Afl. 52.6 million to Afl. 93.6 million, largely attributed to higher repayments on government bonds. Other investment recorded an Afl 3.5 million higher net outflow, reflecting a net decrease in foreign loan liabilities, compared to a net increase in same period of last year. The latter was greatly offset by a decrease in foreign bank account balances, compared to an increase in these balances in the third quarter of 2016.

Table 2: Components of the capital and financial account				
		2016	2017	Changes
		Q3	Q3	Q3 2017 vs Q3 2016
In Afl. million				
1	Capital account (net)	-0.1	2.4	2.5
2	Financial account (net) (a+b+c+d)	-137.4	-44.0	93.4
	Oil sector	-64.4	16.1	80.5
	Non-oil sector	-73.1	-60.1	13.0
a.	Direct investment (net)	-69.6	66.0	135.6
	Oil sector	-85.9	16.1	102.0
	Non-oil sector	16.4	49.8	33.4
b.	Portfolio investment (net)	-40.9	-93.6	-52.7
c.	Financial derivatives	-24.1	-9.9	14.2
d.	Other investment (net)	-2.9	-6.4	-3.5
	Oil sector	21.5	0.0	-21.5
	Non-oil sector	-24.4	-6.4	18.0
CAPITAL AND FINANCIAL ACCOUNT (NET) (1+2)		-137.6	-41.6	96.0

Source: Centrale Bank van Aruba

Overall balance

Both the net foreign assets of the commercial banks and the official reserves decreased by, respectively, Afl. 38.9 million and Afl. 85.7 million, reflecting the overall balance of payments deficit of Afl. 124.6 million in the third quarter of 2017 (see Chart 2 and Table 3).



Source: Centrale Bank van Aruba

Table 3: Balance of Payments summary			
	2016	2017	Changes
	Q3	Q3	Q3 2017 vs Q3 2016
<i>In Afl. million</i>			
1 Current account (net)	58.5	-85.5	-144.0
2 Capital account (net)	-0.1	2.4	2.5
3 Financial account (net)	-137.4	-44.0	93.4
4 Items not yet classified	1.9	2.6	0.7
5 Overall balance (1+2+3+4)	-77.2	-124.6	-47.4
<i>Reflected in (minus sign denotes an increase):</i>			
6 Banking transactions	50.5	38.9	11.6
7 Official reserves	26.7	85.7	-59.0

Source: Centrale Bank van Aruba