



CENTRALE BANK VAN ARUBA

Statistical News Release

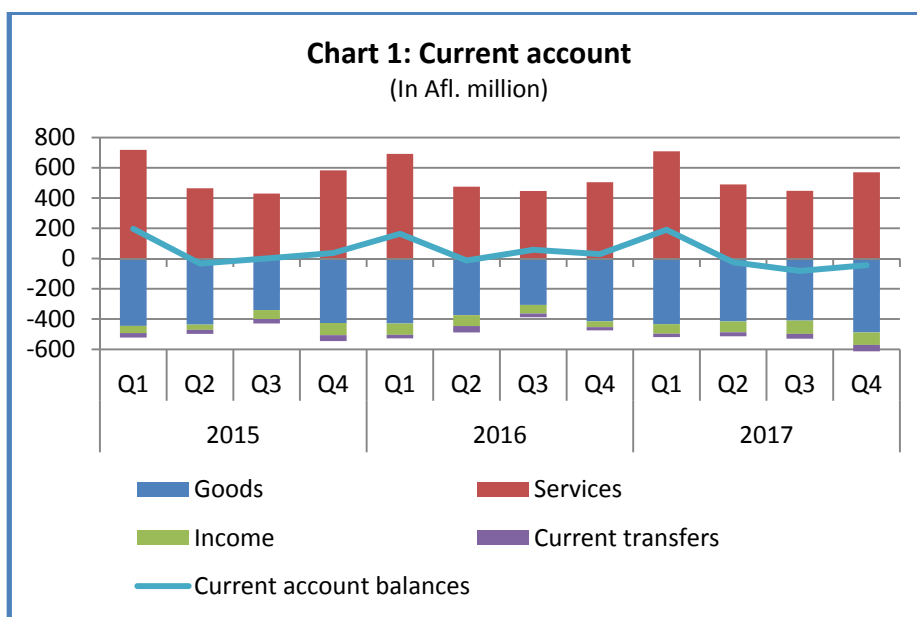
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The balance of payments recorded an Afl. 25.6 million surplus in the fourth quarter of 2017

In the fourth quarter of 2017, the balance of payments registered an Afl. 25.6 million surplus, compared to an Afl. 6.5 million deficit in the corresponding quarter of 2016. This outcome was the result of an Afl. 68.0 million surplus on the capital and financial account (excluding banking transactions and items not yet classified), and an Afl. 43.6 million deficit on the current account.

Current account

Compared to the Afl. 29.4 million surplus in the fourth quarter of 2016, the current account of the balance of payments, recorded an Afl. 43.6 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 continued to increase (Chart 1 and Table 1).



Source: Centrale Bank van Aruba

The goods account recorded an Afl. 488.4 million deficit (2016-IV: Afl. 415.5 million), mostly caused by higher import payments for both non-oil goods (+Afl. 23.3 million) and oil products (+Afl. 47.1 million). In addition, in the quarter under review, higher deficits were recorded on both the income account (+Afl. 44.9 million) and the current transfers account (+Afl. 20.7 million). The deterioration in the income account was largely attributed to increased dividend payments and profit transfers (+Afl. 61.6 million) to the parent companies abroad, which were partially counterbalanced by a decrease in interest payments on received intercompany loans (-Afl. 9.9 million).

The current transfers account outcome was mainly brought about by lower tax receipts compared to same quarter of prior year (incidental result in 2016) and higher outgoing transfers related to workers' remittances.

The surplus on the services account expanded by Afl. 65.4 million to Afl. 570.0 million in the quarter under review, mainly attributed to an Afl. 82.1 million (8.7 percent) rise in services exports. This was partly offset by a growth of Afl. 16.7 million (3.8 percent) in services imports. The increase in services exports was largely caused by a 14.2 percent increase in tourism receipts. Services imports grew due to higher payments for transportation, health-related purposes and construction services.

Table 1: Components of the current account				
		2016	2017	Changes
		Q4	Q4	Q4 2017 vs
		Q4 2016		
<i>In Afl. million</i>				
1	Goods balance	-415.5	-488.4	-72.9
	Oil sector	-27.9	-73.4	-45.5
	Exports	23.6	25.1	1.5
	Imports	51.4	98.5	47.1
	Non-oil sector	-387.7	-414.9	-27.2
	Exports	57.1	53.1	-4.0
	Imports	444.7	468.0	23.3
2	Services balance	504.6	570.0	65.4
3	Income balance	-37.6	-82.5	-44.9
4	Current transfers balance	-22.1	-42.8	-20.7
CURRENT ACCOUNT (NET) (1+2+3+4)		29.4	-43.6	-73.0

Source: Centrale Bank van Aruba

Capital and financial account

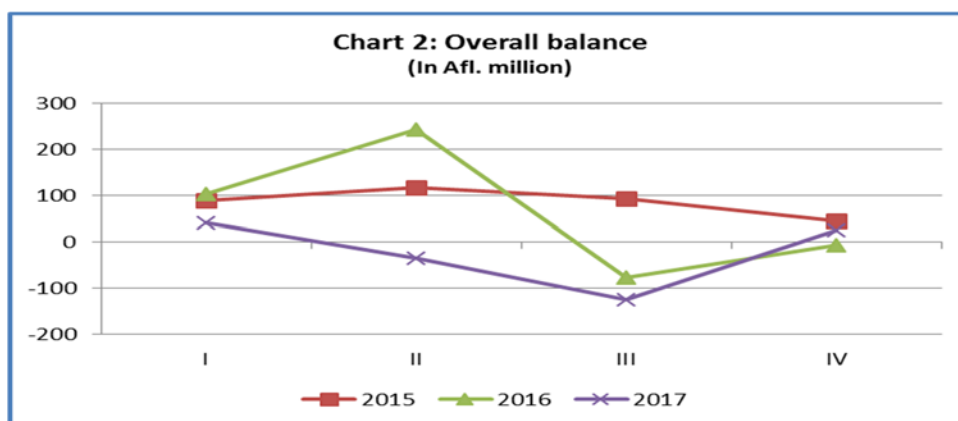
Compared to the Afl. 29.2 million deficit in the fourth quarter of 2016, the capital and financial account deficit (excluding banking transactions and items not yet classified) showed an Afl. 68.0 million surplus in the quarter under review (Table 2). Both the direct investment and portfolio investment recorded a net inflow of Afl. 50.4 million and Afl. 20.6 million, respectively, compared to net outflows of Afl. 16.4 million and Afl. 53.3 million in the same quarter of 2016. The turnaround in the direct investment was largely related to higher receipts from capital contribution and trade credits by the oil sector. The improvement in the portfolio investment was due to higher receipts from cross-selling of domestic bonds and the sale of money market instruments. In contrast, lower hedging expenses for the acquisition of Heavy Fuel OIL (HFO) resulted in an Afl. 14.6 million decline in financial derivatives net outflow. Other investment net inflow dropped by Afl 47.2 million to Afl. 2.9 million, reflecting higher transfers to foreign bank accounts.

Table 2: Components of the capital and financial account			
	2016	2017	Changes
	Q4	Q4	Q4 2017 vs Q4 2016
<i>In Afl. million</i>			
1 Capital account (net)	12.4	1.4	-11.0
2 Financial account (net) (a+b+c+d)	-41.6	66.6	108.2
Oil sector	39.5	122.2	82.7
Non-oil sector	-81.1	-55.6	25.5
a. Direct investment (net)	-16.4	50.4	66.8
Oil sector	41.6	121.9	80.3
Non-oil sector	-58.1	-71.5	-13.4
b. Portfolio investment (net)	-53.3	20.6	73.9
c. Financial derivatives	-21.9	-7.3	14.6
d. Other investment (net)	50.1	2.9	-47.2
Oil sector	-3.1	0.0	3.1
Non-oil sector	53.2	2.9	-50.3
CAPITAL AND FINANCIAL ACCOUNT (NET) (1+2)	-29.2	68.0	97.2

Source: Centrale Bank van Aruba

Overall balance

Both the official reserves and net foreign assets of the commercial banks increased by, respectively, Afl. 25.4 million and Afl. 0.1 million, reflecting the overall balance of payments surplus of Afl. 25.6 million in the fourth quarter of 2017 (Chart 2 and Table 3).



Source: Centrale Bank van Aruba

Table 3: Balance of Payments summary			
	2016	2017	Changes
	Q4	Q4	Q4 2017 vs Q4 2016
<i>In Afl. million</i>			
1 Current account (net)	29.4	-43.6	-73.0
2 Capital account (net)	12.4	1.4	-11.0
3 Financial account (net)	-41.6	66.6	108.2
4 Items not yet classified	-6.7	1.2	7.9
5 Overall balance (1+2+3+4)	-6.5	25.6	32.1
<i>Reflected in (minus sign denotes an increase):</i>			
6 Banking transactions	-35.7	-0.1	-35.6
7 Official reserves	42.2	-25.4	67.6