



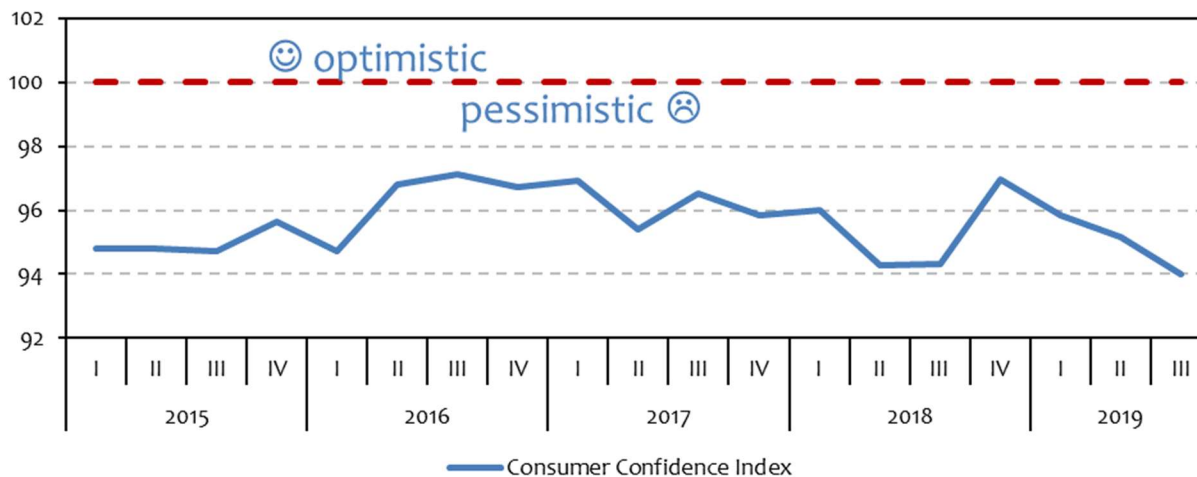
Deterioration in consumer confidence continues

Press Release

November 8, 2019

In the third quarter of 2019, consumer sentiment continued to deteriorate according to the latest results of the Consumer Confidence Survey (CCS) of the Centrale Bank van Aruba (CBA). The Consumer Confidence Index stood at 94.0, against 95.1 in the preceding quarter, indicative of a relatively more pessimistic sentiment among consumers (Chart 1)¹.

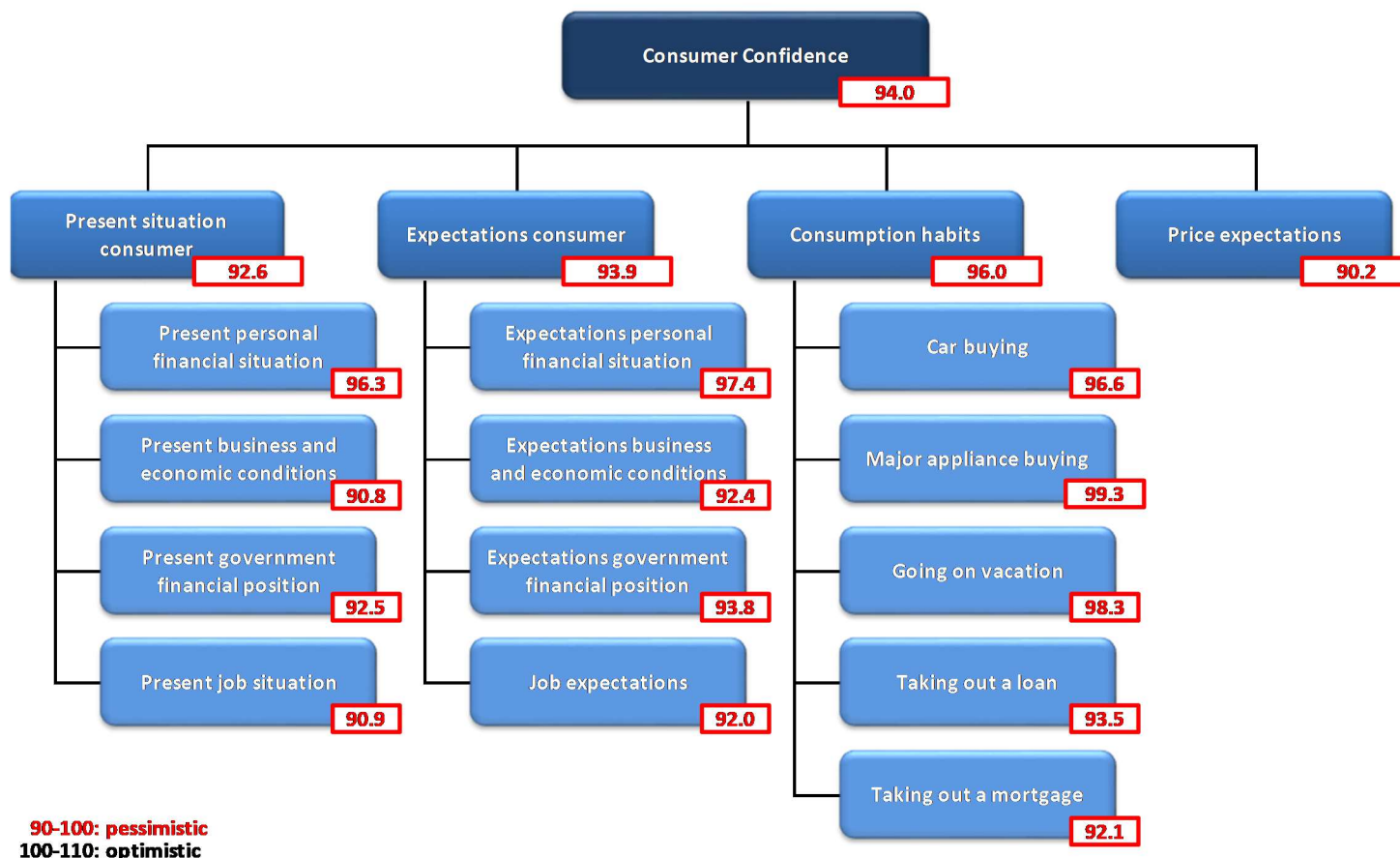
Chart 1: Consumer Confidence Index



¹ The index can vary between 90 and 110. Between 90 and 100 indicates a situation of pessimism. An index of exactly 100 indicates that consumers are neither pessimistic nor optimistic, but are neutral in regards to their thoughts about economic developments in Aruba. Between 100 and 110 indicates a situation of optimism in consumer sentiments.

The first underlying component, i.e., the **Present Situation Index**, worsened during the third quarter of 2019, down by 1.4 index points to 92.6. This was caused by a worsening in the index for *present government financial position*, which decreased by 2.9 index points, i.e., from 95.4 to 92.5. The *present personal financial situation*, also turned more pessimistic in the period under review, i.e., from 96.6 to 96.3. In addition, the index for *present business and economic conditions* fell by 1.0 index point, i.e., from 91.8 to 90.8. Moreover, the index for *present job situation* contracted by 1.4 index points, i.e., from 92.3 to 90.9 (Chart 2).

Chart 2: Components of the Consumer Confidence Index



The second underlying component, i.e., the **Expectations Index**, deteriorated the most during the quarter under review, down by 1.9 index points to 93.9. The index for expectation on *government financial position* worsened significantly, i.e., from 97.0 to 93.8. Consumers had less positive expectations on their *personal financial situation*, as this index turned more pessimistic, i.e., from 98.4 to 97.4 (a minority of 17.0% of respondents indicated that their personal financial situation will be better in the coming 6 months, down from 21.8% in the previous quarter). The index for expectation on *business and economic conditions* became more negative, i.e., from 94.5 to 92.4. The index for *job expectations* decreased by 1.4 index point to 92.0 (Chart 2).

The third underlying component, i.e., the **Consumption Habits Index** declined during the third quarter of 2019, from 96.4 to 96.0. Consumers were negative on all components of the Consumption Habits Index, i.e.; buying a car, buying major appliances, going on vacation, taking out a loan, and on taking out a mortgage.

Finally, the vast majority of respondents (89.0%) expect that prices will increase in the coming six months, leading to a **Price Expectations Index** of 90.2, against 90.6 in the previous quarter (Chart 2).

In summary, the worsening in consumer confidence is attributed to decreases in all components (Table 1).

Table 1: Main results

	2015				2016				2017				2018				2019		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Consumer confidence	94.8	94.8	94.7	95.6	94.7	96.8	97.1	96.7	96.9	95.4	96.5	95.8	96.0	94.3	94.3	97.0	95.8	95.1	94.0
Present situation consumer	93.9	93.4	93.3	94.9	93.4	95.3	95.5	97.4	95.3	96.3	95.3	95.1	94.3	95.0	92.6	95.9	94.6	94.0	92.6
Expectations consumer	95.4	95.0	96.8	98.5	95.4	100.2	101.8	100.9	99.2	96.5	99.1	98.6	97.5	94.0	94.4	97.8	97.3	95.8	93.9
Consumption habits	95.9	96.6	95.1	95.0	96.0	96.4	95.9	94.1	97.4	94.8	96.4	95.2	97.3	94.8	96.3	98.5	96.7	96.4	96.0
Price expectations	90.2	90.7	90.3	90.6	91.0	91.0	91.0	90.3	91.5	90.4	91.0	90.9	90.4	90.1	90.4	90.4	90.5	90.6	90.2