ABSTRACT

Aruba’s economy expanded marginally during the first half of 2019 compared to the same period of the previous year. Aruba’s tourism sector performed well in the first six months of 2019, although not as buoyant as in the same period of 2018. Investment indicators point to a pick-up in investment activity. However, consumption remained sluggish in the first six months of 2019.

Centrale Bank van Aruba
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I. Domestic developments

Economic growth (summary)

Available data indicate that Aruba’s economy, in real terms, seems to have grown modestly at best during the first half of 2019 compared to the same period of the previous year. Aruba’s tourism sector performed well in the first six months of 2019, although not as buoyant as in the same period of 2018. Investment indicators point to a pick-up in investment activity. However, most consumption indicators suggest a sluggish development in consumption in the first six months of 2019.

Tourism

Aruba’s tourism sector performed well in the first six months of 2019. Total stay-over visitors (+6.5 percent) as well as total visitor nights (+4.7 percent) increased compared to the same period of the previous year, mainly spurred by the U.S. market. During this period, the European market also showed a significant expansion (+11.0 percent), while the Latin American market registered a marked decline (-21.6 percent). These developments led to a rise in tourism credits of 5.1 percent during the period under review. This is strong, yet less than tourism credit growth of 9.5 percent in the same period of the previous year.

The Venezuelan market continued on a downward path in the first half of 2019. The persistent contraction in the number of visitors from Venezuela (-51.3 percent) explains the

1 The cut-off date for information published in this State of the Economy is December 2, 2019.
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aforementioned decline in the Latin American market. Excluding Venezuelan visitors from the total number of visitors, stay-over visitor growth amounts to 8.5 percent. At the end of June 2019, Venezuelan visitors accounted for 0.8 percent of the total tourism market. Whereas in the past, Venezuela was the second most important market for Aruba, this position has now been rendered to Canada. Consequently, more than 77 percent of Aruba’s tourism is from North America. The increased reliance on this market makes the Aruban economy more vulnerable to negative shocks in that region.

Indicators from the Aruba Hotel and Tourism Association (AHATA) show positive results from the hotel sector despite a small reduction in room occupancy. Average room occupancy edged down by 0.2 percentage point compared to the same period of the previous year, however the average daily room rate (ADR) and the Revenue per available room (RevPar) both registered upturns of 7.9 percent.

In the first six months of 2019, a total of 167 cruise ships entered Aruba’s harbor. This amounts to 15 fewer ships (-8.2 percent) compared to the first half of 2018. The total number of passengers also registered a downturn, from 437,245 visitors in the first six months of 2018 to 435,112 visitors in the first half of 2019 (-0.5 percent).

Table 1: Tourism indicators for Aruba (YTD June 2019 vs. YTD June 2018)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Aruba</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Stay-over visitors (growth)</td>
<td>2.6</td>
</tr>
<tr>
<td>excl. Venezuela</td>
<td>6.9</td>
</tr>
<tr>
<td>Average length of stay (days)</td>
<td>7.4</td>
</tr>
<tr>
<td>Cruise visitors (growth)</td>
<td>0.5</td>
</tr>
<tr>
<td>Hotel occupancy (%)</td>
<td>86.5</td>
</tr>
<tr>
<td>Average daily rate (US$)</td>
<td>278</td>
</tr>
<tr>
<td>Revenue per available room (RevPAR) (US$)</td>
<td>242</td>
</tr>
<tr>
<td>Tourism credits (growth)</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Sources: ATA, AHATA, APA, CTO, STR
Most consumption indicators suggest a sluggish development of consumption in the first six months of 2019. Tax Department data reflect an expansion in revenues from turnover tax (+98.4 percent) and excises on commodities (+10.6 percent), while import duties registered a decline (-0.6 percent). However, a large part of the growth in receipts from turnover tax was due to the introduction of the levy “Belasting additionele voorzieningen PPS-projecten” (BAVP), introduced on July 1, 2018. Excluding the BAVP, turnover tax (BBO) revenues grew by...
1.2 percent in the period under review. The rise in excises on commodities also resulted mainly from a policy change. Particularly, the higher excises on distilled liquor and wine as of January 1, 2019 caused a 44.4 percent increase in the revenue from excises from liquor. According to data on utilities, water usage (m³) as well as household electricity consumption (kWh) went up, i.e., by 3.6 percent and 2.8 percent, respectively (Chart 1).

Bank credit figures reveal idle consumption as consumer credit contracted by 0.6 percent in June 2019, compared to December 2018. The lower level of consumer credit is the consequence of a reduction in both credit card loans (-4.6 percent) and car loans (-2.8 percent), while personal loans edged up by 0.6 percent. Consumer credit data from the nonmonetary financial institutions reveal a 1.5 percent growth in consumer credit.

**Consumer sentiments turned more pessimistic in the second quarter of 2019, compared to the last quarter of 2018.** The Consumer Confidence Index (CCI) contracted by 1.2 index points to 95.8 in the quarter under review (Chart 2), with all components pointing towards pessimism. The Present Situation Index, reflecting perceptions on the present personal financial situation, the present government financial position, the present business and economic conditions, as well as the present job situation, worsened by 1.3 index points. The Expectations Index, which contains the consumers’ expectations on their personal financial situation, business and economic conditions, government financial position, and job expectations contracted by 0.5 index point. The Consumption Habits Index deteriorated the most during the second quarter of 2019, registering a downturn of 1.8 index points to 96.7. This index presents consumers’ sentiments on buying a car, going on vacation, taking out a loan, taking out a mortgage, and buying major appliances. Finally, given the respondents’ expectations on price developments in the coming six months, the Price Expectations Index edged up from 90.4 in the last quarter of 2018, to 90.5 in the quarter under review.
Investment

Investment indicators for YTD June 2019 point to a pick-up in investment (Chart 3). The number and value of newly granted construction permits grew, i.e., by 44.8 percent and 15.3 percent, respectively. After a dip in the value of permits granted during the corresponding period of 2018 due to the lack of high value projects, the developments in permits in the first half of 2019 showed signs of a pick-up in investment projects again. As a complement to these developments, the import of base metals and derivate work expanded also by 12.6 percent. The available credit indicators related to investments also reflect increased activity, as in June 2019, the total amount of commercial mortgages increased by 11.1 percent, while the total amount of housing mortgages rose by 7.6 percent, compared to December 2018.

The import of cement and machinery and electrotechnical equipment, on the other hand, suggests a slowdown in investment activities. The contraction in the total volume of cement imports (-33.4 percent) and imports of machinery and electrotechnical equipment (-5.0 percent), however, is possibly explained by the finalization of relatively large construction projects, such as the Watty Vos Boulevard and the Dr. Horacio H. Oduber Hospital.

The business perception index (BPI) showed an increasing level of pessimism in the second quarter of 2019 (Chart 4). The BPI, comprising the current and short-term economic conditions, contracted by 0.6 index point to 98.9 in the second quarter of 2019, compared to the previous quarter. This contraction marks the fifth consecutive quarter in which the BPI is in the negative realm. While the current economic condition index improved by 0.8 index point to 99.4 in the quarter under review, the short-term future economic condition index declined by 2.2 index points to 98.4. For both the current economic condition and the short-term future economic
condition, the surveyed businesses were positive regarding business investments and developments in the number of employees that work for the company, but negative regarding economic conditions in Aruba and business activities.

**Consumer Price Index (CPI)**

The 12-month average CPI inflation stood at 4.3 percent in June 2019, resulting from rising food and gasoline prices, as well as an increase in the price of certain communication services. Food prices contributed to the 12-month average inflation with 1.7 percent, mainly due to higher fruit prices. While the Venezuelan authorities decided to re-open the border with Aruba in February 2019, Aruba closed the border in May 2019, limiting access to relatively cheaper fruits and vegetables, as well as increasing transportation costs as substitutes are shipped over larger distances. Increasing gasoline prices conduced to a 0.4 percentage point rise in inflation, affecting, among others, the operation of personal transport equipment. In addition, the communication component caused an upturn of 0.5 percentage point in the 12-month average inflation, mostly due to higher prices for mobile phone and internet services at the end of 2018. The

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introduction of the BAVP and a higher tariff of the BAZV in July 2018, further prompted
increases in prices, resulting in a core inflation of 2.6 percent at the end of June 2019 (Chart 5).
Compared to the corresponding period of 2018, the development in prices for the first six
months of 2019 led to an end-of-period inflation of 4.8 percent for June 2019.

The real exchange rate of the florin vis-à-vis the U.S. dollar has been constantly increasing
since the first quarter of 2018 (Chart 6). This suggests an ongoing deterioration in Aruba’s
competitive position relative to the United States, due to developments in prices, which are
partly the result of changes in fiscal policies.

Foreign Trade

Aruba’s trade deficit amounted to Afl. 1,004.5 million in the first half of 2019, which is a 2.3
percent reduction compared to the same period of the previous year (Chart 7). The
contraction in the trade deficit resulted from an Afl. 12.5 million (+33.3 percent) growth in the
export of goods, while imports decreased by Afl. 10.6 million (-1.0 percent). The main
contributor to the increase in exports is Aruba’s largest trading partner, the United States, with
an Afl. 10.7 million (+56.4 percent) expansion. Note that while Colombia is a relatively small
trading partner of Aruba, total exports to Colombia grew by 204.3 percent in the period under
review. With regard to the largest fluctuations in imports in the period under review, the
relatively large decline in imports from the United States (-Afl. 10.0 million), and continued
slowdown in imports from Venezuela (-Afl. 1.1 million) as a result of the trade embargo, were
mostly counterbalanced by imports from the Netherlands (+Afl. 4.5 million), Panama (+Afl. 4.1
million), and Colombia (+Afl. 3.5 million).
During the period under review, the components ‘base metals and derivate works’ (+12.7 percent) and ‘wood, charcoal and woodwork’ (+4.71 percent) showed the largest upturn in imports. ‘Transport equipment’ (-11.8 percent) as well as art-objects and collectors’ items (-6.86 percent), on the other hand, were the main components contributing negatively to imports.

The market shares of Aruba’s trading partners remained practically unchanged compared to the same period of the previous year. The United States remains the largest partner with a market share of 57.4 percent, while the Netherlands comes in second with a share of 13.9 percent of imports (Table 2).

Table 2: Share of imports of goods by country of origin (%)

<table>
<thead>
<tr>
<th>Country of origin</th>
<th>YTD June 2018</th>
<th>YTD June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>57.7</td>
<td>57.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>13.3</td>
<td>13.9</td>
</tr>
<tr>
<td>Netherlands Antilles</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Venezuela</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Panama</td>
<td>2.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.1</td>
<td>1.9</td>
</tr>
<tr>
<td>Colombia</td>
<td>2.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Japan</td>
<td>1.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Other countries</td>
<td>20.5</td>
<td>20.2</td>
</tr>
</tbody>
</table>
Balance of Payments

The current account of the balance of payments recorded an Afl. 252.5 million surplus in the first half of 2019. This surplus was larger than in the same period of 2018 (Table 3). The expansion was realized primarily in the first quarter (Chart 8), related to the strong performance in the tourist sector. In addition, outflows for the payments of import goods and income payments were substantially smaller than in the previous year.

Import payments of goods fell by 7.4 percent to Afl. 1,043.2 million. Meanwhile, export receipts of goods dropped by 29.5 percent in the first half of 2019. Due to limited volume in exports, the contraction in import payments outweighed the fall in export receipts. Consequently, the deficit on the goods balance narrowed to Afl. 931.1 million, down from Afl. 967.1 million in the corresponding period of 2018.
The surplus on the services account grew to Afl. 1,352.0 million (+5.7 percent) due mainly to an Afl. 93.8 million increase in tourism credit (+5.1 percent). The deficit on the primary income account (consisting mainly of cross-border income from labor, investment, and rent) lessened by 26.9 percent to Afl. 106.0 million. The deficit on the secondary income account (previously current transfers) shrank significantly (-17.6 percent) after the relatively large insurance payments by domestic insurers that took place in 2018, which were related to the hurricane damage in Sint Maarten in 2017. In summary, the growth in tourism credit, combined with the drop-off in import payments and to a lesser extent primary and secondary income account payments, led to the surplus on the current account.

The financial account resulted in a net lending of Afl. 236.7 million in the first half of 2019, up from Afl. 68.4 million a year earlier (Table 9). Aruban residents invested a net amount of Afl. 216.0 million abroad, mainly associated with an Afl. 188.5 million net purchases of foreign equity and debt securities by resident private investors, as well as an Afl. 96.9 million acquisition of foreign debt securities by the CBA. On balance, foreigners retracted a net amount of Afl. 20.7 million from Aruba, stemming primarily from the repayment of intercompany debt by resident companies (Afl. 156.1 million). There was also incoming investment through the issuance of
private loans by residents to abroad (Afl. 64.1 million), the purchase of real estate by nonresidents (Afl. 36.9 million), and the Afl. 36.9 million net purchase of government debt paper by foreign investors. In general, the direct investment and other investment accounts recorded a net outflow of, respectively, Afl. 178.2 million and Afl. 62.2 million, while net inflows were noted in the portfolio account (Afl. 26.5 million), financial derivatives (Afl. 4.7 million), and the reserve assets (Afl. 27.5 million) (Chart 9).

**Monetary survey**

**Total money supply increased to Afl. 4,435.3 million at the end of the second quarter of 2019, an expansion of Afl. 57.7 million compared to December 2018.** The growth in money supply was solely caused by a rise in net domestic assets of Afl. 61.7 million, resulting from Afl. 114.3 million higher domestic credit. Net foreign assets declined by Afl. 4.0 million, but remained above the critical norms monitored by the Monetary Policy Committee (MPC) of the Central Bank of Aruba. However, international reserves were below the IMF Assessing Reserve Adequacy (ARA) metric at the end of the second quarter of 2019, which serves as a guideline when analyzing developments in the official reserves.
The growth in domestic credit is entirely attributed to domestic credit extended to the private sector. Domestic credit extended to the private sector grew by Afl. 169.8 million to Afl. 3,415.4 million at the end of June 2019 compared to the end of 2018. The increase in credit to individuals stems from a rise in housing mortgages of Afl. 33.5 million or 2.5 percent compared to December 2018, which is slightly below the annual growth rate during the previous months (Chart 10). The aforementioned growth in housing mortgages was partly offset by the fall in consumer credit of Afl. 2.7 million at the end of June 2019 compared to the end of 2018. Credit to enterprises recorded a solid expansion of Afl. 138.5 million at the end of June 2019, mainly caused by an accelerating rise in commercial mortgages (Chart 11) and term loans with a maturity longer than two years.
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Chart 11: Commercial mortgages (commercial banks)
(annual growth rate)
In general, total housing mortgages (including other financial institutions) reached Afl. 1,950.6 million by the midway point of 2019. The share of commercial banks in housing mortgages stood at 70.0 percent compared to 69.5 percent at end of 2018.

Net claims on the public sector fell with Afl. 55.5 million to Afl. 378.6 million at the end of the second quarter of 2019 compared to December 2018. This contraction was caused by an Afl. 24.1 million decrease in gross claims and an Afl. 31.4 million rise in government deposits.

The aggregated balance sheet of the nonmonetary financial institutions reached Afl. 6,195.3 million, an increase of Afl. 236.6 million compared to December 2018. On the asset side, this was mainly due to a higher level of domestic claims (+ Afl. 293.0 million) and foreign assets (+ Afl. 167.1 million). On the liabilities side, foreign liabilities decreased (- Afl. 22.8 million) which was offset by higher insurance reserve funds (+Afl. 48.5 million), pension fund provisions (+ Afl. 31.2 million), and deposits and borrowings (+ Afl. 3.1 million).

The quarterly weighted average interest rate on new deposits steadily increased during the first and second quarter of 2019. The interest rate on new deposits widened from 1.3 percent in December 2018 to 2.5 percent at the end of June 2019. This was caused by a sharp rise in interest rates on time deposits held longer than 12 months. On the other hand, the quarterly weighted average interest rate on new loans was relatively stable, inching up from 6.6 percent in December 2018 to 6.8 percent in June 2018, mostly caused by a rise in interest rates on other commercial loans. As a result, the interest rate margin stood at 4.3 percent at the end of the second quarter of 2019, down from 5.3 percent in December 2018.

Financial soundness indicators remain solid during the first half of 2019. Both the capital adequacy ratio and the commercial banks’ aggregated prudential liquidity ratio decreased. The former with 0.3 percentage point to 31.9 percent and the latter with 2.2 percentage points to 27.6 percent. However, both indicators stayed well above the minimum requirement ratio of 18
percent (the latter was increased January 2019). The nonperforming loans (NPLs) ratio for the first half of 2019 contracted by 1.1 percentage points to 2.9 percent, indicative of an improvement in loan performance. The profitability of the commercial banking sector strengthened during the first half of 2019, as the return on assets before taxes, increased to 0.6 percent compared to 0.5 percent in December 2018.

**Government**

In the first half of 2019, the government of Aruba registered a fiscal surplus (on a cash basis) of Afl. 16.6 million, or 0.3 percent of estimated GDP, an improvement of Afl. 30.1 million compared to the same period of 2018. This outcome was driven by an increase in government revenues, which compensated for the rise in government expenditure. Total government debt reached Afl. 4,338.4 million, an expansion of Afl. 39.3 million compared to the end of 2018. As a result, the debt-to-GDP ratio stood at 74.4 percent at the end June 2019, down from 75.0 percent at the end of 2018.
Government revenue rose by Afl. 46.4 million (+7.0 percent) in the first half of 2019, compared to the same period of 2018 and registered a total of Afl. 712.8 million. Government revenue was pushed up by tax revenue (+Afl. 61.9 million), which was partially offset by the decline in non-tax revenue (-Afl. 15.5 million). Almost all tax components revealed higher receipts, except for taxes on income and profit. Revenues from taxes on income and profit contracted by 2.4 percent (-Afl. 6.2 million), for the most part due to an Afl. 11.5 million drop in wage tax receipts (Chart 13). The latter was the result of the downward revision in certain wage tax brackets, which took place at the beginning of 2019. Revenue from taxes on income grew by 104.8 percent (+Afl. 10.1 million). This growth was driven largely by a rise in dividend tax receipts, because there was a strong rise of dividend payments in the first half of 2019 as a result of the temporary reduction in the dividend tax rate, which is applicable for 2019 only. Income from taxes on commodities increased (+4.3 percent), primarily due to an acceleration in excises on...
liquor (+44.8 percent) resulting from an increase in tariffs as per January 1st, 2019. Proceeds from the turnover tax rose significantly by Afl. 54.1 million (+98.5 percent). This increase was largely due to the introduction of the BAVP in July 2018. When correcting for the BAVP introduction, receipts from turnover tax grew by Afl. 0.6 million (+1.2 percent). Non-tax revenues contracted by Afl. 15.5 (million (-15.5 percent), for the most part due to lower dividend payments by state owned companies.

Outlays on expenditure (on a cash basis) expanded by Afl. 19.2 million (+2.8 percent) to Afl. 694.5 million in the first two quarters of 2019 compared to the same period of 2018. This expansion was caused mainly by a rise in expenses on goods and services of Afl. 27.3 million (+25.3 percent). The latter reflects marginal increases across the board, and a rise in maintenance expenses on recreational matters. Moreover, the growth in outlays on goods and services accelerated by 21.1 percentage points compared to the same period of 2018 (+4.2 percent). Furthermore, all personnel related components noted increases, growing by Afl. 18.4 million, pushed up primarily by an expansion in wages (+Afl. 11.5 million). Additionally, investments rose by Afl. 15.6 million, largely due to project related expenses. On the other hand, transfers to the general health insurance (AZV) contracted by Afl. 18.7 million, most likely due to the introduction of the BAZV rate increase in July 2018. Transfers and subsidies fell by Afl. 16.3 million (-13.9 percent), while interest expenses decreased by Afl. 7.2 million (-6.4 percent). The latter contracted for the first time in the past four years.

In the first two quarters of the year, government debt expanded by Afl. 39.3 million to Afl. 4,338.4 million, equal to 74.4 percent of GDP (Chart 14). Domestic debt increased by Afl. 2.4 million, to Afl. 2,033.2 million. The share of domestic debt stood at 46.9 percent (-0.4 percentage point compared to the end of 2018). Foreign debt rose by Afl. 36.8 million, pushing up the share of foreign debt to 53.1 percent (+0.4 percentage point compared to the end of 2018).
II. International developments

After a sharp slowdown in 2018, global economic growth stabilized at a weak pace in the first half of 2019. Rising trade tensions have resulted in significant tariff increases between the United States and China, and have subsequently hurt business sentiment and confidence globally. While financial market sentiment has been undermined by these developments, a shift toward increased monetary policy accommodation in the United States and many other advanced and emerging market economies has been a counterbalancing force.

The world economy is projected to grow at 3.0 percent in 2019; a significant drop from 2017–18 (3.8 and 3.7 percent, respectively), for emerging market and developing economies as well as advanced economies. The group of emerging market economies that drove part of the projected decline in growth in 2019 includes those that have either been under severe strain or have underperformed relative to past averages. Among them, Argentina and Venezuela continue to be experiencing severe macroeconomic distress. Other large emerging market economies—Brazil, Mexico, among others—are projected to grow by about 1 percent or less in 2019, considerably below their historical averages.

Among advanced economies, growth in 2019 is forecasted to be considerably weaker than in 2017–18 in the euro area, North America, and smaller advanced Asian economies. This lower growth reflects to an important extent a slowdown in external demand due to the widening global repercussions of trade tensions and increased uncertainty in confidence and investment.

In the first quarter of the year, economic activity in Latin America and the Caribbean contracted by 0.1 percent year-on-year. After a sustained slowdown over the past five years

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1 IMF, World Economic Outlook, October 2019.
2 IMF, op. cit.
—which included two years of contraction—, economic growth in Latin America and the Caribbean is expected to continue its descending path during 2019, with a projected rate of 0.5 percent. Unlike previous years, 2019 is projected to see a general slowdown that will affect 21 of the 33 countries of the region (17 of the 20 Latin American countries). On the domestic front, low growth rates are the result of poor investment and export performances and reduced public spending.

III. Conclusion

Available data indicate that Aruba’s economy seems to have grown moderately at best during the first half of 2019 compared to the same period of the previous year. Aruba’s tourism sector performed well in the first six months of 2019, despite the continued contraction in the Venezuelan market. Most consumption indicators suggest a sluggish development in consumption in the first six months of 2019. Consumer sentiments became more pessimistic in the second quarter of 2019, compared to the last quarter of 2018, probably related to a deterioration of their financial position. Investment indicators for January-June 2019 point to a pick-up in investment, although the business perception index (BPI) showed an increasing level of pessimism in the second quarter of 2019.

The 12-month average CPI inflation stood at 4.3 percent in June 2019, resulting from rising food and gasoline prices, as well as an increase in the price of certain communication services. The real exchange rate of the florin vis-à-vis the U.S. dollar has been increasing since the first quarter of 2018, due to developments in prices, which are partly the result of changes in fiscal policies.

Aruba’s trade deficit amounted to Afl. 1,004.5 million in the first half of 2019, which is a 2.3 percent reduction compared to the same period of the previous year. The current account of
the balance of payments recorded an Afl. 252.5 million surplus in the first half of 2019, larger than in the same period of 2018, mostly related to the strong performance in the tourism sector. In addition, import payments of goods fell by 7.4 percent to Afl. 1,043.2 million. The financial account resulted in a net lending of Afl. 236.7 million in the first half of 2019, up from Afl. 68.4 million a year earlier, mainly due to net purchases of foreign equity and debt securities by resident private investors.

**Total money supply increased to Afl. 4,435.3 million at the end of the second quarter of 2019, an expansion of Afl. 57.7 million compared to December 2018.** The growth in money supply was solely caused by a rise in net domestic assets of Afl. 61.7 million, resulting from Afl. 114.3 million higher domestic credit. Net foreign assets declined slightly, i.e., by Afl. 4.0 million.

In the first half of 2019, the government of Aruba registered a fiscal surplus (on a cash basis) of Afl. 16.6 million, or 0.3 percent of estimated GDP, an improvement of Afl. 30.1 million compared to the same period of 2018. Pushed up by turnover tax proceeds, government revenue rose by Afl. 46.4 million (+7.0 percent) in the first half of 2019, compared to the same period of 2018 and registered a total of Afl. 712.8 million. Outlays on expenditure (on a cash basis) expanded by Afl. 19.2 million (+2.8 percent) to Afl. 694.5 million in the first two quarters of 2019 compared to the same period of 2018. This growth is largely attributed to a rise in expenses on goods and services. In the first two quarters of the year government debt expanded by Afl. 39.3 million to Afl. 4,338.4 million, equal to 74.4 percent of estimated GDP.
State of the Economy first two quarters of 2019

Table: Main economic indicators, first half of 2019

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018 Jan-Jun</th>
<th>2019 Jan-Jun</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel revenue per available room (US$)</td>
<td>242</td>
<td>261</td>
<td>19</td>
</tr>
<tr>
<td>Stay-over visitors (numbers)</td>
<td>540,337</td>
<td>575,652</td>
<td>35,315</td>
</tr>
<tr>
<td>Cruise visitors (numbers)</td>
<td>437,245</td>
<td>435,112</td>
<td>-2,133</td>
</tr>
<tr>
<td>Construction permits (Afl. million)</td>
<td>162</td>
<td>187</td>
<td>25</td>
</tr>
<tr>
<td>Imports of machinery and electrotechnical equipment (Afl. million)</td>
<td>162.5</td>
<td>154.3</td>
<td>-8.2</td>
</tr>
<tr>
<td>Turnover tax receipts (excl. BAVP, in Afl. million)</td>
<td>55.0</td>
<td>55.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Taxes on income and profit (Afl. million)</td>
<td>258.1</td>
<td>251.9</td>
<td>-6.2</td>
</tr>
<tr>
<td>Twelve-month average rate of inflation (June, percent)</td>
<td>0.7</td>
<td>4.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Consumer confidence index (second quarter, index points)</td>
<td>94.3</td>
<td>95.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Car loans (percent growth rate)</td>
<td>2.7</td>
<td>-2.8</td>
<td>-5.5</td>
</tr>
<tr>
<td>Consumer credit (percent growth rate)</td>
<td>-2.1</td>
<td>-0.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Government debt-to-GDP ratio (June)</td>
<td>75.1</td>
<td>74.4</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

Sources: CBA, AHATA, ATA, CBS