



CENTRALE BANK VAN ARUBA

**BUSINESS PERCEPTION INDEX PLUNGES DURING THE FIRST QUARTER OF 2020:
MORE THAN 80 percent OF SURVEYED BUSINESSES EXPECT NEGATIVE GROWTH**

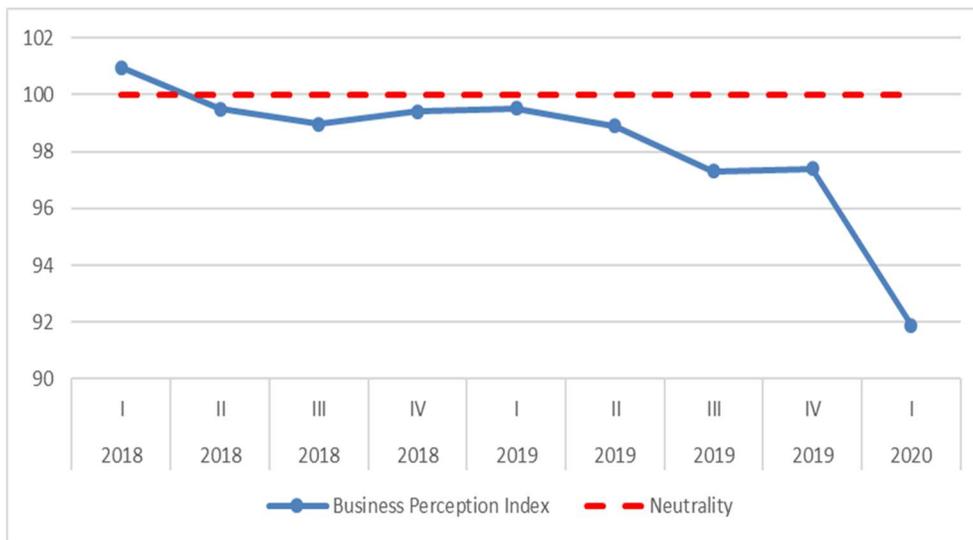
Press release

Results for the first quarter of the year 2020

The Central Bank of Aruba (CBA) recently concluded its Business Perception Survey for the first quarter of 2020. In its expanded digital design, the online survey also assessed the impact of the COVID-19 pandemic on economic conditions and business activities.

The Business Perception Index (BPI), comprising the current and short-term economic conditions, plummeted by 5.5 index points to 91.9 during the first quarter of 2020. The overall BPI indicates significant deterioration in business sentiments and is the largest drop registered to date since the introduction of the Business Perception Survey (BPS) in 2002 (See Chart 1)¹.

Chart 1: Business Perception Index



Source: Centrale Bank van Aruba

The current economic condition index noted a contraction of 5.1 index points to 93.3, down from 98.4 in the fourth quarter of 2019. The short-term future economic condition index narrowed by 5.2 index points, i.e., from 96.0 in the fourth quarter of 2019 to 90.8 in the first quarter of 2020 (See Table 1). In the next 12 months, the percentage of surveyed firms expecting negative economic growth surged markedly, i.e., by 56.3 percentage points to 88.4 percent.

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 businesses 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 business sentiments.

In terms of the impact of the COVID-19 pandemic, the expanded Business Perception Survey also assessed the expected impact on business sales, the need for emergency business funds, and the expected economic impact.

More than 50 percent of business respondents pointed out that the COVID-19 had a significant impact on their business sales. Close to 40 percent expect the impact of the COVID-19 pandemic to linger for more than 12 months. Additionally, almost one-third (32.6 percent) of business respondents reported that they intend to apply for the business emergency funds provided by the Government of Aruba.

The complete report of the Business Perception Survey is available on the website of the CBA (<https://www.cbaruba.org/>).

Table 1: Business Perception Survey (General results)

| | Q1-2020 | | |
|---|-----------------|---------------|---------------|
| | Improvement (%) | No change (%) | Worsening (%) |
| A. Current economic condition | 12.1 | 38.2 | 49.7 |
| 1. The economic conditions in Aruba | 6.3 | 22.1 | 71.6 |
| 2. The activities of your business | 13.7 | 28.4 | 57.9 |
| 3. The investments of your business | 17.9 | 45.3 | 36.8 |
| 4. The number of employees that work for your company | 10.5 | 56.8 | 32.6 |
| B. Expected short-term economic conditions | 2.9 | 25.0 | 72.1 |
| 1. The economic conditions in Aruba | 1.1 | 5.3 | 93.7 |
| 2. The activities of your business | 5.3 | 16.8 | 77.9 |
| 3. The investments of your business | 3.2 | 30.5 | 66.3 |
| 4. The number of employees that work for your company | 2.1 | 47.4 | 50.5 |

Source: Centrale Bank van Aruba

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