

BALANCE OF PAYMENTS DEVELOPMENTS

FOURTH QUARTER OF 2021

May 6, 2022

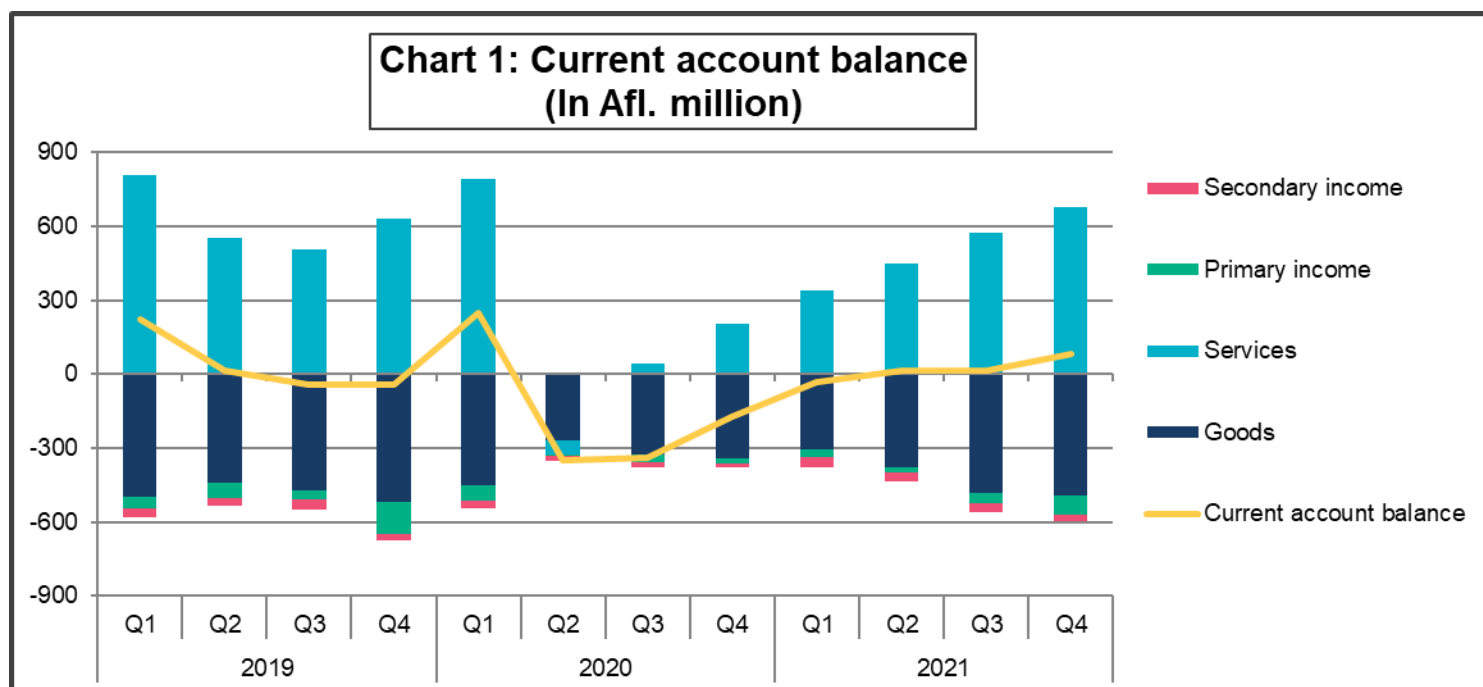


CENTRALE BANK VAN ARUBA

BALANCE OF PAYMENTS DEVELOPMENTS

The current account deficit in the fourth quarter of 2020 turned into a surplus in the fourth quarter of 2021

In the fourth quarter of 2021, the current account of the balance of payments turned from an Afl. 169.9 million deficit in the fourth quarter of 2020 into an Afl. 82.1 million surplus. This resulted from an increase of Afl. 437.5 million in the services account, which was partially mitigated by larger deficits on the goods account, the primary income, and the secondary income, of Afl. 153.0 million, Afl. 56.8 million, and Afl. 11.7 million, respectively (Chart 1 and Table 1).



Source: Centrale Bank van Aruba

Current and capital accounts

The goods account recorded a deficit of Afl. 494.2 million, which is Afl. 153 million more compared to the fourth quarter of 2020. This outcome was mainly caused by increases of Afl. 179.2 million in imports and Afl. 26.2 million in exports.

The services account surplus grew by Afl. 473.5 million to Afl. 680.6 million in the fourth quarter of 2021. This resulted from increases in export of services (+Afl. 565.1 million) and in import of services (+Afl. 91.6 million) (Table 1).

The surge in export of services was mostly attributed to increases in tourism credits¹ (+Afl. 531.0 million or 110 percent), other transport services (+Afl. 24.1 million), and other services (+Afl. 8.0 million).

The rise in import of services was largely due to expansions in tourism debits (+Afl. 32.9 million), other (business) services (+Afl. 31.9 million), other travel services (+Afl. 12.0 million), and freight services (+Afl. 11.8 million).

Furthermore, the deficit on the income account grew by Afl. 68.5 million to Afl. 104.3 million. The primary income deficit increased by Afl. 56.8 million to Afl. 75.1 million, mostly attributed to more outgoing payments related to dividend and interest. The deficit on the secondary income grew by Afl. 11.7 million to Afl. 29.2 million, because of higher payments in connection with remittances and (re)insurance.

¹ Tourism (credits) refer to the consumption goods and services acquired by nonresidents during their visit to Aruba. Tourism (credits) do not include passenger fares, which are captured in transportation services.

Financial account

The financial account resulted in a net lending of Afl. 80.9 million in the fourth quarter of 2021, compared to a net borrowing of Afl. 148.2 million in the same quarter a year earlier (Table 2). This resulted from net increases in financial assets of Afl. 249.0 million (Q4 2020: +Afl. 87.0 million) and in financial liabilities of Afl. 168.1 million (Q4 2020: +Afl. 235.2 million).

Net acquisition of financial assets

The net increase in financial assets was mostly caused by a rise in the reserve assets of Afl. 199.4 million, due to growth in currency and deposits held abroad by the central bank (+Afl. 193.3 million) and in long-term debt securities (+Afl. 6.2 million).

In addition, other investment assets grew (+Afl. 59.4 million) because of increases in currency and deposits held abroad by the commercial banks and other sectors (+Afl. 37.3 million) and in other assets (+Afl. 28.1 million). Furthermore, the portfolio investment assets (+Afl. 24.4 million) was caused by a net increase in investment in short term debt securities (+Afl. 23.1 million).

On the other hand, financial derivatives (-Afl. 21.7 million) and direct investment (-Afl. 12.5 million) decreased. The decrease in direct investment was mainly due to intercompany lending (-Afl. 12.6 million).

Net incurrence of financial liabilities

The net increase in financial liabilities resulted from growth in portfolio investment (+Afl. 111.0 million) and direct investment (+Afl. 96.0 million), which were partially offset by an Afl. 38.9 million decrease in other investment. The portfolio investment liabilities related to long-term debt securities increased (+Afl. 111.7 million), due to new government debt. The rise in direct investment liabilities was caused by increases in real estate investment (+Afl. 59.4 million) and capital contribution by foreign shareholders (+Afl. 43.3 million). In contrast, other investment liabilities decreased due to less currency and deposits held by nonresidents at the commercial banks (-Afl. 18.1 million), a net decrease in foreign loans (-Afl. 13.5 million), and a contraction in other liabilities (-Afl. 7.3 million).

Table 1: CURRENT AND CAPITAL ACCOUNTS			
<i>In Afl. million</i>	2020 Q4	2021 Q4	Changes
1. Goods	-341.3	-494.2	-153.0
Exports	37.9	64.1	26.2
Imports	379.2	558.4	179.2
2. Services	207.2	680.6	473.5
Credits	602.0	1,167.1	565.1
Debits	394.8	486.4	91.6
3. Primary income	-18.3	-75.1	-56.8
4. Secondary income	-17.5	-29.2	-11.7
CURRENT account balance (1+2+3+4)	-169.9	82.1	252.0
CAPITAL account balance	11.4	-5.6	-17.0
NET LENDING (+)/ BORROWING (-) FROM CURRENT AND CAPITAL ACCOUNTS	-158.5	76.5	234.9
Source: Centrale Bank van Aruba			

Table 2: FINANCIAL ACCOUNT			
<i>In Afl. million</i>	2020 Q4	2021 Q4	Changes
Net acquisition of financial assets	87.0	249.0	162.0
Direct investment	-12.8	-12.5	0.3
Portfolio investment	-3.0	24.4	27.4
Financial derivatives	-1.6	-21.7	-20.1
Other investment	83.9	59.4	-24.5
Reserve assets	20.5	199.4	178.9
Net incurrence of financial liabilities	235.2	168.1	-67.1
Direct investment	78.3	96.0	17.8
Portfolio investment	34.5	111.0	76.5
Financial derivatives	-1.6	0.0	1.6
Other investment	124.0	-38.9	-162.9
NET LENDING (+)/ BORROWING (-) FROM FINANCIAL ACCOUNT	-148.2	80.9	229.1
Source: Centrale Bank van Aruba			

General notes to the tables: Owing to rounding of figures, the sum of separate items may differ (minimally) from the total shown.



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