

# Quarterly Economic Bulletin External Sector Official Reserves Q2 2022

September 8, 2022



**CENTRALE BANK VAN ARUBA**

**Cover design:**

Our golden tree, our Kibrahacha. Resilient, firmly rooted, and gives a beautiful bloom.

It offers us shade and protection if needed. When it breaks out, it displays an overwhelming yellow, illustrating a brighter and bolder future.

The full text of this report is available on the CBA website.

## The official reserves of the Centrale Bank van Aruba decreased during the second quarter of 2022

### Quarterly economic bulletin

#### Results for the second quarter of 2022

In the second quarter of 2022, foreign exchange transactions settled through the Centrale Bank van Aruba (CBA) resulted in a net sale by the CBA of Afl. 40.6 million of foreign exchange, compared to a net purchase of Afl. 193.2 million of foreign exchange in the same quarter of 2021. This outcome was attributed mainly to transactions with the government. These transactions led to a net foreign exchange sale of Afl. 92.2 million in the quarter under review, compared to a net foreign exchange purchase of Afl. 196.1 million in the corresponding quarter of 2021.

On the other hand, transactions with commercial banks resulted in a net foreign exchange purchase of Afl. 36.2 million, compared to a net foreign exchange sale of Afl. 8.9 million in the same quarter of 2021.

The net purchase of foreign exchange from other clients grew by Afl. 9.3 million to Afl. 15.4 million. Consequently, the official reserves of the CBA, including other changes not related to foreign exchange transactions, decreased by Afl. 102.8 million to Afl. 2,959.2 million at the end of June 2022 (see Table 1 and Chart 1).

**Table 1: Factors affecting CBA's official reserves<sup>1</sup>**

(in Afl. million)

	2020		2021		2022	
	Q2	YTD <sup>3</sup>	Q2	YTD <sup>3</sup>	Q2	YTD <sup>3</sup>
I. Reserves at beginning of period	1,871.3	1,784.8	2,118.6	2,208.6	3,062.0	2,744.9
II. Net purchases/sales (-) of foreign exchange	246.1	316.0	193.2	156.4	-40.6	316.5
Of which from/to:						
1. Commercial banks	-167.1	-21.3	-8.9	-77.1	36.2	106.7
2. Government	404.5	318.5	196.1	224.6	-92.2	188.6
3. Other clients	8.8	18.8	6.1	8.9	15.4	21.2
III. Other changes <sup>2</sup>	52.6	69.3	10.5	-42.8	-62.2	-102.2
IV. Reserves at ending of period (I+II+III)	2,170.0	2,170.0	2,322.2	2,322.2	2,959.2	2,959.2
V. Change in official reserves during period (IV-I)	298.7	385.2	203.7	113.6	-102.8	214.3

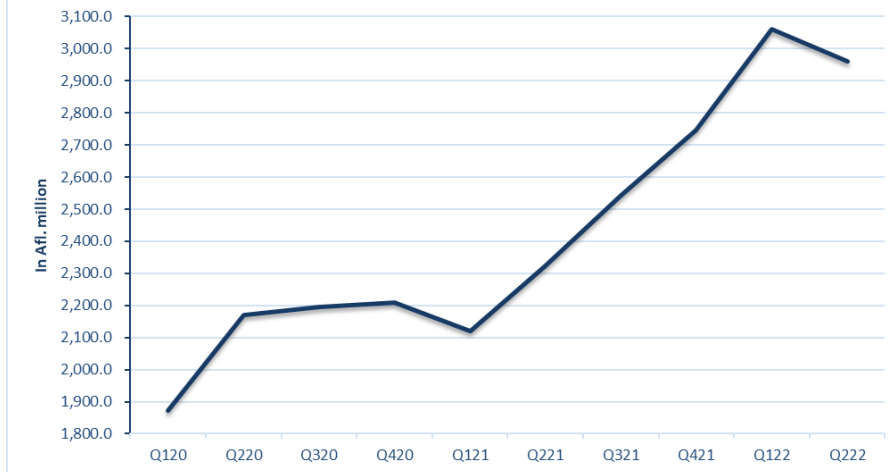
Source: Centrale Bank van Aruba

<sup>1</sup> Including valuation changes.

<sup>2</sup> Include valuation changes related to revaluation of gold, foreign exchange and security holdings and statistical differences.

<sup>3</sup> January up to and including June.

**Chart 1: Official reserves**



On a gross basis, the CBA's total foreign exchange purchases decreased by Afl. 215.5 million or 65.6 percent to Afl. 113.0 million in the second quarter of 2022, compared to the same quarter of 2021

(Table 2 and Chart 2). This contraction was caused mainly by a decline of Afl. 238.2 million in purchases of foreign exchange from the government. On the other hand, foreign exchange purchases from commercial banks grew by Afl. 12.9 million to Afl. 94.5 million.

**Table 2: Foreign exchange transactions**

(in Afl. million)

	2020		2021		2022	
	Q2	YTD <sup>1</sup>	Q2	YTD <sup>1</sup>	Q2	YTD <sup>1</sup>
<b>I. Total purchases of foreign exchange</b>	<b>494.1</b>	<b>723.4</b>	<b>328.5</b>	<b>481.7</b>	<b>113.0</b>	<b>592.7</b>
<i>Of which from:</i>						
1. Commercial banks	40.6	258.5	81.6	158.0	94.5	202.4
2. Government	443.2	443.2	238.8	310.4	0.6	364.2
3. Other clients	10.3	21.6	8.1	13.3	17.9	26.0
<b>II. Total sales of foreign exchange</b>	<b>248.0</b>	<b>407.4</b>	<b>135.3</b>	<b>325.3</b>	<b>153.6</b>	<b>276.2</b>
<i>Of which to:</i>						
1. Commercial banks	207.7	279.8	90.6	235.1	58.3	95.7
2. Government	38.7	124.8	42.7	85.8	92.8	175.6
3. Other clients	1.6	2.8	2.0	4.4	2.5	4.8
<b>III. Net purchases/sales (-) of foreign exchange</b>	<b>246.1</b>	<b>316.0</b>	<b>193.2</b>	<b>156.4</b>	<b>-40.6</b>	<b>316.5</b>
IV. Net purchases/sales (-) from/to commercial banks	-167.1	-21.3	-8.9	-77.1	36.2	106.7
V. Net purchases/sales (-) from/to government	404.5	318.5	196.1	224.6	-92.2	188.6
VI. Net purchases/sales (-) from/to other clients	8.8	18.8	6.1	8.9	15.4	21.2

Source: Centrale Bank van Aruba

<sup>1</sup> January up to and including June.

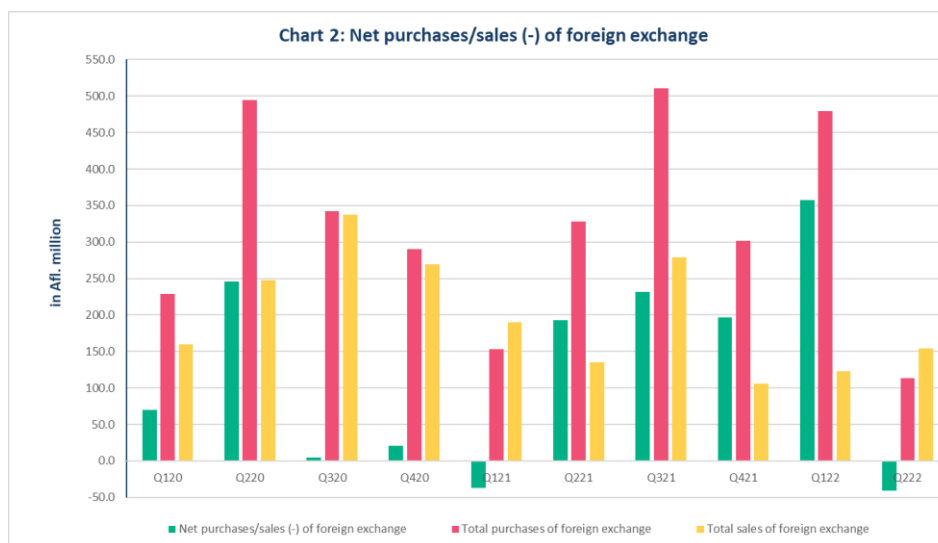
The total foreign exchange sales of the CBA grew by Afl. 18.3 million or 13.5 percent to Afl. 153.6 million, mainly because foreign exchange sales to the government expanded by Afl. 50.1 million to Afl. 92.8 million. On the other hand, foreign exchange sales to commercial banks dropped by Afl. 32.3 million to Afl. 58.3 million.

### *Developments in the first six months of 2022*

During the first six months of 2022, foreign exchange transactions effectuated via CBA resulted in a net purchase of Afl. 316.5 million of foreign exchange, Afl. 160.1 million higher compared to the same period of 2021. Transactions with commercial banks primarily caused this outcome. These transactions led to a net foreign exchange purchase of Afl. 106.7 million in the quarter under review, compared to a net foreign exchange sale of Afl. 77.1 million in the same quarter of 2021. In addition, net foreign exchange purchases from other clients grew by Afl. 12.3 million to Afl. 21.2 million. In contrast, net foreign exchange purchase from the government shrank by Afl. 36.0 million to Afl. 188.6 million.

Total foreign exchange purchases expanded by Afl. 111.0 million or 23.0 percent to Afl. 592.7 million during the first six months of 2022, compared to the same period of 2021. This growth was largely caused by an increase in foreign exchange purchases from the government (+Afl. 53.8 million). Foreign exchange purchases from the commercial banks (+Afl. 44.4 million) and other clients (+Afl. 12.7 million) also grew.

Total foreign exchange sales dropped by Afl. 49.1 million or 15.1 percent to Afl. 276.2 million during the first six months of 2022. This contraction resulted from a decrease in foreign exchange sales to the commercial banks (-Afl. 139.4 million). On the other hand, foreign exchange sales to the government and the other clients increased by (+Afl. 89.8 million) and (+Afl. 0.4 million), respectively.



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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