

Quarterly Economic Bulletin External Sector Balance of Payments Q1 2022

September 9, 2022



CENTRALE BANK VAN ARUBA

Cover design:

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

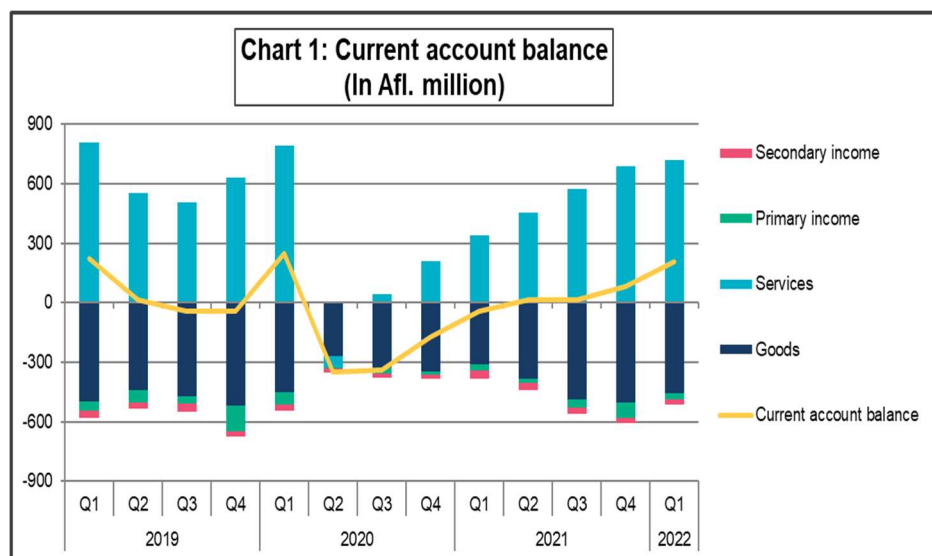
It offers us shade and protection if needed. When it breaks out, it displays an overwhelming yellow, illustrating a brighter and bolder future.

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

The current account deficit in the first quarter of 2021 turned into a surplus in the first quarter of 2022

Quarterly economic bulletin Results for the first quarter of 2022

In the first quarter of 2022, the current account of the balance of payments turned from an Afl. 41.3 million deficit in the first quarter of 2021 into an Afl. 208.0 million surplus. This change resulted from an increase of Afl. 380.8 million in the surplus on the services account, which was partially offset by an Afl. 146.6 million increase in the deficit on the goods account. Furthermore, the deficit on the secondary account decreased by Afl. 15.7 million. (Chart 1 and Table 1).



Source: Centrale Bank van Aruba.

Current and capital accounts

The goods account recorded a deficit of Afl. 456.7 million, which is Afl. 146.6 million more compared to the first quarter of 2021. This resulted from increases of Afl. 165.7 million in imports and Afl. 19.2 million in exports.

The services account surplus grew by Afl. 380.8 million to Afl. 720.9 million in the first quarter of 2022. This growth in the surplus resulted from increases in exports of services (+Afl. 499.6 million) and imports of services (+Afl. 118.8 million) (Table 1).

The surge in the exports of services was mainly attributed to increases in tourism credits¹ (+Afl. 470.5 million or 81 percent), other transport services (+Afl. 13.4 million), and other services (+Afl. 12.7 million).

The rise in imports of services was mainly due to expansion in other (business) services (+Afl. 50.1 million), tourism debits (+Afl. 35.5 million), freight services (+Afl. 17.7 million), and other travel services (+Afl. 11.6 million).

Furthermore, the deficit on the income account declined by Afl. 15.1 million to Afl. 56.2 million. The deficit in the secondary income decreased by Afl. 15.7 million to Afl. 25.8 million because of lower

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.

payments in connection with (re)insurance. The primary income deficit increased slightly by Afl. 0.6 million to Afl. 30.3 million.

Financial account

The financial account resulted in net lending of Afl. 201.0 million in the first quarter of 2022, compared to net borrowing of Afl. 23.3 million in the same quarter a year earlier (Table 2). The net lending resulted from net increases in financial assets of Afl. 489.1 million (Q1 2021: +Afl. 92.5 million) and in financial liabilities of Afl. 288.1 million (Q1 2021: +Afl. 115.7 million).

Net acquisition of financial assets

The net increase in financial assets was largely caused by a rise in the reserve assets of Afl. 359.3 million, due to a growth in currency and deposits held abroad by the central bank (+Afl. 208.6 million) and long-term debt securities (+Afl. 150.2 million).

In addition, portfolio investment assets grew by Afl. 134.9 million, due to net increases in equity securities (+Afl. 74.4 million) and in short-term debt securities (+Afl. 76.6 million). Furthermore, direct investment rose by Afl. 6.1 million, mainly due to investment in equity capital abroad (+Afl. 5.4 million).

On the other hand, other investment assets and financial derivatives declined by Afl. 5.6 million and Afl. 5.5 million, respectively. Currency and deposits held abroad by the commercial banks and other sectors decreased by Afl. 30.7 million, which was partially mitigated by

increases in other assets (+Afl. 18.3 million) and loans (+Afl. 5.7 million).

Net incurrence of financial liabilities

The net increase in financial liabilities was mostly caused by a growth in other investment liabilities (+Afl. 346.7 million) due to an increase in foreign government loans (+Afl. 358 million). Moreover, currency and deposits held by nonresidents at the commercial banks increased (+Afl. 16.8 million), while other liabilities decreased (-Afl. 12.7 million).

In contrast, the portfolio investment liabilities related to long-term debt securities declined (+Afl. 63.3 million) due to repayments on government debt.

Furthermore, there was a slight rise in direct investment liabilities (+Afl. 4.7 million) caused by increases in real estate investment (+Afl. 65.2 million, mitigated by decreases in capital contribution by foreign shareholders (-Afl. 46.2 million) and intercompany loans (-Afl. 14.4 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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