

Quarterly Economic Bulletin External Sector: Balance of Payments Q2 2022

March 3, 2023



CENTRALE BANK VAN ARUBA

Cover design:

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

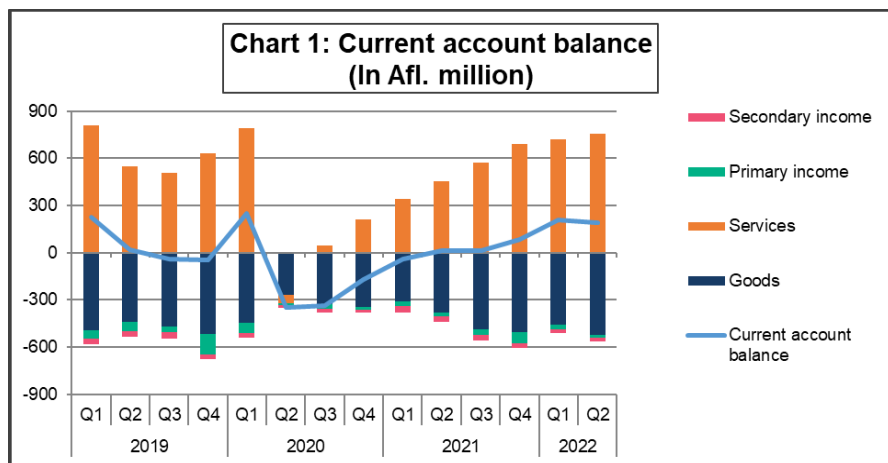
It offers us shade and protection if needed. When it breaks out, it displays an overwhelming yellow, illustrating a brighter and bolder future.

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

The current account surplus grew in the second quarter of 2022

Quarterly economic bulletin Results of the second quarter of 2022

In the second quarter of 2022, the current account surplus of the balance of payments grew from Afl. 30.4 million in the second quarter of 2021 to Afl. 193.1 million. This resulted from increases in the surplus on the services account (+Afl. 286.5 million) and in the deficit on the goods account (+Afl. 143.6 million). Furthermore, the secondary income account deficit decreased by Afl. 17.9 million. (Chart 1 and Table 1).



Source: Centrale Bank van Aruba.

Current and capital accounts

The goods account recorded a deficit of Afl. 524.3 million, which is Afl. 143.6 million more compared to the second quarter of 2021. This resulted from increases in Afl. 184.3 million in imports and Afl. 40.7 million in exports.

The services account surplus grew by Afl. 286.5 million to Afl. 757.0 million in the second quarter of 2022. This resulted from increases in the export of services (+Afl. 364.1 million) and in the import of services (+Afl. 77.7 million) (Table 1).

The surge in the export of services was attributed to increases in tourism credits¹ (+Afl. 346.0 million or 47.8 percent) and other transport services (+Afl. 12.8 million). The rise in the import of services was mainly due to expansions in tourism debits (+Afl. 33.6 million), freight services (+Afl. 22.3 million), and other (business) services (+Afl. 16.6 million).

Furthermore, the deficit on the income account declined by Afl. 19.8 million to Afl. 39.6 million, primarily due to an Afl. 17.9 million decrease in the deficit on the secondary income, mostly due to international cooperation transactions. The primary income deficit declined slightly by Afl. 1.9 million to Afl. 19.7 million.

¹ Tourism (credits) refers to the consumer goods and services acquired by nonresidents during their visit to Aruba. Tourism (credits) do not include passenger fares captured in transportation services

Table 1: CURRENT AND CAPITAL ACCOUNTS			
In Afl. million	2021 Q2	2022 Q2	Changes
1. Goods	-380.7	-524.3	-143.6
Exports	54.5	95.2	40.7
Imports	435.2	619.5	184.3
2. Services	470.5	757.0	286.5
Credits	856.2	1,220.3	364.1
Debits	385.7	463.3	77.7
3. Primary income	-21.6	-19.7	1.9
4. Secondary income	-37.8	-19.9	17.9
CURRENT account balance (1+2+3+4)	30.4	193.1	162.7
CAPITAL account balance	10.3	3.3	-7.0
NET LENDING (+)/ BORROWING (-) FROM CURRENT AND CAPITAL ACCOUNTS	40.6	196.3	155.7
Source: Centrale Bank van Aruba			

Financial account

The financial account resulted in a net lending of Afl. 153.6 million in the second quarter of 2022, which is Afl. 110.6 million higher than a year earlier (Table 2). This resulted from a net increase in financial assets of Afl. 149.6 million (Q2 2021: +Afl. 279.1 million) and a net decrease in financial liabilities of Afl. 4.0 million (Q2 2021: +Afl. 236.1 million).

Net acquisition of financial assets

The net increase in financial assets was caused by a rise in other investment (+Afl. 144.3 million). This was due to increases in currency and deposits held abroad by the commercial banks and other sectors (+Afl. 75.1 million) and other assets (+Afl. 53.3 million).

In addition, the growth in portfolio investment assets (+Afl. 23.2 million) was caused by a net increase in debt securities (+Afl. 16.0 million) and equity securities (+Afl. 7.1 million).

Furthermore, the rise in direct investment assets (+Afl. 19.9 million) was due to increases in investment in real estate (+Afl. 9.0 million) and in intercompany lending (+Afl. 7.1 million).

On the other hand, the reserve assets decreased by Afl. 40.5 million because of a reduction in currency and deposits held abroad by the central bank (-Afl. 389.3 million) and an increase in investment in long-term debt securities (+Afl. 347.1 million).

Net incurrence of financial liabilities

The slight net decrease in financial liabilities (-Afl. 4.0 million) resulted from a growth in direct investment liabilities (+Afl. 139.5 million) and decreases in other investment and portfolio investment liabilities of Afl. 84.7 million and Afl. 58.8 million, respectively.

Increases in intercompany borrowing (+Afl. 70.0 million) and real estate investment (+Afl. 69.3 million), were the main causes of the growth in direct investment liabilities.

Other investment liabilities decreased mostly due to a drop in foreign loans (-Afl. 72.8 million), while portfolio investment liabilities fell due to repayments on government bonds.

Table 2: FINANCIAL ACCOUNT			
<i>In Afl. million</i>	2021 Q2	2022 Q2	Changes
Net acquisition of financial assets	279.1	149.6	-129.4
Direct investment	8.7	19.9	11.2
Portfolio investment	-17.7	23.2	40.8
Financial derivatives	-12.4	2.7	15.0
Other investment	105.6	144.3	38.8
Reserve assets	194.8	-40.5	-235.3
Net incurrence of financial liabilities	236.1	-4.0	-240.1
Direct investment	61.5	139.5	78.0
Portfolio investment	-15.4	-58.8	-43.4
Financial derivatives	0.0	0.0	0.0
Other investment	190.0	-84.7	-274.7
NET LENDING (+)/ BORROWING (-) FROM FINANCIAL ACCOUNT	43.0	153.6	110.6
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.



CENTRALE BANK VAN ARUBA

J.E. Irausquin Blvd 8
P.O. Box 18
Oranjestad, Aruba
Phone: (+297) 5252 100
© Centrale Bank van Aruba 2022
All rights reserved.