



Quarterly Economic Bulletin External Sector Balance of Payments Q3 2022

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CENTRALE BANK VAN ARUBA

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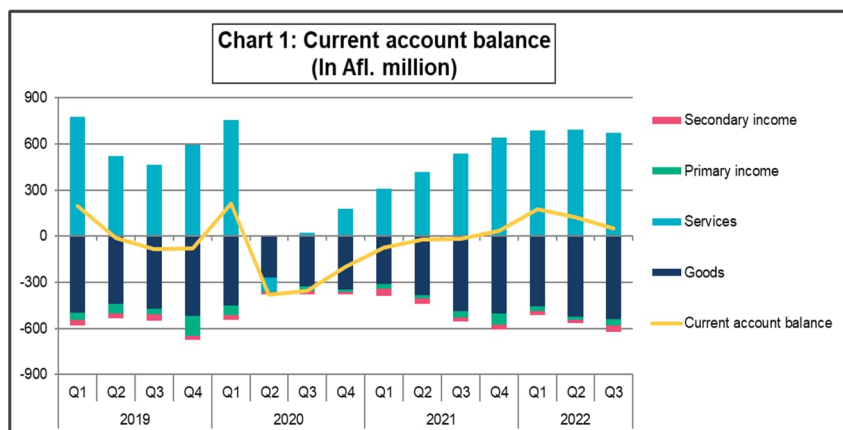
Mangroves are hotspots of biodiversity, connecting life on land with life below water. These 'forests of the sea' are essential to the health and vibrancy of our coastal ecosystems, including our community livelihoods. They provide a vital habitat for marine life, help to protect against coastal erosion and storm surges, as well as filter pollutants from the sea. Mangroves are one of nature's most effective tools in the fight against climate change and are integral to nature.



The current account of the balance of payments records a surplus in the third quarter of 2022

Quarterly economic bulletin
Results of the third quarter of 2022

In the third quarter of 2022, the current account of the balance of payments turned from an Afl. 17.3 million deficit in the third quarter of 2021 into an Afl. 52.0 million surplus. This resulted from an increase of Afl. 132.7 million in the services account, which was partially offset by increases in the goods account (+Afl. 56.6 million) and secondary income account (+Afl. 7.7 million). (Chart 1 and Table 1).



Source: Centrale Bank van Aruba.

Current and capital accounts

The services account surplus grew by Afl. 132.7 million to Afl. 672.3 million in the third quarter of 2022. This resulted from increases in export of services (+Afl. 209.6 million) and in import of services (+Afl. 76.9 million) (Table 1).

The surge in export of services was attributed to increases in tourism credits¹ (+Afl. 203.4 million or 20.3 percent) and other transport services (+Afl. 5.6 million).

The rise in import of services was due to expansions in tourism debits (+Afl. 24.6 million), other (business) services (+Afl. 24.0 million), freight services (+Afl. 16.4 million), and other transport services (+Afl. 7.8 million).

The goods account recorded a deficit of Afl. 541.5 million, which is Afl. 56.6 million more compared to the third quarter of 2021. This outcome was caused by increases of Afl. 98.2 million in imports and Afl. 41.6 million in exports.

On the other hand, the deficit on the income account declined by Afl. 6.8 million to Afl. 78.8 million. The deficit on the secondary income increased by Afl. 7.7 million to Afl. 38.4 million, due to higher payments in connection with (re)insurance. The primary income deficit decreased slightly by Afl. 0.9 million to Afl. 40.4 million, mostly attributed to more outgoing payments related to interest.

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.

Table 1: CURRENT AND CAPITAL ACCOUNTS			
In Afl. million	2021 Q3	2022 Q3	Changes
1. Goods	-485.0	-541.5	-56.6
Exports	58.9	100.5	41.6
Imports	543.9	642.0	98.2
2. Services	539.6	672.3	132.7
Credits	947.8	1,157.3	209.6
Debits	408.2	485.0	76.9
3. Primary income	-41.3	-40.4	0.9
4. Secondary income	-30.7	-38.4	-7.7
CURRENT account balance (1+2+3+4)	-17.3	52.0	69.3
CAPITAL account balance	0.8	-6.0	-6.8
NET LENDING (+)/ BORROWING (-) FROM CURRENT AND CAPITAL ACCOUNTS	-16.6	46.0	62.6
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.

Financial account

The financial account resulted in a net lending of Afl. 7.9 million in the third quarter of 2022, compared to a net borrowing of Afl. 32.2 million in the same quarter a year earlier (Table 2). This followed from a higher decrease in financial liabilities of Afl. 73.7 million (Q3 2021: +Afl. 264.7 million) than in financial assets of Afl. 65.7 million (Q3 2021: +Afl. 232.5 million).

Net incurrence of financial liabilities

The net decrease in financial liabilities stemmed from a decline in portfolio investment liabilities related to long-term debt securities (-Afl. 184.3 million), due to repayments on government debt.

The net decrease was partly mitigated by the rise in direct investment liabilities (+Afl. 94.1 million), which was mostly caused by increases in capital contribution by foreign shareholders (+Afl. 66.8 million) and in real estate investment (+Afl. 38.6 million).

Furthermore, other investment liabilities grew (+Afl. 16.4 million) due to an increase in foreign loans (+Afl. 25.4 million) and decreases in currency and deposits held by nonresidents at the commercial banks (-Afl. 5.8 million), as well as in other liabilities (-Afl. 3.2 million).

Net acquisition of financial assets

The net decrease in financial assets was caused by an Afl. 160.1 million contraction in the reserve assets, resulting from a decline in long-term debt securities (-Afl. 186.4 million) and an increase in currency and deposits held abroad by the central bank (+Afl. 24.3 million).

On the other hand, direct investment grew (+Afl. 59.0 million) due to investment in foreign equity capital (+Afl. 56.3 million). In addition, portfolio investment assets surged (+Afl. 44.8 million) owing to a net increase in equity securities (+Afl. 27.2 million) and in short term debt securities (+Afl. 21.9 million).

Furthermore, financial derivatives by other sectors and other investment assets declined by -Afl. 5.4 million and -Afl. 4.0 million respectively.

Table 2: FINANCIAL ACCOUNT			
<i>In Afl. million</i>	2021 Q3	2022 Q3	Changes
Net acquisition of financial assets	232.5	-65.7	-298.3
Direct investment	2.0	59.0	57.0
Portfolio investment	-6.0	44.8	50.8
Financial derivatives	-18.1	-5.4	12.7
Other investment	24.1	-4.0	-28.1
Reserve assets	230.5	-160.1	-390.7
Net incurrence of financial liabilities	264.7	-73.7	-338.3
Direct investment	49.1	94.1	44.9
Portfolio investment	-144.7	-184.3	-39.7
Financial derivatives	0.0	0.2	0.2
Other investment	360.2	16.4	-343.9
NET LENDING (+)/ BORROWING (-) FROM FINANCIAL ACCOUNT	-32.2	7.9	40.1
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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