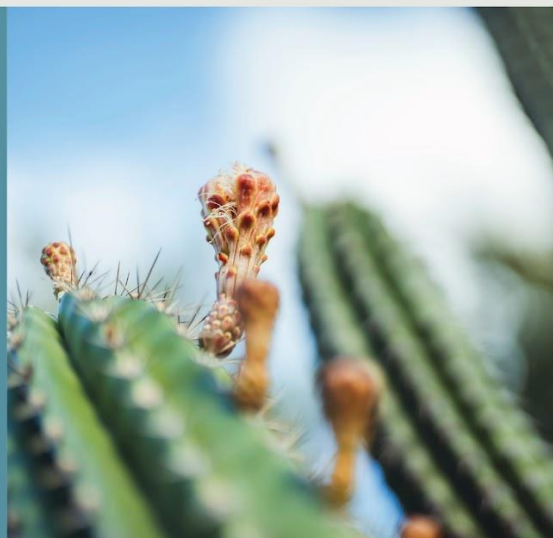


# STATE OF THE ECONOMY 2025 Q2





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# 1 Executive summary

## Tourism-Led Growth Amid Persistent Moderation

**In the first half of 2025, Aruba's economy continued expanding, though growth moderated.** Preliminary estimates show that real GDP growth slowed considerably in the first half of 2025 compared to the first half of 2024. This reflects a normalization phase after the strong post-pandemic rebound.

**Tourism remained the primary engine of economic activity.** In the first six months of 2025, stay-over visitors grew by 3.3% year-on-year, supported largely by gains from Latin America. However, the average length of stay declined slightly, continuing the trend toward shorter visits. The hotel sector also showed gains, while cruise tourism improved modestly.

**Nearly all domestic demand indicators showed improvement.** Employment relationships registered with the SVB continued to expand, underpinning household consumption, while consumer confidence increased in the second quarter of 2025 compared to the second quarter of 2024 and edged up to 95.0. Moreover, the value of new consumer credit continued to record double-digit percentage growth in the first half of 2025 compared to the same period in 2024. Inflationary pressures remained contained as the 12-month average inflation eased to 0.9%, down from 1.7% in December 2024. The latter was mainly driven by declining energy prices and slower food price increases.

**Investment activity demonstrated notable growth.** The value and number of construction permits surged, signaling renewed momentum. Furthermore, new commercial mortgage values rose sharply, and new housing mortgage values increased steadily. Nonetheless, business sentiment weakened compared to the second quarter of 2024. Nevertheless, the business perception index improved on a quarter-to-quarter basis, rising to 105.4 in the second quarter of 2025 from 102.0 in the first quarter of 2025 suggesting that despite lingering uncertainty, business sentiment may be starting to recover.

**Externally, the current account continued to register a significant net inflow, supported by strong tourism receipts.** International reserves strengthened further, covering 8.1 months of current account payments. Financial soundness indicators remained solid, with capital adequacy ratios well above prudential norms and nonperforming loans at historically low levels.

**Government finances posted a fiscal surplus for the first half of 2025, aided by higher tax revenues, particularly from income and profit taxes, and controlled expenditure growth.** The debt-to-GDP ratio edged down to 67.0% at the end of the second half of 2025, continuing its downward trend from 68.6% at the end of 2024.

**Overall, Aruba's economy in the second quarter of 2025 demonstrated resilience amid moderating growth.** Tourism performance, stable prices, and sound financial and fiscal positions remain key pillars of stability. Despite these positive indicators, an environment of elevated uncertainty, driven by global economic volatility and domestic structural challenges, characterized the first half of 2025.



## 2 Domestic

### 2.1 Economic growth

The Centrale Bank van Aruba (CBA) estimates a year-over-year increase in real gross domestic product (GDP) of 2.4% in the second quarter of 2025 (Chart 1). Given that GDP growth was estimated at 4.2% in the first quarter of 2025, the Aruban economy's expansion rate has decelerated so far in 2025. This pattern also emerges when comparing GDP growth figures between 2025 and 2024. Namely, in the first half of 2025, GDP growth amounted to 3.3%, visibly lower than the corresponding period in 2024 at 9.8%. Similarly, real GDP per capita growth in the second quarter of 2025 (+1.1%) decelerated compared to the second quarter of 2024 (+9.2%).

**An upturn in tourism exports was the main contributor to the growing economy in the first half of 2025.** Tourism exports rose due to higher tourist arrivals, mainly driven by the Latin American market. Investments also fuelled economic growth. The construction of large new projects, predominantly in the tourism sector, spurred private investments.

Chart 1: Quarterly GDP growth year-over-year



Calculations: CBA

### 2.2 Tourism

In the first half of 2025, most tourism-related indicators made gains compared to the first half of 2024 (Table 1). For example, visitor nights inched up by 0.5%, as the increase in



stay-over visitors (3.3%) contrasted with the decline in average length of stay (-2.8%). In terms of stay-over visitors, visitors from Argentina (+12,211 visitors; +95.0%) and Brazil (+6,531 visitors; +86.2%) were the main drivers of growth. The U.S. market, which accounts for the largest share of visitors, experienced a relatively flat development (+3,616 visitors; +0.6%).

**Table 1: Tourism indicators for Aruba YTD June**

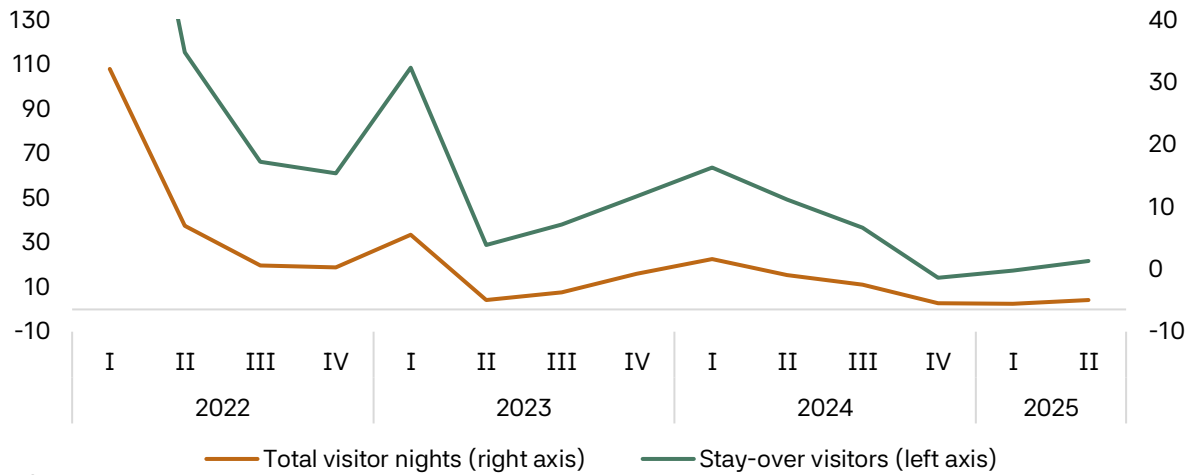
	2023	2024	2025
Stay-over visitors	619,719	737,691	762,356
Average length of stay (in days)	7.3	6.9	6.8
Total visitor nights	4,494,715	5,123,927	5,149,430
Cruise visitors	499,442	543,215	514,580
Hotel occupancy (%)	79.3%	85.2%	79.8%
Average daily rate (US\$)	364.09	383.25	427.71
Revenue per available room (RevPAR) (US\$)	288.75	326.63	341.46
Tourism revenue per night (in Afl.)	540.6	552.2	558.2
Tourism revenue (in Afl. million)	2,430	2,829	2,874

Sources: CBA, ATA, AHATA

**Overall, the growth rates for stay-over visitors and visitor nights have trended downward since the strong rebound in 2022 (Chart 2).** Notably, this deceleration in the growth rate of visitor nights can be attributed to a decline in the average length of stay, which fell to 6.8 nights during the half-year under review (Chart 3).

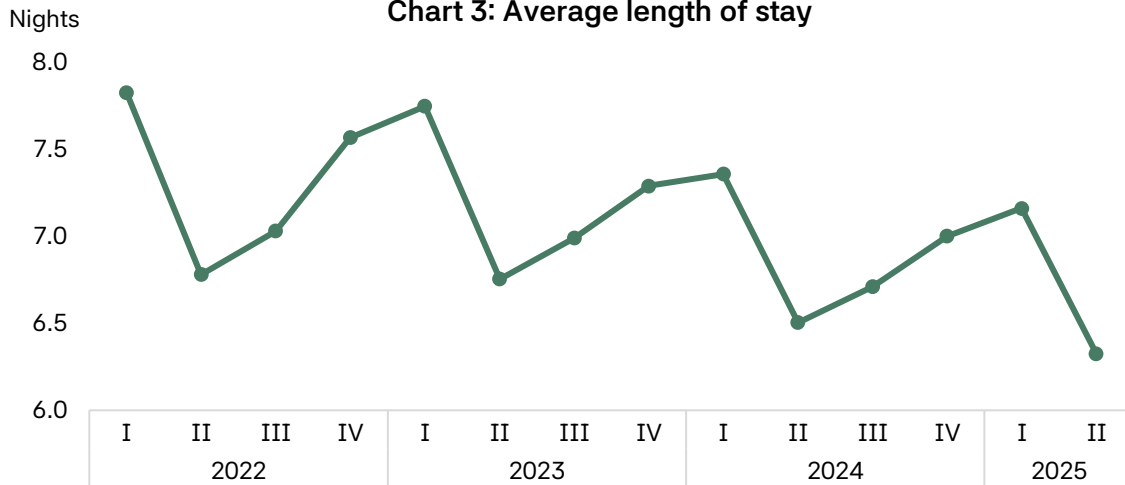


**Chart 2: Stay-over visitors and visitor night growth (in %)**



Source: ATA

**Chart 3: Average length of stay**



Source: ATA

**In the first half of 2025, tourism revenue rose by 1.6% compared to the same period a year earlier, supported by increased total visitor nights (+0.5%) and higher tourism revenue per night (+1.1%), albeit at a slower rate.** The hike in the average daily rate (ADR) for hotels from US\$ 383.25 to US\$ 427.71 was partly responsible for the mentioned jump in tourism revenue per night. This tailwind from pricier hotels propelled revenue per available room (RevPAR) from US\$ 326.63 to US\$ 341.46. On the other hand, occupancy rates fell, due in part to the addition of new hotel rooms (559 rooms; +10.2%) in the period under review.



Furthermore, tourists are increasingly opting for short-term vacation rentals (STVRs), such as Airbnb, for their stays.

**The preference for STVRs was visible in the first half of 2025.** Namely, the category ‘other accommodations’ — which largely reflects short-term vacation rentals — gained stay-over visitors (+27,140 visitors; +11.2%) compared to a year ago. In comparison, stay-over visitors at European Plan hotels<sup>1</sup> grew more modestly at 3.8%, while all-inclusive hotels (-5.4%) and timeshare properties (-2.1%) registered downturns. Given these developments, the market share of ‘other accommodations’ in nights reached 38.9%, while European Plan hotels accounted for 21.6%, all-inclusive hotels for 12.6%, and timeshare properties for 27.0%.

**In the first half of 2025, cruise visitors fell to 514,580, a contraction of 5.2% compared to the first half of 2024, fully owing to first quarter results (-9.1%).** Similarly, in the first quarter of 2025, there were 7 fewer cruise calls year-over-year. Nevertheless, calls rebounded in the second quarter of 2025, causing the first half of 2025 to have 4 more cruise calls year-over-year. Given the decreased cruise visitors and the growing cruise calls, the number of passengers per cruise ship also declined, which may be attributable to a lower load factor or smaller cruise ships.

## 2.3 Consumption

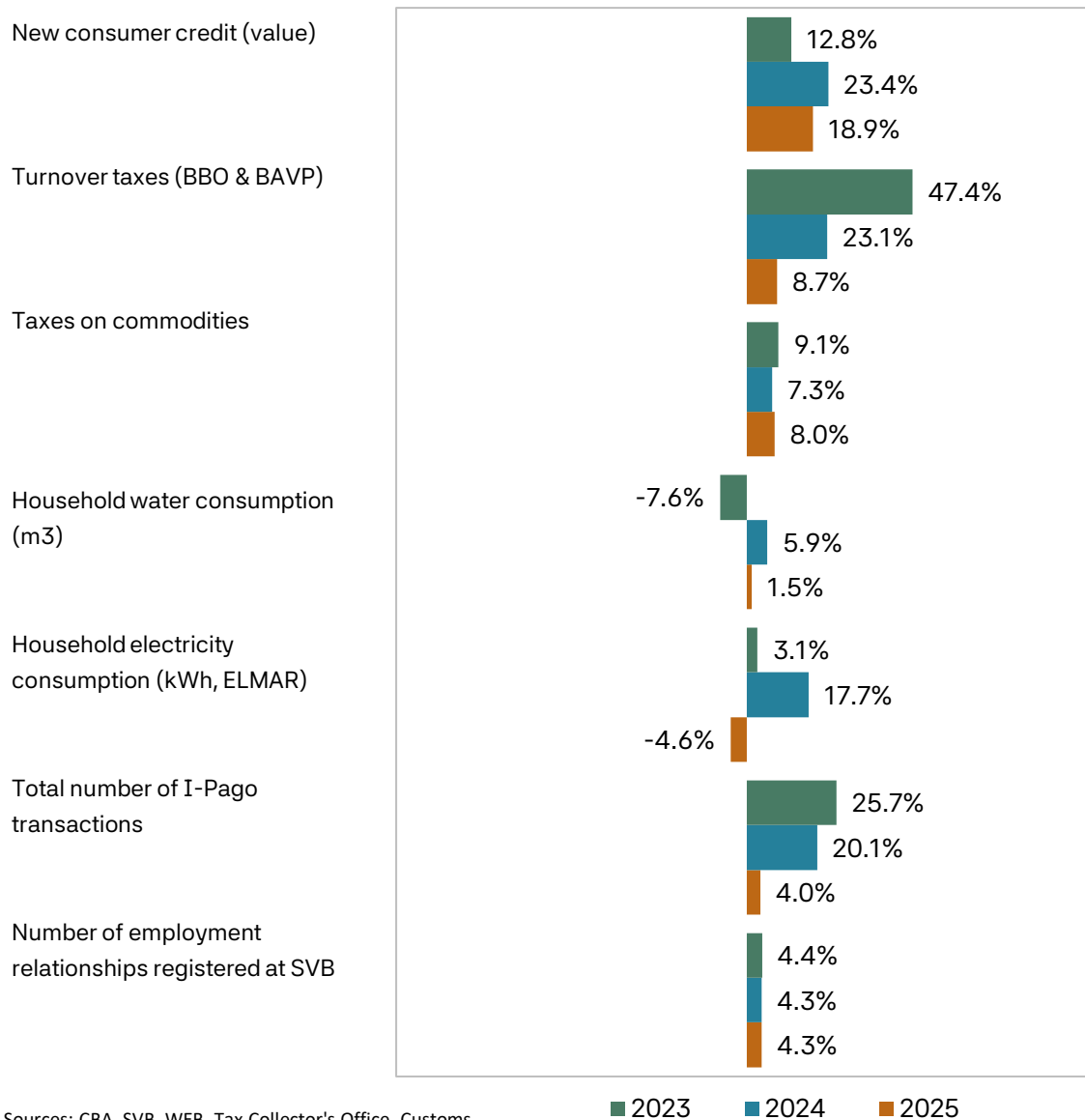
**During the first half of 2025, nearly all consumption indicators grew compared to the first half of 2024 (see Chart 4).** Specifically, the value of new consumer credit (+18.9%) showed a significant rise compared to the corresponding period in 2024. Other indicators that provided an indication of increased consumption include turnover taxes (+8.7%), taxes on commodities (+8.0%), number of employment relationships registered at SVB (+4.3%), total number of I-Pago transactions (+4.0%), and household water consumption (+1.5%). Contrastingly, household electricity consumption in kWh decreased (-4.6%) as compared to the previous year.

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<sup>1</sup> For this category, the hotel rate only includes the room.



**Chart 4: Consumption-related indicators  
(2025 YTD Q2 vs. 2024 YTD Q2 vs. 2023 YTD Q2)**



Sources: CBA, SVB, WEB, Tax Collector's Office, Customs Department

**Up to June 2025, credit data from commercial banks also showed increases.** The value of new consumer credit continued to record double-digit percentage growth (+18.9%) in the first half of 2025 compared to the same period in 2024. The surge is the third consecutive year recording double-digit growth in the value of new consumer credit (2023: +12.8%; 2024: +23.4%; 2025: +18.9%). The expansion in the value of outstanding car loans (+13.6%) reflects the rise in new consumer credit in the first half of 2025.



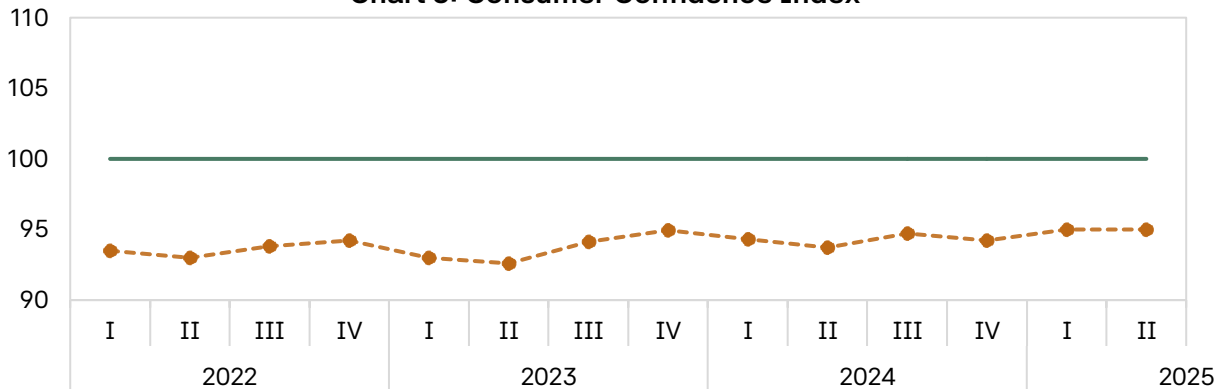
**Similar to credit data trends, consumptive tax receipts point towards an expansion.**

Compared to the first half of 2024, turnover taxes (BBO & BAVP) registered stronger upturns with growth of 8.7%. The rise is likely a result of increased spending by domestic consumers as well as visitors. Likewise, taxes on commodities also showed upward development, growing by 8.0% compared to the corresponding period in the previous year.

**The Consumer Confidence Index (CCI) further supports the view of increased consumption. During the second quarter of 2025, the CCI increased to 95.0 index points, compared to 93.7 in the second quarter of 2024 (Chart 5).**

Most components of the CCI – Present Situation Index, Future Expectation Index, and Consumption and Borrowing habits Index - contributed to the overall higher result, while the Price Expectation Index remained stable at 90.2 index points. The Consumption and Borrowing Habits Index was the main driver of the increase in the CCI, and supports the pattern observed in credit data, surging by 3.0 index points during the second quarter of 2025 in comparison to that of 2024. More respondents indicated that it was a suitable time to take out any type of loan (+6.2 percentage points), including buying a car (+14.0 percentage points) and taking out a mortgage (+5.1 percentage points). Compared with the previous quarter in 2025, the CCI remained unchanged. Considering the components of the CCI, the Consumption Habits Index and the Present Situation Index both contracted by, respectively, 0.8 index points (to 96.8) and 0.5 index points (to 94.3) in the second quarter of 2025 compared to the previous quarter of 2025. Meanwhile, the Future Expectation Index expanded by 1.7 index points to 94.7, and the Price Expectation Index fell by 0.4 index points to 90.2 during the second quarter of 2025 compared to the first quarter of 2025.

**Chart 5: Consumer Confidence Index**



90-100: pessimistic  
100-110: optimistic

Source: CBA

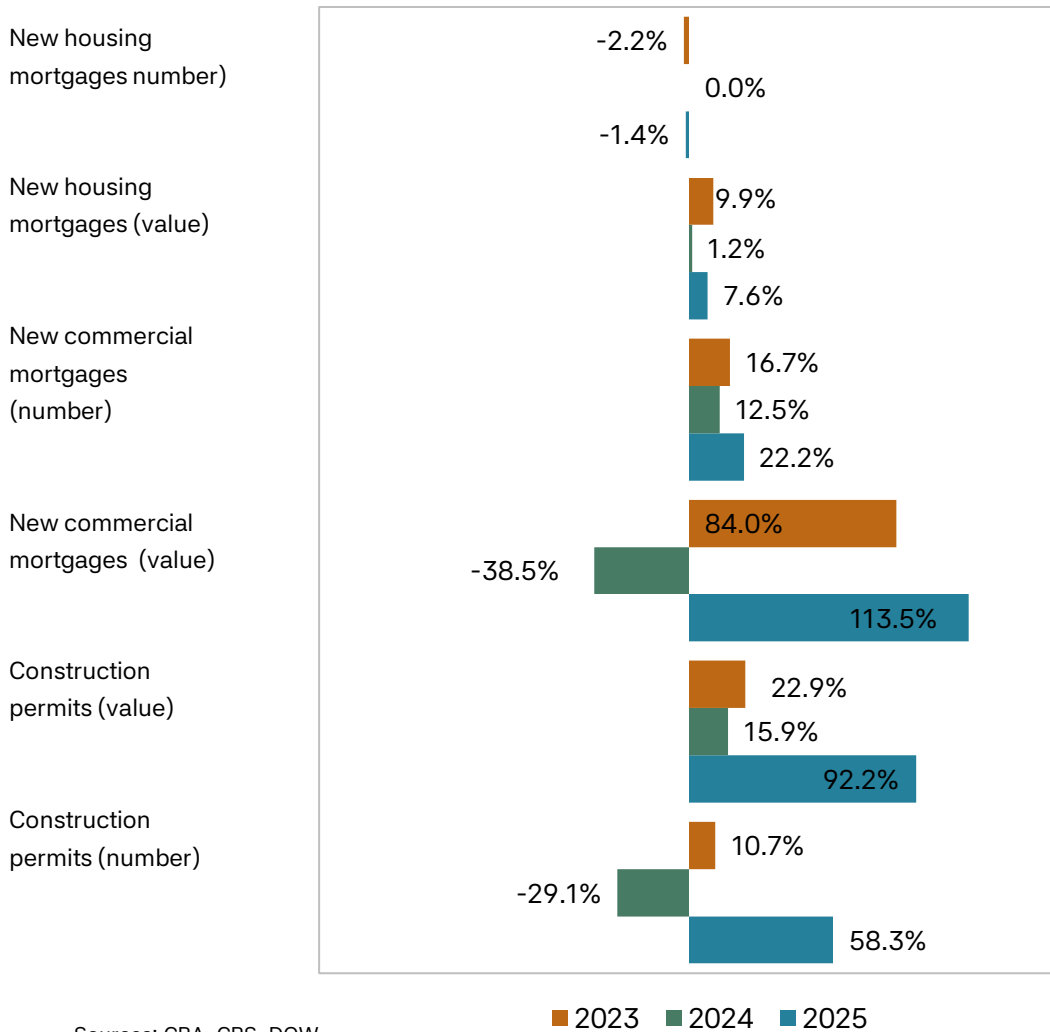
—●— Consumer confidence index      — Neutral



## 2.4 Investment

In the first two quarters of 2025, the commercial banking sector mostly presented signs of heightened investment activity. Both the value (+113.5%) and the number (+22.2%) of new commercial mortgages increased compared to the same period in 2024 (Chart 6).

**Chart 6: Investment-related indicators**  
percentage change YTD 2025 Q2 vs. YTD 2024 Q2 vs. YTD 2023 Q2





**The sharp rise (+113.5%) in new commercial mortgage value in the first half of 2025 marks a significant reversal from the 38.5% decline observed during the first half of 2024.**

However, the outstanding value of commercial mortgage loans at local banks increased by a more modest 9.1% in June 2025 compared to December 2024. Meanwhile, the growth in the number of new commercial mortgages nearly doubled the expansion rate (+12.5%) seen in the first half of 2024. In line with these developments, the average size of new commercial mortgages increased by 77.2%, following a 30.5% decline the year before. The growth in the period under review was partially spurred by hotel projects.

**With regard to housing mortgages, the total value of new mortgages increased by 7.6%, while the number of new mortgages declined by 1.4%.**

At the same time, the average amount of new housing mortgages rose by 8.0%. This pattern suggests a possible rise in housing prices compared to the same period a year earlier, especially considering that the average mortgage size grew by a mere 1.9% the year before. An alternative explanation is that new mortgages are being taken out for larger or higher-end properties than in the previous year.

**In the first half of 2025, both the number (+45.0%) and value (+72.6%) of construction permits increased compared to the same period in 2024.**

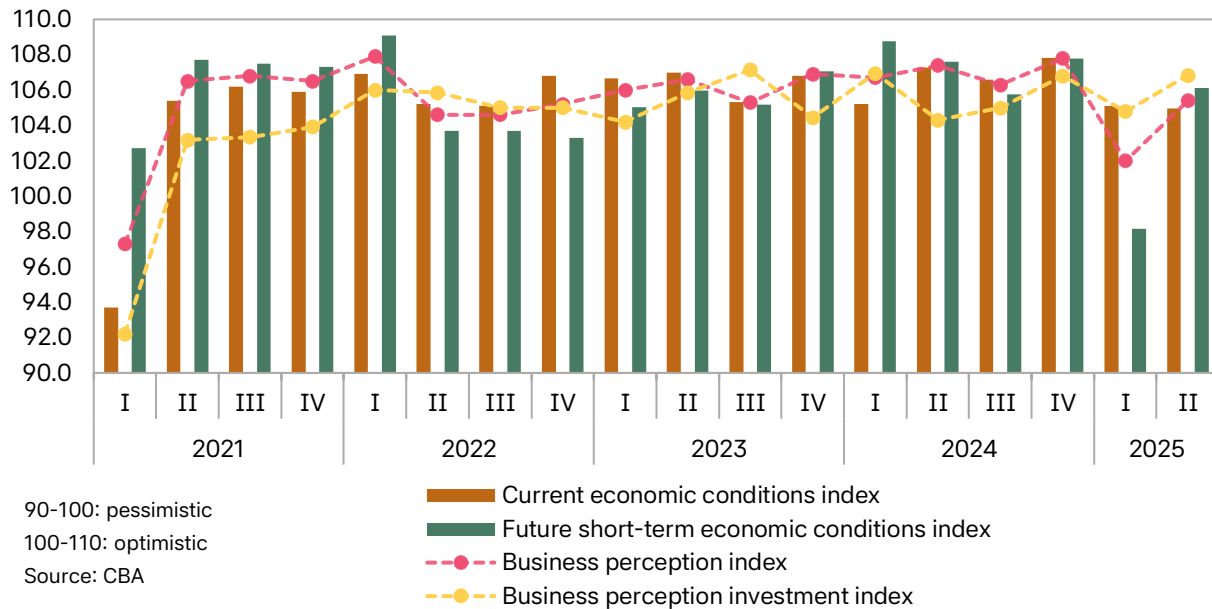
The most significant contributors to the rise in permit value were office buildings (+546.1%), stores and shopping malls (+421.1%), and houses (+176.7%). It is important to interpret the sharp increases in office and stores and shopping mall construction permits with caution, as there can be a time lag between the issuance of permits and actual investment. Therefore, the value of construction permits does not necessarily reflect investment expenditures during the period under review. Regarding residential construction, the average value of a house permit rose from Afl. 377,864 in the first half of 2024 to Afl. 428,152 (+13.3%) in the same period of 2025. This increase aligns with data from the commercial banking sector, indicating rising housing prices or a shift toward larger, more premium properties. However, it should be noted that construction permit data does not account for factors such as property size, which may also contribute to the observed uptick.

**Meanwhile, the Business Perception Index (BPI), measured through the Business Perception Survey (BPS) conducted by the CBA, stood at 105.4 at the end of the second quarter of 2025 (Chart 7).**

This reflects a deterioration of 2.4 index points compared to December 2024 and a decline of 2.0 index points relative to the second quarter of 2024. These contractions stem from decreases in both the current economic conditions index and the future short-term economic conditions index, suggesting that businesses are less optimistic about both present and near-term economic conditions than they were in June and December 2024. Although speculative, tensions surrounding the United States trade policy and the resulting uncertainty may be contributing to heightened pessimism among local businesses. Nevertheless, on a quarter-to-quarter basis (i.e., compared to the first quarter of 2025), the BPI registered a gain of 3.4 index points, driven entirely by an 8.0 point increase in the future short-term economic conditions index. This suggests that despite lingering uncertainty, business sentiment may be starting to recover.



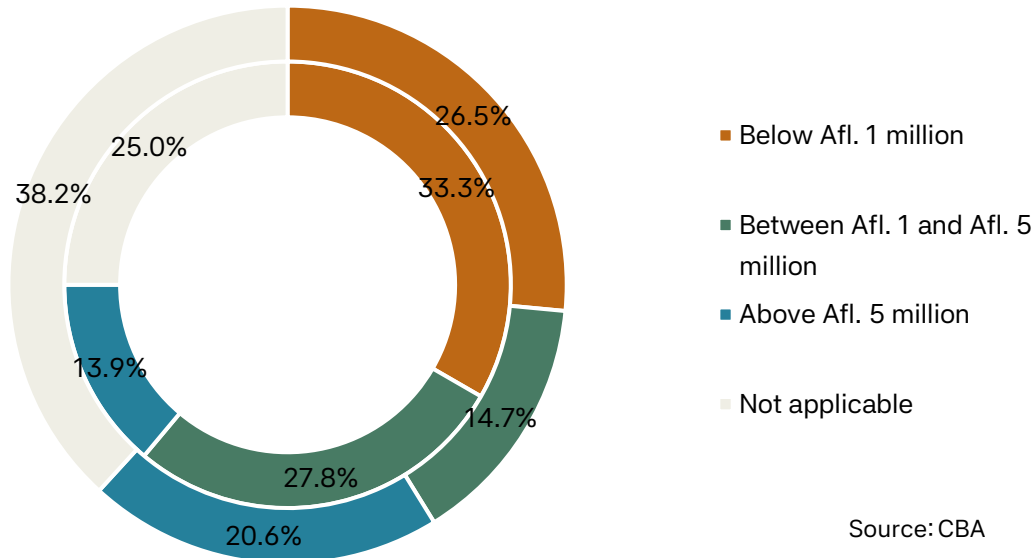
**Chart 7: Business Perception Index**



**Regarding short-term investment plans, the Business Perception Survey (BPS) revealed mixed results.** All investment categories contracted in the second quarter of 2025 compared to the same quarter in 2024, with the exception of the “Above Afl. 5 million” category, which showed resilience relative to the previous year. In the second quarter of 2025, a larger share of respondents (38.2%) indicated that investment plans were not applicable (they did not have investment plans) compared to the same period in 2024 (25.0%) (Chart 8). This decline may reflect shifting investor sentiment influenced by the external uncertainties discussed earlier. Despite this, the Business Perception Investment Index (BPPI) jumped by 2.5 index points year-over-year, driven by a rise in the share of respondents reporting improved investment conditions (from 27.8% to 47.1%) and a decline in those indicating worsened conditions (from 11.1% to 8.8%). A possible explanation for this divergence is that, while uncertainties persist, some businesses may be identifying investment opportunities, contributing to more favorable perceptions among certain respondents.



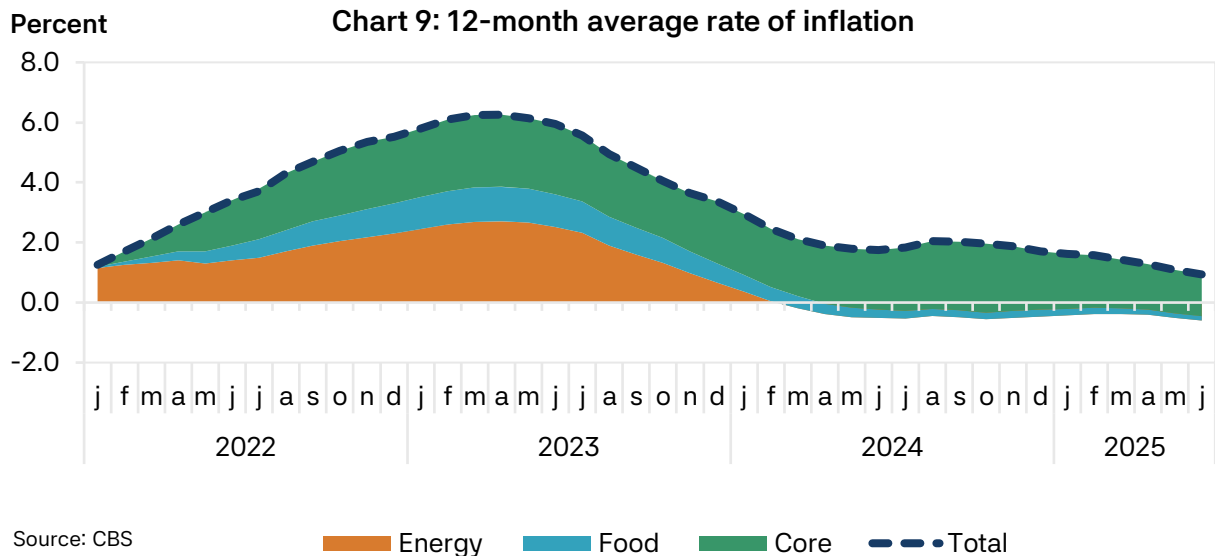
**Chart 8: Share of businesses responses on their investment plans**  
Inner circle: Q2 2024. Outer circle: Q2 2025.



## 2.5 Consumer price index

**In June 2025, the 12-month average inflation rate reached 0.9%, a 0.8 percentage points drop from the 1.7% inflation in June 2024 (Chart 9).** Compared to March 2025, inflation fell by 0.5 percentage points. This decrease is part of a longer downward trajectory, which started around mid-2023. Following a temporary increase in July and August 2024, inflation then continued to slide, albeit at a slower pace. Declining electricity prices and a slowdown in food inflation were the primary causes of the falling inflation over the past two years.

**While the inflation components had relatively small contributions, the categories communication (0.3 percentage points), the purchase of vehicles (0.3 percentage points), miscellaneous goods and services (0.2 percentage points), and maintenance and repair of the dwelling (0.2 percentage points) were the main contributors to the 12-month average inflation rate in June 2025.** In contrast, gasoline (-0.4 percentage points), holidays (-0.2 percentage points), and electricity (-0.2 percentage points) had a dampening effect. Compared to March 2025, the contributions of communications and housing fell by 0.3 percentage points and 0.1 percentage points, respectively, which mostly explains the drop in inflation between the first and second quarters of 2025. Finally, core inflation in June 2025 came in at 1.4%, 0.2 percentage points lower than in March 2025 (1.6%).



**Furthermore, end-of-period (EOP) inflation fell by 1.8 percentage points in the second quarter of 2025 compared to the second quarter of 2024.** In June 2025, the EOP inflation equaled 0.6%, reflecting a 0.5 percentage points hike from March 2025(0.1%). Following its peak in February 2023, inflation steadily fell until August 2023. After a subsequent period of upward-trending EOP inflation that lasted until August 2024, inflation again decelerated. In 2025, inflation has been more stable, with June 2025 showing an uptick.

**The contributions from household appliances (0.3 percentage points), tools and equipment for house and garden (0.2 percentage points), and maintenance and repair of the dwelling (0.2 percentage points) were the primary drivers of the June 2025 EOP inflation rate.** Conversely, gasoline (-0.6 percentage points), electricity (-0.3 percentage points), and holidays (-0.2 percentage points) helped offset the rise in inflation. The 0.5 percentage points uptick in inflation between the first and second quarters of 2025 can be traced to larger contributions from the household operation (+0.5 percentage points), recreation and culture (+0.3 percentage points), and clothing (+0.2 percentage points) components. In contrast, transport (-0.6 percentage points) acted as a mitigating factor. Meanwhile, core inflation rose from 0.7% in March to 1.5% in June 2025, an increase of 0.8 percentage points.

## 2.6 International competitiveness

**In the second quarter of 2025, the Real Exchange Rate (RER) of Aruba equaled 91.8, decreasing from 92.3 a quarter earlier (Chart 10).** The Real Exchange Rate (RER) measures Aruba's international competitiveness relative to the United States, where a decline in the RER reflects a higher competitiveness as Aruba's goods and services have become less

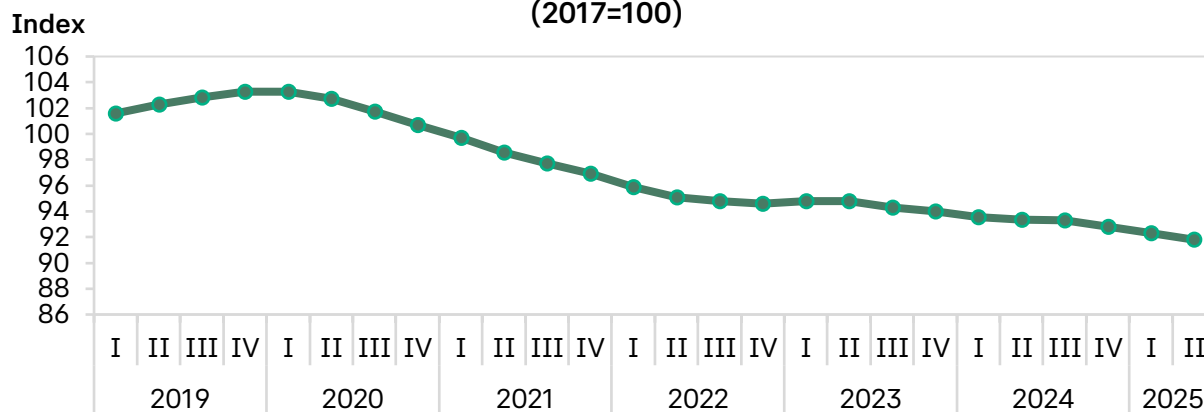


expensive compared to the United States. In contrast, an increase would indicate a deterioration.

**The decrease in Aruba’s RER and thus increased competitiveness is part of a longer downward trajectory, which started around the pandemic.** Between the second half of 2022 and the first half of 2023, there was a slowdown in this trend; afterwards, it picked up again — albeit at a slower pace.

**The reason for this overall RER decline is that inflation has been significantly higher in the United States compared to Aruba.** Put differently, U.S. prices rose more rapidly over this period compared to Aruba’s prices. In June 2025, the 12-month average inflation rate for Aruba was 0.9%, while U.S. inflation was equal to 2.6%. The latter indicates a negative inflation differential of -1.7 percentage points. In March 2025, inflation in Aruba and in the United States was 1.4% and 2.8%, respectively (-1.4 percentage points differential). These price developments have made Aruba relatively cheaper and internationally more competitive as a result.

**Chart 10: Real exchange rate Aruban florin vis-à-vis the U.S. dollar  
(2017=100)**



Source: CBA

## 2.7 Foreign trade

**As of the end of June 2025, data from the Balance of Payments (BOP) show the value of imports of goods increased compared to the same period in the previous year.** Specifically, imports of goods rose by Afl. 92.7 million (+7.2%), while exports of goods grew by Afl. 16.5 million (+10.4%).

**Data from the IMF PortWatch Platform provides insights into the import and export volumes of goods — measured in metric tons — through Aruba’s two ports: Oranjestad-Barcadera and Sint-NicolasBaai.** Additionally, the platform tracks ship arrivals,



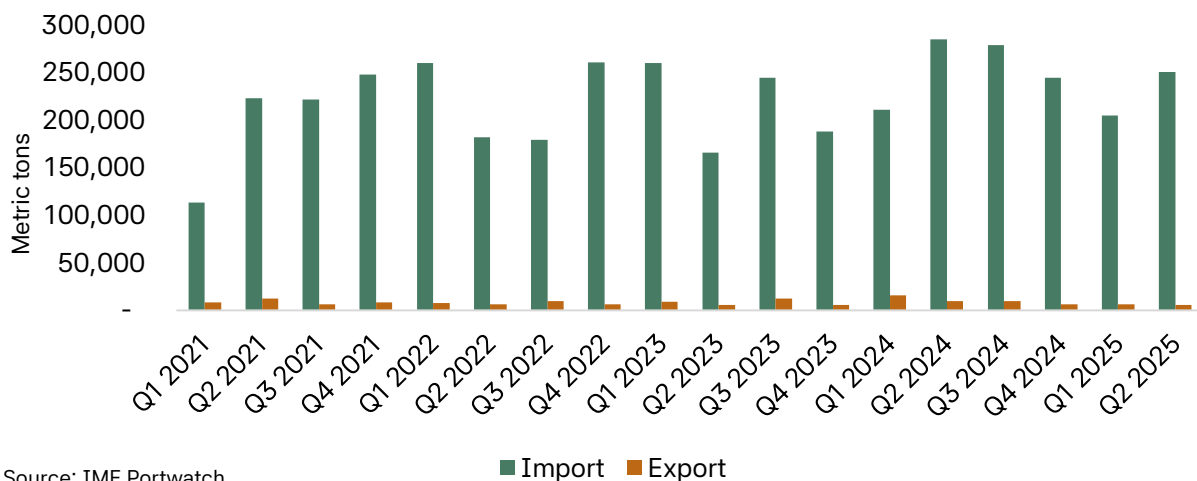
distinguishing between cargo and tanker vessels. Interestingly, the PortWatch data presents a somewhat different picture compared to the BOP figures. Particularly, imports contracted by 40.3 metric tons, a decline of 8.1%, when comparing year-to-date figures for June 2025 against the same period in 2024 (Chart 11). Similarly, exports fell by 13.9 metric tons, representing a sharp drop of 53.4%. While these trends diverge from the BOP data, the discrepancy can be attributed to differences in measurement: the BOP reports values in monetary terms, whereas PortWatch reports physical volumes. Conversely, export volumes have remained relatively stable between the first quarter of 2021 and the second quarter of 2025.

**According to data from the IMF PortWatch Platform, the number of ship arrivals decreased by one vessel in the first half of 2025 compared to the same period in 2024 (see Chart 12).** This decline was solely due to a reduction of one cargo ship, as the number of tanker ships remained unchanged. Despite this relatively minor decrease, Chart 12 reveals a modest upward trend in the number of cargo ships arriving at Aruba's ports, while the number of tanker ships has held steady. This upward trend in cargo ship arrivals is also likely linked to the post-COVID-19 recovery in tourism and higher domestic consumption.

**Data from the Oranjestad-Barcadera Port Statistics provides insights into container traffic (Chart 13).** Comparing year-to-date figures for June 2025 with those from June 2024, the number of containers arriving in Aruba increased by 366 units, representing a growth of 3.9%. The largest contributor to this uptick was the 40ft HC containers - containers that are one foot taller than standard units - which rose by 295 units (+4.1%).

**In terms of breakbulk shipments, car imports saw a significant surge, increasing by 1,077 units or 156.3% compared to the first half of 2024.** A large influx of cars in April 2025, likely intended to replenish inventory levels, was the primary driver of this spike. Moreover, according to the Aruba Car Dealers Association (ACDA), the number of cars sold in the first six months of 2025 expanded relative to the same timeframe a year earlier (+312 units or +19.0 percent).

**Chart 11: Import and export volumes**



Source: IMF Portwatch

■ Import ■ Export



Chart 12: Arrivals of ships

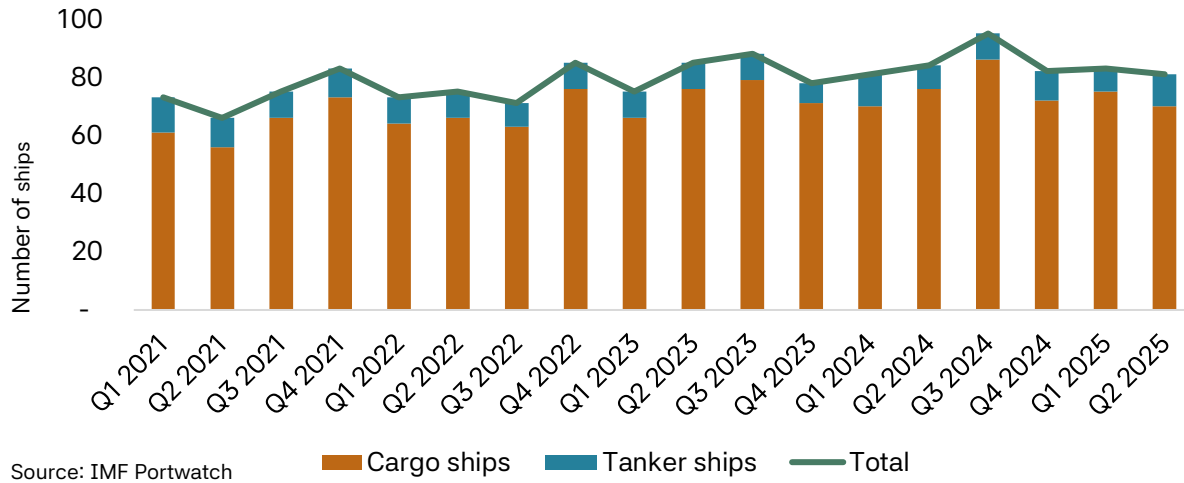
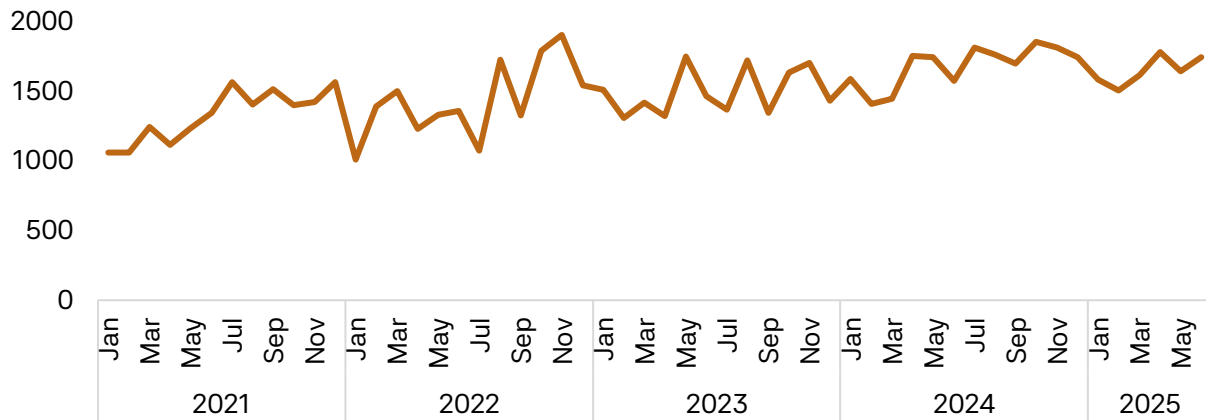


Chart 13: Arrival of containers



## 2.8 Balance of payments

In the first half of 2025, the Balance of Payments (BoP) reported a current account surplus of Afl. 697.8 million, largely attributable to strong inflows from tourism services (Table 2). Compared to the first half of 2024, this surplus reflects an Afl. 76.2 million decrease,



driven by an expanding deficit in the goods account, and a smaller surplus in the services account. At the same time, deficits in the income accounts shrank slightly, which eased the downward pressure on the current account surplus. In the first half of 2025, goods imports grew by Afl. 93.5 million (7.3%) compared to the same period a year ago, and was the main cause of the wider deficit in the goods account.

**Furthermore, the services account reported a net inflow of Afl. 2,015.5 million in the first half of 2025, which is Afl. 21.5 million (-1.1%) less than in the corresponding period last year.** Tourism-related inflows boosted the services account, growing with Afl. 45.1 million (1.6%) to reach Afl. 2,874.3 million, compared to the same period one year ago (Afl. 2,829.2 million). Additionally, the “other services” account also registered a spike in inflows (Afl. 29.0 million). However, rising outflows in this account (Afl. 63.1 million) and in the transport account (Afl. 23.7 million) outpaced this growth. Higher outflows in other services were mainly driven by the “other items” component, which represent for example management fees and contracting services, and in this case largely reflected payments to non-residents by utility companies. The narrowing deficit in the income accounts resulted from smaller deficits in the primary income and secondary income accounts in the first half of 2025, compared to a year ago. The primary income account deficit shrank with Afl. 13.0 million (-20.3%), which reflected a rise in investment income inflows as a result of an increase in the CBA’s investment portfolio income. Finally, the capital account surplus grew by Afl. 6.2 million to Afl. 16.0 million in the first half of 2025 compared to a year ago (Afl. 9.8 million).

**Moreover, in the first half of 2025, the financial account reported a net lending amount of Afl. 695.9 million, indicating a Afl. 54.6 million decline compared to the first half of 2024 (Afl. 750.4 million).** This contraction was primarily due to the direct investment account shifting from a net lending position in the first half of 2024 (Afl. 19.1 million) to a net borrowing position in 2025 (-Afl. 82.6 million), representing a -Afl. 101.7 million change. The net lending position in direct investment was driven by residents purchasing hotel shares from non-residents in the first half of 2024. Furthermore, the net lending position in other investment shrank by Afl. 28.7 million, from Afl. 277.0 million in the first half of 2024 to Afl. 248.3 million one year later. This decrease mainly reflects larger liabilities as a result of an advance payment received from abroad by the telecommunications sector for future connectivity services. On the other hand, reserve assets accumulation was Afl. 62.2 million higher in the first half of 2025 compared to one year ago, which mitigated this reduction in net lending. Reserve assets grew faster as a result of a surge in CBA’s currency and deposits (+Afl. 329.9 million). Currency and deposits rose largely through foreign exchange transfers to the CBA, primarily fuelled by tourism receipts. The sale of debt securities held by the CBA as reserve assets also contributed to the increase in currency and deposits, but at the same time lowered foreign security holdings, thus partially offsetting the increase in reserve assets.

**Table 2: Balance of payments (in Afl. million)**

	YTD Q2 2024	YTD Q2 2025
<b>Current account</b>	774.0	697.8
Goods	-1,130.6	-1210.5
Services	2,037.0	2015.5
Primary income	-64.3	-51.2
Secondary income	-68.1	-56.0
<b>Capital account</b>	9.8	16.0
<b>Financial account</b>	750.4	695.9
Direct investment	19.1	-82.6
Portfolio investment	141.2	165.8
Financial derivatives	-2.2	-13.1
Other investment	277.0	248.3
Reserve assets	315.3	377.5

Source: CBA

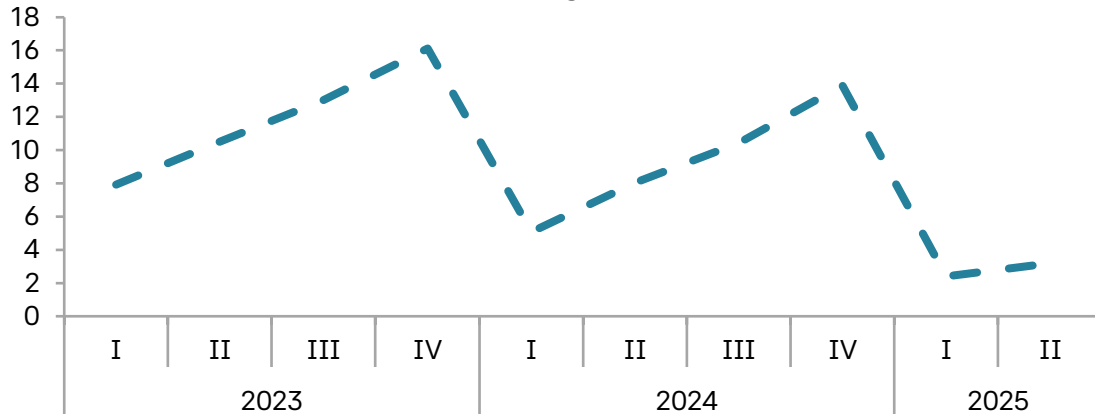
## 2.9 Monetary survey

**Net foreign assets (excluding revaluation differences) drove an expansion in the money supply from Afl. 6,224.3 million to Afl. 6,488.9 million (+4.3%) in June 2025 compared to December 2024.** At the end of June 2025, net foreign assets (NFA) surged to Afl. 3,700.0 million from Afl. 3,275.1 million (+13.0%) in December 2024. Contrastingly, a decrease from Afl. 2,949.2 million to Afl. 2,788.9 million (-5.4%) in net domestic assets partially mitigated the rise in money supply during the corresponding period. The contraction in net domestic assets came as a result of increased government deposits (June 2025: Afl. 517.0 million; December 2024: Afl. 289.4 million). At the end of June 2025, net foreign assets (Afl. 4,259.1 million) covered 8.1 months of current account payments when including revaluation differences. Meanwhile, the gross official reserves (Afl. 4,003.5 million) were 53.8% above the lower bound of the IMF ARA metric for emerging markets. Thus, registering levels beyond the benchmarks monitored by the CBA.

**Claims on the private sector grew by 2.9% (+Afl. 123.5 million) in the first half of 2025 compared to December 2024.** A rise in business loans was the main driver of this increase. The growth in business loans (+3.2%; +Afl. 63.6 million) stemmed mainly from loans for real estate activities (Chart 14). Additionally, loans to individuals (+2.7%; +Afl. 59.6 million) also contributed to the rise in overall credit.



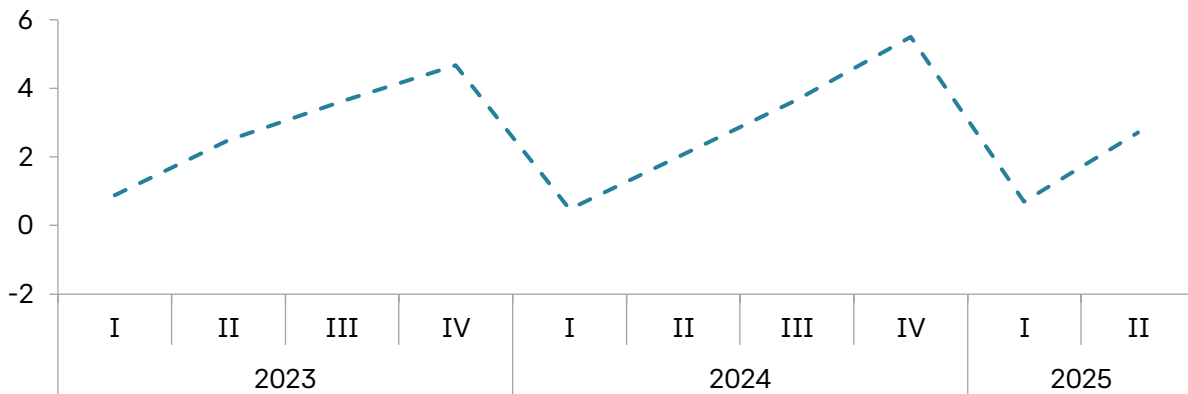
Chart 14: Loans to enterprises - monetary survey  
(year-to-date growth rates)



Source: CBA

**Commercial mortgages (+9.1%; +Afl. 65.3 million) drove the expansion in business loans during the first half of 2025, while term loans longer than two years (0.1%; +Afl. 1.1 million slightly nudged upwards.** Concurrently, current account loans (0.8%; Afl. 1.1 million) and term loans shorter than two years (-42.8%; -Afl. 3.8 million) declined during the period in question. Furthermore, the slight increase in loans to individuals was due to an Afl. 46.1 million (+2.7%) rise in housing mortgages and an Afl. 13.5 million (+2.8%) growth in consumer credit during the period under review (Chart 15).

Chart 15: Housing mortgages - monetary survey  
(year-to-date growth rates)

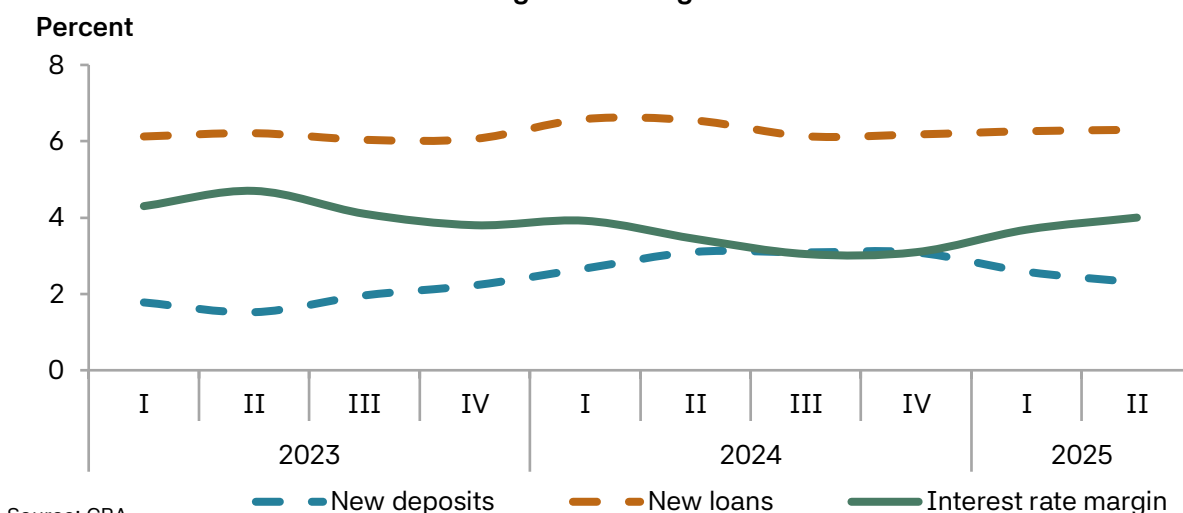


Source: CBA



**During the second quarter of 2025, the quarterly weighted average interest rate margin expanded to 4.0% compared to 3.1% in the last quarter of 2024.** The increased interest rate margin resulted primarily from a lower average interest rates on new deposits (2024-IV: 3.1%; 2025-II: 2.3%), while the average interest rate on new loans increased, albeit to a lesser extent (2024-IV: 6.2%; 2025-II: 6.3%). The interest rates on deposits declined mainly due to the rates of time deposits less than 12 months (-0.8 percentage point). Meanwhile, rates on commercial mortgages went up by 0.4 percentage point, driving the upturn in interest rates on loans (Chart 16).

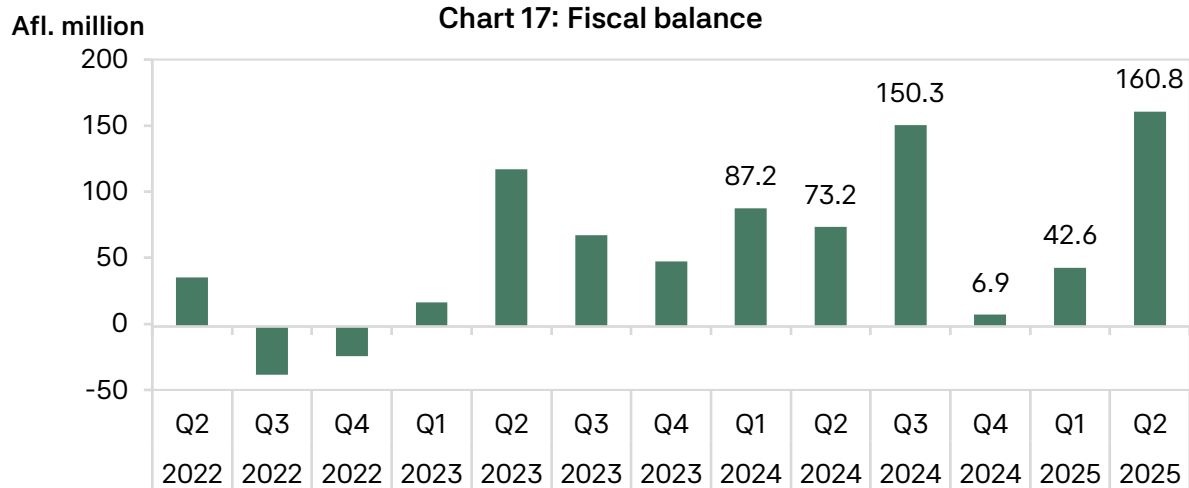
**Chart 16: Weighted average interest rates**



**Up to June 2025, the financial soundness indicators continued performing satisfactorily.** Nonperforming loans to gross loans, a measure of asset quality, continued its downward trend as it has since April 2021. The former reached 1.1% at the end of June 2025, down from 1.2% at year-end 2024. The capital adequacy ratio reached 31.8%, comfortably above the minimum of 18%. As for the prudential liquidity ratio (PLR), the ratio of liquid assets to net total assets continued to rise reaching 32.5% from 30.4% at the end of 2024. In 2025, the minimum required PLR was 19.0%.

## 2.10 Government

**In the first half of 2025, the government of Aruba (GoA) registered a financial surplus of Afl. 203.4 million, which was Afl. 43.1 million higher compared to the Afl. 160.4 million surplus of the first half of 2024 (Chart 17).** Higher tax revenues (+Afl. 163.2 million) were a key driver of the surplus, whereas a decline in non-tax revenues (-Afl. 42.5 million) and higher expenditures (+Afl. 77.4 million) dampened the overall improvement in the fiscal balance.

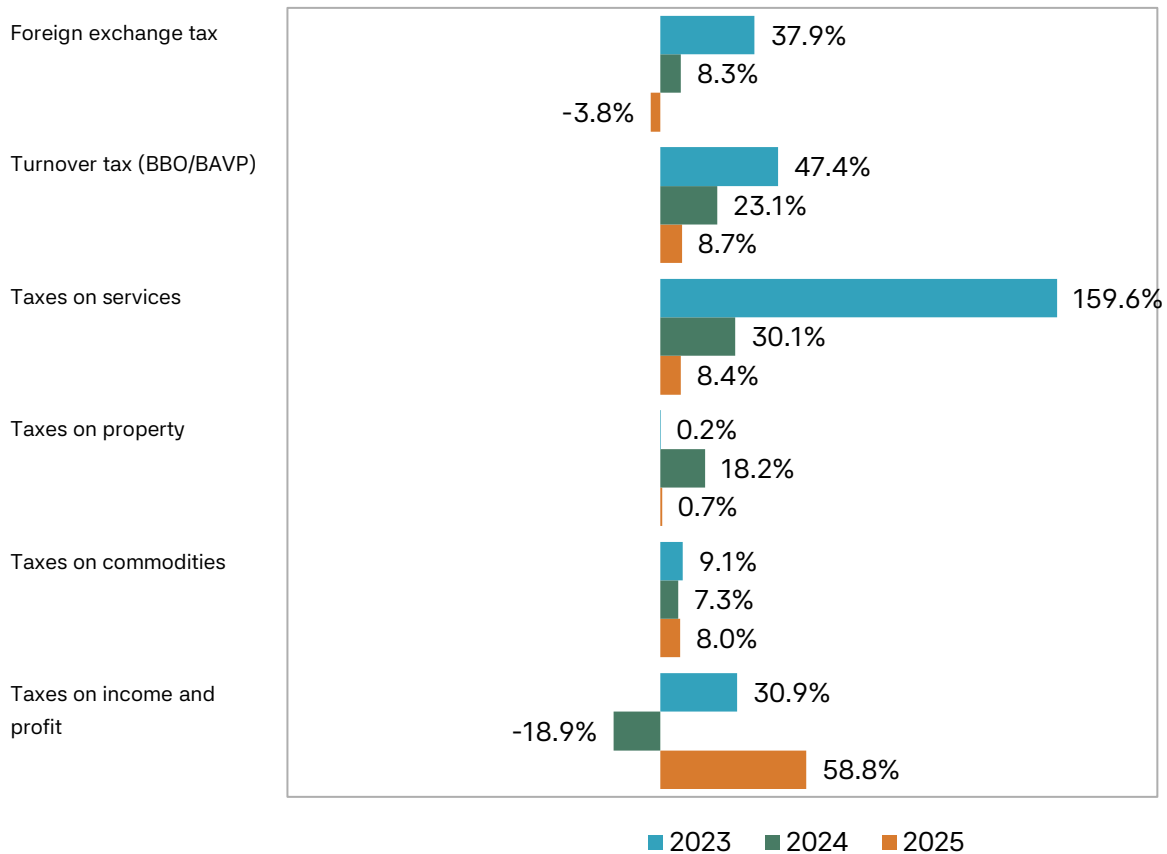


Source: CBA, DoF

**Except for the foreign exchange tax, revenues rose for all other tax components in the first half of 2025 compared to a year ago (Chart 18).** Taxes on income and profit exhibited the largest increase (+Afl. 125.9 million; +58.8%), whereas smaller upticks were registered for taxes on commodities (+Afl. 14.7 million, +8.0%) and turnover taxes (+Afl. 17.2 million; +8.7%). In contrast, wage tax receipts fell (-Afl. 28.7 million), likely as a result of the reduction in the income and wage tax rate at the beginning of 2025. The surge in proceeds from taxes on income and profit reflects significantly higher profit tax collections (+Afl. 147.7 million) in the first half of 2025. In 2025, the first profit tax payment occurred in the 2nd quarter, whereas last year the first payment was only realized in the 3rd quarter, making a year-on-year comparison difficult. Overall, total revenues in the first half of 2025 were equal to Afl. 1,007.9 million, of which Afl. 950.3 million were tax revenues; the remainder (Afl. 57.7 million) consisted of non-tax revenues.



**Chart 18: Tax revenue growth for YTD June  
(current year vs. prior years)**

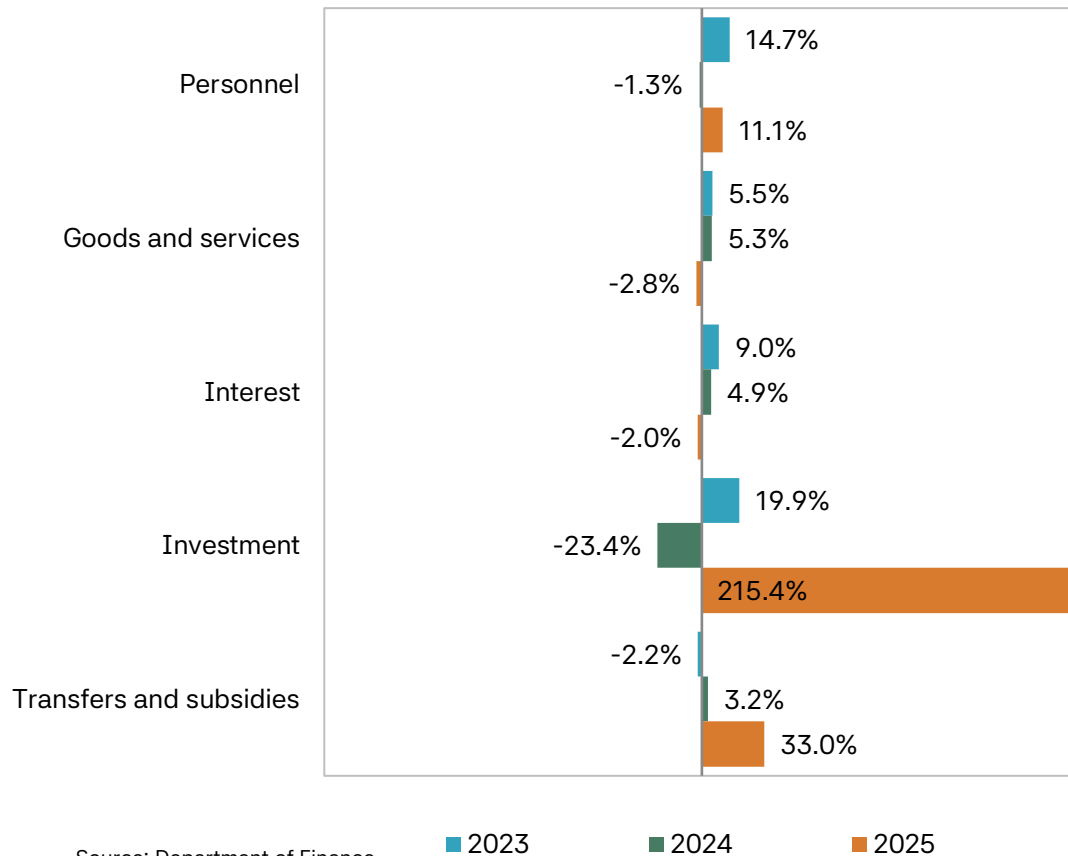


Source: Tax Collector's Office

**Total expenditures in the first half of 2025 were equal to Afl. 803.6 million, Afl. 77.4 million (+10.7%) higher than the first half of 2024 (Afl. 726.2 million).** The hike in expenditures was mainly driven by higher transfers and subsidies (+Afl. 42.2 million) and to a lesser extent personnel costs (+Afl. 15.8 million), and investment (+Afl. 8.9 million) (Chart 19). At the same time, there were slight decreases in spending on goods and services (-Afl. 4.4 million) and interest payments (-Afl. 2.8 million).



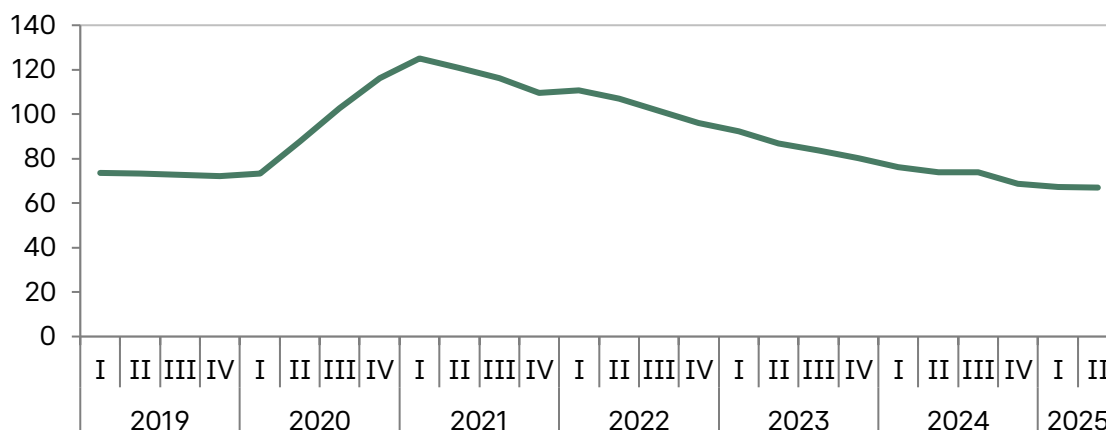
**Chart 19: Government expenditure**  
**(Percentage change YTD June 2025 vs. previous years)**



**By the end of the first half of 2025, GoA’s estimated debt-to-GDP ratio reached 67.0%, down from 68.6% at the end of 2024 (Chart 20).** As a result, the debt-to-GDP ratio is now below pre-pandemic levels (2019: 72.1%). This decline is part of a longer trend which started in 2021, marked by a falling debt level and growing GDP. Compared to year-end 2024, total government debt expanded slightly (Afl. 15.2 million) and amounted to Afl. 5,280.2 million by the end of the second quarter of 2025. The higher debt resulted primarily from an increase in domestic debt (Afl. 102.4 million), which was mitigated by a drop in foreign debt (Afl. 87.2 million). In turn, the uptick in domestic debt was driven by a Afl. 96.6 million increase in government bonds outstanding, while declining debt obligations to the United States (-Afl. 30.5 million) and other countries (-Afl. 55.2 million) mostly accounted for the lower foreign debt level. By the end of the second quarter of 2025, domestic debt accounted for 40.7% of total debt, while foreign debt represented 59.3% (2024 Q4: domestic debt 38.9%, foreign debt 61.1%).



Chart 20: Debt-to-GDP ratio



Calculations: CBA

### 3 International developments

In its October 2025 World Economic Outlook (WEO), the IMF estimates global growth for 2025 to reach 3.2%, roughly similar to 2024 (3.3%) (Table 3). This represents a slightly upward revision compared to the July 2025 (3.0%) report, but remains lower than the pre-pandemic (2000-2019) average of 3.7%. For 2026, a growth rate of 3.1% is projected, in line with the July 2025 forecast. For the medium-term (2027-2030), growth prospects look somewhat bleak, with the projected annual growth of 3.2% representing a slowdown compared to the 3.7% growth in the pre-pandemic period.

Overall, the negative impact of the U.S. trade tariffs on global growth has been relatively modest so far in 2025. This is primarily due to the front-loading of imports earlier this year and the restructuring of global supply chains, as well as the negotiation of trade agreements between the United States and other countries. Nevertheless, it remains too early to conclude that tariffs have not affected economies worldwide. The U.S. effective tariff rate remains elevated, trade policy uncertainty continues to loom, and trade tensions have not settled, suggesting that significant negative effects from the U.S. tariffs could still materialize. While gradual, import tariffs are slowly being passed through to consumer prices, with mitigating factors such as front-loading of imports fading. Overall, the global environment continues to look volatile, and the tariff shock is contributing to weak growth prospects, with risks to the outlook tilted toward the downside.

In 2025, growth in emerging market and developing economies is forecasted at 4.2%, which is significantly higher than the projected growth rate of 1.6% for advanced economies. In 2026, the growth projection for the former is 4.0%, while it is expected to



remain 1.6% for the latter. With respect to the advanced economies, the projected growth rates for the United States in 2025 and 2026 are 2.0% and 2.1%, respectively. The U.S. growth projection for 2025 is significantly lower compared to the 2024 growth rate (2.8%), and reflects a slight upward revision (0.1 percentage point) compared to the July 2025 IMF outlook report. For the euro area, the growth forecast for 2025 has also slightly improved compared to the July 2025 forecast, with growth projected to be 1.2% in 2025 (July forecast 1.0%). In contrast, the growth projection for 2026 has been revised downward from 1.2% to 1.1%.

**For Latin America and the Caribbean (LAC), the IMF forecasts 2.4% growth for 2025 and 2.3% for 2026.** Compared to the July WEO forecast, the 2025 growth figure experienced a modest upward revision of 0.2 percentage points, mainly driven by the uptick in Mexico's projected growth rate for 2025, which rose to 1.0% compared to the 0.2% forecast from the July outlook. For Brazil, the 2025 growth figure (2.4%) has been adjusted upwards (0.1 percentage point), whereas 2026 growth (1.9 %) declined slightly (-0.2 percentage points).

**The IMF expects global inflation to decrease to 4.2% in 2025 and decline further to 3.7% in 2026, down from 5.8% in 2024.** Overall, inflation forecasts have shown little change compared to earlier forecasts, however this differs across countries. In the United States, the inflation forecast has been revised upwards, with higher inflation expected in the second half of 2025 as a result of higher tariff passthrough to consumer prices. Additionally, inflation projections for Brazil and Mexico have also seen upward revisions, with a stronger revision for Brazil due to credibility concerns, which is raising inflation expectations. For several other countries, particularly emerging and developing Asia (for example China), inflation projections have been adjusted downwards.

**The global growth outlook continues to exhibit significant downside risks, similar to the previous WEO forecast.** Key vulnerabilities include persistent trade policy uncertainty, which could slow down investment and growth, and rising protectionism, which could hinder global technology spillovers and consequently growth. In addition, intensification of regional conflicts could push up commodity prices (such as food and fuel), fueling inflation in import-dependent countries. Some additional downside risks reflect negative labor supply shocks related to stricter immigration policies in advanced economies, elevated fiscal vulnerabilities, and increasing financial fragilities.



**Table 3. Projections for the world economy and selected economies (Real GDP growth, in %)**

	2025	2026
<b>Region</b>		
World	3.2	3.1
United States	2.0	2.1
Euro Area	1.2	1.1
Latin America and the Caribbean	2.4	2.3
<b>Income group</b>		
Advanced economies	1.6	1.6
Emerging market and developing economies	4.2	4.0

Source: International Monetary Fund (IMF)

## 4 Conclusion

**In the first half of 2025, Aruba's economy continued to expand, although at a more moderate pace. Real GDP grew by 3.3% year-over-year, compared to 9.8% a year ago.** Stay-over arrivals climbed, though their average length of stay kept trending downward. Tourism remained the main driver of activity, lifting consumption and investment indicators.

**The hotel sector delivered solid results during the review period.** The average daily rate (ADR) and revenue per available room (RevPAR) improved. A softer occupancy rate partly reflected the expansion in available hotel rooms. Conversely, cruise passenger numbers contracted.

**Inflation stayed subdued in the first six months of 2025.** The 12-month average inflation rate registered 0.9% in June 2025, compared to 1.7% in December 2024. Lower energy costs and easing food price pressures helped temper overall inflation. End-of-period inflation stood at 0.6%, down from 0.3% at the close of 2024.

**The real exchange rate index slipped to 91.8, signaling further gains in Aruba's international competitiveness against the U.S. dollar.** This movement reflects a widening inflation gap between the United States and Aruba.

**During the first half of 2025, the balance of payments posted a current account surplus of Afl. 697.8 million, while international reserves remained strong, covering 8.1 months of current account payments.** The financial account recorded lower net lending compared



to the same period in 2024, largely driven by a reversal in the direct investment account from a net lending to a net borrowing position.

**Private sector credit expanded, led by loans to businesses and loans to individuals.**

Financial soundness indicators stayed favorable through June 2025. Non-performing loans remained minimal, the capital adequacy ratio and the prudential liquidity ratio strengthened during the period.

**Government finances continued on a positive trajectory.** The Government of Aruba achieved a fiscal surplus of Afl. 203.4 million in the first two quarters of 2025. The debt-to-GDP ratio declined further to an estimated 67.0%, extending its downward trend from the pandemic peak.

**Globally, the IMF revised its 2025 growth outlook upward to 3.2%, supported by stronger-than-expected front-loading of activity ahead of anticipated tariff hikes, restructuring of global supply chains, and the negotiation of trade agreements between the U.S. and other countries.** Nevertheless, it remains too early to conclude that tariffs have not affected economies worldwide. Overall, the global environment continues to look volatile, and the tariff shock is contributing to weak growth prospects, with risks to the outlook tilted toward the downside.



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