Centrale Bank van Aruba

STATE OF THE ECONOMY

2025 Retrospective

Contents

1 Executive Summary

Sustained growth at a more moderate pace in 2025

In 2025, GDP is estimated to expand by 3.4%, pointing toward a sustained, albeit more moderate, economic growth compared with the last 2 years (2023: 9.5%; 2024: 7.0%). Following a slow start to the year, economic growth picked up in the second half of the year, particularly in the last quarter (2025Q4: +6.4%). A strong tourism performance (both in terms of number of visitors and spending per night) drove economic activity, as did a rapid rise in consumption, reflected in a significant uptick in turnover tax receipts and consumer credit. Stay-over visitors grew by 6.6% in 2025 compared to 2024, while tourism revenues climbed by 6.5%. Consumption increased mainly as a result of a large expansion of Aruba's workforce, which boosted spending. In addition, a surge in housing and commercial mortgages, as well as construction permits, suggests that investment activity also picked up considerably in 2025 and is expected to continue in the coming period.

Balance of Payments data suggest that imports expanded (+6.9%) in 2025, driven mainly by services, while exports grew by 6.6%. With respect to inflation, by the end of 2025, Aruba's 12-month average inflation rate eased to 0.1%, continuing the steady softening in price pressures observed since October 2024, primarily triggered by lower energy-related prices and moderated increases in several core components. Core inflation's contribution to overall inflation, on a 12-month average basis, eased to 0.7%.

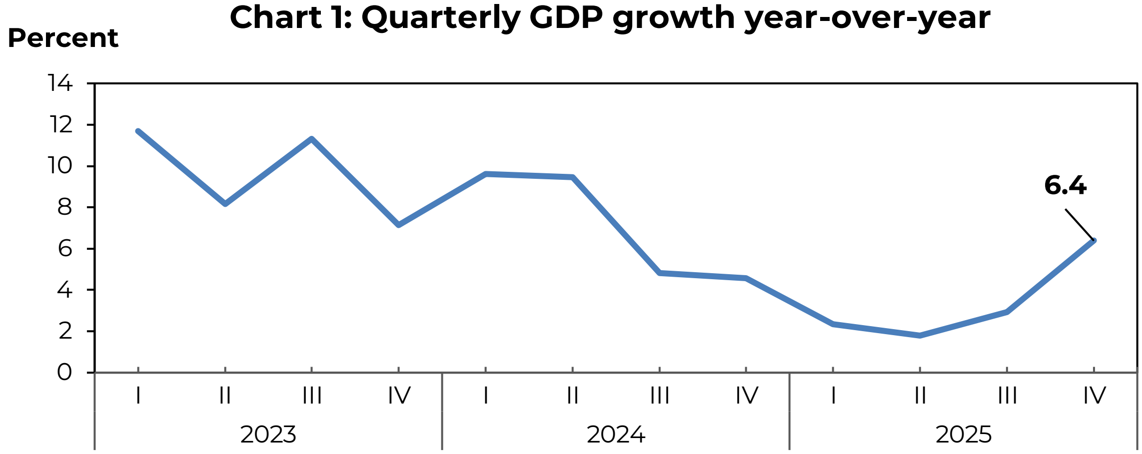
During 2025, the balance of payments recorded a current account surplus of Afl. 921.0 million, mainly associated with sustained large tourism-related inflows. As a result, international reserves expanded significantly and remained more than adequate according to the Central Bank of Aruba (CBA) benchmarks. At the end of 2025, the Government of Aruba (GoA) recorded an annual fiscal surplus of Afl. 245.3 million. This surplus was smaller than a year earlier as expenditures grew faster than revenues. In 2025, the GoA's estimated debt-to-GDP ratio declined further, reaching 65.7% by the end of the year, due to continued debt repayments.

2 Domestic

2.1 Economic growth

During the third and fourth quarters of 2025, the CBA estimates real gross domestic product (GDP) growth of 2.9% and 6.4%, respectively, as compared with the corresponding periods of 2024 (Chart 1). These rates reflect a stronger expansion compared to the previous quarters of the year (Q2: 1.8%, Q1: 2.3%). Up to September 2025, the GDP increase is estimated at 2.4%, while growth in the first three quarters of the previous two years recorded 7.9% (2024) and 10.4% (2023), respectively. For the entire year 2025, GDP is estimated to rise by 3.4%, indicating an acceleration during the last few months of 2025. This outcome reflects a surge in tourism performance in the fourth quarter of 2025, compared with the same period in 2024. Additionally, compared to previous quarters in 2025, the third and fourth quarters bounced back from a gradual slowdown in the first half of 2025 (see Chart 1). On the other hand, GDP per capita expansion equaled 1.4% in 2025, significantly lower than one year ago (6.2%).

Chart 1: Quarterly GDP growth year-over-year



Calculations: CBA

Higher tourism exports continued to be the main contributor to the growing economy in Q3 and Q4 of 2025. Higher tourist arrivals drove the increased tourism exports, while investments further pushed up economic growth. Private investments, in particular the construction of large new projects, predominantly in the tourism sector, boosted overall investment growth.

2.2 Tourism

Compared with 2024, most tourism-related indicators improved during 2025 (Table 1). The largest increases were recorded in the average daily rate (ADR) (+12.3%), cruise visitors (+8.2%), and tourism revenue (+6.5%). Furthermore, visitors from Argentina (+42,327 visitors; +154.4%), the United States (+30,232 visitors; +2.8%), and Brazil (+11,402 visitors; +65.7%) were the main drivers of growth in stayover visitors (+93,416 visitors; +6.6%). Despite a strong expansion in the Latin American market, the U.S. market continued to account for the largest share of visitors, representing 72.1% of total stay-over visitors (vs. 74.7% in 2024). Visitor nights (+5.1%) and revenue per available room (RevPAR) (+5.1%) also recorded growth, albeit not as strong as stay-over visitors and the ADR. Contrastingly, the only indicators showing decreases were the Average Length of Stay (ALOS) (-1.4%) and hotel occupancy (-5.3 percentage points). However, the reduction in hotel occupancy is related to the opening of 2 new hotels, and the corresponding number of new hotel rooms which have come onboard in 2025.

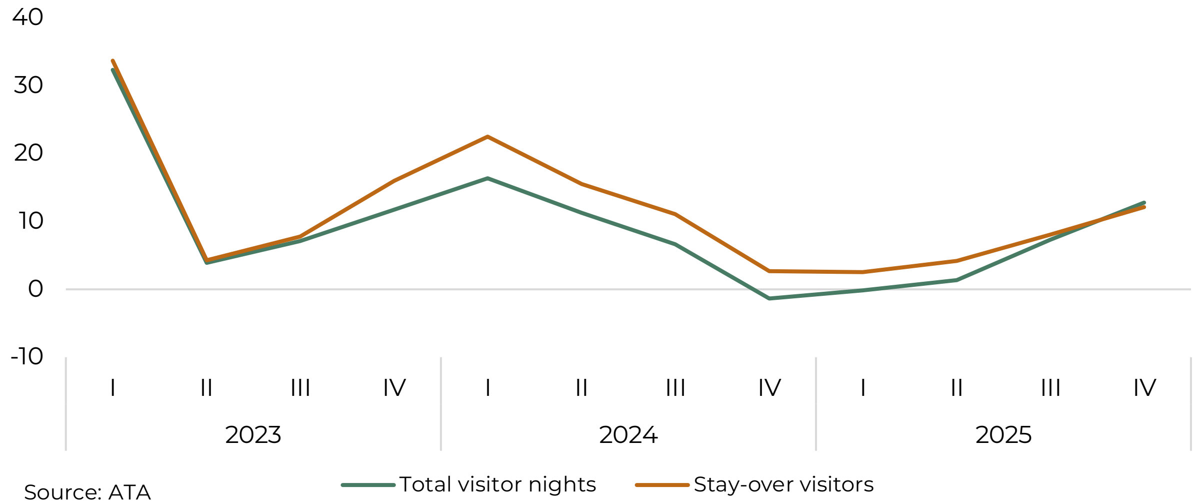
Table 1: Tourism indicators for Aruba

	2023	2024	2025
Stay-over visitors	1,260,402	1,421,686	1,515,102
Average length of stay (in days)	7.2	6.9	6.8
Total visitor nights	9,071,151	9,811,665	10,310,093
Cruise visitors	817,670	897,274	970,533
Hotel occupancy (%)	78.0%	81.7%	76.4%
Average daily rate (US$)	341.12	364.28	408.99
Revenue per available room (RevPAR) (US$)	266.08	297.51	312.60
Tourism revenue per night (in Afl.)	519.7	531.6	538.7
Tourism revenue (in Afl. million)	4,714.4	5,216.1	5,554.4

Sources: CBA, ATA, AHATA

After showing strong growth in 2023 and 2024, both stay-over visitors and visitor nights grew more sluggishly in the first half of 2025 but showed signs of a pick-up in the second half of 2025 (Chart 2). The diminishing ALOS, which reached 6.8 nights in 2025, partly explains the divergence between the total visitor nights and stayover visitors during the first half of 2025. Contrastingly, in the second half of the year, this gap narrowed and eventually disappeared, indicating that the ALOS stabilized during this period.

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



Source: ATA

In 2025, tourism revenue rose by 6.5% compared to a year earlier, pushed up by higher total visitor nights (+5.1%) and greater tourism revenue per night (+1.3%). One component bolstering the tourism revenue per night is the ADR for hotels, which climbed from US$ 364.28 in 2024 to US$ 408.99 in 2025. The higher ADR partially reflects the opening of new high-end hotels during the year in question, which drove up the RevPAR from US$ 297.51 to US$ 312.60. Conversely, the occupancy rate fell from 81.7% to 76.4%, due in part to the addition of the aforementioned new hotel rooms. Furthermore, during 2025, the share of tourists staying at short-term vacation rentals (STVRs), such as Airbnbs, also increased (2025: 35.1% vs. 2024: 32.9%). With respect to stay-over visitors at European Plan hotels[1], the share edged up more modestly (2025: 26.7% vs. 2024: 25.9%), while all-inclusive hotels (2025: 15.0% vs. 2024: 16.0%) and timeshare properties (2025: 23.1% vs. 2024: 25.1%) both registered declines.

In addition to the growth in stayover visitors, Aruba welcomed more cruise tourists during 2025. Total cruise visitors increased by 8.2%, amounting to 970,533 visitors during 2025. Similarly, the number of cruise calls also expanded, albeit more modestly, by 2.3% compared to 2024. The number of cruise calls increased to 355 from 347 during the prior year. Given that cruise visitor growth outpaced that of cruise calls, the number of passengers per cruise ship rose, which may indicate a higher load factor or larger cruise ships that visited Aruba in 2025 compared to 2024.

[1] For this category, the hotel rate only includes the room.

2.3 Consumption

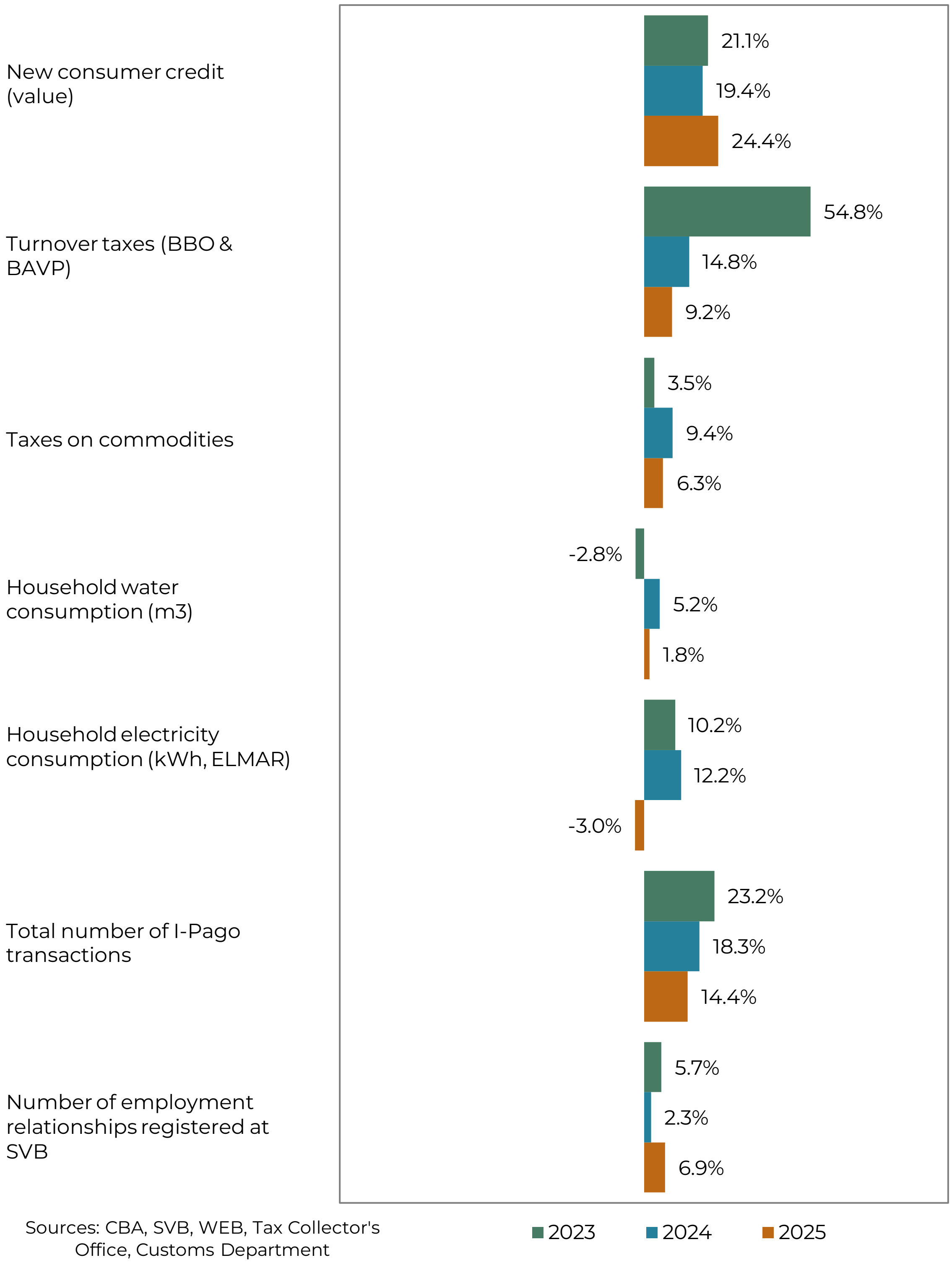
During 2025, nearly all consumption indicators grew compared to 2024 (Chart 3). Specifically, the value of new consumer credit (+24.4%) jumped significantly compared to 2024 after a relatively flat start in the first quarter. Moreover, indicators such as the number of employment relationships registered at SVB (+6.9%), total number of I-Pago transactions (+14.4%), and household water consumption (+1.8%) also pointed towards increased consumption. On the other hand, electricity sold to households (in kWh) decreased (-3.0%) compared to the previous year. While this could indicate reduced household electricity consumption, it likely also reflects an increase in the electricity produced by households through residential solar panels.

Credit data from commercial banks was particularly upbeat during 2025. New consumer credit in terms of value recorded a double-digit percentage growth for the third consecutive year (2023: +21.1%; 2024: +19.4%; 2025: +24.4%). This rise in new consumer credit was especially reflected in the value of outstanding car loans, which surged (+36.6%) during 2025. Moreover, the level of consumer credit also jumped in 2025 (+17.7%).

Similar to credit data trends, turnover tax receipts point towards increased consumption. Compared to 2024, turnover taxes (BBO & BAVP) grew by 9.2%. Stronger spending by both domestic consumers and visitors likely drove the expansion. Likewise, receipts from taxes on commodities were 6.3% higher than the previous year. However, over the past three years, growth in turnover taxes has steadily declined, consistent with the moderating growth of the economy.

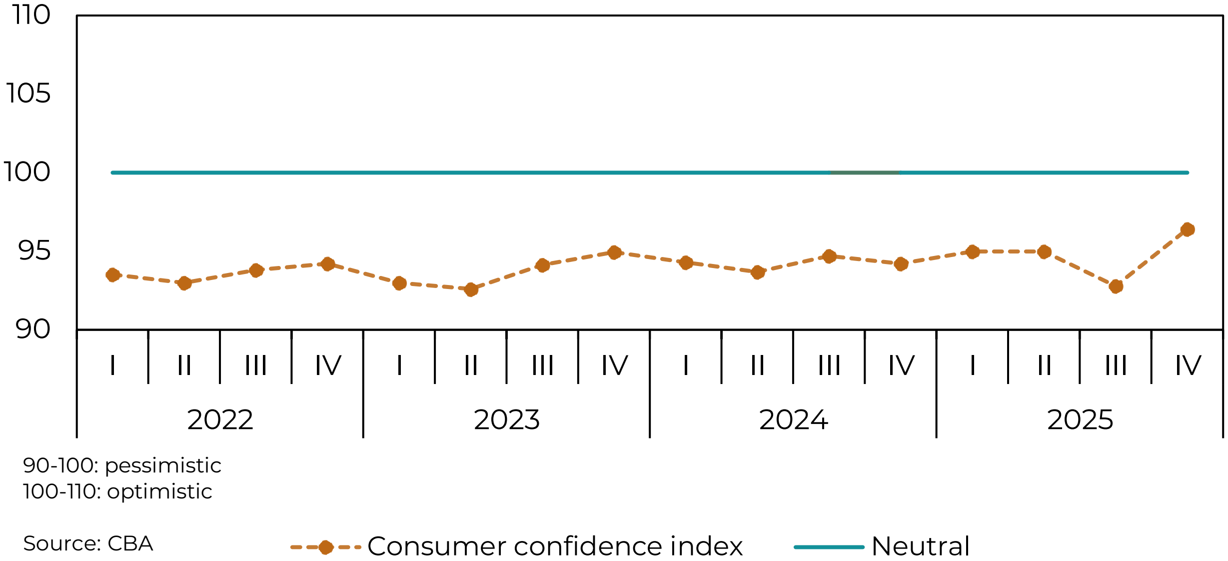
The Consumer Confidence Index (CCI) also indicates a rise in consumption. During the fourth quarter of 2025, the CCI climbed to 96.4, compared to 94.2 in the corresponding period of 2024 (Chart 4). Most components of the CCI – the Present Situation Index, Future Expectation Index, and Consumption and Borrowing habits Index contributed to the overall higher result, while the Price Expectation Index edged down from 90.7 to 90.4. The Consumption and Borrowing Habits Index was the primary driver of the increase in the CCI, surging by 3.1 index points during the fourth quarter of 2025 compared with 2024, consistent with the pattern observed in credit data. More respondents reported that it was a suitable time to take out any type of loan (+7.4 percentage points), including a car loan (+8.1 percentage points) and a mortgage (+5.8 percentage points). After declining in the third quarter of 2025, the CCI rebounded in the following quarter, registering its largest rise in the past four years. All components of the CCI contributed to the quarter-on-quarter uptick, in particular the Consumption and Borrowing Habits Index (+4.2 index points).

Chart 3: Consumption-related indicators (2025 vs. 2024 vs. 2023)



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

Chart 4: Consumer Confidence Index



90-100: pessimistic
100-110: optimistic

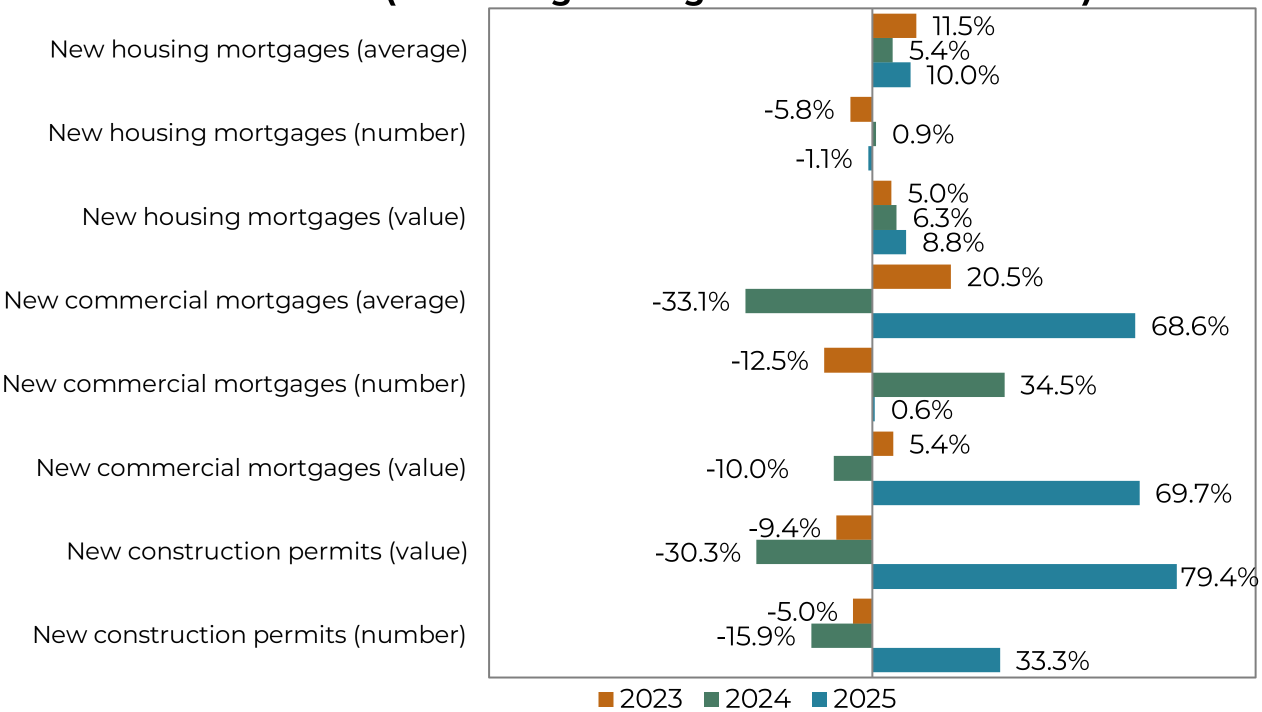
Source: CBA

2.4 Investment

Data on housing and commercial mortgages as well as construction permits suggest that investment activity picked up significantly in 2025 compared to 2024 (Chart 5). The value of new housing mortgages grew by 8.8% (+Afl. 27.9 million), while new commercial mortgages rose by 69.7% (+Afl. 103.1 million). In contrast, the number of new housing mortgages shrank slightly (-1.1%), while the number of new commercial mortgages essentially remained flat (+0.6%). This implies that the average value and therefore the size and/or price of new housing and commercial projects drove the increase in mortgage value, as Chart 5 (average value) also shows. With respect to construction permits, both the number (+239; 33.3%) and value (+Afl. 296.9 million; 79.4%) of new permits expanded rapidly. Overall, this points toward more planned building activity and higher expected investment in the upcoming period.

In 2025, the business perception index (comprising the current and future economic conditions) experienced a significant drop in the first quarter (102.0) but picked up again later on in the year. This initial decrease was mainly driven by the drop in the future short-term economic conditions index (2025Q1: 98.1; 2024Q4: 107.8), likely capturing the significant uncertainty and weaker confidence stemming from the U.S. trade war, which started in early 2025. By the end of 2025, the business perception index was at a similar level compared to a year ago (2025Q4: 108.0; 2024Q4: 107.8), suggesting a rebound in business sentiment.

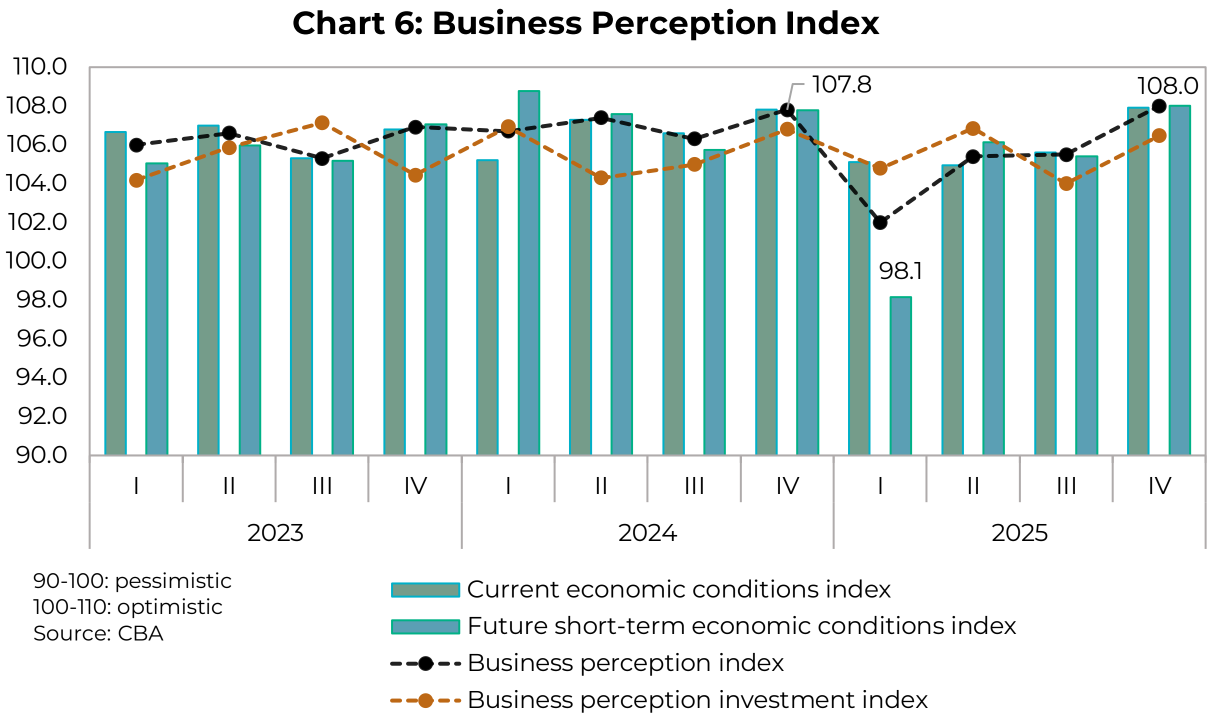
Chart 5: Investment-related indicators (Percentage change 2025 vs 2024 vs 2023)

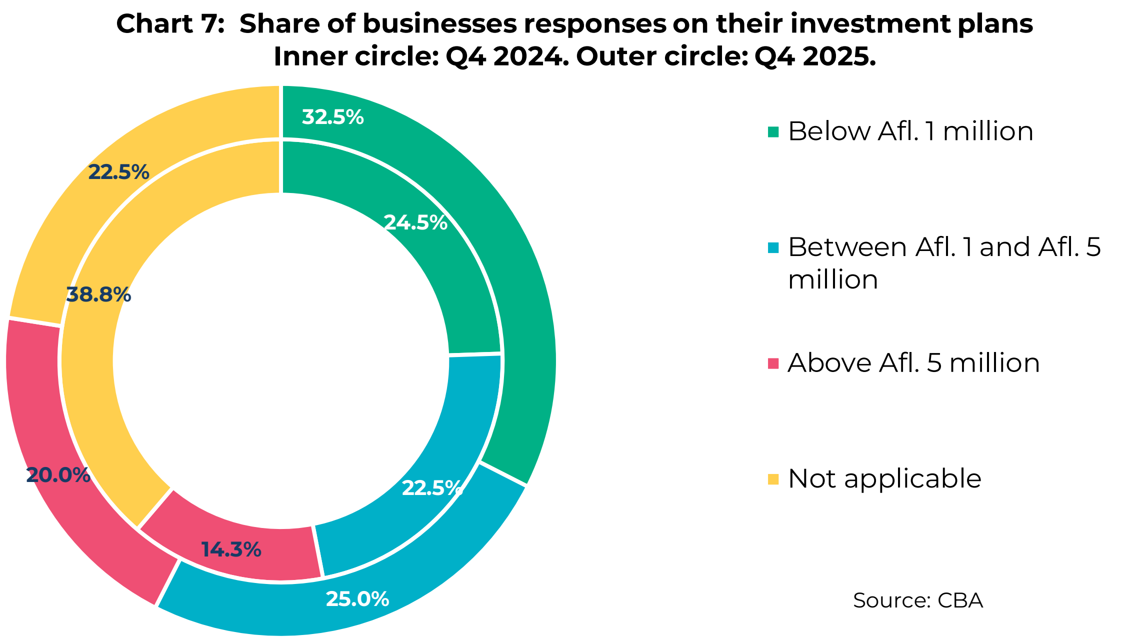


Sources: CBA, CBS, DOW

The business perception investment index dropped in the first and third quarter of 2025 (2025Q1: 104.8; 2025Q3: 104.0), and in both cases rebounded in the subsequent quarter (Chart 6). Both these drops reflected a lower share of respondents indicating an improvement in current investment conditions and a higher share reporting a worsening. By the end of 2025, it was at a similar level (106.5) compared to one year ago (106.8). Overall, the business perception investment index has been relatively stable in the past three years. In the fourth quarter of 2025, the investment outlook for companies improved, with more companies planning on investing in the upcoming 12 months compared with one year ago (Chart 7). At the same time, this did not translate into larger projected investment amounts: while the share of businesses that expected to invest above Afl. 5 million rose by 5.7 percentage points, the fraction reporting that they would invest less than Afl. 1

million increased by 8.0 percentage points, outpacing the former. Therefore, investment plans were tilted more toward smaller projects.





2.5 Consumer price index

By the end of 2025, Aruba's 12-month average inflation rate eased to 0.1% (Chart 8). This follows a continuous easing throughout 2025, from 0.2% at the end of the third quarter, 0.9% at the end of the second quarter, and 1.4% at the end of the first quarter. These figures reflect a steady softening in price pressures since October 2024. Lower energy-related prices and moderated increases in several components of core inflation primarily drove this decline.

Throughout 2025, price increases were muted for most CPI components. The communications component showed the largest drop in its contribution as telephone service prices grew more slowly. At the end of December 2025, the restaurants and hotels component was the main contributor to the 12-month average inflation rate, driven by higher prices for catering and accommodation services, consistent with continued strong tourism activity. Communication remained a positive contributor, mainly driven by telephone devices. Food and non-alcoholic beverages, housing, and miscellaneous goods and services also continued to modestly add to inflation.

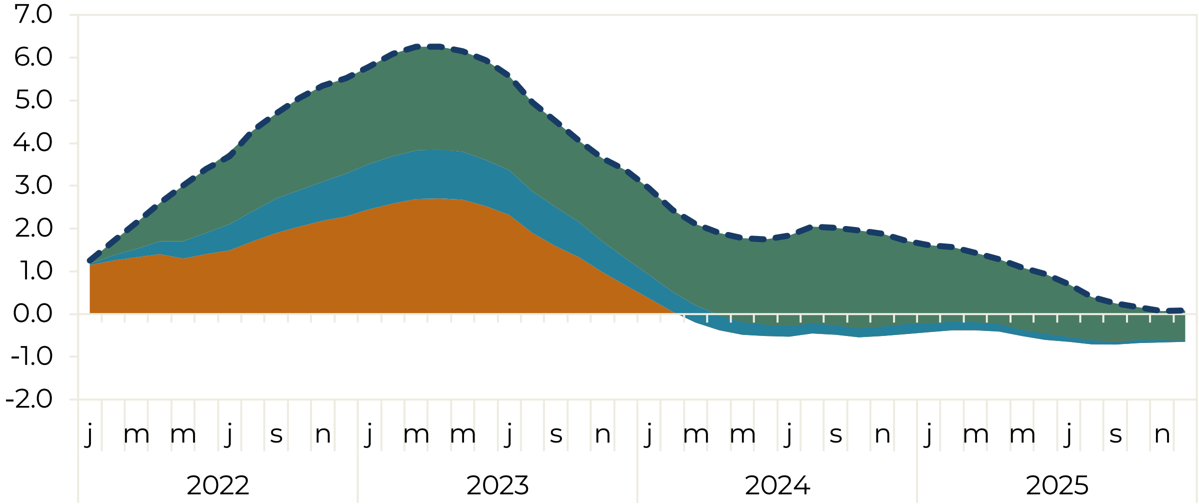
In December 2025, the end-of-period (EOP) inflation rate registered 0.4%, marking a reversal from the deflationary trend evidenced as of July 2025 (Chart 9). This shift was primarily due to higher contributions from the housing and miscellaneous goods and services components, and a decline in the negative contribution of the household operation and transport components.

The deflationary trend visible during much of the second half of 2025 was largely attributable to lower energy prices. Additionally, household operations exerted downward pressure, as furniture, household textiles, and appliance prices fell and continued the decline seen since August 2025. Recreation and culture also contributed negatively, driven primarily by lower holiday prices. Transport remained a negative contributor, reflecting lower gasoline prices, while clothing and footwear saw further declines.

Core inflation's contribution to overall inflation, on a 12-month average basis, continued to ease and stood at 0.7% at the end of December 2025. Meanwhile, end-of-period core inflation registered 0.6%. Its contribution to overall inflation picked back up in the fourth quarter of 2025, after weakening in the previous quarter. A pick-up in the contributions of miscellaneous goods and services, and restaurants and hotels played a central role in this uptick.

Percent

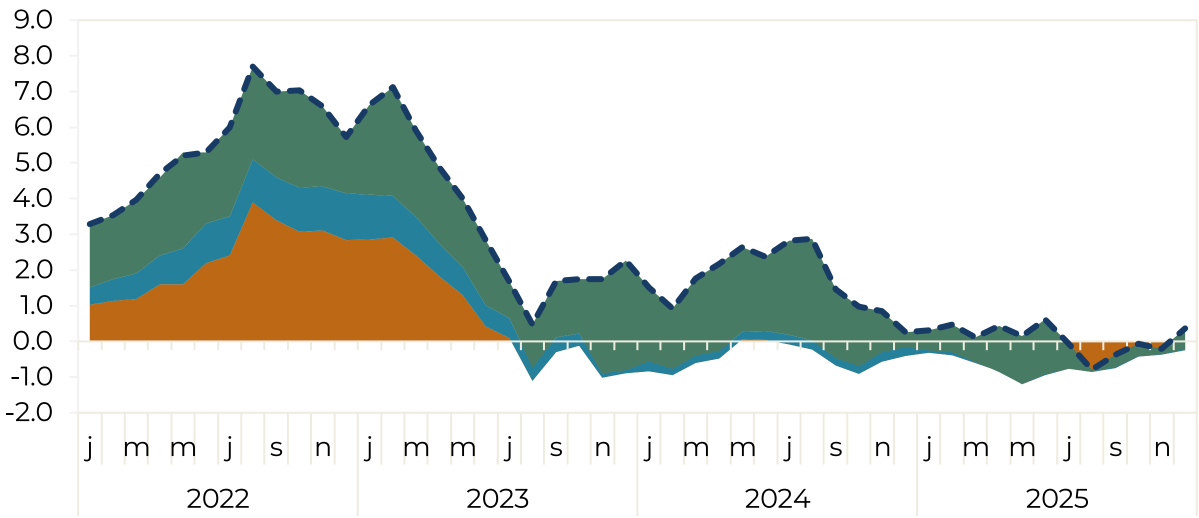
Chart 8: 12-month average rate of inflation



Source: CBS

Percent

Chart 9: End-of-period inflation



Source: CBS

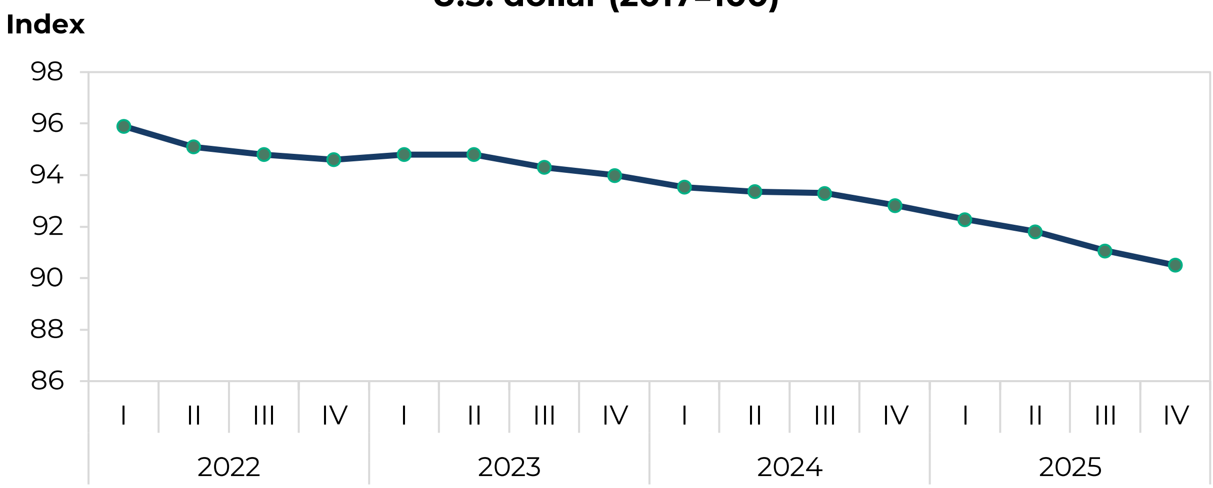
2.6 International competitiveness

In the fourth quarter of 2025, Aruba's Real Exchange Rate (RER) fell to 90.5, from 91.1 in the previous quarter (Chart 10). The RER gauges Aruba's international competitiveness against the United States and is expressed as an index number (2017=100). A decrease in the RER reflects improved competitiveness, as Aruba's goods and services become relatively more affordable than those in the United States. Conversely, a higher RER signals a loss of competitiveness.

This recent drop in Aruba's RER continues a downward trend that began around the onset of the pandemic. While this trend moderated between the latter half of 2022 and the first half of 2023, it has since resumed, though at a slower rate.

This sustained decline in the RER primarily reflects higher inflation in the United States compared to Aruba. Over this period, prices in the United States have risen faster than in Aruba. As of December 2025, Aruba's 12-month average inflation rate was 0.1%, while the United States recorded 2.6%. This resulted in an inflation differential of 2.5 percentage points, a widening from a differential of 1.2 percentage points in December 2024.

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



Source: CBA

2.7 Foreign trade

In 2025, imports increased by 6.9%, while exports recorded a 6.6% growth compared to 2024, according to Balance of Payments data. The rise in imports resulted mainly from a large increase in demand for services (+Afl. 189.0 million; 8.2%), and, to a lesser extent, goods (+Afl. 152.9 million; 5.7%). With respect to exports, services exports expanded significantly (+Afl. 417.6 million; 7.0%), whereas goods exports slightly declined (-Afl. 8.3 million, -2.7%). At the time of writing, official merchandise trade statistics were only available for the first quarter of 2025 and were limited to monetary value (excluding information on weight). Based on this data, goods imports in the first quarter of 2025 rose by 14.1% (+Afl. 92.2 million), while exports fell by 11.2% (-Afl. 1.8 million). Given that merchandise imports climbed by only 5.0% in the first quarter of 2024, this strong import growth in the first quarter of 2025 might reflect the front-loading of imports related to the U.S. trade war that began in early 2025.

While merchandise trade data are unavailable for the rest of 2025, a commonly used approach by researchers and statistical organizations to fill gaps in trade data is to use mirror trade data.[2] Mirror trade data refers to trade flows estimated from partner-country statistics, based on the principle that an export from one country reflects an import by another country. As Aruba's goods exports are relatively small, the focus of this mirror trade exercise is on Aruba's import of goods (See Box 1 for more information). The results from this mirror trade exercise suggest that Aruba's imports in 2025 increased by 2.8%, caused by a rapid rise in imports from particularly China (52.3%), Brazil (61.5%), and the Netherlands (19.2%), which was partly offset by a significant drop in imports from the United States (-10.1%). This points toward a shift in import sourcing patterns, possibly an outcome of the higher U.S. tariffs introduced earlier in the year.

Overall, mirror trade statistics offer a preliminary view into bilateral trade flows and serve as a useful tool for exploring trade developments when official trade data are missing. However, it should not be used to draw definitive conclusions, particularly given its methodological limitations and the possibility of the data being incomplete. Moreover, this mirror trade exercise was conducted for four countries (the United States, the Netherlands, China, and Brazil), which together account for 73% of Aruba's overall imports. As a result, the estimated import figure excludes the contribution of the remaining import source countries. Indeed, the 2.8% goods import growth rate is considerably lower than the 5.7% goods imports growth observed in balance of payments data, suggesting that this mirror trade data

[2] https://www.imf.org/en/publications/wp/issues/2018/01/24/new-estimates-for-direction-of-trade-statistics-45582, https://oec.world/en/blog/mirror-data.

exercise potentially understates Aruba's import growth for 2025. Nevertheless, it can still serve as a useful tool to obtain a preliminary view of a country's trade flows and potential shifts in import sourcing patterns.

Box 1. Mirror trade

Mirror trade analysis is a method that compares a trade flow as recorded by both partners — the export value reported by country A to country B against the import value reported by country B for the same flow. It is a useful tool for corroborating trade figures, exposing anomalies in the data, or estimating trade when official data is missing.[3] Nevertheless, using this approach has limitations. An important drawback is that exports and imports are valued on different bases, with exports typically recorded "free on board" (FOB), which essentially reflects the price of the goods at the exporter's port, while imports include cost, insurance, and freight (CIF), which adds the international shipping cost and insurance on top of the FOB price. Consequently, import values will exceed export values by design. In addition to a valuation mismatch, export and import prices may also differ due to underreporting/misreporting or differences in, e.g., the timing of recording or reporting practices between countries.

Even so, this export-import price gap is less problematic for examining developments over time, assuming it does not change radically in a short period, making it still useful for studying import trends. CBS merchandise trade data reveal that Aruba's top three import partners in 2024 were the United States, the Netherlands, and China. Furthermore, mirror trade data for 2025 reveals that, among Aruba's top seven import partners,[4] imports from Brazil experienced a rapid surge (61.5%), with China following closely (52.3%).

Therefore, for the mirror trade analysis, exports from four countries to Aruba are considered: the United States, the Netherlands, China, and Brazil. The first three reflect Aruba's main import source countries, while Brazil represents the market that experienced the most rapid (percentage) rise in imports, based on mirror trade data. These four countries together comprise approximately three-quarters (73%) of Aruba's total imports, and therefore arguably provide a reasonable approximation of Aruba's

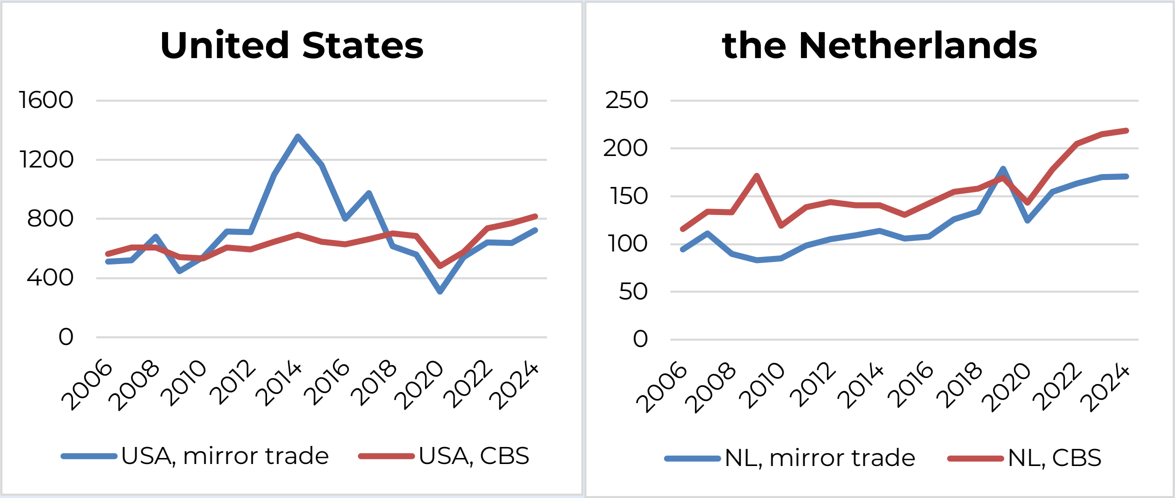
[3] https://oec.world/en/blog/mirror-data

[4] Spain and Panama were the 4th and 5th largest import sources for Aruba; however, Colombia and Brazil were also included as their import values were very similar to that of Panama, making them also important markets for Aruba's imports.

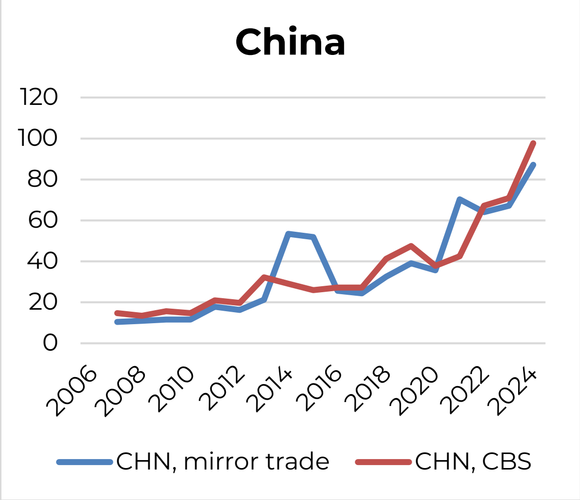
imports growth in 2025. With respect to the accuracy of mirror trade data, Figure B1 illustrates that while there are certainly discrepancies, official and mirror trade data tend to track each other over time. Here, imports based on mirror trade data reflect exports data from the countries to Aruba. In the case of Brazil, there are outliers; however, in recent years, the data have been notably consistent with official trade statistics.

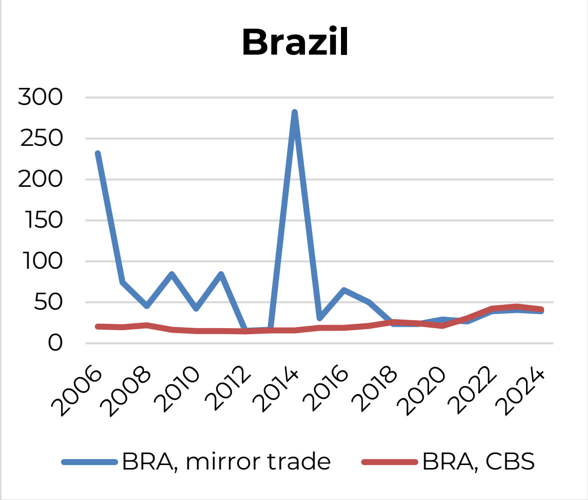
Turning to the results of this exercise, mirror trade data from TradeMap[5] suggest that goods imports grew by 2.8% in 2025, compared to 2024 (Table B1). Furthermore, imports from the Netherlands, China, and Brazil increased, while imports from the United States declined. Official U.S. trade census data on exports to Aruba reports a 9.2% decline, supporting this result for the United States.[6] It is important to note that this mirror trade analysis is intended solely as an exploratory analysis and should not serve as the basis for definitive conclusions, particularly given its methodological limitations. Moreover, it might be the case that the mirror trade data is incomplete, as well as the fact that a quarter of Aruba's import market was not captured, which could have a significant impact on overall imports.

Figure B1. Imports to Aruba: mirror trade data versus CBS figures for the United States, the Netherlands, China, and Brazil.



[5] TradeMap is an online database hosted by the International Trade Centre (ITC), a joint agency of the United Nations (UN) and the World Trade Organization (WTO).
[6] https://www.census.gov/foreign-trade/balance/c2779.html





Note: Figures reflect imports to Aruba, based on official CBS and mirror trade data. Import values are in US$ millions. Official trade statistics retrieved from the Central Bureau of Statistics Aruba (CBS). Mirror data are sourced from TradeMap, an online database of the International Trade Centre (ITC), which is a joint agency of the United Nations (UN) and the World Trade Organization (WTO). The main underlying sources of this data are UN Comtrade and national data providers.

Table B1. 2025 Imports, % growth.

Country	**% Growth**
United States	-10.1%
The Netherlands	19.2%
China	52.3%
Brazil	61.5%
Total	**2.8%**

2.8 Balance of Payments

During 2025, the Balance of Payments recorded a current account surplus of Afl. 921.0 million (Table 2). Compared to 2024, the current account surplus rose by Afl. 212.1 million. The wider surplus resulted mainly from an expansion in tourism-related inflows and an improvement in the income balance, outweighing a wider deficit in the goods account. In particular, goods imports increased by Afl. 152.9 million (5.7%). These imports are likely related to strong tourism, consumption, and investment activities.

Within the current account, the services account posted a net inflow of Afl. 3,862.4 million during 2025, up by Afl. 228.7 million compared to 2024. This uptick was mainly attributable to higher tourism-related inflows, which rose by Afl. 338.2 million (6.5%) to Afl. 5,554.4 million. Nevertheless, higher outflows in both the transport (+Afl. 28.6 million) and other services accounts (+Afl. 91.5 million) partially mitigated these gains. Larger outflows related to other services partially reflected payments associated with public utilities.

Meanwhile, the income account deficit narrowed by Afl. 144.6 million, as the primary income balance improved. This improvement was due to substantially lower dividend payments by the private sector in the fourth quarter of 2025. Finally, the capital account surplus increased by Afl. 34.8 million to Afl. 49.9 million during 2025.

The financial account recorded a net lending position of Afl. 885.9 million during 2025, Afl. 253.8 million higher compared to 2024. This increase resulted primarily from a stronger net acquisition of other investment assets, which rose from Afl. 80.2 million in 2024 to Afl. 356.3 million in 2025. Other investment assets expanded as resident deposits held in foreign banks rose and loans extended to non-residents increased, among others. Furthermore, the higher net lending position in the financial account was supported by a stronger net reduction in other investment liabilities in 2025 (-Afl. 130.3 million) compared to 2024 (-Afl. 33.0 million). This result partly stemmed from a large incidental intercompany loan offered by a resident to a non-resident in 2025.

Portfolio investments also contributed to the higher net lending position in the financial account. Specifically, portfolio investment assets shifted from a net decline of Afl. 26.8 million in 2024 to a net increase of Afl. 227.0 million in 2025. This development mainly reflected that residents bought more foreign bonds. Changes in direct investment liabilities further contributed to the higher net lending position in the financial account. Explicitly, direct investment net liabilities declined from Afl. 226.8 million to Afl. 173.3 million. This decline occurred as resident companies borrowed less money from foreign affiliated companies, such as parent, subsidiary, and sister companies.

However, the financial account displays a slowdown in foreign reserve accumulation in 2025 (Afl. 231.7 million) compared with 2024 (Afl. 657.0 million). This development partly reflected the transfer of funds from the Dutch State's account at the CBA—denominated in Aruban florin—to a foreign account. The Dutch State holds this account at the CBA for the GoA's COVID-19 loan servicing in Aruban florin. In this instance, the CBA drew down on its foreign reserves to finance the aforementioned transfer abroad.

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

	2024	2025
Current account	**708.9**	**921.0**
Goods	-2,379.1	-2,540.3
Services	3,633.8	3,862.4
Primary income	-405.6	-268.2
Secondary income	-140.2	-133.0
Capital account	**15.1**	**49.9**
Net lending (+) / borrowing (-) from financial account	**632.1**	**885.9**
Direct investment	-139.9	-108.1
Portfolio investment	5.5	276.4
Financial derivatives	-3.6	-0.7
Other investment	113.1	486.6
Reserve assets	657.0	231.7

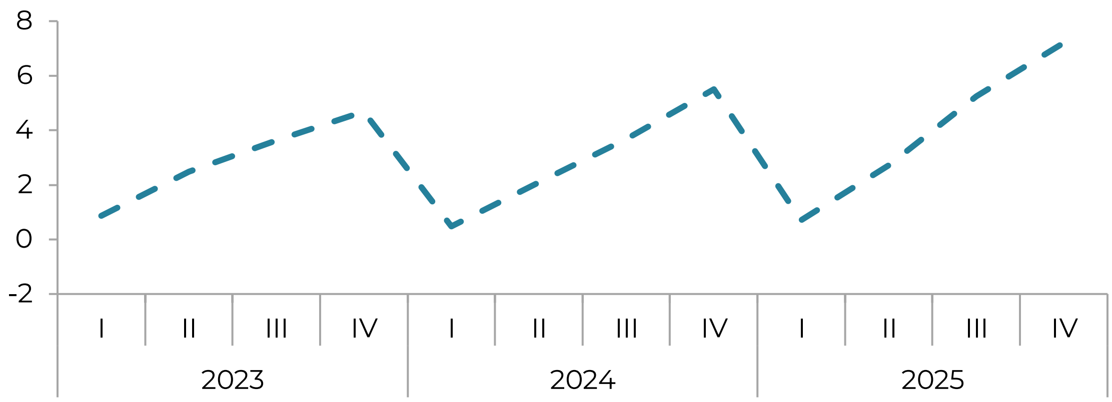
Source: CBA

2.9 Monetary survey

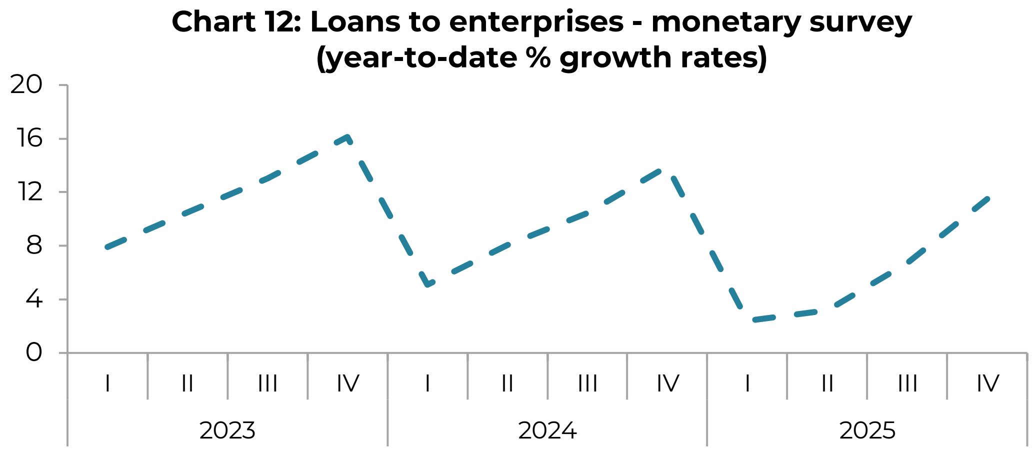
Increases in net foreign assets (excluding revaluation differences) and credit to the private sector drove an expansion in money supply from Afl. 6,224.3 million at the end of 2024 to Afl. 6,758.6 million (+8.6%) in December 2025. Net foreign assets (NFA) rose to Afl. 3,737.3 million at end-2025 from Afl. 3,275.1 million (+14.1%) in December 2024. NFA grew steadily throughout the year, except for a dip in the third quarter, primarily due to foreign debt repayments by the GoA. Moreover, net domestic assets contributed to the broadening money supply by widening from Afl. 2,949.2 million to Afl. 3,021.2 million (+2.4%) during 2025. The increase in net domestic assets resulted mainly from a hike in credit to the private sector (+Afl. 438.5 million) and, to a lesser extent, gross claims on the GoA (+Afl. 19.3 million). A jump in GoA deposits of Afl. 172.1 million partially offset the higher net domestic assets. In terms of reserve adequacy, net foreign assets (Afl. 4,509.3 million) covered 8.5 months of current account payments when including revaluation differences. Meanwhile, the gross foreign assets of the CBA (Afl. 4,070.6 million) were just above the upper bound of the IMF ARA metric for emerging markets (151.0%). As such, these levels remained above the benchmarks monitored by the CBA.

Both loans to individuals and business loans drove the growth in commercial bank credit provided to the private sector (+10.4%) in 2025. Increased housing mortgages (Chart 11) and consumer credit pushed up loans to individuals (+9.5%; +Afl. 207.9 million). Meanwhile, commercial mortgages were the primary driver for the hike in business loans (+11.5%; +Afl. 230.2 million) (Chart 12). Current account loans (+16.3%; +Afl. 24.0 million) also contributed to the higher business loans.

Chart 11: Housing mortgages - monetary survey (year-to-date % growth rates)

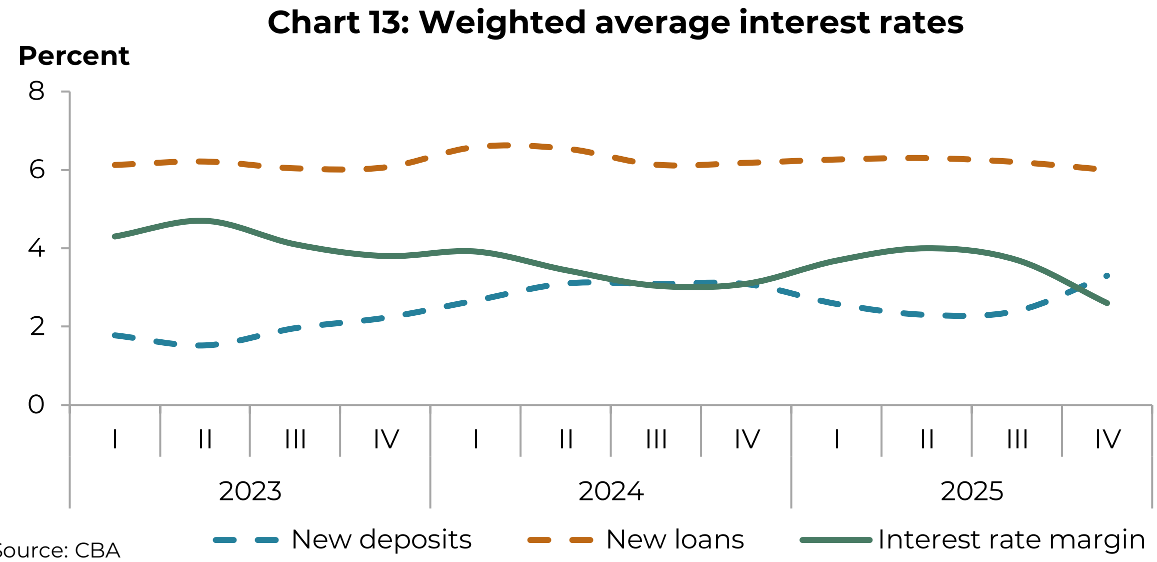


Source: CBA



Source: CBA

During the fourth quarter of 2025, the quarterly weighted average interest rate margin narrowed to 2.6%, compared to 3.1% in the last quarter of 2024. This contraction followed an expansion in the interest margin in the first half of 2025. The smaller interest rate margin at the end of 2025 resulted from a higher average interest rate on new deposits (2024-IV: 3.1%; 2025-IV: 3.3%) and a lower average interest rate on new loans (2024-IV: 6.2%; 2025-IV: 6.0%). Higher rates for new time deposits with maturities of less than 12 months and longer than 12 months (+0.2 percentage point and +0.3 percentage point, respectively) caused the jump in the overall rate on new deposits. In terms of the interest rate on new loans, a fall in the interest rate on new consumer credit (-1.1 percentage points) and commercial loans in the "other" category (-0.3 percentage points) pushed down the overall rate (Chart 13).



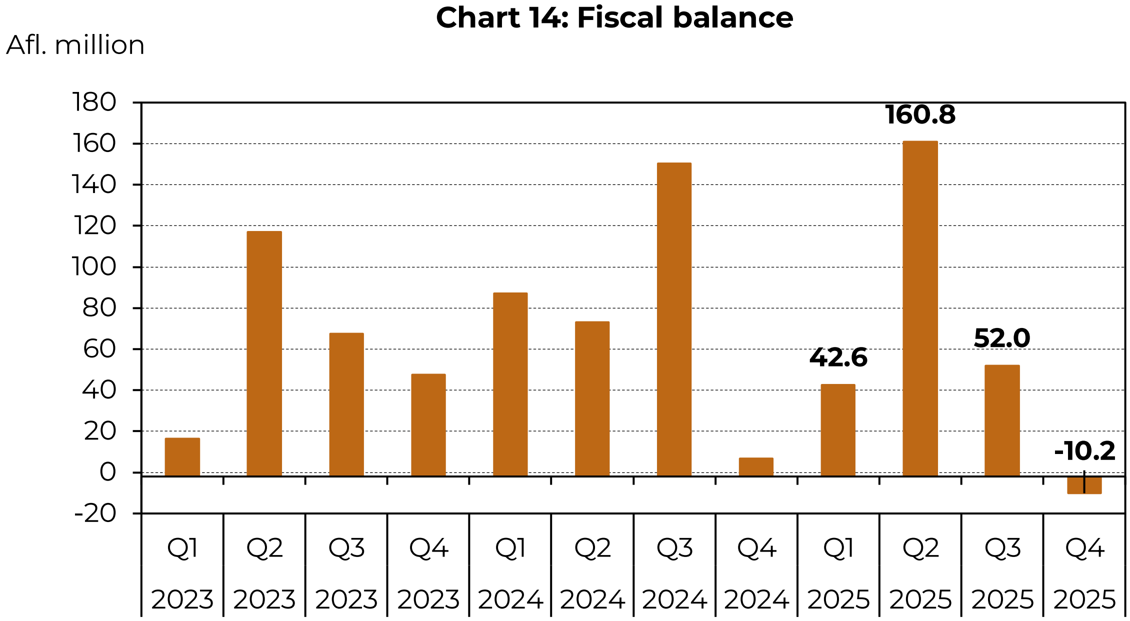
Source: CBA

Up to December 2025, the financial soundness indicators continued performing satisfactorily. Nonperforming loans to gross loans, an indicator of asset quality, edged up to 1.4% at the end of 2025, compared to 1.2% a year earlier. While this is a deviation from the downward trend seen since April 2021, the level of nonperforming loans remains historically low. The capital adequacy ratio stood at 28.9%, comfortably above the minimum requirement of 18%, but lower than the 32.1% recorded at the end of 2024. As for the prudential liquidity ratio (PLR), the ratio of liquid assets to total net assets amounted to 30.2%, virtually unchanged from 30.3% at the end of 2024, retreating from the peaks reached in the first half of the year. The minimum required PLR was 19.0% during the reporting period.

2.10 Fiscal sector

At the end of 2025, the Government of Aruba (GoA) recorded an annual fiscal surplus of Afl. 245.3 million, down from Afl. 317.5 million a year earlier (Chart 14). The narrower fiscal surplus is due to the government expenditure increase (+Afl. 97.3 million) outpacing government revenue growth (+Afl. 25.0 million).

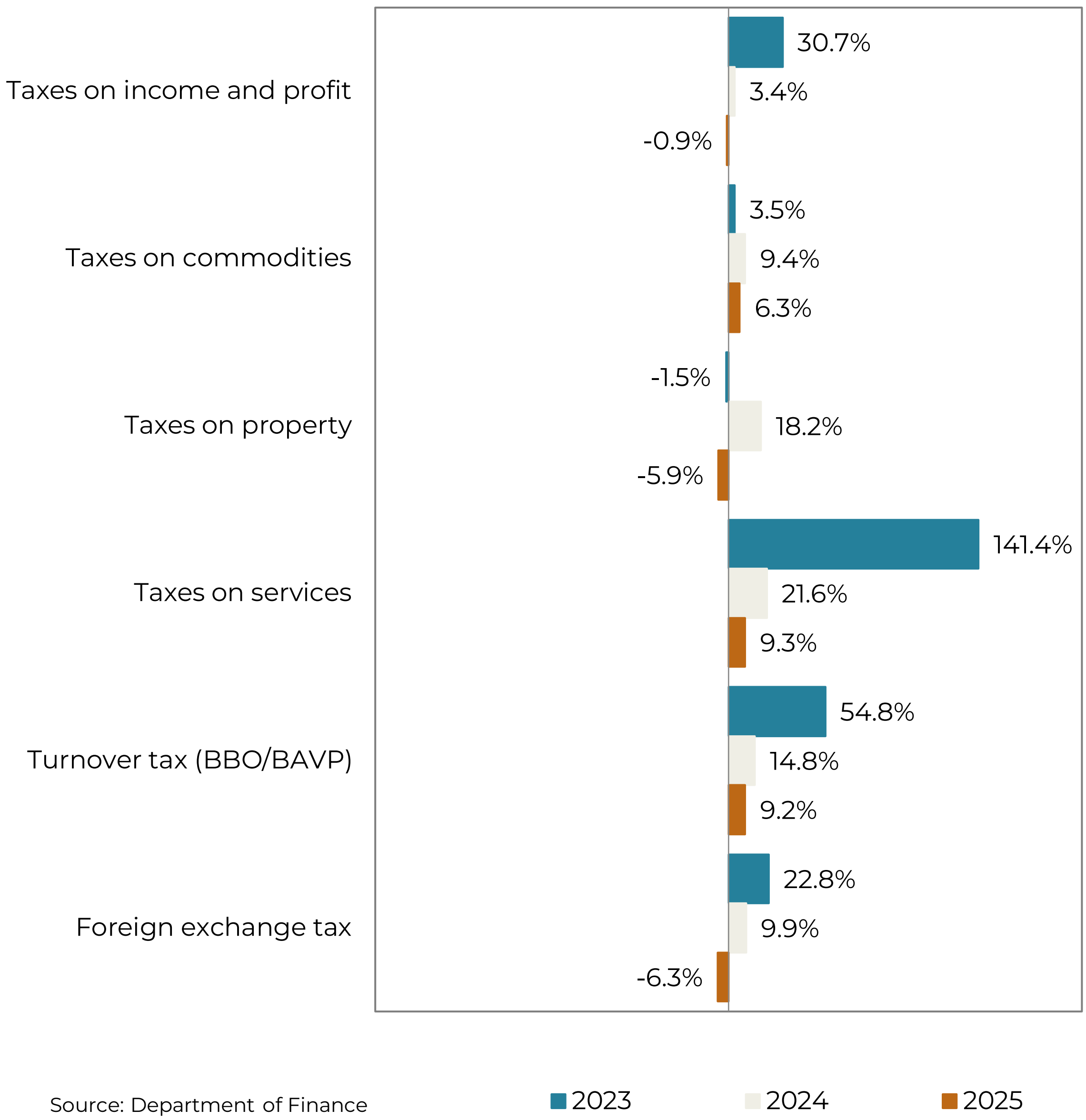
Chart 14: Fiscal balance



Calculations: CBA

During 2025, government revenue totaled Afl. 1,903.5 million, up from Afl. 1,878.5 million in 2024. Overall revenue expanded, driven by higher tax revenues (+Afl. 55.7 million). However, tax revenue performance was mixed across categories, as some components increased while others contracted (Chart 15).

Chart 15: Tax revenue growth (current year vs. prior years)



Source: Department of Finance

Taxes on commodities grew (+6.3%), likely mirroring firm economic activity, despite a reduction in gasoline excises in May 2025. Taxes on services also rose (+9.3%) as the government collected more hotel room taxes, reflecting robust tourism performance. Similarly, turnover taxes expanded (+9.2%), likely due to tailwinds from tourism and private consumption. The latter may have been boosted by increased employment, higher minimum wages[7], a rate cut to the first income bracket[8] for the wage tax, and additional income support for pensioners[9].

On the other hand, property taxes dropped by 5.9%, owing to lower motor vehicle taxes collected and transfer taxes. Furthermore, taxes on foreign exchange contracted (-6.3%). The latter was related to an incidental hotel share purchase in the first quarter of 2024. Income and profit tax also declined (-0.9%), resulting from the aforementioned wage tax cut. The drop in non-tax revenue (-Afl. 30.7 million) was due to lower dividend distributions from state-owned companies. Moreover, the lower non-tax revenue mitigated the growth in overall government revenue.

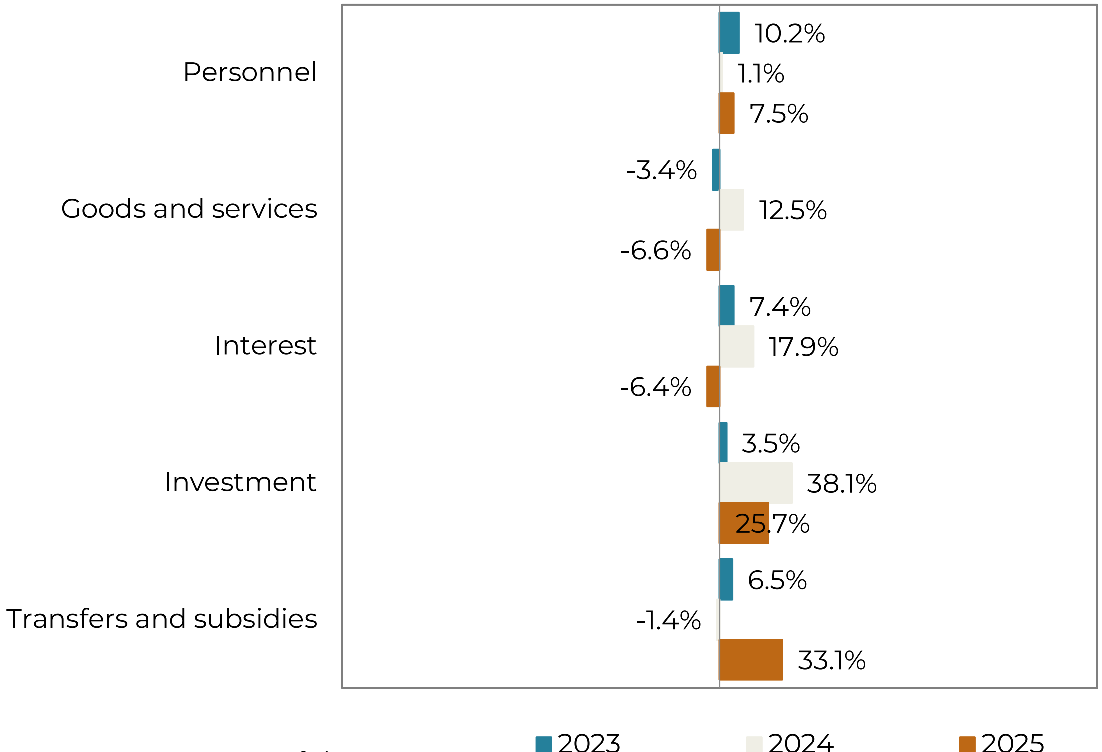
At the end of 2025, government expenses on a cash basis reached Afl. 1,650.7 million, up from Afl. 1,553.4 million a year earlier (+6.3%). Similar to revenues, some expenditure components increased while others declined (Chart 16). Transfers and subsidies surged (+33.1%) as pensioners received additional income support of Afl. 250 per month since May 2025. As an indication of the measure's fiscal cost, on May 1, 2025, the SVB had 23,150 pensioners registered under the AOV scheme and 1,804 under the AWW scheme. Investment outlays also climbed sharply in percentage terms (+25.7%) but remained modest in level terms (+Afl. 5.0 million). Additionally, personnel expenses rose by 7.5%, in view of the wage indexation as of July 2024 (6.0%) and January 2025 (5.7%).

In contrast to the mentioned expense categories, interest payments fell (-6.4%). Meanwhile, the average interest rate on government debt[10] (excluding unmet financing requirements) edged up from 5.3% at the end of 2024 to 5.6% at the end of 2025. Therefore, the decreased interest payments reflected that the interest-saving effect of debt repayments outweighed the cost-increasing effect of higher interest rates. In particular, the interest rate on the 2023 COVID-loan offered by the Dutch State increased from 5.1% to 6.9% as of May 1, 2025. Expenditure declines were also recorded in goods and services (-6.6%). Preliminary data from the GoA's "Uitvoeringsrapportage" of 2025Q4 suggest that budgeted medical expenditures (Afl. 4.4 million) were largely unspent. Similarly, allocations for the "Landspakket"—

[7] As of January 1, 2025.
[8] As of January 1, 2025.
[9] As of May 1, 2025.
[10] The average interest rate is an estimate. It is weighted by the principal outstanding of each debt instrument.

particularly for criminal justice (Afl. 6.0 million)—and e-government projects (Afl. 4.6 million) were largely underutilized.

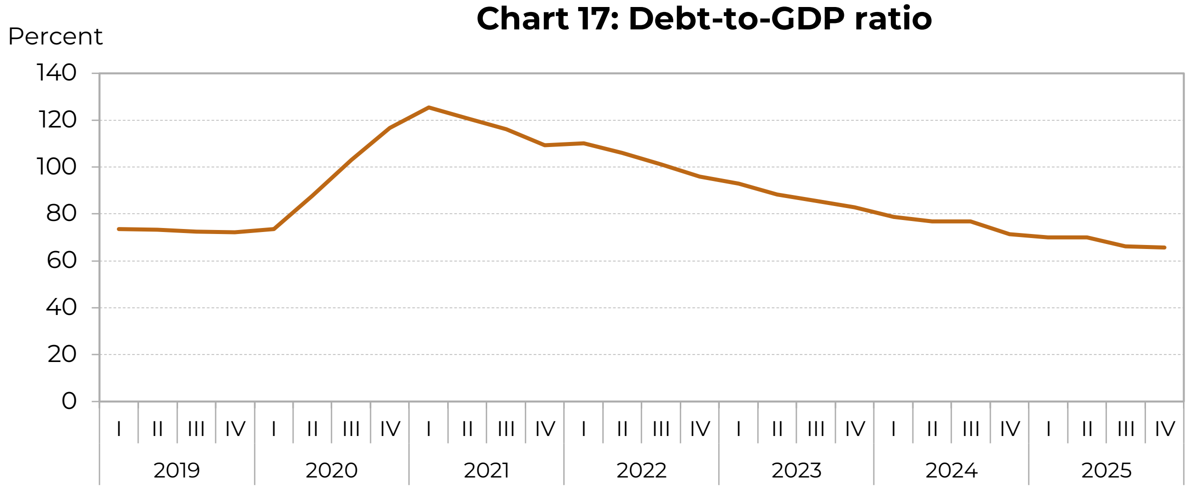
Chart 16: Government expenditure growth (current year vs. prior years)



Source: Department of Finance

As of end-2025, the GoA's debt-to-GDP ratio fell to an estimated 65.7% (Chart 17). After peaking at 125.4% during the COVID-19 pandemic, the debt-to-GDP ratio has declined steadily. This trend is partly on account of a continued economic expansion (raising the denominator), which has contributed to fiscal surpluses that support debt repayments (lowering the numerator). However, fiscal surpluses have relied on solid revenue performance to compensate for consistently rising non-investment expenditure.

Chart 17: Debt-to-GDP ratio



Calculations: CBA

3 International developments

According to the International Monetary Fund's (IMF) April 2026 World Economic Outlook (WEO) report, the global economy expanded by 3.4% in 2025, exceeding earlier expectations despite elevated trade policy uncertainty (Table 3). At the same time, global inflation continued to ease, declining to 4.1% in 2025. The stronger-than-expected performance reflected a less pronounced impact of higher tariffs than anticipated, supportive fiscal policies, favorable financial conditions, and strong investment related to artificial intelligence. Growth remained particularly robust in emerging market and developing economies (EMDEs), which expanded by an estimated 4.4%, supported by strong activity in emerging and developing Asia. By comparison, output in advanced economies rose by an estimated 1.9%, with the United States expanding by 2.1%, and the euro area by 1.4%. In Latin America and the Caribbean (LAC), growth reached 2.4% in 2025.

Global growth is projected to moderate in 2026 to 3.1%, reflecting a more fragile external environment shaped by heightened geopolitical tensions and rising commodity prices (Table 3). The escalation of the Middle East conflict has disrupted trade routes, increased energy and food costs, and contributed to tighter global financial conditions. While the global economy continues to show some resilience, inflation is expected to rise temporarily in 2026 before gradually easing, and overall economic activity is expected to slow compared to 2025.

In the IMF reference forecast, growth in EMDEs is projected to slow to about 3.9% in 2026. The Middle East conflict has a larger negative impact on emerging markets than on advanced economies, reflecting greater exposure to higher commodity prices, exchange rate pressures, and external financing conditions. The impact is uneven across regions, with stronger resilience in parts of Asia but more pronounced slowdowns in regions directly exposed to the shock.

At the same time, growth in advanced economies is projected to be about 1.8% in 2026. The impact of the Middle East conflict is expected to be modest overall, as positive terms-of-trade effects in energy-exporting economies such as the United States offset weaker outcomes in net energy importers, particularly the euro area and the United Kingdom.

In the reference forecast, growth in LAC is projected to remain broadly stable at around 2.3% in 2026. The impact of the global shock is heterogeneous: commodity-exporting countries may benefit from elevated prices, while others face headwinds from higher input costs, tighter financial conditions, and weaker external demand. Smaller and more vulnerable economies are expected to be affected more negatively.

Risks to the outlook are firmly tilted to the downside, with the most prominent threat stemming from a potential escalation or prolongation of the Middle East conflict. Such developments could amplify commodity price volatility, disrupt supply chains, and tighten financial conditions, particularly affecting emerging markets. Additional risks include financial market corrections, rising inflation expectations, trade fragmentation, and fiscal vulnerabilities, all of which could further weaken global growth prospects.

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

	2025	2026f
World	3.4	3.1
Advanced Economies	1.9	1.8
Emerging Markets and Developing Economies	4.4	3.9
United States	2.1	2.3
Euro Area	1.4	1.1
Latin America and the Caribbean	2.4	2.3

Source: IMF April 2026

f = forecast

4 Conclusion

In 2025, Aruba's economy continued its post-pandemic expansion, with GDP accelerating particularly in the last few months of the year when tourism activity boomed. In addition to an increase in visitors, tourism revenue per night also rose. GDP growth for 2025 is estimated at 3.4% as a result of a strong tourism performance and a rapid rise in consumption. Tourism grew due to a more diversified tourism base, driven by a large influx of South American tourists, as well as a solid performance of the U.S. market, Aruba's main source of visitors.

In addition to a buoyant tourism performance, consumption picked up during 2025, as reflected in higher turnover tax receipts, I-Pago transactions, increased consumer confidence, and a rapid expansion in consumer credit. Similarly, a rise in housing and commercial mortgages and construction permits suggests that investment activity intensified in 2025 and is expected to continue in the short term. Furthermore, Aruba's growing economy was reflected in a strong uptick in imports (6.9%), based on Balance of Payments data. Despite economic activity picking up, inflation in 2025 was low, with the 12-month average inflation rate reaching 0.1% in December, continuing the steady softening observed since October 2024.

On the external front, the balance of payments recorded a current account surplus of Afl. 921.0 million during 2025, supported by continued tourism-related inflows, while net foreign assets rose to Afl. 3,737.3 million at end-2025 (+14.1%). Correspondingly, international reserves remained more than adequate according to CBA benchmarks. With respect to the fiscal sector, the GoA recorded a fiscal surplus of Afl. 245.3 million in 2025, Afl. 72.2 million lower than a year earlier, while the debt-to-GDP ratio declined further to an estimated 65.7%.

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