Moderating economic growth for Aruba in the upcoming years

Press release

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Today, the Centrale Bank van Aruba (CBA) published its most recent Economic Outlook. This publication contains economic projections for the short (2026-2027) and medium term (2028-2030).

The Aruban economy grew by an estimated 6.3% in 2025, and is projected to decelerate to 3.7% in 2026 and 2.3% in 2027. In 2026, household spending, bolstered by fiscal stimulus and expanding employment, will likely support economic growth. However, the tight labor market suggests businesses may increasingly rely on imported labor. Tourism will also contribute to economic growth, boosted by an expected increase in visitors. In 2027, anticipated slower growth in household spending and tourism outweigh an uptick in investment, resulting in a deceleration of economic growth.

Inflation will likely accelerate from 0.1% in 2025 to 2.4% in 2026. This acceleration results from the geopolitical tensions in the Middle East, triggering higher international oil prices. Consequently, fuel and transportation costs rise, contributing to steeper gasoline prices. In addition, imports become more expensive, further adding to inflationary pressures. As oil prices gradually return to lower levels, inflation should ease to 1.4% in 2027, although food and other non-energy items will keep pushing up inflation.

Given energy market uncertainty, this Economic Outlook also considers an adverse scenario of elevated oil prices through end-2027. In this scenario, the economic impact is limited in 2026 but becomes more pronounced in 2027, with real GDP growth slowing to 0.4% and inflation rising to 4.9%. Higher prices reduce household purchasing power and dampen economic activity.

Over the medium term, the CBA projects growth to gradually moderate, reaching 2.1% in 2028, 1.7% in 2029, and 1.0% in 2030. Nevertheless, the outlook remains subject to important risks, including developments in tourism demand, energy prices, labor availability, investment implementation, fiscal policy, and global economic and geopolitical conditions.

The complete publication is available on the CBA's website: https://www.cbaruba.org/document/economic-outlook.