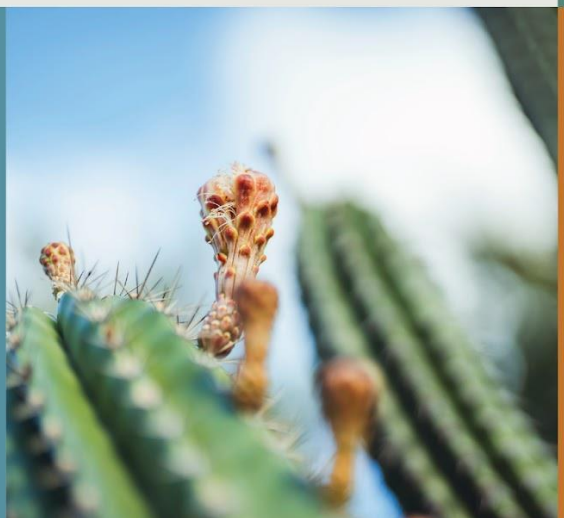
Centrale Bank van Aruba

STATE OF THE ECONOMY 2026 H1



Contents

1 Aruba's Economy at a Glance 3
2 Executive Summary 4
3 Domestic 5
3.1 Economic growth 5
3.2 Tourism 6
3.3 Consumption 8
3.4 Investment 12
3.5 Consumer price index 15
3.6 International competitiveness 17
3.7 Balance of Payments 18
3.8 Monetary survey 20
3.9 Government finances 23
4 International developments 28
5 Conclusion 30

1 Aruba's Economy at a Glance

First Half of 2026

Tourism grew strongly, inflation rose, and Aruba maintained ample international reserves.

Economic growth

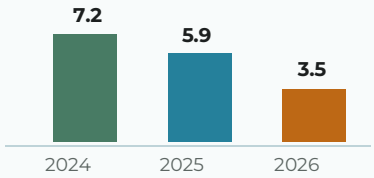
REAL GDP GROWTH

3.5%

year-on-year

Growth eased from 5.9% in the first half of 2025

Real GDP growth • first half of each year (y/y, %)



Tourism

Tourism activity strengthened

+10.9%
Stay-over visitors

+12.0%
Tourism revenue

+0.7%
Tourism spending per night

+7.1%
Cruise visitors

Tourism growth driven by the U.S. & Argentina

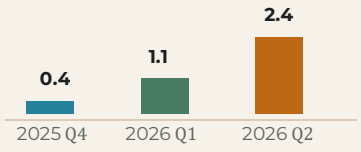
Inflation

June 2026 · year-on-year

2.4%

Higher energy prices pushed inflation up; lower fuel excises helped cushion it

Year-over-year inflation



Domestic demand & consumer indicators

Domestic demand remained resilient

Employment relationships*
+8.7%

I-Pago transactions
+14.4%

New individual consumer credit
+16.0%

*This growth may (partly) reflect increased registered employment following the legalization programme.

Monetary & external position

Broad money
Afl. 7.7 bln
+14.3% since Dec. 2025

Net foreign assets
Afl. 4.6 bln

International reserve coverage
9.9 months
of current account payments

Reserve adequacy
172% of IMF benchmark

Government finances

Fiscal surplus
Afl. 238.1 mln

Tax revenue
+8.2%

Debt-to-GDP ratio
62.9%

Total government debt
Afl. 5.1 bn

Financial stability

Banking buffers remained sound

Capital adequacy	Prudential liquidity	Nonperforming loans
27.8%	34.9%	1.8%

2 Executive Summary

During the first half of 2026, Aruba's economy continued to expand, although growth moderated compared with recent years. The CBA estimates that real GDP grew by 3.5% year-on-year in the first half of 2026, compared with full-year growth rates of 6.3% in 2025 and 5.5% in 2024.

Tourism performance strengthened considerably. In the first half of 2026, stay-over visitors increased by 10.9% compared to a year earlier, while visitor nights rose by 11.2%. This was supported particularly by strong growth from Argentina (+45,525; 181.6%) and further expansion of the U.S. market (+28,049; 4.9%). In contrast, stay-over visitor and visitor nights growth in the first half of 2025 was 3.3% and 0.5%, respectively. Hotel performance was also solid, with the average daily rate and revenue per available room increasing by 12.0%. Cruise tourism likewise expanded, with cruise visitor arrivals rising by 7.1%.

Domestic demand remained resilient, as reflected in employment, payment transactions, turnover tax receipts, and new consumer credit. However, consumer confidence remained below its level a year earlier, reflecting greater caution toward major purchases and borrowing, as well as continued concerns about purchasing power. Investment indicators were mixed, with fewer housing mortgages and construction permits but higher average values, while business perceptions improved compared with the first half of 2025.

Inflationary pressures picked up during the second quarter of 2026. Period-average inflation reached 0.5% in June 2026, while year-over-year inflation accelerated to 2.4%, largely reflecting higher energy prices following the rise in international oil prices amid the conflict between the United States and Iran. The Government of Aruba's (GoA) temporary reduction in fuel excise duties helped cushion the impact on domestic fuel prices, while stable utility tariffs (water, electricity), supported by hedging arrangements, also helped contain broader inflationary pressures.

Monetary, financial, and fiscal conditions remained sound during the first half of 2026. Broad money expanded by 14.3% during the first half of 2026, mainly reflecting a strong rise in net foreign assets. At the end of June, international reserves covered 9.9 months of current account payments. Moreover, the GoA recorded a fiscal surplus of Afl. 238.1 million, while the debt-to-GDP ratio declined further to 62.9%.

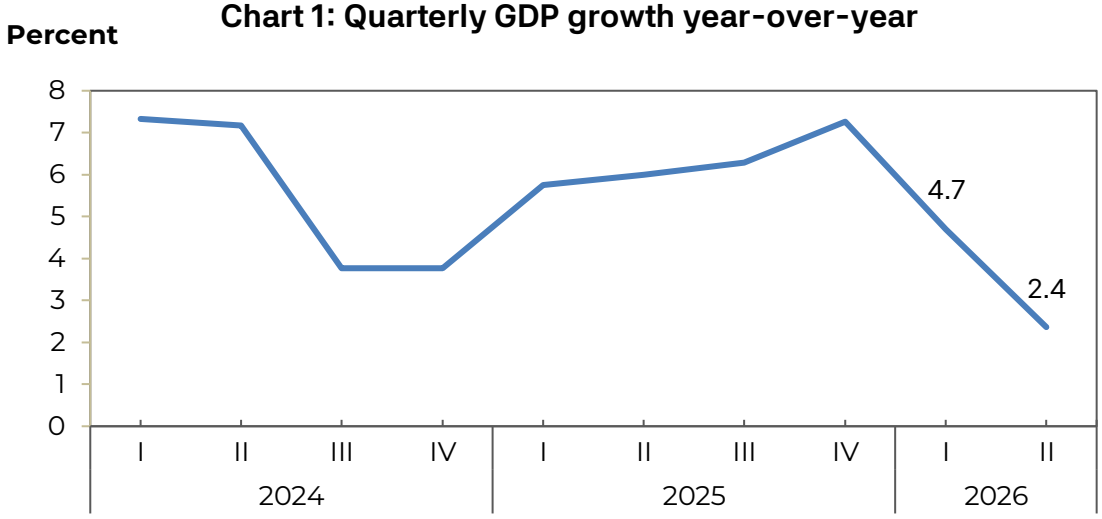
The IMF projects world economic growth of 3.0% in 2026, with the adverse effects of the Middle East conflict and higher commodity prices partly offset by strong investment related to artificial intelligence. Risks nevertheless remain tilted to the downside. A renewed escalation of geopolitical tensions could further increase commodity prices, disrupt supply chains and raise borrowing costs, while greater trade fragmentation could weigh on economic activity.

3 Domestic

3.1 Economic growth

During the first and second quarters of 2026, the CBA estimates real gross domestic product (GDP) growth of 4.7% and 2.4%, respectively, compared with the corresponding periods of 2025 (see Chart 1). These rates indicate a moderation of growth momentum compared to the preceding quarters (2025 Q4: 7.3%, 2025 Q3: 6.3%). This softening is also visible when comparing the first half of this year to the previous two years. Up to June 2026, the CBA estimates year-on-year economic growth at 3.5%, whereas growth in the first half of the previous two years recorded 5.9% (2025) and 7.2% (2024), respectively. Meanwhile, full-year growth stood at 6.3% in 2025 and 5.5% in 2024.

Chart 1: Quarterly GDP growth year-over-year



Calculations: CBA

While realized data on expenditure-side GDP components are not yet available, high-frequency indicators provide some insight into the possible drivers of growth.[1] Tourism activity continued to expand, and much more rapidly than in the previous year, suggesting a continued positive contribution from tourism exports. Meanwhile, consumption-related indicators, including turnover tax receipts,

[1] Several of these high-frequency indicators are covered in the tourism and consumption sections.

consumer credit, employment, and I-Pago transactions, generally point to continued growth in household spending. Targeted fiscal support (e.g., the increase in AOV pension benefits and "reparatietoeslag", as well as the reduction in the health insurance (AZV) premium for pensioners in January 2026) likely boosted consumption growth. At the same time, the oil price shock triggered by the U.S.–Iran war pushed up inflation significantly, eroding household purchasing power and dampening consumption growth.

3.2 Tourism

In the first half of 2026, most tourism-related indicators recorded an increase compared to a year earlier (see Table 1). Both stay-over visitors (+10.9%) and visitor nights (+11.2%) registered double-digit growth. The Argentine (+45,525 visitors; +181.6%) and U.S. (+28,049 visitors; +4.9%) markets were the main drivers of the growth in stay-over visitors. The strong growth in visitors from Argentina notwithstanding, the U.S. market continued to account for the largest share of visitors, at 70.4% of total stay-over visitors (vs. 74.4% in the corresponding period of 2025). Hotel performance was also solid during the period under review, with the average daily rate (ADR) and the revenue per available room (RevPAR) both expanding by 12.0%. Meanwhile, the number of available hotel rooms grew by 8.1%, with the occupancy rate remaining unchanged from the corresponding period a year ago, as did the average length of stay (ALOS). Moreover, the number of cruise visitors increased by 7.1% in the first half of 2026, compared to the same period of 2025. This increase reflected more ships (+8.1%) visiting Aruba, albeit with a smaller number of passengers per ship (-1.0%).

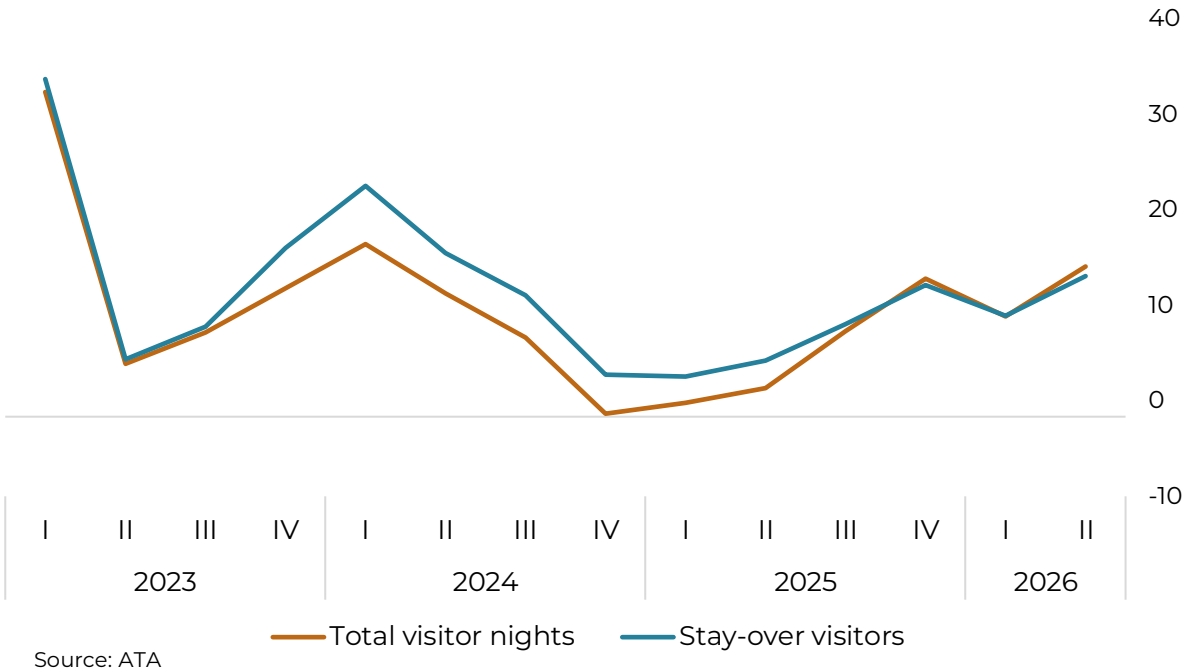
Table 1: Tourism indicators for Aruba YTD June

	2024	2025	2026
Stay-over visitors	737,691	762,356	845,501
Average length of stay (in days)	6.9	6.8	6.8
Total visitor nights	5,123,927	5,149,430	5,727,544
Cruise visitors	543,215	514,850	551,168
Hotel occupancy (%)	85.2%	79.9%	79.9%
Hotel Average Daily Rate (US$)	383.25	427.63	478.94
Revenue per available room (RevPAR) (US$)	326.63	341.70	382.62
Tourism revenue per night (in Afl.)	543.8	559.0	563.1
Tourism revenue (in Afl. million)	2,786.2	2,878.4	3,225.0[p]

Sources: CBA, ATA, AHATA. p=provisional

After growth in both stay-over visitors and visitor nights was sluggish in the first half of 2025 compared to the expansion a year earlier, both recorded double digits in the first six months of 2026 (see Chart 2). The stable ALOS, which remained at 6.8 nights in the first six months of 2026, ensured that the hike in the number of stay-over visitors was fully reflected in total visitor nights.

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



Source: ATA

While both stay-over visitor arrivals (10.9%) and tourism revenues (12.0%) rose rapidly, tourism spending per night increased only marginally (0.7%), reaching Afl. 563.1. This implies that the increase in tourism revenues was driven primarily by higher visitor volumes rather than an increase in the value generated per visitor night.

The ADR for hotels climbed from US$ 427.63 in the first half of 2025 to US$ 478.94 in the first six months of 2026. The higher ADR likely reflects a general rise across hotels, as well as the opening of new higher-end hotels (e.g. Secrets), which drove up the RevPAR from US$ 341.70 to US$ 382.62. During the first six months of 2026, the share of tourists staying at short-term vacation rentals (STVRs), such as Airbnbs, widened (2026 H1: 38.0% vs. 2025 H1: 35.5%). In addition, a larger share of stay-over

visitors stayed at European Plan hotels[2] with the share edging up from 26.9% to 27.8%. Meanwhile, the share of all-inclusive hotels (2026 H1: 13.1% vs. 2025 H1: 14.3%) and timeshare properties (2026 H1: 21.2% vs. 2025 H1: 23.3%) both contracted.

3.3 Consumption

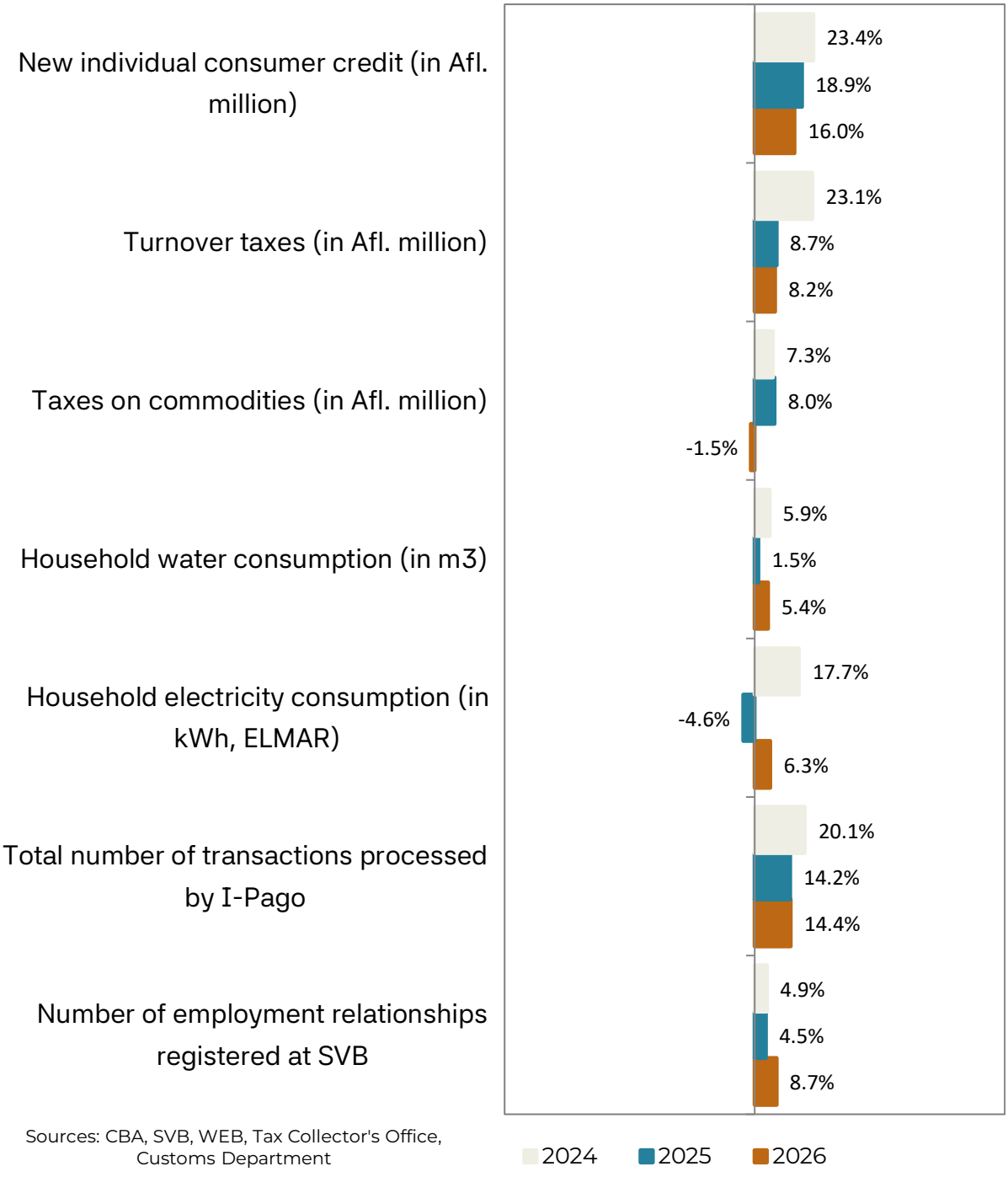
Consumption-related indicators suggest that household spending continued to expand in the first half of 2026 compared to the same period one year earlier, supported by a strengthening labor market, tax receipts, and sustained bank transaction activity (see Chart 3). Most indicators recorded positive growth, although developments were less uniform than in previous years. In particular, the number of employment relationships registered at SVB accelerated markedly (+8.7%), while the number of transactions processed through I-Pago remained strong (+14.4%). Together, these developments point to continued support for consumption from higher employment and a sustained level of spending activity. An important note with respect to the employment growth figure is that it may (at least) partly reflect the 'Hunto pa Progreso' program (launched early August 2025), through which previously undocumented workers, including individuals who were already (informally) employed, were able to regularize their status and enter the formal labor market. Consequently, part of the recorded increase in employment may reflect the formalization of existing employment rather than the creation of new jobs.

Meanwhile, steady growth in turnover tax receipts, alongside increased water and electricity consumption, provides further indications of sustained economic activity and consumption. In contrast, receipts from taxes on commodities declined by 1.5%, following increases in the previous two years. This divergence is mainly the outcome of the government's temporary reduction in excise duties on gasoline and diesel earlier in the year (April 8). This measure was introduced to cushion the impact of higher international oil prices, which rose amid the conflict between the United States and Iran.

Turnover tax receipts increased by 8.2%, broadly maintaining the pace recorded in 2025 (+8.7%), but considerably below the strong increase observed in 2024 (+23.1%). The particularly strong growth in 2024 was (at least) partly driven by the introduction of BBO at the border in August 2023, which boosted tax collections in 2024 relative to the previous year.

[2] For this category, the hotel rate only includes the accommodation costs, as opposed to all-inclusive hotel rates, which also include food & beverages.

Chart 3: Consumption-related indicators (YTD Q2, 2026 vs. 2025 vs. 2024)



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

As turnover taxes capture spending by both residents and visitors, their continued growth is consistent with further expansion in overall spending, albeit at a more

moderate pace than two years earlier. Meanwhile, household water consumption rose by 5.4%, compared with 1.5% in 2025, while electricity sold to households increased by 6.3% after declining by 4.6% a year earlier. Furthermore, new consumer credit (value) continues to experience double-digit growth (16.0%), indicating that the amount of new credit is increasing compared to a year ago; however, this is slowing down.

Overall, the indicators point to continued growth in consumption in 2026, but with a changing composition. Compared with the exceptionally strong increases observed in earlier years, credit and turnover-tax growth have gradually moderated (although turnover tax growth in 2024 was strongly driven by the introduction of BBO at the border in August 2023). At the same time, robust payment transactions and the rebound in household utility consumption suggest that domestic demand remained resilient. The overall picture therefore appears less one of accelerating consumption and more one of continued, broad-based spending growth at a relatively solid but increasingly normalized pace.

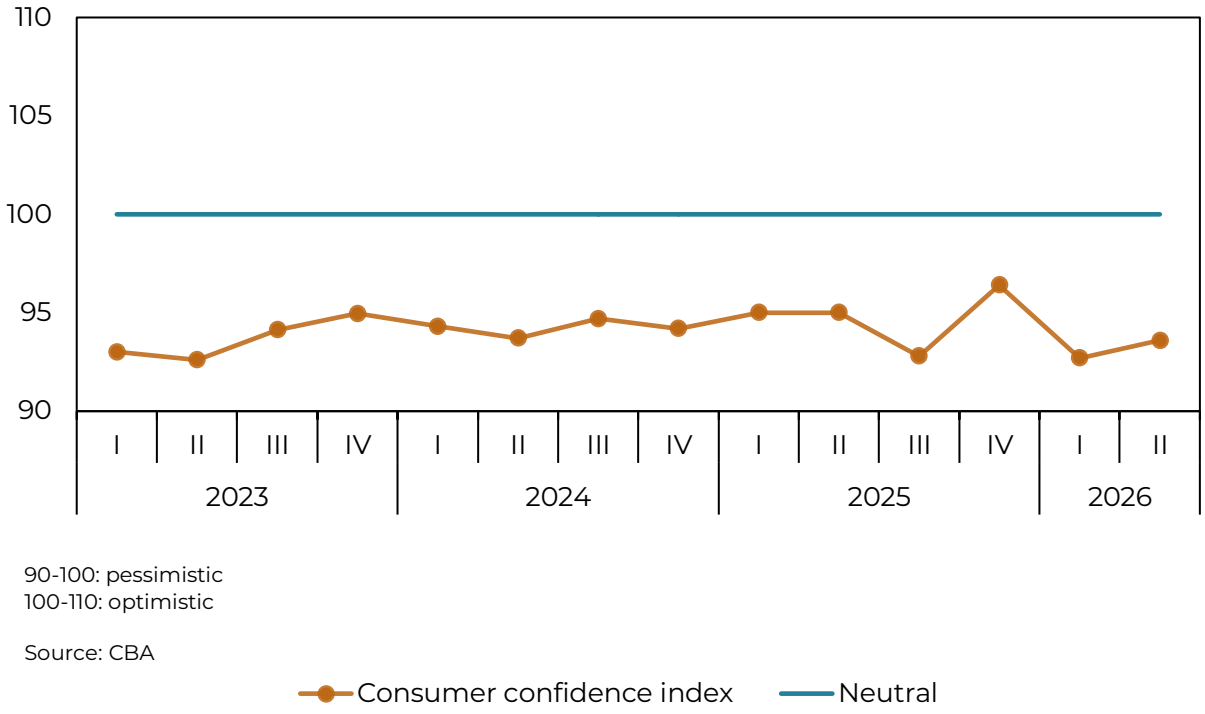
During the second quarter of 2026, the Consumer Confidence Index (CCI)[3] fell compared to the same quarter one year ago. The CCI stood at 93.6 in the second quarter of 2026, down from 95.0 in the corresponding period of 2025 (see Chart 4). Most components of the CCI fell, with the Consumption and Borrowing Habits Index recording the largest decrease (-2.3 index points), while both the Present Situation Index and Future Expectation Index declined by 1.1 index points. A decline in the Consumption and Borrowing Habits Index indicates that consumers became more cautious about spending and borrowing. For example, compared with a year earlier, fewer respondents considered it a suitable time to take out a mortgage (10% versus 15.5%), a loan (11.8% versus 15.2%), or to buy a car (14.3% versus 20%). Moreover, the deteriorating Present Situation Index reflects respondents' perceptions of eroding purchasing power and a reduced ability to save, while the lower Future Expectation index indicates that consumers anticipate worsening economic conditions in the future. Meanwhile, price expectations remained broadly unchanged, with the Price Expectation Index edging up slightly by 0.2 index point.

Compared to the previous quarter in 2026, the CCI rose from 92.7 to 93.6 in the second quarter of 2026, pointing to a slightly less negative consumer confidence compared with the beginning of the year. The CCI increase was driven by all its components, with the Consumption and Borrowing Habits Index growing the fastest (+1.2 index points). This implies that, although consumers remained cautious about their consumption and borrowing decisions, they became somewhat more willing to make major purchases and take on loans. Moreover, the uptick in the

[3] More information regarding the results of the 2026Q2 consumer confidence survey can be found on our website: https://www.cbaruba.org/readBlob.do?id=19092.

Present Situation Index and Future Expectation Index reflect a modest improvement in consumers' perceptions of current economic conditions and their expectations for the months ahead. Nonetheless, perceptions and expectations remained weak overall. Moreover, concerns about the cost of living remained pronounced, with 93% of respondents expecting prices to increase over the next six months, while 89.7% reported that they could purchase less with their income than six months earlier.

Chart 4: Consumer Confidence Index



90-100: pessimistic
100-110: optimistic

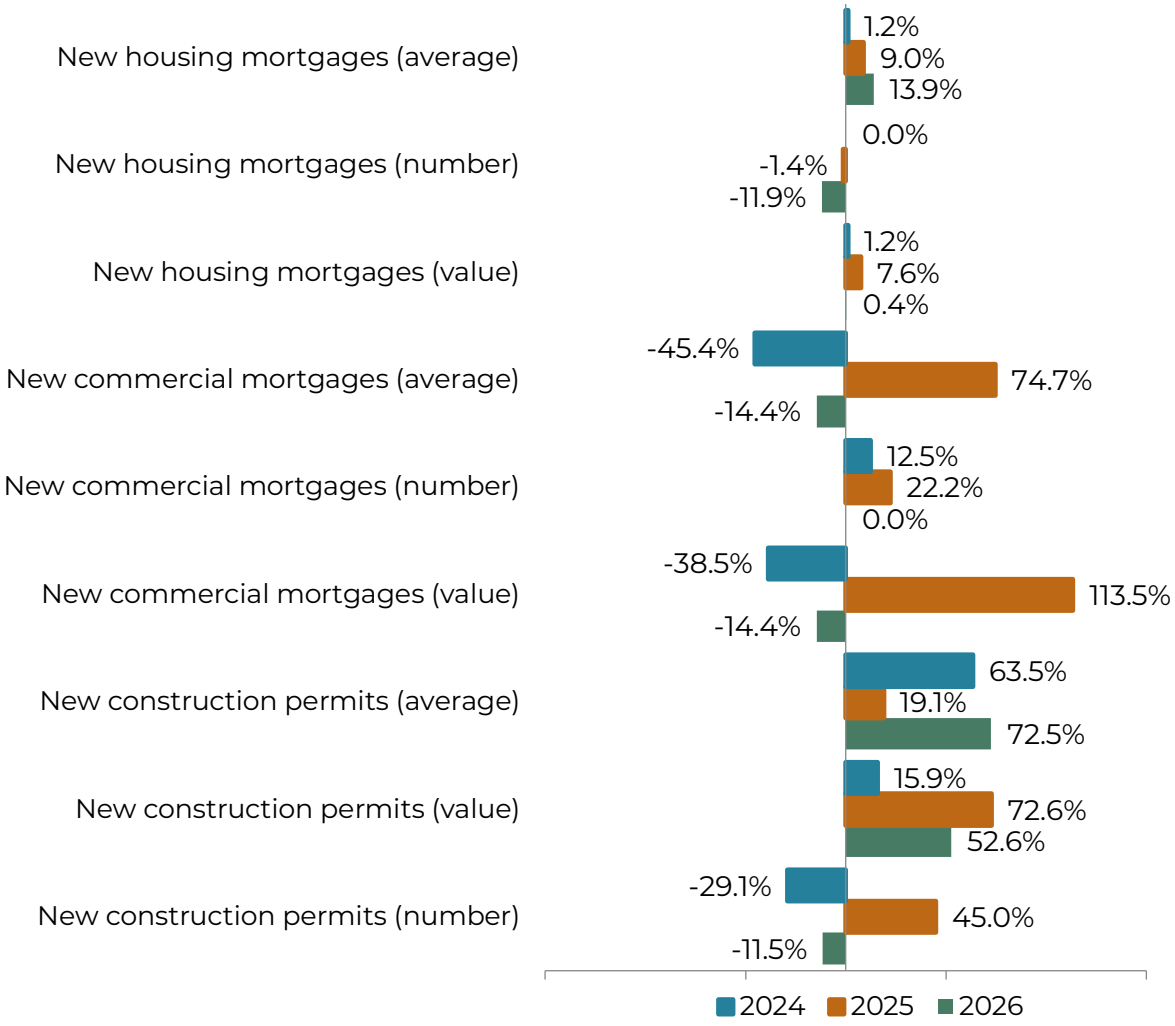
Source: CBA

3.4 Investment

Data on new housing and commercial mortgages as well as construction permits showed mixed developments in the first half of 2026 compared to the same period of 2025 (see Chart 5). Overall, the data pointed to fewer but higher-value housing mortgages and permitted construction activity. The number of new housing mortgages fell by 11.9%, while their total value edged up by 0.4%, indicating an increase in the average mortgage value. In contrast, the average value of commercial mortgages fell, as the number of new commercial mortgages remained unchanged, and the total value declined by 14.4%, suggesting smaller loans on average. Similarly, the number of construction permits issued decreased by 11.5%, whereas their total value rose sharply by 52.6%. The latter may reflect a concentration of permits in a limited number of large-scale or higher-value projects, as well as higher construction costs. Overall, the indicators suggest that investment activity was driven more by the size and composition of projects than by an increase in the number of projects.

Business perceptions improved in the first half of 2026 compared to the same period of 2025 (see Chart 6). The business perception index stood at 104.3 in the first quarter and 107.5 in the second quarter of 2026, compared to 102.0 and 105.4 in the corresponding quarters of 2025. The improvement reflected more favorable perceptions among surveyed businesses of both the current (past 6 months) and short-term economic conditions (the next 6 months), with the former reaching 107.8 in the second quarter of 2026, while the latter increased to 107.1. Notably, a larger share of businesses indicated improved current economic conditions (+1.9 percentage points) driven by stronger business activities (+3.5 percentage points) and a significant increase in employment over the past six months (+18.9 percentage points). Meanwhile, the share of respondents indicating a worsening in the aforementioned categories dropped compared to the same period of 2025, while the share of respondents indicating no change increased. The rise in expected short-term economic conditions (+1.0 index point) was due to more respondents expecting no change and fewer respondents expecting a worsening, even as the share of respondents expecting an improvement declined.

Chart 5: Investment-related indicators
(Percentage change 2026 H1 vs 2025 H1 vs 2024 H1)

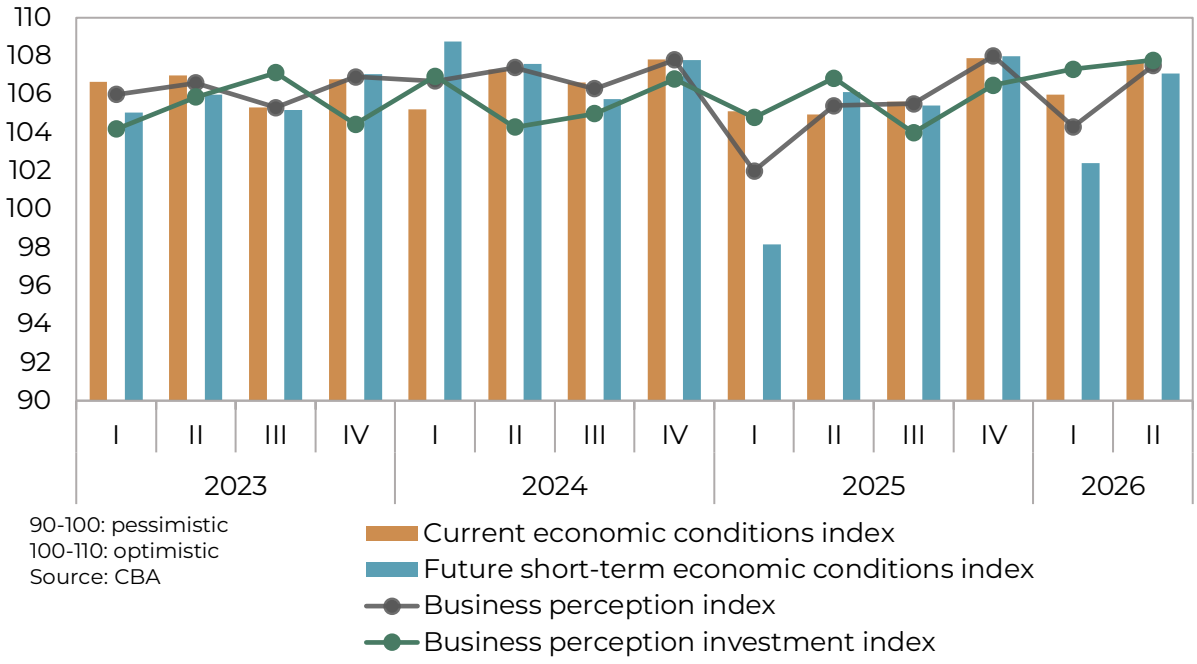


Sources: CBA, CBS, DOW

The business perception investment index improved in the first and second quarter of 2026 (2026Q1: 107.3; 2026Q2: 107.8) compared to the same quarters of 2025 (2025Q1: 104.8; 2025Q2: 106.8) (see Chart 6). Both increases reflected a lower share of respondents indicating a worsening in current investment conditions. In the second quarter of 2026, the investment outlook for companies improved, with more companies planning on investing in the upcoming 12 months (74.4%) compared with one year ago (61.8%) (see Chart 7). At the same time, this translated into larger projected investment amounts: while the share of businesses that

expected to invest less than Afl. 1 million declined by 8.5 percentage points, the fraction reporting that they would invest between Afl. 1-5 million rose by 21.2 percentage points, outpacing the former. Therefore, investment plans were tilted more toward medium sized projects.

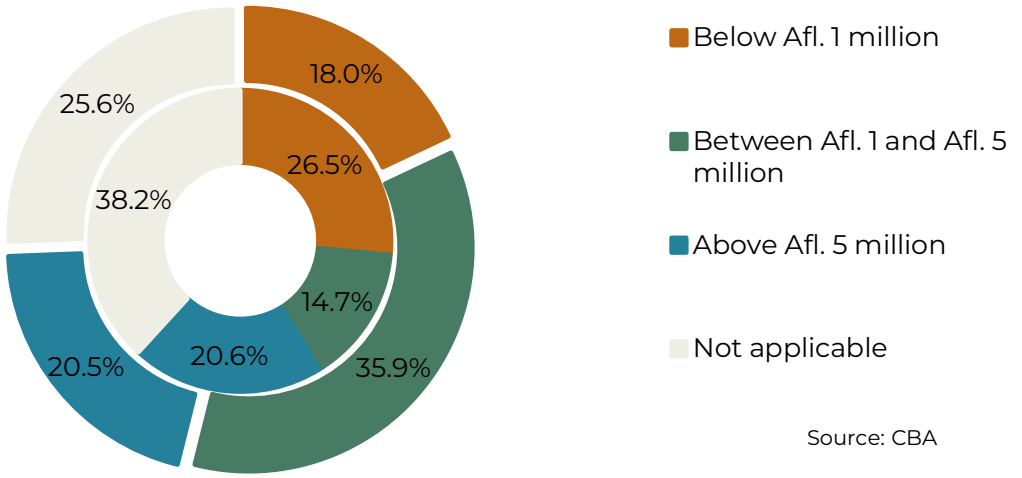
Chart 6: Business Perception Index



90-100: pessimistic
100-110: optimistic
Source: CBA

Chart 7: Distribution of businesses by planned investment amount

Inner circle: Q2 2025. Outer circle: Q2 2026.

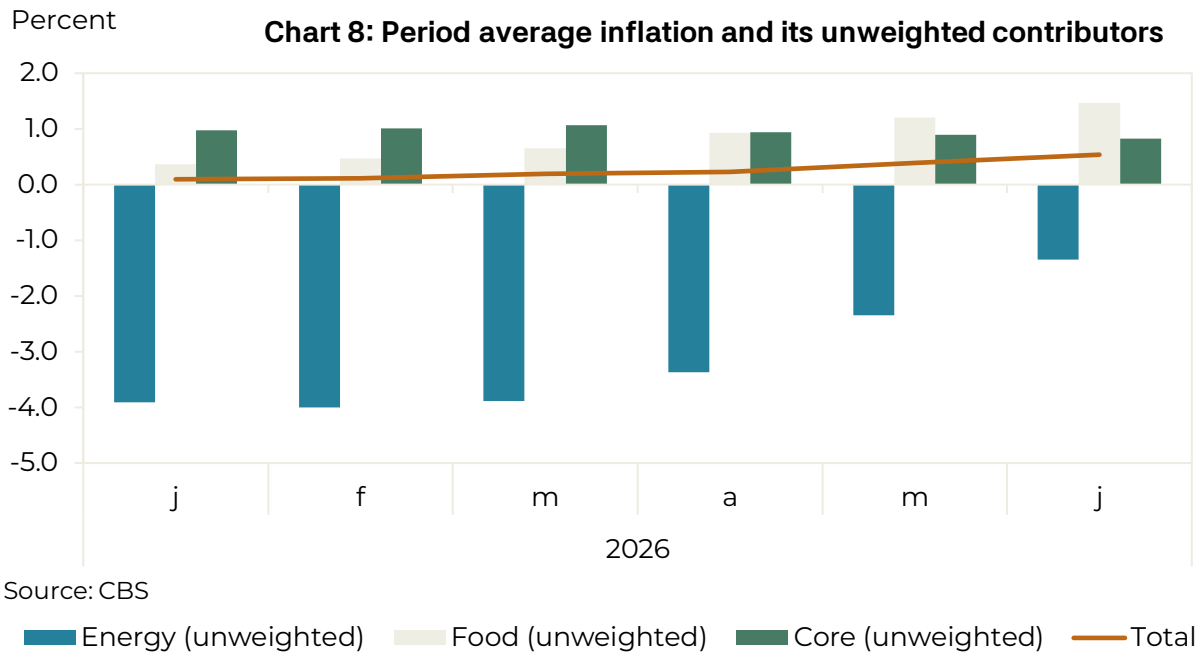


Source: CBA

3.5 Consumer price index

By the end of the second quarter of 2026, the period average inflation reached 0.5% (see Chart 8). Before this quarter, inflation had been relatively stable between 0.1% and 0.2% since the third quarter of 2025. Therefore, the second quarter of 2026 marks the first notable acceleration in inflation in recent quarters. This acceleration is mainly related to core inflation, which reflects price developments in goods and services excluding food and energy.

Chart 8: Period average inflation and its unweighted contributors



Source: CBS

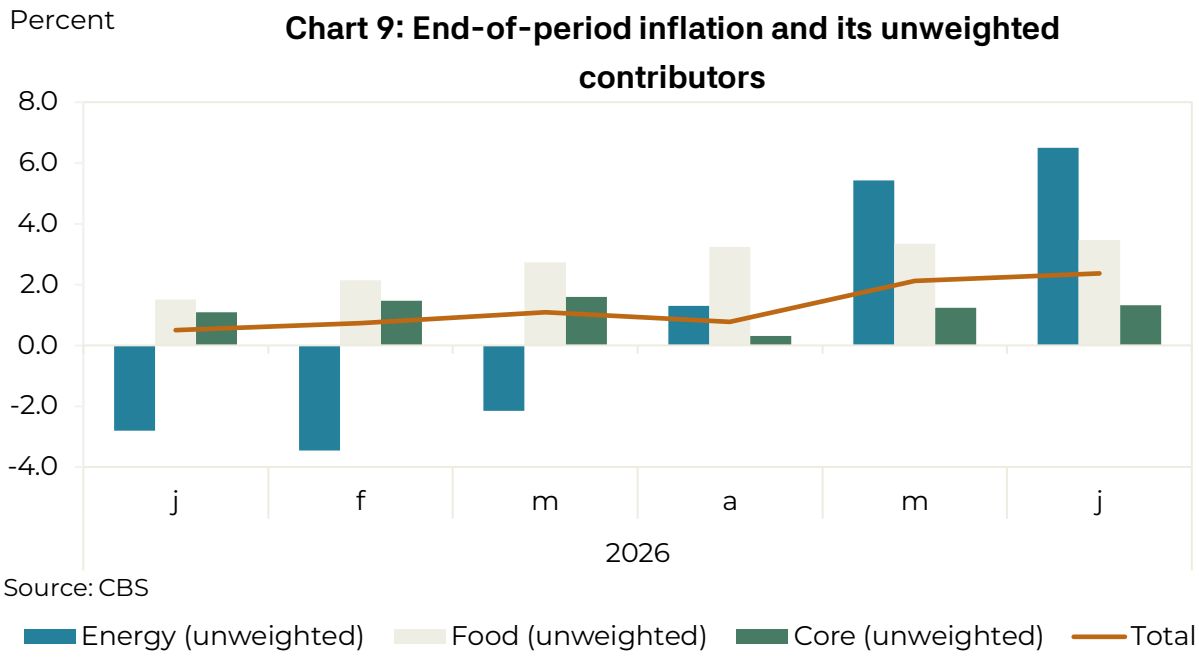
Period average core inflation recorded 0.8%, accounting for a 0.6 percentage point contribution to overall inflation. Restaurant and hotel services principally contributed (0.3 percentage points) to overall inflation. Housing (excluding utilities) equally contributed (0.3 percentage points) to overall inflation, mostly connected to maintenance and repair services to the dwelling, as well as actual rentals for housing.

Food inflation was also noticeable, reaching 1.5% on a period-average basis, which added 0.2 percentage points to overall inflation. Food price increases were broad-based, with prices rising across all categories except fish and seafood; milk, cheese, and eggs; and fresh or chilled potatoes and other tuber vegetables.

In contrast, period average energy prices fell by 1.3%, subtracting 0.2 percentage points from overall inflation. From April 2025 through March 2026, gasoline and diesel prices declined on a year-over-year basis. Only in the months of April 2026 to June 2026 were gasoline and diesel more expensive compared to a year ago. Consequently, period average energy inflation remained negative, as the recent increases in fuel prices only partly offset the declines of the preceding months. In addition, year-over-year utility inflation was negative from July 2025 to October 2025, before stabilizing to 0.0% since November 2025. Therefore, utilities did not contribute to upward pressure on the energy price index during the first half of 2026.

On a year-over-year basis, inflation registered 2.4% at the end of the second quarter of 2026 (see Chart 9). This quarter thus extends the steady upward trend in inflation, starting from 0.4% at the end of the last quarter of 2025, and accelerating to 1.1% in the first quarter of 2026.

Chart 9: End-of-period inflation and its unweighted contributors



Source: CBS

Energy inflation reached 6.5%[4], owing to a surge in gasoline and diesel prices. Considering the weight of energy in the consumption basket of households, energy added 1.0 percentage point to overall inflation, largely explaining the year-over-year inflation. As tensions between the United States and Iran rose, disruptions to oil supply and shipping through the Strait of Hormuz pushed oil prices higher,

[4] Figures may not sum to totals due to rounding.

particularly in March and April 2026. However, from April 8, 2026[5] to June 9, 2026[6] the Government of Aruba (GoA) lowered fuel excises; gasoline by Afl. 21.2 cents and diesel by Afl. 33.2 cents. This measure reduced the inflationary pressures from higher crude oil prices. As discussed in the CBA research note on inflation developments in Aruba (Navigating Inflation in Aruba: Rising Shipping Costs, Fuel Excise Relief, and Purchasing Power)[7], government intervention limited the year-over-year gasoline inflation to 22.0% in June 2026, compared to an estimated 32.1% under no intervention.

Year-over-year food inflation registered 3.5% in June 2026, therefore adding 0.4 percentage points to overall inflation. Akin to period average developments, price increases were noted in every food component, except fish and seafood; and fresh or chilled potatoes and other tuber vegetables.

Core inflation was also positive at 1.3% and accounted for a weighted contribution of 1.0 percentage point to overall inflation. The key contributor to core inflation, in turn, was miscellaneous goods and services (0.4 percentage points), including personal care and personal effects. To a lesser extent, housing (excluding energy); transport (excluding energy); communication; and restaurants and hotels all added 0.2 percentage points to overall inflation, or cumulatively 0.8 percentage points. Higher prices for core goods and services may be partially explained by the increased prices for sea cargo from Florida to Aruba, as also examined in the aforementioned CBA research note. Imported goods to Aruba largely originate from the United States, with trade through Port Everglades, Florida, amounting to USD 366.1 million in 2025[8].

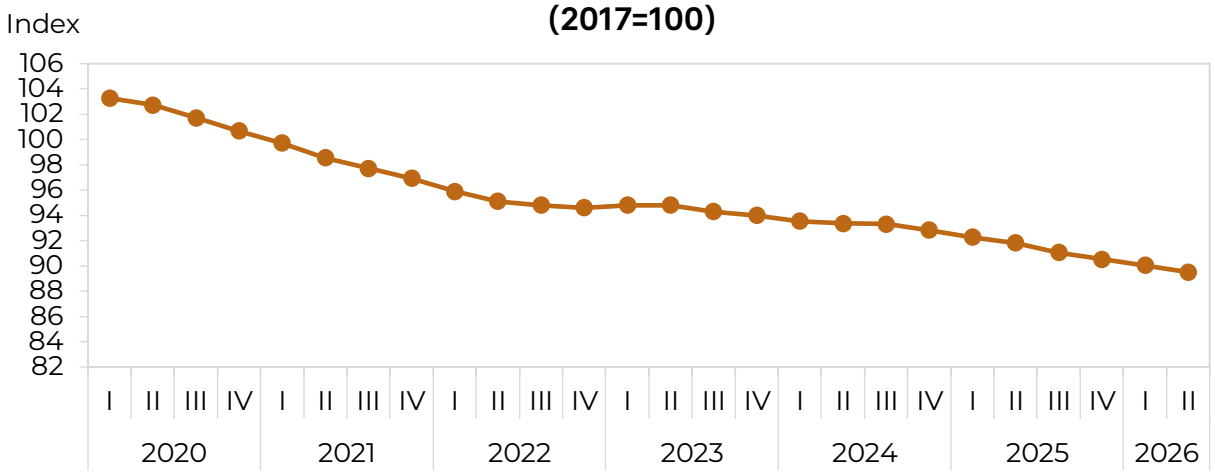
3.6 International competitiveness

In the second quarter of 2026, Aruba's Real Exchange Rate (RER) decreased to 89.5, down from 90.0 a quarter earlier (see Chart 10). The falling RER results from the steeper inflation in the United States compared to Aruba. For example, in June 2026, the 12-month average inflation for Aruba stood at 0.5%, while U.S. inflation equaled 3.1%. Similarly, in March 2026, inflation in Aruba was 0.2%, 2.5 percentage points below the 2.7% recorded in the United States. Part of this differential is due to

[5] https://cuatro.sim-cdn.nl/arubaoverheid2858bd/uploads/lc2026no.007_3.pdf?cb=Xo42eBmS
[6] https://cuatro.sim-cdn.nl/arubaoverheid2858bd/uploads/LC2026No.014_0.pdf?cb=WHWf7giV
[7] This research note is available on the Central Bank of Aruba's website in the "Publications" section: https://www.cbaruba.org/researchnotes/.
[8] https://www.porteverglades.net/about-us/statistics/trade-data/

higher energy inflation in the United States, registering 12.5% in March 2026 and 15.5% in June 2026 on a year-over-year basis. Year-over-year energy inflation in Aruba displayed a markedly different development, reaching -2.2% in March 2026, before rising to 6.5% in June 2026. As a result, Aruba became relatively cheaper compared to the United States during the period under review.

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



Source: CBA

3.7 Balance of Payments

In the first half of 2026, Aruba continued to record a sizeable current account surplus, although it was slightly smaller than in the previous two years (see Table 2). The current account, which broadly reflects Aruba's earnings from and payments to the rest of the world, registered a surplus of Afl. 685.4 million, compared to Afl. 708.9 million in the first half of 2025. The modest decline compared to 2025 reflected faster growth in current account payments (+Afl. 491.1 million; 16.4%) than in current account receipts (+Afl. 467.6 million; 12.7%).

The surplus in the services account, the main driver of the current account surplus, strengthened considerably, mainly supported by higher tourism earnings. During the first half of 2026, tourism-related inflows increased by Afl. 346.6 million (+12.0%) compared to the first half of 2025, reaching Afl. 3,225.0 million. However, payments abroad for services also increased (+Afl. 174.1 million), partly offsetting the higher tourism receipts. Service payments were concentrated in

tourism and other services, with the latter mainly reflecting payments for credit-card-related financial services, maintenance services, and hotel-related operating costs.

At the same time, the deficit in the goods account widened further, mainly due to a rapid rise in goods imports (Afl. 222.2 million; +16.1%) compared to the first half of 2025, reaching Afl. 1,604.5 million. Consequently, the goods deficit widened from Afl. 1,217.1 million in the first half of 2025 to Afl. 1,425.6 million in the first half of 2026. Higher goods imports likely reflected stronger economic and investment activity. Given Aruba's high import dependence, increased domestic and tourism-related demand partly translates into higher imports, meaning that higher tourism activity also generates additional demand for imported goods. Ongoing investment projects may have further increased imports of construction materials, machinery, and equipment. Nevertheless, the improvement in the services balance outweighed the wider goods deficit.

Moreover, although receipts increased in both the primary and secondary income accounts, the rise in income payments was larger. This implies that more income and transfers flowed out of Aruba than came in, contributing to a smaller current account surplus. The primary income deficit widened from Afl. 58.6 million in the first half of 2025 to Afl. 91.9 million in the corresponding period of 2026, reflecting higher payments of investment income, particularly dividend payments. The secondary income deficit also increased, from Afl. 45.3 million to Afl. 66.1 million, reflecting, among others, higher reinsurance-related payments and other personal transfers abroad. Meanwhile, the capital account recorded a relatively small surplus of Afl. 9.5 million, down from Afl. 16.0 million a year earlier.

The financial account recorded a net lending position of Afl. 667.5 million in the first half of 2026, down from Afl. 738.3 million in the corresponding period of 2025. A key development was the strong accumulation of the CBA's reserve assets, which amounted to Afl. 842.4 million, more than twice the Afl. 377.5 million recorded in the first half of 2025. This increase mainly reflected an increase in foreign debt securities held by the CBA as reserve assets. At the same time, direct and portfolio investment recorded net borrowing positions, while other investment's net lending position fell strongly, partly offsetting the increase in reserve assets. Moreover, the net borrowing position in portfolio investment largely reflects the foreign loan obtained by the GoA earlier this year in May. Meanwhile, other investment's net lending position drop reflected, among others, a decline in *other assets* following the settlement of earlier advance payments related to the utilities sector.

Table 2: Balance of Payments, YTD June 2025 vs 2026 (Afl. million)

	2025	2026
Current account	**708.9**	**685.4**
Goods	-1,217.1	-1,425.6
Services	2,029.9	2,269.0
Primary income	-58.6	-91.9
Secondary income	-45.3	-66.1
Capital account	**16.0**	**9.5**
Net lending (+) / borrowing (-) from financial account	**738.3**	**667.5**
Direct investment	-47.4	-123.1
Portfolio investment	152.6	-98.5
Financial derivatives	1.8	-24.1
Other investment	253.8	70.9
Reserve assets	377.5	842.4

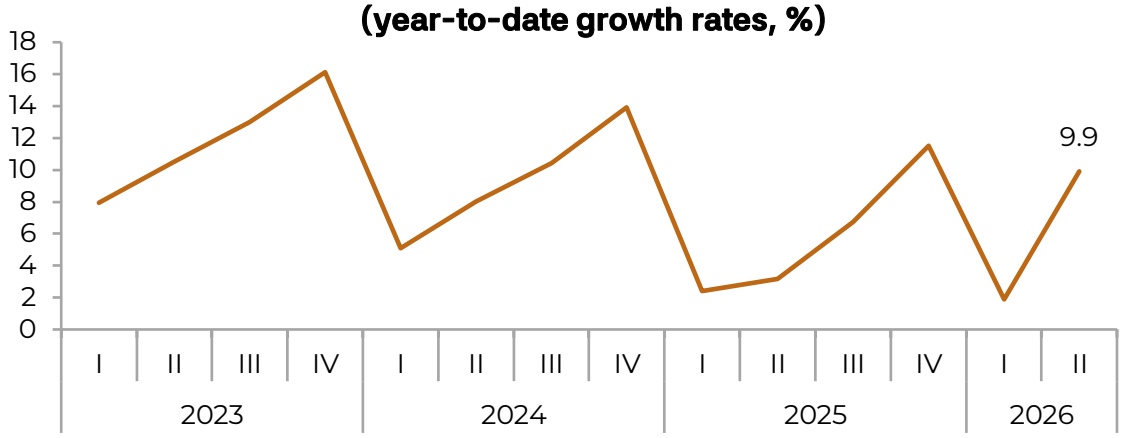
Source: CBA
Note: Balance of payments data follow the IMF BPM6 classification.

3.8 Monetary survey

Broad money (the amount of money circulating in the Aruban economy) increased strongly during the first half of 2026 and stood at Afl. 7.7 billion by the end of June 2026. Broad money rose by 14.3% (+Afl. 964.1 million) between December 2025 and June 2026, compared to a 4.3% increase during the same period a year earlier. This was driven by a sharp increase (+Afl. 873.7 million; +23.4%) in net foreign assets (NFA), and to a lesser extent an increase in net domestic credit to the private sector (+Afl. 301.7 million; +6.5%). The strong growth in NFA mainly reflected the solid performance of the tourism sector and proceeds from the government's foreign borrowing, both of which boosted foreign exchange reserves.

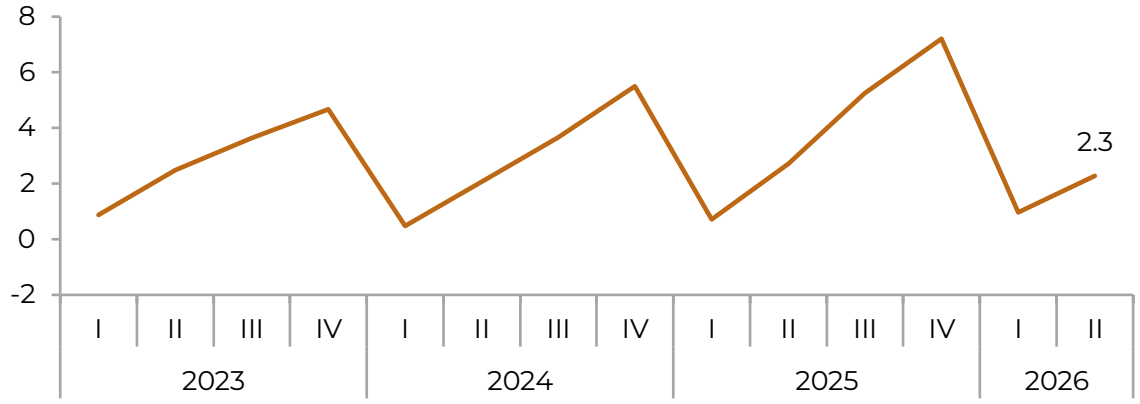
Private sector credit rose mainly as a result of higher lending to enterprises. Loans to enterprises increased by Afl. 220.6 million (+9.9%), although a significant part of this growth was driven by a one-off term loan used to finance the purchase of hotel shares. An uptick in commercial mortgages (Afl. 46.5 million; 5.3%) also contributed to the jump in loans to enterprises (see Chart 11). Besides enterprises, consumer credit (+6.6%) and housing mortgages (+2.3%) also increased during this period (see Chart 12). The growth in domestic credit was partly offset by a decline in net claims on the public sector, mainly because government deposits at banks increased.

Chart 11: Loans to enterprises - monetary survey
(year-to-date growth rates, %)



Source: CBA

Chart 12: Housing mortgages - monetary survey
(year-to-date growth rates, %)

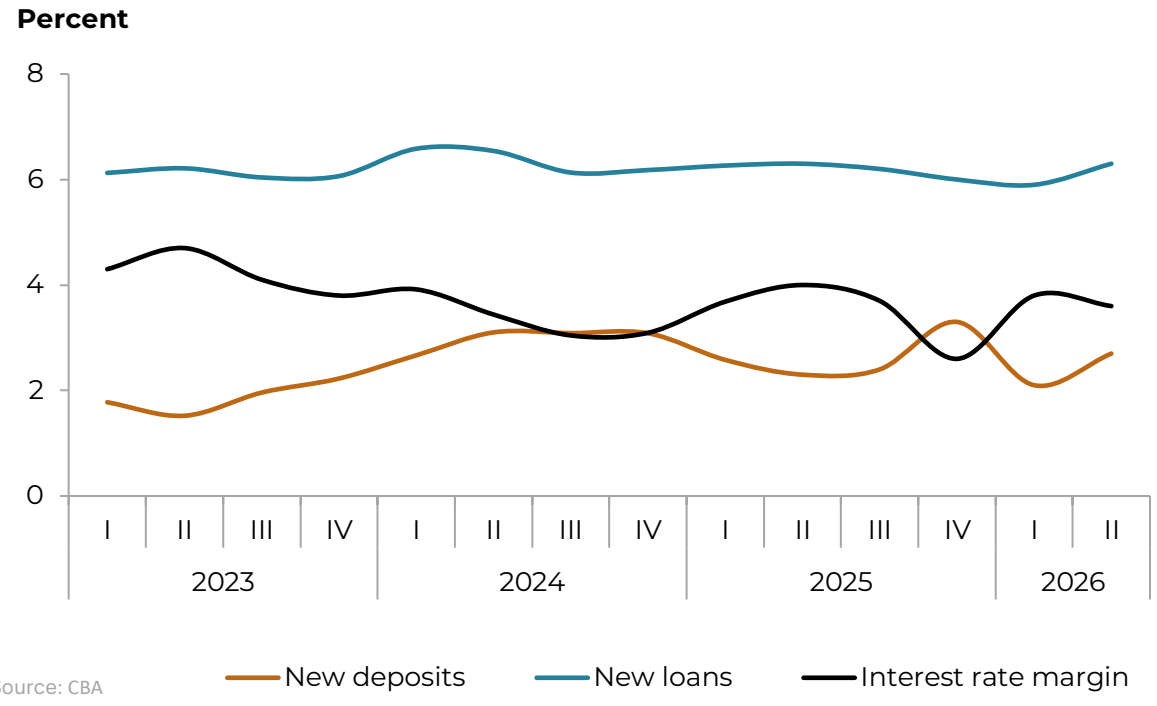


Source: CBA

At the end of June 2026, net foreign assets (NFA) excluding revaluation differences reached Afl. 4,611.0 million, indicating that foreign reserves remained amply above the benchmarks monitored by the CBA. Foreign reserves were sufficient to cover about 9.9 months of current account payments and stood at 172% of the IMF's reserve adequacy benchmark, exceeding the IMF's recommended adequacy range of 100–150%.

The weighted average interest rate margin (gap between lending and deposit rates) widened during the first half of 2026 (see Chart 13). The average rate on new loans increased from 6.0% in the fourth quarter of 2025 to 6.3% in the second quarter of 2026, while the average rate on new deposits declined from 3.3% to 2.7%. As a result, the interest rate margin jumped from 2.6% to 3.6%. Lending rates picked up across most loan categories, particularly for consumer credit (2025Q4: 7.1%; 2026Q2: 7.8%) and commercial mortgages (2025Q4: 6.0%; 2026Q2: 6.6%), while housing mortgages rose slightly (2025Q4: 5.1%; 2026Q2: 5.2%). In contrast, deposit rates generally declined, with interest rates falling for time deposits with maturities of less than 12 months (2025Q4: 3.2%; 2026Q2: 2.5%), and more than 12 months (2025Q4: 4.1%; 2026Q2: 3.6%), as well as savings deposits (2025Q4: 1.6%; 2026Q2: 1.5%).

Chart 13: Weighted average interest rates



Source: CBA

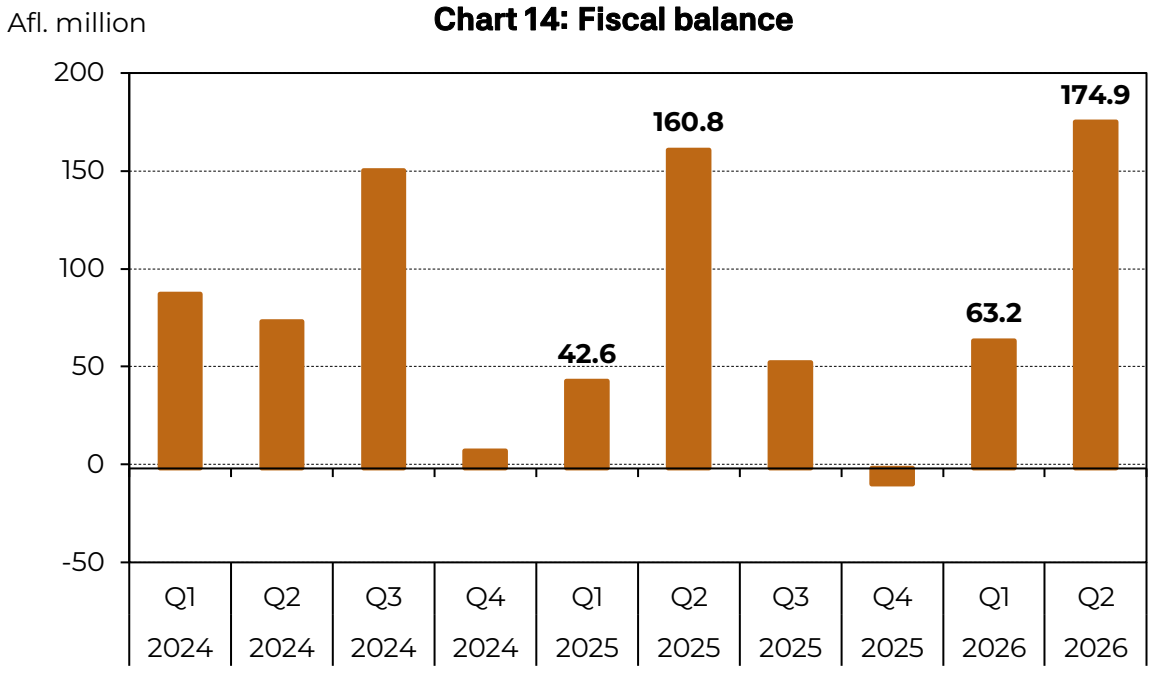
Financial soundness indicators remained at satisfactory levels through June 2026. The nonperforming loans to gross loans ratio, a commonly used indicator of asset quality, reflects the share of total loans that are not being repaid on time. This

ratio slightly rose from 1.4% at the end of 2025 to 1.8% in June. This was higher than the year-end levels recorded in 2023 (1.7%), 2024 (1.2%), and 2025 (1.4%), but remained below the 3.5% recorded at the end of 2022. The capital adequacy ratio reached 27.8% in June 2026, slightly lower than the 28.9% recorded at the end of 2025, but comfortably above the minimum requirement of 18%. The prudential liquidity ratio (PLR), which measures liquid assets as a share of total net assets, stood at 34.9%, rising from 30.2% at the end of 2025. Effective January 1, 2026, the minimum PLR was raised from 19% to 20%.

3.9 Government finances

During the first half of 2026, the government of Aruba (GoA) registered a financial surplus of Afl. 238.1 million, Afl. 34.7 million higher than the surplus of the first half of 2025 (see Chart 14). A key driver of the surplus was higher total revenues (+Afl. 103.8 million; +10.3%), of which tax revenues (+Afl. 77.9 million; 8.2%) and non-tax revenues (+Afl. 25.9 million; 44.9%) both showed strong growth. On the expenditures side, a rise (+Afl. 69.3 million; +8.6%) dampened the overall improvement in the fiscal balance.

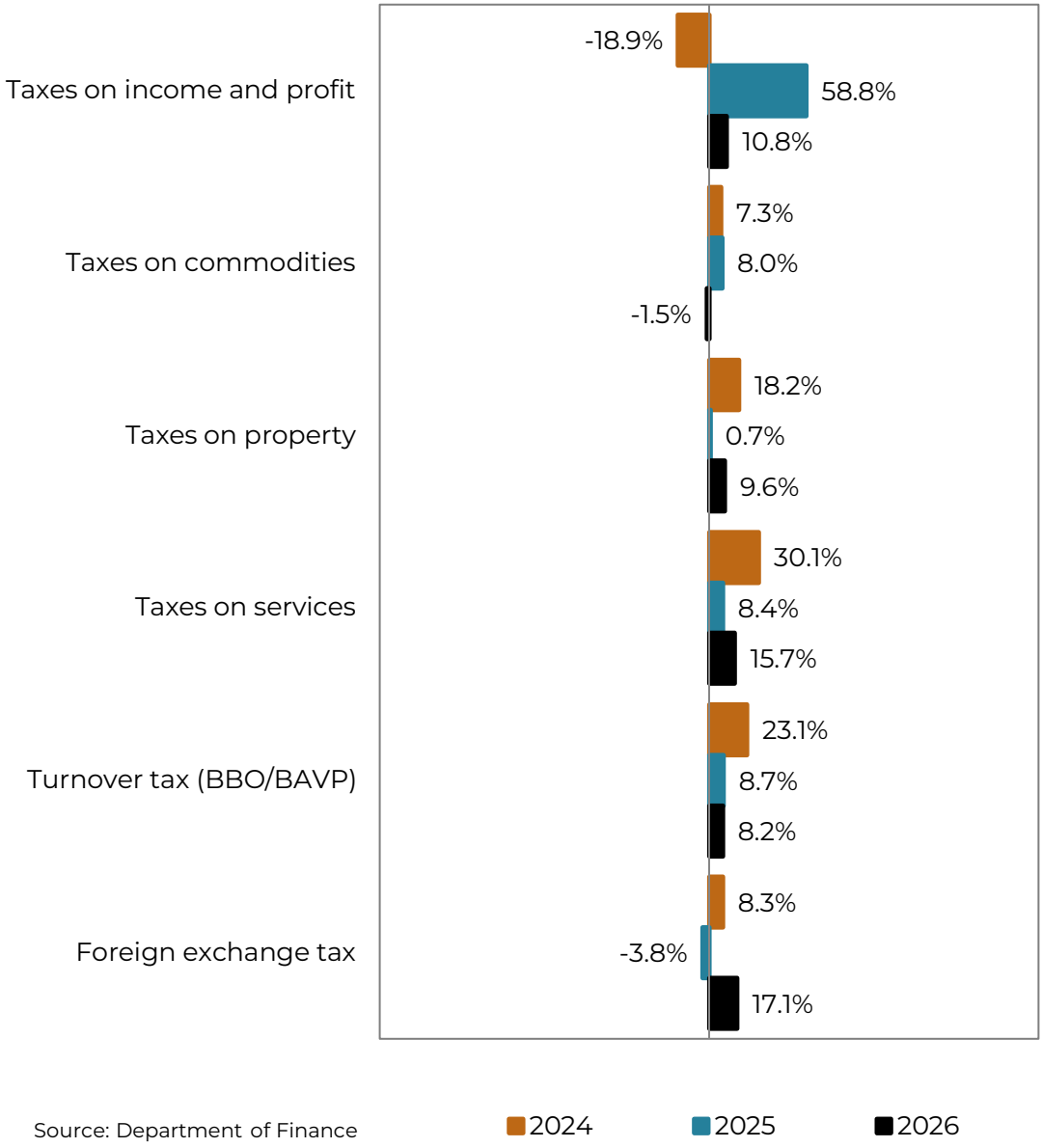
Chart 14: Fiscal balance



Calculations: CBA

Despite the reduction in fuel excise taxes to temporarily absorb costs related to rises in international oil prices, total tax revenue grew by 8.2% during the first half of 2026, compared to a year earlier (see Chart 15). All tax components, with the exception of taxes on commodities, showed increases during the period in question.

Chart 15: Tax revenue growth, YTD Q2, 2026 vs 2025 vs 2024



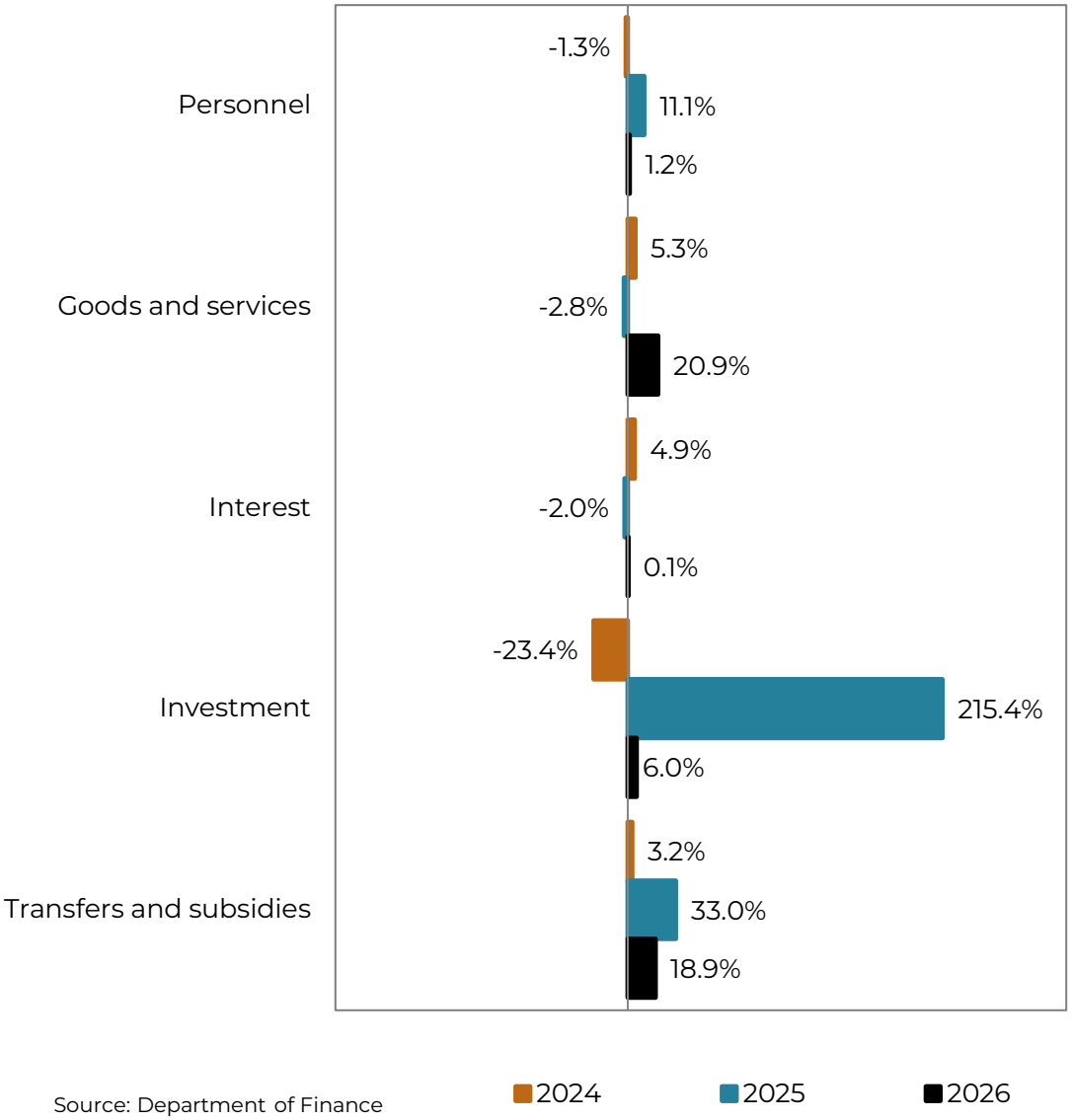
Source: Department of Finance

Taxes on income and profit and turnover taxes (BBO/BAVP) showed strong growth of Afl. 36.7 million (+10.8%) and Afl. 17.6 million (+8.2%), respectively, likely pushed up by tourism activity and domestic consumption. Additionally, the strong performance of tourism is also reflected in the rise of taxes on services (+Afl. 12.8 million; +15.7%), which includes tourism levies and accommodation taxes. Other tax components which registered upticks during the first half of the year include taxes on property (+Afl. 7.4 million; +9.6%) and foreign exchange tax (+Afl. 6.4 million; +17.1%); the former is likely related to the rise in property values.

Next to tax revenue, non-tax revenue (Afl. 25.9 million; +44.9%) also registered growth during the first two quarters of the year. As a result of most subcomponents recording increases, total revenue grew by Afl. 103.8 million (+10.3%) during the first half of 2026.

The expenditure also registered a rise (+Afl. 69.3 million, +8.6%) up to June 2026 (see Chart 16). Contributing strongly to this development are increases in goods and services (+Afl. 32.1 million, +20.9%), and transfers and subsidies (+Afl. 32.1 million, +18.9%). The latter is mainly related to the Afl. 150 increase in 'reparatietoeslag' for pensioners and reorganization of the salary structure for educational staff, both of which took effect on January 1st, 2026. Furthermore, other expenses that contributed to the rise include personnel (+Afl. 4.2 million, +1.2%), investment (+Afl. 0.8 million, +6.0%), and interest (+Afl. 0.1 million, +0.1%).

Chart 16: Government expenditure growth, YTD Q2, 2026 vs 2025 vs 2024

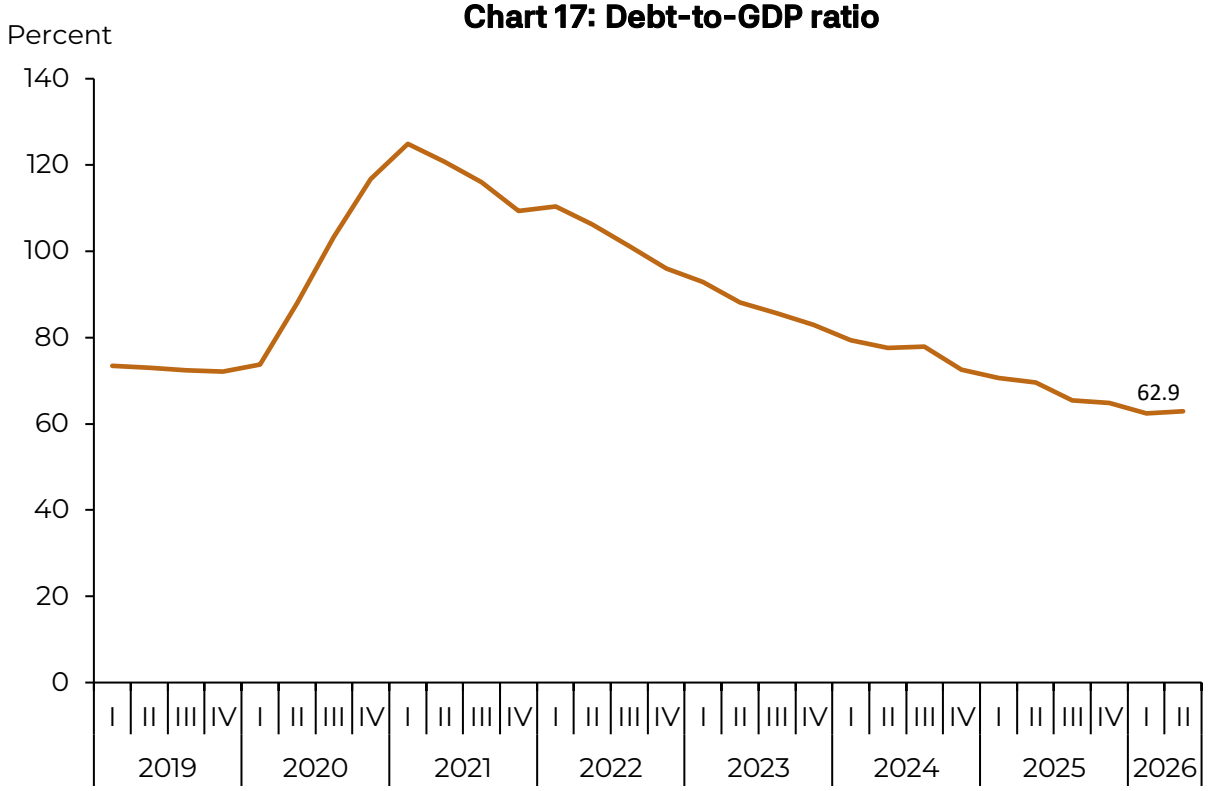


Source: Department of Finance

Throughout the first half of 2026, the GoA's debt-to-GDP ratio continued its downward trend, reaching 62.9% in June 2026 (see Chart 17). Total government debt stood at Afl. 5,082.2 million in June, of which Afl. 1,919.4 million reflected domestic debt (37.8%) and Afl. 3,162.8 million foreign debt (62.2%). Since reaching its peak of 124.9% during the first quarter of 2021, the debt-to-GDP ratio has been on a

declining trend in the post-COVID-19 years. This trend is supported by the strong tourism performance following the COVID-19 pandemic, translating into increased revenues, and resulting in fiscal surpluses at or above the 1% norm (established by the LAft[9]). According to the LAft, any surpluses above the 1% of GDP should be allocated equally between additional debt repayments and capital investments. Consequently, the additional debt repayments required under the LAft norm further reduced Aruba's public debt, while the expansion in GDP further contributed to the decline in the debt-to-GDP ratio.

Chart 17: Debt-to-GDP ratio



Calculations: CBA

[9] Landsverordening Aruba financieel toezicht.

4 International developments

In its July 2026 World Economic Outlook (WEO) Update, the IMF projects global economic growth at 3.0% in 2026. Compared to the April 2026 WEO, the IMF was slightly more pessimistic, revising its growth projection downward by 0.1 percentage point. Nevertheless, the actual growth outturn depends on two opposing forces. These are the war in the Middle East and the artificial intelligence (AI) landscape.

The war in the Middle East has disrupted energy supply and raised commodity prices. Nevertheless, global growth proved more resilient to the energy shock than initially expected. Oil inventory drawdowns have partly compensated for reduced energy trade flows, while the growing use of renewable energy and lower energy intensity have made several economies more resilient to higher energy prices.

Strong investment and demand related to AI have supported economic growth in countries that produce raw materials or final goods related to AI-hardware. For instance, countries that export AI-hardware have strongly benefited from this AI boom, including Taiwan, Korea, Thailand, and Malaysia.

Growth in advanced economies is projected at 1.7% in 2026. In the United States, the IMF forecasts growth at 2.3%, unchanged from the April WEO. Fiscal policy, upward momentum in stock markets, and continued investment in AI-technology by businesses support economic activity. Moreover, the country's position as a net energy exporter limits the negative impact of higher energy prices for its domestic inflation. Because Aruba imports heavily from the United States, lower U.S. inflation can help contain inflationary pressures in Aruba. As for the euro area, the IMF revised its growth projection downward by 0.2 percentage point to 0.9%. Higher energy prices, weak consumer confidence, and soft underlying economic momentum weigh on economic activity.

The IMF projects growth in emerging market and developing economies at 3.8% in 2026, marking a 0.1 percentage point downward revision. Economic developments within this group remain highly uneven, reflecting differences in commodity dependence, exposure to the Middle East conflict, financial conditions, and AI exposure. China is projected to grow by 4.6%, as higher oil prices, a real estate downturn due to fewer house purchases, and moderate household consumption weigh on economic activity. Meanwhile, strong domestic demand in India supports growth, while several Asian economies benefit from strong technology-related exports and investment.

For Latin America and the Caribbean (LAC), the IMF forecasts economic growth at 2.4% in 2026, an upward revision of 0.1 percentage point compared to the April

WEO. Brazil is expected to grow by 2.4%, following an upward revision of 0.5 percentage point. In contrast, the IMF revised Mexico's growth projection downward by 0.4 percentage point to 1.2%, as U.S. trade uncertainty and volatile energy prices continue to constrain economic activity.

Global inflation is projected at 4.7% in 2026, 0.3 percentage points higher than projected in the April WEO. This upward revision reflects higher energy and food prices. However, inflationary pressures are unevenly distributed among countries, with projected inflation at 3.0% in advanced economies and 5.8% in emerging market and developing economies. According to the IMF, this contrast stems from differences in currency strength, services inflation, labor market conditions, and other country-specific factors.

Risks to the global outlook remain tilted to the downside. A renewed escalation of the conflict in the Middle East could further disrupt commodity markets and supply chains, raise inflation, and increase borrowing costs. Rising trade fragmentation could also weigh on economic activity and increase prices. In addition, limited policy buffers could amplify the effects of adverse shocks. On the upside, stronger-than-expected technology investment in AI, faster normalization of energy markets, and lower trade barriers could support global economic activity.

5 Conclusion

Overall, developments during the first half of 2026 point to an Aruban economy that remained resilient but continued to transition toward a more moderate pace of growth. Tourism and consumption continued to support economic activity, while business sentiment improved. At the same time, consumer confidence weakened compared with a year earlier and investment indicators showed mixed developments.

Inflationary pressures increased during the second quarter, largely reflecting higher energy prices following the international oil price shock. The Government of Aruba's temporary reduction in fuel excise duties helped contain the rise in domestic fuel prices. At the same time, Aruba continued to maintain important macroeconomic buffers, with ample international reserves, a sound banking sector, a fiscal surplus, and a further decline in the debt-to-GDP ratio.

Looking ahead, the IMF projects global growth of 3.0% in 2026, with stronger momentum in the global technology cycle, supported by AI-related investment and demand, partly offsetting the negative effects of the war in the Middle East. Nevertheless, renewed geopolitical tensions, commodity-price pressures, and trade fragmentation remain important risks. Given Aruba's high dependence on tourism and imports, maintaining sound public finances, adequate international reserves, and a resilient financial sector remains important to safeguard the economy against future external shocks.

Tel: (297) 5252 100

documentmanagement@cbaruba.org

J.E. Irausquin Boulevard 8, P.O. Box 18

Oranjestad, Aruba

