



CENTRALE BANK VAN ARUBA

State of the Economy

Press Release¹

Macroeconomic data for the first half of 2013 show a pick-up in economic activities. On the exports side, tourism continued to provide much-needed support to output expansion, with tourism receipts maintaining a strong performance (+6.0 percent). Consumption also appears to have strengthened, as the import of goods and the turnover tax receipts of the government surpassed the levels for similar periods a year earlier. However, according to the consumer confidence survey, consumers were less optimistic about the interim future.

Investment activities stayed strong although many projects moved into their finalization phase, as evidenced by the large drop in cement imports. In the business perception survey for the first quarter, businesses likewise signaled prudence in anticipation of the parliamentary elections in September 2013.

The average inflation trend continued on a downward trajectory, mirroring particularly the effects of the substantial tariff reductions in water and electricity in, respectively, August and November of 2012.

Fiscal deficits (Q1 2013: Afl. 29.5 million) and the economic contraction (with real GDP falling by a cumulative 14.3 percent during 2009-10) contributed to a growing government debt burden, reaching Afl. 3.0 billion at the end of the first quarter of 2013, equivalent to 67.1 percent of GDP (Q1 2012: 2.7 billion, or 58.8 percent of GDP).

The balance of payments posted an Afl. 16.6 million surplus in the first quarter of 2013 (2012: Afl. 62.1 million deficit), generating a net inflow of funds from abroad of the equivalent amount. Mentioned surplus resulted primarily from the increased tourism receipts, which was offset in part by a deficit on the goods account of the oil sector. Monetary and prudential indicators remained adequate at the end of June. Net foreign assets (including revaluation differences) increased in the first five months of 2013 by Afl. 15.7 million or 1.0 percent to Afl. 1,524.4 million, and continued to be adequate.

Based on currently available information, the CBA forecasts a rebound in economic activity of 2.9 percent in real terms in 2013. For 2014, the expected real GDP growth is 3.4 percent. In terms of prices, the outlook signals a deflation in 2013 (-2.3 percent), reflecting, in addition to the behavior of energy components, limited price pressures from domestic demand. Looking ahead to 2014, the CBA projects moderate inflation at 1.2 percent.

The complete publication is available on our website (www.cbaruba.org).

Centrale Bank van Aruba
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¹ The English text prevails.