



CENTRALE BANK VAN ARUBA

Slightly improving government finances

Press release

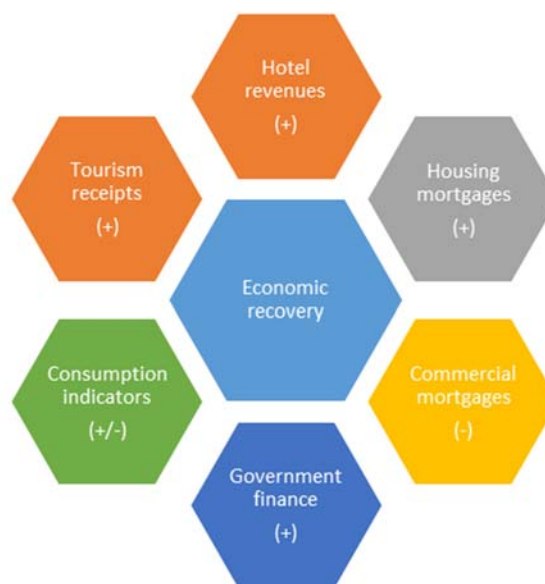
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Today the Centrale Bank van Aruba (CBA) publishes the State of the Economy of the first quarter of 2018. This publication provides a synopsis of the local and international economic developments of this period. The highlights hereof are presented below, including a summary of main economic indicators.

In the first quarter of 2018, the tourism sector was once again the main engine of the Aruban economy. The U.S. market was the key driver for the growth in stay-over visitors, as it has been during the last four quarters. Meanwhile, cruise tourism also had a strong performance. Preliminary tourism receipts figures show an 11.2 percent growth. Moreover, the average hotel occupancy rate and the revenues per available room were substantially higher than in the corresponding period of 2017.

Consumption indicators were ambiguous during the first quarter of 2018. Tax revenues increased significantly, due to higher receipts for turnover tax and import duties. Part of this increase was the result of improved compliance and import inspections. On the other hand, consumer credit extended by commercial banks indicated a contraction in consumption, with across-the-board declines in all components, but primarily in personal loans. Consumer sentiments improved somewhat in the first quarter of 2018 compared to the previous quarter, but consumers remained pessimistic.

Government finances improved slightly, illustrated by a decline of the fiscal deficit and a stable debt ratio. The smaller deficit was the result of an increase in government revenues, driven in large part by ongoing efforts to increase compliance and arrear collection, which outpaced the growth in expenditures. Government debt increased by Afl. 8.7 million during



the first three months of 2018. Consequently, the debt-to-GDP ratio stood at 85.8 percent at the end of the period. Notwithstanding the marginal improvement in the financial situation of the government, the government must continue its efforts towards strengthening the fundamentals.

Finally, the level of net foreign assets increased by 3.3 percent during the first quarter of 2018, remaining well above the critical norms monitored by the Monetary Policy Committee (MPC) of the CBA.

Table: Main economic indicators first quarter of 2018

Indicator	2017Q1	2018Q1	Change
Hotel revenue per available room (US\$)	301	333	32
Stay-over visitors (number)	263,565	274,955	11,390
Cruise visitors (number)	280,923	308,838	27,915
Construction permits (Afl. million)	102.3	95.8	-6.2
Turnover tax receipts (Afl. million)	25.6	29.9	4.3
Taxes on income and profit (Afl. million)	76.9	84.5	7.6
Twelve-month average rate of inflation (percent)	-0.7	0.0	0.7
Consumer confidence index (first quarter, index points)	96.0	95.4	-0.6

Sources: CBA, AHATA, ATA, CBS.

The complete publication is available on the CBA's website (www.cbaruba.org).