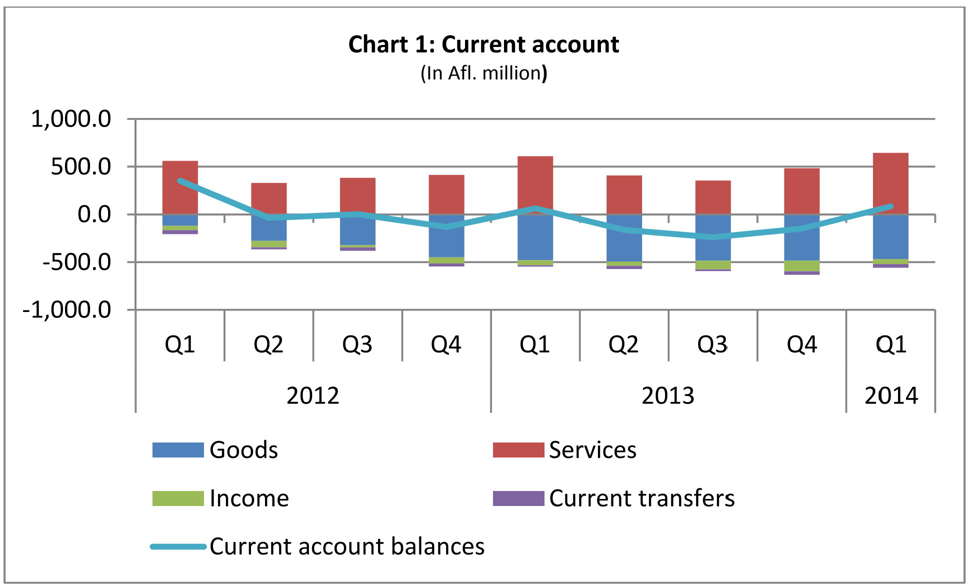
CENTRALE BANK VAN ARUBA

## Statistical News Release

Date: September 2, 2014

***Balance of payments developments: current account ended the first quarter of 2014 with an Afl. 84.8 million surplus.***

The current account of the balance of payments showed a surplus of Afl. 84.8 million in the first quarter of 2014, Afl. 22.3 million higher than the same quarter a year earlier (Chart 1). This improvement in the current account resulted from an Afl. 34.4 million rise in the surplus on the services account and decreases in the deficit on the goods and the income accounts of, respectively, Afl. 12.6 million and Afl. 0.5 million. On the other hand, the current transfers account recorded an Afl. 25.0 million higher deficit.

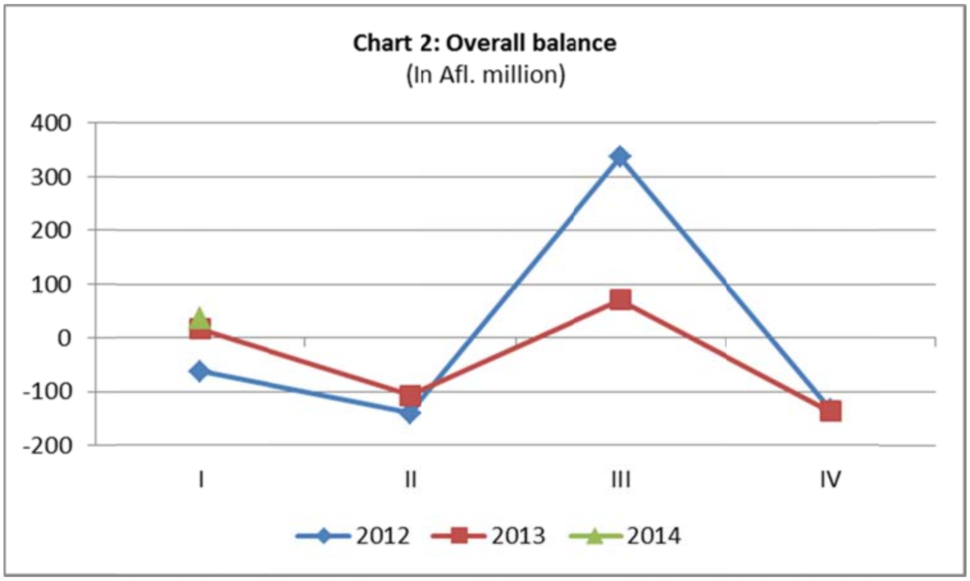



Source: Centrale Bank van Aruba

The higher services account surplus resulted from transactions of both the oil and the non-oil sector. The surplus on the services account of the non-oil sector expanded by Afl. 22.0 million, as receipts from services extended grew by Afl. 26.0 million, due mainly to a 2.9 percent rise in gross tourism receipts. Payments for services rendered increased marginally. Additionally, the services account of the oil sector registered an Afl. 9.1 million surplus, compared to an Afl. 3.4 million deficit in the same quarter of 2013, mainly owing to its transshipment activities. The drop in the deficit on the goods account was attributed to the oil sector, due to its lower trade activities, which led to an Afl. 27.9 million reduction in its trade balance deficit, because both export and import of goods by this sector shrank by, respectively, 59.1 percent to Afl. 41.8 million and 48.4 percent to Afl. 94.0 million. This reduction was partially mitigated by an Afl. 15.3 million growth in the deficit on the goods account of the non-oil sector, resulting from an Afl. 11.1 million (15.6 percent) drop in export receipts, in particular, from Venezuela, due mainly to higher taxes imposed by the Venezuelan authorities on the import of food products. The deficit on the income account of the non-oil sector fell by a mere Afl. 1.3 million to Afl. 51.0 million, largely as a result of an Afl. 4.0 million growth in income receipts, which was partly offset by an Afl. 2.7 million rise in income payments. The higher income receipts on investment abroad were partially offset by increased interest payments on debt securities issued by the government. The income account of the oil sector registered an Afl. 0.8 million deficit, mainly associated with interest payments on intercompany loans received by this sector. The deficit on the current transfers account of the non-oil sector expanded by Afl. 25.9 million, resulted mainly from an Afl. 12.3 million rise in current transfers payments, associated with contributions and subsidies to nonresidents. Current transfers receipts fell in the first quarter of 2014 by Afl. 13.7 million, compared to the same quarter of 2013. In 2013, Afl. 18.2 million was received in development aid.

The capital and financial account recorded an Afl. 14.0 million net outflow, Afl. 25.2 million lower than in the same quarter of 2013. This outcome was caused by the financial account transactions of the non-oil sector. The financial account of this sector turned from an Afl. 63.9 million net outflow into an Afl. 20.3 million net inflow. Contributory factors to this turnaround were other investment and portfolio investment related transactions. Other investment of the non-oil sector recorded an Afl. 68.1 million lower net outflow, associated with lower repayments on loans, compared to the same quarter of last year. Portfolio investment of the non-oil sector registered an Afl. 40.4 million net inflow, compared to an Afl. 26.4 million net outflow in the first quarter of 2013, mainly related to the issuance of Afl. 174.0 million (USD 97.2 million) in bonds by the government on the international capital market, which was partly offset by repayments on matured bonds. On the other hand, direct investment of the non-oil sector recorded an Afl. 49.5 million lower net inflow, due mainly to higher equity contribution by nonresidents in resident companies, in particular hotels, which was partly mitigated by higher repayments on intercompany loans of this sector. On the other hand, the financial account of the oil sector turned from an Afl. 24.0 million net inflow in the first quarter of 2013 into an Afl. 30.9 million net outflow in the quarter under review. This shift was mainly caused by other investment related transactions, reflecting a slight increase in currency and deposits balances. Direct investment transactions of this sector registered an Afl. 25.8 million higher net outflow, due to increased repayments on intercompany trade credit liabilities of this sector.

The balance of payments recorded an Afl. 36.4 million surplus in the first quarter of 2014, Afl. 19.8 million higher than in the same quarter of 2013 (Chart 2). The main contributor to this surplus was the non-oil sector, posting an Afl. 113.4 million net sale of foreign exchange to the banking sector. Transactions of the oil sector, on the other hand, led to Afl. 77.0 million in net purchases of foreign exchange from the commercial banks, which is Afl. 14.1 million higher than in the first quarter of 2013.




Source: Centrale Bank van Aruba

Note that reclassification of certain loans from nonresident to resident and the acquisition of resident loan portfolio from abroad that took place in the quarter under review, were recorded as errors and omissions and included in “items not yet classified”.