



CENTRALE BANK VAN ARUBA

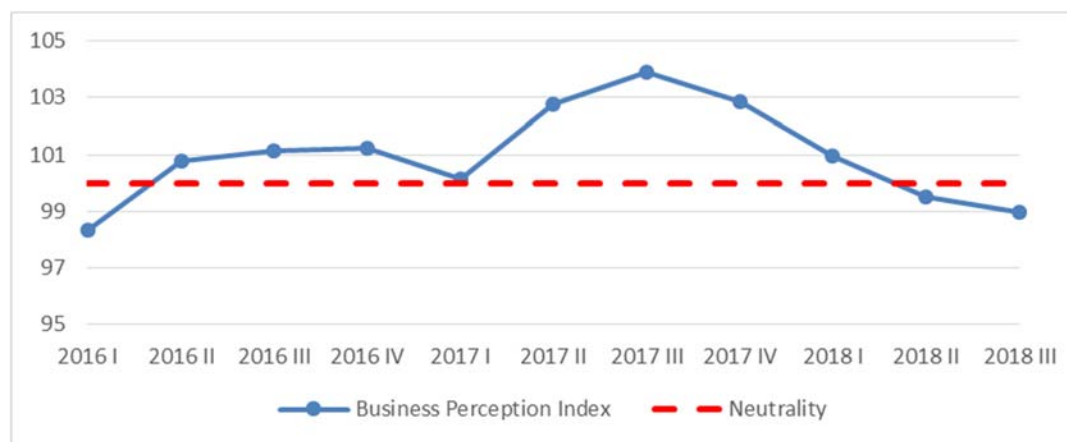
BUSINESS PERCEPTION INDEX DECREASED

Press Release¹

Results for the third Quarter of 2018

The surveyed businesses indicated a lower degree of confidence in the third quarter of 2018, and this sentiment is expected to continue in the short-term future. During the quarter under review, the overall Business Perception Index (BPI), comprising the current and short-term economic conditions, decreased by 0.5 percentage point to 99.0. Likewise, the current economic condition index edged down by 0.2 percentage point to 100.3, while the short-term future economic condition index contracted by 1.4 percentage points to 97.0 (Chart 1)².

Chart 1: Business Perception Index

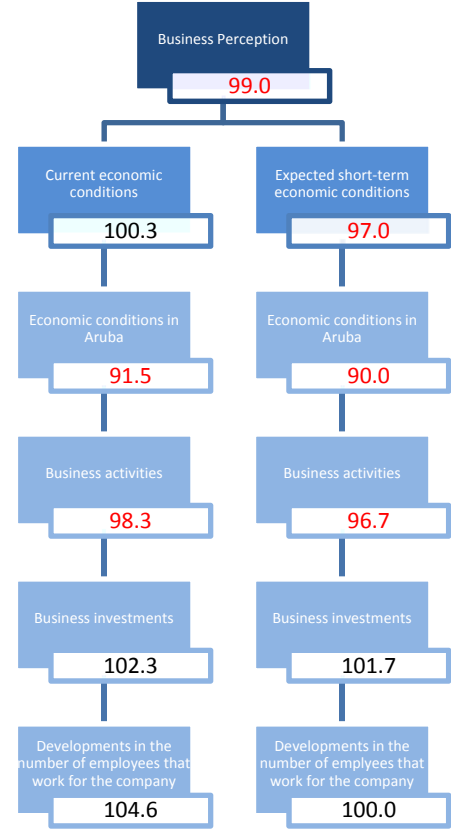


¹ The English original prevails.

² The index can vary between 90 and 110. Between 90 and 100 indicates a situation of pessimism. An index of exactly 100 indicates that businesses are neither pessimistic nor optimistic, but are neutral in regards to their thoughts about economic developments in Aruba. Between 100 and 110 indicates a situation of optimism in business sentiments.

Economic conditions in Aruba and business activities had a negative impact on the perception of the surveyed businesses regarding both the current and the expected short-term economic conditions. Ultimately, the BPI became more pessimistic in the third quarter of 2018, due to the negative result of the expected short-term economic conditions.

Chart 2: Components of the Business Perception Index



90 – 100 Pessimistic
100 – 110 Optimistic

In the third quarter of 2018, employment conditions were relatively dynamic, with the surveyed businesses noting both expansions and contractions in the number of employees. Despite having a higher number of profitable businesses within the sample, however, a larger percentage of respondents registered a decrease in sales, compared to the second quarter of 2018. Developments related to average wage costs remained relatively stable, compared to the previous quarter, with the majority of surveyed businesses reporting an increase in average wage costs.

Table 1: Perceived developments in employment, profitability, sales, and average wage costs
(In percentages of all respondents)

	2016 I	2016 II	2016 III	2016 IV	2017 I	2017 II	2017 III	2017 IV	2018 I	2018 II	2018 III
EMPLOYMENT											
1. No change	29.6	57.1	23.1	38.5	61.9	26.9	44.0	48.1	48.0	64.3	38.5
2. Increase	29.6	32.1	42.3	26.9	19.0	46.2	36.0	29.6	28.0	21.4	34.6
3. Decrease	40.7	10.7	34.6	34.6	19.0	26.9	20.0	22.2	24.0	14.3	26.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
PROFITABILITY - PROFITS											
1. No change	22.2	21.4	19.2	15.4	9.5	11.5	8.0	11.1	28.0	14.3	11.5
2. Increase	40.7	32.1	34.6	42.3	52.4	53.8	64.0	55.6	44.0	46.4	30.8
3. Decrease	18.5	35.7	34.6	30.8	23.8	23.1	16.0	14.8	24.0	14.3	38.5
Total	81.5	89.3	88.5	88.5	85.7	88.5	88.0	81.5	96.0	75.0	80.8
PROFITABILITY - LOSSES											
1. No change	3.7	0.0	0.0	3.8	0.0	0.0	0.0	7.4	0.0	7.1	3.8
2. Increase	11.1	7.1	3.8	3.8	0.0	3.8	8.0	3.7	0.0	7.1	11.5
3. Decrease	3.7	3.6	7.6	3.8	14.3	7.7	4.0	7.4	4.0	10.7	3.8
Total	18.5	10.7	11.5	11.5	14.3	11.5	12.0	18.5	4.0	25.0	19.2
SALES											
1. No change	11.1	22.2	23.1	11.5	9.5	7.7	12.0	7.4	20.0	14.3	7.7
2. Increase	51.9	37.0	57.7	53.8	71.4	65.4	76.0	63.0	64.0	60.7	42.3
3. Decrease	37.0	40.7	19.2	34.6	19.0	26.9	12.0	29.6	16.0	25.0	50.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE WAGE COSTS											
1. No change	25.9	21.4	19.2	15.4	23.8	19.2	24.0	22.2	16.0	21.4	23.1
2. Increase	63.0	67.9	65.4	69.2	71.4	73.1	56.0	55.6	72.0	64.3	57.7
3. Decrease	11.1	10.7	15.4	15.4	4.8	7.7	20.0	22.2	12.0	14.3	19.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Centrale Bank van Aruba

January 11, 2019

For additional information, please consult the complete report on our website (www.cbaruba.org).