

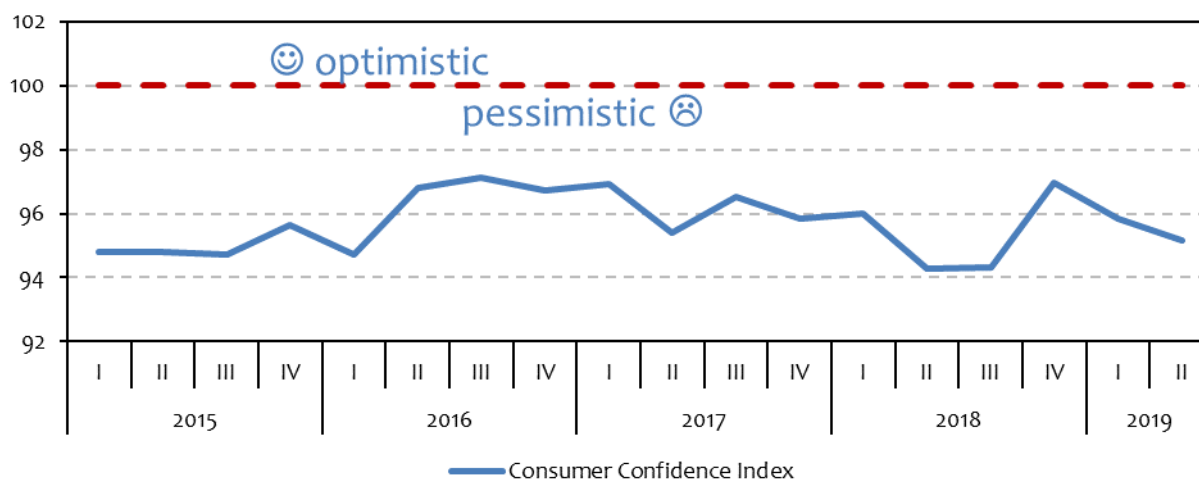
Consumer confidence continues to deteriorate

Press Release

July 16, 2019

In the second quarter of 2019, consumer sentiment continued to deteriorate according to the latest results of the Consumer Confidence Survey (CCS)¹ of the Centrale Bank van Aruba (CBA). The Consumer Confidence Index stood at 95.1, against 95.8 in the preceding quarter, indicative of relatively pessimistic sentiments (Chart 1)².

Chart 1: Consumer Confidence Index

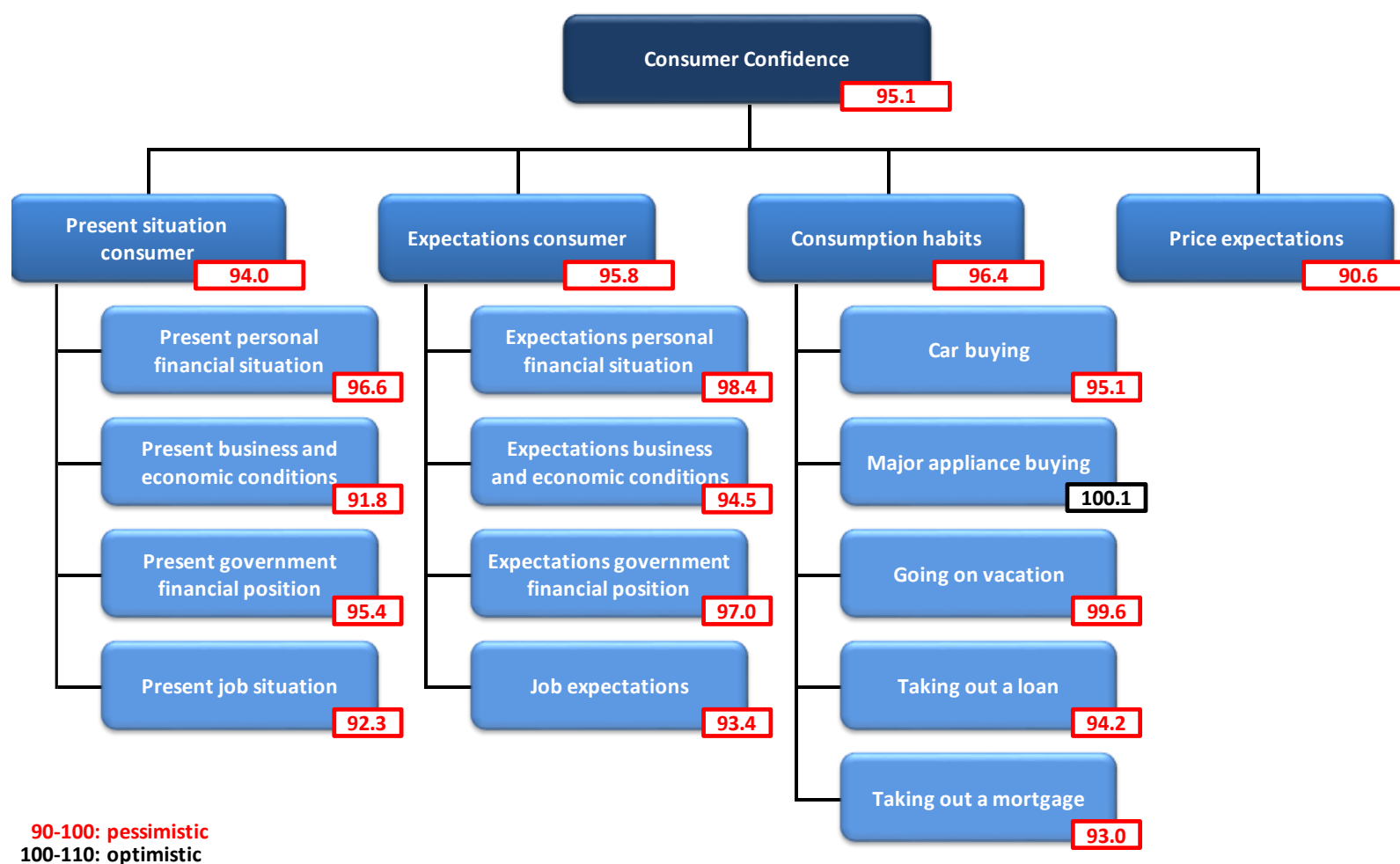


¹ The Consumer Confidence Index had a technical revision.

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 consumers 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 consumer sentiments.

The first underlying component, i.e., the **Present Situation Index**, worsened during the second quarter of 2019, down by 0.6 index point to 94.0. This was caused by a decrease in the index for *present personal financial situation*, which turned more pessimistic in the period under review, i.e., from 97.5 to 96.6. The index for *present government financial position* also decreased with 1.3 index points, i.e., from 96.7 to 95.4. The index for *present business and economic conditions* remained at 91.8, while the index for *present job situation* increased by 0.1 index point, i.e., from 92.2 to 92.3 (Chart 2).

Chart 2: Components of the Consumer Confidence Index



The second underlying component, i.e., the **Expectations Index**, deteriorated the most during the quarter under review, down by 1.5 index points to 95.8. Consumers had less positive expectations on their *personal financial situation*, as this index turned pessimistic, i.e., from 101.2 to 98.4 (a minority of 21.8% of respondents indicated that their personal financial situation will be better in the coming 6 months, down from 31.3% in the previous quarter). The index for expectation on *business and economic conditions* became more negative, i.e., from 96.0 to 94.5. The index for expectation on *government financial position* also deteriorated, i.e., from 99.0 to 97.0. Only the index *for job expectations* increased with 0.3 index point (Chart 2).

The third underlying component, i.e., the **Consumption Habits Index** declined during the second quarter of 2019, down by 0.3 index point to 96.4. Consumers were negative on buying a car, going on vacation, taking out a loan, and on taking out a mortgage, but were positive about buying major appliances. The index for *going on vacation* turned negative in the quarter under review, i.e., from 101.1 to 99.6 (Chart 2).

Finally, the vast majority of respondents (87.5%) expected that prices will increase in the coming six months, leading to a **Price Expectations Index** of 90.6, against 90.5 in the previous quarter (Chart 2).

In summary, the worsening in consumer confidence is attributed to decreases in virtually all components (Table 1).

Table 1: Main results

	2015				2016				2017				2018				2019	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Consumer confidence	94.8	94.8	94.7	95.6	94.7	96.8	97.1	96.7	96.9	95.4	96.5	95.8	96.0	94.3	94.3	97.0	95.8	95.1
Present situation consumer	93.9	93.4	93.3	94.9	93.4	95.3	95.5	97.4	95.3	96.3	95.3	95.1	94.3	95.0	92.6	95.9	94.6	94.0
Expectations consumer	95.4	95.0	96.8	98.5	95.4	100.2	101.8	100.9	99.2	96.5	99.1	98.6	97.5	94.0	94.4	97.8	97.3	95.8
Consumption habits	95.9	96.6	95.1	95.0	96.0	96.4	95.9	94.1	97.4	94.8	96.4	95.2	97.3	94.8	96.3	98.5	96.7	96.4
Price expectations	90.2	90.7	90.3	90.6	91.0	91.0	91.0	90.3	91.5	90.4	91.0	90.9	90.4	90.1	90.4	90.4	90.5	90.6