

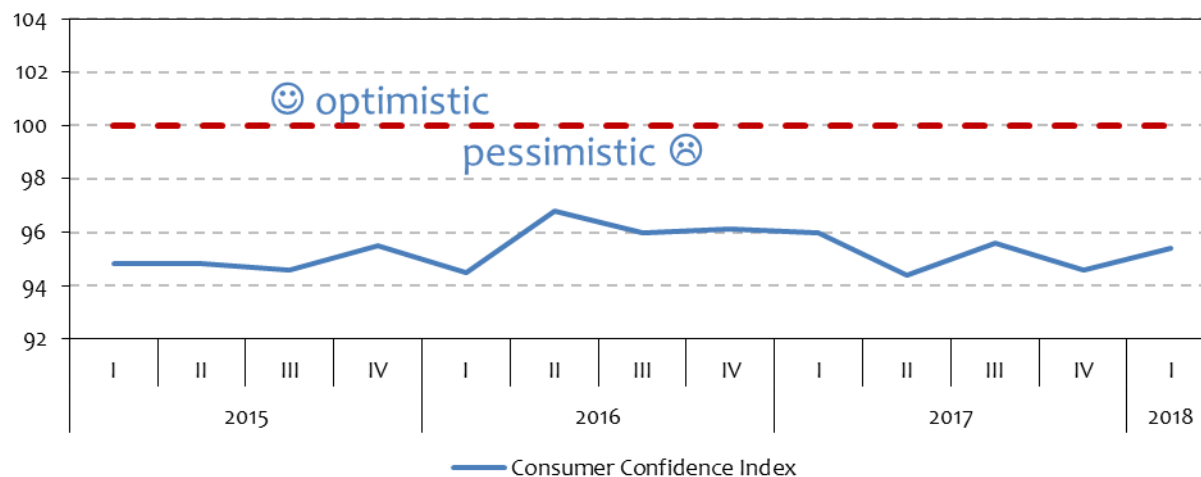
Despite a positive nudge, consumers remain pessimistic

Press Release

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Although the sentiment improved somewhat in the first quarter of 2018, consumers continue to be pessimistic, according to the latest results of the Consumer Confidence Survey (CCS) of the Centrale Bank van Aruba (Chart 1).¹

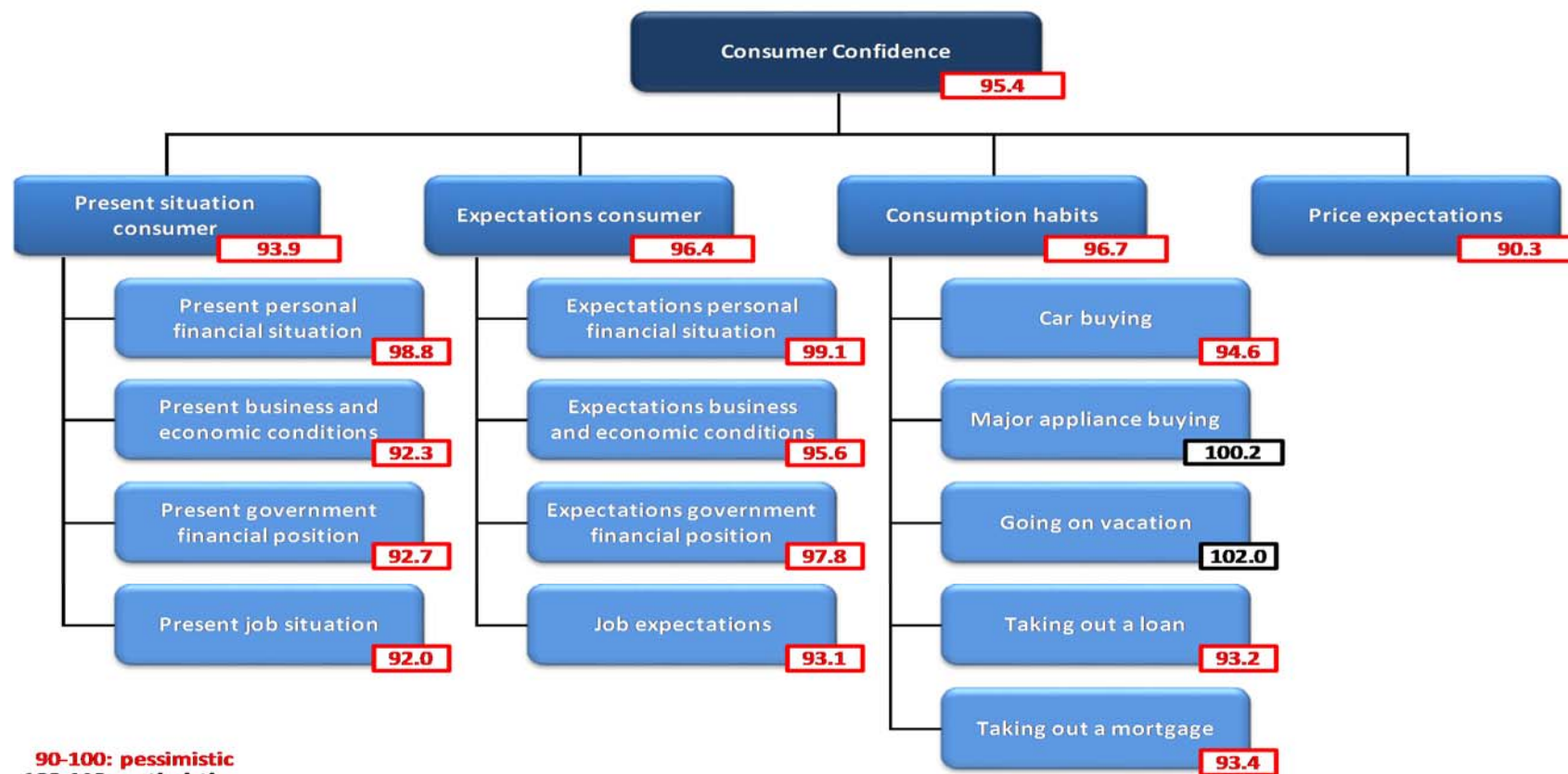
Chart 1: Consumer Confidence Index



¹ 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.

Consumers turned negative about their *present personal financial situation*, as this index declined to 98.9, as well as about their *future personal financial situation* (99.1). The other components in the Present Situation Index of the consumer did not change significantly, consequently inducing a small decrease in the Present Situation Index, i.e. from 94.3 to 93.9 (Chart 2).

Chart 2: Components of the Consumer Confidence Index



The Expectations Index remained virtually unchanged at 96.4, with consumers reporting a less negative outlook on the future financial position of the government, i.e., 24.3 percent of respondents expected that the financial position of the government would improve in the future compared to only 9.4 percent of respondents in the previous quarter.

The Consumption Habits Index improved the most in the quarter under review. Consumers were positive about buying major appliances and going on vacation, likely stemming from the prospect of the forthcoming vacation period. Meanwhile, the vast majority of respondents (88.0%) expect that prices will increase in the coming six months, leading to a Price Expectations Index of 90.3.

In summary, the increase in consumer confidence is mainly attributed to an increase in consumption habits (Table 1).

Table 1: Main results

	2015				2016				2017				2018
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I
Consumer confidence	94.8	94.8	94.6	95.5	94.5	96.8	96.0	96.1	96.0	94.4	95.6	94.6	95.4
Present situation consumer	93.9	93.4	93.2	94.7	93.2	95.3	94.8	96.5	94.6	95.5	94.8	94.3	93.9
Expectations consumer	95.4	95.0	96.6	98.0	95.1	100.2	99.6	99.3	97.6	94.7	97.3	96.3	96.4
Consumption habits	95.9	96.6	95.0	95.1	96.0	96.4	95.2	94.3	96.8	94.2	95.7	94.4	96.7
Price expectations	90.2	90.7	90.2	90.5	90.7	91.0	90.7	90.2	91.2	90.3	90.9	90.7	90.3