



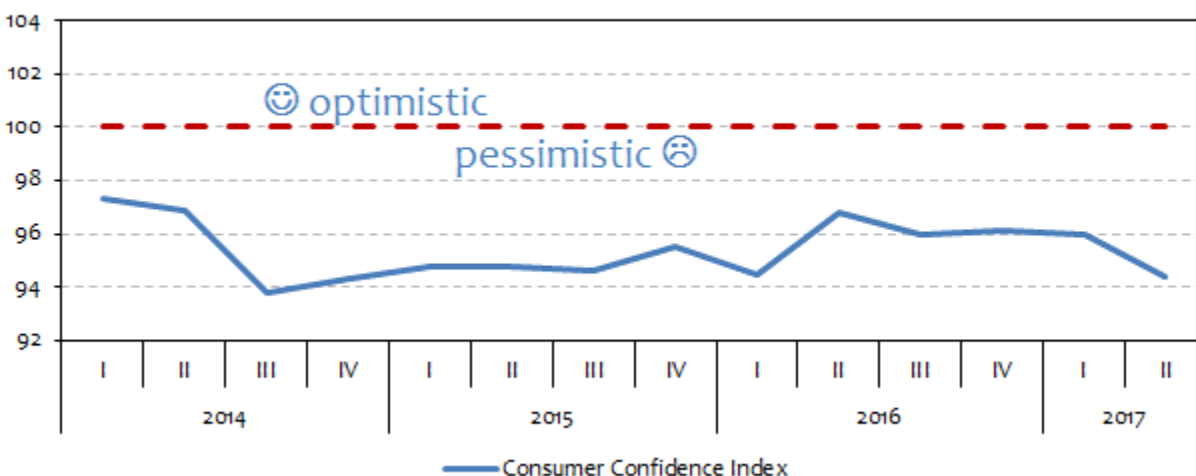
## Consumer confidence deteriorates – Uncertainties driving sentiments

### Press Release

September 19, 2017

In the second quarter of 2017, consumer sentiment deteriorated according to the latest results of the Consumer Confidence Survey (CCS) of the Centrale Bank van Aruba (CBA). The Consumer Confidence Index stood at 94.4 against 96.0 in the preceding quarter, indicative of relatively pessimistic sentiments (Chart 1).<sup>1</sup>

Graph 1: Consumer Confidence Index

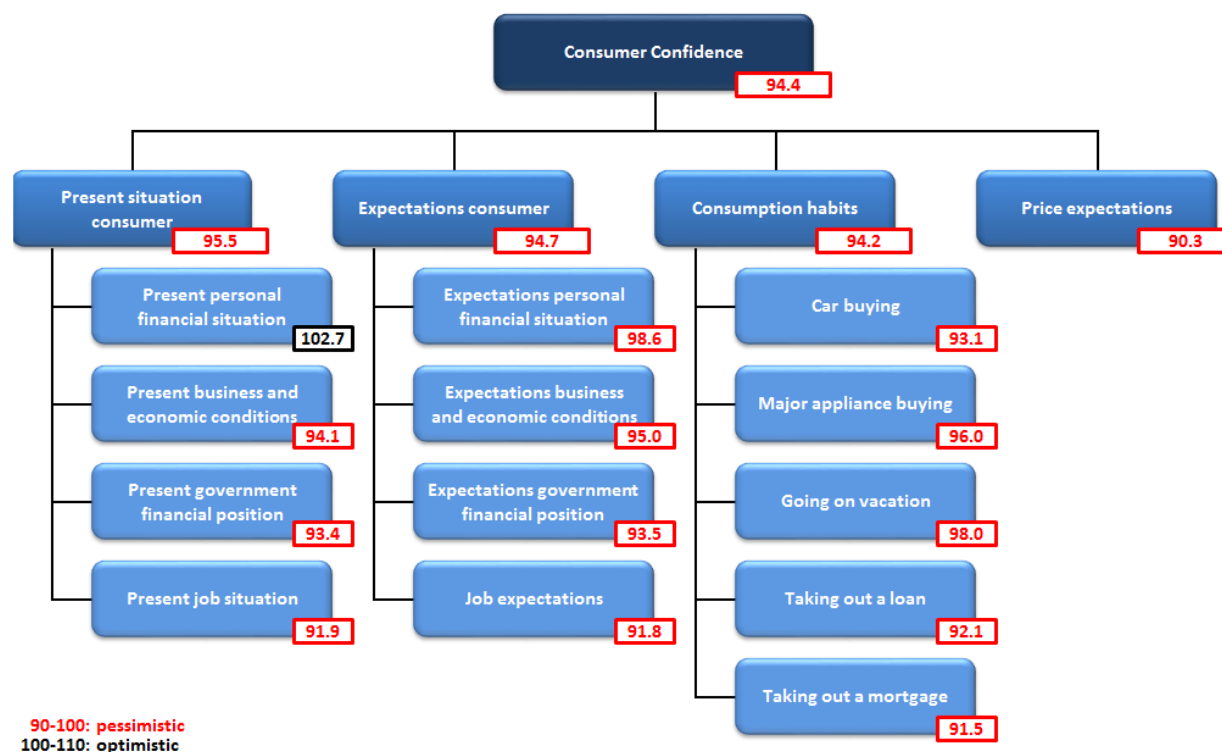


Despite the general negative sentiments, consumers were positive about their present personal financial situation, which increased to 102.7, indicating being relatively optimistic. Most other components in the present situation of the consumer had less pessimistic outcomes compared to the last survey, leading to an increase in the Present Situation Index from 94.6 to 95.5 (Chart 2).

<sup>1</sup> 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 expectations of the consumer dropped from 97.6 to 94.7, driven largely by a negative outlook on the government's financial position and future job prospects. The results indicate that consumers' expectations became more pessimistic for four quarters consecutively.

Chart 2: Components of the Consumer Confidence Index



The Consumption Habits and Price Expectations Indices decreased significantly in the quarter under review. The vast majority of respondents (79.5 percent) expect that prices will increase in the coming 6 months. All the components relating to consumption habits deteriorated in the second quarter of 2017 (see Chart 2). Most consumers indicated that it was unsuitable to purchase a car (72.5 percent), to purchase major appliances (52.3 percent), to take out a loan (75.2 percent) or a mortgage (83.4 percent).

In summary, the decrease in consumer confidence is mainly attributed to future uncertainties and caution when making large purchases, only marginally mitigated by an improvement in consumers' sentiments of their present situation (Table 1).

**Table: Main results**

	2014				2015				2016				2017	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Consumer confidence	97.3	96.9	93.8	94.3	94.8	94.8	94.6	95.5	94.5	96.8	96.0	96.1	96.0	94.4
Present situation consumer	96.9	96.0	92.5	93.5	93.9	93.4	93.2	94.7	93.2	95.3	94.8	96.5	94.6	95.5
Expectations consumer	98.9	97.3	93.4	95.3	95.4	95.0	96.6	98.0	95.1	100.2	99.6	99.3	97.6	94.7
Consumption habits	97.8	98.7	95.9	94.9	95.9	96.6	95.0	95.1	96.0	96.4	95.2	94.3	96.8	94.2
Price expectations	90.3	90.3	90.2	90.2	90.2	90.7	90.2	90.5	90.7	91.0	90.7	90.2	91.2	90.3