

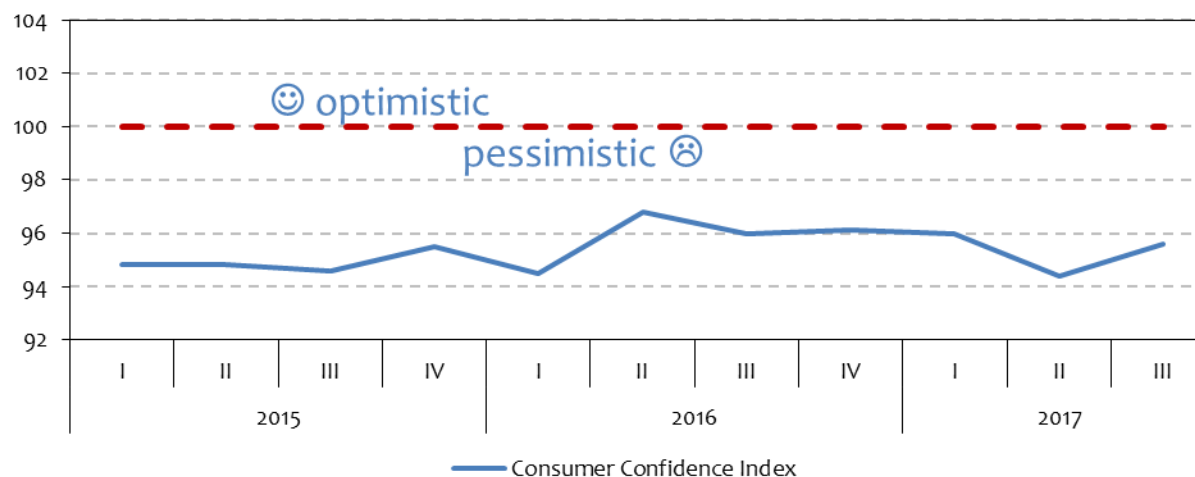
Consumer confidence rebounds – But remains pessimistic

Press Release

December 5th, 2017

In the third quarter of 2017, consumer sentiment improved somewhat according to the latest results of the Consumer Confidence Survey (CCS) of the Centrale Bank van Aruba (CBA). The Consumer Confidence Index stood at 95.6 against 94.4 in the preceding quarter, however still indicative of relatively pessimistic sentiments (Chart 1).¹

Chart 1: Consumer Confidence Index



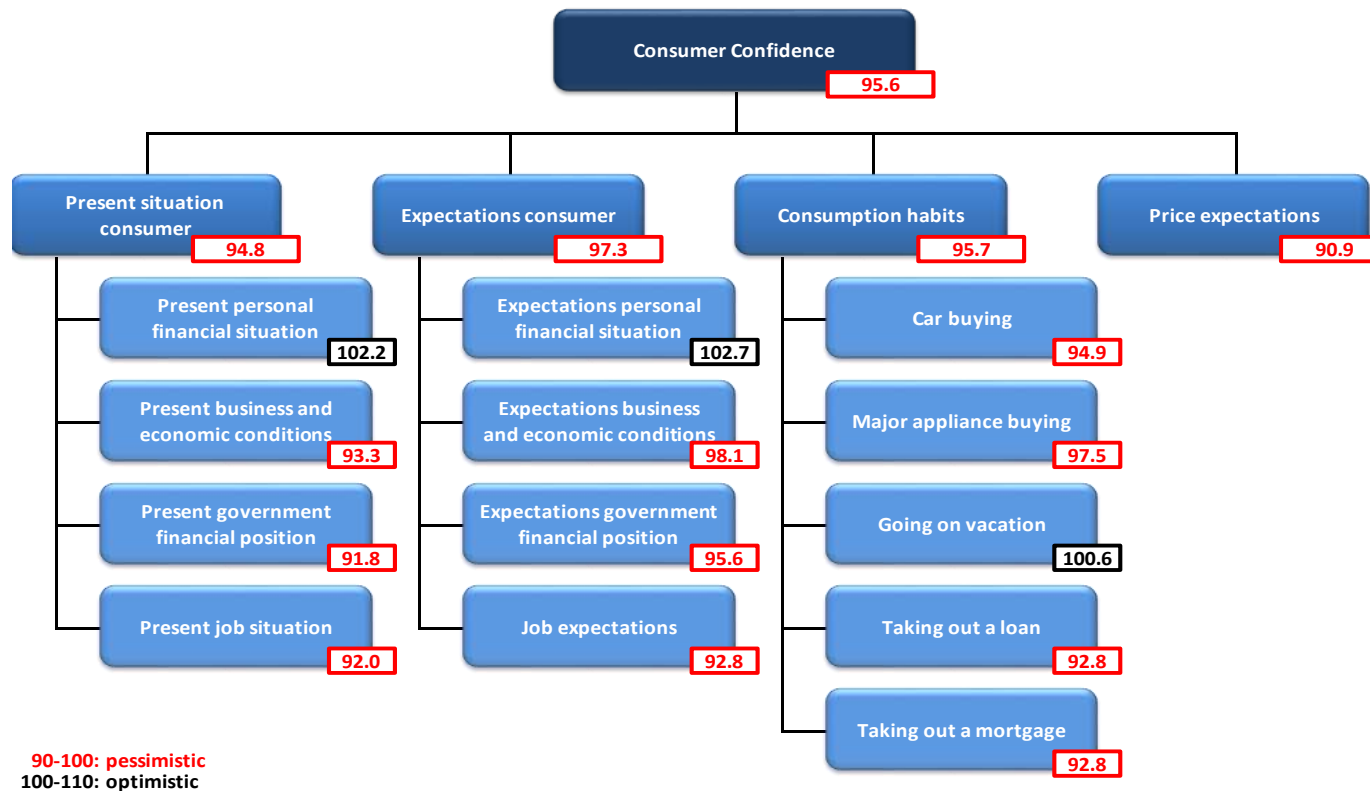
Despite the general negative sentiments, consumers were positive about their present personal financial situation, with the index at 102.2, thus relatively optimistic. Consumers were also confident about their future financial situation (102.7). Most other components in the

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.

present situation index of the consumer had more pessimistic outcomes compared to the last survey, leading to a decrease in the Present Situation Index from 95.5 to 94.8 (Chart 2).

The expectations index of the consumer increased from 94.7 to 97.3, driven largely by a positive outlook on the future personal financial situation mitigated by low job expectations as well as the expectations on the financial position of the government.

Chart 2: Components of the Consumer Confidence Index



The Consumption Habits Index increased somewhat in the quarter under review related to positive sentiments linked to going on vacation (Chart 2). However, most consumers indicated that it was unsuitable to purchase a car (60.4 percent), to take out a loan (70.0 percent) or a mortgage (74.0 percent). The vast majority of respondents (63.1 percent) expect that prices will increase in the coming 6 months leading to a Price Expectations Index of 90.9.

In summary, the increase in consumer confidence is mainly attributed to improvements in the consumers' sentiments on their current and future personal financial situation and vacation sentiments (Table 1).

Table 1: Main results

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