



CENTRALE BANK VAN ARUBA

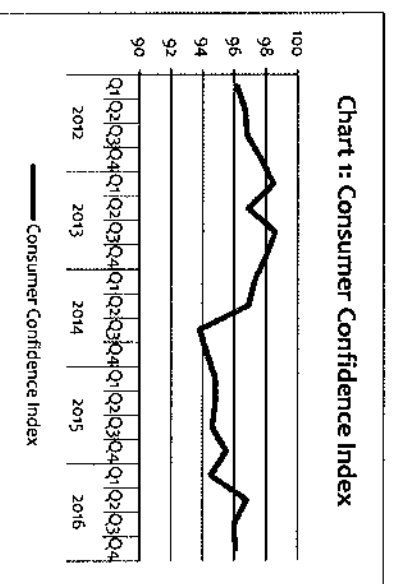
Consumer confidence edges up in the fourth quarter of 2016

Press Release

January 18, 2017

Consumer confidence edged up in the fourth quarter of 2016 according to the latest results of the Consumer Confidence Survey (CCS) of the Centrale Bank van Aruba (CBA). The Consumer Confidence Index stood at 96.1 in the fourth quarter of 2016, increasing by 0.1 index point compared to the preceding quarter (Chart 1).¹ A less pessimistic view on current conditions seems to be the main factor driving consumer confidence.

The consumers assessed the present situation as less negative compared to six months ago as the Present Situation Index rose by 1.7 index points to 96.5. However, the future expectations of the consumer were somewhat lower as, the Expectation Index declined from 99.6 to 99.3 compared to the previous quarter.



Consumers were also more neutral on the short-term outlook in the fourth quarter of 2016. The share of consumers expecting their personal financial conditions to remain equal increased from 36.1 percent to 40.8 percent. This was also the case with their sentiments of, respectively, future business conditions (from 33.7 percent to 49.3 percent), as well as of the governments' future financial position (from 28.8 percent to 39.5 percent) and future job expectations (from 23.8 percent to 29.0 percent). Nevertheless, more consumers still believe that job expectations will worsen (from 44.9 percent to 44.5 percent).

The indices on price expectations and consumer purchase habits worsened in the fourth quarter. The Price Expectations Index dipped to 90.2 in the current period of review. Despite the announcement of a decrease in electricity prices, the share of consumers stating that prices will be lower in the next six months fell from 2.8 percent to 0.8 percent. Finally, 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.

majority of consumers indicated that it was unsuitable to purchase a car (66.0 percent), major appliances (55.5 percent), going on vacation (40.8 percent) to take out a loan (63.8 percent) or a mortgage (72.8 percent). Despite consistent mortgage growth trends, only 6.3 percent indicated that it was suitable to take out a mortgage, breaking the lowest recorded figure of 7.3 percent which was recorded last quarter. These results pushed down the consumer purchasing habit index to a record low 94.3.

In summary, the minor increase in consumer confidence was attributed to an increase in the Present Situation index which was mitigated by the other components of the Consumer Confidence Index.

The complete survey results are available on the CBA's website (www.cbaruba.org). For further information, please contact the Research Department, at research.department@cbaruba.org.

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