



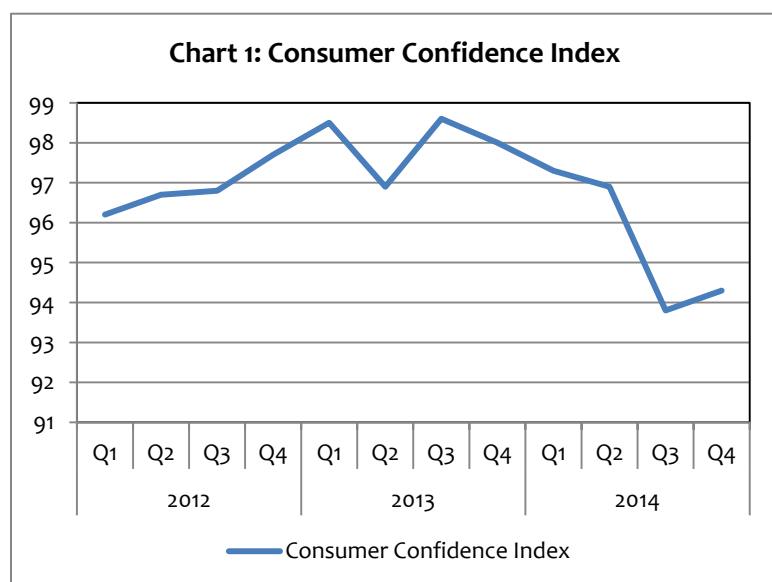
CENTRALE BANK VAN ARUBA

Consumer sentiment slightly improved in the fourth quarter of 2014¹

Press Release²

Confidence of Aruban consumers improved somewhat in the fourth quarter of 2014. After falling for four consecutive survey periods and reaching a record low in the previous quarter, the Consumer Confidence Index nudged upwards by 0.5 index point reaching 94.3 this quarter, thereby still remaining in the pessimistic territory (see Chart 1)³. This small increase was undeterred by the introduction of the health tax (December 1, 2014) and the increase in electricity tariffs (October 1, 2014), and was most likely attributed to the strong performance in the tourism sector, as Aruba reached its 1 millionth stay-over arrival in December 2014 (stay-over tourism grew by 9.5 percent in 2014).

25.3 percent of the respondents anticipate their personal financial position to improve in the coming six months (8.8 percentage points higher than the previous quarter). Moreover, 10.5 percent



of consumers believed that business and economic conditions were better than six months ago, an improvement of 6.2 percentage points compared to the previous quarter.

On the other hand, respondents indicated a deterioration in their personal financial situation during the previous six months, up by 1.8 percentage points when compared to the previous quarter. Additionally, 31.8 percent of the respondents expect their personal financial position to worsen in the coming six months (3 percentage

points higher compared to the previous quarter). Consumption sentiment dipped in the fourth quarter, as more than 66 percent of the respondents indicated that the time was not appropriate to buy a car, and over 50 percent indicated that it was unseemly that they would buy some major appliances or go on vacation. Also, more than 70 percent of the respondents stated that it was not proper to enter into a personal loan or a mortgage.

¹ The Centrale Bank van Aruba (CBA) introduced the Consumer Confidence Survey (CCS) in 2012. The principle aim of the CCS is to provide the CBA with valuable information for its macro-economic analyses and forecasts, as well as for determining the sentiments of Aruban consumers, which will further the CBA's understanding of economic developments. For a complete overview of the CCS methodology, please review our press releases of March 23, 2012 and May 10, 2012, both can be downloaded from our website (www.cbaruba.org).

² The English text prevails.

³ 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.

Table 1: Indices			
	Consumer Confidence Index	Present Situation Index	Expectation Index
2012 I	96.2	95.6	99.0
2012 II	96.7	95.4	101.2
2012 III	96.8	95.5	100.6
2012 IV	97.7	98.5	100.3
2013 I	98.5	100.1	101.3
2013 II	96.9	97.7	99.1
2013 III	98.6	99.1	101.4
2013 IV	98.0	99.9	101.0
2014 I	97.3	96.9	98.9
2014 II	96.9	96.0	97.3
2014 III	93.8	92.5	93.4
2014 IV	94.3	93.5	95.3

Consumers' responses on the government's financial position were somewhat divided as 52.3 percent indicated a worsening, while 37.0 percent signaled that the government's financial position remained the same as 6 months ago.

Consumers also reported a negative outlook on the present and future labor market despite the new jobs potentially created from the re-opening of the Riu Palace Antillas, previously known as the Westin Hotel, in October 2014.

For 2014 as a whole, the consumer confidence index decreased by 2.5 percent compared to

2013. The index reached a record low in the third quarter of 2014 (the index fell consecutively in the first three quarters of 2014). The drop in consumer confidence was particularly felt in the income group of Afl. 1,700 or lower. Consumers responded particularly negative on the government's financial position, possibly due to uncertainties surrounding the approval of the 2014 government budget and the recent report of the Committee Financial Supervision ("CFT"). Additionally, as the year progressed, consumers became more pessimistic on the future (6 months from now) business and economic conditions and job expectations. This indicates that consumer confidence could possibly remain low in 2015.

The complete presentation of the results of this survey can be downloaded from the CBA's website. For further information, please contact Mr. Jonathan Upegui, Economist at the Research Department, at telephone 5252215 or email j.uegui@cbaruba.org.

Centrale Bank van Aruba

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