



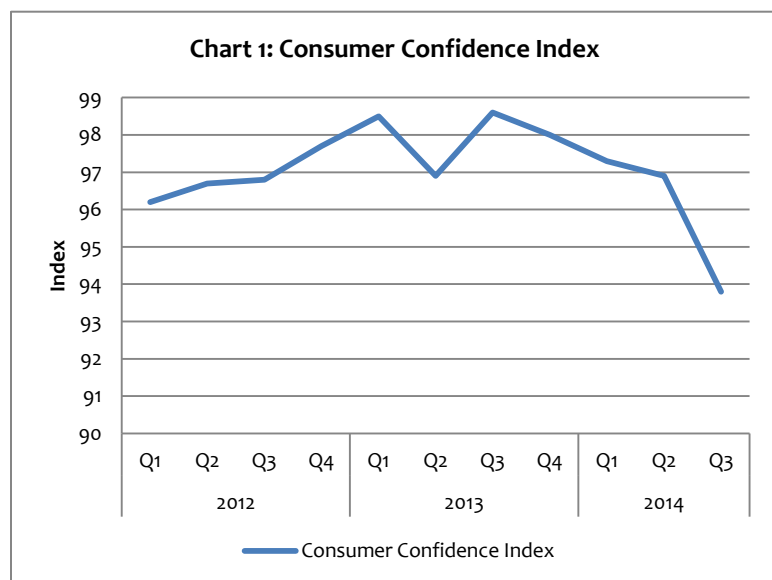
CENTRALE BANK VAN ARUBA

## Consumer confidence weakened further in the third quarter of 2014<sup>1</sup>

Press Release<sup>2</sup>

Confidence of Aruban consumers weakened further in the third quarter of 2014. The Consumer Confidence Index fell for four consecutive survey periods, reaching a record low this quarter (see Chart 1)<sup>3</sup>. The drop in the consumer sentiment is likely related to ongoing challenges on the economic, public finance, and political arena that Aruba has been facing lately. At the end of the third quarter of 2014, the index reached 93.8, a drop of 3.2 percent compared to the second quarter of 2014 (Table 1). To put this outcome in context, the index value of 90.0 is the most negative perception that consumers could have based on this survey.

A total of 29 percent of respondents indicated deterioration in the personal financial



situation compared to the previous six months, up by 3.7 percentage points when compared to the previous quarter. The majority of this group entails consumers with an income below Afl. 1,700 per month. Additionally, 28.8 percent of the respondents expects their personal financial position to worsen in the coming six months, which is 10 percentage points more when compared to the last quarter. This could be

indicative of further deterioration in consumer confidence in the near future. When asked whether their monthly income was enough to purchase as much as six months ago, 83 percent responded with a “no”, which is equal to an increase of 4.7 percentage points compared to the last quarter. Consumption also dipped in the third quarter, as almost 60 percent of the respondents indicated that it was not the appropriate time to buy a car, and over 40 percent indicated that it was unseemly that they would buy some major appliance or

<sup>1</sup> 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](http://www.cbaruba.org)).

<sup>2</sup> The English text prevails.

<sup>3</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.

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

to go on vacation. Also, more than 70 percent of the respondents (up by 20.7 percentage points compared to the second quarter of 2014) stated that it was not proper to take out a loan or a mortgage.

Only 4.3 percent of consumers believed that business and economic conditions were better than six months ago (the lowest result recorded so far). This

outcome was notable, given the thriving stay-over tourism (8.2 percent growth year to date up to and including September).

Consumers responded particularly negative on the government's financial position, giving the highest negative survey responses to date. Some 66.5 percent said that the government position worsened compared to 6 months ago (an increase of 20.7 percentage points compared to the previous quarter), whereas 57.0 percent expected a worsening in the near future (an increase of 21.2 percentage points compared to the last quarter). These results may have been influenced by uncertainties surrounding the approval of the 2014 budget of the government of Aruba and the recent report of the Committee Financial Supervision<sup>4</sup>.

Consumers also reported a negative outlook on the present and future labor market despite the jobs potentially created with the opening of the Riu Palace Antillas in October 2014 and the announcement of the construction of the Bahia Principe hotel in early 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](mailto:j.uegui@cbaruba.org).

Centrale Bank van Aruba

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<sup>4</sup> [http://www.cft.cw/downloads/Rapportages/Aruba/cft\\_201400140\\_secretariaatsrapport Onderzoek begroting 2014 aruba.pdf](http://www.cft.cw/downloads/Rapportages/Aruba/cft_201400140_secretariaatsrapport Onderzoek begroting 2014 aruba.pdf)