



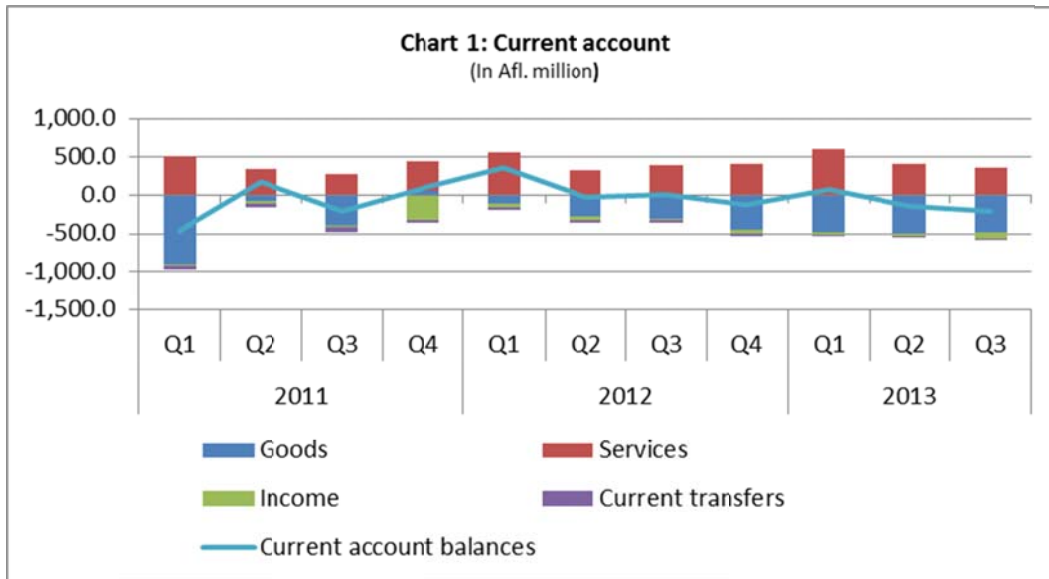
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: January 29, 2014

Current account ended the third quarter of 2013 with an Afl. 216.5 million deficit

In the third quarter of 2013, the current account of the balance of payments posted an Afl. 216.5 million deficit, compared to an Afl. 13.1 million surplus in the corresponding quarter of 2012 (Chart 1). This turnaround in the current account was driven by increases in the deficit on the goods and income accounts of, respectively, Afl. 158.4 million and Afl. 65.1 million. The services and current transfers accounts, on the other hand, recorded a lower surplus (Afl. 25.0 million) and a smaller deficit (Afl. 19.0 million), respectively.



The higher goods account deficit resulted from the trade transactions of both the oil and the non-oil sectors. The goods account of the oil sector registered an Afl. 96.5 million deficit, following an Afl. 41.6 million surplus in the same quarter of 2012. The worsening of the goods account was largely attributed to a rise in imports of goods and a drop in exports of goods of, respectively, 48.9 percent to Afl. 142.6 million and 66.4 percent to Afl. 46.2 million. Additionally, the deficit on the goods account of the non-oil sector expanded by 5.6 percent to Afl. 382.6 million, as import payments grew by 4.0 percent to Afl. 440.3 million and export receipts fell by 5.6 percent to Afl. 57.7 million. Despite an Afl. 18.6 million (3.2 percent) higher gross tourism receipts, the services account recorded an Afl. 27.2 million lower surplus

compared to the corresponding quarter of 2012. The income account balance once more contributed to the current account deficit, associated mostly with higher transfers of branch profits and dividend payments. The deficit in the current transfers account of the non-oil sector narrowed by Afl. 19.5 million to Afl. 15.7 million, reflecting grants received from the European Development Fund related to the budget support towards the implementation of the National Education Plan 2007 – 2017 for Aruba.

The deficit on the current account was fully offset by a net inflow in the capital and financial account of Afl. 294.2 million, caused mainly by the financial account transactions of the non-oil sector. The portfolio investment account of this sector showed a significant net inflow of Afl. 244.2 million in the quarter under review, due mainly to the issuance of Afl. 372.3 million (USD 208 million) in bonds by the government on the international capital market, which was partly offset by payments on matured government bonds in the same period. Direct investment registered a net inflow of Afl. 52.6 million, mainly associated with a decline in foreign claims on foreign direct investors related to the financing of dividend payments. Other investment turned from a net inflow of Afl. 373.4 million into a net outflow of Afl. 5.4 million, reflecting a small increase in foreign claims of resident holders of foreign bank accounts, compared to a huge drop recorded in the third quarter of 2012.

In the quarter under review, the financial account transactions of the oil sector recorded a net outflow of Afl. 0.8 million, Afl. 102.1 million lower than that recorded in the corresponding quarter of 2012, mainly related to a significant drop in trade credit related transactions.

Overall, the balance of payments posted an Afl. 69.1 million surplus in the third quarter of 2013 (Chart 2). This outcome reflected an increase of Afl. 101.7 million in the official reserves, which was partially offset by an Afl. 32.5 million contraction in the net foreign assets of the commercial banks. The latter resulted from a net sale of Afl. 111.1 million in foreign exchange to the oil sector and a net purchase of Afl. 78.6 million in foreign exchange from the non-oil sector.

