



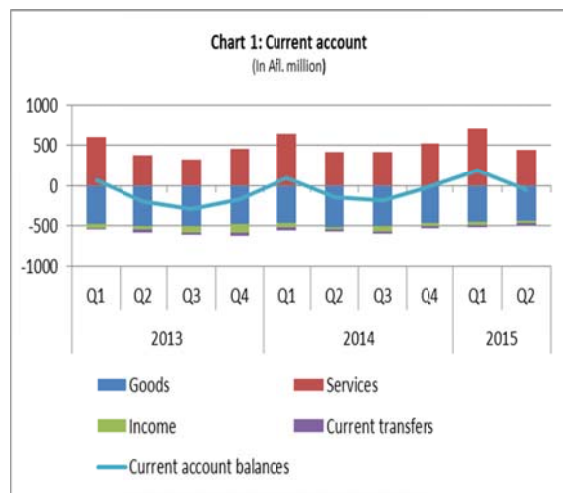
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: December 1, 2015

Balance of payments developments: current account ended in the second quarter of 2015 with an Afl. 53.5 million deficit

The balance of payments current account deficit contracted by Afl. 96.4 million to Afl. 53.5 million deficit in the second quarter of 2015 compared to the corresponding quarter of 2014 (Chart 1 and Table 1). The improvement in the current account was driven by higher net services exports and a decrease in the deficit on the goods account, which were partially offset by expansions in the deficit on the income and current transfers accounts.



Source: Centrale Bank van Aruba

Table 1: Components of the current account		
	2014	2015
	Q2	Q2
	In Afl. million	
Current account (net)	-149.9	-53.5
Goods balance	-522.0	-437.6
Oil sector	-166.8	-87.5
Exports	30.3	227.3
Imports	197.1	314.7
Non-oil sector	-355.2	-350.1
Exports	51.2	46.8
Imports	406.3	396.9
Services balance	420.9	443.7
Income balance	-30.2	-35.4
Current transfers balance	-18.5	-24.1

Source: Centrale Bank van Aruba

The goods account deficit narrowed by Afl. 84.4 million to Afl. 437.6 million in the quarter under review, compared to the corresponding quarter of 2014. This improvement was mainly caused by both the oil and the non-oil sector. Despite a robust growth in the imports and the exports of goods by the oil sector, related to its re-export activities, import payments for oil product for domestic use went down largely owing to lower international oil prices. In addition, the deficit on the goods account of the non-oil sector shrank by Afl. 5.1 million to Afl. 350.1 million, as both import payments and export receipts fell by, respectively, Afl. 9.4 million (2.3 percent) to Afl. 396.9 million and Afl. 4.4 million (8.6 percent) to Afl. 46.8 million. These reductions were mainly caused by the trade activities of the free zone sector,

associated with, in particular, imports and exports of goods from and to Venezuela, as well as a decline in the import of goods by the other sectors.

The services account surplus expanded by Afl. 22.8 million to Afl. 443.7 million in the quarter under review, compared to the same quarter of 2014. This expansion was brought about by transactions of the non-oil sector. The surplus on the services account of the non-oil sector rose by Afl. 29.1 million to Afl. 438.3 million, as receipts from services exports grew by Afl. 20.4 million to Afl. 814.7 million, due mainly to a 3.1 percent rise in gross tourism receipts. Payments for services imports decreased by Afl. 8.8 million to Afl. 376.3 million, mainly related to lower financial services payments associated with commission charges on large foreign loans received by a hotel in the same quarter of last year.

The income account deficit expanded by Afl. 5.2 million to Afl. 35.4 million, mainly as a result of an Afl. 8.3 million expansion in income payments, which was largely attributed to transactions of the non-oil sector, due to higher interest payments on intercompany loans and government bonds. The current transfers account deficit surged by Afl. 5.6 million to Afl. 24.1 million, resulting from higher payments related to non-life insurance premiums and a slight increase in outgoing transfers related to working remittances.

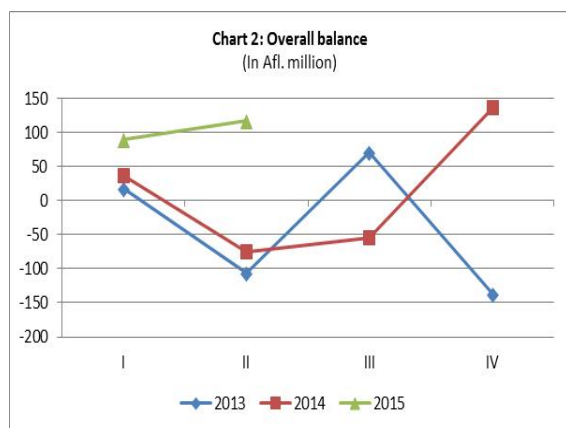
The capital and financial account surplus grew by Afl. 99.5 million to Afl. 174.1 million, compared to the same quarter of 2014 (Table 2). This rise was largely brought about by the transactions of the non-oil sector. The financial account net outflow of this sector grew by Afl. 114.0 million to Afl. 118.3 million, resulting from other investment and portfolio investment related transactions. Within the non-oil sector, other investment account shifted from an Afl. 15.2 million net outflow to an Afl. 125.3 million net inflow, while portfolio investment of this sector turned from an Afl. 19.6 million net outflow to an Afl. 10.9 million net inflow. The latter was largely caused by purchases of domestic debt securities by foreign investors and a decrease in the purchases of foreign securities by resident investors. The turnaround in the other investment account was largely associated with higher receipts of foreign loans and decreases in currency and deposits balances of resident companies related to their notified foreign accounts. In contrast, direct investment of the non-oil sector shifted from Afl. 38.0 million net inflow to Afl. 4.7 million net outflow, due mainly to higher repayments on extended intercompany loans received by this sector. In addition, financial derivatives transactions showed an Afl. 13.1 million net outflow, compared to an Afl. 1.1 net inflow in the same quarter of 2014, mainly as result of the hedging consequences associated with a considerable fall of Heavy Fuel Oil (HFO) prices.

The financial account net inflow of the oil sector contracted by Afl. 50.7 million to Afl. 20.1 million in the quarter under review. This decrease was mainly caused by lower intercompany trade credit related transactions received by this sector. In addition, net outflow of other investment of this sector turned from an Afl. 1.4 million net outflow to an Afl. 37.2 million net inflow, due mainly to a higher decrease in the currency and deposit balances.

	2014 Q2	2015 Q2
	<i>In Afl. million</i>	
Capital account (net)	-0.6	-1.5
Financial account (net)	75.1	175.7
Oil sector	70.8	57.4
Non-oil sector	4.3	118.3
Direct investment (net)	108.8	15.3
Oil sector	70.8	20.1
Non-oil sector	38.0	-4.7
Portfolio investment (net)	-18.2	11.0
Financial derivatives (net)	1.1	-13.1
Other investment (net)	-16.6	162.5
Oil sector	-1.4	37.2
Non-oil sector	-15.2	125.3
Capital and financial account (net)	74.6	174.1

Source: Centrale Bank van Aruba

The overall balance of payments recorded an Afl. 116.7 million surplus in the second quarter of 2015, compared to an Afl. 75.1 million deficit in the corresponding quarter of 2014 (Chart 2 and Table 3). This improvement led to increases in the net foreign assets of the commercial banks and the official reserves of the Central Bank of Afl. 1.0 million and Afl. 115.7 million, respectively.



Source: Centrale Bank van Aruba

	2014 Q2	2015 Q2
	<i>In Afl. million</i>	
Current account (net)	-149.9	-53.5
Capital account (net)	-0.6	-1.5
Financial account (net)	75.1	175.7
Items not yet classified	0.3	-4.0
Overall balance	-75.1	116.7

Source: Centrale Bank van Aruba