



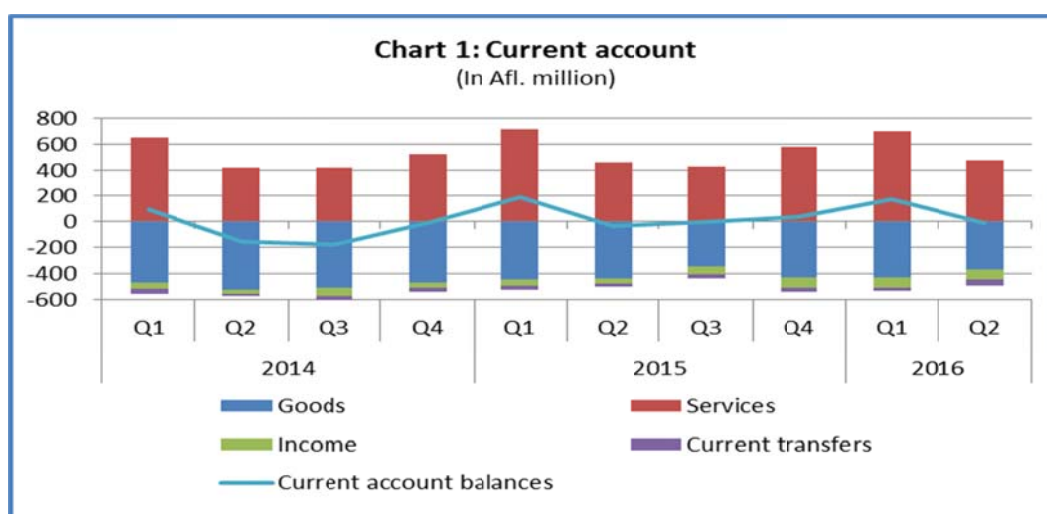
CENTRALE BANK VAN ARUBA

Statistical News Release

Date: October 13, 2016

Current account deficit narrowed by Afl. 25.8 million in the second quarter of 2016 compared to the same quarter of last year

In the second quarter of 2016, the current account of the balance of payments concluded with an Afl. 8.9 million deficit, resulting from deficits on both the income account (-Afl. 71.1 million) and the current transfers account (-Afl. 42.6 million), which were largely offset by a surplus on the goods and services account (Afl. 104.8 million) (Chart 1 and Table 1). Compared to the second quarter of 2015, the deficit was however Afl. 25.8 million lower.



Source: Centrale Bank van Aruba

The surplus on the goods and services accounts increased by Afl. 78.0 million to Afl. 104.8 million during the second quarter of 2016. The goods account deficit contracted by Afl. 63.8 million to Afl. 373.3 million, largely associated with transactions of the oil sector. Trade transactions of this sector led to an Afl. 58.7 million lower deficit, reflecting decreases in both exports (Afl. 86.7 million) and imports (Afl. 145.3 million). Additionally, the deficit on the goods account of the non-oil sector fell by Afl. 5.2 million, as both exports and imports of goods decreased by, respectively, Afl. 14.2 million (30.4 percent) and Afl. 19.4 million (4.9 percent).

Furthermore, despite a 0.4 percent drop in gross tourism receipts, the services account surplus widened by Afl. 14.2 million to Afl. 478.1 million in the quarter under review. Services exports expanded by Afl. 11.9 million to Afl. 841.9 million, associated with an increase in transshipment activities of the oil sector (Afl. 6.6 million) and upsurges in timeshare maintenance fees (Afl. 4.4 million), professional and technical services (Afl. 4.0 million) and other transport services by air (Afl. 3.7 million) of the non-oil sector. In contrast, services imports amounted to Afl. 363.8 million, Afl. 2.3 million lower than in the corresponding quarter of 2015, as import related freight services showed a 9.4 percent drop.

On the other hand, higher deficits were recorded on both the income account (Afl. 35.9 million) and the current transfers account (Afl. 16.2 million). Higher dividend payments to nonresident shareholders and interest payments on government bonds contributed to the deterioration in the income account. The current transfers account outcome was mainly brought about by increased transfers by the government to abroad and the re-transfer of FDA funds (Afl. 8.5 million) to the government of the Netherlands.

Table 1: Components of the current account				
		2015	2016	Changes
		Q2	Q2	Q2-2016 vs Q2-2015
<i>In Afl. million</i>				
1	Goods balance	-437.1	-373.3	63.8
	Oil sector	-87.5	-28.8	58.7
	Exports	227.3	140.6	-86.7
	Imports	-314.7	-169.4	145.3
	Non-oil sector	-349.7	-344.5	5.2
	Exports	46.7	32.5	-14.2
	Imports	-396.4	-377.0	19.4
2	Services balance	463.9	478.1	14.2
3	Income balance	-35.2	-71.1	-35.9
4	Current transfers balance	-26.4	-42.6	-16.2
CURRENT ACCOUNT (NET) (1+2+3+4)		-34.8	-8.9	25.8

Source: Centrale Bank van Aruba

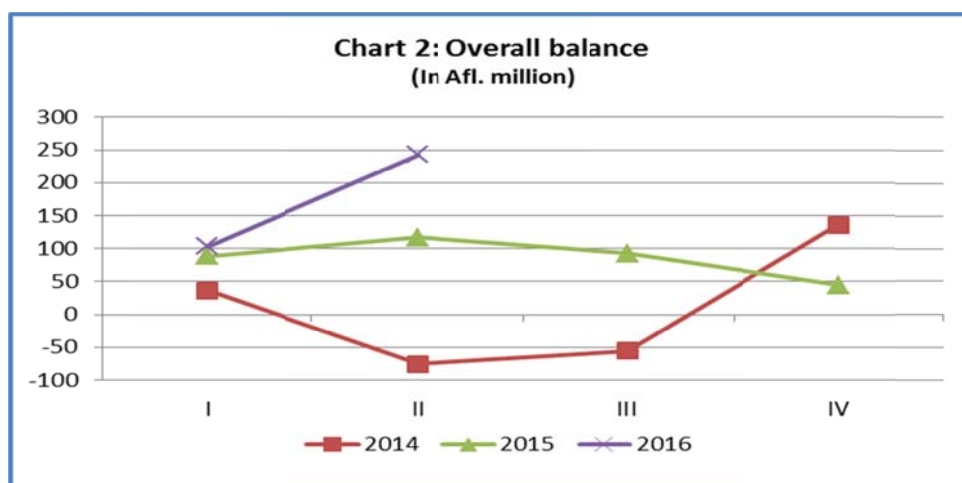
The capital and financial accounts surplus grew by Afl. 111.5 million to Afl. 266.3 million, compared to the same quarter of 2015 (Table 2). Higher net inflows of portfolio investment (Afl. 135.3 million) and direct investment (Afl. 67.2 million) mostly contributed to this growth. The increase in the net inflow of portfolio investment was largely associated with the government bonds issuance (USD 100.0 million) on the international capital market and lower net purchases of foreign equity and debt securities of the non-oil sector. The growth in direct investment net inflow was attributed to inter-company loans and trade credits related transactions of the non-oil sector.

Table 2: Components of the capital and financial account				
		2015	2016	Changes
		Q2	Q2	Q2-2016 vs Q2-2015
<i>In Afl. million</i>				
1	Capital account (net)	-1.5	1.0	2.5
2	Financial account (net) (a+b+c+d)	156.3	265.2	108.9
	Oil sector	57.4	-9.2	-66.6
	Non-oil sector	98.9	274.4	175.5
a.	Direct investment (net)	10.4	77.6	67.2
	Oil sector	20.1	-3.1	-23.2
	Non-oil sector	-9.7	80.7	90.4
b.	Portfolio investment (net)	11.0	146.3	135.3
c.	Financial derivatives	-13.1	-25.9	-12.8
d.	Other investment (net)	148.1	67.3	-80.8
	Oil sector	37.2	-5.7	-42.9
	Non-oil sector	110.9	73.0	-37.9
CAPITAL AND FINANCIAL ACCOUNT (NET) (1+2)		154.8	266.2	111.4

Source: Centrale Bank van Aruba

Financial derivatives related transactions led to an Afl. 25.9 million net outflow of capital, Afl. 12.8 million higher than in the corresponding quarter of 2015, largely reflecting the result of hedging transactions as prices of Heavy Fuel Oil (HFO) dropped. Other investment net inflow declined by Afl. 80.8 million to Afl. 67.3 million, caused by a slight increase in foreign bank account balances of the oil-sector (compared to a large decrease during the second quarter of last year), higher repayments on foreign loans by the non-oil sector, and lower receipts from extended trade credits by both sectors.

In the second quarter of 2016, the overall balance of payments recorded an Afl. 242.4 million surplus, improving by Afl. 125.7 million, compared to the same quarter of 2015 (Chart 2). This improvement reflected increases in both the official reserves of the Centrale Bank van Aruba (Afl. 171.0 million) and the net foreign assets of the commercial banks (Afl. 71.4 million) (Table 3).



Source: Centrale Bank van Aruba

Table 3: Balance of Payments summary				
	2015	2016	Changes	
	Q2	Q2	Q2-2016 vs Q2-2015	
<i>In Afl. million</i>				
1	Current account (net)	-34.8	-8.9	25.9
2	Capital account (net)	-1.5	1.0	2.5
3	Financial account (net)	156.3	265.2	108.9
4	Items not yet classified	-3.4	-14.9	-11.5
5	Overall balance (1+2+3+4)	116.6	242.4	125.8
	<i>Reflected as increase (-)/ decrease (+) in:</i>			
6	Banking transactions	-1.0	-71.4	-70.4
7	Official reserves	-115.7	-171.0	-55.3

Source: Centrale Bank van Aruba