



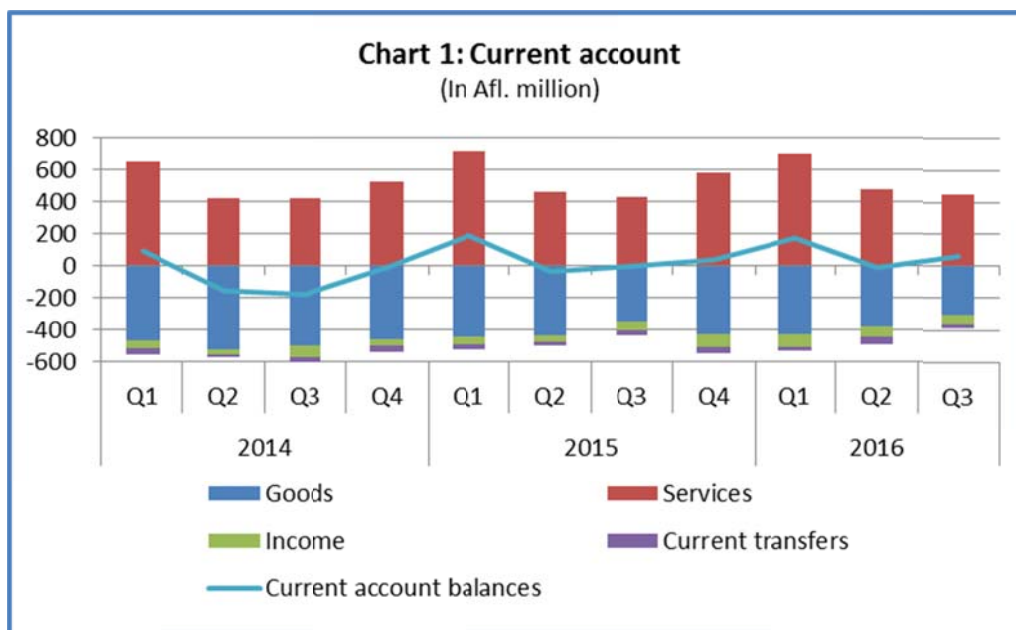
## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: January 31, 2017

#### ***Balance of payments developments: current account ended the third quarter of 2016 with an Afl. 61.9 million surplus***

During the third quarter of 2016, the current account of the balance of payments posted an Afl. 61.9 million surplus, compared to an Afl. 1.7 million deficit in the same quarter of the previous year. This turnaround was underpinned by an expansion in the net export of goods and services, combined with a decline in net current transfers deficit, which were slightly mitigated by a growth in the income deficit (Chart 1 and Table 1).



Source: Centrale Bank van Aruba

The net export of goods and services expanded by Afl. 59.2 million as a result of the Afl. 56.3 million rise in exports and an Afl. 3 million drop in imports. This outturn was caused by both the oil and non-oil sector transactions. The goods account deficit dropped by Afl. 39.6 million, largely caused by a drop in merchandise imports of the non-oil sector (Afl. 32.7 million), including the free-zone companies. Additionally, the surplus on the goods account of the oil sector grew by Afl. 6.9 million, resulting from increases in re-exports of oil products (Afl. 74.2 million) and imports of oil products (Afl. 67.3 million).

The services account surplus widened by Afl. 19.6 million due to the decline in import of services (Afl. 33 million) outweighing the contraction in export of services (Afl. 13.4 million). The drop in services imports can be explained by, among other things, lower freight payments (due to the reduced import payments for goods), lower international travel payments by Aruban residents, and lower payments for financial services and

government representatives abroad. The decline in services exports was largely caused by a fall in transshipment activities of the oil sector (Afl. 9.7 million). Foreign exchange revenues from tourism activities, on the other hand, rose slightly by 0.5 percent, although both the number of stay-over and cruise visitors dropped.

The current transfers account deficit narrowed by Afl. 5.9 million, mainly attributed to a decline in payments to abroad related to non-life insurance premiums and workers' remittances. On the other hand, the income account deficit widened by Afl. 1.4 million during the third quarter of 2016 compared to the same period of 2015. The higher income account deficit was the result of increased interest payments on government bonds (Afl. 6.8 million), which was partly mitigated by growths in gains from interest on equity investment and intercompany loans, and branch profits (totaling Afl. 5.1 million).

Table 1: Components of the current account				
		2015	2016	Changes
		Q3	Q3	Q3-2016 vs Q3-2015
<i>In Afl. million</i>				
1	Goods and services balance	87.4	146.6	59.2
	Goods balance	-344.1	-304.5	39.6
	Oil sector	33.4	40.3	6.9
	Exports	76.3	150.5	74.2
	Imports	-42.9	-110.2	-67.3
	Non-oil sector	-377.4	-344.7	32.7
	Exports	39.5	35.0	-4.5
	Imports	-417.0	-379.7	37.3
	Services balance	431.5	451.1	19.6
2	Income balance	-59.7	-61.1	-1.4
3	Current transfers balance	-29.5	-23.6	5.9
<b>CURRENT ACCOUNT (NET) (1+2+3)</b>		<b>-1.7</b>	<b>61.9</b>	<b>63.6</b>

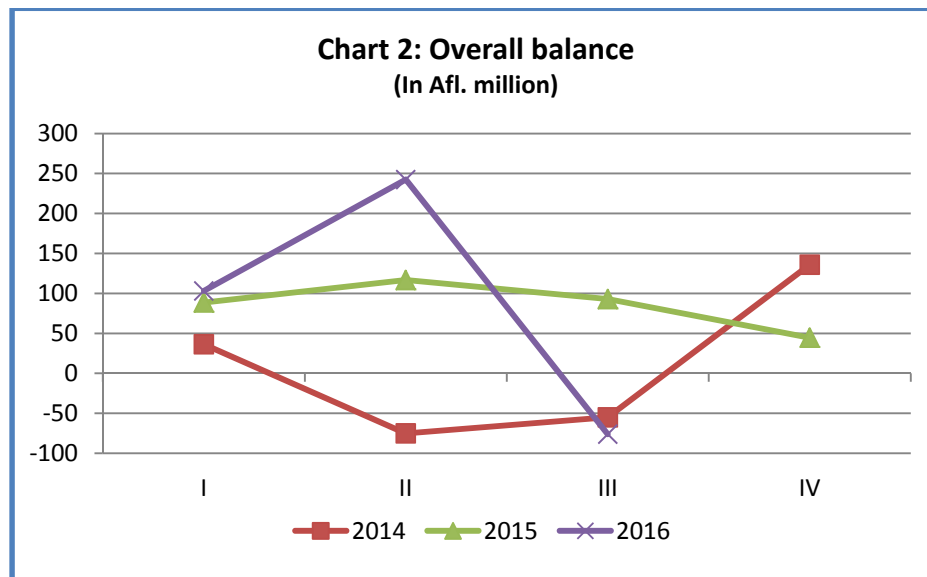
Source: Centrale Bank van Aruba

The capital and financial accounts showed an Afl. 139.6 million net outflow compared to an Afl. 84.4 million net inflow in the corresponding quarter of 2015 (Table 2). Net outflows of direct investment, portfolio investment and financial derivatives mainly contributed to this turnaround. Direct investment showed an Afl. 71.2 million net outflow, Afl. 37.4 million higher than in the same quarter of 2015, largely brought about by lower net foreign exchange revenue from real estate transactions and lower receipt from extended trade credits. Portfolio investment recorded an Afl. 43.1 million net outflow compared to an Afl. 133 million net inflow in the corresponding quarter of 2015. This outturn related to lower sales of foreign securities by resident investors, while the government did not issue bonds in the quarter under review. Financial derivatives related transactions led to an Afl. 24.1 million net outflow of capital, Afl. 7.8 million higher than in the corresponding quarter of 2015, largely reflecting the result of hedging transactions as prices of Heavy Fuel Oil (HFO) dropped. Additionally, capital account registered an Afl. 1.6 million net outflow compared to an Afl. 2.7 million net inflow in the same period of 2015, reflecting mainly migrants' related transfers.

Table 2: Components of the capital and financial account			
	2015	2016	Changes
	Q3	Q3	Q3-2016 vs Q3-2015
<i>In Afl. million</i>			
<b>1 Capital account (net)</b>	<b>2.7</b>	<b>-1.6</b>	<b>-4.3</b>
<b>2 Financial account (net) (a+b+c+d)</b>	<b>81.6</b>	<b>-138.1</b>	<b>-219.7</b>
Oil sector	-105.4	-67.9	37.5
Non-oil sector	187.0	-70.1	-257.1
a. Direct investment (net)	-33.8	-71.2	-37.4
Oil sector	-83.2	-89.5	-6.3
Non-oil sector	49.3	18.2	-31.1
b. Portfolio investment (net)	133.0	-43.1	-176.1
c. Financial derivatives	-16.3	-24.1	-7.8
d. Other investment (net)	-1.2	0.4	1.6
Oil sector	-22.3	21.5	43.8
Non-oil sector	21.1	-21.2	-42.3
<b>CAPITAL AND FINANCIAL ACCOUNT (NET) (1+2)</b>	<b>84.4</b>	<b>-139.6</b>	<b>-224.0</b>

Source: Centrale Bank van Aruba

During the third quarter of 2016, the overall balance of payments recorded an Afl. 76.1 million deficit, a turnaround compared to the Afl. 92.9 million surplus in the same quarter of 2015 (Table 3 and Chart 2). This overall outcome reflected decreases in both the official reserves of the Centrale Bank van Aruba (Afl. 26.7 million) and the net foreign assets of the commercial banks (Afl. 49.4 million).



Source: Centrale Bank van Aruba

Table 3: Balance of Payments summary				
	2015	2016	Changes	
	Q3	Q3	Q3-2016 vs Q3-2015	
<i>In Afl. million</i>				
1	Current account (net)	-1.7	61.9	63.6
2	Capital account (net)	2.7	-1.6	-4.3
3	Financial account (net)	81.6	-138.1	-219.7
4	Items not yet classified	10.3	1.7	-8.6
<b>5</b>	<b>Overall balance (1+2+3+4)</b>	<b>92.9</b>	<b>-76.1</b>	<b>-169.0</b>
	<i>Reflected as increase (-)/ decrease (+) in:</i>			
6	Banking transactions	4.7	49.4	44.7
7	Official reserves	-97.6	26.7	124.3

Source: Centrale Bank van Aruba