



CENTRALE BANK VAN ARUBA

Statistical News Release

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The official reserves of the Centrale Bank van Aruba decreased during the second quarter of 2018

Developments in the second quarter of 2018

Compared to a net purchase of Afl. 31.5 million of foreign exchange in the second quarter of 2017, foreign exchange transactions settled through the Centrale Bank van Aruba (CBA) resulted in a net sale by the CBA of Afl. 29.2 million of foreign exchange in the second quarter of 2018. This turnaround was attributed mainly to transactions with the commercial banks. These transactions led to a net foreign exchange purchase of Afl. 3.4 million in the quarter under review, which was Afl. 70.0 million lower than in the second quarter of 2017. On the other hand, the net sale of foreign exchange to the government fell by Afl. 9.6 million to Afl. 35.5 million. As a consequence, the official reserves of the CBA, including other changes not related to foreign exchange transactions, decreased by Afl. 47.8 million to Afl. 1,688.7 million at the end of June 2018 (Table 1 and Chart 1).

Table 1: Factors affecting CBA's official reserves¹

(in Afl. million)

	2016		2017		2018	
	Q2	YTD ³	Q2	YTD ³	Q2	YTD ³
I. Reserves at beginning of period	1,593.6	1,479.9	1,673.1	1,673.2	1,736.5	1,649.2
II. Net purchases/sales (-) of foreign exchange	174.9	246.3	31.5	13.5	-29.2	56.5
Of which from/to:						
1. Commercial banks	26.7	154.0	73.4	142.9	3.4	114.3
2. Government	153.9	96.5	-45.1	-134.4	-35.5	-89.9
3. Other clients	-5.7	-4.2	3.2	5.0	2.9	32.0
III. Other changes ²	17.7	59.9	-0.5	17.5	-18.6	-17.0
IV. Reserves at ending of period (I+II+III)	1,786.2	1,786.2	1,704.2	1,704.2	1,688.7	1,688.7
V. Change in official reserves during period (IV-I)	192.5	306.2	31.0	31.0	-47.8	39.5

Source: CBA

¹ Including valuation changes.

² Include valuation changes refer to revaluation of gold, foreign exchange and security holdings and statistical differences.

³ January up to and including June.



On a gross basis, the CBA's total foreign exchange purchases fell by Afl. 73.0 million or 36.7 percent to Afl. 125.7 million in the second quarter of 2018, compared to the same quarter of 2017 (Table 2 and Chart 2). This decrease was attributed mainly to a drop in commercial banks transactions of Afl. 69.1 million to Afl. 121.6 million. Additionally, foreign exchange purchases from the government and other clients dropped by Afl. 0.2 million to zero and Afl. 3.6 million to Afl. 4.1 million, respectively.

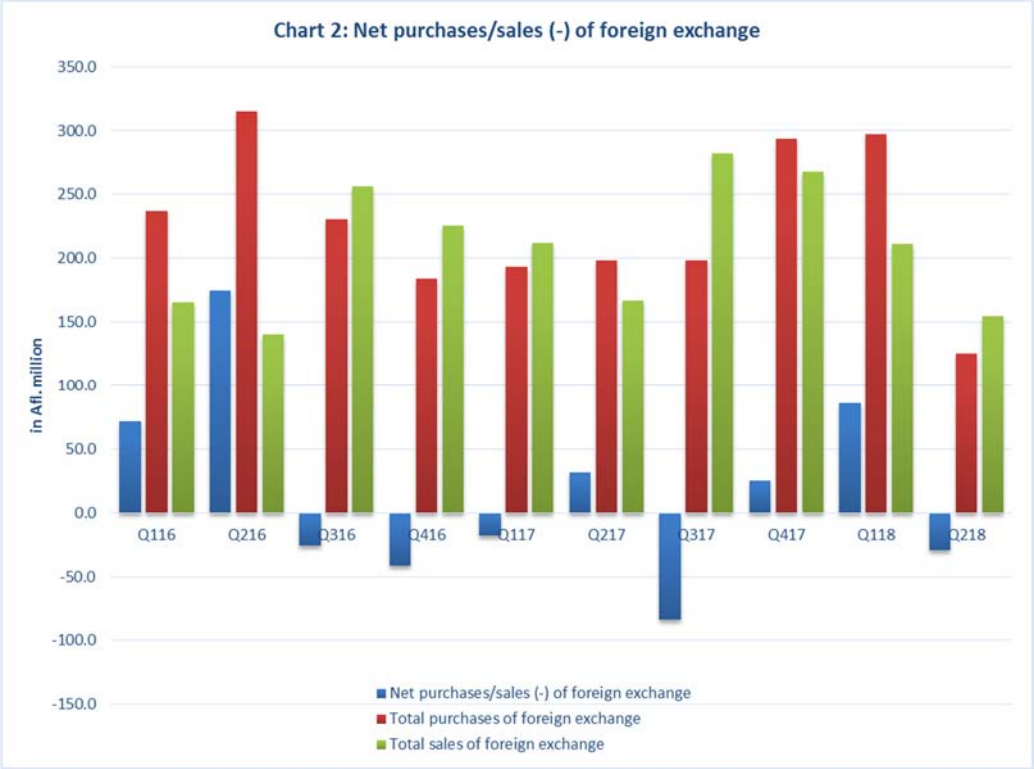
Table 2: Foreign exchange transactions

(in Afl. million)

	2016		2017		2018	
	Q2	YTD ¹	Q2	YTD ¹	Q2	YTD ¹
I. Total purchases of foreign exchange	315.3	552.1	198.7	392.3	125.7	422.8
<i>Of which from:</i>						
1. Commercial banks	139.6	371.4	190.7	377.9	121.6	387.7
2. Government	178.2	178.2	0.2	0.3	0.0	0.0
3. Other clients	-2.5	2.5	7.7	14.1	4.1	35.1
II. Total sales of foreign exchange	140.4	305.8	167.1	378.8	154.9	366.3
<i>Of which to:</i>						
1. Commercial banks	112.9	217.3	117.3	235.0	118.2	273.3
2. Government	24.3	81.7	45.3	134.7	35.5	89.9
3. Other clients	3.2	6.7	4.5	9.1	1.2	3.1
III. Net purchases/sales (-) of foreign exchange	174.9	246.3	31.5	13.5	-29.2	56.5
IV. Net purchases/sales (-) from/to commercial banks	26.7	154.0	73.4	142.9	3.4	114.3
V. Net purchases/sales (-) from/to government	153.9	96.5	-45.1	-134.4	-35.5	-89.9
VI. Net purchases/sales (-) from/to other clients	-5.7	-4.2	3.2	5.0	2.9	32.0

Source: CBA

¹ January up to and including June.



The total foreign exchange sales of the CBA fell by Afl. 12.2 million or 7.3 percent to Afl. 154.9 million, mainly because foreign exchange sales to the government contracted by Afl. 9.8 million to Afl. 35.5 million. In addition, foreign exchange sales to other clients decreased by Afl. 3.3 million to Afl. 1.2 million. On the other hand, sales of foreign exchange to commercial banks rose by Afl. 0.9 million to Afl. 118.2 million.

Developments in the first half of 2018

During the first six months of 2018, foreign exchange transactions effectuated via CBA resulted in a net purchase of Afl. 56.5 million of foreign exchange, compared to Afl. 13.5 million in the same period of 2017. This outcome was largely caused by transactions with the government. Net foreign exchange sale to the government fell by Afl. 44.6 million to Afl. 89.9 million. Additionally, an increase of Afl. 27.0 million in the net foreign exchange purchase from the other clients also contributed to the aforementioned outcome. In contrast, net foreign exchange purchase from the commercial banks shrank by Afl. 28.6 million to Afl. 114.3 million.

Total foreign exchange purchases expanded by Afl. 30.5 million or 7.8 percent to Afl. 422.8 million during the first six months of 2018, compared to the corresponding period of 2017. This expansion was mainly associated with increases in foreign exchange purchases from other clients (+Afl. 21.0 million) and commercial banks (+Afl. 9.8 million).

Total foreign exchange sales fell by Afl. 12.5 million or 3.3 percent to Afl. 366.3 million during the first six months of 2018, compared to the same period of 2017. Decreases in foreign exchange sales to the

government (-Afl. 44.8 million) and other clients (-Afl. 6.0 million) contributed to this fall. However, sales of foreign exchange to commercial banks increased (+Afl. 38.3 million).

General note to the tables:

Owing to rounding of figures, the sum of separate items may differ in the final digit from the total shown.