



CENTRALE BANK VAN ARUBA

Statistical News Release

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The official reserves of the Centrale Bank van Aruba increased during the fourth quarter of 2018

Developments in the fourth quarter of 2018

In the fourth quarter of 2018, foreign exchange transactions settled through the Centrale Bank van Aruba (CBA) resulted in a net purchase by the CBA of Afl. 49.4 million of foreign exchange, which was Afl. 24.1 million higher than in the fourth quarter of 2017. The expansion in the net purchase of foreign exchange was attributed mainly to transactions with the government. These transactions led to a net foreign exchange purchase of Afl. 96.5 million in the quarter under review, compared to a net foreign exchange sale of Afl. 54.1 million in the fourth quarter of 2017. On the other hand, transactions with the commercial banks led to a net foreign exchange sale of Afl. 47.7 million in the quarter under review, compared to a net foreign exchange purchase of Afl. 73.1 million in the same quarter of 2017. Transactions with other clients resulted in lower net purchases of foreign exchange of Afl. 5.7 million. Consequently, the official reserves, including other changes not related to foreign exchange transactions, increased by Afl. 77.9 million in the fourth quarter of 2018 to Afl. 1,778.0 million as of December 2018 (Table 1 and Chart 1).

Table 1: Factors affecting CBA's official reserves¹

(in Afl. million)

	2016		2017		2018	
	Q4	YTD ³	Q4	YTD ³	Q4	YTD ³
I. Reserves at beginning of period	1,757.6	1,479.9	1,626.5	1,673.2	1,700.1	1,649.2
II. Net purchases/sales (-) of foreign exchange	-41.7	178.8	25.3	-46.5	49.4	125.4
Of which from/to:						
1. Commercial banks	-6.6	176.4	73.1	213.3	-47.7	107.1
2. Government	-35.9	-11.5	-54.1	-276.4	96.5	2.2
3. Other clients	0.8	14.0	6.3	16.6	0.6	16.1
III. Other changes ²	-42.7	14.5	-2.6	22.5	28.5	3.4
IV. Reserves at ending of period (I+II+III)	1,673.2	1,673.2	1,649.2	1,649.2	1,778.0	1,778.0
V. Change in official reserves during period (IV-I)	-84.3	193.3	22.7	-24.0	77.9	128.8

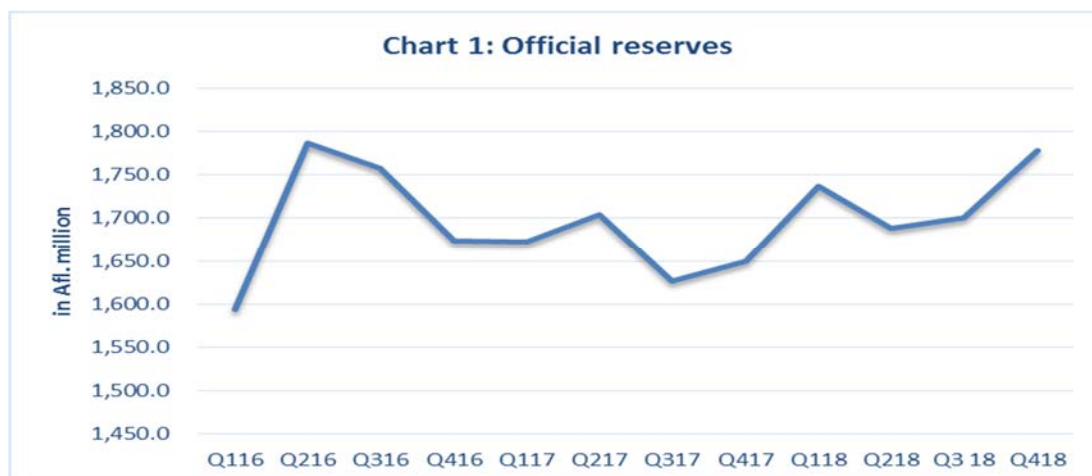
Source: Centrale Bank van Aruba

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 December.

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Source: Centrale Bank van Aruba

On a gross basis, the CBA's total foreign exchange purchases fell by Afl. 18.6 million or 6.3 percent to Afl. 275.0 million in the fourth quarter of 2018, compared to the same quarter of 2017 (Table 2 and Chart 2). This decrease was attributed mainly to a drop in purchases of the foreign exchange from the commercial banks of Afl. 121.6 million to Afl. 163.4 million, which was largely compensated with a rise in foreign exchange purchases from the government of Afl. 106.5 million. The latter was associated with receipts from the debt issuance on the international capital market, which were transferred to the CBA. Additionally, foreign exchange purchases from other clients declined by Afl. 3.4 million to Afl. 5.2 million.

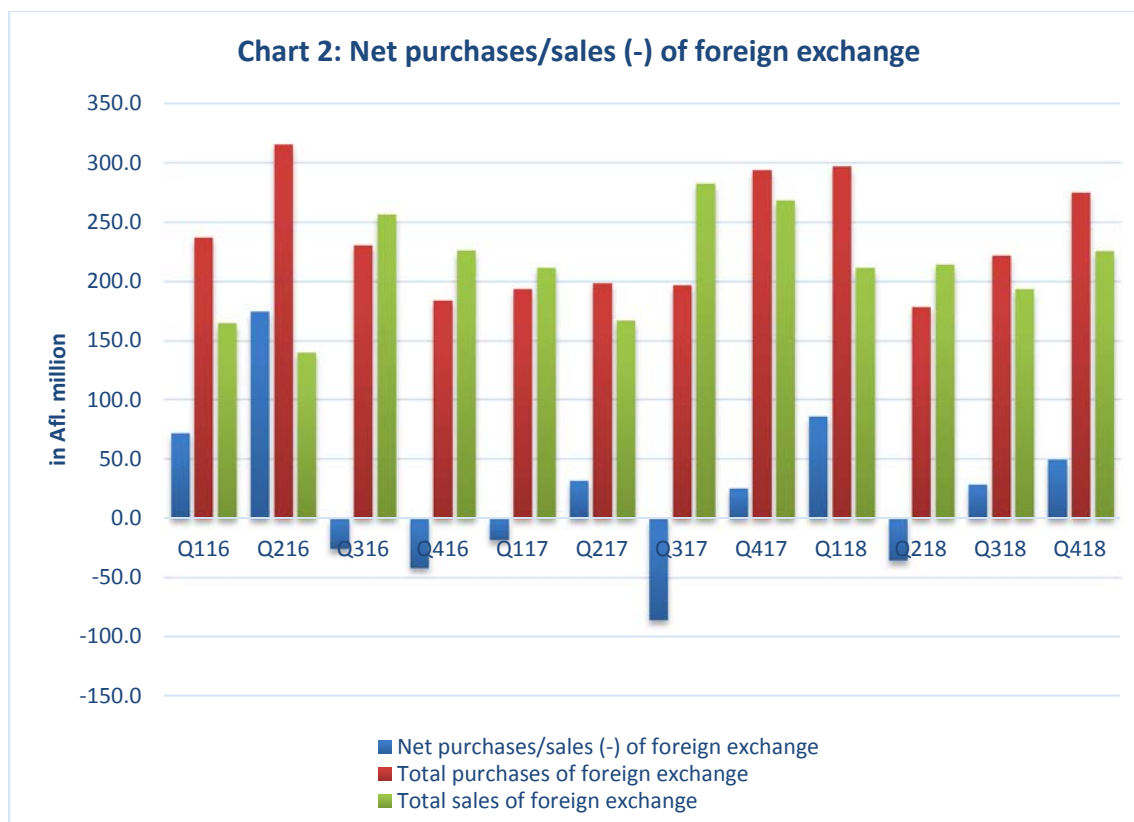
Table 2: Foreign exchange transactions

(in Afl. million)

	2016		2017		2018	
	Q4	YTD ¹	Q4	YTD ¹	Q4	YTD ¹
I. Total purchases of foreign exchange	184.3	966.8	293.6	882.7	275.0	967.5
<i>Of which from:</i>						
1. Commercial banks	178.0	759.6	285.0	852.8	163.4	805.1
2. Government	0.2	178.4	0.0	0.3	106.5	136.6
3. Other clients	6.1	28.8	8.6	29.6	5.2	25.8
II. Total sales of foreign exchange	225.9	788.0	268.2	929.2	225.7	842.1
<i>Of which to:</i>						
1. Commercial banks	184.6	583.2	211.8	639.5	211.1	698.0
2. Government	36.1	190.0	54.1	276.7	10.0	134.3
3. Other clients	5.3	14.8	2.3	13.0	4.6	9.8
III. Net purchases/sales (-) of foreign exchange	-41.7	178.8	25.3	-46.5	49.4	125.4
IV. Net purchases/sales (-) from/to commercial banks	-6.6	176.4	73.1	213.3	-47.7	107.1
V. Net purchases/sales (-) from/to government	-35.9	-11.5	-54.1	-276.4	96.5	2.2
VI. Net purchases/sales (-) from/to other clients	0.8	14.0	6.3	16.6	0.6	16.1

Source: Centrale Bank van Aruba

¹ January up to and including December.



Source: Centrale Bank van Aruba

The total foreign exchange sales of the CBA fell by Afl. 42.5 million or 15.9 percent to Afl. 225.7 million, mainly because foreign exchange sales to the government dropped by Afl. 44.1 million to Afl. 10.0 million. Foreign exchange sales to the commercial banks also contracted by Afl. 0.7 million to Afl. 211.1 million.

Developments during 2018

During 2018, foreign exchange transactions effectuated via CBA resulted in a net purchase of Afl. 125.4 million of foreign exchange, compared to a net sale of Afl. 46.5 million in 2017. This outcome was largely caused by transactions with the government leading to a turnaround from a net foreign exchange sale of Afl. 276.4 million into a net foreign exchange purchase of Afl. 2.2 million. On the other hand, transactions with the commercial banks resulted in a drop of Afl. 106.2 million to Afl. 107.1 million in net foreign exchange purchase.

Total foreign exchange purchases expanded by Afl. 84.8 million or 9.6 percent to Afl. 967.5 million during 2018, compared to 2017. This expansion was mainly caused by an increase in foreign exchange purchases from the government (+Afl. 136.3 million) associated with the receipts from the debt issuance during 2018 that were transferred to the CBA. On the other hand, foreign exchange purchases from both commercial banks (-Afl. 47.7 million) and other clients (-Afl. 3.8 million) contracted.

Total foreign exchange sales fell by Afl. 87.1 million or 9.4 percent to Afl. 842.1 million. Decreases in foreign exchange sales to the government (-Afl. 142.4 million) and other clients (-Afl. 3.2 million) contributed to this fall. However, sales of foreign exchange to commercial banks increased (+Afl. 58.5 million). The decline in foreign exchange sales to the government was associated with lower foreign debt services payments and transfers to notified foreign accounts that were settled through the CBA.

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.