



BALANCE OF PAYMENTS DEVELOPMENTS

SECOND QUARTER OF 2020

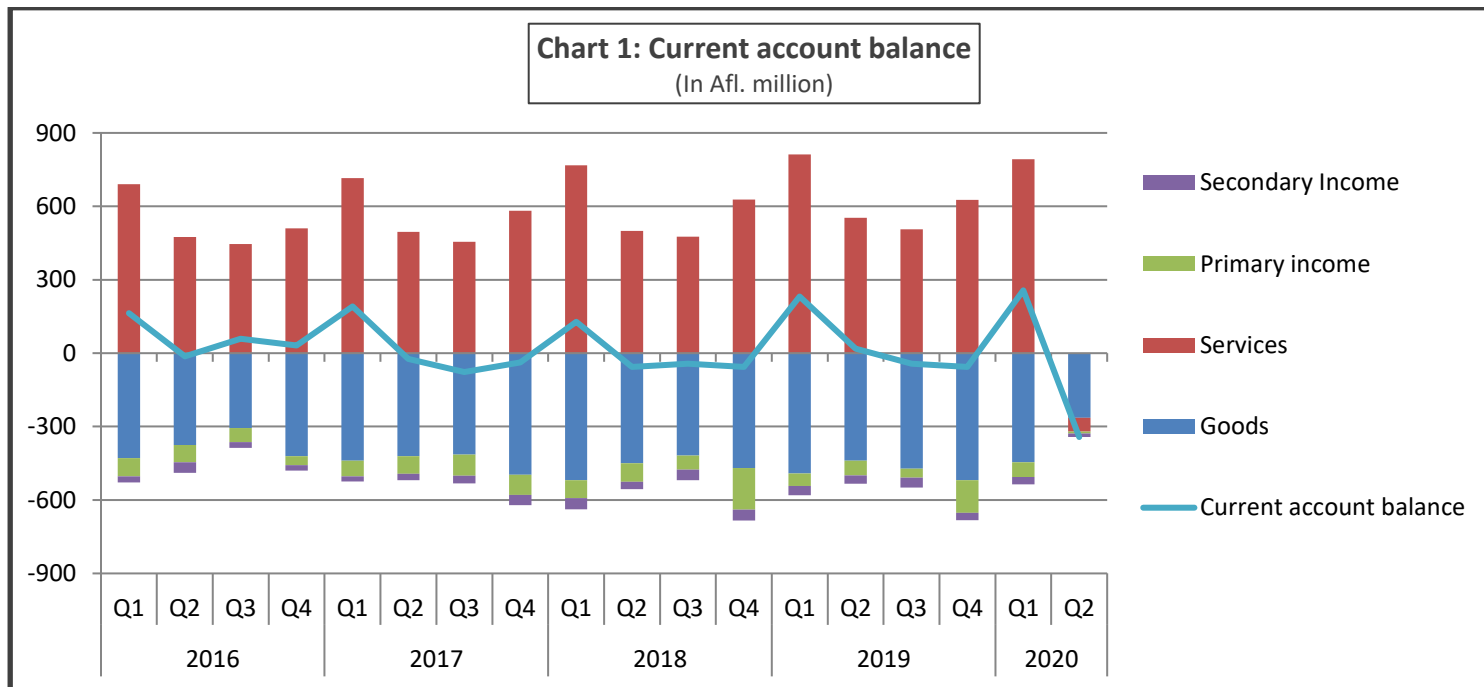
March 24, 2021



CENTRALE BANK VAN ARUBA

Current account surplus turned into a deficit in the second quarter of 2020

In the second quarter of 2020, the current account of the balance of payments turned from an Afl. 19.0 million surplus in the second quarter of 2019 into an Afl. 342.7 million deficit. This was caused by a turnaround in the services account from an Afl. 552.6 million surplus to an Afl. 55.4 million deficit. On the other hand, the deficit on the goods and income accounts shrunk by Afl. 173.9 million and Afl. 72.3 million, respectively (Chart 1 and Table 1).



Source: Centrale Bank van Aruba

Current and capital accounts

The goods account recorded a deficit of Afl. 264.7 million, an Afl. 173.9 million contraction compared to the second quarter of 2019. This outcome was mainly caused by decreases of Afl. 195.7 million in imports (-39.7 percent) and Afl. 21.8 million in exports (-40.1 percent).

The services account surplus of Afl. 552.6 million turned into an Afl. 55.4 million deficit this second quarter. This resulted from an Afl. 735.0 million decrease in export of services, which was partly offset by an Afl. 127.0 million decrease in import of services (Table 1).

The contraction in export of services was mostly attributed to an 82.6 percent decrease in tourism credits¹ (-Afl. 705.9 million) and a reduction in other transport services (-Afl. 38.3 million). The decline in import of services was mainly due to decreases in tourism debits (-Afl. 60.3 million), other services (-Afl. 41.8 million), and transport services (-Afl. 25.5 million).

Furthermore, the deficit in income account shrank by Afl. 72.3 million to Afl. 22.7 million, compared to the second quarter of 2019. The primary income deficit declined by Afl. 53.1 million to Afl. 8.1 million, mostly due to less outgoing payments in connection with dividends and interest. The secondary income deficit contracted by Afl. 19.3 million to Afl. 14.6 million, because of lower transfers to abroad related to personal transfers and social contributions and benefits.

¹ Tourism (credits) refer to the consumption goods and services acquired by nonresidents during their visit to Aruba. Tourism (credits) do not include passenger fares, which are captured in Transportation services.

Financial account

The financial account resulted in a net borrowing of Afl. 359.8 million in the second quarter of 2020, compared to a net lending of Afl. 23.8 million in the same quarter of the year earlier (Table 2). This outcome resulted from an Afl. 471.7 million net increase in financial liabilities (2019 Q2: -Afl. 3.3 million) and an Afl. 111.9 million net increase in financial assets (2019 Q2: +Afl. 20.5 million).

Net acquisition of financial assets

The Afl. 111.9 million net increase in financial assets resulted from a rise in reserve assets (+Afl. 262.4 million), that was partially offset by a drop in other investment assets (-Afl. 176.1 million). The growth in the reserve assets was brought about by an Afl. 252.5 million increase in currency and deposits held by the Central Bank. On the other hand, currency and deposits held by the commercial banks, as well as, by the other sectors fell by Afl. 178.6 million. Furthermore, investments in securities abroad surged with Afl. 28.5 million.

Net incurrence of financial liabilities

During the second quarter of 2020, the Afl. 471.7 million net increase in financial liabilities resulted mainly from surges in portfolio investment liabilities (+Afl. 213.8 million), other investment liabilities (+Afl. 193.6 million), and direct investment liabilities (+Afl. 74.2 million). Loans from other investments and long-term debt securities rose by Afl. 243.8 million and Afl. 213.8 million, respectively. The rise in direct investment liabilities was mainly caused by increases in intercompany debt (+Afl. 32.7 million), real estate contributions (+Afl. 22.7 million), and capital contribution (+Afl. 18.8 million).

Table 1: CURRENT AND CAPITAL ACCOUNTS			
<i>In Afl. million</i>	2019 Q2	2020 Q2	Changes
1. Goods	-438.6	-264.7	173.9
Exports	54.4	32.6	-21.8
Imports	493.0	297.3	-195.7
2. Services	552.6	-55.4	-608.0
Credits	996.2	261.2	-735.0
Debits	443.5	316.5	-127.0
3. Primary income	-61.1	-8.1	53.1
4. Secondary income	-33.9	-14.6	19.3
CURRENT account balance (1+2+3+4)	19.0	-342.7	-361.7
CAPITAL account balance	0.0	2.9	2.9
NET LENDING (+)/ BORROWING (-) FROM CURRENT AND CAPITAL ACCOUNTS	19.0	-339.8	-358.8
Source: Centrale Bank van Aruba			

Table 2: FINANCIAL ACCOUNT			
<i>In Afl. million</i>	2019 Q2	2020 Q2	Changes
Net acquisition of financial assets	20.5	111.9	91.4
Direct investment	44.0	-2.9	-47.0
Portfolio investment	-43.6	28.5	72.0
Financial derivatives	-3.7	0.0	3.7
Other investment	107.8	-176.1	-283.8
Reserve assets	-84.0	262.4	346.4
Net incurrence of financial liabilities	-3.3	471.7	475.0
Direct investment	-76.4	74.2	150.6
Portfolio investment	-1.7	213.8	215.5
Financial derivatives	0.0	-9.8	-9.9
Other investment	74.8	193.6	118.8
NET LENDING (+)/ BORROWING (-) FROM FINANCIAL ACCOUNT	23.8	-359.8	-383.6
Source: Centrale Bank van Aruba			

General notes to the tables: Owing to rounding of figures, the sum of separate items may differ (minimally) from the total shown.



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