



CENTRALE BANK VAN ARUBA

Tourism and investment performed well during the first three quarters of 2019

Press release

April 24, 2020

Today the Centrale Bank van Aruba (CBA) published the State of the Economy of the first three quarters of 2019. This publication provides a synopsis of the local and international economic developments of this period. The domestic highlights are presented below, including a summary of main economic indicators.

Available data indicate that during the first three quarters of 2019, Aruba's economy was primarily driven by the tourism sector and investment activities. The tourism sector performed well, despite a continued downward path of the Venezuelan market, while the hotel sector showed positive results. The consumption indicators present a mixed picture for domestic consumption. Consumer sentiments turned more pessimistic. The majority of the investment indicators pointed towards an expansion in investment activities, although the business perception index stayed on a pessimistic trend in the third quarter of 2019.

The 12-month average CPI inflation stood at 4.1 percent in September 2019, resulting from rising food prices and an increase in the price of certain communication services. The real exchange rate of the florin vis-à-vis the U.S. dollar increased steadily since the first quarter of 2018.

Aruba's trade deficit amounted to Afl. 1,548.6 million in the first three quarters of 2019, which is a 0.8 percentage point reduction compared to the same period of the previous year.

The current account of the balance of payments recorded an Afl. 192.7 million surplus in the first nine months of 2019. This surplus was substantially larger than in the same period of 2018, increasing by Afl. 169.5 million. The expansion was mainly related to the strong performance in the tourist sector that pushed up the surplus on the services account by 6.3 percent.

The financial account resulted in a net lending of Afl. 177.0 million in the first three quarters of 2019, a growth of Afl. 174.8 million compared to the same period of 2018.

Total money supply grew by Afl. 9.0 million in September compared to December 2018. The growth in money supply pertained to an Afl. 113.0 million expansion in net domestic assets, which was largely offset by an Afl. 104.0 million drop in net foreign assets related to a repayment of foreign private loans and the repurchases of equity from nonresidents.

In the first three quarters of 2019, the government of Aruba registered a fiscal deficit (on a cash basis) of Afl. 22.2 million, or 0.4 percent of estimated GDP, an improvement of Afl. 30.1 million compared to the same period of 2018. Government revenue rose by Afl. 96.0 million, pushed up by increases in both tax and non-tax revenue. Outlays on expenditure (on a cash basis) expanded by Afl. 80.5 million, caused mainly by a rise in expenses on goods and services.

Table: Main economic indicators

| Indicator | 2018 Jan-Sep | 2019 Jan-Sep | Change |
|--|-----------------|-----------------|---------|
| Hotel revenue per available room (US\$) | 151 | 166 | 15 |
| Stay-over visitors (numbers) | 809,314 | 848,844 | 39,530 |
| Cruise visitors (numbers) | 568,261 | 555,525 | -12,736 |
| Construction permits (Afl. million) | 243 | 298 | 56 |
| Imports of machinery and electrotechnical equipment (Afl. million) | 244.7 | 237.2 | -7.5 |
| Turnover tax receipts (Excl. BAVP, in Afl. million) | 79.6 | 83.0 | 3.4 |
| Taxes on income and profit (Afl. million) | 353.8 | 338.5 | -15.3 |
| Twelve-month average rate of inflation (percent) | 2.3 | 4.1 | 1.8 |
| Consumer confidence index (third quarter, index points) | 94.3 | 94.0 | -0.3 |
| Government debt-to-GDP (ratio) | 77.7 | 73.5 | -4.2 |

Sources: CBA, AHATA, ATA, CBS.

The complete publication is available on the CBA's website (www.cbaruba.org).