



CENTRALE BANK VAN ARUBA

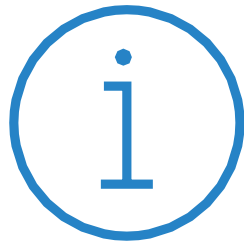
# Economic Outlook 2022

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December 2021



# Presentation Outline:



General Information and Assumptions



GDP 2021 – 2022 including scenarios

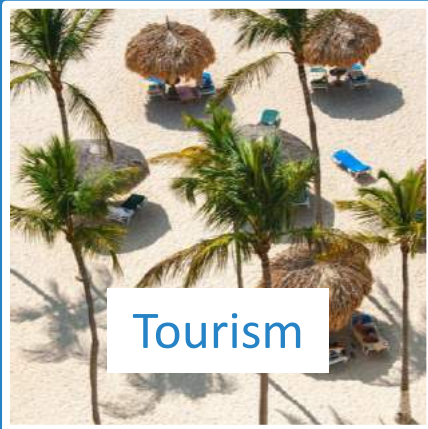
# Disclaimer:

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This presentation includes forecasts that represent assumptions and expectations of the Centrale Bank van Aruba (CBA) in light of information available up to and including October 2021. These forecasts involve **uncertainties** and are subject to upside and downside **risks**. The actual results may differ from those projected in this presentation. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts contained herein. The CBA does not assume any liability for any loss that may result from the reliance upon this information.



# General Information and Assumptions



Tourism



Investment



Unemployment



Inflation



## Stay-over Visitors

- › Starting point 2021: 74.0% recovery (2019) (ATA).
- › Realized: Jan. – Sep. 2021.
- › Projected: Oct. – Dec. 2021.
- › 2021 Scenarios:
  - › Pessimistic: 65.4% recovery (2019).
  - › Baseline: 69.2% recovery (2019).
  - › Optimistic: 72.9% recovery (2019).
- › 2022 Scenarios:
  - › Pessimistic: 80.0% recovery (2019) (ATA).
  - › Baseline: 95.0% recovery (2019) (ATA).
  - › Optimistic: 110.0% recovery (2019).



# Tourism

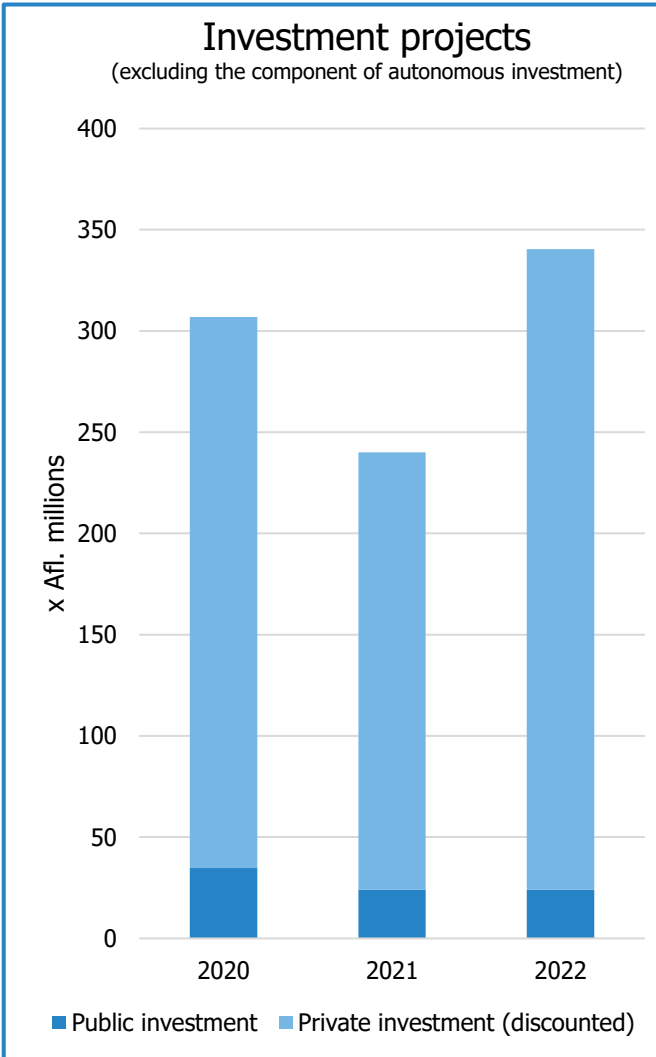
## Tourism Credits

- › Starting point:
  - › 2021 TC/ night (accommodations): -4.0% vs. 2019 (AHATA).
  - › 2022 TC/ night (accommodations): +3.0% vs. 2019 (AHATA).
- › Realized: Q1 – Q3 2021.
- › Projected: Q4 2021.
- › 2021 Scenarios:
  - › Pessimistic: 72.8% recovery (2019).
  - › Baseline: 77.2% recovery (2019).
  - › Optimistic: 81.6% recovery (2019).
- › 2022 Scenarios:
  - › Pessimistic: 87.0% recovery (2019).
  - › Baseline: 103.4% recovery (2019).
  - › Optimistic: 119.7% recovery (2019).

## Expectations

- › Start of relatively few construction projects in 2021.
- › Gradual increase in investment in 2022, despite heightened uncertainties with regard to disruptions in the supply chain.
- › Decreased public investment in 2021 (Government of Aruba's (GoA) budget). In 2022, public investment is expected to remain equal to 2021.

## Investment



## Data & Assumptions

### DATA

- › FASE data: up to and including Jun. 2021.
- › Wage subsidy program data: up to and including Jun. 2021.

### ASSUMPTIONS

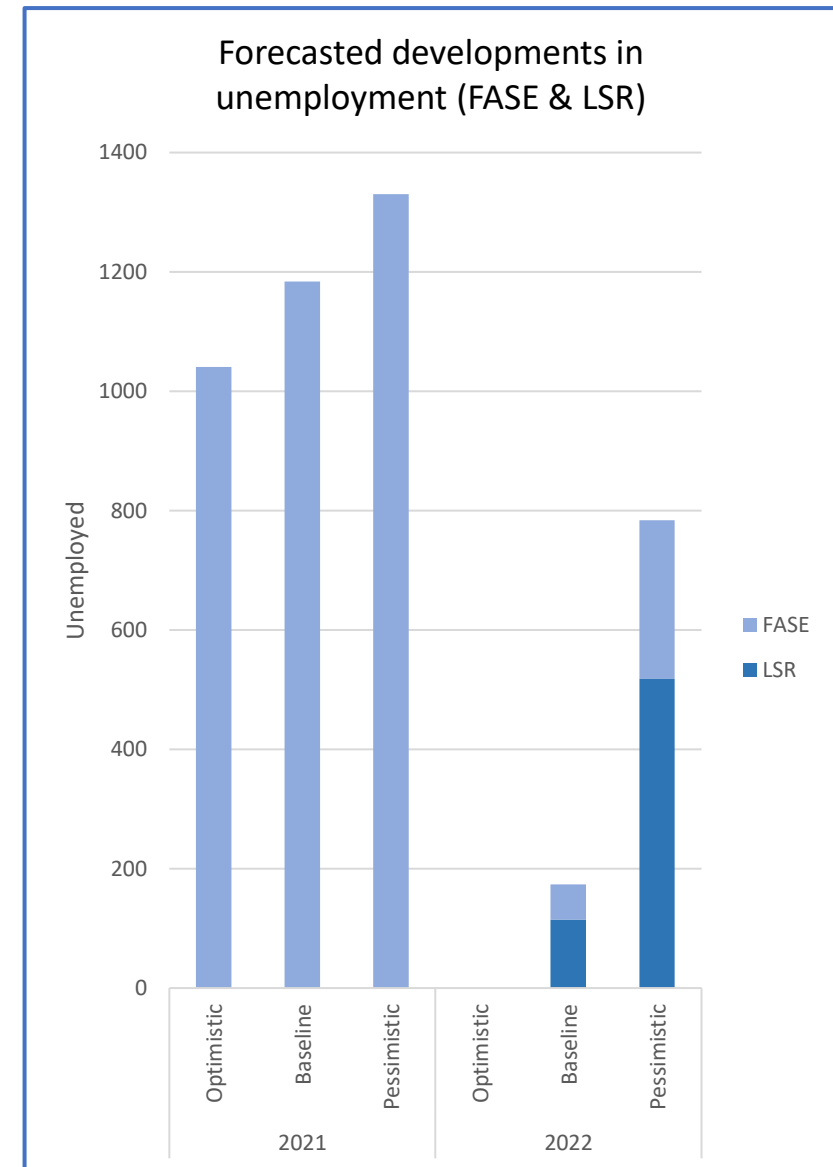
- › The unemployment rate follows the developments in the tourism industry.
- › FASE and the salary subsidy program are available up until the end of 2021.
- › Minimum consumption for those who have lost their jobs set at the minimum wage level.

### RESULTS

- › 2021 Unemployment Scenarios:
  - › Pessimistic: 9.7%
  - › Baseline: 9.5%
  - › Optimistic: 9.2%
- › 2022 Unemployment Scenarios:
  - › Pessimistic: 8.7%
  - › Baseline: 7.7%
  - › Optimistic: 7.4%



## Unemployment





## Data and Assumptions

### DATA

- › CPI data: up to and including Sep. 2021.
- › Oil price data: up to and including Oct. 2021.

### ASSUMPTIONS

- › Stable water and electricity prices in 2021 (hedge).
- › Increase in water and electricity prices in 2022 (no hedge).
- › Oil price expectation (2022): Slightly lower than 2021, (relatively higher than current hedge price average).

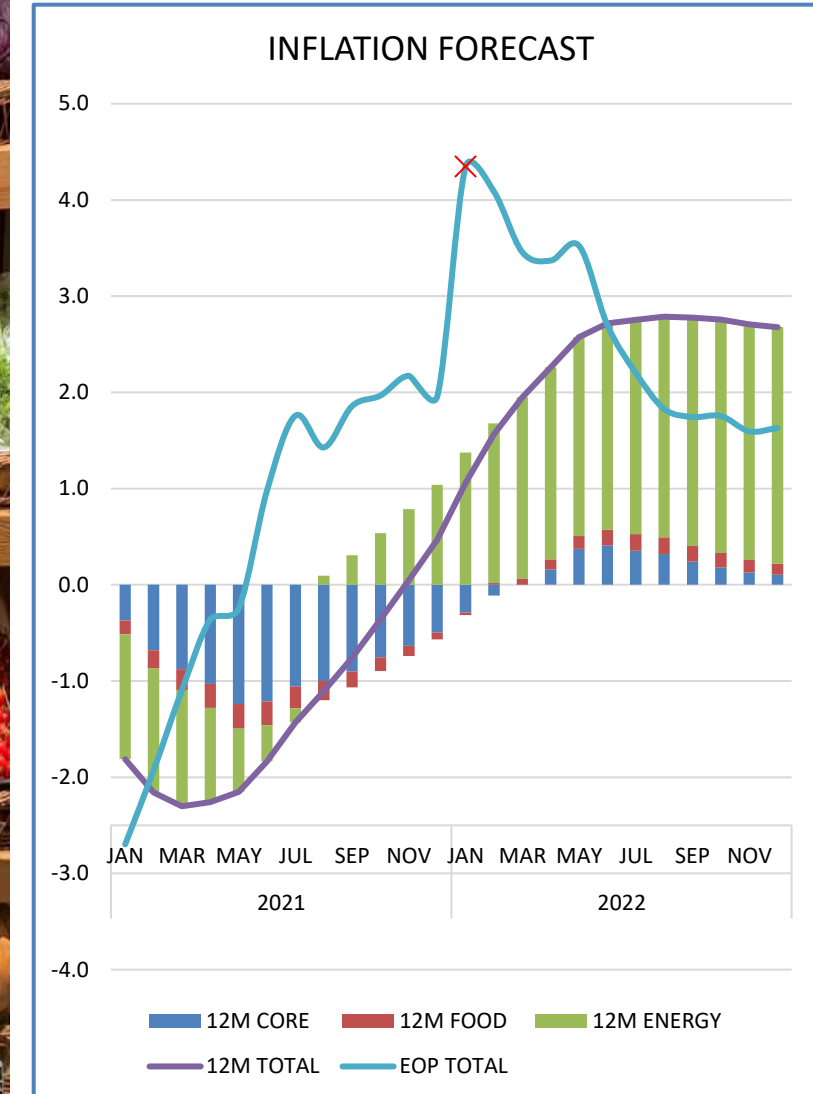
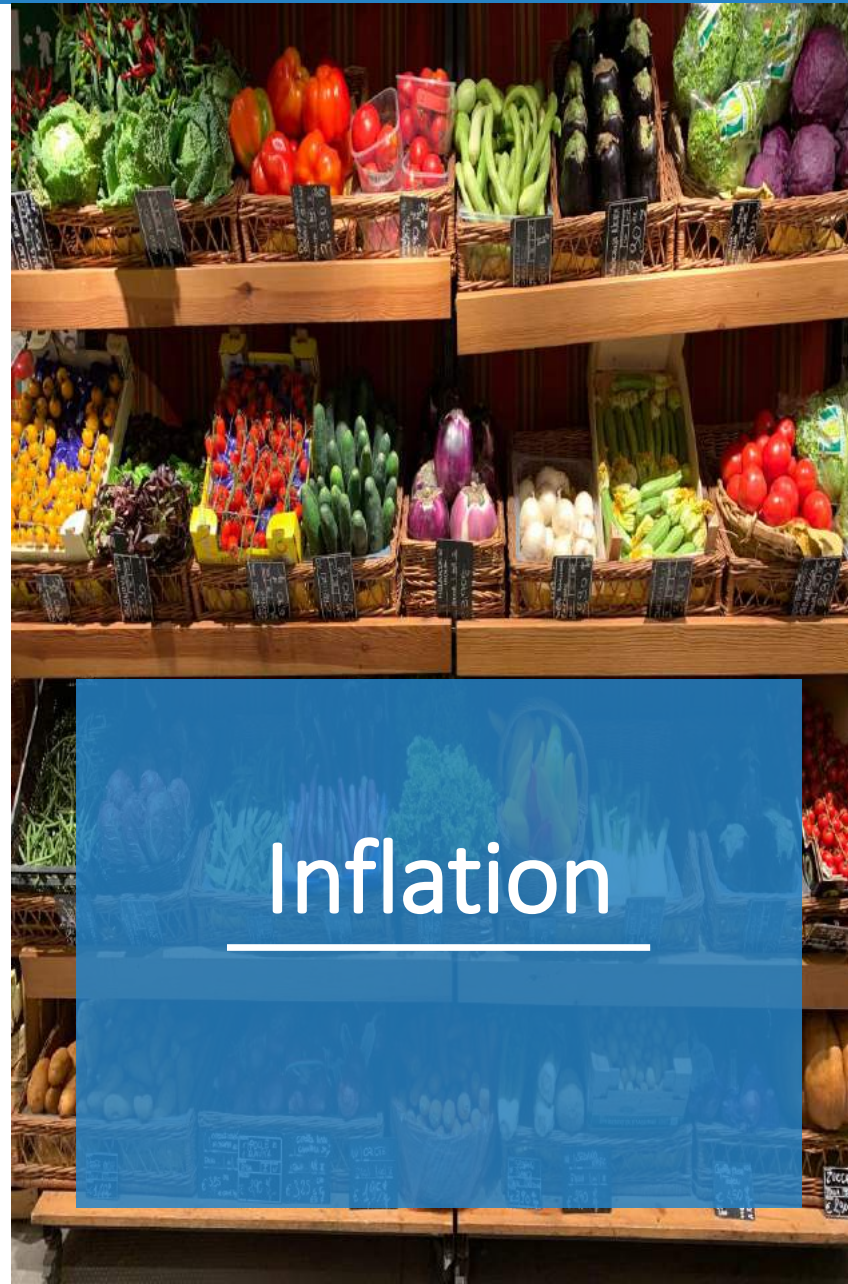
### RESULTS

#### 2021

- › 12 month average inflation: 0.5
- › End of period (YoY) inflation: 1.9

#### 2022

- › 12 month average inflation: 2.7
- › End of period (YoY) inflation: 1.6





# Forecast Risks

Risk	Upside	Downside
<b>Duration of the pandemic:</b>	Vaccination programs, booster shots.	New variants of COVID-19.
<b>Investment projects:</b>	Faster implementation.	Uncertainty and delays.
<b>Oil and other import prices:</b>	Decrease in prices.	Surge in prices.
<b>Tourism recovery and spillovers to the labor market and consumption:</b>	Stronger tourism recovery.	Slower tourism recovery.
<b>Government measures:</b>	Additional stimulus to cope with the crisis, additional liquidity loans.	Additional measures to cope with the crisis.
<b>Wage subsidy scheme and spillovers in unemployment:</b>	Availability of the salary subsidy program.	Unavailability of the salary subsidy program.



# 2021 GDP results including scenarios:

Nominal	2021 o f	2021 b f	2021 p f
<b>GDP</b>	16.7	<b>14.0</b>	11.3
<b>Consumption</b>	3.9	<b>3.8</b>	3.7
Private consumption	5.6	<b>5.6</b>	5.4
Public consumption	-0.3	<b>-0.3</b>	-0.3
<b>Investment</b>	-15.9	<b>-19.0</b>	-22.2
Private investment	-15.3	<b>-18.6</b>	-21.8
Public investment	-30.8	<b>-30.8</b>	-30.8
<b>Exports</b>	51.2	<b>43.6</b>	35.9
Tourism exports	59.6	<b>51.0</b>	42.4
<b>Imports</b>	16.5	<b>13.3</b>	10.0

Real	2021 o f	2021 b f	2021 p f
<b>GDP</b>	17.9	<b>15.5</b>	13.0
<b>Consumption</b>	3.4	<b>3.3</b>	3.2
Private consumption	5.1	<b>5.0</b>	4.9
Public consumption	-0.5	<b>-0.5</b>	-0.5
<b>Investment</b>	-17.4	<b>-20.5</b>	-23.6
Private investment	-16.9	<b>-20.1</b>	-23.3
Public investment	-32.1	<b>-32.1</b>	-32.1
<b>Exports</b>	54.6	<b>46.8</b>	39.1
Tourism exports	65.7	<b>56.7</b>	47.8
<b>Imports</b>	12.8	<b>9.7</b>	6.5

e = estimate, f = forecast, o = optimistic, b = baseline, p = pessimistic

# 2022 GDP results including scenarios:

Nominal	2022 o f	2022 b f	2022 p f
<b>GDP</b>	17.3	<b>12.2</b>	6.8
<b>Consumption</b>	1.5	<b>1.3</b>	0.9
Private consumption	2.0	<b>1.8</b>	1.1
Public consumption	0.2	<b>0.2</b>	0.2
<b>Investment</b>	10.7	<b>8.8</b>	6.7
Private investment	11.1	<b>9.1</b>	7.0
Public investment	0.0	<b>0.0</b>	0.0
<b>Exports</b>	37.8	<b>26.7</b>	14.5
Tourism exports	46.6	<b>33.8</b>	19.5
<b>Imports</b>	18.0	<b>12.7</b>	7.0

Real	2022 o f	2022 b f	2022 p f
<b>GDP</b>	12.0	<b>7.7</b>	3.1
<b>Consumption</b>	-0.7	<b>-0.9</b>	-1.3
Private consumption	-0.7	<b>-0.9</b>	-1.5
Public consumption	-0.8	<b>-0.8</b>	-0.8
<b>Investment</b>	7.7	<b>5.9</b>	3.8
Private investment	8.0	<b>6.1</b>	4.0
Public investment	-2.7	<b>-2.7</b>	-2.7
<b>Exports</b>	32.7	<b>22.2</b>	10.6
Tourism exports	41.0	<b>28.7</b>	15.0
<b>Imports</b>	15.2	<b>10.0</b>	4.4

e = estimate, f = forecast, o = optimistic, b = baseline, p = pessimistic



# Concluding Remarks

The Aruban economy is expected to continue its recovery path set forth in the second half of 2020.

Real GDP is projected to grow by between 13.0 percent and 17.9 percent in 2021. The anticipated economic recovery in 2021 was largely spurred by the speed of tourism recovery, as well as the continued availability of the GOA's wage subsidy and FASE programs.

In 2022, the sustained recovery of the tourism sector, complemented by a pick-up in private investment, is expected to further drive real GDP growth. The forecasted growth rate ranges between 3.1 percent and 12.0 percent, with a baseline real GDP growth of 7.7 percent. Inflation, however, remains a significant risk.



The background of the slide features a low-angle shot of a blue flag with a red star and yellow stripes, flying against a bright blue sky with scattered white clouds. To the right, a bronze statue of a person in a crouching, contemplative pose is visible, resting on a stone pedestal. The entire scene is framed by a blue border.

# Thank You

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Research Department  
Centrale Bank van Aruba

*Progreso economico ta  
exigi pensamiento eterno*