

# Quarterly Economic Bulletin External Sector Official Reserves Q4 2022

February 21, 2023



**CENTRALE BANK VAN ARUBA**

**Cover design:**

Our golden tree, our Kibrahacha. Resilient, firmly rooted, and gives a beautiful bloom.

It offers us shade and protection if needed. When it breaks out, it displays an overwhelming yellow, illustrating a brighter and bolder future.

The full text of this report is available on the CBA website.

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Quarterly Economic Bulletin External Sector Official Reserves Q4 2022

## The official reserves of the Centrale Bank van Aruba increased during the fourth quarter of 2022

### Quarterly economic bulletin Results for the fourth quarter of 2022

In the fourth quarter of 2022, foreign exchange transactions settled through the Centrale Bank van Aruba (CBA) resulted in a net purchase by the CBA of Afl. 17.9 million of foreign exchange, Afl. 181.9 million lower compared to the corresponding quarter of 2021. This outcome was attributed largely to transactions with the commercial banks. Transactions with the commercial banks led to a net foreign exchange purchase of Afl. 99.9 million, compared to Afl. 247.9 million in the same quarter of 2021. In contrast, the transactions of the government resulted in a net sale of Afl. 95.6 million of foreign exchange, compared to Afl. 53.0 million in the corresponding quarter of 2021. In addition, other transactions led to a growth in net foreign exchange purchase of Afl. 8.6 million to Afl. 13.6 million at the end of the current quarter.

As a consequence, the official reserves of the CBA, including other changes not related to foreign exchange transactions, expanded by Afl. 56.9 million to Afl. 2,790.9 million at the end of December 2022 (see Table 1 and Chart 1).



On a gross basis, the CBA's total foreign exchange purchases decreased by Afl. 124.2 million or 40.6 percent to Afl. 182.0 million in the fourth quarter of 2022, compared to the same quarter of 2021 (Table 2 and Chart 2). This contraction was caused mainly by a decline of Afl. 145.5 million in purchases of foreign exchange from the commercial banks. On the other hand, foreign exchange purchase from the government grew by Afl. 12.7 million to Afl. 13.1 million. Moreover, other transactions led to a rise in foreign exchange purchase of Afl 8.7 million to Afl. 15.7 million.

**Table 1: Factors affecting CBA's official reserves<sup>1</sup>**  
(in Afl. million)

|   | Q4 2020 | 2020    | Q4 2021 | 2021    | Q4 2022 | 2022    |
|---|---------|---------|---------|---------|---------|---------|
| I. Reserves at beginning of period                  | 2,193.8 | 1,784.8 | 2,542.7 | 2,208.6 | 2,734.0 | 2,744.9 |
| II. Net purchases/sales (-) of foreign exchange     | 20.7    | 341.5   | 199.8   | 588.1   | 17.9    | 167.4   |
| Of which from/to:                                   |         |         |         |         |         |         |
| 1. Commercial banks                                 | -154.4  | -273.5  | 247.9   | 244.2   | 99.9    | 286.9   |
| 2. Government                                       | 167.6   | 572.8   | -53.0   | 323.7   | -95.6   | -148.0  |
| 3. Other  | 7.5     | 42.2    | 5.0     | 20.2    | 13.6    | 28.6    |
| III. Other changes <sup>2</sup>                     | -5.8    | 82.3    | 2.4     | -51.7   | 39.0    | -121.4  |
| IV. Reserves at ending of period (I+II+III)         | 2,208.6 | 2,208.6 | 2,744.9 | 2,744.9 | 2,790.9 | 2,790.9 |
| V. Change in official reserves during period (IV-I) | 14.8    | 423.8   | 202.2   | 536.3   | 56.9    | 46.0    |

Source: Centrale Bank van Aruba

<sup>1</sup> Including valuation changes.

<sup>2</sup> Include valuation changes related to revaluation of gold, foreign exchange and security holdings and statistical differences.

**Table 2: Foreign exchange transactions**

(in Afl. million)

|   | Q4 2020      | 2020           | Q4 2021      | 2021           | Q4 2022      | 2022         |
|---|--------------|----------------|--------------|----------------|--------------|--------------|
| <b>I. Total purchases of foreign exchange</b>           | <b>289.7</b> | <b>1,355.6</b> | <b>306.2</b> | <b>1,297.1</b> | <b>182.0</b> | <b>899.9</b> |
| <i>Of which from:</i>                                   |              |                |              |                |              |              |
| 1. Commercial banks                                     | 69.4         | 438.0          | 298.8        | 597.6          | 153.3        | 467.1        |
| 2. Government   | 211.0        | 868.4          | 0.4          | 671.6          | 13.1         | 381.2        |
| 3. Other  | 9.4          | 49.2           | 7.0          | 27.9           | 15.7         | 51.5         |
| <b>II. Total sales of foreign exchange</b>              | <b>269.1</b> | <b>1,014.1</b> | <b>106.4</b> | <b>709.0</b>   | <b>164.1</b> | <b>732.5</b> |
| <i>Of which to:</i>                                     |              |                |              |                |              |              |
| 1. Commercial banks                                     | 223.8        | 711.5          | 50.9         | 353.4          | 53.4         | 180.3        |
| 2. Government   | 43.4         | 295.6          | 53.5         | 347.9          | 108.7        | 529.3        |
| 3. Other  | 1.9          | 7.0            | 2.0          | 7.7            | 2.0          | 22.9         |
| <b>III. Net purchases/sales (-) of foreign exchange</b> | <b>20.7</b>  | <b>341.5</b>   | <b>199.8</b> | <b>588.1</b>   | <b>17.9</b>  | <b>167.4</b> |
| IV. Net purchases/sales (-) from/to commercial banks    | -154.4       | -273.5         | 247.9        | 244.2          | 99.9         | 286.9        |
| V. Net purchases/sales (-) from/to government           | 167.6        | 572.8          | -53.0        | 323.7          | -95.6        | -148.0       |
| VI. Net purchases/sales (-) from/to other               | 7.5          | 42.2           | 5.0          | 20.2           | 13.6         | 28.6         |

Source: Centrale Bank van Aruba

The total foreign exchange sales of the CBA grew by Afl. 57.7 million or 54.2 percent to Afl. 164.1 million, attributed mainly to an expansion in foreign exchange sales to the government and commercial banks of Afl. 55.2 million and Afl. 2.5 million to Afl. 108.7 million and Afl. 53.4 million, respectively.

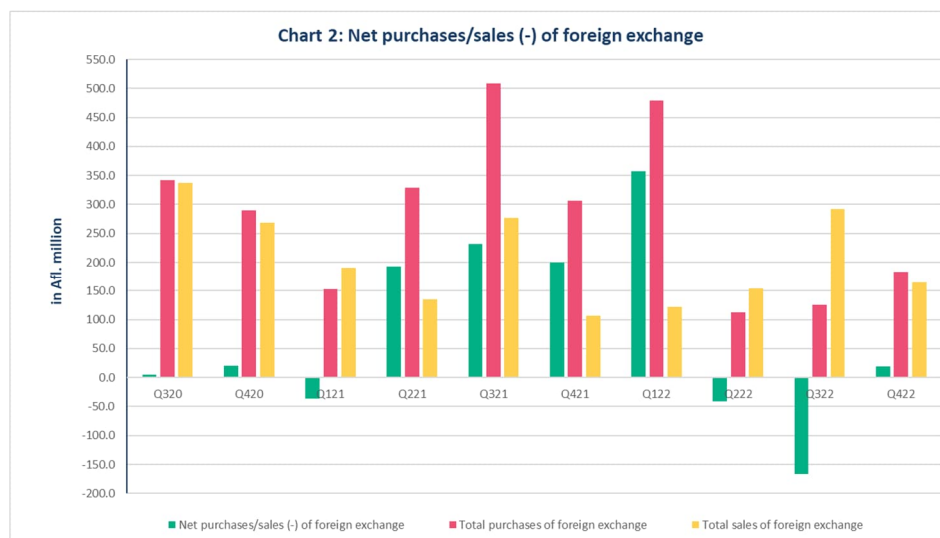
### *Developments during 2022*

During 2022, foreign exchange transactions effectuated via CBA resulted in a net purchase of Afl. 167.4 million of foreign exchange, Afl. 420.7 million lower compared to 2021. This outcome was caused largely by transactions with the government. These transactions led to a net foreign exchange sale of Afl. 148.0 million in 2022, compared to a net foreign exchange purchase of Afl. 323.7 million a year earlier. The reason was that no funds were received associated with foreign borrowings from the Netherlands in 2022. In contrast, transactions

with commercial banks led to a net foreign exchange purchase of Afl. 268.9 million in 2022, which is Afl. 42.7 million higher compared to the same period of 2021. In addition, in 2022, other transactions led to an increase in foreign exchange purchase of Afl. 8.4 million to Afl. 28.6 million.

On a gross basis, total foreign exchange purchases decreased by Afl. 397.2 million or 30.6 percent to Afl. 899.9 million, compared to the same period of 2021. This drop was largely caused by a decline in foreign exchange purchases from the government (-Afl. 290.4 million) and the commercial banks (-Afl. 130.5 million). The fall in the foreign exchange purchases of the government was associated with foreign borrowing from the Netherlands in 2021 as mentioned earlier. In contrast, other transactions led to an Afl. 23.6 million increase in foreign exchange purchases.

Total foreign exchange sales increased by Afl. 23.5 million or 3.3 percent to Afl. 732.5 million during 2022. This expansion resulted mainly from a growth in foreign exchange sales to the government (+Afl. 181.4 million) and a drop in foreign exchange sales to the commercial banks (-Afl. 173.1 million). Furthermore, other transactions led to an Afl. 15.2 million rise in foreign exchange sales.



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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