

Monthly Economic Bulletin January 2023

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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.

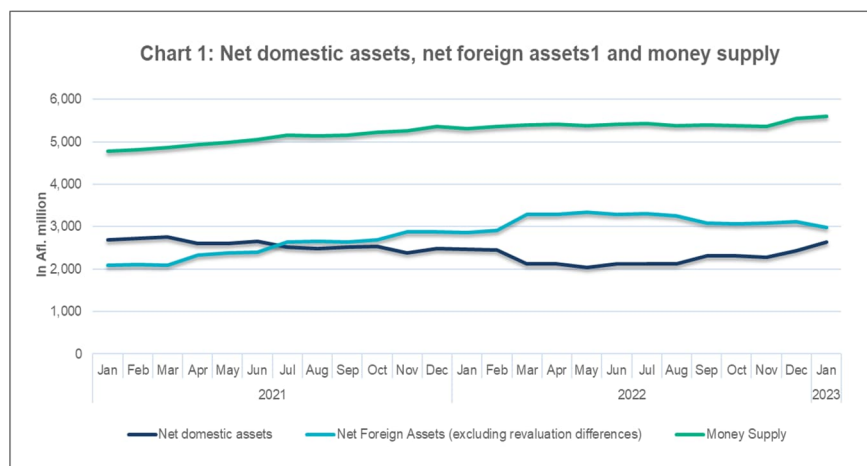
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I. Main economic indicators

Monetary developments

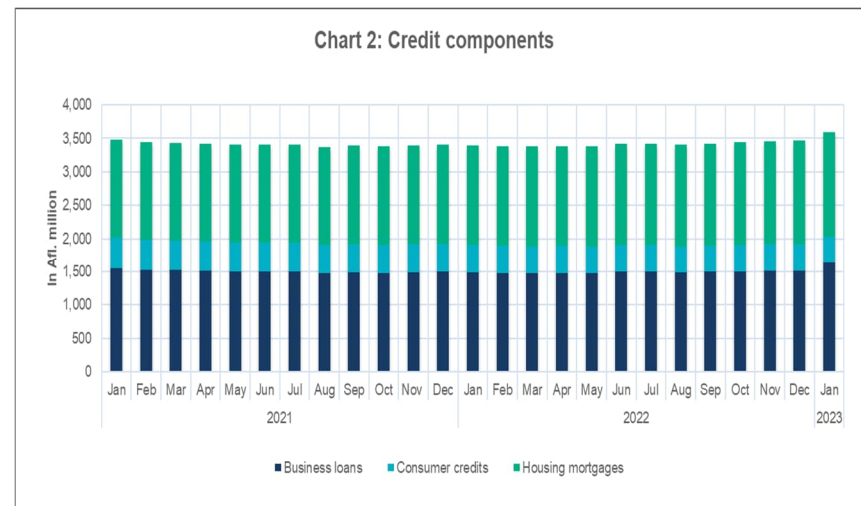
In January 2023, money supply expanded by Afl. 58.9 million to Afl. 5,605.0 million, compared to December 2022, resulting from an increase in net domestic assets (+Afl. 196.4 million) and a decrease in net foreign assets¹ (-Afl. 137.5 million) (See Chart 1).



Source: Centrale Bank van Aruba

Money, as a component of broad money, rose by Afl. 89.8 million to Afl. 3,491.9 million, due to an expansion in demand deposits (+Afl. 90.0 million) and a slight contraction in money in circulation (-Afl. 0.1 million). The growth in demand deposits was due to more deposits denominated in both Aruban florin (+Afl. 84.3 million) and foreign currency (+Afl. 5.7 million). Quasi-money dropped by Afl. 30.9 million to Afl. 2,113.1 million, due to a decrease in time deposits denominated in Aruban florin (-Afl. 34.4 million). In contrast, savings denominated in foreign currency (+Afl. 1.9 million) and Aruban florin (+Afl. 1.6 million) increased marginally.

¹ Excluding revaluation differences of gold and foreign exchange holdings.



Source: Centrale Bank van Aruba

The development in the domestic component of the money supply was caused by increases in both non-credit-related balance sheet items (+Afl. 134.0 million) and domestic credit (+Afl. 62.4 million). The rise in domestic credit was due to higher claims of the banking sector on the private sector (+Afl. 117.8 million) and lower net claims of the banking sector on the public sector (-Afl. 55.3 million). The increase in claims of the banking sector on the private sector (Chart 2) was caused by higher loans to enterprises (+Afl. 122.0 million). In contrast, consumer credit (-Afl. 3.6 million) and housing mortgages (-Afl. 0.6 million) decreased. The decline in net claims of the banking sector on the public sector was the result of an increase in government deposits (+Afl. 55.4 million).

In January 2023, the drop in net foreign assets of the banking sector was due to net sales of foreign exchange of Afl. 481.2 million to the public, mainly associated with net transfers to foreign accounts and payments for goods imports. These were largely

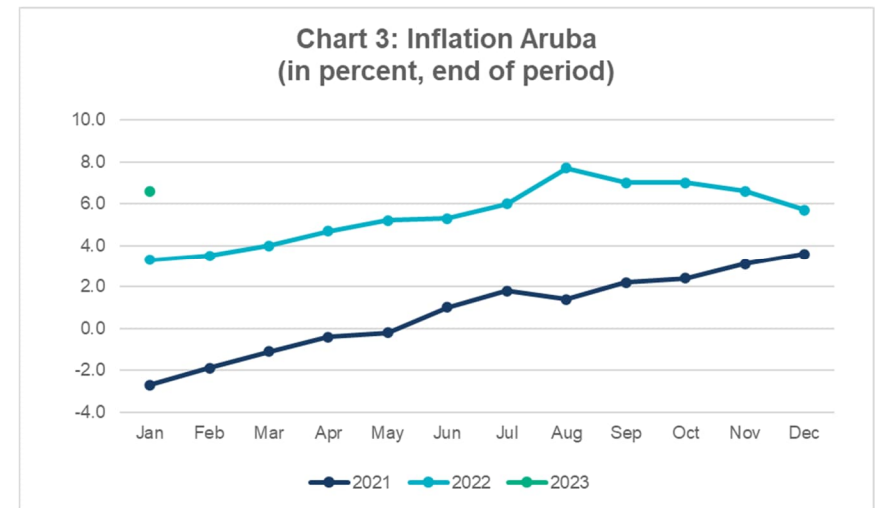
offset by net purchases of foreign exchange of Afl. 343.8 million from the public, mostly related to foreign exchange revenue from tourism exports (Table 1).

Table 1. Change in Net Foreign Assets (NFA) January 2023 (in Afl. million)	
Net purchases of foreign exchange	343.8
Tourism services	327.0
Direct investment	10.2
Transportation services	5.8
Government Services	0.7
Financial derivatives	0.1
Net sales of foreign exchange	-481.2
Net transfers to foreign accounts	-214.2
Goods	-170.2
Other services	-51.6
Other investment	-15.6
Portfolio investment	-8.7
Items not yet classified	-8.1
Primary income	-7.3
Secondary Income	-4.8
Capital account transactions	-0.8
NET CHANGE IN NFA (minus (-) denotes a decrease)	-137.5

Source: Centrale Bank van Aruba

Inflation

For January 2023, the consumer price index (CPI) noted a 6.6 percent rise year-over-year (YOY), compared to a 5.7 percent increase (YOY) for December 2022 (Chart 3).



Source: Centrale Bank van Aruba

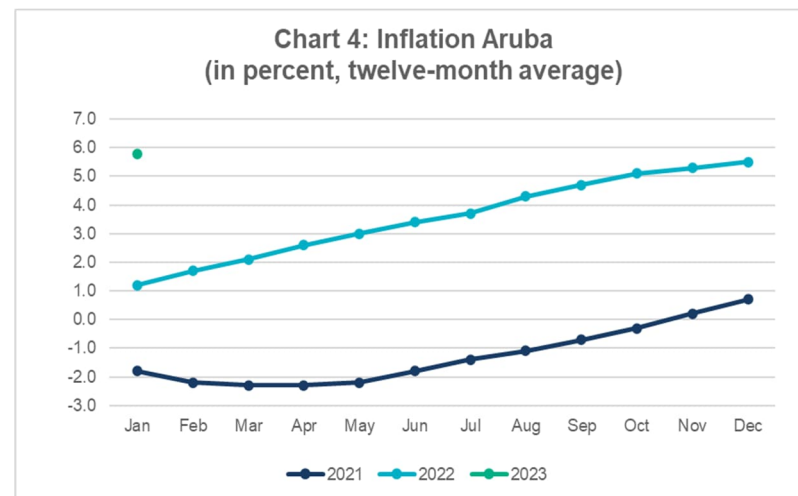
The main contributors to this increase were the “Housing,” “Food and Non-alcoholic Beverages,” and “Transport” components. In addition, the components “Household Operation,” “Restaurants and Hotels,” “Recreation and Culture,” and “Miscellaneous Goods and Services” also noted an uptick. The components “Communication” and “Clothing and Footwear” noted decreases, while the other components remained unchanged. Furthermore, by excluding the effect of food and energy², the core CPI increased by 2.5 percent (YOY) (Table 2).

² Partly affects the housing and transport components.

Inflation components	End-month		12-month	
	Jan-22	Jan-23	Jan-22	Jan-23
Food And Non-Alcoholic Beverages	0.5	1.4	0.0	1.2
Beverages And Tobacco Products	0.0	0.0	0.0	0.0
Clothing And Footwear	0.3	-0.3	-0.1	0.1
Housing	0.3	3.1	0.2	1.5
Household Operation	0.3	0.8	0.0	0.4
Health	0.0	0.0	-0.1	0.0
Transport	1.5	1.3	1.3	2.1
Communication	-0.1	-0.6	0.0	-0.3
Recreation And Culture	0.1	0.2	-0.1	0.2
Education	0.0	0.0	0.0	0.0
Restaurants And Hotels	0.1	0.5	0.0	0.3
Miscellaneous Goods And Services	0.2	0.2	0.0	0.2
Total	3.3	6.6	1.2	5.8
Total Excluding Energy & Food	1.8	2.5	0.1	2.3

Source: Centrale Bank van Aruba

The 12-month average inflation rate was 5.8 percent in January 2023, compared to 5.5 percent in December 2022 (Chart 4).



Source: Centrale Bank van Aruba

Government

Total government revenue amounted to Afl. 122.7 million in January 2023, Afl. 19.9 million more than the same month of the previous year.

The expansion in government revenue resulted from an increase in tax revenue (+Afl. 25.7 million) and a decrease in nontax revenue (-Afl. 5.7 million).

The growth in tax revenue was mainly driven by the expansion in income from income tax (+Afl. 7.5 million), import duties (+Afl. 4.8 million), wage tax (+Afl. 4.2 million), turnover tax (B.B.O./B.A.V.P.) (+Afl. 3.9 million), and motor vehicle fees (+Afl. 3.5 million).

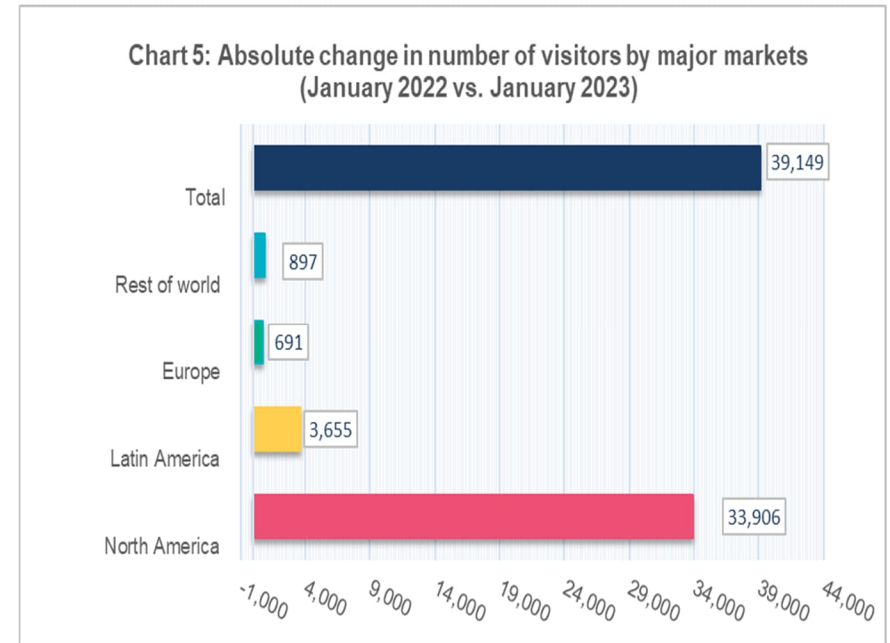
Tourism

The number of stay-over visitors amounted to 98,942 in January 2023, which is 39,149 visitors (+65.5 percent) more than in January 2022.

The North American market, the Latin American market, and the European market increased by 33,906 visitors (+70.6 percent), 3,655 visitors (+77.8 percent), and 691 visitors (+11.8 percent), respectively.

The surge in the North American market resulted from more arrivals from the United States (+28,228 visitors or +62.0 percent) and Canada (+5,678 visitors or +232.3 percent). The rise in the arrivals from the Latin American market was primarily due to more arrivals from Colombia and Argentina, while the growth in the European market was mostly due to more arrivals from Sweden.

In the month under review, the total number of nights spent in Aruba, as indicated by the visitors, increased by 49.1 percent to 830,440 as compared to the corresponding month for the year 2022. The average intended night stays experienced a decrease from 9.3 nights in January 2022 to 8.4 nights in January 2023. The number of cruise visitors amounted to 122,943 in January 2023 and the number of ship calls was 48.



Source: Aruba Tourism Authority



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