

Quarterly Economic Bulletin External Sector Official Reserves

Q1 2023

June 1, 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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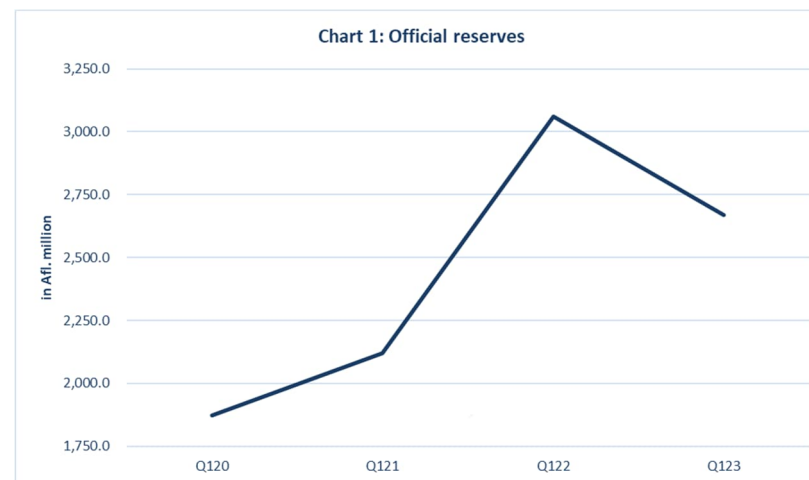
The official reserves of the Centrale Bank van Aruba decreased during the first quarter of 2023

Quarterly economic bulletin

Results for the first quarter of 2023

In the first quarter of 2023, foreign exchange transactions settled through the Centrale Bank van Aruba (CBA) resulted in a net sale by the CBA of Afl. 66.1 million of foreign exchange, compared to a net purchase of Afl. 357.1 million of foreign exchange in the first quarter of 2022. This outcome was attributed mainly to transactions with the government. These transactions led to a net foreign exchange sale of Afl. 82.9 million in the quarter under review, compared to a net foreign exchange purchase of Afl. 280.7 million in the corresponding quarter of 2022. On the other hand, other transactions led to a net purchase of Afl. 13.4 million, that is Afl. 7.6 million higher than same period a year earlier. Additionally, transactions with the commercial banks resulted in a net foreign exchange purchase of Afl. 3.3 million, which was Afl. 67.2 million lower than in the same quarter of 2022.

As a consequence, the official reserves of the CBA, including other changes not related to foreign exchange transactions, decreased by Afl. 12.1 million to Afl. 2,778.8 million at the end of March 2023 (see Table 1 and Chart 1).



On a gross basis, the CBA's total foreign exchange purchases decreased by Afl. 274.8 million to Afl. 204.8 million in the first quarter of 2023, compared to the same quarter of 2022 (Table 2 and Chart 1). This contraction was caused mainly by a drop of Afl. 361.7 million in purchases of foreign exchange from the government, due largely to foreign borrowing from the Netherlands in 2022. In contrast foreign exchange purchases from the commercial banks rose by Afl. 78.5 million to Afl. 186.4 million. Moreover, other transactions led to an increase in foreign exchange purchases of Afl 8.4 million to Afl. 16.5 million.

Table 1: Factors affecting CBA's official reserves¹

(in Afl. million)

	Q1-2021	Q1-2022	Q1-2023
I. Reserves at beginning of period	2,208.6	2,744.9	2,790.9
II. Net purchases/sales (-) of foreign exchange	-36.8	357.1	-66.1
Of which from/to:			
1. Commercial banks	-68.2	70.5	3.3
2. Government	28.5	280.7	-82.9
3. Other	2.9	5.8	13.4
III. Other changes ²	-53.2	-40.0	54.1
IV. Reserves at ending of period (I+II+III)	2,118.6	3,062.0	2,778.8
V. Change in official reserves during period (IV-I)	-90.0	317.1	-12.1

Source: Centrale Bank van Aruba

¹ Including valuation changes.

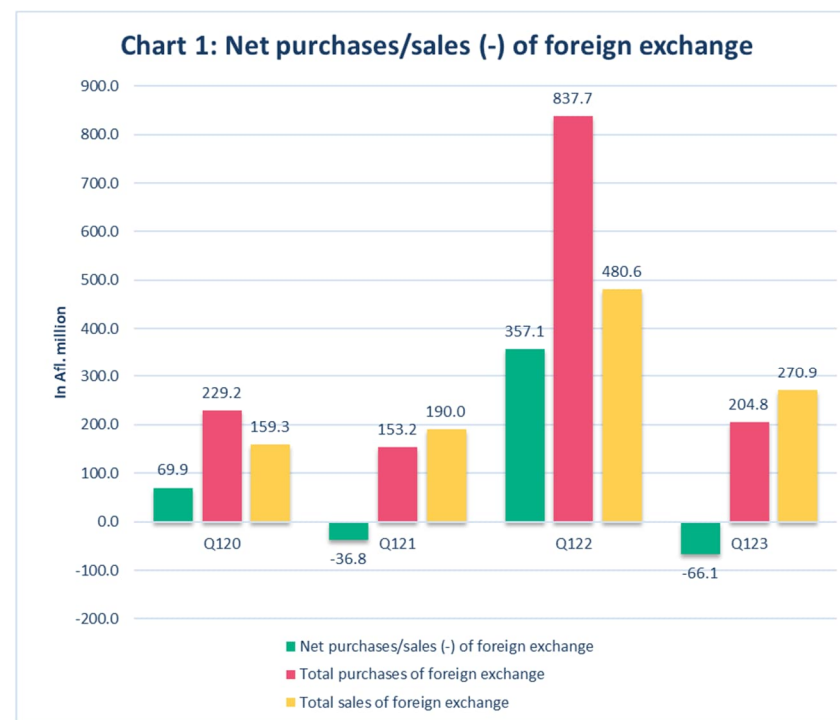
² Include valuation changes related to revaluation of gold, foreign exchange and security holdings and statistical differences.

Table 2: Foreign exchange transactions

(in Afl. million)

	Q1-2021	Q1-2022	Q1-2023
I. Total purchases of foreign exchange	153.2	479.6	204.8
<i>Of which from:</i>			
1. Commercial banks	76.3	107.9	186.4
2. Government	71.7	363.6	1.9
3. Other	5.3	8.1	16.5
II. Total sales of foreign exchange	190.0	122.6	270.9
<i>Of which to:</i>			
1. Commercial banks	144.5	37.4	183.1
2. Government	43.2	82.9	84.8
3. Other	2.4	2.3	3.0
III. Net purchases/sales (-) of foreign exchange	-36.8	357.1	-66.1
IV. Net purchases/sales (-) from/to commercial banks	-68.2	70.5	3.3
V. Net purchases/sales (-) from/to government	28.5	280.7	-82.9
VI. Net purchases/sales (-) from/to other	2.9	5.8	13.4

Source: Centrale Bank van Aruba



The total foreign exchange sales of the CBA increased by Afl. 148.3 million to Afl. 270.9 million, mainly because of an expansion in foreign exchange sales to the commercial banks of Afl. 145.7 million to Afl. 183.1 million.

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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