



# Quarterly Economic Bulletin External Sector Balance of Payments Q4 2022

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**CENTRALE BANK VAN ARUBA**

### Cover design:

Mangroves are hotspots of biodiversity, connecting life on land with life below water. These 'forests of the sea' are essential to the health and vibrancy of our coastal ecosystems, including our community livelihoods. They provide a vital habitat for marine life, help to protect against coastal erosion and storm surges, as well as filter pollutants from the sea. Mangroves are one of nature's most effective tools in the fight against climate change and are integral to nature.

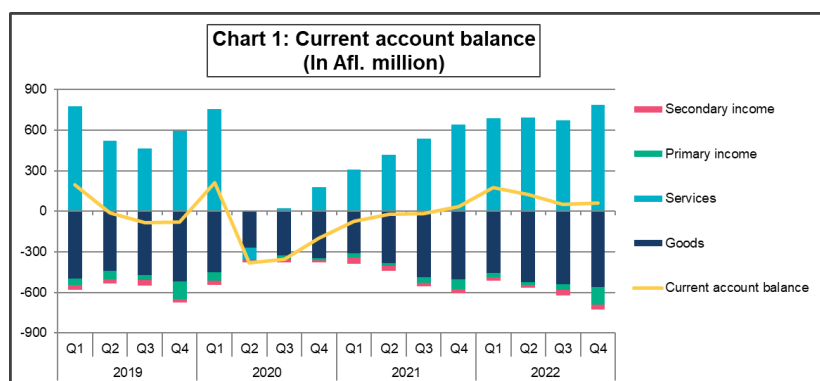


## The current account surplus grew in the fourth quarter of 2022

Quarterly economic bulletin

Results for the fourth quarter of 2022

In the fourth quarter of 2022, the current account surplus of the balance of payments grew from Afl. 34.9 million in the fourth quarter of 2021 to Afl. 60.3 million surplus. This resulted from increases of Afl. 148.6 million in the surplus on the services account and in the deficit on the goods account (-Afl. 58.4 million). Furthermore, the primary and secondary income account deficit increased by Afl. 52.9 million and Afl. 11.9 million respectively (Chart 1 and Table 1).



Source: Centrale Bank van Aruba.

### Current and capital accounts

The services account surplus grew by Afl. 148.6 million to Afl. 788.9 million in the fourth quarter of 2022. This resulted from an increase in export of services (+Afl. 179.8 million), which was somewhat offset by a rise in the import of services (+Afl. 31.2 million) (Table 1).

The surge in export of services was mostly attributed to increases in tourism credits<sup>1</sup> (+Afl. 175.9 million or 18.7 percent), other transport services (+Afl. 5.9 million), and other services (+Afl. 5.5 million).

The rise in import of services was largely due to expansions in other (business) services (+Afl. 16.8 million), tourism debits (+Afl. 12.9 million), and freight services (+Afl. 7.9 million). These were partially mitigated by a decrease in other travel services (-Afl. 8.3 million).

The goods account recorded a deficit of Afl. 559.3 million, which is Afl. 58.4 million more compared to the fourth quarter of 2021. This outcome was mainly caused by increases of Afl. 108.6 million in imports and Afl. 50.2 million in exports.

Furthermore, the deficit on the income account increased by Afl. 64.8 million to Afl. 169.3 million. The primary income deficit increased by Afl. 52.9 million to Afl. 128.5 million, mostly attributed to more outgoing payments related to dividend.

The deficit on the secondary income grew by Afl. 11.9 million to Afl. 40.8 million, because of higher payments in connection with (re)insurance.

<sup>1</sup> Tourism (credits) refer to the consumption goods and services acquired by nonresidents during their visit to Aruba. Tourism (credits) do not include passenger fares, which are captured in transportation services.



Table 1: CURRENT AND CAPITAL ACCOUNTS			
In Afl. million	2021 Q4	2022 Q4	Changes
<b>1. Goods</b>	<b>-500.9</b>	<b>-559.3</b>	<b>-58.4</b>
Exports	60.6	110.9	50.2
Imports	561.5	670.2	108.6
<b>2. Services</b>	<b>640.3</b>	<b>788.9</b>	<b>148.6</b>
Credits	1,095.0	1,274.8	179.8
Debits	454.7	485.9	31.2
<b>3. Primary income</b>	<b>-75.6</b>	<b>-128.5</b>	<b>-52.9</b>
<b>4. Secondary income</b>	<b>-28.9</b>	<b>-40.8</b>	<b>-11.9</b>
<b>CURRENT account balance (1+2+3+4)</b>	<b>34.9</b>	<b>60.3</b>	<b>25.5</b>
<b>CAPITAL account balance</b>	<b>-5.6</b>	<b>-3.6</b>	<b>2.1</b>
<b>NET LENDING (+) BORROWING (-) FROM CURRENT AND CAPITAL ACCOUNTS</b>	<b>29.2</b>	<b>56.8</b>	<b>27.5</b>
Source: Centrale Bank van Aruba			

General notes to the tables: Owing to rounding of figures, the sum of separate items may differ (minimally) from the total shown.

## Financial account

The financial account resulted in a net lending of Afl. 52.9 million in the fourth quarter of 2022, compared to the net lending of Afl. 45 million in the same quarter a year earlier (Table 2). This resulted from net increases in financial assets of Afl. 144.6 million (Q4 2021: +Afl. 227.2 million) and in financial liabilities of Afl. 91.6 million (Q4 2021: +Afl. 182.2 million).

## Net acquisition of financial assets

The net increase in financial assets was due to a rise in other investment assets (+Afl. 84.9 million) mostly caused by higher currency and deposits held abroad by the commercial banks and other sectors (+Afl. 63.1 million), loans (+Afl. 12.4 million), and other assets (+Afl. 7.8 million).

Additionally, portfolio investment assets grew (+Afl. 47.0 million) as a result of increases in short term debt securities

(+Afl. 50.2 million) and in equity securities (+Afl. 25.5 million) and a decrease in long-term debt securities (-Afl. 28.7 million).

Moreover, reserve assets increased by Afl. 13.0 million as a result of a growth in currency and deposits held abroad by the central bank (+Afl. 39.9 million) and a decrease in long-term debt securities (-Afl. 27.1 million).

Furthermore, direct investment rose by +Afl. 7.3 million mainly due to investment in foreign equity capital (+Afl. 6.4 million).

On the other hand, financial derivatives by other sectors declined by Afl. 7.7 million.

## Net incurrence of financial liabilities

The net increase in financial liabilities resulted largely from a rise in direct investment liabilities (+Afl. 79.4 million) that was mostly caused by increases in foreign intercompany loans (-Afl. 73.4 million) and real estate investment (+Afl. 16.3 million). On the other hand, capital contribution by foreign shareholders declined by -Afl. 10.4 million.

Other investment liabilities also grew by Afl. 49.1 million due to increases in foreign loans (+Afl. 36.1 million), currency and deposits held by nonresidents at the commercial banks (+Afl. 9.2 million), and in other liabilities (+Afl. 3.8 million).

In contrast, the portfolio investment liabilities related to long-term debt securities declined (-Afl. 25.7 million), as did the financial derivatives held by other sectors (-Afl. 11.1 million).

<b>Table 2: FINANCIAL ACCOUNT</b>			
<i>In Afl. million</i>	<b>2021 Q4</b>	<b>2022 Q4</b>	<b>Changes</b>
<b>Net acquisition of financial assets</b>	<b>227.2</b>	<b>144.6</b>	<b>-82.6</b>
Direct investment	-12.6	7.3	20.0
Portfolio investment	32.1	47.0	14.9
Financial derivatives	-21.7	-7.7	14.0
Other investment	30.0	84.9	54.9
Reserve assets	199.4	13.0	-186.4
<b>Net incurrence of financial liabilities</b>	<b>182.2</b>	<b>91.6</b>	<b>-90.6</b>
Direct investment	98.7	79.4	-19.4
Portfolio investment	111.0	-25.7	-136.7
Financial derivatives	0.0	-11.1	-11.1
Other investment	-27.5	49.1	76.6
<b>NET LENDING (+) BORROWING (-) FROM FINANCIAL ACCOUNT</b>	<b>45.0</b>	<b>52.9</b>	<b>7.9</b>
Source: Centrale Bank van Aruba			

General notes to the tables: Owing to rounding of figures, the sum of separate items may differ (minimally) from the total shown.

CENTRALE BANK VAN ARUBA

J.E. Irausquin Blvd 8  
P.O. Box 18  
Oranjestad, Aruba  
Phone: (+297) 5252 100  
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