



Quarterly Economic Bulletin External Sector Balance of Payments Q1 2023

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CENTRALE BANK VAN ARUBA

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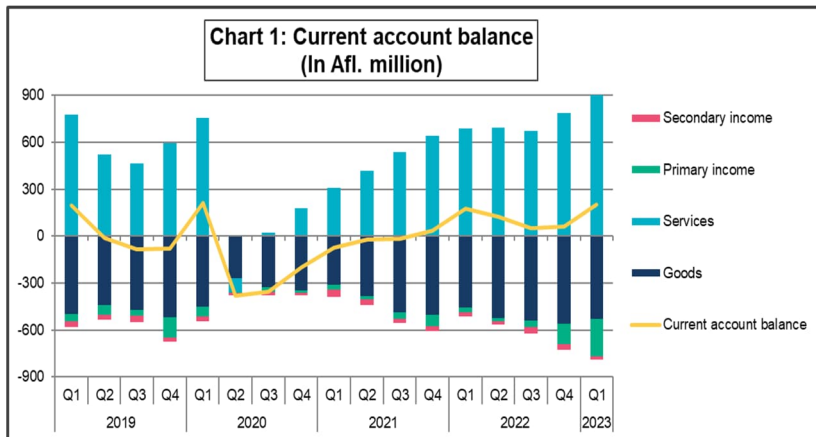
Mangroves are hotspots of biodiversity, connecting life on land with life below water. These 'forests of the sea' are essential to the health and vibrancy of our coastal ecosystems, including our community livelihoods. They provide a vital habitat for marine life, help to protect against coastal erosion 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 increased in the first quarter of 2023

Quarterly economic bulletin
Results of the first quarter of 2023

The current account of the balance of payments grew from Afl. 177.3 million in the first quarter of 2022 to Afl. 201.5 million in the first quarter of 2023. This resulted from upturns of Afl. 298.4 million and Afl. 6.8 million in the services account and the secondary income account, respectively. On the other hand, the primary income account and goods accounts decreased with Afl. 204.5 million and Afl. 69.8 million, respectively. (Chart 1 and Table 1).



Source: Centrale Bank van Aruba.

Current and capital accounts

The services account surplus grew by Afl. 298.4 million to Afl. 989.7 million in the first quarter of 2023. This resulted from increases in export of services (+Afl. 367.3 million) and in import of services (+Afl. 68.8 million) (Table 1).

The surge in export of services is attributed to increases in tourism credits¹ (+Afl. 354.3 million or 36 percent) and other transport services (+Afl. 7.9 million).

The rise in import of services was due to expansions in tourism debits (+Afl. 39.3 million), other (business) services (+Afl. 27.4 million), and freight services (+Afl. 10.6 million).

The goods account recorded a deficit of Afl. 527.7 million, which is Afl. 69.8 million more compared to the first quarter of 2022. This outcome was caused by increases of Afl. 94.6 million in imports and Afl. 24.9 million in exports.

On the other hand, the deficit on the income account increased by Afl. 204.5 million to Afl. 260.5 million in the first quarter of 2023. The primary income deficit increased by Afl. 211.3 million to Afl. 242.6 million, mostly attributed to more outgoing payments related to dividend. The deficit on the secondary income decreased by Afl. 6.8 million to Afl. 18 million, due to less (re)insurance.

¹ 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	2022 Q1	2023 Q1	Changes
1. Goods	-457.9	-527.7	-69.8
Exports	65.0	89.9	24.9
Imports	522.9	617.5	94.6
2. Services	691.2	989.7	298.4
Credits	1,137.6	1,504.9	367.3
Debits	446.3	515.2	68.8
3. Primary income	-31.2	-242.6	-211.3
4. Secondary income	-24.8	-18.0	6.8
CURRENT account balance (1+2+3+4)	177.3	201.5	24.2
CAPITAL account balance	-9.4	-5.5	3.8
NET LENDING (+)/ BORROWING (-) FROM CURRENT AND CAPITAL ACCOUNTS	168.0	196.0	28.0

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 net lending was Afl. 224.8 million in the first quarter of 2023, compared to the net lending of Afl. 179.3 million in the same quarter a year earlier (Table 2). This resulted from a net decrease in financial liabilities of Afl. 207.2 million (Q1 2022: +Afl. 302.4 million) and a slight increase in financial assets of Afl. 17.6 million (Q1 2022: +Afl. 481.6 million).

Net incurrence of financial liabilities

The net decrease in financial liabilities resulted from a decline in direct investment liabilities (-Afl. 326.2 million) caused by repayments of intercompany loans.

The decline was mitigated by other investment liabilities (+Afl. 83.1 million) due to increases in currency and deposits held by nonresidents at the commercial banks (+Afl. 90.4 million) and

other liabilities (+Afl. 12 million). In contrast, other investment loans dropped by Afl. 19.3 million.

Furthermore, the portfolio investment liabilities related to long-term debt securities increased (+Afl. 35.3 million), due to debt issuance by the other sectors.

Net acquisition of financial assets

The net increase in financial assets was caused by a growth in portfolio investment assets (+Afl. 43.4 million) stemming largely from an increase in short term debt securities.

In addition, direct investment assets grew (+Afl. 21.0 million) owing to an increase in extended intercompany loans (+Afl. 16.3 million).

Other investment assets also increased by Afl. 13.3 million because of higher currency and deposits held abroad by the commercial banks and other sectors (+Afl. 29.4 million), which were partially mitigated by decreases in loans (-Afl. 8.8 million) and trade credits (-Afl. 6.6 million).

The above increases were greatly offset by a decline in the reserve assets of Afl. 59.9 million, due to decreases in long-term debt securities (-Afl. 32.2 million) and currency and deposits held abroad by the central bank (-Afl. 29.8 million).

Table 2: FINANCIAL ACCOUNT			
<i>In Afl. million</i>	2022 Q1	2023 Q1	Changes
Net acquisition of financial assets	481.6	17.6	-464.1
Direct investment	7.8	21.0	13.2
Portfolio investment	132.1	43.4	-88.8
Financial derivatives	-5.5	-0.6	5.0
Other investment	-12.0	13.3	25.3
Reserve assets	359.3	-59.5	-418.8
Net incurrence of financial liabilities	302.4	-207.2	-509.6
Direct investment	4.5	-326.2	-330.8
Portfolio investment	-63.3	35.3	98.6
Financial derivatives	0.0	0.6	0.6
Other investment	361.1	83.1	-278.0
NET LENDING (+)/ BORROWING (-) FROM FINANCIAL ACCOUNT	179.3	224.8	45.5
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.

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