



Quarterly Economic Bulletin External Sector Balance of Payments Q3 2023

February 13, 2024



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.



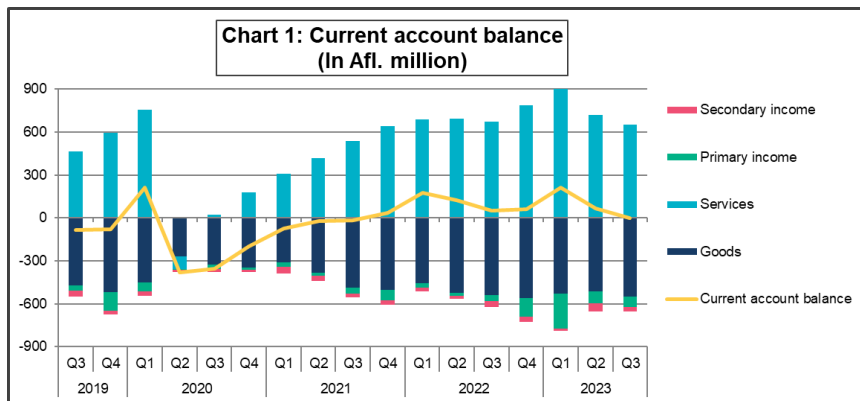
The current account surplus shrank in the third quarter of 2023

Quarterly economic bulletin
Results of the third quarter of 2023

The current account surplus of the balance of payments shrank from Afl. 52.8 million in the third quarter of 2022 to Afl. 1.3 million in the third quarter of 2023.

This resulted from an Afl 33.6 million increase in the deficit on the primary income account and an Afl. 21.4 million decrease in the surplus on the services account. Furthermore, the deficit on the goods account expanded by Afl. 6.4 million.

On the other hand, the deficit on secondary income contracted by Afl. 9.9 million. (Chart 1 and Table 1).



Source: Centrale Bank van Aruba.

Current and capital accounts

The deficit on the income account increased by Afl. 23.7 million to Afl. 102.3 million. The primary income account deficit expanded by Afl. 33.6 million to Afl. 73.6 million, mostly attributed to higher outgoing payments related to dividend.

The deficit on the secondary income account went down by Afl. 9.9 million to Afl. 28.7 million, due to more tax receipts by the government.

The services account surplus decreased by Afl. 21.4 million to Afl. 653.8 million in the third quarter of 2023. This resulted from increases in import of services (+Afl. 60.5 million) and in export of services (+Afl. 39.1 million) (Table 1).

The rise in import of services was mainly due to expansions in tourism debits (+Afl. 34.3 million) and in other services (+Afl. 20.0 million). The expansion in tourism credits¹ (+Afl. 31.4 million or 3.1 percent) was the main contributor to the larger export of services.

The goods account recorded a deficit of Afl. 550.2 million, which is Afl. 6.4 million more compared to the third quarter of 2022. This outcome was caused by a higher decrease in exports (-Afl. 35.6 million) compared to the decline in imports (-Afl. 29.2 million).

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.

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Table 1: CURRENT AND CAPITAL ACCOUNTS			
<i>In Afl. million</i>	2022 Q3	2023 Q3	Changes
1. Goods	-543.8	-550.2	-6.4
Exports	100.5	64.9	-35.6
Imports	644.3	615.1	-29.2
2. Services	675.2	653.8	-21.4
Credits	1,162.5	1,201.6	39.1
Debits	487.2	547.7	60.5
3. Primary income	-40.0	-73.6	-33.6
4. Secondary income	-38.6	-28.7	9.9
CURRENT account balance (1+2+3+4)	52.8	1.3	-51.5
CAPITAL account balance	-6.0	1.5	7.5
NET LENDING (+)/ BORROWING (-) FROM CURRENT AND CAPITAL	46.8	2.8	-44.0

Source: Centrale Bank van Aruba

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

Financial account

The financial account registered a net borrowing of Afl. 32.1 million in the third quarter of 2023, compared to a net lending of Afl. 9.4 million in the same quarter a year earlier (Table 2). This resulted largely from net decreases in financial assets of Afl. 32.3 million (Q3 2022: -Afl. 64.2 million).

Net acquisition of financial assets

The net decrease in financial assets was caused by an Afl. 134.9 million decline in the reserve assets, due to decreases in long-term debt securities (-Afl. 95.6 million) and in currency and deposits held abroad by the central bank (-Afl. 35.9 million).

Other investment assets also declined by Afl. 37.2 million because of decreases in currency and deposits held abroad by the commercial banks and other sectors (-Afl. 46.7 million).

On the other hand, portfolio investment assets and direct investment assets rose by Afl. 88.3 million and Afl. 51.4 million, respectively.

The increase in portfolio investment assets resulted from a net increase in debt securities (+Afl. 89.8 million), while the growth in direct investment assets was due to the extension of intercompany loans (+Afl. 50.9 million)

Net incurrence of financial liabilities

The net decrease in financial liabilities resulted from a decline in portfolio investment liabilities (-Afl. 106.9 million) and an increase in direct investment liabilities (+Afl. 92.6 million). The decrease in portfolio investment liabilities related to the contraction of the long-term debt securities (-Afl. 106.9 million), in connection with government debt repayments.

On the other hand, direct investment liabilities grew by Afl. 92.6 million, due to increases in intercompany borrowing (+Afl. 47.7 million), investment in real estate by non-residents (+Afl. 30 million) and equity contributions from nonresident shareholders (+Afl. 14.9 million).

Additionally, other investment liabilities grew (+Afl. 9.5 million) due to increases in foreign loans (+Afl. 7.0 million) and currency and deposits held by nonresidents at the commercial banks (+Afl. 6.8 million). This growth was partially offset by a decrease in other liabilities (-Afl. 4.3 million).

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Table 2: FINANCIAL ACCOUNT			
<i>In Afl. million</i>	2022 Q3	2023 Q3	Changes
Net acquisition of financial assets	-64.2	-32.3	31.8
Direct investment	59.0	51.4	-7.6
Portfolio investment	44.8	88.3	43.5
Financial derivatives	-5.4	0.0	5.4
Other investment	-2.4	-37.2	-34.7
Reserve assets	-160.1	-134.9	25.2
Net incurrence of financial liabilities	-73.6	-0.2	73.4
Direct investment	104.9	92.6	-12.2
Portfolio investment	-184.3	-106.9	77.5
Financial derivatives	0.2	4.5	4.3
Other investment	5.7	9.5	3.8
NET LENDING (+) BORROWING (-) FROM FINANCIAL ACCOUNT	9.4	-32.1	-41.5
Source: Centrale Bank van Aruba			

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

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