



Quarterly Economic Bulletin External Sector Official Reserves Q3 2023

March 8, 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.



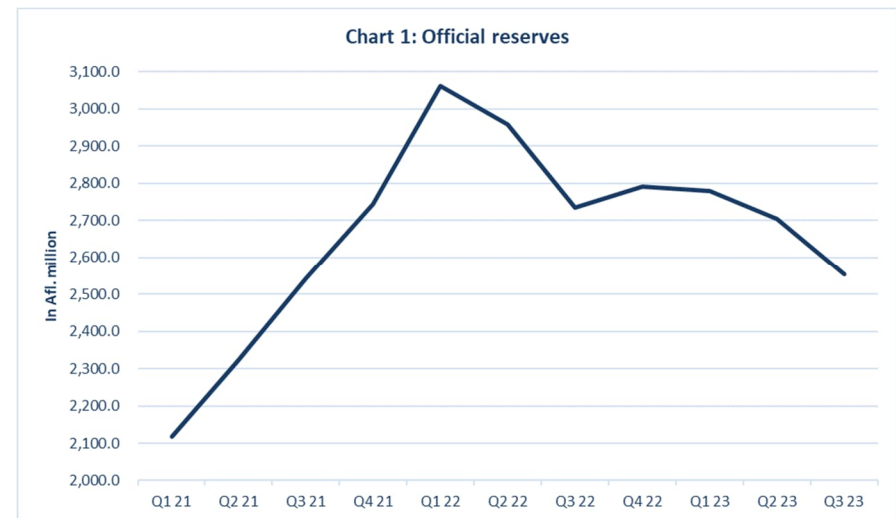
The official reserves of the Centrale Bank van Aruba decreased during the third quarter of 2023

Quarterly economic bulletin

Results for the third quarter of 2023

In the third quarter of 2023, foreign exchange transactions settled through the Centrale Bank van Aruba (CBA) resulted in a net sale by the CBA of Afl. 141.7 million of foreign exchange, which was Afl. 25.4 million lower than in the same quarter of 2022. This outcome was attributed mainly to the net foreign exchange sale to the government of Afl. 235.6 million in the quarter under review, compared to Afl. 241.0 million in the corresponding quarter of 2022. In contrast, the commercial banks registered a net foreign exchange purchase that expanded by Afl. 0.5 million to Afl. 80.7 million in the quarter under review. Additionally, other transactions resulted in a net foreign exchange purchase of Afl. 13.1 million, compared to a net foreign exchange sale of Afl. 6.3 million in the same quarter of 2022.

Consequently, the official reserves of the CBA, including other changes not related to foreign exchange transactions, decreased by Afl. 151.9 million to Afl. 2,552.7 million at the end of September 2023 compared to the end of June 2023 (see Table 1 and Chart 1).



On a gross basis, the CBA's total foreign exchange purchases increased by Afl. 59.1 million to Afl. 184.3 million in the third quarter of 2023, compared to the same quarter of 2022 (Table 2 and Chart 2). This expansion was caused mainly by a growth of Afl. 50.9 million to Afl. 162.3 million in purchases of foreign exchange from the commercial banks. In addition, other transactions led to an increase in foreign exchange purchases of Afl. 10.6 million to Afl. 20.4 million. On the other hand, foreign exchange purchases from the government fell by Afl. 2.3 million to Afl. 1.6 million.

Table 1: Factors affecting CBA's official reserves¹

(in Afl. million)

	2021		2022		2023	
	Q3	YTD ³	Q3	YTD ³	Q3	YTD ³
I. Reserves at beginning of period	2,322.2	2,208.6	2,959.2	2,744.9	2,704.6	2,790.9
II. Net purchases/sales (-) of foreign exchange	231.9	388.3	-167.1	149.4	-141.7	-245.7
Of which from/to:						
1. Commercial banks	73.4	-3.7	80.2	187.0	80.7	141.5
2. Government	152.2	376.8	-241.0	-52.5	-235.6	-430.5
3. Other	6.3	15.2	-6.3	14.9	13.1	43.3
III. Other changes ²	-11.4	-54.2	-58.2	-160.3	-10.2	7.5
IV. Reserves at ending of period (I+II+III)	2,542.7	2,542.7	2,734.0	2,734.0	2,552.7	2,552.7
V. Change in official reserves during period (IV-I)	220.5	334.1	-225.3	-10.9	-151.9	-238.2

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.

³ January up to and including September.

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Table 2: Foreign exchange transactions
(in Afl. million)

	2021		2022		2023	
	Q3	YTD ¹	Q3	YTD ¹	Q3	YTD ¹
I. Total purchases of foreign exchange	509.1	990.9	125.2	717.8	184.3	543.0
<i>Of which from:</i>						
1. Commercial banks	140.8	298.8	111.4	313.8	162.3	482.1
2. Government	360.8	671.2	3.9	368.1	1.6	4.7
3. Other	7.5	20.9	9.8	35.8	20.4	56.2
II. Total sales of foreign exchange	277.3	602.6	292.2	568.4	326.0	788.7
<i>Of which to:</i>						
1. Commercial banks	67.4	302.5	31.2	126.9	81.6	340.6
2. Government	208.6	294.4	244.9	420.6	237.2	435.2
3. Other	1.3	5.7	16.1	20.9	7.2	12.9
III. Net purchases/sales (-) of foreign exchange	231.9	388.3	-167.1	149.4	-141.7	-245.7
IV. Net purchases/sales (-) from/to commercial banks	73.4	-3.7	80.2	187.0	80.7	141.5
V. Net purchases/sales (-) from/to government	152.2	376.8	-241.0	-52.5	-235.6	-430.5
VI. Net purchases/sales (-) from/to other	6.3	15.2	-6.3	14.9	13.1	43.3

Source: Centrale Bank van Aruba

¹ January up to and including September.

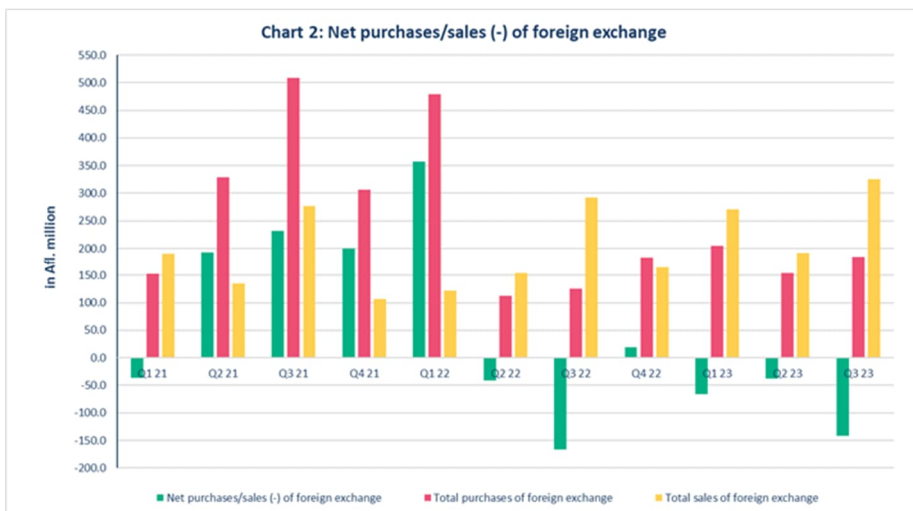
The total foreign exchange sales of the CBA grew by Afl. 33.8 million to Afl. 326.0 million, mainly because foreign exchange sales to the commercial banks expanded by Afl. 50.4 million to Afl. 81.6 million. In contrast, foreign exchange sales to the government and other transactions fell by Afl. 7.7 million to Afl. 237.2 million and Afl. 8.9 million to Afl. 7.2 million, respectively.

Developments In the first nine months of 2023

During the first nine months of 2023, foreign exchange transactions effectuated via CBA resulted in a net sale of foreign exchange Afl. 245.7 million, compared to a net purchase of foreign exchange of Afl. 149.4 million in the same period of 2022. This outcome was largely caused by transactions of the government. These transactions led to a net foreign exchange sale of Afl. 430.5 million, which is Afl. 378.0 million higher than in the corresponding period of 2022. In addition, net foreign exchange purchases from commercial banks fell by Afl. 45.5 million to Afl. 141.5 million. On the other hand, other transactions led to an increase in foreign exchange purchases of Afl. 28.4 million to Afl. 43.3 million.

Total foreign exchange purchases contracted by Afl. 174.8 million or 24.4 percent to Afl. 543.0 million during the first nine months of 2023, compared to the same period of 2022. This decrease was largely caused by a drop in foreign exchange purchases from the government (-Afl. 363.4 million) associated with the foreign borrowing from the Netherlands in 2022. On the other hand, foreign exchange purchases from the commercial banks grew (+Afl. 168.3 million). Furthermore, other transactions led to a rise (+Afl. 20.4 million) in foreign exchange purchases.

Total foreign exchange sales rose by Afl. 220.3 million or 38.8 percent to Afl. 788.7 million during the first nine months of 2023. This expansion resulted mainly from increases in foreign exchange



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sales to the commercial banks (+Afl. 213.7 million) and the government (+Afl. 14.6 million). In contrast, other transactions led to a decrease in foreign exchange sales (-Afl. 8.0 million).

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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