



# Business Perception Survey Report Q1 2024

June 5, 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.



# BUSINESS OPTIMISM DIPS SLIGHTLY IN THE FIRST QUARTER OF 2024, ON ACCOUNT OF A DECREASE IN THE CURRENT ECONOMIC CONDITIONS INDEX

Summary report  
Results for the first quarter of 2024

**The Central Bank of Aruba (CBA) concluded its Business Perception Survey (BPS) for the first quarter of 2024. The BPS assesses the economic sentiments of local businesses.**

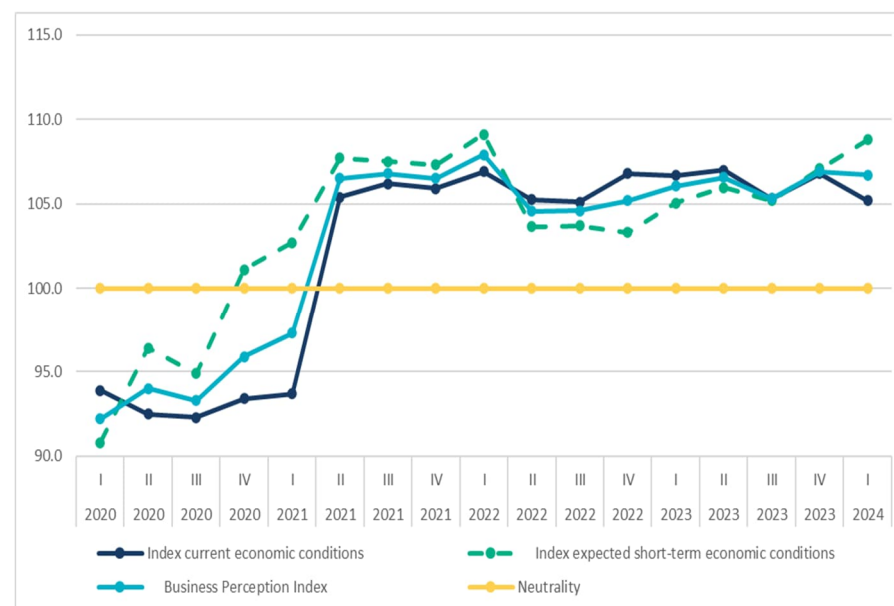
In the first quarter of 2024, the Business Perception Index (BPI), comprising the current and expected short-term economic conditions, fell slightly from 106.9 in previous quarter to 106.7. This outcome resulted from a decrease in the current economic conditions index, which was counterbalanced by an increase in the expected short-term economic conditions index (See Chart 1)<sup>1</sup>.

## Economic Conditions

The *current economic conditions* index dropped by 1.6 index points to 105.2, down from 106.8 in the fourth quarter of 2023. The *expected short-term economic conditions* index rose to 108.8 in the first quarter of 2024. (See annex 1). In terms of economic growth expectations, about 56.4 percent of business respondents expected a positive economic growth in the next 12 months. This is a decrease of 2.7 percentage points compared to the previous quarter. The percentage of business respondents anticipating negative economic growth in the next 12 months grew by 3.1 percentage points to 7.7 percent, while

the percentage of business respondents anticipating a flat economic growth declined by 0.5 percentage point (See annex 2).

**Chart 1: Business Perception Index**



Source: Centrale Bank van Aruba

<sup>1</sup> The index can vary between 90 and 110. Between 90 and 100 indicates a situation of pessimism. An index of exactly 100 indicates that businesses are neither pessimistic nor

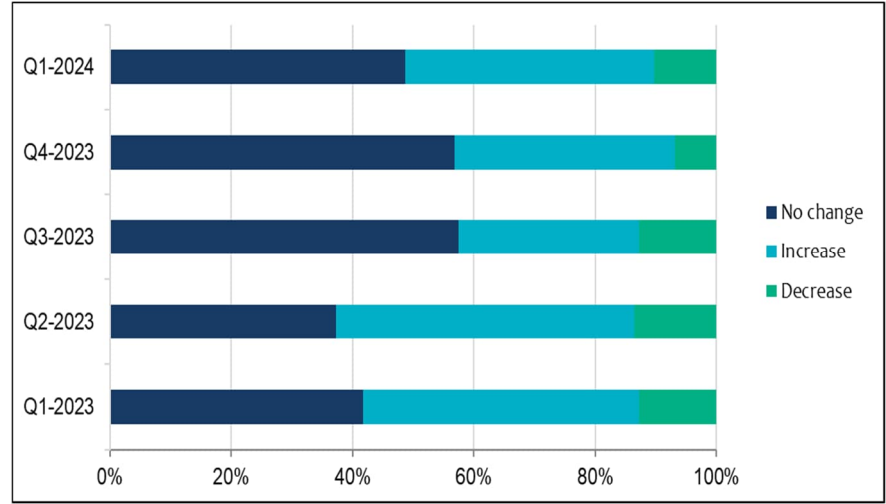
optimistic but are neutral with regard to their thoughts about economic developments in Aruba. Between 100 and 110 indicates a situation of optimism in business sentiments.



## Employment and Wages

In the first quarter of 2024, the percentage of business respondents indicating that there was ‘no change’ in employment fell by 8.1 percentage points to 48.7 percent. Meanwhile, the percentage of business respondents reporting an ‘increase’ and a ‘decrease’ in employment expanded by 4.7 and 3.4 percentage points, respectively (See Chart 2).

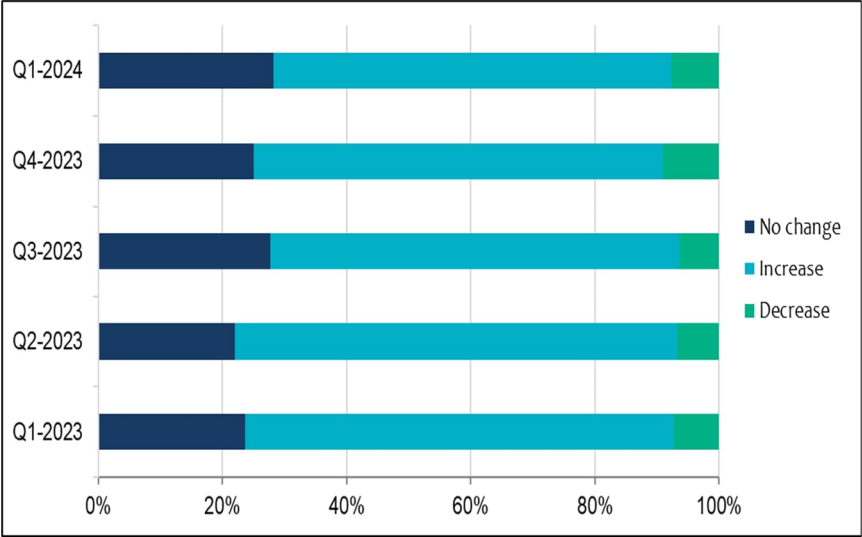
**Chart 2: Perceived developments in employment**



Source: Centrale Bank van Aruba

With reference to average wages, the percentage of business respondents recording ‘no change’ in wage conditions increased by 3.2 percentage points to 28.2 percent. Meanwhile, the percentage of business respondents reporting ‘improvement’ and ‘deterioration’ in the average wage cost shrank by 1.8 and 1.4 percentage points, respectively (See Chart 3).

**Chart 3: Perceived developments in average wages**



Source: Centrale Bank van Aruba

## Profitability and Sales

During the first quarter of 2024, the percentage of business respondents reporting a profit picked up by 1.1 percentage points to 89.7 percent, whereas the business respondents reporting an upswing in sales fell by 3.0 percentage points to 53.8 percent. The percentage of business respondents registering ‘decreases’ in sales expanded by 9.8 percentage points to 25.7 percent, while the business respondents registering “no change” in sales went down by 6.8 percentage points to 20.5 percent during the first quarter of 2024 (See Table 1).

**Table 1: Perceived developments in profitability and sales (in % of all respondents)**

	2023				2024
	I	II	III	IV	I
<b>PROFITABILITY - PROFITS (%)</b>					
1. No change	16.4	18.6	23.4	20.5	15.4
2. Increase	58.2	62.7	38.3	54.6	51.2
3. Decrease	12.7	10.2	19.2	13.6	23.1
<b>Total</b>	<b>87.3</b>	<b>91.5</b>	<b>80.9</b>	<b>88.6</b>	<b>89.7</b>
<b>PROFITABILITY - LOSSES (%)</b>					
1. No change	5.5	0.0	6.4	4.5	2.6
2. Increase	5.4	5.1	10.6	4.6	0.0
3. Decrease	1.8	3.4	2.1	2.3	7.7
<b>Total</b>	<b>12.7</b>	<b>8.5</b>	<b>19.1</b>	<b>11.4</b>	<b>10.3</b>
<b>SALES (%)</b>					
1. No change	20.0	20.3	29.8	27.3	20.5
2. Increase	61.9	57.7	49.0	56.8	53.8
3. Decrease	18.2	22.0	21.3	15.9	25.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
In percentages of all respondents					

Source: Centrale Bank van Aruba

## Investment and Financing Activity

During the first quarter of 2024, the percentage of business respondents indicating ‘no change’ in *current economic investment activities* rose by 7.6 percentage points to 66.7 percent, while the percentage of business respondents indicating ‘worsening’ investments conditions decreased by 6.3 percentage points to 5.1 percent. In addition, the percentage of business respondents signaling an ‘improvement’ in investment conditions fell by 1.3 percentage points to 28.2 percent (See Table 2).

With regard to *expected short-term economic investment activities*, during the first quarter of 2024, 43.6 percent of the business respondents foresaw that the short-term investment conditions would improve during the next 6 months, an upturn of 2.7 percentage points compared to the fourth quarter of 2023. In the quarter under review, the percentage of business respondents reporting a ‘worsening’ in short-term investment conditions declined by 2.3 percentage points to zero percent, while the percentage of business respondents indicating ‘no change’ decreased by 0.4 percentage point to 56.4 percent (See Table 2).

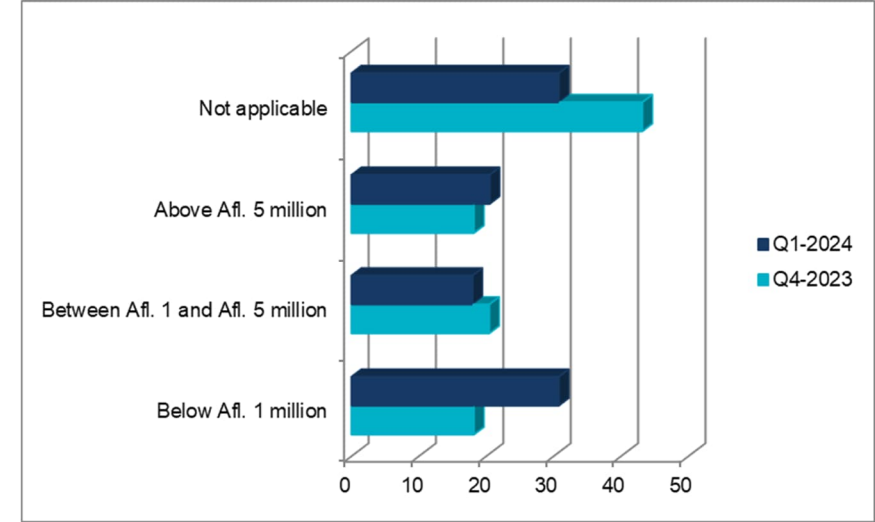
**Table 2: Business Perception Survey: general results**

	Improvement (%)		No change (%)		Worsening (%)	
	2024		2024		2024	
	IV	I	IV	I	IV	I
A. Current economic conditions	47.7	44.9	43.2	40.4	9.1	14.1
1. The economic conditions in Aruba	52.3	56.4	43.2	35.9	4.5	7.7
2. The activities of your business	52.3	46.2	43.2	41.0	4.5	12.8
3. The investments of your business	29.5	28.2	59.1	66.7	11.4	5.1
4. The number of employees that work for your company	56.8	48.7	27.3	17.9	15.9	30.8
B. Expected short-term economic conditions	36.4	39.7	57.4	57.7	6.3	2.6
1. The economic conditions in Aruba	38.6	41.0	50.0	53.8	11.4	5.1
2. The activities of your business	38.6	43.6	59.1	53.8	2.3	2.6
3. The investments of your business	40.9	43.6	56.8	56.4	2.3	0.0
4. The number of employees that work for your company	27.3	30.8	63.6	66.7	9.1	2.6

Source: Centrale Bank van Aruba

During the quarter under review, the percentage of business respondents with investment plans over the next 12 months noted an increase of 12.4 percentage points to 69.2 percent in the first quarter of 2024 (See Chart 4).

**Chart 4: Investment plans over the next 12 months reported in Q1 2024 (In % of all respondents)**



Source: Centrale Bank van Aruba

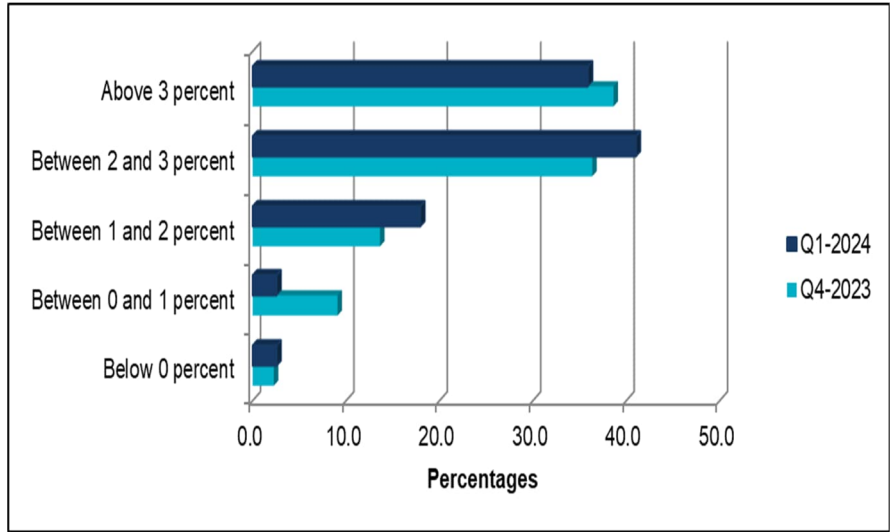
Those business respondents indicating tightened terms and conditions for obtaining business financing during the first quarter of 2024 contracted by 0.8 percentage point to 12.8 percent. In the quarter under review, business respondents indicating that the terms and conditions remained the same and eased expanded by 0.5 percentage point to 84.6 percent and 0.3 percentage point to 2.6 percent, respectively (See annex 2).

During the first quarter of 2024, 79.5 percent of the business respondents expected the annual effective financing rate to be between 5 percent and 8 percent, compared to 77.3 percent in the fourth quarter of 2023. Those foreseeing the annual effective financing rate to be between 8 percent and 12 percent grew from 9.1 percent to 12.8 percent, while those foreseeing the annual financing rate to be below 5 percent decreased to 7.7 percent (See annex 2).

**Inflation and prices for products and services**

In terms of long-term economic conditions over the next 12 months, 35.9 percent of the business respondents anticipated inflation to be above 3 percent, while 41.0 percent expected the inflation rate to range between 2 and 3 percent (Chart 5).

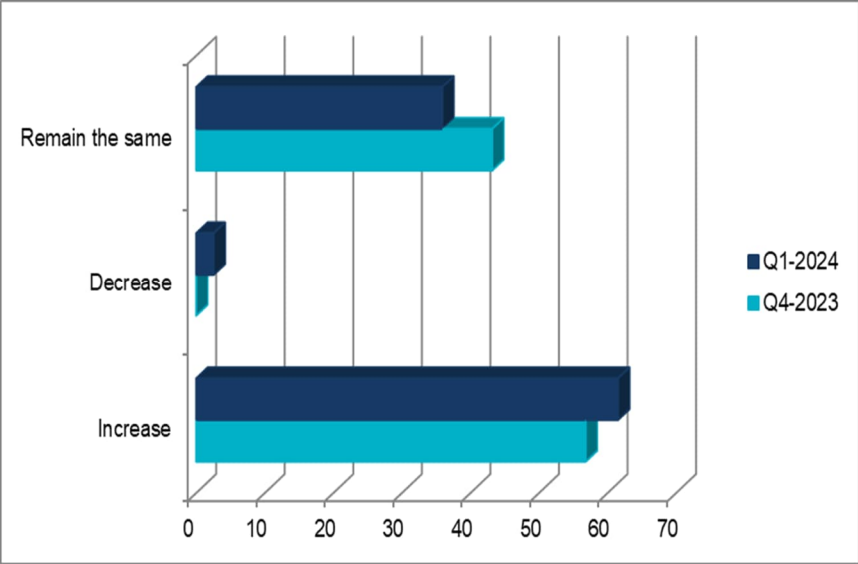
**Chart 5: Inflation over the next 12 months reported in Q1 2024 (In % of all respondents)**



Source: Centrale Bank van Aruba

With regard to the prices for products and services over the next 12 months, 61.5 percent of the business respondents expected price accelerations, i.e., an upturn of 4.7 percentage points. Those that anticipated that the prices for products and services would remain the same dropped by 7.3 percentage points to 35.9 percent (Chart 6).

**Chart 6: Prices for products and services over the next 12 months reported in Q1 2024 (In % of all respondents)**



Source: Centrale Bank van Aruba

### Annex 1: Business perception Survey by sectors

	Q4-2023	Q1-2024
1. Index current economic condition	106.8	105.2
a. Manufacturing (excl. manufacture of refined petroleum products)	0.0	0.0
b. Electricity, gas and water supply, manufacture of refined petroleum products	110.0	100.0
c. Construction	103.3	103.3
d. Wholesale and retail trade, repair of motor vehicles and household goods	106.7	103.8
e. Hotels and restaurants	108.9	105.0
f. Transport, storage and communication	110.0	110.0
g. Financial intermediation	108.6	104.3
h. Real estate and other business activities	103.3	96.7
i. Health, other community and personal service activities	105.7	108.9
2. Index short-term future economic condition	107.1	108.8
a. Manufacturing (excl. manufacture of refined petroleum products)	0.0	0.0
b. Electricity, gas and water supply	100.0	110.0
c. Construction	110.0	110.0
d. Wholesale and retail trade, repair of motor vehicles and household goods	106.5	107.6
e. Hotels and restaurants	110.0	107.1
f. Transport, storage and communication	110.0	100.0
g. Financial intermediation	105.7	108.8
h. Real estate and other business activities	103.3	110.0
i. Health, other community and personal service activities	107.8	110.0
3. Business Perception Index	106.9	106.7
a. Manufacturing (excl. manufacture of refined petroleum products)	0.0	0.0
b. Electricity, gas and water supply, manufacture of refined petroleum products	110.0	103.3
c. Construction	106.4	107.1
d. Wholesale and retail trade, repair of motor vehicles and household goods	106.6	105.3
e. Hotels and restaurants	109.3	105.8
f. Transport, storage and communication	110.0	110.0
g. Financial intermediation	107.1	106.3
h. Real estate and other business activities	103.3	103.3
i. Health, other community and personal service activities	106.6	109.4

Source: Centrale Bank van Aruba

### Annex 2: Future expectations and activities 1)

	Q4-2023	Q1-2024
<b>A. Inflation</b>		
Below 0 percent	2.3	2.6
Between 0 and 1 percent	9.1	2.6
Between 1 and 2 percent	13.6	18.0
Between 2 and 3 percent	36.4	41.0
Above 3 percent	38.6	35.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>B. Investment plans</b>		
1. Below Afl. 1 million	18.2	30.8
2. Between Afl. 1 and Afl. 5 million	20.5	18.0
3. Above Afl. 5 million	18.2	20.5
4. Not applicable	43.2	30.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>C. Annual effective financing rate 2)</b>		
1. Below 5 percent	11.4	7.7
2. Between 5 and 8 percent	77.3	79.5
3. Between 8 and 12 percent	9.1	12.8
4. Above 12 percent	2.3	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>D. Product and/or service pricing</b>		
Increase	56.8	61.5
Decrease	0.0	2.6
Remain the same	43.2	35.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>E. Annual rate of Economic growth (GDP growth)</b>		
Negative	4.6	7.7
Flat	36.4	35.9
Positive	59.1	56.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>F. Terms for obtaining financing</b>		
Tightened	13.6	12.8
Remained the same	84.1	84.6
Eased	2.3	2.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Centrale Bank van Aruba

1) During the next 12 months

2) Annual effective financing rate for business loans



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