



Business Perception Survey Report 2024-III

November 11, 2024



CENTRALE BANK VAN ARUBA



Cover design:

Our turtles.

They choose Aruba's beaches as a safe haven;

They choose Aruba's beaches as their breeding ground;

They connect and communicate through vocalizations and body language.

Their slow and steady pace represents resilience and endurance.

The full text of this report is available on the CBA website.

Correspondence related to this business perception survey report should be addressed to the Statistics Department of the Centrale Bank van Aruba via Website: www.cbaruba.org or E-mail: statistics.department@cbaruba.org

Summary

Businesses report an improvement in economic investments during the third quarter of 2024.

The Central Bank of Aruba (CBA) concluded its Business Perception Survey (BPS) for the third quarter of 2024. The BPS assesses the economic sentiments of local businesses. The Business Perception Index, comprising the current and expected short-term economic conditions, dropped from 107.4 in the second quarter of 2024 to 106.3 in the third quarter of 2024. The expected short-term economic conditions index and the current economic conditions index decreased by 1.9 index points and 0.7 index point to 105.7 and 106.6, respectively, in the third quarter of 2024.

In terms of economic growth expectations, 44.2% of business respondents expected a positive economic growth in the next 12 months.

In the third quarter of 2024, the percentage of business respondents indicating a “decrease” in employment fell by 8.2 percentage points to 5.7%. The percentage of business respondents reporting a profit increased by 3.2 percentage points to 86.5% in the third quarter of 2024. As for the percentage of business respondents stating an “improvement” in current economic investments activities, this rose by 12.6 percentage points to 40.4% during the third quarter of 2024.

In terms of long-term economic conditions over the next 12 months, 55.8% of business respondents anticipated the inflation rate to range between 2% and 3%.

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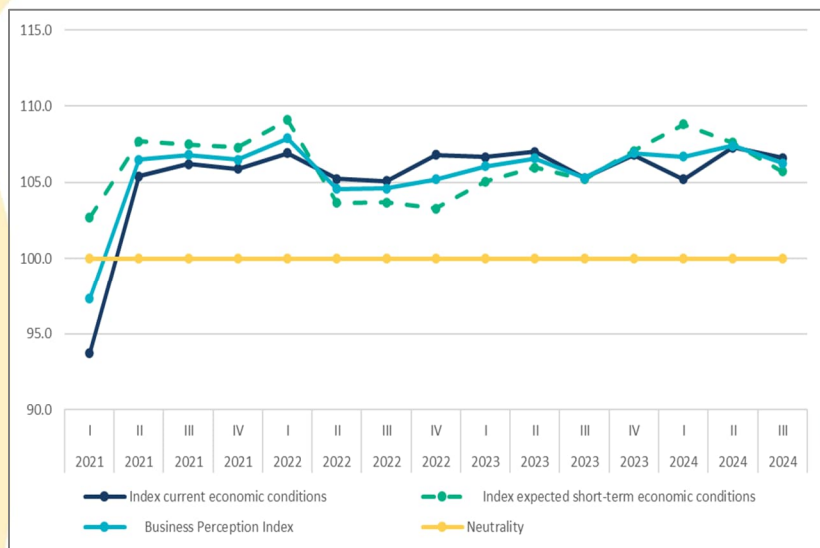
Economic Conditions

The Business Perception Index fell by 1.1 index points in the third quarter of 2024.

The Business Perception Index, comprising the current and expected short-term economic conditions, dropped from 107.4 in the second quarter of 2024 to 106.3 in the third quarter of 2024 (see chart 1). The expected short-term economic conditions index and the current economic conditions index decreased by 1.9 index points and 0.7 index point to 105.7 and 106.6, respectively, in the third quarter of 2024 (see annex 1).

The percentage of business respondents expecting a positive economic growth in the next 12 months dropped by 14.1 percentage points to 44.2%, during the third quarter of 2024. Meanwhile, the percentage of business respondents anticipating negative economic growth in the next 12 months grew by 7.9 percentage points to 13.5%. As for the percentage of business respondents anticipating a flat economic growth this grew by 6.2 percentage points to 42.3% (see annex 2).

Chart 1: Business Perception Index



Source: Centrale Bank van Aruba

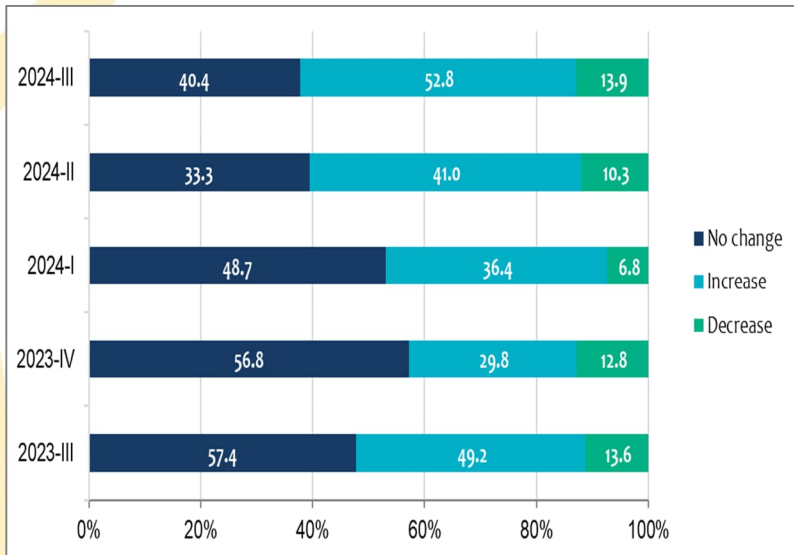
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Employment and Wages

In the third quarter of 2024, the percentage of business respondents indicating a “decrease” in employment fell by 8.1 percentage points to 5.7%.

The percentage of business respondents reporting “no change” and an “increase” in employment expanded by 7.1 percentage points and 1.0 percentage points, respectively (see chart 2).

Chart 2: Perceived developments in employment

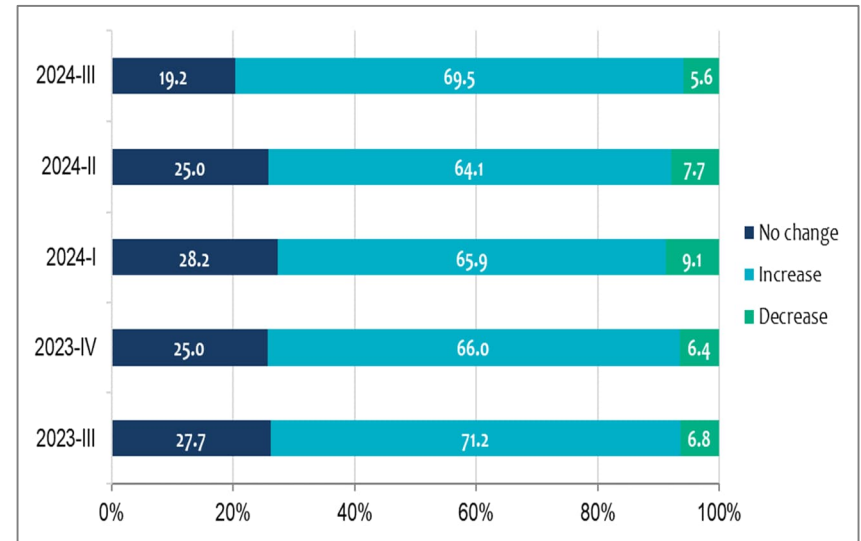


Source: Centrale Bank van Aruba

With reference to average wages, the percentage of business respondents reporting “improvement” in the average wage cost

grew by 9.3 percentage points. Meanwhile, the percentage of business respondents recording “no change” and “deterioration” in wage conditions shrank by 5.8 and 3.7 percentage points, respectively (see chart 3).

Chart 3: Perceived developments in average wages



Source: Centrale Bank van Aruba

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Profitability and Sales

The percentage of business respondents reporting a profit increased by 3.2 percentage points to 86.5% in the third quarter of 2024.

The percentage of business respondents reporting “no change” in sales contracted by 17.3 percentage points to 7.7%. As for the percentage of business respondents registering “decreases” and “increases” in sales, both expanded by, respectively, 10.3 and 7.0 percentage points during the third 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	II	III
PROFITABILITY - PROFITS (%)							
1. No change	16.4	18.6	23.4	20.5	15.4	13.9	15.4
2. Increase	58.2	62.7	38.3	54.6	51.2	61.1	59.6
3. Decrease	12.7	10.2	19.2	13.6	23.1	8.4	11.5
Total	87.3	91.5	80.9	88.6	89.7	83.3	86.5
PROFITABILITY - LOSSES (%)							
1. No change	5.5	0.0	6.4	4.5	2.6	5.6	7.7
2. Increase	5.4	5.1	10.6	4.6	0.0	8.3	3.8
3. Decrease	1.8	3.4	2.1	2.3	7.7	2.8	1.9
Total	12.7	8.5	19.1	11.4	10.3	16.7	13.4
SALES (%)							
1. No change	20.0	20.3	29.8	27.3	20.5	25.0	7.7
2. Increase	61.9	57.7	49.0	56.8	53.8	58.3	65.3
3. Decrease	18.2	22.0	21.3	15.9	25.7	16.7	27.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Centrale Bank van Aruba

Investment and Financing Activity

The percentage of business respondents stating an “improvement” in current economic investments activities rose by 12.6 percentage points to 40.4% during the third quarter of 2024.

The percentage of business respondents indicating “no change” in investment conditions fell by 14.9 percentage points to 46.2%, while the percentage of business respondents indicating “worsening” investment conditions rose by 2.4 percentage points to 13.5% (see table 2).

Table 2: Business Perception Survey: general results

	Improvement (%)		No change (%)		Worsening (%)	
	2024		2024		2024	
	II	III	II	III	II	III
A. Current economic conditions	52.8	51.9	38.9	37.5	8.3	10.6
1. The economic conditions in Aruba	52.8	53.8	41.7	42.3	5.6	3.8
2. The activities of your business	61.1	50.0	33.3	38.5	5.6	11.5
3. The investments of your business	27.8	40.4	61.1	46.2	11.1	13.5
4. The number of employees that work for your company	69.4	63.5	19.4	23.1	11.1	13.5
B. Expected short-term economic conditions	30.6	33.7	65.3	57.2	4.2	9.1
1. The economic conditions in Aruba	27.8	21.2	69.4	71.2	2.8	7.7
2. The activities of your business	36.1	38.5	61.1	48.1	2.8	13.5
3. The investments of your business	27.8	38.5	66.7	53.8	5.6	7.7
4. The number of employees that work for your company	30.6	36.5	63.9	55.8	5.6	7.7

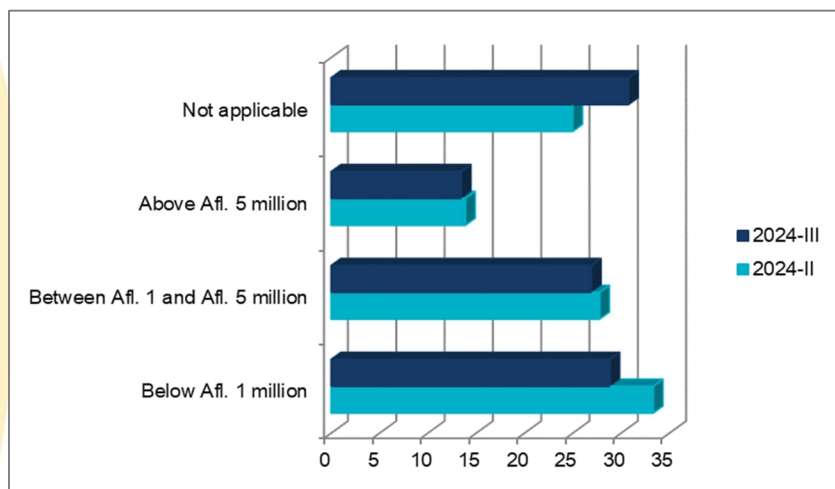
Source: Centrale Bank van Aruba

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During the third quarter of 2024, 38.5% of the business respondents foresaw that the short-term investment conditions would “improve” during the next 6 months, an upturn of 10.7 percentage points compared to the second quarter of 2024. The percentage of business respondents indicating “no change” contracted by 12.9 percentage points to 53.8%. The percentage of business respondents reporting “worsening” short-term investment conditions, grew by 2.1 percentage points in the third quarter of 2024 (see table 2).

During the third quarter of 2024, the percentage of business respondents with investment plans over the next 12 months decreased by 5.7 percentage points to 69.3% (see chart 4).

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



Source: Centrale Bank van Aruba

Business respondents stating that the terms and conditions “remained the same”, expanded by 11.7 percentage points to 92.3% in the third quarter of 2024. Business respondents indicating “tightened” and “eased” terms and conditions for obtaining business financing during the third quarter of 2024 dropped by 8.1 percentage points and 3.7 percentage points to 5.8% and 1.9%, respectively. (see annex 2).

During the third quarter of 2024, 73.1% of the business respondents expected the annual effective financing rate to be between 5% and 8%. The percentage of business respondents foreseeing the annual effective financing rate to be below 5% increased by 7.9 percentage points to 13.5%. Those foreseeing the annual effective financing rate to be between 8% and 12% grew by 5.2 percentage points to 13.5% (see annex 2).

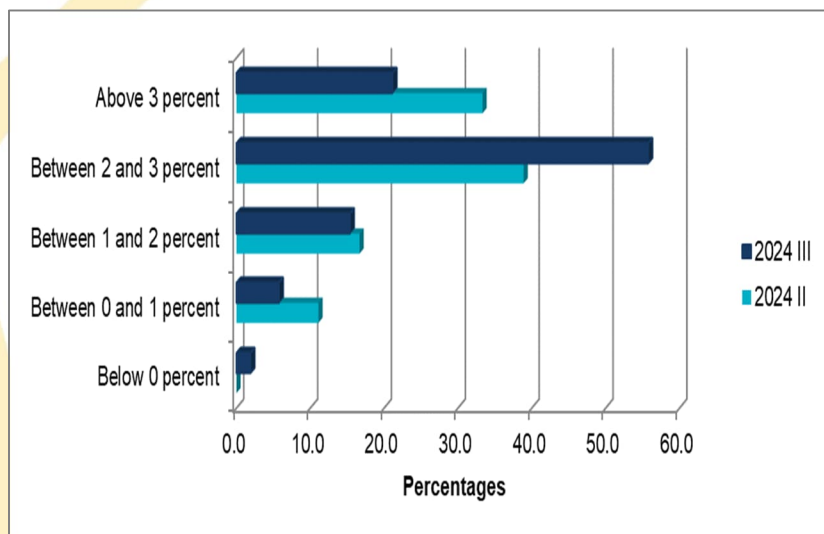
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Inflation and prices for products and services

In terms of long-term economic conditions over the next 12 months, 55.8% anticipated the inflation rate to range between 2% and 3% during the third quarter of 2024.

About 21.2% of the business respondents expected the inflation rate to be above 3%. (see chart 5).

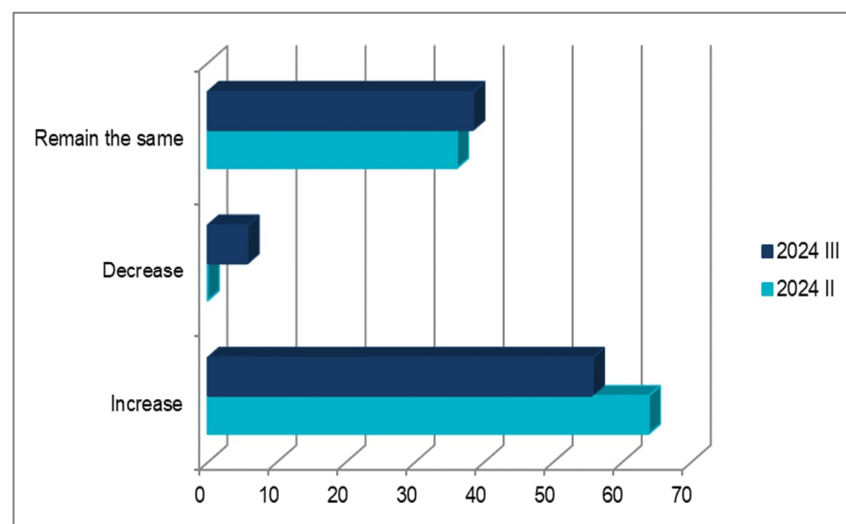
Chart 5: Inflation over the next 12 months reported in 2024-III (In % of all respondents)



Source: Centrale Bank van Aruba

With regard to the prices for products and services over the next 12 months, 55.8% of the business respondents anticipated price accelerations, i.e., a downturn of 8.1 percentage points. About 38.5% of the business respondents deemed that the prices for products and services would remain the same (see chart 6).

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



Source: Centrale Bank van Aruba

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Annex 1: Business perception Survey by sectors

	2024-II	2024-III
1. Index current economic condition	107.3	106.6
a. Manufacturing (excl. manufacture of refined petroleum products)	110.0	107.1
b. Electricity, gas and water supply, manufacture of refined petroleum products	90.0	110.0
c. Construction	110.0	110.0
d. Wholesale and retail trade, repair of motor vehicles and household goods	104.4	107.4
e. Hotels and restaurants	110.0	106.8
f. Transport, storage and communication	0.0	100.0
g. Financial intermediation	110.0	105.4
h. Real estate and other business activities	106.0	104.5
i. Health, other community and personal service activities	106.2	105.6
2. Index short-term future economic condition	107.6	105.7
a. Manufacturing (excl. manufacture of refined petroleum products)	100.0	110.0
b. Electricity, gas and water supply	100.0	110.0
c. Construction	90.0	110.0
d. Wholesale and retail trade, repair of motor vehicles and household goods	106.0	103.0
e. Hotels and restaurants	110.0	106.5
f. Transport, storage and communication	0.0	100.0
g. Financial intermediation	110.0	110.0
h. Real estate and other business activities	110.0	95.0
i. Health, other community and personal service activities	105.0	103.3
3. Business Perception Index	107.4	106.3
a. Manufacturing (excl. manufacture of refined petroleum products)	110.0	108.7
b. Electricity, gas and water supply, manufacture of refined petroleum products	90.0	110.0
c. Construction	100.0	110.0
d. Wholesale and retail trade, repair of motor vehicles and household goods	104.8	105.6
e. Hotels and restaurants	110.0	106.7
f. Transport, storage and communication	0.0	100.0
g. Financial intermediation	110.0	107.3
h. Real estate and other business activities	107.8	102.0
i. Health, other community and personal service activities	105.7	104.7

Source: Centrale Bank van Aruba

Annex 2: Future expectations and activities 1)

	2024 II	2024 III
A. Inflation		
Below 0 percent	0.0	1.9
Between 0 and 1 percent	11.1	5.8
Between 1 and 2 percent	16.7	15.4
Between 2 and 3 percent	38.9	55.8
Above 3 percent	33.3	21.2
Total	100.0	100.0
B. Investment plans		
1. Below Afl. 1 million	33.3	28.9
2. Between Afl. 1 and Afl. 5 million	27.8	26.9
3. Above Afl. 5 million	13.9	13.5
4. Not applicable	25.0	30.8
Total	100.0	100.0
C. Annual effective financing rate 2)		
1. Below 5 percent	5.6	13.5
2. Between 5 and 8 percent	83.3	73.1
3. Between 8 and 12 percent	8.3	13.5
4. Above 12 percent	2.8	0.0
Total	100.0	100.0
D. Product and/or service pricing		
Increase	63.9	55.8
Decrease	0.0	5.8
Remain the same	36.1	38.5
Total	100.0	100.0
E. Annual rate of Economic growth (GDP growth)		
Negative	5.6	13.5
Flat	36.1	42.3
Positive	58.3	44.2
Total	100.0	100.0
F. Terms for obtaining financing		
Tightened	13.9	5.8
Remained the same	80.6	92.3
Eased	5.6	1.9
Total	100.0	100.0

Source: Centrale Bank van Aruba

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A stylized graphic of the island of Aruba, outlined in yellow, set against a dark blue background. The island is surrounded by silhouettes of sea turtles swimming in the water. The background transitions to a lighter blue with horizontal lines on the right side.

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