



# Recent Economic Developments & Outlook

Centrale Bank van Curaçao en Sint Maarten

January 17, 2019





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Part I

# Economic Developments

Real Sector





## Macro-economic key figures of the monetary union

	2017	2018	2019**	2020**
Current account balance (in mln NAf.)	-1,120.3	-1,470.9	-1,555.6	-1,509.8
Change in gross foreign reserves of the central bank (in mln NAf.)*	-17.6	-274.4	-70.9	-73.0
Real GDP growth (%)				
Curaçao	-1.7	-2.2	-1.9	-2.3
Sint Maarten	-4.8	-6.6	5.5	3.0
Inflation (%)				
Curaçao	1.6	2.6	2.8	4.0
Sint Maarten	2.2	2.7	1.8	2.5

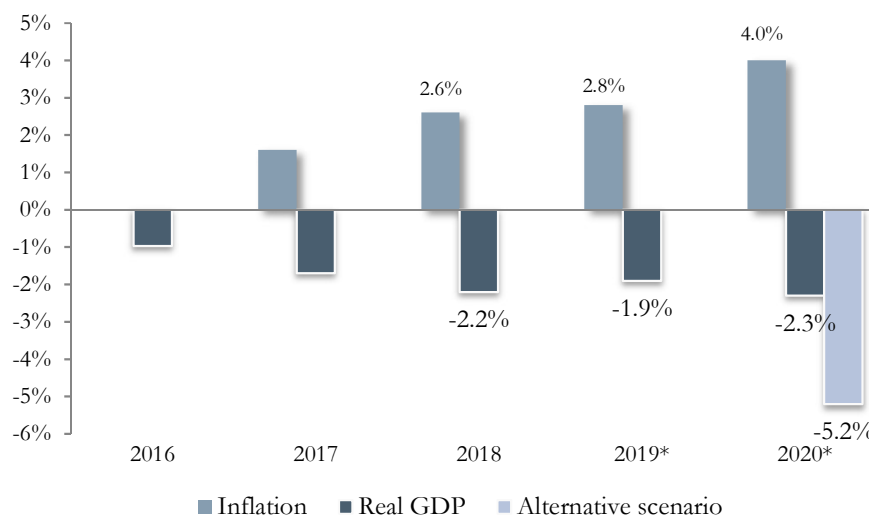
\*-+sign means an increase

\*\* projection CBCS.



# Economic development Curaçao

- I. Further real GDP contraction in 2019 and 2020.
- II. Inflation will rise due to, among other things, tax measures by the government.



\*2019 and 2020 are projections of the CBCS  
Note: 2020 includes alternative scenario



## Sectoral performance Curaçao in 2019

- I. Decline in transport, storage & communication sector:
  - Decline harbor activities;
  - Increase in airport-related activities.
- II. Decline in manufacturing sector:
  - Lower refining activities;
  - Increase in ship repair activities.
- III. Decline in construction sector:
  - Decline in public investments.
- IV. Decline in wholesale & retail trade sector:
  - Decline in domestic spending;
  - Increase in tourism spending and free zone activities.





## Sectoral performance Curaçao in 2019 (cont.)

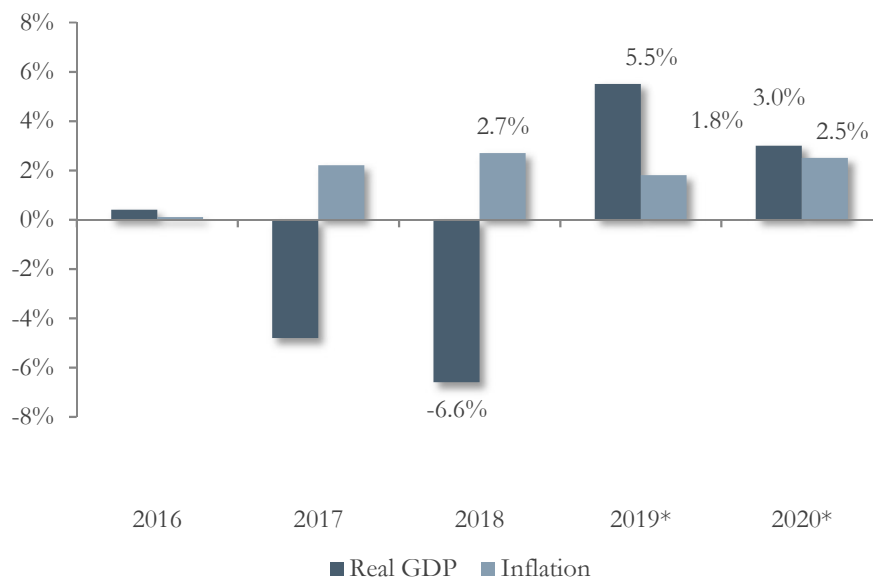


- V. Decline in utilities sector:
  - Drop in electricity production;
  - Increase in water production
- VI. Increase in restaurants & hotels sector:
  - Increase in stay-over tourism;
  - Increase in visitors nights;
  - Growth in cruise tourism.
- VII. Growth in financial intermediation sector:
  - Increase in domestic financial services.
  - Decline in international financial services.



# Economic development Sint Maarten

- I. Turnaround in real GDP in 2019 and further increase in 2020.
- II. Easing of inflationary pressures in 2019 and increase in 2020.



\* 2019 and 2020 are projections of the CBCS





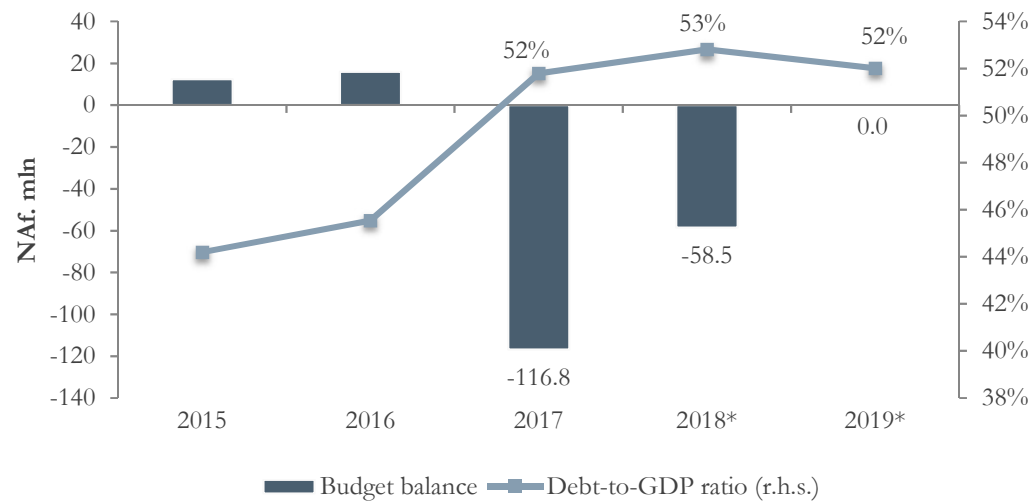
# Economic Developments

Public Sector





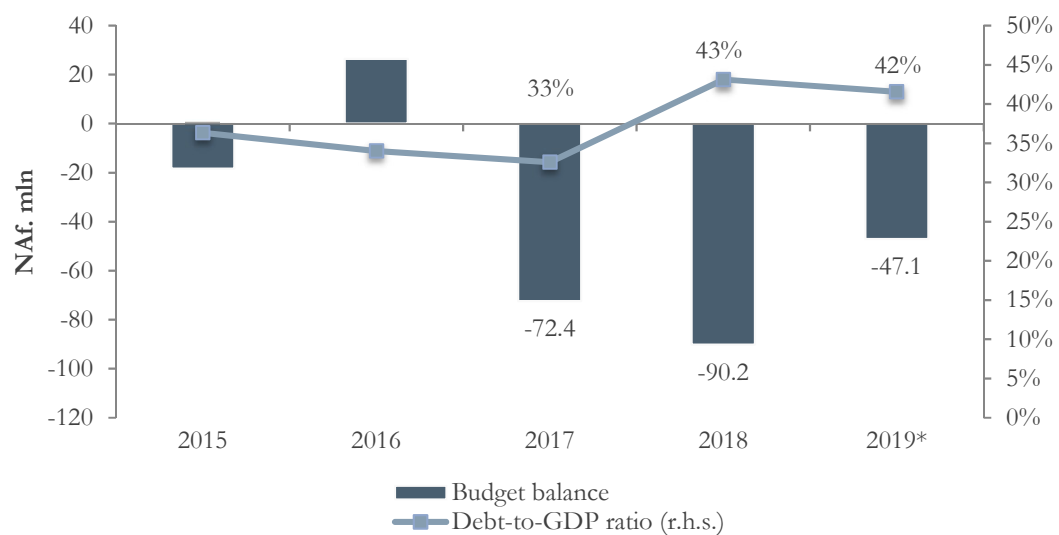
# Budget development Curaçao



\*2018 and 2019 figures are based on the *Financiële Management Rapportage* of the government of Curaçao of May and September 2019, respectively.



## Budget development Sint Maarten



\* Source: *Voorlopige Financiële Concernrapportage/Uitvoeringsrapportage, vierde kwartaal 2018 and budget 2019* of the government of Sint Maarten.



# Economic Developments

External Sector





# Balance of payments

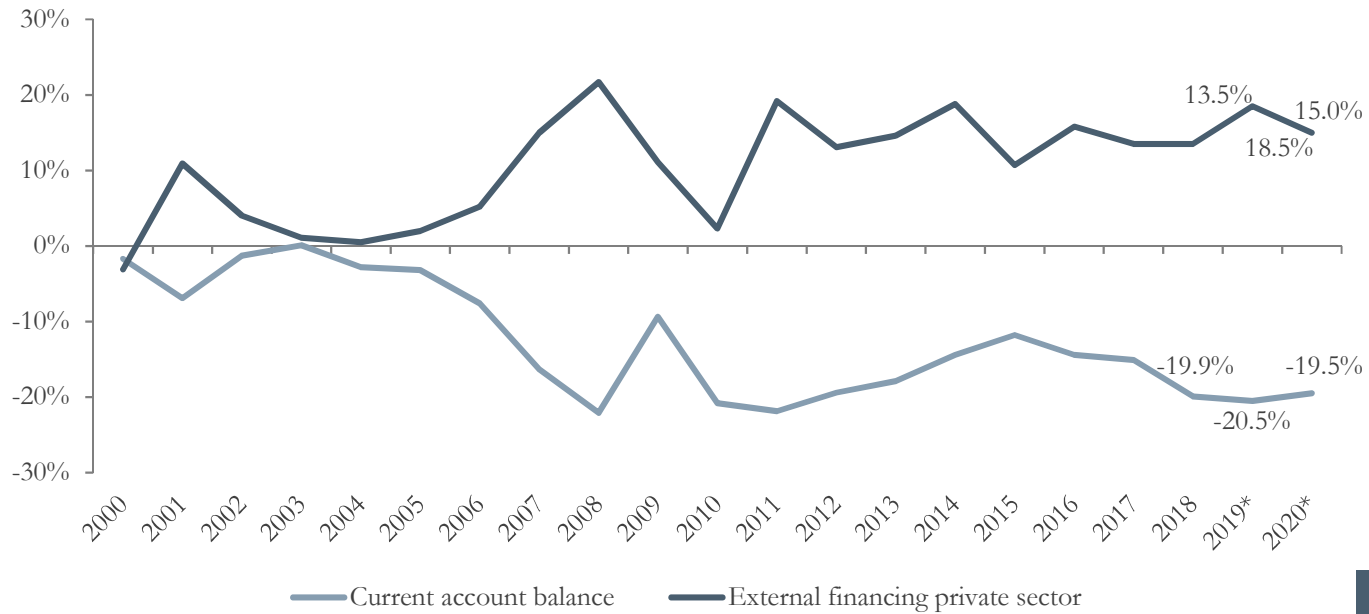
(transaction basis, NAf. mln)

	2017	2018	2019*	2020*
Current account	-1,120.3	-1,470.9	-1,555.6	-1,509.8
Capital account	0.7	37.1	28.3	128.3
External financing	1,004.1	997.3	1,400.2	1,167.1
Change in reserves	-17.6	-274.4	-70.9	-73.0

- 2019 and 2020 are projections of the CBCS
- \*\* +sign means an increase



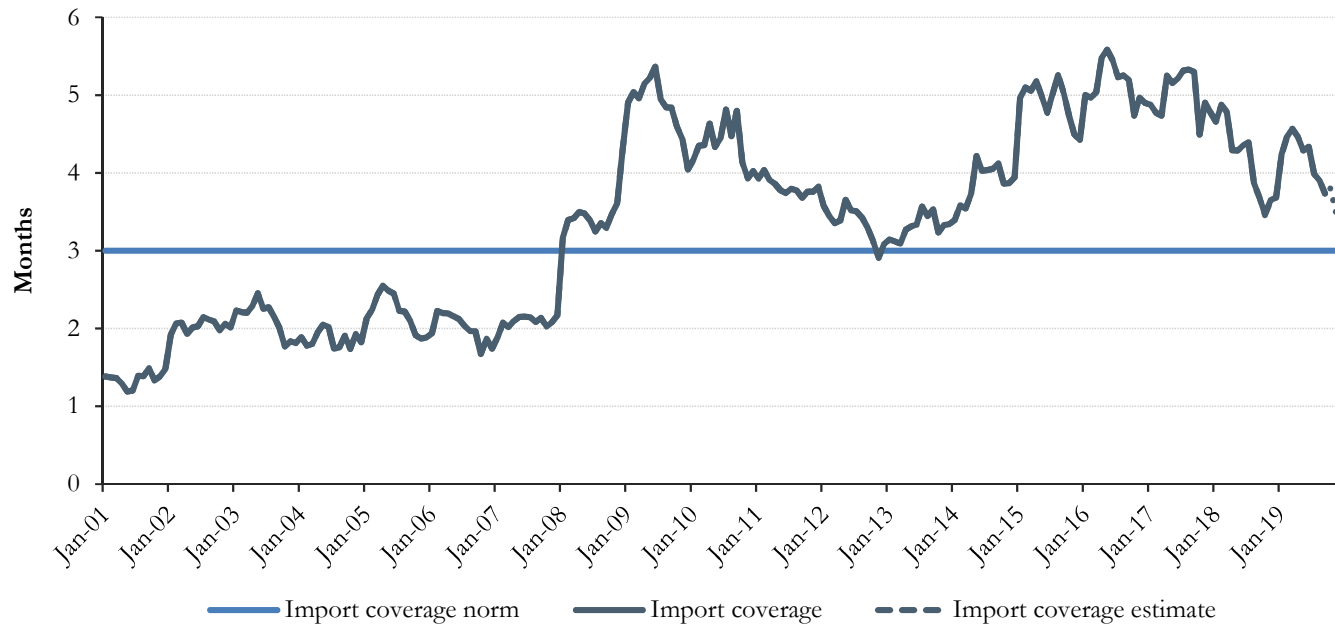
# Balance of payments developments (in % of GDP)



\*2019 and \*2020 are projections of the CBCS

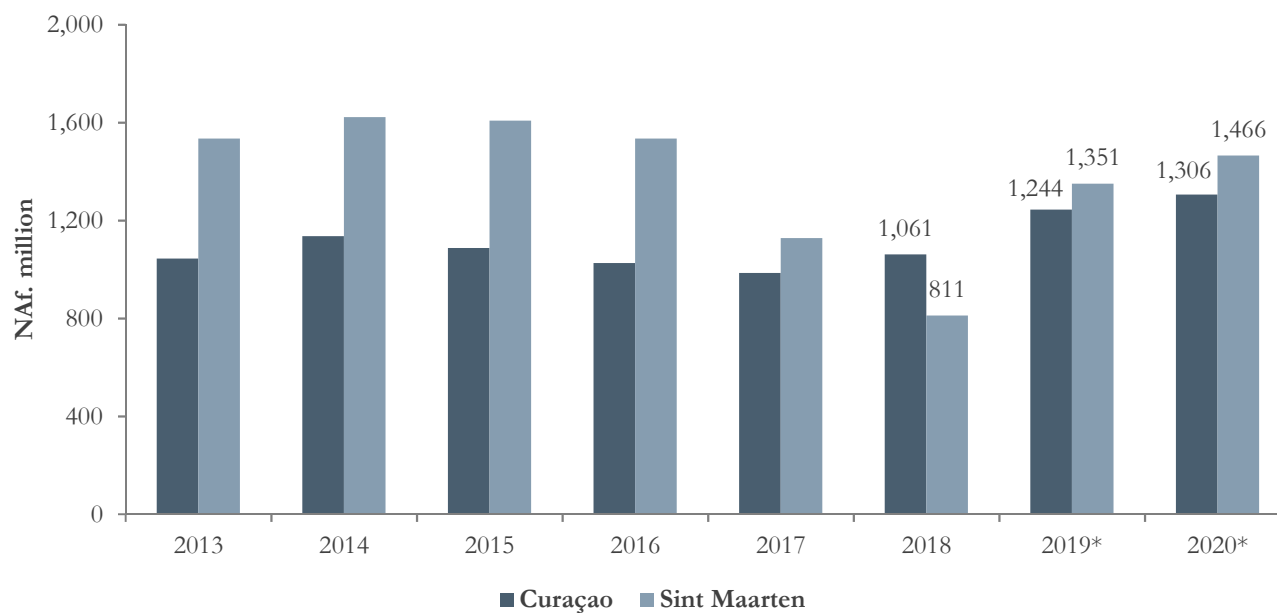


# Monthly import coverage





## Tourism sector

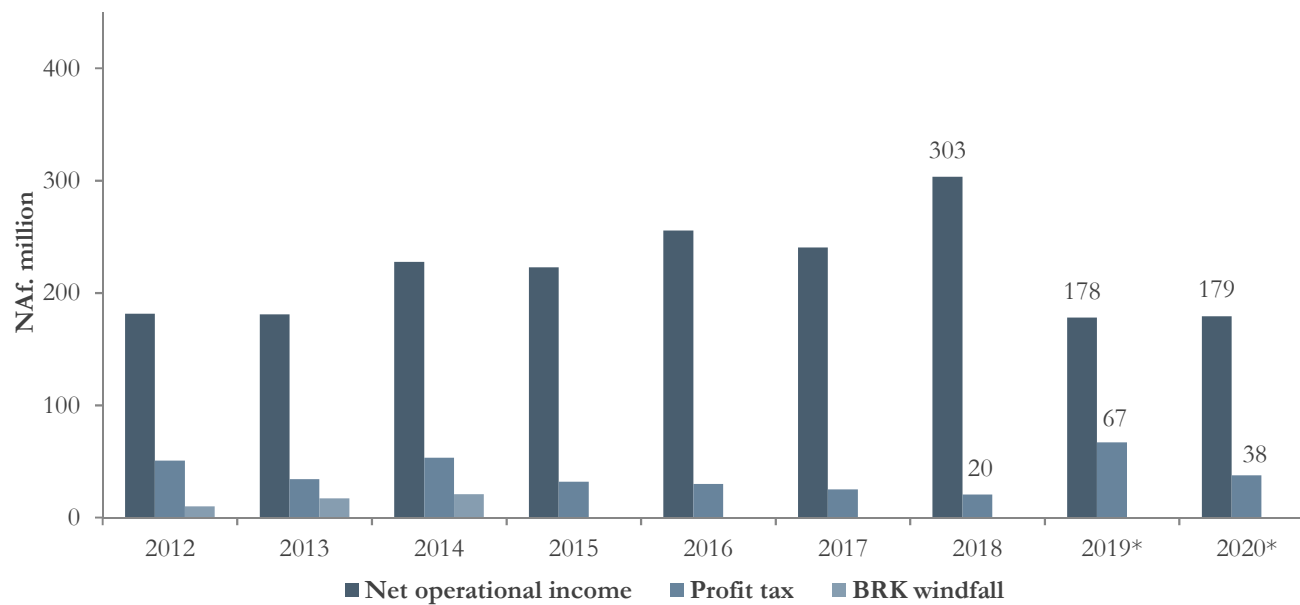


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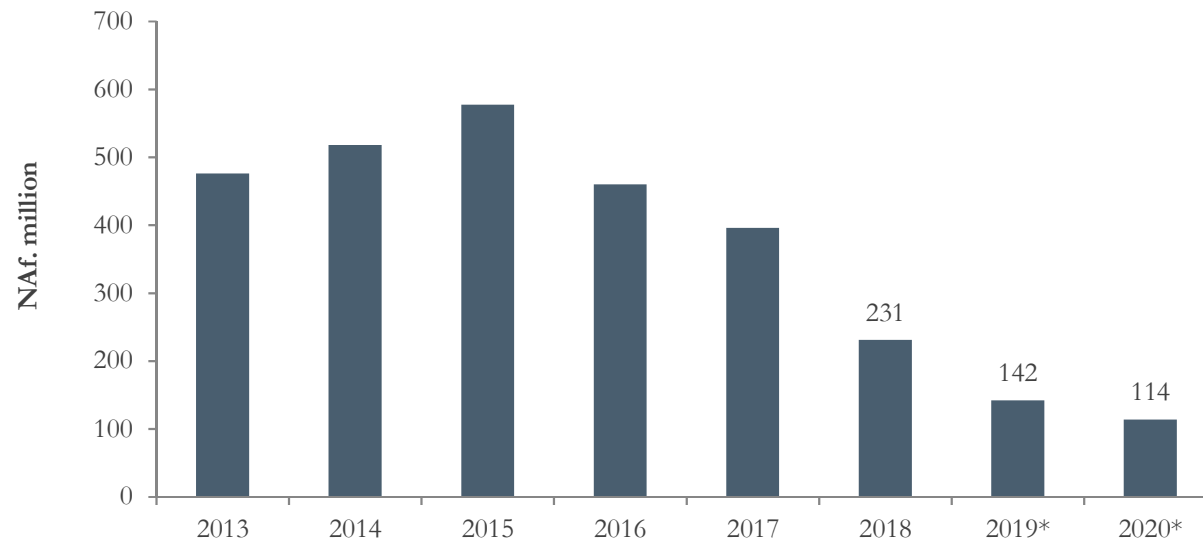
## International financial sector



\* 2019 and 2020 are projections of the CBCS



## Refining fee

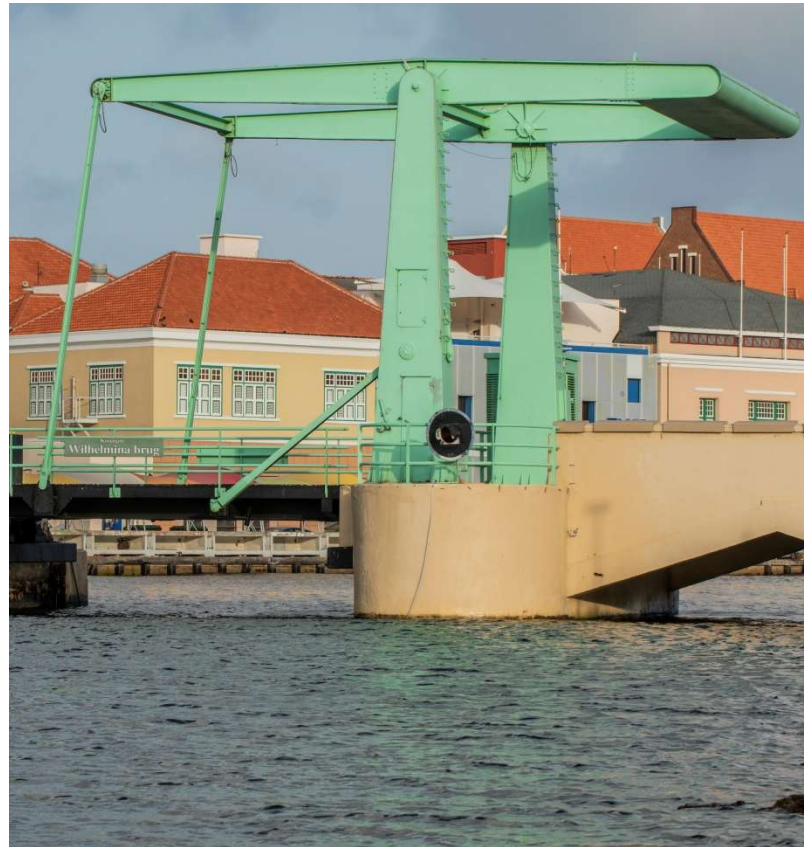


\* 2019 and 2020 are projections of the CBCS



Part II

# Monetary Developments



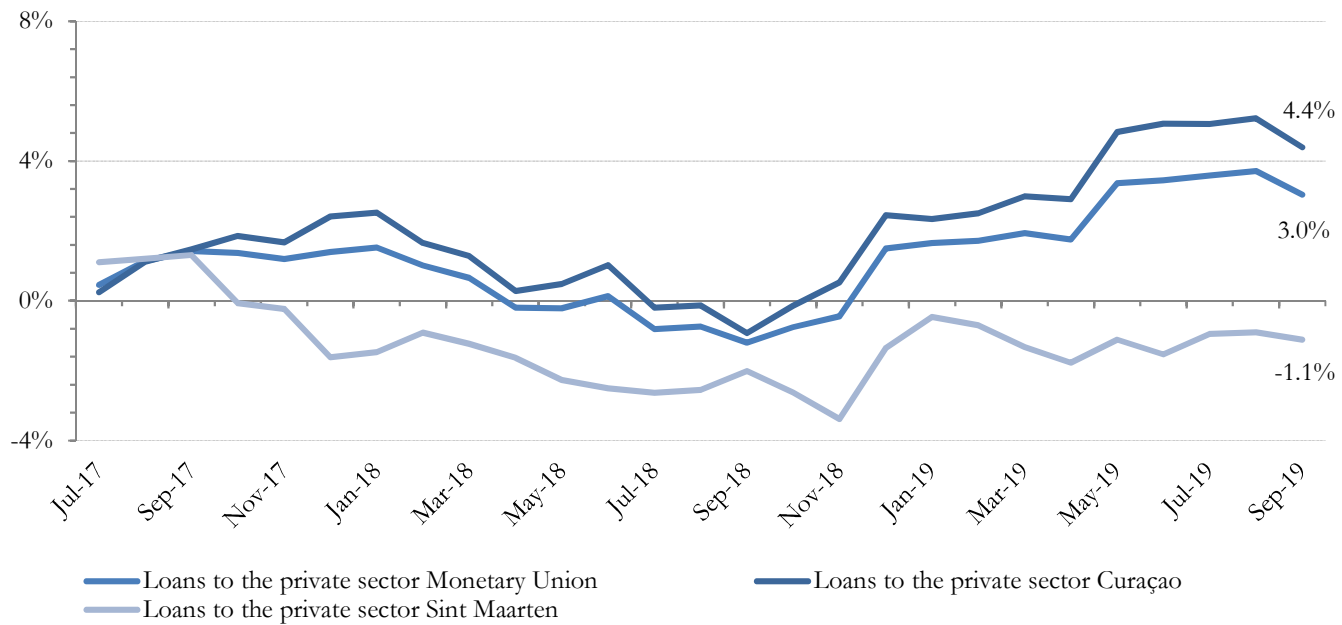


## Main monetary developments

- I. Money supply remained at almost the same level as December 2018.
- II. Net foreign assets increased while net domestic assets declined.
- III. Moderate increase in loans to the private sector.



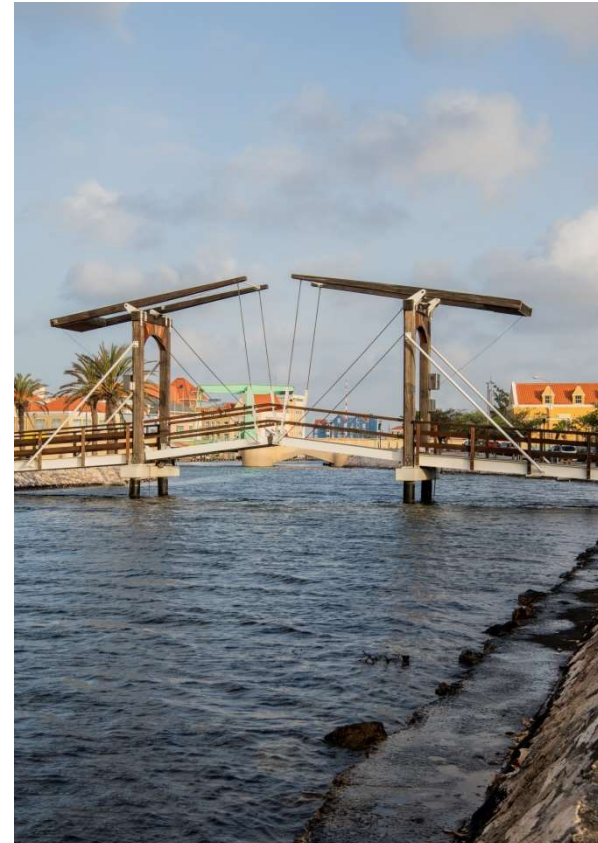
# Private credit extension (year-on-year growth)





## Monetary policy stance

- I. Reserve requirement at 18.00%.
- II. Reintroduction of biweekly CD-auctions as of August 16, 2019 to reduce the excess liquidity of the banking system.
- III. Pledging rate increased by 50 basis points to 2.50% in January 2019.





# Economic Outlook





## Baseline vs alternative scenario

	Baseline		<i>Scenario 2 Closure refinery</i>
	2019	2020	2020
<b>Real GDP</b>	-1.9	-2.3	-5.2
<b>Inflation</b>	2.8	4.0	4.0
<b>Domestic expenditure, of which</b>	-1.4	-3.3	-5.9
<b>Private sector</b>	-0.8	-3.1	-4.7
<i>Investment</i>	-0.1	-0.3	-0.7
<i>Consumption</i>	-0.7	-2.8	-4.0
<b>Public sector</b>	-0.6	-0.2	-1.2
<i>Investment</i>	-0.1	0.1	0.0
<i>Consumption</i>	-0.5	-0.3	-1.2
<b>Changes in inventory</b>	0.0	0.0	-0.1
<b>Foreign net expenditure, of which</b>	-0.5	1.0	0.8
Export of goods and services	-4.0	-1.2	-4.9
Import of goods and services	-3.5	-2.2	-5.7





**THE END**