



# Recent Economic Developments & Outlook

Centrale Bank van Curaçao en Sint Maarten  
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# Economic Developments

## Real Sector

# Macro-economic key figures of the monetary union

	2018	2019	2020**	2021**
Current account balance (in mln NAf.)	-1,308.3	-1,203.1	-1,823.2	-1,539.6
Change in gross foreign reserves of the central bank (in mln NAf.)*	-274.4	-70.6	614.2	-89.7

## Real GDP growth (%)

Curaçao	-2.2	-3.4	-20.2	4.8
Sint Maarten	-6.6	8.2	-26.8	3.6

## Inflation (%)

Curaçao	2.6	2.6	2.7	3.7
Sint Maarten	2.7	0.4	1.2	1.8

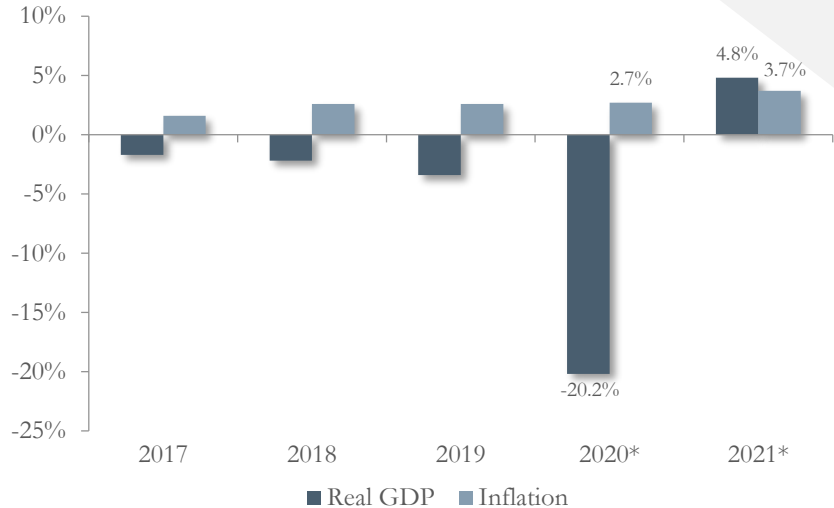
\*-+ sign means an increase

\*\* projection CBCS.

# Economic development Curaçao

I. Deep contraction in 2020 followed by a recovery in 2021. However, real GDP level will be still below pre-COVID level.

II. Inflation eased somewhat in 2020 due to a decline in international oil prices, moderated by a surcharge on domestic oil prices. The higher projected inflation in 2021 is caused primarily by the introduction of ABB.



\*2020 and 2021 are projections of the CBCS

# Sectoral performance Curaçao in 2020

- I. Collapse in restaurants & hotels sector:
  - Significant decline in stay-over tourism;
  - Cruise tourism activities came to a standstill.
- II. Decline in transport, storage & communication sector:
  - Decline harbor activities;
  - Decrease in airport-related activities.
- III. Decline in manufacturing sector:
  - No refining activities;
  - Decrease in ship repair activities.
- IV. Decline in construction sector:
  - Decrease in private and public construction projects.

# Sectoral performance Curaçao in 2020

- V. Decline in wholesale & retail trade sector:
  - Less domestic and tourism spending;
  - Fewer activities at the free zone.
- VI. Decline in utilities sector:
  - Decrease in production of water and electricity.
- VII. Decline in financial intermediation sector:
  - Decrease in domestic financial services.
  - Decrease in international financial services.
- VIII. Positive contribution of the public sector:
  - Financial support to the most affected groups in society.

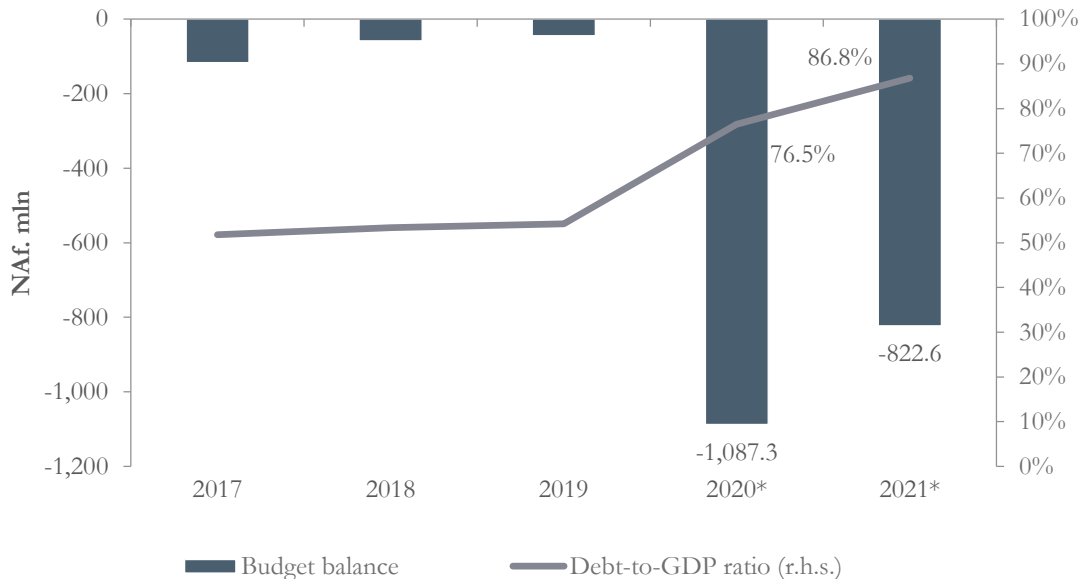


# Economic Developments

Public sector



# Budget development Curaçao



\*Source 2020: *Financiële Management Rapportage* of the government of Curaçao of September 2020.

\*Source 2021: Budget 2021.



# Economic Developments

External sector

# Balance of payments

(transaction basis, NAF. mln)

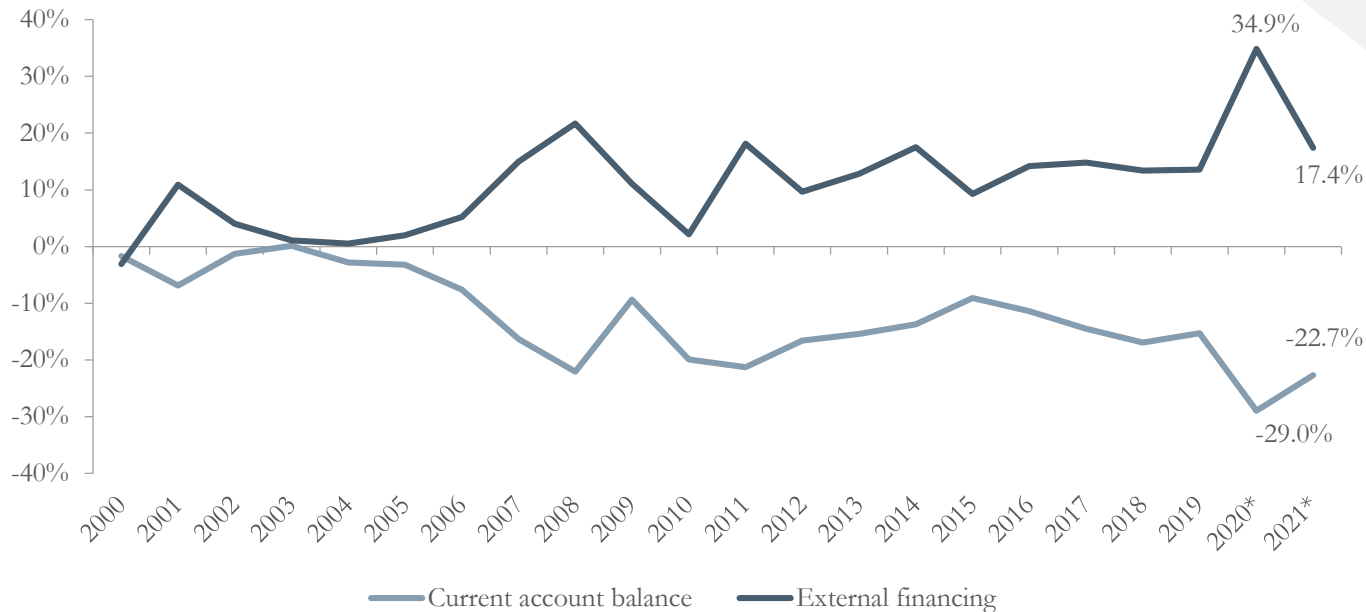
	2018	2019	2020*	2021*
Current account	-1,308.3	-1,203.1	-1,823.2	-1,539.6
Capital account	33.8	37.6	86.1	128.1
External financing	1,035.1	1,066.3	2,194.3	1,180.7
Change in reserves**	-274.4	-70.6	614.2	-89.7

\* 2020 and 2021 are projections of the CBCS

\*\* +*sign means an increase*

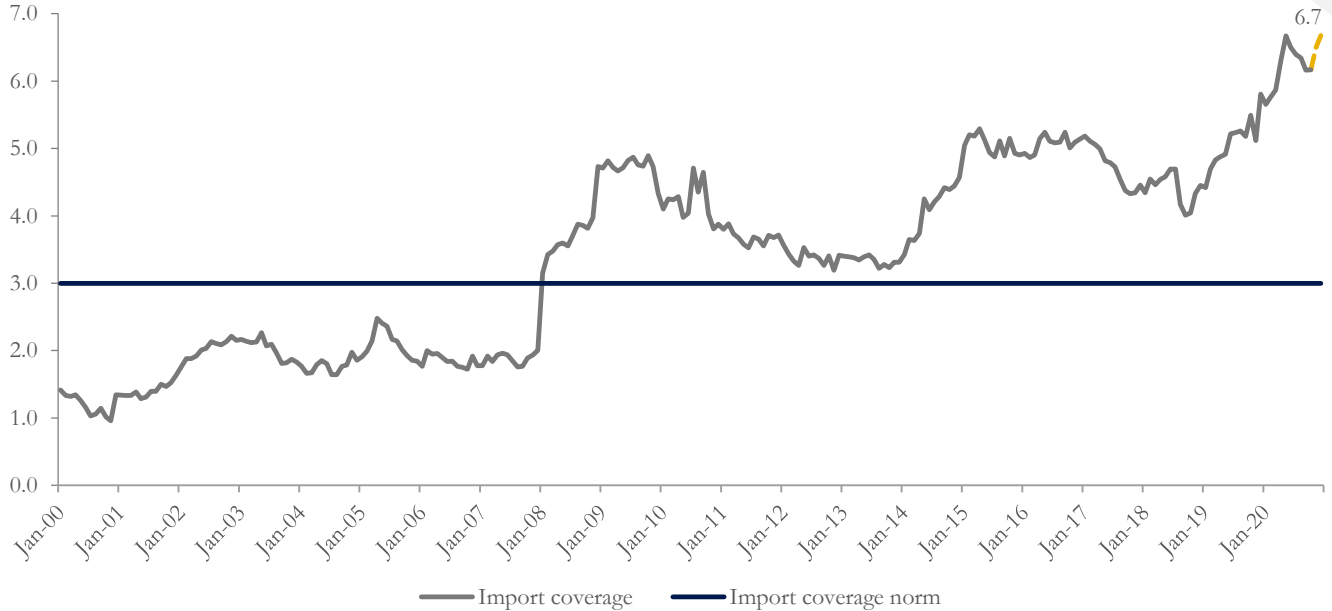
# Balance of payments developments

(in % of GDP)

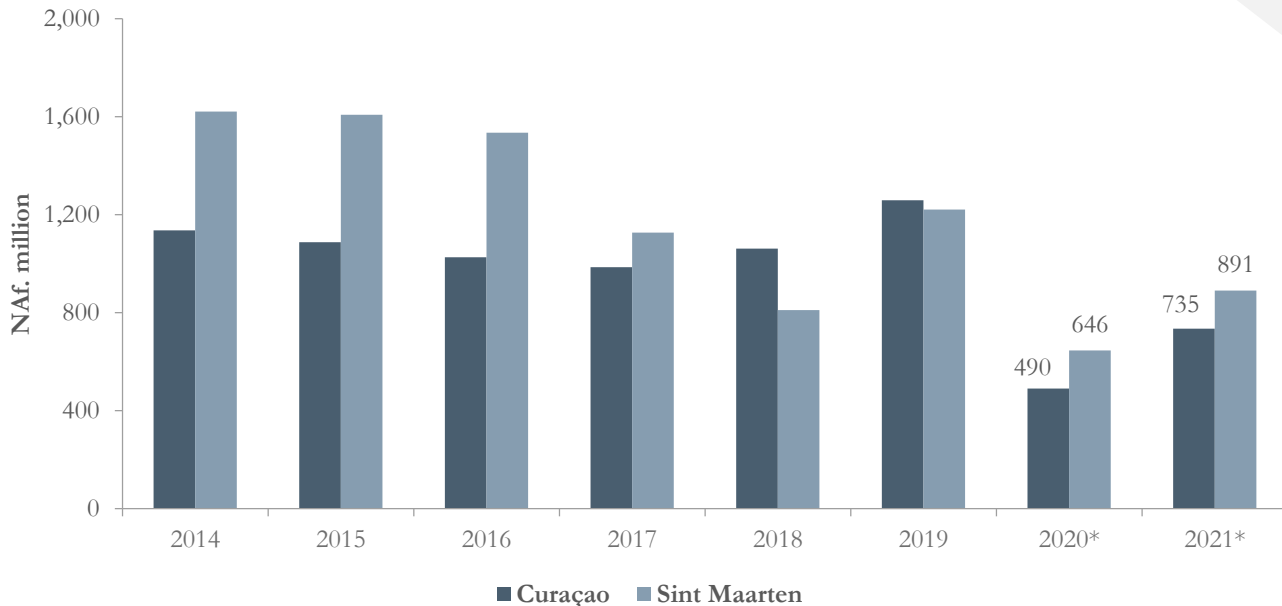


\*2020 and \*2021 are projections of the CBCS

# Monthly import coverage

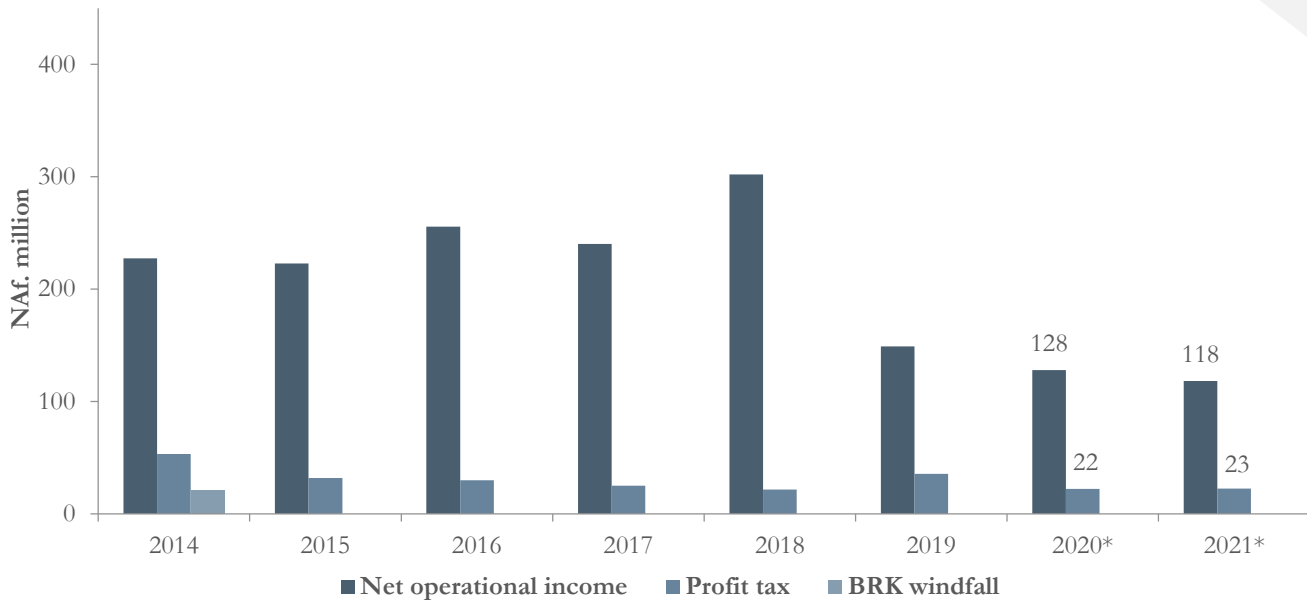


# Tourism sector



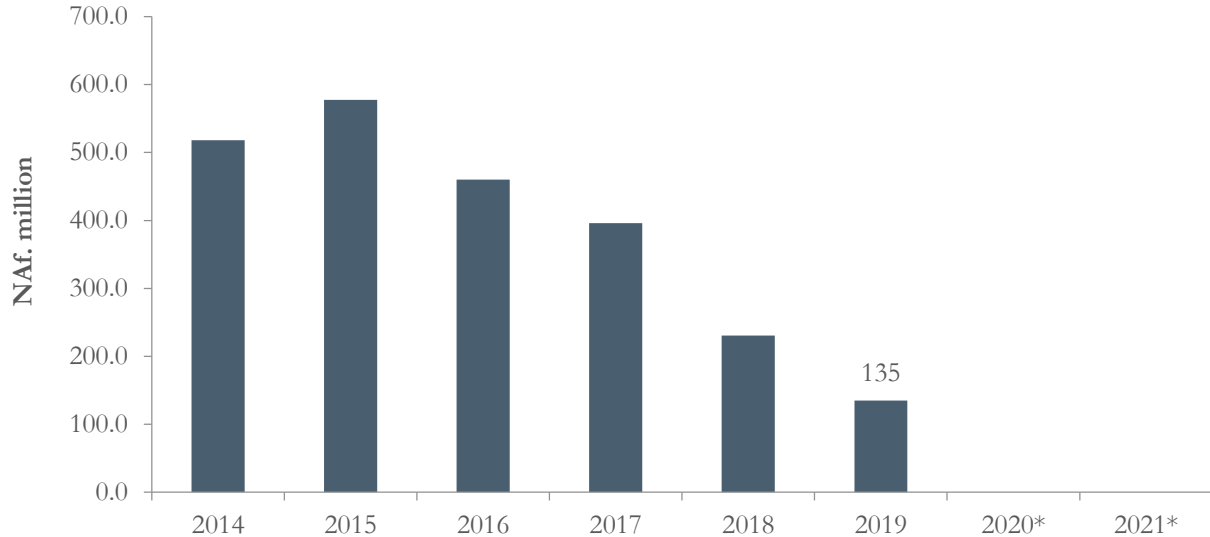
\* 2020 and \*2021 are a projections of the CBCS

# International financial sector



\* 2020 and \*2021 are a projections of the CBCS

# Refining fee





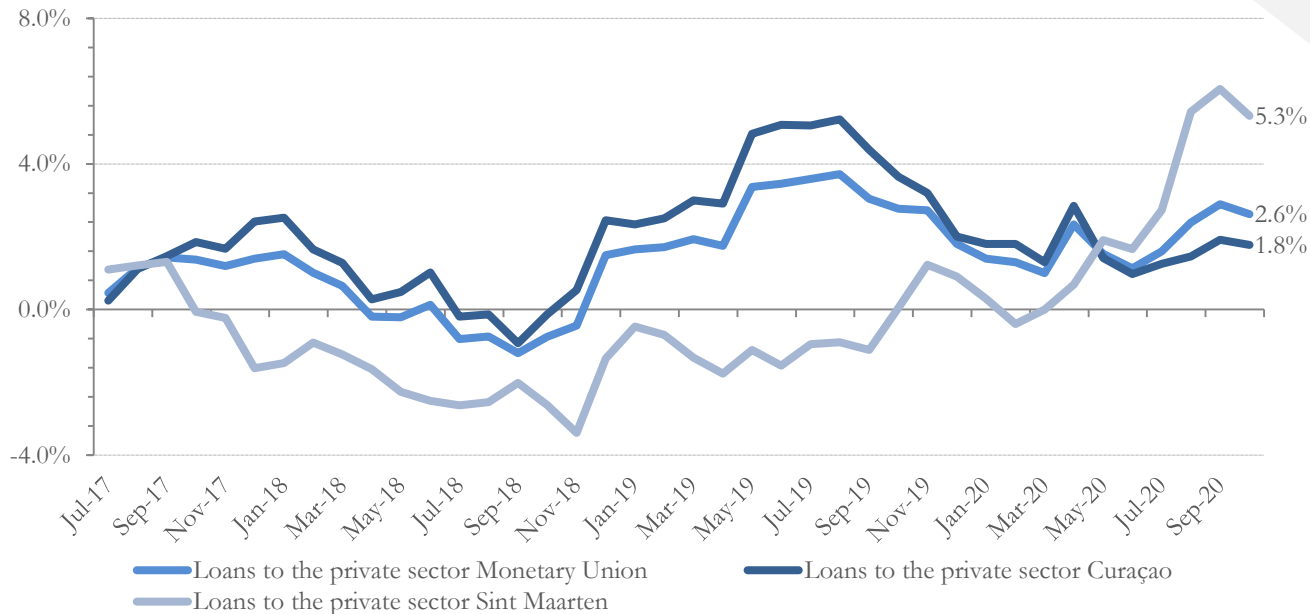
# Monetary Developments

# Main monetary developments

- I. Money supply increased by 1.5% during the first 9 months of 2020.
- II. Net foreign assets increased while net domestic assets declined.
- III. Credit extension to the private sector increased attributable to both Curaçao and Sint Maarten.

# Private credit extension

(year-on-year growth)



# Monetary policy stance

- I. Reserve requirement increased from 18.00% to 19.00% in February 2020.
- II. Reintroduction of biweekly CD-auctions as of August 16, 2019 to reduce the excess liquidity of the banking system. Interest rates on CDs were lowered as of March 2020.
- III. 2 weeks CDs were introduced in January 2020.
- IV. Pledging rate reduced by 150 basis points to 1.00% in March 2020.

# Economic Outlook

# Outlook 2021

(% growth)

	2019	2020*	2021*
Real GDP	-3.4	-20.2	4.8
Inflation	2.6	2.7	3.7
Domestic expenditure, of which	-3.7	-8.0	-4.2
Private sector	-2.1	-8.1	-3.8
<i>Investment</i>	0.2	-2.6	1.1
<i>Consumption</i>	-2.3	-5.5	-4.9
Public sector	-1.6	0.1	-0.4
<i>Investment</i>	-0.5	-0.7	0.1
<i>Consumption</i>	-1.1	0.9	-0.5
Changes in inventory	0.0	-0.1	0.0
Foreign net expenditure, of which	0.3	-12.2	9.0
Export of goods and services	-0.3	-31.6	13.1
Import of goods and services	-0.6	-19.4	4.1



**Questions?**