



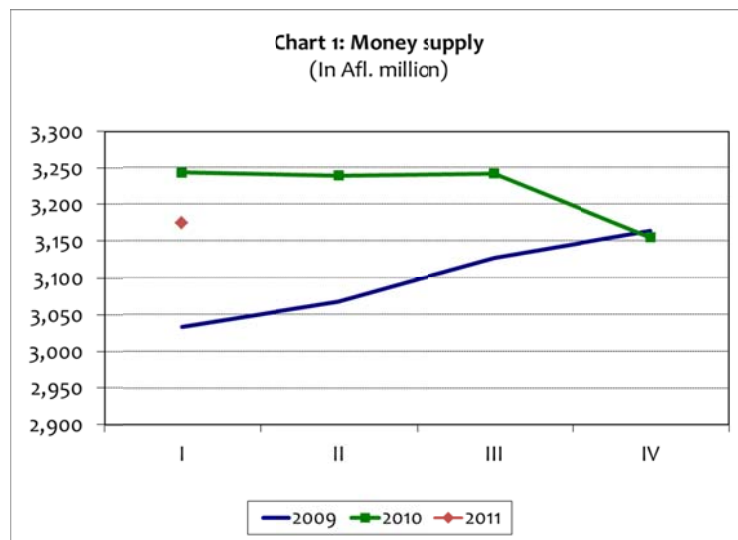
CENTRALE BANK VAN ARUBA

Statistical News Release First Quarter 2011

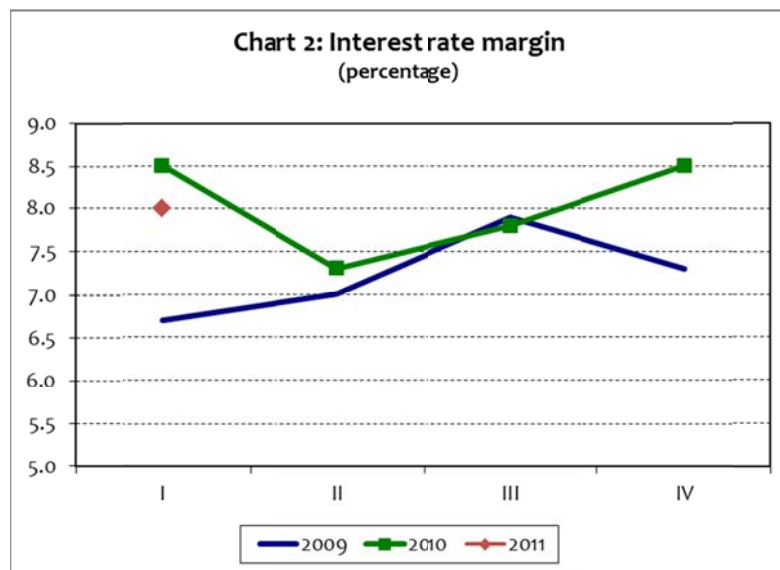
Date: July 14, 2011

Money and credit

In the first quarter of 2011, the money supply increased by Afl. 19.4 million to Afl. 3,174.1 million compared to the fourth quarter of 2010, because of an Afl. 22.7 million net inflow of foreign funds (Chart 1). In contrast, the domestic component of the money supply fell by Afl. 3.3 million, resulting from declines of, respectively, Afl. 40.8 million and Afl. 14.9 million in non-credit-related balance sheet items and claims on the private sector, which were largely offset by a drop of Afl. 52.5 million in net claims of the public sector on the banking sector. The latter resulted from an Afl. 53.4 million decrease in the deposits of the government at the banking sector. The decline in non-credit-related balance sheet items was mostly caused by clearing transactions. The fall-off in claims on the private sector resulted from decreases in loans to enterprises and consumer credit of, respectively Afl. 12.9 million and Afl. 11.6 million, while housing mortgages rose by Afl. 9.6 million.



In the first quarter of 2011, the interest rate margin of the commercial banks (calculated as the differential between the weighted average rate of interest on new loans and the weighted average rate of interest on new deposits) shrank by 0.5 percentage point to 8.0 percent, down from 8.5 percent in the previous quarter (Chart 2). This was the result of a 0.7 percentage point decline in the weighted average rate of interest paid on new loans, while the weighted average interest rate offered on new deposits dropped by 0.4 percentage point.



Balance of payments

The balance of payments posted an Afl. 22.7 million surplus in the first quarter of 2011, representing a decline of 49.8 percent when compared to the Afl. 45.2 million surplus recorded in the same quarter of 2010 (Chart 3). This deterioration stemmed from a drop in the overall balance of the non-oil sector, reflecting predominantly an Afl. 3 million net sale in foreign exchange by this sector to the commercial banks in the quarter under review, compared to Afl. 41.7 million in the corresponding quarter of 2010. On the other hand, international transactions of the oil sector resulted, on balance, in a higher overall surplus, i.e., from Afl. 3.5 million to Afl. 19.7 million.

The current account of the balance of payments recorded an Afl. 434.4 million deficit in the first quarter of 2011, compared to an Afl. 159.2 million surplus in the same quarter of 2010. This turnaround was mainly attributed to a widening of Afl. 475 million in the current account deficit of the oil sector, following a sharp rise in its import of goods, including crude oil. Export of refined oil also expanded but to a lesser extent than that of import of goods. In addition, the surplus on the current account of the non-oil sector declined by Afl. 118.6 million, caused chiefly by a large increase in the imports of goods mostly associated with investments of the Water and Power Company (WEB), which was partially offset by an Afl. 38.2 million (6 percent) growth in gross tourism receipts.

In the first quarter of 2011, the capital and financial accounts posted an Afl. 459.4 million surplus, compared to a deficit of Afl. 119.8 million in the corresponding quarter of 2010. This turnaround was driven by both the oil and non-oil sector. The financial account of the oil sector was dominated by the use of trade credit. A net trade credit of Afl. 518.8 million was received from abroad associated with crude oil imports and refined oil exports. Additionally, the oil sector received an Afl. 223.8 million intercompany loan, while its foreign bank accounts balances continued to increase. The deficit on the financial account of the non-oil sector shrank to Afl. 38.1 million, down from Afl. 131.0 million in the corresponding period of 2010. This outcome was attributed to a turnaround from an Afl. 139.7 million net outflow into an Afl. 1.8 million net inflow of direct investment. Net outflow of portfolio investment rose by Afl. 47.1 million, arising mostly from purchases by residents of domestic bonds and foreign money market instruments from nonresidents.

