



## CENTRALE BANK VAN ARUBA

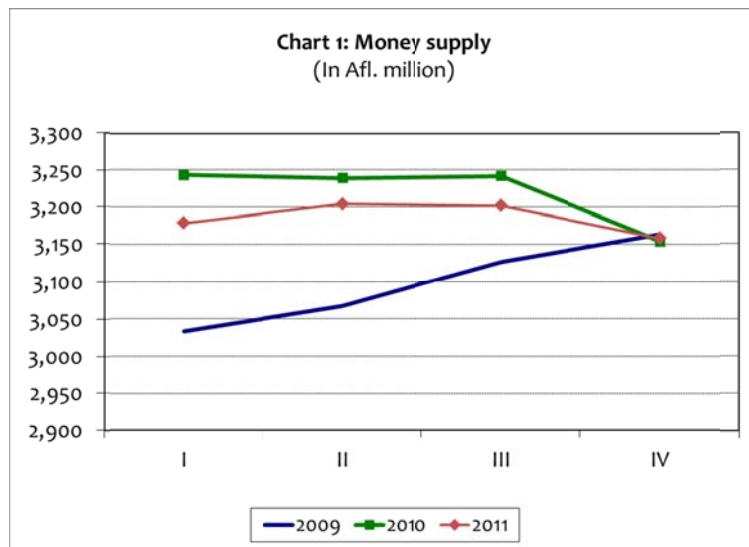
### Statistical News Release Fourth Quarter 2011

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#### ***Monetary and financial developments***

##### *Money and credit*

In the fourth quarter of 2011, the money supply declined by Afl. 43.6 million to Afl. 3,158.6 million compared to the third quarter of 2011, resulting from an Afl. 106.7 million fall in the domestic component of the money supply. The latter was for a large part compensated by an Afl. 63.1 million net inflow of foreign funds (Chart 1). The decrease in net domestic assets was because the Afl. 101.0 million net liabilities of the public sector to the banking sector at the end of the third quarter of 2011 turned into an Afl. 36.7 million net claim of the public sector on the banking sector at the end of the fourth quarter of 2011. This turnaround resulted from an Afl. 137.6 million increase in the government's deposits at the banking sector, which was brought about by the issuance of government bonds in November and December 2011. Claims on the private sector, on the other hand, grew by Afl. 32.2 million, reflecting an expansion in loans to enterprises, housing mortgages and consumer credit of, respectively, Afl. 24.0 million, Afl. 8.1 million and Afl. 0.5 million.



### *Nonmonetary financial institutions*

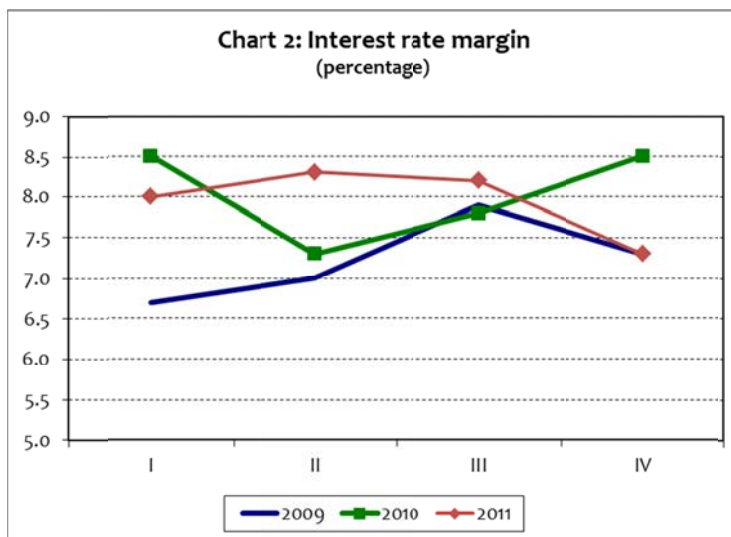
The aggregated balance sheet total of the nonmonetary financial institutions expanded by Afl. 198.7 million to Afl. 3,155.5 million at the end of December 2011 compared to end-September 2011, as the result of higher domestic claims and net foreign assets of, respectively, Afl. 172.7 million and Afl. 26.0 million. On the liability side, the pension fund provisions rose by Afl. 19.7 million, while other items grew by Afl. 178.1 million, reflecting increased deposits as well as unallocated reserves and profits.

### *Mortgage market*

Housing mortgage lending rose by Afl. 15.7 million to Afl. 1,497.5 million at end-December 2011 compared to end-September 2011, resulting from a growth in mortgage lending by the commercial banks and pension funds of, respectively, Afl. 8.1 million and Afl. 9.6 million. In contrast, housing mortgage lending by the mortgage banks dropped by Afl. 2.3 million. At end-December 2011, the market shares of the commercial banks, mortgage banks, pension funds and life insurance companies stood at, respectively, 61 percent, 14 percent, 17 percent and 7 percent (end-December 2010: 61 percent, 16 percent, 15 percent, 7 percent).

### *Interest rates*

In the fourth 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 0.9 percentage point to 7.3 percent compared to the previous quarter (Chart 2). This resulted from a reduction in both the weighted average rate of interest paid on new loans and the weighted average interest rate offered on new deposits, which declined by, respectively, 1.0 percentage point to 8.8 percent and 0.1 percentage point to 1.5 percent.

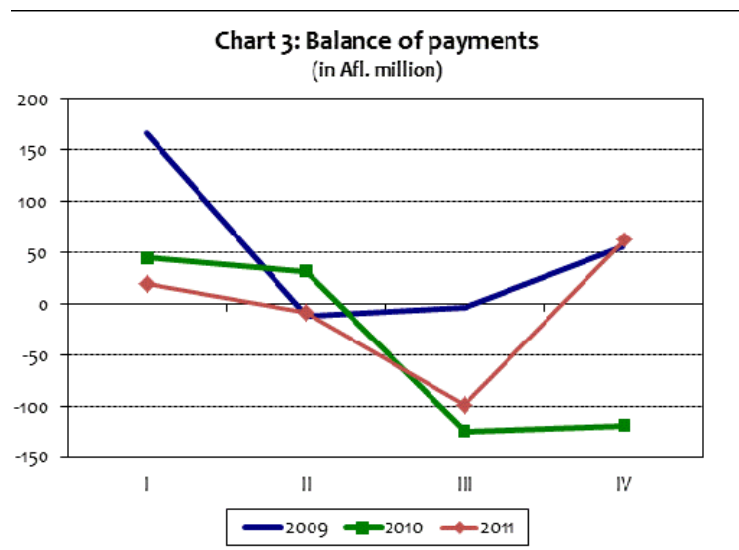


### **Balance of payments**

The balance of payments posted an Afl. 63.1 million surplus in the fourth quarter of 2011, compared to an Afl. 118.7 million deficit in the same quarter of 2010 (Chart 3), reflecting increases in both the official reserves of the CBA (Afl. 2.8 million) and the net foreign assets of the commercial banks (Afl. 60.3 million).

The current account showed a turnaround from an Afl. 374.4 million deficit in the fourth quarter of 2010 into an Afl. 93.1 million surplus in the quarter under review, caused by the transactions of the oil sector. The oil sector's goods account recorded an Afl. 436.7 million surplus compared to an Afl. 273.4 million deficit in the corresponding quarter of 2010, because exports of refined oil grew more than import of goods and crude oil. On the other hand, the deficit on the current account of the non-oil sector widened by Afl. 208.6 million to Afl. 289.3 million, due largely to a significant rise in dividend payments to abroad by resident companies, while gross tourism receipts grew by Afl. 20.2 million (3.6 percent).

The capital and financial accounts recorded an Afl. 28.5 million net outflow, compared to an Afl. 243.4 million net inflow recorded in the corresponding quarter of 2010, associated with the transactions of the oil sector. The financial account of this sector posted a net outflow of Afl. 361.9 million, mostly attributed to an increase in foreign receivables and a fall off in foreign payables related to trade credits. On the other hand, the surplus on the financial account of the non-oil sector rose by Afl. 264.3 million to Afl. 332.0 million, caused mainly by a notable higher net inflow of direct investment. The latter reflected a decline in foreign claims on foreign direct investor, related to the financing of the aforementioned dividend payments. In addition, other investment posted an Afl. 38.6 million lower net outflow, due primarily to a drop in repayments of short-term liabilities, which was partially offset by increased foreign claims of resident holders of foreign bank accounts.



## **Government Finance**

In the fourth quarter of 2011, the government's financial transactions resulted, on balance, in a contraction of the financial deficit to Afl. 50.6 million, down from a deficit of Afl. 95.5 million in the same period of 2010. Revenues rose by Afl. 32.2 million, related to increases in tax revenue and nontax revenue of, respectively, Afl. 27.7 million and Afl. 4.6 million. Expenditures (on a cash-basis) contracted by Afl. 12.9 million to Afl. 311.1 million.

At the end of December 2011, total government debt grew by Afl. 223.7 million or 9.0 percent to Afl. 2,771.9 million, compared to the end of September 2011. Both domestic and foreign debt expanded by, respectively, Afl. 164.6 million and Afl. 59.0 million, chiefly due to the issuance of government bonds in November and December 2011.