



## CENTRALE BANK VAN ARUBA

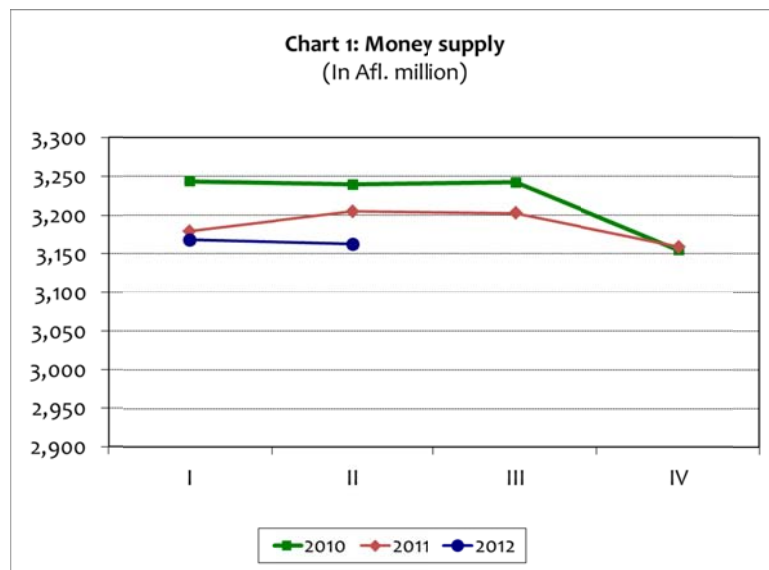
### Statistical News Release Second Quarter 2012

Date: November 7, 2012

#### *Monetary and financial developments*

##### *Money and credit*

In the second quarter of 2012, the money supply decreased by Afl. 5.5 million to Afl. 3,162.2 million compared to the first quarter of 2012, resulting from an Afl. 137.8 million outflow of foreign funds, which was largely offset by an Afl. 132.3 million expansion in the domestic component of the money supply (Chart 1). The rise in net domestic assets was attributed to an Afl. 163.4 million increase in domestic credit, while non-credit related balance sheet items dropped by Afl. 31.1 million. Net liabilities of the public sector to the banking sector grew by Afl. 129.5 million, due to an Afl. 60.2 million decrease in its deposits at the banking sector and an Afl. 69.3 million increase in its liabilities to the banking sector associated with the issuance of Afl. 65 million in treasury bills during the second quarter of 2012. In addition, claims on the private sector grew by Afl. 33.9 million, reflecting increases in loans to enterprises, housing mortgages and consumer credit of, respectively, Afl. 22.5 million, Afl. 10.7 million, and Afl. 1.3 million.



During the first six months of 2012, the money supply expanded by Afl. 2.2 million compared to end-December 2011, stemming from an Afl. 204.2 million growth in net domestic assets, which was almost completely offset by an Afl. 202 million drop in net foreign assets. An Afl. 38.9 million net claim of the public sector on the banking sector at the end of December 2011 turned into an Afl. 157.5 million net liability of the public sector to the banking sector at the end of June 2012. This turnaround was related to an Afl. 184.6 million decrease in government deposits at the banking sector. Claims on the private sector also grew by Afl. 60.1 million, reflecting increases in loans to enterprises and housing mortgages of, respectively, Afl. 42.8 million and Afl. 22.9 million, and on the other hand, an Afl. 4.2 million decline in consumer credit. In contrast, non-credit related balance sheet items fell by Afl. 52.2 million.

#### *Nonmonetary financial institutions*

The aggregated balance sheet total of the nonmonetary financial institutions declined by Afl. 6.2 million to Afl. 3,110.5 million at the end of June 2012 compared to end-March 2012, mainly as the result of Afl. 5.7 million lower net foreign assets. Domestic claims also decreased slightly by Afl. 0.5 million. On the liability side, the pension fund provisions and insurance reserve funds rose by, respectively, Afl. 27.4 million and Afl. 7.8 million. Conversely, other items net dropped by Afl. 41.3 million.

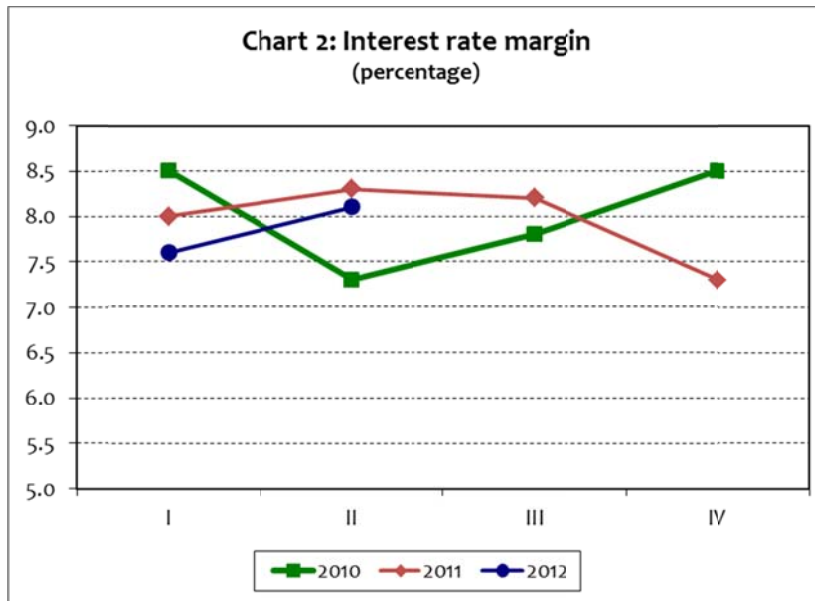
During the first six months of 2012, the aggregated balance sheet total of the nonmonetary financial institutions widened by Afl. 50.1 million compared to end-December 2011, due mainly to higher net foreign assets of Afl. 47.3 million and an increase in domestic claims of Afl. 2.8 million. On the liability side, the pension fund provisions and insurance reserve funds grew by, respectively, Afl. 59.6 million and Afl. 31.4 million, while other items net dropped by Afl. 41.8 million.

#### *Mortgage market*

Housing mortgage lending rose by Afl. 12.2 million to Afl. 1,516.3 million at end-June 2012 compared to end-March 2012 (during first six months: Afl. 26.1 million), resulting from a growth in mortgage lending by the commercial banks, pension funds and life insurance companies of, respectively, Afl. 10.5 million, Afl. 2.4 million and Afl. 0.9 million (during first six months: Afl. 22.8 million, Afl. 5.4 million, Afl. 2 million). In contrast, housing mortgage lending by the mortgage banks dropped by Afl. 3.5 million (during first six months: -Afl. 6.4 million). At end-June 2012, the market share of the commercial banks, mortgage banks, pension funds and life insurance companies stood at, respectively, 61 percent, 14 percent, 17 percent, and 6 percent (end-June 2011: 61 percent, 15 percent, 16 percent, 7 percent).

#### *Interest rates*

In the second quarter of 2012, 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) rose by 0.5 percentage point to 8.1 percent compared to the previous quarter (Chart 2). This increase is attributed to a growth in the weighted average rate of interest paid on new loans of 0.3 percentage point to 9.6 percent and a fall in the weighted average interest rate offered on new deposits of 0.2 percentage point to 1.5 percent.

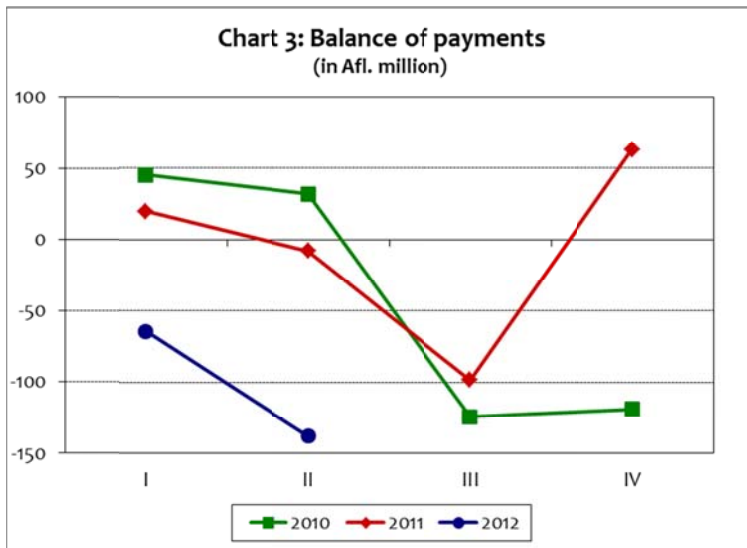


In the first six months 2012, the interest rate margin shrank by 0.4 percentage point compared to the same period a year earlier. This was caused by a 0.5 percentage point fall in the weighted average rate of interest paid on new loans and a 0.2 percentage point gain in the weighted average interest rate offered on new deposits.

### ***Balance of payments***

In the second quarter of 2012, the balance of payments posted an Afl. 137.8 million deficit, Afl. 130.0 million higher than in the same quarter of 2011. This increase was caused by a deterioration in the current account of both the non-oil and the oil sector. The Afl. 163.8 million current account surplus in the second quarter of 2011 turned into an Afl. 27.5 million deficit in the quarter under review, attributed to the Afl. 134.4 million drop in the current account surplus of the oil sector to Afl. 57.4 million in the second quarter of 2012. This drop was caused largely by lower foreign trade activities associated with the suspension of the refining operations of the oil sector as of the end of March 2012. Additionally, the current account deficit of the non-oil sector widened by Afl. 56.8 million to Afl. 84.9 million in the quarter under review, caused by higher deficits on the goods and income account balances associated with increases in the import of goods and the payment of interest and dividend to nonresidents. Furthermore, the services account surplus dropped by 10 percent, brought about by a 51.7 percent jump in the payment for government services, while gross tourism receipts rose by merely 0.2 percent. The capital and financial accounts net outflow declined by Afl. 70.9 million to Afl. 104.1 million in the quarter under review, due mainly to the transactions of the oil sector. The capital and financial accounts of this sector recorded an Afl. 109.6 million net outflow, down from Afl. 175.0 million in the second quarter of 2011, reflecting a fall in trade credit transactions related to lower trade activities.

In the first half of 2012, the balance of payments recorded an Afl. 202.0 million deficit compared to an Afl. 12.1 million surplus in the corresponding period of 2011. This deterioration was brought about by capital and financial accounts transactions of both sectors. The capital and financial accounts net inflow of Afl. 352.3 million of the oil sector recorded in the first half of 2011 turned into an Afl. 420.4 million net outflow during the first half of 2012, associated mostly with an increase in trade credit transactions. In addition, the capital and financial accounts net outflow of the non-oil sector grew by Afl. 72.4 million to Afl. 107.1 million, because of a surge in currency and deposits held abroad by resident companies, which was partially offset by a sharp decline in foreign portfolio investment. On the other hand, current account transactions of the oil sector showed a surplus of Afl. 255.9 million compared to an Afl. 315.2 million deficit in the same period of 2011, caused by a turnaround from an Afl. 166.9 million deficit into an Afl. 334.1 million surplus on its trade balance. This occurred despite the suspension of the refining operations as of the end of the first quarter of 2012. Moreover, the current account surplus of the non-oil sector increased by Afl. 68.7 million to Afl. 78.5 million, associated with a 1.7 percent rise in its services account surplus, pushed up by a 3.2 percent growth in gross tourism receipts. The deficit on the trade balance also dropped by 9.2 percent, following a 1.7 percent decline in the import of goods. Conversely, the income account deficit widened by 45.5 percent as a result of higher interest and dividend payments.



### **Government Finance**

In the second quarter of 2012, the government's financial transactions resulted, on balance, in a financial deficit of Afl. 113.7 million, down from a deficit of Afl. 125.1 million in the same period of 2011. Revenues rose by Afl. 3.8 million, related to an Afl. 19.6 million increase in tax revenue, which was largely offset by an Afl. 15.8 million decrease in nontax revenue. Expenditures (on a cash-basis) dropped by Afl. 17.9 million to Afl. 355.6 million.

In the first six months of 2012, the government's financial transactions resulted, on balance, in a financial deficit of Afl. 190.7 million, down from a deficit of Afl. 203.8 million in the same period of 2011. Revenues grew by Afl. 10.2 million to Afl. 492.6 million, following an Afl. 24.5 million increase in tax

revenue and an Afl. 14.3 million decline in nontax revenue. Expenditures (on a cash-basis) decreased by Afl. 13.4 million to Afl. 671.9 million.

At the end of June 2012, total government debt dropped by Afl. 31.3 million or 1.1 percent to Afl. 2,841.8 million, compared to the end of December 2011. Domestic debt increased by Afl. 37.9 million to Afl. 1,674.3 million, while foreign debt contracted by Afl. 6.8 million to Afl. 1,167.4 million.