



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: November 21, 2017

Monetary and financial developments: Money Supply decreased in the second quarter of 2017

Money and credit

In the second quarter of 2017, the money supply decreased by Afl. 46.8 million to Afl. 4,134.2 million, compared to the previous quarter (Table 1 and Chart 1). This reduction resulted from an Afl. 35.4 million decline in foreign funds and an Afl. 11.4 million reduction in the domestic component of the money supply.

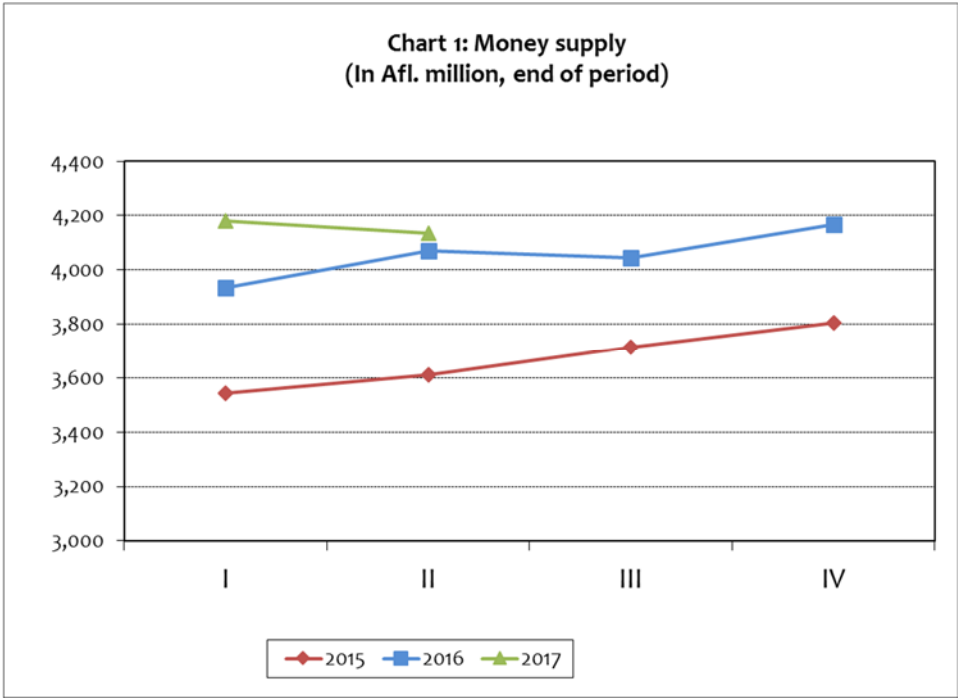
Table 1: Monetary survey (figures in Afl. million)	2016	2017		Changes	
	Q2	Q1	Q2	Q2-17 vs Q2-16	Q2-17 vs Q1-17
I. Net domestic assets	2,210.0	2,361.8	2,350.4	140.4	-11.4
A. Domestic credit	3,105.2	3,345.4	3,357.2	252.0	11.8
◦ Net claims on the public sector	131.2	326.5	329.9	198.7	3.4
◦ Claims on the private sector	2,974.0	3,018.9	3,027.3	53.3	8.4
▪ Loans to enterprises	1,262.5	1,287.7	1,271.2	8.7	-16.5
▪ Loans to individuals	1,701.6	1,720.9	1,745.7	44.1	24.8
- Consumer credit	574.4	561.9	570.1	-4.3	8.2
- Housing mortgages	1,127.1	1,159.0	1,175.5	48.4	16.6
▪ Other claims by the banking sector	9.8	10.4	10.4	0.6	0.1
B. Non-credit-related balance sheet items	-895.2	-983.6	-1,006.8	-111.6	-23.2
II. Net foreign assets	1,861.2	1,819.1	1,783.8	-77.4	-35.4
III. Broad money	4,071.2	4,180.9	4,134.2	63.0	-46.8
Money	2,156.1	2,305.9	2,318.4	162.3	12.5
Quasi-money	1,915.1	1,875.0	1,815.8	-99.3	-59.3

Source: Centrale Bank van Aruba

The decrease in net domestic assets was due to an Afl. 23.2 million decrease in non-credit related balance sheet items and the strengthening of domestic credit of Afl. 11.8 million. The decline in the non-credit related balance sheet items was primarily due to an increase in “shareholders’ equity”.

The rise in domestic credit was the result of growth in the claims of the banking sector on the private sector (+Afl. 8.4 million) and in the net claims of the banking sector on the public sector (+Afl. 3.4 million). The higher claims of the banking sector on the private sector resulted from increases in

housing mortgages (+Afl. 16.6 million) and consumer credit (+Afl. 8.2 million) and a decline in loans to enterprises (-Afl. 16.5 million). The growth in the net claims of the banking sector on the public sector was caused by increases in the government deposits (+Afl. 102.2 million) and in the gross claims of the banking sector (+Afl. 84.9 million). In contrast, the development funds decreased (-Afl. 20.7 million).



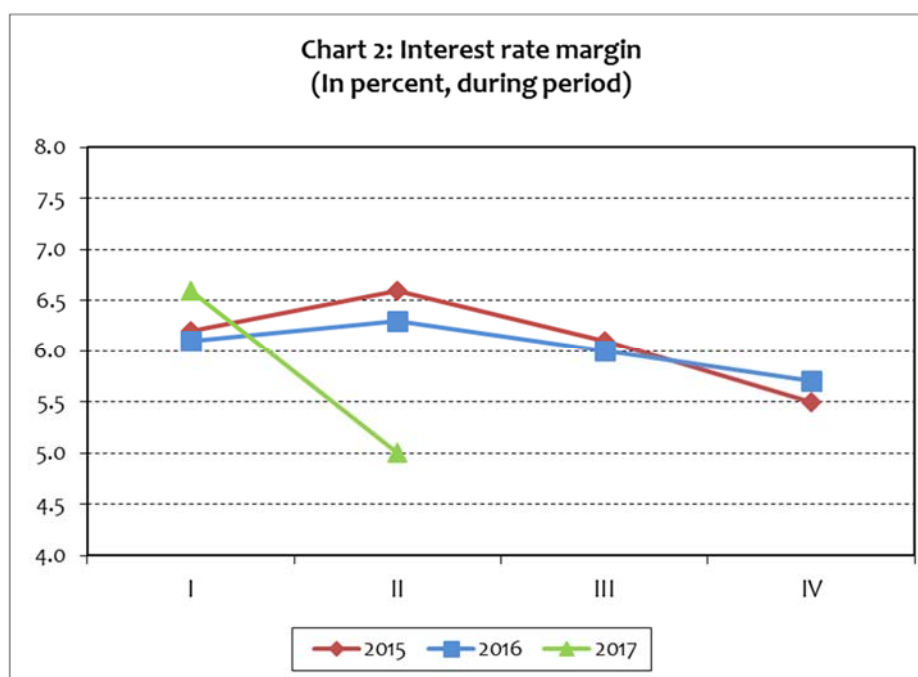
Source: Centrale Bank van Aruba

Interest rate margin

The interest rate margin of the commercial banks (calculated as the differential between the weighted average rate of interest paid on new loans and the weighted average rate of interest offered on new deposits) decreased by 1.6 percentage point to 5.0 percent in the second quarter of 2017, when compared to the first quarter of 2017 (Table 2 and Chart 2). This resulted from an increase in the weighted average rate of interest offered on new deposits of 0.2 percentage point to 1.5 percent and a decrease in the weighted average rate of interest charged on new loans of 1.5 percentage point to 6.4 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2016	2017	
	Q2	Q1	Q2
Weighted average rate of interest on new deposits	1.5	1.3	1.5
Time deposits ≤ 12 months	1.2	1.0	1.3
Time deposits > 12 months	1.8	1.9	1.9
Savings deposits	1.3	1.0	1.6
Weighted average rate of interest on new loans	7.8	7.9	6.4
Individual			
Consumer credit	10.6	10.8	9.8
Housing mortgages	6.2	6.1	5.9
Commercial			
Commercial mortgages	6.7	6.7	6.3
Other loans - Including current accounts (overdraft) facilities	7.7	7.2	4.9
Interest rate margin	6.3	6.6	5.0

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions expanded by Afl. 84.3 million or 2.2 percent to Afl. 3,886.2 million, compared to the first quarter of 2017 (Table 3). This surge was the result of increases in domestic claims (+Afl. 58.8 million) and net foreign assets (+Afl. 25.5 million). On the liability side, other items net, pension fund provisions, insurance reserve fund,

and borrowings and deposits grew by Afl. 47.9 million, Afl. 17.5 million, Afl. 17.1 million, and Afl. 1.7 million, respectively, when compared to the first quarter of 2017.

Table 3: Nonmonetary financial institutions	2016	2017		Changes	
	Q2	Q1	Q2	Q217 vs Q216	Q117 vs Q217
1. Net foreign assets	1,049.6	1,218.9	1,244.4	194.8	25.5
2. Domestic claims	2,524.2	2,583.1	2,641.9	117.7	58.8
a. Government	1,378.6	1,404.0	1,447.1	68.5	43.0
b. Private sector	1,145.6	1,179.0	1,194.8	49.2	15.8
3. Total assets = total liabilities	3,573.8	3,802.0	3,886.2	312.4	84.3
4. Borrowings and deposits	50.6	25.1	26.8	-23.8	1.7
a. Government	38.6	2.0	2.0	-36.6	0.0
b. Other residents	12.0	23.1	24.8	12.8	1.7
5. Pension fund provisions	2,854.4	2,936.4	2,953.9	99.5	17.5
6. Insurance reserve fund	1,036.3	1,084.1	1,101.3	65.0	17.1
7. Other items, net	-367.6	-243.6	-195.7	171.9	47.9

Source: Centrale Bank van Aruba

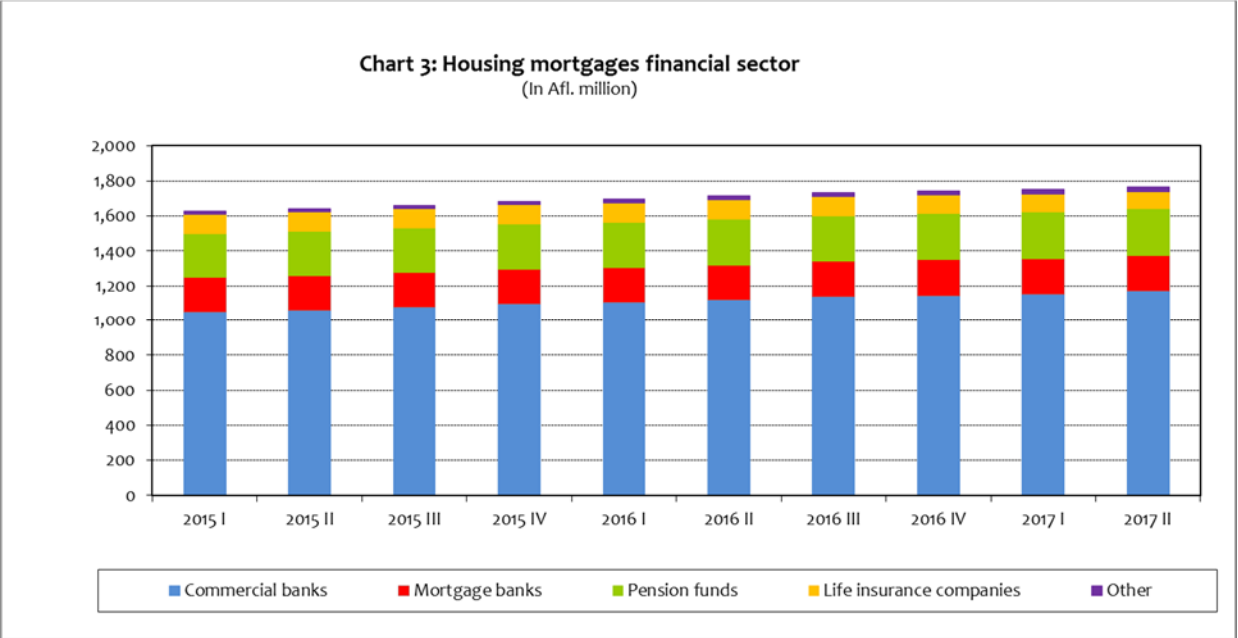
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 12.1 million to Afl. 1,765.5 million at the end of June 2017, compared to the end of March 2017 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 16.4 million), the pension funds (+Afl. 2.5 million) and other financial institutions (+Afl. 0.8 million). In contrast, housing mortgage lending by life insurance companies and mortgage banks decreased by Afl. 7.5 million and Afl. 0.2 million, respectively.

Table 4: Housing mortgages	2016			2017					
	Q2			Q1			Q2		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,714.6	16.3	100.0%	1,753.5	7.7	100.0%	1,765.5	12.1	100.0%
Commercial banks	1,121.1	16.4	65.4%	1,153.0	7.6	65.8%	1,169.4	16.4	66.2%
Mortgage banks	198.3	-1.7	11.6%	204.1	-2.0	11.6%	204.0	-0.2	11.6%
Pension funds	261.5	0.6	15.3%	264.8	1.1	15.1%	267.4	2.5	15.1%
Life Insurance Companies	110.3	0.7	6.4%	105.5	-0.1	6.0%	98.0	-7.5	5.6%
Other	23.3	0.2	1.4%	26.0	1.2	1.5%	26.8	0.8	1.5%

Source: Centrale Bank van Aruba

At the end of June 2017, there was a rise in the market share of the commercial banks and the other financial institutions of 0.8 percentage point and 0.1 percentage point, respectively, when compared to the second quarter of 2016. The market share of the life insurance companies and pension funds, decreased by 0.8 percentage point and 0.2 percentage point. Furthermore, the market share of mortgage banks stayed practically the same.



Source: Centrale Bank van Aruba