



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: June 21, 2018

Monetary and financial developments: Money Supply increased in the fourth quarter of 2017

Money and credit

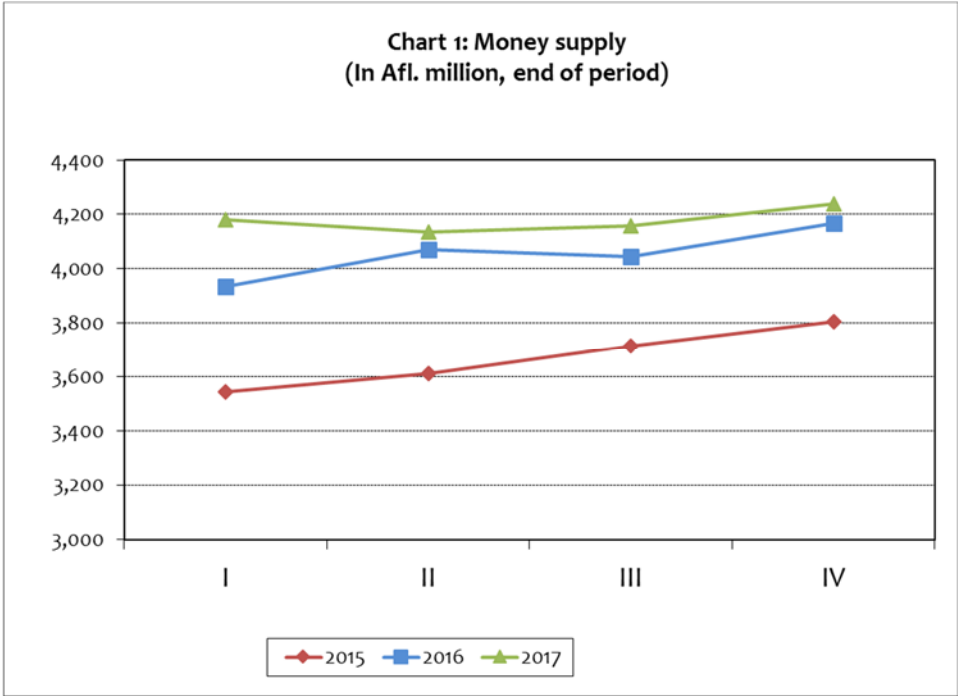
In the fourth quarter of 2017, the money supply surged by Afl. 82.4 million to Afl. 4,239.9 million, compared to the previous quarter (Table 1 and Chart 1). This growth resulted from increases in the domestic component of the money supply and in net foreign assets of Afl. 56.8 million and Afl. 25.6 million, respectively.

Table 1: Monetary survey (figures in Afl. million)	2016	2017		Changes	
	Q4	Q3	Q4	Q4-17 vs Q4-16	Q4-17 vs Q3-17
I. Net domestic assets	2,390.2	2,498.2	2,555.1	164.9	56.8
A. Domestic credit	3,306.6	3,543.0	3,533.0	226.4	-9.9
◦ Net claims on the public sector	287.0	434.0	400.0	113.0	-34.0
◦ Claims on the private sector	3,019.6	3,109.0	3,133.0	113.4	24.1
▪ Loans to enterprises	1,285.1	1,327.7	1,333.3	48.2	5.6
▪ Loans to individuals	1,724.2	1,770.9	1,789.3	65.1	18.4
- Consumer credit	558.4	557.7	551.4	-7.0	-6.3
- Housing mortgages	1,165.8	1,213.2	1,237.9	72.1	24.7
▪ Other claims by the banking sector	10.4	10.4	10.5	0.1	0.0
B. Non-credit-related balance sheet items	-916.5	-1,044.7	-977.9	-61.4	66.8
II. Net foreign assets	1,777.5	1,659.2	1,684.8	-92.7	25.6
III. Broad money	4,167.6	4,157.5	4,239.9	72.3	82.4
Money	2,251.5	2,275.8	2,421.6	170.1	145.8
Quasi-money	1,916.1	1,881.6	1,818.3	-97.8	-63.4

Source: Centrale Bank van Aruba

The expansion in net domestic assets was mainly due to a surge of Afl. 66.8 million in the non-credit related balance sheet items, which was somewhat offset by an Afl. 9.9 million decrease in domestic credit. The increase in the non-credit related balance sheet items was the result of decreases in “shareholders’ equity”, “allocated provision for loan losses”, “other liabilities” and clearing transactions.

The decrease in domestic credit was the result of a decline in the net claims of the banking sector on the public sector (-Afl. 34.0 million) and a growth in the claims of the banking sector on the private sector (+Afl. 24.1 million). The drop in the net claims of the banking sector on the public sector was caused by increases in the government deposits (+Afl. 36.8 million) and in the development funds (+Afl. 5.0 million). The higher claims of the banking sector on the private sector resulted from increases in housing mortgages (+Afl. 24.7 million) and loans to enterprises (+Afl. 5.6 million), and a fall in consumer credit (-Afl. 6.3 million).



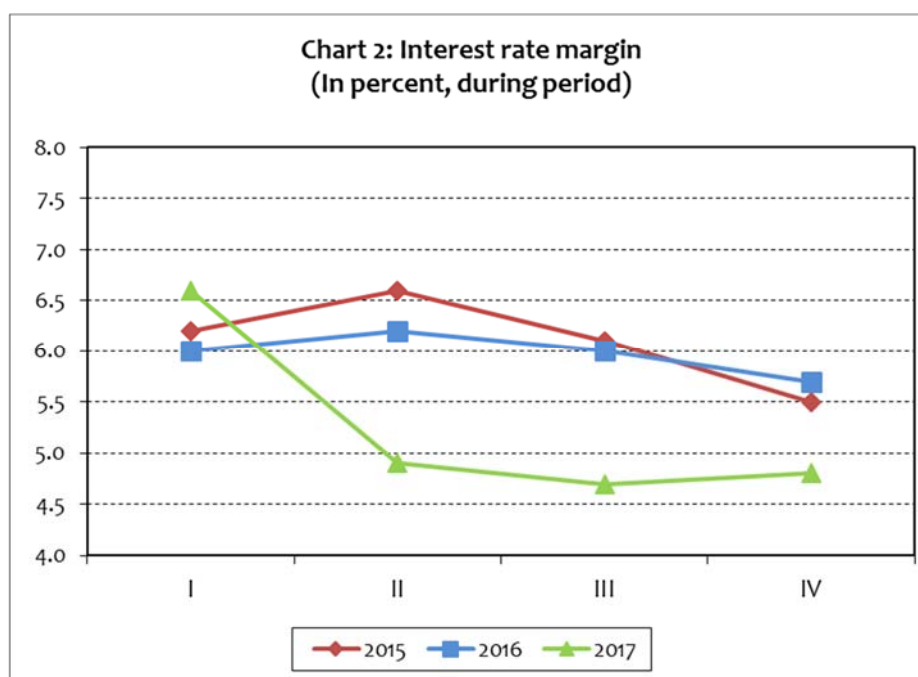
Source: Centrale Bank van Aruba

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) increased by 0.1 percentage point to 4.8 percent in the fourth quarter of 2017, when compared to the third quarter of 2017 (Table 2 and Chart 2). This resulted from a decrease in the weighted average rate of interest offered on new deposits of 0.1 percentage point to 1.7 percent while the weighted average rate of interest charged on new loans stayed the same at 6.5 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2016	2017	
	Q4	Q3	Q4
Weighted average rate of interest on new deposits	1.8	1.8	1.7
Time deposits ≤ 12 months	1.5	1.4	1.4
Time deposits > 12 months	2.6	2.1	2.5
Savings deposits	1.4	1.4	1.4
Weighted average rate of interest on new loans	7.5	6.5	6.5
Individual			
Consumer credit	9.9	10.3	9.2
Housing mortgages	6.2	5.6	5.6
Commercial			
Commercial mortgages	6.6	6.2	6.4
Other loans - Including current accounts (overdraft) facilities	6.9	5.8	5.8
Interest rate margin	5.7	4.7	4.8

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. 42.7 million or 1.1 percent to Afl. 4,046.6 million, compared to the third quarter of 2017 (Table 3). This rise was the result of a surge in net foreign assets (+Afl. 91.7 million) and a decrease in domestic claims (-Afl. 49.0 million). On the liability side, insurance reserve fund, pension fund provisions, borrowings

and deposits, and other items (net) grew by Afl. 20.4 million, Afl. 17.0 million, Afl. 2.8 million and Afl. 2.5 million, respectively, when compared to the third quarter of 2017.

Table 3: Nonmonetary financial institutions		2016	2017		Changes	
End of period		Q4	Q3	Q4	Q417 vs Q416	Q417 vs Q317
1. Net foreign assets		1,157.4	1,315.3	1,407.0	249.6	91.7
2. Domestic claims		2,560.3	2,688.6	2,639.6	79.3	-49.0
a. Government		1,395.7	1,492.5	1,442.7	47.0	-49.8
b. Private sector		1,164.6	1,196.1	1,196.9	32.3	0.9
3. Total assets = total liabilities		3,717.7	4,003.9	4,046.6	328.9	42.7
4. Borrowings and deposits		23.3	23.0	25.8	2.5	2.8
a. Government		2.0	2.0	2.0	0.0	0.0
b. Other residents		21.3	21.0	23.8	2.5	2.8
5. Pension fund provisions		2,913.4	2,971.1	2,988.1	74.7	17.0
6. Insurance reserve fund		1,060.3	1,134.6	1,155.0	94.7	20.4
7. Other items, net		-279.4	-124.8	-122.3	157.1	2.5

Source: Centrale Bank van Aruba

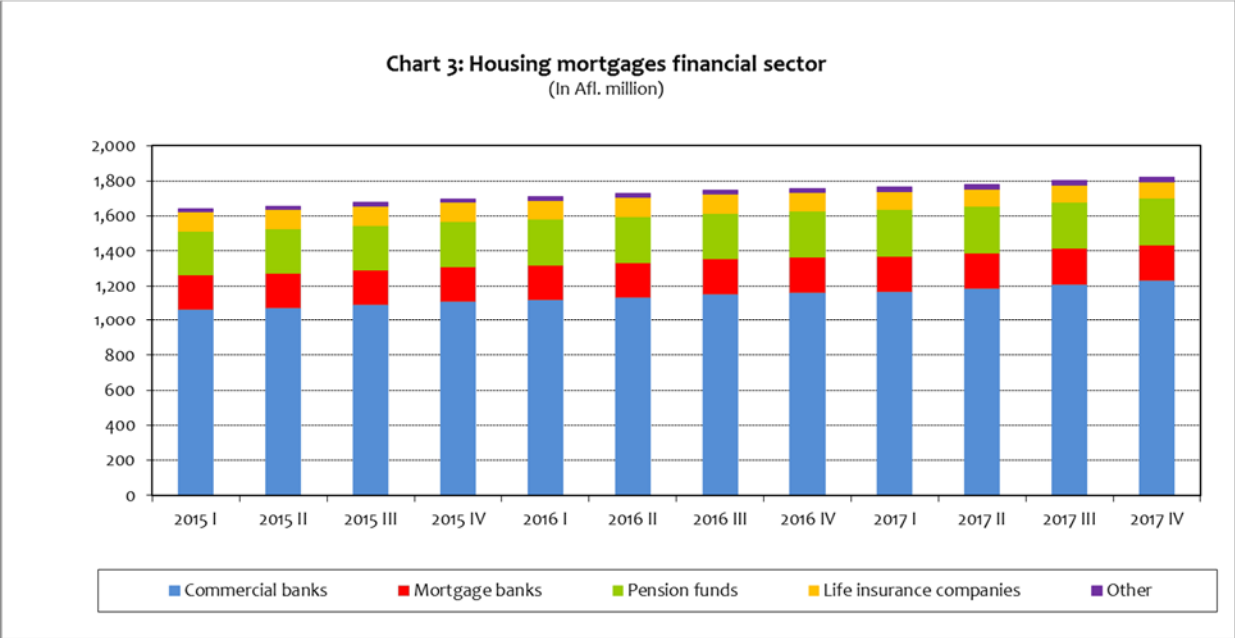
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 19.8 million to Afl. 1,822.5 million at the end of December 2017, compared to the end of September 2017 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 24.8 million) and pension funds (+Afl. 0.9 million). In contrast, housing mortgage lending by mortgage banks and life insurance companies decreased by Afl. 3.8 million and Afl. 2.1 million, respectively.

Table 4: Housing mortgages	2016			2017					
	Q4			Q3			Q4		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,760.0	10.0	100.0%	1,802.6	23.1	100.0%	1,822.5	19.8	100.0%
Commercial banks	1,159.7	7.5	65.9%	1,207.2	23.8	67.0%	1,232.0	24.8	67.6%
Mortgage banks	206.1	2.8	11.7%	206.3	2.3	11.4%	202.5	-3.8	11.1%
Pension funds	263.8	3.0	15.0%	265.6	-1.8	14.7%	266.5	1.0	14.6%
Life Insurance Companies	105.6	-4.1	6.0%	95.6	-2.4	5.3%	93.5	-2.1	5.1%
Other	24.8	0.8	1.4%	28.0	1.2	1.6%	28.0	0.0	1.5%

Source: Centrale Bank van Aruba

At the end of December 2017, there was a rise in the market share of the commercial banks and the other financial institutions of 1.7 percentage points and 0.1 percentage point, respectively, when compared to the fourth quarter of 2016. The market share of the life insurance companies, mortgage banks and pension funds, decreased by 0.9 percentage point, 0.6 percentage point and 0.4 percentage point, respectively.



Source: Centrale Bank van Aruba