



CENTRALE BANK VAN ARUBA

Monetary Policy (December 2018)

Press Release¹

During its meeting of December 20, 2018, the Monetary Policy Committee (MPC)² of the Centrale Bank van Aruba (CBA) decided to keep the reserve requirement at 11.0 percent and to uphold the advance rate at 1.0 percent, after reviewing the most recent economic and monetary data. The following information and analysis were considered in reaching this decision, based on October 2018 data.

International reserves

Total international reserves (including revaluation differences) declined by Afl. 28.0 million in October 2018, the second consecutive contraction. Compared to December 2017, the level of international reserves decreased by Afl. 14.6 million (-0.8 percent), despite an Afl. 9.2 million increase of the official reserves (+0.6 percent). Consequently, the international reserves and the official reserves stood at, respectively, Afl. 1,809.6 million and Afl. 1,658.4 million at end-October 2018.

Credit developments

The year-to-date 2.4 percent rise in overall commercial bank credit was mainly driven by housing mortgages (+6.5 percent) and business loans (+1.7 percent). A 9.5 percent decline was registered in personal loans (a component of consumer credit).

Inflation

In October 2018, the CPI index rose by 4.2 percent, compared to the corresponding month a year earlier. On balance, this was mainly the result of the increase in the BBO-rate and higher prices in the transport and food components. The twelve-month average inflation rate amounted to 2.7 percent in October 2018. The twelve-month average core inflation rate (excluding energy and food) stood at 1.4 percent in October 2018.

Tourism

During the first ten months of 2018, tourism development indicators noted upturns, as growth was registered in tourist arrivals (+1.3 percent), visitor nights (+1.4 percent), cruise visitor arrivals (+5.8 percent), and tourism receipts recorded at the commercial banks (+9.7 percent).

¹ The English text prevails.

² The MPC was instituted in May 2010 to periodically evaluate and determine the monetary policy of the CBA. In addition, the MPC aims at improving the transparency of the monetary policy.

Money supply

In October 2018, money supply registered an increase of Afl. 83.3 million to Afl. 4,323.2 million compared to December 2017, resulting from expansions in the net domestic assets (+Afl. 71.8 million) and in the net foreign assets (+Afl. 11.5 million, excluding revaluation differences).

Centrale Bank van Aruba

January 31, 2019