



CENTRALE BANK VAN ARUBA

MONEY SUPPLY EXPANDED

Summary of the Monthly Bulletin of May 2021

Press Release¹

Monetary developments

In comparison to April 2021, money supply increased in May 2021 by Afl. 46.8 million to Afl. 4,984.5 million, resulting from an increase in the net foreign² assets (+Afl. 51.2 million) and a shrinkage in the net domestic assets (-Afl. 4.4 million)

In May 2021, net foreign assets of the banking sector increased, due to net purchases of foreign exchange of Afl. 226.3 million from the public, mostly related to foreign exchange revenue from tourism exports and net transfers from foreign accounts. These were largely offset by net sales of foreign exchange of Afl. 175.0 million to the public, mainly associated with payments for goods imports and other services. The fall in the domestic component of money supply was primarily caused by a shrinkage in the domestic credit (-Afl. 5.9 million), while the non-credit related balance sheet items experienced an increase (+Afl. 1.5 million). The decline in domestic credit resulted from a decrease in the claims of the banking sector on the private sector (-Afl. 8.9 million) and an increase in the net claims of the banking sector on the public sector (+Afl. 3.0 million). The contraction in the claims of the banking sector on the private sector (Chart 2) was caused by decreases in loans to enterprises (-Afl. 5.8 million), consumer credit (-Afl. 3.0 million), and housing mortgages (-Afl. 0.2 million). The increase in the net claims of the banking sector on the public sector was the result of decreases in government deposits (-Afl. 23.0 million) and in gross claims (-Afl. 19.9 million).

Inflation

The consumer price index (CPI) for May 2021 noted a 0.2 percent decrease year-over-year (YOY) compared to a 0.4 percent decline (YOY) for April 2021. The main contributors to this decrease were the “Household Operation” and “Recreation and Culture” components. The 12-month average inflation rate was -2.2 percent in May 2021, compared to -2.3 percent in April 2021.

Government

Total government revenue amounted to Afl. 98.8 million in May 2021, Afl. 30.4 million more than the same month of the previous year. The surge in government revenue resulted from an increase in tax revenue (+Afl. 31.8 million) and a decrease in the nontax revenue (-Afl. 1.4 million).

The main contributors to the increase in tax revenue were increases in import duties (+Afl. 8.0 million), turnover tax (B.B.O./B.A.V.P) (+Afl. 6.7 million), gasoline tax (+Afl. 2.8 million), profit tax (+Afl. 2.4 million), and liquor tax (+Afl. 2.2 million).

The reduction in nontax revenue was caused by a decrease in other nontax revenue of Afl. 1.4 million.

Tourism

Aruba did not receive stay over visitors during May of 2020, therefore the figures of May 2019 were used to compare with figures of May 2021. The number of stay over visitors amounted to 70,683 in May 2021, which is 17,860 less visitors (-20.2 percent) than in May 2019. The Latin American market, the North American market

¹ The English original prevails.

² Excluding revaluation differences of gold and foreign exchange holdings.

and the European market declined by of 6,968 visitors (-79.7 percent), 6,801 visitors (-9.7 percent), and 4,248 visitors (-58.2 percent), respectively. These reductions were caused by overall decreases in visitors from all the countries in each market.

Centrale Bank van Aruba

July 27, 2021

For further information or a more detailed analysis, visit our website (www.cbaruba.org) or contact the Statistics Department of the Centrale Bank van Aruba, tel. +297-525-2100, e-mail statistics.department@cbaruba.org.