



CENTRALE BANK VAN ARUBA

**Summary of the monthly bulletin of the Centrale Bank van Aruba  
for December 2007\***

February 19, 2008

In December 2007, money supply contracted by Afl. 10.5 million or 0.4 percent to Afl. 2,567.3 million, following an Afl. 23.8 million net outflow of funds to abroad. The latter resulted mainly from the government's Afl. 20.6 million annual debt service payment to the Dutch government, and its Afl. 8.9 million annual contribution to the Solidarity Fund. Consequently, net foreign assets fell to Afl. 703.1 million at the end of December 2007, which is Afl. 49.5 million or 7.6 percent more than the amount recorded in the corresponding month a year earlier. The resulting contraction in money supply was mitigated partly by an Afl. 13.3 million (0.7 percent) expansion in net domestic assets.

The growth in net domestic assets was brought about largely by an Afl. 8.2 million rise in claims of the banking sector on the private sector reflecting increases in loans to enterprises and housing mortgages of, respectively, Afl. 9.0 million (0.9 percent) and Afl. 0.3 million (zero change). In contrast, consumer credit went down by Afl. 2.3 million (0.4 percent). Moreover, net claims on the public sector grew by Af. 2.8 million, which was mainly attributed to an increase in gross claims on the government of Afl. 2.4 million. On the other hand, an Afl. 11.2 million drawing down of government's deposits was offset by an Afl. 10.8 million rise in development funds, reflecting the receipt of development aid from the Dutch government. In addition, non-credit-related balance sheet items went up by Afl. 2.3 million.

**Changes in the money supply in December 2007 (in Afl. million):**

1. Net foreign assets	-23.8
2. Net domestic assets	+13.3
<i>a. Net claims on the public sector</i>	+2.8
<i>b. Loans to enterprises</i>	+9.0
<i>c. Consumer credit</i>	-2.3
<i>d. Housing mortgages</i>	+0.3
<i>e. Other claims by the banking sector</i>	+1.2
<i>f. Non-credit-related balance sheet items</i>	+2.3
3. Net change in money supply	-10.5

(“+”=increase / “-”=decrease)

During 2007, money supply grew by Afl. 83.0 million or 3.3 percent, following increases in both net foreign and domestic assets of Afl. 49.5 million (7.6 percent) and Afl. 33.4 million (1.8 percent), respectively. Loans to enterprises, housing mortgages, and consumer credit grew by Afl. 30.9 million (3.0 percent), Afl. 38.3 million (5.1 percent), and Afl. 30.8 million (5.8 percent),

\* The publications of the Centrale Bank van Aruba are also available on its website [www.cbaruba.org](http://www.cbaruba.org).

respectively. In addition, the financial transactions of the government contributed with Afl. 5.1 million to the increase in money supply.

The Aruba Tourism Authority has not yet published the data on tourist arrivals and nights spent on the island for August up to and including December 2007. Available data from the Aruba Airport Authority on airport arrivals, which can be considered an approximation for tourist arrivals, indicate a 9.8 percent growth in the first eleven months of 2007, compared to the corresponding period of 2006. Data on the average occupancy rate of hotels show a decrease of 1.4 percentage points to 72.9 percent in December 2007, compared to a year earlier. The average occupancy rate for the year 2007, compared to 2006, rose by 0.5 percentage point to 77.3 percent. Cruise Tourism Authority reported a decline in both the number of cruise passengers and ship calls of, respectively, 8.3 percent and 11.8 percent in December 2007, compared to the corresponding month of 2006. For 2007 as a whole, the number of cruise passengers dropped by 18.5 percent to 481,775, while the number of ship calls remained virtually unchanged.

In December 2007, the consumer price index went up by 10.2 percent compared to the corresponding month in 2006. The 12-month average inflation rate reached 6.0 percent in 2007 (2006: 3.6 percent), the highest since 1994. The inflation differential with Aruba's major trading partner, the United States, widened to 3.1 percentage points, up from 0.4 percentage point in December 2006.