



## CENTRALE BANK VAN ARUBA

### **Summary of the monthly bulletin of the Centrale Bank van Aruba for August 2006\***

October 11, 2006

In August 2006, money supply decreased slightly by Afl. 1.4 million or 0.1 percent to Afl. 2,463.5 million. This decline was the result of an Afl. 28 million outflow of funds to abroad, which was largely offset by an Afl. 26.6 million expansion of net domestic assets. Mentioned outflow of funds to abroad was caused mainly by debt and interest payments by the government of Afl. 16.6 million and Afl. 6.9 million, respectively, and Afl. 16.6 million in dividend payments by the private sector, which were offset in part by Afl. 20 million and Afl. 17 million more inflows from tourism and foreign bank accounts, respectively. All aforementioned transactions combined resulted in a decrease of net foreign assets to Afl. 620.4 million at the end of August 2006, which is Afl. 106.3 million or 14.6 percent less than in the corresponding month a year earlier.

The increase in net domestic assets resulted from an Afl. 15.1 million rise in non-credit related balance sheet items and an Afl. 11.5 million growth in domestic credit. Net claims of the banking sector on the public sector went up by Afl. 6.5 million, mainly reflecting an Afl. 29.8 million increase in government bonds holdings by the banking sector, which was largely offset by an Afl. 28.4 million rise in government deposits. The banking sector's claims on the private sector rose by Afl. 5 million, as increases in loans to enterprises and housing mortgages of Afl. 5 million (0.5 percent) and Afl. 3.3 million (0.4 percent), respectively, were offset in part by an Afl. 3.9 million (0.7 percent) decline in consumer credit.

Changes in the money supply in August 2006:

	In Afl. million
1. Net foreign assets	-28.0
2. Net domestic assets	+26.6
a. Net claims on the public sector	+6.5
b. Loans to enterprises	+5.0
c. Consumer credit	-3.9
d. Housing mortgages	+3.3
e. Other claims by the banking sector	+0.6
f. Non-credit-related balance sheet items	+15.1
3. Net change in money supply	-1.4

("+"=increase / "-"=decrease)

In June 2006, the number of stay-over visitors and their nights spent on the island fell by 8.8 percent and 6.2 percent, respectively, compared to the corresponding month in 2005. Available data for the first six months of 2006 show that stay-over tourists and their nights spent on the island decreased by 10.3 percent and 7.5 percent, respectively. Figures on tourist arrivals and nights spent on the island for July and August 2006 are not yet available.

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

According to data from the Central Bureau of Statistics, the average occupancy rate of the hotels contracted by 3.1 percentage points to 80.6 percent in August 2006, compared to the corresponding month a year earlier.

Data published by the Cruise Tourism Authority show that the number of cruise passengers increased by 21.5 percent in August 2006, when compared to the corresponding month of 2005. In contrast, the number of ship calls decreased by 14.2 percent.

In August 2006, the consumer price index was 4.2 percent higher than in the corresponding month a year earlier. The annual average inflation rate accelerated to 4.1 percent in August 2006, up from 3.1 percent a year earlier. This inflation rate is 0.2 percentage point higher than the annual average inflation rate for the United States in the corresponding period.