



CENTRALE BANK VAN ARUBA

**Summary of the monthly bulletin of the Centrale Bank van Aruba
for July 2008***

September 11, 2008

In July 2008, money supply grew by Afl. 5.1 million or 0.2 percent to Afl. 2,739.9 million. This expansion was on balance the result of an Afl. 85.5 million (4.7 percent) increase in net domestic assets and an Afl. 80.4 million (8.7 percent) decline in net foreign assets. The latter reflected a debt repayment by the government, as well as debt repayments and construction outlays by the private sector. Consequently, net foreign assets (excluding revaluation differences of gold and foreign exchange holdings) fell to Afl. 839.9 million at the end of July 2008, which is Afl. 121.8 million or 17.0 percent more than the amount recorded in the corresponding month of 2007.

The increase in net domestic assets was primarily caused by an Afl. 52.7 million decline in the net liability of the banking sector to the public sector, associated with an Afl. 55.0 million drawing down of government's deposits with the banking system, partly to finance the above-mentioned debt repayment. In addition, claims of the banking sector on the private sector went up by Afl. 13.2 million, reflecting increases in loans to enterprises, housing mortgages and consumer credit of, respectively, Afl. 9.3 million (0.9 percent), Afl. 3.3 million (0.4 percent) and Afl. 1.0 million (0.2 percent). Moreover, the non-credit-related balance sheet items rose by Afl. 19.5 million.

Changes in the money supply in July 2008 (in Afl. million):

1. Net foreign assets	-80.4
2. Net domestic assets	+85.5
a. Net claims on the public sector	+52.7
b. Loans to enterprises	+9.3
c. Consumer credit	+1.0
d. Housing mortgages	+3.3
e. Other claims by the banking sector	-0.4
f. Non-credit-related balance sheet items	+19.5
3. Net change in money supply	+5.1

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

The Aruba Tourism Authority has a backlog in its official publication of statistics on tourist arrivals and nights spent on the island for the months of January 2008 up to and including July 2008. However, airport arrivals, which can be considered an approximation for tourist arrivals, registered an 18.4 percent increase during the first six months of 2008, compared to the same period in 2007. Data on the average occupancy rate of hotels, provided by the Central Bureau of Statistics, show a 1.3 percentage points decrease to 78.4 percent in July 2008, compared to a year earlier. The Cruise Tourism Authority reported a decline in the number of cruise passengers and

* The publications of the Centrale Bank van Aruba are also available on its website www.cbaruba.org.

ship calls of, respectively, 1.1 percent and 50.0 percent in July 2008, compared to the corresponding month of 2007.

In July 2008, the consumer price index increased by 10.2 percent compared to the corresponding month in 2007. The 12-month average inflation rate accelerated to 8.2 percent, compared to 4.1 percent in July 2007. The inflation differential with the United States widened to 4.2 percentage points, up from 1.7 percentage points in July 2007. When excluding the energy-related components (water, electricity and gasoline), the 12-month inflation rate went up by 1.3 percentage points to 5.0 percent in July 2008, compared to the corresponding period a year earlier.