CENTRALE BANK VAN ARUBA

World economic crisis affects Aruba's tourism

Summary of the monthly bulletin for January2009

Press Release*

April 28, 2009

In January 2009, money supply grew by Afl. 13.9 million to Afl. 3,005.4 million. This expansion was brought about by an Afl. 80.3 million net inflow of funds from abroad, which was partially offset by an Afl. 66.4 million (3.9 percent) contraction in net domestic assets. The former was the result of an Afl. 27.9 million (EUR 11.8 million) grant from the Dutch government, which was earmarked for the repayment of debt, and an Afl. 44.1 million net inflow of funds from foreign bank accounts held by residents. Consequently, net foreign assets (excluding revaluation differences of gold and foreign exchange holdings) rose to Afl. 1,350.7 million at the end of January 2009.

The contraction in net domestic assets was, in part, caused by an Afl. 33.2 million decline in non-credit-related balance sheet items, due largely to clearing transactions. In addition, net claims of the banking sector on the public sector fell by Afl. 22.6 million (11.9 percent). This reflected mostly the deposit of earlier mentioned grant on an earmarked account at the Centrale Bank van Aruba. Moreover, claims of the banking sector on the private sector declined by Afl. 10.6 million, following an Afl. 10.7 million (0.9 percent) contraction in loans to enterprises. Consumer credit remained virtually unchanged, while housing mortgages fell by Afl. 0.5 million.

In January 2009, economic indicators showed mixed results. After four consecutive months of decline, real turnover tax revenue (BBO) increased by 4 percent, compared to the corresponding period a year earlier. Nominal BBO receipts grew by 2.1 percent in January 2009, compared to January 2008, after decreasing for the first time in December 2008.** The Aruba Tourism Authority's stay-over visitor statistics indicated declines of 2.3 percent and 7.7 percent, respectively, in the months January and February, compared to the corresponding months a year earlier. In

*English original prevails.

**The BBO receipts generated in a certain month are indicators of the output generated in the previous month.

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addition, the Central Bureau of Statistics reported that the average occupancy rate of hotels and timeshare resorts registered a 4.4 percentage points fall to 78.5 percent in January 2009, compared to a year earlier. The contraction in stay-over tourism may be an indication that the global economic crisis is affecting Aruba. The Cruise Tourism Authority's data reveal that the number of cruise passengers increased by 8.7 percent in January 2009, compared to the corresponding month of 2008, despite a 10.9 percent drop in total ship calls, signaling an increase in the size of the ships and/or the occupancy rates of the ships visiting Aruba.

The end of period consumer price index of January 2009 showed a deflation (i.e., a price decrease) of 3.2 percent, compared to January 2008. The 12-month average inflation rate rose by 2.1 percentage points to 7.9 percent, compared to the corresponding month of 2008. The differential with the inflation in the U.S.A., our main trading partner, widened to 4.4 percentage points in January 2009, compared to 2.8 percentage points in the corresponding month of 2008. When excluding the energy-related components (water, electricity, and gasoline), the 12-month inflation rate went up by 0.5 percentage point to 4.8 percent in January 2009, compared to the corresponding period a year earlier.

For further information, please visit our website (www.cbaruba.org) or contact the Research Department of the Centrale Bank van Aruba, tel. +297 5252100.