



CENTRALE BANK VAN ARUBA

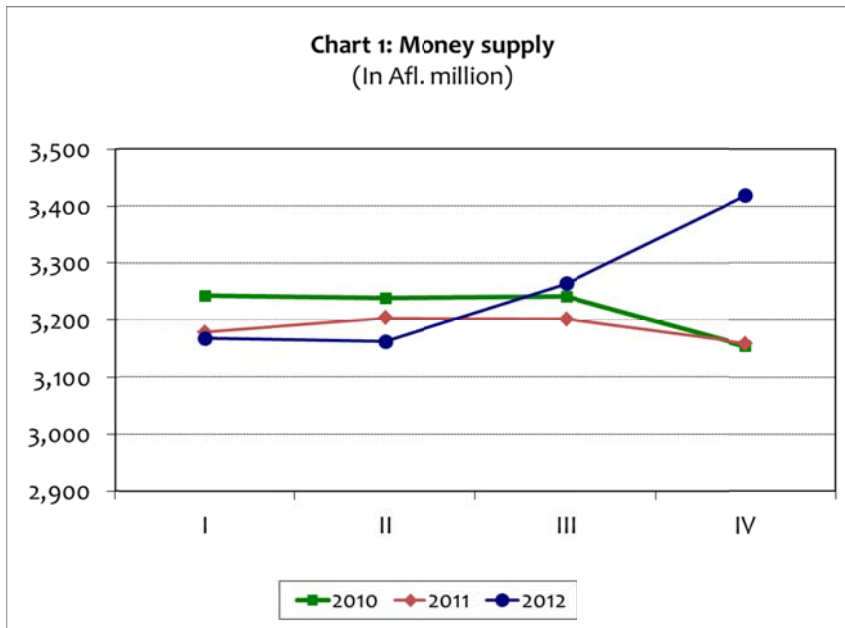
Statistical News Release

Date: May 24, 2013

Monetary developments: Money supply increased in 2012

Money and credit

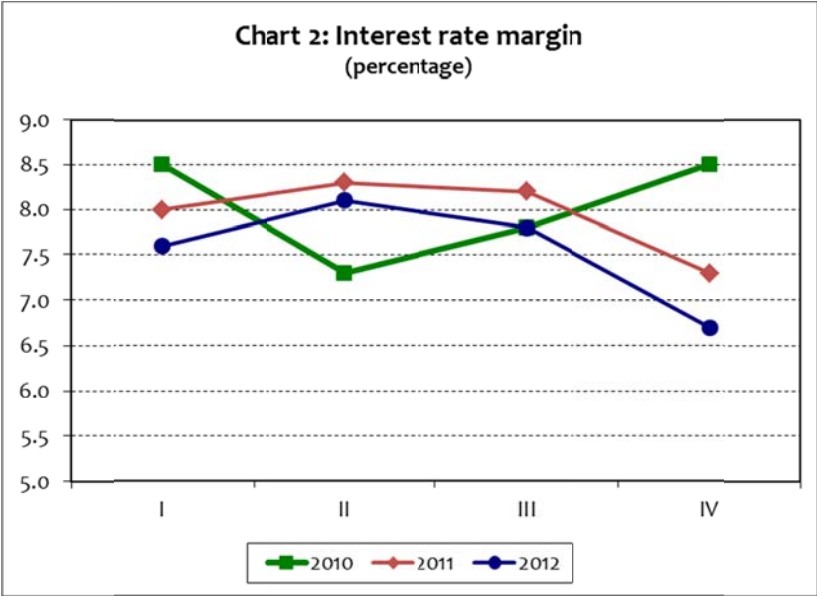
In the fourth quarter of 2012, the money supply increased by Afl. 154.9 million to Afl. 3,418.9 million compared to the previous quarter. This increase resulted from an Afl. 233.6 million expansion in the domestic component of the money supply, which was partially offset by an Afl. 78.8 million net outflow of foreign funds (Chart 1). The rise in net domestic assets was attributed to increases in domestic credit and non-credit related balance sheet items of, respectively, Afl. 207.9 million and Afl. 25.7 million. The growth in domestic credit resulted mainly because an Afl. 74.2 million net claim of the public sector on the banking sector at the end of September 2012 turned into an Afl. 135.6 million net liability of the public sector to the banking sector at the end of December 2012. This turnaround resulted mostly from a decline of Afl. 190.9 million in government deposits at the banking sector, attributed mainly to the repayment of matured bonds and an Afl. 18.9 million increase in its liabilities to the banking sector. In contrast, claims on the private sector decreased slightly by Afl. 1.9 million (to Afl. 2,712.2 million), resulting from increases in housing mortgages and loans to enterprises of, respectively, Afl. 8.8 million (to Afl. 951.2 million) and Afl. 7.5 million (to Afl. 1,208.1 million), and a drop in consumer credit of Afl. 17.5 million (to Afl. 534.8 million).



During 2012, the money supply expanded by Afl. 258.9 million compared to end-December 2011, attributed to increases in net domestic assets and net foreign assets of, respectively, Afl. 202.8 million and Afl. 56.1 million. The growth in net domestic assets was related to an Afl. 249.6 million rise in domestic credit, while non-credit related balance sheet items dropped by Afl. 46.9 million. The expansion in domestic credit was predominantly because an Afl. 38.9 million net claim of the public sector on the banking sector at the end of December 2011 turned into an Afl. 135.6 million net liability of the public sector to the banking sector at the end of December 2012. This turnaround was brought about by an Afl. 134.9 million decrease in government deposits at the banking sector and an Afl. 39.6 million increase in its liabilities to the banking sector. Claims on the private sector grew by Afl. 75.2 million, associated with increases in loans to enterprises and housing mortgages of, respectively, Afl. 58.5 million and Afl. 38.9 million, which were partially offset by an Afl. 19.4 million decline in consumer credit.

Interest rates

In the fourth quarter of 2012, the interest rate margin of the commercial banks (calculated as the differential between the weighted average rate of interest on new loans and the weighted average rate of interest on new deposits) shrank by 1.1 percentage points to 6.7 percent compared to the previous quarter (Chart 2). This decline is attributed mainly to a drop in the weighted average rate of interest paid on new loans of 1.0 percentage point to 8.2 percent, while the weighted average interest rate offered on new deposits edged up by 0.1 percentage point to 1.5 percent.



In 2012, the interest rate margin fell by 0.4 percentage point to 7.5 percent compared to 2011, resulting from a decrease in both the weighted average rate of interest paid on new loans and the weighted average interest rate offered on new deposits of, respectively, 0.6 percentage point to 9.0 percent and 0.2 percentage point to 1.5 percent.