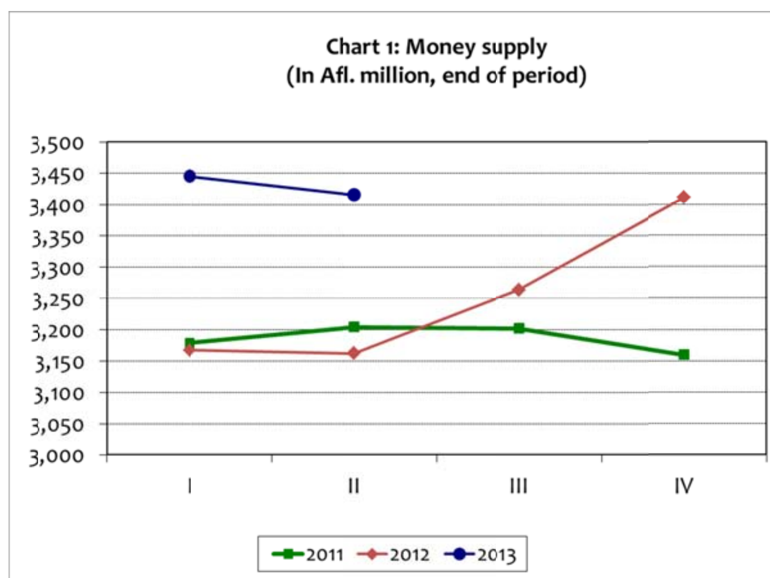
CENTRALE BANK VAN ARUBA

Statistical News Release
Date: October 8, 2013

Monetary and financial developments: Money supply dropped in the second quarter of 2013

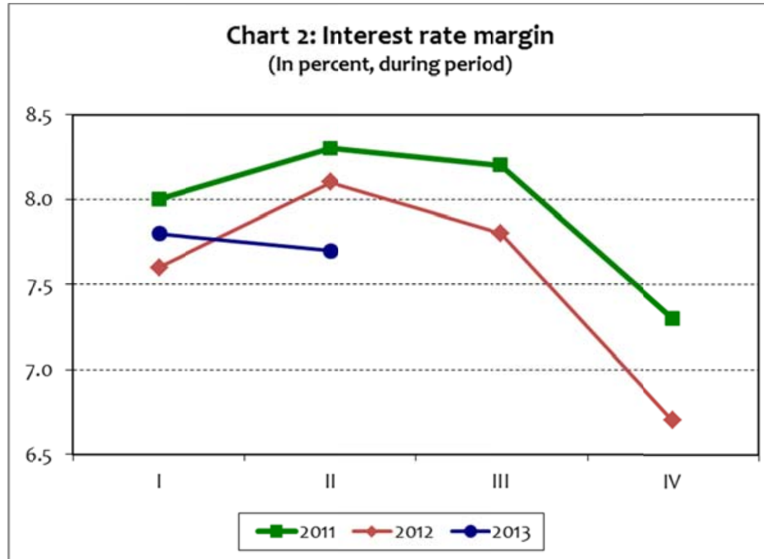
Money and credit

In the second quarter of 2013, the money supply shrank by Afl. 29.2 million to Afl. 3,415.3 million, compared to the previous quarter (Chart 1). This decline was attributed to an Afl. 106.8 million net outflow of foreign funds, which was largely offset by an Afl. 77.6 million expansion in the domestic component of the money supply. The latter resulted from an Afl. 118.5 million growth in domestic credit and an Afl. 40.9 million reduction in non-credit related balance sheet items. The increase in domestic credit was due to increases in the claims of the banking sector on both the private and public sector of, respectively, Afl. 86.5 million and Afl. 32.0 million. The expansion in the claims on the private sector was owed to increases in loans to enterprises, housing mortgages and consumer credit of, respectively, Afl. 69.6 million (to Afl. 1,279.6 million), Afl. 14.0 million (to Afl. 969.0 million) and Afl. 3.6 million (to Afl. 535.9 million). The rise in the claims on the public sector was related to an Afl. 19.9 million drop in development funds and an Afl. 13.2 million increase in the gross claims of the banking sector on the public sector. The decline in non-credit related balance sheet items was caused largely by an increase in the balance sheet item “shareholders’ equity” and clearing transactions.



Interest rate margin

In the second quarter of 2013, the interest rate margin of the commercial banks (calculated as the differential between the weighted average rate of interest paid on new loans and the weighted average rate of interest offered on new deposits) declined marginally by 0.1 percentage point to 7.7 percent, compared to the previous quarter (Chart 2). This decrease resulted from increases in both the weighted average rate of interest offered on new deposits and paid on new loans of, respectively, 0.4 percentage point to 1.3 percent and 0.2 percentage point to 8.9 percent.

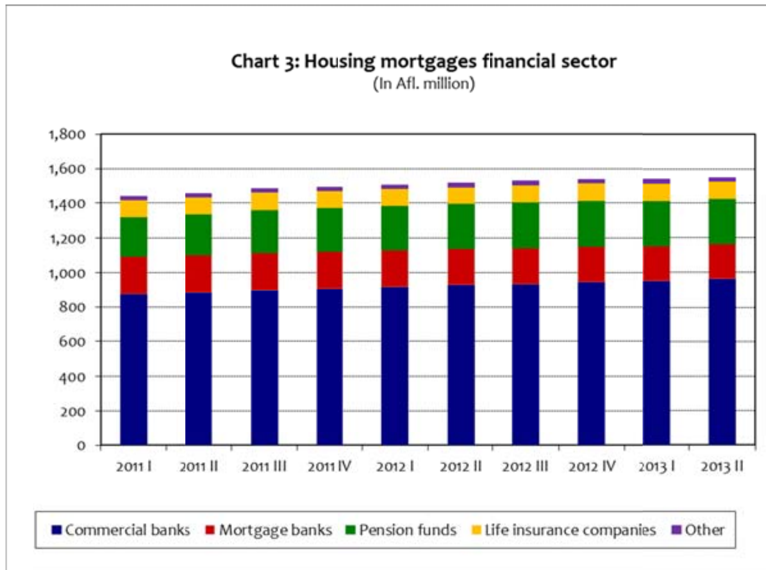


Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions grew by Afl. 41.9 million or 1.4 percent to Afl. 2,958.0 million at end-June 2013, compared to end-March 2013. This expansion was caused by increases in both domestic claims and net foreign assets of, respectively, Afl. 24.1 million and Afl. 17.8 million. On the liability side, the pension fund provisions and insurance reserve fund went up by, respectively, Afl. 27.2 million and Afl. 11.7 million. In addition, other items net rose by Afl. 3.0 million. Borrowings and deposits remained unchanged at Afl. 38.8 million at the end of June 2013.

Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 6.2 million to Afl. 1,547.0 million at the end of June 2013, compared to end-March 2013, resulting from a growth in mortgage lending by the commercial banks and life insurance companies of, respectively, Afl. 14.0 million and Afl. 0.6 million (chart 3).



In contrast, housing mortgage lending by the mortgage banks, pension funds and other financial institutions dropped by, respectively, Afl. 1.8 million, Afl. 0.2 million and Afl. 6.3 million. At end-June 2013, the market share of the commercial banks, pension funds, mortgage banks, life insurance companies and other financial institutions stood at, respectively, 62 percent, 17 percent, 13 percent, 7 percent, and 1 percent (end-March 2013: 62 percent, 17 percent, 13 percent, 7 percent, and 1 percent, respectively) (chart 4).