



CENTRALE BANK VAN ARUBA

Statistical News Release

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Monetary and financial developments: Money supply increased in the fourth quarter of 2015

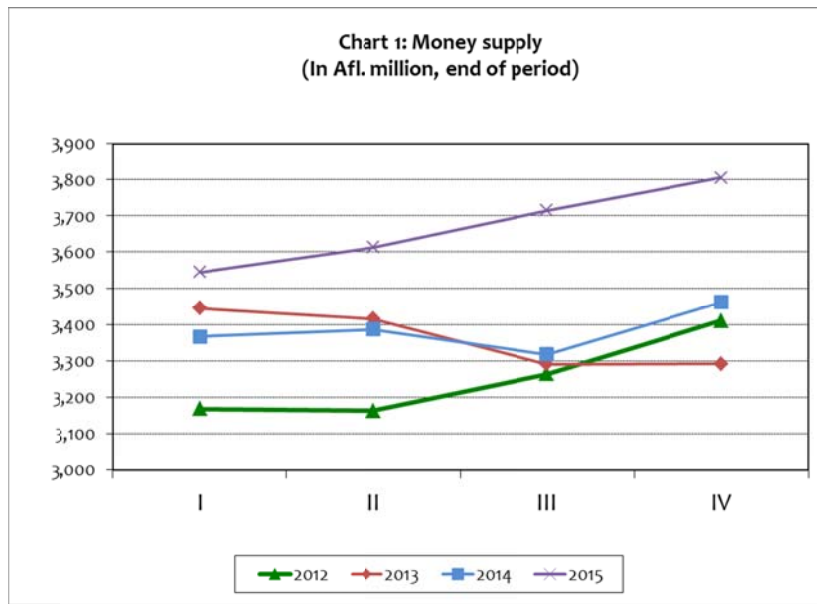
Money and credit

In the fourth quarter of 2015, the money supply increased by Afl. 89.9 million to Afl. 3,804.9 million, compared to the previous quarter (Table 1 and Chart 1). This growth was attributed to an Afl. 45.3 million rise in the domestic component of the money supply and an Afl. 44.6 million inflow of foreign funds. The latter was associated with the receipt of the second tranche of a debt security issued by the government in August 2015.

Table 1: Monetary survey (figures in Afl. million)	2015					
	Q1	Q2	Q3	Changes during Q3	Q4	Changes during Q4
I. Net domestic assets	2,282.4	2,234.5	2,244.0	9.5	2,289.2	45.3
A. Domestic credit	3,129.9	3,134.6	3,175.7	41.1	3,162.8	-12.9
Net claims on the public sector	167.9	202.7	207.3	4.6	195.6	-11.7
Claims on the private sector	2,962.0	2,931.8	2,968.4	36.5	2,967.2	-1.2
Loans to enterprises	1,324.6	1,289.8	1,296.2	6.5	1,270.6	-25.6
Loans to individuals	1,629.2	1,633.2	1,663.2	30.0	1,687.7	24.5
- Consumer credit	571.0	567.7	579.7	12.0	586.0	6.3
- Housing mortgages	1,058.2	1,065.6	1,083.5	18.0	1,101.7	18.2
Other claims by the banking sector	8.3	8.9	9.0	0.1	8.9	-0.1
B. Non-credit-related balance sheet items	-847.5	-900.1	-931.7	-31.6	-873.6	58.2
II. Net foreign assets	1,261.5	1,378.2	1,471.1	92.9	1,515.7	44.6
III. Broad money	3,543.9	3,612.6	3,715.0	102.4	3,804.9	89.9
Money	1,813.4	1,895.4	1,948.3	52.9	2,060.6	112.3
Quasi-money	1,730.5	1,717.2	1,766.7	49.5	1,744.3	-22.4

Source: Centrale Bank van Aruba

The rise in net domestic assets was the result of an Afl. 58.2 million increase in non-credit related balance sheet items and a decline of Afl. 12.9 million in domestic credit. The expansion in non-credit related balance sheet items was caused largely by decreases in balance sheet items “other liabilities” “shareholders’ equity” and “accounts receivable and prepayments”. The contraction in domestic credit was mainly due to an Afl. 11.7 million decline in the net claims of the banking sector on the public sector, which was caused by a increases in government deposits of Afl. 51.0 million and in the gross claims of the private sector on the public sector of Afl. 29.5 million, and a decline in development funds of Afl. 9.8 million.



Source: Centrale Bank van Aruba

In addition, net claims of the banking sector on the private sector decreased by Afl. 1.2 million, which resulted from a fall in loans to enterprises (Afl. 25.6 million), and increases in housing mortgages (Afl. 18.2 million) and consumer credit (Afl. 6.3 million).

Interest rate margin

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) decreased by 0.5 percentage point to 5.6 percent in the fourth quarter of 2015, when compared to the third quarter of 2015 (Table 2 and Chart 2). This resulted from a decline in the weighted average rate of interest paid on new loans of 0.7 percentage point to 7.5 percent, and a decrease in the weighted average rate of interest offered on new deposits of 0.2 percentage point to 1.9 percent.



Source: Centrale Bank van Aruba

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2015			
	Q1	Q2	Q3	Q4
Weighted average rate of interest on new deposits	2.1	2.0	2.1	1.9
Time deposits ≤ 12 months	2.0	2.0	2.0	2.0
Time deposits > 12 months	3.1	2.4	2.5	2.0
Savings deposits	1.3	1.4	1.4	1.1
Weighted average rate of interest on new loans	8.3	8.6	8.2	7.5
Individual				
Consumer credit	11.8	11.4	10.5	10.1
Housing mortgages	6.8	6.5	6.5	6.1
Commercial				
Commercial mortgages	7.5	7.2	7.5	6.3
Other loans - Including current accounts (overdraft) facilities	7.1	8.4	7.6	7.3
Interest rate margin	6.2	6.6	6.1	5.6

Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions expanded by Afl. 28.0 million or 0.8 percent to Afl. 3,631.0 million, compared to end-of-September 2015. This expansion was a result of an Afl. 99.1 million rise in the net foreign assets and an Afl. 71.1 million fall in domestic claims. On the liability side, the pension fund provisions, insurance reserve fund and other items net expanded by Afl. 10.8 million, Afl. 2.4 million and Afl. 14.9 million, respectively. Borrowings and deposits remained unchanged at Afl. 38.8 million at the end of December 2015, when compared to the end of September 2015.

Table 3: Nonmonetary financial institutions	2015					
	Q1	Q2	Q3	Changes during Q3	Q4	Changes during Q4
1. Net foreign assets	981.2	964.3	939.5	-24.8	1,038.6	99.1
2. Domestic claims	2,630.2	2,655.4	2,663.5	8.1	2,592.4	-71.1
a. Government	1,444.1	1,464.7	1,459.6	-5.1	1,445.8	-13.9
b. Private sector	1,186.1	1,190.7	1,203.9	13.1	1,146.7	-57.2
3. Total assets = total liabilities	3,611.4	3,619.7	3,603.0	-16.7	3,631.0	28.0
4. Borrowings and deposits	38.8	38.9	38.8	0.0	38.8	0.0
a. Government	38.6	38.6	38.6	0.0	38.6	0.0
b. Other residents	0.2	0.2	0.2	0.0	0.2	0.0
5. Pension fund provisions	2,793.2	2,809.6	2,827.0	17.4	2,837.8	10.8
6. Insurance reserve fund	945.6	952.8	970.0	17.2	972.4	2.4
7. Other items, net	-166.2	-181.5	-232.9	-51.4	-218.0	14.9

Source: Centrale Bank van Aruba

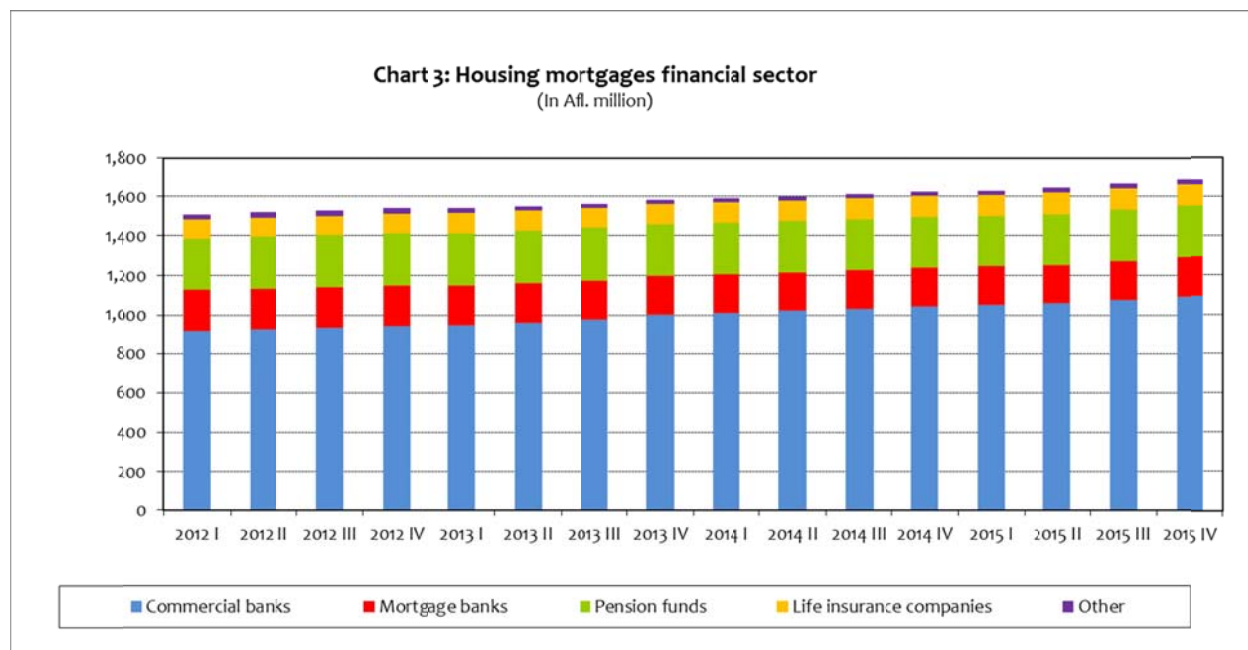
Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 21.3 million to Afl. 1,684.0 million at the end of December 2015, compared to end-of-September 2015. This growth resulted mainly from increases in housing mortgage lending by the commercial banks, mortgage banks, pension funds, and other financial institutions of Afl. 18.3 million, Afl. 1.9 million, Afl. 0.9 million, and Afl. 0.6 million, respectively. In contrast, housing mortgage lending by the life insurance companies decreased by Afl. 0.5 million (Table 4 and Chart 3).

End of period	2015											
	Q1			Q2			Q3			Q4		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
Total	1,626.7	5.0	100.0%	1,641.2	14.5	100.0%	1,662.6	21.5	100.0%	1,684.0	21.3	100.0%
Commercial banks	1,051.6	8.8	64.6%	1,059.1	7.5	64.5%	1,077.1	18.0	64.8%	1,095.4	18.3	65.0%
Mortgage banks	199.1	-2.3	12.2%	198.8	-0.2	12.1%	198.7	-0.1	12.0%	200.6	1.9	11.9%
Pension funds	249.6	-3.4	15.3%	253.2	3.6	15.4%	257.0	3.8	15.5%	257.9	0.9	15.3%
Life Insurance Companies	107.7	0.2	6.6%	111.0	3.2	6.8%	110.5	-0.5	6.6%	110.0	-0.5	6.5%
Other	18.7	1.7	1.1%	19.1	0.4	1.2%	19.4	0.3	1.2%	20.0	0.6	1.2%

Source: Centrale Bank van Aruba

At the end of December 2015, there was a rise in the market share of the commercial banks of 0.2 percentage point, while the market share of the pension funds, life insurance companies and mortgage banks declined by 0.2 percentage point, 0.1 percentage point and 0.1 percentage point, respectively, when compared to the third quarter of 2015. The market share of the other financial institutions remained unchanged at 1.2 percent (Table 4 and Chart 3).



Source: Centrale Bank van Aruba