



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: February 1, 2018

Monetary and financial developments: Money Supply increased in the third quarter of 2017

Money and credit

In the third quarter of 2017, the money supply increased by Afl. 23.3 million to Afl. 4,157.5 million, compared to the previous quarter (Table 1 and Chart 1). This rise resulted from an Afl. 147.8 million growth in the domestic component of the money supply and an Afl. 124.6 million decline in foreign funds.

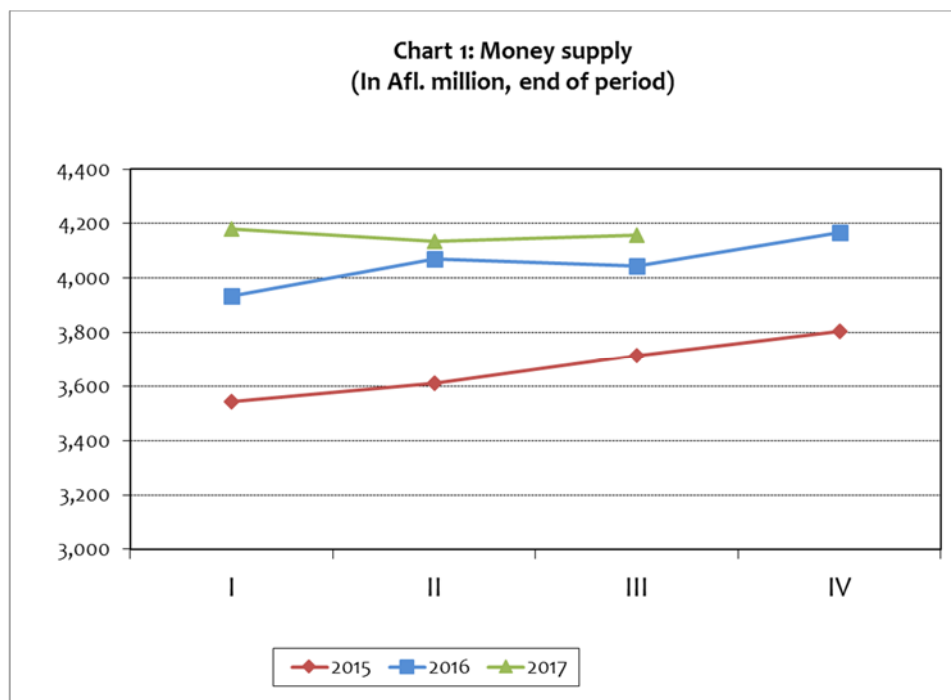
Table 1: Monetary survey (figures in Afl. million)	2016	2017		Changes	
	Q3	Q2	Q3	Q3-17 vs Q3-16	Q3-17 vs Q2-17
I. Net domestic assets	2,260.7	2,350.4	2,498.2	237.5	147.8
A. Domestic credit	3,192.4	3,357.2	3,543.0	350.6	185.8
◦ Net claims on the public sector	197.4	329.9	434.0	236.6	104.1
◦ Claims on the private sector	2,995.0	3,027.3	3,109.0	114.0	81.7
▪ Loans to enterprises	1,261.9	1,271.2	1,327.7	65.8	56.5
▪ Loans to individuals	1,722.9	1,745.7	1,770.9	48.0	25.2
- Consumer credit	579.2	570.1	571.4	-7.8	1.3
- Housing mortgages	1,143.7	1,175.5	1,199.5	55.8	23.9
▪ Other claims by the banking sector	10.2	10.4	10.4	0.2	0.0
B. Non-credit-related balance sheet items	-931.6	-1,006.8	-1,044.7	-113.1	-37.9
II. Net foreign assets	1,784.0	1,783.8	1,659.2	-124.8	-124.6
III. Broad money	4,044.7	4,134.2	4,157.5	112.8	23.3
Money	2,213.1	2,318.4	2,275.8	62.7	-42.6
Quasi-money	1,831.6	1,815.8	1,881.6	50.0	65.9

Source: Centrale Bank van Aruba

The expansion in net domestic assets was due to the strengthening of domestic credit by Afl. 185.8 million and an Afl. 37.9 million decrease in non-credit related balance sheet items.

The increase in domestic credit was caused by increases in the net claims of the banking sector on the public sector (+Afl. 104.1 million) and a growth in the claims of the banking sector on the private sector (+Afl. 81.7 million). The rise in the net claims of the banking sector on the public sector was caused by decreases in the government deposits (-Afl. 90.0 million) and in the development funds

(-Afl. 10.4 million). The higher claims of the banking sector on the private sector resulted from increases in the loans to enterprises (+Afl. 56.5 million), housing mortgages (+Afl. 23.9 million) and consumer credit (+Afl. 1.3 million). The decline in the non-credit related balance sheet items was primarily due to an increase in “shareholders’ equity” and clearing transactions.



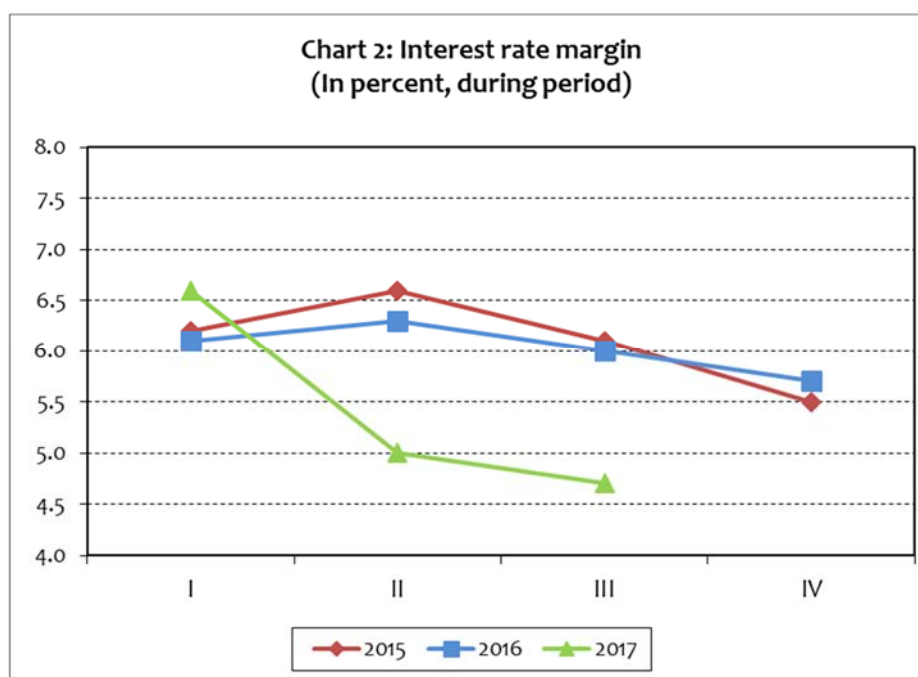
Source: Centrale Bank van Aruba

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 0.3 percentage point to 4.7 percent in the third quarter of 2017, when compared to the second quarter of 2017 (Table 2 and Chart 2). This resulted from an increase in the weighted average rate of interest offered on new deposits of 0.3 percentage point to 1.8 percent and an expansion in the weighted average rate of interest charged on new loans of 0.1 percentage point to 6.5 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2016	2017	
	Q3	Q2	Q3
Weighted average rate of interest on new deposits	1.5	1.5	1.8
Time deposits ≤ 12 months	1.2	1.3	1.4
Time deposits > 12 months	1.9	1.9	2.1
Savings deposits	1.3	1.6	1.4
Weighted average rate of interest on new loans	7.5	6.4	6.5
Individual			
Consumer credit	10.1	9.8	10.3
Housing mortgages	6.2	5.9	5.6
Commercial			
Commercial mortgages	7.2	6.3	6.2
Other loans - Including current accounts (overdraft) facilities	6.5	4.9	5.8
Interest rate margin	6.0	5.0	4.7

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions expanded by Afl. 86.9 million or 2.2 percent to Afl. 4,003.9 million, compared to the second quarter of 2017 (Table 3). This surge was the result of increases in net foreign assets (+Afl. 70.5 million) and domestic claims (+Afl. 16.4 million). On the liability side, other items net, insurance reserve fund, pension fund provisions,

grew by Afl. 52.6 million, Afl. 20.7 million and Afl. 17.2 million, respectively, when compared to the second quarter of 2017. On the other hand, borrowings and deposits decreased slightly by Afl. 3.7 million.

Table 3: Nonmonetary financial institutions End of period	2016	2017		Changes	
	Q3	Q2	Q3	Q317 vs Q316	Q317 vs Q217
1. Net foreign assets	1,103.7	1,244.9	1,315.3	211.6	70.5
2. Domestic claims	2,574.1	2,672.2	2,688.6	114.5	16.4
a. Government	1,397.2	1,477.4	1,492.5	95.3	15.1
b. Private sector	1,176.9	1,194.8	1,196.1	19.2	1.3
3. Total assets = total liabilities	3,677.8	3,917.0	4,003.9	326.1	86.9
4. Borrowings and deposits	67.0	26.8	23.0	-44.0	-3.7
a. Government	38.6	2.0	2.0	-36.6	0.0
b. Other residents	28.4	24.8	21.0	-7.4	-3.7
5. Pension fund provisions	2,869.4	2,953.9	2,971.1	101.7	17.2
6. Insurance reserve fund	1,047.0	1,113.9	1,134.6	87.6	20.7
7. Other items, net	-305.6	-177.5	-124.8	180.8	52.6

Source: Centrale Bank van Aruba

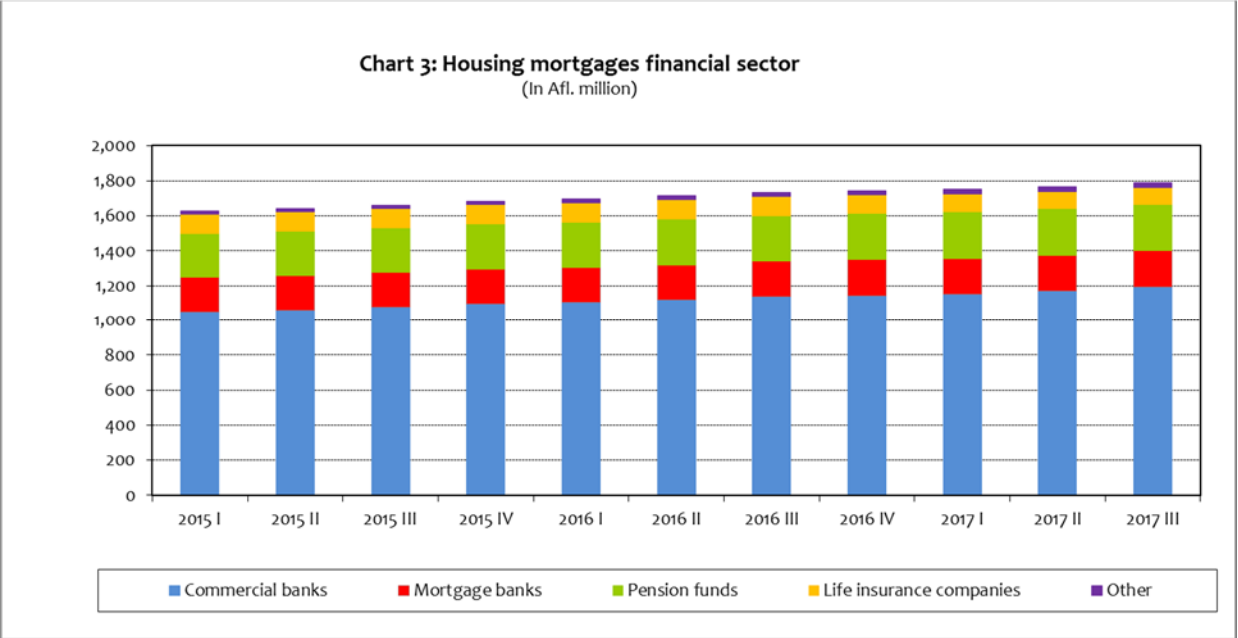
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 23.3 million to Afl. 1,788.9 million at the end of September 2017, compared to the end of June 2017 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 24.0 million), mortgage banks (+Afl. 2.3 million) and other financial institutions (+Afl. 1.2 million). In contrast, housing mortgage lending by pension funds and life insurance companies decreased by Afl. 2.4 million and Afl. 1.8 million, respectively.

Table 4: Housing mortgages	2016			2017					
	Q3			Q2			Q3		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,735.5	21.0	100.0%	1,765.5	12.1	100.0%	1,788.9	23.3	100.0%
Commercial banks	1,137.7	16.6	65.6%	1,169.4	16.4	66.2%	1,193.4	24.0	66.7%
Mortgage banks	203.3	5.0	11.7%	204.0	-0.2	11.6%	206.3	2.3	11.5%
Pension funds	260.8	-0.7	15.0%	267.4	2.5	15.1%	265.6	-1.8	14.8%
Life Insurance Companies	109.7	-0.7	6.3%	98.0	-7.5	5.6%	95.6	-2.4	5.3%
Other	24.1	0.7	1.4%	26.8	0.8	1.5%	28.0	1.2	1.6%

Source: Centrale Bank van Aruba

At the end of September 2017, there was a rise in the market share of the commercial banks, the other financial institutions and mortgage banks of 1.1 percentage points, 0.2 percentage point, and 0.1 percentage point respectively, when compared to the third quarter of 2016. The market share of the life insurance companies and pension funds, decreased by 1.0 percentage point and 0.2 percentage point, respectively.



Source: Centrale Bank van Aruba