



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: September 14, 2018

Monetary and financial developments: Money Supply increased in the first quarter of 2018

Money and credit

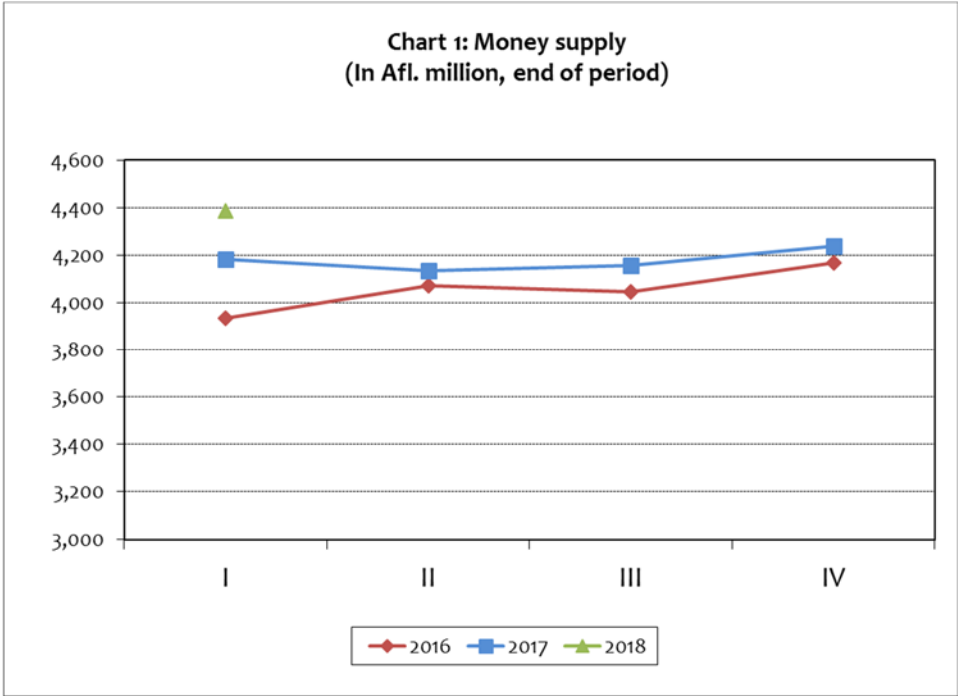
In the first quarter of 2018, the money supply surged by Afl. 147.0 million to Afl. 4,386.9 million, compared to the fourth quarter of 2017 (Table 1 and Chart 1). This growth resulted from increases in the domestic component of the money supply and in net foreign assets of Afl. 85.4 million and Afl. 61.6 million, respectively.

Table 1: Monetary survey (figures in Afl. million)	2017		2018	Changes	
	Q1	Q4	Q1	Q1-18 vs Q1-17	Q1-18 vs Q4-17
I. Net domestic assets	2,361.8	2,555.1	2,640.5	278.7	85.4
A. Domestic credit	3,345.4	3,533.0	3,661.2	315.8	128.1
◦ Net claims on the public sector	326.5	400.0	533.5	207.0	133.5
◦ Claims on the private sector	3,018.9	3,133.0	3,127.7	108.8	-5.3
▪ Loans to enterprises	1,287.7	1,333.3	1,321.5	33.8	-11.8
▪ Loans to individuals	1,720.9	1,789.3	1,795.7	74.8	6.5
- Consumer credit	548.0	551.4	539.2	-8.8	-12.2
- Housing mortgages	1,172.8	1,237.9	1,256.5	83.7	18.6
▪ Other claims by the banking sector	10.4	10.5	10.5	0.1	0.0
B. Non-credit-related balance sheet items	-983.6	-977.9	-1,020.7	-37.1	-42.7
II. Net foreign assets	1,819.1	1,684.8	1,746.4	-72.7	61.6
III. Broad money	4,180.9	4,239.9	4,386.9	206.0	147.0
Money	2,305.9	2,421.6	2,526.5	220.6	104.9
Quasi-money	1,875.0	1,818.3	1,860.5	-14.5	42.2

Source: Centrale Bank van Aruba

The expansion in net domestic assets was mainly due to an increase of Afl. 128.1 million in domestic credit, which was somewhat offset by an Afl. 42.7 million decrease in the non-credit related balance sheet items. The decrease in the non-credit related balance sheet items was mainly the result of growth in “Shareholders’ equity”, “Borrowings” and “Accounts receivables and prepayments” and clearing transactions.

Developments in domestic credit were the result of a rise in the net claims of the banking sector on the public sector (+Afl. 133.5 million) and a decline in the claims of the banking sector on the private sector (-Afl. 5.3 million). The growth in the net claims of the banking sector on the public sector was caused by an increase in the gross claims (+Afl. 79.9 million) and a decrease in the government deposits (-Afl. 53.6 million). The lower claims of the banking sector on the private sector resulted from contractions in consumer credit (-Afl. 12.2 million) and loans to enterprises (-Afl. 11.8 million), and a rise in housing mortgages (+Afl. 18.6 million).



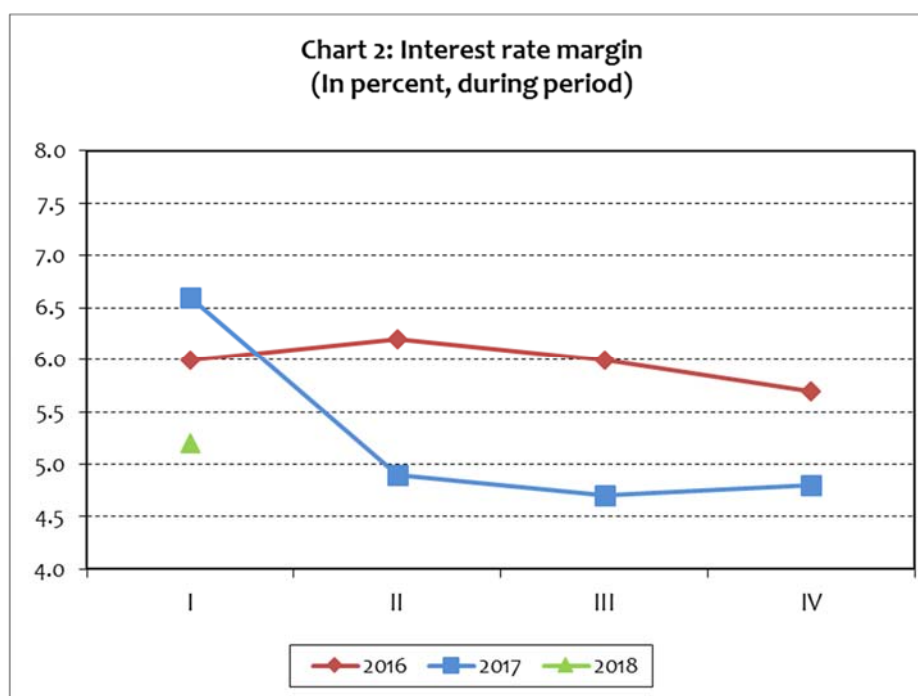
Source: Centrale Bank van Aruba

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) increased by 0.4 percentage point to 5.2 percent in the first quarter of 2018, when compared to the fourth quarter of 2017 (Table 2 and Chart 2). This resulted from a decrease in the weighted average rate of interest offered on new deposits of 0.1 percentage point to 1.6 percent while the weighted average rate of interest charged on new loans increased by 0.3 percentage point to 6.8 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2017		2018
	Q1	Q4	Q1
Weighted average rate of interest on new deposits	1.3	1.7	1.6
Time deposits ≤ 12 months	1.0	1.4	1.3
Time deposits > 12 months	1.9	2.5	2.1
Savings deposits	1.0	1.4	1.7
Weighted average rate of interest on new loans	7.9	6.5	6.8
Individual			
Consumer credit	10.7	9.2	9.7
Housing mortgages	6.0	5.6	5.6
Commercial			
Commercial mortgages	6.7	6.4	5.9
Other loans - Including current accounts (overdraft) facilities	7.2	5.8	7.0
Interest rate margin	6.6	4.8	5.2

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions contracted by Afl. 67.5 million or 1.7 percent to Afl. 3,979.1 million, compared to the fourth quarter of 2017 (Table 3). This drop was the result of decreases in both domestic claims (-Afl. 61.7 million) and in net foreign assets

(-Afl. 5.8 million). On the liability side, other items (net) and borrowings and deposits dropped by Afl. 150.7 million and Afl. 22.1 million, respectively, when compared to the fourth quarter of 2017. The insurance reserve fund and pension fund provisions grew by Afl. 91.2 million and Afl. 14.1 million, respectively.

Table 3: Nonmonetary financial institutions End of period	2017		2018	Changes	
	Q1	Q4	Q1	Q118 vs Q117	Q118 vs Q417
1. Net foreign assets	1,219.4	1,407.0	1,401.2	181.8	-5.8
2. Domestic claims	2,631.8	2,639.6	2,577.9	-53.9	-61.7
a. Government	1,452.8	1,442.7	1,397.5	-55.3	-45.1
b. Private sector	1,179.0	1,196.9	1,180.4	1.4	-16.6
3. Total assets = total liabilities	3,851.2	4,046.6	3,979.1	127.9	-67.5
4. Borrowings and deposits	25.1	25.8	3.7	-21.4	-22.1
a. Government	2.0	2.0	2.0	0.0	0.0
b. Other residents	23.1	23.8	1.7	-21.4	-22.1
5. Pension fund provisions	2,936.4	2,988.1	3,002.2	65.8	14.1
6. Insurance reserve fund	1,096.7	1,155.0	1,246.2	149.5	91.2
7. Other items, net	-207.0	-122.3	-273.0	-66.0	-150.7

Source: Centrale Bank van Aruba

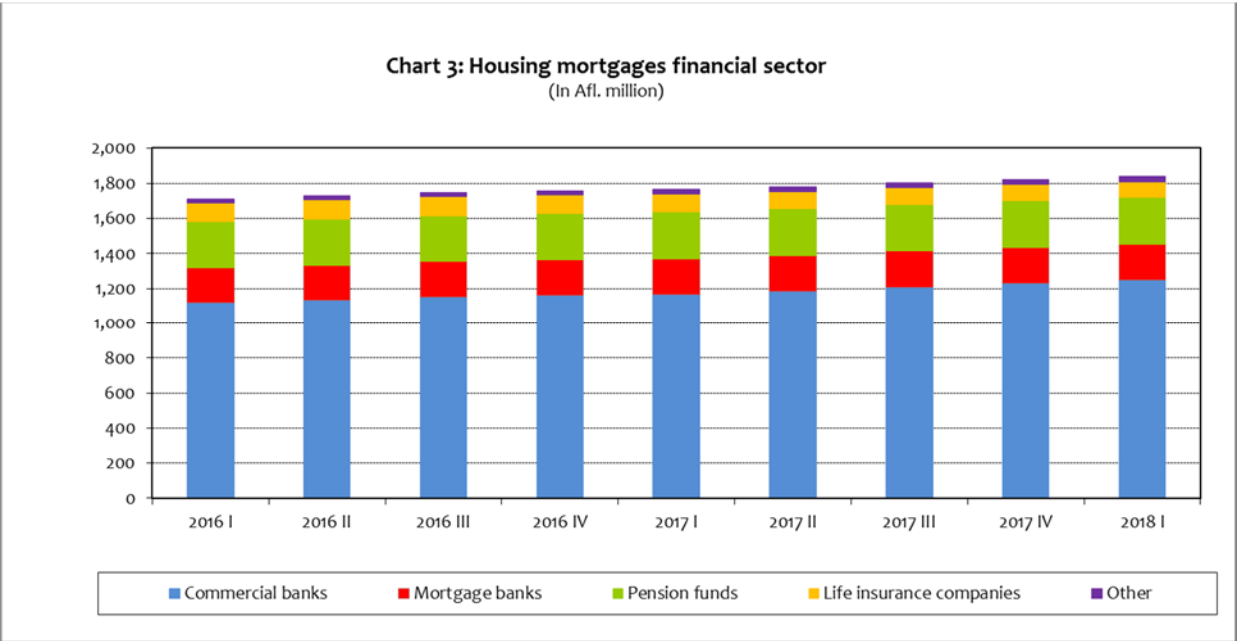
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 16.5 million to Afl. 1,838.9 million at the end of March 2018, compared to the end of December 2017 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 19.1 million). In contrast, housing mortgage lending by life insurance companies and mortgage banks, decreased by Afl. 1.8 million and Afl. 1.1 million, respectively. Housing mortgage lending by pension funds remained practically unchanged.

Table 4: Housing mortgages	2017						2018		
	Q1			Q4			Q1		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,767.4	7.3	100.0%	1,822.5	19.8	100.0%	1,838.9	16.5	100.0%
Commercial banks	1,166.9	7.2	66.0%	1,232.0	24.8	67.6%	1,251.1	19.1	68.0%
Mortgage banks	204.1	-2.0	11.6%	202.5	-3.8	11.1%	201.3	-1.1	10.9%
Pension funds	264.8	1.1	15.0%	266.5	1.0	14.6%	266.5	-0.1	14.5%
Life Insurance Companies	105.5	-0.1	6.0%	93.5	-2.1	5.1%	91.7	-1.8	5.0%
Other	26.0	1.2	1.5%	28.0	0.0	1.5%	28.4	0.4	1.5%

Source: Centrale Bank van Aruba

At the end of March 2018, there was a rise in the market share of the commercial banks of 2.0 percentage points, when compared to the first quarter of 2017. The market share of the life insurance companies, mortgage banks and pension funds, decreased by 1.0 percentage point, 0.7 percentage point and 0.5 percentage point, respectively.



Source: Centrale Bank van Aruba