Monetary Policy (September 2018)
Press Release

During its meeting of September 21, 2018, the Monetary Policy Committee (MPC)² of the Centrale Bank van Aruba (CBA) decided to keep the reserve requirement at 11.0 percent and to uphold the advance rate at 1.0 percent, after reviewing the most recent economic and monetary data. The following information and analysis were considered in reaching this decision, based on July 2018 data.

International reserves
Both the international reserves (+1.8 percent) and official reserves (+3.0 percent) recorded growth in the first seven months of 2018. Consequently, the international reserves and the official reserves reached, respectively, Afl. 1,857.6 million and Afl. 1,698.1 million at end-July 2018.

Credit developments
Growth in total commercial bank credit remained positive (+1.9 percent) in July 2018, compared to December 2017. This development was mainly driven by surges in housing mortgages, commercial mortgages, and current account loans.

Inflation
The 12-month average rate of inflation rose to 1.3 percent in July 2018, compared to −0.5 percent in December 2017, primarily the result of an uptick in the transport, food, and recreation and culture components. The 12-month core inflation (excluding energy and food) reached 0.8 percent, an increase of 0.6 percentage point.

Tourism
During the first seven months of 2018, tourism indicators development noted upturns, as growth was registered in tourist arrivals (+2.0 percent), visitor nights (+2.0 percent), and cruise visitor arrivals (+3.6 percent).

Money supply
In July 2018, money supply registered an increase of Afl. 181.1 million to Afl. 4,388.4 million compared to December 2017, resulting from expansions in the net domestic assets (+Afl. 133.1 million) and in the net foreign assets (+Afl. 48.0 million, excluding revaluation differences).

Centrale Bank van Aruba
December 3, 2018

¹ The English text prevails.
² The MPC was instituted in May 2010 to periodically evaluate and determine the monetary policy of the CBA. In addition, the MPC aims at improving the transparency of the monetary policy.