



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: July 5, 2019

Monetary and financial developments during the first quarter of 2019: Continuous growth in housing mortgages

Money and credit

In the first quarter of 2019, the money supply expanded by Afl. 29.6 million to Afl. 4,407.3 million, compared to the fourth quarter of 2018 (Table 1 and Chart 1). This increase resulted from an Afl. 140.3 million growth in net foreign assets and an Afl. 110.7 million decrease in net domestic assets.

Table 1: Monetary survey (figures in Afl. million)	2018		2019	Changes	
	Q1	Q4	Q1	Q1-19 vs Q1-18	Q1-19 vs Q4-18
I. Net domestic assets	2,640.5	2,601.4	2,490.8	-149.7	-110.7
A. Domestic credit	3,661.3	3,679.6	3,632.5	-28.8	-47.1
◦ Net claims on the public sector	533.5	434.1	318.7	-214.8	-115.4
◦ Claims on the private sector	3,127.8	3,245.5	3,313.8	186.0	68.3
▪ Loans to enterprises	1,321.5	1,371.6	1,418.6	97.1	46.9
▪ Loans to individuals	1,795.7	1,862.5	1,883.7	88.0	21.2
- Consumer credit	539.2	524.3	529.3	-9.9	5.0
- Housing mortgages	1,256.5	1,338.1	1,354.4	97.9	16.3
▪ Other claims by the banking sector	10.6	11.4	11.6	1.0	0.1
B. Non-credit-related balance sheet items	-1,020.8	-1,078.2	-1,141.8	-121.0	-63.6
II. Net foreign assets	1,746.4	1,776.2	1,916.5	170.1	140.3
III. Broad money	4,386.9	4,377.6	4,407.3	20.4	29.6
Money	2,526.5	2,433.3	2,666.6	140.1	233.3
Quasi-money	1,860.5	1,944.3	1,740.6	-119.9	-203.7

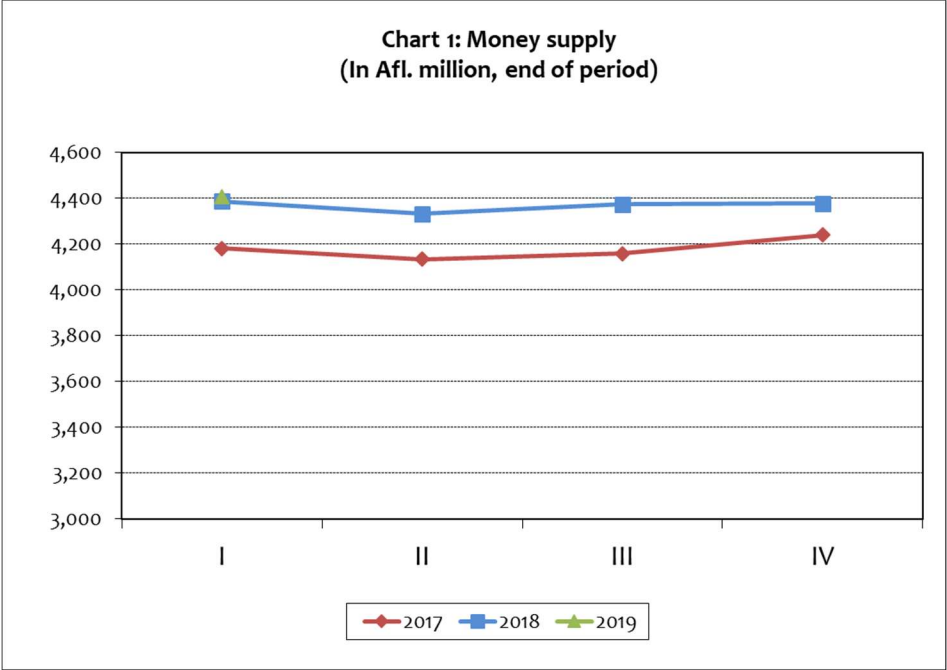
Source: Centrale Bank van Aruba

The contraction in the domestic component of the money supply was caused by decreases in both domestic credit and non-credit related balance sheet items of Afl. 47.1 million decline and Afl. 63.6 million, respectively. The decline in the non-credit related balance sheet items was mainly the result of an increase in “Shareholders’ equity” and clearing transactions.

The decrease in domestic credit was caused by a contraction in the net claims of the banking sector on the public sector (-Afl. 115.4 million) and a rise in the claims of the banking sector on the private sector (+Afl. 68.3 million). The lower net claims of the banking sector on the public sector resulted

from a decrease in gross claims (-Afl. 109.1 million) and an increase in government deposits (+Afl. 6.3 million).

The higher claims of the banking sector on the private sector were caused by expansions in loans to enterprises (+Afl. 46.9 million), housing mortgages (+Afl. 16.3 million), and consumer credit (Afl. 5.0 million).



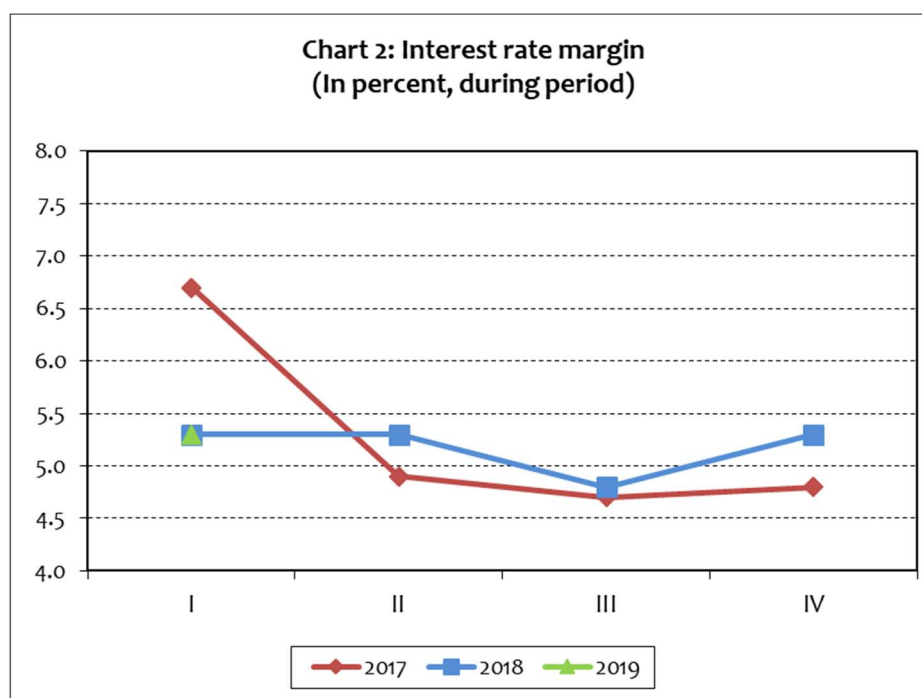
Source: Centrale Bank van Aruba

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) remained unchanged at 5.3 percent in the first quarter of 2019, when compared to the fourth quarter of 2018 (Table 2 and Chart 2). This resulted from an increase of 0.3 percentage point to 1.6 percent in the weighted average rate of interest offered on new deposits and an increase in the weighted average rate of interest charged on new loans of 0.3 percentage point to 6.9 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2018		2019
	Q1	Q4	Q1
Weighted average rate of interest on new deposits	1.6	1.3	1.6
Time deposits ≤ 12 months	1.3	1.2	1.0
Time deposits > 12 months	2.1	2.3	2.6
Savings deposits	1.7	1.2	1.3
Weighted average rate of interest on new loans	6.9	6.6	6.9
Individual			
Consumer credit	9.7	9.9	8.6
Housing mortgages	5.6	5.7	5.6
Commercial			
Commercial mortgages	5.9	6.3	6.6
Other loans - Including current accounts (overdraft) facilities	7.0	5.6	7.2
Interest rate margin	5.3	5.3	5.3

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions grew by Afl. 240.0 million or 6.0 percent to Afl. 4,221.0 million, compared to the fourth quarter of 2018 (Table 3). This growth was the result of an increase in net foreign assets (Afl. 128.0 million) and a rise in domestic

claims (+Afl. 112.1 million). On the liability side, the insurance reserve fund, the pension fund provisions, and 'borrowings and deposits' grew by Afl. 34.0 million, Afl. 10.3 million, and Afl. 0.1 million, respectively, when compared to the fourth quarter of 2018. A negative Afl. 142.0 million was recorded for other items (net), compared to negative Afl. 337.6 million in the previous quarter.

Table 3: Nonmonetary financial institutions End of period	2018		2019	Changes	
	Q1	Q4	Q1	Q119 vs Q118	Q119 vs Q418
1. Net foreign assets	1,401.2	1,363.2	1,491.1	89.9	128.0
2. Domestic claims	2,577.9	2,617.8	2,729.9	152.0	112.1
a. Government	1,397.5	1,481.3	1,545.5	148.0	64.2
b. Private sector	1,180.4	1,136.5	1,184.3	3.9	47.9
3. Total assets = total liabilities	3,979.1	3,981.0	4,221.0	241.9	240.0
4. Borrowings and deposits	3.7	9.8	9.9	6.2	0.1
a. Government	2.0	2.0	2.0	0.0	0.0
b. Other residents	1.7	7.8	7.9	6.2	0.1
5. Pension fund provisions	3,002.2	3,061.8	3,072.1	69.9	10.3
6. Insurance reserve fund	1,246.2	1,246.9	1,280.9	34.7	34.0
7. Other items, net	-273.0	-337.6	-142.0	131.0	195.6

Source: Centrale Bank van Aruba

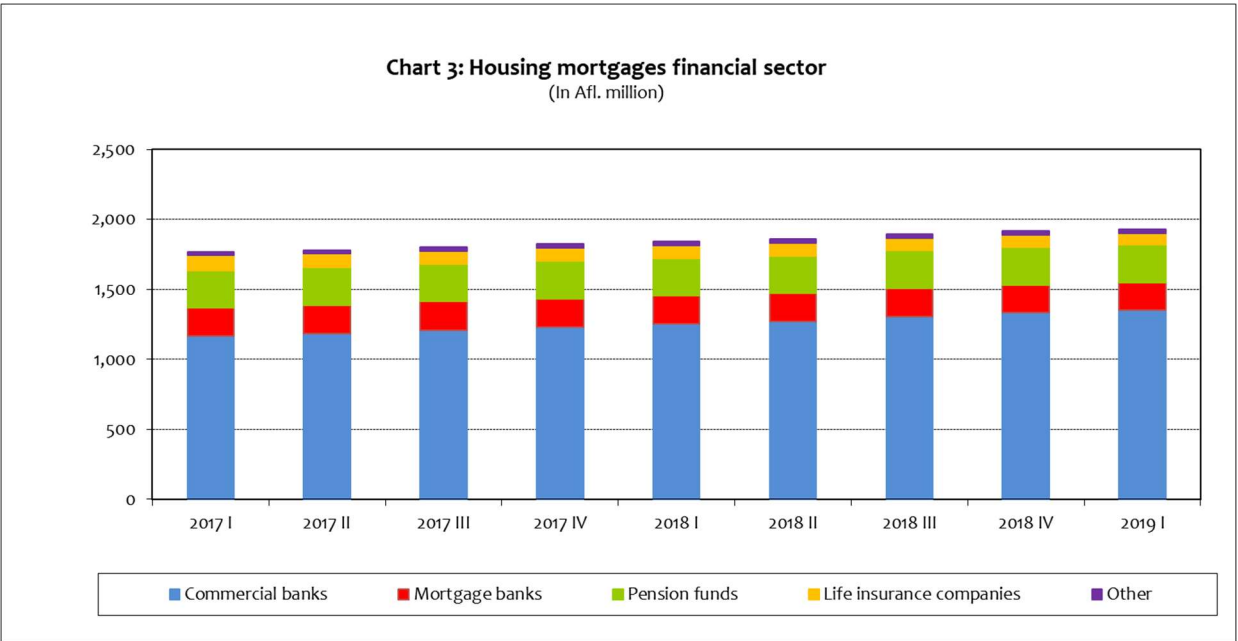
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 10.8 million to Afl. 1,929.8 million at the end of March 2019, compared to the end of December 2018 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 16.0 million) and other financial institutions (+Afl. 0.4 million). In contrast, housing mortgage lending by life insurance companies, mortgage banks and pension funds decreased by Afl. 3.9 million, Afl. 1.5 million and Afl. 0.3 million, respectively.

Table 4: Housing mortgages	2018						2019		
	Q1			Q4			Q1		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,838.9	16.5	100.0%	1,919.0	25.1	100.0%	1,929.8	10.8	100.0%
Commercial banks	1,251.1	19.1	68.0%	1,332.9	25.5	69.5%	1,349.0	16.0	69.9%
Mortgage banks	201.3	-1.1	10.9%	198.1	-1.3	10.3%	196.7	-1.5	10.2%
Pension funds	266.5	-0.1	14.5%	272.9	2.8	14.2%	272.6	-0.3	14.1%
Life Insurance Companies	91.7	-1.8	5.0%	85.1	-2.1	4.4%	81.2	-3.9	4.2%
Other	28.4	0.4	1.5%	29.9	0.2	1.6%	30.4	0.4	1.6%

Source: Centrale Bank van Aruba

At the end of March 2019, there was a rise in the market share of the commercial banks of 1.9 percentage points, when compared to the first quarter of 2018. The market share of the life insurance companies, mortgage banks, and pension funds, decreased by 0.8 percentage point, 0.7 percentage point, and 0.4 percentage point, respectively.



Source: Centrale Bank van Aruba