

Reserve requirement decision and considerations of the March 2026 Monetary Policy Committee Meeting

During its meeting on March 27, 2026, the Monetary Policy Committee (MPC) of the Centrale Bank van Aruba (CBA) kept the reserve requirement rate at 12.5% as of April 1, 2026. Central to this decision were the following considerations:

i. Adequate foreign reserves

Up to February 27, 2026, foreign reserves remained amply above the benchmarks monitored by the CBA. Moreover, the CBA expects foreign reserves to stay adequate and continue to grow.

ii. A low inflation environment

Both the end-of-period (EOP) and period average inflation remained at a low level of 0.5% and 0.1%, respectively, in January 2026.

iii. Global economic uncertainty

Current global uncertainties, in particular the conflict in the Middle East, may impact foreign exchange reserves and inflation, potentially causing deviations from the current baseline projections.

The main considerations of the MPC to maintain the reserve requirement unchanged were:

1. Increase in official and international reserves up to February 2026

The international reserves (including revaluation differences of gold and foreign exchange holdings) rose by Afl. 356.4 million as of February 27, 2026, compared to end December 2025. This increase resulted mainly from expanded official reserves (+Afl. 302.6 million). An uptick in foreign exchange reserves held by the commercial banks (+Afl. 54.8 million) also contributed to the aforementioned growth in international reserves.





Given these developments, as of February 27, 2026, the official and international reserves (including revaluation differences) stood at Afl. 4,355.6 million and Afl. 4,865.7 million, respectively. Consequently, the international and official reserves remained more than adequate, benchmarked against the current account (CA) coverage ratio (9.0 months) and the International Monetary Fund (IMF) Assessing Reserve Adequacy (ARA) metric (158.8%).

2. The EOP inflation and 12-month average inflation rate remained at low levels

The EOP inflation increased from 0.4% in December 2025 to 0.5% in January 2026, mainly due to the positive contribution from the housing, restaurants and hotels, and miscellaneous goods and services components.

As of January 2026, the period average inflation remained at 0.1% compared to the previous months, while the inflationary pressures in November and December 2025 persisted into January 2026. These included the components food and non-alcoholic beverages (0.1 percentage point), communication (0.2 percentage point), housing (0.2 percentage point), and restaurants and hotels (0.2 percentage point).

Meanwhile, in January 2026, EOP core inflation (excluding energy and food) rose to 0.8%, up from 0.6% in December 2025. Moreover, the 12-month average core inflation remained at 0.7% compared to the prior month.

3. Global economic uncertainty

The current global uncertainty stems mainly from geopolitical tensions, particularly the conflict in the Middle East and its impact on global oil prices. Given Aruba's small, open economy and its reliance on the U.S. economy and tourism as its main source of income, this uncertainty may cause deviations from current baseline projections of foreign exchange reserves and inflation, among others.



4. Preliminary excess liquidity expanded in February 2026

Preliminary data showed that the excess liquidity of the commercial banks amounted to Afl. 982.8 million per February 27, 2026, up from Afl. 917.9 million at the end of December 2025. The uptick can be mainly attributed to economic development, and in particular to deposits of the public sector at the commercial banks during the period in question.

5. Overall credit grew in January 2026

The overall resident loan portfolio of the commercial banks grew by Afl. 22.6 million (+0.4%) to Afl. 5,190.2 million in January 2026, up from Afl. 5,167.6 million in December 2025. This expansion was mainly driven by business loans which grew by Afl. 21.3 million. In turn, commercial mortgages (+Afl. 12.9 million increase) and term loans greater than 2 years (+Afl. 12.0 million increase) were the main drivers of the rise in business loans.

6. Decision

The MPC decided to hold the reserve requirement rate at 12.5%. The MPC largely based this decision on the potential impact of current global uncertainties on foreign exchange reserves and inflation. In addition, the MPC observed a more than adequate level of official and international reserves as measured by the IMF ARA metric and the CA coverage ratio. Meanwhile, the EOP and 12-month average inflation continued at relatively low levels of, respectively, 0.5% and 0.1% in January 2026.

The CBA monitors the monetary and economic indicators and adjusts its monetary policy stance as needed to maintain the fixed exchange rate between the florin and the U.S. dollar.

For further information, please email: communications@cbaruba.org.

Centrale Bank van Aruba

May 29, 2026