CENTRALE BANK VAN ARUBA

Statistical News Release Third Quarter 2011
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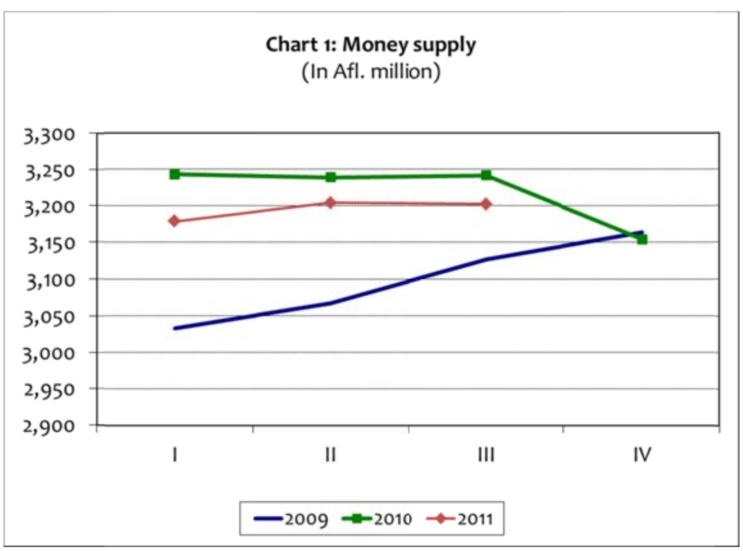
Monetary and financial developments

Money and credit

In the third quarter of 2011, the money supply fell by merely Afl. 1.9 million to Afl. 3,202.4 million compared to the second quarter of 2011, because of an Afl. 98.3 million outflow of foreign funds that was almost entirely offset by an Afl. 96.4 million rise in the domestic component of the money supply (Chart 1). The increase in net domestic assets resulted from higher claims on the private sector and net liabilities of the public sector to the banking sector of, respectively, Afl. 32.3 million and Afl. 54.8 million. The rise in claims on the private sector reflected an expansion in loans to enterprises, housing mortgages and consumer credit of, respectively, Afl. 12.5 million, Afl. 14.1 million and Afl. 6.5 million. Also, non-credit-related balance sheet items contributed with Afl. 9.3 million to the increase in the money supply.



Nonmonetary financial institutions

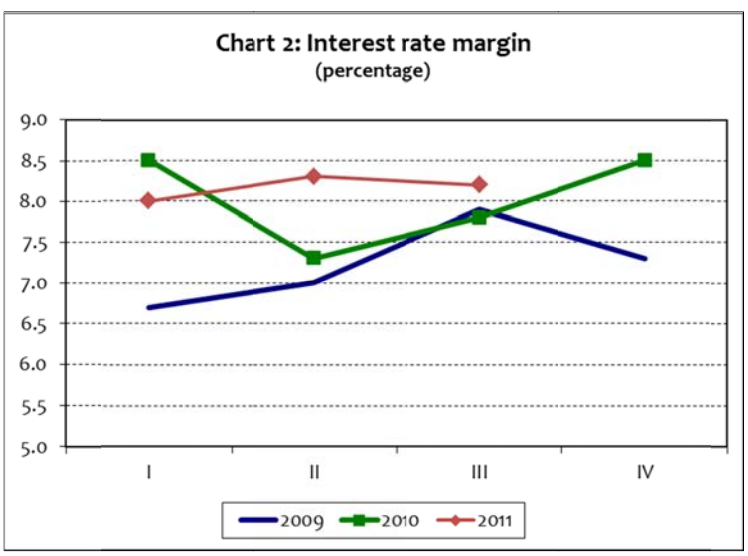
The aggregated balance sheet total of the nonmonetary financial institutions declined by Afl. 45.2 million to Afl. 2,940.7 million at the end of September 2011 compared to end-June 2011, as the result of an Afl. 76.6 million decrease in net foreign assets, which was largely offset by an Afl. 31.3 million in domestic assets. On the liability side, the pension fund provisions rose by Afl. 39.4 million, while other items dropped by Afl. 85.6 million, reflecting lower unallocated reserves and profits.

Mortgage market

Housing mortgage lending rose by Afl. 27.6 million to Afl. 1,478.8 million at end-September 2011 compared to end-June 2011, resulting from increases in mortgage lending by the commercial banks, pension funds and life insurance companies of, respectively, Afl. 14.3 million, Afl. 10.4 million and Afl. 2.8 million. In contrast, housing mortgages by the mortgage banks dropped by Afl. 1.6 million. However, at end-September 2011 the market shares of the commercial banks and pension funds remained at, respectively, 61 percent and 16 percent.

Interest rates

In the third quarter of 2011, the interest rate margin of the commercial banks (calculated as the differential between the weighted average rate of interest on new loans and the weighted average rate of interest on new deposits) decreased marginally by 0.1 percentage point to 8.2 percent compared to the previous quarter (Chart 2). This resulted from reduced weighted average rate of interest paid on new loans and the weighted average interest rate offered on new deposits, which declined by, respectively, 0.4 percentage point to 9.8 percent and 0.3 percentage point to 1.6 percent.

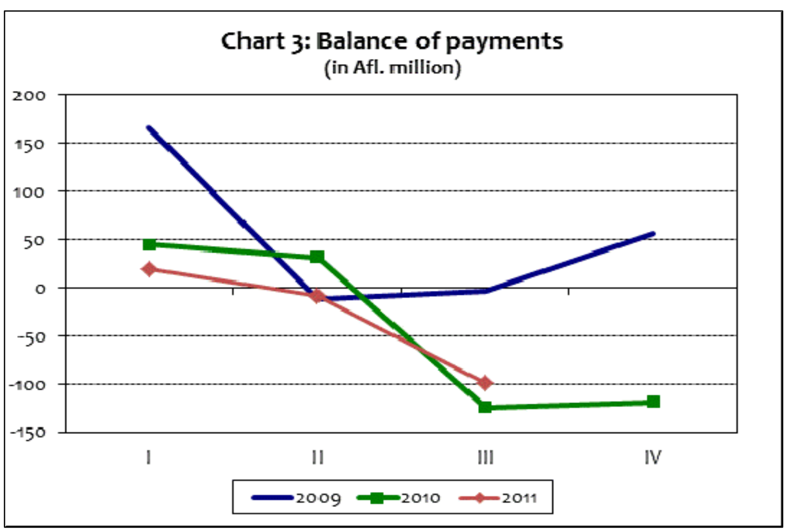


Balance of payments

In the third quarter of 2011, the balance of payments posted an Afl. 98.3 million deficit, i.e., Afl. 25.8 million less than that recorded in the same quarter of 2010 (Chart 3). This lower deficit was caused by the overall balance of the non-oil sector, mirroring a net purchase of Afl. 116.6 million in foreign exchange by this sector from the domestic banking sector. On the other hand, international transactions of the oil sector resulted, on balance, in a higher overall balance surplus, i.e., from Afl. 11.1 million in the third quarter of 2010 to Afl. 18.3 million in the period under review, following a rise in the net sale of foreign exchange to the local commercial banks.

The current account deficit dropped by Afl. 245.0 million to Afl. 198.6 million in the quarter under review, caused by the oil sector. The oil sector's current account deficit fell by Afl. 274.1 million to Afl. 145.5 million, because import of goods and crude oil exceeded exports of refined oil by Afl. 47.9 million. In addition, its service account deficit widened by Afl. 56.4 million, mainly on account of higher payments related to freight and construction services. On the other hand, the deficit on the current account of the non-oil sector rose by Afl. 29.1 million to Afl. 53.1 million, largely related to a rise in imports of goods of Afl. 62.8 million, which was partially offset by an Afl. 48.0 million (9.6 percent) growth in gross tourism receipts.

In the third quarter of 2011, the capital and financial accounts posted an Afl. 92.5 million surplus, i.e., Afl. 234.5 million lower than that recorded in the corresponding quarter of 2010, predominantly attributed to the transactions of the oil sector. The financial account of the oil sector recorded a net inflow of Afl. 163.8 million and was again dominated by the use of trade credit. In contrast, the capital and financial account deficit of the non-oil sector fell by Afl. 32.5 million to Afl. 71.2 million in the third quarter of 2011, mostly attributed to decreases in net outflow of direct investment and portfolio investment. Other investment, on the other hand, posted an Afl. 28.6 million higher net outflow, reflecting largely repayments of short-term liabilities.



Government Finance

In the third quarter of 2011, the government's financial transactions produced on balance a smaller financial deficit of Afl. 59.9 million, compared to Afl. 92.0 million in the same period of 2010. While revenues remained relatively constant at Afl. 231.2 million with a slight increase of Afl. 6.5 million arising from an Afl. 7.6 million rise in non-tax revenue, expenditures (on a cash-basis) contracted by Afl. 35.2 million to Afl. 275.3 million. The financial deficit (including unmet financing requirements) amounted to Afl. 61.8 million in the third quarter of 2011.

At the end of September 2011, total government debt declined by Afl. 8.6 million or 0.3 percent to Afl. 2,552.8 million, compared to the end of June 2011. Foreign debt fell by Afl. 9.1 million, due to a decrease in the euro-denominated foreign debt of Afl. 7.4 million related to the depreciation of the euro in the quarter under review. In contrast, domestic debt edged up by Afl. 0.6 million.