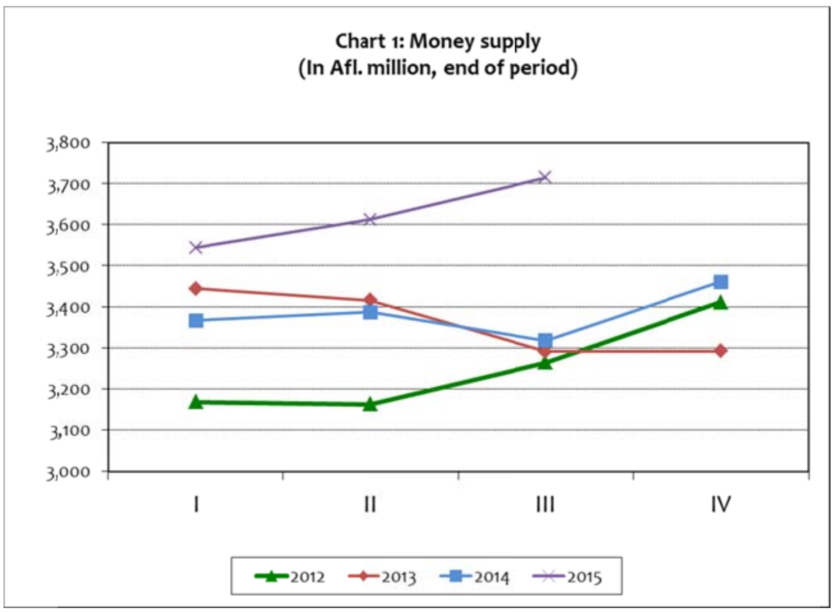
CENTRALE BANK VAN ARUBA

Statistical News Release
Date: January 21, 2016

Monetary and financial developments: Money supply increased in the third quarter of 2015

Money and credit

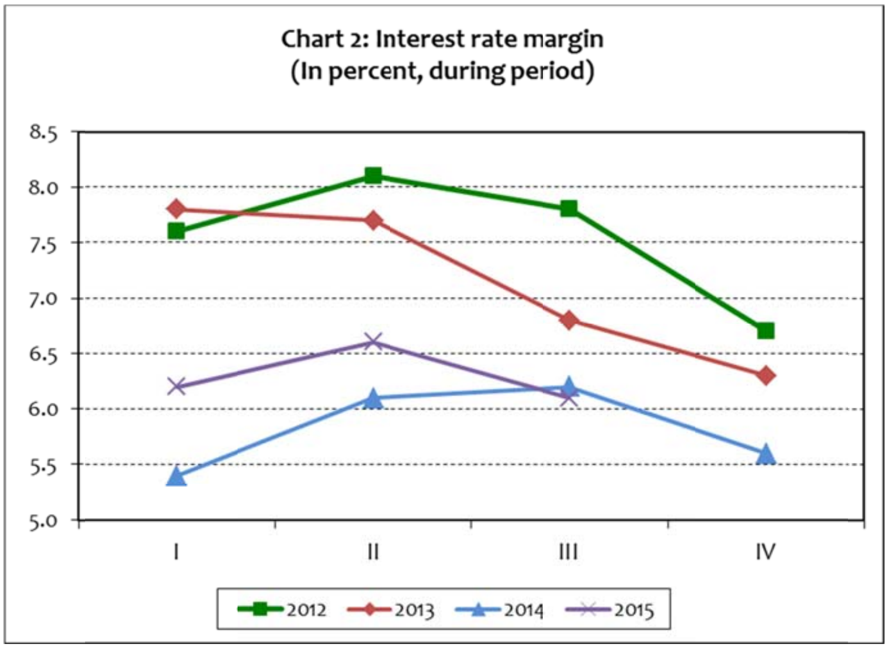
In the third quarter of 2015, the money supply increased by Afl. 102.4 million to Afl. 3,715.0 million, compared to the previous quarter (Chart 1). This growth was attributed to an Afl. 92.9 million inflow of foreign funds and an Afl. 9.5 rise in the domestic component of the money supply. The rise in the net foreign assets was associated with a debt issuance by the government in August 2015.



The rise in net domestic assets was the result of an Afl. 41.1 million increase in domestic credit and a fall of Afl. 31.6 million in non-credit related balance sheet items. The expansion in domestic credit was mainly due to an Afl. 36.5 million rise in the net claims of the banking sector on the private sector, largely related to increases in housing mortgages of Afl. 18.0 million, consumer credit of Afl. 12.0 million and loans to enterprises of Afl. 6.5 million. In addition, net claims of the banking sector on the public sector grew by Afl. 4.6 million, which resulted from decreases in development funds of Afl. 3.1 million and in government deposits of Afl. 2.7 million. The contraction in non-credit related balance sheet items was caused largely by increases in balance sheet items "shareholders' equity", "accounts receivable and prepayments", "other liabilities", and clearing transactions.

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) decreased by 0.5 percentage point to 6.1 percent in the third quarter of 2015, when compared to the second quarter of 2015 (Chart 2). This resulted from a decline in the weighted average rate of interest paid on new loans of 0.4 percentage point to 8.2 percent, and a rise in the weighted average rate of interest offered on new deposits of 0.1 percentage point to 2.1 percent.

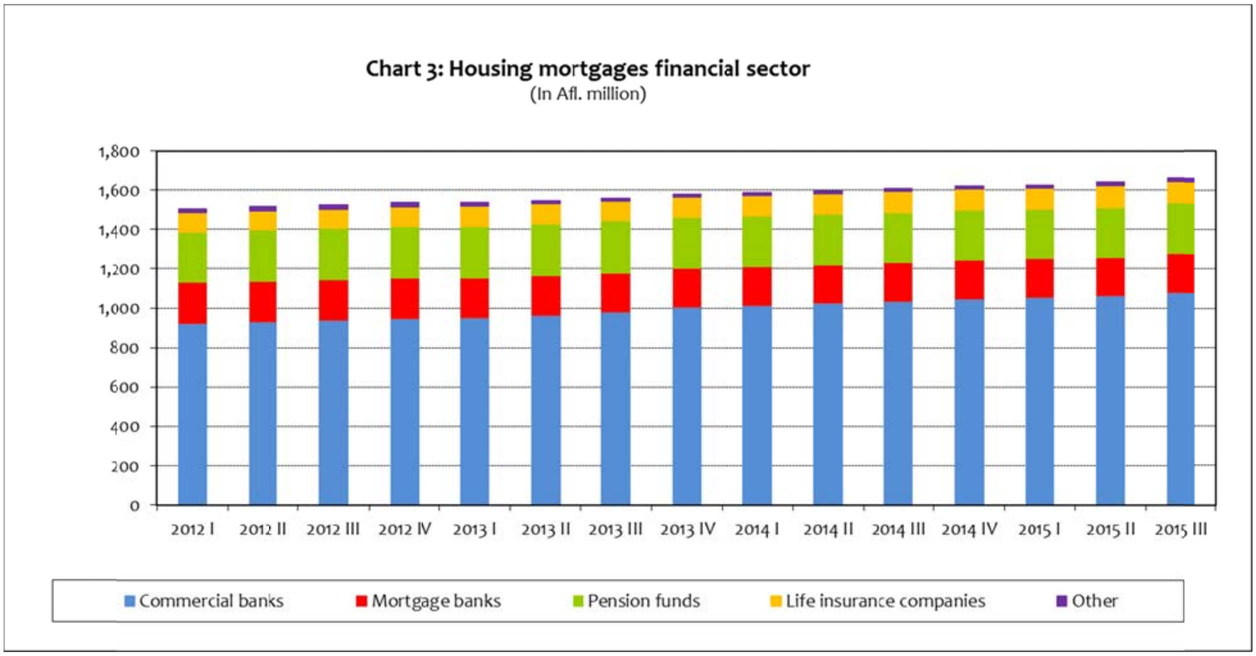


Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions fell by Afl. 16.7 million or 0.5 percent to Afl. 3,603.0 million, compared to end-of-June 2015. This decline was a result of an Afl. 24.8 million decrease in the net foreign assets and an Afl. 8.1 million rise in domestic claims. On the liability side, both the pension fund provisions and insurance reserve fund went up by Afl. 17.4 million and Afl. 17.2 million, respectively. In contrast, other items net declined by Afl. 50.6 million, while borrowings and deposits decreased slightly by Afl. 0.1 million to Afl. 38.8 million at the end of September 2015.

Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 21.5 million to Afl. 1,662.6 million at the end of September 2015, compared to end-of-June 2015. This growth resulted mainly from increases in housing mortgage lending by the commercial banks and pension funds of Afl. 18.0 million and Afl. 3.8 million, respectively. In contrast, housing mortgage lending by the life insurance companies decreased by Afl. 0.5 million and the mortgage banks by Afl. 0.1 million (chart 3).



At the end of September 2015, there was a rise in the market share of the commercial banks by 0.3 percentage point and pension funds by 0.1 percentage point, while the market share of the life insurance companies and mortgage banks declined by 0.2 percentage point and 0.1 percentage point, respectively, when compared to the second quarter of 2015 (table 1).

Table 1: Market share in %	2015 II	2015 III
Commercial banks	64.5	64.8
Mortgage banks	12.1	12.0
Pension funds	15.4	15.5
Life insurance companies	6.8	6.6
Other	1.2	1.2