

# Monetary developments and policy stance



October 8, 2013

# Developments in the monetary union

	2011	2012	2013**
Current account balance (in mln NAf.)	-1,466.5	-1,382.1	-1,258.4
Change in gross foreign reserves of the central bank (in mln NAf.)*	-48.4	277.4	165.2
Change private loans (%)	5.4	4.8	3.7
Curaçao	8.9	8.6	6.3
Sint Maarten	-2.4	-4.7	-3.3
GDP growth (%)			
Curaçao	0.6	-0.1	-0.7
Sint Maarten	-1.5	1.5	1.1
Inflation (%)			
Curaçao	2.3	3.2	2.5
Sint Maarten	4.6	4.0	2.8

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\*- sign means an increase

\*\* projection CBCS; money supply and private loans annualized per June

# Balance of payments

(transaction basis, NAf millions)

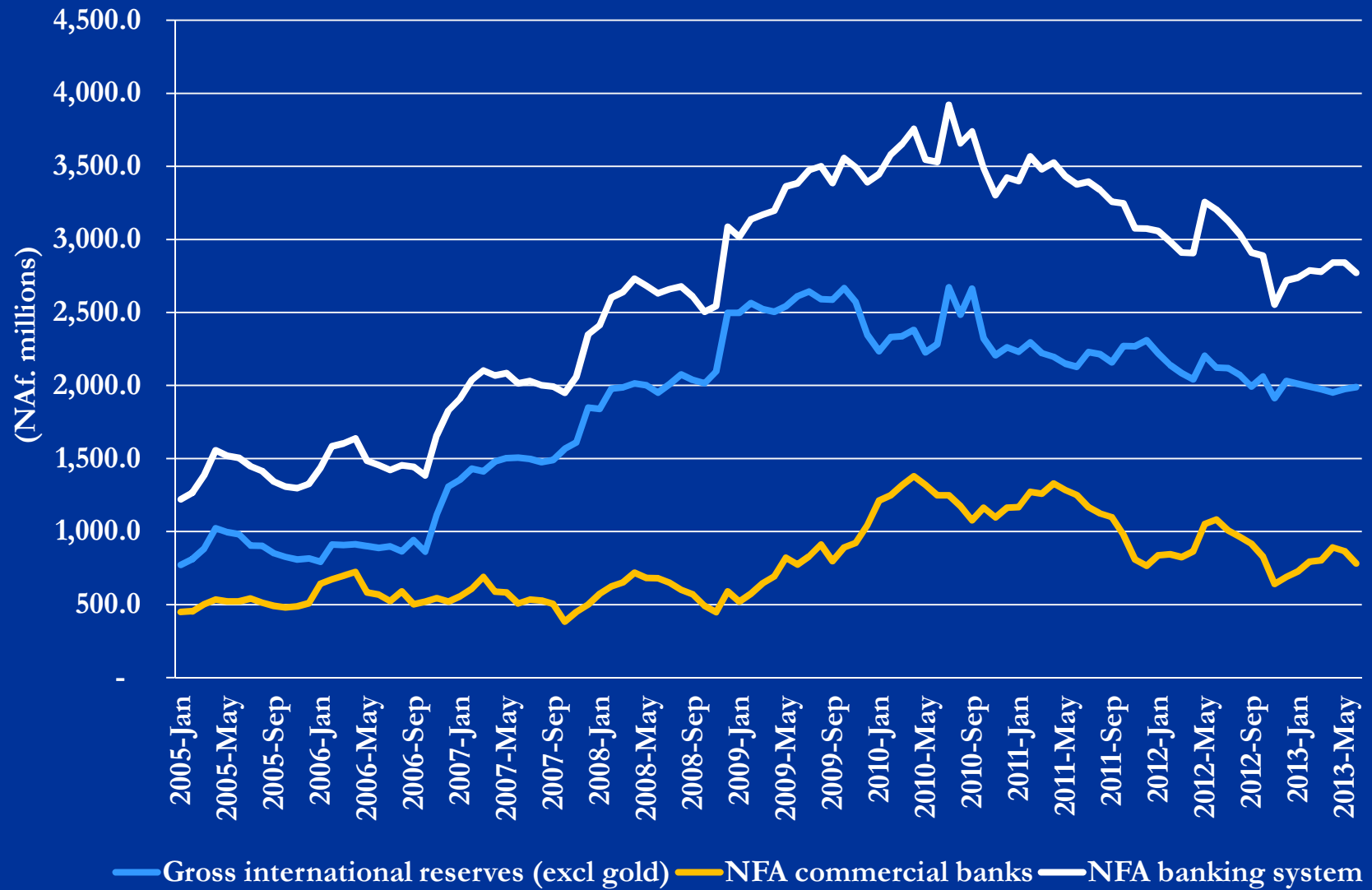
	2011	2012	2013**
Current account	-1,466.5	-1,382.1	-1,258.4
Capital account	123.1	69.8	12.3
External financing	1,346.9	947.4	964.0
<i>Direct investments</i>	88.4	112.1	169.0
<i>Loans and credits</i>	1,076.2	261.6	555.0
<i>Portfolio investments</i>	182.3	573.7	240.0
Change in reserves*	-48.4	277.4	165.2

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\*- sign means an increase

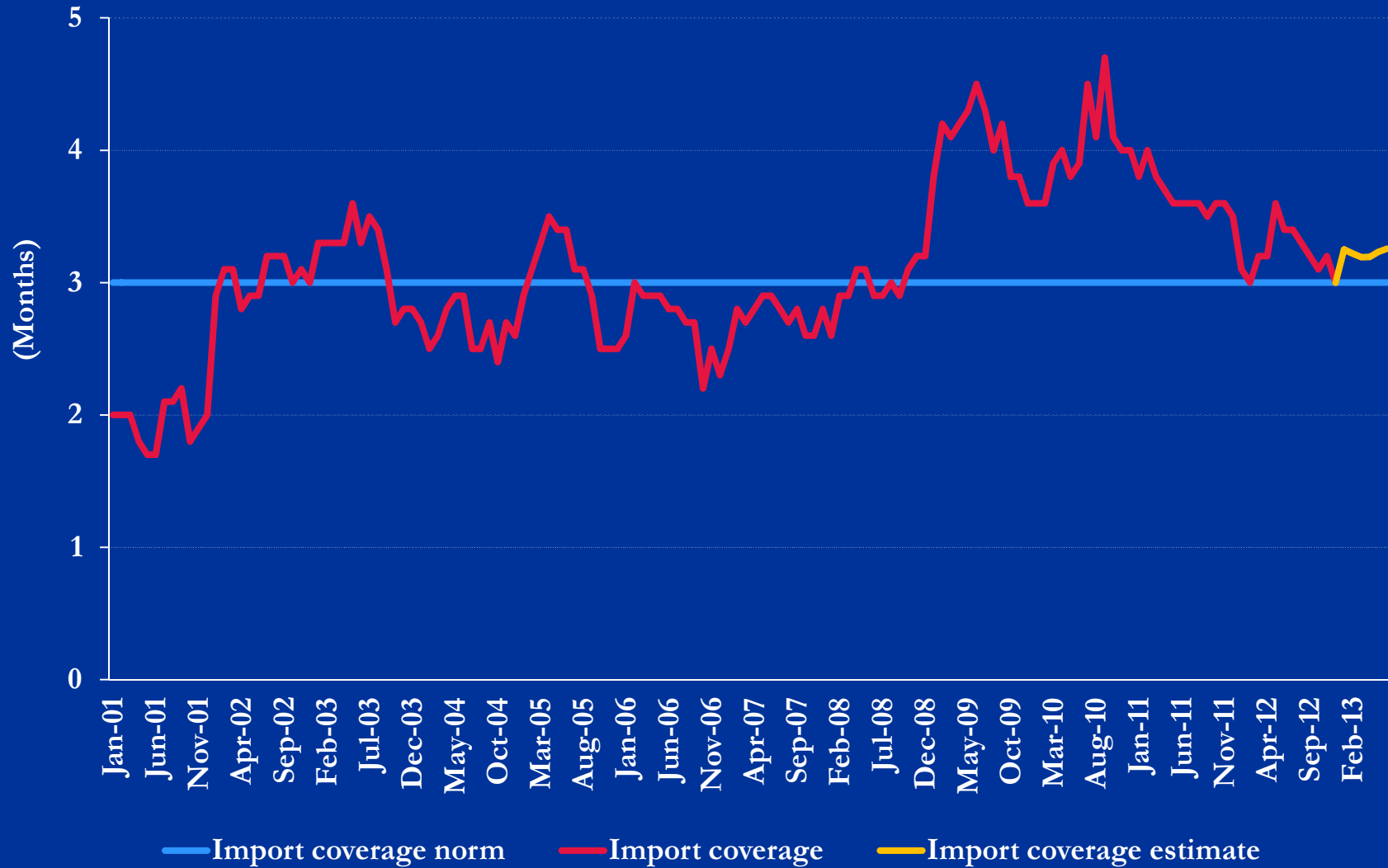
\*\* projection CBCS

# International reserves



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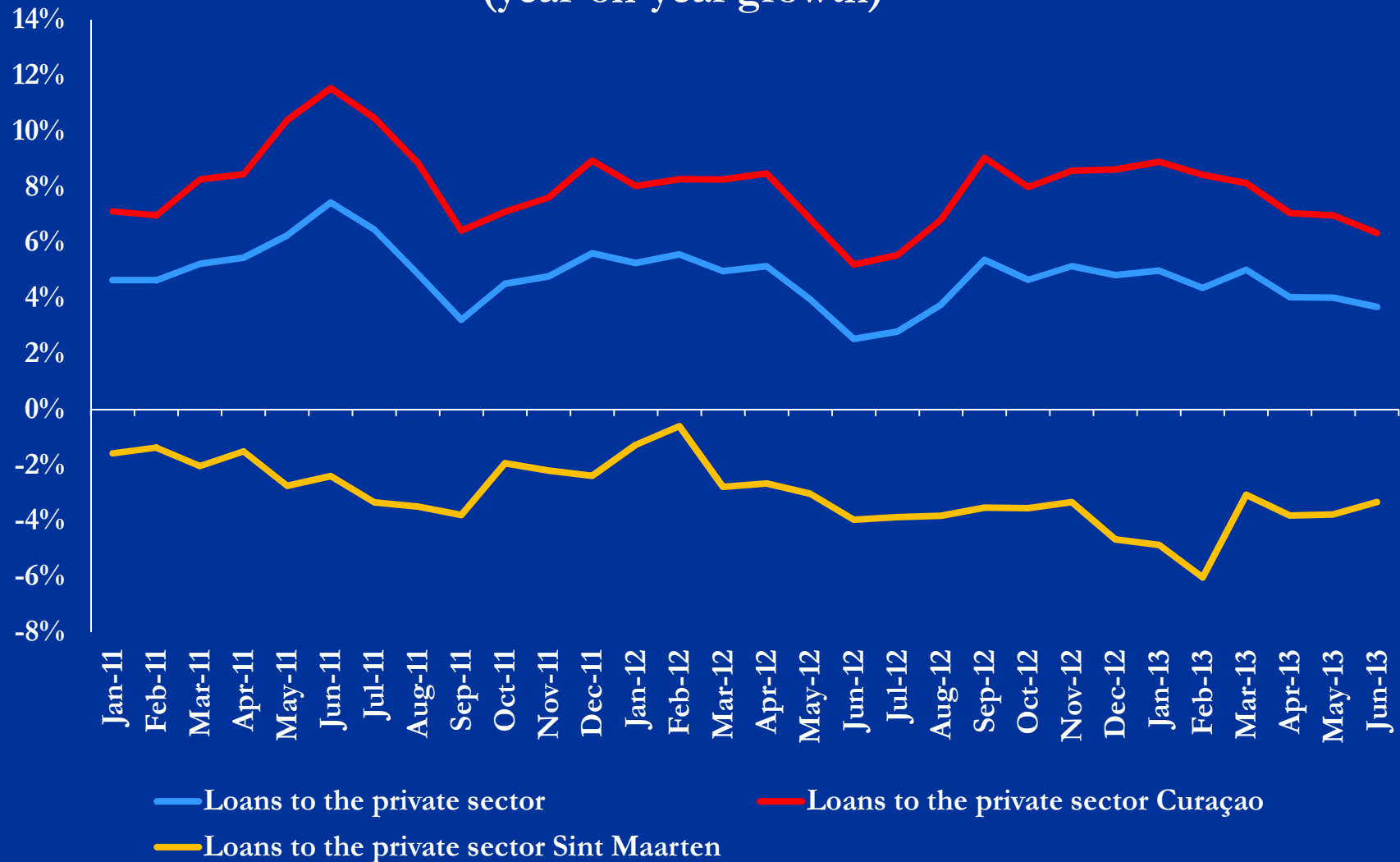
# Monthly import coverage



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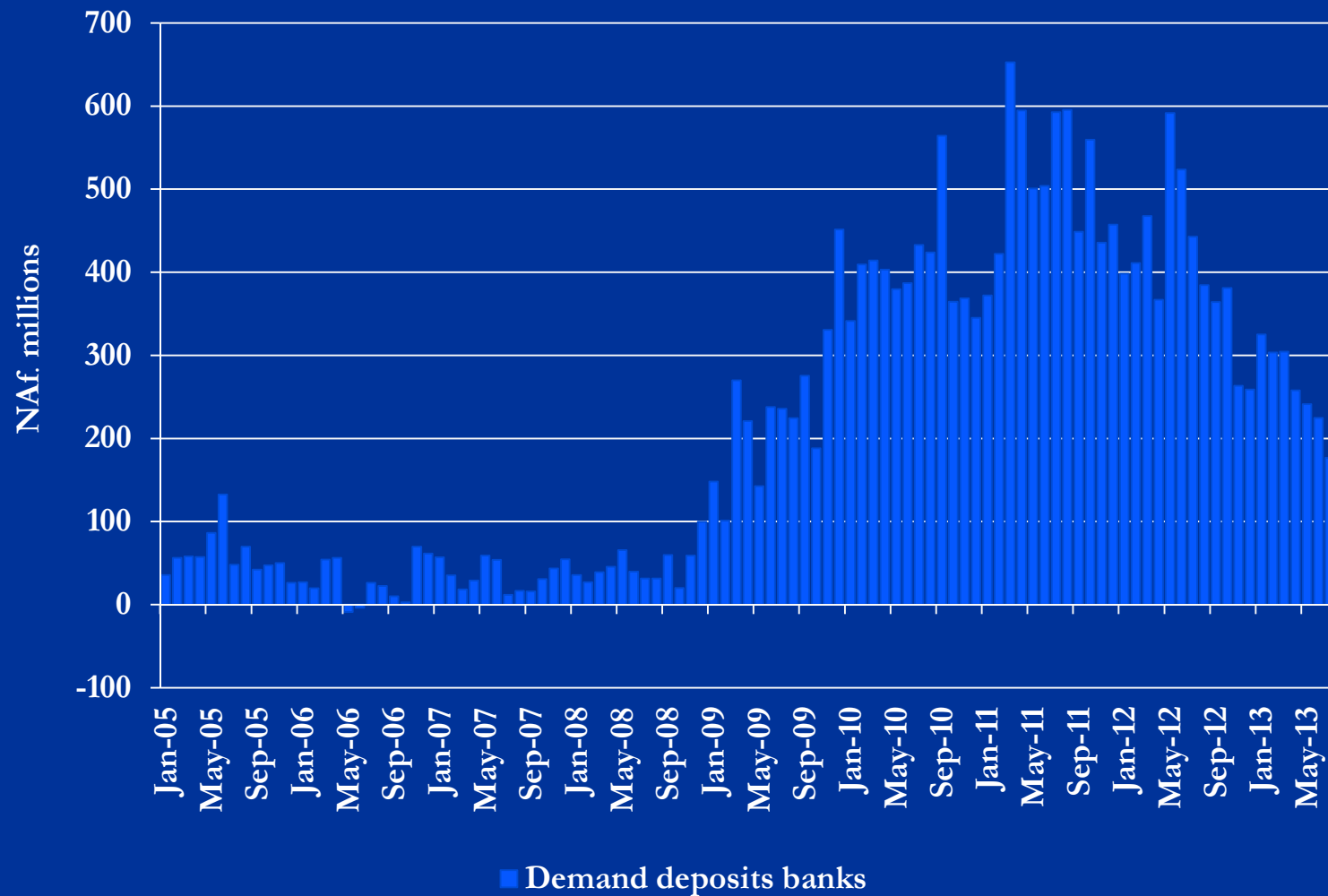
# Private credit extension

(year-on-year growth)



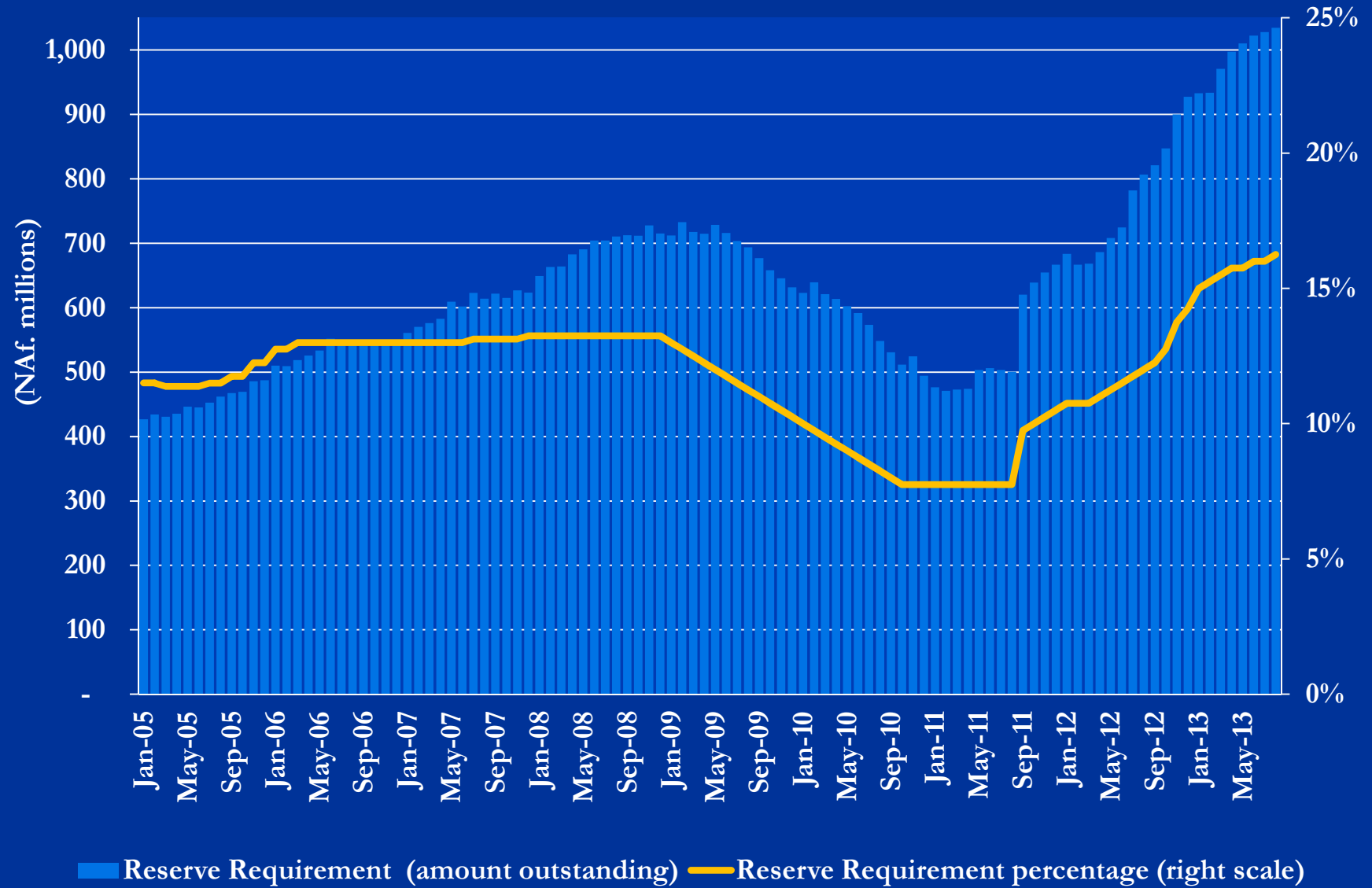
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# Liquidity commercial banks



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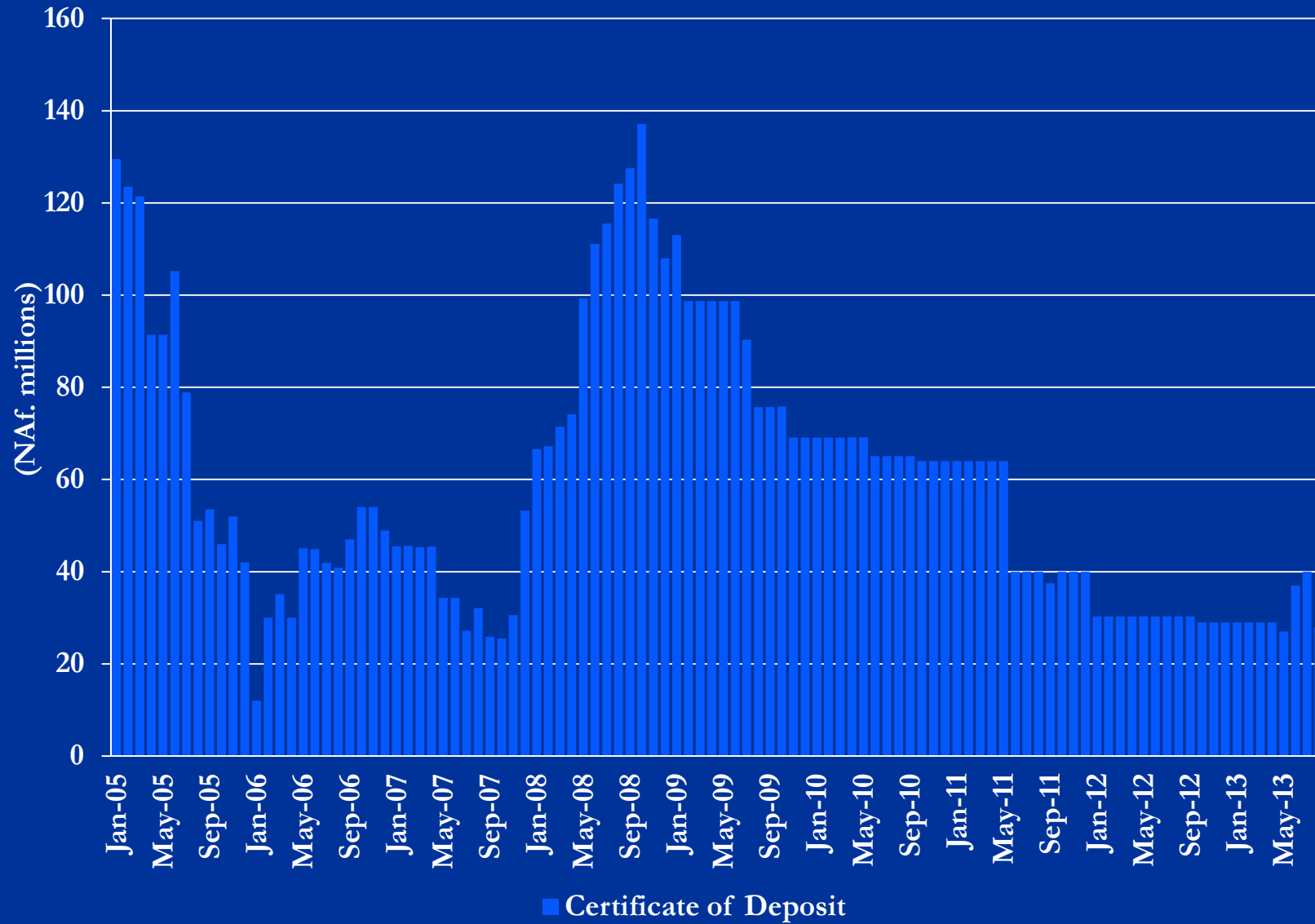
# Reserve Requirement



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# Certificates of Deposit



# Credit measure (1)

## March – August 2012

### Credit freeze (base February 2012):

- annual credit growth moderated from 5.6% to 3.7%;
- 4 out of 11 banks exceeded their limit by 0 – 5%;
- banking sector remained within the limit.

# Credit measure (2)

September 2012 – February 2013

Maximum credit growth 1.0%

(base August 2012) :

- annual credit growth increased from 3.7% to 4.3%;
- 3 out of 13 banks exceeded their limit by 0 – 7%;
- banking sector remained within the limit.

# Credit measure (3)

## March - August 2013

Maximum credit growth 2.0%

(base August 2012) :

- annual credit growth declined from 4.3% to 3.7% (June);
- 3 out of 13 banks exceeded their limit by 0 – 1%;
- banking sector remained within the limit.

# Credit measure (4)

## Points for improvement:

- **Timeliness monthly reporting:**
  - introduction penalty on late reporting of N Af.1,000 per day;
- **Prevent shift to financial institutions that are not subject to the credit measure.**

# Current monetary situation

- Current account deficit balance of payments is still high, but declining trend.
- Moderation in decline foreign exchange reserves.
- Declining import coverage.
- Declining trend in excess liquidity banking sector, but outstanding amount still high.
- Moderation credit growth private sector.

# Monetary policy

## September 2013 – February 2014

- Further increase in reserve requirement percentage.
- Maximum credit growth of 3% compared to end of August 2012.
- Auctioning of more CDs.

**Thank you for your  
attention**