



QUARTERLY BULLETIN 2007-3

Bank van de Nederlandse Antillen

REPORT OF THE PRESIDENT

The stronger rate of growth of the Netherlands Antillean economy was maintained in the third quarter of 2007 with real Gross Domestic Product expanding by 2.3% compared to the same quarter of 2006. The private sector remained the engine of growth as both private investment and consumer spending continued to expand. Public sector spending contracted slightly, stemming entirely from lower consumption. The robust growth in domestic demand was mitigated by a marked decline in net foreign demand, resulting from a decline in exports and a strong growth in imports, dampening the expansion of GDP. The economic expansion was accompanied by a slight acceleration of the annualized inflation rate to 2.4% at the end of September 2007, caused mainly by stronger world oil and food prices.

An analysis by sector shows that almost all sectors recorded an expansion in activities, but the economic growth was driven mainly by the tourism-related sectors, which include wholesale & retail trade and restaurants & hotels, the construction sector, and the financial sector. The tourism sector performed well with double digit growth figures of stay-over and cruise visitors. Curacao and Bonaire in particular contributed to the strong tourism performance, while developments in St. Maarten lagged behind. The growth in wholesale & retail trade also was attributable to strong domestic demand, although a decline in free-zone activities had a mitigating impact. The expansion in construction resulted primarily from investments in the tourism-related, real estate, and telecommunication sectors. Moreover, the expansion in domestic financial services, fuelled by strong demand for credit, contributed to the growth in financial sector output.

Also activities in the transport, storage, & communication sector and the manufacturing sector increased, although at a slightly slower pace than in the third quarter of 2006. Air transportation and airport activities expanded because of an increase in airlift and the growth in tourism. However, a decline in the number of transit passengers in Bonaire and St. Maarten offset the growth in stay-over visitors on these islands. Oil storage and transshipment continued to expand, but at a slower pace. Harbor activities were mixed with more ship calls in Curacao and Bonaire, but a decline in St. Maarten. The growth in manufacturing was attributable to the refinery as ship repair activities declined.

The balance of payments deteriorated in the third quarter of 2007 because the large current account deficit was not fully covered by external financing and capital transfers. As a result, our international reserves declined. The current account deficit deteriorated compared to the third quarter of 2006, due almost entirely to the increase in the trade deficit. Higher imports and a decline in exports explain the deterioration in the trade deficit. The increase in imports was attributable mainly to the growth in private demand, the expansion of tourism, and higher international oil prices. A drop in re-exports by free zone companies, related to currency restrictions in Venezuela and fire damage, caused the decline in exports. In addition, the current transfers balance deteriorated. The higher deficits in the trade and current transfers balances were mitigated by higher surpluses on the services and income balances. The improvement in the services balance was due almost entirely to the good performance of the tourism industry. In addition, the Venezuelan oil company, PDVSA, made more payments related to its refining activities in Curacao. The improvement in the income balance was accounted for largely by an increase in interest income earned on foreign assets. The current account deficit was financed

primarily by external financing of the private sector, due to increased direct investments and net loans & credits from abroad. The latter resulted, among other things, from maturing foreign time deposits of local financial institutions, domestic companies' withdrawals from their foreign bank accounts, a drop in net trade credit extended to foreign customers, and an increase in foreign borrowing.

The general government's cash deficit deteriorated in the third quarter of 2007, compared to the third quarter of 2006, due to a decline in revenues and an increase in expenditures. The decline in revenues was due entirely to nontax revenues. Contrary to 2006's third quarter, the central bank did not remit any advances on its accumulated profit to the central government in the third quarter of 2007. In contrast, tax revenues expanded in line with the good performance of the economy and as a result of the reduction in land tax arrears. The increase in expenditures occurred mainly in wages & salaries, related to the annual job evaluation, and interest expenses. The financing of the cash deficit resulted in a further increase in outstanding debt. However, the debt ratio remained about the same at 83% because GDP grew by the same proportion.

The money supply grew moderately in the third quarter of 2007 because the expansion in net domestic assets was mitigated by the decline in net foreign assets resulting from the balance of payments deficit. In particular, the private sector's continuing strong demand for credit contributed to the domestic expansion. The government's demand for liquid assets also increased, due entirely to the island governments. The sustained strong private sector credit growth and a shortfall in subscriptions on the bi-weekly auctions of certificates of deposit prompted the Bank to tighten its monetary stance by increasing the reserve requirement percentage by 0.125 percentage point to 13.125% in the beginning of the third quarter. In addition, the Bank adjusted its official interest rate, the pledging rate, twice in September 2007, resulting in a net reduction to 5.25%. This step was taken following the cut in the Fed funds rate and the impact of that move on international interest rates and the domestic money market.

It is encouraging that economic growth in the Netherlands Antilles is gaining momentum, but the inevitable rise in local energy prices and the slowing of the world economy may pose a risk to the current rate of growth. This prospect emphasizes the importance of continuing to make progress in the preparations for the new constitutional status of the islands, since this change in status will be accompanied by major debt relief and support for reducing our social ills and strengthening our economy. The Bank welcomes the progress made by the smaller islands, i.e., Bonaire, St. Eustatius, and Saba. The financial supervision of their budgets is in place; the 2008 budgets have been adjusted to meet the agreed maximum deficits, and the Dutch government has transferred funds to soon begin payment of outstanding bills. We can already notice the positive impact of this progress and the recent agreements with the Dutch government on investors' confidence with the substantial oversubscription on the latest bond issue by the central government. The resulting decline in government bond yields, together with the downward trend in international interest rates and the upcoming debt repayment, will lead to lower domestic interest rates, which may mitigate the anticipated slackening of economic growth.

To maximize the benefits from the present positive sentiment, Curacao and St. Maarten should increase their efforts to remain at par with the smaller islands. We have embarked on an irreversible process of constitutional change with concrete prospects for a better future for our islands and its citizens. Let us invest all our energy in realizing this future.

E.D. Tromp
President

INTERNATIONAL ECONOMIC DEVELOPMENTS

Amid the credit restrictions and housing market crisis, real GDP in the United States accelerated to 2.8% in the third quarter of 2007 (see Table 1). This performance suggested that the US economy is resilient against the housing slump and credit crunch. The economic growth was backed by gains in consumer spending, business investment, and exports. The economy was supported by a narrowing of the trade deficit, as exports surged at a faster rate than import demand. Stronger export growth was the result of a strong global economy and the weaker US dollar. As a result, the current account deficit narrowed by 18.7% to US\$.691 billion. In contrast, residential construction declined for the sixth consecutive quarter, contributing negatively to the GDP growth. Nevertheless, the residential fixed investment contraction was offset partly by the growth in nonresidential fixed investment. Since the collapse in the sub-prime mortgage market in August, the tighter credit conditions have worsened the housing market turmoil. The job market slowed, as higher borrowing costs and the housing market slump are expected to slow down the economy. This slowing of the job market worsened the jobless rate to 4.7% in the July-September quarter of 2007. So far, the higher energy prices have not had a widespread impact on the prices of many goods and services. In addition, labor productivity improved, which restrained somewhat the rising consumer price pressures. To ease the financial market crisis, the Federal Reserve lowered the primary discount rate two consecutive times to 5.25%¹ during the third quarter. Also, in the face of the deepening housing recession and the short-term credit crunch, the Federal Reserve cut the Fed funds rate for the first time this year by 50 basis points to 4.75% in September 2007.

Table 1 Selected indicators of various countries

	United States		Netherlands		Venezuela	
	2006-III	2007-III	2006-III	2007-III	2006-III	2007-III
Real GDP (% change)	2.4	2.8	2.7	4.2	10.2	8.7
Consumer prices (%)	3.7	2.4	1.5	1.4	13.4	17.7
Unemployment rate (%)	4.5	4.7	5.4*	4.3*	9.5	8.3

Source: US Bureau of Economic Analysis, US Bureau of Labor Statistics, Central Bureau of Statistics Netherlands, Banco Central de Venezuela, and Instituto Nacional de Estadística Venezuela.

*Quarterly average

In the three months through September 2007, the Dutch economy performed well, as real GDP rose by 4.2%, marking its largest quarterly rate of expansion in more than seven years. The encouraging performance was supported by gains in household consumption, fixed capital investments, and exports. Consumer spending was up, as spending on durable goods and natural gas expanded. The cooler weather throughout Europe led to increases in the production of and foreign demand for natural gas. The surge in the third-quarter export (7.5%) was in part related to this development. In addition, investments in computers, company vehicles, and business construction led to more fixed capital investments. In terms of production, increases in construction, wholesale trade, and employment agency services were accountable for the third-quarter growth. With more economic activities, many companies raised investments and hired more people. As a result, the unemployment rate was down to 4.3% in the September quarter of 2007, the lowest rate in more than four years. Cheaper durable goods and communication services

¹ Reserve Banks extend primary credit on a short-term basis to depository institutions with strong financial positions and ample capital at a rate above the target federal funds rate.

dampened the inflationary pressures from higher fuel and food prices, which led the inflation rate to remain steady at 1.4%. So far, the Netherlands has had the lowest inflation rate in the Eurozone in 2007.

In 2007's third quarter, the Venezuelan economy continued to grow strongly at 8.7%, albeit at a slower pace than in 2006. The economic expansion was underpinned entirely by the non-oil sector, marking its seventh consecutive quarter of growth. This expansion was reflected by the stellar growth rates in the trade, manufacturing, communications, and the financial services sectors. The soaring oil revenues resulted in excessive government spending, contributing to the rapid rise in liquidity in the economy. This noticeably higher level of liquidity added to the falling black market exchange rate of the Bolivar. Higher domestic demand accompanied by the exchange and price controls caused the third-quarter inflation to surge by 17.7%, the highest rate in Latin America. The exchange and price controls have discouraged manufacturers from investing, leading to shortages of consumer goods. The soaring demand and the domestic supply constraints boosted imports, as a result of which the current account surplus narrowed by 8.3% to US\$6.9 billion. The favorable economic performance coincided with a further improvement in the labor market, resulting in a lower jobless rate of 8.3%.

GENERAL ECONOMIC DEVELOPMENTS IN THE NETHERLANDS ANTILLES

Economic growth in the Netherlands Antilles accelerated in 2007's third quarter, as real GDP came in at 2.3%, backed entirely by stronger domestic demand (see Table 2). The favorable performance in domestic activities was driven by private demand. In contrast, foreign trade had a dampening effect on GDP growth because imports of goods and services grew, while exports dropped in real terms. The rising private demand accounted for the higher imports. Also, the high oil prices drove up the import prices. Inflationary pressures were up in July-September 2007, as the inflation rate accelerated to 3.2% as a consequence of stronger world oil and food prices.

Table 2 GDP growth by expenditure ^{*)} (real percentage changes)

	2006-III	2007-III
Domestic expenditure, of which:	2.6	6.0
Private sector	2.7	6.1
- Investment	1.7	3.7
- Consumption	1.0	2.4
Government sector	-0.1	-0.1
- Investment	0.0	0.0
- Consumption	-0.1	-0.2
Changes in inventory	-0.1	1.0
Foreign net expenditure, of which:	-0.5	-4.7
Export of goods and services	0.2	-1.9
Import of goods and services	0.8	2.8
GDP by expenditure	2.0	2.3
Net primary income	0.2	1.7
Gross national income	2.2	4.0
Net current transfers from abroad	-0.5	-0.9
Gross national disposable income	1.7	3.1

BNA estimates

^{*)} Expenditure categories data are weighted contributors to GDP growth

Private demand was the sole contributor to the third quarter growth. Despite diminishing purchasing power due to a rising rate of inflation, consumer spending strengthened. This strengthening was likely supported by an improved situation in the labor market, led by the favorable economic development. In addition, the rise in private investment spending was in line with the increases in mortgages, business loans, foreign direct investment, and imports. Public sector spending contracted slightly in real terms, stemming entirely from lower consumption. Net foreign demand worsened, as exports fell, while imports grew. Imports of goods & services were up, because of rising merchandise imports and oil prices. This gain in merchandise imports matched the expansion in the construction, wholesale & retail trade, restaurants & hotels, real estate, and communication sectors. By contrast, fewer activities in the free-zone caused a fall in the exports of good & services.

The growth in gross national income of the Netherlands Antilles during the September quarter of 2007 was attributable mainly to an increase in net primary income from abroad. Nevertheless, national savings contracted because both total consumption and investment expanded. Private savings shrank because consumption and investment rose. Also, both public consumption and investment were up in nominal terms, worsening the public net dissavings. This situation was supported by the sale of government bonds. Hence, the higher levels of consumption and investment were funded through foreign financing, increased domestic borrowing, and a drawdown on savings.

Domestic production

The economy of the Netherlands Antilles expanded throughout July-September of 2007, backed by positive developments in the private and public sectors. In terms of production, almost all sectors contributed to the economic expansion. Overall economic growth continued to be driven mainly by the construction, wholesale & retail trade, and financial services sectors (see Table 3). Moreover, the third-quarter GDP received an expansionary stimulus from the public sector, generated by more outlays on wages & salaries.

Construction investment expanded, mainly in the tourism-related, real estate, and telecommunication sectors. The robustness of the current upturn was apparent in the rise in private investment spending. In the July to September period of 2007, real value added of the wholesale & retail trade industry increased, but at a slower pace than in 2006. The growth in wholesale & retail trade was dampened by the looming decline in free-zone activities, despite rising domestic demand and more activities in tourism. In addition, the expanded output in the financial services sector was accounted for entirely by the domestic financial services in terms of value added, fuelled by the acceleration in domestic demand and the related credit extension.

Table 3 GDP by sector (real percentage changes)

Sector	2006-III	2007-III
Agriculture, fishery, & mining	-1.4	-4.5
Manufacturing	2.1	1.8
Electricity, gas, & water	-1.5	2.7
Construction	5.8	9.0
Wholesale & retail trade	6.0	3.8
Restaurants & hotels	1.5	4.6
Transport, storage, & communication	2.4	2.0
Financial intermediation	2.4	2.5
Real estate, renting, & business activities	1.2	1.9
Private households	-0.5	0.7
Total private sector	2.1	2.5
Public sector	3.8	2.7
Taxes minus subsidies	-1.6	-0.5
GDP	2.0	2.3

BNA estimates

In the three-month period to September 2007, the tourism sector in the Netherlands Antilles performed well, reflected by a real growth of, respectively, 3.8% and 4.6% in added value in the wholesale & retail and hotels & restaurants sectors. Stay-over as well as cruise tourism improved by, respectively, 11.6% and 10.2%. Among the contributory factors to this favorable picture was the increase in stay-over travelers from the North American, European, and South American markets. The rising number of European visitors was backed by the weak US dollar against the

euro. The growth in the South American and Caribbean markets was related to the arrival of more carriers, which may have resulted in more airlift. Also, the exchange controls in Venezuela might explain the influx of Venezuelan tourists to the islands. This development started in the first quarter of 2007, but was becoming more apparent during the year.

An analysis by island reveals that stay-over arrivals were up on all islands during the third quarter of 2007. Curacao's stay-over tourism experienced an unprecedented growth of 29.3%, driven largely by more Dutch and Venezuelan visitors. During 2007's third quarter, Venezuelan tourist arrivals accounted for about 23% of Curacao's tourism growth. As for Bonaire, stay-over tourism continued to expand (16.4%), buttressed by more visitors from all markets. In contrast, St. Maarten's stay-over tourism growth remained almost unchanged at a marginal 0.7%. See Table 7 in the appendix for more details.

The manufacturing sector showed an expansion throughout the third quarter of 2007, with an increase in activities in the "Isla" refinery. The value added of the refinery improved but was partly mitigated by a downturn in the ship repair industry, as the number of man-hours declined.

More activities were registered in the transport, storage, & communication sectors in the three months ending September 2007. After years of decline, the air transportation sector gained renewed momentum, as more airlift was created by new airlines. In addition, the expansion of the domestic airline, "Insel Air", that started its operations in August 2006, had an impact on the market. The positive outcome in the airport transportation sector was accompanied by more airport-related activities, backed entirely by Curaçao. The increase in total passenger traffic in the Netherlands Antilles was reflected by a growth in the tourism sector. Conversely, the rise in the air transportation sector was somewhat mitigated by a weaker performance in the harbor sector. Finally, the growth in oil storage & transshipment activities decelerated in the Netherlands Antilles.

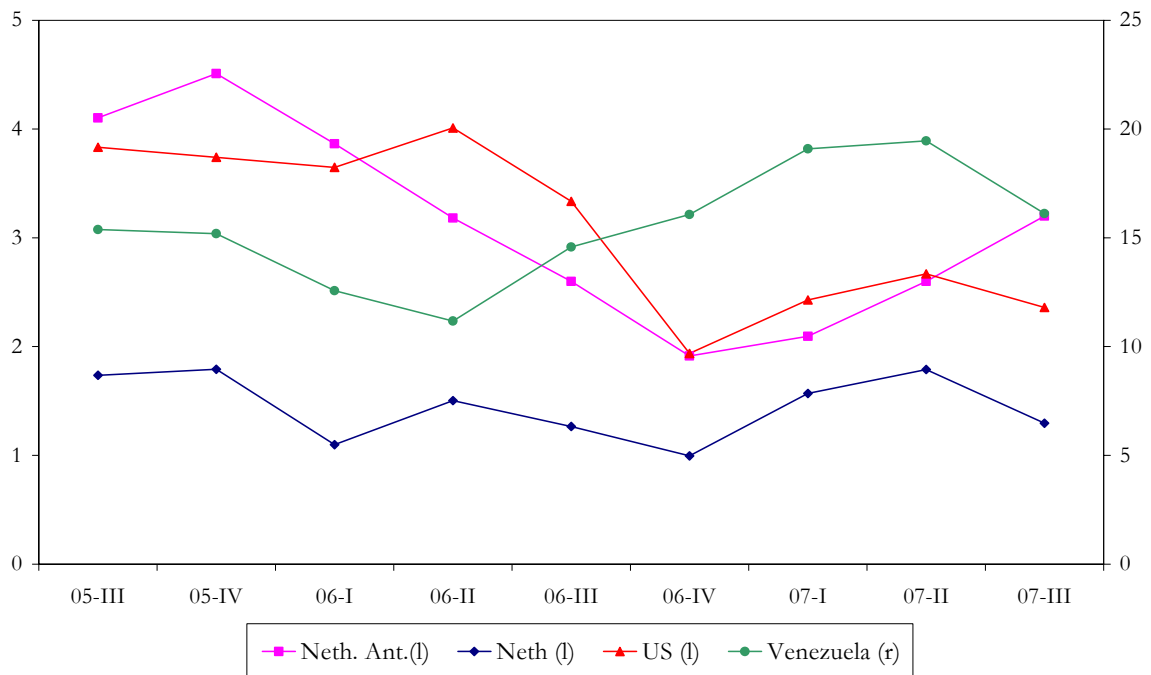
Inflation

An analysis of price developments on a quarterly basis shows that the Antillean inflation rate accelerated for the third quarter in succession. Consumer price inflation in the Netherlands Antilles ran at 3.2% in the third quarter of 2007, up from 2.6% in the corresponding period of 2006 (see Graph 1). Recent price developments were influenced mostly by external factors, such as rising oil and food prices and the euro's appreciation.

The price gains in mainly the categories "food" (5.3%), "housing" (2.7%), "housekeeping & furnishings" (3.1%), and "transport & communication" (2.5%) contributed to the acceleration in inflation. Food products in particular recorded marked price gains. Most notably, the prices of dairy products recorded a major increase. Stronger global food prices, resulting from a shortage in production and rising demand, contributed to the domestic price rise. Higher-priced utilities and gasoline influenced the increase in the categories "housing" and "transport & communication." An analysis by island shows that in the third quarter of 2007, Curaçao showed the highest quarterly inflation rate (3.5%), followed by St. Maarten (2.4%), and Bonaire (1.9%). See Table 8 in the appendix for a detailed overview.

Graph 1

Developments in consumer prices (annual quarter-to-quarter percentage change)



Source: Central Bureau of Statistics, US Bureau of Labor Statistics, Central Bureau of Statistics Netherlands, and Banco Central de Venezuela

DEVELOPMENTS IN PUBLIC FINANCE

The public sector contributed positively to the real GDP growth rate in the third quarter of 2007, reflected by the increase in wages and salaries resulting from the annual job evaluation and subsequent salary and wage increments granted. However, real government consumption declined because of lower expenditures on goods and services and an acceleration in inflation. A drop in general government revenues by 3.9% in combination with a 0.8% growth in expenditures resulted in a higher deficit in the third quarter of 2007. The deficit on a cash basis reached NAf.58.6 million, compared to NAf.41.7 million in the third quarter in 2006 (see Table 9 in the appendix).

At the central government level, a drop in revenues (8.7%) combined with an increase in spending (3.8%) turned the cash surplus reached in the third quarter of 2006 into a deficit of NAf.25.0 million in the third quarter of 2007. While tax revenues increased in accordance with the economic growth, the decline in nontax revenues contributed to the overall drop in revenues. The decline in nontax revenues occurred because, unlike the third quarter of 2006, the central bank did not pay out any advances on its accumulated profit. Indirect taxes, i.e., sales tax, excises, and import duties, in particular contributed to the rise in tax income (5.5%). All expenditure categories increased except “goods & services” and “investments”.

The island government of Curaçao managed to contain its spending (-0.3%) in the third quarter of 2007. As revenues increased (4.4%), the deficit on a cash basis improved by NAf.8.6 million to NAf.33.6 million. The increase in revenues came from more tax revenues collected and an increase

in grants. The higher tax revenues resulted from the collection of more land, profit, and wage taxes. The increase in land tax resulted mainly from the reduction in backlogs. In contrast, the collection of fewer motor vehicle taxes and license fees caused a drop in taxes on goods and services. The increase in grants was related to the revenue sharing with the central government. Expenditures remained about the same because the increases in wages & salaries and in goods & services were offset by lower subsidies and transfers.

The general government's cash deficit in the third quarter of 2007 was financed primarily non-monetarily, partly through increased holdings of government securities by the public (NAf.31.7 million). The central government financed its deficit entirely nonmonetarily, while the island government of Curaçao financed about half of its deficit monetarily (see Table 4).

Table 4 Financing of the cash balances (in millions NAf.)

	Central government		Curaçao government	
	2006-III	2007-III	2006-III	2007-III
Monetary financing	-42.6	-8.5	70.4	17.6
Central bank	-23.4	-14.3	31.7	8.2
Commercial banks	-19.6	5.2	38.6	9.4
Coins and notes	0.4	0.6	0.0	0.0
Nonmonetary financing	42.0	33.5	-28.1	16.0
Government securities with the public	30.2	65.9	-12.5	-34.2
Other	11.8	-32.4	-15.6	50.2
Cash balance	0.6	-25.0	-42.3	-33.6

Public sector debt

The total outstanding public debt rose by NAf.78.0 million in the third quarter of 2007, reaching NAf.5.3 billion (83.1% of GDP). Both the domestic and foreign components contributed to the increase in public debt. The increase in the domestic debt (NAf.46.0 million) occurred almost entirely because of the central government (NAf.61.8 million) and resulted from an increase in short-term securities and the buildup of arrears with the government pension fund, APNA. There was no change in the outstanding long-term securities because the prevailing interest rate in the market for long-term paper exceeded the rate approved in the budget. Because the higher rate had to be approved by parliament before new bonds could be issued, the central government resorted to issuing short-term securities.

The domestic debt of the island government of Curaçao declined (NAf.15.7 million) during the third quarter of 2007 because of a net redemption in debt securities. The impact of the redemption was mitigated particularly by the accumulation of arrears with APNA.

The increase in the foreign debt (NAf.32.1 million) can be explained by the appreciation of the euro, the currency in which the debt is denominated, vis-à-vis the Netherlands Antillean guilder because no changes were registered in the outstanding euro amount of debt. See Table 10 in the appendix for more details.

DEVELOPMENTS IN THE BALANCE OF PAYMENTS

The current account balance posted a deficit of NAf.302.5 million in the September quarter of 2007, an increase of NAf.107.7 million compared to the same period of 2006. The worsening of the current account balance was due mainly to a drop in net foreign demand,² as the increase in imports of goods and services outpaced the growth in exports. In addition, net current transfers from abroad declined. Similar to the current account, the combined capital and financial account deteriorated (see Table 5).

Table 5 Balance of payments summary (in millions NAf.)

	2005-III	2006-III	2007-III
Current account	-177.6	-194.8	-302.5
Capital transfers	20.7	27.1	13.8
External financing of the government	3.0	3.4	3.0
External financing of the private sector	-23.6	52.7	197.8
- Direct investment	-21.0	3.9	92.0
- Loans and credits	1.3	18.5	191.8
- Portfolio investments	-4.0	30.3	-86.0
Change in net foreign assets of banking system *)	163.6	90.2	36.5
- with commercial banks	31.0	67.1	3.7
- with central bank	132.6	23.1	32.8
Statistical discrepancies	13.8	21.5	51.5

*) a minus sign implies an increase

Current account

The export of goods and services rose by NAf.11.8 million in the third quarter of 2007, largely due to increased earnings in the tourism industry. The tourism sector performed particularly well on the island of Curaçao where foreign exchange receipts from stay-over tourism increased by NAf.18.2 million. The refining fee paid by the Venezuelan oil company, PDVSA, for its operations in Curaçao rose as a result of increased activities by the refinery on the island. Moreover, the earnings from bunker sales increased due to higher oil prices. The export growth was partially mitigated by a decline in re-exports by free-zone companies. This decline was related to currency trading restrictions in Venezuela and the fire outbreaks that took place in the free zone in the last quarter of 2006 and the first quarter of 2007. In addition, foreign exchange earnings from international financial services dropped, reflecting a slowdown in the industry.

The import of goods and services grew by NAf.131.4 million, due mainly to higher merchandise imports reflecting, among other things, increased private demand. Private demand rose in the third quarter of 2007 due to higher private consumption and an expansion of private investments. The latter was associated with, among other things, investments in the tourism and telecommunication industries. Also, the growth in the tourism sector led to a rise in import demand. Furthermore, higher average international oil prices fueled the import bill. As the rise in imports outweighed the

² Net exports of goods and services

increase in exports, net exports of goods and services dropped by NAf.119.6 million in the third quarter of 2007 compared to the third quarter of 2006.

The current transfers balance deteriorated by NAf.16.6 million because current transfers received from abroad declined while current transfers paid to abroad rose. In contrast, the income balance improved by NAf.28.6 million, largely related to an increase in interest income earned on foreign assets of resident companies. Overall, these developments resulted in a worsening of the current account deficit by NAf.107.7 million in the third quarter of 2007. See Table 11 in the appendix for more details.

Financing of the current account balance

As a result of the current account deficit in the third quarter of 2007, both the net foreign wealth of the nonbanking and the banking sectors declined. The net foreign wealth of the nonbanking sector³ declined largely as the result of an increase of NAf.197.8 million in external financing of the private sector. This increase was related to a deterioration in the direct investment balance (NAf.92.0 million) and the loans and credits balance (NAf.191.8 million), mitigated by an improvement in the portfolio investment balance (NAf.86.0 million). The improvement of the latter reflects an increase of investments by institutional investors in foreign equity and bonds. See Table 12 in the appendix for more details.

The worsening of the net direct investment balance can be attributed to an increase in claims by foreign direct investors in the Netherlands Antilles. The growth in foreign direct investments was related to, among other things, the purchase of real estate by nonresidents.

The loans and credits balance, i.e. trade credits, loans, and other investments, deteriorated due to, among other things, the repatriation of matured foreign time deposits by local financial institutions. Moreover, the balance of domestic companies' bank accounts abroad declined, related to, among other things, the withdrawal of funds to finance part of their imports.

The worsening of the loans and credits balance was also related to a deterioration in the net trade credit balance. This deterioration was due largely to a drop in net trade credits extended to foreign customers, partly offset by a decline in net trade credit received from abroad. During the June – September period of 2007, net trade credit extended to abroad declined by NAf.54.1 million, as the rise in repayments on extended trade credit outpaced the increase in trade credit extended to foreign customers. Meanwhile, net trade credit received from abroad dropped by NAf.15.1 million because the growth in repayments of trade credit outweighed the rise in new trade credit. Furthermore, the net borrowing balance worsened due to an increase in foreign loans related to, among other things, the construction of a new cruise terminal in St. Maarten.

The net foreign wealth of the banking sector dropped by NAf.36.5 million during the third quarter of 2007. This drop resulted from a decline of NAf.32.8 million in net foreign assets held by the central bank and a decrease of NAf.3.7 million in the net foreign assets held by the commercial banks (see Table 5).

³ The change in the net foreign assets of the nonbanking entities comprises the external financing of the government, the external financing of the private sector, and capital transfers.

MONETARY DEVELOPMENTS

Monetary policy

In the beginning of the third quarter of 2007, the Bank aimed to mop up excess liquidity in the domestic money market by auctioning a larger amount of Certificates of Deposit⁴ (CDs). Due to a shortfall in subscriptions and the continuous strong growth in private credit extension, the Bank had to depend on its main monetary policy instrument, the reserve requirement, raising the percentage by 0.125 percent to 13.125% on July 16, 2007. During the subsequent months of the third quarter of 2007, the reserve requirement percentage remained unchanged as the auctioning of CDs was sufficient to curb excess liquidity.

The Bank's official interest rate, the pledging rate, was adjusted twice during the September quarter of 2007. On September 7, 2007, it was raised by 0.25 percentage point to 5.75% as a reaction to the rise in international interest rates. On September 21, 2007, the pledging rate was lowered by 0.50 percentage point to 5.25% following the cut in the US Federal Funds Rate and its impact on international interest rates and the domestic money market.

Net accumulation of wealth and the money supply

During the September quarter of 2007, private sector money holdings rose by NAf.66.3 million (1.2%), an acceleration compared to the increase of NAf.39.6 million (0.8%) in the third quarter of 2006. Domestic liquidity increased in 2007's third quarter because the external and domestic financing raised by the private sector exceeded the financing needed to cover the net current transactions with abroad.

Factors affecting the money supply

Net domestic assets grew at a slower pace in the third quarter of 2007 (2.7%) than in the third quarter of 2006 (3.8%). The growth in the demand for liquid assets in 2007's third quarter stemmed from increases in both the private sector (3.9%) and the public sector (6.1%). The growth in private loans (3.2%) contributed primarily to the private sector's expansionary impact. All loan components contributed to the growth. The Leeward Islands recorded a stronger credit growth (4.0%) than the Windward Islands (1.5%). Business loans on the Windward Islands was the only loan component that decreased during the third quarter of 2007. Net domestic assets of the private sector increased also from the banks' investment in bonds issued by St. Maarten's harbor company.

The increase in net credit extended to the government sector was due to an increase of 23.5% in net credit extended to the island governments, offsetting the drop of 2.2% in net credit extended to the central government. The increase at the island governments was mainly the result of a drop in deposits. The decrease at the central government resulted from a decline in loans and an increase in deposits.

⁴ Negotiable securities issued by the Bank.

Net foreign assets decreased by 1.9% during the September quarter of 2007, compared to a decrease of 5.1% during the third quarter of 2006. The decrease in 2007's third quarter resulted mainly from a drop in the central bank's official reserves (2.3%). See Table 14 in the appendix for more details.

Developments in domestic interest rates

In line with international interest rate developments, the Bank's official interest rate, the pledging rate, and the maximum CD rate were reduced during the third quarter of 2007, reaching 5.25% and 5.20%, respectively. See Table 15 in the appendix.

The average commercial bank borrowing rates declined slightly during the September quarter of 2007. Both the rates on passbook savings and time deposits (12 months) dropped by 10 basis points to 2.7% and 4.3%, respectively. The commercial banks' average lending rates remained unchanged at 8.2% for mortgages and 9.6% for time loans.

Also the interest rates on government securities remained the same. The effective yields on 5-year government bonds and 1-month treasury bills remained at 7.4% and 5.5%, respectively

DEVELOPMENTS IN THE COMMERCIAL BANKING SECTOR

Contrary to the decrease of 2.6% in the third quarter of 2006, total assets of the domestic commercial banking sector⁵ rose by 2.8% in the third quarter of 2007. The expansion in 2007's third quarter was accounted for primarily by an increase in the loans portfolio (2.8%) and interest-bearing cash (4.4%).

The favorable economic development had a positive impact on total operational income of the commercial banking sector as both net interest income and other income increased in the September quarter of 2007, compared to the third quarter of the 2006. Because expenses grew slower than income, domestic banks' profit increased. See Table 17 in the appendix for more details.

Macprudential indicators

The analysis of the general performance of the domestic banking sector is based on macroprudential indicators. These indicators are used to monitor the health and stability of the financial system.

Capital adequacy, reflected by the total capital against total assets ratio, remained solid at 9.3% in the third quarter of 2007. This value is well above the internationally acknowledged benchmark of 8.0%.

⁵ On a consolidated basis.

Asset quality deteriorated during the third quarter of 2007, compared to the previous quarter. The ratio of nonperforming loans-to-total loans increased, resulting from a stronger growth in nonperforming loans compared to total loans. Moreover, the ratio of provisions for loan losses-to-nonperforming loans declined because the provisioning for loan losses fell behind the increase in nonperforming loans.

All the earnings-related indicators show a slight decline in profitability of the domestic banking sector in the third quarter of 2007, compared to 2006's third quarter. This decline occurred because assets grew faster than income earned on them.

The ratio of total loans-to-total deposits provides an indication of the amount of liquidity in the domestic banking sector. The drop in this ratio in the third quarter of 2007 reveals an increase in liquidity, resulting from a stronger growth in total deposits than in total loans.

Table 6 Macroprudential indicators (in %, end of period)

	2006-II	2006-III	2006-IV	2007-I	2007-II	2007-III
Capital adequacy						
Total capital/ total assets	8.5	9.0	8.7	9.1	9.3	9.3
Asset quality						
Nonperforming loans/ total loans	3.7	3.2	3.6	3.7	2.9	4.7
Provisions for loan losses/ non-performing loans	67.5	95.8	87.3	83.8	106.1	64.8
Earnings						
Gross earning-assets yield	7.6	7.7	7.1	7.9	7.6	7.5
Net interest margin	4.9	4.9	4.5	5.0	4.8	4.8
Return-on-assets	2.0	2.1	2.2	1.8	1.8	2.0
Liquidity						
Total loans/ total deposits	61.7	66.2	64.2	62.6	71.1	64.0

APPENDIX

Table 7 Developments in stay-over tourism per island (% change)⁶

	Curaçao				St. Maarten				Bonaire			
	2006-III		2007-III		2006-III		2006-III		2006-III		2007-III	
North America, of which:	12.8	(0.9)	2.5	(0.2)	-3.0	(-0.9)	6.3	(1.9)	26.4	(1.1)	17.2	(0.7)
-U.S.A.	11.7	(0.8)	2.7	(0.2)	-4.1	(-1.1)	6.0	(1.5)	26.6	(1.0)	16.9	(0.7)
Europe, of which:	7.5	(1.0)	19.9	(3.0)	5.6	(0.7)	0.3	(0.0)	-1.6	(-0.1)	9.5	(0.3)
-The Netherlands	6.8	(0.8)	19.1	(2.4)	-13.9	(-0.2)	1.9	(0.0)	-5.1	(0.1)	27.4	(0.8)
South & Central America, of which:	-4.7	(-0.3)	73.9	(7.7)	38.4	(0.8)	20.8	(0.5)	4.0	(0.0)	32.3	(0.2)
-Venezuela	-16.5	(-0.6)	125.9	(8.8)	1.5	(0.0)	132.8	(0.9)	-	(0.0)	68.1	(0.2)
-Colombia	0.1	(0.0)	57.6	(0.4)	---	---	---	---	-9.8	(0.0)	115.2	(0.1)
Caribbean, of which:	2.4	(0.1)	36.2	(2.3)	-0.7	(0.0)	-10.4	(-0.5)	17.4	(0.1)	26.0	(0.1)
-Dominican Republic	-30.0	(-0.2)	3.6	(0.0)	0.6	(0.0)	-17.3	(-0.1)	---	---	---	---
Total	5.2	(1.7)	29.3	(11.3)	0.7	(0.4)	0.7	(0.4)	11.4	(1.0)	16.4	(1.5)

Source: Curaçao Tourist Board, St. Maarten Tourist Bureau, and Tourism Corporation Bonaire

Table 8 Netherlands Antilles consumer prices (annual quarterly percentage change)

	2006-I	2006-II	2006-III	2007-I	2007-II	2007-III
Food	6.9	6.9	7.8	7.6	7.7	5.3
Beverages & tobacco	4.3	3.0	3.6	3.1	2.5	1.3
Clothing & footwear	-0.1	0.3	0.4	-0.1	0.3	1.3
Housing	3.7	3.0	1.6	1.4	1.8	2.7
Housekeeping & furnishings	2.7	2.5	2.3	1.8	2.4	3.1
Health	1.1	0.4	0.6	0.2	0.8	-0.8
Transport & communication	4.1	3.2	1.8	0.7	1.8	2.5
Recreation & education	0.4	0.7	0.3	0.3	0.6	1.3
Other	2.4	2.3	2.0	1.5	1.5	0.9
General inflation rate	3.6	3.2	2.6	2.1	2.6	3.2

Source: Central Bureau of Statistics

⁶ Weighted growth rates between brackets

Table 9 Budgetary overview (in millions NAf.)

	2004-III	2005-III	2006-III	2007-III
General government				
Revenues	333.4	324.1	355.5	341.5
Tax revenues, of which:	298.3	285.9	312.3	325.4
Taxes on income and profits	138.4	128.6	130.5	134.7
Taxes on goods and services	117.5	117.9	127.8	127.3
Taxes on international trade and transactions	32.4	28.8	36.9	41.1
Nontax and other revenues	35.1	38.2	43.2	16.1
Expenditures	410.1	381.9	397.1	400.1
Current, of which:	385.3	378.7	394.4	394.2
Wages and salaries	136.9	131.3	130.7	141.5
Goods and services	114.3	107.0	104.4	101.9
Subsidies	12.6	14.4	10.8	8.2
Transfers	70.1	68.9	81.6	70.5
Interest payments	51.5	57.2	66.9	72.0
Capital	24.8	3.1	2.7	5.9
Budget balance	-76.7	-57.8	-41.7	-58.6
Central government				
Revenues	180.3	181.6	205.5	187.7
Tax revenues, of which:	149.1	149.0	167.5	176.7
Taxes on goods and services	109.4	112.2	118.4	121.6
Taxes on international trade and transactions	32.4	28.9	37.1	41.1
Nontax and other revenues	31.2	32.6	38.0	11.0
Expenditures	212.3	182.6	204.9	212.7
Current, of which:	195.8	181.1	204.2	208.3
Wages and salaries	72.1	68.6	71.5	75.3
Goods and services	25.8	28.6	31.8	25.2
Subsidies	0.5	0.0	0.0	0.0
Transfers	74.1	61.0	73.2	75.2
Interest payments	23.3	22.9	27.7	32.6
Capital	16.5	1.5	0.7	4.4
Budget balance	-32.0	-1.0	0.6	-25.0
Island government of Curaçao				
Revenues	189.0	174.4	181.1	189.1
Tax revenues, of which:	149.2	136.9	144.8	148.7
Taxes on income and profits	138.4	128.6	130.5	134.7
Taxes on goods and services	8.1	5.7	9.4	5.7
Nontax and other revenues	39.8	37.4	36.2	40.4
Expenditures	233.7	231.1	223.3	222.7
Current, of which:	225.4	229.5	221.3	221.1
Wages and salaries	64.8	62.7	59.2	66.2
Goods and services	88.5	78.4	72.6	76.7
Transfers	31.9	39.8	39.5	30.6
Interest payments	28.2	34.3	39.2	39.4
Domestic	24.0	31.5	37.0	37.1
Abroad	4.2	2.8	2.2	2.3
Capital	8.3	1.6	2.0	1.5
Budget balance	-44.7	-56.8	-42.3	-33.6

Table 10 Total outstanding consolidated public debt¹ (in millions NAf.)

	2006-III	2006-IV	2007-I	2007-II	2007-III
Domestic consolidated debt,	4,321.7	4,369.0	4,388.8	4,485.9	4,531.8
of which:					
-Central government, of which:	2,303.3	2,323.5	2,318.4	2,322.4	2,384.2
Long term securities	1,879.7	1,897.0	1,864.7	1,798.8	1,798.8
Short term securities	46.5	57.3	91.5	148.8	218.7
APNA	217.6	224.8	223.4	225.7	234.0
SVB	9.5	8.4	10.1	9.1	5.8
-Curaçao, of which:	2,236.6	2,238.6	2,275.8	2,384.0	2,368.3
Long-term securities	775.2	802.1	819.2	880.3	852.2
Short-term securities	197.9	201.9	174.4	167.3	158.0
APNA	781.4	797.0	823.0	841.8	855.0
SVB	0.0	0.0	0.0	0.0	0.0
Central government	326.1	301.4	306.1	320.4	320.1
-Bonaire	138.7	138.0	136.3	136.6	140.4
-St. Maarten	179.8	165.2	158.7	157.6	159.0
-St. Eustatius	13.1	13.2	13.2	13.3	13.3
-Saba	18.1	18.4	18.0	18.1	18.6
Foreign debt	695.7	742.3	738.1	747.6	779.6
Total debt (consolidated)	5,017.4	5,111.3	5,126.9	5,233.5	5,311.5
(% of GDP)	82.7%	83.2%	82.4%	83.0%	83.1%

⁽¹⁾ Adjusted for inter-government debt

Table 11 Detailed overview balance of payments (in millions NAf.)

	2005-III	2006-III	2007-III
Trade balance	-563.7	-649.8	-833.7
-Exports	294.8	313.8	281.0
-Imports	858.5	963.7	1114.7
Services balance	387.0	461.8	526.0
Receipts, of which:	746.8	810.5	855.1
-Travel	347.4	363.5	395.3
-Transportation	56.5	61.7	62.3
-Other services, of which:	342.9	385.3	397.5
-Int. fin. & bus. services sector	93.4	113.5	97.6
Expenses, of which:	359.8	348.7	329.1
-Travel	114.8	140.7	145.4
-Transportation	39.8	35.2	42.1
-Other services, of which:	205.2	172.8	141.6
-Int. fin. & bus. services sector	40.0	34.9	30.5
Income balance ¹⁾	5.5	8.9	37.5
Current transfers balance ²⁾	-6.3	-15.8	-32.3
Current account balance	-177.6	-194.8	-302.5
Capital & financial account balance	163.8	173.5	251.1
Capital account balance	20.7	27.1	13.8
Financial account balance	143.1	146.4	237.3
Net errors & omissions	13.8	21.5	51.5

1) Labor and investment income.

2) Public and private transfers.

Table 12 Breakdown of net changes in the financial account (in millions NAf.)

	2005-III	2006-III	2007-III
Direct investment	-21.0	4.0	92.0
- Abroad ¹⁾	0.5	1.4	2.0
- In the Netherlands Antilles ²⁾	-21.5	2.5	90.0
Portfolio investment ¹⁾	-4.0	30.3	-86.0
Other investment, of which:	21.3	38.1	192.0
- Assets ¹⁾	18.0	37.9	135.1
- Liabilities ²⁾	3.3	0.2	56.9
Net lending/borrowing, of which:	-16.9	-16.1	68.5
- Assets ¹⁾	-59.3	-22.1	60.1
- Liabilities ²⁾	42.4	6.0	8.4
Reserves ³⁾	163.6	90.2	36.5
Total assets ¹⁾	118.8	137.7	147.7
Total liabilities ²⁾	24.2	8.7	89.6
Balance	143.0	146.4	237.3

1) A minus sign implies an increase in assets.

2) A minus sign means a decrease in liabilities.

3) A minus sign means an increase in reserves.

Table 13A Net accumulation of wealth (in millions NAf.)

2007-III	Domestic sectors			External sector
	Private	Government	Banking	
Nonfinancial transactions	-235.9	-66.6		302.5
Government net lending	0.0	0.0		
Gov't dom. nonbank financing	-27.3	27.3		
External financing of the government		3.0		-3.0
External financing of the private sector	197.8			-197.8
-Direct investment (equity)	92.0			-92.0
-Loans and credits	191.8			-191.8
-Portfolio, incl. debt	-86.0			86.0
Capital transfers	13.8			-13.8
Change in net foreign assets of the central bank			32.8	-32.8
Change in net foreign assets of the commercial banks			3.7	-3.7
Change in domestic bank credit	166.2	36.3	-202.5	
Change in broad money	-66.3		66.3	
Other items, net/errors & omissions	-48.2		99.7	-51.5

Table 13B Net accumulation of wealth (in millions NAf.)

2006-III	Domestic sectors			External sector
	Private	Government	Banking	
Nonfinancial transactions	-148.6	-46.2		194.8
Government net lending	-4.5	4.5		
Gov't dom. nonbank financing	-3.8	3.8		
External financing of the government		3.4		-3.4
External financing of the private sector	52.7			-52.7
-Direct investment (equity)	3.9			-3.9
-Loans and credits	18.5			-18.5
-Portfolio, incl. debt	30.3			-30.3
Capital transfers	27.1			-27.1
Change in net foreign assets of the central bank			23.1	-23.1
Change in net foreign assets of the commercial banks			67.1	-67.1
Change in domestic bank credit	113.0	34.5	-147.5	
Change in broad money	-39.6		39.6	
Other items, net/errors, & omissions	3.8		17.7	-21.5

Table 14 Monetary survey (in millions NAf.)

	2006-II	2006-III	2006-IV	2007-I	2007-II	2007-III
Money supply (M2)	5,195.7	5,235.3	5,425.1	5,712.2	5,733.3	5,799.6
Money (M1)	1,848.0	1,876.0	1,976.1	2,100.6	2,138.7	2,078.3
Coins & notes with the public	244.9	243.9	263.7	256.5	273.5	259.8
Total demand deposits, of which :	1,603.1	1,632.1	1,712.4	1,844.1	1,865.2	1,818.5
- Netherlands Antillean guilders	1,161.8	1,155.1	1,246.7	1,321.7	1,342.2	1,339.7
- Foreign currency	441.3	477.0	465.7	522.4	523.0	478.8
Near money	3,347.7	3,359.3	3,449.0	3,611.6	3,594.6	3,721.3
Time deposits	2,089.6	2,097.7	2,152.2	2,243.2	2,221.9	2,242.1
Savings	1,258.1	1,261.6	1,296.8	1,368.4	1,372.7	1,479.2
Factors affecting the money supply						
Net domestic assets	3,440.5	3,570.3	3,652.7	3,692.0	3,799.9	3,902.7
General government	485.7	520.2	569.7	596.8	590.5	626.8
- Central government	332.0	289.2	358.5	382.7	399.2	390.5
- Island governments	153.7	231.0	211.2	214.1	191.3	236.3
Private sector	3,813.4	3,926.4	4,058.3	4,111.6	4,252.4	4,418.6
Net foreign assets	1,755.2	1,665.0	1,772.4	2,020.2	1,933.4	1,896.9
Central bank	1,186.8	1,163.7	1,251.9	1,330.1	1,425.5	1,392.7
Commercial banks	568.4	501.3	520.5	690.1	507.9	504.2
Memorandum items						
Government loans by commercial banks	455.6	456.5	456.5	515.8	552.7	568.8
- Central government	239.6	234.2	245.4	290.6	314.6	323.8
- Island governments	216.0	222.3	211.1	225.2	238.1	245.0
Private sector loans - Leeward Islands	2,487.3	2,518.4	2,635.8	2,689.5	2,790.2	2,901.5
- Mortgages	805.2	804.6	818.4	854.8	853.6	887.4
- Consumer loans	752.7	779.2	808.9	819.1	867.1	898.6
- Business loans	929.4	934.6	1,008.5	1,015.7	1,069.5	1,115.5
Private sector loans - Windward Islands	1,081.3	1,167.8	1,201.4	1,210.8	1,249.0	1,267.4
- Mortgages	397.2	417.6	426.1	415.3	419.1	436.0
- Consumer loans	282.5	300.6	310.0	318.0	331.3	338.9
- Business loans	401.6	449.6	465.3	477.5	498.6	492.4

Table 15 **Developments in domestic interest rates (in %)**

	2006-II	2006-III	2006-IV	2007-I	2007-II	2007-III
Central bank						
- Pledging rate	5.50	5.50	5.50	5.50	5.50	5.25
- Maximum CD rate (1 month)	5.37	5.31	5.33	5.25	5.25	5.20
Commercial bank borrowing rates						
- Passbook savings	2.8	2.8	2.8	2.8	2.8	2.7
- Time deposit (12 months)	4.1	4.0	4.2	4.5	4.4	4.3
Commercial bank lending rates						
- Mortgages	8.3	8.5	8.5	8.3	8.2	7.2
- Time loans	11.0	10.5	10.6	10.1	9.6	9.6
Government securities						
- Government bonds (5-year effective yield)	6.5	7.1	7.5	7.3	7.4	7.4
- Treasury bills (1 month)	3.8	5.6	4.9	5.5	5.5	5.5

Table 16 Aggregate balance sheet of domestic commercial banks (in millions NAf.)

	2006-II	2006-III	2006-IV	2007-I	2007-II	2007-III
Assets						
Non-interest-bearing cash	516.8	431.6	548.6	589.2	554.9	581.5
Interest-bearing cash	2,339.7	2,040.3	2,278.5	2,562.0	2,422.7	2,530.3
Investments	1,288.6	1,204.2	1,225.1	1,247.5	1,422.0	1,432.2
Loans	5,417.9	5,611.6	5,736.6	5,827.5	6,063.0	6,235.3
Investments in unconsolidated subsidiaries and affiliates	186.3	181.2	182.2	173.7	156.8	150.1
Fixed assets	218.9	223.2	234.2	241.0	247.0	250.9
Other assets	205.5	218.9	205.2	194.4	236.0	235.9
Total assets	10,173.7	9,910.9	10,410.5	10,835.4	11,102.4	11,416.2
Liabilities						
Demand deposits	3,059.9	2,902.4	3,181.8	3,442.4	3,613.9	3,691.2
Savings deposits	3,191.3	3,217.5	3,294.1	3,367.9	3,408.9	3,458.3
Time deposits	2,680.5	2,488.2	2,620.0	2,634.9	2,603.2	2,712.5
Total deposits	8,931.6	8,608.0	9,095.9	9,445.2	9,626.1	9,862.0
Borrowings	37.4	31.9	31.5	32.4	59.7	62.2
Other liabilities	322.8	346.2	360.2	344.8	387.1	433.0
Total liabilities	9,291.9	8,986.2	9,487.7	9,822.4	10,072.8	10,357.2
Minority interest	7.9	8.7	7.9	8.7	8.4	7.9
Subordinated debentures	5.2	3.6	3.6	3.5	3.3	1.7
General provisions	169.6	179.2	187.5	187.3	194.2	197.4
Capital & reserves	699.1	730.8	723.8	813.5	823.6	852.0
Total capital	881.8	922.2	922.8	1,013.0	1,029.5	1,059.0
Total liabilities and capital	10,173.7	9,910.9	10,410.5	10,835.4	11,102.4	11,416.2

Table 17 Aggregate income statement of domestic commercial banks*
(accumulated, in millions NAf.)

	2006-II	2006-III	2006-IV	2007-I	2007-II	2007-III
Interest income	350.3	535.6	674.4	192.8	390.5	596.9
Interest expenses	125.3	195.7	248.4	72.1	143.9	217.4
Net interest income	225.0	339.9	426.0	120.6	246.6	379.5
Other income	116.7	172.2	257.9	63.2	123.7	193.1
Total operational income	341.8	512.2	683.9	183.8	370.3	572.6
Salaries & other employee expenses	129.3	192.4	252.4	71.0	137.0	205.8
Occupancy expenses	37.4	56.5	71.4	21.0	41.4	64.0
Other operating expenses	53.5	80.9	95.8	29.7	60.6	91.6
Net addition to general provisions	19.1	28.8	41.1	14.3	30.7	33.9
Total operational expenses	239.3	358.6	460.7	136.0	269.8	395.2
Net operating income	102.5	153.6	223.2	47.7	100.5	177.3
Net extraordinary items	1.1	7.4	9.7	1.5	-0.8	1.7
Applicable profit taxes	24.2	36.7	55.5	11.4	26.2	41.4
Net income after taxes	79.3	124.2	177.4	37.9	73.5	137.6

* Cumulative quarterly figures.