

# Economic developments in 2008 and outlook 2009



March 2009

# Outline presentation

## Developments in:

- Real sector.
- Public sector.
- External sector.
- Monetary and financial sector.

# Real sector



# Main developments in 2008

- **Slower economic growth of 1.9%, owing to weaker private demand, caused largely by the loss of purchasing power.**
- **Higher inflation of 6.5%, due mainly to higher world oil and food prices.**

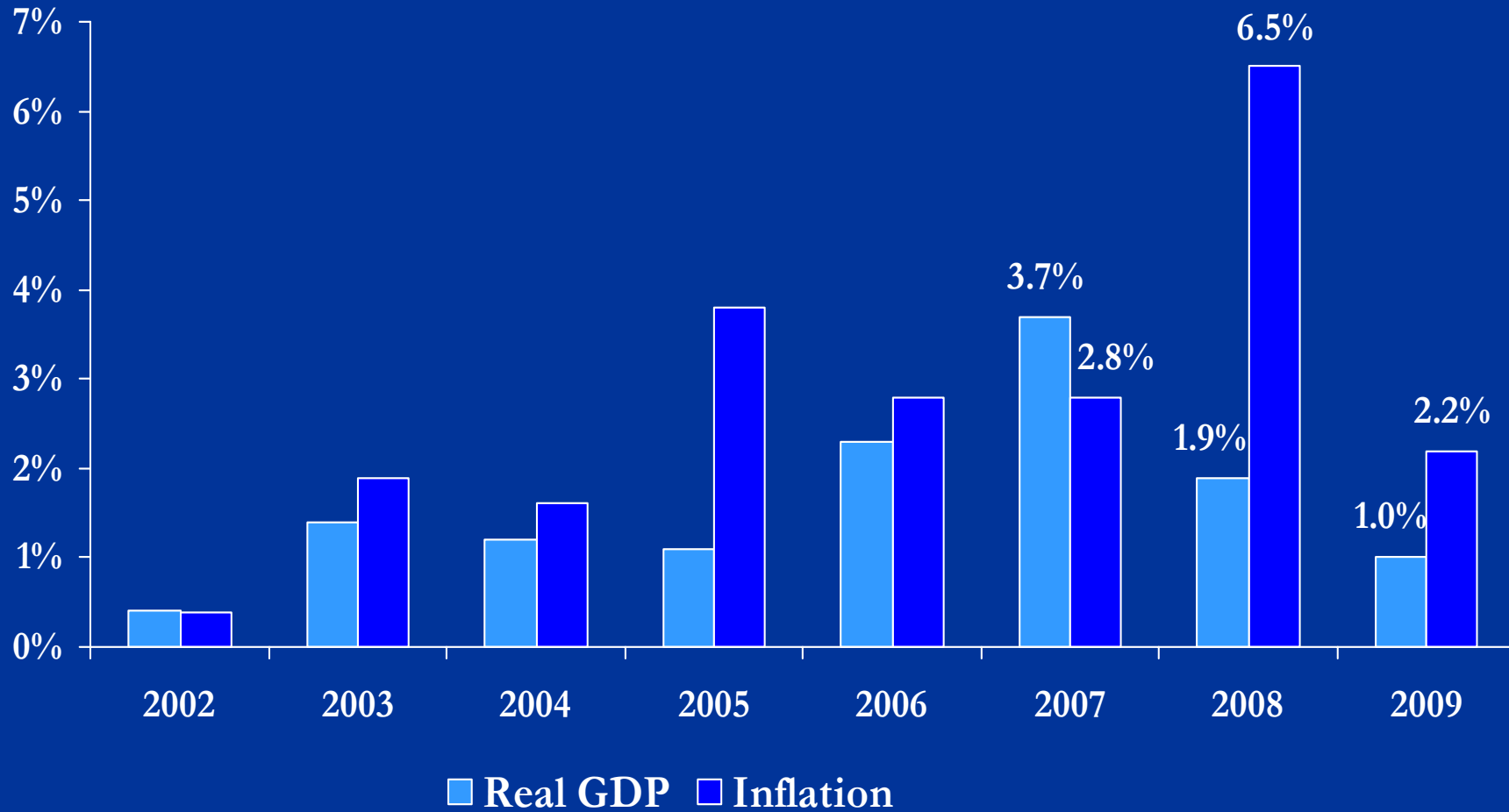
# Expectations for 2009

- **Slower economic growth of 1.0%**, due to fewer domestic activities caused by the downturn of the world economy.
- **Lower inflation of 2.2%**, stemming from declining global commodity prices.

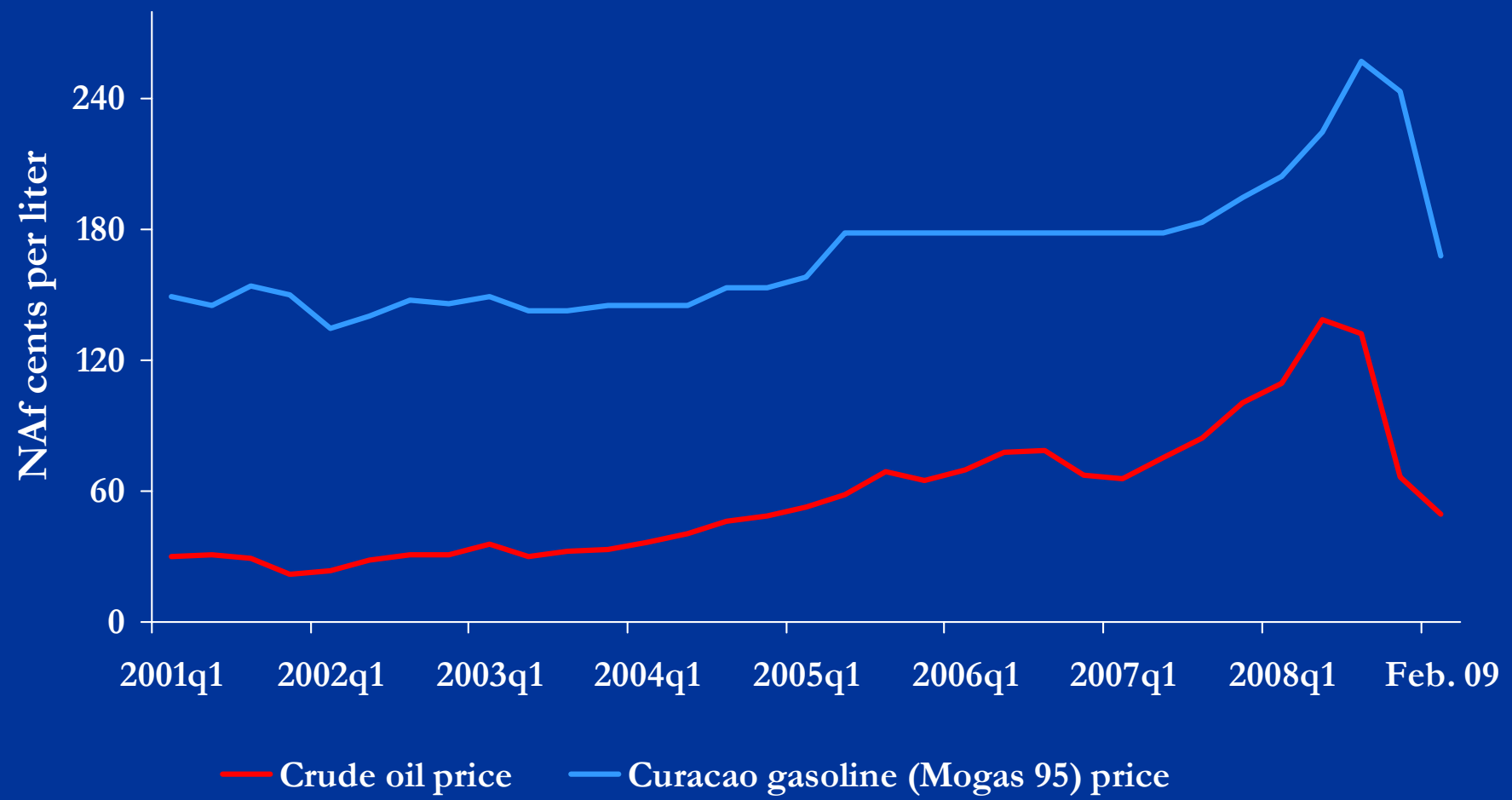
# Macro-economic key figures: a comparison

	Real GDP			Consumer Prices		
	2007	2008	2009	2007	2008	2009
Netherlands Antilles	3.7%	1.9%	1.0%	2.8%	6.5%	2.2%
United States	2.2%	1.3%	-1.6%	2.9%	3.8%	1.6%
Venezuela	8.5%	6.0%	2.0%	18.7%	30.4%	35.0%
The Netherlands	3.5%	2.0%	-3.5%	1.6%	2.5%	1.0%

# Economic development



# Development int'l crude oil price vs Curaçao gasoline price





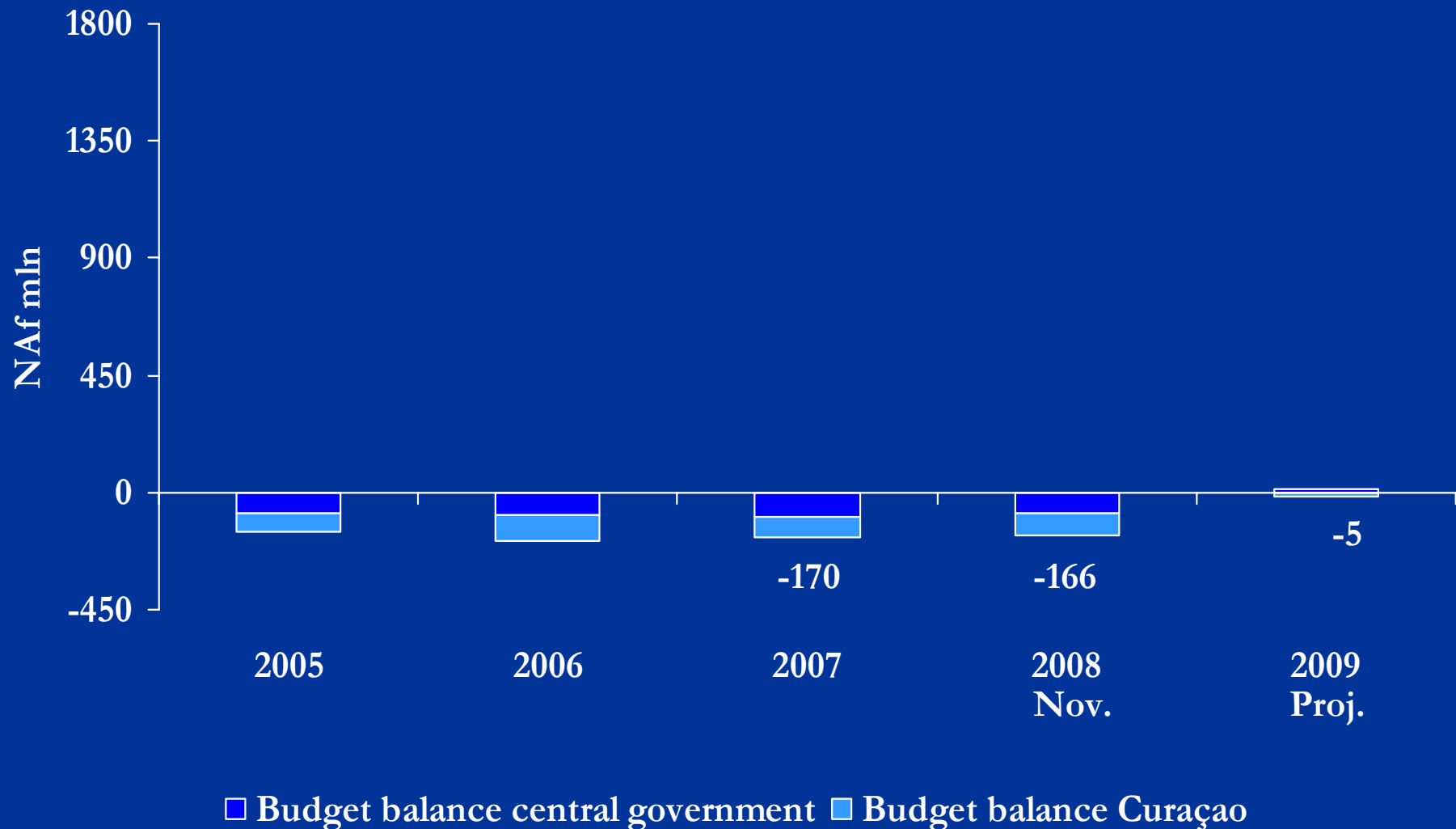
# Public sector



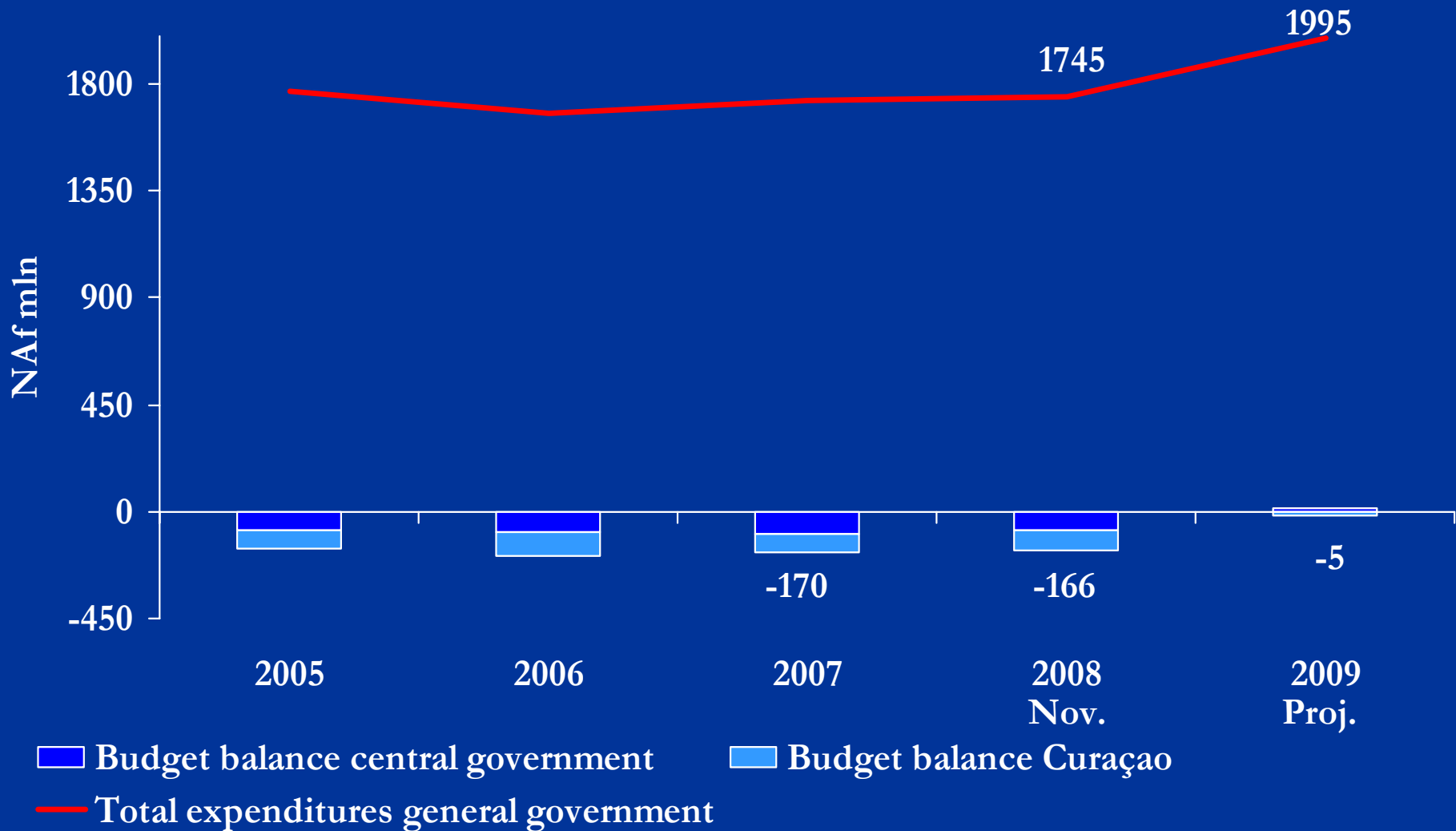
# Main developments

- Debt relief started in February 2009.
- Government budget deficit nearly balanced.
- Positive primary balance.
- Interest burden to decrease as result of debt relief.
- Substantially lower debt ratio.

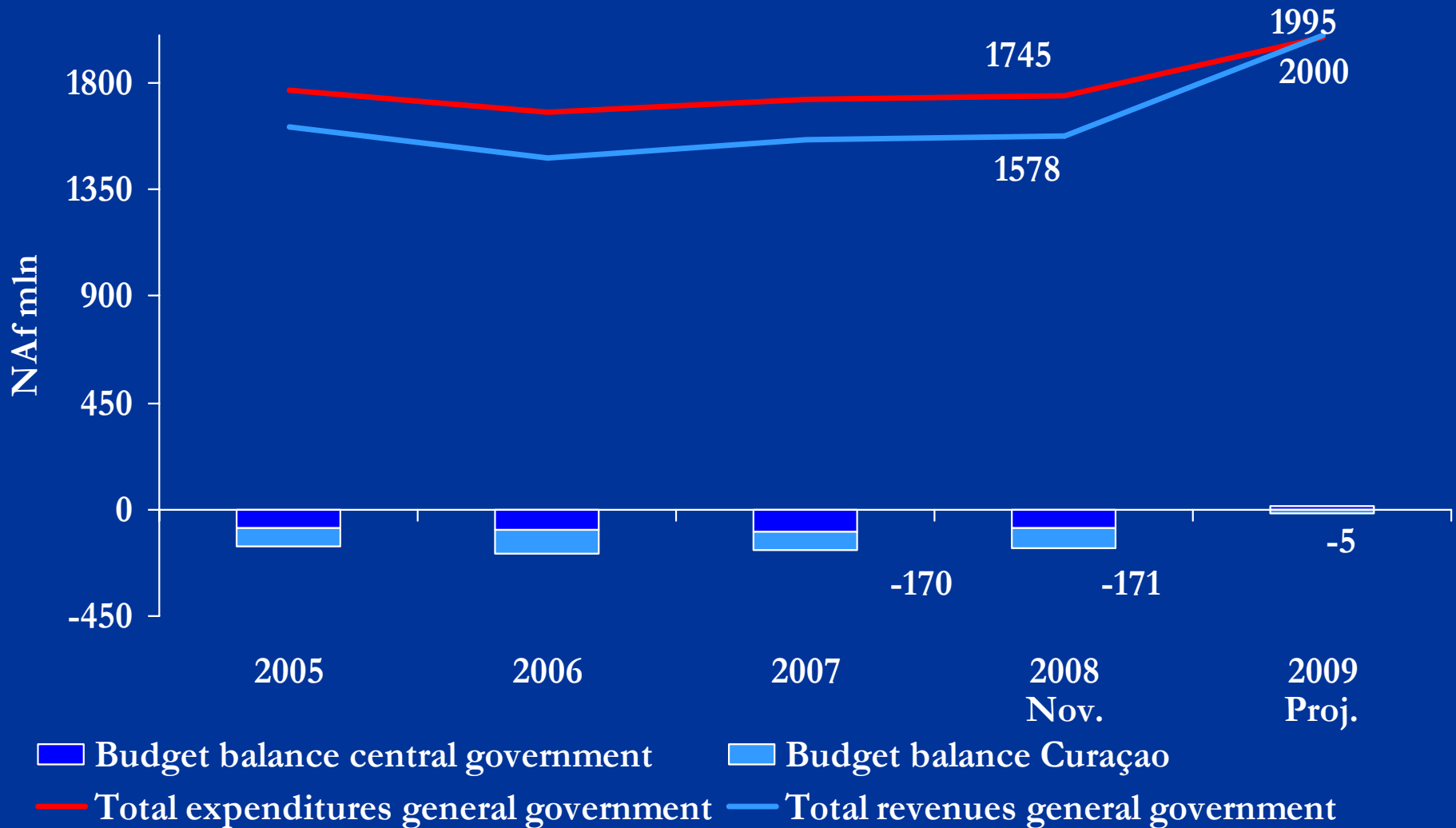
# Budget development general government (Cash basis)



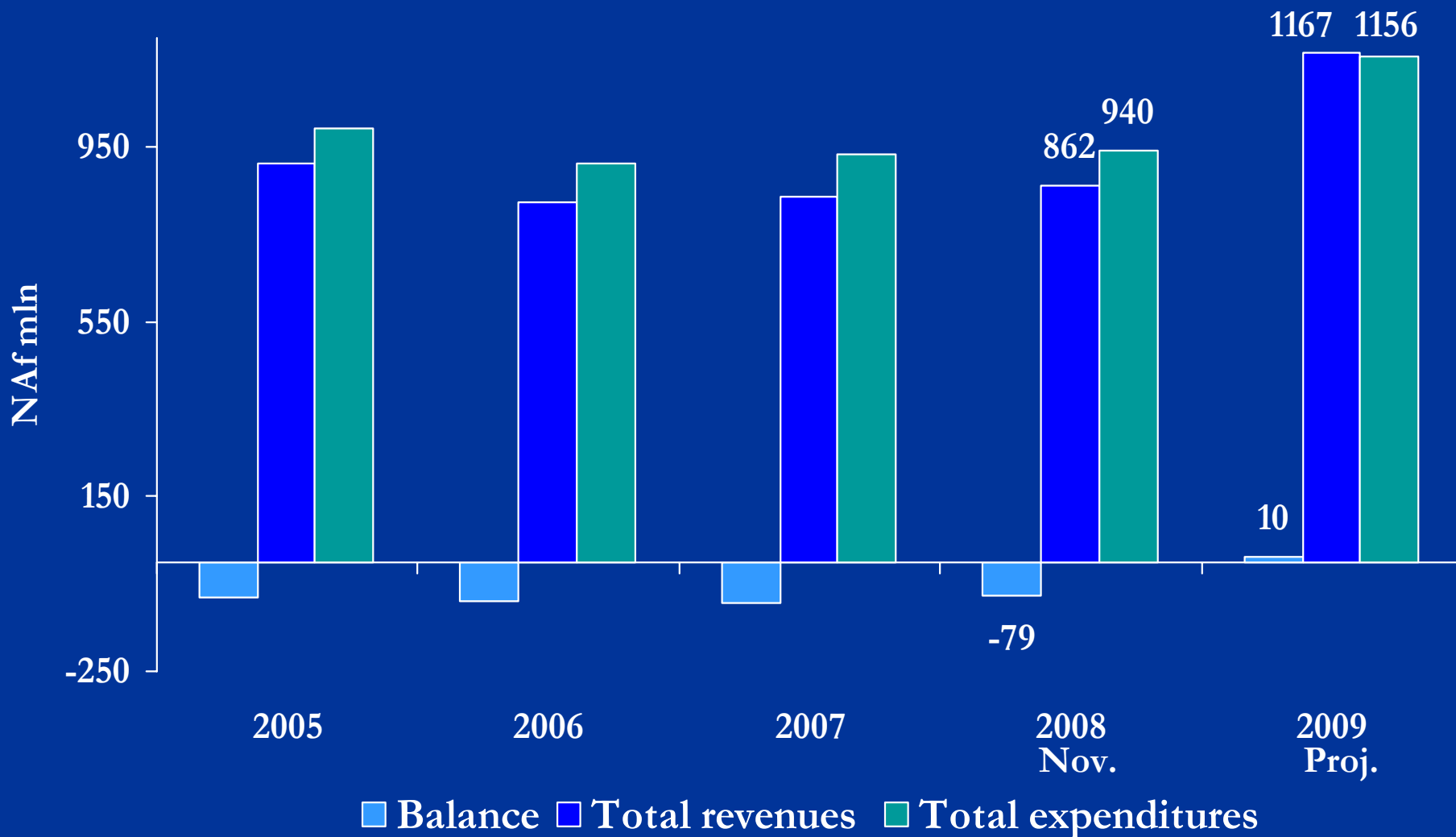
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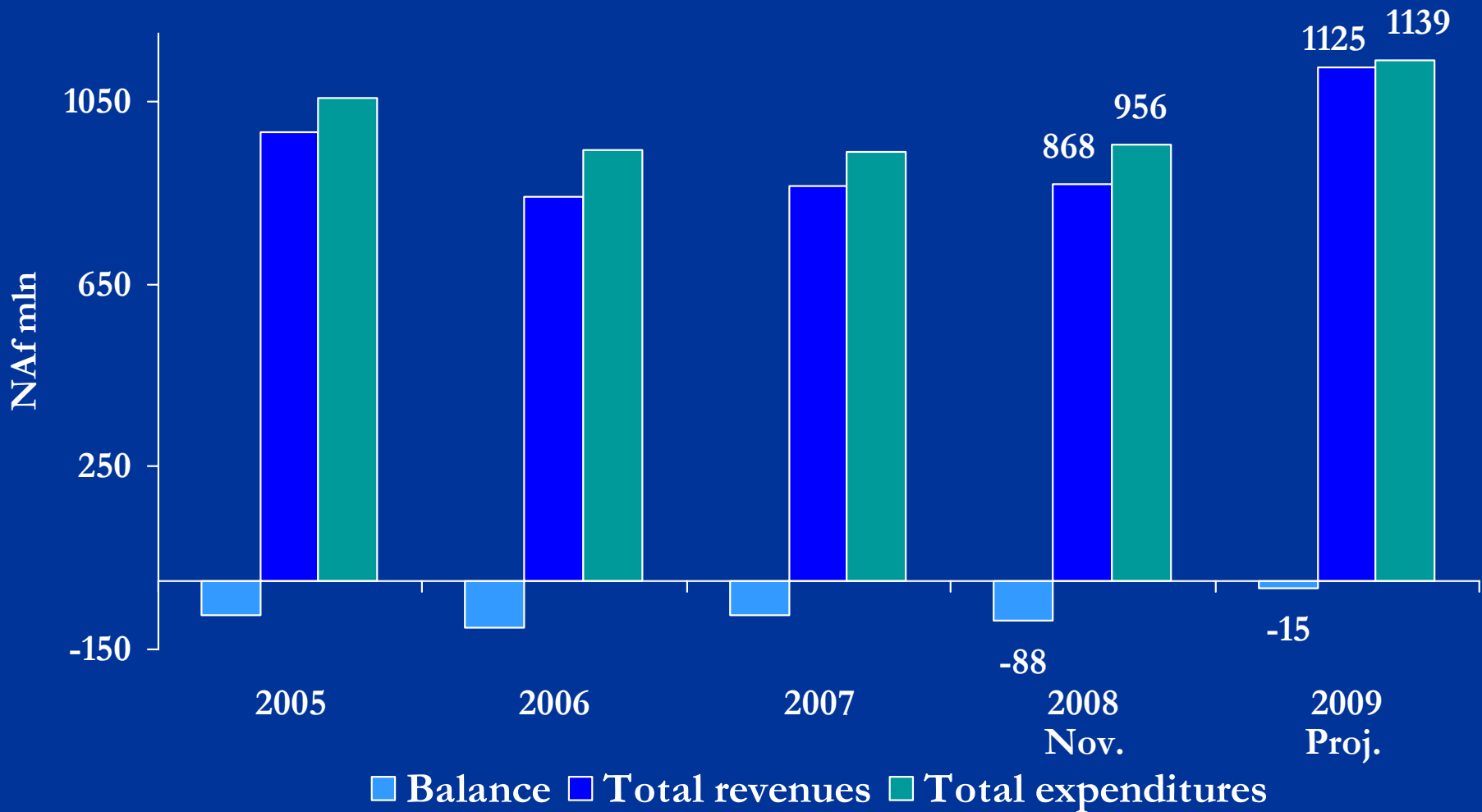
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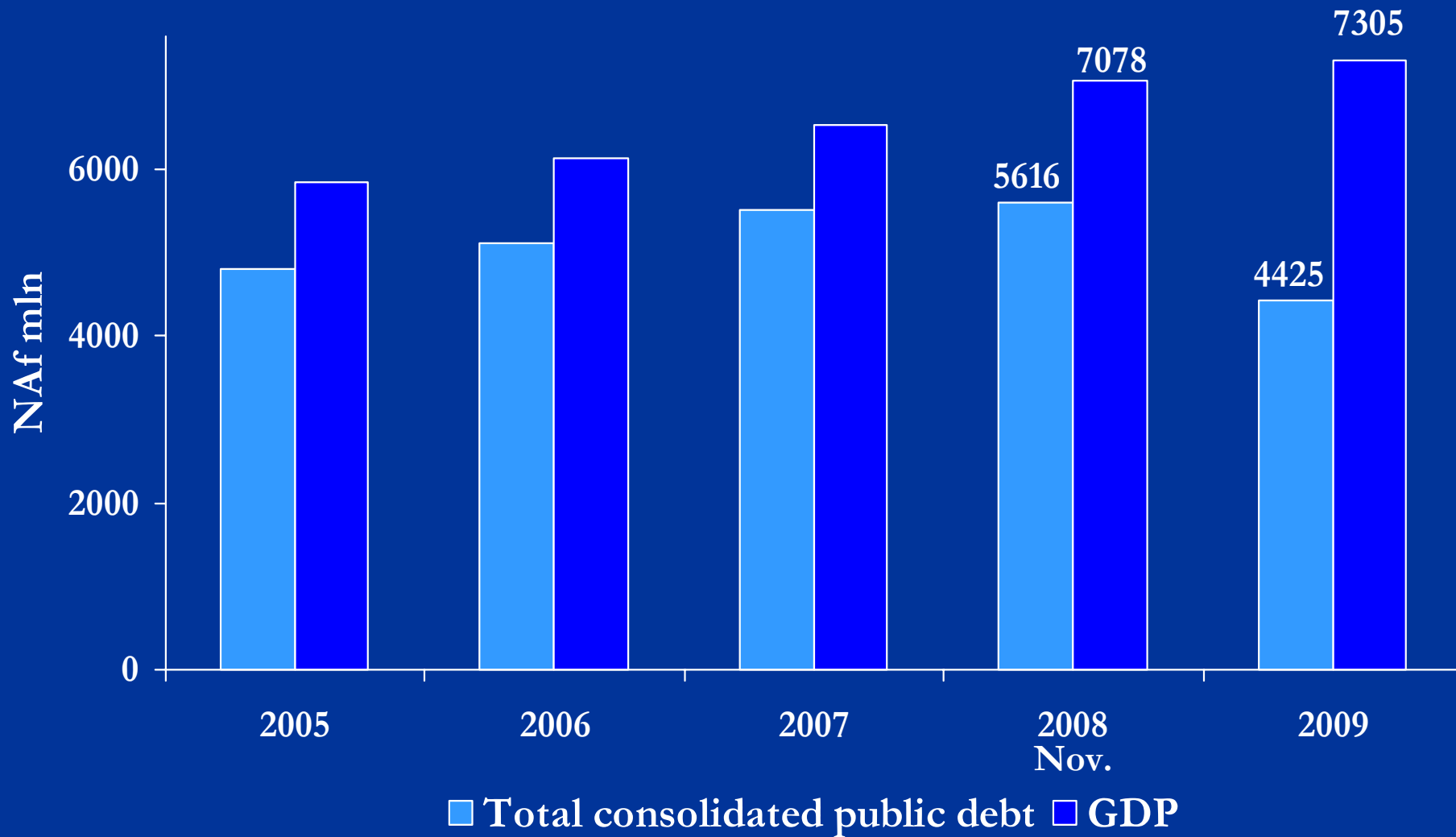
# Revenues and expenditures central government (Cash basis)



# Revenues and expenditures Curaçao government (Cash basis)

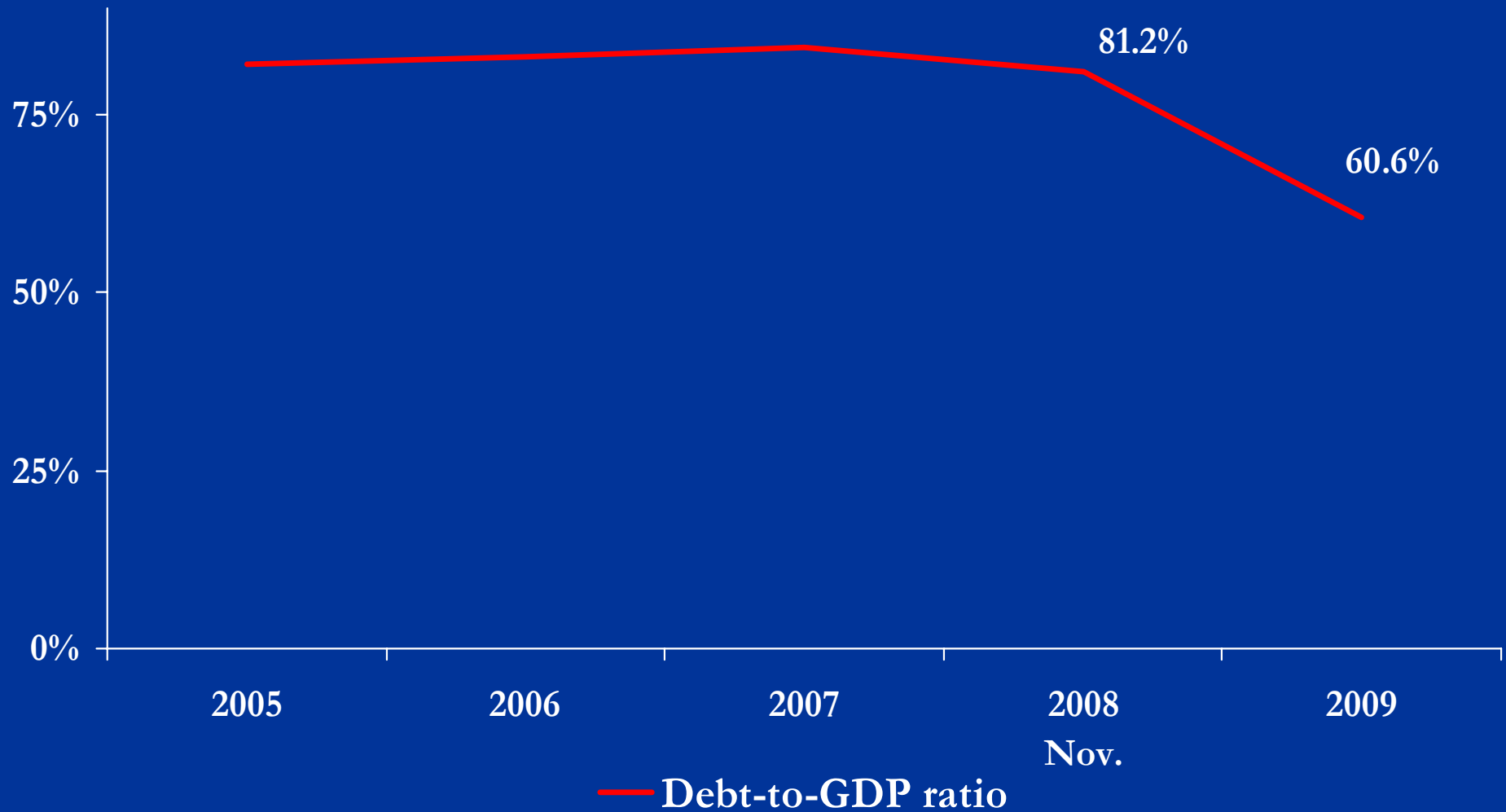


# Total public debt



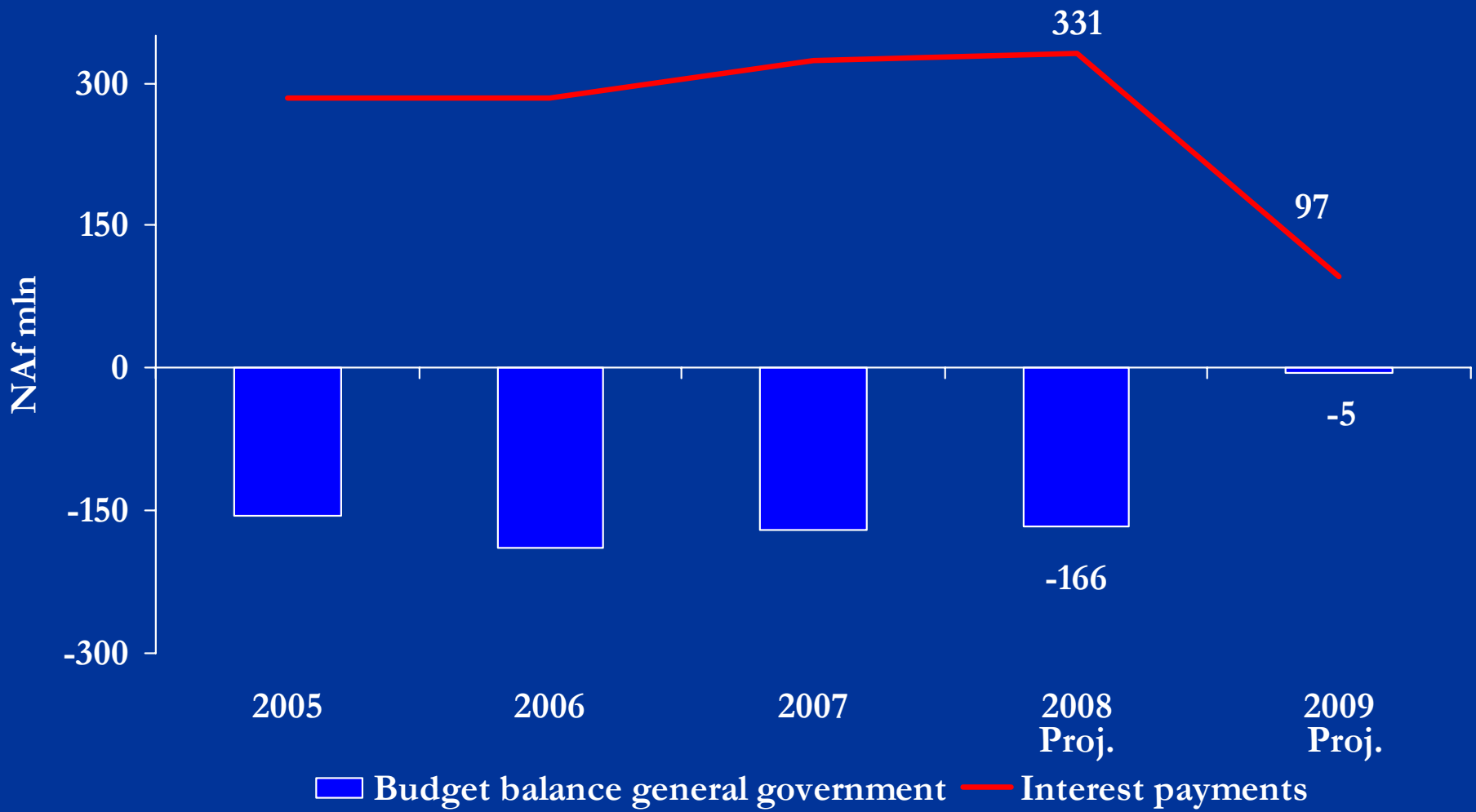


# Total public debt-to-GDP ratio

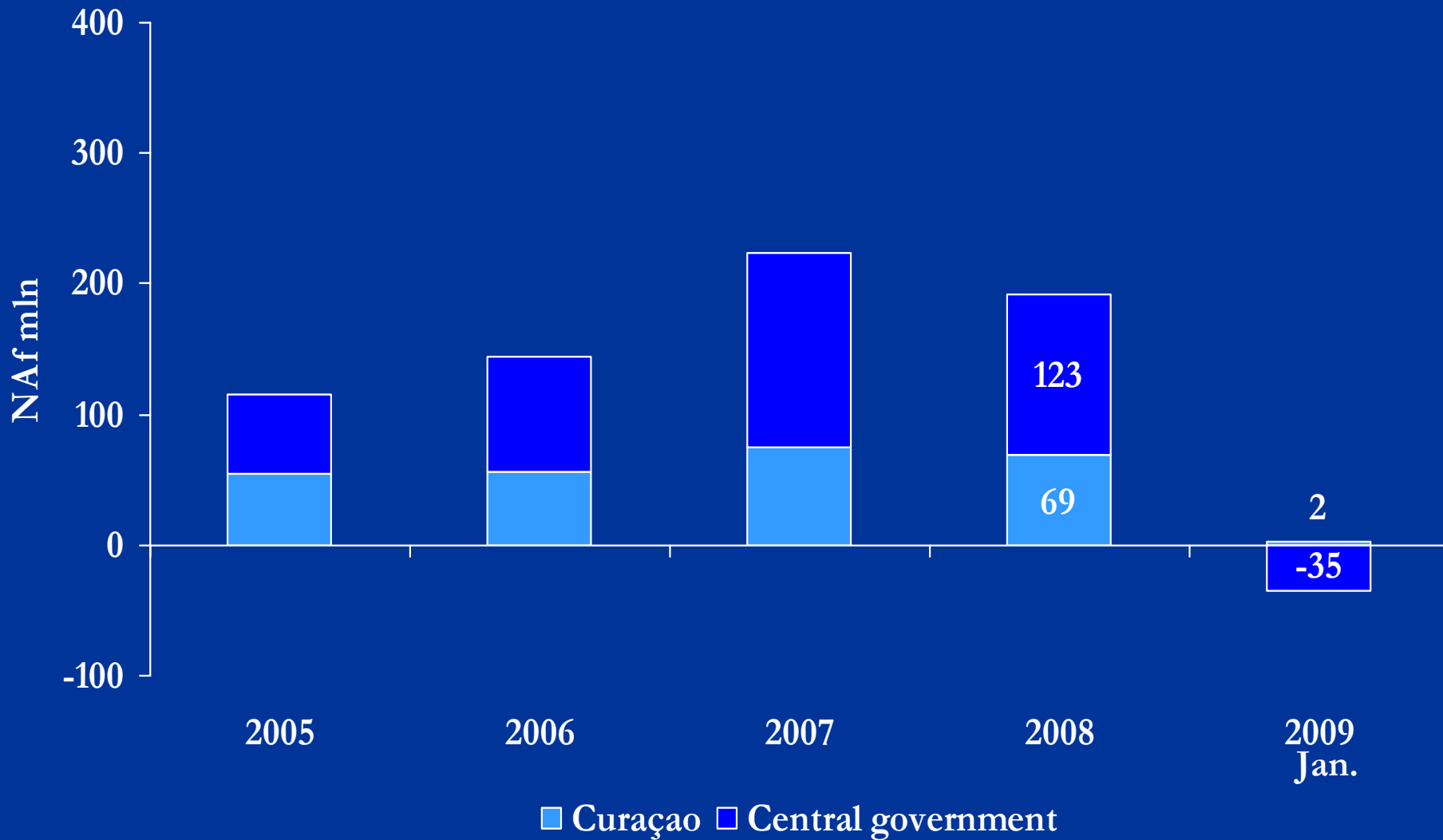


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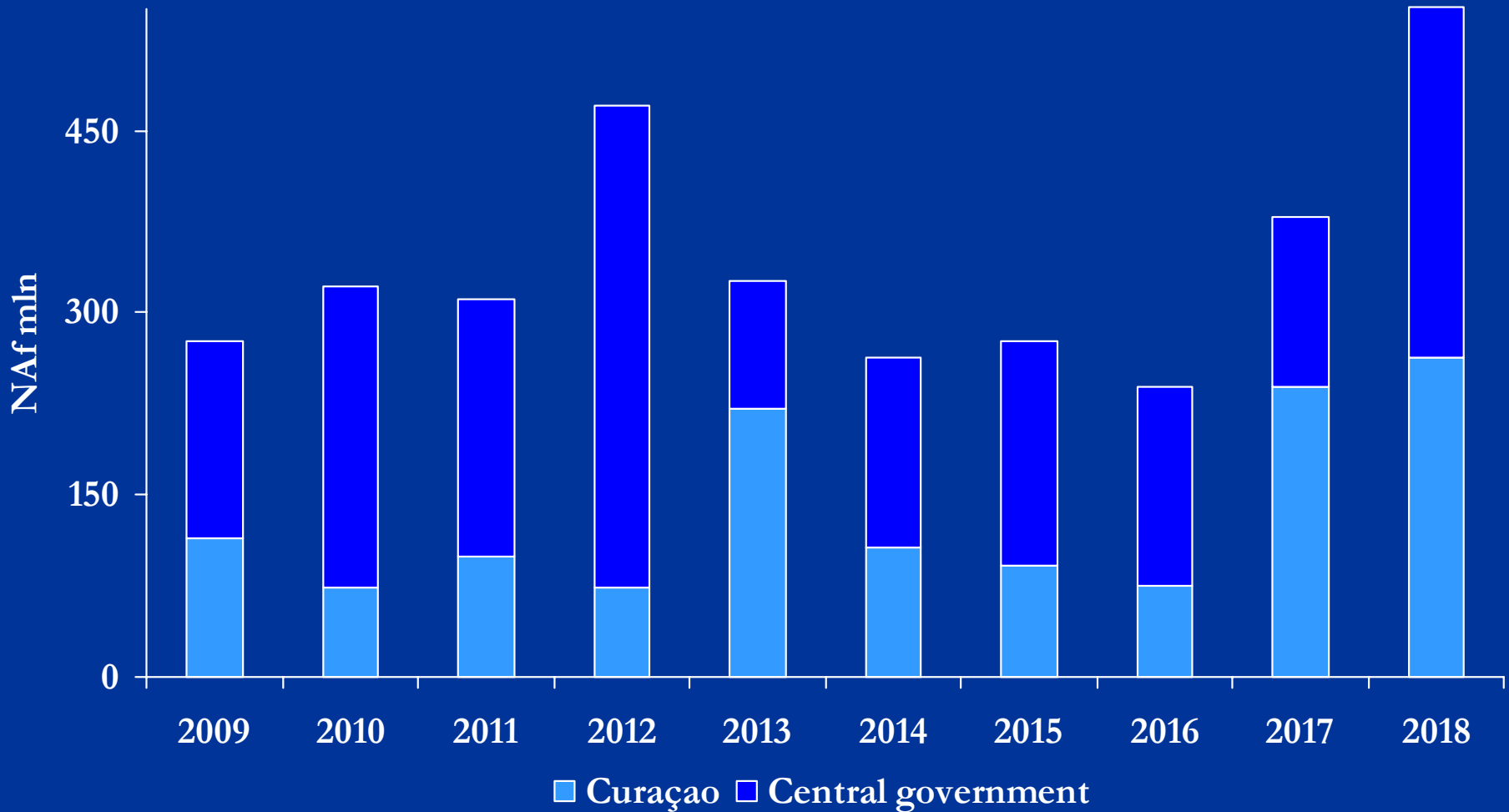
# Interest burden (Cash basis)



# Net borrowing of general government



# Government bonds maturity schedule



# External sector



# Main developments

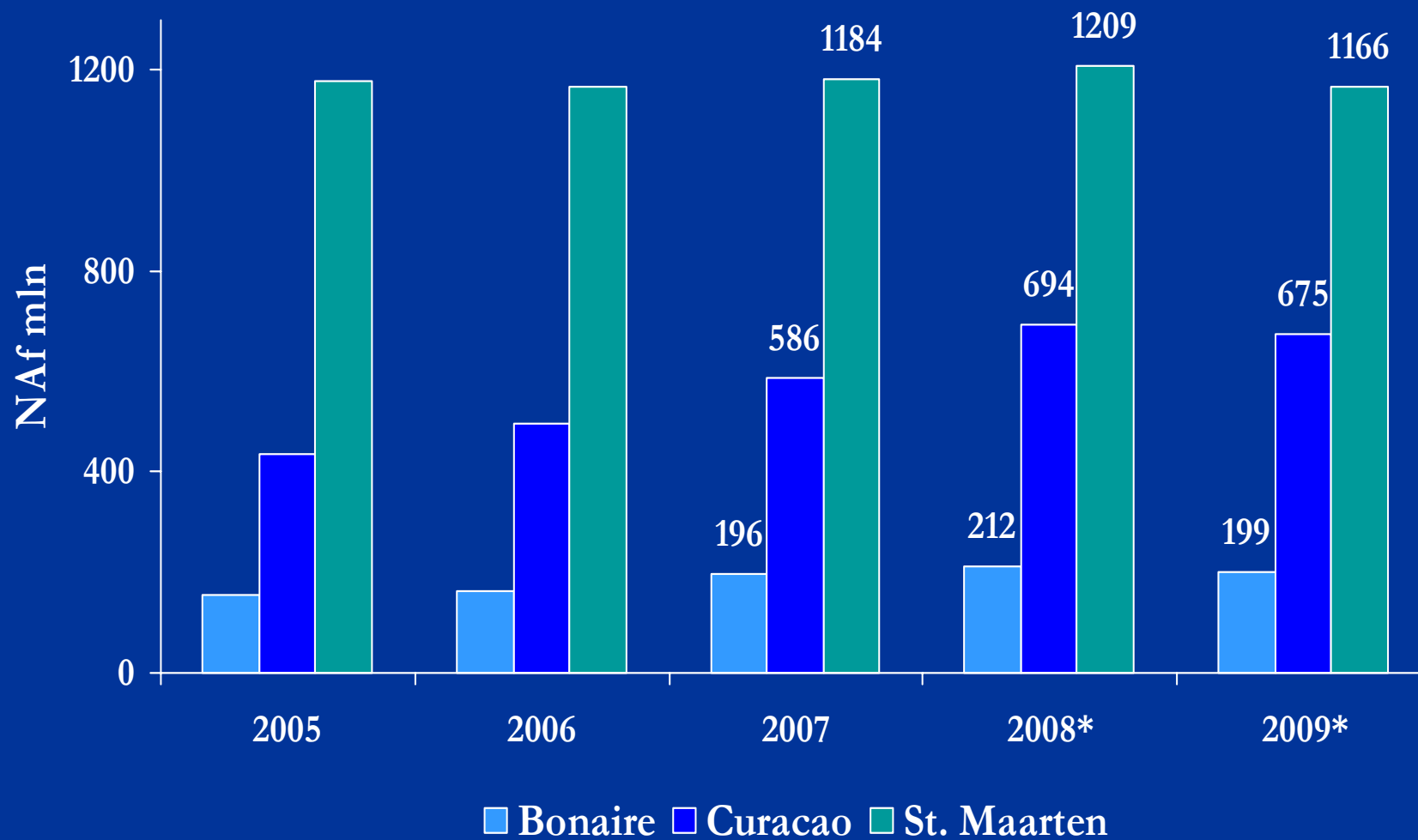
- **Worsening current account deficit.**
- **Increasing capital account surplus in 2009, related to debt relief and SEI.**
- **Decline external financing in 2009, due to global economic downturn.**
- **Developments will still result in balance of payments surplus.**

# Balance of payments

(transaction basis, NAf mln)

	2005	2006	2007	2008*	2009*
Current account	-189.4	-465.2	-1055.6	-1,523.1	-1,558.3
Capital account	171.1	179.6	217.7	240.8	806.2
External Financing	93.9	306.5	967.7	1,501.4	695.9
<i>Direct investments</i>	-42.1	-140.5	420.7	482.2	280.0
<i>Loans and credits</i>	178.7	345.4	693.2	1,148.7	546.1
<i>Portfolio investments</i>	-42.7	101.6	-146.2	-129.5	-130.2
Change in reserves	-132.7	-84.1	-277.4	-308.6	-51.8

# Tourism sector

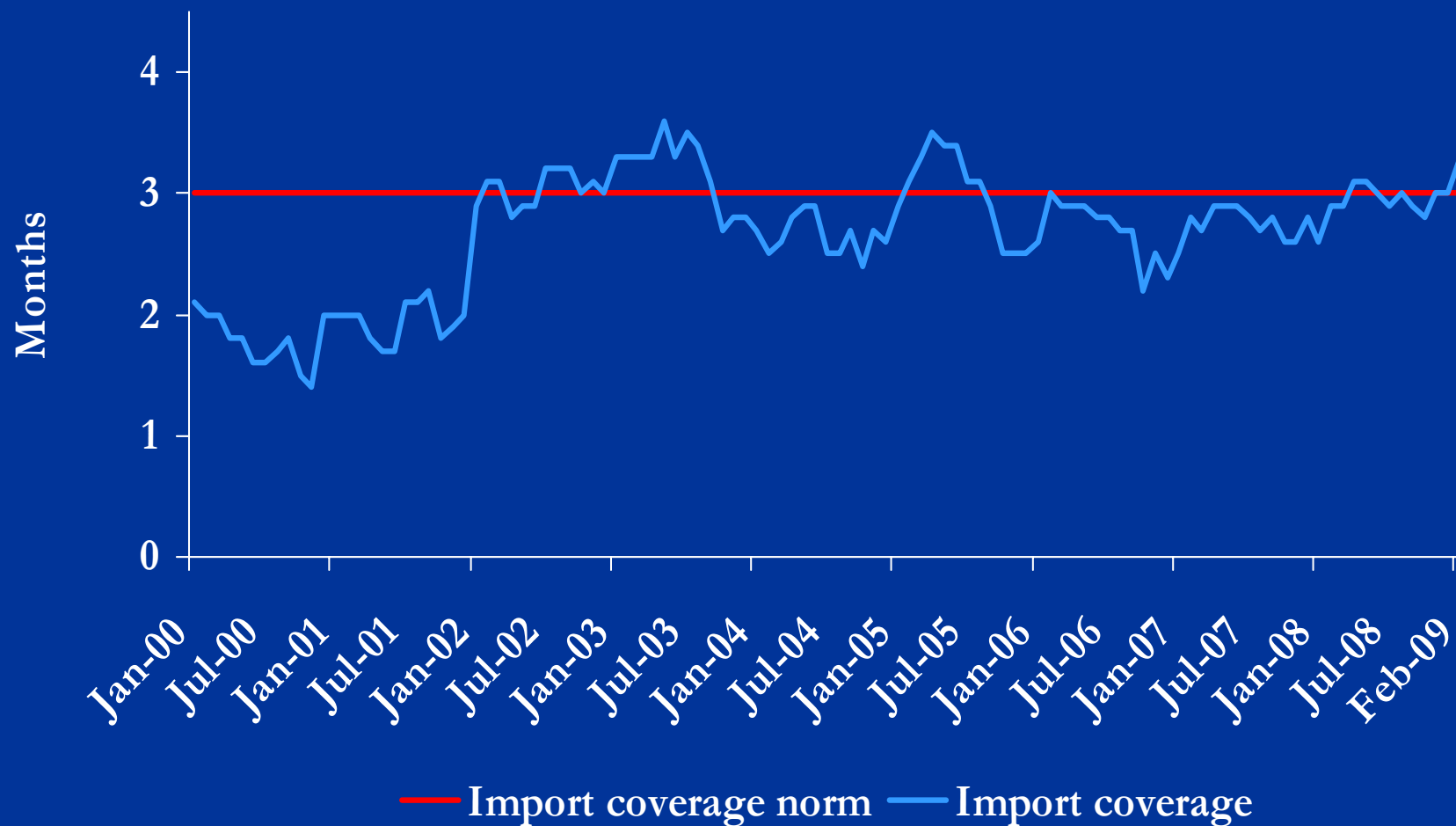




# Offshore financial sector



# Monthly import coverage



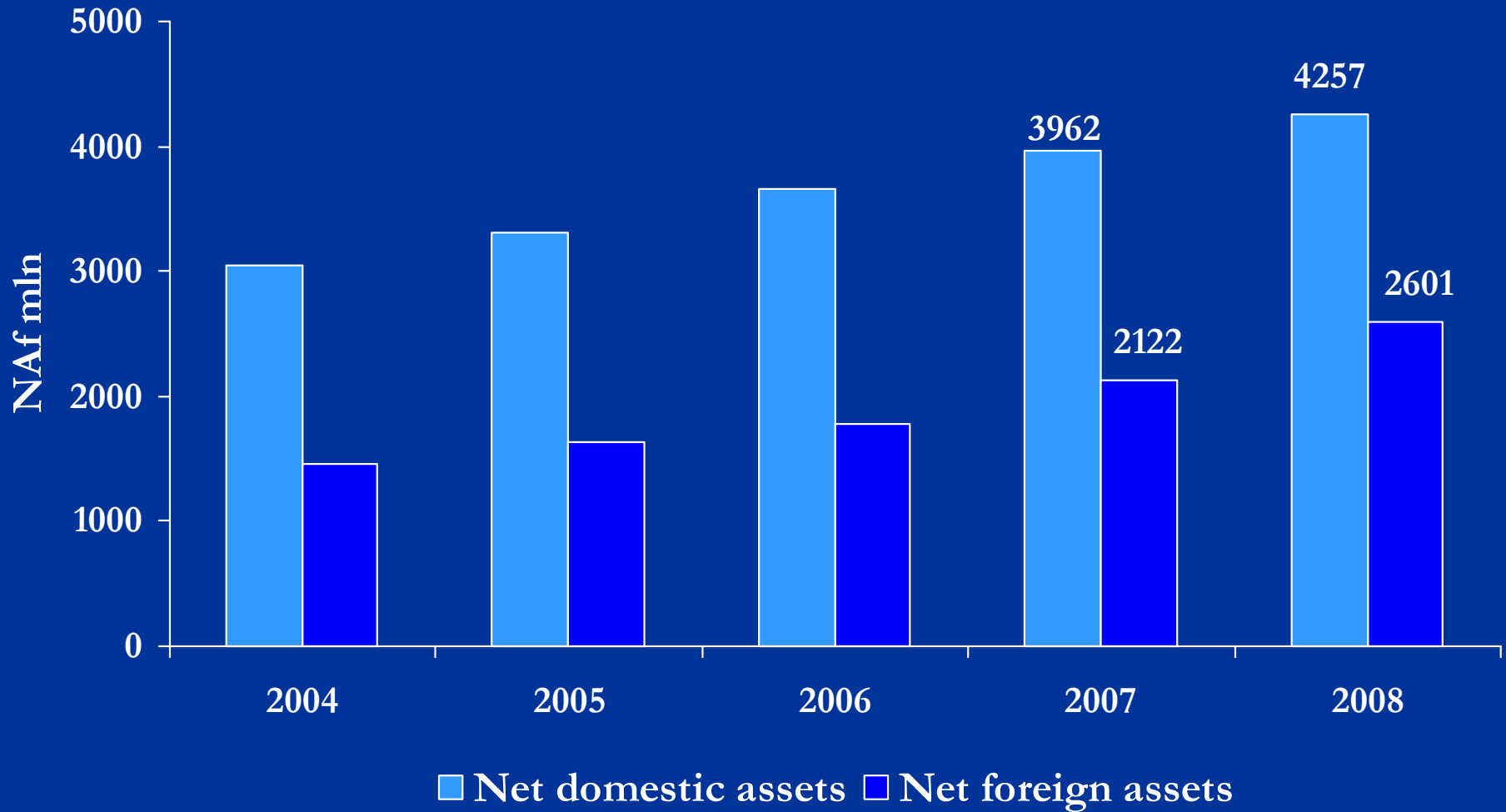
# Monetary and financial sector



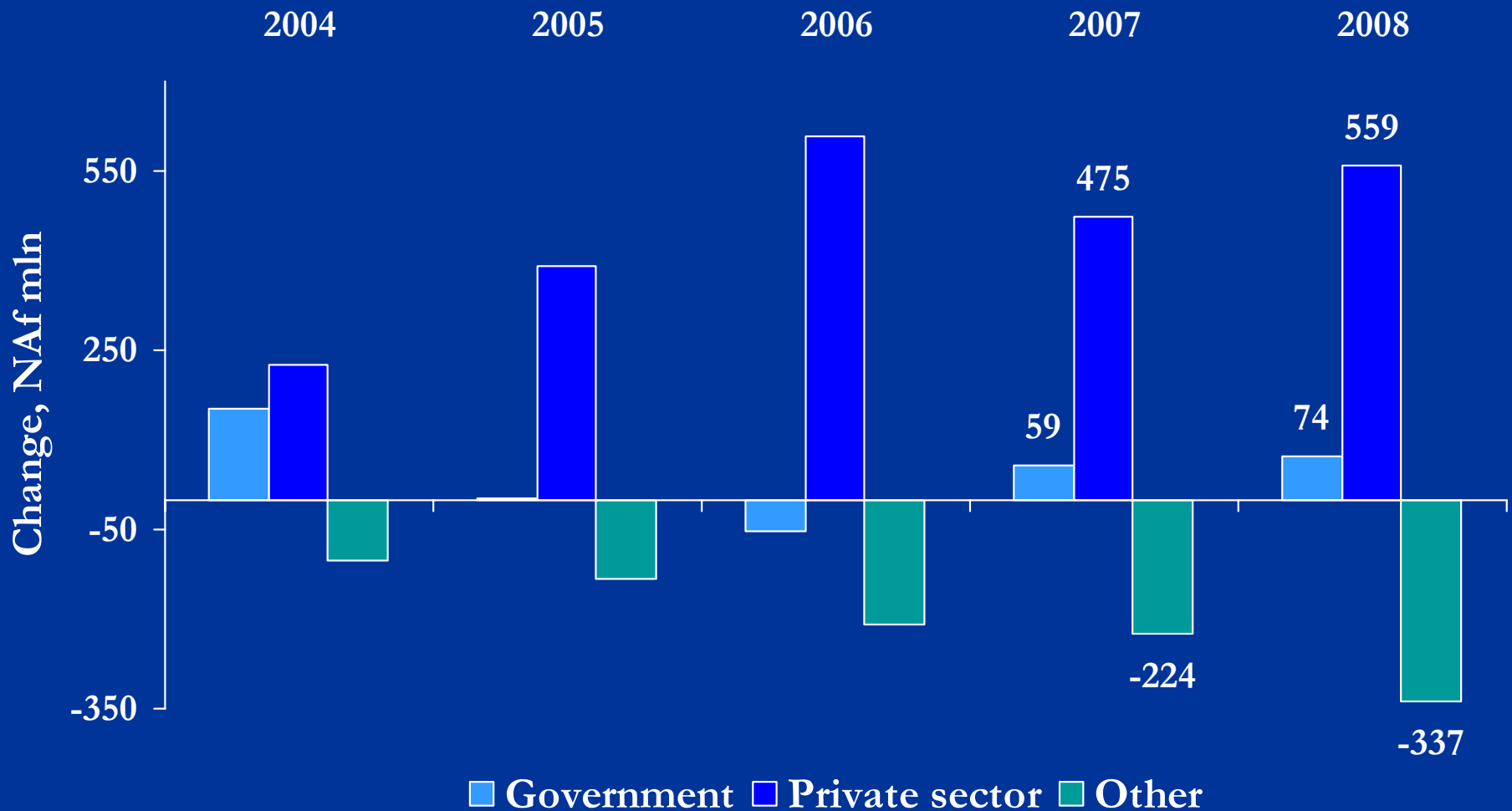
# Main monetary developments

- Increase in money supply.
- Continued strong private credit growth in 2008 but moderation expected in 2009.
- Lower interest rates on government paper due to debt relief and Dutch government participation on local capital market.
- Continued downward pressure on private sector interest rates.

# Money supply

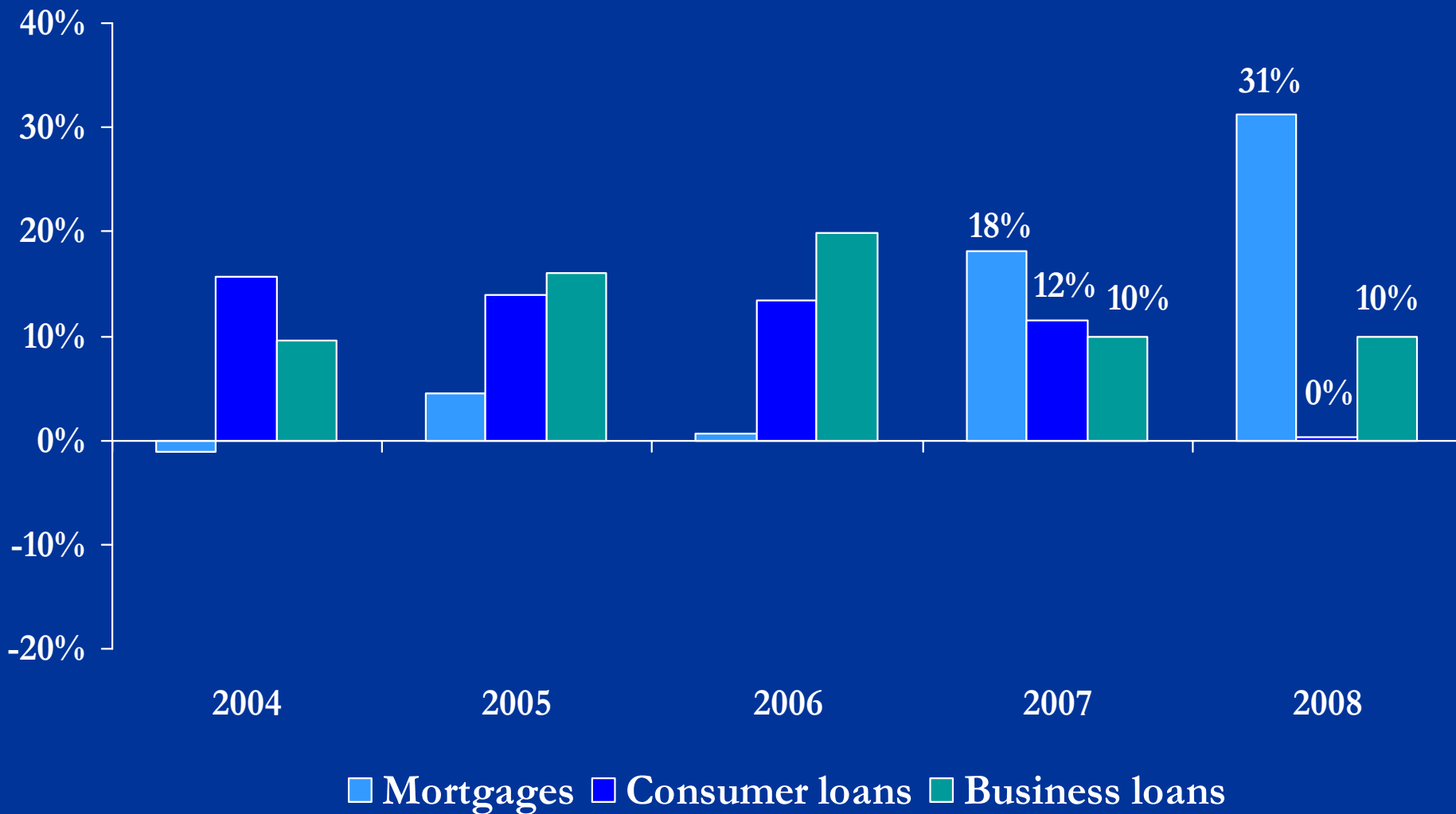


# Net domestic credit



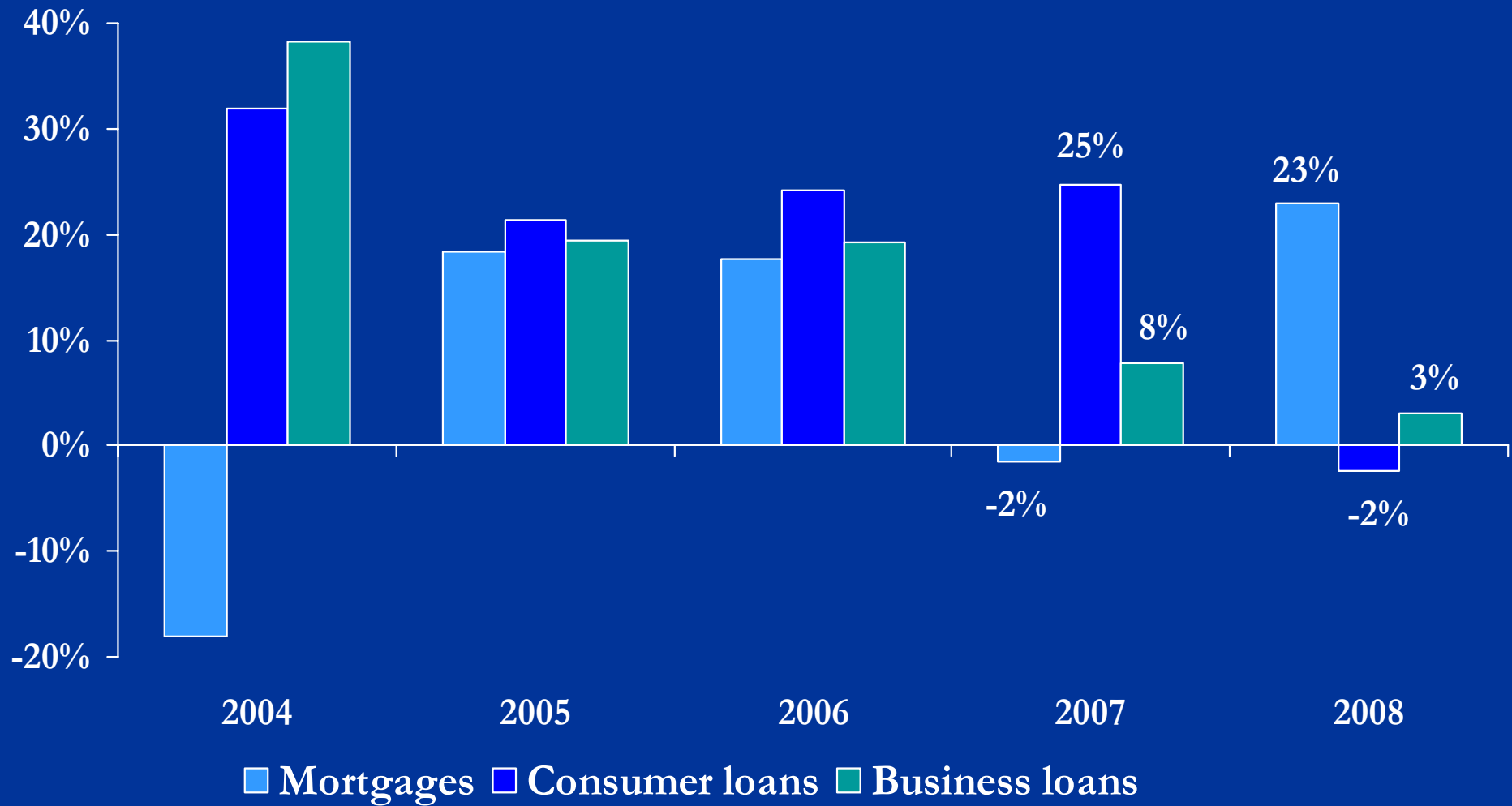
# Credit extension Leeward Islands

(annual changes)



# Credit extension Windward Islands

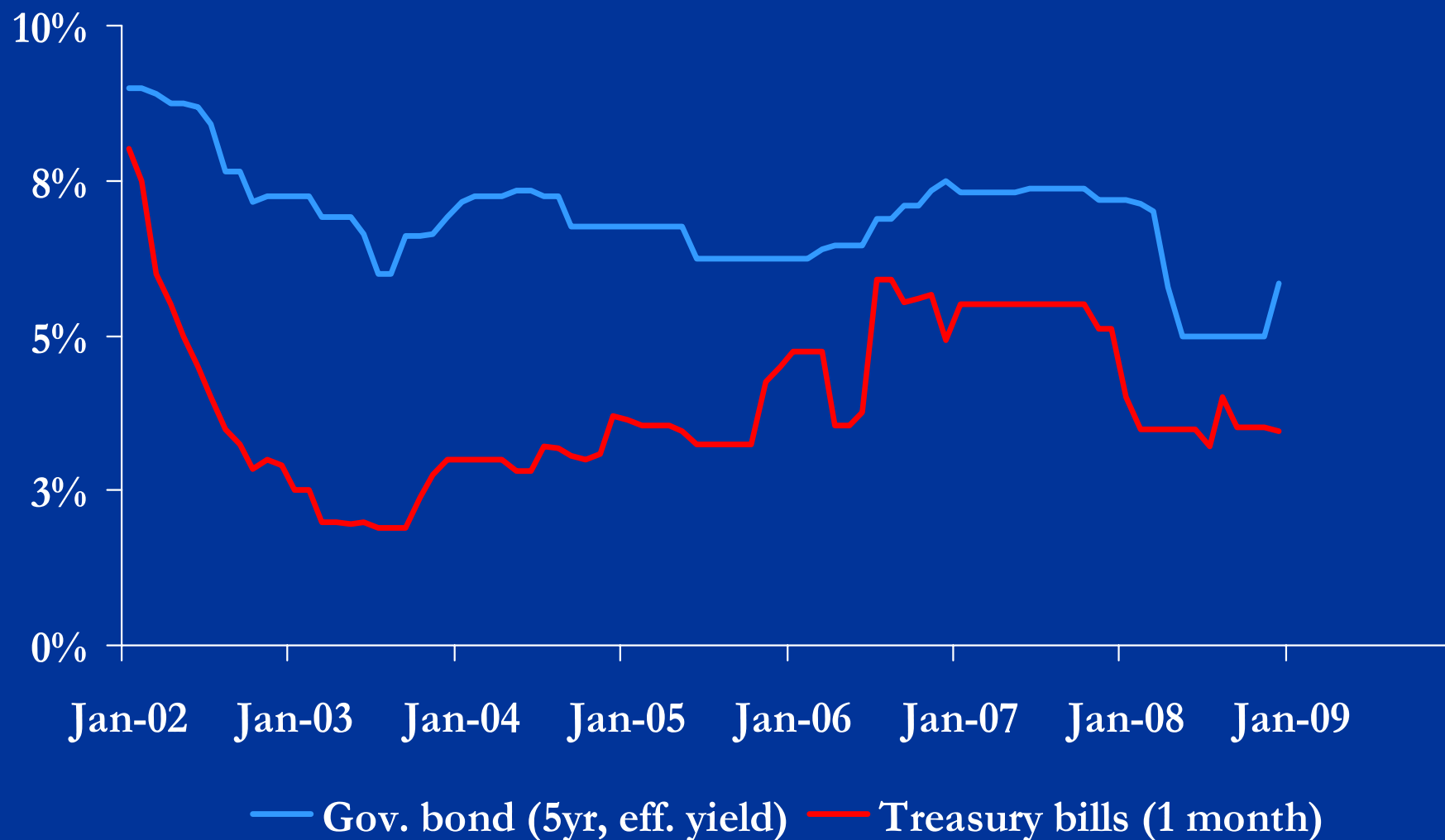
(annual changes)





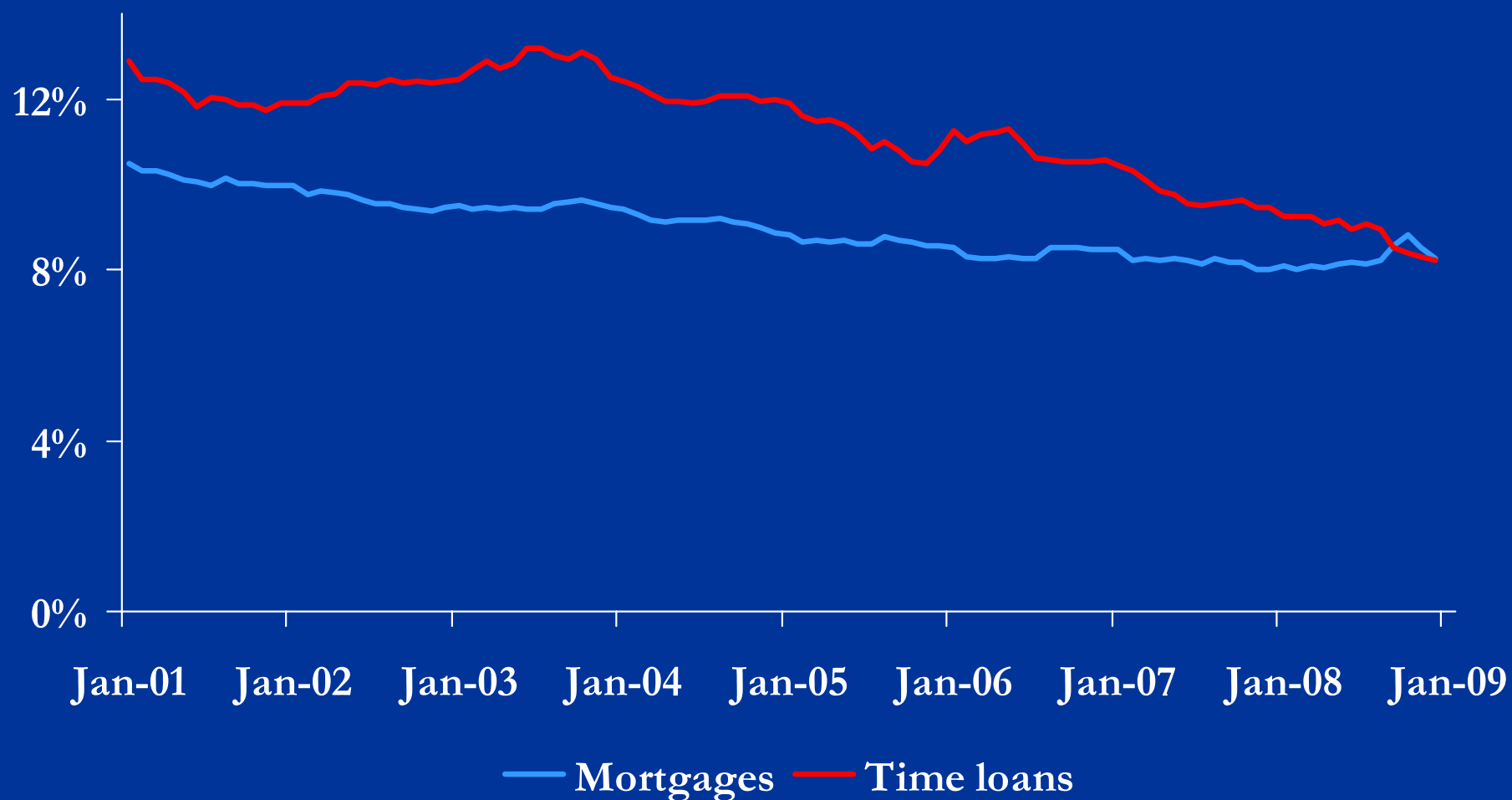
# Domestic interest rates

(government securities)



# Domestic interest rates

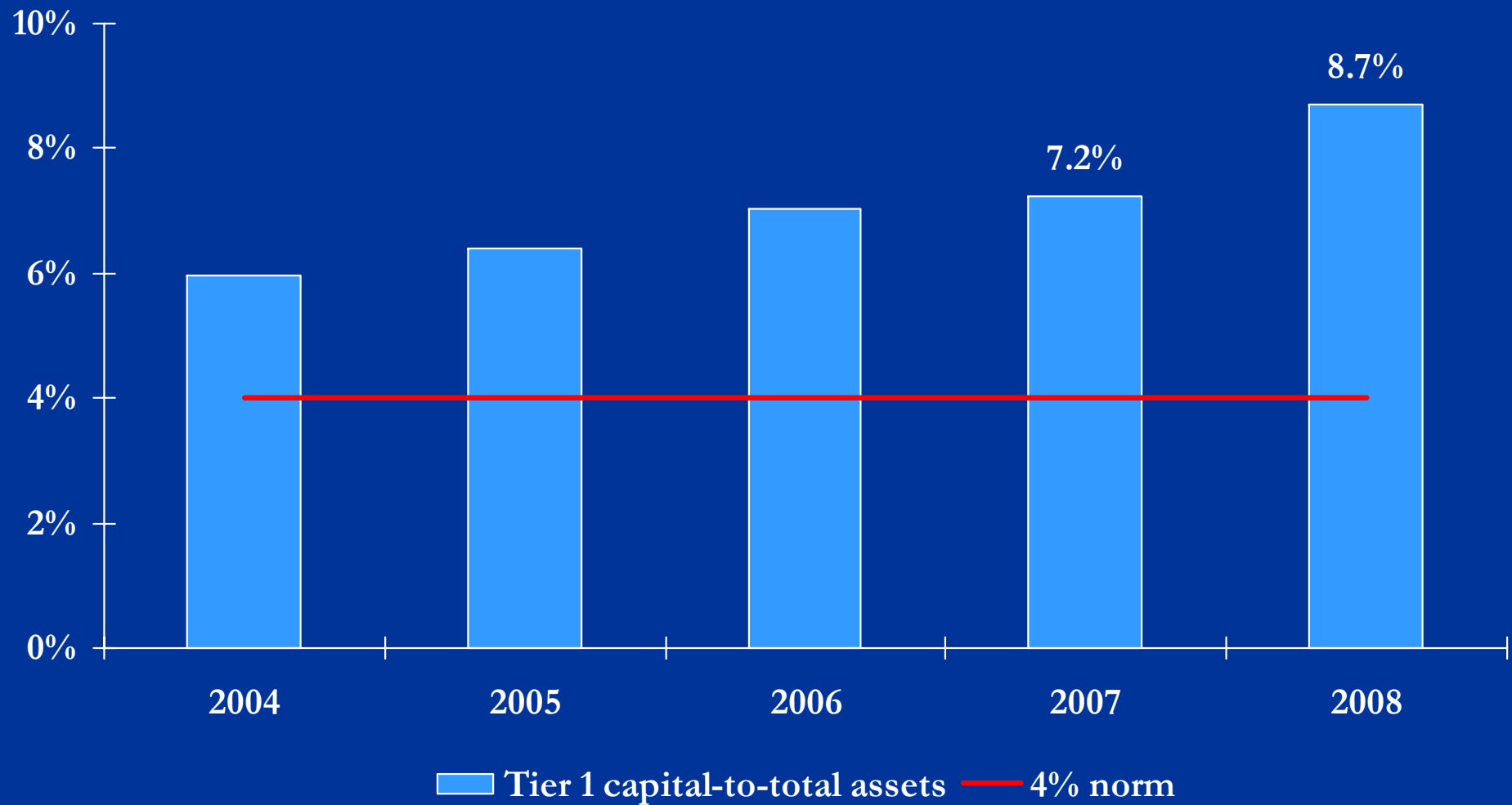
(commercial bank lending rates)



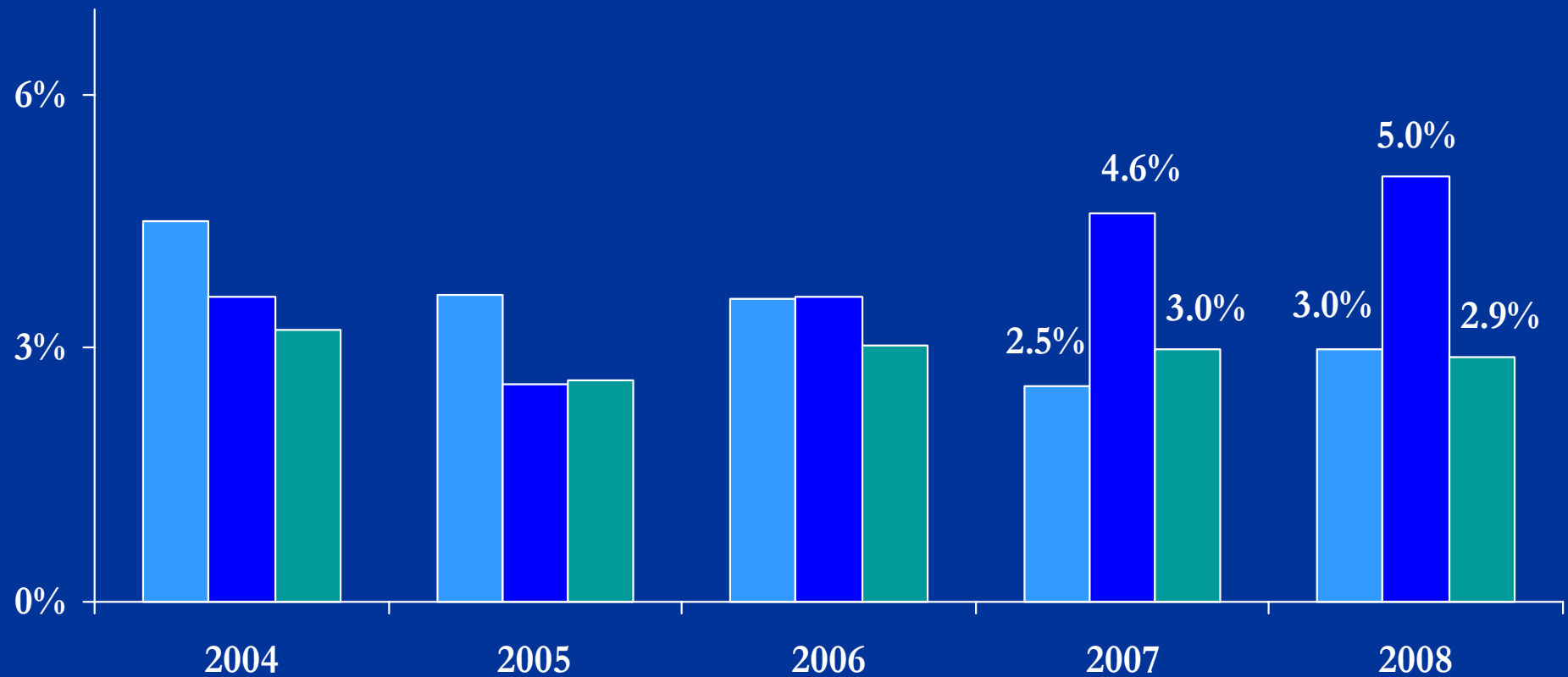
# Main financial developments

- **Banks:**
  - Strengthening capitalization.
  - Increase in non-performing loans.
  - Improvement in earnings.

# Capital adequacy

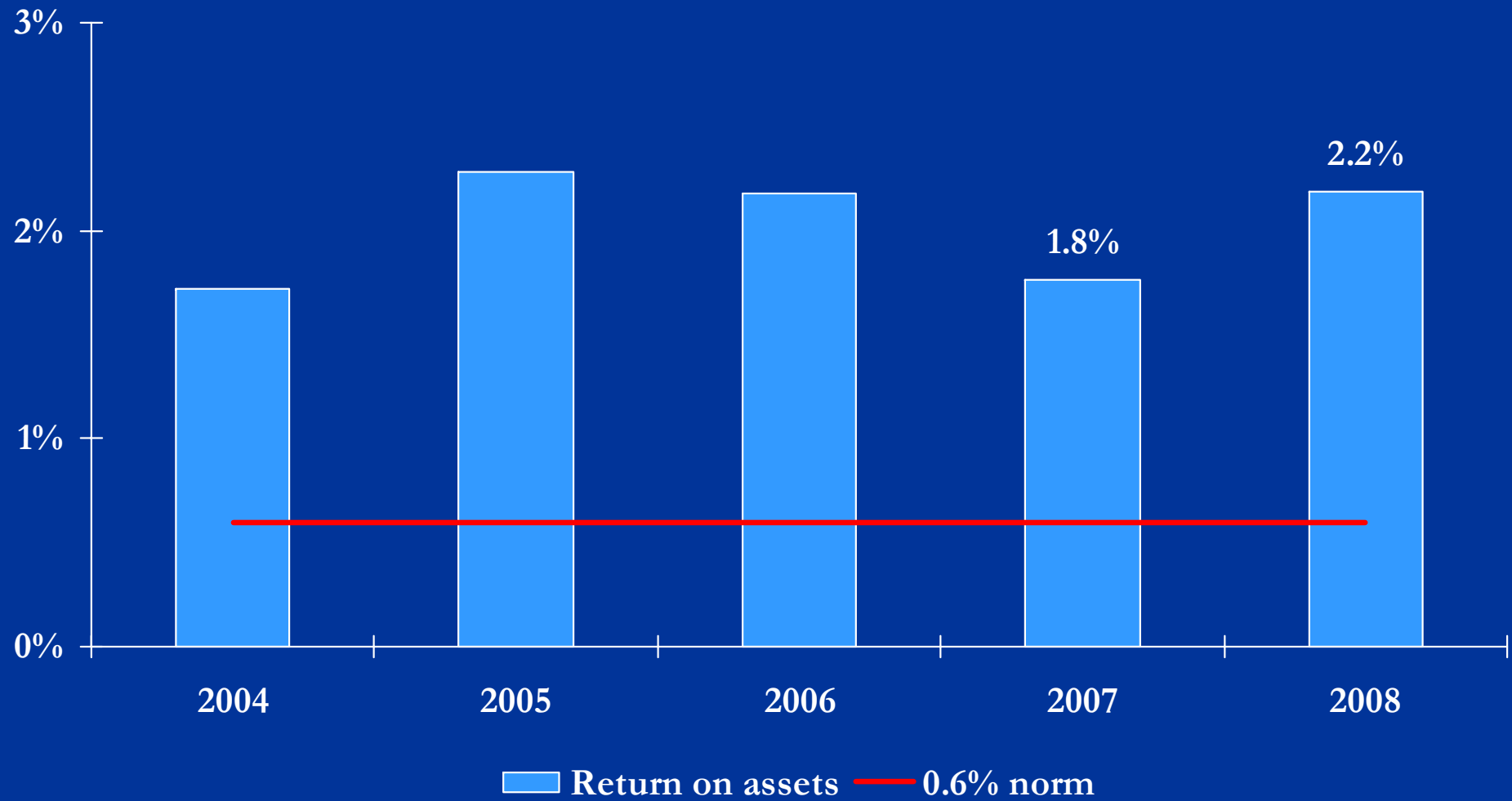


# Assets quality



■ Gross specific provisions to total loans ■ Non-performing loans to total loans  
■ Gross general provisions to total loans

# Earnings & profitability



# Liquidity



**Thank you for your  
attention**