

Condensed Balance Sheet

CENTRALE BANK VAN CURAÇAO EN SINT MAARTEN

August 2019

(millions of NAf.)

Assets	Difference compared to		Liabilities	Difference compared to	
	31-Aug-19	31-Jul-19		31-Aug-19	31-Jul-19
Claims on nonresidents	3,411.9	25.6	Liabilities to nonresidents	265.2	-7.9
Gold	1,150.1	75.9	Deposits of nonresidents in foreign currency	265.2	-7.9
Official reserves	2,261.8	-50.3			
Other	0.0	0.0			
Domestic assets	645.5	4.6	Domestic liabilities	2,694.0	-40.6
			Currency in circulation	472.2	2.8
Claims on the government	0.1	0.0	Government deposits	166.9	-73.6
Government paper in portfolio	0.1	0.0	Government of Curacao	124.9	-63.0
Government agencies and institutions	0.0	0.0	Government of Sint Maarten	39.8	-10.6
Other	0.0	0.0	Former Central Government	1.7	0.0
			Government agencies and institutions	0.4	0.0
Claims on deposit money banks	268.0	-1.0	Liabilities to deposit money banks	1,820.6	25.0
Current account balances	268.0	-1.0	Current account balances	472.2	-4.1
			Certificates of Deposit	37.9	37.9
			Required reserves	1,310.5	-8.9
Claims on other sectors	377.4	5.7	Liabilities to other sectors	234.3	5.2
Other assets	377.4	5.7	Deposits of other residents	173.0	2.1
			Other liabilities	61.3	3.2
			Capital and reserves	1,098.2	78.8
Total assets	4,057.4	30.3	Total liabilities	4,057.4	30.3

In light of the downward trend in gross official reserves and the import coverage, the Bank decided to tighten its monetary policy by offering Certificates of Deposit (CD) in both guilders (NAf.) and US dollars (US\$) to the commercial banks through bi-weekly auctions as of mid-August 2019. As a result, the outstanding amount of CDs rose by NAf.37.9 million¹ in August 2019. Meanwhile, the Bank maintained the percentage of the reserve requirement at 18.00%. Nevertheless, the amount of the required reserves decreased by NAf.8.9 million due to the lower base amount² upon which it is calculated.

Base money³ decreased by NAf.1.3 million due to a decline in the current account balances of the commercial banks (NAf.4.1 million), moderated by an increase in currency in circulation (NAf.2.8 million). The decline in the current account balances was largely the result of the net purchase of foreign exchange, the transfer of dollar deposits to abroad, and the purchase of CDs by the commercial banks at the Bank. However, this decline was mitigated by the decrease in required reserves and transfers by N.V. Pensioen ESC, the governments of Curaçao and Sint Maarten, and an institution placed under the emergency measure from their accounts at the Bank towards their accounts at the commercial banks.

¹ Of which NAf.20.0 million in NAf-CDs and NAf.17.9 million in US\$-CDs.

² The base amount is equal to the commercial banks' domestic liabilities -/- long-term deposits.

³ The sum of currency in circulation and the current account balances of the commercial banks at the Bank.

The item “Liabilities to non-residents” decreased by NAf.7.9 million, mainly as a result of transactions carried out by commercial banks in Bonaire from their accounts at the Bank. However, the increase in deposits of the Dutch Ministry of the Interior and Kingdom Relations (BZK) at the Bank related to interest and principal payments on bonds issued by Sint Maarten moderated the decrease in the item “Liabilities to non-residents”.

The net position of the governments at the Bank deteriorated by NAf.73.6 million due to a decrease in deposits of both the government of Curaçao (NAf.63.0 million) and the government of Sint Maarten (NAf.10.6 million). The decrease in deposits of the government of Curaçao was the result of, among other things, the transfers of funds towards its accounts at the commercial banks. The government of Curaçao also made payments to creditors related to the completion of the new hospital. However, the transfer of license fees collected by the Bank over the month of July 2019 mitigated this decrease. The decrease in the deposits of the government of Sint Maarten can be attributed to the transfer of funds towards its accounts at the commercial banks related to the reconstruction of the country and the interest and principal payments to the Dutch State.

Furthermore, the item “Liabilities to other sectors” increased by NAf.5.2 million due largely to funds received by the public pension fund of Curaçao, APC, from the Dutch State Treasury Agency (DSTA) related to an annuity loan taken over under the debt relief program that is held in the portfolio of the APC. Transfers made by a financial institution placed under the emergency measure from its account at the Bank towards its accounts at the commercial banks mitigated the increase in the item “Liabilities to other sectors”.

The item “Official reserves” on the assets side of the balance sheet decreased by NAf.50.3 million as a result of the net purchase of foreign exchange and the transfer of dollar deposits to abroad by the commercial banks, and the transactions by the commercial banks in Bonaire. The decrease in official reserves was moderated by funds received from abroad by NV Pensioen ESC and the transfer by the DSTA of an annuity installment.

Finally, the item “Gold” on the assets side of the balance sheet increased by NAf.75.9 million as a result of the higher market value at the balance sheet date compared to the end of July 2019. The gold price has risen significantly in 2019 related to the increasing tensions in the Middle East, the continuing trade feud between the United States and China, and possible further interest rate cuts by the Federal Reserve. The increase in the item “Capital and reserves” on the liabilities side of the balance sheet was related to the rise in the market value of gold.

Willemstad, October 2, 2019

Centrale Bank van Curaçao en Sint Maarten