

Condensed Balance Sheet of the Bank van de Nederlandse Antillen
(in millions NAf.)

Assets	31-Jan-06	Difference compared to 31-Dec-05	Liabilities	31-Jan-06	Difference compared to 31-Dec-05
Claims on nonresidents	1,097.9	-23.0	Liabilities to nonresidents	0.5	-2.7
Gold	305.5	0.0	Deposits of non-residents in foreign currency	0.5	-2.7
Official reserves	792.4	-23.0			
Domestic assets	384.3	-2.7	Domestic liabilities	1,481.6	-23.1
			Currency in circulation	266.9	-17.0
Claims on the government	258.5	-8.5	Government deposits	122.4	17.3
Government paper in portfolio	225.1	10.0	Island government of Curaçao	67.3	12.6
Advanced license fees	33.4	0.0	Central government	55.1	4.7
Special account central government	0.0	-18.5			
			Liabilities to deposit money banks	549.0	-6.4
			Current account balances	26.8	0.6
			Certificates of Deposit	12.0	-30.0
			Required reserves	510.2	23.0
Claims on other sectors	125.8	5.8	Liabilities to other sectors	234.9	-17.0
Other assets	125.8	5.8	Deposits other residents	157.7	-22.9
			Other liabilities	77.2	5.9
			Capital and reserves	308.4	0.0
Total assets	1,482.2	-25.7	Total liabilities	1,482.2	-25.7

In January 2006, the Bank continued to direct its monetary policy at a tightening of the surplus on the money market. This was pursued through the two most important active monetary policy instruments at the Bank's disposal: Certificates of Deposit (CDs) and the reserve requirement. On the one hand, the Bank aimed to mop up surplus liquidity through auctioning a larger amount of CDs. However, due to a shortfall in subscriptions the amount of outstanding CDs dropped by NAf.30.0 million. As a result of this shortfall, the Bank raised the reserve requirement percentage by 0.50 percentage point to 12.75% on January 16, increasing the required reserves by NAf.23.0 million.

The monetary base, defined as the total amount of coins and notes in circulation and the current account balances of the commercial banks at the Bank, dropped by NAf.16.4 million in January. This drop was caused by less currency in circulation, a development characteristic for the month following the holiday month of December, in which consumer spending is high. Despite the increase of the reserve requirement and the net purchase of foreign currency from the Bank, the current account balances of the commercial banks showed a slight expansion. This increase was the result of, among other things, the redemption of CDs and transfers by the government pension fund, APNA. These transfers were reflected also by the item "Deposits other residents".

Worth mentioning further is the increase in "government deposits", the result of the issuance of debt securities by the island government of Curaçao and the central government. The proceeds of the central government issue were deposited on the "special account central government", turning around its liability to the Bank into a claim on the Bank.

February 20, 2006