

CONDENSED BALANCE SHEET
BANK VAN DE NEDERLANDSE ANTILLEN
(Central Bank)

The condensed balance sheet of the Bank van de Nederlandse Antillen (Central Bank) for the month of November 2004 is presented below:

Condensed Balance Sheet (millions of NAf.)					
		Diff. compared with			Diff. compared with
Assets	11-30-04	10-31-04	Liabilities	11-30-04	10-31-04
Claims on nonresidents	1,024.8	79.8	Liabilities to non-residents	5.1	3.9
Gold	237.0	0.0	Deposits of non-residents in foreign currency	5.1	3.9
Official reserves	787.8	79.8			
Domestic Assets	369.5	-1.9	Domestic liabilities	1,346.4	69.6
			Currency in circulation	263.8	12.0
Claims on the government	220.9	-1.8	Governments deposits	109.2	-11.5
Government paper in portfolio	195.7	-1.8	Island government of Curaçao	9.6	2.4
			Central government	99.6	-13.9
Advanced license fees	25.2	0.0			
Claims on deposit money banks	0.0	0.0	Liabilities to deposit money banks, of which:	595.4	46.7
			Current account balances	81.2	27.8
			Certificates of Deposit	109.5	15.0
			Required reserves	403.4	4.0
Claims on other sectors	148.6	-0.1	Liabilities to other sectors	138.1	22.4
Other assets	148.6	-0.1	Deposits other residents	125.7	22.5
			Other liabilities	12.4	-0.1
			Capital and reserves	239.9	0.0
Total Assets	1,394.3	77.9	Total Liabilities	1,394.3	77.9

During the month of November 2004, the Bank van de Nederlandse Antillen tightened its monetary policy aimed at mopping up excess liquidity in the local banking sector. This is reflected by increases in both the items "Certificates of Deposit" (CD's) and "required reserves". CD's in the commercial banks' portfolios increased due to a larger amount auctioned^[1]. The increase in the required reserves was due to an increase in the reserve requirement percentage from 11.00% to 11.25%^[2]. This was the fifth increase of the reserve requirement percentage in 2004.

Despite the tightening of the Bank's monetary policy, base money, defined as the sum of currency in circulation and the commercial banks' current account balances at the Bank, increased (NAf.39.8 million). An increase in base money is defined as an expansion of the money market. This expansion is an indication for potential credit extension and extra spending, which on its turn influences the international reserves of the Netherlands Antilles.

The increase in base money was the result of increases in both currency in circulation and the current account balances of the commercial banks. The increase in currency resulted from an expansion in the demand for cash by the public, an autonomous factor for the Bank. The rise in the current account balances also resulted from autonomous factors, mainly transfers by APNA and the island government of Curaçao. In addition, a net sale of foreign exchange by the commercial banks to the Bank occurred. These transactions exceeded the mopping up of liquid assets by the Bank through the CD auctions and the increase in the reserve requirement percentage.

The rise in deposits of other residents was mainly the result of transfers by the Netherlands to the development institution "Stichting Ontwikkeling Nederlandse Antillen" (SONA). These transfers were also the primary explanation for the increase in foreign exchange reserves. Ultimately, the transfers by the Netherlands exceeded the transfers by APNA, resulting in a net increase in the item "Deposits other residents".

December 30, 2004

Bank van de Nederlandse Antillen

[1] The Bank organizes biweekly CD-auctions with the commercial banks.

[2] The commercial banks are obliged to maintain a blocked deposit at the Bank. The size of this deposit is based on their domestic liabilities.