

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

Assets	31-Oct-05	Difference compared to 30-Sep-05	Liabilities	31-Oct-05	Difference compared to 30-Sep-05
Claims on nonresidents	1,098.5	-24.8	Liabilities to nonresidents	0.6	-7.5
Gold	271.6	0.0	Deposits of non-residents in foreign currency	0.6	-7.5
Official reserves	826.9	-24.8			
Domestic assets	362.5	1.4	Domestic liabilities	1,460.2	-15.8
			Currency in circulation	263.3	1.5
Claims on the government	236.6	2.7	Government deposits	126.0	-24.3
Government paper in portfolio	210.2	-4.3	Island government of Curaçao	54.1	-13.2
Advanced license fees	26.4	7.0	Central government	71.9	-11.1
Special account central government	0.0	0.0			
			Liabilities to deposit money banks	562.8	-0.2
			Current account balances	47.3	5.3
			Certificates of Deposit	46.0	-7.5
			Required reserves	469.5	2.0
Claims on other sectors	125.9	-1.3	Liabilities to other sectors	233.6	7.2
Other assets	125.9	-1.3	Deposits other residents	171.3	2.2
			Other liabilities	62.3	5.0
			Capital and reserves	274.5	0.0
Total assets	1,461.0	-23.4	Total liabilities	1,461.0	-23.4

In October 2005, the Bank continued to direct its monetary policy at a tightening of the surplus on the money market. This was done through auctioning a larger amount of Certificates of Deposit (CD's), negotiable securities issued by the Bank.¹ However, due to shortfall in subscriptions the amount of outstanding CDs dropped by NAf.7.5 million. The other important monetary policy instrument, the reserve requirement, was not deployed actively as the reserve requirement percentage remained unchanged. The increase in the outstanding required reserves was due to the rise in the base amount upon which these are calculated.

Base money² rose by NAf.6.8 million during the month of October, due mainly to the increase of the current account balances of the commercial banks at the Bank. This increase was led by lower subscriptions of CD's and the amount of liquidity that became available with the maturing of time deposits of the island government of Curaçao at the Bank. However, these increases were partly offset by the net sale of foreign exchange by the Bank to the commercial banks. Worth mentioning was the drop in "government deposits", which was the result of declines in the balances of both the central government and the island government of Curaçao. The decrease in central government deposits was mostly the result of a transfer of liquid assets to the island government of Curaçao related to the regular settlement of mutual obligations. The drop in the deposits of the island government of Curaçao was due to the fact that only part of the matured time deposits was reinvested at the Bank.

December 8, 2005

¹ Certificates of deposit.

² Base money is defined as the sum of currency in circulation and the commercial banks' current account balances at the Bank.