

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 September 2004 is presented below:

Condensed Balance Sheet (millions of NAf.)					
		Diff. compared with			Diff. compared with
Assets	09-30-04	08-31-04	Liabilities	09-30-04	08-31-04
Claims on nonresidents	935.3	53.6	Liabilities to non-residents	1.6	0.7
Gold	237.0	0.0	Deposits of non-residents in foreign currency	1.6	0.7
Official reserves	698.3	53.6			
Domestic Assets	341.2	-8.3	Domestic liabilities	1,239.1	41.1
			Currency in circulation	251.3	-5.8
Claims on the government	197.9	-5.0	Governments deposits	121.8	-12.6
Government paper in portfolio, of which	197.9	-5.0	Central government	110.0	-20.1
Special Account Central government	0.0	0.0	Country Receivers	1.0	0.1
Advanced license fees	0.0	0.0	Special account central government	15.4	-16.1
			Multi-annual plan projects	32.5	-4.3
			Advance account projects	32.3	0.5
			Financial support Holland	28.8	0.0
			Solidarity fund	0.0	-0.3
			Island government of Curaçao	11.8	7.5
Claims on deposit money banks	0.0	0.0	Liabilities to deposit money banks	546.2	26.9
			Current account balances	29.9	-24.6
			Certificates of Deposit	97.5	17.5
			Required reserves	408.0	23.3
Claims on other sectors	143.3	-3.3	Liabilities to other sectors	79.8	32.6
Other assets	143.3	-3.3	Deposits other residents	67.8	32.5
			Other liabilities	12.0	0.1
			Capital and reserves	240.0	0.0
Total Assets	1,276.5	45.3	Total Liabilities	1,276.5	45.3

During the month of September 2004, the balance sheet of the Bank van de Nederlandse Antillen expanded with NAf.45.3 million to NAf.1,276.5 million. This development was due mainly to an increase of NAf.53.6 million in the official reserves. The increase in official reserves can be attributed to transfers by the Central Bank of Aruba in connection with payment orders of Aruban commercial banks and the Aruban government and to the net sale of foreign exchange by domestic commercial banks to the Bank.

In contrast, the amount of base money, defined as the sum of currency in circulation and the commercial banks' current account balances at the Bank, dropped during the month of September. This is an indication of a contraction of the money market. The decline in base money resulted from a decrease in both banknotes with the public (NAf.5.8 million) and current account balances (NAf.24.6 million).

The drop in banknotes in circulation can be explained by lower spending by the public following the vacation period during which expenditures are relatively high.

The decrease in the commercial banks' current account balances can largely be explained by the Bank's contractionary monetary policy during September, directed at mopping up the excess liquidity in the domestic commercial bank sector. This was achieved by auctioning more Certificates of Deposit (CD's)^[1] and a rise of the reserve requirement percentage by 0.375 percentage point to 11.0%^[2].

During September, government paper in the Bank's portfolio decreased by NAf.5.0 million. However, this did not affect the money market directly as this paper was sold to an institutional investor and not a commercial bank. Nevertheless, the government's net debt with the Bank rose due to a decrease in the liabilities against the government (NAf.12.6 million). Liabilities dropped, among others things, due to a decrease of NAf.16.1 million in the balance on the "Special account central government" related to the redemption of government paper, and transfers to development projects.

Finally, deposits of other residents increased by NAf.32.5 million, due mainly to higher balances of APNA and SVB related to, among other things, interest and redemption of government paper in portfolio. In addition, a transfer of dividend tax was made by the Netherlands in accordance with the new tax arrangement for the Kingdom of the Netherlands (BRK).

^[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 towards the public.

November 9, 2004

Bank van de Nederlandse Antillen