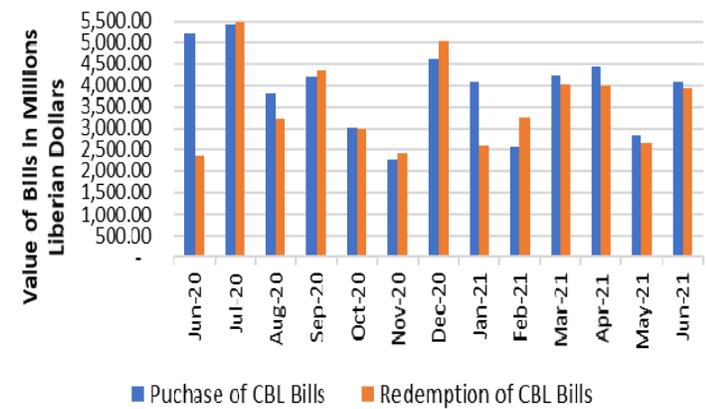


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Table 8: Global Commodity Prices

GLOBAL PRICE	Jun - 20	Apr - 21	May - 21	Jun - 21	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	103.30	179.83	207.72	214.43	3.23	107.58
Gold (US\$/Oz)	1,732.22	1,760.04	1,850.26	1,834.57	(0.85)	5.91
Rubber (US\$/MT)	1,400.00	2,150.00	2,290.00	2,120.00	(7.42)	51.43
Cocoa Beans (US\$/MT)	2,230.00	2,370.00	2,410.00	2,370.00	(1.66)	6.28
Palm oil (US\$/MT)	656.49	1,078.05	1,163.17	1,017.80	(12.50)	55.04
Crude oil (US\$/BBL)	39.46	62.95	66.40	71.80	8.13	81.96
Food Price Index (FAO)	93.08	121.86	127.85	124.63	(2.52)	33.90
Rice_ 5% broken (US\$/MT)	520.00	495.00	493.00	466.00	(5.48)	(10.38)
Sugar (US\$/MT)	270.00	360.00	380.00	380.00	0.00	40.74
Commodity Price Index	99.88	144.86	155.37	161.67	4.05	61.86

Source : www.indexmundi.com, <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>
1/ Commodity Food Price Index includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices
2/ Commodity Price Index includes both Fuel and Non-Fuel Price Indices
† - Revised

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INTRODUCTION

The Monthly Economic Review (MER) is a regular publication of the Central Bank of Liberia (CBL) that provides a snapshot of economic developments in key sectors (Real, Monetary, Fiscal and External) of Liberia. The MER also highlights the Monetary Policy stance of the CBL and synopsis of exchange rate developments in the West African Monetary Zone (WAMZ).

OVERVIEW

Production statistics of key commodities in June 2021 showed weak performance for the month compared to the preceding month. Activity in the mining subsector, especially iron ore production, was largely hampered by unfavorable weather conditions coupled with renewed measures to curb the spread of the pandemic. Except for diamond, outputs of gold and iron ore decreased. Output in the agriculture subsector, mainly rubber, showed increased harvest largely from small farm holders, while outputs, especially cement and beverages, in the manufacturing subsector declined during the month.

Headline inflation further moderated mainly on account of decline in the prices of items relating to furnishings, household equipment and routine household maintenance, health, and transport major groups in the CPI basket. Month-on-month rate of inflation, on the other hand, rose slightly by 1.1 percentage point to 1.9 percent, mainly reflecting increase in the prices of mainly housing, water, electricity, gas and other fuels, health and education major groups.

Core inflation (inflation excluding food and transportation) also rose marginally to 16.6 percent in the month under review, from 16.4 percent in the previous month, explained largely by increase in the prices of some domestic food items in the commodity basket.

During the month under review, the CBL monetary policy stance remained focused on price stability through the management of the Liberian dollar liquidity. As part of the monetary policy operations, the CBL bills were offered at the tenors of two-weeks, one-month, and three-months based on the annual monetary policy rate of 25.0 percent.

Broad money supply (M2) expanded by 1.4 percent during the month. The expansion in M2, from the asset category, was driven by increases in net foreign assets of the banking sector. From the liability side, the growth in M2 was largely explained by 11.0 percent rise in quasi money.

The stock of Liberian dollar in circulation declined by 0.9 percent to L\$22.41 billion compared to the stock reported in the preceding month. Similarly, currency outside banks amounted to L\$20.79 billion, reflecting a decline of 0.3 percent compared to the previous month.

Despite the structural constraints on the financial sector, the financial soundness indicators of the banking system were generally favorable during the month with increases in Return on Assets (ROA) and Return on Equity (ROE). Liquidity Ratio (LR) remained above the 15.0 percent regulatory thresholds by 33.0 percentage points, while Capital Adequacy Ratio (CAR) exceeded the minimum regulatory

Food Price (FAO)

The FAO food price index showed a decrease of 2.5 percent in the review month compared with the May 2021 index. The fall in food price index during the month, following prolonged increase in price, was mainly on account of decrease in the prices of vegetable oil and cereal in the food basket. Annual price of food rose by 33.9 percent compared with the price in June 2020.

Sugar

During the review month, the price of sugar remained stable at US\$380.00 per metric ton, occasioned by low supply of the commodity, mainly from Brazil. Annual comparison showed that the price of sugar increased by 40.7 percent, from US\$270.00 per metric ton in June 2020.

Palm Oil

The price of palm oil reduced by 12.5 percent to US\$1,017.80 per metric ton, from US\$1,163.17 per metric ton in the preceding month due to weak demand amid strong production prospect from major exporting countries. Compared with June 2020, the price of palm oil rose by 55.0 percent, from US\$656.49 per metric ton.

Rice

Rice price recorded a decrease of 5.5 percent to US\$466.00 per metric ton in June 2021, from US\$493.00 per metric ton in previous month, largely on account of weak demand in the face of supply constraints mainly from part of Asia. Annual comparison of the price of the commodity showed 10.4 percent decrease, from US\$520.00 per metric ton in June 2020.

Cocoa Beans

In June 2021, the price of cocoa beans decreased by 1.7 percent to US\$2,370.00 per metric ton, from US\$2,410.00 per metric ton in the preceding month, on account of weak demand for the commodity from Europe and North America. Annual comparison of the price of cocoa beans showed an increase of 6.3 percent, from US\$2,230.00 per metric ton recorded in June 2020.

Commodity Outlook

Outlook for commodity prices is positive for the short term. Global forecast of growth in prices indicates that, on the back of supply constraints and demand disruption, prices of commodities are expected to keep increasing. Food prices are set to remain high on the backdrop of global food trade. The price of energy (mainly petroleum) is expected to keep rising beyond the short term on account of recovery in global economic activity. However, the prices of some precious metals and agricultural products are expected to continue to ease in the third quarter of the year.

Table 7: WAMZ Countries End-of-Period & Liberian Dollar Average Exchange Rates per US Dollar

Currency	Jun - 20	Apr - 21	May - 21	Jun - 21	Appr (+)/Depr (-)	
					MoM	YoY
End-of-Period Exchange Rate y per USD					Percent change	
GHC	5.68	5.73	5.73	5.80	(1.21)	(2.07)
GMD	49.69	50.31	49.88	49.27	1.24	0.85
GNF	9,587.95	9,922.32	9,806.67	9,715.22	0.94	(1.31)
LD	199.40	172.04	172.02	171.42	0.35	16.32
NGN	306.50	379.5	386.68	409.66	(5.61)	(25.18)
SLL	9,757.55	10,225.81	10,238.62	10,272.94	(0.33)	(5.02)
Average Exchange Rate (LD/USD)						
LD	199.11	172.5	171.75	171.39	0.21	16.17

Source: CBL, WAMA: www.amao-wama.org/
 GHC - Ghanaian Cedi; LD - Liberian Dollar; GMD - Gambian Dalasi; USD – United States Dollar; GNF - Guinean Franc; NGN - Nigerian Naira; SLL—Sierra Leonean Leone; USD – United States Dollar

GLOBAL COMMODITY PRICE DEVELOPMENTS

In June 2021, prices of major commodity groups fell compared to the preceding month. Besides the prices of metal (mainly iron ore) and energy (petroleum) that rose, the prices of food and some agricultural commodities decreased compared to the preceding month. The prices of food (rice and palm oil), agricultural commodities (rubber) and beverage (cocoa beans) fell due mainly to demand factors.

Iron ore

During the review month, the price of iron ore increased by 3.2 percent to US\$214.43 per metric ton, from US\$207.72 per metric ton in the preceding month. The rise was, in part, occasioned by increase in demand for the commodity driven by increased steel production in China. Compared with the price in the corresponding month of 2020, iron ore price increased by over hundred percent, from US\$103.30 per metric ton.

Crude Oil (Petroleum) Price

The price of petroleum rose by 8.1 percent to US\$71.80 per barrel, from US\$66.40 per barrel in May 2021 due to gradual recovery in demand for the commodity on account of increasing industrial production activities in anticipation of reduced production. Similarly, annual comparison showed that the price of petroleum increased by 82.0 percent, from US\$39.46 per barrel in June 2020.

Rubber

Rubber price decreased by 7.4 percent to US\$2,120.00 per metric ton compared with US\$2,290.00 per metric ton recorded in the preceding month. The fall in the price during the month was due to decreased demand from automobile manufacturers and other rubber processing industries. Annual comparison showed that the price of the commodity increased by 51.4 percent, from US\$1,400.00 per metric ton reported in June 2020.

requirement by 29.6 percentage points. Similarly, nonperforming loans (NPLs), which stood at 2.8 percent of GDP, reflected a ratio of 22.1 percent against the regulatory tolerable limit of 10.0 percent.

The Government of Liberia (GOL) fiscal operations resulted to an increased surplus of US\$48.41 million (1.4 percent of GDP), from a surplus of US\$15.68 million (0.5 percent of GDP) reported in the preceding month, occasioned by rise in Government revenue, which outweighed the rise in expenditure. Total expenditure stood at 1.8 percent of GDP, increasing by 36.3 percent compared to the previous period. The stock of public debt rose marginally to 49.8 percent of GDP, from 48.8 percent of GDP in the preceding month, but remained in compliance with the ECOWAS regional threshold limit of 70.0 percent of GDP.

Developments in the external sector showed that trade deficit widened slightly to 3.1 percent of GDP, from 1.9 percent of GDP recorded in May 2021, due mainly to increase in merchandise import payments. Statistics on the direction of trade showed that Switzerland, France, the United States of America, and Germany were the main destinations of Liberia's exports, while India, China, Turkey, Cote d'Ivoire (Ivory Coast), and Japan were the main sources of imports.

Gross international reserves (GIR) remained stable at US\$302.5 million during the month compared to the stock reported in the preceding month, while months of import cover remained at 2.3 months, below the ECOWAS regional threshold of 3.0 months.

Net inflow of personal remittances increased during the month compared to the preceding month, mainly explained by a higher reduction in outward remittances compared to the reduction in inward remittances. Outward remittances declined by US\$6.31 million to US\$4.81 million, while inward remittances reduced by US\$5.92 million to US\$28.79 million.

In the foreign exchange market, the Liberian dollar strengthened during the month. Both the end period and period average exchange rates showed that the Liberian dollar moderately appreciated by 0.4 percent and 0.2 percent, respectively against the US dollar during the review period.

REAL SECTOR & PRICE DEVELOPMENTS**Production Analyses of Key Commodities**

In June 2021, production statistics of key commodities showed weak performance, as outputs of all subsectors declined. In the mining sector, except the output of diamond, which rose by 44.4 percent to 6,227.0 carats, from 4,311.0 carats produced in the preceding month, iron ore output declined by 12.8 percent to 375,000.0 metric tons, from 430,000.0 metric tons produced in May 2021, due to the adverse effect of the weather on mining operations. Gold output also decreased by 24.1 percent to 12,185.0 ounces, from 16,062.0 ounces produced in May 2021, underpinned by new measures to curb the spread of the COVID-19, mainly at industrial gold mines.

In the manufacturing subsector, cement production fell further by 23.8 percent to 36,711.0 metric tons, from 48,162.0 metric tons produced in the previous month due to slowdown in demand, reflective of the adverse effect of the rainy season on construction activities. Similarly, total beverage production decreased by 11.5 percent to 1.31 million liters due to increased inventory arising from weak demand. In the agriculture subsector, rubber output rose by 15.5 percent to 8,536.0 metric tons, from 7,390.0 metric tons in the previous month, mainly due to increased harvest of the commodity from small farm holders.

Consumer Prices

Headline inflation in June 2021 further moderated by 0.1 percentage point to 8.1 percent, from 8.2 percent in the preceding month. The moderation in headline inflation during the month was due mainly to fall in the prices of items relating to furnishings, household equipment and routine household maintenance, health, and transport major groups in the CPI basket¹. On the other hand, month-on-month rate of inflation increased by 1.1 percentage point to 1.9 percent, mainly reflecting a monthly upward change in the prices of mainly housing, water, electricity, gas and other fuels, health, and education major groups.

Like month-on-month rate of inflation, core inflation¹ slightly rose by 0.2 percentage points to 16.6 percent in the month under review, from 16.4 percent in the previous month, explained largely by increase in the prices of items relating to restaurants and hotels subgroup.

Table 1: Production and Price Statistics

Production	Jun - 20	Apr - 21	May - 21	Jun - 21
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	330,000	430,000	430,000 [†]	375,000
Gold (Ounces)	12,166	14,812	16,062	12,185
Diamond (Carat)	1,239	2,851	4,311	6,227
Rubber (Metric ton)	4,453	3,411 [†]	7,390	8,536
Cement (Metric ton)	34,926	48,703	48,162	36,711
Total Beverages (liter)	1,280,363	1,743,182	1,480,188	1,309,499
Alcoholic	1,166,473	1,581,788	1,333,621	1,173,639
Non-Alcoholic	113,890	161,394	146,568	135,860

preceding month, earnings from exports to Switzerland and France declined, while earnings from exports to the United States of America and Germany increased. Earnings from exports to the United States of America (mainly rubber) increased by US\$5.78 million to US\$9.21 million (accounting for 15.1 percent of total earnings), compared to the value recorded in the previous month. Similarly, earnings from exports to Germany (predominantly iron ore) rose to US\$7.72 million. On the other hand, shipment to France (mainly iron ore), which, constituted 25.6 percent of total earnings during the month, decreased by US\$62.32 million to US\$15.64 million, while export earnings from Switzerland (mainly Gold), which accounted for 31.2 percent of total earnings, fell by 25.5 percent to US\$19.04 million, from the amount recorded in the previous month.

The five main sources of imports during the month were India, China, Turkey, Cote d'Ivoire (Ivory Coast), and Japan. Payments to all destinations, except India and Turkey, rose during the month.

Payments to China, mainly for the purchase of manufactured goods, increased by US\$10.22 million to US\$21.67 million. Imports from Cote d'Ivoire (for the purchase of minerals, fuel, lubricants) increased by US\$9.97 million to US\$15.10 million during the month. Similarly, payments to Japan (for mainly machinery and transport equipment) rose by US\$11.47 million to US\$13.20 million. In contrast, payments mainly for the purchase of food and live animals from India fell by US\$6.70 million to US\$32.60 million, while payments to Turkey for machinery and transport equipment declined by 1.2 percent to US\$13.78 million during the review month.

EXCHANGE RATE DEVELOPMENTS

During the month under review, both the average (AVG) and end of period exchange rates showed appreciation in the Liberian dollar against the US dollar. The average (AVG) exchange rate showed appreciation of the Liberian dollar by 0.2 percent to L\$171.39/US\$1.00, from L\$171.75/US\$1.00 recorded in the preceding month.

Considering the EOP exchange rate for the currencies in the West African Monetary Zone (WAMZ), all currencies, except the Gambian Dalasi, Guinean Franc and Liberian dollar, depreciated against the US dollar compared with the rates recorded in May 2021. The Nigerian Naira, Ghanaian Cedi and Sierra Leonean Leone depreciated by 5.6 percent, 1.2 percent, and 0.3 percent, respectively compared to the rate reported in May 2021. On the other hand, the Liberian dollar, Gambian Dalasi and Guinean Franc appreciated against the US dollar by 0.4 percent, 1.2 percent, and 0.9 percent, respectively compared to the rates reported in the preceding month.

Annual comparison showed that, except the Liberian dollar and the Gambian Dalasi that appreciated, all the WAMZ currencies depreciated against the United States dollar, relative to the corresponding month in 2020. The Nigerian Naira recorded the highest depreciation of 25.2 percent, while the Guinean Franc accounted for the lowest depreciation of 1.3 percent. (See Table 7).

Other Indicators				
Import (FOB)	5.61	22.61	23.88	27.35
Gross International Reserves (GIR) ²	100.75	85.70	108.89	146.60
Net Foreign Reserves Position	255.38	299.60[†]	302.54	302.50
Import covers (In Month)	2.7[†]	2.5[†]	2.5[†]	2.3
Personal Remittances				
Inflows	25.39	36.86	34.71	28.79
Outflows	7.40	9.65	11.12	4.81
Net flows	17.99	27.21	23.59	23.98
Direction of Trade (DOT)				
Destination of Export	35.01	71.71	55.63	61.00
o/w Switzerland	11.11	18.00	25.56	19.04
o/w France	6.75	20.42	41.51	15.64
o/w Poland	3.96	3.66	3.43	9.21
o/w Germany	0.00	11.62	0.00	7.72
Sources of Import (fob)	100.75	85.70	108.89	146.60
o/w Turkey	2.03	8.62	39.30	32.60
o/w China	15.69	16.05	11.45	21.67
o/w India	5.04	5.86	13.95	13.78
o/w United States of America	38.43	0.15	5.13	15.10
o/w Indonesia	2.00	2.59	1.74	13.20

Source : LRA (ASYCUDA), AML, MLME, FSL & CBL

/1 Trade data are primarily sourced from LRA (Custom) with larger coverage than BIVAC.

/1[†] as of July 2020, import data reported here are on CIF instead of FOB

/2 (GIR) is the sum of net foreign reserve plus SDR and Reserve tranche

† - Revised ‡ - Not Available (na) * - estimate/projection

Remittances

During the review month, both inward and outward remittances declined, but the reduction in outward remittances exceeded inwards, resulting to 1.7 percent increase in net inflow of remittances to US\$23.98 million (0.7 percent of GDP), from US\$23.59 million (0.7 percent of GDP) recorded in May 2021. Inflows of personal/worker remittances contracted by 17.1 percent to US\$28.79 million (0.9 percent of GDP), while outflows declined by 56.7 percent to US\$4.81 million (0.2 percent of GDP).

Gross International Reserves

Gross international reserves (GIR) remained relatively stable at US\$302.5 million compared to May 2021, reflecting 2.3 months of import cover from 2.5 months in the previous month due to increases in payments for mainly goods. Compared with the ECOWAS regional benchmark, the months of import cover recorded a shortfall of 0.7 month in relation to the regional threshold of at least 3 months (Table 6).

Direction of Trade (DOT)

During the sixth month of 2021, Switzerland, France, the United States of America, and Germany were the main destinations of Liberia's exports. However, compared to the

Inflation	<i>(In percent)</i>			
Overall (Y-o-Y) Rate of Inflation	13.14	9.41	8.16	8.10
a. Food and Non-alcoholic Beverage Inflation	21.08	(2.53)	(4.04)	(3.95)
- Domestic Food Inflation	37.30	(5.71)	(4.13)	(5.91)
- Imported Food Inflation	9.49	0.36	(4.03)	(2.08)
b. Transport Inflation	12.88	8.40	7.97	(4.85)
c. Imported Fuels Inflation	0.50	4.40	4.22	(1.21)
Overall (M-o-M) Rate of Inflation	2.00	(0.45)	0.86	1.94
Core Inflation				
Inflation excluding Food & NAB ¹	8.96	16.52	15.43	15.15
Inflation excluding Imported Food	14.12	11.61	11.14	10.53
Inflation excluding Domestic Food	9.42	13.61	11.69	12.05
Inflation excluding Food and Transport	8.44	17.63	16.44	16.59
Annual Gross Domestic Product (GDP)²				
Nominal (NGDP)(in millions US\$)	3,037	3,363	3,363	3,363
RGDP growth (in percent)	(3.0)	3.6	3.6	3.6

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, MB, CEMENCO, CBL & LISGIS;

/1 Non-alcoholic beverages

/2 GDP was revised following the IMF- ECF review mission in April 2021

± - Not Available (na) * - estimate/projection

† - revise

MONETARY DEVELOPMENTS

Monetary Policy Stance

In June 2021, the CBL maintained its monetary policy stance anchored on interest-rate based instruments to manage Liberian dollar liquidity for price stability through broad exchange rate management. The monetary policy rate was kept at 25.0 percent per annum with tenors of two-weeks, one month and three-months. Notwithstanding, subscriptions for the CBL bills increased during the month, compared to May 2021.

Monetary Aggregates

Broad money supply (M2) expanded by 1.4 percent to L\$143.52 billion at end-June 2021, from L\$141.54 billion recorded at end of the preceding month. On the liability side, the expansion in M2 was mainly explained by 11.0 percent rise in quasi money, while on the asset side, the rise in M2 was driven by increases in net foreign assets (NFA). NFA expanded by 47.3 percent on account of increase in the net foreign assets of the banking institutions. Total stock of Liberian dollar in circulation, on the other hand, fell slightly by 0.9 percent to L\$22.41 billion compared to the stock reported in the preceding month. Similarly, currency outside banks decreased modestly by 0.3 percent to L\$20.79 billion compared to the amount recorded in the previous period.

Commercial banks loans advanced to the private sector reduced for loans denominated in both Liberian and United States dollars. Commercial banks' loans denominated in Liberian dollar decreased by 2.9 percent to L\$5,670.56 million on account of slowdown in loans to construction and individuals,

At end June 2021, the stock of public debt increased slightly by 1.9 percent to 49.8 percent of GDP compared to debt stock in the previous month. The rise in public debt was explained by increases in both external and domestic borrowing mainly from multilateral partners and the domestic financial sector.

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	Jun - 20	Apr - 21	May - 21	Jun - 21
	<i>(In Millions of United States Dollar)</i>			
Government Revenue	95.34	57.79	58.14	107.54
Tax Revenue	41.27	45.10	38.08	45.01
O/W Taxes on Income & Profits	15.90	21.26	17.10	14.31
O/W Taxes on International Trade	13.20	18.42	16.23	18.92
Non-tax Revenue (excluding grants)	5.07	9.19	18.39	8.77
O/W Property Income	4.13	7.72	17.04	7.16
O/W Administrative Fees and Fines	0.94	1.47	1.35	1.60
Other tax Revenue (including grant)	49.00	3.50	1.67	53.76
Government Expenditure by Codes	76.13	49.75	42.46	59.13
Current Expenditure	73.63	42.14	35.41	41.88
O/W Compensation	31.94	19.56	15.29	19.25
O/W Goods and Services	35.24	17.23	17.62	15.57
Capital Expenditure	0.00	0.79	0.00	0.01
Payments on Loans, interest and others	2.50	6.82	7.05	17.24
Overall Balance (Surplus+; Deficit -)	19.21	8.04	15.68	48.41
Public Sector Debt	1,508.45	1,637.59	1,642.41	1,673.51
<i>Domestic</i>	594.13	669.77	669.46	690.76
Financial Sector	543.39	618.22	618.22	620.22
Other debt	50.75	51.55	51.24	70.54
<i>External</i>	914.32	967.82	972.95	982.75
Multilateral	800.37	855.14	860.27	869.34
Bilateral	113.95	112.68	112.68	113.41
Debt Service	23.58	11.08	0.80	19.82
Interest Payments	9.41	4.97	0.48	0.74
Principal Repayments	14.17	6.11	0.32	19.08

Source: CBL's calculation using MFDP's data : Revenue Department, Expenditure Department and Debt Management Unit, MFDP
† - revised
± - Estimate

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Preliminary statistics showed that the deficit in merchandise trade balance further widened to US\$106.06 million (3.2 percent of GDP) in June 2021, from a revised deficit of US\$65.04 million (1.9 percent of GDP) recorded in May 2021 due mainly to a significant increase in payments for merchandise imports. Total trade, on the other hand, increased by 23.8 percent to US\$218.26 million (6.5 percent of GDP), from revised US\$176.30 million (5.2 percent of GDP) on account of the increase in payments for merchandise imports.

Of the total amount issued, commercial banks' subscriptions remained high at approximately 98.6 percent (L\$4,018.55 million), while retail investors subscription increased by 27.6 percent to L\$57.67 million compared to the preceding month. The increase in total issuance was offset by redemption that increased by 47.4 percent to L\$3,929.12 million. On the other hand, the total outstanding CBL bills increased by 2.3 percent from the preceding month to L\$6,422.58 million.

The Government did not issue new Treasury securities during the month. The outstanding principal on Liberian dollar T-Bond remained unchanged at L\$6,000.00 million on account of GOL payments of all coupons on Liberian dollar T-bond in the preceding month. However, the outstanding coupon and principal on the United States dollars T-bond rose to US\$56.81 million on account of L\$0.16 million coupon due. Similarly, Treasury bills in both Liberian and United States dollars rose to L\$2,437.72 million and US\$5.73 million, respectively due to the increase in interest accrued.

During the month, the lending, average savings, and time deposits rates remained unchanged at 12.4 percent, 3.5 percent, and 2.1 percent, respectively. In the money market, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among the commercial banks for their international and intra-country transactions. The non-interest-bearing nature of the swap was considered during the period under review to compensate for the risks and high cost involved in cash transfers and transshipment with international corresponding banks and bank branches in Liberia.

Table 3. Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	Jun - 20	Apr - 21	May - 21	Jun - 21
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	0.00	0.00	0.00	00.0
Redemption during the month (coupon rate)	1.46	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	570.56	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	7.00	7.00	7.00	7.00
Bills Purchased per month on EAR basis	5,227.43	4,441.66	2,836.20	4,076.22
Redemption during the month (EAR basis)	2,361.08	3,991.80	2,664.88	3,929.12
Bill Outstanding (EAR basis)	4,213.98	6,104.16	6,275.48	6,422.58
Effective Annual Rate (EAR)	25.00	25.00	25.00	25.00
Total Purchases (coupon rate & EAR)	5,227.43	4,441.66	2,836.20	4,076.22
Total Redemption (coupon rate & EAR)	2,362.54	3,991.80	2,664.88	3,929.12
Total Outstanding Bills (coupon rate & EAR)	4,784.54	6,104.16	6,275.48	6,422.58
CBL Foreign Exchange Auction¹	<i>(In Millions of United States Dollar)</i>			
US Dollar offered	0.00	0.00	0.00	0.00
US Dollar Amount Sold	0.00	0.00	0.00	0.00
Total Subscription	0.00	0.00	0.00	0.00
Over (+)/ Under (-) Subscription	0.00	0.00	0.00	0.00

Treasury Securities	<i>(In Millions of Liberian Dollar)</i>			
T- Bills Issued (in LD)	0.00	0.00	0.00	0.00
T- Bills Redeemed (in LD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	860.94	1,250.26	1,250.26	2,437.72
Net Treasury Bills Operations[^] withdrawal (+)/Injectⁿ (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	7.47	5.00	5.00	5.00
T- Bills Issued (In USD)	na	0.00	0.00	0.00
T- Bills Redeemed (In USD)	na	na	na	na
T-Bills Outstanding	2.6	5.52	5.52	5.73
Ave. Weighted Discount Rate (T-Bills)	7.00	6.50	6.50	6.50
Treasury Bond Issued (in LD for 2 years)	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In LD)	6,000.00	6,000.00	6,000.00	6,000.00
Outstanding coupon on Treasury Bond	0.00	215.92	264.08	0.00
Coupon Payment	0.00	264.08	0.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	16.00
Treasury Bond Principal Payments (USD)	na	0.00	3.08	0.00
Treasury Bond Outstanding (In USD)	na	55.10	51.65	51.65
Coupon Payments (USD)	na	0.00	0.37	0.00
Outstanding coupon on Treasury Bond	na	0.00	0.00	0.16
Total T-Bond Outstanding (Coupon & Principal In USD)	na	55.10	51.65	56.81
	<i>(As specified)</i>			
SDF rate (4.0%)	0.00	0.00	0.00	0.00
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight monthly rate (0.07%)	0.07	0.07	0.07	0.07
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
Interest Rates	<i>(In Percent)</i>			
- Lending rate	12.44	12.44	12.44	12.44
Average Deposit rates				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
Money Markets Instrument (In percent)				
Repo	5.50	na	na	na
Swap lending	6.00	0.00	0.00	0.00

Source : CBL

[^] - with Liquidity Effect^{/1} - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency^{/2} - Treasury Bill issued and redeemed during the month were in US Dollar

- revised

BANKING SECTOR DEVELOPMENTS

The banking industry has generally been in compliance with regulatory requirements. During the month, movement in some key financial soundness indicators was favorable compared to May 2021. Return on Assets (ROA) and Return on Equity (ROE) increased by 0.52 percentage point to 1.60 percent and 2.91 percentage points to 9.92 percent, respectively compared with the previous month. However, Capital Adequacy Ratio (CAR) fell from 30.08 percent in the preceding month to 29.56 percent in June 2021 but remained above the minimum regulatory requirement by 19.56 percentage points. Liquidity ratio, on the other hand, decreased by 0.60 percent and remained above the minimum regulatory requirement by 33.0 percentage points.

During the month, both gross loans and advances and non-performing loans (NPLs) reduced compared to May 2021. Gross loans fell by 4.1 percent to L\$73.33 billion (12.7 percent of GDP), from L\$76.45 billion (13.3 percent of GDP) occasioned by decline in extension of new loans by commercial banks during the month. Similarly, non-performing loans (NPLs) decreased to L\$16.20 billion (2.8 percent of GDP), from L\$19.60 billion (3.4 percent of GDP) recorded in the preceding month. The ratio of non-performing loans to total loan fell by 3.5 percentage points to 22.1 percent, against the 10.0 percent regulatory tolerable limit, reflecting slow recovery of loans.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Jun - 20	Apr - 21	May - 21	Jun - 21
	<i>(In Billions of Liberian Dollar)</i>			
Total Gross Loans	84.27	76.21	76.45	73.33
Total Non-performing Loans	16.7	18.67	19.60	16.2
	<i>(In Unit As May Be Specified)</i>			
Non-performing Loans to Total Gross Loans (ratio)	19.79	24.50	25.63	22.15
Gross Loan (percent change)	-0.04	(1.41)	0.31	(4.08)
Non-performing Loans (percent change)	(11.64)	(11.85)	4.98	(17.35)
Returns on Assets (ROA)	0.69	0.93	1.08	1.60
Returns on Equity (ROE)	3.95	5.91	7.01	9.92
Liquidity Ratio***	40.25	49.29	48.61	48.01
Capital Adequacy Ratio (CAR)****	28.53	30.08	30.08	29.56

Source : CBL

**** - The Minimum Capital Adequacy Ratio is 10%

*** - The Required Minimum Liquidity Ratio is 15%

† - Revised

FISCAL SECTOR DEVELOPMENTS

Provisional statistics on fiscal operations showed that both Government revenue and expenditure increased during the month. However, the rise in revenue exceeded the increase in expenditure resulting to an increased fiscal surplus of US\$48.41 million (1.4 percent of GDP), from the surplus of US\$15.68 million (0.5 percent of GDP) reported in the preceding month. Government revenue rose by 85.0 percent to US\$107.54 million (3.2 percent of GDP), occasioned by increases in taxes on international trade and other taxes including grants, while expenditure increased by 39.3 percent to US\$59.13 million (1.8 percent of GDP) due to rise in recurrent expenditure, including administrative fees, payments on loans, interest.