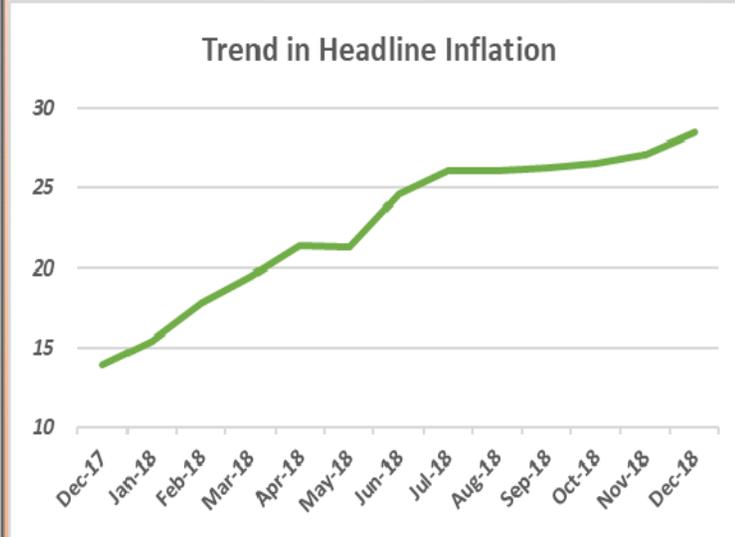




CENTRAL BANK OF LIBERIA (CBL)

MONTHLY
ECONOMIC
REVIEW

DEC. 2018
VOLUME 4 No. 12



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Table 6: WAMZ Countries End-of-Period Exchange Rates against the US Dollar

Currency	Dec-17	Nov-18	Dec-18	Appr (-)/Depr (+)	
				MoM	YoY
GHC	4.41	4.80	4.82	0.42	9.19
GMD	47.15	50.04	49.68	-0.73	5.37
GNF	9,006.36	9,049.84	9,084.80	0.39	0.87
LRD	125.50	157.89	157.56	-0.21	25.54
NGN	305.55	306.30	306.50	0.07	0.31
SLL	7,536.96	8,379.38	8,396.05	0.20	11.40

Sources: Central Banks of Liberia and WAMA: www.amao-wama.org/

LRD—Liberian Dollar
 GHC—Ghanaian Cedi
 GMD—Gambian Dalasi
 GNF—Guinean Franc
 NGN—Nigerian Naira
 SLL—Sierra Leonean Leone
 USD—US Dollar

Table 5 cont'd

	Sep- 18	Oct- 18	Nov- 18	Dec- 18
EXTERNAL SECTOR	<i>(In units as may be specified)</i>			
External Trade (Volume)	(Metric Tons)			
- Rubber	2,801	2,822	2,462	4,232.1
-Iron Ore	195,867	na	na	na
-Commercial Rice	142,786	291,925	289,892	374,734±
-Non-commercial Rice	977	480	34	113±
- Petroleum Products	9,759	8,464	10,620	3698
- Cocoa Beans	0.0	965	2,145	3,075
- Palm Oil	554	4,748	2,937	747

GLOBAL PRICE	<i>(In units as may be specified)</i>			
Iron ore (US\$/MT)	68.4	73.4	73.3	69.2
Rubber (US\$/MT)	1,440.0	1,430.0	1,350	1,440.0
Rice (US\$/MT)	402.0	409.0	401.0	404.0
Crude oil (US\$/BBL)	75.4	76.7	62.3	54.0
Palm oil (US\$/MT)	523.6	590.3	539.1 [†]	535.0
Gold	1,198.4	1,215.4	1,220.7	1,250.4

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

* US\$ converted to L\$

** Other Deposits Include Official and Manager Checks

***The Minimum Capital Adequacy Ratio is 10%

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

^With liquidity Effect

‡Reserves exclude ECF borrowing from the IMF

± Provisional, Preliminary, Estimate; † Revised; ‡Not Available (NA)

INTRODUCTION

The Monthly Economic Review (MER) is a regular publication by the Central Bank of Liberia (CBL) that provides a snapshot of major developments in the four key sectors (Real, Monetary, External and Fiscal sectors) of the economy and the Monetary Policy Stance of the CBL.

OVERVIEW

Data on the production of key commodities in the economy in December 2018 showed growths in outputs compared with the levels of production in the previous month. Except diamond, outputs of all other commodities surged in the review month. Headline inflation at the end of the month increased modestly due to increases in inflation subgroups including food and non-alcoholic beverages as well as restaurant and hotels.

In the monetary and financial sector broad money (M2) declined during the month compared with the stock reported in the previous month mainly due to fall in demand deposits. Disaggregation of commercial banks' loans to the private sector by currency disclosed a fall in the stock of loans in United States dollar, while there was an increase in the Liberian dollar stock. Performance in the banking industry in the review month was strong, evidenced by rising trends in key financial soundness indicators.

In the fiscal sector, preliminary statistics on revenue and expenditure indicated that the Government of Liberia's fiscal operations recorded a deficit associated with a sharp decline in actual revenue. Government's Treasury bills issued in the month resulted into a net withdrawal of Liberian dollar liquidity from the banking system.

On the external front, increases were recorded in both export earnings and import payments during the month. Export rose mainly on the back of increase in receipts from gold exports, while payments for imports rose significantly due to an increase in payments for food and live animals. The growth in imports payments outweighed the rise in exports earnings and resulted to a deterioration in merchandise trade deficit. Gross foreign reserves position rose slightly during the month, but the strong growth in import payments led to a decline in the months of imports cover to 2.9 months. Both the average and the end-of-period exchange rates depreciated during the month.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

Data on production of key commodities revealed that, generally, there were growths in outputs in December 2018 compared with the previous month. The production of iron ore, rubber, cement, gold and beverages recorded strong growths, while the output of diamond fell.

Iron ore production increased to an estimated 409,699 metric tons, from 387,839 metric tons reported at end-November 2018. The 5.6 percent surge in iron ore production was due to increased mining activity in the month. Rubber production rose by 1.7 percent to 4,232 metric tons, from 4,161 metric tons reported for the preceding month, occasioned by rise in global price of the commodity. Cement output surged by 21.8 percent to 30,735 metric tons, from the level of production in the previous month due to an increase in construction activity. The production of beverages rose to 1.8 million liters in the month due a rise in demand associated with the festive season. Gold output also surged by 57.2 percent to 21,159 ounces compared with output of the previous month. However, the production of diamond recorded a significant drop during the month to 1,630 carats compared with the volume produced in the preceding month, most likely, on account of diamond shipment certification delay resulting from the Kimberley Process. Note that diamond is only produced for exports, so data on exports of diamond is captured by the CBL as diamond production data to avoid the difficulty in getting production data for the commodity.

Consumer Prices

Year-on-year rate of inflation at end-December 2018 increased by 1.4 percentage points to 28.5 percent, from 27.1 percent recorded at end-November 2018. The increase in inflation during the review month was explained by hikes in prices of food and non-alcoholic beverages as well as restaurant and hotels sub-group.

The monthly rate of inflation rose by 0.4 percentage point to 2.4 percent, from 2.0 percent reported in the preceding month due to increase in food, especially domestic food subgroup.

Rice

The global price of rice reported at end-December 2018 increased by 0.7 percent to US\$404.0 per metric ton, occasioned mainly by reduced supply of the commodity.

Palm oil

Palm oil price dropped to US\$535.0 per metric ton in December 2018 compared with the price in the previous month. The 0.8 percent fall was driven by excess supply stemming from growing inventory of the commodity in major exporting countries.

Gold

Global price of gold at end-December 2018 went up by 2.4 percent to US\$1,250.4 per ounce due partly to expected increase in the demand for the commodity.

Table 5: External Sector Statistics

	Sep- 18	Oct- 18	Nov- 18	Dec- 18
EXTERNAL SECTOR	<i>(In units as may be specified)</i>			
External Trade (Value)	(Millions of US\$)			
Exports/1	37.6	27.4	23.6	32.7
- O/w Iron Ore	6.6	na	na	na
- O/w Rubber	3.7	3.7	5.3	5.0
- O/w Mineral	19.1	20.5	16.0	21.2
-o/w Cocoa Bean	0.0	0.4	0.3	0.8
-o/w Palm Oil	0.2	1.7	1.5	0.4
Imports (F.O.B)/1	84.3	82.4	75.2	117.1
Minerals, Fuel, Lubricants	17.2	13.0	13.8	9.5
-O/w Petroleum Products	13.7	11.1	11.4	7.4
Food and Live Animals (including Animal and vegetable oil)	18.3	16.5	16.7	41.3
-O/w Commercial Rice	0.5	1.5	1.5	27.7
-O/w Non-commercial Rice	0.8	0.4	0.03	0.1
Machinery & Transport Equipment	18.2	19.6	20.0	18.0
Import (C.I.F)	93.0	90.0	82.2	128.9
Trade Balance	-46.7	-55.0	-51.6	-84.4

Source: AML, FSL, LRA (ASYCUDA), MILME

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

imports from the Europe area and Cote d'Ivoire made up the largest share of imports from the ECOWAS.

Exports

Earnings from merchandise exports during the month showed a 38.6 percent increase to US\$32.7 million, from US\$23.6 million reported at end-November 2018. The rise in export earnings during the month was occasioned mainly by surge in receipts from minerals exports that constituted 64.8 percent of total earnings.

Earnings from trade with Europe during the month constituted 64.8 percent of total export earnings with Switzerland being the leading destination of exports and accounted for 96.1 percent of earnings from that region.

Gross Foreign Reserves (Including SDRs Holdings plus Reserve Tranche)

The gross foreign reserves at end-December 2018 slightly grew by 0.1 percent, from the amount recorded in the previous month. The rise in payments for imports outweighed the increase in gross external reserves thus resulted to an estimated 2.9 months of import cover.

GLOBAL COMMODITY PRICE DEVELOPMENT

Iron ore

The international price of iron ore declined by 5.6 percent to US\$769.2 per metric ton, from the price recorded at end-November 2018. The US\$4.1 decline in the price per metric ton of iron ore was occasioned by continued weak demand from major steel producers.

Rubber

At end-December 2018, the international price of rubber rose by 6.7 percent to US\$1,440.0 per metric ton compared with the preceding month due to an unexpected uptick in demand for the commodity by key tyre producing companies.

Crude oil price

Crude oil price at end of the reporting month stood at US\$54.0 per barrel, falling by 13.3 percent from the previous month on the back of rising supply of the commodity occasioned by faster-than-expected growth in shale oil production.

Table 1: Production and Price Statistics

	Sep- 18	Oct- 18	Nov- 18	Dec- 18
REAL SECTOR DATA	<i>(In units as may be specified)</i>			
Production	<i>(In Metric tons, carat and Ounces)</i>			
Iron Ore† (Metric ton)	343,571±	428,603±	387,839±	409,699±
Gold (Ounces)	19,393	18,867	13,458	21,159
Diamond (Carat)	2,535	4,979	7,195	1,630
Rubber (Metric ton)	2,801	2,822	4,161	4,232
Cement (Metric ton)	17,487	25,610	25,234	30,735
Beverages	<i>(In Liters)</i>			
Alcoholic	57,242	975,809	942,043†	1,129,483
Non-Alcoholic	468,968	967,002	746,343	643,056
Total Beverages Production	526,210	1,942,811	1,688,385	1,772,539
Inflation	<i>(In percent)</i>			
Overall (Year-on-year) Rate of Inflation	26.3	26.6	27.1	28.5
a. Food and Non-alcoholic Beverages Inflation	25.2	24.2	24.9	30.5
- Domestic Food Inflation	24.8	25.1	28.3	35.9
- Imported Food Inflation	25.2	23.4	22.7	26.8
b. Transport Inflation	43.0	38.9	41.9	35.1
c. Imported Fuels Inflation	51.6	45.6	52.7	39.2
Overall (Month-on-Month) Rate of Inflation	1.4	0.7	2.0	2.4
Core Inflation	<i>(In percent)</i>			
Inflation excluding Food & Non-alcoholic Beverages	26.9	27.9	28.3	27.5
Inflation excluding Imported Food	26.6	27.4	28.3	29.0
Inflation excluding Domestic Food	27.0	27.3	27.2	27.8
Inflation excluding Food and Transport	24.5	26.2	26.1	26.2

Source: AML, MLME, FSL CEMENCO, LCCBC, RITCO, NICOM, CEMENCO, CBL & LISGIS

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy stance of the CBL remained focused on price stability through broad exchange rate stability. During the month of December 2018, the available policy instruments used by the Bank to carry out its monetary policy operations were the foreign exchange auction, and the reserve requirement for commercial banks.

Monetary Aggregates

At end-December 2018, broad money supply (M2) fell by 2.9 percent to L\$106,419.7 million, from the stock recorded at end-November 2018. The fall in M2 was mainly on account of 7.0 percent decrease in demand deposits. Year-on-year comparison showed that M2 grew by 33.0 percent due to expansions in demand, savings and term deposits.

Net domestic assets (NDA) inched up during the month by 0.3 percent to L\$85,430.8 million on account of an increase in credits to private sector including credit to other financial corporations (OFCs) by 1.0 percent. In contrast, net foreign assets (NFA) reduced during the month by 13.8 percent on account of falls in foreign assets of both the Central Bank and commercial banks. The NFA of CBL declined by 21.9 percent, occasioned by reduction in the CBL's placement abroad. NDAs and NFAs both expanded, year-on-year by 34.7 percent and 26.7 percent, respectively.

During the month, the United States (US) dollar components of commercial banks' credits to private sector fell by 0.3 percent to US\$411.1 million during the month compared with the previous month. The fall in the US dollar component resulted from a reduction in credits to the extractive, construction, manufacturing and agriculture sectors. On the other hand, the Liberian dollar components of commercial banks' credits to private sector inched up to L\$5,996.3 million compared with the previous month. The 15.7 percent growth in the Liberian dollar component of loans was due to increases in loans extended to construction, services and oil & gas sectors.

EXCHANGE RATE DEVELOPMENTS

The average and end-of-period (EOP) Liberian-dollar exchange rates relative to the US dollar appreciated in December 2018 compared with previous month. The average exchange rate appreciated marginally by 0.2 percent to L\$157.50/US\$1.00, and the end-of-period exchange rate appreciated also slightly by 0.2 percent to L\$157.56/US\$1.00. The relative stabled behaviour of the local currency was occasioned mainly by the extensive intervention by CBL in the foreign exchange market in month.

On an annual basis, the average and EOP exchange rates depreciated by 25.6 percent and 25.5 percent, respectively. The high demand for foreign exchange to facilitate payments for imports coupled with the weak performance of the real economy are the key drivers of the annual depreciation in the exchange rate.

Table 4. Fiscal Sector Statistics

	Sep- 18	Oct- 18	Nov- 18	Dec- 18
Treasury Securities	(Millions of L\$)			
T- Bills Issued	-69.2	-77.7	-78.4	-78.6
T- Bills Redeemed	69.1	0.0	75.7	69.2
Net GoL Treasury Bills Operations^	-0.1	-77.7	-2.7	-9.4
Ave. Weighted Discount Rate_T Bills	3.34	3.17	3.83	3.56
Bond Issued (2 yrs.) amount in Billion				
T- Bond Issued	-1.1	0.0	0.0	0.0
T- Bond Settled	2.4	0.0	0.0	0.0
Net GoL Treasury Bond Operations^	1.3	0.0	0.0	0.0
Ave. Weighted Discount Rate_T Bond	16.0	0.0	0.0	0.0

Source: MFDP & CBL

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Merchandise trade performance worsen during the month ended December 2018 as a result of a sharp rise in import payments. Trade deficit deteriorated by 63.6 percent to US\$84.4 million, from a revised deficit of US\$51.6 million recorded at end-November 2018, mainly occasioned by a surge in merchandise import payments.

Imports (FOB)

Payments for merchandise imports surged by 55.7 percent in December 2018 to US\$117.1 million on account of upsurge in payments for food and live animals and manufactured goods which includes; clothing accessories, fabrics, Textile, fibres, household, office and building materials as well as other precious metals. The rise in payments for food and live animals (especially rice) was due to speculation from rice importers that the global price could surge.

Asia, Europe and Africa remained the three leading sources of imports to Liberia with imports from Asia constituting 68.0 percent of total payments during the month. China led imports from Asia, Spain accounted for a large proportion of

FISCAL DEVELOPMENTS

Revenue (including Grants) & Expenditures

Government (fiscal) operations in December 2018 resulted into a deficit of US\$12.6 million, from a revised US\$15.5 million deficit reported in November 2018. Compared with the previous month, fiscal deficit improved slightly by US\$2.9 million during the month due mainly to decline in expenditure in absolute terms compare with the reduction in revenue. Revenue (including grants) slumped by 22.2 percent at the end of the month on account of declines in tax and nontax revenue. Tax revenue accounted for 83.1 percent of total revenue & grants.

Government's expenditure fell by 21.3 percent to US\$44.1 million during the month, from US\$56.0 million revised for end-November 2018. The decline in expenditure was a result of a 20.4 percent decline in recurrent expenditure, excluding debt service. Recurrent expenditure (including debt services), during the month, made up 96.1 percent of total expenditure.

Statistics on Liberia's total public sector debt during the month showed an increase in the stock of debt by 5.3 percent US\$1,040.4 million from the stock reported in previous month. The increase in public sector debt was occasioned by a 7.3 percent growth in debt owed to external creditors. (See Table 4).

Table 4. Fiscal Sector Statistics

	18-Sep	18-Oct	18-Nov	18-Dec
	(Millions of US\$)			
Actual Revenue & Grants	37.3	49.5	40.5	31.5
Projected Revenue & Grants	42.8	36.1	40.6	47.5
Expenditure	36.7	53.8	56.0†	44.1
Net Fiscal Operations	0.6	-4.3	-15.5†	-12.6
Public Debt Stock	976.9	983.4	987.9	1,040.40
Domestic	265.5	265.3	265.3	265
External	711.4	718.1	722.6	775.4

Source: Ministry of Finance and Development Planning

With respect to exchange rates movements in the West African Monetary Zone, WAMZ, in December compared with the preceding month, the Gambian dalasi and the Liberian dollar appreciated by 0.73 percent and 0.21 percent, respectively, while the Ghanaian cedi, the Guinean Franc, the Sierra Leonean Leone and the Nigerian naira depreciated by 0.42 percent, 0.39 percent, 0.20 percent and 0.07 percent, respectively. Annual comparison showed that all currencies in the Zone depreciated relative to the United States dollar (See Table 6).

FINANCIAL MARKET DEVELOPMENTS

The CBL, on behalf of the Government of Liberia (GoL), issued L\$78.6 million in T-bills in December 2018 and redeemed L\$69.2 million that resulted to a net withdrawal of L\$9.4 million from the banking system. The weighted average discount rate on T-bills issued during the month was 3.6 percent, 0.3 percentage point lower than the rate recorded at end-November 2018 (See Table 4).

Table 2: Monetary Aggregates

	Sep- 18	Oct- 18	Nov- 18	Dec- 18
Monetary	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs)‡	135.6	158.5	162.1	162.7
CBL Gross Foreign Reserves (including SDRs)	383.7	406.6	410.2	410.8
Liberian Dollars in Circulation	17,154.7	17,536.1	18,889.6	19,302.5
Money Supply (M1) in L\$ only	23,767.7	24,199.9	25,649.8	26,571.2
Broad money (M2) in L\$ only	32,796.9	32,793.4	33,848.6	34,873.3
Broad money (M2) in both L\$ and US\$*	104,191.6	104,074.0	109,550.0	106,419.7
Net Foreign Assets (NFA)	18,571.4	23,219.0	24,335.0	20,988.9
Net Domestic Assets (NDA)	85,620.2	80,855.0	85,215.0	85,430.8

Source: Central Bank of Liberia

Table 2: Monetary Aggregates

	Sep- 18	Oct- 18	Nov- 18	Dec- 18
Monetary	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	31.5	31.5	30.9	32.8
Interest Rates				
- Lending rate	12.4	12.4	12.44	12.4
-Average Deposit rates				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	423.6	411.2	412.4	411.1
Commercial banks loans to private sector - L\$	4,913.4	5,140.7	5,184.0	5,996.3
Demand Deposits of commercial banks				
Demand deposits - US\$	294.5	284.4	312.1	284.7
Demand deposits - L\$	8,258.0	7,961.6	7,978.0	8,421.1
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	166.5	166.1	167.3	169.0
Time & savings deposits - L\$	8,605.6	8,537.4	8,144.1	8,229.3
Other Deposits**				
Actual US\$ component of other deposits	0.4	3.2	0.1	0.6
Liberian \$ component of other deposits	423.6	56.1	54.7	72.7
CBL's Foreign Exchange Auction	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	0.4	3.5	3.4±	10.0
Total Subscription	0.5	4.4	4.1±	10.0
Over (+)- / Under (-) Subscription	0.1	0.9	0.7±	0.0
CBL Bills Auction	<i>(Millions of L\$)</i>			
Bill Issued	0.0	0.0	0.0	0.0
Bill Redeemed	0.0	0.0	0.0	0.0
Net Withdrawal	0.0	0.0	0.0	0.0
Personal Remittances	<i>(Millions of US\$)</i>			
Inflows	26.8	28.2	25.5	28.1
Outflows	21.2	38.0	56.5	21.9
Net flows	5.6	-9.8	-31.0	6.2
Exchange Rate	<i>(USD/LD)</i>			
End of Period	155.5	157.13	157.88	157.6
Period Average	154.7	156.69	157.79	157.5

Source: Central Bank of Liberia

BANKING SECTOR DEVELOPMENTS

Statistics on financial soundness indicators showed that the banking sector's performance was strong at end-December 2018. Even though both capital adequacy ratio (CAR) and Liquidity ratio (LR) declined, they remained far above their minimum requirements. CAR declined slightly by 1.8 percentage points to 25.8 percent but remained far above the minimum regulatory requirement of 10.0 percent. In the same way, LR declined slightly to 39.5 percent, but remained well above the minimum requirement of 15 percent.

Total (gross) loans increased during the month, while non-performing loans (NPLs) decreased. Total loans rose by 1.3 percent to L\$71.3 billion and NPL fell by 12.1 percent compared with the previous month.

Both return on assets (ROA) and return of equity (ROE) inched up during the review month. ROA rose marginally to 1.3 percent, and ROE grew to 7.2 percent. (See Table 3).

Table 3: Selected Financial Soundness Indicators, FSIs

	Sep- 18	Oct- 18	Nov- 18	Dec- 18
Financial Soundness Indicators (FSI)	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	27.6	27.6	27.6	25.8
Non-performing Loans to Total Gross Loans (ratio)	14.2	13.8	14.6	13.8
Total Gross Loans (In Billion L\$)	70.6	69.6	70.4	71.3
Non-performing Loans (% change)	(9.0)	(4.4)	7.6	(4.5)
Returns on Assets (ROA)	1.0	1.1	1.1	1.3
Returns on Equity (ROE)	6.3	6.4	6.8	7.2
Liquidity Ratio****	39.0	40.8	40.1	39.5

Source: Central Bank of Liberia