

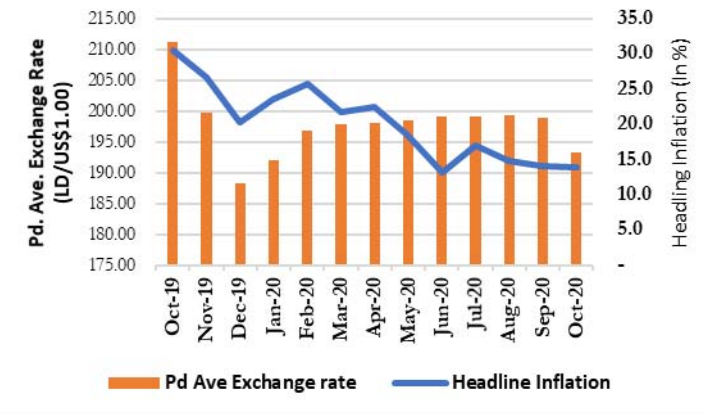


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Palm oil

Palm oil price rose by 2.9 percent to US\$819.3 per metric ton compared to the preceding month. The increase in the price of palm oil was underpinned by an increasing global demand for the commodity coupled with decline in inventory. Year-on-year comparison of the price of palm oil reflected 38.5 percent rise, from US\$519.4 per metric ton in September 2019.

Cocoa beans

The price of cocoa beans fell during the month following two consecutive increases in the preceding months. Cocoa price fell by 6.9 percent to US\$2,290.0 per metric ton compared with price in the preceding month, due to expectation of growth in supply of cocoa from West Africa. Similarly, annual comparison of the price of cocoa beans showed 6.2 percent decline, from US\$2,440.00 per metric ton recorded in October 2020.

Table 8: Global Commodity Prices

GLOBAL PRICE	Oct - 19	Aug - 20	Sep - 20	Oct - 20	Percent Change	
					MoM	YoY.
(In price per Unit of Measure)						
Iron ore (US\$/MT)	88.53	121.07	123.75	119.78	(3.21)	35.30
Gold (US\$/Oz)	1,494.81	1,968.63	1,921.92	1,900.27	(1.13)	27.12
Rubber (US\$/MT)	1,430.00	1,700.00	1,860.00	2,190.00	17.74	53.15
Cocoa Beans (US\$/MT)	2,440.00	2,350.00	2,460.00	2,290.00	(6.91)	(6.15)
Palm oil (US\$/MT)	591.35	760.30	796.22	819.27	2.89	38.54
Crude oil (US\$/BBL)	57.27	43.44	40.60	39.90	(1.72)	(30.33)
Food Price Index (FAO)	95.20	95.80	97.90	101.00	3.17	6.09
Rice_5% broken (US\$/MT)	424.00	505.00	507.00	471.00	(7.10)	11.08
Sugar (US\$/MT)	280.00	290.00	280.00	300.00	7.14	7.14
Commodity Price Index	113.02	108.93[†]	108.41	110.72	2.13	(2.04)

Source : www.indexmundi.com, <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>
† - Revised

GLOBAL COMMODITY PRICE DEVELOPMENTS

Iron ore

In October 2020, global price of iron ore decreased by 3.2 percent to US\$119.8 per metric ton. The fall in the price was occasioned by increase in supply from mainly Brazil and South Africa amid weak demand from Chinese steelmakers. Compared with the price in the corresponding month of 2019, iron ore price rose by approximately 35.3 percent.

Rubber

Rubber price in October 2020 increased by 17.7 percent to US\$2,190.00 per metric ton compared to the preceding month. The upswing in rubber price was mainly due to increasing domestic tire export demand in the EU amid decline in export from major rubber exporting countries (mainly Malaysia and Japan). The price increased by 53.1 percent compared with the US\$1,430.0 per metric ton reported for October 2019.

Crude oil (Petroleum) price

The global price of petroleum fell for the second consecutive month by 1.7 percent to US\$39.9 per barrel due mainly to increase in production of the commodity contrary to OPEC decision to cut supply. The increase in production was triggered by fear of weak demand as Europe continued to tighten restrictions to curtail the spread of COVID-19. Annual comparison showed that the price of petroleum fell by 30.3 percent, from the price in October 2019.

Food Price (FAO)¹

The price of food, based on FAO food price index, increased in October 2020 by 3.2 percent, compared with the September 2020 index. The fifth consecutive rise in food price index during the month was on account of increases in the prices of vegetable oil, cereal, dairy and sugar. Food price rose by 6.1 percent compared with the price in October 2019.

Sugar

Compared to the preceding month, the price of sugar rose by 7.1 percent to US\$300.0 per metric ton, mainly driven by unfavorable weather condition that is expected to lower supply of the commodity from the largest sugar producing countries. Similarly, the price of sugar increased by the same magnitude of 7.1 percent, from US\$200.00 per metric ton in October 2019.

Rice

Rice price fell by 7.1 percent in the eighth month of 2020 to US\$471.0 per metric ton, mainly underpinned by advent of new crop harvest in part of Asia. On the contrary, annual comparison of the price of the commodity showed 11.1 percent increase, from US\$424.0 per metric ton.

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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 major developments in the Real, Monetary, Fiscal and External sectors of the Liberian economy. This publication also highlights the Monetary Policy Stance of the CBL as well as exchange rate developments in the West African Monetary Zone (WAMZ).

OVERVIEW

Production statistics of key commodities in October 2020 showed mixed outcomes. Diamond, rubber and beverage outputs fell, while iron ore, cement and gold outputs rose. Headline inflation for the month marginally fell due to decline in the prices of items relating to imported fuel inflation. Core inflation¹ similarly decreased as a result of decreases in the prices of mainly alcoholic beverages, tobacco and narcotics as well as miscellaneous goods and services.

The CBL maintained its monetary policy stance on price stability through broad exchange rate management anchored on interest-rate based instruments to manage Liberian dollar liquidity. The CBL bills and the reserve requirement were the main monetary policy instruments used to manage the exchange rate and inflation.

Movements in broad money supply (M2) was influenced by both the asset and liability categories. The fall in M2 was largely explained by decline in Net Domestic Assets (NDA). Considering the liability category, the fall in M2 was largely due to declines in time and savings deposits as well as demand deposits. Most of the banking sector indicators were generally in compliance with regulatory requirements. Return on Assets (ROA) and Return on Equity (ROE) expanded, Capital Adequacy Ratio remained stable and Liquidity Ratio declined, but remained above regulatory threshold.

Implementation of GOL's fiscal budget showed a shift in the overall balance to a deficit, from a surplus reported in the preceding month, occasioned mainly by decline in Government revenue generated during the month. The stock of public debt increased marginally due mainly to increase in external borrowing. However, domestic debt stock fell as a result of servicing of domestic claims.

Developments relating to Liberia's external trade showed improvement in the deficit of merchandise trade balance on account of significant rise in export earnings amid decline in payments for imports. Earnings from export increased by 34.1 percent occasioned by increases in receipts from exports of mainly iron ore and gold. In contrast, merchandise import payments fell largely due to decrease in payments for machinery and transport equipment.

Gross international reserves (GIR) grew during the month compared to the stock reported in September 2020 as a result of decline in payments for goods and services. Accordingly, the months of import cover remained flat at 2.4 months, reflecting a shortfall of 0.6 month below the regional threshold of 3.0 months.

The increase in inward remittances during the period was due to increased remittance from Liberians in the diaspora in preparation for the festive season. Compared with the same month in 2019, net inflows of personal remittances more than doubled, from US\$2.9 million, reflective of the cyclical response to the economic difficulty at home.

Gross International Reserves

At end-October 2020, gross international reserves (GIR) grew by 1.2 percent to US\$280.9 million, from the stock reported in September 2020. The growth in GIR during the month was boosted by decline in payments for goods and services that resulted to an estimated 2.4 months of import cover. Compared with the ECOWAS benchmark of 3.0 months, the months of import cover recorded a shortfall of 0.6 month below the regional threshold (Table 6).

EXCHANGE RATE DEVELOPMENTS

The end-of-period exchange rate (EOP) at end-October 2020, showed appreciation of the Liberia dollar against the US dollar by 9.5 percent to L\$181.45/US\$1.00. Similarly, in terms of the period average exchange rate, the Liberian dollar appreciated by 3.0 percent to L\$193.23/US\$1.00 in October 2020. Compared with the rates reported in the corresponding month a year ago, the EOP and the period average exchange rates also appreciated by 16.6 percent and 9.3 percent, respectively, largely occasioned by the CBL's monetary policy stance, the increasing net inflows of remittances and low demand for foreign exchange.

Considering the EOP exchange rate, developments in the foreign exchange market of the West African Monetary Zone (WAMZ) during the month showed that, except the Naira that remained stable at ₦379.5/US\$1.00, the other currencies in the Zone depreciated. The Sierra Leonean Leone depreciated by 1.3 percent; the Gambia Dalasi, by 0.5 percent; the Ghanaian Cedi, by 0.2 percent; followed by the Guinea Franc, by 0.1 percent. Annual comparison showed that, except the Liberian dollar that appreciated, all the currencies in the zone depreciated with the Naira recording the highest depreciation by 19.2 percent (Table 7).

Table 7: Exchange Rates: WAMZ Countries End-of-Period Exchange Rates against the US Dollar

Rate & Currency	Oct - 19	Aug - 20	Sep - 20	Oct - 20	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	211.50	199.33	198.61	181.45	9.46	16.56
Period Average	211.14	199.25	199.01	193.23	2.99	9.27
WAMZ Currency	Currency per USD				Percent change	
GHC	5.34	5.68	5.70	5.71	(0.18)	(6.48)
GMD	50.27	50.46	51.43	51.69	(0.50)	(2.75)
GNF	9,200.15	9,621.20	9,750.84	9,755.59	(0.05)	(5.69)
NGN	306.5	379.5	379.5	379.5	0.0	(19.24)
SLL	9,609.36	9,800.01	9,828.24	9,962.20	(1.34)	(3.54)

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

Trade Statistics	Oct - 19	Aug - 20	Sep - 20	Oct - 20
Other Indicators				
Import (FOB)	53.96	103.27	106.40	99.27
Gross International Reserves (GIR) ²	268.73	260.47	277.62	280.89
Import covers (In Month)	2.4	2.3	2.4	2.4
Direction of Trade (DOT)	(Millions of USD)			
Destination of Export	36.6	46.19	43.00	57.64
o/w Switzerland	7.40	21.10	13.50	18.70
o/w France	5.30	7.62	8.97	11.10
o/w United Kingdom	0.00	4.00	0.00	5.20
o/w Germany	3.80	6.00	4.70	8.70
Sources of Import	53.96	103.27	106.40	99.27
o/w China	11.44	14.47	30.96	24.12
o/w India	5.32	36.46	19.76	18.31
o/w Cote d'Ivoire	9.30	9.10	0.91	17.81
o/w United States	3.38	3.99	8.99	4.59

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

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

/2 (GIR) is the sum of net foreign liquid asset plus SDR and Reserve tranche less liabilities to CoBs and GoL.

/1* As of July 2020, import payments will be reported on CIF basis, while Sources of Import will be on FOB basis

† - Revised

Direction of Trade

In the month of October 2020, four countries were the main destination of Liberia's exports including Switzerland, Germany, France and United Kingdom. Exports to Switzerland mainly gold increased by 38.5 percent. Exports to Germany, largely iron ore, also rose by more than 80.0 percent. Similarly, iron ore exports to France increased by 23.3 percent, while earnings from the United Kingdom (mainly from iron ore) amounted to US\$5.2 million.

China, India, Cote D'Ivoire, United States (US), and Turkey were the top five (5) sources of merchandise imports to Liberia. Imports from China constituted 24.3 percent of total payments predominantly on machinery, equipment and appliances. Compared with the preceding month, payments to China in October 2020 declined by 22.1 percent to US\$24.1 million, from US\$31.0 million. Payments to India mainly for the purchase of rice as well as household and office equipment fell by 7.3 percent to US\$18.3 million, from US\$19.8 million. Payments to the US and Turkey also declined by US\$4.4 million and US\$3.0 million, respectively. On the other hand, payments to Cote d'Ivoire rose by US\$16.9 million to US\$17.8 million for the purchase of mainly petroleum products.

Remittances

The net inflows of personal remittances recorded in October 2020 amounted to US\$23.0 million (0.8 percent of GDP), from US\$13.6 million (0.4 percent of GDP) recorded in the previous month. The rise in net inflows was explained by decline in outward remittances compared with the increase in inward remittances. Outward remittances fell by 32.8 percent to US\$6.9 million, while inward remittances increased by 25.5 percent to US\$29.9 million, from the previous month.

During the review month, the rise in net inflow of personal remittances was explained by decline in outward remittances compared with the increase in inward remittances. Outward remittances decreased by about 32.8 percent to US\$6.9 million, while inward remittances increased by 25.5 percent to US\$29.9 million, from the previous amounts. The increase in inward remittances during the month was due to increased inflows of workers remittances to augment domestic household spending in anticipation of the festive season. Compared with the same month in 2019, net inflows of personal remittances more than doubled.

Analysis of the end of period and period average exchange rates showed that the Liberia dollar appreciated against the US dollar compared with the rates reported for September 2020.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

Production statistics of key commodities for October 2020 showed mixed results. Gold output increased by 51.2 percent from 8,805 ounces to 13,317.0 ounces in the month due to favorable mining conditions. Iron ore production also increased by 20.0 percent to 360,000.0 metric tons mainly induced by favorable weather condition. Similarly, cement production rose by 22.6 percent to 39,081 metric tons at end-October 2020, from 31,872 metric tons recorded in the preceding month largely due to increased construction works. conversely, output of rubber fell by 11.2 percent to 4,853.0 metric tons, from 5,463.0 metric tons in the previous month due to low harvest from small-holder farms. Beverages production also fell by 19.8 percent on account of inventory accumulation. Similarly, output of diamond declined by 52.9 percent to 4,830 carats compared with the 10,251.0 carats produced in September 2020. Compared with the same month in 2019, outputs of all the commodities increased.

Consumer Prices

Inflationary pressure further eased in the review period due to several factors including the tight policy stance of the CBL, weak demand and low price of oil. Headline inflation for the month marginally declined by 0.1 percentage point to 13.9 percent in October 2020, from 14.0 percent in the preceding month, due largely to decrease in the prices of items relating to imported fuel, other non-food and non-alcoholic beverages. Similarly, core inflation¹ declined by 0.9 percentage point to 13.6 percent in the month, from 14.5 percent in September 2020. The decrease in core inflation was explained by decreases in the prices of mainly alcoholic beverages, tobacco and narcotics, miscellaneous goods and services as well as recreation and culture. Similar in the case of headline inflation, month-on-month rate of inflation fell by 0.1 percentage point, from 0.4 percent in September 2020, due largely to decrease in the prices of items related to the sub-groups including alcoholic beverages, tobacco and narcotics, furnishings, household equipment and routine household maintenance as well as transport (Table 1).

Table 1: Production and Price Statistics

Production	Oct - 19	Aug - 20	Sep - 20	Oct - 20
	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	318,155	310,000	300,000	360,000
Gold (Ounces)	8,136	11,207	8,805	13,317
Diamond (Carat)	4,783	1,381	10,251	4,830
Rubber (Metric ton)	4,453	2,514	5,463	4,853
Cement (Metric ton)	22,338	34,102	31,872	39,081
Beverages	(In Liters)			
Alcoholic	763,739	1,383,093	1,170,067	1,073,931
Non-Alcoholic	159,144	108,702	41,976	122,578
Total Beverage Production	922,883	1,491,795	1,212,043	1,196,509
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	30.55	14.77	14.03	13.85
a. Food and Non-alcoholic Beverages inflt'n	32.38	16.25	14.09	14.85
-Domestic Food Inflation	32.53	23.80	17.79	18.69
-Imported Food Inflation	31.38	10.52	11.48	11.93
b. Transport Inflation	32.51	11.70	10.33	11.06
c. Imported Fuels Inflation	29.28	(8.38)	(8.38)	(9.68)
Overall (M-o-M) Rate of Inflation	0.43	1.27	0.39	0.27
Core Inflation	(Millions USD, except otherwise specified)			
Inflation less Food & Non-alcoholic Beverages	29.56	13.99	14.00	13.33
Inflation less Imported Food	30.08	15.83	14.70	14.31
Inflation less Domestic Food	23.44	14.87	14.48	14.04
Inflation less Food and Transport	29.13	14.29	14.48	13.62
	(Millions USD, except otherwise specified)			
Nominal GDP_Annual	3,176.06	3,066.80 †	3,066.80 †	3,066.80 †
Real GDP_Annual	3,182.06	3,086.93 †	3,086.93 †	3,086.93 †
Real GDP_growth rate (in percent)	(2.5)	(3.0) †	(3.0) †	(3.0)

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, CEMENCO, CBL & LISGIS; IMF & Liberian Authorities; Liberia Mini Model

† Revised

MONETARY DEVELOPMENTS

Monetary Policy Stance

The CBL maintained its tight monetary policy stance for price stability through broad exchange rate management. The CBL's monetary policy measure was anchored on interest-rate based instruments to manage Liberian dollar liquidity. During the month, the Bank maintained its policy rate at 25.0 percent for the issuance of the CBL bills at different tenors (two weeks, one month and three months).

Monetary Aggregates

At end-October 2020, broad money supply (M2) fell slightly by 2.9 percent to L\$132,214.2 million, from L\$136,198.9 million recorded at end-September 2020. The fall in M2 was occasioned by 9.1 percent and 1.2 percent declines in time and savings deposits as well as demand deposits, respectively. The decline in M2, considering the asset category, was largely influenced by Net Domestic Assets (NDA) which declined by 5.0 percent emanating from 12.8 percent fall in net credit to private sector. Net Foreign Assets (NFA), in contrast, rose by 17.5 percent from 0.4 percent recorded at end-September 2020. During the month, the stock of commercial banks' loans to

earnings. Earnings from export increased by 34.1 percent to US\$57.6 million (1.8 percent of GDP), from US\$43.0 million (1.4 percent of GDP) recorded in September 2020, occasioned mainly by increases in receipts from exports of iron ore and gold. Receipts from iron ore export rose by 53.1 percent to US\$28.7 million, from US\$18.7 million recorded in the preceding month due to increased volume. Similarly, receipts from gold exports rose by 40.3 percent to US\$19.9 million, on account of increased external demand for the commodity.

Merchandise import payments for the month of October declined to US\$110.4 million (3.6 percent of GDP), from US\$118.4 million (3.9 percent of GDP) produced in September 2020. The fall in payments was largely driven by decrease in payments for machinery and transport equipment after a noticeable rise in the previous month. Payments for machinery and transport equipment fell by US\$22.4 million to US\$20.1 million, from US\$42.5 million.

Table 6: External Sector Statistics

Trade Statistics	Oct - 19	Aug - 20	Sep - 20	Oct - 20
External Trade (Value)	(Millions of USD)			
Exports^{1/}	36.56	46.19	43.00	57.64
o/w Iron Ore	18.61	17.51	18.77	28.73
o/w Rubber	5.59	2.49	5.59	5.72
o/w Gold	8.88	15.05	14.16	19.87
o/w Diamond	0.84	0.68	1.79	0.63
o/w Cocoa Bean	0.46	0.00	0.21	0.41
o/w Palm Oil	1.63	0.03	0.41	1.84
o/w Other Export commodities	0.56	1.65	2.08	0.44
Imports (CIF)^{1/2}	60.40	114.98	118.40	110.35
Minerals, Fuel, Lubricants	12.35	10.08	5.07	20.48
o/w Petroleum Products	9.21	8.97	0.58	17.55
Food and Live Animals (incdg Animal and veg. oil)	14.46	50.15	32.92	37.00
o/w Rice	1.13	36.75	14.76	24.31
Machinery & Transport Equipment	12.19	27.49	42.52	20.14
Manufactured goods classified by materials	9.86	11.18	15.65	13.96
Trade Balance	11.55	16.08	22.25	18.76
External Trade (Volume)	(In Units as Specified)			
Rubber (MT)	4,451.58	2,514.28	5,462.60	4,851.58
Iron Ore (MT)	412,671.85	346,084.07	350,994.49	398,658.62
Petroleum Products (MT)	653.47	0.00	1,225.00	2,425.00
Rice (MT)	1,729.01	35.26	375.79	1,384.26
Cocoa Beans (MT)	8,126.06	16,657.86	8,804.83	13,316.89
Palm Oil (MT)	4,782.98	1,380.94	10,250.71	4,829.78
Gold (Oz)	4,882.11	3,474.05	2,840.83	8,766.50
Diamond (Crt)	1,580.47	27,898.76	27,896.04	52,067.80
Personal Remittances	(Millions of USD)			
Inflows	24.73	26.28	23.81	29.89
Outflows	21.84	7.91	10.20	6.86
Net flows	2.89	18.37	13.61	23.03

amounted to US\$44.6 million (1.5 percent of GDP), declining by 6.1 percent compared to the amount recorded in the preceding month. The downswing was precipitated by 84.7 percent decrease in other revenue (including grants) to US\$2.2 million (0.1 percent of GDP). Total Government expenditure rose by 12.1 percent to US\$45.7 million (1.5 percent of GDP), largely explained by rise in current expenditure. Current expenditure rose by 18.2 percent to US\$41.7 million (1.4 percent of GDP) due to increases in spending on employees' compensation as well as goods and services.

The total stock of public debt stood at 51.7 percent of GDP, increasing marginally by 0.3 percentage point from 51.4 percent of GDP reported in the preceding month. The rise in the stock of public debt was driven by increase in external borrowing, particularly, sourced from multilateral institutions and bilateral institutions. On the contrary, domestic debt stock fell to US\$643.4 million (21.0 percent of GDP) due to payment of domestic claims.

Table 5. Fiscal Sector Statistics

Fiscal Operations	Oct-19	Aug-20 [†]	Sep-20 [†]	Oct-20
	(Millions of USD)			
Government Revenue	32.40	46.32	47.5	44.64
Tax Revenue	27.54	36.38	28.24	37.06
O/W Taxes on Income & Profits	11.90	17.29	9.90	16.67
O/W Taxes on International Trade	13.03	15.28	14.39	16.40
Non-tax Revenue (excluding grants)	4.86	9.94	4.88	5.37
O/W Property Income	3.25	8.89	3.64	3.88
O/W Administrative Fees and Fines	1.61	1.04	1.23	1.48
Other tax Revenue (including grant)	0.00	0.00	14.44	2.21
Government Expenditure by Codes	45.08	26.82	40.78	45.71
Current Expenditure	40.38	23.68	35.25	41.65
Capital Expenditure	0.00	0.06	0.00	0.38
Loans, interest and other Payments	4.70	3.08	5.53	3.68
Overall Balance	(12.68)	19.50	6.79	(1.07)
Public Sector Debt	1,248.43	1,529.02	1,574.84	1,584.96
Domestic	421.20	606.87	649.20	643.39
Financial Sector	368.10	543.39	586.94	584.90
Other Sector	53.10	63.48	62.26	58.49
External	827.23	922.15	925.64	941.58
Multilateral	714.17	808.17	812.67	828.33
Bilateral	113.06	113.98	112.97	113.25

Source: CBL's calculation using MFDP's data: Revenue Department, Expenditure Department and Debt Management Unit, MFDP
[†] - revised for revenue data

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

For the month of October 2020, preliminary statistics on Liberia's external trade showed an improved merchandise trade deficit to US\$52.7 million (1.7 percent of GDP) from US\$75.4 million (2.5 percent of GDP) recorded in September 2020. The narrowing of the trade deficit was attributed to a notable rise in exports

private sector denominated in United States dollar fell by 14.7 percent, explained by decline in loans extended mainly to the personal, trade, agriculture and services sectors. In contrast, the share of commercial banks' loans denominated in Liberian dollar increased by 0.3 percent to L\$6,586.8 million mainly due to growth in personal and loans extended to manufacturing and extractive sectors of the economy. Compared with the same month a year ago, commercial banks loans denominated in both Liberian and US dollars fell by 20.0 percent and 6.0 percent, respectively largely explained by slowdown in economic activity.

At end-September 2020, all deposits converted to Liberian dollar amounted to L\$110,511.0 million (19.9 percent of GDP), reflecting 0.9 percentage point fall compared with the revised 18.9 percent of GDP reported in the preceding month (Table 2).

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	Oct - 19	Aug - 20	Sep - 20	Oct - 20
	(In Millions)			
Liberian Dollars in Circulation - (LD)	20,745.85	21,676.54	22,096.30	22,410.08
Money Supply (M1) in LD only	30,097.06	29,345.47	31,020.46	32,245.73
Broad money (M2) in LD only	38,719.14	36,657.80	38,462.34	40,516.75
M2 (in both LD & USD) Converted to LD	123,940.06	132,899.97	136,198.91	132,214.24
Net Foreign Assets (NFA) – LD	9,587.97	12,306.34	12,350.39	14,513.65
Net Domestic Assets (NDA) – LD	114,352.08	120,593.63	123,848.52	117,700.58
Loans to Private Sector				
Commercial banks loans to private sector- US	390.89	380.08	430.73	367.43
Commercial banks loans to private sector - LD	8,234.53	6,439.34	6,564.46	6,586.75
Demand Deposits of commercial banks				
Demand deposits - USD	233.97	288.49	290.12	311.28
Demand deposits - LD	9,978.59	9,209.84	10,192.93	10,542.53
Time & savings deposits - USD	167.38	192.59	200.27	192.87
Time & savings deposits - LD	8,563.57	7,160.64	7,378.43	7,912.64
Other Deposits**				
Actual US\$ component of other deposits	1.59	1.75	1.72	1.64
Liberian \$ component of other deposits	58.51	151.69	63.45	358.38
Total Deposits (USD & LD) converted to LD ¹	103,821.58	112,764.35	115,371.38	110,511.04
Liberian Dollar share of Broad Money	31.24	27.58	28.24	30.64

Source: CBL

[‡] - Reserves excluding ECF borrowing from the IMF; ** - Other Deposits Including Official and Manager Checks;
¹ - The total deposits (US and Liberian dollars) of commercial banks expressed entirely in Liberian dollars.

FINANCIAL MARKET (FM) DEVELOPMENTS

During the month, the Financial Markets Department took to create public awareness on the sale of CBL bills. However, the issuance of CBL bills declined by 28.2 percent to L\$3,027.4 million in October, from L\$4,217.7 million recorded in the previous month. Statistics showed that the CBL bills were issued at an effective annual rate (EAR) of 25.0 percent. Similarly, total redemption of CBL bills on EAR amounted to L\$3,005.1 million, reflecting a net contraction of 30.8 percent, from L\$4,342.1 million in September 2020. During the month, the Government redeemed the amount of L\$188.61 million as coupon payment on the 2-years GOL bond.

Table 3. Financial Market and Interest Rates Statistics

Market Instruments	Oct - 19	Aug - 20	Sep - 20	Oct - 20
CBL (indexed) Bills	(Millions of LD)			
Bills Purchased on 7% coupon basis	90.00	0.00	0.00	0.00
Redemption on 7% basis	170.00	0.00	401.20	0.00
Bills outstanding on 7% coupon basis	1,504.35	401.21	0.01	0.01
Coupon rate (%)	7.00	7.00	7.00	7.00
Bills Purchased on EAR basis	na	3,800.60	4,217.71	3,027.36
Redemption on EAR basis	na	3,203.50	3,940.88	3,005.09
Bills Outstanding on EAR basis	na	4,909.70	5,186.53	5,208.80
Effective Annual Rate (EAR) (%)	0.00	25.00	25.00	25.00
Total Bills purchased (7% and 30% EAR)	90.00	3,800.60	4,217.71	3,027.36
Total Redemption (7% and 30% EAR)	170.00	3,203.50	4,342.08	3,005.09
Total Bill Outstanding (7% and EAR)	1,504.35	5,310.91	5,186.54	5,208.81
CBL Foreign Exchange (Fx) Auction[†]	(Millions of USD)			
US Dollar Amount Sold	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	(Millions of LD, unless otherwise stated)			
T- Bills Issued	0.00	0.00	0.00	0.00
T- Bills Redeemed	700.00	0.00	0.00	0.00
T-Bills outstanding	860.94	860.94	860.94	860.94
Net Treasury Bills Operations[^]	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	3.17	7.47	7.47	7.47
T- Bills Issued (USD)	na	na	na	na
T- Bills Redeemed (USD)	na	na	na	na
T-Bills Outstanding_ USD	na	2.60	2.60	2.60
T- Bond Issued	0.00	0.00	0.00	0.00
T- Bond Outstanding	6,000.00	6,000.00	6,000.00	6,000.00
Semi-annual Coupon Payment	0.00	0.00	0.00	188.61
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	16.00
Standing Deposit Facility (SDF)	(In Percent, unless otherwise stated)			
SDF rate (%)	4.00	0.00	0.00	0.00
SDF Amount (In Millions LD)	19,800.00	0.00	0.00	0.00
SDF overnight monthly rate (%)	na	0.07	0.07	0.07
SDF Amount (In Millions LD)	na	0.00	0.00	0.00
Interest Rates	(In Percent, unless otherwise stated)			
- 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				
Repo	5.50	5.50	5.50	5.50
Swap lending	6.00	6.00	6.00	6.00

Source: CBL

[^] - with Liquidity Effect where withdrawal (+)/injection (-)[†] - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency

All other rates, including the rates on money market instruments, lending, average savings and time deposit remained unchanged. The interest rate on lending was kept at 12.4 percent, while the rates on time and savings deposits remained at 3.5 percent and 2.1 percent, respectively. Money markets instruments such as repo traded at 5.5 percent, whereas swap lending among commercial banks traded at an average interest rate of 6.0 percent (Table 3).

BANKING SECTOR DEVELOPMENTS

At end-September 2020, the banking industry was generally in compliance with regulatory threshold. During the month, liquidity ratio declined by 3.8 percentage points, but remained above the minimum requirement by 21.5 percentage points, while Capital Adequacy Ratio remained stable compared to the preceding month. However, CAR was kept above its minimum regulatory requirement by 13.4 percentage points. Conversely, Return on Assets (ROA) and Return on Equity (ROE) grew by 0.1 percentage point and 1.0 percentage point, respectively.

During the period under review, both gross loans advanced and non-performing loans (NPLs) declined compared with the preceding month. Gross loans declined by 14.5 percent to L\$74.34 billion (13.4 percent of GDP), occasioned by decrease in lending by banks. Also, NPLs stood at L\$16.5 billion during the month, representing 12.2 percentage points and above the tolerable limit of 10.0 percent, reflective of weak economic performance.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Oct - 19	Aug - 20	Sep - 20	Oct - 20
	(In Billion LD)			
Total Gross Loans	93.73	85.33	86.98	74.34
Total Non-performing Loans	15.42	21.22	21.20	16.51
	(In percent)			
Non-performing Loans to Total Gross Loans (ratio)	16.45	24.87	24.38	22.21
Gross Loan (growth)	2.04	0.99	1.93	(14.53)
Non-performing Loans (growth)	30.46	8.71	(0.09)	(22.12)
Returns on Assets (ROA)	1.51	0.88	1.03	1.16
Returns on Equity (ROE)	9.61	5.36	6.03	7.05
Liquidity Ratio***	42.54	38.75	40.32	36.48
Capital Adequacy Ratio (CAR)****	27.46	28.53	28.41	28.41

Source: CBL

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

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

† - Revised

FISCAL SECTOR DEVELOPMENTS

Preliminary statistics on GOL's fiscal operations in October 2020 showed decline in the overall balance to deficit of US\$1.1 million (0.03 percent of GDP) compared to the surplus of US\$6.8 million (2.2 percent of GDP) reported in the preceding month. The worsening of the overall balance was attributed to decline in Government revenue generated during the month. Total GOL revenue