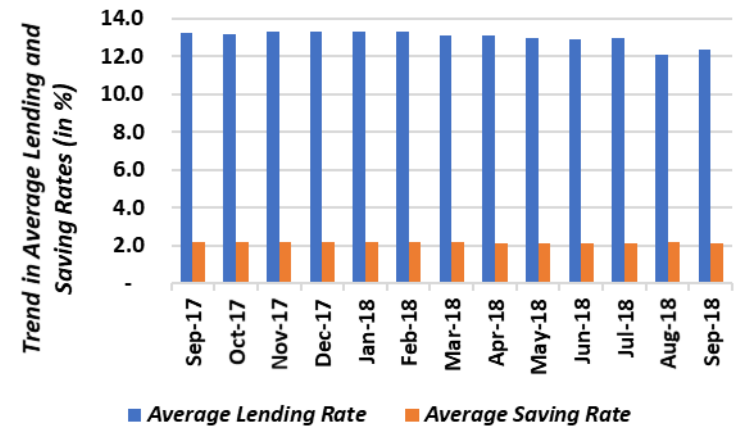




# CENTRAL BANK OF LIBERIA (CBL)



MONTHLY  
ECONOMIC  
REVIEW

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The Monthly Economic Review is produced by the Central Bank of Liberia (CBL). Inquiries concerning this publication should be addressed to:

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

Currency	Sep-18	Aug-18	Sep-18	Appr (-)/Depr (+)	
				MoM	YoY
<b>GHC</b>	4.40	4.72	4.77	1.05	8.42
<b>GMD</b>	46.40	48.02	49.15	2.35	5.93
<b>GNF</b>	8,976.34	9,001.66	9,005.73	0.05	0.33
<b>LRD</b>	117.67	154.04	155.77	1.13	32.38
<b>NGN</b>	305.30	305.50	305.50	0.00	0.07
<b>SLL</b>	7,521.01	8,337.54	8,260.45	-0.92	9.83

*Sources: Central Banks of Liberia and WAMA: [www.amao-wama.org/](http://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*

\* 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 monthly publication by the CBL. It provides a snapshot of major developments in the four key sectors (Real, Monetary, External and Fiscal sectors) of the Liberian Economy during each month. It also highlights the Monetary Policy Stance and Operations of the CBL during the period.

## OVERVIEW

On average, production of most key commodities in the Liberian economy during the month of September 2018 declined when matched against production in the preceding month. Beside iron ore, production of all recorded commodities fell. Annual headline inflation increased marginally during the month largely on account of ease in inflation in a number of subgroups including transport, occasioned by broad stability in the exchange rate.

In the monetary and financial sector, broad money supply (M2) increased marginally. M2 at end of the review month grew above the stock recorded in the previous month, mainly due to moderate increase in deposits. Disaggregation of commercial bank loans to the private sector by currency showed that loan in United States dollar reduced, while those in Liberian dollar increased. At end of the review month, the banking industry continued to show strong performance as shown by selected key financial soundness indicators.

In the fiscal sector, data on revenue and expenditure indicated that the Government of Liberia's fiscal operations resulted into surplus owing to the generation of higher revenue. Though expenditure increased when compared to the previous month, the rise in revenue and grants during the month of September 2018 outweighed the increase in expenditure, thus resulting in a net revenue position of the Government. Net T-bill issuance during the review month resulted in a withdrawal of excess Liberian dollar.

On the external front, Liberia's trade balance showed improvement as the trade deficit narrowed. Trade deficit at end of the month declined by 27.7 percent led by a significant slump in merchandise import payments which resulted from decline in payments for food and live animal for the second consecutive month. The gross foreign reserves position of the CBL increased significantly when compared to the preceding month.

## REAL SECTOR &amp; PRICE DEVELOPMENTS

## Production Analyses of Key Commodities

During the month of September 2018, production of key commodities in the Liberian economy showed, on average, decline in overall output level when matched with production in the preceding month. Beside iron ore, output of all recorded commodities showed decline.

Iron ore production went up for the second consecutive time after a dip in July 2018. Production surged by an estimated 11.0 percent to 343,571 metric tons at end-September 2018, from 309,406 metric tons reported in August, due particularly to increase in the global price of the commodity.

On the other hand, cement output fell by 28.1 percent to 17,487 metric tons on account of the raining season. Beverages production plunged by nearly 66.0 percent to 0.53 million litres, from a revised 1.5 million litres produced a month ago. The slump in beverages production was due to factory overhaul carried out by a major producer during the month. Gold production shrank by 2.3 percent to 19,393 ounces, due basically to the stable behaviour of the price of the commodity on the international market. Rubber output in the reporting month contracted to 2,801 metric tons, from 3,583 metric tons produced in the previous month. The fall in rubber production was attributed to dip in the global price of the commodity. Like gold, diamond production during the review month also fell for the second time to 2,535 carats, from 3,641 carats produced a month ago.

## Consumer Prices

Year-on-year inflation went up marginally by 0.2 percentage point to 26.3 percent at end-September 2018, from 26.1 percent at end of August 2018. The relative stability in the inflation rate was, to some extent, due to declines in inflation subgroup such as transport, clothing and footwear, restaurant and hotel, miscellaneous goods and services as well as the intervention of the CBL in the foreign exchange market.

Table 5: External Sector Statistics

	Jun- 18	Jul- 18	Aug- 18	Sep- 18
<b>EXTERNAL SECTOR</b>	<i>(In units as may be specified)</i>			
<b>External Trade (Value)</b>	<b>(Millions of US\$)</b>			
<b>Exports/1</b>	<b>39.7</b>	<b>29.0†</b>	<b>35.3</b>	<b>37.6</b>
- O/w Iron Ore	14.2	3.4	9.5	6.6
- O/w Rubber	5.7	4.1	4.4	3.7
- O/w Mineral	12.7	17.2†	19.4	19.1
-o/w Cocoa Bean	0.0	0.1	0.0	0.0
-o/w Palm Oil	1.6	0.0	1.4	0.2
<b>Imports (F.O.B)/1</b>	<b>76.3</b>	<b>86.2</b>	<b>99.8</b>	<b>84.3</b>
Minerals, Fuel, Lubricants	9.5	9.11	6.0	17.2
-O/w Petroleum Products	8.3	6.82	3.5	13.7
Food and Live Animals (including Animal and vegetable oil)	18.9	18.1	40.8	18.3
-O/w Commercial Rice	9.2	5.0	16.8	0.5
-O/w Non-commercial Rice	0.1	0.23	0.4	0.8
Machinery & Transport Equipment	22.2	33.3	18.2	18.2
<b>Import (C.I.F)</b>	<b>83.7</b>	<b>93.9</b>	<b>110.4</b>	<b>93.0</b>
Trade Balance	-36.7	-57.2	-64.6	-46.7
<b>External Trade (Volume)</b>	<b>(Metric Tons)</b>			
- Rubber	4,205	6,560	3,583†	2,801
-Iron Ore	454,778	150,376	317,709	195,867
-Commercial Rice	146,171	145,026	147,166	142,786
-Non-commercial Rice	1,314	1,247	1,256	977
- Petroleum Products	4,211	4,355	2,205	9,759
- Cocoa Beans	0.0	200	35	0.0
- Palm Oil	17,413	2,750	1,583†	554

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

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

## EXTERNAL SECTOR DEVELOPMENTS

## Merchandise Trade

Merchandise trade in September 2018 showed much improvement based on narrow trade deficit. Trade deficit at end of the month declined by 27.7 percent to US\$46.7 million, from revised US\$64.6 million recorded in August 2018. The sharp decrease in trade deficit at end of the month was mainly occasioned by a significant slump in merchandise imports payments that resulted from decline in payments for food and live animal for the second consecutive month.

## Imports (FOB)

Payments for import of goods during the month of September 2018 plummeted by 15.5 percent to US\$84.3 million compared with previous month. The decrease in import payments was occasioned mainly by slump in payments for food and live animals (which includes animal and vegetable oil) that amounted to US\$18.3 million, declining from US\$40.8 million at end of the previous month. Total payment for rice during this review month constituted 1.5 percent of total import payments.

## Exports

Analysis of export earnings from data reported at end-September 2018 showed that earnings increased by 6.5 percent to US\$37.6 million, from revised US\$35.3 million received at end-August 2018. The gains in earnings during the month was mainly driven by US\$7.6 million rise in contribution from 'other export commodities' that made up 20.5 percent of total export earnings.

Trade with Europe during the month constituted 77.0 percent of Liberia's destination of export with Belgium being the leading destination that provided 17.0 percent of earnings from the region.

Gross Foreign Reserves (Including SDRs plus reserve tranche)<sup>2</sup>

The gross foreign reserves of the CBL at end-September 2018 surged by 6.4 percent to US\$383.7 million, from the amount recorded in the previous month. The level of gross foreign reserves position at end-September 2018 amounted to an estimated 3.7 months of imports cover.

<sup>2</sup> Gross International Reserve is calculated by subtracting net liquid liabilities of CBL to government and commercial banks from CBL liquid foreign assets and adding SDR & Reserve Tranche

On a monthly basis, the rate of inflation decreased by 0.8 percentage points to 1.4 percent, from 2.2 percent recorded a month ago. The decrease in monthly inflation rate was largely attributed to the decline in the sub-group of alcoholic beverages, tobacco and narcotics.

Table 1: Production and Price Statistics

	Jun- 18	Jul- 18	Aug- 18	Sep- 18
<b>REAL SECTOR DATA</b>	<i>(In units as may be specified)</i>			
<b>Production</b>	<i>(In Metric tons, carat and Ounces)</i>			
Iron Ore† (Metric ton)	418,006	303,300	309,406	343,571±
Gold (Ounces)	12,407	17,970	19,842	19,393
Diamond (Carat)	128	7,629	3,641	2,535
Rubber (Metric ton)	4,205	6,560	3,583	2,801
Cement (Metric ton)	21,863	21,730	24,314	17,487
<b>Beverages</b>	<i>(In Liters)</i>			
Alcoholic	1,247,654	684,981†	778,572†	57,242
Non-Alcoholic	768,621	707,605†	754,017†	468,968
Total Beverages Production	2,016,275	1,392,586†	1,532,589†	526,210
<b>Inflation</b>	<i>(In percent)</i>			
<b>Overall (Year-on-year) Rate of Inflation</b>	<b>24.6</b>	<b>26.1</b>	<b>26.1</b>	<b>26.3</b>
a. Food and Non-alcoholic Beverages Inflation	22.4	23.7	23.3	25.2
- Domestic Food Inflation	22.0	21.2	22.6	24.8
- Imported Food Inflation	22.3	25.3	23.7	25.2
b. Transport Inflation	45.4	48.0	47.3	43.0
c. Imported Fuels Inflation	40.2	55.7	55.4	51.6
<b>Overall (Month-on-Month) Rate of Inflation</b>	<b>5.8</b>	<b>3.5</b>	<b>2.2</b>	<b>1.4</b>
<b>Core Inflation</b>	<i>(In percent)</i>			
Inflation excluding Food & Non-alcoholic Beverages	25.8	27.5	27.7	26.9
Inflation excluding Imported Food	25.1	26.3	26.7	26.6
Inflation excluding Domestic Food	24.4	26.8	27.1	27.0
Inflation excluding Food and Transport	22.6	24.3	24.7	24.5

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

## MONETARY DEVELOPMENTS

### Monetary Policy Stance

The monetary policy stance of the Central Bank of Liberia (CBL) remained focused on price stability through broad exchange rate stability. During the month under review, the foreign exchange auction and reserve requirement ratio were the available policy instruments used by the Bank for its monetary policy operations.

### Monetary Aggregates

Compared with the preceding month, broadly money supply (M2) at end-September 2018 inched up by 1.0 percent to L\$104,191.6 million. The slight growth in M2 was prompted mainly by moderate increases in time & saving deposits as well as demand deposits by 3.6 percent and 1.7 percent, respectively.

Unlike net foreign assets (NFA) that saw a decline, net domestic assets (NDA) rose during the review month. The 4.2 percent decline in NFA was underpinned by a 9.2 percent decline in foreign assets of the CBL which offset the 0.7 percent increase in foreign assets of commercial banks. On the other hand, the 1.9 percent growth in NDA resulted from 5.5 percent and 1.7 percent increases in credits to public corporations and other financial corporations (OFCs), respectively. Compared with September, 2017, NFA and NDA grew by 47.9 percent and 7.8 percent, respectively. The annual growth in NFA and NDA led to a comparative annual rise in M2 at end of September 2018.

The US dollar share of commercial banks' 'credit to private sector' remained relatively unchanged when compared with the previous month. US dollar component contracted marginally by 0.2 percent to US\$423.6 million, from US\$424.3 million recorded in the preceding month, due mainly to declines in US dollar loans to manufacturing, services and agriculture sectors of the economy.

## Table 4. Fiscal Sector Statistics

	Jun- 18	Jul- 18	Aug- 18	Sep- 18
<b>Fiscal Operations</b>				
<b>Revenue, Expenditure &amp; Debt</b>	<b>(Millions of US\$)</b>			
Actual Revenue & Grants	32.1†	33.9	41.2†	37.3
Projected Revenue & Grants	51.1	36.1	33.6	42.8
<b>Expenditure</b>	43.2	14.5†	34.8	36.7
<b>Public Debt Stock</b>	942.6	959.3	963.6	976.9
Domestic	266.2	266.1	266.0	265.5
External	676.4	693.2	697.6	711.4
<b>Treasury Securities</b>	<b>(Millions of L\$)</b>			
T- Bills Issued	-69.1	0.0	-75.7	-69.2
T- Bills Redeemed	65.6	65.6	65.8	69.1
Net GoL Treasury Bills Operations^	-3.5	65.6	-9.9	-0.1
Ave. Weighted Discount Rate_T Bills	2.90	0.0	3.08	3.34
Bond Issued (2 yrs.) amount in Billion				
T- Bond Issued	0.0	4,900.0	0.0	1.1
T- Bond Settled	0.0	3,590.0	0.0	2.4
Net GoL Treasury Bond Operations^	0.0	-1,310.0	0.0	-1.3
Ave. Weighted Discount Rate_T Bond	0.0	16.0	0.0	16.0

Source: MFDP & CBL



**Table 3: Selected Financial Soundness Indicators, FSIs**

	Jun- 18	Jul-18	Aug-18	Sep-18
<b>Financial Soundness Indicators (FSI)</b>	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	30.54	27.6	27.6	27.6
Non-performing Loans to Total Gross Loans (ratio)	13.8	12.3	15.8†	14.2
Total Gross Loans (In Billion L\$)	71.6	68.1	69.7†	70.6
Non-performing Loans (% change)	9.6	-15.2	4.0	-9.0
Returns on Assets (ROA)	0.7	0.8	1.0	1.0
Returns on Equity (ROE)	4.3	5.0	6.2	6.3
Liquidity Ratio****	40.7	38.7	38.5	39.0

Source: CBL

## FISCAL DEVELOPMENTS

### Revenue (including Grants) & Expenditures

Provisional statistics on fiscal operations showed a surplus of US\$0.6 million in fiscal outturn for the month of September 2018. The surplus outturn was a result of a generation of higher revenue and grants over expenditure. The increase in revenue and grants was occasioned by a 48.4 percent surge in non-tax revenue. Compared with the previous month, fiscal outturn declined by US\$5.8 million, due to increased expenditure over actual revenue and grants. Expenditure rose mainly on account of increased payments on loans and interest.

Tax and non-tax revenue & grants respectively accounted for 69.3 percent and 30.7 percent of total revenue and grants during the month under review. Actual revenue and grants fell below budgetary projection during the month by US\$5.5 million. Recurrent expenditure including debt services constituted 100 percent of total expenditure as there was no spending on capital goods during the month (MFDP and CBL).

Statistics shows that Liberia's public debt stock at end-September 2018 rose by 1.4 percent to US\$976.9 million when compared with the stock recorded at end of the preceding month. The rise in debt stock was a result of surge in external debt which constitutes 72.8 percent of Liberia's total public debt at end of September 2018 (See Table 4).

On the other hand, the Liberian dollar share of commercial banks' credit increased by 2.4 percent to L\$4,913.4 million, from L\$4,796.7 million as was reported in August 2018. The increase was due to new Liberian dollar loans to the oil & gas, construction and extractive sectors of the economy.

### Exchange Rate Developments

During the month under review, the Liberian dollar depreciated against the United States dollar, but at a minimum scale. At end of the review month, the average exchange rate of the Liberian dollar against the US dollar, depreciated marginally by 0.8 percent to L\$154.73/US\$1.00, from L\$153.55/US\$1.00 recorded in the previous month, while end-of-period (EOP) exchange rate depreciated by 0.9 percent to L\$155.46/US\$1.00, from L\$154.14 at end-August 2018. The marginal depreciation of the local currency resulted from the effect of the CBL's intervention through the foreign exchange auction and mop-up exercises, which have helped to slow down the rate of depreciation. On an annualized basis, the EOP Liberian dollar exchange rate depreciated by 32.1 percent. The high demand for foreign exchange to facilitate payments for imports amidst the relatively low export base continue to be one of the key drivers of depreciation of the domestic currency.

Reports on currency trend in the West African Monetary Zone (WAMZ) indicated that, one currency appreciated, while one remained relatively stable and four depreciated against the United States dollar. The Sierra Leonean Leone appreciated against the US dollar by 0.9 percent, while the Nigerian naira was stable. The Gambian dalasi, the Liberian dollar, the Ghana cedi and the Guinean franc depreciated by 2.4 percent, 1.0 percent, 1.1 percent and 0.1 percent, respectively. Year-on-year comparisons of currencies in the WAMZ with the US dollar showed depreciation of all currencies in the zone, reflecting weak performance of the external sectors of the economies in the region.

### Financial Market Developments

The Government of Liberia (GoL) issuance of T-bill and subsequent settlement of matured T bills resulted into a net withdrawal of L\$0.1 million from circulation. T-bills issued amounted to L\$69.2 million with a L\$69.1 million redemption at average weighted discount rate of 3.3.

**Table 2: Monetary Aggregates**

	Jun- 18	Jul- 18	Aug- 18	Sep- 18
<b>Monetary</b>	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs)‡	134.5	137.7	131.6	135.6
CBL Gross Foreign Reserves (including SDRs)	382.6	385.8	379.7	383.7
Liberian Dollars in Circulation	17,236.1	17,943.9	17,128.8	17,154.7
Money Supply (M1) in L\$ only	22,741.6	24,084.6	23,278.8	23,767.7
Broad money (M2) in L\$ only	30,233.3	32,461.5	32,118.6	32,796.9
Broad money (M2) in both L\$ and US\$*	95,801.2	102,237.0	103,201.9	104,191.6
Net Foreign Assets (NFA)	20,065.8	21,310.6	19,392.2	18,571.4
Net Domestic Assets (NDA)	75,735.4	80,926.4	84,008.6	85,620.2
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	31.6	31.8	31.1	31.5
Interest Rates				
- Lending rate	12.9	13.0	12.1	12.4
-Average Deposit rates				
-Savings	2.10	2.10	2.23	2.10
-Time	3.53	3.53	3.86	3.53
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	421.4	421.0	424.3	423.6
Commercial banks loans to private sector - L\$	4,341.8	4,505.4	4,796.7	4,913.4
<b>Demand Deposits of commercial banks</b>				
Demand deposits - US\$	270.0	280.8	293.8	294.5
Demand deposits - L\$	7,198.7	7,422.7	7,801.0	8,258.0
<b>- Time &amp; Savings Deposits of commercial banks</b>				
Time & savings deposits - US\$	164.3	179.4	161.3	166.5
Time & savings deposits - L\$	7,428.4	8,377.8	8,395.3	8,605.6
<b>Other Deposits**</b>				
Actual US\$ component of other deposits	0.6	0.4	7.9	0.4
Liberian \$ component of other deposits	63.3	-0.9	444.5	423.6
<b>CBL's Foreign Exchange Auction</b>	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	5.1	3.8	6.3	0.4
Total Subscription	8.0	3.8	7.3	0.5
Over (+)- / Under (-) Subscription	2.9	0.0	1.0	0.1

	Jun- 18	Jul- 18	Aug- 18	Sep- 18
<b>CBL Bills Auction</b>	<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
<b>Personal Remittances</b>	<i>(Millions of US\$)</i>			
Inflows	29.0	31.6	48.6	26.8
Outflows	14.8	15.8	19.4	21.2
<b>Net flows</b>	14.2	15.8	29.2	5.6
<b>Exchange Rate</b>	<i>(USD/LD)</i>			
End of Period	150.8	151.50	154.14	155.5
Period Average	143.3	154.5	153.55	154.7

*Source: Central Bank of Liberia*

### Banking Sector Developments

The banking industry's performance at end-September 2018 remains strong as evidenced by some strong financial soundness indicators. Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) have continued to be far beyond the minimum requirements of 10.0 percent and 15.0 percent, respectively. CAR remained relatively stable at 27.2 percent when compared with the figure recorded a month ago, while LR rose by 0.5 percentage point to 39.0 percent, from previous month.

Gross loans rose by 1.2 percent at end of the month, while total nonperforming loans (NPLs) declined by 8.9 percent. The ratio of NPLs to total gross loans fell on the back of improvement in repayment of loans during the month under review.

Preliminary data on the industry's profitability showed that Return on Assets (ROA) remained stable at 1.0 percent, while Return on Equity (ROE) slightly inched up by 0.1 percentage point during the month.