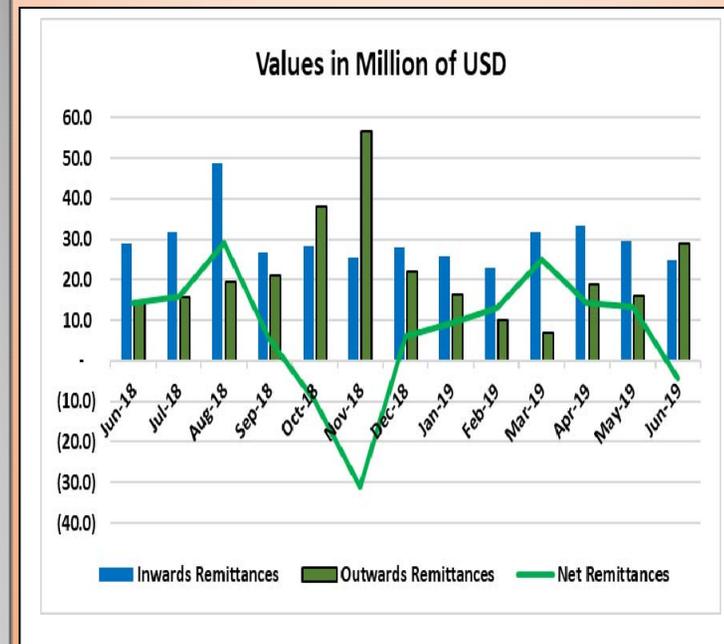




CENTRAL BANK OF LIBERIA (CBL)

MONTHLY ECONOMIC REVIEW

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Cocoa beans

Cocoa price rose in June 2019 to US\$2,410.00 per metric ton. The 3.9 percent rise in the price of the commodity was to a greater extent due to lower supply of the commodity stemming from the effect of unfavourable weather condition and the outbreak of cocoa virus disease in in major cocoa producing countries in West Africa. Comparison with the same month a year ago, the price of cocoa beans remained stable as Cote d'Ivoire and Ghana become major decision makers in the cocoa market.

Table 7: External Sector Statistics

GLOBAL PRICE	Jun- 18	Apr- 19	May- 19	Jun- 19
	(In price per Unit of Measure)			
Iron ore (US\$/MT)	65.04	93.70	100.15	108.94
Gold (US\$/Oz)	1,281.57	1,285.91	1,283.70	1,359.04
Crude oil (US\$/BBL)	71.98	68.58	66.83	59.76
Rubber (US\$/MT)	1,560.00	1,720.00	1,770.00	1,930.00
Cocoa Beans (US\$/MT)	2,410.00	2,330.00	2,320.00	2,410.00
Food Price Index (FAO)	172.70	170.70	173.50	173.00
Rice_5% broken (US\$/MT)	427.00	413.00	409.00	420.00
Palm oil (US\$/MT)	656.50	588.45	563.20	552.19
Sugar (US\$/MT)	280.00	280.00	270.00	280.00

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

The rise in price of the commodity during the month was due to shortage in supply of the commodity from major producers including Malaysia. It was reported in earlier months that major producers of the commodity have planned to cut supply in order to raise price. Yearly comparison of the price of rubber showed a 23.7 percent rise in the price of the commodity.

Food Price (FAO)¹

Food price index fell modestly in June 2019 compared with the preceding month. The 0.3 percent fall in food price was led by low prices of vegetable oil and dairy products. Vegetable oil price dropped reflecting falls in prices of palm and soy oil, while the decline in dairy products was a reflection of increased supply of dairy products, mainly cheese and butter which registered increased price falls.

Rice

The price of rice went up during the month by 2.7 percent to US\$420.00 per metric ton compared with the price per metric ton in the preceding month. The rise in price of the commodity was largely a result of strong demand for basmati type of rice. Compared with the price in the same month a year ago, the price of the commodity fell by US\$1.6 percent.

Palm oil

Palm oil price went down further in June 2019 to settle at US\$552.19 per metric ton. The 2.0 percent fall in the price of the commodity was due mainly to the continued rising supply of the commodity in the face of high inventory levels in key exporting countries. Year-on-year comparison of the price of palm oil reflected a fall in the price by 15.9 percent.

Sugar

During the review month, the price of sugar inched up to US\$280.00 per metric ton. The 3.7 percent rise in the price of the commodity was occasioned by reduced supply of the commodity to market resulting mainly from the appreciation of the Brazilian currency (Real) against the United States dollar. The decision by Brazil to hold back on export of its sugar in favour of domestic consumption was further supported by appreciation of its currency against the dollar. Sugar price in June 2019 was the same as the price in the same month of the preceding year.

¹ FAO Food Price Index is a measure of the monthly change in international prices of a basket of five commodity food groups. See: <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

INTRODUCTION

The Monthly Economic Review (MER) is a regular publication of the Central Bank of Liberia (CBL) highlighting snapshot of major developments in key sectors (Real, Monetary and External Sectors) of the Liberian economy. It also summarises the Monetary Policy Stance of the CBL and exchange rate developments in the West African Monetary Zone (WAMZ).

OVERVIEW

Production of key commodities in the Liberian economy declined further in the review month compared with the level of production in the preceding month. Except output of manufacturing (especially non-alcoholic beverages) that increased during the month, outputs of all sectors declined. Headline inflation for the month inched up due mainly to increases in the prices of food items, especially imported food items, which was transmitted through depreciation of the local currency. Like the headline inflation, core inflation rose on account of increase in imported food items.

Monetary Policy stance of the Bank remained contractionary aimed at reducing excess Liberian dollar liquidity in the economy. During the month, broad money (M2) rose due to increases in currency outside banks, time and savings deposits as well as in net foreign assets (NFA) of commercial banks. Disaggregation of commercial banks' loans to the private sector by currency showed that credits in both United States (US) and Liberian dollars declined on account of slowdown in credits mainly to individuals and manufacturing. The banking system remained strong and resilient as evidenced by the financial soundness indicators (FSIs) and key balance sheet indicators.

Trade deficit improved during the month compared with the previous month due to increase in export earnings against relative stability in import payments. Export earnings rose on account of growth in receipts from rubber exports, while payments for import remained stable due to fall in payments for food and live animals (including oil produced from animals and vegetable) and minerals, fuel and lubricants related imports.

Gross foreign reserves (GFR) inched up during the month compared with the preceding month. The rise in GFR, coupled with the relative stability in import payments during the month caused an increase in the months of import cover compared with the previous month. Both the average and end-of-period exchange rates of the Liberian dollar depreciated against the United States dollar during the month under review due to demand for foreign exchange (FX).

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

Statistics on the production of key commodities in June 2019 showed decline in outputs compared with the level of production in the previous month. Except outputs of non-alcoholic beverages that increased by 28.4 percent, all other outputs (gold, diamond, cement, iron ore and rubber) decreased (see Table 1).

Iron ore production slightly declined by 3.2 percent to 396,225.0 metric tons from 409,096 metric tons produced last month. Cement output fell due to weak demand caused by the rainy season. Cement took a 33.9 percent nose dive to 21,227.0 metric tons from 32,110.0 metric tons produced in May 2019. Total Beverage production marginally increased by 2.3 percent during the month, largely due to increase in production of non-alcoholic beverages. Compared with the previous month, rubber production declined by 10.6 percent to 3,707.0 metric tons, from 4,148.0 metric tons. The fall in output was due to persistent decline in output from small farm holders.

Diamond output slumped by 5,177.0 carats to 22.0 carats in the period under review, from 5,199 carats in the previous month. The huge drop is explained by unfavourable mining conditions caused by heavy rainfall. Gold production decreased by 18.2 percent, from 15,883 ounces to 12,987 ounces on the back of slowdown in mining activity from industrial gold mine due to heavy rainfall.

Consumer Prices

In June 2019, year-on-year inflation rose by 1.2 percentage points to 29.9 percent, from 28.7 percent recorded in May 2019. The rise was attributed to increase in the prices of food items especially imported food items due to the depreciation of the local currency. Month-on-month rate of inflation also increased to 6.72 percent in the period under review, from 5.6 percent in May 2019.

Official core inflation, defined by the overall CPI less food and transport, also increased in the month by 2.7 percentage points to 29.4 percent, explained by the significance of the impact of structural factors on inflation. Other measures of core inflation also experienced increases during the month except inflation excluding imported food. The uptick in measures of core inflation was largely attributed to the rise in the prices of items relating to most of the food categories.

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

Rate & Currency	Jun- 18	Apr- 19	May- 19	Jun- 19	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	150.77	172.01	191.00	196.37	2.81	30.24
Period Average	143.35	166.37	181.23	194.38	7.25	35.60
Currency	Currency per USD					
GHC	4.52	5.09	5.15	5.26	2.14	16.37
GMD	48.07	50.17	50.56	49.83	-1.44	3.66
GNF	9,003.33	9,130.49	9,131.53	9,154.12	0.25	1.67
NGN	305.30	306.45	306.45	306.40	-0.02	0.36
SLL	7,740.50	8,734.33	8,785.04	8,825.77	0.46	14.02

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**Iron ore**

At end-June 2019, iron ore price rose by 8.8 percent to US\$108.9 per metric ton. The rise in the price of the metal was due, in part, to slowdown in supply of the commodity from key producers in mainly Brazil and Australia. In Brazil, the rupture of a tailings dam at the start of the year had caused supply disruption, while in Australia, the slowdown is said to be due to operational problems. Year-on-year comparison of the price of the mineral indicates a significant increase in the price of the commodity.

Gold

Following a moderate decline in the price of gold in the previous month, gold price rose by 5.9 percent to US\$1,359.0 per ounce in June 2019. The increase in price of the commodity was occasioned by lingering news of lowering interest rates in the US. The price of the commodity also rose by 6.0 percent compared to the same month a year ago.

Crude oil (Petroleum) price

The price of petroleum further dipped in June 2019 to US\$59.8 per barrel compared with the price in the previous month. The 10.6 percent fall in the price was occasioned by weakened demand amid growing fear of economic slowdown due to the US-China trade war. Annual comparison showed a 17.0 percent decline in the price of the commodity.

Rubber

The price of rubber inched up in the month by 9.0 percent to US\$1,930.00 per metric ton compared with the price per metric ton in the preceding month.

percent to US\$29.0 million, while inflows fell by 15.9 percent to US\$24.8 million during the month.

In the same way, personal remittance inflows fell by 14.6 percent to US\$24.8 million in June 2019 compared with US\$29.0 million in the corresponding month in 2018, with outflow rising by 95.5 percent to US\$29.0 million.

Gross Foreign Reserves (Including SDR Holdings plus Reserve tranche)

The gross foreign reserves position at end-June 2019 stood at US\$301.7 million, increasing by 0.9 percent compared with the stock recorded in the preceding month, representing 2.8 months of import cover compared with 2.7 months of cover in the previous month. The growth in gross reserves was occasioned mainly by increase in foreign currency and deposit of the banking sector.

EXCHANGE RATE DEVELOPMENTS

At end-June 2019, both end-of-period (EOP) and average (AV) exchange rates of the Liberian dollar depreciated against the US dollar compared to end-May 2019. The EOP exchange rate depreciated by 2.8 percent to L\$196.37/US\$1.00, while the AV exchange rate depreciated by 7.3 percent to L\$194.38/US\$1.00. The high demand for foreign exchange (FX) remained the major contributor to depreciation in the Liberian dollar. Compared to the corresponding year in 2018, the EOP and AV exchange rates depreciated by 30.2 percent and 35.6 percent, respectively.

Developments in the Foreign exchange market in the West African Monetary Zone (WAMZ) showed that with the exception of the Nigerian Naira and the Gambian Dalasi, all other currencies in the Zone depreciated during the month. The Nigerian Naira slightly appreciated by 2 basis points to ₦306.40/US\$1.00 and the Gambian Dalasi also appreciated by 1.4 percent to GMD49.43/US\$1.00, respectively. For the same period, the Liberian Dollar, the Ghanaian Cedi, the Sierra Leonean Leone and the Guinean Franc depreciated by 2.8 percent, 2.1 percent, 0.5 percent and 0.3 percent, respectively.

All currencies in the Zone deteriorated against the United States dollar at end of the month compared with June 2018. The lowest depreciation was recorded for the Nigerian Naira and the highest, the Liberian Dollar, followed by the Ghanaian Cedi. (See Table 7).

Table 1: Production and Price Statistics

REAL SECTOR DATA	Jun- 18	Apr- 19	May- 19	Jun- 19
	<i>(In units as may be specified)</i>			
Production	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	418,006	362,472	409,096	396,225
Gold (Ounces)	12,407	19,138	15,883	12,987
Diamond (Carat)	128	6,389	5,199	22
Rubber (Metric ton)	4,205	7,718	4,148	3,707
Cement (Metric ton)	21,863	40,398	32,110	21,227
Beverages	(In Liters)			
Alcoholic	1,247,654	963,589†	1,089,276	943,210
Non-Alcoholic	768,621	649,311†	656,213	842,319
Total Beverage Production	2,016,275	1,612,900	1,745,489	1,785,529
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	21.27	23.30	28.74	29.91
a. Food and Non-alcoholic Beverages Inflation	19.56	26.50	29.86	32.20
- Domestic Food Inflation	20.41	33.04	33.51	30.40
- Imported Food Inflation	18.73	20.57	26.01	32.57
b. Transport Inflation	30.30	26.13	38.55	26.37
c. Imported Fuels Inflation	31.60	33.18	27.18	27.82
Overall (M-o-M) Rate of Inflation	1.42	-0.59	5.58	6.72
Core Inflation	(In percent)			
Inflation excluding Food & Non-alcoholic Beverages	22.24	21.63	28.17	28.71
Inflation excluding Imported Food	21.90	23.71	29.14	29.00
Inflation excluding Domestic Food	20.42	15.70	21.68	23.07
Inflation excluding Food and Transport	20.94	20.94	26.73	29.38

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

† Revised; ± Estimate

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy stance of the CBL remained contractionary, anchored on price stability through broad exchange rate stability. In seeking to achieve its objective, the Bank made use of the standing deposit facility (SDF), the CBL indexed bills and the statutory reserves requirements which remained unchanged. In an effort to mop up excess liquidity, the Central Bank continued to use both the indexed bills and the SDF. The demand for both instruments from commercial banks increased during the month compared to the previous month.

Monetary Aggregates

Broad money supply (M2) slightly increased (month-on-month) by 0.3 percent to L\$115,124.5 million at end-June 2019, compared with the growth of 9.4 percent recorded at end-May 2019. The expansion in M2 was solely on the back of a 5.6 percent increase in quasi money which offset the 2.4 percent decline in narrow money, M1.

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The expansion in quasi money was the result of growth in time and savings deposits while the fall in M1 was triggered by a 3.5 percent decline in demand deposits. Compared with the corresponding month in 2018, M2 rose by 25.6 percent, due mainly to growths in currency outside banks, demand, time and saving deposits by 20.0 percent, 25.1 percent and 29.0 percent, respectively.

From the assets side, the increase in M2 was attributed to a rise in net foreign assets (NFA) which increased by 6.0. percent due to increase in foreign assets of commercial banks. On an annual basis, Net Domestic Assets (NDA) expanded by 48.0 percent, while NFAs slumped by 52.5 percent.

The share of commercial banks' loans to private sector denominated in both United States (US) and Liberian dollars declined. US dollar share of private sector credit fell by 5.8 percent to US\$390.0 million due mainly to slowdowns in credit to government, individuals, oil & gas, construction and services sectors. The Liberian dollar component of credit to private sector fell by 4.1 percent to L\$6,457.3 million compared to the previous month, due primarily to declines in loans advanced to government, individuals, manufacturing, agriculture and services sectors of the economy. Compared with the corresponding month of 2018, private sector credit in Liberian dollar grew by 48.7 percent, while the US dollar component declined by 7.5 percent.

Table 2: Monetary Aggregates

Monetary Aggregates	Jun- 18	Apr- 19	May- 19	Jun- 19
	<i>(In Millions)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [‡] - (USD)	155.21	92.07	88.79	89.64
Liberian Dollars in Circulation - (LD)	17,236.08	19,150.96	19,749.75	20,074.05
Money Supply (M1) in LD only	22,093.58	25,951.53	26,809.01	26,803.98
Broad money (M2) in LD only	29,291.55	33,724.20	34,577.91	35,273.44
Broad money (M2) (both LD and USD) Converted to LD	91,629.17	104,907.67	114,769.86	115,124.52
Net Foreign Assets (NFA) – LD	20,405.34	6,896.68	9,142.13	9,693.85
Net Domestic Assets (NDA) – LD	71,223.83	98,010.96	105,627.73	105,430.67
Loans to Private Sector				
Commercial banks loans to private sector - USD	421.43	422.14	413.88	389.95
Commercial banks loans to private sector - LD	4,341.76	6,537.74	6,734.25	6,457.31
Demand Deposits of commercial banks				
Demand deposits - USD	252.25	250.33	258.80	242.63
Demand deposits - LD	6,550.62	8,247.89	8,357.81	8,148.07
Time & savings deposits - USD	159.72	161.60	159.11	162.23
Time & savings deposits - LD	7,132.14	7,708.23	7,644.68	8,411.42

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Table 6: External Sector Statistics I

Trade Statistics	Jun- 18	Apr- 19	May- 19	Jun- 19
External Trade (Value)	(Millions of USD)			
Exports/1	39.66	55.66	43.42	44.75
- O/w Iron Ore	14.17	23.82	19.16	16.21
- O/w Rubber	5.70	9.83	5.74	9.20
- O/w Gold	12.0	18.43	14.62	12.15
- O/w Diamond	0.66	1.69	2.18	0.03
-o/w Cocoa Bean	0.0	0.02	0.32	0.0
-o/w Palm Oil	1.61	1.39	0.03	2.02
Imports (F.O.B)/1	76.34	97.37	76.12	76.10
Minerals, Fuel, Lubricants	9.48	7.11	18.40	11.85
-O/w Petroleum Products	8.25	5.54	12.97	9.85
Food and Live Animals (including Animal and vegetable oil)	18.94	45.21	18.00	14.06
-O/w Commercial Rice	9.23	34.96	0.97	0.19
-O/w Non-commercial Rice	0.07	0.27	2.40	1.24
Machinery & Transport Equipment	22.20	17.82	12.32	20.58
Manufactured goods classified by materials	9.55	8.14	12.10	13.27
Trade Balance	(36.68)	(41.71)	(32.70)	(31.35)
External Trade (Volume)	(In Units as Specified)			
-Rubber (MT)	4,204.98	7,718.00	4,147.92	3,628.27
-Iron Ore (MT)	454,448.43	462,043.60	376,709.43	316,893.16
-Commercial Rice (MT)	146.17	43,602.49	1,309.60	256.58
-Non-commercial Rice (MT)	1,313.7	114.21	958.68	132.10
- Petroleum Products (MT)	4,210.82	8,875.71	29,306.94	19,878.38
-Cocoa Beans (MT)	n/a	25.00	450.00	n/a
-Palm Oil (MT)	17,413.00	2,619.00	37.83	0.00
-Gold (Oz)	11,950.98	19,136.83	15,882.72	12,987.37
-Diamond (Crt)	128.30	6,388.66	5,199.41	21.79
Other Indicators	(Millions of USD)			
Import (C.I.F)	83.72	107.51	84.89	84.28
Gross International Reserves	377.68	306.09	298.96	301.73
Import covers (In Month)	3.8	2.4	2.7	2.8
Personal Remittances	(Millions of USD)			
Inflows	29.02	33.22	29.47	24.79
Outflows	14.84	18.89	16.02	29.01
Net flows	14.18	14.33	13.45	-4.22

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 reserve plus SDR and Reserve tranche

‡ - Revised ± - Estimate ≠ - Not Available (na)

Remittances

During the month under review, the flows of personal remittances resulted into a net outflow of remittances that stood at US\$4.2 million, from US\$13.5 million. Increased outflows of remittances over inflows led to the decline in net flows. Compared with the previous month, personal remittances outflows rose by 81.1

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

In June 2019, merchandise trade balance remained in deficit, but improved by 4.1 percent to US\$31.4 million compared with the previous month. Preliminary statistics showed that the improvement in trade deficit was mainly driven by increase in export earnings. Earnings from export rose during the month by 3.1 percent, while payments for imports remained relatively stable at US\$76.1 million.

Exports

Earnings from merchandise exports during the month increased to US\$44.8 million, reflecting a 3.1 percent increase compared with earnings recorded in May 2019. The increase mainly resulted from a rise in receipt from rubber exports. Earnings from rubber sales surged by about 60.3 percent to US\$9.2 million on account of increasing production induced by rise in the global price of rubber.

Europe (especially Switzerland) remained the leading destinations of exports with gold being the main commodity exported to the region. Europe accounts for 51.7 percent with Switzerland constituting 43.2 percent of earnings from Europe.

Imports (FOB)

Payments for merchandise imports remained relatively stable at US\$76.1 million. The relative stability payments during the month declines in payments for food and live animals, minerals, fuel and lubricants which often constitute the largest proportion of import payments. Payments for food and live animals, minerals, fuel and lubricants together declined by 28.8 percent.

The top three regions that dominated sources of merchandise imports for Liberia during the month were Asia, Africa and Europe. Imports from Asia constituted 55.3 percent of total import payments with China recording a large proportion of imports from that region. Goods imported from China were dominated by electrical & machinery equipment and household materials. Import payments to Africa (largely ECOWAS Countries) was mainly on payments for minerals, fuel & lubricant with the largest import coming from Cote d'Ivoire. The Euro Zone recorded the largest share of imports from Europe with import payments on vehicle parts & accessories, machinery & appliances, edible vegetables, frozen food as well as chemical products topping the list of imported goods.

Table 2: Monetary Aggregates

<i>Other Deposits**</i>	Jun- 18	Apr- 19	May- 19	Jun- 19
	<i>(In Millions)</i>			
Actual US\$ component of other deposits	1.49	1.91	1.94	1.79
Liberian \$ component of other deposits	65.83	64.43	124.23	58.04
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	31.97	32.15	30.13	30.64

Source: CBL

‡ - Reserves excluding ECF borrowing from the IMF; ** - Other Deposits Including Official and Manager Checks;

BANKING SECTOR DEVELOPMENTS

During the month under review, the banking sector remained strong and resilient with moderate increases in liquidity ratio (LR), return on assets (ROA) and return on equity (ROE) of the banking industry. LR was above the regulatory threshold (which is 15 percent) by 24.4 percentage points, while ROA and ROE rose by 0.1 percentage point and 0.7 percentage point, respectively. Although capital adequacy ratio (CAR) remained far above the minimum regulatory requirement of 10.0 percent, there was a slight decline by 0.4 percentage points, from 28.9 percent.

Total (gross) loans declined during the month by 5.2 percent to L\$84.9 billion compared with the previous month. The decline in gross loans was largely attributed to significant slowdown in loans extended to both the services sector and individuals, and partly to growth in the volume of non-performing loans, which is making banks to be cautious about lending. During the month, Liberian dollar denominated loans constituted 7.6 percent of total (gross) loans (See Table 3).

Table 3: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators (FSI)	Jun- 18	Apr- 19	May- 19	Jun- 19
	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	27.60	28.87	28.87	28.52
Non-performing Loans to Total Gross Loans (ratio)	13.98	11.84	12.33	13.36
Total Gross Loans (In Billion L\$)	70.12	82.58	89.58	84.89
Non-performing Loans (% change)	(3.30)	-6.27	13.05	2.6
Returns on Assets (ROA)	0.71	0.76	0.77	0.87
Returns on Equity (ROE)	4.05	4.42	4.83	5.56
Liquidity Ratio****	40.46	39.19	38.93	39.35

Source: CBL

*** - The Minimum Capital Adequacy Ratio is 10%; **** - The Required Minimum Liquidity Ratio is 15%

FINANCIAL MARKET DEVELOPMENTS

In June 2019, the total CBL-indexed bills purchased amounted to L\$389.8 million with an early redemption of L\$60.00. Compared with the previous month, the indexed bill issuance rose by L\$288.8 million with the total outstanding bill reported at L\$1,071.8 million.

On the other hand, CBL Fx auction was undersubscribed to by US\$0.3 million due to a 14.5 percent decrease in total subscription that was lower than the amount intended to be mopped up. When compared with the level of subscription in the previous month, the undersubscription in the month declined by US\$0.3 million (See Table 4).

There was no issuance of Government's T-bills during the month; however, a total of L\$137.1 million was redeemed. For T-bond, there was neither issuance nor redemption during the month; hence, the outstanding T-bond recorded at end of the review month remained at L\$4,900.00 million.

The aggregate overnight standing deposit facility (SDF) requested by commercial banks amounted to L\$2,900.00 million, reflecting an increase of 61.1 percent compared with the request in the previous month. At end of the month, money market transactions such as repos, swap and lending between commercial banks remained traded at the average interest of 6 percent.

Table 4. Financial Market and Interest Rates Statistics

Market Instruments	Jun- 18	Apr- 19	May- 19	Jun -19
CBL indexed Bills	(Millions of LD)			
Bills Purchased	na	242.30	101.01	389.82
Bills outstanding	na	753.23	591.18	1,071.80
Early Redemption during the month)	na	30.00	62.30	60.00
Coupon rate (%)	na	7.00	7.00	7.00
CBL Foreign Exchange (Fx) Auction	(Millions of LD)			
US Dollar Amount Sold	(5.06)	(2.00)	(2.00)	(2.00)
US Dollar Amount Sold	5.06	1.99	2.00	1.71
Total Subscription	5.06	1.99	2.00	1.71
Over (+)- / Under (-) Subscription	0.00	(0.01)	0.00	(0.29)
Treasury Securities	(Millions of LD)			
T- Bills Issued	(69.14)	0.00	(200.20)	0.00
T- Bills Redeemed	0.00	0.00	0.00	137.09
T-Bills outstanding	200.47	0.00	834.24	834.24
Net Treasury Bills Operations^	(69.14)	0.00	(200.20)	0.00
Ave. Weighted Discount Rate (T-Bills)	2.90	0.00	5.00	4.40
T- Bond Issued	0.00	0.00	0.00	0.00
T- Bond Outstanding	0.00	0.00	4,900.00	4,900.00
Coupon Payment	0.00	0.00	0.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
T-bond Coupon Rate (in percent)	0.00	0.00	16.00	16.00
Standing Deposit Facility (SDF)	(Percent)			
SDF rate (%)	na	4.00	4.00	4.00
SDF Amount (In Millions LD)	na	250.00	1,800.00	2,900.00

Table 4. Financial Market and Interest Rates Statistics cont'd

Market Instruments	Jun- 18	Apr- 19	May- 19	Jun -19
Interest Rates	(Percent)			
- Lending rate	13.00	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

Source: CBL

^ - with Liquidity Effect

FISCAL SECTOR DEVELOPMENTS

During the review month, total revenue generated amounted to US\$34.3 million (1.1 percent of GDP annual), while total expenditure stood at US\$25.9 million (0.8 percent of GDP), resulting to a surplus of US\$8.4 million (0.3 percent of GDP), up from a surplus of US\$5.0 million (0.2 percent of GDP) reported in May 2019. The surplus during the month was due to a US\$17.4 million decline in total expenditure that outweighed the US\$14.1 million decline in total revenue. Total revenue generated during the month fell by 29.1 percent, on account of declines in both tax and nontax revenues, while Government spending declined by 40.1 percent on the back of a US\$17.7 million decline in current expenditure. The fiscal policy stance of government during the month was said to be contractionary.

At end of the review month, statistics on general government debt showed a 1.1 percent rise in debt stock to US\$1,170.5 million (36.3 percent of GDP annual) on account of acquisition of new debt, mainly from external creditors. Foreign debt which constituted 72.7 percent of total public sector debt rose by 1.5 percent. (See Table 5).

Table 5. FISCAL SECTOR DEVELOPMENTS

Fiscal Operations	Jun- 18	Apr- 19	May- 19	Jun- 19
	(Millions of USD)			
Government Revenue	32.04	44.44	48.36	34.31
Tax Revenue	29.40	37.44	38.96	29.36
Non-tax Revenue	2.64	7.00	9.40	4.95
Government Expenditure	43.24	47.10	43.33	25.94
Current Expenditure	41.51	43.55	43.12	25.38
Capital Expenditure	1.73	3.55	0.21	0.55
Overall Balance	(11.20)	(2.67)	5.03	8.37
Public Sector Debt	942.60	1,063.41	1,158.23	1,170.49
Domestic	266.20	264.78	319.64	319.64
External	676.40	798.63	838.59	850.85

Source: MFDP