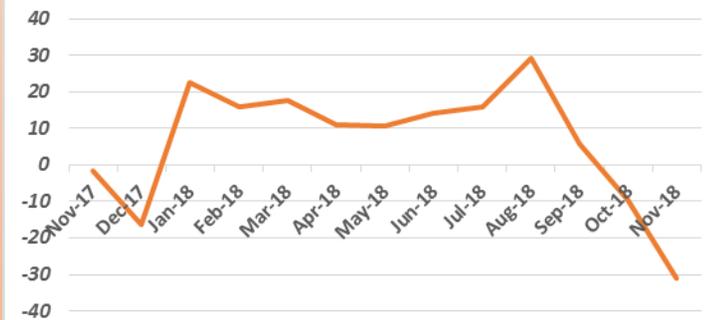




CENTRAL BANK OF LIBERIA (CBL)

MONTHLY
ECONOMIC
REVIEW

Net Remittances flows



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

Currency	Nov-17	Oct-18	Nov-18	Appr (-)/Depr (+)	
				MoM	YoY
GHC	4.41	4.79	4.80	0.21	8.78
GMD	46.93	50.62	50.04	-1.13	6.64
GNF	9,005.00	9,025.00	9,049.84	0.28	0.50
LRD	125.53	156.61	157.89	0.81	25.78
NGN	305.25	306.10	306.30	0.07	0.34
SLL	7,517.71	8,309.64	8,379.38	0.84	11.46

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

	Aug- 18	Sep- 18	Oct- 18	Nov- 18
EXTERNAL SECTOR	<i>(In units as may be specified)</i>			
External Trade (Volume)	<i>(Metric Tons)</i>			
- Rubber	3,583‡	2,801	2,822	2,462
-Iron Ore	317,709	195,867	na	na
-Commercial Rice	147,166	142,786	291,925	289,892
-Non-commercial Rice	1,256	977	480	34
- Petroleum Products	2,205	9,759	8,464	10,620
- Cocoa Beans	35	0.0	965	2,145
- Palm Oil	1,583‡	554	4,748	2,937
GLOBAL PRICE	<i>(In units as may be specified)</i>			
Iron ore (US\$/MT)	67.2	68.4	73.4	73.3
Rubber (US\$/MT)	1,470.0	1,440.0	1,430.0	1,350
Rice (US\$/MT)	405.0	402.0	409.0	401.0
Crude oil (US\$/BBL)	71.1	75.4	76.7	62.3
Palm oil (US\$/MT)	533.9	523.6	590.3	539.8
Gold	1,201.7	1,198.4	1,215.4	1,220.7

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 Liberian Economy and the Monetary Policy Stance of the CBL.

OVERVIEW

Generally, production of key commodities in the Liberian economy during the month of November 2018 showed significant decline when compared with production in the preceding month. Except diamond, production of all other commodities plummeted. Headline inflation at end of the month increased modestly due to increases in inflation subgroups such as transport and restaurant & hotels.

In the monetary and financial sector broad money (M2) inched upward during the month compared with the stock reported in the previous month mainly due to increases in demand deposits and currency outside banks. Disaggregation of commercial banks' loans to the private sector by currency showed expansions in the stock of loans in both United States and Liberian dollars. Performance in the banking industry in the review month was strong evidenced by 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 decline in actual revenue. Revenue & grants fell in the review month compared with previous due to fall in tax revenue. Government's Treasury bills issued in the month resulted into a net withdrawal of Liberian dollar liquidity from the money market.

Data on international trade indicated that earnings from export rose on the back of increase in receipts from rubber exports, while payments for imports fell due to fall in payments for food and live animals. The fall in payments and subsequent rise in earnings led to an improvement in merchandise trade deficit. Gross foreign reserves position rose slightly during the month raising the level of month of import cover to an estimated 4.2 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 in November 2018 showed significant decline compared with outputs of the previous month. Except diamond, production of iron ore, rubber, cement, beverages and gold fell during the month under review.

Iron ore production fell to an estimated 387,839 metric tons, from 428,603 metric tons reported at end-October 2018. The 9.5 percent dip in iron ore production was on account of a slight decline in the global price of the commodity. Rubber production fell by 2.5 percent to 2,751 metric tons, from 2,822 metric tons reported for the preceding month, occasioned by dip in the price of the product on the global market. Cement output contracted by 1.5 percent to 25,234 metric tons, from the level of production in the previous month as a result of increased importation of competitive brands. The output of beverages plummeted by 0.2 million litres in the month due to a 33.0 percent fall in the production of non-alcoholic beverages.

Trends in the production of minerals (especially gold and diamond) were mixed. Gold output declined by 28.7 percent to 13,458 ounces at end of the month, from 18,867 ounces produced a month ago. On the other hand, the production of diamond in the reporting month increased to 7,195 carats, from 4,979 carats produced in the preceding month. The 44.5 percent increase in production was attributed to improvement in licensing regime and the discovery of additional productive mining fields.

Consumer Prices

Year-on-year rate of inflation at end-November 2018 increased by 0.5 percentage point to 27.1 percent, from 26.6 percent recorded at end-October 2018. The increase in inflation during the review month was attributed mainly to increases in two subgroups, transport and restaurant and hotels. The monthly rate of inflation rose by 1.3 percentage points to 2.0 percent, from 0.7 percent reported in the preceding month due to increases in the sub-groups of restaurant and hotel, transport and clothing and footwear.

Rice

The world price of rice reported at end-November 2018 fell by 2.0 percent to US\$401.0 per metric ton, occasioned mainly by growing supply of the commodity on the back of favorable harvest.

Palm oil

Palm oil price slumped to US\$539.8 per metric ton in this reporting month when compared with the price in the previous month. The 8.6 percent slump was driven by increasing supply stamping from growing inventories of the commodities in major exporting countries.

Gold

The global price of gold at end-November 2018 went up by 0.4 percent to US\$1,220.7 per ounce due mainly to fall in the value of the British Pound Sterling due to increased concerns over Brexit.

Table 5: External Sector Statistics

	Aug- 18	Sep- 18	Oct- 18	Nov- 18
EXTERNAL SECTOR	<i>(In units as may be specified)</i>			
External Trade (Value)	(Millions of US\$)			
Exports/1	35.3†	37.6	27.4	29.3
- O/w Iron Ore	9.5	6.6	na	na
- O/w Rubber	4.4	3.7	3.7	11.0
- O/w Mineral	19.4†	19.1	20.5	15.7
-o/w Cocoa Bean	0.0	0.0	0.4	0.3
-o/w Palm Oil	1.4	0.2	1.7	1.5
Imports (F.O.B)/1	99.8	84.3	82.4	75.2
Minerals, Fuel, Lubricants	6.0	17.2	13.0	13.8
-O/w Petroleum Products	3.5	13.7	11.1	11.4
Food and Live Animals (including Animal and vegetable oil)	40.8	18.3	16.5	16.7
-O/w Commercial Rice	16.8	0.5	1.5	1.5
-O/w Non-commercial Rice	0.4	0.8	0.4	0.03
Machinery & Transport Equipment	18.2	18.2	19.6	20.0
Import (C.I.F)	110.4	93.0	90.0	82.2
Trade Balance	-64.6	-46.7	-55.0	-45.9

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

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

¹²Gross International Reserve is being calculated by taking the CBL liquid foreign assets less net liquid liabilities to government and commercial banks plus SDR and Reserve Tranche.

largest share of imports from the ECOWAS.

Exports

Preliminary data on earnings from merchandise exports during the month showed a 6.9 percent increase to US\$29.3 million, from US\$27.4 million reported at end-October 2018. The rise in export earnings during the month was occasioned mainly by surge in receipts from rubber exports.

Earnings from trade with Europe during the month constituted 68.4 percent of total export earnings with Switzerland being the leading destination of export, accounting for 64.8 percent of earnings from that region.

Gross Foreign Reserves (Including SDRs plus reserve tranche)²

The gross foreign reserves at end-November 2018 slightly grew to US\$410.2 million, from the amount recorded in the previous month. The stock of gross external reserves resulted in an estimated 4.2 months of import cover.

GLOBAL COMMODITY PRICE DEVELOPMENT

Iron ore

The global price of iron ore declined moderately by 0.2 percent to US\$73.3 per metric ton, from the price registered at end-October 2018. The slight decline in the price of iron ore was occasioned by weak demand from major steel producers.

Rubber

At end-November 2018, the international price of rubber fell by 5.6 percent to US\$1,350.0 per metric ton compared with the preceding month due to slowdown in demand for the commodity by mainly tyre producing companies.

Crude oil price

Crude oil price at end of the reporting month stood at US\$62.3 per barrel, falling by 18.8 percent from the previous month on the back of speculation that supply of the commodity would be sustained.

Table 1: Production and Price Statistics

	Aug- 18	Sep- 18	Oct- 18	Nov- 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)	309,406	343,571±	428,603±	387,839±
Gold (Ounces)	19,842	19,393	18,867	13,458
Diamond (Carat)	3,641	2,535	4,979	7,195
Rubber (Metric ton)	3,583	2,801	2,822	2,751±
Cement (Metric ton)	24,314	17,487	25,610	25,234
Beverages	<i>(In Liters)</i>			
Alcoholic	778,572†	57,242	977,304±	1,074,660±
Non-Alcoholic	754,017†	468,968	967,002	647,708±
Total Beverages Production	1,532,589†	526,210	1,944,304±	1,722,368±
Inflation	<i>(In percent)</i>			
Overall (Year-on-year) Rate of Inflation	26.1	26.3	26.6	27.1
a. Food and Non-alcoholic Beverages Inflation	23.3	25.2	24.2	24.9
- Domestic Food Inflation	22.6	24.8	25.1	28.3
- Imported Food Inflation	23.7	25.2	23.4	22.7
b. Transport Inflation	47.3	43.0	38.9	41.9
c. Imported Fuels Inflation	55.4	51.6	45.6	52.7
Overall (Month-on-Month) Rate of Inflation	2.2	1.4	0.7	2.0
Core Inflation	<i>(In percent)</i>			
Inflation excluding Food & Non-alcoholic Beverages	27.7	26.9	27.9	28.3
Inflation excluding Imported Food	26.7	26.6	27.4	28.3
Inflation excluding Domestic Food	27.1	27.0	27.3	27.2
Inflation excluding Food and Transport	24.7	24.5	26.2	26.1

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 ended-November 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

Broad money supply (M2) at end of the review month grew by 5.3 percent to a provisional L\$109,550.0 million, from the stock recorded at end-October 2018. The growth in M2 was mainly on account of 8.7 percent increase in demand deposits as well as an 8.8 percent surge in currency outside the banking system, respectively. Time and savings deposits slightly reduced by 0.2 percent

Net domestic assets (NDA) and net foreign assets (NFA) rose during the review month by 5.4 percent and 4.8 percent, respectively. The rise in NDA was occasioned by increases in both credits to private sector by 3.0 percent and other financial corporations. NFA, on the other hand, grew on account of a 12.5 percent increase in foreign assets of commercial banks. The NFAs of CBL contracted by 4.9 percent, occasioned by reduction in the Bank's placement abroad. Year-on-year comparison of monetary aggregates showed that M2, NDA and NFA grew by 39.7 percent, 42.3 percent and 31.2 percent, respectively.

Both the US dollar and Liberian dollar components of commercial banks' credits to private sector marginally increased during the month compared with the previous month. Loans denominated in US dollar went up by 0.3 percent to US\$412.4 million, while those in Liberian dollar rose by 0.8 percent to L\$5,184.0 million. The slight growth in the United States dollar component resulted from expansion in credits to trade, services, manufacturing and agriculture sectors, while the increase in loans extended to trade and construction sectors occasioned the rise in Liberian dollar loans.

EXCHANGE RATE DEVELOPMENTS

The average Liberian-dollar exchange rate against the US dollar depreciated marginally by 0.7 percent to L\$157.7936/US\$1.00, while the end-of-period (EOP) exchange rate depreciated by 0.5 percent to L\$157.8812/US\$1.00. The relative stability of the local currency was a result of the CBL's intervention in the foreign exchange market through CBL auction. On an annual basis, the average and EOP Liberian dollar exchange rates depreciated by 27.7 percent and 25.8 percent, respectively. The high demand for foreign exchange to facilitate payments for imports amidst the relatively weak performance of

Table 4. Fiscal Sector Statistics

	Aug- 18	Sep- 18	Oct- 18	Nov- 18
Treasury Securities	(Millions of L\$)			
T- Bills Issued	-75.7	-69.2	-77.7	-78.4
T- Bills Redeemed	65.8	69.1	77.7	75.7
Net GoL Treasury Bills Operations^	-9.9	-0.1	0.0	-2.6
Ave. Weighted Discount Rate_T Bills	3.08	3.34	3.17	3.83
Bond Issued (2 yrs.) amount in Billion				
T- Bond Issued	0.0	-1.1	0.0	0.0
T- Bond Settled	0.0	2.4	0.0	0.0
Net GoL Treasury Bond Operations^	0.0	1.3	0.0	0.0
Ave. Weighted Discount Rate_T Bond	0.0	16.0	0.0	0.0

Source: MFDP & CBL

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Merchandise trade performance improved during the month ended-November 2018 on account of decline in trade deficit. Trade deficit fell by 16.5 percent to US\$45.9 million, from a deficit of US\$55.0 million recorded at end-October 2018, mainly occasioned by a significant reduction in merchandise import payments.

Imports (FOB)

Payments for merchandise imports dipped by 8.8 percent in November 2018 to US\$75.2 million on account of slump in payments for food and live animals. Food and live animals (excluding animal and vegetable oil) declined by 17.7 percent to US\$12.7 million. Total payments for rice in November 2018 amounted to US\$1.6 million, constituting 2.1 percent of total import payments, compared to 2.3 percent in October 2018.

Asia, Europe and Africa remained the three leading sources of imports to Liberia with imports from Asia constituting 48.6 percent of total payments during the month. China led imports from Asia, Spain accounted for a large proportion of imports from the Europe area and Cote d'Ivoire made up the

FISCAL DEVELOPMENTS

Revenue (including Grants) & Expenditures

Preliminary statistics on fiscal operations during the month of November 2018 showed a deficit of US\$12.0 million, from a revised US\$4.3 million deficit reported in October 2018. The US\$7.7 million deterioration in fiscal deficit for the month was occasioned mainly by the decrease in estimated actual government revenue. Revenue (including grants) slumped by 29.3 percent at end of the month on account of decline in tax revenue which accounted for 81.2 percent of total revenue & grants.

Total Government's expenditure fell by 12.6 percent to US\$47.0 million during the month, from US\$53.8 million revised for end-October 2018. The decline in expenditure was a result of an 11.3 percent fall in recurrent expenditure which is the biggest component of total Government's expenditure. Recurrent expenditure (including debt services), during the month, made up 100 percent of total expenditure, implying that there was no capital expenditure in the month.

Preliminary statistics on Liberia's total public sector debt during the month showed that the stock of debt fell by 0.2 percent from the stock reported in previous month. The estimated decline in public sector debt was occasioned by a slight fall in debt owed to external creditors. (See Table 4).

Table 4. Fiscal Sector Statistics

	Aug- 18	Sep- 18	Oct- 18	Nov- 18
Fiscal Operations (In Million US\$)	6.4	0.6	-4.3	-12.0
Revenue, Expenditure & Debt	(Millions of US\$)			
Actual Revenue & Grants	41.2†	37.3	495	35.0
Projected Revenue & Grants	33.6	42.8	36.1	35.0
Expenditure	34.8	36.7	53.8	47
Public Debt Stock	963.6	976.9	983.4	981.2
Domestic	266.0	265.5	265.3	265.3
External	697.6	711.4	718.1	715.9

the real economy continues to be the key factors that drive the level of depreciation of the domestic currency.

During this review month, all currencies in the West African Monetary Zone (WAMZ), except the Gambian dalasi, depreciated vis-à-vis the US dollar. The Gambian dalasi appreciated by 1.1 percent, while the Sierra Leonean leone, the Liberian dollar depreciated at the same rate of 0.8 percent. The Guinean franc, the Ghanaian cedi and the Nigerian naira depreciated by 0.3 percent, 0.2 percent and 0.1 percent, respectively, Year-on-year comparisons also showed depreciations of all currencies in the Zone relative to the United States dollar (See Table 6).

FINANCIAL MARKET DEVELOPMENTS

In the month under review, the CBL, issued L\$78.4 million in T-bills on behalf of GoL and redeemed L\$75.7 million, resulting into a net withdrawal of L\$2.7 million. The weighted average discount rate on T-bills issued during the month was 0.5 percentage point higher than the rate in the previous month (See Table 4).

Table 2: Monetary Aggregates

	Aug- 18	Sep- 18	Oct- 18	Nov- 18
Monetary	(Millions of US\$)			
CBL Net Foreign Exchange Reserves Position (Including SDRs)‡	131.6	135.6	158.5	162.1
CBL Gross Foreign Reserves (including SDRs)	379.7	383.7	406.6	410.2
Liberian Dollars in Circulation	17,128.8	17,154.7	17,536.1	18,889.6
Money Supply (M1) in L\$ only	23,278.8	23,767.7	24,199.9	25,649.8
Broad money (M2) in L\$ only	32,118.6	32,796.9	32,793.4	33,848.6
Broad money (M2) in both L\$ and US\$*	103,201.9	104,191.6	104,074.0	109,550.0
Net Foreign Assets (NFA)	19,392.2	18,571.4	23,219.0	24,335.0
Net Domestic Assets (NDA)	84,008.6	85,620.2	80,855.0	85,215.0

Table 2: Monetary Aggregates

	Aug- 18	Sep- 18	Oct- 18	Nov- 18
Monetary	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	31.1	31.5	31.5	30.9
Interest Rates				
- Lending rate	12.1	12.4	12.4	12.44
-Average Deposit rates				
-Savings	2.23	2.10	2.10	2.10
-Time	3.86	3.53	3.53	3.53
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	424.3	423.6	411.2	412.4
Commercial banks loans to private sector - L\$	4,796.7	4,913.4	5,140.7	5,184.0
Demand Deposits of commercial banks				
Demand deposits - US\$	293.8	294.5	284.4	312.1
Demand deposits - L\$	7,801.0	8,258.0	7,961.6	7,978.0
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	161.3	166.5	166.1	167.3
Time & savings deposits - L\$	8,395.3	8,605.6	8,537.4	8,144.1
Other Deposits**				
Actual US\$ component of other deposits	7.9	0.4	3.2	0.1
Liberian \$ component of other deposits	444.5	423.6	56.1	54.7
CBL's Foreign Exchange Auction	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	6.3	0.4	3.5	3.4±
Total Subscription	7.3	0.5	4.4	4.1±
Over (+)- / Under (-) Subscription	1.0	0.1	0.9	0.7±
	Aug- 18	Sep- 18	Oct- 18	Nov- 18
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	48.6	26.8	28.2	25.5
Outflows	19.4	21.2	38.0	56.5
Net flows	29.2	5.6	-9.8	-31.0
Exchange Rate	<i>(USD/LD)</i>			
End of Period	154.14	155.5	157.13	157.88
Period Average	153.55	154.7	156.69	157.79

Source: Central Bank of Liberia

BANKING SECTOR DEVELOPMENTS

Provisional data on financial soundness indicators showed that the banking sector's performance remained strong during the month of November 2018. Capital adequacy ratio (CAR) remained stable compared with the previous month, and was far above the minimum regulatory requirement of 10.0 percent. Liquidity ratio (LR) at end of the month declined slightly to 40.1 percent, but stayed 25.1 percentage points above the minimum requirement.

Compared with the previous month, both total (gross) loans and non-performing loans (NPLs) increased during the reporting month. Total NPL inched up by 7.6 percent to L\$10.3 billion, while total gross loans rose by 1.2 percent to L\$70.4 billion, from the amount reported at end of the preceding month.

Return on assets (ROA) at end of the review month remain stable at 1.1 percent, while return on equity (ROE) slightly inched up during the month to 6.8 percent. (See Table 3).

Table 3: Selected Financial Soundness Indicators, FSIs

	Aug- 18	Sep- 18	Oct- 18	Nov- 18
Financial Soundness Indicators (FSI)	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	27.6	27.6	27.6	27.6±
Non-performing Loans to Total Gross Loans (ratio)	15.8†	14.2	13.8	14.6±
Total Gross Loans (In Billion L\$)	69.7†	70.6	69.6	70.4±
Non-performing Loans (% change)	4.0	(9.0)	(4.4)	7.6±
Returns on Assets (ROA)	1.0	1.0	1.1	1.1±
Returns on Equity (ROE)	6.2	6.3	6.4	6.8±
Liquidity Ratio****	38.5	39.0	40.8	40.1±

Source: CBL