

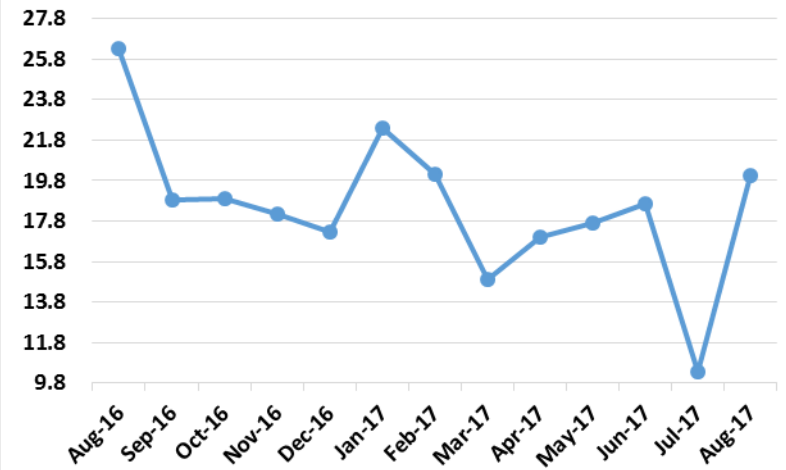


CENTRAL BANK OF LIBERIA (CBL)

MONTHLY
ECONOMIC
REVIEW

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Payments (fob) for Machinery & Transport Equipments (In Million USD)



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**Table 2: Performances of End-of-Period WAMZ
Exchange Rates against the US Dollar**

Currency	Aug-16	Jul-17	Aug-17	Appr (-)/Depr (+)	
				MoM	YoY
GHS	3.944	4.372	4.399	0.6	11.5
GMD	45.835	46.187	46.886	1.5	2.3
GNF	9,001.581	9,010.000	8,996.146	-0.2	-0.1
LRD	97.500	114.135	116.345	1.9	19.3
NGN	305.000	305.200	305.350	0.0	0.1
SLL	6,283.905	7,408.405	7,463.475	0.7	18.8

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

	May-17	Jun-17	Jul-17	Aug-17
External Trade (Volume) – cont'd	(Metric Tons)			
- Petroleum Products	5,443	4,715	4,759	4,731
- Cocoa Beans	562	221	0.0	2,145
- Palm Oil	645	645	3,063	1,511
10 Inflation	(In percent)			
Overall (Year-on-year) Rate of Inflation	13.2	10.8	10.5	12.3
a. Food and Non-alcoholic Beverages Inflation	8.9	7.1	3.8	5.4
- Domestic Food Inflation	4.5	1.4	-2.7	1.0
- Imported Food Inflation	11.0	10.6	8.1	8.1
b. Transport Inflation	25.9	14.3	13.8	13.6
c. Imported Fuels Inflation	22.6	20.6	16.8	19.5
Overall (Month-on-Month) Rate of Inflation	1.2	3.0	2.3	2.2
Core Inflation	(In percent)			
Inflation excluding Food & Non-alcoholic Beverages	15.4	12.0	14.8	17.2
Inflation excluding Imported Food	13.2	10.0	10.3	13.0
Inflation excluding Domestic Food	7.6	5.5	6.1	6.9
Inflation excluding Food and Transport	13.4	11.5	14.9	17.7
Production	(Metric Tons, Carats and Ounces)			
Iron Ore	201,411±	52,140	164,964±	140,818±
Gold	20,207	15,417	19,003	13,655
Diamond	9,858.2	5,878.1	7,231	5,257
Rubber	2,016	3,165	19,003	13,655
Cement	27,261	21,331	3,145	4,710
Beverages	(In Litres)			
<i>Alcoholic</i>	1,437,134±	1,174,466	1,053,913±	937,795±
<i>Non-Alcoholic</i>	899,683	978,232	657,518	1,043,239
11 Int'l Commodity Prices	US\$/Unit			
Iron Ore (US\$/MT)	61.6	57.9	76.2±	75.7±
Rubber (US\$/MT)	2,174.0	1,758.6	2,396.4±	2,156.8±
Crude Oil (US\$/Barrel)/1	49.9	46.1	52.5±	52.7±
Rice (US\$/MT)	402.3	444.7	453.4±	427.3±

* US\$ converted to L\$ ^With liquidity Effect

** Other Deposits Include Official and Manager Checks

***The Minimum Capital Adequacy Ratio is 10%

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

†Reserves exclude ECF borrowing from the IMF

± Provisional, Preliminary, Estimate

‡Revised

‡Not Available (NA)

/1 Average Monthly prices of Dated Brent, West Texas Intermediate & Dubai Fateh

REAL SECTOR & PRICE DEVELOPMENTS

Production

During the month under review, production trends of key commodities in the economy were mixed. Rubber production showed an upswing of 1,565 metric tons to 4,710 metric tons, from 3,145 metric tons produced during the previous month, attributable to an increase in production by smallholder farmers. Beverage production during the month increased by 15.7 percent to an estimated 2.0 million liters, from 1.7 million liters in the previous month. The increase in beverage output was largely occasioned by rise in the production of soft drink. Cement output drop to 18,295 metric tons, from 19,295 metric tons. The 5.2 percent fall in output was on account of the ongoing rainy season during which time construction activities are restrained. Iron ore production for the month was estimated to be 140,818 metric tons, down from 164,964 metric tons produced a month ago. The dip in iron ore production was a result of declining price of the commodity on the international market. Gold output dropped by 5,348 ounces to 13,655 from 19,003 ounces a month ago. The decline in the output of Gold can be explained by the heavy downpour of rain during the period.

Consumer Prices

Headline inflation increased to 12.3 percent at end-August 2017, from 9.9 percent recorded for the same period a year ago. The 2.4 percentage points surge in inflation was mainly explained by depreciation of the Liberian dollar against the U. S. dollar. Major subgroups affected included: Alcoholic beverages, clothing & footwear, health, miscellaneous goods and services, restaurants & hotels, housing, water, electricity, gas & other fuels and communication (See Table 1).

Month-on-month analysis show that the rate of inflation at end-August, 2017 dropped to 2.2 percent, from 2.3 percent a month ago as a result of decreases in the prices of some items in the consumer basket, including alcoholic beverages, tobacco and narcotics, transportation, restaurants and hotels, furnishings, household Equipment & routine maintenance of house.

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy stance of the CBL has continuously been anchored on price stability through broad exchange rate stability. For the month ended-August, 2017, the foreign exchange auction and the Treasury-bills as well as other traditional policy tools were utilized by the CBL to effectuate domestic monetary policy operations.

Monetary Aggregates and Credit

Broad money supply (M2) at end-August, 2017 declined marginally by 0.02 percent to L\$72,819.8 million, from L\$72,836.9 million recorded at end-July, 2017. The decline was occasioned by a 1.0 percent reduction in quasi money supply which narrowly outweighed the 0.5 percent expansion in M1. Year-on-year, broad money expanded by 16.7 percent, supported by 17.7 percent and 13.1 percent growths in both narrow and quasi money supplies, respectively.

On the assets side, Net foreign assets (NFA) and net domestic assets (NDA) at end-August, 2017 trended in opposite directions. NDA grew MoM and YoY by 1.7 and 58.3 percent, respectively, underpinned year-on-year by a 32.1 percent expansion in credit to the private sector including Non Bank Financial Institutions (NBFIs). On the other hand, NFA declined MoM and YoY by 2.3 percent and 15.4 percent, respectively, on account of declines in both CBL and commercial banks assets held abroad.

The US dollar component of Commercial Bank loans to private sector at end-August, 2017 grew by 0.4 percent to US\$388.0 million, from US\$386.6 million at end-July, 2017, while the Liberian dollars component rose by 2.7 percent to L\$3,907.6 million, from L\$3,806.7 million recorded a month ago. Year-on-year, the US dollar component grew by 17.6 percent and the LRD component, by 49.7 percent, both driven by increases in loans to individuals, the Oil & Gas and the Others Sectors.

Exchange Rate

At end-August, 2017, the Liberian dollar vis-à-vis the US dollar depreciated by 1.8 percent to L\$115.12/US\$1.00, from L\$113.14/US\$1.00, and the end-of-period also depreciated by the same magnitude to L\$116.65/US\$1.00, from L\$114.56/US\$1.00. Year-on-year comparison revealed that the Liberian dollar also depreciated by 19.5 percent and the EOP, by 19.6 percent. The current depreciation of the Liberian dollar was primarily occasioned by demand for US dollar to facilitate imports.

	May-17	Jun-17	Jul-17	Aug-17
Non-performing Loans (% change)	1.3	-21.9	2.9	3.7
Returns on Assets (ROA)	0.33	0.15	0.12	0.24
Returns on Equity (ROE)	2.1	0.92	0.76	1.49
Liquidity Ratio****	53.9	51.2	50.5	49.5
7 Fiscal Operations				
7a Revenue, Expenditure & Debt	(Millions of US\$)			
Actual Revenue & Grants	43.0±	44.3	42.2	43.1
Projected Revenue & Grants	59.2±	46.6	49.1	51.6
Expenditure	40.0	45.7	46.1	45.5
Public Debt Stock	839.1±	849.0	860.0	851.1
Domestic	267.7±	267.1	267.6	267.1
External	571.4±	581.9	592.4	584.0
7b Treasury Securities	(Millions of L\$)			
T- Bills Issued	-53.3	-53.7	-37.7	-32.2
T- Bills Redeemed	45.2	51.8	52.3	53.3
Net GoL Treasury Bills Operations^	-8.1	-1.9	14.6	21.1
Ave. Weighted Discount Rate_T Bills	3.7	2.9	3.5	3.74
Bond Issued (2 yrs.) amount in Billion				
T- Bond Issued	0.0	0.0	-0.9	0.0
T- Bond Settled	0.0	0.0	0.0	0.0
Net GoL Treasury Bond Operations^	0.0	0.0	-0.9	0.0
Ave. Weighted Discount Rate_T Bond	0.0	0.0	9.5	0.0
8 External Trade (Value)	(Millions of US\$)			
8a Exports/1	17.5	32.9	27.5	25.4
- O/w Iron Ore	6.9	1.8	1.1	0.0
- O/w Rubber	4.7	4.9	4.5	5.0
- O/w Mineral	4.8	17.9	20.3	18.6
-o/w Cocoa Bean	0.2	0.2	0.0	0.7
-o/w Palm Oil	0.4	0.4	1.1	0.8
8b Imports (F.O.B)/1	77.9	72.3	66.1	74.3
Minerals, Fuel, Lubricants	13.2	11.7	13.6	10.9
-O/w Petroleum Products	11.2	10.1	10.0	9.7
Food and Live Animals	11.7	14.2	21.0	15.7
-O/w Commercial Rice	1.3	3.6	13.5	5.8
-O/w Non-commercial Rice	0.0	0.7	0.5	0.2
Machinery & Transport Equipment	17.7	18.7	10.3	20.0
Import (C.I.F)	85.5	78.3	72.2	81.7
Trade Balance	-60.4	-54.1	-38.6	-48.9
9 External Trade (Volume)	(Metric Tons)			
- Rubber	2,883	3,165	3,145†	4,710
-Iron Ore	201,411	52,140±	40,300	0.0
-Commercial Rice	28,025	277,125±	345104	
-Non-commercial Rice	323	2,042±	1472	

/1 Trade data now sourced from Customs (LRA) with larger coverage than BIVAC.

Table 1: Fact Sheet

	May-17	Jun-17	Jul-17	Aug-17
1 Monetary	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [†]	160.0	146.3	161.8	155.5
CBL Gross Foreign Reserves (excluding SDRs)	210.9	218.5	202.5	195.9
Liberian Dollars in Circulation	12,492.1	12,513.0	12,525.0	12,527.1
Money Supply (M1) in L\$ only	17,411.4	17,560.5	17,493.7	19,196.7
Broad money (M2) in L\$ only	22,864.9	23,413.5	23,444.8	26,299.0
Broad money (M2) in both L\$ and US\$*	70,703.7	70,732.0	72,836.9	72,819.8
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	32.3	33.1	32.2	31.7
Interest Rates				
- Lending rate	13.3	13.3	13.3	13.28
-Average Deposit rates				
-Savings	2.2	2.2	2.2	2.23
-Time	3.53	3.53	3.53	3.53
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	383.2	390.2	386.6	388.0
Commercial banks loans to private sector - L\$	3,600.6	3,734.2	3,806.7	3,907.6
- Demand Deposits of commercial banks				
Demand deposits - US\$	273.5	261.4	270.6	272.5
Demand deposits - L\$	6,529.9	6,362.2	5,983.5	5,946.4
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	155.0	156.7	157.3	153.4
Time & savings deposits - L\$	5,441.4	5,816.6	5,877.1	6,119.4
- Other Deposits**				
Actual US\$ component of other deposits	0.6	0.2	3.2	0.34
Liberian \$ component of other deposits	12.2	36.4	74.0	38.8
2 CBL's Foreign Exchange Auction	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	2.9	2.7	8.0	4.0
Total Subscription	4.5	3.8	7.8	4.6
Over(+)- / Under(-) Subscription	1.6	1.1	4.1	0.62
3 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
4 Personal Remittances	<i>(Millions of US\$)</i>			
Inflows	38.7	54.8	42.4	30.5
Outflows	33.4	46.5	28.1	25.1
Net flows	5.3	8.2	14.3	5.4
5 Exchange Rate	<i>(USD/LD)</i>			
End of Period	111.5	113.1	114.56	116.65
Period Average	110.1	112.8	113.14	115.12
6 Financial Soundness Indicators (FSI)	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	18.6±	17.9±	17.7±	17.8±
Non-performing Loans to Total Loans	17.7±	13.7±	14.0±	14.36±

In the WAMZ countries, with the exception of the Guinean Franc that appreciated and the Nigerian Naira that remained relatively stable at end-August, 2017 compared with the preceding month, all the other currencies depreciated with the Liberian dollar depreciating the most followed by the Gambian Dalasi, Table 2.

Financial Market Developments

During the month ended-August, 2017, net GoL T-bill operations amounted to a net Liberia dollar injection of L\$21.1 million; implying that the CBL on behalf of the government issued L\$32.2 million and redeemed L\$53.3 million in the reporting month. The discount rate in August on GoL T-bill issued was 3.74 percent, 5 basis points higher than the yield recorded in July, 2017.

Banking Sector Developments

The banking industry was viable in August, 2017. Capital adequacy and liquidity ratios remained well above the minimum requirements of 10.0 percent and 15.0 percent, respectively. Provisional banking sector data at end-August, 2017 indicated a liquidity ratio of 49.5 percent, 1.0 percentage points lower than the ratio recorded at end-July, 2017. The industry capital adequacy ratio (CAR) stood at 17.7 percent, from 17.8 percent reported a month ago. Non-performing loans ratio was recorded at 15.0 percent, 60 basis points higher than the ratio at end-July, 2017.

FISCAL DEVELOPMENTS

Revenue (including Grants) & Expenditures

Preliminary data on fiscal operations at end-August, 2017 resulted in a deficit of US\$2.4 million, down from a deficit of US\$3.9 million recorded in the previous month, mainly explained by 2.1 percent increase in total revenue and grants, coupled with 1.3 percent reduction in total public expenditure during the review month.

Tax and non-tax revenue & grants constituted 81.0 percent and 19.0 percent of total revenue and grants during the month under review, respectively. Actual revenue and grants fell below budgetary projections during the month by US\$8.5 million or 16.5 percent.

Recurrent and capital expenditure accounted for 94.0 percent and 6.0 percent of total public expenditure for the review period, respectively.

Preliminary statistics on Liberia's public debt stock at end-August, 2017, stood at US\$851.1 million, it reduced by 1.0 percent against the stock of US\$860.0 million recorded at end-July, 2017, mainly on account of a reduction in external debt stock to multilateral creditors during the review period. Domestic and external debt stocks constituted 31.4 percent and 68.6 percent of Liberia's total public debt stock at end-August, 2017, respectively (Table 1).

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Merchandise trade balance at end-August, 2017 recorded a deficit of US\$48.8 million, from a deficit of US\$38.9 million at end-July, 2017 reflecting a 25.6 percent deterioration in trade balance, occasioned mainly by a 13.2 percent rise in import payments (Table 1).

Exports

Exports earnings during the month decreased to US\$25.4 million, from a revised US\$27.2 million recorded at end-July, 2017. The 6.6 percent decline in exports earnings was mainly due to 8.4 percent decrease in mineral (mainly gold) export receipts from US\$20.3 million to US\$18.6 million.

Imports (FOB)

Payments for imports at end-August, 2017, rose to US\$74.3 million, from a total of US\$66.1 million during end-July, 2017. The 12.4 percent surge in import payments was attributed mainly to a US\$9.7 million increase in payments for machinery & Transport equipment related imports.

Global Commodity Price Review

Data on global commodity prices were not available until the time of publication; however, estimates showed that global price at end-August, 2017 rose by 0.5 percent above the previous month. The slight rise in average global commodity price was largely a result of increases in the prices of energy (especially petroleum), agricultural materials (mainly rubber) and vegetable oil (especially crude palm oil).

Iron ore

Iron ore price decline modestly to a projected US\$75.7 per metric ton in August 2017, from US\$76.2 per metric ton at end-July, 2017. The 0.7 percent fall in the price of the commodity was a result of growing supplies of the commodity by major iron ore miners (esp. VALE).

Rubber (natural)

At end-August 2017, the global price of rubber increased by an estimated 2.4 percent to US\$2,453.3 per metric ton, from US\$2,396.4 per metric ton during the preceding month mainly due to supply shortage of the commodity.

Petroleum (Crude Oil)¹

The average global price of petroleum also rose to an estimated US\$52.7 per barrel at end-August, 2017, from US\$52.5 per barrel recorded in the previous month, occasioned largely by drop in the US crude oil stocks and limited supply of the commodity.

Food (Rice)

At end-August, 2017 global food price further dipped by 1.3 percent when compared with the preceding month, due mainly to decreases in the prices of cereal, sugar and meat. In the same way, the price of rice fell by an estimated 7.6 percent to US\$419.2 per metric ton, from US\$453.6 per metric ton in the preceding month due mostly to weak demand of the commodity ahead of harvest season.

Palm Oil

The price of crude palm oil rose to US\$668.4 per metric ton in August, 2017, from US\$664.8 per metric ton at end-July, 2017. The modest estimated jump in the price of the commodity was on account of gradually growing demand in the wake of fall in production especially in Southeast Asia.

Gross Foreign Reserves

Gross foreign reserves position (excluding SDR holdings) of the CBL at end-August, 2017 declined by 3.5 percent to US\$195.5 million, from of US\$202.5 million reported during the previous month.

¹Crude oil price is the average of the three global oil price benchmarks: Dated Brent, West Texas Intermediate and Dubai Fateh.