



CENTRAL BANK OF LIBERIA (CBL)

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

Currency	Nov - 16	Dec - 16	
	Curr. Unit./US\$1	Curr Unit./US\$1	M-on-M Rate of Appr. (-)/Depr. (+)
LRD	100.50	102.50	2.0
GHC	3.98	4.18	5.0
GMD	43.65	44.85	2.7
GNF	9,079.81	9,220.22	1.5
NGN	304.75	304.75	0.0
SLL	7,212.02	7,195.37	-0.2

Sources: Central Banks of Liberia and WAMA: www.amao-wama.org/en/exchange.aspx and 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

REAL SECTOR & PRICE DEVELOPMENTS

	Sep-16	Oct-16	Nov-16	Dec-16
10 Inflation	<i>(In percent)</i>			
Overall (Year-on-year) Rate of Inflation	8.5	9.9	12.0	12.5
a. Food and Non-alcoholic Beverages Inflation	9.8	11.7	14.4	14.2
- Domestic Food Inflation	8.6	6.6	12.7	8.6
- Imported Food Inflation	11.1	17.0	16.1	19.9
b. Transport Inflation	20.0	20.4	23.1	20.9
c. Imported Fuels Inflation	2.2	3.8	8.0	8.4
Overall (Month-on-Month) Rate of Inflation	0.5	1.6	0.50	0.50
Core Inflation				
Inflation excluding Food & Non-alcoholic Beverages	6.9	7.9	9.3	10.6
Inflation excluding Imported Food	7.5	7.4	10.6	9.9
Inflation excluding Domestic Food	8.4	11.2	11.8	13.9
Inflation excluding Food and Transport	4.5	5.7	6.9	8.6
Production	<i>(Metric Tons)</i>			
Iron Ore	139,195	77,679	0	120,342
Rubber	2,218	2902	1,956	2,291
Cement	12,168	14,272	16,747	23,722
Beverages	<i>(In Litres)</i>			
<i>Alcoholic</i>	1,113,927	930,038 [†]	994,105	1,596,932
<i>Non-Alcoholic</i>	645,895	569,002 [†]	562,968	956,915
11 Int'l Commodity Prices	<i>US\$/Unit</i>			
Iron Ore (US\$ /MT)	56.7	58.0	72.3	79.8
Rubber (US\$/MT)	1,604.5	1,666.69	1,879.9	2,226.8
Crude Oil (US\$/Barrel)/1	45.1	49.3	45.3	52.6
Rice (US\$/MT)	384.0	367.7	360.8	367.6

* 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%

†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

^With liquidity Effect

Production

Trends in production of major commodities in the economy remained mixed during the month ended-December, 2016. Cement production in the month of December, 2016 increased to 23,722 metric tons from 16,747 metric tons. The 41.6 percent rise in output was due to the increase in construction activities as a result of the dry season as well as a slight drop in ex-factory price. Beverage outputs increased by an estimated 62.5 percent to 2.6 million liters, from 1.6 liters produced during the previous month. Iron ore production during the month of December recorded 120,342 metric tons up from zero metric tons produced in November. The resumption of the production of iron ore in the month under review was a result of the pick-up in the price of the commodity on the international market. Rubber output rose by an estimated 17.1 percent or 335 metric tons when compared to the preceding period. The increase production of rubber was on account of the international price increase of the commodity.

Consumer Prices

Headline inflation during the month of December, grew by 4.5 percentage points to 12.5 percent, up from 8.0 percent a year ago. The rise in inflation was generally explained by the increase in the prices of food and non-alcoholic beverages; alcoholic beverages, tobacco and narcotics; housing, water, electricity, gas and other fuel; transport; communication; and restaurant and hotels.

On a month-on-month basis, the rate of inflation declined by 0.01 percentage points, to 0.49 percent, from 0.50 percent in the preceding month. The monthly decrease in inflation was driven by falls in inflation of food and non-alcoholic beverages; housing, water, electricity and other fuel.

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy stance during the reporting month remained anchored on price stability through broad exchange rate stability. As was the case in the previous month, there were no foreign exchange auction during the reporting month.

Monetary Aggregates and Credit

Broad money supply (M2) at end-December, 2016 rose by 7.7 percent to L\$66,711.9 million, from a revised L\$61,949.2 million recorded at-end November, 2016. This expansion was triggered by a 12.0 percent growth in Narrow Money Supply (M1) resulting from increases in both currency outside bank and demand deposits by 19.3 percent and 9.6 percent, respectively.

Net foreign assets (NFA) for December, 2016 grew by 27.4 percent to US\$38,612.8 million, from L\$30,310.9 million. The expansion was due to a 28.7 percent and a 22.4 percent increases in the net foreign assets of both the Central Bank and the Banking Institutions, respectively. Net domestic assets (NDA), on the other hand, slowed down by 11.2 percent to US\$28,099.1 million from US\$31,638.3 million, on account of a 2.8 percent decline in credit to the private sector including credits to non-banks financial institutions.

Commercial banks' loans and advances to private sector in US dollars increased by 0.03 percent to US\$368.3 million at end-December, from US\$368.2 million reported in November, 2016. The Liberian dollars share of loans to private sector also rose by 6.2 percent to L\$2,934.1 million, from L\$2,763.5 million at end-December, 2016.

Exchange Rate

At end-December, 2016, the average exchange rate between the domestic currency and United States dollar depreciated by 1.2 percent to L\$100.8/US\$1.00, from L\$99.6/US\$1.00 in November, while the end-of-period (EOP) exchange rate depreciated by 2.0 percent to L\$102.5/US\$1.00, from L\$100.5/US\$1.00. On a yearly basis, the average exchange rate depreciated by 13.9 percent against the US dollars. The continued depreciation of the domestic currency continues to be mainly triggered by the swelling demand for US dollars in the economy.

In the WAMZ, the EOP (month-on-month) exchange rate revealed that one currency appreciated, one remained stable and four depreciated against the US dollar. The Leone appreciated by 0.2 percent, while the Naira remained stable. On the other hand, the Cedis, Dalasi, Liberian dollar, and the Guinean Franc, depreciated. The Cedis fell by 5.0 percent followed by the Dalasi, Liberian Dollars and the Guinean Franc, by 2.7 percent, 2.0 percent and 1.5 percent, respectively. (Table 2). The global price shock and the high demand for foreign currency to facilitate importation continue to be the most likely drivers of the depreciation in the WAMZ. On a year-on-year basis, all WAMZ currencies depreciated with the Dalasi recording the lowest, while the Naira recorded the highest.

	Sep-16	Oct-16	Nov-16	Dec-16	
6	Financial Soundness Indicators (FSI)				
	(In percent)				
	Capital Adequacy Ratio (CAR)***	20.7	20.6†	21.4	21.5
	Non-performing Loans to Total Loans	11.412.9	11.4	11.8	14.8
	Non-performing Loans (% change)	20.3	12.8†	N/A	N/A
	Returns on Assets	1.7	0.9	1.1	0.2
	Returns on Equity (ROE)	12.4	6.3†	7.8	0.8
	Liquidity Ratio****	39.8	39.8	54.1	51.4
7	Fiscal Operations				
7a	Revenue, Expenditure & Debt				
	(Millions of US\$)				
	Actual Revenue & Grants	33.3	33.2	38.2	92.6
	Projected Revenue & Grants	37.1	32.1	32.6	73.5
	Expenditure	40.8	23.5	48.2†	50.6
	Public Debt Stock	748.8	755.6	769.7	775.6
	Domestic	268.4	268.4	268.3	268.3
	External	480.4	487.2	501.4	507.3
7b	Treasury Securities				
	(Millions of L\$)				
	T- Bills Issued	-48.8	-97.5	-49.0	-49.3
	T- Bills Redeemed	45.8	47.3	46.8	48.8
	Net GoL Treasury Bills Operations^	-3.0	-50.2	-2.2	-0.5
	Ave. Weighted Discount Rate_T Bills	2.9	2.9	3.7	3.1
	Bond Issued (2 yrs.) amount in Billion	2.4	0.0	0.0	0.0
	T- Bond Issued	-1.7	0.0	0.0	0.0
	T- Bond Settled	0.0	0.0	0.0	0.0
	Net GoL Treasury Bond Operations^	-1.7	0.0	0.0	0.0
	Ave. Weighted Discount Rate_T Bond	14.5	0.0	0.0	0.0
8	External Trade (Value)				
	(Millions of US\$)				
8a	Exports/1				
	- O/w Iron Ore	12.7	12.5	6.3†	12.0
	- O/w Rubber	2.9	3.8	0.0†	2.6
	- O/w Rubber	2.9	6.6	2.9	3.9
	- O/w Mineral	2.4	0.9	0.3†	3.6
8b	Imports (F.O.B)/1				
	-O/w Petroleum Products	94.9	92.4	93.9	78.7
	-O/w Commercial Rice	16.7	21.4	26.3	14.1
	-O/w Commercial Rice	15.3	19.0	14.4	6.6
	-O/w Non-commercial Rice	0.4	0.0	0.2	0.8
	Import (C.I.F)	103.8	100.4	101.2	86.0
	Trade Balance	-82.2	-79.9	-87.6	-66.7
9	External Trade (Volume)				
	(Metric Tons)				
	- Rubber	2,218	5,136	1,956	2,393
	-Iron Ore	139,195	77,679	0	120,342
	-Commercial Rice	334,989	415,343	316,160	143,629±
	-Non-commercial Rice	2,326	116	843	4,593±
	- Petroleum Products	7,882	10,616	12,215	6,573

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

Table 1: Fact Sheet

	Sep-16	Oct-16	Nov-16	Dec-16
1 Monetary	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [‡]	166.2	164.8	168.8	183.1
CBL Gross Foreign Reserves (excluding SDRs)	265.2	246.1	250.8	292.8
Liberian Dollars in Circulation	9,711.3	9,939.8	10,830.9	12,755.1
Money Supply (M1) in L\$ only	13,307.1	13,472.6	14,042.7	16,494.8
Broad money (M2) in L\$ only	18,933.7	19,271.1	19,551.7	22,043.2
Broad money (M2) in both L\$ and US\$*	62,922.1	61,935.0	62,507.7	66,711.9
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	30.1	31.1	31.3	33.0
Interest Rates				
- Lending rate	13.7	13.7	13.3	13.6
-Average Deposit rates				
-Savings	2.0	2.0	2.2	2.0
-Time	3.9	3.4	3.4	4.7
Commercial banks loans to private sector - US\$	344.4	346.9	368.2	368.3
Commercial banks loans to private sector - L\$	2,670.7	2,577.6	2,763.5	2,934.1
- Demand Deposits of commercial banks				
Demand deposits - US\$	286.3	266.8	269.0	288.0
Demand deposits - L\$	4,466.4	4,354.8	4,110.9	4,643.2
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	164.8	161.5	162.32	153.7
Time & savings deposits - L\$	5,616.6	5,787.4	5,497.0	5,333.4
- Other Deposits**				
Actual US\$ component of other deposits	0.0	5.3	0.1	3.1
Liberian \$ component of other deposits	10.1	11.1	12.0	215
2 CBL's Foreign Exchange Auction	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	2.0	0.0	0.0	0.0
Total Subscription	7.8	0.0	0.0	0.0
Over(+)- / Under(-) Subscription	5.8	0.0	0.0	0.0
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	36.0	71.3	32.3	33.3
Outflows	16.0	15.1	52.3	37.5
Net flows	20.0	56.1	-20.0	-4.2
5 Exchange Rate				
End of Period	97.5	98.5	100.5	102.5
Period Average	97.5	98.4	99.6	100.4

Money Market Developments

Money market operation in December, 2016 resulted into a net withdrawal (issuance plus redemption) of L\$0.5 million, a 77.3 percent decline when compared with the L\$2.2 million withdrawn in the previous month. The weighted average discount rate was 3.1 percent, 0.6 percentage point less than the yield recorded in November, 2016. (See Table 1).

Banking Sector Developments

During the month, the banking sector remained viable. Liquidity position of the banking sector declined by 2.7 percentage point to 51.4 percent below the November's position, but remained well above the minimum ratio of 15 percent. Non-performing loans ratio improved by 3.7 percentage points to 14.8 percent on account of stringent policy measures by the CBL.

FISCAL DEVELOPMENTS**Revenue (including Grants) & Expenditures**

Fiscal operations in December, 2016, resulted in a surplus of US\$42.0 million, up from a deficit of US\$10.0 million recorded in the previous month, mainly explained by month-on-month US\$54.4 million growth in actual revenue and grants that outweighed the US\$2.4 million increase in total public expenditure. Tax and non-tax revenue & grants constituted 34.8 percent and 65.2 percent of total revenue and grants, respectively. Actual revenue and grants rose above budgetary projections during the month by US\$19.1 million or 26.0 percent. Recurrent and capital expenditures accounted for 90.2 percent and 9.8 percent of total public expenditure for the review month.

Liberia's public debt stock at end-December, 2016, stood at US\$775.6 million, marginally increasing by 0.8 percent against the stock of US\$769.7 million recorded in the preceding month, mainly explained by 1.2 percent growth in external debt stock during the review period. Domestic and external debt stocks constituted 34.6 percent and 65.4 percent of Liberia's total public debt stock at end-December, 2016, respectively (Table 1).

EXTERNAL SECTOR DEVELOPMENTS**Merchandise Trade**

At end-December, 2016, merchandise trade balance smoothened by 23.9 percent, from a revised deficit of US\$87.6 million a month ago. The US\$66.7 million deficit experienced during the month was attributed to rise in exports receipts against the slump in payments for imports (Table 1).

Exports

Commodity export receipts at end-December, 2016 rose significantly by 90.4 percent to US\$12.0 million, from revised of US\$6.3 million during the preceding month. The huge rise in export receipts was largely on the back of increases in earnings of all major export commodities; notably rubber (by 35.4 percent), iron ore (by US\$2.6 million) and minerals (by US\$3.3 million) (Table 1).

Imports

Import payments (f.o.b) during the period ended-December, 2016 dropped significantly to US\$78.7 million, from US\$93.9 million as was reported in the previous month. The 16.2 percent slump was on account of declines in two of the country's main import commodities, petroleum (by 46.4 percent) and rice (by 49.3 percent) as global prices begin to surge (Table 1).

Global Commodity Price Review

During the month ended-December, 2016, average general commodity price rose by 7.5 percent, from a slump of negative 1.2 percent reported in the previous month. The 8.7 percentage points rise in international commodity price was largely on the back of increases in metal (especially iron ore) and energy prices.

Iron ore

Iron ore price surge continued throughout the 4th quarter, 2016 and stood at US\$79.8 per metric ton at end December, 2016, from US\$72.3 per metric ton during the preceding month, basically due to the increasing demand for steel (Table 1).

Rubber (natural)

At end-December, 2016, the global price of rubber rose by 5.7 percentage points to US\$2,226.9 per metric ton, from US\$1,879.9 per metric ton during the previous month. The upward trending in the price of the commodity has been on the back of decision by major rubber producing economies to cut down on production of the commodity.

Petroleum (Crude Oil)¹

During the month ended-December, 2016, the price of petroleum went up by 16.1 percent to US\$52.6 per barrel, from US\$45.3 per barrel during the previous month.

The 24.3 percentage points surge in the price of the product was on the back of speculation of supply shortage ahead of decision to cut down on production.

Gold

During the month ended-December, 2016, the international price of Gold stood at US\$1,157.4 per ounce, from US\$1,238.4 per ounce, declining by 6.5 percent. The declining position in the price of the commodity is hedged on the anticipation of rising public spending in the USA.

Food (Rice)

After two consecutive months of declines in the price of rice, at end-December, 2016, the price of the commodity rose slightly to US\$367.6, from US\$360.8 per metric ton during the preceding month; occasioned by somewhat strong demand for the commodity from Asia.

Gross Foreign Reserves

Gross foreign reserves (excluding SDR² holdings) of the Central Bank rose by 16.7 percent to US\$292.8 million, from US\$250.8 million recorded in the previous month. The surge in gross foreign reserves position of the Bank was on account of significant increase in cash balances with Banks abroad by 45.6 percent (See Table 1).

Month-of-Import Covers³

On account of the significant rise in gross foreign reserve against the dip in import payments during the month of December, 2016, import coverage for the month stood at approximately 3.4 month.

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

²Special Drawing Rights

³Calculated by dividing the stock of gross foreign reserve in the month by total import payments (on cif basis) in the same month