



CENTRAL BANK OF LIBERIA

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Liberia Dollar Vs Regional and Major Global Currencies										
	ECOWAS Currencies Per Liberian Dollar							Liberian dollar Per Major world Currencies**		
	Jan-15									
	FCFA	CVE	GHC	GMD	GNF	NGN	SLL	USD	EURO	GBP
LRD	6.86	1.15	0.039	0.55	84.43	1.98	58.30	84.13	95.61	127.85
	Feb-15									
	6.86	1.15	0.041	0.55	84.56	2.34	57.89	84.50	95.63	131.10
Apr/Depr.	-0.03	0.00	5.13	0.00	0.15	18.21	-0.70	0.44	0.02	2.54

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

		Nov-14	Dec-14	Jan-15	Feb-15
11	INFLATION	<i>(In percent)</i>			
	Overall (Year-on-year) Rate of Inflation	7.9	7.7	8.6	7.7
	a. Food and Non-alcoholic Beverages Inflation	7.6	9.9	11.8	12.4
	- Domestic Food Inflation	2.7	3.5	8.2	10.0
	- Imported Food Inflation	12.6	16.5	15.4	14.8
	b. Transport Inflation	21.3	-0.2	9.9	-1.1
	c. Imported Fuels Inflation	2.4	2.5	12.0	-14.0
	Overall (Month-on-Month) Rate of Inflation	-4.8	1.7	1.1	-1.3
	CORE INFLATION				
	Inflation excluding Food & Non-alcoholic Beverages	8.3	5.1	10.2	2.4
	Inflation excluding Imported Food	6.2	4.5	8.1	5.1
	Inflation excluding Domestic Food	9.8	9.2	10.2	6.8
	Inflation excluding Food and Transport	6.2	6.1	10.3	3.1

* 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%

“Revised

‡Reserves exclude ECF borrowing from the IMF

± Provisional

†Revised

‡Not Available (NA)

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

^With liquidity Effect

Monetary Policy Stance and Actions

The Central Bank of Liberia (CBL)'s intervention in the foreign exchange market shrank by 10.0 percent to US\$4.5 million during February, 2015, from US\$5.0 million in the preceding month on account of the relative stability in the exchange rate recently. However, as the Ebola Virus Disease (EVD) crisis comes to an end, the expected increase in economic activities may lead to rising demand for foreign currency (US dollar) to finance import payments in the coming months, thus exerting depreciating pressure on the Liberian dollar. The CBL remains committed to ensuring sustained price stability and will use all available tools aimed at maintaining broad exchange rate stability in order to reduce the pass through effect to inflation.

Real Sector & Price Developments

Production

Outputs of key products during the review month recorded mixed performances. Rubber output fell by 49.2 percent to 3,629 metric tons during February, 2015, from 7,140 metric tons reported in the preceding month, while iron ore production surged to 219,000 metric tons from 85,000 metric tons. Despite the resumption of construction activities in the wake of the cessation of the EVD crisis, local cement output fell by 3.3 percent to 28,722 metric tons, from 29,700 metric tons, largely on account of growing importation of the commodity, reflective of the liberalized nature of the market. Spirits production declined by 3.9 percent to 22,553 metric tons, from 23,457 metric tons recorded during the preceding month, largely due to decline in the demand of the commodity. The real sector production levels are projected to rise during the coming months as domestic economic activities improve due mainly to the easing of the EVD crisis.

Consumer Prices

The year-on-year rate of inflation during February, 2015 stood at 7.7 percent, 1.0 percentage point lower than the 8.7 percent recorded in the previous month, largely on account of a 2.5 percentage points fall in imported inflation (inflation of all imported items) that outweighed the 2.0 basis points rise in domestic inflation. The decline in imported inflation was mainly as a result of the lower prices of petroleum products and imported food items. In the short-to-medium term, maintaining a single-digit rate of inflation will depend on global market prices of oil and food, the Liberian-US dollar exchange rate and domestic food output (Table 1).

Monetary & Exchange Rate Developments

Exchange Rate

The average Liberian-dollar exchange rate against the US dollar during February, 2015 remained broadly stable at L\$84.50/US\$1 compared with L\$84.13/US\$1 in the preceding month. Year-on-year, the average exchange rate depreciated by 3.8 percent. On the regional and global fronts, the Liberian dollar depreciated month-on-month against the CFA Franc (FCFA) and the Sierra Leonean Leone (SLL) by 0.03 and 0.7 percent, respectively while it appreciated relative to the Ghanaian Cedi (GHC), Guinean Franc (GNF) and the Nigerian Naira (NGN), respectively by 7.9, 0.2 and 18.2 percent.

Exchange Rate Cont'd

The Liberian dollar depreciated against the Euro and British Pound (GBP). On the overall, the Liberian dollar remained broadly stable against regional and some major world currencies during the first two months of 2015. As the EVD crisis recedes, the resumption of economic activities (mostly import-oriented) is expected to create more depreciating pressure on the exchange rate in the coming months (Table 1).

Monetary Aggregates and Credit

Broad Money (M2, both in LRD and USD) grew by 8.9 percent at end-February, 2015 to L\$58,156.2 million against the contraction of 0.52 percent reported in January on the back of a 29.0 percent expansion in deposits (term and demand deposits). The Liberian dollar component of broad money (25.0 percent of total money supply) expanded by 1.7 percent to L\$14,543.6 million compared with a fall of 2.5 percent in January. Also in February 2015, net foreign assets (NFA) grew by 12.9 percent triggered by a 16.5 percent growth in CBL's assets abroad as a result of donors support toward the post-EVD economic recovery agenda. On the other hand, the monthly decline of 17.5 percent in net domestic assets (NDA) at end- January improved by 16.0 percentage points to a negative growth of 1.0 percent (NDA in February is L\$15,386.7 compared with L\$15,545.3 million in January). Consistent with the fall in NDA, Credits to all sectors of the economy in February also reduced by 0.63 percent to L\$28,011.8 million, from L\$28,188.0 million in January, 2015. Generally the growth in the over liquidity, a trend anticipated to continue in the next few months, signalled gradual expansion in economic activities in the wake of significant decline in the EVD infection rate (Table 1).

Money Market Developments

Treasury bills sale during the month rose by 3.0 percent to L\$85.0 million at a weighted average discount rate of 3.97 percent, from L\$82.5 million at 4.11 percent during January 2015, with the weighted average discount rate shrinking by 14 basis points. On account of the relative stability in liquidity conditions in the banking system, there was no CBL bill issuance during the month under review. As usual, the amount and timing of CBL bills issuance in the coming months will be contingent upon the prevailing level of excess Liberian dollar liquidity in the banking system (Table 1).

Banking Sector Developments

The domestic banking sector remained sound during the month under review with the capital adequacy ratio rising by 2.6 percentage points to 21.9 percent, above the minimum requirement of 10.0 percent. Though high operating costs continue to undermine profitability, the sector remains well capitalized and liquid. However, non-performing loans (NPL) as a percentage of total loans inched upward slightly to 19.2 percent during the month, from 19.1 percent during the preceding month (Table 1).

		Nov-14	Dec-14	Jan-15	Feb-15
6	FINANCIAL SOUNDNESS INDICATORS (FSI)	<i>(In percent)</i>			
	Capital Adequacy Ratio (CAR)***	22.2	20.3	19.3	21.9
	Non-performing Loans to Total Loans	18.2	18.7	19.1	19.2
	Non-performing Loans (% change)	-1.0	-0.1	2.6	-0.9
	Returns on Assets	0.03	0.11	-0.88	-0.92
	Returns on Equity (ROE)	0.23	0.95	-7.22	-7.6
	Liquidity Ratio****	47.7	50.4	47.7	46.9
7	FISCAL OPERATIONS				
7a	REVENUE, EXPENDITURE & DEBT	<i>(Millions of US\$)</i>			
	Actual Revenue & Grants	53.57	38.04	58.26	34.5
	Projected Revenue & Grants	53.61	83.82	67.43	58.1
	Expenditure	31.89	81.61	58.88	45.7
	Public Debt Stock	753.47	749.44	749.26	792.6
	o/w Domestic Debt	298.17	290.66	288.53	288.5
	o/w External Debt	455.30	458.78	460.73	504.1
7b	TREASURY SECURITIES	<i>(Millions of L\$)</i>			
	T- Bills Issued	-140.70	-35.10	-82.50	-85.0
	T- Bills Redeemed	165.00	169.00	169.00	140.7
	Net GoL Treasury Operation^	24.3	133.9	86.5	55.7
	Average Weighted Discount Rate	4.41	4.57	4.11	3.97
8	EXTERNAL TRADE (VALUE)	<i>(Millions of US\$)</i>			
8a	EXPORTS	40.8	28.0	21.0	20.6
	- O/w Iron Ore	28.9	11.7	5.8	7.5
	- O/w Rubber	9.3	5.1	9.0	5.0
8b	IMPORTS	79.0	96.5	81.6	111.2
	- Petroleum Products	12.4	4.5	10.6	20.1
	- Commercial Rice	11.6	9.1	0.66	13.8
	- Non-commercial Rice	0.00	0.0	0.0	0.0
	Trade Balance	-38.2	-68.5	-65.0	-90.7
9	EXTERNAL TRADE (VOLUME)	<i>(Metric Tons)</i>			
	- Rubber	3,316.35	6,536.5	7,139.7	3,629
	- Iron Ore	395,598.2	359,000.00	85,000	219,000
	- Commercial Rice	22,528.97	18,146.23	1,149.1	28,770
	- Non-commercial Rice	-	13.63	23.72	9.62
	- Petroleum Products	12,782.05	4,499.82	6,428.3	25,512.68
10	INT'L COMMODITY PRICES & LIBERIA'S TERMS OF TRADE	US\$/Unit			
	Iron Ore (US\$/MT)	73.1	68.8	67.4	62.7
	Rubber (US\$/MT)	1,635.8	1,603.2	1,654.1	1,808.5
	Crude Oil (US\$/Barrel)/1	77.0	60.6	47.5	54.9
	Rice (US\$/MT)	419.0	411.00	409.7	409.5
	Terms of Trade (Y-on-Y) %	-35.3	-24.7	-27.2	-21.5

Table 1: Fact Sheet

	Nov-14	Dec-14	Jan-15	Feb-15
1 MONETARY	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [†]	221.5	227.9	220.3	223.3
Liberian Dollars in Circulation	8,639.3	9,367.6	9,317.7	8,880.3
Money Supply (M1) in L\$ only	9,854.4	11,075.4	10,622.7	10,652.1
Broad money (M2) in L\$ only	14,067.0	14,913.8	14,295.5	14,543.6
Broad money (M2) in both L\$ and US\$*	50,455.0	53,696.9	53,417.8	58,156.2
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	27.9	27.8	26.8	25.0
Interest Rates				
- Lending rate	13.5	13.6	13.6	13.7
-Average Deposit rates				
-Savings	2.0	2.0	2.0	2.0
-Time	4.6	4.4	4.0	3.9
Commercial banks loans to private sector - US\$	305.6	298.9	302.2	299.5
Commercial banks loans to private sector - L\$	1,963.1	1,878.6	1,740.2	1,709.0
- Demand Deposits of commercial banks				
Demand deposits - US\$	280.5	309.8	310.8	308.0
Demand deposits - L\$	2,613.2	2,716.4	3,081.2	3,228.7
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	154.8	159.9	152.1	162.2
Time & savings deposits - L\$	4,197.3	3,823.3	3,664.2	3,877.7
- Other Deposits**				
Actual US\$ component of other deposits	0.4	0.4	0.1	45.9
Liberian \$ component of savings deposits	15.3	15.1	8.6	13.7
2 CBL'S FOREIGN EXCHANGE AUCTION	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	3.5	3.0	5.0	4.5
Total Subscription	8.2	6.1	13.2	10.6
Over(+)- / Under(-) Subscription	4.7	3.1	8.2	6.1
3 CBL BILLS AUCTION	<i>(Millions of L\$)</i>			
Bill Issued			-1,165	-
Bill Redeemed	-	870.00		-
4 PERSONAL REMITTANCES	<i>(Millions of US\$)</i>			
Inflows	41.2	50.2	50.0	42.0
Outflows	23.0	22.1	24.5	17.8
Net flows	18.2	28.1	25.5	24.2
5 EXCHANGE RATE				
End of Period	83.50	82.50	84.50	84.50
Period Average	83.82	82.61	84.13	84.50

Fiscal Developments**Revenue (including Grants) & Expenditures**

The fiscal deficit widened in February, 2015 to US\$11.24 million, from US\$0.62 million during the preceding month, occasioned by 40.9 percent decline in total revenue and grants that outweighed the 22.4 percent fall in total expenditures. The shortfall in total revenue and grants was explained by 32.6 percent and 61.6 percent declines in tax and non-tax revenues in February compared with January. Actual revenue and grants also fell short in meeting budgetary target for the month by 40.7 percent on account of 82.4 percent shortfall in non-tax revenue in February. The 22.4 percent fall in total expenditures was largely occasioned by 4.5 percent and 67.2 percent declines in recurrent and capital expenditures, respectively (Table 1).

Public Debt Stock

Total public debt stock rose by US\$43.3 million to US\$792.6 million at end-February, 2015, from US\$749.3 million recorded at end-January, 2015. Domestic and external debt stocks at the end of the month under review amounted to US\$288.5 million and US\$504.0 million, respectively. The rise in Liberia's public debt stock at end-February, 2015, was attributed to US\$43.3 million (9.0 percent) increase in external debt stock from multilateral sources (Table 1).

External Sector Developments**Merchandise Trade**

The trade deficit deteriorated to US\$90.7 million in February, from US\$60.6 million during the preceding month, rising by 49.3 percent month-on-month. Year-on-year, the trade deficit deteriorated by 86.5 percent occasioned by the 6.5 percent rise in imports payments coupled with the 63.2 percent decline in export receipts (Table 1).

Exports

Total merchandise export receipts inched downward by 2.3 percent to US\$20.6 million in February, 2015, from US\$21.0 million during the preceding month, largely explained by the 43.9 percent decline in rubber export earnings. Year-on-year, export receipts shrank by 63.2 percent, driven by 74.4 percent and 67.7 percent declines in iron ore and rubber export receipts, respectively (Table 1).

Imports

Merchandise import payments (on c.i.f basis) rose by 36.3 percent to US\$111.2 million during the month from US\$81.6 million during the preceding month, largely occasioned by increases in food-related imports and petroleum products. The gradual resumption of economic activities in the wake of the cessation of the EVD outbreak drove the rise in petroleum imports during the month. Year-on-year, import payments rose by 6.5 percent (Table 1).

International Price Review

Iron ore

The downward trend in iron ore price continues during February, declining by 7.0 percent month-on-month. Year-on-year, iron ore price fell by 48.3 percent. Strong supply against low demand for the product on account of weakening global growth prospects, mainly from China, continues to drive the downward price trend (Table 1).

Rubber

Low oil price and the associated improvement in the automobile industry, particularly in the United States, continue to drive improvement in the demand for rubber, thus leading to an upward price trend since the beginning of the year. Rubber price rose by 9.3 percent month-on-month in February, 2015, but fell by 15.7 percent year-on-year (Table 1).

Petroleum (Crude Oil)¹

For the first time since the last half of 2014, oil price surged by 15.8 percent in February, 2015 compared with the preceding month, largely on account of geopolitical tensions in key oil-producing regions, particularly the Middle East and Russia, which disrupted oil supply during the month. The gradual improvement in oil demand, mainly from key Asian economies, including India and Japan, also contributed to the month-on-month price rise. However, year-on-year, oil price fell by 47.6 percent. With relatively high oil supply and stocks in the face of slow and weak global growth, the upward price trend in February could be much more a short-term seasonal trend than a permanent one (Table 1).

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

Rice

Compared with the preceding month, rice price remained broadly stable during the month under review, but declined by 8.3 percent year-on-year, largely on account of high stocks and increasing supply prospects.

Terms of Trade

Despite the surge in the trade deficit in February 2015, the terms of trade deterioration narrowed by 5.7 percentage points to 21.5 percent during the month from 27.2 percent during the preceding month, occasioned by the 13.5 percent decline in the import price index that outweighed the 4.0 percent decline in the export price index. The declines in the import and export price indices (year-on-year rate of change) during the month were indicative of the year-on-year falling prices of crude oil and food (on the import front) and iron ore and rubber (on the export front) (Table 1).

Gross Foreign Reserves

Gross foreign reserves (excluding SDR² holdings of US\$282.9) stood at US\$320.2 at end-February, 2015, from US\$279.6 at end-January, 2015, surging by 14.5 percent. Year-on-year, gross foreign reserves rose by 37.3 percent. The rise in gross foreign reserves during the month was largely driven by the EVD-related budgetary support loan from the IMF to the GoL. Liberia's gross foreign reserves amounted to 2.9 months of merchandise imports (CIF) cover at end-February, 2015, down from 3.4 months of merchandise imports (CIF) cover recorded in the preceding month (Table 1).

²Special Drawing Rights