

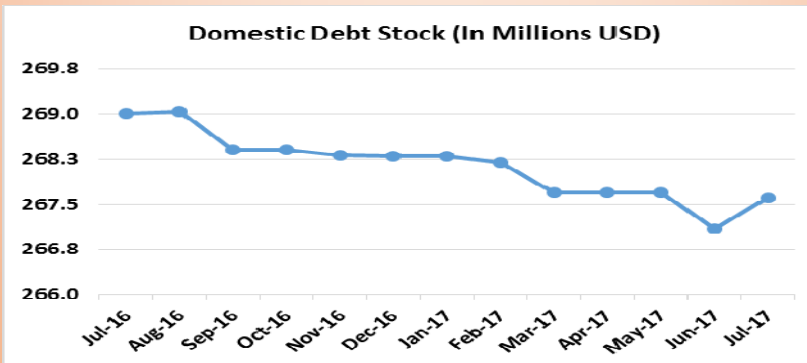


# CENTRAL BANK OF LIBERIA (CBL)

MONTHLY  
ECONOMIC  
REVIEW

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The Monthly Economic Review is produced by the Bank's Research, Policy & Planning Department. Inquiries concerning this publication should be addressed to:

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

	Jul-16	Jun-17	Jul-17	Appr/Depr	
				MoM	YoY
<b>GHS</b>	3.947	4.362	4.372	0.2	10.8
<b>GMD</b>	44.521	45.997	46.187	0.4	3.7
<b>GNF</b>	8,996.161	8,968.600	9,010.000	0.5	0.2
<b>LRD</b>	93.500	113.125	114.135	0.9	22.1
<b>NGN</b>	310.850	305.400	305.200	-0.1	-1.8
<b>SLL</b>	6,096.485	7,340.460	7,408.405	0.9	21.5

Sources: Central Banks of Liberia and WAMA: [www.amao-wama.org/en/exchange.aspx](http://www.amao-wama.org/en/exchange.aspx) and [www.amao-wama.org/](http://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*

	Apr-17	May-17	Jun-17	Jul-17
<b>External Trade (Volume) – cont'd</b>	<b>(Metric Tons)</b>			
- Petroleum Products	4,756	5,443	4,715	4,759
- Cocoa Beans	500†	562	221	0.0
- Palm Oil	3,960†	645	645	3,063
<b>10 Inflation</b>	<b>(In percent)</b>			
<b>Overall (Year-on-year) Rate of Inflation</b>	<b>11.5</b>	<b>13.2</b>	<b>10.8</b>	<b>10.5</b>
a. Food and Non-alcoholic Beverages Inflation	6.8	8.9	7.1	3.8
- Domestic Food Inflation	-1.0	4.5	1.4	-2.7
- Imported Food Inflation	12.3	11.0	10.6	8.1
b. Transport Inflation	27.8	25.9	14.3	13.8
c. Imported Fuels Inflation	21.3	22.6	20.6	16.8
<b>Overall (Month-on-Month) Rate of Inflation</b>	<b>-0.1</b>	<b>1.2</b>	<b>3.0</b>	<b>2.3</b>
<b>Core Inflation</b>	<b>(In percent)</b>			
Inflation excluding Food & Non-alcoholic Beverages	14.1	15.4	12.0	14.8
Inflation excluding Imported Food	10.5	13.2	10.0	10.3
Inflation excluding Domestic Food	7.3	7.6	5.5	6.1
Inflation excluding Food and Transport	11.6	13.4	11.5	14.9
<b>Production</b>	<b>(Metric Tons)</b>			
Iron Ore	101,144±	201,411±	52,140	164,964±
Rubber	2,882.9†	2,016	3,165	3,059±
Gold	15,689	20,207	15,417	19,003
Cement	30,331†	27,261	21,331	27,859±
<b>Beverages</b>	<b>(In Litres)</b>			
<i>Alcoholic</i>	81,982†	1,437,134±	1,174,466	1,117,226
<i>Non-Alcoholic</i>	1,180,227†	899,683	978,232	995,225
<b>11 Int'l Commodity Prices</b>	<b>US\$/Unit</b>			
Iron Ore (US\$ /MT)	70.4	61.6	57.9	76.2±
Rubber (US\$/MT)	2,231.1	2,174.0	1,758.6	2,396.4±
Crude Oil (US\$/Barrel)/1	52.2	49.9	46.1	52.5±
Rice (US\$/MT)	374.5	402.3	444.7	453.4±
Cocoa Beans (US\$/MT)	1,961.2	1,983.5	1,998.3	1,660.4±
Palm Oil	623.2	655.5	621.2	664.8±

\* 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

Estimates of key commodities produced in the economy during the review period mirrored mixed outcomes. Rubber productions shrank by 106 metric tons to 3,059 metric tons, from 3,165 metric tons recorded during the previous month. Beverage productions contracted by 4.5 percent to 2.1 million liters, from 2.2 million liters a month ago. The fall in the production of rubber was attributed to the decline in its price on the global market, while the decline in beverage production was a result of decline in the production of alcoholic beverages, mainly beer. On the other hand, Cement output grew to 27,859 metric tons, from 21,331 metric tons. The 30.6 percent increase in cement output was largely due to decline in the price of the commodity. Iron ore production increased by 112,824 metric tons to an estimated 164,964 metric tons, from 52,140 metric ton in the previous month, due to increase activities in the mining sector. Gold production in the review month rose to 19,003 ounces from 15,417 ounces produced a month earlier. The 23.3 percent surge in gold output was a result of the expansion of industrial gold mining activities.

### Consumer Prices

Headline inflation (YoY) increased to 10.5 percent at end-July 2017, from 8.4 percent recorded for the same period a year ago. The 2.1 percentage points upswing in inflation was mostly explained by increases in some major subgroups including Food and non-Alcoholic beverages, Alcoholic Beverages, Tobacco & Narcotics, recreation & Culture, Restaurants & Hotels, Housing, Water, Electricity, Gas & Other Fuels, and Clothing and Footwears, (Table 1). Month-on-month analysis revealed that the rate of inflation at end-July, 2017 dropped to 2.3 percent, from 3.0 percent a month ago. The fall in monthly inflation rate during the month was mainly driven by fall in the prices (based on montly comparison) of some items in the Food and non-Alcoholic Beverages, Restaurants and Hotels, Recreation and Culture, Furnishings, Household Equipment & Routine Maintenance of House groups in the consumer basket.

## 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-July, 2017, the foreign exchange auction, Treasury-bills and other traditional policy instruments were the tools

utilized by the CBL in conducting monetary policy operations.

### Monetary Aggregates and Credits

Monetary statistics showed that broad money supply (M2) at end-July, 2017 expanded by 3.0 percent to L\$72,836.9 million, beyond the preceding month and by 19.8 percent year-on-year. The annual growth in M2 was occasioned by expansions in narrow money supply (M1) and quasi money. Net foreign assets (NFA) at end-July declined month-on-month (by 6.2 percent) and year-on-year (by 12.9 percent) to L\$31,081.7 million. Falls in both the CBL and commercial banks' foreign assets underpinned the movements in NFA. On the other hand, net domestic assets (NDA) at end-July, 2017 surged M-o-M by 14.6 percent and Y-o-Y by 66.4 percent to L\$41,755.2 million. The annual growths in credits to the private sector and net credit to government and public institutions were the main factors supporting the trend in NDA. The US dollar component of Commercial Bank loans to the private sector at end-July, 2017 fell by 0.9 percent to US\$386.6 million, from US\$390.2 million at end-June, 2017, while the Liberian dollars component of loans to the private sector rose by 1.9 percent to L\$3,806.7 million recorded a month ago.

### Exchange Rate

Depreciations were recorded in both the average and the end-of-period (EOP) exchange rates of the Liberian dollar against the US dollar. On average, the exchange rate depreciated (MoM) by 0.3 percent to L\$113.14/US\$1.00, from L\$112.84/US\$1.00, while the EOP exchange rate depreciated by 1.3 percent to L\$114.56/US\$1.00, from L\$113.13/US\$1.00. Year-on-year comparison revealed that the average exchange rate also depreciated by 19.5 percent and the EOP, by 22.5 percent. The pressure on the Liberian dollar is largely attributed to high demand for, (or shortage of) US dollars in the Liberian economy to facilitate imports.

End of period exchange rates in the WAMZ revealed that, at end-July 2017, all currencies in the Zone depreciated (both MoM and YoY) except the Nigerian Naira, Table 2

	Apr-17	May-17	Jun-17	Jul-17
Non-performing Loans (% change)	26.8	1.3	-21.9	2.9
Returns on Assets (ROA)	0.3	0.33	0.15	0.12
Returns on Equity (ROE)	1.9	2.1	0.92	0.76
Liquidity Ratio****	52.1	53.9	51.2	50.5
<b>7 Fiscal Operations</b>				
<b>7a Revenue, Expenditure &amp; Debt</b>	<b>(Millions of US\$)</b>			
Actual Revenue & Grants	39.3	43.0±	44.3	45.2
Projected Revenue & Grants	41.5	59.2±	46.6	56.0
<b>Expenditure</b>	43.9	40.0	45.7	38.2
<b>Public Debt Stock</b>	<b>830.8</b>	<b>839.1±</b>	<b>849.0</b>	<b>860.0</b>
Domestic	267.7	267.7±	267.1	267.6
External	563.1	571.4±	581.9	592.4
<b>7b Treasury Securities</b>	<b>(Millions of L\$)</b>			
T- Bills Issued	-52.3	-53.3	-53.7	-37.7
T- Bills Redeemed	51.3	45.2	51.8	52.3
Net GoL Treasury Bills Operations^	-1.0	-8.1	-1.9	14.6
Ave. Weighted Discount Rate_T Bills	3.2	3.7	2.9	3.5
Bond Issued (In Billions L\$)				
T- Bond Issued	0.0	0.0	0.0	-0.9
T- Bond Settled	0.0	0.0	0.0	0.0
Net GoL Treasury Bond Operations^	0.0	0.0	0.0	-0.9
Ave. Weighted Discount Rate_T Bond	0.0	0.0	0.0	9.5
<b>8 External Trade (Value)</b>	<b>(Millions of US\$)</b>			
<b>8a Exports/1</b>	<b>15.9†</b>	<b>17.5</b>	<b>32.9</b>	<b>27.5</b>
- O/w Iron Ore	9.3†	6.9	1.8	1.1
- O/w Rubber	4.0†	4.7	4.9	4.5
- O/w Mineral	1.1	4.8	17.9	20.3
-o/w Cocoa Bean	0.4	0.2	0.2	0.0
-o/w Palm Oil	1.0	0.4	0.4	1.1
<b>8b Imports (F.O.B)/1</b>	<b>96.2†</b>	<b>77.9</b>	<b>72.3</b>	<b>66.1</b>
Minerals, Fuel, Lubricants	13.0	13.2	11.7	13.6
-O/w Petroleum Products	9.8	11.2	10.1	10.0
Food and Live Animals	40.5	11.7	14.2	21.0
-O/w Commercial Rice	31.6	1.3	3.6	13.5
-O/w Non-commercial Rice	0.2	0.0	0.7	0.5
Machinery & Transport Equipment	17.0	17.7	18.7	10.3
Import (C.I.F)	<b>106.0†</b>	<b>85.5</b>	<b>78.3</b>	<b>72.2</b>
Trade Balance	-80.3	-60.4	-54.1	
<b>9 External Trade (Volume)</b>	<b>(Metric Tons)</b>			
- Rubber	2,016	2,883	3,165	3,024
-Iron Ore	269,423†	201,411	52,140±	40,300
-Commercial Rice	363,452	28,025	277,125±	345,104
-Non-commercial Rice	2,907	323	2,042±	1472

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

**Table 1: Fact Sheet**

	Apr-17	May-17	Jun-17	Jul-17
<b>1 Monetary</b>	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) <sup>†</sup>	172.1	160.0	146.3	161.8
CBL Gross Foreign Reserves (excluding SDRs)	222.1	210.9	218.5	202.5
Liberian Dollars in Circulation	12,424.5	12,492.1	12,513.0	12,525.0
Money Supply (M1) in L\$ only	16,501.3	17,411.4	17,560.5	17,493.7
Broad money (M2) in L\$ only	21,886.8	22,864.9	23,413.5	23,444.8
Broad money (M2) in both L\$ and US\$*	68,044.3	70,703.7	70,732.0	72,836.9
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	32.2	32.3	33.1	32.2
Interest Rates				
- Lending rate	13.3	13.3	13.3	13.3
-Average Deposit rates				
-Savings	2.2	2.2	2.2	2.2
-Time	3.66	3.53	3.53	3.53
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	390.1	383.2	390.2	386.6
Commercial banks loans to private sector - L\$	3,170.7	3,600.6	3,734.2	3,806.7
- Demand Deposits of commercial banks				
Demand deposits - US\$	273.5	273.5	261.4	270.6
Demand deposits - L\$	5,625.4	6,529.9	6,362.2	5,983.5
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	159.0	155.0	156.7	157.3
Time & savings deposits - L\$	5,371.9	5,441.4	5,816.6	5,877.1
- Other Deposits**				
Actual US\$ component of other deposits	0.9	0.6	0.2	3.2
Liberian \$ component of other deposits	13.6	12.2	36.4	74.0
<b>2 CBL's Foreign Exchange Auction</b>	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	2.83	2.93	2.68	8.00
Total Subscription	4.45	4.51	3.81	7.80
Over(+)- / Under(-) Subscription	1.61	1.58	1.13	4.13
<b>3 CBL Bills Auction</b>	<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
<b>4 Personal Remittances</b>	<i>(Millions of US\$)</i>			
Inflows	70.3	38.7	54.8	42.4
Outflows	27.2	33.4	46.5	28.1
<b>Net flows</b>	43.1	5.3	8.2	14.3
<b>5 Exchange Rate</b>	<i>(USD/LD)</i>			
End of Period	106.5	111.5	113.1	114.56
Period Average	106.1	110.1	112.8	113.14
<b>6 Financial Soundness Indicators (FSI)</b>	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	18.5 <sup>†</sup>	18.6 <sup>±</sup>	17.9 <sup>±</sup>	17.7 <sup>±</sup>
Non-performing Loans to Total Loans	16.5	17.7 <sup>±</sup>	13.7 <sup>±</sup>	14.0 <sup>±</sup>

**Financial Market Developments**

During the month ended-July, 2017, net GoL T-bill operations amounted to a net Liberia dollar injection of L\$14.6 million; implying that the CBL on behalf of the government issued L\$37.7 million and redeemed L\$52.3 million in the reporting month. The discount rate or yield in July was 3.5 percent, 100 basis points higher than the yield recorded in June, 2017.

**Banking Sector Developments**

The banking industry was viable in July, 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-July, 2017 indicated a liquidity ratio of 50.5 percent, 0.7 percentage points lower than the ratio recorded at end-June, 2017. The industry capital adequacy ratio (CAR) stood at 17.7 percent, from 17.9 percent reported a month ago. Non-performing loans ratio was recorded at 14.0 percent, 0.3 percentage points higher than the ratio at end-June, 2017.

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

Preliminary data on fiscal operations in July, 2017, resulted in a surplus of US\$7.0 million, up from a deficit of US\$1.4 million recorded in the previous month, mainly explained by month-on-month 2.0 percent increase in total revenue and grants, coupled with 16.4 percent reduction in total public expenditure during the review period.

Tax and non-tax revenue & grants constituted 81.0 percent and 19.0 percent of total revenue and grants, respectively during the month under review. Actual revenue and grants fell below budgetary projections by US\$10.8 million or 19.2 percent during the review month. Recurrent and capital expenditure accounted for 94.0 percent and 6.0 percent of total public expenditure for the review period, respectively.

Liberia's stock of debt at end-July, 2017, stood at US\$860.0 million, increasing by 1.3 percent against the stock of US\$849.0 million recorded at end-June, 2017, mainly explained by growth in external debt stock to multilateral creditors during the review period. Domestic and external debt stocks constituted 31.1 percent

and 68.9 percent of Liberia's total public debt stock at end-July, 2017, respectively (Table 1).

## EXTERNAL SECTOR DEVELOPMENTS

### Merchandise Trade

Merchandise trade balance at end-July, 2017 recorded a deficit of US\$38.9 million, from a revised deficit of US\$38.5 million at end-June, 2017 reflecting a 0.9 percent deterioration in the trade balance, occasioned by a 17.3 percent (US\$5.7 million) reduction in export receipts (Table 1).

### Exports

Exports earnings during the month ended July, 2017 decreased to US\$27.4 million, from a revised US\$32.9 million recorded at end-June, 2017. The 17.3 percent decline in exports was mainly due to 39.7 percent decrease in iron ore export receipts from US\$1.8 million to US\$1.1 million and an 8.0 percent decline in rubber receipts to US\$4.5 million, from US\$4.9 million.

### Imports (FOB)

Payments for imports at end-July, 2017, declined for the third time to US\$66.1 million, from the revised US\$71.4 million recorded at end-June, 2017. The reduction in import payments was mainly attributed to a 44.6 percent reduction in payments for Mineral, Fuels & Lubricant 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-July, 2017 rose by 1.0 percent above previous month's price. The slight surge in average global commodity price, was largely explained by increases in the prices of agricultural product (mainly rubber), energy (especially petroleum) and metal (especially Iron ore).

### Iron ore

Iron ore price, rose to US\$76.2 per metric ton in July 2017, from US\$57.9 per metric ton in June, 2017. The 31.6 percent jump in the price of the commodity was a result of growing demand for the commodity.

### Rubber (Natural)

At end-July 2017, the global price of rubber increased by 36.3 percent to US\$2,396.4 per metric ton from US\$1,758.6 per metric ton during the preceding month due to information about supply cut of the commodity.

### Petroleum (Crude Oil)<sup>1</sup>

The average global price of petroleum also rose to US\$52.5 per barrel at end-July, 2017, from US\$46.1 per barrel recorded in the previous month. The rise in the price of the commodity was, accordingly, occasioned by the expected supply outage.

### Food (Rice)

Global food price dipped by 1.3 percent at end-July, 2017 due mainly to significant decreases in the prices of vegetable oil and sugar. Similarly, the price of rice was estimated to have risen by 2.0 percent to US\$453.6 per metric ton, from US\$444.7 per metric ton in the preceding month due mostly to increased demand for the commodity (especially the indica and japonica).

### Palm Oil

At end-July 2017, the price of crude palm oil rose to US\$664.8 per metric ton, from US\$621.2 per metric ton at end-June, 2017. The 7.0 percent increase was on account of cut in supply of the commodity as against growing demand.

### Gross Foreign Reserves

Foreign reserves position (excluding SDR holdings) of the CBL fell by 18.5 percent to US\$202.5 million, from revised of US\$248.4 million reported during the previous month, due mainly to 31.9 percent decline in US dollar notes and coins.

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