

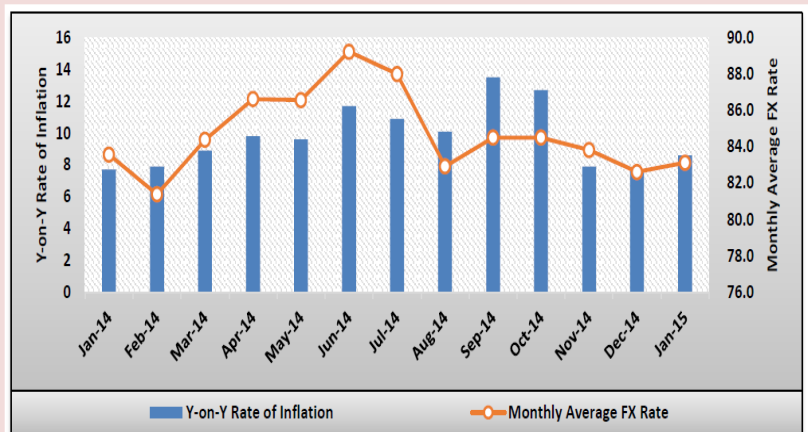


CENTRAL BANK OF LIBERIA

MONTHLY ECONOMIC REVIEW AND FACT SHEET ON KEY ECONOMIC AND FINANCIAL INDICATORS

JANUARY 2015

VOLUME 1 No. 1



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

The Director
Research, Policy & Planning Department
Central Bank of Liberia
P. O. Box 2048

Corner of Carey & Warren Streets, Monrovia, Liberia
Contacts: +231-880-649103/886-246587/555-960556
Fax: 00(231)77059642

Monetary Policy Stance and Actions

In the drive to achieve its goal, the CBL will continue to stabilize the exchange rate and reduce the pass through to inflation. During the month, the Bank through its regular auction intervened in the foreign exchange market with a total of US\$5.0 million.

Real Sector & Price Developments

Production

In January 2015, performance of the key commodities in the domestic economy experienced respective increases compared with December 2014: rubber to 7,139 metric tons, from 6,536 metric tons; iron ore to an estimated 363.3 thousand metric tons from 359.0 thousand metric tons; cement to 29,700 metric tons, from 20,288 metric tons; and beverages to 2.4 million litres, from 2.2 million litres. The rise in rubber production was due to increased output from one of the major producing companies, for iron ore it is due to export-friendly weather, that of cement was explained by an upsurge in construction activities while for beverages it was on account of strong local demand. Production in February 2015 is expected to increase as economic activities are gradually rising.

Consumer Prices

At end-January 2015, inflation expanded by 0.9 percentage point to 8.6 percent, from 7.7 percent at end-December 2014. The drivers were Food, rising to 11.8 percent from 5.6 percent; Housing to 6.0 percent from 0.1 percent; Transport to 9.9 percent from 8.5; and Recreation to 19.1 percent from 9.9 percent. Inflation at end-February 2015 is expected to remain in single digit, which will depend on global prices of oil and food, the exchange rate between the Liberian dollar and the US dollar, and domestic food production.

Exchange Rate Developments

The value of the Liberian dollar on average slightly depreciated by 1.84 percent, to L\$84.13/US\$1.0 at end January, 2015, from L\$82.61/US\$1.0 at end-December, 2014. The depreciation was triggered by high demand for foreign exchange to facilitate importation of goods by businesses; reflective of a US\$5.1 million rise in over subscription (FX excess demand) above the US\$3.1 million recorded in December, 2014.

Monetary Aggregates and Credit

Broad money (M2), in both Liberian and US dollars, fell by 0.52 percent to L\$53,417.8 million in January, 2015, from L\$53,696.9 million recorded at end-December, 2014, triggered by a 4.2 and 4.9 percent fall in Time and saving Deposits in both Liberian and US dollars, respectively. Liberian dollar component of Narrow money (M1) and M2 both fell by 4.1 percent to L\$10,622.7 million and L\$14,295.5 million at end-January, 2015 from L\$11,075.4 million and L\$14,913.8 million at end-December, 2014, respectively. During the month, credits to the private sector in US dollar increased to US\$302.2 million (1.1 percent) while that of Liberian dollar declined to L\$1,740.2 million (7.4 percent) relative to the previous month.

Money Market Developments

Treasury-bills sale during the month amounted to L\$82.5 million at a weighted average discount rate of 4.11 percent. Compared with December, 2014 GoL T-bill auction increased by L\$47.49 million. However, the average yields on the T-bills declined by 0.46 percentage points, from 4.57 percent during December, 2014. Outlook for the month of March, projects an increase in GoL T-bills issuance by approximately L\$ 200.0 million. The CBL also issued a 182-day bill of L\$1,165.0 million in its drive to reduce the excess liquidity in the banking system.

Fiscal Developments

Fiscal operations during January, 2015, resulted in a deficit of US\$0.62 million as Government total revenue & grants and expenditure amounted to US\$58.26 million and US\$58.88 million, respectively. Total revenue & grants' receipts in January grew by US\$20.22 million (53.2 percent) over the previous month, whereas, public expenditure for the period shrank by US\$22.73 million (27.9 percent) against the amount recorded in the preceding month. The good performance in total revenue & grants' receipts in January over the previous month was on account of US\$11.1 million and 9.1 million growths in tax and non-tax revenue, respectively. On the other hand, the reduction in public spending in January, 2015, compared with end-December, 2014 was mainly attributed to US\$25.95 million fall in recurrent expenditure.

Actual revenue & grants fell short in achieving budgetary target during the review month by US\$9.17 million (13.60 percent), as actual revenue amounted to US\$58.26 million while projected revenue totalled US\$67.43 million. This was

attributed to a 42.75 percent shortfall in non-tax revenue receipts for the period.

Total public debt stock fell by US\$0.18 million to US\$749.26 million at end-January, 2015, down from US\$749.44 million recorded at end-December, 2014. Domestic and external debt stocks at the end of the reviewed month amounted to US\$288.54 million and US\$460.73 million, respectively. The reduction in Liberia's public debt stock at end-January, 2015, was mainly attributed to US\$2.12 million declined in domestic debt to financial institutions and other debt service payments.

External Sector Developments

Merchandise Trade

Liberia's merchandise trade deficit narrowed by 5.1 percent to US\$65.0 million during January, 2015 from US\$68.5 million during the preceding month. However, Year-on-year, the trade deficit more than doubled during the month under review, occasioned by the 9.5 percent rise in imports payments coupled with the 67.3 percent decline in export receipts.

Exports

Merchandise export receipts declined by 40.6 percent to US\$16.7 million in January 2015, from US\$28.0 million during the preceding month, largely explained by the 50.4 percent decline in iron ore export earnings. Year-on-year, export receipts plummeted by 67.3 percent driven by an 85.2 percent decline in iron ore export receipts.

Imports (CIF)

Merchandise import payments fell by 15.4 percent to US\$81.6 million during the review month, from US\$96.5 million in the preceding month, occasioned by the declines in all imports categories, outweighing the sharp rise in petroleum imports. The surge in petroleum imports during the month was mainly on account of increased import volume as economic activities are returning to normalcy. However, year-on-year, imports payments rose by 9.5 percent, largely driven by sharp increase in food-related imports during the month under review.

International Price Review

Iron ore

Iron ore price inched down by 2.0 percent in January 2015 compared with the preceding month and declined by 47.4 percent year-on-year. 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.

Rubber

Rubber price rose by 3.2 percent during January 2015 compared with the preceding month, but declined by 28.9 percent year-on-year. The month-on-month price rise was on account of declining global oil price that has led to rising automobile demand and output, thus providing upward thrust for rubber demand.

Petroleum (Crude Oil)

Crude oil price fell by 21.6 percent in January 2015 compared with the preceding month and declined by 53.6 percent year-on-year, largely on account of increasing global supply (booming US shale production and strong OPEC supply) against weak demand due to low and slow global growth. Despite on-going geo-political tensions in the Middle East, Ukraine/Russia, Libya and Nigeria and low energy demand across major consumption markets (China and the Eurozone), the downward trend is likely to persist in the short-to-medium term.

Terms of Trade

Despite the month-on-month rate of 15.4 percent decline in imports payments recorded in January, 2015, the sharp fall of 40.6 percent in exports receipts drove the 30.2 percent deterioration in Liberia's terms of trade during the month. With the prices of Liberia's primary export commodities projected to decline further during the short-to-medium term and imports payments projected to rise on account of increased import-oriented business activities in the wake of the gradual cessation of the EVD crisis, the terms of trade is likely to deteriorate further, putting more depreciating pressure on the exchange rate.

FACT SHEET

MONTHLY ECONOMIC REVIEW

	Oct-14	Nov-14	Dec-14	Jan-15
1 MONETARY	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [†]	225.0	221.5	227.9	220.3
Liberian Dollars in Circulation	8,522.4	8,639.3	9367.6	9,317.7
Money Supply (M1) in L\$ only	10,061.7	9,854.4	11,075.4	10,622.7
Broad money (M2) in L\$ only	14,426.2	14,067.0	14,913.8	14,295.5
Broad money (M2) in both L\$ and US\$*	50,261.3	50,455.0	53,696.9	53,417.8
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	28.7	27.9	27.8	26.8
Interest Rates				
- Lending rate	13.6	13.5	13.6	13.6
-Average Deposit rates				
-Savings	2.0	2.0	2.0	2.0
-Time	4.6	4.6	4.4	4.0
Commercial banks loans to private sector - US\$	304.1	305.6	298.9	302.2
Commercial banks loans to private sector - L\$	1,614.6	1,963.1	1,878.6	1,740.2
- Demand Deposits of commercial banks				
Demand deposits - US\$	269.7	280.5	309.8	310.8
Demand deposits - L\$	2,960.5	2,613.2	2,716.4	3,081.2
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	153.2	154.8	159.9	152.1
Time & savings deposits - L\$	4,349.3	4,197.3	3,823.3	3,664.2
- Other Deposits**				
Actual US\$ component of other deposits	1.2	0.4	0.4	0.1
Liberian \$ component of savings deposits	15.2	15.3	15.1	8.6
2 CBL'S FOREIGN EXCHANGE AUCTION	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	5.0	3.5	3.0	5.0
Total Subscription	17.5	7.2	5.1	12.2
Over(+)- / Under(-) Subscription	13.5	4.7	3.1	8.2
3 CBL BILLS AUCTION	<i>(Millions of L\$)</i>			
Bill Issued	-1,000.00			-1,165
Bill Redeemed	497.75	-	870.00	
4 PERSONAL REMITTANCES	<i>(Millions of US\$)</i>			
Inflows	126.7	113.0	165.9	147.5
Outflows	112.8	134.5	132.0	142.7
Net flows	13.9	-21.5	3.0	4.8
5 EXCHANGE RATE	<i>(In Percent)</i>			
End of Period	84.50	83.50	82.50	84.50
Period Average	84.50	83.82	82.61	84.13
6 FINANCIAL SOUNDNESS INDICATORS (FSI)	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	21.2"	22.2	20.3	21.9
Non-performing Loans to Total Loans	18.7	18.2	18.7	19.1
Non-performing Loans (% change)	14.7"	-1.0	-0.1	34%
Returns on Assets	-0.62	0.03	0.11	0.11
Returns on Equity (ROE)	-4.63"	0.23	0.95	0.82
Liquidity Ratio****	48.2	47.7	50.4	47.7
7 FISCAL OPERATIONS				
7a REVENUE, EXPENDITURE & DEBT	<i>(Millions of US\$)</i>			
Actual Revenue & Grants	39.02	53.57	38.04	58.26
Projected Revenue & Grants	48.22	53.61	83.82	67.43
Expenditure	33.34	31.89	81.61	58.88
Public Debt Stock	742.92	753.47	749.44	749.26
o/w Domestic Debt	298.36	298.17	290.66	288.53
o/w External Debt	444.56	455.30	458.78	460.73
7b TREASURY SECURITIES	<i>(Millions of L\$)</i>			
T- Bills Issued	-169.00	-140.70	-35.10	-82.50
T- Bills Redeemed	144.60	165.00	169.00	169.00
Net GoL Treasury Operation [†]	-24.4	24.3	133.9	86.5
Average Weighted Discount Rate	4.16	4.41	4.57	4.11

	Oct-14	Nov-14	Dec-14	Jan-15
8 EXTERNAL TRADE (VALUE)	<i>(Millions of US\$)</i>			
8a EXPORTS	34.4	40.8	28.0	16.7
- O/w Iron Ore	20.8	28.9	11.7	5.9
- O/w Rubber	9.5	9.3	5.1	4.5
8b IMPORTS	68.8	79.0	96.5	81.6
- Petroleum Products	9.9	12.4	4.5	10.6
- Commercial Rice	6.3	11.6	9.1	0.66
- Non-commercial Rice	0.02	0.00	0.0	0.0
Trade Balance	-34.4	-38.2	-68.5	-65.0
9 EXTERNAL TRADE (VOLUME)	<i>(Metric Tons)</i>			
- Rubber	7,237.4	3,316.35	6,536.5	7,139.7
-Iron Ore	259,292.1	395,598.2"	359,000.00	85,000
-Commercial Rice	14,453.87	22,528.97	18,146.23	1,149.14
-Non-commercial Rice	43.4	-	13.63	23.72
- Petroleum Products	8,745.62	12,782.05	4,499.82	6,428.3
10 INT'L COMMODITY PRICES & LIBERIA'S TERMS OF TRADE	US\$/Unit			
Iron Ore (US\$/ MT)	80.1	73.1	68.8	67.4
Rubber (US\$/MT)	1,620.2	1,635.8	1,603.2	1,654.1
Crude Oil (US\$/Barrel)/1	86.1	77.0	60.6	47.5
Rice (US\$/MT)	432.7	419.0	411.00	409.7
Terms of Trade (Y-on-Y) %	-32.5	-35.3	-24.7	-30.2
11 INFLATION	<i>(In percent)</i>			
Overall (Year-on-year) Rate of Inflation	12.7	7.9	7.7	8.6
a. Food and Non-alcoholic Beverages Inflation	14.9	7.6	9.9	11.8
- Domestic Food Inflation	11.2	2.7	3.5	8.2
- Imported Food Inflation	18.7	12.6	16.5	15.4
b. Transport Inflation	22.0	21.3	-0.2	9.9
c. Imported Fuels Inflation	3.6	2.4	2.5	12.0
Overall (Month-on-Month) Rate of Inflation	0.7	-4.8	1.7	1.1
CORE INFLATION				
Inflation excluding Food & Non-alcoholic Beverages	10.0	8.3	5.1	10.2
Inflation excluding Imported Food	10.4	6.2	4.5	8.1
Inflation excluding Domestic Food	13.2	9.8	9.2	10.2
Inflation excluding Food and Transport	8.1	6.2	6.1	10.3

* 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