



CENTRAL BANK OF LIBERIA (CBL)

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Import Payment (CIF)



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**Table 6: WAMZ Countries End-of-Period
 Exchange Rates against the US Dollar**

Currency	Jan-18	Dec-18	Jan-19	Appr (-)/Depr (+)	
				MoM	YoY
GHC	4.42	4.82	4.95	2.66	11.85
GMD	45.75	49.68	48.95	-1.47	6.99
GNF	9,005.00	9,084.80	9,095.67	0.12	1.01
LRD	129.23	157.56	160.64	1.96	24.31
NGN	305.20	306.50	306.25	-0.08	0.34
SLL	7,557.17	8,396.05	8,453.57	0.69	11.86

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

LRD—Liberian Dollar
 GHC—Ghanatian Cedi
 GMD—Gambian Dalasi
 GNF—Guinean Franc
 NGN—Nigerian Naira
 SLL—Sierra Leonean Leone
 USD—US Dollar

* 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%

^With liquidity Effect

‡Reserves exclude ECF borrowing from the IMF

± Provisional, Preliminary, Estimate; † Revised; ‡Not Available (NA)

INTRODUCTION

The Monthly Economic Review (MER) is a regular publication by the Central Bank of Liberia (CBL) that provides a snapshot of major developments in the major sectors (Real, Monetary and External Sectors) of the economy and the Monetary Policy Stance of the CBL.

OVERVIEW

Production of key commodities in the Liberian economy in January 2019 showed significant growth in outputs compared with the level of production in the preceding month. Headline inflation for the month declined due to decreases in inflation subgroups such as transport, health, and restaurant & hotels.

Broad money (M2) grew during the month compared with the stock reported in the previous month mainly due to increases in demand deposits as well as time and savings deposits. Disaggregation of commercial banks' loans to the private sector by currency showed a rise in United States dollar loans, while Liberian dollar loans declined. The banking industry's performance in the review month remained strong, evidenced by growth in key financial soundness indicators.

Preliminary statistics on both export earnings and import payments showed decline. The decline in export earnings was occasioned by slump in receipts from minerals exports. Similarly, import bills fell due to declines in payments for food and live animals and payments for machinery & transport equipment. The decline in payments in January 2019 outweighed the decline in receipts, thus leading to improvement in merchandise trade deficit.

Gross foreign reserves position showed a decline at end-January 2019. The decline in reserves coupled with fall in import payments led to an estimated 3.1 month of import cover compared with 2.9 months of import cover in the previous month. Both the average and the end-of-period exchange rates depreciated during the month.

REAL SECTOR & PRICE DEVELOPMENTS**Production Analyses of Key Commodities**

Preliminary data on production of key commodities in January 2019 generally indicated expansions in outputs compared with the previous month. The general expansion in outputs was on the back of increases in production of rubber, cement, beverages, iron ore and diamond. Gold was the only recorded commodity that experienced decline in output.

Rubber production rose by 3,850 metric ton to 8,082 metric tons, from the level reported for the preceding month. The increase in the price of the commodity on the global market accounted for growth in its production. Cement output surged by 18.6 percent to 36,442 metric tons, from the level of production in the previous month due to an increase in construction activity. The output of beverages rose to 2.1 million litres in the month, underpinned by rising demand for non-alcoholic beverages. The production of diamond in the reporting month improved significantly to 5,653 carats, from 1,630 carats produced in the preceding month. The 4,023 carats increase in production was attributed to improvement in licensing regime and the discovery of more productive mining fields. Iron ore production saw a rise to 474,420 metric ton during the month, due to increase in global price of the commodity. On the other hand, gold output declined by 24.8 percent to 15,908 ounces at the end of the month, from 21,159 ounces produced a month ago, owing to slowdown in mining activity at one of the industrial mining sites.

Consumer Prices

Year-on-year rate of inflation decreased by 5.2 percentage points to 23.3 percent for January 2019, from 28.5 percent recorded for December 2018. The fall in inflation during the review month was mainly a result of decline in the consumer prices of transport and restaurant & hotels sub-groups.

Gold

Global price of gold at end-January 2019 moved up by 3.3 percent to US\$1,291.8 per ounce, from US\$1,250.4 per ounce. The price rise was due partly to expected increase in global demand for the commodity.

Table 5: External Sector Statistics

	Oct-18	Nov-18	Dec-18	Jan-19
EXTERNAL SECTOR	<i>(In units as may be specified)</i>			
External Trade (Value)	(Millions of US\$)			
Food and Live Animals (including Animal and vegetable oil)	16.5	16.7	41.3	33.1
-O/w Commercial Rice	1.5	1.5	27.7	19.3
-O/w Non-commercial Rice	0.4	0.03	0.1	0.1
Machinery & Transport Equipment	19.6	20.0	18.0	17.3
Manufactured goods classified as materials	17.3	13.9	34.1	10.0
Import (C.I.F)	90.0	82.2	128.9	100.4
Trade Balance	-39.5†	-43.4†	-58.4†	-40.6
External Trade (Volume)	(Metric Tons)			
-Rubber	2,822	4,161	4,232.1	8,082
-Iron Ore	433,475†	304,721†	697,729†	551,130
-Commercial Rice	291,925	289,892	374,734±	18,277±
-Non-commercial Rice	480	34	113±	76±
-Petroleum Products	8,464	10,620	3,698	33,255
-Cocoa Beans	965	330	3,075	0.0
-Palm Oil	4,748	2,938	747	1,797
-Gold	18,391	13,344	20,584	15,908
-Diamond	4,979	7,195	1,630	5,653
GLOBAL PRICE	<i>(In units as may be specified)</i>			
Iron ore (US\$/MT)	73.4	73.3	69.2	76.2
Rubber (US\$/MT)	1,430.0	1,350	1,440.0	1,590.0
Rice (US\$/MT)	409.0	401.0	404.0	410.0
Crude oil (US\$/BBL)	76.7	62.3	54.0	56.6
Palm oil (US\$/MT)	590.3	539.1†	535.0	584.6
Gold	1,215.4	1,220.7	1,250.4	1,291.8

Source: AML, FSL, LRA (ASYCUDA), MLME, www.indexmundi.com

/1 Trade data are primarily sourced from LRA (Customs) with larger coverage than BIVAC

GLOBAL COMMODITY PRICE DEVELOPMENTS

Iron ore

The international price of iron ore during the first month of 2019 surged by 10.1 percent to US\$76.2 per metric ton, from the price reported at end-December 2018. The US\$7.0 increase in the price per metric ton of iron ore was occasioned by increased demand intended to expand inventories mainly in China.

Rubber

The global price of rubber in the review period rose by 10.4 percent to US\$1,590.0 per metric ton compared with the price of a metric ton in the preceding month. The increase in the price of the commodity was due to a continued increase in demand for the commodity.

Crude oil price

Crude oil price at end of the reporting month stood at US\$56.6 per barrel. The price of the commodity rose by US\$2.6 per barrel when compared with price of the previous month on the back of supply disruption following production cuts by the Organization of Petroleum Exporting Countries (OPEC) and other oil producing countries.

Rice

The global price of rice reported at end of the first month of 2019 stood at US\$410.0 per metric ton. The 1.5 percent rise in price of the commodity was occasioned largely by increased demand for the commodity, mainly the japonica type of rice.

Palm oil

Palm oil price rose in the first month of the year by 9.3 percent to US\$584.6 per metric ton when compared with the price in the preceding month, occasioned in part, by pickup in global demand for the commodity

The monthly rate of inflation also declined by 4.2 percentage points to negative 1.8 percent, from 2.4 percent recorded in the preceding month due to decreases in health and restaurant & hotel subgroups.

Table 1: Production and Price Statistics

	Oct- 18	Nov- 18	Dec- 18	Jan- 19
REAL SECTOR DATA	<i>(In units as may be specified)</i>			
Production	<i>(In Metric tons, carat and Ounces)</i>			
Iron Ore† (Metric ton)	428,603±	387,839±	409,699±	474,420
Gold (Ounces)	18,867	13,458	21,159	15,908
Diamond (Carat)	4,979	7,195	1,630	5,653
Rubber (Metric ton)	2,822	2,751±	4,232	8,082
Cement (Metric ton)	25,610	25,234	30,735	36,442
Beverages	<i>(In Liters)</i>			
Alcoholic	977,304±	1,074,660±	1,127,417±	1,069,763
Non-Alcoholic	967,002	647,708±	643,056±	1,022,808
Total Beverages Production	1,944,304	1,722,368	1,770,473	2,092,571
Inflation	<i>(In percent)</i>			
Overall (Year-on-year) Rate of Inflation	26.6	27.1	28.5	23.3
a. Food and Non-alcoholic Beverages Inflation	24.2	24.9	30.5	30.2
- Domestic Food Inflation	25.1	28.3	35.9	36.0
- Imported Food Inflation	23.4	22.7	26.8	24.4
b. Transport Inflation	38.9	41.9	35.1	25.4
c. Imported Fuels Inflation	45.6	52.7	39.2	35.2
Overall (Month-on-Month) Rate of Inflation	0.7	2.0	2.4	-1.8
Core Inflation	<i>(In percent)</i>			
Inflation excluding Food & Non-alcoholic Beverages	27.9	28.3	27.5	19.7
Inflation excluding Imported Food	27.4	28.3	29.0	22.7
Inflation excluding Domestic Food	27.3	27.2	27.8	15.5
Inflation excluding Food and Transport	26.2	26.1	26.2	18.8

Source: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, CEMENCO, CBL & LISGIS

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy stance of the CBL remained focused to price stability through broad exchange rate stability. During the month of January 2019, the available policy instrument used by the Bank to

carry out its monetary policy operations was the statutory reserve requirement.

Monetary Aggregates

Broad money supply (M2), at end-January 2019, grew by 3.7 percent to L\$102,483.7 million, from L\$106,419.7 million recorded at end-December 2018. The growth in M2 was occasioned mainly by 9.9 percent, 4.6 percent and 13.8 percent decreases in currency outside bank, demand deposits and other deposits, respectively. Year-on-year comparison of monetary aggregates showed that M2 grew by 29.9 percent due to growths in currency outside the banking system, demand deposits, savings & time deposits and other deposits, respectively.

On the assets side, net domestic assets (NDA) marginally rose during the month by 0.1 percent to L\$85,501.4 million. The increase was driven mainly by surge in credits to private sector which was occasioned by a 4.7 percent increase in credit to other financial corporations (OFCs). On the other hand, net foreign assets (NFAs) declined during the month by 19.1 percent on account of falls in foreign assets of both the Central Bank and commercial banks. The NFAs of CBL declined by 27.8 percent, occasioned by reduction in the Bank's placement abroad, while those of commercial banks slumped by 14.1 percent. On a year-on-year basis, NDAs expanded by 43.2 percent, while NFAs contracted by 11.6 percent.

The United States (US) dollar share of credits to private sector rose marginally by 0.2 percent to US\$412.1 million compared with the previous month, on account of increase in mainly credits to the agriculture sector. On the other hand, the Liberian dollar share of credits to private sector fell by 2.4 percent to L\$5,852.6 million compared with the previous month due to decreases in loans extended to oil & gas, construction and agriculture sectors. The US and Liberian dollars credit to the private sector expanded by 8.4 percent and 45.0 percent, respectively compared with the same month a year ago.

Imports (FOB)

Merchandise import bill for goods fell by 23.3 percent in January 2019 to US\$89.8 million on account of declines in payments for food and live animals (excluding animals and vegetable oil) as well as payments for machinery and transport equipment related product. Payments for food and live animals declined by 19.9 percent to US\$33.1 million and payments for machinery and transport equipment declined by 3.9 percent to US\$17.3 million.

Asia, Europe and Africa remained the three leading sources of imports to Liberia with imports from Asia constituting 58.7 percent of total payments during the month. India recorded a large proportion of imports from Asia, United Kingdom led imports from the Europe area and Cote d'Ivoire made up the largest share of imports from ECOWAS.

Gross Foreign Reserves (Including SDR Holdings plus Reserve tranche)

The gross foreign reserves position stood at US\$407.5 million at end-January 2019, declining slightly by 0.8 percent from the amount recorded in the earlier month. The fall in payments for imports during the month outweighed the decrease in gross external reserves thus resulting to an estimated 3.1 months of import cover.

Table 5: External Sector Statistics

	Oct- 18	Nov- 18	Dec- 18	Jan- 19
EXTERNAL SECTOR	<i>(In units as may be specified)</i>			
External Trade (Value)	(Millions of US\$)			
Exports/1	42.9†	31.8†	58.7†	49.2
- O/w Iron Ore	15.4†	8.2†	26.0†	20.3
- O/w Rubber	3.7	5.3	5.0	8.7
- O/w Mineral	20.5	16.0	21.2	17.8
-o/w Cocoa Bean	0.4	0.3	0.8	0.0
-o/w Palm Oil	1.7	1.5	0.4	0.9
Imports (F.O.B)/1	82.4	75.2	117.1	89.8
Minerals, Fuel, Lubricants	13.0	13.8	9.5	16.0
-O/w Petroleum Products	11.1	11.4	7.4	13.1

Table 4. Financial Market Statistics

	Oct- 18	Nov- 18	Dec- 18	Jan- 19
Treasury Securities	(Millions of L\$)			
T- Bills Issued	-77.7	-78.4	-78.6	-56.7
T- Bills Redeemed	0.0	75.7	69.2	77.7
Net Treasury Bills Operations [^]	-77.7	-2.7	-9.4	21.0
Ave. Weighted Discount Rate_T Bills	3.17	3.83	3.56	5.00

Source: CBL

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

During the month, both export receipts and import payments declined, but the fall in payment outweighed the decline in receipts, leading to a slight improvement in trade deficit. Trade deficit improved by 30.8 percent to US\$40.6 million, from a revised deficit of US\$58.4 million recorded for December 2018.

Exports

Preliminary data on earnings from merchandise export during the first month of 2019 showed a 16.2 percent decrease to US\$49.2 million, from revise of US\$58.7 million reported in December 2018. The fall in export earnings during the month was occasioned mainly by slump in receipts from minerals and iron ore exports by 16.0 percent and 21.6 percent, respectively.

Earnings from trade with Europe during the month constituted 69.1 percent of total export earnings with Switzerland being the leading destination of exports. Exports to Switzerland accounted for 74.0 percent of earnings from that region.

EXCHANGE RATE DEVELOPMENTS

The average and end-of-period (EOP) exchange rates of the Liberian-dollar vis-à-vis the US dollar depreciated in January 2019 compared with December 2018. The average exchange rate depreciated slightly by 1.3 percent to L\$159.47/US\$1.00, and the end-of-period exchange rate depreciated also slightly by 2.0 percent to L\$160.81/US\$1.00, occasioned by high foreign exchange (FX) demand in the economy. On an annual basis, the average and EOP exchange rates depreciated by 25.7 percent and 32.4 percent, respectively.

Exchange of currencies in the West African Monetary Zone (WAMZ) against the US dollar showed that during January 2019, the Gambian dalasi and the Nigerian naira appreciated by 1.47 percent and 0.08 percent, respectively; while the Ghanaian cedi, the Liberian dollar, the Sierra Leonean leone and Guinean franc depreciated by 2.66 percent, 1.96 percent, 0.96 percent and 0.12 percent, respectively, when compared with the preceding month. At end of the review month, all currencies in the Zone depreciated relative to the United States dollar compared with the same month a year ago. (See Table 6).

Table 2: Monetary Aggregates

	Oct- 18	Nov- 18	Dec- 18	Jan- 19
Monetary	(Millions of US\$)			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [‡]	158.5	162.1	162.7	159.4
CBL Gross Foreign Reserves (including SDRs)	406.6	410.2	410.8	407.5
Liberian Dollars in Circulation	17,536.1	18,889.6	19,302.5	18,454.5
Money Supply (M1) in L\$ only	24,199.9	25,649.8	26,571.2	24,243.1
Broad money (M2) in L\$ only	32,793.4	33,848.6	34,873.3	32,297.5
Broad money (M2) in both L\$ and US\$*	104,074.0	109,550.0	106,419.7	102,483.7
Net Foreign Assets (NFA)	23,219.0	24,335.0	20,988.9	16,982.4
Net Domestic Assets (NDA)	80,855.0	85,215.0	85,430.8	85,501.4
	(In percent)			
Liberian Dollar share of Broad Money	31.5	30.9	32.8	26.9

Table 2: Monetary Aggregates

	Oct- 18	Nov- 18	Dec- 18	Jan- 19
Monetary	<i>(In percent)</i>			
Interest Rates				
- Lending rate	12.4	12.4	12.4	12.4
-Average Deposit rates				
-Savings	2.1	2.1	2.1	2.1
-Time	3.5	3.5	3.5	3.5
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	411.2	412.4	411.1	412.1
Commercial banks loans to private sector - L\$	5,140.7	5,184.0	5,996.3	5,852.6
Demand Deposits of commercial banks				
Demand deposits - US\$	284.4	312.1	284.7	371.9
Demand deposits - L\$	7,961.6	7,978.0	8,421.1	9,729.1
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	166.1	167.3	169.0	204.0
Time & savings deposits - L\$	8,537.4	8,144.1	8,229.3	7,679.2
Other Deposits**				
Actual US\$ component of other deposits	3.2	0.1	0.6	0.5
Liberian \$ component of other deposits	56.1	54.7	72.7	60.6
CBL's Foreign Exchange Auction	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	3.5	3.4±	10.0	0.0
Total Subscription	4.4	4.1±	10.0	0.0
Over (+)- / Under (-) Subscription	0.9	0.7±	0.0	0.0
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
Net Withdrawal	0.0	0.0	0.0	0.0
Personal Remittances	<i>(Millions of US\$)</i>			
Inflows	28.2	25.5	28.1	25.7
Outflows	38.0	56.5	21.9	16.3
Net flows	-9.8	-31.0	6.2	9.4
Exchange Rate	<i>(USD/LD)</i>			
End of Period	157.13	157.88	157.6	160.81
Period Average	156.69	157.79	157.5	159.47

Source: Central Bank of Liberia

BANKING SECTOR DEVELOPMENTS

Despite declines in some financial soundness indicators during the month, the banking sector's performance remained robust. Capital Adequacy Ratio (CAR) rose slightly by 1.4 percentage points to 27.2 percent and remained far above the minimum regulatory requirement of 10.0 percent. Liquidity ratio of the banking system declined slightly to 38.1 percent, but remained well above the minimum requirement of 15.0 percent. However, return on asset (ROA) and return on equity (ROE) ratios declined sharply during the month to 0.2 percent and 1.0 percent, respectively.

Total (gross) loans grew during the month by 6.6 percent to L\$76.0 billion with non-performing loans (NPL) also rising by 10.6 percent compared with the previous month. (See Table 3).

Table 3: Selected Financial Soundness Indicators, FSIs

	Oct- 18	Nov- 18	Dec- 18	Jan- 19
Financial Soundness Indicators (FSI)	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	27.6	27.6	25.8	27.2
Non-performing Loans to Total Gross Loans (ratio)	13.8	14.6	13.8	13.8
Total Gross Loans (In Billion L\$)	69.6	70.4	71.3	76.0
Non-performing Loans (% change)	(4.4)	7.6	(4.5)	6.1
Returns on Assets (ROA)	1.1	1.1	1.3	0.2
Returns on Equity (ROE)	6.4	6.8	7.2	1.0
Liquidity Ratio****	40.8	40.1	39.5	38.1

Source: CBL

FINANCIAL MARKET DEVELOPMENTS

The CBL, on behalf of the Government of Liberia (GoL), issued L\$56.7 million in T-bills in January 2019 and redeemed L\$77.7 million resulting to a net injection of L\$21.0 million in the banking system. The weighted average discount rate on T-bills issued during the month was 5.0 percent, 1.4 percentage points higher than the rate recorded in December 2018 (See Table 4).