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CENTRAL BANK OF LIBERIA



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

Currency	15-Jun	Jul-15	
	Curr Unit./US\$1	Curr Unit./US\$1	M-on-M Rate of Appr (-)/Depr(+)
LRD	85.5	87.5	2.3
FCFA	589.2	598.8	1.6
CVE	99.1	100.7	1.6
GHC	4.3	3.5	(18.6)
GMD	39.1	39.3	0.5
GNF	7,318.9	7534.5	2.9
NGN	196.5	196.5	0.0
SLL	4,861.2	4,920.4	1.2

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

LRD—Liberian Dollar

FCFA—Franc CFA

CVE—Cape Verdean Escudo

GMD—Gambian Dalasi

GNF—Guinean Franc

NGN—Nigerian Naira

SLL—Sierra Leonean Leone

USD—US Dollar

GBP—British Pound

	Apr-15	May-15	Jun-15	Jul-15	
11	INFLATION				
	<i>(In percent)</i>				
	Overall (Year-on-year) Rate of Inflation	6.8	7.9	7.7	9.5
	a. Food and Non-alcoholic Beverages Inflation	14.1	17.5	12.2	12.9
	- Domestic Food Inflation	4.8	19.5	10.2	10.6
	- Imported Food Inflation	23.3	15.8	14.1	15.2
	b. Transport Inflation	-10.3	-10.7	7.0	14.1
	c. Imported Fuels Inflation	-20.6	-17.5	-20.6	-18.9
	Overall (Month-on-Month) Rate of Inflation	0.1	-0.7	4.3	2.6
	CORE INFLATION				
	Inflation excluding Food & Non-alcoholic Beverages	13.7	10.0	10.9	13.0
	Inflation excluding Imported Food	0.9	5.0	5.3	7.4
	Inflation excluding Domestic Food	7.5	4.2	6.9	9.2
	Inflation excluding Food and Transport	0.5	-0.8	2.0	4.1

* 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 Monetary Policy stance of the Bank continues to be aimed at ensuring a stable macroeconomic environment characterized by broad exchange rate stability and low inflation, remaining supportive of the national development agenda. As was the case in June, the Bank intervened in the FX market by US\$3.0 million during July. As the Liberian dollar is expected to come under intense depreciating pressure in the wake of the ongoing rise in Government’s expenditure (denominated in Liberian dollars) with implication for rising prices, the Bank will continue to work toward the achievement and maintenance of broad exchange rate stability and stable inflation, using all appropriate monetary policy tools.

Real Sector & Price Developments

Production

Outputs of key commodities continued to be mixed in July. The output of rubber dipped significantly by an estimated 82.3 percent to 995.2 metric tons, down from 5,712 metric tons produced in the previous month. The dip in production of rubber is due to a 10 percent decrease in the price of rubber. Beverages production in July declined by 36 percent to 1.5 million liters, up from 2.4 million liters produced a month earlier. Cement output fell by 5.6 percent to 19,505 metric tons, down from 20,662 metric tons produced in June. The fall in output was a result of the slowdown in construction activities due to the rainy season. Iron ore production in July rose to 925,803 metric tons from 274,000 metric tons of output in the previous month.

Consumer Prices

The general rate of inflation rose by 1.8 percentage points to 9.5 percent from 7.7 percent a month ago. The increase in the inflation rate is principally as a result of increase in the price levels of domestic food items to 4.8 percent (from 0.33 percent) and imported fuel to 2.15 percent from (from negative 1.3 percent).

Monetary & Exchange Rate Developments

Exchange Rate

During the month of July, 2015, the Liberian-US dollar exchange rate, on average, depreciated by 1.7 percent to L\$86.69/US\$1.00. On the end-of-period basis, the Liberian dollar depreciated by 2.3 percent against the US dollar. On a year-on-year basis, the average exchange rate appreciated by 1.5 percent against the US dollar. The growing pressure emanating from rising imports, declines in major commodity export prices and GoL rising Liberian dollar expenditure are expected to exert more depreciating pressure in the FX market in the near term.

Considering end of period exchange rate in the WAMZ, the Ghana Cedi which appreciated by 18.6 percent was the only currency that strengthened against the US dollar. All other WAMZ currency depreciated during the period.

Exchange Rate Cont'd

The Frank CFA and the Cape Verdean Escudo depreciated by 1.6 percent each against the US dollar while the Guinean Franc, Gambian Dalasi and Sierra Leonean Leone depreciated by 2.9 percent, 1.2 percent and 0.5 percent, respectively. The Nigerian Naira remained stable against the US dollar (Table 2).

Monetary Aggregates and Credit

Overall money supply (M2) grew by 2.6 percent to L\$58,793.6 million at end-July, 2015, from L\$57,350.3 million at end-June, 2015. The growth in M2 was mainly on account of a 4.2 percent increase in narrow money supply (M1) that grew as a result of a 7.8 percent and 3.4 percent rise in currency outside bank and demand deposits, respectively. Credits to all sectors of the economy increased by 1.8 percent, but was down by 6.2 percentage points compared to the growth of the preceding month. The slight growth in credits was triggered by a 3.1 percent and 1.9 percent increase in loans to Transport, Storage & Communication and Trade, Hotel & Restaurant Sector, respectively (Table 1).

Money Market Developments

L\$84.5 million worth of T-bills was issued in July 2015, compared with the L\$1,810.0 million sterilized bills issued in June. The July discount rate of 3.69 percent was 97 basis points lower than the rate recorded in the preceding month. Net T-bills operations resulted into a zero balance as the amount redeemed offset the amount issued. There was no CBL bills issuance but a redemption of 1,165.0 million was injected in the liquidity stream.

Banking Sector Developments

The domestic banking sector remained resilient and sound, characterized by strong liquidity and capital adequacy ratios. The liquidity ratio was 45.3 percent, 3.5 percentage points above the figure reported in June. The capital adequacy ratio stood at 21.7 percent at end-July, 3.7 percentage points higher than the 18.3 percent recorded at end-June. Non-performing loans as a percent of total loans remained stable at 19.3 percent month-on-month. However, the major bottleneck continues to be the high level of operating costs that undermines profitability of the banks. (Table 1).

		Apr-15	May-15	Jun-15	Jul-15
6	FINANCIAL SOUNDNESS INDICATORS (FSI)	<i>(In percent)</i>			
	Capital Adequacy Ratio (CAR)***	20.8	19.5*	18.0	21.7
	Non-performing Loans to Total Loans	20.2	20.4	19.3*	19.3
	Non-performing Loans (% change)	8.1	2.3	-3.0	-1.5
	Returns on Assets	-0.69	-1.17	-0.95	-0.90
	Returns on Equity (ROE)	-5.65	-8.89	-8.11	-7.56
	Liquidity Ratio****	48.9	45.0	41.8	45.3
7	FISCAL OPERATIONS				
7a	REVENUE, EXPENDITURE & DEBT	<i>(Millions of US\$)</i>			
	Actual Revenue & Grants	41.4	56.3	38.0	74.7
	Projected Revenue & Grants	44.1	55.8	35.0	71.1
	Expenditure	48.2	33.8	56.6	62.3
7b	TREASURY SECURITIES	<i>(Millions of L\$)</i>			
	T- Bills Issued	-84.5	-84.5	-1,810.0	-84.5
	T- Bills Redeemed	82.5	85.0	84.5	84.5
	Net GoL Treasury Operation^	-2.0	0.5	-1,725.5	-
	Average Weighted Discount Rate	2.59*	3.35	4.66	3.69
8	EXTERNAL TRADE (VALUE)	<i>(Millions of US\$)</i>			
8a	EXPORTS/ 1	28.8	18.8*	22.3*	52.4
	- O/w Iron Ore	20.1	7.5	8.4	35.5
	- O/w Rubber	3.5	5.9	8.2	1.4
8b	IMPORTS (F.O.B)/ 1	136.0	162.1	127.2	137.4
	-O/w Petroleum Products	30.1	56.6	27.2	31.4
	-O/w Commercial Rice	24.7	16.2	6.0	24.6
	-O/w Non-commercial Rice	1.2	0.0	0.0	0.4
	Trade Balance	-107.2	-134.5	104.1	85.0
9	EXTERNAL TRADE (VOLUME)	<i>(Metric Tons)</i>			
	- Rubber	2,419.2*	4,118.4*	2,626.5*	995.20
	-Iron Ore	964,302*	320,000	274,000	925,803.10
	-Commercial Rice	63.08*	20.46*	17.27*	64.52
	-Non-commercial Rice	0.79*	5.69*	1.12*	1.12*
	- Petroleum Products	11,214	18,669	9,749	9,959.95
10	INT'L COMMODITY PRICES & LIBERIA'S TERMS OF TRADE	US\$/Unit			
	Iron Ore (US\$ /MT)	51.1	60.2	62.3	51.5
	Rubber (US\$/MT)	1,697.6	1,842	1,829.4	1,639.6
	Crude Oil (US\$/Barrel)/1	57.4	62.5	61.3	54.4
	Rice (US\$/MT)	392.4	382.4	370.6	387.7
	Terms of Trade (Y-on-Y) %	-29.6	-0.2*	-1.6	-7.9

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

Table 1: Fact Sheet

	Apr-15	May-15	Jun-15	Jul-15
1 MONETARY	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [‡]	220.69	214.6	211.7	217.3
Liberian Dollars in Circulation	8783.8	8,798.3	8,941.9	9,414.4
Money Supply (M1) in L\$ only	10,660.8	10,927.2	11,577.8	12,490.5
Broad money (M2) in L\$ only	14,732.9	14,917.0	15,970.9	17,017.6
Broad money (M2) in both L\$ and US\$*	55,547.7	54,651.5	57,350.3	58,793.6
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	26.5	27.3	27.8	28.9
Interest Rates				
- Lending rate	13.3	13.7	13.6	13.7
-Average Deposit rates				
-Savings	2.0	2.0	2.0	2.0
-Time	3.7	3.13	4.4	4.6
Commercial banks loans to private sector - US\$	310.8	315.8	323.3	324.0
Commercial banks loans to private sector - L\$	1,674.5	1,715.3	1,674.9*	1,686.7
- Demand Deposits of commercial banks				
Demand deposits - US\$	314.4	297.5	309.9	310.9
Demand deposits - L\$	3,301.1	3,565.4	4,032.7	4,356.8
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$				165.9
	167.8	172.0	173.8	
Time & savings deposits - L\$	4,063.0	3981.8	4,385.0	4,519.2
- Other Deposits**				
Actual US\$ component of other deposits				0.62
	0.87	0.69	0.26	
Liberian \$ component of savings deposits				8.0
	9.0	8.0	8.1	
2 CBL'S FOREIGN EXCHANGE AUCTION	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	3.0	2.0	3.0	3.0
Total Subscription	5.7	4.0	7.7	13.2
Over(+)- / Under(-) Subscription	2.6	2.0	4.7	10.2
3 CBL BILLS AUCTION	<i>(Millions of L\$)</i>			
Bill Issued	-	-	-	-
Bill Redeemed	1,000	-	-	1,165.0
4 PERSONAL REMITTANCES	<i>(Millions of US\$)</i>			
Inflows	52.9	99.6	42.9	34.5
Outflows	18.3	66.6	20.0	18.9
Net flows	34.5	33.0	22.9	15.6
5 EXCHANGE RATE				
End of Period	84.50	84.5	85.5	87.5
Period Average	84.50	84.5	85.3	86.7

Fiscal Developments

Revenue (including Grants) & Expenditures

Government fiscal operations in July, 2015, resulted in a surplus of US\$12.4 million from a surplus of US\$22.5 million recorded in the previous month, explained by a 36.7 million month-on-month increases in actual revenue & grants receipts and 5.6 million in total public spending. Tax and non tax revenue & grants constituted US\$38.4 million and US\$36.3 million of total revenue and grants, respectively.

In addition, actual revenue and grants exceeded budgetary projections by 5.1 percent on account of US\$4.0 million receipts for actual tax revenue that outweighed the US\$0.4 million shortfall in non tax revenue and grants. With regards to government expenditure, the US\$5.6 million increase was attributed to 4.6 percent and US\$3.1 million growths in recording and capital expenditures for the month (Table 1).

External Sector Developments

Merchandise Trade

Occasioned by US\$30.1 million rise in export earnings as per preliminary data, the trade deficit narrowed by 19.0 percent to US\$85.0 million in July from US\$104.9 million in June, outweighing the 8.0 percent month-on-month rise in import payments. Year-on-year, the trade deficit narrowed by 43.3 percent (Table 1).

Exports

Merchandise export receipts rose by US\$30.1 million in July to US\$52.4 million from US\$22.3 million during June, driven largely by increased receipts from iron ore based on preliminary data. Year-on-year, export earnings rose by 1.2 percent (Table 1).

Imports

Merchandise import payments (f.o.b) grew by 8.0 percent to US\$137.4 million in July from US\$127.2 million during June, occasioned largely by 27.8 percent rise in food-related imports. However, year-on-year, merchandise import payments fell by 31.9 percent in July 2015 (Table 1).

International Commodity Price Review

The general global commodity price index declined by 7.5 percent month-on-month to 114.1 in July, from 123.3 in June 2015, reflecting downward trends in key commodity prices, mainly crude oil, rubber and iron ore. Year-on-year, the general commodity price index plunged by 37.1 percent.

Iron ore

In July 2015, iron ore price declined by 17.3 percent month-on-month on the back of the persistent oversupply of the commodity on the global market in the face of weakening demand. Year-on-year, iron ore price plummeted by 46.3 percent. The ongoing slowdown in the Chinese real estate and steel industries remains the key factor driving the demand for the commodity and its short-to-medium term price trend (Table 1).

Rubber

As the price of crude oil continues to fall, synthetic rubber (a substitute for natural rubber) strongly competes with natural rubber in industrial activities. In addition to this, as the global supply and inventory of the commodity remains high in the face of weakening global growth, mainly from China, the price of natural rubber continues to drop, falling by 10.4 percent month-on-month in July. Year-on-year, natural rubber price dropped by 18.8 percent. As global growth remains weak and raddled with uncertainties, the downward spiral is projected to continue in the short-to-medium term (Table 1).

Petroleum (Crude Oil)¹

Crude oil price continued its downward trend in July, falling by 11.2 percent to US\$54.4 per barrel, from US\$61.3 per barrel in June. Year-on-year, oil price plummeted by 48.3 percent. Occasioned by expectations of increased output by OPEC and the United States, slowing oil demand from China, Japan and the Eurozone and worsened by the addition of Iran to the oil supply chain in the wake of the recent nuclear agreement, oil price is projected to continue the downward trend in the short-to-medium term.

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

Rice

Global food prices remained stable in July, with the FAO Food Price Index (FPI) recorded at 164.2 from 164.9 in June. Largely on the back of increased supply stock and falling energy prices, food prices are projected to remain largely stable in the short-to-medium term. However, rice price rose by 4.6 percent in July to US\$387.7 per metric ton from US\$370.6 in June, indicative of a more seasonal upward trend than a permanent one. However, as geo-political tensions persist, coupled with a projected decline in production in key rice-producing economies on account of unfavorable weather conditions, the risk of upward price trend remains high in the medium-to-long term.

Terms of Trade

Driven by 23.5 percent deterioration in Liberia's export price index (reflecting mainly the decline in the prices of iron ore and rubber), Liberia recorded a terms of trade deficit of 7.9 percent in July, from a deficit of 2.8 percent in June (Table 1).

Gross Foreign Reserves

Gross foreign reserves (excluding SDR² holdings of US\$282.9 million) inched up by 0.5 percent to US\$288.9 million at end-July, from US\$287.6 million at end-June 2015. Including SDR holdings, gross reserves amounted to 2.5 months of import cover at end-July from 2.7 months at end-June 2015.

²Special Drawing Rights