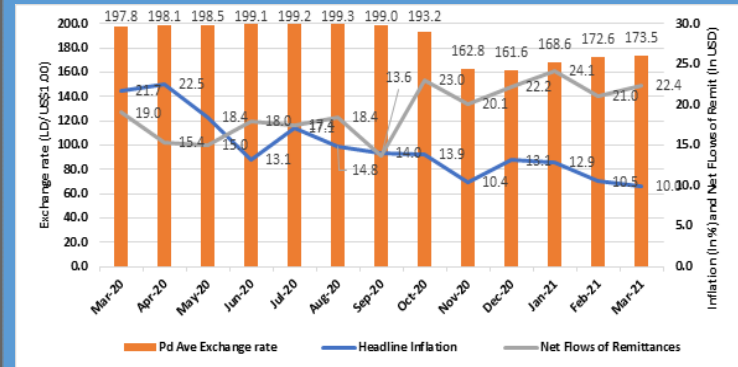




# CENTRAL BANK OF LIBERIA



## MONTHLY ECONOMIC REVIEW

MAR. 2021

VOLUME 7 No. 3

**The Monthly Economic Review is produced by the Central Bank of Liberia (CBL). Inquiries concerning this publication should be addressed to:**

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

**Ashmun & Lynch Streets, Monrovia, Liberia**  
**Contacts: +231-880-649103/886-246587/555-960556**  
**Email: [jkambo@cbl.org.lr](mailto:jkambo@cbl.org.lr)**

---

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>Introduction .....</b>	<b>1</b>
<b>Overview .....</b>	<b>1</b>
<b>Real Sector and Price Developments.....</b>	<b>3</b>
Production Analysis of Key Commodities .....	3
Consumer Prices .....	3
<b>Monetary Developments .....</b>	<b>4</b>
Monetary Policy Stance .....	4
Monetary Aggregates .....	4
<b>Financial Market Developments .....</b>	<b>5</b>
<b>Banking Sector Developments .....</b>	<b>8</b>
<b>Fiscal Sector Developments .....</b>	<b>9</b>
<b>External Sector Developments .....</b>	<b>10</b>
Merchandise Trade .....	10
Remittances .....	11
Gross International Reserves and Months of Import Cover .....	11
Direction of Trade .....	12
<b>Exchange Rates Developments .....</b>	<b>12</b>
<b>Global Commodity Price Developments .....</b>	<b>13</b>

**TABLE**

<b>Table 1: Production and Price Statistics .....</b>	<b>3</b>
<b>Table 2: Monetary Aggregates Statistics .....</b>	<b>5</b>
<b>Table 3: Financial Market and Interest Rates Statistics .....</b>	<b>6</b>
<b>Table 4: Selected Financial Soundness Indicators, FSIs .....</b>	<b>8</b>
<b>Table 5: Fiscal Sector Statistics .....</b>	<b>9</b>
<b>Table 6: External Sector Statistics .....</b>	<b>10</b>
<b>Table 7: Exchange Rate: Official and WAMZ Countries End-of-Period Exchange...</b>	<b>13</b>
<b>Table 8: Global Commodity Prices .....</b>	<b>14</b>

## INTRODUCTION

The Monthly Economic Review (MER) is a regular publication of the Central Bank of Liberia (CBL) that provides a snapshot of major economic developments in key sectors (Real, Monetary, Fiscal and External) of Liberia. The MER also highlights the Monetary Policy stance of the CBL and provides synopsis of exchange rate developments in the West African Monetary Zone (WAMZ).

## OVERVIEW

In March 2021, outputs of all key commodities strengthened compared with the preceding month. The outputs in the mining sector as well as the production of commodities in the manufacturing and agricultural subsectors rose. Headline inflation in the review month moderated mainly on account of decline in the prices of food and non-alcoholic beverages (mainly domestic food items) as well as restaurants and hotels in the Consumer basket. Month-on-month rate of inflation increased by 2.3 percentage points to approximately 1.4 percent, reflecting changes in the prices of petroleum products, alcoholic beverages, transport, as well as restaurants and hotels sub-groups.

Inflation, excluding food and transportation, increased by 2.2 percentage points to 13.2 percent in the month, from 11.0 percent recorded in the previous month, explained largely by increase in the prices of non-food items (See Table 1).

During the period under review, the CBL's monetary policy stance remained focused on price stability through the management of Liberian dollar liquidity. As part of the monetary operations during the month, the CBL bills were offered at different tenors (two weeks, one month and three months).

Broad money supply (M2) contracted by 3.4 percent during the month, reflecting falls in Net Domestic Assets (asset category) and deposits (liability category). The contraction in M2, from the asset category, was driven by 3.9 percent fall in Net Domestic Assets (NDA) induced by the slowdown in net credit to the private sector. From the liability side, the decline in M2 was largely explained by 10.1 percent decrease in time and savings deposits as well as a marginal fall in demand deposits. Currency outside banks which accounted for 91.9 percent of Liberian Dollar in circulation rose by 1.3 percent to L\$20.96 billion. Despite the structural constraints on financial developments, the banking industry showed strong performances in March 2021. The financial soundness indicators were strong during the month with increases in Return on Assets (ROA), Return on Equity (ROE) and Liquidity Ratio (LR). LR remained above the 15.0 percent regulatory thresholds by 32.6 percentage points, while Capital Adequacy Ratio (CAR) exceeded the minimum regulatory requirement by 21.2 percentage points. Similarly, nonperforming loans (NPLs) stood at 27.3 percent against the 10.0 percent tolerable limit.

The Government of Liberia's (GOL) fiscal operations resulted to a deficit of US\$17.6 million (0.5 percent of GDP), from a surplus of US\$1.7 million (0.1 percent of GDP) recorded in the previous month, occasioned by a rise in GOL's expenditure during the month. The stock of public debt rose marginally to 48.8

## Sugar

During the review month, the price of sugar fell by 5.5 percent to US\$340.0 per metric ton, from the price recorded in February 2021. The fall in the price of the commodity was on account of anticipated increase in export of the commodity, mainly from India. However, annual comparison showed the price of sugar increased by 30.8 percent, from US\$260.0 per metric ton in March 2020.

## Palm oil

Palm oil price rose by 1.1 percent to US\$1,030.9 per metric ton in the reporting period compared to February 2021. The increase was underpinned by recovery in demand for the commodity. Year-on-year comparison of the price of palm oil reflects a 62.0 percent rise, from US\$636.3 per metric ton in March 2020.

## Rice

Rice price recorded a decline by 5.7 percent to US\$525.0 per metric ton in March 2021, mainly underpinned by anticipation of increased supply of the commodity from part of Asia. However, annual comparison of the price of the commodity showed 6.3 percent increase, from US\$494.0 per metric ton.

## Cocoa beans

In March 2021, the price of cocoa beans increased by 2.1 percent to US\$2,460.0 per metric ton compared to the preceding months, on account of increase in demand for the commodity ahead of announcement of new lockdown in Europe and North America. Similarly, annual comparison of the price of cocoa beans showed an increase of 5.1 percent, from US\$2,340.0 per metric ton recorded in March 2020.

**Table 8: Global Commodity Prices**

GLOBAL PRICE	Mar - 21	Jan - 20	Feb - 20	Mar - 21	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	88.99	169.63	163.80	168.18	2.67	88.99
Gold (US\$/Oz)	1,591.93	1,866.98	1,808.17	1,718.23	(4.97)	7.93
Rubber (US\$/MT)	1,500.00	2,300.00	2,350.00	2,370.00	0.85	58.00
Cocoa Beans (US\$/MT)	2,340.00	2,390.00	2,410.00	2,460.00	2.07	5.13
Palm oil (US\$/MT)	636.25	990.27	1,019.69	1,030.85	1.07	62.02
Crude oil (US\$/BBL)	32.20	53.60	60.46	63.83	5.57	98.23
Food Price Index (FAO)	95.10	113.30	116.40	118.90	2.15	25.03
Rice 5% broken (US\$/MT)	494.00	545.00	557.00	525.00	(5.75)	6.28
Sugar (US\$/MT)	260.00	340.00	360.00	340.00	(5.56)	30.77
Commodity Price Index	93.79	137.2	140.56	141.38	0.58	50.74

Source : [www.indexmundi.com](http://www.indexmundi.com), <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>  
† - Revised

The Nigerian Naira recorded the highest depreciation rate of 19.2 percent, while the Sierra Leonean Leone accounted for the lowest depreciation of 3.9 percent. (See Table 7).

**Table 7: WAMZ Countries End-of-Period & Liberian Dollar Average Exchange Rates per US Dollar**

Currency	Mar - 20	Jan - 21	Feb - 21	Mar - 21	Appr (+)/Depr (-)	
					MoM	YoY
End-of-Period Exchange Rate y per USD					Percent change	
GHC	5.44	5.76	5.76	5.73	0.52	(5.06)
GMD	47.97	49.85	49.78	50.52	(1.46)	(5.05)
GNF	9,381.12	10,031.37	10,080.13	10,030.07	0.50	(6.47)
LD	198.06	170.59	173.45	173.01	0.25	14.48
NGN	306.5	379.50	379.50	379.50	0.00	(19.24)
SLL	9,810.40	10,177.88	10,207.30	10,208.80	(0.01)	(3.90)
Average Exchange Rate (LD/USD)						
LD	197.83	161.55	172.56	173.47	(0.53)	14.04

Source: CBL, WAMA: [www.amao-wama.org/](http://www.amao-wama.org/)

GHC - Ghanaian Cedi; LD - Liberian Dollar; GMD - Gambian Dalasi; USD - United States Dollar; GNF - Guinean Franc; NGN - Nigerian Naira; SLL—Sierra Leonean Leone; USD - United States Dollar

## GLOBAL COMMODITY PRICE DEVELOPMENTS

### Iron ore

The price of iron ore increased by 2.7 percent in March 2021 to US\$168.2 per metric ton. The rise was, in part, occasioned by increase in demand for the commodity driven by news of production cut arising from potential plans by China to downgrade mills producing high industry emissions. Compared with the price in the corresponding month of 2020, iron ore price increased by about 89.0 percent.

### Crude Oil (Petroleum) Price

The price of petroleum went up by 5.6 percent to US\$63.8 per barrel during the month due to increase in demand induced by continuous inventory drawdown. Annual comparison showed that the price of petroleum rose by about 98.2 percent, from the price in March 2020.

### Rubber

Rubber price increased slightly by 0.9 percent to US\$2,370.0 per metric ton compared with the price in the preceding month due to increased demand from China. Similarly, the annual comparison showed price increased by 58.0 percent from US\$1,500.0 per metric ton reported in March 2020.

### Food Price (FAO)<sup>1</sup>

The FAO compiled food price index showed an increase of 2.1 percent in March 2021, compared with the February 2021 index. The persistent rise in food price index, especially during the month was on account of increase in the prices of mainly vegetable oil, dairy, and meat. Annual price of food rose by 25.0 percent compared with the price in March 2020.

percent of GDP, from 47.5 percent of GDP in the preceding month, but remained within the ECOWAS regional threshold limit of 70.0 percent of GDP.

Developments in Liberia's external trade showed a marginal increase in the total trade value mainly due to rise in earnings from exports compared to the preceding month. Payments for imports declined as a result of contraction in payments for food and live animals (including animals and vegetable oil), and for minerals, fuel, lubricants subgroups. Statistics on the direction of trade showed that four countries (Switzerland, France, Poland, and Germany) were the dominant destinations of Liberia's exports, while five countries (India, China, Indonesia, Turkey, and the United States) were the main sources of imports.

Gross international reserves (GIR) increased by 3.6 percent to US\$299.3 million during the month compared to the stock reported in the preceding month mainly on account of increase in foreign liquid assets. The rise in GIR was further enhanced by an estimated decrease in payment for mainly goods, thus slightly raising the months of import cover to 2.4 months, reflecting a shortfall of 0.6 month below the ECOWAS regional threshold of 3.0 months.

Net inflow of personal remittances increased during the month compared to the preceding month, mainly explained by rise in inward remittances that exceeded the rise in outward remittances. Inward remittances grew by US\$1.8 million to US\$29.1 million, from the previous amount, while outward remittances increased by about US\$0.5 million to US\$6.7 million.

Developments in the foreign exchange market favored the Liberian dollar considering the end period exchange rate. However, analysis of the average rate showed that the Liberian dollar depreciated during the review month.

## REAL SECTOR & PRICE DEVELOPMENTS

### Production Analyses of Key Commodities

Production statistic of key commodities was strong in March 2021 compared with the preceding month. The outputs in the mining subsector rose significantly. Iron ore output increased by 10.0 percent to 440,000.0 metric tons, from 400,000.0 metric tons produced in February 2021 due to favorable weather condition. Gold output increased by 3.8 percent to 23,292.0 ounces, from 22,439.0 ounces produced in February 2021. The expansion in gold production for the fourth consecutive month was underpinned by increased mining activities, especially industrial gold mining. Total output of diamond stood at 11,254 carats during the month.

Output in the manufacturing subsector also rose during the month. Cement production rose by 15.4 percent to 50,353.0 metric tons, from 43,640.0 metric tons produced in the previous month due to depleting inventory. Similarly, total beverage production increased by 1.18 million liters to 1.69 million liters due to enhancement of machinery following completion of routine maintenance work on production plant of the largest producer. In the agriculture subsector, rubber output rose by 56.1 percent to 9,396.0 metric tons, from 6,018.0 metric tons in the previous month, due to increased harvest from the largest producing company and other small farm holders. Compared with the corresponding month in 2020, outputs of all key commodities increased, except iron ore, which fell moderately by 14.2 percent.

### Consumer Prices

Headline inflation during the third month of 2021 further moderated marginally by 0.8 percentage points to 9.7 percent, from 10.5 percent in the preceding month. The moderation in headline inflation was due to the fall in the prices of food and non-alcoholic beverages as well as restaurants and hotels components in the CPI basket. However, month-on-month rate of inflation increased by 2.3 percentage points to 1.4 percent, mainly reflecting an upward change in the prices of alcoholic beverages, tobacco and narcotics, transport, as well as restaurants and hotels sub-groups.

Core inflation<sup>1</sup> increased by 2.2 percentage points to 13.2 percent in the month under review, from 11.0 percent in the previous month. The rise was explained largely by increase in the prices of non-food items, especially furnishings, household equipment & routine household maintenance items (See Table 1).

**Table 1: Production and Price Statistics**

Production	Mar - 20	Jan - 21	Feb - 21	Mar - 21
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	512,606	440,000	400,000	440,000
Gold (Ounces)	6,420	20,531	22,439	23,292
Diamond (Carat)	3,821	7,864	0.00	11,254
Rubber (Metric ton)	4,832	5,841	6,018	9,396
Cement (Metric ton)	41,195	45,407	43,640	50,353
Total Beverages (liter)	1,052,471	2,096,672	514,690	1,693,496
Alcoholic	991,139	1,938,510	463,052	1,555,395
Non-Alcoholic	61,332	158,162	51,638	138,101

month was supported mainly by a decrease in payments for goods, resulting to 2.4 months of import cover. Compared with the ECOWAS regional benchmark of 3.0 months, the months of import cover recorded a shortfall of 0.6 month below the regional threshold (Table 6).

### Direction of Trade (DOT)

In March 2021, Switzerland, France, Poland, and Germany were the main destinations for Liberia's exports. Earnings from exports to France and Germany during the month, while earnings from Switzerland and Poland increased. Exports to Switzerland (mainly gold) rose by 1.8 percent to US\$33.2 million, from US\$32.6 million recorded in the previous month. Shipment to Poland (mainly iron ore) rose by 1.0 percent to US\$10.9 million, from US\$10.8 million recorded in the previous month. In contrast, exports to France (mainly iron ore) declined by 33.1 percent to US\$11.3 million, from US\$16.8 million. Similarly, exports to Germany (predominantly iron ore) fell by 3.6 percent to US\$8.2 million, from US\$8.5 million in the preceding month.

The main sources of imports to Liberia during the month were Turkey, China, India, United States of America, and Indonesia. Excluding India, import payments to the other four countries rose during the month. Payments for the purchase of machinery and transport equipment, minerals fuel and lubricant from Turkey increased by US\$8.4 million to US\$16.9 million. Payments to China for the purchase of machinery and manufacturing goods increased by US\$6.7 million to US\$16.6 million, while import payments (for machinery, transport equipment and manufactured goods) to the United States of America increased by 0.5 percent to US\$5.6 million. Similarly, payments to Indonesia (for mainly animals and vegetables oil and chemicals and related products) rose by US\$5.1 million. On the other hand, payments to India for mainly animals and vegetable oil decreased by 43.3 percent to US\$11.9 million, from US\$20.9 million.

### EXCHANGE RATE DEVELOPMENTS

At end-March 2021, the end-of-period (EOP) exchange rate showed appreciation in the Liberian dollar against the US dollar, while the period average (AVG) exchange rates showed a depreciation of the Liberian dollar against the US dollar. The EOP exchange rate showed that the Liberian dollar appreciated marginally against the US dollar by 0.3 percent to L\$173.01/US\$1.00. In terms of the AVG exchange rate, the Liberian dollar slightly depreciated by 0.5 percent to L\$173.47/US\$1.00, from L\$172.55/US\$1.00 recorded in February 2021. The analysis of the exchange rate showed that the Liberian dollar was relatively stable on account of the monetary policy stance and large inflows of foreign exchange.

Considering the EOP exchange rate, developments in the foreign exchange market of the West African Monetary Zone (WAMZ) during the month were mixed. The EOP exchange rates showed that the Nigerian Naira was relatively stable at NGN379.50/US\$1.00. The Guinean Franc and the Ghanaian Cedi appreciated by 0.5 percent each. However, the Sierra Leonean Leone and the Gambian Dalasi depreciated marginally compared to the preceding month. Annual comparison showed that except the Liberian dollar, all the WAMZ currencies depreciated against the United States dollar, relative to the corresponding month in 2020.

	5.19	10.33	10.63	11.90
Manufactured goods classified by materials	5.19	10.33	10.63	11.90
Other categories of imports	20.00	15.44	14.38	17.81
<b>Trade Balance</b>	<b>(49.45)</b>	<b>(27.49)</b>	<b>(22.87)</b>	<b>(3.30)</b>
<b>Total Trade</b>	<b>133.73</b>	<b>204.13</b>	<b>182.09</b>	<b>185.16</b>
	<b>Mar - 20</b>	<b>Jan - 21</b>	<b>Feb - 21</b>	<b>Mar - 21</b>
<b>External Trade (Volume)</b>	<i>(In Unit as may be specified)</i>			
Rubber (MT)	4,831.54	5,840.86	6,017.64	9,396.00
Iron Ore (MT)	403,800.08	424,383.36	348,834.84	404,427.73
Cocoa Beans (MT)	1,110.78	1,450.00	925.00	1,175.00
Palm Oil (MT)	204.06	1,662.00	3,228.00	7,105.00
Gold (Oz)	6,420.39	20,531.39	22,439.49	23,292.19
Diamond (Crt)	3,821.21	7,863.69	0.00	11,253.96
Petroleum Products (MT)	8,980.50	10,081.90	11,670.62	4,452.87
Rice (MT)	33,066.33	12,229.91	21,599.61	21,845.22*
Other Indicators				
Import (FOB)	83.35	104.27	92.92	76.00
Gross International Reserves (GIR) <sup>2</sup>	253.75	295.48	288.83	299.26
Net Foreign Reserves Position	54.29	1.02	(5.31)	9.63
<b>Import covers (In Month)</b>	<b>2.4</b>	<b>2.2</b>	<b>2.2</b>	<b>2.4</b>
<b>Personal Remittances</b>				
Inflows	28.82	28.54	27.29	29.13
Outflows	9.83	4.40	6.24	6.71
Net flows	18.99	24.14	21.05	22.42
Direction of Trade (DOT)				
<b>Destination of Export</b>	42.14	88.32	79.61	90.93
o/w Switzerland	6.42	32.54	32.58	33.16
o/w France	7.32	15.92	16.84	11.27
o/w Poland	0.00	5.76	10.78	10.89
o/w Germany	5.55	4.11	8.47	8.16
<b>Sources of Import (fob)</b>	83.35	104.27	92.92	84.94
o/w Turkey	3.21	6.78	8.50	16.85
o/w China	7.12	16.29	9.82	16.56
o/w India	32.89	38.59	20.94	11.88
o/w United States of America	10.61	4.23	5.60	5.63
o/w Indonesia	0.47	38.59	0.48	5.55

Source : LRA (ASYCUDA), AML, MLME, FSL & CBL

### Remittances

During the month, both inward and outward remittances increased. However, the increase in inward remittances exceeded the rise in outward remittances, resulting to a net inflow of US\$22.4 million (0.7 percent of GDP), from US\$21.1 million (0.6 percent of GDP) reported in the preceding month.

### Gross International Reserves

Following a decline in the previous month, gross international reserves (GIR) rose by 10.4 percent to a stock of US\$299.3 million in March 2021. The rise in GIR during the

<b>Inflation</b>	<i>(In percent)</i>			
Overall (Y-o-Y) Rate of Inflation	21.72	12.92	10.50	9.96
a. Food and Non-alcoholic Beverage Inflation	30.48	16.31	10.48	5.01
- Domestic Food Inflation	34.66	20.57	20.44	6.90
- Imported Food Inflation	27.25	12.90	2.62	3.48
b. Transport Inflation	25.43	5.85	6.73	9.11
c. Imported Fuels Inflation	18.05	(22.59)	(12.56)	(8.52)
Overall (M-o-M) Rate of Inflation	1.88	(0.75)	(0.88)	1.38
Core Inflation				
Inflation excluding Food & NAB <sup>1</sup>	17.31	11.06	10.51	12.73
Inflation excluding Imported Food	20.53	12.98	12.44	11.52
Inflation excluding Domestic Food	19.60	12.48	9.86	11.49
Inflation excluding Food and Transport	16.31	11.76	11.01	13.21
Annual Gross Domestic Product (GDP) <sup>2</sup>				
Nominal (NGDP)	3,037	3,363	3,363	3,363
Real (RGDP)				
RGDP growth (in percent) <sup>±</sup>	(3.0)	3.6	3.6	3.6

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, MB, CEMENCO, CBL & LISGIS;

<sup>1</sup> Non-alcoholic beverages

<sup>2</sup> GDP was revised following the IMF- ECF review mission in April 2021

± - Projection for 2021 † revise

## MONETARY DEVELOPMENTS

### Monetary Policy Stance

In March 2021, the CBL continued to maintain its tight monetary policy stance for price stability through broad exchange rate management. The CBL's monetary policy measure was anchored on interest-rate based instruments to manage Liberian dollar liquidity. The Bank maintained its policy rate at 25.0 percent, anchored on the CBL bills issued at two-week, one month and three-month tenors. Subscriptions for the CBL bills increased during the period under review largely due to improvement in public confidence.

### Monetary Aggregates

At end-March 2021, broad money supply (M2) reduced by 3.4 percent to L\$135.51 billion, from L\$140.22 billion recorded at end of February 2021. On the liability side, the reduction in M2 was mainly explained by 10.1 percent fall in time and savings deposits and a marginal drop in demand deposits. The decrease in M2, from the asset side, was driven by fall in Net Domestic Assets (NDA). NDA decreased by 3.9 percent due to slowdown in net credit to the private sector. Additionally, Liberian Dollar in circulation amounted to L\$22.8 billion, falling by 1.5 percent from the stock in the preceding month. Currency outside banks accounted for 91.9 percent (L\$20.96 billion) of total Liberian Dollar in circulation.

The stock of commercial banks' loans to private sector declined for loans denominated in Liberian dollar, while the US dollar denominated loans increased during the review month. The US dollar share of private sector credit rose by 0.5 percent to US\$389.9 million, reflecting increase in loans extended to individual, trade, mining, and the agriculture. On the other hand, the share of loans denominated in Liberian dollar

lowered by 0.8 percent to L\$5,619.7 million on account of decline in loans to trade and agriculture.

At end of the reporting month, all deposits converted to Liberian dollars stood at L\$ 114.55 billion (21.3 percent of GDP), down by 1.3 percentage points compared with the 22.6 percent of GDP reported in the preceding month, partly explained by exchange rate pass-through effect, which mainly affected time and savings as well as other deposits (Table 2).

**Table 2: Monetary Aggregates**

Monetary Aggregates	Mar - 20	Jan - 21	Feb - 21	Mar - 21
	<i>(In Millions)</i>			
Liberian Dollars in Circulation (LD)	20,925.93	23,608.48	23,179.84	22,825.33
Currency outside banks (LD)	19,348.07	21,578.23	20,695.87	20,964.62
Money Supply (M1) in LD only	28,401.40	33,133.47	32,726.89	33,350.70
Broad money (M2) in LD only	35,858.65	40,874.62	40,385.42	40,744.35
Broad money (M2) (both LD and USD Converted to LD)	122,409.97	135,707.94	140,220.18	135,512.02
Net Foreign Assets (NFA) – LD	20,781.47	15,262.11	14,428.38	14,602.56
Net Domestic Assets (NDA) – LD	101,628.50	120,445.83	125,791.80	120,909.46
<b>Loans to Private Sector</b>				
Commercial banks loans to private sector USD	381.00	391.10	387.98	389.91
Commercial banks loans to private sector - LD	6,949.85	5,686.40	5,663.73	5,619.68
<b>Demand Deposits of commercial banks</b>				
Demand deposits - USD	262.49	353.23	364.27	359.74
Demand deposits - LD	9,053.33	11,555.25	12,031.02	12,386.08
Time & savings deposits - USD	172.81	200.62	209.67	186.14
Time & savings deposits - LD	7,338.79	7,595.16	7,582.58	7,324.04
<b>Other Deposits**</b>				
Actual US\$ component of other deposits	1.70	1.73	1.64	1.89
Liberian \$ component of other deposits	118.46	145.99	75.95	69.61
Total Deposits (both USD & LD) converted to Liberian dollar <sup>1</sup>	103,061.90	114,129.72	119,524.31	114,547.40
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	29.29	30.12	28.80	30.07

Source: CBL

‡ - Reserves excluding ECF borrowing from the IMF;

\*\* - Other Deposits Including Official and Manager Checks;

<sup>1</sup> - The total deposits (US and Liberian dollars) of commercial banks expressed entirely in Liberian dollars.

## FINANCIAL MARKET (FM) DEVELOPMENTS

Considering the gradual increase in public confidence for the CBL bills, coupled with lowering inflation expectation, the CBL continued with the bills issuance at the tenors of 2-week, 1-month, and 3-month on an effective annual rate of 25.0 percent. During the month, the total CBL bills issued amounted to L\$4,239.7 million, rising by 65.7 percent compared with the preceding month.

The rise in public debt was explained by increases in domestic and external debt positions by 5.1 percent and 1.0 percent, respectively. Both domestic and external debts amounted to 21.7 percent of GDP and 31.0 percent of GDP, respectively.

## EXTERNAL SECTOR DEVELOPMENTS

### Merchandise Trade

In March 2021, preliminary statistics on merchandise trade showed a marginal increase in total trade by 1.7 percent to US\$185.2 million (5.5 percent of GDP), from US\$182.1 million (5.4 percent of GDP) due mainly to rise in earnings from exports. Liberia's merchandise trade balance improved to a deficit of US\$3.3 million (0.1 percent of GDP), from US\$22.9 million (0.7 percent of GDP) recorded in February 2021. The improvement in the deficit was due mainly to increase in merchandise export earnings and a subsequent decline in payments for imports. Payments for merchandise imports fell by 8.1 percent to US\$94.2 million (2.8 percent of GDP), from US\$102.48 million (3.1 percent of GDP), driven mainly by decreases in payments for food and live animals (including animals and vegetable oil) by 23.0 percent to US\$24.8 million (0.7 percent of GDP) and payments for minerals, fuel, lubricants by US\$14.7 million to US\$5.7 million (0.2 percent of GDP) on account of significant decrease in petroleum products.

Earnings from exports increased by 14.2 percent to US\$90.9 million (2.7 percent of GDP), from US\$79.6 million (2.4 percent of GDP), occasioned mainly by increase in receipts from iron ore, rubber, and other export commodities. Receipt from iron ore exports rose by 15.4 percent to US\$41.7 million (1.2 percent of GDP), from US\$36.1 million (1.1 percent of GDP) recorded in the preceding period, while earnings from rubber exports rose by 36.7 percent to US\$9.6 million (0.3 percent of GDP), from US\$7.1 million (0.2 percent of GDP), due to increase in the volume of the commodities exported. Receipt from other exports increased by 49.1 percent to US\$1.7 million, from US\$1.2 million in the preceding month.

**Table 6: External Sector Statistics**

Trade Statistics External Trade (Value)	Mar- 20	Jan 2021	Feb – 21	Mar - 21
	<i>(Millions of USD)</i>			
<b>Exports/<sup>1</sup></b>	<b>42.14</b>	<b>88.32</b>	<b>79.61</b>	<b>90.93</b>
Iron Ore	18.64	43.56	36.10	41.67
Rubber	9.61	8.03	7.05	9.64
Gold	7.71	32.54	33.39	33.26
Diamond	1.07	2.01	0.00	1.87
Cocoa Bean	1.11	0.64	0.93	0.13
Palm Oil	0.14	1.35	0.99	0.07
Other commodities	3.85	0.19	1.17	4.29
<b>Imports (CIF)<sup>1†</sup></b>	<b>91.59</b>	<b>115.81</b>	<b>102.48</b>	<b>94.23</b>
Minerals, Fuel, Lubricants	13.26	16.98	20.36	5.68
o/w Petroleum Products	9.66	13.43	16.53	0.16
Food and Live Animals (incl Animal and veg. oil)	42.17	45.46	32.23	24.80
o/w Rice	32.90	32.58	16.79	0.30
Machinery & Transport Equipment	10.96	27.59	24.88	34.03



**FISCAL SECTOR DEVELOPMENTS**

GOL's fiscal operations in March 2021 resulted to a deficit of US\$17.6 million (0.5 percent of GDP), from the surplus of US\$1.7 million (0.1 percent of GDP) reported in the second month of 2021. Preliminary statistics showed that the performance was mainly attributed to a rise in Government expenditure during the month. Total GOL expenditure amounted to US\$58.2 million (1.9 percent of GDP), reflecting 67.4 percent increase from the amount recorded in the preceding month. The rise in expenditure was on account of the increase in mainly recurrent expenditure by 67.7 percent to US\$57.9 million induced by spending on goods and services as well as interest payments. Payments of interest (and other charges), on one hand, rose by US\$9.1 million, on account of increase in payments of interest to service both domestic and external debts. Similarly, total Government revenue increased by 11.3 percent to US\$40.6 million (1.3 percent of GDP), from US\$36.5 million (1.2 percent of GDP) reported in the preceding month, reflecting significant rise in tax revenue, which was further induced by increase in levies from income and profit.

Additionally, the total stock of public debt increased by 2.7 percent to 52.7 percent of GDP compared to debt stock in the previous month.

**Table 5. GOL's Fiscal Operations Statistics**

Fiscal Operations	Mar - 20	Jan - 21	Feb - 21	Mar - 21
	<i>(In Millions of United States Dollar)</i>			
Government Revenue	38.12	43.93	36.50	40.62
Tax Revenue	28.56	38.55	30.55	35.29
O/W Taxes on Income & Profits	13.61	18.87	9.67	16.28
O/W Taxes on International Trade	12.12	15.68	15.76	15.24
Non-tax Revenue (excluding grants)	5.56	5.38	5.95	5.33
O/W Property Income	3.95	4.15	4.52	4.10
O/W Administrative Fees and Fines	1.20	1.23	1.43	1.22
Other tax Revenue (including grant)	<b>4.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Government Expenditure by Codes</b>	<b>35.47</b>	<b>73.79</b>	<b>34.79</b>	<b>58.24</b>
Current Expenditure	<b>31.94</b>	<b>72.64</b>	<b>31.11</b>	<b>45.41</b>
O/W Compensation	21.24	23.99	14.24	13.60
O/W Goods and Services	5.55	39.63	11.58	22.29
Capital Expenditure	<b>0.00</b>	<b>0.39</b>	<b>0.23</b>	<b>0.30</b>
Payments on Loans, interest and others	<b>3.54</b>	<b>0.76</b>	<b>3.44</b>	<b>12.53</b>
<b>Overall Balance (Surplus+; Deficit -)</b>	<b>2.65</b>	<b>(29.85)</b>	<b>1.72</b>	<b>(17.62)</b>
<b>Public Sector Debt</b>	<b>1,503.47</b>	<b>1,601.59</b>	<b>1,597.35</b>	<b>1,639.61</b>
<i>Domestic</i>	<b>604.40</b>	<b>647.10</b>	<b>642.86</b>	<b>675.39</b>
Financial Sector	552.71	589.53	589.53	622.96
Other debt	51.70	57.56	53.33	52.44
<i>External</i>	<b>899.06</b>	<b>954.49</b>	<b>954.49</b>	<b>964.22</b>
Multilateral	785.59	841.81	841.81	851.54
Bilateral	113.47	112.68	112.68	112.68

Source: CBL's calculation using MFDP's data : Revenue Department, Expenditure Department and Debt Management Unit, MFDP  
 † - revised  
 ± - Estimate

The rise in the issuance of the bills was mainly due to increased liquidity in the banking system on account of growth in deposit balance at commercial banks. Of the total amount issued, commercial banks' purchase remained high at 98.7 percent (L\$4,982.87 million). On the other hand, the CBL total redemption increased by 24.2 percent to L\$4,037.8 million of its outstanding bills, thus reducing the total outstanding CBL bills to L\$5,654.3 million. The CBL recorded a net issuance of L\$201.9 million, thus supporting the management of Liberian dollar liquidity in the economy in the month of March 2021.

The Bank continued its regular and timely redemption of the CBL bills and the dissemination of periodic redemption reports on the CBL's website.

During the month, there was no issuance of Government securities. Of the total treasury bond in US dollar, Government made payment of coupon and began the repayment of principal, both totalling L\$5.1 million, thus reducing the outstanding payment to US\$55.1 million. Also, the outstanding Treasury bond and coupon in Liberian dollar reduced to L\$6,000.0 million, due to the settlement of coupon arrears to commercial banks. Regarding Treasury bills in both Liberian and United States dollars, the Government's outstanding bills remained unchanged at L\$1,250.3 million and US\$5.52 million, respectively during the review month.

During the month, the lending, average savings, and time deposits rates remained unchanged at 12.4 percent, 3.5 percent, and 2.1 percent, respectively. However, money markets instrument such as repo was not traded. In contrast, swap lending among commercial banks remained traded at non-interest-bearing instruments to ease the liquidity variant among the commercial banks in different regions of the country. The attractive non-interest-bearing nature of the swap compensated for the risks and high cost involved to transfer cash to branches of commercial banks in the rural part of the Country (Table 3).

**Table 3. Financial Market and Interest Rates Statistics**

Market Instruments (CBL indexed Bills)	Mar - 20	Jan - 21	Feb - 21	Mar - 21
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	0.00	0.00	0.00	0.00
Redemption during the month (coupon rate)	5.41	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	654.17	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	7.00	7.00	7.00	7.00
Bills Purchased per month on EAR basis	2,064.83	4,103.78	2,558.43	4,239.68
Redemption during the month (EAR basis)	1,973.89	2,602.75	3,251.34	4,037.75
Bill Outstanding (EAR basis)	1,712.93	6,145.28	5,425.37	5,654.30
Effective Annual Rate (EAR)	30.00	25.00	25.00	25.00
Total Purchases (coupon rate & EAR)	2,064.83	4,103.78	2,558.43	4,239.68
Total Redemption (coupon rate & EAR)	1,979.31	2,602.75	3,251.34	4,037.75
Total Outstanding Bills (coupon rate & EAR)	2,535.85	6,145.28	5,452.37	5,654.30

