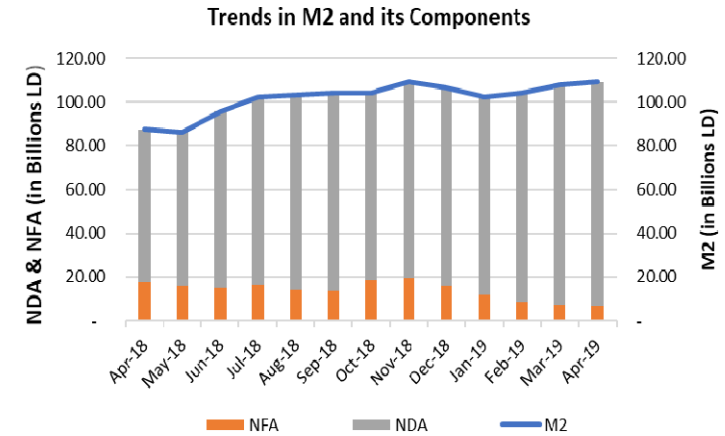




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Palm oil

Demand for palm oil recovered after slowing down in the previous month. Recovery in global demand coupled with drawdowns in inventory in key exporting countries were the reported causes of the 2.7 percent rise in price of the commodity during the month.

Rice

During the month of April 2019, the price of rice rose modestly to US\$413.00 per metric ton. The 1.7 percent increase in the price of the commodity was largely a result of unstable trends in the supply of the commodity from key exporting countries.

Sugar

The price of sugar remained relatively stable during the review month at US\$280.00 per metric ton that was reported in the previous month. The relative stability in the price of the commodity was a result of decision by a major exporting country to hold back on export of the commodity in favour of domestic consumption.

Cocoa beans

Even though there were rise and fall in the price of cocoa beans during the month, the global price of the commodity rose by 5.9 percent compared with the preceding month due to slowdown in supply of the commodity mainly from top West African cocoa suppliers. Weather condition in the region could lead to sustained increase in the price of the commodity.

Table 7: External Sector Statistics

	Apr- 18	Feb- 19	Mar- 19	Apr- 19
GLOBAL PRICE				
Iron ore (US\$/MT)	65.75	88.22	86.47	93.70
Gold (US\$/Oz)	1,334.76	1,320.07	1,300.90	1,285.91
Crude oil (US\$/BBL)	68.79	61.13	63.79	68.58
Rubber (US\$/MT)	1,730.00	1,650.00	1,720.00	1,720.00
Cocoa Beans (US\$/MT)	2,620.00	2,260.00	2,200.00	2,330.00
Food Price Index (FAO)	174.10	166.80	167.00	170.00
Rice (US\$/MT)	451.00	408.00	406.00	413.00
Palm oil (US\$/MT)	701.18	602.97	573.02	588.45
Sugar (US\$/MT)	270.00	290.00	280.00	280.00

Source: www.indexmundi.com, <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

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 key sectors (Real, Monetary and External Sectors) of the Liberian economy. It also summarizes the Monetary Policy Stance of the CBL and developments in exchange rates in the West African Monetary Zone (WAMZ).

OVERVIEW

Production of key commodities in the Liberian economy in April 2019 showed mixed trends compared with the level of production in the preceding month. Outputs from the mining sector continued to rise following recovery in the previous month due to increased production of gold and diamond. Headline inflation for the month dipped mainly due to decline in prices of key inflation groups, especially restaurant and hotel in the commodity basket.

Monetary Policy decision during the month was geared towards reducing excess Liberian dollar liquidity from the economy. Despite the stance, broad money (M2) rose during the month mainly reflecting increases in currency outside banks and demand deposits. Net domestic assets expanded as a result of increases in credits to government (net) and the private sector. Disaggregation of commercial banks' loans to the private sector by currency showed that both United States dollar and Liberian dollar denominated loans rose during the month compared with the previous month. Performance of the banking sector continued to exhibit resilience evidenced by growth in key financial soundness indicators (FSI), including return on equity (ROE), capital adequacy ratio (CAR) and liquidity ratio (LR).

Both export earnings and import payments increased during the month, but the surge in import payments outweighed the increase in export earnings resulting to a sharp deterioration in trade deficit. Export earnings inched up on account of growths in receipts from mineral and rubber exports. Import payments during the month also increased due to rise in payments for food and live animals (including animals and vegetable oil).

Gross foreign reserves position remained relatively high during the month compared with the preceding month. However, given the rise in import payments during the month, month of import cover declined compared with the previous month. Both the average and end-of-period exchange rates of the Liberian dollar depreciated against the United States dollar during the month.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

During the fourth month of 2019, statistics on the production of key commodities showed mixed trends compared with outputs in the previous month. Except outputs of cement, iron ore and beverages that declined, outputs of gold, diamond and rubber increased (see Table 1).

Cement output dropped by 8.0 percent to 40,398 metric tons, mainly due to anticipated slowdown in demand. Iron ore production fell by 19.6 percent largely due to inventory build-up at one of the mines. Total beverage output (alcohol and non-alcoholic) recorded 16.9 percent decrease during the month on account of weak demand for the commodity.

After recovery in the previous month, outputs of gold and diamond increased during the month. The rise in diamond production showed the highest growth of 41.4 percent. Gold production grew by 3.6 percent due to increased output from one of the industrial gold mines.

Rubber production, on the other hand, doubled in the reporting month to 7,718.0 metric tons, from 3,828.0 metric tons produced in the preceding month. The continued increase in production of the commodity was explained by gestation of more trees.

Consumer Prices

During the review month, year-on-year inflation declined by 2.5 percentage points to 23.3 percent, from the rate recorded in the preceding month. The slight fall in inflation was occasioned by reduction in prices of mainly restaurants & hotels and furnishing,

GLOBAL COMMODITY PRICE DEVELOPMENTS

Iron ore

Following a slight fall in previous month, the global price of iron ore rose during the review month by 8.4 percent to US\$93.70 per metric ton. The moderate rise in the price of the metal was due particularly to increase in steelmakers' anticipation to raise the production of steel product.

Gold

The price of gold fell for the second consecutive month to US\$1,285.91 per ounce. Compared with the price recorded in the previous month, the price of the commodity declined by 1.2 percent due basically to investors shifting attention to US Treasury yield.

Crude oil (Petroleum) price

Since the start of the year, the price of crude oil has been on an increase. In the fourth month, the price of the commodity rose by 7.5 percent to US\$68.6 per barrel compared with the price in the previous month, due to, among other things, Organization of Petroleum Exporting Countries (OPEC) and other oil producing countries' decision to keep the supply of the commodity low.

Rubber

The price of rubber in the review month remained stable at US\$1,720.00 per metric ton compared with the price per metric ton in the preceding month. Stability in the price of the commodity during the month was due to producers' decision to reduce inventory as they plan to cut supply of the commodity.

Food Price (FAO)¹

Food price rose in April 2019 above the level reported in the previous month, driven mainly by rise in prices of dairy and meat as well as vegetable oil that increased modestly

¹ FAO Food Price Index is a measure of the monthly change in international prices of a basket of five commodity food groups. See: <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

Table 6: External Sector Statistics cont'd

	Apr- 18	Feb- 19	Mar- 19	Apr- 19
EXTERNAL SECTOR				
External Trade (Value)	(Millions of USD)			
Machinery & Transport Equipment	20.53	16.60	18.40	17.82
Manufactured goods classified by materials	9.85	12.34	14.52	8.14
Trade Balance	(29.56)	(19.31)	(18.10) †	(41.71)
Import (C.I.F)	78.53	73.50	74.61	107.51
Gross External Reserves plus SDR	379.03	397.68	398.29	399.20
Month of Import cover	3.4	3.8	3.7	3.0
External Trade (Volume)	(In Units as Specified)			
-Rubber (MT)	8,450.15	8,523.56	3,828.12	7,718.00
-Iron Ore (MT)	35,000.00	506,301.00	489,298.36	462,043.60
-Commercial Rice (MT)	145,995.72	7,745.40±	11,264.31±	43,602.49
-Non-commercial Rice (MT)	1,250.02	716.98	425.87	114.21
- Petroleum Products (MT)	10,952.63	18,622.18	3,727.22	8,875.71
-Cocoa Beans (MT)	0.00	3,655.00	0.00#	25.00
-Palm Oil (MT)	2,215.00	1,251.00	294.65	2,619.00
-Gold (Oz)	16,670.97	15,675.67	18,475.55	19,136.83
-Diamond (Crt)	13,473.36	4,252.25	4,518.17	6,388.66
Personal Remittances	(Millions of USD)			
Inflows	42.10	22.94	31.89	33.22
Outflows	30.99	10.02	7.04	18.89
Net	11.12	12.93	24.85	14.33

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

/1 Trade data are primarily sourced from LRA (Custom) with larger coverage that BIVAC.

† - Revised # - Not Available (na)

± - Estimate

Gross Foreign Reserves (Including SDR Holdings plus Reserve tranche)

The gross foreign reserves position at end-April 2019 stood at US\$399.2 million, increasing modestly by 0.2 percent compared with the stock recorded in the preceding month. The uptick in gross reserves was outweighed by surge in import payments resulting to an estimated 3.0 months of import cover which is 0.7 month lower than the previous month (see Table 6).

household equipment & routine household maintenance owing to decrease in demand. Month-on-month rate of inflation stood at negative 0.6 percent in April 2019.

Official core inflation, defined by the overall CPI less food and transport, decreased by 6.7 percentage points to 20.9 percent for the month of April 2019, explained by the significant impact of structural factors on inflation. The declined in core inflation was largely attributed to reduction in the prices of items relating to most of the non-food categories.

Table 1: Production and Price Statistics

	Apr- 18	Feb- 19	Mar- 19	Apr- 19
REAL SECTOR DATA	(In units as may be specified)			
Production	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	408,010	412,311	450,822	362,472
Gold (Ounces)	17,301	15,676	18,475	19,138
Diamond (Carat)	13,473	4,252	4,518	6,389
Rubber (Metric ton)	4,467	8,524	3,828	7,718
Cement (Metric ton)	43,397	37,897	43,913	40,398
Beverages	(In Liters)			
Alcoholic	968,888	820,047	1,054,194	963,223
Non-Alcoholic	1,088,461	862,078	886,185	648,757
Total Beverage Production	2,057,349	1,682,125	1,940,379	1,611,979
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	21.35	22.00	25.79	23.30
a. Food and Non-alcoholic Beverages Inflation	20.09	27.61	23.40	26.50
- Domestic Food Inflation	21.25	31.56	28.96	33.04
- Imported Food Inflation	19.16	23.56	18.36	20.57
b. Transport Inflation	30.26	20.46	22.48	26.13
c. Imported Fuels Inflation	28.04	33.70	33.22	33.18
Overall (M-o-M) Rate of Inflation	1.42	-0.49	5.25	-0.60
Core Inflation	(In percent)			
Inflation excluding Food & Non-alcoholic Beverages	22.07	19.09	27.03	21.63
Inflation excluding Imported Food	21.92	21.31	27.38	23.71
Inflation excluding Domestic Food	20.37	14.69	19.43	15.70
Inflation excluding Food and Transport	20.75	18.79	27.59	20.94

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

† Revised; ± Estimate

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy stance of the CBL remained focused on price stability through broad exchange rate stability. During the month, the CBL policy stance was largely contractionary, geared towards reducing excess Liberian dollar liquidity from the economy through the CBL indexed bills and the standing deposits facilities (SDF). The CBL indexed bills and the standing deposits facilities (SDF) were other monetary policy instruments used by the CBL to carry out monetary policy operations during the month in addition to the statutory reserves requirements for commercial banks that remained enforced.

Monetary Aggregates

Broad money supply (M2) at end-April 2019 rose by 1.1 percent to L\$109,368.5 million, down from 3.7 percent recorded at end-March 2019. The moderate growth in M2 was occasioned mainly by growths in currency outside banks and demand deposits by 2.7 percent and 2.6 percent, respectively. Currency outside banks expanded on account of increase in currency in circulation. Compared with the same month a year ago, M2 expanded by 25.0 percent due to growth in currency outside the banking system. It is important to note that demand deposits, time and savings deposits also grew by 14.7 percent, 27.1 percent and 27.2 percent, respectively.

The increase in M2, from the assets side was due to growth in net domestic assets (NDA). NDA rose by 1.7 percent, occasioned by 3.3 percent expansion in net credit to government and 6.1 percent increase in credits to private sector. Net foreign assets (NFA), on the other hand, contracted by 7.5 percent due to falls in foreign assets of both the Central Bank and commercial banks. The NFA of CBL reduced by 6.5 percent due to decline in the Bank's placement abroad, while assets of commercial banks slumped by 7.2 percent. On a year-on-year basis, NDAs expanded by 46.8 percent, while NFAs contracted by 62.9 percent.

The shares of commercial banks' loans to private sector in both

two leading destinations of exports. During the month, export of mainly gold to Switzerland accounted for 50.6 percent of earnings from that region, while China recorded 71.3 percent of earnings from Asia. Both countries together accounted for 82.2 percent of total export earnings during the month under review.

Imports (FOB)

Payments for merchandise imports surged in April 2019 to US\$97.4 million. The rise in payments was largely occasioned by increase in import payments for food and live animals (including animals and vegetable oil) and machinery and transport equipment. Payments for food and live animals (including animals and vegetable oil) surged significantly during the month due to efforts by major importers to build up inventory, especially rice (See Table 6).

The top three regions that dominated sources of merchandise imports to Liberia during the month were Asia, Africa and Europe. Imports from Asia constituted 70.9 percent of total import payments with India (Liberia's major source of rice imports) recording a large proportion of imports from that region. Africa (largely ECOWAS Countries) came second while the Euro Zone made up the largest share of imports from Europe.

Table 6: External Sector Statistics

	Apr- 18	Feb- 19	Mar- 19	Apr- 19
EXTERNAL SECTOR				
External Trade (Value)	(Millions of US\$)			
Exports¹	41.23	47.30	48.54[†]	55.66
- O/w Iron Ore	7.40	19.91	20.11	23.82
- O/w Rubber	11.20	9.51	4.97	9.83
- O/w Mineral	21.81	16.00	19.27	20.12
-o/w Cocoa Bean	0.0	0.13	0.0	0.02
-o/w Palm Oil	0.02	0.44	0.04	1.39
Imports (F.O.B)¹	70.76	66.61	66.65	97.37
Minerals, Fuel, Lubricants	14.89	14.82	3.34	7.11
-O/w Petroleum Products	10.95	10.30	0.70	5.54
Food and Live Animals (including Animal and vegetable oil)	12.82	10.51	18.14	45.21
-O/w Commercial Rice	9.90	0.88	1.27	34.96
-O/w Non-commercial Rice	0.20	0.95	0.68	0.27

Table 5. Financial Market and Interest Rates Statistics cont'd

	Apr- 18	Feb- 19	Mar- 19	Apr- 19
CBL Foreign Exchange Auction	(Millions of LD)			
US Dollar Amount Sold	4.00	0.00	1.20	0.00
Total Subscription	3.44	0.00	1.20	0.00
Over (+)- / Under (-) Subscription	-0.56	0.00	0.00	0.00
Treasury Securities	(Millions of LD)			
T- Bills Issued	-65.56	-80.40	0.00	0.00
T- Bills Redeemed	62.73	78.36	0.00	0.00
Net Treasury Bills Operations [^]	-2.84	-2.05	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	2.83	3.76	0.00	0.00
Standing Deposit Facility (SDF)	(Percent)			
SDF rate (%)	0.00	0.00	4.00	4.0
SDF Amount (In Millions LD)	0.00	0.00	260.00	250.00
Interest Rates				
- Lending rate	13.14	12.44	12.44	12.44
Average Deposit rates				
-Savings	2.16	2.10	2.10	2.10
-Time	3.64	3.53	3.53	3.53

Source: CBL

[^] - with Liquidity Effect**EXTERNAL SECTOR DEVELOPMENTS****Merchandise Trade**

In April 2019, preliminary statistics showed that both export receipts and import payments increased, but the rise in import payments outweighed the moderate increase in earnings from exports, leading to deterioration in trade deficit by US\$23.6 million, compared with the deficit in the previous month.

Exports

Earnings from merchandise exports during the review month increased to US\$55.7 million, reflecting a 14.7 percent rise over the earnings reported in the previous month. Export earnings increased during the month as a result of surge in receipts from mainly gold, iron ore and rubber exports. Receipts from gold and rubber rose on account of increase in the volume of exports of those commodities, while the rise in receipt from iron ore was occasioned by increase in international price.

Europe (especially Switzerland) and Asia (mainly China) remained the

United States (US) dollar and Liberian dollar denominations rose during the month. US dollar denominated credit inched up by 2.2 percent to US\$422.1 million, from US\$413.2 million reported in the preceding month, due to moderate growth in credit mainly to the construction, trade and agriculture sectors, while the Liberian dollar component of credits to private sector rose by 2.5 percent to L\$6,537.7 million compared with credit in the previous month, due to expansions in loans advanced to the agriculture, manufacturing and trade sectors of the economy. Compared with credits extended to the private sector in the same month a year ago, Liberian dollar denominated credits surged by 57.4 percent, while the US dollar increased by 10.1 percent.

Table 2: Monetary Aggregates

	Apr- 18	Feb- 19	Mar- 19	Apr- 19
Monetary	(In Millions)			
CBL Net Foreign Exchange Reserves Position (Including SDRs) [‡] - (USD)	130.93	149.58	150.19	151.10
Liberian Dollars in Circulation - (LD)	16,900.55	18,044.11	18,693.93	19,149.42
Money Supply (M1) in LD only	22,189.47	24,758.84	26,201.14	27,007.96
Broad money (M2) in LD only	29,433.03	32,815.71	34,325.94	35,156.87
Broad money (M2) (both LD and USD) Converted to LD	87,510.25	104,337.43	108,182.07	109,368.45
Net Foreign Assets (NFA) – LD	17,401.18†	8,532.67†	6,978.45†	6,453.13
Net Domestic Assets (NDA) – LD	70,109.08†	95,804.75†	101,203.62†	102,915.32
Loans to Private Sector	(In Millions)			
Commercial banks loans to private sector - USD	279.26	412.12	413.24	422.14
Commercial banks loans to private sector - LD	6,757.31	5,740.95	6,377.94	6,537.74
Demand Deposits of commercial banks				
Demand deposits - USD	279.26	275.01	275.99	275.38
Demand deposits - LD	6,757.31	8,346.53	8,956.11	9,305.86
Time & savings deposits - USD	162.85	169.10	178.89	169.66
Time & savings deposits - LD	7,186.34	7,984.64	8,068.15	8,084.69
Other Deposits**				
Actual US\$ component of other deposits	0.71	0.00	0.41	1.03
Liberian \$ component of other deposits	57.23	72.23	56.65	64.22
	(In percent)			
Liberian Dollar share of Broad Money	33.63	31.45	31.73	32.15

Source: CBL

[‡] - Reserves excluding ECF borrowing from the IMF; ** - Other Deposits Including Official and Manager Checks;

EXCHANGE RATE DEVELOPMENTS

The end-of-period (EOP) and average (AV) exchange rates of the Liberian dollar against the US dollar revealed slight depreciation in April 2019 compared with the rates in the preceding month, due to high foreign exchange (FX) demand in the economy. The EOP exchange rate depreciated by 5.5 percent to L\$172.01/US\$1.00 and the AV exchange rate depreciated by 2.6 percent to L\$166.37/US\$1.00. Compared with the figure reported a year ago, the EOP and AV exchange rates depreciated by 30.8 percent and 26.9 percent, respectively.

A review of exchange rate developments in the West African Monetary Zone (WAMZ) showed that all currencies in the Zone depreciated, except the Nigerian Naira which remained stable at ₦306.45/US\$1.00. The Liberian Dollar, the Gambian Dalasi, the Sierra Leonean Leone, the Guinean Franc and the Ghanaian Cedi depreciated by 5.5 percent, 1.2 percent, 0.7 percent, 0.3 percent and 0.2 percent, respectively.

Compared with the corresponding month a year ago, all currencies in the Zone depreciated against the United States dollar with the lowest depreciation recorded for the Nigerian Naira and the highest, the Liberian Dollar (See Table 3).

Table 3: Exchange Rates: Official and WAMZ Countries End-of-Period Exchange Rates against the US Dollar

Rate & Currency	Apr-18	Feb-19	Mar-19	Apr-19	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	131.52	161.64	163.05	172.01	5.50	30.79
Period Average	131.15	161.05	162.22	166.37	2.56	26.85
Currency	Currency per USD					
GHC	4.41	5.16	5.08	5.09	0.20	15.45
GMD	48.17	48.03	49.56	50.17	1.23	4.15
GNF	9,002.81	9,107.69	9,105.83	9,130.49	0.27	1.42
NGN	305.15	306.35	306.45	306.45	0.00	0.43
SLL	7,661.82	8,556.26	8,675.70	8,734.33	0.68	14.00

Source: CBL, WAMA: 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

BANKING SECTOR DEVELOPMENTS

As indicated by growths in capital adequacy ratio (CAR), liquidity ratio (LR) and returns on equity (ROE), the banking sector showed a much favorable performance in the month of April 2019. CAR rose by 1.4 percentage points above the ratio reported in March 2019, while LR grew slightly by 1.2 percentage point to 39.2 percent. ROA remained low during the month, while ROE rose by 1.2 percentage points, compared with the previous month.

Total (gross) loans rose during the month by 8.4 percent to L\$82.6 billion evidenced by increased credit to the private sector. Nonperforming loans (NPLs) decreased by 9.3 percentage points compared with the previous month (See Table 4).

Table 4: Selected Financial Soundness Indicators, FSIs

	Apr-18	Feb-19	Mar-19	Apr-19
Financial Soundness Indicators (FSI)	(In percent)			
Capital Adequacy Ratio (CAR)**	34.85	27.22	27.52	28.87
Non-performing Loans to Total Gross Loans (ratio)	16.27	13.54	13.69	11.84
Total Gross Loans (In Billion L\$)	54.55	74.76	76.18	82.58
Non-performing Loans (% change)	-6.71	-3.18	3.03	-6.27
Returns on Assets (ROA)	0.48	0.34	0.59	0.76
Returns on Equity (ROE)	2.90	1.92	3.26	4.42
Liquidity Ratio****	42.72	38.22	38.01	39.19

Source: CBL

** - The Minimum Capital Adequacy Ratio is 10%; **** - The Required Minimum Liquidity Ratio is 15%

FINANCIAL MARKET DEVELOPMENTS

During the month of April 2019, there were no issuances and redemption of Treasury Bills. The total CBL-indexed bills sold was L\$243.3 million with an early redemption of L\$30.0 million. Total SDF issued amounted to L\$250.0 million, falling by 3.8 percent. The interest rates on the CBL-indexed bills and the SDF remained at 7.0 percent and 4 percent, respectively (See Table 5).

Table 5. Financial Market and Interest Rates Statistics

	Apr-18	Feb-19	Mar-19	Apr-19
CBL indexed Bills	(Millions of LD)			
Bills issued	0.00	375.00	135.93	242.30
Coupon rate (%)	0.00	7.00	7.00	7.00