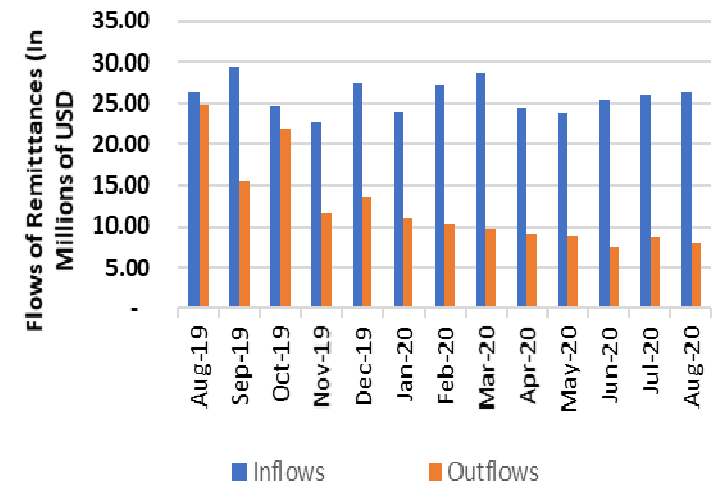




CENTRAL BANK OF LIBERIA



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Food Price (FAO)¹

The price of food, based on FAO food price index, increased in August 2020 by 1.8 points, compared with the July-2020 index. The rise in food price index was on account of increases in the prices of agricultural commodities, mainly sugar, vegetable oil and cereal as a result of depreciation of the US dollar.

Rice

The price of rice in August 2020 stood at US\$505.0 per metric ton, reflecting 5.2 percent rise mainly underpinned by decline in global output alongside increasing global import, particularly from Africa.

Sugar

Compared to the preceding month, the price of sugar rose to US\$290.0 per metric ton, mainly driven by decline in global output arising from unfavorable weather conditions in both the EU and Thailand. Additionally, stronger import demand from China further triggered upward movement in sugar price.

Palm oil

Palm oil price rose by 9.5 percent to US\$760.3 per metric ton compared to the preceding month. The increase in the price of palm oil was influenced by a decline in output from leading palm oil producing countries (especially Malaysia) alongside stronger global import demand.

Cocoa beans

Cocoa price increased by 11.9 percent to US\$2,350.0 per metric ton during the month following a decline in July 2020. The rise in the price of commodity was mainly due to sluggish output resulting from unfavorable weather conditions in the West African cocoa producing region. Similarly, annual comparison of the price of cocoa beans showed 7.3 percent increase, from US\$2,190.00 per metric ton recorded in August 2020.

Table 8: Global Commodity Prices

GLOBAL PRICE	Aug - 19	Jun - 20	Jul - 20	Aug - 20	Percent Change	
	(In price per Unit of Measure)				MoM	YoY.
Iron ore (US\$/MT)	93.07	103.30	108.52	121.07	11.56	30.08
Gold (US\$/Oz)	1,500.41	1,732.22	1,846.51	1,968.63	6.61	31.21
Rubber (US\$/MT)	1,500.00	1,400.00	1,480.00	1,700.00	14.86	13.33
Cocoa Beans (US\$/MT)	2,190.00	2,240.00	2,100.00	2,350.00	11.90	7.31
Palm oil (US\$/MT)	586.12	651.58	694.16	760.30	9.53	29.72
Crude oil (US\$/BBL)	57.67	39.46	42.07	43.44	3.26	(24.67)
Food Price Index (FAO)	94.00	93.10	94.00	95.80	1.91	1.91
Rice_5% broken (US\$/MT)	430.00	520.00	480.00	505.00	5.21	17.44
Sugar (US\$/MT)	270	270.00	270.00	290.00	7.41	7.41
Commodity Price Index	112.71	100.11	104.06	108.97	4.72	(3.32)

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

Nigerian Naira that slightly appreciated by 0.01 percent. On an annual basis, almost all currencies within WAMZ, except the Liberian dollar and the Gambian Dalasi, appreciated against the United States Dollar. The highest depreciation in terms of the annual comparison showed that the Ghanaian Cedi depreciated by 4.2 percent, the Sierra Leonean Leone by 3.4 percent, the Guinea Franc by 2.8 percent and the Nigerian Naira by 0.02 percent (Table 7).

Table 7: Exchange Rates: WAMZ Countries End-of-Period Exchange Rates against the US Dollar

Rate & Currency	Aug - 19	Jun - 20	Jul - 20	Aug - 20	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	206.50	199.40	199.18	199.33	-0.07	3.60
Period Average	204.36	199.11	199.23	199.25	-0.01	2.57
WAMZ Currency	Currency per USD				Percent change	
GHC	5.27	5.67	5.68	5.50	3.24	-4.18
GMD	50.76	51.80	49.50	50.62	-2.21	0.28
GNF	9,174.98	9,593.08	9,590.45	9,438.35	1.61	-2.79
NGN	306.42	306.50	306.50	306.48	0.01	-0.02
SLL	9,105.78	9,741.45	9,756.07	9,427.52	3.49	-3.41

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

GLOBAL COMMODITY PRICE DEVELOPMENTS

Iron ore

In August 2020, the price of iron ore increased by 11.6 percent to US\$121.1 per metric ton. The rise in the price was occasioned by decline in global supply of the commodity mainly from Brazil (the largest supplier of iron ore) as COVID-19 related death hampered the mining sector in that country. Additionally, the rising steel production in China influenced by post-COVID-19 economic recovery has lent support to the rising price of the mineral.

Rubber

Rubber price increased during the month by US\$220.00 per metric ton to US\$1,700.00 per metric ton compared to the preceding month. The uptrend in rubber price was mainly due to slowdown in production of the commodity as a result of the slow pace of economic recovery in the Chinese economy.

Crude oil (Petroleum) price

The price of petroleum increased successively for the fourth consecutive month by 3.3 percent to US\$43.4 per barrel. The rise in the price of petroleum in August 2020 was driven mainly by OPEC decision to cut production.

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INTRODUCTION

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

OVERVIEW

Production statistics of key commodities in August 2020 showed mixed outcomes. Iron ore production remained stable; outputs of gold, diamond and rubber decreased, while outputs of beverages and cement increased. Headline inflation and core inflation further slowed during the month due to reduction in prices of items relating to food and non-alcoholic beverages, communication, and restaurants and hotels (largely occasioned by exchange rate pass-through).

The Monetary policy stance of the CBL was focused on price stability through broad exchange rate stability using interest rate-based instruments to support stable macroeconomic environment. The CBL has continued to maintain a monetary policy stance aimed at managing the Liberian dollars using the CBL bill with different tenors which has partly helped to stabilize exchange rate and lower inflation.

Broad money (M2) increased during the month compared to the preceding month. The growth in M2, from the liability side, was due largely to increases in currency outside banks and demand deposits. On the asset side, growth in M2 was mainly due to expansion in net domestic assets (NDA). Statistics on commercial banks' loans to private sector during the month showed that the shares of both United States and Liberian dollars denominated loans increased mainly due to expansion of credits to the services, manufacturing, agriculture and the construction subsectors. Statistics during the month showed that the banking sector was generally in compliant with most of the regulatory requirements. Return on Assets (ROA) and Return on Equity (ROE) expanded, but Capital Adequacy Ratio, on the other hand, remained stable compared to the preceding month. Liquidity Ratio, even though declined, but remained above regulatory threshold.

Fiscal operations (fiscal balance) during the month resulted to a surplus, exceeding the balance reported in the preceding month, occasioned mainly by 38.6 percent increase in revenue generated during the month. Government debt stock rose slightly during the month on account of slight rise in external debt mainly reflecting disbursement from multilateral partners. However, domestic debt reduced on account of repayment of liability to the non-financial sector.

Regarding developments in the external sector, the indicators generally revealed mixed unfavourable performance. The deficit in merchandise trade balance widened during the month compared to the previous month, induced by significant rise in payments for import, while export earnings recorded a

(mainly Gold) declined by 11.4 percent to US\$12.28 million, from US\$13.86 million. Similarly, exports to the United Kingdom also declined by 11.7 percent to US\$4.00 million, while exports to France and Germany (predominantly iron ore) increased slight by 0.8 and 3.6 percent, respectively.

India, China, Cote d'Ivoire, Turkey and Japan were the top five (5) sources of merchandise imports to Liberia. Imports from India (predominantly rice) increased by US\$22.2 million to US\$36.5 million, from US\$14.3 million. Payments to China were mainly for the purchase of machinery and transport equipment which also increased by 12.7 percent to US\$14.47 million (0.5 percent of GDP), from US\$12.8 million (0.4 percent of GDP). However, payments to Cote d'Ivoire showed a decrease by 5.2 percent to US\$9.1 million, from US\$9.59 million driven mainly by fall in the import of petroleum products.

Remittances

For the month under review, Liberia recorded 5.6 percent increase in net inflow of personal remittances, amounting to US\$18.4 million (0.6 percent of GDP). Inward remittances increased by 0.8 percent to US\$26.3 million, while outward remittances dropped by 8.7 percent, from the amount reported in July 2020. The continued rise in inward remittances was largely due to increased personnel remittances by relatives in the diaspora in response to the constraints posed by the slowdown in economic activity. Compared with the same month in 2019, net inflows of personal remittance increased by US\$16.8 million, from US\$1.6 million reported in August 2019.

Gross International Reserves

At end-August 2020, Gross International Reserves (GIR) fell by 0.7 percent to US\$260.5 million, from the stock reported in July 2020. The decline in GIR was mainly influenced by a sharp increase in payments for goods during the month, resulting to an estimated decline in the months of import cover to 2.3 months. Compared with the ECOWAS benchmark of 3.0 months, the months of import cover recorded a shortfall of 0.7 month below the regional threshold (Table 6).

EXCHANGE RATE DEVELOPMENTS

Analysis of the end of period exchange rate showed that the Liberia dollar slightly depreciated against the United states dollars by 0.1 percent to L\$199.33/US\$1.00 in August 2020. Nevertheless, based on the period average exchange rate, the Liberia dollar remained relatively stable at L\$199.25/US\$1.00. Compared with the rates reported in the corresponding month of 2019, the Liberian dollar appreciated by 3.6 percent and 2.6 percent based on the EOP and AVE exchange rates, respectively, explained by the CBL's monetary policy stance, the increasing net inflows of remittances and low demand for foreign exchange.

Considering the EOP exchange rate, developments in the foreign exchange market of the West African Monetary Zone (WAMZ) at end-August 2020 indicated that of the five currencies, the Sierra Leonean Leone appreciated by 3.5 percent, the Ghanaian Cedi by 3.2 percent, the Guinean Franc, by 1.6 percent, followed by the

Trade Statistics	Aug - 19	Jun - 20	Jul - 20	Aug - 20
External Trade (Volume)	(In Units as Specified)			
Rubber (MT)	4,370.26	4,453.08	7,069.18	2,514.28
Iron Ore (MT)	144,048.00	272,091.29	393,300.62	346,084.07
Petroleum Products (MT)	43,570.96	51,829.73	16,717.18	13,150.70
Rice (MT)	13,803.3	22,074.26	72,933.42	27,898.76
Cocoa Beans (MT)	400.00	836.77	300.00	0.00-
Palm Oil (MT)	1,773.00	6.37	150.71	35.26
Gold (Oz)	8,129.58	12,165.58	12,414.42	16,657.86
Diamond (Crt)	476.00	1,238.96	15,193.00	1,380.94
Personal Remittances	(Millions of USD)			
Inflows	26.42	25.39	26.06	26.28
Outflows	24.80	7.40	8.66	7.91
Net flows	1.62	17.98	17.39	18.37
Other Indicators				
Import (FOB)	79.12	100.75	66.60	103.27
Gross International Reserves (GIR) ²	267.23	255.38	262.30	260.47
Import covers (In Month)	2.2	2.3	2.4	2.3
Direction of Trade (DOT)	(Millions of USD)			
Destination of Export	24.99	30.53	50.46	46.19
o/w Switzerland	6.26	6.64	13.86	12.28
o/w France	3.36	6.75	7.56	7.62
o/w Germany	2.60	0.0	5.79	6.00
o/w United Kingdom	0.0	3.64	4.53	4.00
Sources of Import	79.12	100.75	66.60	103.27
o/w India	13.50	2.03	14.25	36.46
o/w China	15.93	15.69	12.84	14.47
o/w Cote D'Ivoire	14.08	38.43	9.59	9.10
o/w Turkey	4.80	5.04	5.29	7.41

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

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

² (GIR) is the sum of net foreign liquid asset plus SDR and Reserve tranche less liabilities to CoBs and GoL

¹* As of July 2020, import payments will be reported on CIF basis, while Sources of Import will be on FOB basis

† - Revised

occasioned mainly by declines in receipts from exports of iron ore and rubber. Iron ore export declined by 11.8 percent to US\$17.51 million, from US\$19.9 million in the preceding period due to decline in the volume of iron ore export occasioned by disruption of rain at mines. Rubber receipts fell by 63.3 percent to US\$2.5 million, due similarly to decline in the volume of the commodity exported resulting from weak production during the month. The declines in the volumes of exports of the two key commodities by 12.0 and 17.3 percent, respectively reflected a lower than expected revenue generated from international trade tax, hence a fall in export earnings.

Direction of Trade

Switzerland, France, Germany, and the United Kingdom were the top four (4) major destinations of Liberia's exports during the month. Exports to Switzerland

a decrease. The rise in imports payments resulted largely from payments for food and live animals (including oil made from animals and vegetable and rice) as well as machinery and transport equipment, while earnings from exports declined due to receipts from iron ore and rubber exports. As at end August 2020, the stock of Gross International Reserves (GIR) slowed compared to the preceding month. The decrease in GIR was necessitated by rising payments for merchandise imports resulting to an estimated decline in the months of import cover. Inflows of personal remittance rose during the month, while outflows slowed, resulting to a higher net inflow of remittances than reported in the preceding month. Analysis of the end-of-period exchange rates showed marginal depreciation of the Liberian dollar against the United States dollar, but when considering the period average rate, the Liberian dollar remained relatively stable.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

The production statistics for August 2020 showed mixed outturn in the outputs of key commodities. Gold, cement and beverages outputs increased, iron ore remained stable, while the production of diamond and rubber fell. The increase in gold outputs by 34.2 percent to 16,658.0 ounces was on account of increase in industrial gold mining activities. The production of cement increased by 14.4 percent to 34,102 metric tons due to increased construction. Total beverage output rose to about 1.5 million liters as a result of a boost in the output of non-alcoholic beverages. However, iron ore production remained stable at 310,000 metric tons during the month, while the production of diamond fell to 1,381.0 carats due to slowdown in mining activities. Rubber output declined by 64.4 percent to 2,514.0 metric tons due to low harvest from small farm holders. Meanwhile, annual comparison of commodities outputs showed increases except for the production of rubber.

Consumer Prices

During the month, prices of commodities decreased marginally, inducing a decline in the rate of inflation. Headline inflation fell by 2.3 percentage points to 14.8 percent due to decline in the prices of items relating to food and non-alcoholic beverages, communication, and restaurants and hotels largely driven by appreciation of the Liberian dollar. Similarly, core inflation¹ decreased by 3.4 percentage point to 14.3 percent, primarily due to decrease in the prices of items related to non-food, including communication and hospitality sub-groups. Additionally, month-on-month rate of inflation reflected 5.8 percent decline in August 2020, largely due to increase in the prices of items in health, education and hospitality sub-groups (Table 1).

MONETARY DEVELOPMENTS

Monetary Policy Stance

The CBL maintained its monetary policy stance on price stability through broad exchange rate management anchored on interest-rate based instruments to manage Liberian dollar liquidity. During the month, the Bank maintained its policy rate in the operationalization of the CBL bills at different tenors (two weeks, one and three months).

Table 1: Production and Price Statistics

Production	Aug - 19	Jun - 20	Jul - 20	Aug - 20
	(Millions of USD)			
	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	298,949	330,000	310,000	310,000
Gold (Ounces)	8,130	12,166	12,414	16,658
Diamond (Carat)	476	1,239	15,193	1,381
Rubber (Metric ton)	4,370	4,453	7,069	2,514
Cement (Metric ton)	20,816	34,926	29,817	34,102
Beverages	(In Liters)			
Alcoholic	898,521	1,166,473	1,202,707	1,383,093
Non-Alcoholic	110,658	113,890	30,848	108,702
Total Beverage Production	1,009,179	1,280,363	1,233,555	1,491,795
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	31.32	13.14	17.06	14.77
a. Food and Non-alcoholic Beverages inflt'n	34.59	21.08	17.84	16.25
-Domestic Food Inflation	36.02	37.30	21.50	23.80
-Imported Food Inflation	32.40	9.49	15.14	10.52
b. Transport Inflation	30.52	12.88	9.25	11.70
c. Imported Fuels Inflation	25.57	0.50	-9.27	-8.38
Overall (M-o-M) Rate of Inflation	3.30	2.00	7.09	1.27
Core Inflation				
Inflation less Food & Non-alcoholic Beverages	29.60	8.96	16.66	13.99
Inflation less Imported Food	30.74	14.12	17.54	15.83
Inflation less Domestic Food	23.09	9.42	17.71	14.87
Inflation less Food and Transport	29.50	8.44	17.65	14.29
	(Millions USD, except otherwise specified)			
Nominal GDP Annual	3,176.06	3,066.80[†]	3,066.80[†]	3,066.80[†]
Real GDP Annual	3,182.06	3,086.93[†]	3,086.93[†]	3,086.93[†]
Real GDP growth rate (in percent)	(2.5)	(3.0) [†]	(3.0) [†]	(3.0)

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, CEMENCO, CBL & LISGIS; IMF & Liberian Authorities; Liberia Mini Model
[†] Revised

Monetary Aggregates

As at end August 2020, broad money supply (M2) grew slightly by 1.0 percent to L\$132,899.9 million. The rise in M2 within the liability category was triggered largely by 7.5 and 2.8 percent increases in other deposits and demand deposits, respectively. In the asset category, the expansion in M2, was occasioned by a rise in Net Domestic Assets (NDA). NDA grew by 3.9 percent as a result of 1.2 percent rise in net credit to the private sectors, while Net Foreign Assets (NFA) fell by 20.6 percent as a result of developments in foreign assets of the commercial banks. Compared with the same month a year ago, M2 rose by 8.4 percent, from L\$122,560.15 million due to 12.3 percent increase in narrow money supply (M1) and 1.7 percent rise in time and savings deposits.

The stock of commercial banks' loans denominated in both United States and Liberian dollars increased in August 2020. The US dollar share of private sector credit rose by 1.2 percent to US\$380.1 million as a result of growth in loans mainly extended to the services, manufacturing, agriculture and the construction subsectors.

The total stock of public debt stood at 50.0 percent of GDP, increasing marginally by 0.2 percent, while the domestic debt stock fell modestly to US\$610.8 million (19.9 percent of GDP) due to priority of settling domestic claims. The slight rise in general government debt stock was mainly attributed to 0.3 percent increase in external borrowing, particularly sourced from multilateral institutions.

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Preliminary statistics on Liberia's external trade showed a widened deficit in merchandise trade balance to US\$68.8 million (2.2 percent of GDP), from US\$23.4 million (0.8 percent of GDP) recorded in July 2020 due to significant increase in merchandise import payments.

Payments for merchandise imports rose by 55.7 percent to about US\$115.0 million (3.7 percent of GDP), from US\$73.9 million (2.4 percent of GDP), driven substantially by rise in payments for food and live animals and machinery and transport equipment. A large share of payments for food and live animals constituted payment for rice importation intended to build inventory. Payments for import of rice rose by US\$25.1 million to US\$36.8 million (1.2 percent of GDP), from US\$11.57 million (0.4 percent of GDP). Similarly, payments for machinery and transport equipment rose by US\$13.6 million to US\$27.5 million (0.9 percent of GDP), from US\$13.9 million (0.5 percent of GDP).

At the end of August 2020, earnings from exports dropped by 8.5 percent to US\$46.2 million (1.5 percent of GDP), from US\$50.5 million (1.7 percent of GDP).

Table 6: External Sector Statistics

Trade Statistics	Aug - 19	Jun - 20	Jul - 20	Aug - 20
External Trade (Value)	(Millions of USD)			
Exports¹	24.99	35.01	50.46	46.19
o/w Iron Ore	9.55	12.70	19.87	17.51
o/w Rubber	5.65	4.66	6.78	2.49
o/w Gold	8.36	14.57	17.06	15.05
o/w Diamond	0.14	1.40	2.38	0.68
o/w Cocoa Bean	0.39	0.84	0.30	0.00
o/w Palm Oil	0.54	0.01	0.07	0.03
o/w Other Export commodities	0.36	0.83	4.01	1.65
Imports (CIF)^{1*}	86.44	109.08	73.86	114.98
Minerals, Fuel, Lubricants	15.64	41.29	11.54	10.08
o/w Petroleum Products	13.98	38.15	9.14	8.97
Food and Live Animals (incdg Animal and veg. oil)	22.29	21.70	25.43	50.15
o/w Rice	10.63	0.83	11.57	36.75
Machinery & Transport Equipment	17.65	14.00	13.91	27.49
Manufactured goods classified by materials	12.11	10.40	10.25	11.18
Trade Balance	(61.45)	(74.07)	(23.40)	(68.79)

FISCAL SECTOR DEVELOPMENTS

Preliminary statistics on GOL's fiscal operations in August-2020 showed improvement in the overall balance to US\$15.8 million (0.5 percent of GDP) compared to the preceding month, occasioned mainly by rise in Government revenue. Total GOL revenue amounted to US\$42.7 million (1.4 percent of GDP), a rise of 38.7 percent compared to the preceding month, driven by increases in both tax and non-tax revenue. Tax revenue rose by 21.8 percent to US\$33.7 (1.1 percent of GDP), occasioned mainly by increases in levies generated from income and profit as well as international trade taxes by 39.3 percent and 10.2 percent, respectively. Similarly, non-tax revenue more than doubled during the review period to US\$9.0 million (0.3 percent of GDP), resulting from expansion in both property income levy and administrative fees and fines. Year-on-year comparison showed that total revenue rose by 32.4 percent, due also to increases in tax and non-tax revenue.

Total Government expenditure rose by 14.7 percent to US\$26.8 million (0.9 percent of GDP), largely explained by rise in recurrent expenditure (both current expenditure and payments on loans, interest and other charges). Current expenditure rose by 9.7 percent to US\$23.7 million (0.8 percent of GDP), while payment on loans, interest and other charges expanded to US\$3.1 million (0.1 percent of GDP) compared to the preceding month.

Table 5. Fiscal Sector Statistics

Fiscal Operations	Aug - 19	Jun - 20	Jul - 20	Aug - 20
	(Millions of USD)			
Government Revenue	32.23	95.32	30.75	42.66
Tax Revenue	24.79	41.27	27.65	33.69
O/W Taxes on Income & Profits	9.54	15.90	11.54	16.08
O/W Taxes on International Trade	12.74	13.20	13.84	15.24
Non-tax Revenue (excluding grants)	7.44	5.05	3.10	8.97
O/W Property Income	6.20	4.11	2.15	7.93
O/W Administrative Fees and Fines	1.24	0.94	0.94	1.04
Other tax Revenue (including grant)	0.00	49.00	0.00	0.00
Government Expenditure by Codes	19.85	76.50	23.38	26.82
Current Expenditure	16.77	74.02	21.58	23.68
Capital Expenditure	0.00	0.00	0.00	0.06
Loans, interest and other Payments	3.08	2.48	1.80	3.08
Overall Balance	12.39	18.83	7.36	15.84
Public Sector Debt	1,218.26	1,517.55	1,530.52	1,532.97
Domestic	422.01	603.45	610.94	610.82
Financial Sector	368.10	552.71	552.71	552.71
Other Sector	53.91	50.75	58.24	58.11
External	796.25	914.10	919.57	922.15
Multilateral	682.19	800.15	805.62	808.17
Bilateral	114.06	113.95	113.95	113.98

Source: Revenue Department, Expenditure Department and Debt Management Unit, MFD/DP

Similarly, the share of commercial banks' loans denominated in Liberian dollar increased by 90.1 percent to L\$6,439.3 million as a result of growth in loans advanced to all the major sectors of the economy. Compared with the same month a year ago, private sector credit in both Liberian and US dollars dropped by 4.5 percent and 4.9 percent, respectively.

During the reviewed period, all deposits converted to Liberian dollar stood at L\$112,764.4 million (18.5 percent of GDP), rising by 0.2 percentage point compared with the 18.3 percent of GDP reported in the preceding month. The increase was partly explained by developments in the exchange rate that affected time and savings as well as other deposits (Table 2).

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	Aug - 19	Jun - 20	Jul - 20	Aug - 20
	(In Millions)			
Liberian Dollars in Circulation - (LD)	20,533.59	20,753.88	21,371.41	21,676.54
Money Supply (M1) in LD only	26,914.59	28,582.17	28,602.55	29,345.47
Broad money (M2) in LD only	35,352.54	36,200.93	36,317.39	36,657.80
M2 (in both LD & USD) Converted to LD	122,560.15	128,400.28	131,552.55	132,899.97
Net Foreign Assets (NFA) – LD	12,154.65	16,637.30	15,496.30	12,306.34
Net Domestic Assets (NDA) – LD	110,405.51	111,762.98	116,056.25	120,593.63
Loans to Private Sector				
Commercial banks loans to private sector- US	399.70	371.55	375.57	380.08
Commercial banks loans to private sector - LD	6,744.10	6,375.85	3,386.93	6,439.34
Demand Deposits of commercial banks				
Demand deposits - USD	244.20	270.20	283.20	288.49
Demand deposits - LD	7,912.05	9,327.76	8,517.50	9,209.84
Time & savings deposits - USD	176.55	190.07	193.25	192.59
Time & savings deposits - LD	8,352.35	7,556.78	7,583.07	7,160.64
Other Deposits**				
Actual US\$ component of other deposits	1.57	2.11	1.68	1.75
Liberian \$ component of other deposits	85.60	62.01	131.77	151.69
Total Deposits (USD & LD) converted to LD ¹	103,557.61	109,815.87	111,467.51	112,764.35
Liberian Dollar share of Broad Money	28.85	28.05	27.61	27.58

Source: CBL

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

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

FINANCIAL MARKET (FM) DEVELOPMENTS

Financial markets operations during the month were focused on the issuance and redemption of CBL bills. CBL neither purchased nor redeemed its indexed bills in August 2020, which therefore resulted to indexed bill remaining unchanged at L\$401.2 million. Similarly, the outstanding amounts on treasury bills and bond remained unchanged with no new issuance.

During the month, the CBL placed a restriction on commercial banks participation in the CBL bills on effective annual returns ((EAR) basis). The restriction prevented the commercial banks from purchasing bills with tenor of two-week for the purpose

Table 3. Financial Market and Interest Rates Statistics

Market Instruments	Aug - 19	Jun - 20	Jul - 20	Aug - 20
CBL (indexed) Bills	(Millions of LD)			
Bills Purchased on 7% coupon basis	0.00	0.00	0.00	0.00
Redemption on 7% basis	60.00	1.46	0.60	0.00
Bills outstanding on 7% coupon basis	1,102.55	401.81	401.21	401.21
Coupon rate (%)	7.00	7.00	7.00	7.00
Bills Purchased on EAR basis	na	5,227.43	5,420.70	3,800.60
Redemption on EAR basis	na	2,361.08	5,490.83	3,203.50
Bills Outstanding on EAR basis	na	4,382.72	4,312.59	4,909.69
Effective Annual Rate (EAR) (%)	na	25.00	25.00	25.00
Total Bills purchased (7% and 30% EAR)	0.00	5,227.43	5,420.70	3,800.60
Total Redemption (7% and 30% EAR)	60.00	2,362.54	5,491.43	3,203.50
Total Bill Outstanding (7% and EAR)	1,102.55	4,784.53	4,713.80	5,310.90
CBL Foreign Exchange (Fx) Auction[†]	(Millions of USD)			
US Dollar Amount Sold	(10.50)	0.00	0.00	0.00
US Dollar Amount Sold	10.50	0.00	0.00	0.00
Total Subscription	10.50	0.00	0.00	0.00
Over (+)/Under (-) Subscription	0.00	0.00	0.00	0.00
Treasury Securities	(Millions of LD, unless otherwise stated)			
T- Bills Issued	(75.75)	0.00	0.00	0.00
T- Bills Redeemed	65.76	0.00	0.00	0.00
T-Bills outstanding	210.65	860.94	860.94	860.94
Net Treasury Bills Operations[^]	(9.99)	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	4.90	7.47	7.47	7.47
T- Bills Issued (USD)	na	na	na	na
T- Bills Redeemed (USD)	na	na	na	na
T-Bills Outstanding_ USD	na	2.60	2.60	2.60
T- Bond Issued	0.00	0.00	0.00	0.00
T- Bond Outstanding	6,000.00	6,000.00	6,000.00	6,000.00
Semi-annual Coupon Payment	0.00	0.00	0.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	16.00
Standing Deposit Facility (SDF)	(In Percent, unless otherwise stated)			
SDF rate (%)	4.00	0.00	0.00	0.00
SDF Amount (In Millions LD)	950.00	0.00	0.00	0.00
SDF overnight monthly rate (%)	na	0.07	0.07	0.07
SDF Amount (In Millions LD)	na	0.00	0.00	0.00
Interest Rates	(In Percent, unless otherwise stated)			
- Lending rate	12.44	12.44	12.44	12.44
Average Deposit rates				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
Money Markets Instrument				
Repo	na	5.50	5.50	5.50
Swap lending	na	6.00	6.00	6.00

Source: CBL

[^] - with Liquidity Effect where withdrawal (+)/injection (-)[†] - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency

of maintaining greater sterilization. Accordingly, the total subscriptions of CBL bills on EAR declined by 29.9 percent to US\$3,800.6 million. With decline in redemption by 41.7 percent to L\$3,203.5 million, total outstanding bills increased by 12.7 percent to L\$5,310.9 million.

All other rates, including the rates on money market instruments, lending, average savings and time deposit remained unchanged. The interest rate on lending was kept at 12.4 percent, while the rates on time and savings deposits remained at 3.5 percent and 2.1 percent, respectively. Money markets instruments such as repo traded at 5.5 percent, whereas swap lending among commercial banks traded at an average interest rate of 6.0 percent (Table 3).

BANKING SECTOR DEVELOPMENTS

Data on financial soundness indicators of the banking sector in August 2020, showed that the sector was generally in compliance with regulatory threshold. All indicators, except the liquidity ratio which declined, showed slight improvements when compared to the preceding month. Return on Assets (ROA) and Return on Equity (ROE) grew by 0.1 percentage point and 0.9 percentage point, respectively, but Capital Adequacy Ratio, on the other hand, remained unchanged compared to the preceding month and was kept above its minimum requirement by 18.5 percentage points. However, liquidity ratio slightly decreased by 1.8 percentage points, but remained above the minimum requirement by 23.8 percentage points.

Both gross loans advanced and non-performing loans (NPLs) grew during the month. Gross loans rose by 1.0 percent to L\$85.3 billion (14.0 percent of GDP), occasioned by increase in lending by banks. Non-performing loans also increased by 8.7 percent to L\$21.2 billion during the month and stood at 14.8 percentage points above the tolerable limit of 10.0 percent, reflective of slowdown in the economy.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Aug - 19	Jun - 20	Jul - 20	Aug - 20
(In Billion LD)				
Total Gross Loans	91.97	84.28	84.49	85.33
Total Non-performing Loans	12.52	16.74	19.52	21.22
(In percent)				
Non-performing Loans to Total Gross Loans (ratio)	13.68	19.86	23.10	24.87
Gross Loan (growth)	3.93	(0.06)	0.25	0.99
Non-performing Loans (growth)	20.85	(11.85)	16.58	8.71
Returns on Assets (ROA)	1.33	0.85	0.75	0.88
Returns on Equity (ROE)	8.24	4.88	4.45	5.36
Liquidity Ratio***	40.01	40.27	40.50	38.75
Capital Adequacy Ratio (CAR)****	25.60	27.55	28.53	28.53

Source: CBL

**** - The Minimum Capital Adequacy Ratio is 10%

*** - The Required Minimum Liquidity Ratio is 15%

† - Revised