

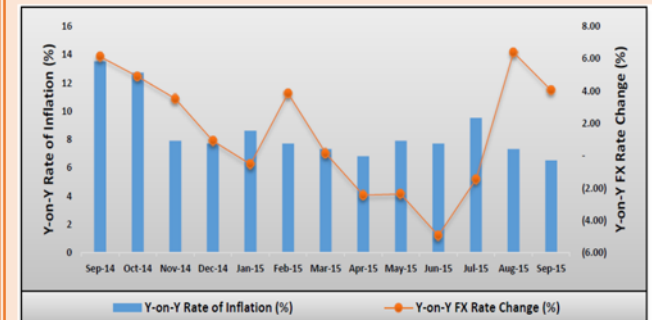
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# CENTRAL BANK OF LIBERIA



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

Currency	Aug-15	Sept-15	
	Curr Unit./US\$1	Curr Unit./US\$1	M-on-M Rate of Appr (-)/Depr(+)
LRD	88.5	88.5	0.0
FCFA	598.8	585.5	-2.2
CVE	100.7	98.4	-2.3
GHC	3.5	3.73	6.6
GMD	39.3	40.7	3.6
GNF	7534.5	7689.8	2.1
NGN	196.5	196.5	0.0
SLL	4,920.4	5252.6	6.8

Sources: Central Banks of Liberia and WAMA: [www.amao-wama.org/en/exchange.aspx](http://www.amao-wama.org/en/exchange.aspx) and [www.amao-wama.org/](http://www.amao-wama.org/)

LRD—Liberian Dollar

FCFA—Franc CFA

CVE—Cape Verdean Escudo

GHC—Ghanaian Cedi

GMD—Gambian Dalasi

GNF—Guinean Franc

NGN—Nigerian Naira

SLL—Sierra Leonean Leone

USD—US Dollar

GBP—British Pound

	Jun-15	Jul-15	Aug-15	Sept-15
<b>11 INFLATION</b>	<i>(In percent)</i>			
Overall (Year-on-year) Rate of Inflation	7.7	9.5	7.3	6.5
a. Food and Non-alcoholic Beverages Inflation	12.2	12.9	6.9	3.8
- Domestic Food Inflation	10.2	10.6	2.4	8.5
- Imported Food Inflation	14.1	15.2	11.5	-0.4
b. Transport Inflation	7.0	14.1	10.6	10.5
c. Imported Fuels Inflation	-20.6	-18.9	-13.5	-16.2
Overall (Month-on-Month) Rate of Inflation	4.3	2.6	-0.85	1.8
<b>CORE INFLATION</b>				
Inflation excluding Food & Non-alcoholic Beverages	10.9	13.0	11.1	5.5
Inflation excluding Imported Food	5.3	7.4	5.8	9.3
Inflation excluding Domestic Food	6.9	9.2	9.1	5.8
Inflation excluding Food and Transport	2.0	4.1	7.0	8.5

\* 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

Maintaining macroeconomic stability, as characterized by stable exchange rate and low inflation, continued to be the objective of the Central Bank of Liberia during the month. Dictated by the prevailing exchange rate and liquidity conditions, the Bank intervened in the FX market with US\$4.8 million during the month under review.

## Real Sector & Price Developments

### Production

The month of September recoded reduction in the production of major commodities. Rubber output reduced by 66.9 percent, to 1,875 metric tons, down from 5,661 metric tons produced in the previous month. Beverages production in September decreased by 34.9 percent, to 1.2 million liters, down from 1.9 million liters produced a month earlier. Cement output declined by 13.9 percent, to 16,902 metric tons, down from 19,626 metric tons produced in August. The decrease in output was a result of the reduction in construction activities due to the rainy season. Iron ore production in September dropped to 0.2 million metric tons from 0.4 million metric tons of output in the previous month. The 40.3 percent reduction was due to the declining price of the commodity on the global market.

### Consumer Prices

The year-on-year rate of inflation dropped by 0.8 percentage point to 6.5 percent, from 7.3 percent reported a month ago, largely as a result of decline in the price of imported fuel items to negative 1.0 percent (from 0.37 percent).

## Monetary & Exchange Rate Developments

### Exchange Rate

During the month of September, 2015, the Liberian-US dollar average exchange rate appreciated by 0.4 percent to L\$87.9/US\$1.00 compared with the preceding month. On the end-of-period basis, the Liberian dollar remained stable at its previous month value. Year-on-year, the average exchange rate depreciated by 4.0 percent against the US dollar, mainly on account of the pressure emanating from rising import demand and declining prices of iron ore and rubber—Liberia’s major export commodities. Across the West African Monetary Zone (WAMZ), the Sierra Leonean Leone, the Ghanaian Cedi and the Guinean Franc depreciated against the US dollar by 6.8 percent, 6.6 percent and 2.1 percent month-on-month respectively. The Nigerian Naira remained broadly stable.

## Exchange Rate Cont'd

On the broader regional front, the Franc CFA and Cape Verdean Escudo appreciated by 2.2 percent and 2.3 percent month-on-month respectively (Table 2).

## Monetary Aggregates and Credit

Overall money supply (M2) at-end September 2015 grew by 3.6 percent to LD\$61,134.3 million, from L\$59,008.5 million at end-August, 2015. The growth in M2 was mainly on account of an 11.9 percent rise in Net Domestic Assets (NDA) which expanded mainly as a result of a 7.5 percent rise in domestic credit suppressing the 3.2 percent decline in Net Foreign Assets (NFA). Domestic credit grew as a result of a 24.3 percent rise in net credit to government and a 2.0 percent increase in credit to the private sector. Sectoral distribution of credit showed that Manufacturing, Construction, Agriculture and Trade, Hotel & Restaurant categories were the main drivers of credit growth; growing by 22.0 percent, 13.6 percent, 5.2 percent, and 0.6 percent, respectively.

## Money Market Developments

Developments in the T-bills market showed that a total amount of L\$88.5 million in T-bills was issued in September, L\$1.0 million more than the amount issued in the preceding month. The September issue was made at the weighted average rate of 3.54 percent, compared with 3.69 percent in August. No CBL bills were issued during the period under review.

## Banking Sector Developments

The domestic banking sector remains resilient and sound. The liquidity ratio was 43.8 percent while the capital adequacy ratio stood at 18.8 percent at end-September. Non-performing loans as a percent of total loans declined by 1.4 percentage points to 16.5 percent at end-September, from 17.9 percent at end-August. However, the major bottleneck continues to be the high level of operating costs that undermine profitability (Table 1).

		Jun-15	Jul-15	Aug-15	Sept-15
6	<b>FINANCIAL SOUNDNESS INDICATORS (FSI)</b>	<i>(In percent)</i>			
	Capital Adequacy Ratio (CAR)***	18.0	21.7	20.7	18.8
	Non-performing Loans to Total Loans	19.3*	19.3	17.9	16.5
	Non-performing Loans (% change)	-3.0	-1.5	-1.8	-2.3
	Returns on Assets	-0.95	-0.92	-0.82	-0.80
	Returns on Equity (ROE)	-8.1	-7.7	-6.5	-6.7
	Liquidity Ratio****	41.8	45.3	44.0	43.8
7	<b>FISCAL OPERATIONS</b>				
7a	<b>REVENUE, EXPENDITURE &amp; DEBT</b>	<i>(Millions of US\$)</i>			
	Actual Revenue & Grants	38.0	74.7	36.3	34.6
	Projected Revenue & Grants	35.0	71.1	39.2	35.6
	Expenditure	56.6	62.3	34.9	52.3
	<b>Public Debt Stock</b>	<b>767.8</b>	<b>633.2</b>	<b>653.9</b>	<b>651.5</b>
	Domestic	276.4	276.4	276.4	274.1
	External	491.3	356.7	377.4	377.4
7b	<b>TREASURY SECURITIES</b>	<i>(Millions of L\$)</i>			
	T- Bills Issued	-1,810.0	-84.5	-87.5	-88.5
	T- Bills Redeemed	84.5	84.5	84.5	84.5
	Net GoL Treasury Operation^	-1,725.5	0	-3.0	-4.0
	<b>Average Weighted Discount Rate</b>	<b>4.66</b>	<b>3.69</b>	<b>3.69</b>	<b>3.54</b>
8	<b>EXTERNAL TRADE (VALUE)</b>	<i>(Millions of US\$)</i>			
8a	<b>EXPORTS/ 1</b>	<b>23.1*</b>	<b>48.1</b>	<b>25.5</b>	<b>17.4</b>
	- O/w Iron Ore	8.4	37.7	9.8	8.4
	- O/w Rubber	8.2	2.9	7.3	2.4
8b	<b>IMPORTS (F.O.B)/ 1</b>	<b>127.2</b>	<b>137.4</b>	<b>112.3</b>	<b>105.9</b>
	-O/w Petroleum Products	27.2	31.4	22.2	26.9
	-O/w Commercial Rice	6.0	24.6	0.7	10.4
	-O/w Non-commercial Rice	0.4	0.4	0.3	0.4
	<b>Trade Balance</b>	<b>-104.1</b>	<b>-89.3</b>	<b>-86.8</b>	<b>-88.5</b>
9	<b>EXTERNAL TRADE (VOLUME)</b>	<i>(Metric Tons)</i>			
	- Rubber	5,712	1,855	5,661	1,875
	-Iron Ore	274,000	1,545,127	379,553	226,510
	-Commercial Rice	17,274	64,517	2,191	29,471
	-Non-commercial Rice	1,122	1,121	881	1,079
	- Petroleum Products	9,749	9,960	7,035	7,547
10	<b>INT'L COMMODITY PRICES &amp; LIBERIA'S TERMS OF TRADE</b>	US\$/Unit			
	Iron Ore (US\$/MT)	62.3	51.5	55.4	56.4
	Rubber (US\$/MT)	1,829.4	1,639.6	1,420.4	1,312.0
	Crude Oil (US\$/Barrel)/1	61.3	54.4	45.7	46.3
	Rice (US\$/MT)	370.6	387.7	375.7	358.8
	<b>Terms of Trade (Y-on-Y) %</b>	<b>-2.6</b>	<b>-13.2</b>	<b>-11.0</b>	<b>-12.5</b>

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

**Table 1: Fact Sheet**

	Jun-15	Jul-15	Aug-15	Sept-15
<b>1 MONETARY</b>	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) <sup>†</sup>	211.7	217.3	212.1	160.8
CBL Gross Foreign Reserves (excluding SDRs)	287.6	288.9	271.1	255.2
Liberian Dollars in Circulation	8,941.9	9,414.4	9,397.2	9,324.2
Money Supply (M1) in L\$ only	11,577.8	12,490.5	11,898.7	12,052.5
Broad money (M2) in L\$ only	15,970.9	17,017.6	16,599.5	17,180.6
Broad money (M2) in both L\$ and US\$*	57,350.3	58,793.6	59,008.5	61,134.2
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	27.8	28.9	28.1	28.1
Interest Rates				
- Lending rate	13.6	13.7	13.7	13.4
-Average Deposit rates				
-Savings	2.0	2.0	1.99	2.0
-Time	4.4	4.6	3.2	4.1
Commercial banks loans to private sector - US\$	323.3	324.0	331.3	344.5
Commercial banks loans to private sector - L\$	1,674.9*	1,686.7	1,764.6	1,792.9
- Demand Deposits of commercial banks				
Demand deposits - US\$	309.9	310.9	314.1	306.6
Demand deposits - L\$	4,032.7	4,356.8	4,051.5	3,958.5
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	173.8	165.9	164.9	167.9
Time & savings deposits - L\$	4,385.0	4,519.2	4,691.5	5,103.8
- Other Deposits**				
Actual US\$ component of other deposits	0.26	0.62	0.23	22.3
Liberian \$ component of savings deposits	8.1	8.0	9.2	9.2
<b>2 CBL'S FOREIGN EXCHANGE AUCTION</b>	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	3.0	3.0	5.0	4.8
Total Subscription	7.7	13.2	13.5	5.3
Over(+)- / Under(-) Subscription	4.7	10.2	8.5	0.5
<b>3 CBL BILLS AUCTION</b>	<i>(Millions of L\$)</i>			
Bill Issued	-	-	1,592	-
Bill Redeemed	-	1,165.0		-
<b>4 PERSONAL REMITTANCES</b>	<i>(Millions of US\$)</i>			
Inflows	34.5	43.2	43.2	44.4
Outflows	18.9	17.3	17.3	19.9
Net flows	15.6	25.9	25.9	24.6
<b>5 EXCHANGE RATE</b>				
End of Period	87.5	88.5	88.5	88.5
Period Average	86.7	88.2	88.2	87.9

**Fiscal Developments****Revenue (including Grants) & Expenditures**

Fiscal operations in September 2015 resulted in a deficit of US\$17.7 million, from a surplus of US\$1.4 million recorded in the previous month, occasioned by a 49.8 percent month-on-month rise in total public spending and 4.6 percent fall in total actual revenue and grants receipts for the month. Tax and non-tax revenue & grants constituted US\$32.5 million and US\$2.1 million of total revenue and grants, respectively. Actual revenue and grants also experience shortfall in meeting budgetary target by US\$0.90 million (or 2.6 percent).

On the other end, total public expenditure during the month rose by 49.8 percent over the previous month due to 22.1 percent and 9.7 million increases in recurrent and capital expenditures, respectively.

Liberia's public debt stock at end-September, 2015, stood at US\$651.5 million, decreasing by 0.4 percent compared to the stockpile recorded in the preceding month on account of a 0.9 percent reduction in domestic debt stock and zero growth in external debt stock for the period. Domestic and external debt stocks constituted 42.1 percent and 57.9 percent of the Liberia's total public debt stock at end-September, 2015, respectively (Table 1).

**External Sector Developments****Merchandise Trade**

There was an uptick of 1.8 percent in the trade deficit to 88.5 millions in September, driven by 31.5 percent decline in export receipts that outweighed 5.7 percent fall in import payments. However, year-on-year, the trade deficit narrowed by 13.5 percent during September 2015 (Table 1).

**Exports**

Merchandise export receipts fell by 3.15 percent in September to US\$17.4 million from US\$25.4 million in August, explained by 15.0 percent and 66.7 percent declines in iron ore and rubber receipts respectively. Year-on-year, export earnings declined by 62.3 percent (Table 1).

## Imports

Merchandise import payments (f.o.b) declined by 5.7 percent to US\$105.3 million in September, from US\$112.3 million in August, mainly on account of 19.9 percent decline in petroleum imports. Year-on-year, merchandise import payments fell by 28.7 percent in September, 2015 (Table 1).

## International Commodity Price Review

The general global commodity price index inched downward by 0.8 percent to 102.8 in September, from 103.6 in August, largely indicative of the downward trends in key commodity prices, mainly food and rubber. Year-on-year, the general commodity price index plunged by 38.9 percent.

### Iron ore

Iron ore price inched upward by 2.0 percent to US\$56.4 per metric ton in September, from US\$55.4 per metric ton in August, largely reflective of short-term market corrections, especially in the wake of low-grade Chinese iron ores exiting the oversupplied iron ore market. Despite weakening prospects in the global steel industry, mainly as a result of the slowdown in the Chinese economy, global iron ore supply remained strong in September, with the key market players (BHP Biliton, Vale SA & Rio Tinto) all recording increases in output and supply. Iron ore price declined by 31.4 percent year-on-year in September, 2015. The ongoing slowdown in the Chinese real estate market and the rising supply prospects, mainly from Australia and Brazil, will be the key factors driving the demand for the commodity and its short-to-medium term price trend. It is worth noting that China consumes up to 70 percent of globally traded seaborne iron ore and that economic developments in the Chinese economy dictates the trends of iron ore demand and price (Table 1).

### Rubber

Rubber price declined by 7.6 percent to US\$1,312.0 per metric ton in September, from US\$1,420.4 in August. Year-on-year, rubber price recorded a 20.2 percent decline in September, 2015. As global growth remains weak and raddled with uncertainties in the face of upward rubber supply prospects and rising demand for synthetic rubber (competitor to natural rubber), the downward price spiral is projected to continue in the short-to-medium term (Table 1).

### Petroleum (Crude Oil)<sup>1</sup>

Crude oil price inched upward by 1.2 percent to US\$46.3 per barrel in September, from US\$45.7 per barrel in August, largely indicative of short-to-near term signs of increase in global energy consumption. However, year-on-year, crude oil price rose by 51.7 percent in September 2015. Increasing shale oil production in the United States, the fight for market share by OPEC member states in the face of weak demand as growth prospects remain uncertain, will drive the short-to-medium term price of the commodity.

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

### Food (Rice)

Global food prices, as measured by the FAO Food Price Index (FPI), declined by 19.1 percent year-on year in September, largely on the back of weakening demand, stable supply and falling energy prices. Rice price fell by 4.5 percent to US\$358.8 per metric ton in September, from US\$375.7 per metric ton in August, largely on account of weakening demand, particularly from Asia, in the face of stable supply. 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

Liberia recorded a terms of trade deficit of 12.5 percent in September, from 11.0 percent in August (Table 1).

### Gross Foreign Reserves

Gross foreign reserves (excluding SDR<sup>2</sup> holdings of US\$282.9 million) fell by 5.8 percent to US\$255.2 million at end-September, from US\$271.1 million at end-August. Including SDR holdings, gross reserves amounted to 2.8 months of import cover at end-September, from 2.9 months at end-August 2015.

<sup>2</sup>Special Drawing Rights