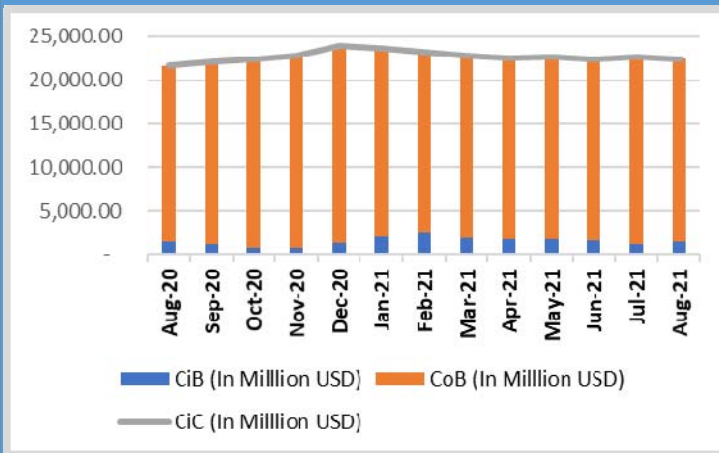




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Table 8: External Sector Statistics: Global Prices

GLOBAL PRICE	Aug - 20	Jun - 21	Jul - 21	Aug - 21	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	121.07	214.43	214.14	162.16	(24.27)	33.94
Gold (US\$/Oz)	1,968.63	1,834.57	1,807.84	1,785.28	(1.25)	(9.31)
Rubber (US\$/MT)	1,700.00	2,120.00	1,870.00	1,900.00	1.60	11.76
Cocoa Beans (US\$/MT)	2,350.00	2,370.00	2,330.00	2,480.00	6.44	5.53
Palm oil (US\$/MT)	760.30	1,017.80	1,057.44	1,135.77	7.41	49.38
Crude oil (US\$/BBL)	43.44	71.80	73.28	68.87	(6.02)	58.54
Food Price Index (FAO)/1	95.85	124.63	123.60	127.40	3.07	32.92
Rice 5% broken (US\$/MT)	505.00	466.00	414.00	403.00	(2.66)	(20.20)
Sugar (US\$/MT)	290.00	380.00	390.00	430.00	10.26	48.28
Commodity Price Index No/2	108.93	161.67	166.19	163.97	(1.34)	50.53

Source : www.indexmundi.com, <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>
1/Commodity Food Price Index includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices
2/ Commodity Price Index includes both Fuel and Non-Fuel Price Indices
† - Revised

TABLE OF CONTENTS

	PAGE
Introduction	1
Overview	1-2
Real Sector and Price Developments	3-4
Production Analysis of Key Commodities	3
Consumer Prices	3
Monetary Developments	4
Monetary Policy Stance	4
Monetary Aggregates	4
Financial Market Developments	6
Banking Sector Developments	8
Fiscal Sector Developments	8
External Sector Developments	9
Merchandise Trade	9
Remittances	11
Gross International Reserves and Months of Import Cover	11
Direction of Trade	12
Exchange Rates Developments	12
Global Commodity Price Developments	13

TABLE

Table 1: Production and Price Statistics	3
Table 2: Monetary Aggregates Statistics	5
Table 3: Financial Market and Interest Rates Statistics	6
Table 4: Selected Financial Soundness Indicators, FSIs	8
Table 5: Fiscal Sector Statistics	9
Table 6: External Sector Statistics	10
Table 7: Exchange Rate: Official and WAMZ Countries End-of-Period Exchange...	13
Table 8: Global Commodity Prices	15

INTRODUCTION

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

OVERVIEW

In August 2021, statistics of key commodities showed recovery in the production of several commodities, following slowdown in production during the preceding two months. In the mining subsector, iron ore, diamond and gold outputs rose, reflecting increased economic activity induced by the rapid containment of COVID-19, while output in the agriculture subsector, particularly rubber decreased due to increased harvest in the previous months largely from small farm holders. Production in the manufacturing subsector was mixed during the month with increased cement output and decreased output of beverages.

Headline inflation further moderated mainly on account of declines in the prices of items relating to health, education, and restaurants and hotels major groups in the CPI basket. Month-on-month rate of inflation moderated by 5.0 percentage points to 1.2 percent, largely reflecting reduction in the monthly prices of food and non-alcoholic beverages, clothing and footwear, water, electricity, gas, and other fuels, health, communication, and education major groups.

Core inflation (inflation excluding food and transport), on the other hand, slightly rose to 11.8 percent in the month of August from 11.5 percent in the previous month, largely reflecting increases in the prices of restaurants and hotels as well as clothing and footwear major groups in the commodity basket.

During the month under review, the CBL monetary policy stance remained focused on price stability through the management of Liberian dollar liquidity. The Bank issued its bills at the tenors of two-weeks, one-month, and three-months with the effective annual monetary policy rate of 20.0 percent.

Preliminary statistics showed that broad money (M2) slightly expanded by 0.29 percent to L\$140,898.97 million during the month. The expansion in M2 relative to asset category was driven by increase in the net foreign assets of the banking sector, while the expansion, on the liability category, was largely explained by increase in demand deposits followed by a modest rise in time and savings deposits.

The stock of Liberian dollar in circulation contracted by 1.1 percent to L\$22.43 billion compared to the stock reported in the preceding month on account of 2.2 percent decline in currency outside banks to L\$20.98 billion.

The financial soundness indicators of the banking system were generally favorable as the sector remained in compliance with most of the regulatory requirements of the CBL. During the month, Return on Assets (ROA) and Return on Equity (ROE) increased. Liquidity Ratio (LR), though declined, remained above the 15.0 percent

Food Price (FAO)

The FAO food price index showed an increase of 3.1 percent in the review month compared with the July 2021 index. The rise in the index was occasioned by strong demand for mainly meat product from Asia and the Middle East caused by favourable poultry prices. Annual price of food rose by 32.9 percent compared with the price in August 2020.

Sugar

During the review month, the price of sugar rose by 10.3 percent to US\$430.00 per metric ton, from US\$390.00 per metric ton, occasioned by unexpected damage to crops caused by frost in the world's largest sugar exporter (Brazil). Annual comparison showed that the price of sugar increased by 48.3 percent from US\$290.00 per metric ton in August 2020.

Gold

The price of gold fell during the month by 1.2 percent to US\$1,785.28, from US\$1,807.84 in the previous month mainly on account of strong interest rate in the US. Year-on-year comparison show that the price decreased by 9.3 percent from US\$1,968.63 in August 2020 during the height of the coronavirus pandemic.

Palm Oil

The price of palm oil rose by 7.4 percent to US\$1,135.77 per metric ton, from US\$1,057.44 per metric ton in the preceding month, due to inventory drawdowns in Malaysia. Compared with August 2020, the price of crude palm oil rose by 49.4 percent, from US\$760.30 per metric ton.

Rice

The price of rice fell by 2.7 percent to US\$403.00 per metric ton at end August 2021. The reduction in the price from US\$414.00 per metric ton in the previous month was due to weak demand for the commodity underpinned by slow pace of sales. In contrast, the price of the commodity declined from US\$505.00 per metric ton in August 2020.

Cocoa Beans

Cocoa beans price went up by 6.4 percent to US\$2,480.00 per metric ton in the reviewed month on account of growing demand for the commodity from Europe and North America. Compared to August 2020, the price of cocoa beans increased by 5.5 percent from US\$2,350.00 per metric ton recorded.

Commodity Outlook

The underlying fundamentals for developments in global commodity prices seem to be changing. The IMF has raised risk alert over economic recovery in the advanced and emerging economies, which has implication for commodity prices. With the slow recovery in economic activities from the coronavirus in the short run, coupled with weak demand and increasing interest rate on Fed bond, the prices of major commodities including food and some precious metals (iron ore and gold) are expected to decline, except energy (mainly petroleum) which price is expected to rise contrary to effect of OPEC decision to step up production.

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

Currency	Aug - 20	Jun - 21	Jul - 21	Aug - 21	Appr (+)/Depr (-)	
	End-of-Period Exchange Rate per USD				MoM	YoY
	End-of-Period Exchange Rate per USD				Percent change	
GHC	5.50	5.80	5.80	5.85	(0.85)	(5.98)
GMD	50.62	49.27	48.67	51.28	(5.09)	(1.29)
GNF	9,438.35	9,715.22	9,707.89	9,744.82	(0.38)	(3.14)
LD	199.25	171.42	171.63	171.80	(0.12)	15.96
NGN	306.48	409.66	409.66	409.79	(0.03)	(25.21)
SLL	9,427.52	10,272.94	10,258.18	10,359.08	(0.97)	(8.99)
	Average Exchange Rate (LD/USD)					
LD	199.33	171.39	171.53	171.71	(0.09)	16.10

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

During the month, overall commodity price, indicative of commodity price index declined. The fall in commodity price was induced by slowdown in prices of major commodities including energy, mineral and some agricultural products due to anticipation of policy measure, supply disruption and other structural factors.

Iron ore

The price of iron ore decreased by 24.3 percent to US\$162.16 per metric ton in August 2021, from the price of US\$214.14 per metric ton in the preceding month. The fall in the price of the commodity was mainly due to the fall in demand of the commodity in China (the highest consumer of iron ore worldwide) in order to lower steel production to curtail pollution. Compared with the price in the corresponding month of 2020, iron ore price increased by 33.9 percent, from US\$121.07 per metric ton.

Crude Oil (Petroleum) Price

At end of the review month, the price of petroleum fell to US\$68.87 per barrel, from US\$73.28 per barrel in July 2021 due to expected rise in supply of the commodity. When compared to August 2020, the price of petroleum increased by 58.5 percent from US\$43.44 per barrel.

Rubber

Rubber price increased to US\$1,900 per metric ton at end August 2021 compared with US\$1,870.00 per metric ton recorded in the preceding month. The increase in the price was largely due to increased demand from automobile manufacturers and other rubber processing industries. Similarly, the price of the commodity increased by 11.8 percent, from US\$1,700.00 per metric ton reported in the corresponding month in 2020.

regulatory thresholds by 28.19 percentage points, while Capital Adequacy Ratio (CAR) exceeded the minimum regulatory requirement by 20.8 percentage points. However, nonperforming loans (NPLs), which stood at 3.5 percent of GDP, reflected a ratio of 25.9 percent, representing 15.9 percentage points above the 10.0 percent tolerable limit.

Provisional statistics of the Government's fiscal operations showed a decrease in the surplus balance to US\$14.13 million (0.4 percent of GDP), from a surplus of US\$33.41 million (1.0 percent of GDP) reported in the preceding month, occasioned by fall in Government revenue that exceeded the decline in expenditure. The stock of public debt expanded marginally to 50.2 percent of GDP, from 49.7 percent of GDP in the preceding month, but remained in compliance with the ECOWAS regional threshold limit of not more than 70.0 percent of GDP.

Following improvement in the external sector in July 2021, the August 2021 developments in the external sector showed a widened trade deficit. The deficit widened to 3.1 percent of GDP, from deficit of 1.9 percent of GDP recorded in July 2021, due mainly to a significant increase in merchandise import payments that outweighed the gain in receipts from exports. Statistics on the direction of trade showed that Switzerland, Great Britain, the United States of America, and Poland were the main destinations of Liberia's exports that together constituted 76.9 percent of total export, while Cote d'Ivoire (Ivory Coast), China, India, Turkey, and Japan were the main sources of imports. The five countries accounted for 64.4 percent of total payments for imports.

Gross International Reserves (GIR) at the end of the review month grew by over 100.0 percent to US\$654.57 million compared to the stock reported in the preceding month, mainly on the backdrop of the recent IMF SDR disbursement to accelerate post COVID-19 economic recovery, including the easing of COVID-19 induced balance of payment pressure. The month of imports cover at end-August 2021 stood at 4.7 months.

Net inflow of personal remittances expanded during the month compared to the preceding month, mainly on account of a slight rise in inward remittances. Inward remittances rose by US\$0.2 million to US\$25.67 million, while outward remittances reduced by about US\$0.1 million to US\$8.08 million in the review month.

Developments in the foreign exchange market were largely favorable, despite the depreciation of the Liberia dollar during the month under review. Both, the end of period and period average exchange rates, showed a marginal depreciation of the Liberian dollar by 0.1 percent against the US dollar.

REAL SECTOR & PRICE DEVELOPMENTS**Production Analyses of Key Commodities**

Statistics on the production of key commodities showed relative improvement of outputs in August 2021 compared to the preceding month. Outputs of all commodities, except rubber and beverages, increased. In the mining sector, outputs of all minerals rose as a result of increased mining induced by gradual containment of the COVID-19 pandemic in concession areas. Iron ore output increased by 1.4 percent to 365,000.0 metric tons, from 360,000.0 metric tons produced in July 2021. Gold output significantly rose by 76.1 percent to 18,051.0 ounces, from 10,250.0 ounces produced in the previous month. Similarly, total output of diamond grew by 4.5 percent to 4,694.0 carats during the month, from 4,491.0 carats produced in the preceding month.

In the manufacturing subsector, cement production rose by 17.9 percent to 36,869.0 metric tons, from 31,281.0 metric tons produced in the previous month due to recovery in construction works induced by the start of the dry season. However, total beverage production decreased by 6.5 percent to 1.41 million liters due to low demand arising from post-Independence Day celebration in July. In the agriculture subsector, rubber production fell sharply by 35.7 percent to 6,698.0 metric tons, from 10,753.0 metric tons in the previous month, mainly due to inventory buildup from increased harvest of the commodity by small farm holders in the previous month.

Consumer Prices

Headline inflation in August 2021 further moderated to 7.0 percent, from 7.1 percent in the preceding month mainly induced by fall in the prices of items relating to health, education, and restaurants and hotels major groups in the CPI basket¹. Similarly, month-on-month inflation moderated by 5.0 percentage points to 1.2 percent, from the rate recorded in the preceding month. The moderation was driven by monthly reduction in the prices of food and non-alcoholic beverages, clothing and footwear, water, electricity, gas, and other fuels, health, communication, and education major groups.

On an annual basis, core inflation¹ recorded slight rise during the month to 11.8 percent, from 11.5 percent in the previous month. The minimum increase was largely due to exchange rate pass-through effect.

Table 1: Production and Price Statistics

Production	Aug - 20	Jun - 21	Jul - 21	Aug - 21
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	310,000	375,000	360,000	365,000
Gold (Ounces)	16,658	12,185	10,250	18,051
Diamond (Carat)	1,381	6,227	4,491	4,694
Rubber (Metric ton)	2,514	8,536	10,753	6,698
Cement (Metric ton)	34,102	36,711	31,281	36,869
Total Beverages (liter)	1,491,795	1,309,499	1,509,809	1,412,419
Alcoholic	1,383,093	1,173,639	1,371,447	1,275,174
Non-Alcoholic	108,702	135,860	138,362	137,246

Direction of Trade (DOT)

During the review month, Switzerland, Great Britain, the United States of America, and Congo (Brazzaville) were the main destinations of Liberia's exports. However, in comparison with earnings from those destinations with the amount in the preceding month, earnings from shipment to Switzerland (mainly gold) increased by US\$10.96 million to US\$23.30 million (accounting for 33.4 percent of total earnings). Earnings from exports to Great Britain (predominantly iron ore) rose slightly by 0.5 percent to US\$8.00 million, while export earnings from United States of America (mainly Rubber), which accounted for 9.3 percent of total earnings, fell by 23.8 percent to US\$6.47 million, from the amount recorded in the previous month. Additionally, earnings from shipment to Congo (Brazzaville, mainly palm oil) rose to US\$2.13 million during the month.

The five main sources of imports during the month were Cote d'Ivoire (Ivory Coast), China, India, Turkey, and Japan. Payments to Cote d'Ivoire (mainly for the purchase of minerals, fuel, lubricants) increased by US\$25.58 million to US\$48.42 million during the month. Similarly, payments to China for the purchase of mainly manufactured goods increased by US\$10.45 million to US\$28.22 million during the review month. Payment to India, mainly for the purchase of machinery and transport equipment increased by US\$4.58 million to US\$13.87 million. Payments mainly for the purchase of machinery and transport equipment from Turkey increased by US\$1.63 million to US\$10.20 million. Payments mainly for the purchase of machinery and transport equipment to Japan increased by US\$7.49 million to US\$8.35 million.

EXCHANGE RATE DEVELOPMENTS

Developments in the exchange rate showed relative stability of the Liberian dollar against the United States dollars with the variation within the ECOWAS bandwidth of plus/minus 10 percent during the month of August 2021. The Liberian dollar traded against the United States dollars at an average period rate of L\$171.71/US\$1.00, showing that the Liberian dollar depreciated against the US dollar slightly by 0.1 percent, from L\$171.53/US\$1.00 in July 2021. The marginal depreciation of the Liberian dollar was occasioned by increased import demand.

Trade between the currencies in the West African Monetary Zone (WAMZ) and the United States dollar showed that, based on the end of period exchange rates, all currencies in the Zone depreciated against the United States dollar. At end of the review month, the Nigerian Naira slightly depreciated by 0.03 percent, followed by the Liberian dollar, Guinea Franc and the Ghana Cedi that depreciated by 0.1 percent, 0.4 percent, and 0.9 percent, respectively. Additionally, the Sierra Leonean Leone and the Gambian Dalasi depreciated by 1.0 percent and 5.1 percent, respectively. The statistics showed that the Gambian Dalasi depreciated the most during the month compared to the preceding month.

Year-on-year comparison showed that, except the Liberian dollar that appreciated by 16.0 percent in reference to the bandwidth of plus/minus 10 percent variation, all other WAMZ countries' currencies depreciated against the United States dollar, relative to August 2020. The Nigerian Naira recorded the highest over depreciation of 25.2 percent, followed by the Sierra Leonean Leone and the Ghana Cedi that depreciated by 9.0 percent and 6.0 percent, respectively (See Table 7).

Import covers (In Month)	2.5	2.3	2.3	4.7
Personal Remittances				
Inflows	26.28	28.79	25.47	25.67
Outflows	7.91	4.81	8.15	8.08
Net flows	18.37	23.98	17.32	17.59
Direction of Trade (DOT)				
Destination of Export	46.19	60.76	59.76	77.63
o/w Switzerland	21.06	19.04	12.34	23.30
o/w France	4.00	0.00	7.96	16.28
o/w Poland	7.62	15.64	6.84	13.26
o/w Germany	0.00	0.00	7.00	6.89
Sources of Import (fob)	103.27	146.60	112.73	169.33
o/w Turkey	9.10	15.10	22.84	48.42
o/w China	14.47	21.67	17.77	28.22
o/w India	36.46	32.60	9.29	13.87
o/w United States of America	7.41	13.78	8.57	10.20
o/w Indonesia	5.08	13.20	0.86	8.35

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

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

/1† as of July 2020, import data reported here are on CIF instead of FOB

/2 (GIR) is the sum of net foreign reserve plus SDR and Reserve tranche

† - Revised ‡ - Not Available (na) * - estimate/projection

Remittances

During the review month, net inflows of personal remittances increased by 1.6 percent to US\$17.59 million (0.5 percent of GDP), compared to the amount in July 2021. Similarly, inward remittances rose to US\$25.67 million following a decline in the preceding month. In contrast, outward remittances fell to US\$8.08 million, from US\$8.15 million reported in the preceding month.

Gross International Reserves

Gross International Reserves (GIR) at end-August 2021 increased significantly to US\$654.57 million compared to July 2021 due to disbursement in SDRs for reserve accretion and post-COVID-19 economic recovery initiatives. Month of import cover also rose to 4.7 months, from a revised 2.3 months in the previous month due to excessive increase in GIR as against the decline in payments for mainly goods. Compared with the ECOWAS regional benchmark, the months of import cover in the current month exceeded the regional minimum threshold of 3.0 months by 1.7 months (Table 6).

Inflation	<i>(In percent)</i>			
Overall (Y-o-Y) Rate of Inflation	14.77	8.10	7.12	7.00
a. Food and Non-alcoholic Beverage Inflation	16.25	(3.95)	0.21	0.10
- Domestic Food Inflation	23.80	(5.91)	4.33	2.34
- Imported Food Inflation	10.52	(2.08)	(3.03)	(1.84)
b. Transport Inflation	11.70	4.85	4.88	2.17
c. Imported Fuels Inflation	(8.38)	(1.21)	(1.21)	(1.77)
Overall (M-o-M) Rate of Inflation	1.27	1.94	6.13	1.16
Core Inflation				
Inflation excluding Food & NAB ¹	13.99	15.15	10.73	10.71
Inflation excluding Imported Food	15.83	10.53	9.62	9.04
Inflation excluding Domestic Food	14.87	12.05	8.44	8.51
Inflation excluding Food and Transport	14.29	16.59	11.45	11.80
Annual Gross Domestic Product (GDP)²				
Nominal (NGDP)(in millions US\$)	3,037	3,363	3,363	3,363
RGDP growth (in percent)	(3.0)	3.6	3.6	3.6

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

/1 Non-alcoholic beverages

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

± - Not Available (na) * - estimate/projection

† - revise

MONETARY DEVELOPMENTS

Monetary Policy Stance

During the review month, the CBL maintained an interest-rate based monetary stance to manage Liberian dollar liquidity for price stability through broad exchange rate management. The Bank lowered the effective annual policy rate to 20.0 percent in August 2021, from 25.0 percent on the CBL bills with tenors of two-weeks, one month and three-months in the preceding months.

Monetary Aggregates

Preliminary monetary aggregates compiled for the month of August 2021 showed 0.3 percent expansion in broad money supply (M2) to L\$140.89 billion, from L\$140.48 billion recorded at end of the preceding month. Within the liability category, the growth in M2 was due mainly to 0.9 percent rise in demand deposits as well as a moderate increase in time and savings deposits. While on the asset side, the expansion in M2 was driven by increase in the net foreign assets (NFA) of banks. NFA grew by over 100.0 percent on account of growth in net credit to government. However, total stock of Liberian dollar in circulation fell slightly by 1.1 percent to L\$22.43 billion compared to the stock reported in the preceding month. The decline in currency in circulation was reflective of 2.2 percent reduction in currency outside banks to L\$20.98 billion from the amount recorded in the previous period.

During the month, sectoral distribution of commercial banks' credits showed that the trade, services, and construction subsectors constituted 73.0 percent and 64.9 percent of

of total Liberian and United States dollars denominated credits respectively advanced to the private sector. However, disbursement of commercial banks' loans in the two currencies varied. Loans denominated in Liberian dollar declined by 3.9 percent to L\$5,563.65 million on account of reduction in loans to the trade and services subsectors. In contrast, the US dollar denominated loans grew by 1.9 percent to US\$393.89 million, induced by increases in new loans advanced to the trade, services, individual and construction subsectors.

At end of the reporting month, all deposits converted to Liberian dollar expanded by 0.2 percentage point to 20.8 percent of GDP, compared to the 20.6 percent of GDP reported in the preceding month. This growth is partly explained by growing confidence in the CBL bill (Table 2).

Table 2: Monetary Aggregates

Monetary Aggregates	Aug - 20	Jun - 21	Jul - 21	Aug - 21
	<i>(In Millions)</i>			
Liberian Dollars in Circulation (LD)	21,676.54	22,414.00	22,676.30	22,436.82
-o/w Currency in banks (LD)	1,540.91	1,624.91	1,217.60	1,447.64
Money Supply (M1) in LD only	29,345.47	32,476.39	34,922.87	33,236.45
Quasi Money in LD only	7,312.33	7,860.26	8,033.00	8,040.28
Broad money (M2) in LD only	29,345.47	40,336.66	42,955.87	41,276.73
Broad money (M2) (both LD and USD Converted to LD)	132,899.97	143,516.16	140,488.64	140,898.97
Net Foreign Assets (NFA) – LD	12,306.34	28,737.52	30,563.92	90,751.92
Net Domestic Assets (NDA) – LD	120,593.63	114,778.63	109,924.72	50,147.04
Currency outside banks (LD)	20,135.62	20,789.50	21,458.70	20,989.18
Demand deposit – LD	66,714.40	75,156.99	73,342.72	73,969.45
Time & Savings deposits – LD	45,549.16	45,629.89	45,311.09	45,341.46
Other deposits – LD	500.78	1,939.82	376.12	598.88
Loans to Private Sector				
Commercial banks loans to private sector USD	380.08	379.05	386.60	393.89
Commercial banks loans to private sector - LD	6,439.48	5,670.56	5,786.86	5,563.65
Demand Deposits of commercial banks				
Demand deposits - USD	288.49	370.26	348.87	359.27
Demand deposits - LD	9,209.84	11,686.94	13,464.17	12,247.27
Time & savings deposits - USD	192.59	220.78	217.51	218.74
Time & savings deposits - LD	7,160.64	7,783.95	7,978.80	7,763.02
Other Deposits**				
Actual US\$ component of other deposits	1.75	10.87	1.88	1.87
Liberian \$ component of other deposits	151.69	76.31	54.19	277.26
Total Deposits (both USD & LD) converted to Liberian dollar ¹	112,764.35	122,726.70	119,029.94	119,909.79
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	27.58	28.12	30.58	29.30

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.

Payments for merchandise imports rose by 47.8 percent to 5.4 percent of GDP, from 3.6 percent of GDP, driven mainly by increases in payments for machinery and transport equipment as well as minerals, fuels, and lubricants categories of imports. Similarly, earnings from exports increased by 29.9 percent to US\$77.63 million (2.3 percent of GDP), from a revised US\$59.76 million (1.8 percent of GDP), occasioned by an increase in receipts from mainly iron ore and gold.

Table 6: External Sector Statistics

Trade Statistics External Trade (Value)	Aug - 20	Jun - 21	Jul - 21	Aug - 21
	<i>(Millions of USD)</i>			
Exports¹	46.19	60.76	59.76	77.63
Iron Ore	17.51	23.36	26.95	41.59
Rubber	2.49	9.75	12.92	8.28
Gold	23.84	19.17	13.88	23.25
Diamond	0.68	1.06	1.32	1.16
Cocoa Bean	0.00	0.00	1.40	0.35
Palm Oil	0.03	1.82	1.57	1.90
Other commodities	1.65	5.60	1.71	1.09
Imports (CIF)^{1†}	114.98	162.17	122.74	181.39
Minerals, Fuel, Lubricants	10.08	22.73	29.54	50.64
o/w Petroleum Products	8.97	15.04	22.73	48.02
Food and Live Animals (including Animal and veg. oil)	50.15	43.11	15.64	21.66
o/w Rice	36.75	18.10	0.34	0.24
Machinery & Transport Equipment	27.49	53.31	34.50	52.45
Manufactured goods classified by materials	11.18	18.97	16.29	25.57
Other categories of imports	16.08	24.05	26.77	31.07
Trade Balance	(68.79)	(101.40)	(62.98)	(103.76)
Total Trade	161.17	222.93	182.50	259.02
External Trade (Volume)	<i>(In Unit as may be specified)</i>			
Rubber (MT)	2,514.28	8,536.00	10,752.53	6,698.12
Iron Ore (MT)	346,084.07	246,128.23	207,157.88	315,451.93
Cocoa Beans (MT)	0.00	0.00	1,400.00	350.00
Palm Oil (MT)	35.26	1,965.00	14,729.00	2,014.00
Gold (Oz)	16,657.86	12,185.25	10,250.19	18,051.00
Diamond (Crt)	1,380.94	6,226.88	4,491.41	4,694.32
Petroleum Products (MT)	3,474.05	11,675.96	14,485.86	23,489.23
Rice (MT)	72,924.36	22,582.03	0.00	0.00
Other Indicators				
Net Foreign Reserves Position	2.86	27.35	(304.98) [†]	379.85
Import (FOB)	103.27	146.60	112.73	169.33
Gross International Reserves (GIR) ²	260.47	302.50	301.53	654.57

The stock of public debt at end-August 2021 marginally rose by 0.5 percentage point to 50.2 percent of GDP compared to the stock in the preceding month. The slight rise in public debt stock was explained mainly by 0.8 percent rise in external borrowing as a result of new disbursement.

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	Aug - 20	Jun - 21	Jul - 21	Aug - 21
	<i>(In Millions of United States Dollar)</i>			
Government Revenue	47.29	107.54	73.76	52.73
Tax Revenue	36.67	45.01	36.69	42.69
O/W Taxes on Income & Profits	17.57	14.31	14.99	16.92
O/W Taxes on International Trade	15.28	18.92	18.39	22.61
Non-tax Revenue (excluding grants)	9.95	8.77	3.93	9.00
O/W Property Income	8.90	7.16	2.83	7.90
O/W Administrative Fees and Fines	1.05	1.60	1.09	1.10
Other tax Revenue (including grant)	0.67	53.76	33.14	1.04
Government Expenditure by Codes	26.86	59.13	40.35	38.60
Current Expenditure	23.72	41.88	30.97	32.35
O/W Compensation	8.64	19.16	18.58	10.99
O/W Goods and Services	12.80	15.59	8.27	16.03
Capital Expenditure	0.06	0.01	0.00	0.00
Payments on Loans, interest and others	3.08	17.24	9.38	6.25
Overall Balance (Surplus+; Deficit -)	20.43	48.41	33.41	14.13
Public Sector Debt	1,575.20	1,670.18	1,679.85	1687.93
Domestic	649.11	690.59	692.24	692.24
Financial Sector	586.85	620.22	621.44	621.44
Other debt	62.26	70.37	70.80	70.80
External	926.09	979.59	987.61	995.69
Multilateral	813.11	866.18	874.20	882.28
Bilateral	112.97	113.41	113.41	113.41

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

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Preliminary statistics on merchandise trade showed that both receipts from exports and payment for imports increased during the month. However, the rise in payments for imports exceeded the increase in export leading to a widened deficit in the merchandise trade balance to US\$103.76 million (3.1 percent of GDP) in August 2021, from a revised deficit of US\$62.98 million (1.9 percent of GDP) recorded in July 2021. Total trade, on the other hand, increased by 41.9 percent to US\$259.02 million (7.7 percent of GDP), from a revised US\$181.50 million (5.4 percent of GDP) in the preceding month.

FINANCIAL MARKET (FM) DEVELOPMENTS

Statistics on financial market operations during the month showed continuity of the issuance of CBL bills in support of the CBL's monetary policy objectives. The bills were issued with tenors of 2-weeks, 1-month, and 3-months. However, the Bank lowered the effective annual policy rate by 500 basis points to 20.0 percent, driven by developments in inflation and outlook.

The total CBL bills issued during the month amounted to L\$2,465.44 million, reflecting 41.7 percent decline compared to the preceding month largely explained by the lowering of the monetary policy rate. Of the total amount issued, commercial banks' subscriptions remained high at 98.2 percent (L\$2,421.09 million), while retail investors subscription stood at L\$44.35 million. Similarly, total redemption decreased by 27.1 percent to L\$2,665.50 million.

The Government did not issue new Treasury securities during the review month; however, the outstanding coupon of L\$479.99 on Liberian dollar T-bond was paid. The principal of L\$6,000.00 million was reissued for a period of one year in order to settle the outstanding principal on Liberian dollar T-bond. Additionally, the Government paid US\$0.16 million to settle its United States dollars outstanding coupon on T-bond, thus reducing the total outstanding coupon and repayment principal to US\$56.65 million.

The average lending, average savings and time deposits rates remained at 2.1 percent, 12.4 percent, and 3.5 percent, respectively. In the money market, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among the commercial banks for their international and intra-country transactions. The non-interest-bearing nature of the swap was considered during the period under review to compensate for the risks and high cost involved in cash transfers and transshipment with international corresponding banks, as well as bank branches in Liberia.

Table 3. Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	Aug - 20	Jun - 21	Jul - 21	Aug - 21
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	0.00	0.00	00.0	0.00
Redemption during the month (coupon rate)	0.6	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	401.21	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	7.00	na	na	na
Bills Purchased per month on EAR basis	3,800.60	4,076.22	4,232.20	2,465.44
Redemption during the month (EAR basis)	3,203.50	3,929.12	3,654.78	2,665.50
Bill Outstanding (EAR basis)	4,909.69	6,422.58	7,000.00	6,799.94
Effective Annual Rate (EAR)	25.00	25.00	25.00	20.00
Total Purchases (coupon rate & EAR)	3,800.60	4,076.22	4,232.20	2,465.44
Total Redemption (coupon rate & EAR)	3,203.50	3,929.12	3,654.78	2,665.50
Total Outstanding Bills (coupon rate & EAR)	5,310.90	6,422.58	7,000.00	6,799.94

CBL Foreign Exchange Auction¹	(In Millions of United States Dollar)			
US Dollar offered	0.00	0.00	0.00	0.00
US Dollar Amount Sold	0.00	0.00	0.00	0.00
Total Subscription	0.00	0.00	0.00	0.00
Over (+)/ Under (-) Subscription	0.00	0.00	0.00	0.00
Treasury Securities	(In Millions of Liberian Dollar)			
T- Bills Issued (in LD)	0.00	0.00	0.00	0.00
T- Bills Redeemed (in LD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	0.00	2,437.72	2,437.72	2,437.72
Net Treasury Bills Operations^ withdrawal (+)/Inject'n (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	7.47	5.00	5.00	5.00
T- Bills Issued (In USD)	0.00	0.00	0.00	0.00
T- Bills Redeemed (In USD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	2.60	5.73	5.73	5.73
Ave. Weighted Discount Rate (T-Bills)	7.00	6.50	6.50	6.50
Treasury Bond Issued (in LD for 2 years)	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In LD)	6,000.00	6,000.00	6,000.00	6,000.00
Outstanding coupon on Treasury Bond	0.00	0.00	0.00	479.99
Coupon Payment	0.00	480.00	480.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	16.00
Treasury Bond Principal Payments (USD)	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In USD)	0.00	56.65	56.65	56.65
Coupon Payments (USD)	0.00	0.00	0.00	0.16
Outstanding coupon on Treasury Bond	0.00	0.16	0.16	0.00
Total T-Bond Outstanding (Coupon & Principal In USD)	0.00	56.81	56.81	56.65
(As specified)				
SDF rate (4.0%)	0.00	0.00	0.00	0.00
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight monthly rate (0.07%)	0.07	0.07	0.07	0.07
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
Interest Rates	(In Percent)			
- 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 (In percent)				
Repo	5.50	0.00	0.00	0.00
Swap lending	6.00	0.00	0.00	0.00

Source : CBL

^ - with Liquidity Effect

/1 - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency

/2 - Treasury Bill issued and redeemed during the month were in US Dollar

- revised

BANKING SECTOR DEVELOPMENTS

Year-to-date, the banking industry has remained in compliance with regulatory requirements. Compared to the preceding month, movement in some key financial soundness indicators was favourable during the review month. Return on Assets (ROA) and Return on Equity (ROE) increased simultaneously by 0.4 percentage point to 2.30 percent and 1.4 percentage point to 13.06 percent, respectively compared with July 2021. Similarly, Capital Adequacy Ratio (CAR) rose from 28.83 percent in the preceding month to 30.77 percent in July 2021 but remained above the minimum regulatory requirement by 20.8 percentage points. On the other hand, liquidity ratio lowered by 3.72 percent and remained above the minimum regulatory requirement by 28.19 percentage points.

From 13.21 percent of GDP, gross loans and advances rose to 13.4 percent of GDP in August 2021. The increase in gross loans during the month was caused by commercial banks' disbursement of new loan facilities. Non-performing loans (NPLs) slightly rose to 3.5 percent of GDP, from 3.3 percent of GDP in July 2021. The ratio of non-performing loans to total loan grew by 1.00 percentage point to 25.9 percent, against the 10.0 percent regulatory tolerable limit, reflecting slow recovery of some businesses from the effect of COVID-19.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Aug - 20	Jun - 21	Jul - 21	Aug - 21
	(In Billions of Liberian Dollar)			
Total Gross Loans	85.34	73.33	76.17	77.06
Total Non-performing Loans	21.23	16.20	18.99	19.98
(In Unit As May Be Specified)				
Non-performing Loans to Total Gross Loans (ratio)	24.86	22.15	24.93	25.93
Gross Loan (percent change)	1.00	(4.08)	3.87	1.17
Non-performing Loans (percent change)	8.70	(17.35)	17.22	5.21
Returns on Assets (ROA)	0.75	1.60	1.93	2.30
Returns on Equity (ROE)	4.45	9.92	11.65	13.06
Liquidity Ratio***	40.50	48.01	46.91	43.19
Capital Adequacy Ratio (CAR)****	28.41	29.56	28.83	30.77

Source : CBL

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

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

† - Revised

FISCAL SECTOR DEVELOPMENTS

Provisional statistics on fiscal operations showed that both Government revenue and expenditure decreased during the month. The fall in revenue exceeded the decrease in expenditure resulting to a lowered fiscal surplus of US\$14.13 million (0.4 percent of GDP), from the surplus of US\$33.41 million (1.0 percent of GDP) reported in the preceding month. Government revenue declined by 28.5 percent to US\$52.73 million (1.6 percent of GDP), occasioned by decrease in other revenue items, including grants. Total expenditure decreased by 4.3 percent to US\$38.60 million (1.1 percent of GDP) occasioned mainly by fall in payments on loans and interest by 33.3 percent to US\$6.3 million. However, current expenditure that accounted for 83.8 percent of total total expenditure rose to US\$32.35 million (1.0 percent of GDP) in August 2021.