

CENTRAL BANK OF LIBERIA
COMMUNIQUE NO. 28
Monetary Policy Committee Meeting
October 6, 2026

Introduction

The Monetary Policy Committee (MPC) of the Central Bank of Liberia (CBL) met on Tuesday, October 6, 2026, to assess recent global and domestic economic developments, evaluate risks to the inflation outlook, and review conditions in the financial sector.

Following its deliberations, the Committee resolved to **maintain the Monetary Policy Rate (MPR) at 16.0 percent**, thereby preserving the current prudent and appropriately restrictive monetary policy stance. This decision is intended to sustain recent gains in macroeconomic stability, preserve exchange-rate stability, anchor inflation expectations, strengthen confidence in the financial system, and support sustainable economic growth.

The Committee concluded that the current policy stance remains appropriate given the continued moderation in inflationary pressures, improved foreign exchange market conditions, adequate international reserve buffers, and the resilience of the domestic banking sector. The Committee remains fully committed to safeguarding the purchasing power of Liberian households while promoting the conditions necessary for inclusive and sustainable economic development.

Global Economic Developments

The Committee observed that global economic activity remained generally resilient during the third quarter of 2026, supported by sustained investment, particularly in technology-related sectors, and continued growth across several major economies. However, rising geopolitical tensions increased uncertainty surrounding the global outlook and heightened risks associated with energy prices, inflation, trade flows, and financial market stability.

Growth prospects continued to diverge across advanced, emerging, and developing economies. Many countries in Sub-Saharan Africa remain vulnerable to external shocks, particularly those arising from fluctuations in global commodity prices and tightening financial conditions. Oil-importing economies, including Liberia, continue to face risks associated with increases in international fuel, food, and fertilizer prices.

Global inflationary pressures showed signs of re-emerging during the quarter, prompting several major central banks to maintain cautious and restrictive policy stances. Consequently, borrowing costs remained elevated, and external financing conditions became increasingly challenging for many frontier and low-income economies.

The Committee further noted that commodity prices remained volatile. International Brent crude oil prices increased significantly during the quarter amid geopolitical developments, while several agricultural commodities recorded mixed performance. These developments present potential upside risks

to inflation and external sector stability for import-dependent economies.

Global Financial Conditions

Global financial conditions tightened during the third quarter of 2026. Renewed geopolitical tensions, higher inflation expectations, and elevated sovereign borrowing requirements contributed to increased sovereign bond yields and rising concerns regarding fiscal sustainability in several economies.

Equity markets remained supported by strong corporate earnings and continued investment in emerging technologies, particularly artificial intelligence. Nevertheless, the Committee noted that elevated asset valuations and market concentration remain potential sources of financial market vulnerability. The risk of repricing across global financial assets remains heightened amid higher energy prices and expectations of prolonged monetary policy tightening in major economies.

Domestic Economic Conditions

The Committee observed that the Liberian economy continued to demonstrate resilience and strengthening momentum.

Real Gross Domestic Product (GDP) growth is projected at **5.5 percent in 2026**, compared with **5.1 percent in 2025**, reflecting improved performance across key sectors of the economy. Economic activity expanded significantly during the third quarter, driven primarily by stronger performance in mining, manufacturing, and services. The Committee considered these

developments to be indicative of broadening economic activity and strengthening domestic demand.

The Composite Index of Economic Activity (CIEA) increased substantially during the quarter. The widening CIEA gap from 0.8 percent to 2.7 percent gap suggests higher utilization of productive capacity and continued expansion of domestic economic activity.

Encouragingly, headline inflation moderated to an estimated **4.5 percent**, down from **5.4 percent** in the previous quarter. The Committee attributed this improvement largely to enhanced exchange-rate stability, prudent monetary management, and favorable domestic price developments. Inflation is expected to remain broadly stable at approximately **4.6 percent** during the fourth quarter of 2026, remaining comfortably within the Bank's medium-term tolerance range.

The Committee welcomed this continued moderation in inflation as evidence that recent policy measures are contributing to greater price stability and helping preserve the purchasing power of Liberian households and businesses.

Monetary and Financial Sector Developments

The Committee noted that monetary conditions remained broadly consistent with the Bank's objective of maintaining price stability while supporting sustainable economic expansion.

Broad money supply (M2) declined modestly during the quarter, largely reflecting reductions in both net foreign assets and net

domestic assets associated with the appreciation of the Liberian dollar.

The banking sector remained stable, adequately capitalized, and highly liquid. The Capital Adequacy Ratio stood at **38.64 percent**, significantly exceeding the regulatory minimum requirement of 10 percent. Similarly, the liquidity ratio increased to **58.71 percent**, well above the statutory minimum threshold of 15 percent. These indicators underscore the strength, resilience, and soundness of Liberia's banking system.

Notwithstanding these positive developments, the Committee remains concerned about the level of non-performing loans (NPLs), at **13.38%**, which remain above the prudential benchmark of **10%**. Elevated NPLs continue to represent a significant medium-term risk to financial stability and constrain the capacity of financial institutions to expand credit to productive sectors of the economy.

Accordingly, the Committee reaffirmed its strong support for the implementation of the National Strategy for Non-Performing Loan Resolution and related legal, judicial, and institutional reforms. The Committee emphasized that resolving non-performing loans is central to improving credit discipline, enhancing access to finance, supporting entrepreneurship, strengthening domestic production, creating jobs, and fostering long-term economic growth.

The Committee further observed that credit allocation remains concentrated in trade, services, and personal lending. Expanding access to finance for agriculture, manufacturing, and other productive sectors remains essential to accelerating economic diversification, promoting food security, and strengthening the foundations for sustainable and inclusive growth.

Fiscal and External Sector Developments

The Committee noted that fiscal operations remained supportive of economic activity during the third quarter of 2026. Although the pace of fiscal support moderated relative to the previous quarter, fiscal policy continued to contribute positively to economic growth.

Public debt declined marginally from **49.6% to 43.3%** of GDP in the previous quarter and remained broadly sustainable. The Committee emphasized the importance of maintaining prudent fiscal management and strengthening coordination between fiscal and monetary authorities to safeguard macroeconomic stability and debt sustainability, particularly amid heightened global uncertainty.

The external sector remained exposed to developments in the global economy. While export earnings improved, higher import payments contributed to a widening trade deficit. Nevertheless, gross international reserves remained adequate at **3.3 months of prospective import cover**, remaining above the Ecowas benchmark of three months. Although reserve cover declined

from the previous quarter, the Committee considers current reserve levels sufficient to provide an important buffer against external shocks and remains committed to further reserve accumulation consistent with international reserve adequacy standards.

Strong reserve buffers, stable remittance inflows, and improved exchange-rate conditions continued to support macroeconomic stability and mitigate imported inflationary pressures.

Risk Assessment

The Committee assessed risks to the outlook as broadly balanced but moderately tilted to the upside for inflation.

External Risks

- Escalation of geopolitical tensions;
- Higher global energy prices;
- Commodity price volatility;
- Persistent global inflationary pressures;
- Tighter international financial conditions; and
- Slower growth among major trading partners.

Domestic Risks

- Elevated levels of non-performing loans;
- High financial dollarization;
- Potential fiscal slippages; and

- Structural constraints affecting domestic production and supply conditions.

The Committee will continue to closely monitor these developments and evaluate their potential implications for inflation, exchange-rate stability, economic growth, and financial sector resilience.

Outlook and Forward Guidance

The Committee judges that Liberia's near-term economic outlook remains favorable notwithstanding the uncertain global environment.

Economic activity continues to strengthen, supported by growth across key productive sectors, improving macroeconomic fundamentals, stable inflation, and continued confidence in the domestic financial system. Real GDP growth is projected to remain robust at **5.5 percent in 2026**, while inflation is expected to remain moderate and broadly consistent with the Central Bank's objective of maintaining price and exchange-rate stability.

The Committee believes that the current policy configuration remains appropriately calibrated to preserve macroeconomic stability while creating conditions for sustainable and inclusive economic growth.

The Monetary Policy Committee remains vigilant and stands ready to take additional policy measures, where necessary, to safeguard price stability and financial stability. Future policy decisions will continue to be guided by incoming data, evolving

domestic and global economic conditions, and the Bank's statutory mandate.

Monetary Policy Committee Decisions

Following its deliberations, the Monetary Policy Committee resolved to:

1. **Maintain the Monetary Policy Rate (MPR)** at 16.0 percent.
2. **Maintain the reserve requirement ratio on Liberian-dollar deposits** at 25 percent.
3. **Increase the reserve requirement ratio on United States dollar deposits** by 2 percentage points, from 10 percent to 12 percent.
4. **Adjust the interest-rate corridor** to reinforce monetary policy transmission and enhance liquidity management conditions, from -6.5 percentage points to -6.0 percentage points for the Standing Deposit Facility (SDF) and from +1 percentage points to +0.5 percentage points for the Standing Credit Facility (SCF), around the MPR respectively.

The increase in the reserve requirement on United States dollar deposits and the adjustment of the interest-rate corridor are intended to strengthen monetary policy transmission, enhance liquidity management, strengthen financial sector resilience, and support the gradual reduction of structural vulnerabilities associated with Liberia's high level of financial dollarization.

Conclusion

The Monetary Policy Committee remains confident that Liberia's economic outlook is favorable. Inflation remains contained, growth is strengthening, and the financial sector continues to demonstrate resilience. Nevertheless, significant uncertainties persist in the global environment, requiring continued vigilance and prudent policymaking.

The Central Bank of Liberia will remain steadfast in fulfilling its mandate to preserve price stability, maintain confidence in the financial system, support exchange-rate stability, and promote the conditions necessary for inclusive and sustainable economic growth. The Committee stands ready to take additional policy measures, if required, to safeguard macroeconomic stability and protect the welfare of the Liberian people.

The next meeting of the Committee is scheduled for Wednesday, 20th January 2027.

Monrovia, Liberia

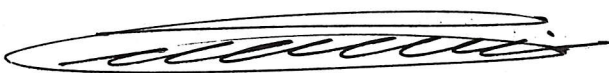
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**MONETARY POLICY COMMITTEE
CENTRAL BANK OF LIBERIA**

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Henry F. Saamoi

Executive Governor & Chairman, Monetary Policy Committee