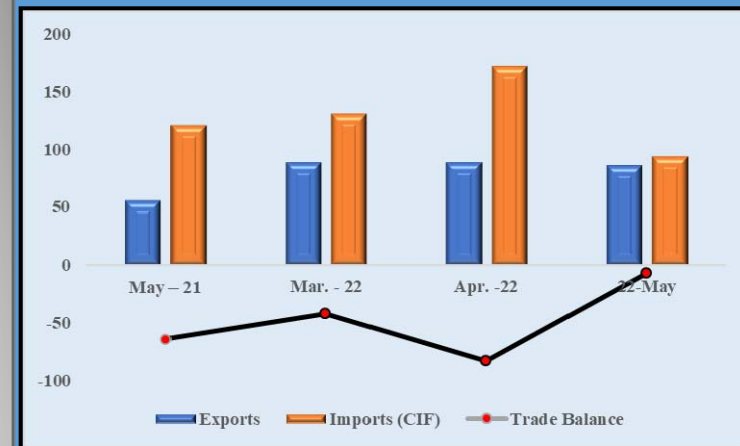




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7.8 Rice

The price for rice rose by 7.7 percent to US\$ 464.00 per metric ton, from US\$ 431.00 per metric ton in the preceding month due to strong global demand. On an annualized basis, the price of the commodity declined about 5.9 percent, from US\$ 493.00 per metric ton in May 2021.

7.9 Cocoa Beans

During the review month, the price of cocoa beans declined by 3.7 percent to US\$2,370.00, from US\$ 2,460.00 per metric ton in the previous month, April 2022. Compared to May 2021, the price of cocoa beans declined by 1.7 percent from US\$2,410.00 per metric ton.

7.10 Commodity Outlook

According to the World Bank Commodity Outlook, prospects for commodity prices for June 2022 remain volatile. Commodity prices are being kept volatile by fear of the global economy going into recession and causing manufacturing to fall. Expectation of industrial output decline is keeping demand for the commodities on a down trend on the global commodity market. Recession fear grabbing the global economy is being caused by the US Federal Reserve rate hike to stamp out inflation, slump in US consumer confidence, China's mandatory stay home from COVID-19 outbreaks, sanctions on commodity exports of Russia, and Russia default on payment of interests on its international sovereign debts.

World Bank Commodity Outlook for June remains as forecasted for month of May 2022. The price index of energy commodity (mainly crude oil, and coal, etc.) still averaged US\$160.92 compared to US\$ 153.19 in April 2022. Prices of non-energy commodities including base metals and minerals (iron ore), agricultural products (beverages and food), raw materials (timber, and other raw materials), and fertilizers averaged US\$133.44, compared to US\$139.88 in April 2022; on account of impacts on global commodity prices from the Russia and Ukraine war, coupled with concerns over global food security deriving from the war that is affecting downward trend of prices of non-energy commodity prices.

Price index for agriculture under the non-energy commodities stands at US\$133.83 compared with US\$134.39 in April.

Table 8: Global Commodity Prices

GLOBAL PRICE	Mar-21	Jan-22	Feb-22	Mar-22	Percent Change	
					MoM	YoY
					(In price per Unit of Measure)	
Iron ore (US\$/MT)	207.72	152.07	151.25	131.21	(13.25)	(36.83)
Gold (US\$/Oz)	1850.26	1,947.83	1,936.86	1,848.50	(4.56)	(0.10)
Rubber (US\$/MT)	2,290.00	2,120.00	2,090.00	2,060.00	(1.44)	(10.04)
Cocoa Beans (US\$/MT)	2,410.00	2,460.00	2,460.00	2,370.00	(3.66)	(1.66)
Palm Oil (US\$/MT)	1,163.17	1,776.96	1,682.74	1,716.92	2.03	47.61
Crude Oil (US\$/BBL)	66.40	112.40	103.41	110.10	6.47	65.81
Food Price Index (FAO)	127.85	159.70	158.30	157.40	(0.57)	23.11
Rice_5% broken (US\$/MT)	493.00	422.00	431.00	464.00	7.66	(5.88)
Sugar (US\$/MT)	380.00	420.00	430.00	430.00	-	13.16
Commodity Price Index	155.63	241.07	226.49	212.79	(6.05)	36.73

1/Commodity Food Price Index includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices

7.2 Gold

The price of gold fell by 4.6 percent to US\$1,848.50 per ounce, from the US\$1,936.86 per ounce in April 2022, driven by the US Federal Reserve rate hikes that made investing in interest bearing assets of US Dollar Index and US T-bond more attractive to investors than holding gold for haven. Year-on-year comparison showed that the commodity's price rose by 0.10 percent, from US\$1,850.26 per ounce reported in May 2021.

7.3 Crude oil (Petroleum) price

During the month, the price of petroleum rose by 6.5 percent to US\$ 110.10 per barrel, from US\$ 103.41 per barrel, in April 2022. Sanctions imposed by US and EU on Russia's natural gas export kept the price of petroleum on an upward trend. When compared to May 2021, the price of petroleum increased by 65.8 percent about 60 basis points from US\$ 66.40 per barrel.

7.4 Rubber

The price of rubber fell by the same 1.4 percent, as in the previous month to US\$ 2,060.00 per metric ton, from US\$ 2,090.00 per metric ton recorded in April. Rubber price fell on Shanghai market following COVID-19 cases in China and recession fear in the US economy. Compared to the corresponding month in 2021, the price of the commodity declined by 10.0 percent, from US\$ 2,290.00 per metric ton.

7.5 Food Price (FAO)

The FAO food price index fell 0.6 percent in May compared with the April 2022 index. The downward trend of the index was influenced by price decreases for sunflower oil, soy oil and rapeseed oil. On annual basis, food price index rose by 23.1 percent when compared with the price in May 2021.

7.6 Sugar

The price of sugar remained at US\$ 430.00 per metric ton, as it was in April. The price remained stable by bumper crop harvest in India that boosted global availability of Sugar. Price stability was also caused by weakening of the Brazilian currency against the U.S. dollar. Brazil is a major sugar producing and exporting country. Annual comparison showed that the price of sugar increased by 13.2 percent from US\$380.00 per metric ton in May 2021.

7.7 Palm oil

The price of palm oil rose by 2.0 percent to US\$ 1,716.92 per metric ton, from US\$ 1,682.74 per metric ton in the preceding month. Compared with May in the previous year, the price of palm oil rose by 47.6 percent, from US\$ 1,163.17 per metric ton.

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1.0 INTRODUCTION

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

This Edition represents Volume 8 Number 05.

2.0 OVERVIEW

Production statistics of key commodities showed improved performance in May 2022. Output of major commodities including gold, diamond, rubber, and beverages reported significant growths due to increased activities. Conversely, cement production declined during the month on account of slowdown in construction activities, while iron ore output remained unchanged as a result of inventory adjustment.

Headline inflation in May 2022 moderated slightly to 6.2 percent in May 2022, driven largely by exchange rate appreciation during the month under review. However, on a month-on-month basis, headline inflation rose to 2.0 percent mainly reflecting rise in imported fuel, which impacted the prices of several commodities in the Consumer Price Index (CPI).

The monetary policy stance of the Central Bank of Liberia (CBL) continued to be anchored on price stability, mainly through the management of Liberian dollar liquidity. As part of its monetary policy operations, the Bank issued bills at tenors of two-week, one-month, and three-month at an effective annual rate of 20.0 percent during the review month.

At end-May 2022, broad money (M2) supply rose by 2.3 percent to L\$142.46 billion, driven by 39.3 percent and 4.1 percent increases in other deposits and demand deposits, respectively on the liability side. On the asset side, the rise was largely due to 10.6 percent growth in net domestic assets (NDA). However, the stock of Liberian dollars in circulation increased to L\$22.73 billion on account of 13.6 percent increase in currency in banks.

The financial soundness indicators of the banking system remained mostly favorable during the review period as banks were largely in compliance with most of the regulatory requirements of the CBL. The Capital Adequacy Ratio (CAR) stood at 29.22 percent well above the minimum regulatory requirements, while Return on Assets (ROA) and Return on Equity (ROE) stood at 1.85 percent and 11.32 percent, respectively, at end-May 2022. The liquidity ratio fell by 1.2 percentage points to 45.35 percent to remain well above its minimum regulatory requirement of 15.00 percent. The ratio of non-performing loans to total loan decreased by 3.52 percentage points to 19.17 percent during the review month.

From provisional fiscal sector statistics, Government of Liberia (GoL's) fiscal operations resulted to a surplus of 0.8 percent of GDP in May 2022, mainly on account of significant rise in revenue.

When compared with the corresponding period a year ago, developments in the currencies of the WAMZ revealed that all currencies in the zone depreciated against the United States dollars with the exception of the Liberian dollar and the Guinea Franc. The depreciations were as follows: the Sierra Leonean Leone, the Ghana Cedi, the Gambian Dalasi, and Nigerian Naira by 26.9 percent, 25.2 percent, 13.7 percent, and 13.1 percent, respectively. The Liberian dollar and Guinea Franc appreciated against the United States dollar by 13.1 percent and 6.1 percent, respectively.

Table 7: WAMZ Countries End-of-Period & Liberian dollar (LRD) Average Exchange Rates per United States dollar (USD)

Currency	21-May	22-Mar	22-Apr	22-May	Appr (+)/Depr (-)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
	Currency per USD					
GHC	5.73	7.11	7.11	7.66	(7.1)	(25.2)
GMD	49.88	53.78	56.11	57.80	(2.9)	(13.7)
GNF	9,806.67	8,807.87	8,697.08	9,246.02	(5.9)	6.1
LRD	171.42	152.72	151.39	151.62	(0.2)	13.1
NGN	386.68	415.75	415.26	445.04	(6.7)	(13.1)
SLL	10,238.62	11,859.94	12,596.23	13,998.93	(10.0)	(26.9)
Avg Period						
LRD	171.29	153.56	152.10	151.15	0.6	13.3

Source: CBL, WAMA: www.amao-wama.org/

GHC - Ghanaian cedi; LD - Liberian dollar; GMD - Gambian dalasi; GNF - Guinean franc; NGN - Nigerian naira; SLL—Sierra Leonean leone; USD – United States dollar

7.0 GLOBAL COMMODITY PRICE DEVELOPMENTS

Overall, commodity price indices for food commodities, energy and non-energy commodities declined in May 2022. Food commodity price index decreased by 0.6 percent, about 3 basis points below the index recorded in April 2022. Energy and non-energy commodity index decreased by 6.0 percent.

7.1 Iron Ore

The price of iron ore decreased by 13.2 percent to US\$131.21 per metric ton in May 2022, from the US\$151.25 per metric ton reported in April 2022. This development was mainly influenced by recession fear faced by the global economy influenced by shutdown in China over second COVID-19 alert, and prospect of aggressive rate hike by the Federal Reserve to stamp out inflation in the US economy. Compared with the price in May 2021, iron ore price plummeted by 36.8 percent, from US\$207.72 per metric ton.

The five main sources of imports to Liberia during the review period were China, India, United Arab Emirates, USA, and Turkey accounting for 53.01 percent of total import payments. Import payments to China (mainly for the purchase of Machinery & Transport equipment) increased by US\$12.54 million to US\$19.12 million, Payments to India (mainly for the purchase of machinery and transport equipment) declined by US\$11.37 million to US\$10.30 million; payments to the United Arab Emirates (mainly for the purchase of minerals, fuels and Lubricants) rose by US\$1.56 million to US\$4.52 million, payments to The United States of America (mainly for the purchase of machinery and transport equipment) decreased slightly by US\$0.03 million to US\$4.32 million, while payments to Turkey (mainly for the purchase of Food and Live Animals) also dropped slightly by US\$0.08 million to US\$3.68 million from the amount recorded in the previous period.

6.3 Personal Remittances

During the month of May 2022, net inflows of personal remittances declined by 15.2 percent to US\$16.0 million (0.4 percent of GDP), compared to the amount recorded in April 2022. Similarly, inward remittances declined by 10.1 percent to about US\$23.0 million, but outward remittances rose by 4.0 percent to about US\$7.0 million, relative to the amounts in the preceding month.

6.4 Gross International Reserves

Gross International Reserves (GIR) amounted to US\$604.30 million (15.3 percent of GDP) at end-May 2022, from the US\$641.50 million (18.3 percent of GDP) recorded at end-April 2022, mainly driven by decrease in SDR holdings and reserves. However, the months of import cover rose to 5.2 months, from the 3.3 months recorded in April 2022, due mainly to significant decline in payments for imports and services. This also showed that the recorded months of import cover exceeded the ECOWAS minimum regional threshold (3 months) by 2.2 months (Table 6).

6.5 Exchange Rate Developments

The Liberian dollar (on period average) continued to be broadly stable against the United States dollar when compared to a month ago. The Liberian dollar slightly appreciated, on average, by 0.6 percent to L\$151.15/US\$1.00, from L\$152.10/US\$1.00 reported for April 2022.

On the regional front, Analysis of the end-of-period (EOP) exchange rate developments relative to the currencies of member states in the West African Monetary Zone (WAMZ) demonstrated that all currencies in the zone depreciated against the United States Dollar. The Ghanaian cedi, The Gambian dalasi, the Sierra Leonean leone, the Nigerian naira, the Guinea franc and the Liberian dollar depreciated against the United States (US) dollar by 7.1 percent, 2.9 percent, 10.0 percent, 6.7 percent, 5.9 percent, and 0.2 percent at end-May 2022, respectively.

The stock of public debt marginally increased by 2.9 percent to 47.3 percent of GDP at end-May 2022, due to growths in both domestic and external debts.

In the external sector, the merchandise trade deficit improved by 0.2 percent of GDP in May 2022, mainly on account of decrease in import payments. Similarly, total merchandise trade decreased to 4.8 percent of GDP, on account of decrease in import payments which outweighed the decrease in exports receipts.

At end-May 2022, the Gross International Reserves (GIR) totaled US\$604.30 million (15.3 percent of GDP) at end-May 2022, reflecting downward movement in Special Drawing Rights (SDRs) holdings and reserves coupled with growth in CBL's net liquid US dollar denominated liabilities. The months of import cover increased to 5.2 months, largely on account of reduction in payments for imports and services and remained well above the ECOWAS minimum threshold of 3 months.

The Liberian dollar remained broadly stable during the month due to the Central Bank of Liberia's (CBL) monetary policy stance. On the regional front, in terms of exchange rate developments, all the West African Monetary Zone (WAMZ) currencies in the review period relative to the previous month depreciated against the United States dollar.

The Ghanaian cedi, The Gambian dalasi, the Sierra Leonean leone, the Nigerian naira, the Guinea franc and the Liberian dollar depreciated against the United States (US) dollar by 7.1 percent, 2.9 percent, 10.0 percent, 6.7 percent, 5.9 percent, and 0.2 percent at end-May 2022, respectively.

3.0 REAL SECTOR & PRICE DEVELOPMENTS

3.1 Production Analyses of Key Commodities

Production statistics of key commodities showed improved performance in May 2022 compared to April 2022. Compared to the preceding period, the output of gold, diamond, rubber, and beverages showed an increase, while cement outputs decreased, but iron ore output remained unchanged due to inventory adjustment.

In the mining sector, gold output rose by 61.6 percent to 41,530 ounces, from 25,700 ounces produced in April 2022. The rise in gold production for the month was underpinned by increased mining activities by industrial gold miners. Diamond output surged to 5,098 carats, from 1,229 carats produced in the preceding month. The increase in diamond output was due to favorable mining conditions. Iron ore output remained unchanged at 450,000 metric tons compared to the volume recorded a month ago.

In the manufacturing subsector, beverages (alcoholic and nonalcoholic) output rose by 2.4 percent due to increased demand. Cement production declined by 24.1 percent to 48,793 metric tons, from 64,306 metric tons produced in the previous month due to slowdown in construction activities as the result of the rainy season. In the agriculture subsector, rubber output increased by 5.1 percent to 7,524 metric tons. The rise in output of rubber was due to increased harvest of the commodity from small farm holders. Compared with the corresponding month in the year 2021, outputs of all key commodities showed improvement.

3.2 Consumer Prices

Headline inflation in May 2022 further moderated slightly to 6.2 percent, from 6.3 percent in the preceding month. The moderation in headline inflation was driven mainly by the fall in prices of housing, water, electricity, gas and other fuels, furnishings, household equipment & routine household maintenance, restaurant & hotel and alcoholic beverages, tobacco & narcotics components in the CPI basket. However, month-on-month rate of change in inflation increased to 0.8 percent, from negative 3.4 percent, mainly reflecting a monthly upward change in the prices of components in the food & non-alcoholic beverages, recreation & culture, and miscellaneous goods & services subgroups in the CPI basket (Table 1).

Core inflation¹ decreased by 2.1 percentage points to 8.2 percent in the month under review, from 10.3 percent in the previous month. The decrease was explained largely by the reduction in the prices of mainly non-food items, especially housing, water, electricity, gas and other fuels, furnishings, household equipment & routine household maintenance sub-groups. (Table 1).

Table 1: Production and Price Statistics

Production	May - 21	Mar. - 22	Apr. - 22	May- 22
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	430,000	450,000	450,000	450,000
Gold (Ounces)	16,062	27,060	25,700	41,530
Diamond (Carat)	4,311	14,991	1,229	5,098
Rubber (Metric ton)	7,390	6,150	7,160	7,524
Cement (Metric ton)	48,162	56,199	64,306	48,793

External Trade (Volume)				
Rubber (MT)	7,389.80	6,150.44	7,160.08	7,524.21
Iron Ore (MT)	165,267.88	361,577.50	343,534.67	335,306.12
Cocoa Beans (MT)	1,125.00	587.00	1,250.00	475.00
Palm Oil (MT)	5,159.00	3,128.00	2,114.00	3,295.00
Gold (Oz)	16,062.00	27,060.03	25,700.08	26,439.05
Diamond (Crt)	4,311.00	14,990.89	1,229.46	5,097.77
Petroleum Products (MT)	22,663.80	15,953.66	15,017.27	-
Rice (MT)	-	-	-	-
Other Indicators				
Net Foreign Reserves Position	33.7	411.1	374.2	337.5
Import (FOB)	108.89	115.74	155.65	79.12
Gross International Reserves (GIR) ²	312.4	686.0	641.5	604.3
Import covers (In Month)	2.5	4.5	3.3	5.2
Personal Remittances				
Inflows	27.29	33.60	25.55	22.96
Outflows	6.24	5.86	6.69	6.95
Net flows	21.04	27.74	18.87	16.01
Direction of Trade (DOT)				
Destination of Export	56.23	88.91	88.53	86.39
o/w Switzerland	25.56	44.46	44.58	43.11
o/w United States	0.47	3.66	13.63	23.05
o/w Belgium	3.43	6.69	3.70	9.31
o/w Spain	-	2.50	96.60	2.36
Sources of Import (fob)	108.89	115.74	155.65	79.12
o/w Cote d'Ivoire (Ivory coast)	11.45	22.01	6.58	19.12
o/w China	39.30	10.03	21.67	10.3
o/w India	1.58	1.33	2.96	4.52
o/w Japan	4.04	3.91	4.62	4.32
o/w United States of America	13.94	2.63	3.76	3.68

/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); * - provisional*

6.2 Direction of Trade (DOT)

Switzerland, France, the United States of America (USA) and Germany were the main destinations of Liberia's exports accounting for 90.1 percent of total export earnings. Export earnings from Switzerland (mainly gold) decreased by 3.3 percent to US\$43.11 million compared to the value recorded in the previous month. Earnings from France (predominantly iron ore) increased by US\$9.42 million to US\$23.05 million, and export earnings from the USA (mainly rubber) increased by US\$5.61 million to US\$ 9.31 million, and exports earnings from Germany (mainly iron ore) decreased by US\$94.24 million to US\$2.36 million during the review month.

6.0 EXTERNAL SECTOR DEVELOPMENTS

6.1 Merchandise Trade

Developments in the External sector showed that merchandise trade deficit narrowed in May 2022 from a deficit recorded in the previous period, while total trade decreased. Total merchandise trade decreased to US\$180.33 million (4.8 percent of GDP) in May 2022, from US\$260.28 million (6.9 percent of GDP) recorded in the preceding month, on account of decrease in import payments which outweighed the decrease in exports receipts. Merchandise trade deficit improved by US\$7.55 million (0.2 percent of GDP) to US\$75.65 million, from US\$83.22 million (2.2 percent of GDP) registered in April 2022, driven largely by decrease in import payments.

Export earnings fell by 2.4 percent to US\$86.39 million (2.3 percent of GDP) in May 2022, from US\$88.53 million (2.3 percent of GDP) in the preceding month, led by decrease in receipts from mainly gold and iron ore. Payments for merchandise imports decreased by 45.3 percent to US\$93.94 million (2.5 percent of GDP), from the US\$171.75 million (4.5 percent of GDP) reported in the preceding month, occasioned by decreases in payments for mainly Food and Live Animals (including Animals and vegetable oil) and Minerals, Fuels & Lubricants.

Table 6: External Sector Statistics

External Trade (Value)	May – 21	Mar. - 22	Apr. -22	May -22
	(Millions of US\$; Except Otherwise Indicated)			
Exports ^{1/}	56.23	88.91	88.53	86.39
Iron Ore	17.22	21.93	28.62	23.05
Rubber	8.15	8.05	8.46	10.41
Gold	25.62	45.53	44.71	43.91
Diamond	1.32	4.80	0.48	2.36
Cocoa Bean	0.08	0.39	1.25	0.11
Palm Oil	1.72	3.26	3.62	4.40
Other commodities	2.12	4.95	1.39	2.15
Imports (CIF) ^{1†}	120.67	130.82	171.75	93.94
Minerals, Fuel, Lubricants	10.80	43.23	84.99	7.47
o/w Petroleum Products	5.13	37.88	76.85	-
Food and Live Animals (incl. Animal and veg. oil)	46.99	21.44	42.61	21.52
o/w Rice	32.57	2.35	19.81	0.17
Machinery & Transport Equipment	28.87	32.15	19.01	27.77
Manufactured goods classified by materials	11.94	13.75	10.83	13.46
Other categories of imports	22.07	20.24	14.31	23.72
Trade Balance	(64.44)	(41.90)	(83.22)	(7.55)
Total Trade	176.90	219.73	260.28	180.33

Total Beverages (liter)	1,469,108	1,496,683	1,459,983	1,510,448
Alcoholic	1,333,621	1,339,019	1,294,445	1,347,716
Non-Alcoholic	135,487	157,663	165,536	162,732
Inflation	<i>(In percent)</i>			
Overall (Y-o-Y) Rate of Inflation	8.16	9.51	6.26	6.23
a. Food and Non-alcoholic Beverage Inflation	(4.04)	2.58	(2.39)	1.17
- Domestic Food Inflation	(4.13)	6.23	(2.74)	1.14
- Imported Food Inflation	(4.03)	(0.64)	(2.04)	1.03
b. Transport Inflation	7.97	22.77	12.95	13.38
c. Imported Fuels Inflation	4.22	44.34	34.62	35.47
Overall (M-o-M) Rate of Inflation	0.86	3.14	(3.41)	2.02
Core Inflation				
Inflation excluding Food & NAB ^{1/}	15.43	13.13	10.57	8.74
Inflation excluding Imported Food	11.14	11.76	8.09	7.30
Inflation excluding Domestic Food	11.69	11.02	8.84	7.75
Inflation excluding Food and Transport	16.44	11.90	10.27	8.16
Annual Gross Domestic Product (GDP)^{2/}				
Nominal (NGDP) (in millions US\$)	3,508.9	3,937.6	3,937.6	3,937.6
RGDP growth (in percent)	3.6	4.7	4.7	4.7

4.0 MONETARY DEVELOPMENTS

4.1 Monetary Policy Stance

In May 2022, the CBL's monetary policy stance was anchored on price stability with emphasis on the management of Liberian dollar liquidity. As part of the CBL's monetary policy operations, the Bank during the review month issued bills at tenors of two-weeks, one-month, and three-months at the annual policy rate (MPR) of 20.0 percent.

4.2 Monetary Aggregates

From preliminary monetary statistics, broad money (M2) supply grew by 2.3 percent to L\$142.46 billion at end-May 2022, from the L\$139.29 billion recorded at end-April 2022. From the liability side, this development was mainly driven by 39.3 percent and 4.1 percent increases in other deposits and demand deposits, respectively. Similarly on the asset side, the expansion was largely due to 10.6 percent growth in net domestic assets (NDA) led mainly by 4.5 percent increase in credit to private sector. Additionally, the stock of Liberian dollars in circulation slightly increased to L\$22.73 billion at end-May 2022, from L\$22.43 billion recorded at the end of the previous month. This rise was induced by 13.6 percent increase in currency in banks to L\$3.13 billion, from L\$2.76 billion recorded a month ago.

Loans extended to various sectors of the economy by commercial banks, in both currencies, increased during the review period. Loans denominated in Liberian dollar increased slightly by 0.6 percent to L\$5,358.27 million, on account of growths in loans to the agriculture, services, personal, and extractive subsectors while the US dollar denominated loans rose by 3.7 percent to US\$445.47 million, occasioned by increases in loans advanced to the construction, services, manufacturing, and trade subsectors.

Sectoral distribution of commercial banks' credits revealed that loans extended to the agriculture, services, personal, and extractive subsectors accounted for 27.5 percent of the total Liberian dollar denominated credits to the private sector. Moreover, construction, services, manufacturing, and trade subsectors constituted 62.1 percent of total United States dollar denominated credits to the private sector.

Commercial banks deposits converted to Liberian dollar (as a percent of GDP) grew by 21.4 percent at end-May 2022, from the 20.8 percent reported in the preceding month, mainly due to 4.1 percent and 39.3 percent increases in demand deposits and other deposits, respectively.

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	May. - 21	Mar. - 22	Apr. - 22	May. -22
	<i>In Millions of LD; Except Otherwise Indicated</i>			
Liberian Dollars in Circulation - (LD)	22,623.34	23,110.43	22,436.52	22,733.90
-o/w Currency in banks (LD)	1,779.17	3,418.66	2,755.02	3,129.82
Money Supply (M1) in LD only	33,453.60	32,753.41	32,549.45	32,870.66
Quasi Money in LD only	7,488.44	6,927.59	7,089.44	6,993.02
Broad money (M2) in LD only	41,000.72	40,115.27	39,734.25	40,135.75
Broad money (M2) (both LD and USD Converted to LD)	141,549.85	142,273.85	139,291.88	142,460.02
Net Foreign Assets (NFA) – LD	19,509.91	33,440.65	34,480.21	26,557.32
Net Domestic Assets (NDA) – LD	122,039.94	108,833.19	104,811.67	115,902.69
Currency outside banks – LD	20,844.17	19,691.77	19,681.50	19,604.08
Demand deposit – LD	77,849.74	74,687.24	75,571.68	78,651.53
Time & Savings deposits – LD	40,931.94	42,483.82	43,662.51	43,680.53
Other deposits – LD	1,924.00	5,411.02	376.19	523.87
Loans to Private Sector				
Commercial banks loans to private sector- USD	386.11	427.51	429.57	445.47
Commercial banks loans to private sector - LD	5,841.76	5,063.72	5,326.95	5,358.27

The marginal growth was attributed to a 6.0 percent rise in domestic debt and 0.8 percent increase in external borrowing. Domestic debt totaled US\$778.7 million (19.9 percent of GDP) while external borrowing was US\$1,082.5 million (27.5 percent of GDP) at end-May 2022.

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	May-21	Mar-22	Apr-22	May-22	M-O-M
	(Millions of USD)				(% Change)
Government Revenue	58.14	59.61	79.87	100.29	25.57
o/w Tax Revenue	38.08	51.27	41.51	38.53	(7.18)
o/w Taxes on Income & Profits	17.10	26.02	20.72	15.87	(23.40)
o/w Taxes on International Trade (Customs)	16.23	20.63	15.70	18.23	16.13
<i>o/w Non-tax Revenue</i>	18.39	7.20	38.36	11.76	(69.33)
o/w Property Income	17.04	5.39	36.65	10.25	(72.02)
o/w Administrative Fees, Penalties & Forfeits	1.35	1.82	1.72	1.51	(12.04)
<i>o/w Other Revenue (Including Grants)</i>	1.66	1.14	0.00	50.00	-
Government Expenditure	42.46	68.66	79.46	67.45	(15.12)
o/w Current Expenditure	35.41	60.72	63.13	60.31	(4.46)
o/w Compensation	15.28	19.73	28.14	13.59	(51.71)
o/w Goods and Services	17.58	34.29	26.49	39.99	50.96
o/w Capital Expenditure	0.00	1.85	0.93	0.95	2.51
o/w Payments on Loans, Interest & other charges	7.05	6.09	15.40	6.18	(59.86)
Overall Balance (Surplus+; Deficit -)	15.68	(9.05)	0.41	32.85	-
Total Debt Stock	1642.41	1806.78	1808.16	1861.17	2.93
o/w Domestic	669.45	744.88	734.59	778.72	6.01
o/w Financial Institutions	618.22	668.88	659.56	707.56	7.28
o/w Other Debts	51.24	76.00	75.02	71.16	(5.15)
o/w External	972.95	1061.90	1073.57	1082.45	0.83
o/w Multilateral	860.27	948.67	960.34	969.21	0.92
o/w Bilateral	112.68	113.24	113.24	113.24	0.00
Memo Items					
Government Revenue (% of GDP)	1.66	1.51	2.03	2.55	-
Government Expenditure (% of GDP)	1.21	1.74	2.02	1.71	-
Total Debt Stock (% of GDP)	46.81	45.89	45.92	47.27	-
NGDP (at Level)	3508.90	3937.60	3937.60	3937.60	-

Source: CBL calculation using MFDP's data
*Projections

Table 4: Selected Financial Soundness Indicators (FSIs)

Financial Soundness Indicators	May- 21	Mar. -22	Apr. -22	May. -22
	<i>(In Billions of Liberian Dollar)</i>			
Total Gross Loans	76.47	73.51	73.34	60.35
Total Non-performing Loans	19.60	17.50	16.58	11.57
Non-performing Loans to Total Gross Loans (ratio)	25.63	24.00	22.69	19.17
Gross Loan (percent change)	0.34	2.76	(0.23)	(17.71)
Non-performing Loans (percent change)	4.81	6.16	(5.26)	(30.22)
Returns on Assets (ROA)	1.08	0.71	0.90	1.85
Returns on Equity (ROE)	7.01	4.11	5.81	11.32
Liquidity Ratio***	48.61	40.17	46.64	45.35
Capital Adequacy Ratio (CAR)****	30.77	30.65	29.22	29.22

Source : CBL

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

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

5.0 FISCAL SECTOR DEVELOPMENTS

5.1 Total Revenue and Expenditure

Provisional statistics on GOL's fiscal operations revealed significant improvement in the overall balance (OB) with a surplus of US\$32.9 million (0.8 percent of GDP) recorded relative to the US\$0.4 million (approximately 0.0 percent of GDP) surplus reported in the preceding month. This development was on account of significant growth in total government revenue.

Total revenue expanded by 25.6 percent to US\$100.3 million (2.6 percent of GDP), from the US\$79.9 million (2.0 percent of GDP) reported in April 2022, driven by growth in other revenues inclusive of grants. Other revenue (inclusive of growth) increased significantly by over one hundred percent to US\$50.0 million (1.3 percent of GDP). However, there was reduction in both tax and non-tax receipts during the month. Tax receipt totaled US\$38.5 million (1.0 percent of GDP), decreasing by 7.2 percent on account of 23.4 percent decrease in taxes on income & profit. Non-tax revenue also decreased by 69.3 percent to US\$11.8 million (0.3 percent of GDP), largely on account of reductions in property income and administrative fees & penalties.

Total government expenditure decreased by 15.1 percent to US\$67.5 million (1.7 percent of GDP), from US\$79.5 million (2.0 percent of GDP), largely driven by a 4.5 percent and a 59.9 percent decreases in current expenditure and payments on loans, interest & other charges, respectively. Current expenditure amounted to US\$60.3 million (1.5 percent of GDP) from the US\$63.1 million (1.6 percent of GDP) reported in April 2022. Payments on loans, interest & other charges totaled US\$6.2 million (0.2 percent of GDP). Capital expenditure, however, marginally grew by 2.5 percent to US\$1.0 million (approximately 0.0 percent of GDP).

5.2 Total Public Debt

Liberia's stock of public debt marginally increased by 2.9 percent to US\$1,861.2 million (47.3 percent of GDP) at end-May 2022, from the US\$1,808.1 million (45.9 percent of GDP) reported at end-April 2022.

<i>Demand Deposits of commercial banks</i>				
Demand deposits – USD	380.58	403.51	414.19	431.25
Demand deposits – LRD	12,609.43	13,061.64	12,867.95	13,266.58
Time & savings deposits – USD	195.09	232.82	241.58	241.97
Time & savings deposits – LRD	7,488.44	6,927.59	7,089.44	6,993.02
Other Deposits**				
Actual US\$ component of other deposits	10.88	32.59	1.86	1.66
Liberian \$ component of other deposits	58.68	434.27	95.36	272.08
Total Deposits (both USD & LRD) converted to LRD ¹	120,705.68	122,582.08	119,610.38	122,855.94
Liberian Dollar share of Broad Money	28.97	28.20	28.53	28.17

‡ - Reserves excluding ECF borrowing from the IMF;

* - estimate/projection

** - Other Deposits Including Official and Manager Checks;

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

4.3 FINANCIAL MARKET (FM) DEVELOPMENTS

The Bank continued its financial market operations in May 2022 with issuances of the CBL bills in support of its monetary policy objectives.

During the review period, the total CBL bills issued reduced by 21.5 percent to L\$3,791.83 million, compared to the L\$4,832.79 million issued in April 2022. Of the total amount issued, commercial banks' subscriptions amounted to L\$3,710.24 million, while total retail investors issuance stood at L\$81.59 million. Additionally, the total redemption for the month amounted to L\$3,791.83 million.

There was no issuance of Government of Liberia (GoL) Treasury securities during the month under review. However, the total outstanding T-bond United States dollars remained at US\$49.54 million, while the outstanding principal on Liberian dollar T-Bond remained unchanged at L\$6,000.00. The GOL made repayment principal of US\$2.0 million and interest payment of US\$0.07 million on US dollar T-bills, reducing its outstanding to US\$45.59 million with Liberian Treasury bills remaining unchanged at L\$2,437.72 million.

The lending, average savings, and time deposit rates remained unchanged at 12.4 percent, 2.1 percent, and 3.5 percent, respectively, during the month under review. However, money markets instruments such as repo were not traded during the period. In the interbank operations, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among banks for international and intra-country transactions.

The non-interest-bearing nature of the swap continued during the month to compensate for the risks and high cost involved in cash transfers and transshipment with international corresponding banks, and bank branches in Liberia (See Table 3).

Table 3: Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	May- 21	Mar. - 22	Apr. - 22	May. 22
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	0.00	0.00	0.00	0.00
Redemption during the month (coupon rate)	0.00	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	0.00	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	na	na	na	na
Bills Purchased per month on EAR basis	2,836.20	3,920.47	4,832.79	3,791.83
Redemption during the month (EAR basis)	2,664.88	3,920.47	4,832.79	3,791.83
Bill Outstanding (EAR basis)	6,275.48	7,000.00	7,000.00	7,000.00
Effective Annual Rate (EAR)	25.00	20.00	20.00	20.00
Total Purchases (coupon rate & EAR)	2,836.20	3,920.47	4,832.79	3,791.83
Total Redemption (coupon rate & EAR)	2,664.88	3,920.47	4,832.79	3,791.83
Total Outstanding Bills (coupon rate & EAR)	6,275.48	7,000.00	7,000.00	7,000.00
CBL Foreign Exchange Auction ¹	<i>(In Millions of United States Dollar)</i>			
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	<i>(In Millions of Liberian Dollar)</i>			
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	1,250.26	2,437.72	2,437.72	2,437.72
Net Treasury Bills Operations [^] withdrawal (+)/Injection (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	5.00	5.00	5.00	5.00
T- Bills Issued (In USD)	0.00	40.00	0.00	0.00
T- Bills Principal payment (In USD)	0.00	12.00	0.00	2.00
T- Bills interest payment (In USD)	0.00	0.209	0.00	0.07
T-Bills Outstanding	5.52	47.66	47.66	45.59
Ave. Weighted Discount Rate (T-Bills)	6.50	7.16	7.16	7.00
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
Coupon Payment	264.08	0.00	0.00	0.00

Outstanding coupon on Treasury Bond	480.00	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
Treasury Bond Issued (USD)	0.00	0.00	0.00	0.00
Treasury Bond Principal Payment	3.08	0.00	9.32	0.00
Treasury Bond Outstanding (In USD) (Coupon and Principal)	51.65	59.79	49.54	49.54
Coupon Payments (USD)	0.37	0.00	0.93	0.00
Outstanding coupon on Treasury Bond	51.65	59.79	49.54	49.54
Total T-Bond Outstanding (Coupon & Principal In USD)	0.00	0.00	0.00	0.00
	<i>(As specified)</i>			
SCF rate	30.00	25.00	25.00	25.00
SCF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight rate	0.05	0.05	0.05	0.00
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
	<i>(As specified)</i>			
	<i>Interest Rates</i>			
- Lending rate	12.44	12.44	12.44	12.44
<i>Average Deposit rates</i>				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
	<i>Money Markets Instrument (In percent)</i>			
Repo	0.00	0.00	0.00	0.00
Swap lending	0.00	2.00	2.00	2.00

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

4.4 BANKING SECTOR DEVELOPMENTS

The banking industry remained basically in compliance with the sector's regulatory requirements. Compared to the previous month, Return on Assets (ROA) increased by 0.95 percentage point to 1.85 percent and Return on Equity (ROE) grew by 5.51 percentage points to 11.32 percent. Capital Adequacy Ratio (CAR) stood at 29.22 percent during the period under review and remained constant when compared with the previous month. The CAR also remained above the minimum regulatory requirement of 10.0 percent by 19.22 percentage points. On the other hand, the liquidity ratio declined by 1.29 percentage points to 45.35 percent but remained above the minimum regulatory requirement of 15% with 30.35 percentage points.

The decrease in gross loans during the month was due to a slowdown on extending of new loans and advances. The ratio of non-performing loans to total loans decreased by 3.52 percentage points to 19.17 percent, against the 10.0 percent regulatory tolerable limit.