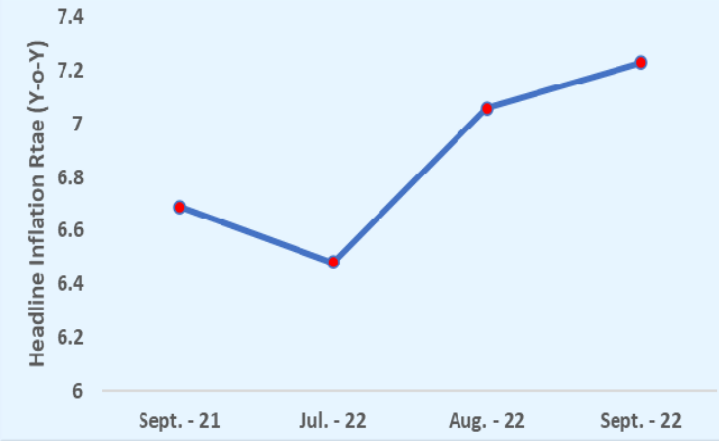




CENTRAL BANK OF LIBERIA

MONTHLY ECONOMIC REVIEW



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7.8 Rice

The price for rice rose by 1.8 percent to US\$439.00 per metric ton, from US\$431.00 per metric ton in the previous month, on account of improved supply-chain conditions mainly related to the Russia-Ukraine war. On an annualized basis, the price of the commodity increased by 9.8 percent, from US\$400.00 per metric ton in September 2021.

7.9 Cocoa Beans

Cocoa beans price fell by 1.3 percent to US\$2,290.00 per metric ton, from US\$2,320.00 per metric ton August 2022. Similarly, compared to September 2021, the price of cocoa beans declined by 10.6 percent, from US\$2,560.00 per metric ton.

7.10 Commodity Outlook

Outlook for commodity prices remains volatile for October 2022. Prospects of a continuous slowdown in the global economy may continue to impact movements in commodity prices, particularly for those of manufacturing output that require industrial material inputs. Current expectation of industrial output decline is keeping demand for commodities on a downside on the global commodity market.

World Bank Commodity Outlook forecasts for October 2022 showed price indices for both energy (crude oil, and coal, etc.), non-energy (iron ore) commodities as well as agricultural products (beverages & food) are expected to fall.

Table 8: Global Commodity Prices

GLOBAL PRICE	Sept-21	Jul-22	Aug--22	Sept-22	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	124.52	108.57	108.85	99.80	(8.31)	(19.85)
Gold (US\$/Oz)	1,775.14	1,732.74	1,764.56	1,680.78	(4.75)	(5.32)
Rubber (US\$/MT)	1,790.00	1,780.00	1,610.00	1,480.00	(8.07)	(17.32)
Cocoa Beans (US\$/MT)	2,560.00	2,240.00	2,320.00	2,290.00	(1.29)	(10.55)
Palm Oil (US\$/MT)	1,181.38	1,056.64	1,025.95	909.32	(11.37)	(23.03)
Crude Oil (US\$/BBL)	72.80	105.08	95.97	88.22	(8.08)	21.18
Food Price Index (FAO)	129.20	140.70	137.00	136.00	(0.73)	5.26
Rice_5% broken (US\$/MT)	400.00	418.00	431.00	439.00	1.86	9.75
Sugar (US\$/MT)	430.00	400.00	390.00	390.00	-	(9.30)
Commodity Price Index	172.77	228.70	240.96	219.04	(9.10)	26.78

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

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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 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 09.

2.0 OVERVIEW

Analysis of key production statistics showed declines in outputs for diamond (by 97.1 percent), rubber (by 4.5 percent), cement (by 17.7 percent), and beverages (by 43.4 percent) in September 2022 relative to the preceding month, largely due to unfavorable weather conditions, inventory spillover, and weak demand. However, gold output grew by 25.3 percent while iron ore output remained unchanged at 350,000 metric tons during the month under review.

Though headline inflation slightly increased by 0.1 percentage point to 7.2 percent in September 2022, consumer prices remained relatively stable during the month mainly explained by broad exchange rate stability, and the prudent monetary policy stance of the Central Bank of Liberia (CBL).

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

Broad money (M2) supply increased by 3.8 percent to L\$152.28 billion at end-September 2022, from the L\$146.77 billion recorded at end-August 2022. This development, on the liability side, was driven mainly by increases in demand deposits, and time and saving deposits, while on the asset side, it reflected increased credit to both government and the private sectors.

The financial soundness indicators of the Liberian banking system remained favorable during the review period as commercial banks were largely in compliance with most of the regulatory requirements of the CBL. The Capital Adequacy Ratio (CAR) grew to 34.03 percent well above the minimum regulatory requirement of 10.0 percent, while the liquidity ratio increased to 41.63 percent above its minimum regulatory requirement of 15.0 percent. Return on Assets (ROA) and Return on Equity (ROE) increased by 1.68 percent, and 11.43 percent, respectively, while the ratio of non-performing loans to total loans slightly increased by 0.55 percentage points to 23.43 percent during the month under review.

Provisional statistics showed that the Government of Liberia's (GOL) fiscal operations resulted to an overall deficit of 0.8 percent of GDP in September 2022, mainly on account of a decrease in total revenue supported by growth in total government expenditure. The stock of public debt increased by 0.1 percent to US\$1,957.4 million (49.7 percent of GDP) at end-September 2022, on account of growth in external debt.

7.2 Gold

The price of gold plummeted by 4.8 percent to US\$1,680.78 per ounce in September 2022, from US\$1,764.56 per ounce in the previous month. The decrease in the commodity price was mainly driven by yields on US government bond and rise in US dollar Index. Year-on-year comparison showed that the price was down by 5.3 percent, from the US\$1,775.14 per ounce recorded in September 2021.

7.3 Crude oil (Petroleum) price

The price of petroleum declined by 8.1 percent to US\$88.22 per barrel, from US\$95.97 per barrel in August 2022. COVID-19 lockdown in China and industrial slowdown in economies of OECD countries drove the reduction in the price of the commodity. Compared to September 2021, the price of petroleum was up by 21.2 percent, from US\$72.80 per barrel.

7.4 Rubber

Rubber price declined by 8.1 percent to US\$1,400.00 per metric ton, from the US\$1,610.00 per metric ton recorded in August 2022. The decrease in the price of the commodity followed fear of the global economy sliding into recession due to interest rates hike in the US and other advance economies. Year-on-year comparison showed that rubber price decreased by 17.3 percent, from US\$1,790.00 per metric ton in September 2021.

7.5 Food Price (FAO)

FAO food price index (FFPI) fell by 0.7 percent to US\$136.00 compared to the US\$137.00 reported in August 2022. The downward trend of the FFPI followed falls in prices of vegetable oil as a result of increase in supplies. However, the FFPI remained higher by 5.3 percent on a year-on-year comparison, from US\$129.20 in September 2021.

7.6 Sugar

The price of sugar in September 2022 remained unchanged at US\$390.00 per metric ton relative to the price in the preceding month. Annual comparison showed that the price of the commodity shrank by 9.3 percent, from US\$430.00 per metric ton in September 2021.

7.7 Palm oil

The price of palm oil declined by 11.3 percent to US\$909.32 per metric ton, from US\$1,025.95 per metric ton in August 2022. Compared with the same period a year ago, the price of palm oil fell by 23.0 percent, from US\$1,181.38 per metric ton.

Compared with the corresponding period in 2021, four of the WAMZ currencies depreciated against the US dollars. The cedi, leone, dalasi, and naira depreciated by 38.6 percent, 32.3 percent, 14.1 percent, and 5.1 percent, respectively, at end- September 2022. Conversely, the Guinean franc and the Liberian dollar recorded appreciation against the US dollar by 12.9 percent and 11.2 percent during the month, respectively.

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

Currency	Sep-21	Jul-22	Aug-22	Sep-22	Appr (+)/Depr (-)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
	Currency per USD					
GHC	5.87	7.56	8.23	9.56	(13.9)	(38.6)
GMD	52.29	54.12	56.55	60.86	(7.1)	(14.1)
GNF	9,710.65	8,610.44	8,591.37	8,604.37	(0.2)	12.9
LRD	170.93	153.38	153.83	153.77	0.0	11.2

NGN	410.30	415.46	422.88	432.37	(2.2)	(5.1)
SLL	10.58	13.91	10.88	15.62	(30.3)	(32.3)
Avg Period						
LRD	171.38	153.14	153.61	153.92	(0.2)	11.3

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

In September 2022, commodity price indices for food commodities, and energy & non-energy commodities declined. The food commodity price index decreased by 0.7 percent relative to the preceding month, while the energy & non-energy commodity index decreased by 9.1 percent.

7.1 Iron ore

The price of iron ore declined by 8.3 percent to US\$99.80 per metric ton, from US\$108.85 per metric ton in August 2022. The fall in the price of the commodity largely followed the decline in sales in the real estate market in China. Year-on-year comparison showed the price of iron ore fell by 19.8 percent, from the US\$124.5 recorded in September 2021.

In the external sector, the merchandise trade deficit widened by 15.2 percent to US\$65.07 million (1.7 percent of GDP) in September 2022, while total merchandise trade reduced by 1.6 percent to US\$237.81 million mainly driven by decline in exports as import payments slightly grew. The Gross International Reserves (GIR) increased to US\$594.1 million (15.1 percent of GDP) at end-September 2022, largely driven by increases in foreign liquid assets excluding SDR holdings and reserves. Consequently, the months of import cover remained well above the regional benchmark of 3.0 months at 3.4 months. Net inflows of personal remittances increased by 7.8 percent to US\$21.7 million (0.6 percent of GDP) in September 2022, driven by 7.9 percent growth in inward remittances.

The Liberian dollar remained broadly stable during the month due mainly to the Central Bank of Liberia's (CBL) contractionary monetary policy stance coupled with increase in inward personal remittances. On the regional front, exchange rate developments relative to currencies of the West African Monetary Zone (WAMZ) also showed that the Liberian dollar was stable against the US dollar at end-September 2022 compared to the other states currencies that depreciated.

3.0 REAL SECTOR & PRICE DEVELOPMENTS

3.1 Production Analyses of Key Commodities

Production statistics of key commodities revealed significant declines in output performance on average in September 2022 compared to the preceding month. Except for gold, the output of diamond, rubber, cement, and beverages decreased, while iron ore remained unchanged relative to the preceding month.

In the mining subsector, except for gold output which grew by 25.3 percent to 31,167 ounces, diamond significantly fell by 97.1 percent to 178 carats during the review month, while iron ore output remained unchanged at 350,000 metric tons relative to the output reported in August 2022. The improved output performance for gold was explained largely by favorable weather conditions during the period coupled with increase in demand for the commodity. Conversely, the decline in diamond output mainly reflected inventory spillover.

For the manufacturing subsector, beverages (alcoholic and nonalcoholic) production fell by 43.4 percent to 796,812 liters, from the 1,408,530 liters reported during the previous month. This development was on account of an increase in the cost of production (mainly related to high energy costs), coupled with weak demand. Of total production during the month, alcoholic beverages accounted for 90.9 percent while non-alcoholic beverages constituted 9.1 percent. Similarly, cement production declined by 17.7 percent to 23,887 metric tons, from the 29,017 metric tons produced in the previous month, driven by slowdown in construction-related activities mainly influenced by consistent rainfall.

In the agriculture subsector, rubber output declined by 4.5 percent to 4,696 metric tons, from the 4,919 metric tons reported in the previous month. This development was mainly explained by the difficulties encountered by small farm holders in the harvest of the commodity due to heavy rainfall and demotivated prospects.

During the month under review, core inflation¹ increased by 1.0 percentage point to 9.2 percent in September 2022, from the 8.2 percent recorded in the preceding month. The rise was largely induced by increases in the prices of non-food-related items.

Table 1: Production and Price Statistics

Production	Sept. - 21	Jul. - 22	Aug. - 22	Sept. - 22
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	364,000	350,000	350,000	350,000
Gold (Ounces)	21,689	29,167	24,870	31,167
Diamond (Carat)	5,004	2,682	6,188	178
Rubber (Metric ton)	4,132	4,012	4,919	4,696
Cement (Metric ton)	51,036	33,314	29,017	23,887
Total Beverages (liter)	1,159,801	1,304,610	1,408,530	796,812
Alcoholic	1,025,058	1,172,259	1,258,882	724,582
Non-Alcoholic	134,743	132,351	149,648	72,230

Other Indicators				
Net Foreign Reserves Position	377.4	333.0	281.1	335.0
Import (FOB)	94.71	132.98	133.23	137.86
Gross International Reserves (GIR) ²	649.1	587.1	548.8	594.1
Import covers (In Month)	5.2	3.3	3.2	3.4
Personal Remittances				
Inflows	27.0	28.2	26.5	28.6
Outflows	8.2	7.6	6.3	6.8
Net flows	18.8	20.6	20.2	21.7

/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 Personal Remittances

Net inflows of personal remittances increased by 7.8 percent to US\$21.7 million (0.6 percent of GDP) in September 2022, from the US\$20.2 million (0.5 percent of GDP) recorded in August 2022, driven by 7.9 percent growth in inflow of remittances which outweighed the 8.5 percent increase in outflows. Inflows of remittances grew to US\$28.6 million during the month under review, from US\$26.5 million, while outflows of remittances increased to US\$6.8 million from the US\$6.3 million recorded in the preceding month.

6.3 Gross International Reserves

Gross International Reserves (GIR) rose by 8.3 percent to US\$594.1 million (15.1 percent of GDP) at end-September 2022, from the US\$548.8 million (13.9 percent of GDP) recorded at end-August 2022, mainly driven by increase in foreign liquid assets excluding SDR holdings and reserves. Similarly, the months of import cover grew to 3.4 months, from the 3.2 months recorded in August 2022, mainly attributed to growth in GIR. The recorded months of import cover exceeded the ECOWAS minimum regional threshold of 3 months by 0.4 (Table 6).

6.4 Exchange Rate Developments

The period average exchange rate for the Liberian dollar slightly depreciated against the United States dollar by 0.2 percent to L\$153.92/US\$1.00 in September 2022, from the L\$153.61/US\$1.00 rate reported in August 2022. This development was largely due to increased demand for foreign exchange to restock as the festive season draws closer.

Relative to end-period exchange rate developments in the West African Monetary Zone (WAMZ) member states, the Liberian dollar showed broad stability at L\$153.8/US\$1.00 on a month-on-month basis compared with all the other currencies in the zone that depreciated against the United States dollar. The Sierra Leonean leone depreciated by 30.3 percent; the Ghanaian cedi by 13.9 percent; The Gambian dalasi by 7.1 percent; the Nigerian naira by 2.2 percent; and the Guinean franc by 0.2 percent at end-September 2022.

6.0 EXTERNAL SECTOR DEVELOPMENTS

6.1 Merchandise Trade

Developments in the External sector showed that the merchandise trade deficit increased, while total merchandise trade declined in September 2022.

The merchandise trade balance widened by 15.2 percent to a deficit of US\$65.07 million (1.7 percent of GDP) during the month under review, from the US\$56.47 million (1.4 percent of GDP) reported in August 2022. This development was driven largely by decline in export proceeds coupled with growth in import payments. Additionally, total merchandise trade plummeted by 1.6 percent to US\$237.81 million (6.0 percent of GDP), from the US\$241.59 million (6.1 percent of GDP) recorded in the preceding month, mainly due to decrease in exports receipts.

Export earnings shrank by 6.7 percent to US\$86.37 million (2.2 percent of GDP), from the US\$92.56 million (2.4 percent of GDP) recorded in August 2022. The decrease was primarily due to reductions in proceeds from iron ore by 23.2 percent, gold by 11.6 percent, and diamond by 39.3 percent as rubber exports grew by 43.4 percent. Conversely, payments for merchandise imports grew by 1.6 percent to US\$151.44 million (3.8 percent of GDP), from the US\$149.03 million (3.8 percent of GDP) reported in the preceding month, occasioned mainly by increase in payments for minerals, fuel & lubricants (mostly petroleum products) as payments for the other major imports' categories fell.

Table 6: External Sector Statistics

External Trade (Value)	Sept - 21	Jul - 22	Aug - 22	Sept - 22
	(Millions of US\$; Except Otherwise Indicated)			
Exports ^{1/}	76.74	85.28	92.56	86.37
Iron Ore	31.72	19.01	27.45	21.08
Rubber	7.74	11.32	9.25	13.26
Gold	26.78	41.03	47.48	41.96
Diamond	1.89	1.76	2.62	1.59
Cocoa Bean	0.09	0.00	0.13	0.01
Palm Oil	4.00	6.67	1.84	2.30
Other Exports	4.54	5.48	3.78	6.17
Imports (CIF) ^{1†}	103.20	153.02	149.03	151.44
Minerals, Fuel, Lubricants	6.93	36.35	40.02	66.76
o/w Petroleum Products	0.88	28.15	34.52	60.05
Food and Live Animals (incl. Animal and veg. oil)	38.38	37.95	34.57	21.01
o/w Rice	22.46	17.65	1.15	1.15
Machinery & Transport Equipment	21.77	35.64	29.32	26.17
Manufactured goods classified by materials	13.08	18.75	20.64	17.65
Other categories of imports	15.58	17.69	14.56	10.50
Trade Balance	-26.47	-67.74	-56.47	-65.07
Total Trade	179.94	238.30	241.59	237.81

Inflation	(In percent)			
	6.69	6.48	7.06	7.23
Overall (Y-o-Y) Rate of Inflation	6.69	6.48	7.06	7.23
a. Food and Non-alcoholic Beverage Inflation	0.18	(0.98)	(3.85)	(5.12)
- Domestic Food Inflation	4.00	(4.51)	(9.43)	(6.38)
- Imported Food Inflation	(2.88)	1.94	1.12	(4.20)
b. Transport Inflation	1.16	48.71	48.09	47.89
c. Imported Fuels Inflation	1.95	55.54	50.99	49.01
Overall (M-o-M) Rate of Inflation	0.10	6.28	1.71	0.25
Core Inflation				
Inflation excluding Food & NAB ¹	10.14	10.01	12.36	13.19
Inflation excluding Imported Food	8.97	7.39	8.26	9.61
Inflation excluding Domestic Food	7.78	8.74	10.50	9.98
Inflation excluding Food and Transport	11.29	5.51	8.19	9.16
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)	5.0	3.7	3.7	3.7

4.0 MONETARY DEVELOPMENTS

4.1 Monetary Policy Stance

In the month of September 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 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

Provisional monetary statistics showed that broad money (M2) supply grew by 3.8 percent to L\$152.28 billion at end-September 2022, from the L\$146.77 billion recorded at end-August 2022. From the liability side, this development was occasioned mainly by 4.9 percent and 2.8 percent increases in demand deposits, and time & saving deposits, respectively. Additionally, from the asset side, the growth in M2 was due largely to 4.8 percent increase in net domestic assets (NDA) through domestic credit as credit to both government and the private sectors grew by 6.5 percent and 2.2 percent, respectively. Additionally, the stock of Liberian dollars in circulation rose slightly to L\$21.96 billion at end-September 2022, from the L\$21.76 billion recorded at the end of the previous month. The growth was induced by 1.9 percent increase in currency outside banks to L\$19.82 billion, from the L\$19.45 billion reported in August 2022.

All deposits converted to Liberian dollar (as a percent of GDP) rose by 0.6 percentage point to 21.9 percent at end-September 2022, from 21.3 percent reported in the previous month. The slight increase was largely explained by demand deposits and time & saving deposits, respectively.

Commercial banks' loans extended to various sectors of the economy in both currencies increased during the month under review. Loans denominated in Liberian dollar rose slightly by 0.5 percent to L\$5,375.77 million, on account of growth in loans to the oil and gas, personal, trade and extractive subsectors. Also, US dollar denominated loans grew by 4.2 percent to US\$473.90 million, on account of increases in loans advanced to the personal, services, construction, and agriculture subsectors.

Sectoral distribution of commercial banks' credits revealed that loans extended to oil & gas, personal individuals, trade, and extractive subsectors accounted for 73.3 percent of the total Liberian dollar denominated credits to the private sector. Additionally, personal, services, construction and agriculture subsectors constituted 54.7 percent of total United States dollar denominated credits to the private sector.

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	Sept. - 21	July. - 22	Aug. - 22	Sept. -22
	<i>In Millions of LD; Except Otherwise Indicated</i>			
Liberian Dollars in Circulation - (LD)	22,423.12	22,851.17	21,767.17	21,967.69
-o/w Currency in banks (LD)	1,112.56	3,680.41	2,307.94	2,138.89
Money Supply (M1) in LD only	32,228.05	34,061.47	33,980.70	35,864.97
Quasi Money in LD only	7,812.89	7,185.74	7,159.94	7,390.27
Broad money (M2) in LD only	40,110.22	41,336.42	41,292.13	43,376.96
Broad money (M2) (both LD and USD Converted to LD)	144,804.16	146,511.06	146,773.51	152,280.23
Net Foreign Assets (NFA) – LD	25,140.22	17,736.71	16,927.18	16,263.94
Net Domestic Assets (NDA) – LD	119,663.94	128,774.35	129,846.33	136,016.29
Currency outside banks – LD	21,310.57	19,170.75	19,459.23	19,828.79
Demand deposit – LD	78,953.97	81,045.75	82,280.89	86,275.61
Time & Savings deposits – LD	44,144.07	45,933.07	44,625.63	45,874.05
Other deposits – LD	395.55	361.48	407.76	301.77
Loans to Private Sector				
Commercial banks loans to private sector- USD	410.35	442.99	455.08	473.90
Commercial banks loans to private sector - LD	5,482.65	5,407.15	5,347.72	5,375.77
Demand Deposits of commercial banks				
Demand deposits – USD	398.03	431.31	440.49	456.79
Demand deposits – LRD	10,917.49	14,890.72	14,521.47	16,036.18
Time & savings deposits – USD	212.54	252.62	243.56	250.27
Time & savings deposits – LRD	7,812.89	7,185.74	7,159.94	7,390.27
Other Deposits**				
Actual US\$ component of other deposits	1.91	1.78	1.67	1.17
Liberian \$ component of other deposits	69.28	89.21	151.48	121.72

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	Sep-21	Jul-22	Aug-22	Sep-22	M-O-M
	(Millions of USD)				(% Change)
Government Revenue	41.31	51.14	52.16	37.28	(28.52)
o/w Tax Revenue	35.13	45.11	43.75	31.94	(26.98)
o/w Taxes on Income & Profits	14.33	18.03	20.55	13.53	(34.14)
o/w Taxes on International Trade (Customs)	17.06	18.26	19.19	15.87	(17.32)
o/w Non-tax Revenue	6.18	4.81	8.41	5.34	(36.52)
o/w Property Income	4.54	3.35	6.74	3.85	(42.81)
o/w Administrative Fees, Penalties & Forfeits	1.65	1.46	1.67	1.49	(11.20)
o/w Other Revenue (Including Grants)	0.00	1.22	0.00	0.00	0.00
Government Expenditure	73.90	92.54	65.23	69.06	5.86
o/w Current Expenditure	58.76	83.46	49.44	54.95	11.15
o/w Compensation	25.97	34.91	13.17	11.89	(9.69)
o/w Goods and Services	22.40	39.73	28.35	31.57	11.34
o/w Capital Expenditure	0.34	0.60	1.89	5.74	203.88
o/w Payments on Loans, Interest & other charges	14.79	8.48	13.91	8.37	(39.85)
Overall Balance (Surplus+; Deficit -)	(32.59)	(41.40)	(13.07)	(31.77)	
Total Debt Stock	1687.93	1910.73	1954.85	1957.36	0.13
o/w Domestic	692.24	816.04	836.59	835.79	(0.10)
o/w Financial Institutions	621.44	747.06	770.56	770.06	(0.06)
o/w Other Debts	70.80	68.97	66.02	65.73	(0.45)
o/w External	995.69	1094.69	1118.27	1121.57	0.30
o/w Multilateral	882.28	982.97	1006.55	1009.85	0.33
o/w Bilateral	113.41	111.72	111.72	111.72	0.00
Memo Items					
Government Revenue (% of GDP)	1.18	1.30	1.32	0.95	-
Government Expenditure (% of GDP)	2.11	2.35	1.66	1.75	-
Total Debt Stock (% of GDP)	48.10	48.53	49.65	49.71	-
NGDP (at Level)	3508.9	3937.6	3937.6	3937.6	-

Source: CBL calculation using MFDP's data

*Projections

Non-performing Loans to Total Gross Loans (ratio)	23.92	24.84	22.88	23.43
Gross Loan (percent change)	9.24	1.06	2.29	2.38
Non-performing Loans (percent change)	2.30	10.48	(5.01)	3.70
Returns on Assets (ROA)	1.79	1.39	1.58	1.68
Returns on Equity (ROE)	10.36	9.61	10.02	11.43
Liquidity Ratio***	43.69	39.94	40.04	41.63
Capital Adequacy Ratio (CAR)****	28.59	28.60	28.60	34.03

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 Government of Liberia's (GoL) fiscal operations showed that the overall balance (OB) amounted to a deficit of US\$31.8 million (0.8 percent of GDP) in September 2022 relative to the US\$13.07 million (0.3 percent of GDP) deficit reported in the preceding month. This development was due to a decrease in total revenue coupled with an increase in total government expenditure.

Total revenue fell by 28.5 percent to US\$37.3 million (1.0 percent of GDP), from the US\$52.2 million (1.3 percent of GDP) reported in August 2022, mainly due to decreases in tax and non-tax revenues. Tax revenue decreased by 27.0 percent to US\$31.9 million (0.8 percent of GDP). Similarly, non-tax receipts declined by 36.5 percent to US\$5.3 million (0.1 percent of GDP).

However, total expenditure increased by 5.9 percent to US\$69.1 million (1.8 percent of GDP), from the US\$65.2 million (1.7 percent of GDP) expended in the preceding month. The increase in expenditure was attributed to growths in both current and capital expenditure. Current and capital expenditure rose to US\$54.95 million and US\$5.74 million, respectively, while payments on loans, interest & other charges reduced by 39.9 percent to US\$8.4 million.

5.2 Total Public Debt

At end-September 2022, Liberia's stock of public debt grew by 0.1 percent to US\$1,957.4 million (49.7 percent of GDP), from the US\$1,954.8 million (49.7 percent of GDP) reported at end-August 2022, driven by increase in external debt. External debt amounted to US\$1,121.6 million (28.5 percent of GDP), while domestic debt totaled US\$835.8 million (21.2 percent of GDP).

This development was occasioned by 5.0 percent and 1.4 percent growths in domestic debt and external borrowings. Domestic and external debts totaled US\$817.7 million (20.8 percent of GDP), and US\$1,097.2 million (27.9 percent of GDP) at end-June 2022.

Total Deposits (both USD & LRD) converted to LRD ¹	123,493.59	127,340.31	127,314.28	132,451.43
Liberian Dollar share of Broad Money	27.70	28.21	28.13	28.48

¹ - 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

During the third quarter 2022 sitting of the Monetary Policy Committee (MPC) meeting, the Bank through the Board of Governors of the CBL recognized the broad stability of the Liberian dollar and agreed to reduce the Monetary Policy Rate by 500 basis points to 15.0 percent with an upper band of +250 basis points for Standing Credit Facility (SCF). The MPC also agreed to gradually adjust the CBL bills ceiling upward and restrict the 2-weeks CBL bills issuance to commercial banks only. The CBL bills ceiling was adjusted from L\$7.0 billion to L\$8.0 billion target and the Bank, through Financial Markets Department (FMD), made a L\$125.0 million weekly issuance increment but not exceeding L\$1.0 billion cumulatively.

Financial markets activities in September 2022 showed that CBL bills were issued with tenors of 2-weeks, 1-month, and 3-months at the effective annual rate of 15.0 percent. The Bank continued its regular and timely redemption of the bills and the dissemination of redemption reports on the CBL's website. The total CBL bills issued increased by 24.9 percent to L\$4,658.5 million, against the amount issued during the preceding month, recording an oversubscription of L\$4,147.9 million. The huge oversubscription is attributed to the regular redemption of the CBL bills which has led to the increase in investors' appetite. Retail investors subscription grew by 44.5 percent to L\$134.0 million relative to the preceding month.

The CBL, on behalf of the GoL, conducted US dollars FX purchase auction from the market through a competitive bidding process and purchased the amount of US\$1.05 million. The Government did not issue new Treasury securities, neither paid coupon nor principal for United States dollars Treasury bonds during the month under review. The total outstanding US dollars reduced to US\$49.54 million, while the outstanding principal on Liberian dollars T-Bond remained unchanged at L\$6,000.00 million. Additionally, both Liberian and United States dollars Treasury bills remained unchanged at L\$2,437.72 million and US\$47.66 million, respectively.

The lending, average savings, and time deposit rates were unchanged at 12.4 percent, 2.1 percent, and 3.5 percent, respectively, in reference to the previous month. However, money markets instruments such as repo untraded during the month. In the interbank market, commercial banks traded with interest and non-interest-bearing swaps. The non-interest-bearing swaps were intended to ease the liquidity disparity among banks for their international and intra-country transactions.

Additionally, the non-interest-bearing nature of the swap continued during the period under review to compensate for the risks and high cost associated with cash transfers and transshipment with international corresponding banks as well as bank branches in Liberia (Table 3).

Table 3: Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	Sept. - 21	Jul. - 22	Aug. - 22	Sept. - 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	4,481.93	5,088.12	3,730.95	4,658.47
Redemption during the month (EAR basis)	4,344.61	5,088.12	3,730.95	4,533.47
Bill Outstanding (EAR basis)	6,937.26	7,000.00	7,000.00	7,125.00
Effective Annual Rate (EAR)	20.00	20.00	20.00	20.00
Total Purchases (coupon rate & EAR)	4,481.93	5,088.12	3,730.95	4,658.47
Total Redemption (coupon rate & EAR)	4,344.61	5,088.12	3,730.95	4,533.47
Total Outstanding Bills (coupon rate & EAR)	6,937.26	7,000.00	7,000.00	7,125.00
CBL Foreign Exchange Auction ¹	<i>(In Millions of United States Dollar)</i>			
US Dollar offered	0.00	0.00	0.00	8.00
US Dollar Amount Sold	0.00	0.00	0.00	1.00
Total Subscription	0.00	0.00	0.00	1.00
Over (+)/ Under (-) Subscription	0.00	0.00	0.00	(6.99)
Treasury Securities	<i>(In Millions of Liberian Dollar)</i>			
T- Bills Issued (in LD)	0.00	0.00	6,000.00	0.00
T- Bills Redeemed (in LD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	2,437.72	2,437.72	7,726.49	7,726.49
Net Treasury Bills Operations [^] withdrawal (+)/Injection (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	5.00	5.00	10.00	10.00
T- Bills Issued (In USD)	00.00	00.00	24.00	0.00
T- Bills Principal payment (In USD)	00.00	23.52	0.00	0.00
T- Bills interest payment (In USD)	00.00	0.36	0.00	0.00
T-Bills Outstanding	5.73	61.71	85.71	85.71
Ave. Weighted Discount Rate (T-Bills)	6.50	7.16	7.16	7.16
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	0.00	0.00
Coupon Payment	0.00	0.00	479.10	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	0.00	0.00

Treasury Bond Issued (USD)	0.00	0.00	0.00	0.00
Treasury Bond Principal Payment	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In USD) (Coupon and Principal)	56.65	45.38	45.38	45.38
Coupon Payments (USD)	0.16	0.08	0.00	0.00
Total T-Bond Outstanding (Coupon & Principal In USD)	56.65	45.38	45.38	45.38
	<i>(As specified)</i>			
SCF rate	0.00	25.00	25.00	17.50
SCF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight rate	0.07	0.05	0.05	0.00
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
	<i>(As specified)</i>			
	<i>(As specified)</i>			
- 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
	<i>(As specified)</i>			
Money Markets Instrument (In percent)				
Repo	0.00	0.00	0.00	0.00
Swap lending	2.00	2.00	2.00	3.00

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 mostly remained in compliance with the sector's regulatory requirements. Capital Adequacy Ratio (CAR) grew by 5.43 percentage points to 34.03 percent during the period under review compared to the CAR reported in August 2022. This showed that the CAR was 24.03 percentage points above the 10.0 percent minimum regulatory requirement. Additionally, the liquidity ratio increased by 1.59 percentage points to 41.63 percent and remained above the minimum regulatory requirement of 15.0 percent by 25.63 percentage points. Similarly, Return on Assets (ROA) increased by 0.10 percentage points to 1.68 percent, while Return on Equity (ROE) grew by 1.41 percentage points to 11.43 percent.

Total gross loan increase to L\$79.73 billion in September 2022, from L\$77.87 billion in the previous month, driven by the disbursements of new facilities mainly to the construction, personal, services and trade sectors. The ratio of non-performing loans to total loans increased by 0.55 percentage points to 23.43 percent during the month under review against the 10.0 percent regulatory tolerable limit.

Table 4: Selected Financial Soundness Indicators (FSIs)

Financial Soundness Indicators	Sep- 21	Jul. -22	Aug-22	Sep-22
	<i>(In Billions of Liberian Dollar)</i>			
Total Gross Loans	78.73	76.12	77.87	79.73
Total Non-performing Loans	18.73	18.76	17.82	18.48