

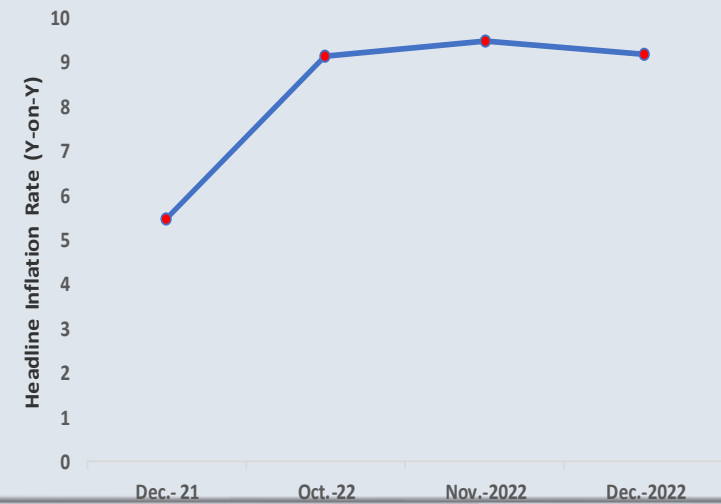


CENTRAL BANK OF LIBERIA

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The Monthly Economic Review is produced by the Central Bank of Liberia (CBL). Inquiries concerning this publication should be addressed to:

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7.8 Rice

The price of rice increased by 6.1 percent to US\$467.00 per metric ton in the review period, from US\$440.00 per metric ton in November 2022, on account of supply-chain disruption. On an annualized basis, the price of the commodity increased by 16.8 percent, from US\$400.00 per metric ton in December 2021.

7.9 Cocoa Beans

Cocoa beans price increased by 4.1 percent to US\$2,510.00 at end-December 2022, from US\$2,412.00 per metric ton in the previous month. When compared to December 2021, the price of cocoa beans declined by 5.5 percent, from US\$2,380.00 per metric ton.

7.10 Commodity Outlook

The World Bank Commodity Outlook forecasts for January 2023 showed that the price index for energy commodities (mainly crude oil, and coal, etc.) is expected to fall by 8.9 percent to US\$119.29, from US\$130.92 in December 2022. However, the price index for non-energy commodities including base metals and minerals (iron ore), agricultural products (beverages and food), raw materials (timber, and other raw materials), and fertilizers expected to rise by 1.7 percent to US\$117.33, from US\$115.34 in December 2022. Price index for agricultural products is expected to rise by 0.5 percent to US\$115.59, from US\$115.01, while beverages is expected to rise by 0.13 percent to US\$97.53, from US\$97.41 in the preceding month.

Table 8: Global Commodity Prices

GLOBAL PRICE	Dec-21	Oct-22	Nov--22	Dec-22	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	116.96	92.56	93.34	111.84	19.82	(4.38)
Gold (US\$/Oz)	1790.43	1,664.45	1,725.07	1,797.55	4.20	0.40
Rubber (US\$/MT)	1,920.00	1,500.00	1,432.40	1,540.00	7.51	(19.79)
Cocoa Beans (US\$/MT)	2,380.00	2,310.00	2,412.04	2,510.00	4.06	5.46
Palm Oil (US\$/MT)	1,270.29	888.99	945.74	940.39	(0.57)	(25.97)
Crude Oil (US\$/BBL)	72.87	90.33	87.38	78.07	(10.65)	7.14
Food Price Index (FAO)	134.10	135.40	135.00	132.20	(1.86)	(1.42)
Rice_5% broken (US\$/MT)	400.00	431.00	440.00	467.00	6.14	16.75
Sugar (US\$/MT)	420.00	390.00	407.41	810.00	98.8	92.86
Commodity Price Index	186.94	199.11	181.00	194.03	1.55	3.79

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 12.

2.0 OVERVIEW

Production statistics of key commodities revealed mixed performance in December 2022. Rubber grew by 15.2 percent relative to the preceding month, mainly reflecting increase in harvest of the commodity by small farm holders, while beverages outputs surged by 23.3 percent, on account of increased demand. Similarly, cement production increased by 18.1 percent during the month under review, largely due to increase in construction-related activities favored by the dry season. However, iron ore output remained unchanged at 460,000 metric ton, while gold and diamond outputs rose by 6.7 percent and 89.7 percent in December 2022 relative to the outputs reported during the preceding month on account of increased mining activities.

Headline inflation slightly moderated by 0.3 percentage point to 9.2 percent in December 2022 against the 9.5 percent recorded in the preceding month, driven by downward movements in the prices of food & non-alcoholic beverages, housing, water, electricity, gas & other fuels, and restaurants and hotels in the Consumer Price Index (CPI) basket.

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-week, one-month, and three-month at the Monetary Policy Rate (MPR) of 15.0 percent per annum.

Growth in broad money (M2) supply declined by 5.6 percent to L\$153.72 billion at end-December 2022, mainly explained by reductions in other deposits and demand deposits. From the asset side, this development was largely due to declines in both net domestic asset (NDA) and net foreign assets (NFA) as Liberian dollars in circulation also recorded growth at end-December 2022.

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 25.34 percent well above the minimum regulatory requirement of 10.0 percent, while the liquidity ratio increased to 43.51 percent above its minimum regulatory requirement of 15.0 percent. Return on Assets (ROA) and Return on Equity (ROE) increased by 2.06 percent, and 13.54 percent, respectively, while the ratio of non-performing loans to total loans declined by 2.57 percentage points to 17.58 percent during the month under review.

7.1 Iron ore

The price of iron ore rose by 19.8 percent to US\$111.84 per metric ton in December 2022, from the US\$93.34 per metric ton reported in November 2022. The rise in price of iron ore followed resilient demand in the United States and Europe, easing of crude oil price, and reopening of China's economy after abandoning strict COVID-19 restrictions. Year-on-year comparison showed that the price fell by 4.4 percent from the US\$116.96 per metric ton recorded in December 2021.

7.2 Gold

The price of gold increased by 4.2 percent to US\$1,797.55 per ounce in December 2022, from US\$1,725.07 per ounce in the previous month. The rise in the price of gold was driven by expectation that the US Federal Reserve would relax interest rate as US inflation rate continue to decline. Year-on-year comparison showed the price rose by 0.4 percent, from the US\$1,790.43 recorded in December 2021.

7.3 Crude Oil (Petroleum) price

The price of petroleum plummeted by 10.7 percent to US\$78.07 per barrel in December 2022, from US\$87.38 per barrel in November 2022. The decrease in petroleum price was largely due to bigger-than-expected increases in U.S. stocks of petroleum product in December 2022. When compared to December 2021, the price of the commodity was up by 7.1 percent, from US\$72.87 per barrel.

7.4 Rubber

The price of rubber increased by 7.5 percent to US\$1,540.00 per metric ton during December 2022, from US\$1,432.40 per metric ton recorded in the preceding month. Strong demand for the commodity in US and Europe, and the drop of strict COVID-19 restrictions in China helped to push up for industrial manufacturing commodity. Year-on-year comparison showed that rubber price decreased by 19.8 percent, from US\$1,920.00 in December 2021.

7.5 Food Price (FAO)

FAO food price index (FFPI) fell by 1.9 percent to US\$132.20 in December 2022, compared to US\$135.00 in November 2022. The fall in FFPI followed a steep drop in the international prices of vegetable oil, together with some declines in cereal and meat prices. However, FFPI fall was partially balanced by moderate increases in those of sugar and dairy.

7.6 Sugar

Sugar price increased by 98.8 percent to US\$810.00 per metric ton during the reporting period, from US\$407.41 in the previous month. Annual comparison showed that the price of the commodity increased by 92.9 percent, from US\$420.00 per metric ton in December 2021.

7.7 Palm Oil

In December 2022, the price of palm oil decreased by 0.6 percent to US\$940.39 per metric ton, from US\$945.74 per metric ton in November 2022. Compared to the corresponding period in 2021, the price of palm oil fell by 26.0 percent, from US\$1,270.29 per metric ton.

United States (US) dollar by 0.3 percent to L\$154.34/US\$1.00 in December 2022, from the L\$153.91/US\$1.00 rate reported in November 2022. The broad stability of the Liberian dollar was largely explained by prudent implementation of CBL's monetary policy relative to Liberian dollar liquidity coupled with increased inflows of personal remittances during the period.

A review of the end-period exchange rates of the West African Monetary Zone (WAMZ) member states' currencies showed that almost all currencies in the zone depreciated against the United States dollars except the Ghanaian cedi and Guinean franc which appreciated by 52.8 percent and 0.2 percent, respectively, at end-December 2022. The Gambian dalasi, Sierra Leonean leone, Nigerian Naira, and the Liberian dollar depreciated by 4.3 percent, 2.9 percent, 1.0 percent, and 0.2 percent, respectively, at end-December 2022.

Compared with the corresponding period in 2021, five of the WAMZ countries' currencies depreciated against the US dollars. The leone, cedi, dalasi, naira, and the Liberian dollar depreciated by 40.2 percent, 30.0 percent, 15.6 percent, 8.1 percent, and 5.9 percent, respectively, at end-December 2022. The Guinean franc was the only currency that appreciated against the US dollar by 6.9 percent during the period under review.

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

Currency	Dec-21	Oct -22	Nov -22	Dec -22	Appr (+)/Depr (-)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
	Currency per USD					
GHC	6.00	13.01	13.10	8.58	52.8	(30.0)
GMD	51.85	56.26	58.78	61.40	(4.3)	(15.6)
GNF	9,142.07	8,552.80	8,566.22	8,553.28	0.2	6.9
LRD	145.36	153.68	154.12	154.49	(0.2)	(5.9)
NGN	412.20	438.00	444.03	448.55	(1.0)	(8.1)
SLL	11.26	17.31	18.29	18.83	(2.9)	(40.2)
Avg Period						
LRD	142.63	153.62	153.91	154.34	(0.3)	(7.6)

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

At end-December 2022, the food commodity price indices according to FAO food price index (FFPI) declined, while the commodity price index of fuel and non-fuel commodities increased. FAO food commodity price index decreased by 1.9 percent and fuel and non-fuel commodity price index increased by 1.6 percent compared to the previous month. The increase in fuel and non-fuel commodity price index was driven mainly by non-fuel commodities of industrial manufacturing, except for crude oil, which price decreased during the month.

Provisional statistics revealed that the Government of Liberia's (GoL) fiscal operations in December 2022 resulted in an overall balance (OB) deficit. This development was primarily driven by a significant decrease in total revenue as total government expenditure also declined. The stock of public debt rose by 2.8 percent to 49.7 percent of GDP at end-December 2022, led by growths in both domestic and external debts.

In the external sector, the merchandise trade deficit significantly rose to 3.3 percent of GDP, while total merchandise trade increased to 7.5 percent of GDP in December 2022, mainly due to a significant growth in payments for imports. Gross International Reserves (GIR) fell by 2.3 percent, 15.0 percent of GDP at end-December 2022, mainly driven by decline in foreign liquid assets including SDR holdings & reserves. Consequently, the months of import cover reduced to 2.7 months, from 4.1 months in November 2022. Net inflows of personal remittances rose by 55.0 percent to US\$29.23 million in December 2022, driven by increased inward remittances which coupled with a decline in outward remittances.

The Liberian dollar remained broadly stable during the month due to the Central Bank of Liberia's (CBL) 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 broadly stable against the US dollar at end-December 2022 compared to other currencies in the zone that depreciated.

3.0 REAL SECTOR & PRICE DEVELOPMENTS

3.1 Production Analyses of Key Commodities

Production statistics of key commodities revealed mixed performance in December 2022. Output performance in the agricultural and manufacturing subsectors remained strong while it weakened in the mining subsector.

In the mining subsector, iron ore output was unchanged at 460,000 metric tons for December 2022 relative to the preceding month, while gold and diamond outputs significantly declined by 6.7 and 89.7 percent to 32,429 ounces and 617 carats, respectively, against the 34,743 ounces and 6,001 carats reported in the previous month.

In the manufacturing subsector, beverages (alcoholic and nonalcoholic) output grew by 23.3 percent to 1,543,225 liters, from the 1,251,553 liters produced in November 2022. When disaggregated, alcoholic beverages accounted for 91.2 percent of total beverages produced, while non-alcoholic beverages constituted 8.8 percent. In addition, cement production increased by 18.1 percent to 31,789 metric tons, from the 26,912 metric tons produced in the previous month, largely driven by increase in construction-related activities.

Relative to developments in the agriculture subsector, rubber output grew by 15.2 percent to 4,875 metric tons, from the 4,232 metric tons reported in November 2022. This development mainly reflected an increase in harvest of the commodity by small farm holders.

3.2 Consumer Prices

The headline inflation rate slightly moderated by 0.3 percentage point to 9.2 percent in December 2022, from 9.5 percent in the preceding month. This development was attributed to downward movements in the prices of food & non-alcoholic beverages, housing, water, electricity, gas & other fuels, and restaurants and hotels in the Consumer Price Index (CPI) basket. However, on month-on-month basis, inflation rose by 2.2 percentage points to negative 0.6 percent in December 2022, from negative 2.9 percent in November 2022. The rise largely reflected increases in the prices of food & non-alcoholic beverages, alcoholic beverages, tobacco & narcotics, recreation & culture, restaurants & hotels, and miscellaneous goods and services subgroups in the CPI basket.

During the month under review, core inflation¹ maintained an upward trend by 0.5 percentage points to 9.9 percent, from 9.4 percent in the previous month. The slight rise was mainly induced by moderate depreciation of the Liberian dollar coupled with producers' reaction to the exchange rate impact in the near term (Table 1).

Table 1: Production and Price Statistics

Production	Dec.- 21	Oct.-22	Nov.-2022	Dec.-2022
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	515,000	380,000	460,000	460,000
Gold (Ounces)	31,951	32,022	34,743	32,429
Diamond (Carat)	6,360	1,884	6,001	617

External Trade (Volume)				
Rubber (MT)	9,591.29	3,952.28	3,843.13	4,407.12
Iron Ore (MT)	407,329.66	461.84	432,793.13	398,643.71
Cocoa Beans (MT)	930.00	0.00	0.00	0.00
Palm Oil (MT)	368,858.00	0.00	2,133.00	1,505.00
Gold (Oz)	31,958.20	32,021.93	35,713.14	32,429.27
Diamond (Crt)	6,360.09	1,884.31	6,001.25	616.75
Petroleum Products (MT)	0.00	3,952.28	3,843.13	0.00
Rice (MT)	0.00	0.00	0.00	0.00
Other Indicators				
Net Foreign Reserves Position	388.0	340.1	348.8	337.2
Import (CIF)	164.26	187.07	125.31	203.12
Gross International Reserves (GIR) ²	666.3	600.0	614.0	600.1
Import covers (In Month)	3.6	2.9	4.1	2.7
Personal Remittances				
Inflows	32.22	26.30	25.18	35.19
Outflows	7.41	5.89	6.32	5.96
Net flows	24.81	20.41	18.85	29.23
GDP				

/1 Trade data are primarily sourced from LRA (Custom) with larger coverage that 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

Personal remittances inflows (net), excluding remittances terminated through mobile wallet, increased by 55.0 percent to US\$29.23 million (0.3 percent of GDP) in December 2022, compared to the US\$18.86 million recorded in November 2022. This development was driven by rise in inward remittances coupled with a decline in outward remittances. Inward remittances grew by 39.8 percent to US\$35.19 million, while outward remittances declined by about 0.4 percent to US\$6.00 million during the review period relative to the preceding month.

6.3 Gross International Reserves

Gross International Reserves (GIR) decreased by 2.3 percent to US\$600.1 million (15.0 percent of GDP) at end-December 2022, from the US\$614.0 million (15.4 percent of GDP) recorded at end-November 2022. This development was mainly driven by decline in foreign liquid assets including SDR holdings & reserves. Similarly, the months of import cover fell to 2.7 months, from the 4.1 months recorded in November 2022, mainly attributed to increase in payments for imports coupled with decrease in GIR. The recorded months of import cover fell below the ECOWAS minimum regional threshold of 3 months by 0.3 (Table 6).

6.4 Exchange Rate Developments

The Liberian dollar (LRD) vis-a-vis the United States dollar remained broadly stable in December 2022. On period average basis, the LRD slightly depreciated against the

6.0 EXTERNAL SECTOR DEVELOPMENTS

6.1 Merchandise Trade

Developments in the External sector showed that the merchandise trade deficit widened significantly in December 2022 to US\$ 123.8 million (3.3 percent of GDP), from the US\$45.8 million (1.2 percent of GDP) recorded in the preceding month. Similarly, total merchandise trade increased to US\$282.5 million (7.5 percent of GDP), from US\$204.9 million (5.4 percent of GDP) in November 2022. These developments were mainly explained by a significant growth in import payments.

Merchandise export earnings decreased slightly by 0.3 percent to US\$79.33 million (2.1 percent of GDP) in December 2022, from US\$79.56 million (2.1 percent of GDP) in the previous month, driven by declines in earnings from all export commodities (iron, gold, diamond, palm oil, and the other export commodities category), except rubber.

Payments for merchandise imports increased by 62.1 percent to US\$203.1 million (5.4 percent of GDP), from the US\$125.3 million (3.3 percent of GDP) recorded in November 2022. The growth in imports were led by payments for food & live animals, machinery & transport equipment, and manufactured goods classified chiefly by materials.

Table 6: External Sector Statistics

External Trade (Value)	Dec – 21	Oct - 22	Nov- 22	Dec- 22
	(Millions of US\$; Except Otherwise Indicated)			
Exports ^{1/}	75.97	78.68	79.56	79.33
Iron Ore	16.93	25.46	22.37	21.70
Rubber	10.30	7.7	5.12	8.15
Gold	34.72	41.59	47.17	46.92
Diamond	1.35	0.99	2.00	1.27
Cocoa Bean	0.93	0.00	0.00	0.00
Palm Oil	8.25	0.95	2.00	1.25
Other Exports	3.49	1.96	0.91	0.00
Imports (CIF) ^{1†}	164.26	187.07	125.31	203.12
Minerals, Fuel, Lubricants	20.03	63.70	32.71	31.48
o/w Petroleum Products	15.26	58.81	26.12	22.40
Food and Live Animals (incl. Animal and veg. oil)	79.71	64.22	33.12	97.64
o/w Rice	62.29	37.62	20.97	79.79
Machinery & Transport Equipment	26.53	22.64	30.90	41.09
Manufactured goods classified by materials	14.21	20.72	11.64	13.28
Other categories of imports	23.78	15.80	16.94	19.62
Trade Balance	(88.29)	(108.39)	(45.75)	(123.78)
Total Trade	240.23	265.75	204.87	282.45

Rubber (Metric ton)	9,591	3,103	4,232	4,875
Cement (Metric ton)	49,237	26,899	26,912	31,789
Total Beverages (liter)	1,613,963	1,298,342	1,251,553	1,543,225
Alcoholic	1,455,000	1,148,210	1,104,059	1,407,555
Non-Alcoholic	158,962	150,132	147,494	135,670
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	5.46	9.12	9.49	9.19
a. Food and Non-alcoholic Beverage Inflation	(7.05)	3.08	(0.52)	(2.47)
- Domestic Food Inflation	(6.87)	(11.70)	(6.34)	(3.66)
- Imported Food Inflation	(7.09)	15.81	4.38	(1.66)
b. Transport Inflation	(2.57)	46.28	56.45	(56.56)
c. Imported Fuels Inflation	(4.36)	28.01	37.83	(36.31)
Overall (M-o-M) Rate of Inflation	(0.33)	(0.12)	(2.85)	(0.61)
Core Inflation				
Inflation excluding Food & NAB ¹	12.40	11.99	14.13	14.53
Inflation excluding Imported Food	8.42	7.72	10.49	11.30
Inflation excluding Domestic Food	8.41	13.20	12.31	11.41
Inflation excluding Food and Transport	14.35	8.00	9.44	9.85
Annual Gross Domestic Product (GDP)^{2/}				
Nominal (NGDP) (in millions US\$)	3508.86	3992.07	3992.07	3992.07
RGDP growth (in percent)	5.0	4.8	4.8	4.8

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

† - revise

4.0 MONETARY DEVELOPMENTS

4.1 Monetary Policy Stance

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 15.0 percent.

4.2 Monetary Aggregates

Broad money (M2) supply declined by 5.6 percent to L\$153.72 billion at end-December 2022, from the L\$162.85 billion recorded at end-November 2022. This development, from the liability side was mainly triggered by 87.6 percent and 9.7 percent decreases in other deposits and demand deposits, respectively. From the asset side, the decrease in M2 was largely due to 5.8 percent and 4.2 percent reductions in both net domestic asset (NDA) and net foreign assets (NFA), respectively. The stock of Liberian dollars in circulation rose to L\$26.19 billion at end-December 2022, from the L\$24.26 billion reported at the end of the previous month. The upward trend was induced by 17.1 percent and 7.1 percent rise in currency in banks and currency outside banks,

respectively. Currency in banks increased to L\$2.54 billion, from L\$2.17 billion, while currency outside banks rose to L\$23.65 billion from the L\$22.09 billion recorded a month ago.

Commercial banks' loans extended to various sectors of the economy in both currencies varied during the review month. Loans denominated in Liberian dollar rose by 8.2 percent to L\$5,155.01 million in December 2022, from the L\$4,762.36 million reported in the preceding month, on account of increases in loans to the personal, services, and extractive subsectors by 185.7 percent, 27.1 percent, and 2.0 percent, respectively. Conversely, the US dollar denominated loans fell by 2.6 percent to US\$457.50 million, occasioned by declines in loans advanced to the construction, oil & gas, and trade subsectors by 6.0 percent, 5.0 percent, and 3.5 percent, respectively.

Sectoral distribution of commercial banks' credits revealed that loans extended to personal, services, and extractive subsectors accounted for 16.0 percent of the total Liberian dollar denominated credits to the private sector. Equally, construction, oil & gas, and trade subsectors constituted 44.2 percent of total United States dollar denominated credits to the private sector.

All deposits converted to Liberian dollar (as a percent of GDP) decreased to 21.3 percent at end-December 2022, from the 23.2 percent reported in the previous month. The reduction was largely explained by declines in demand deposits and other deposits.

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	Dec. - 21	Oct. - 22	Nov. - 22	Dec. - 22
	<i>In Millions of LD; Except Otherwise Indicated</i>			
Liberian Dollars in Circulation - (LD)	24,085.95	23,293.26	24,264.61	26,198.43
-o/w Currency in banks (LD)	1,852.72	2,314.61	2,172.45	2,543.98
Money Supply (M1) in LD only	33,015.55	36,699.19	39,230.20	40,153.90
Quasi Money in LD only	6,863.58	8,321.58	8,387.48	7,623.11
Broad money (M2) in LD only	39,959.50	45,099.79	47,672.07	47,835.45
Broad money (M2) (both LD and USD Converted to LD)	125,416.61	150,920.37	162,858.34	153,724.03
Net Foreign Assets (NFA) – LD	24,753.39	14,600.83	17,161.91	16,440.34
Net Domestic Assets (NDA) – LD	100,663.22	136,319.54	145,696.43	137,283.69
Currency outside banks – LD	22,233.22	20,978.65	22,092.15	23,654.45
Demand deposit – LD	62,598.76	85,212.42	91,429.10	82,580.22
Time & Savings deposits – LD	40,249.44	44,362.56	44,414.58	46,878.66
Other deposits – LD	335.19	366.73	4,922.51	610.69
Loans to Private Sector				
Commercial banks loans to private sector- USD	413.40	455.93	469.88	457.50
Commercial banks loans to private sector - LD	5,345.74	5,336.75	4,762.36	5,155.01
Demand Deposits of commercial banks				
Demand deposits – USD	356.46	452.20	482.02	427.73
Demand deposits – LRD	10,782.33	15,720.53	17,138.05	16,499.44
Time & savings deposits – USD	229.67	234.52	233.75	254.10
Time & savings deposits – LRD	6,863.58	8,321.58	8,387.48	7,623.11

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	Dec-21	Oct-22	Nov-22	Dec-22	M-O-M
	(Millions of USD)				(% Change)
Government Revenue	55.71	39.55	118.55	49.49	(58.25)
o/w Tax Revenue	48.51	34.78	28.51	43.24	51.70
o/w Taxes on Income & Profits	22.77	15.46	11.08	20.21	82.44
o/w Taxes on International Trade (Customs)	19.04	15.30	15.49	15.38	(0.67)
o/w Non-tax Revenue	7.21	4.77	5.84	6.25	6.92
o/w Property Income	5.39	3.41	3.97	4.91	23.68
o/w Administrative Fees, Penalties & Forfeits	1.82	1.36	1.87	1.34	(28.63)
o/w Other Revenue (Including Grants)	0.00	0.00	84.20	0.00	(100.00)
Government Expenditure	110.24	26.35	92.60	62.90	(32.08)
o/w Current Expenditure	104.10	21.98	85.25	54.43	(36.16)
o/w Compensation	66.49	8.33	51.39	27.09	(47.28)
o/w Goods and Services	22.25	6.90	18.91	19.49	3.05
o/w Capital Expenditure	2.95	1.81	0.78	3.91	398.28
o/w Payments on Loans, Interest & other charges	3.20	2.56	6.56	4.56	(30.54)
Overall Balance (Surplus+; Deficit -)	(54.53)	13.21	25.95	(13.40)	-
Total Debt Stock	1731.63	1957.06	1963.40	2018.69	2.82
o/w Domestic	705.02	836.44	836.44	884.41	5.74
o/w Financial Institutions	634.88	771.32	771.32	829.96	7.60
o/w Other Debts	70.14	65.12	65.12	54.45	(16.39)
o/w External	1026.61	1120.62	1126.96	1134.27	0.65
o/w Multilateral	913.37	1008.91	1015.25	1022.56	0.72
o/w Bilateral	113.24	111.72	111.72	111.72	0.00
Memo Items					
Government Revenue (% of GDP)	1.59	0.99	2.97	1.24	-
Government Expenditure (% of GDP)	3.14	0.66	2.32	1.58	-
Total Debt Stock (% of GDP)	49.35	49.02	49.18	50.57	-
NGDP (at Level)	3508.86	3992.07	3992.07	3992.07	-

Source: CBL calculation using MFDP's data

*Projections

Non-performing Loans to Total Gross Loans (ratio)	22.69	20.57	20.15	17.58
Gross Loan (percent change)	1.54	(2.05)	1.69	(2.26)
Non-performing Loans (percent change)	11.66	(13.79)	(0.56)	(13.88)
Returns on Assets (ROA)	3.38	1.86	1.95	2.06
Returns on Equity (ROE)	18.52	12.32	13.13	13.54
Liquidity Ratio***	42.59	40.05	41.78	43.51
Capital Adequacy Ratio (CAR)****	28.70	25.30	25.30	25.34

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 revealed that the Government of Liberia's (GoL) fiscal operations in December 2022 resulted in an overall balance (OB) deficit, mainly on account of 58.3 percent decreased in total revenue as total government expenditure also reduced by 32.1 percent.

Total revenue shrank by 58.3 percent to US\$49.5 million (1.2 percent of GDP) in December 2022, compared to the US\$118.5 million generated during the preceding month. The decline was mainly due to a substantial reduction in other revenues (including grants) by more than 100.0 percent, amidst growths in both tax and non-tax revenue. Tax and non-tax revenue totaled US\$43.2 million (1.1 percent of GDP) and US\$6.3 million (0.2 percent of GDP) against the US\$28.5 million and US\$5.8 million recorded in November 2022, respectively. Similarly, total grants amounted to US\$0.0 million, from the US\$84.2 million reported in the preceding month.

Total government expenditure reduced by 32.1 percent to US\$62.9 million (1.6 percent of GDP) in December 2022, from the US\$92.6 million spent during the previous month. The reduction reflected decreases in both current expenditure and payments on loans, interest & other charges by 36.2 percent and 30.5 percent, respectively. Current expenditure totaled US\$54.4 million (1.4 percent of GDP), while payments on loans, interest & other charges amounted to US\$4.6 million (0.1 percent of GDP). However, capital spending grew by more than 100.0 percent to US\$3.9 million (0.1 percent of GDP).

5.2 Total Public Debt

At the end of December 2022, the country's stock of public debt expanded by 2.8 percent to US\$2,018.7 million (50.6 percent of GDP), from the US\$1,963.4 million reported at end-November 2022. The expansion was triggered by 5.7 percent and 0.7 percent growths in both domestic and external debts. Domestic and external debts totaled US\$884.4 million (22.2 percent of GDP) and US\$1,134.3 million (28.4 percent of GDP), respectively, at end-December 2022.

Other Deposits**				
Actual US\$ component of other deposits	1.75	1.87	31.59	3.57
Liberian \$ component of other deposits	80.37	79.02	54.39	58.45
Total Deposits (both USD & LRD) converted to LRD ¹	103,183.39	129,941.72	140,766.19	130,069.57
Liberian Dollar share of Broad Money	31.86	29.88	29.27	31.12

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

In December 2022, financial markets development showed continuous issuance of CBL bills in support of the Banks's monetary policy objectives. The CBL bills were issued on short tenors (2-week, 1-month, and 3-month) at the effective annual policy rate of 15.0 percent. However, the issuance of the 2-week CBL bills remained restricted to commercial banks only.

The total CBL bills issued during the period under review increased by 19.75 percent to L\$8,247.6 million, from the L\$6,576.45 million in November 2022. Similarly, total redemption grew by 52.80 percent to L\$9,430.00 million, compared to L\$6,171.45 million in the preceding month. Commercial banks' subscription remained high at approximately 98.47 percent (L\$7,875.22 million), whilst retail investors' subscription accounted for 1.53 percent of the total subscription. The total outstanding CBL bills in December 2022 decreased by 19.36 percent to L\$6,475.22 million, from the L\$8,030.00 million reported in the previous month.

At end December 2022, the Government of Liberia issued new US dollar Treasury securities in the amount of US\$12.5 million and paid coupons amounting to US\$0.016 million. The total outstanding principal and interest on the US dollar Treasury bills rose to US\$104.09 million at end-December, while US dollar Treasury bond remained the same at US\$49.01 million compared to the preceding month. The GoL Liberian dollar Treasury bills stood at L\$8,247.6 million as there was no Liberian dollar Treasury bond outstanding during the reporting period.

The CBL, on behalf of the GoL, conducted United States dollars purchase auction through a competitive bidding process from the market. The US dollar purchase amount offered was US\$2.00 million and the market sold the amount of US\$0.60 million to the Government.

Lending, average savings, and time deposits rates remained unchanged during the review month. The interest rate on lending was kept at 12.4 percent, while the rates on time and savings deposits remained at 3.5 percent and 2.1 percent, respectively. However, money markets instruments such as repo was not traded during the month. On the contrast, swap transactions were conducted at the interest rate of 2.0 percent for US dollar and 7.0 percent in Liberian dollar (Table 3).

Table 3: Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	Dec- 21	Oct - 22	Nov - 22	Dec - 22
	<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)	0.00	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	5,018.10	4,918.01	6,576.45	7,875.22
Redemption during the month (EAR basis)	5,017.70	4,918.01	6,171.45	9,430.00
Bill Outstanding (EAR basis)	7,000.00	7,625.00	8,030.00	6,475.22
Effective Annual Rate (EAR)	20.00	15.00	15.00	15.00
Total Purchases (coupon rate & EAR)	5,018.10	4,918.01	6,576.45	7,875.22
Total Redemption (coupon rate & EAR)	5,017.70	4,918.01	6,171.45	9,430.00
Total Outstanding Bills (coupon rate & EAR)	7,000.00	7,625.00	8,030.00	6,475.22
CBL Foreign Exchange Auction ¹	<i>(In Millions of United States Dollar)</i>			
US Dollar offered	0.00	3.92	0.73	2.00
US Dollar Amount Sold	0.00	2.33	0.71	0.60
Total Subscription	0.00	2.33	0.71	0.60
Over (+)/ Under (-) Subscription	0.00	(1.39)	-0.01	(1.40)
Treasury Securities	<i>(In Millions of Liberian Dollar)</i>			
T- Bills Issued (in LD)	0.00	0.00	521.11	0.00
T- Bills Redeemed (in LD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	2,437.72	7,726.49	8,247.6	8,247.6
Net Treasury Bills Operations [^] withdrawal (+)/Injection (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	5.00	10.00	10.00	10.00
T- Bills Issued (In USD)	18.018	0.00	1.86	12.5
T- Bills Redeemed (Principal or Interest) (In USD)	3,512.00	0.00	0.00	0.016
T-Bills Outstanding (Repayment principal and interest)	20.16	85.71	87.57	104.09
Ave. Weighted Discount Rate (T-Bills)	7.16	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	0.00	0.00	0.00
Coupon Payment	0.00	0.00	0.00	0.00
Outstanding coupon on Treasury Bond	0.00	0.00	0.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	0.00	0.00	0.00

Treasury Bond Issued (USD)	0.00	0.00	0.00	0.00
Treasury Bond Principal Payment	0.00	0.00	45.21	49.01
Treasury Bond Outstanding (In USD) (Coupon and Principal)	57.56	0.00	0.00	0.16
Coupon Payments (USD)	0.00	0.00	0.00	0.00
Total T-Bond Outstanding (Coupon & Principal In USD)	0.00	45.38	45.21	49.01
	<i>(As specified)</i>			
SCF rate	25.00	17.5	17.5	17.5
SCF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight rate	0.05	0.07	0.07	0.07
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
Average Deposit rates				
-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	5.50	0.00	0.00	0.00
Swap lending	6.00	2.00	3.00	0.00

Source : CBL

[^] - with Liquidity Effect¹ - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency² - Treasury Bill issued and redeemed during the month were in US Dollar**4.4 BANKING SECTOR DEVELOPMENTS**

The banking industry remained generally in compliant with the sector's regulatory requirements. The Capital Adequacy Ratio (CAR) rose slightly by 0.04 percentage points to 25.34 percent at end-December 2022 relative to the 25.30 percent CAR reported in November 2022, above the 10.0 percent minimum regulatory requirement. Additionally, the liquidity ratio increased by 1.73 percentage points to 43.51 percent at end-December 2022 and remained well-above the minimum regulatory requirement of 15.0 percent. Similarly, Return on Assets (ROA) increased by 0.11 percentage points to 2.06 percent, while Return on Equity (ROE) grew by 0.41 percentage point to 13.54 percent during the review month.

Total gross loan decreased to L\$77.61 billion in December 2022, from the L\$79.41 billion reported in the previous month. This development was driven by the reduction in disbursements of new facilities mainly to the construction, oil & gas, and trade sectors. The ratio of non-performing loans to total loans decreased by 2.57 percentage points to 17.58 percent during the month. However, the NPL ratio remained above the 10.0 percent regulatory tolerable limit.

Table 4: Selected Financial Soundness Indicators (FSIs)

Financial Soundness Indicators	Dec- 21	Oct-22	Nov-22	Dec-22
	<i>(In Billions of Liberian Dollar)</i>			
Total Gross Loans	66.52	78.09	79.41	77.61
Total Non-performing Loans	15.04	15.93	15.84	13.64