

**CENTRAL BANK OF LIBERIA
COMMUNIQUÉ NO. 25**

January 28, 2026

**For the Monetary Policy Committee Meeting held on Monday,
February 2, 2026**

The Monetary Policy Committee (MPC) of the Central Bank of Liberia (CBL) convened its regular quarterly meeting on January 28, 2026, to evaluate macroeconomic developments in the domestic and global economies during the fourth quarter of 2025 and to assess risks to the outlook for inflation and growth as well as to determine the appropriate monetary policy stance for the first quarter of 2026.

Following these deliberations, the Committee decided to maintain the Monetary Policy Rate (MPR) at 16.25 percent, reflecting confidence in the continued moderation of inflation and sustenance of macroeconomic stability.

Global Macroeconomic Developments

The global economy showed resilience in the fourth quarter of 2025. According to the International Monetary Fund's (IMF) January 2026 World Economic Outlook, global growth was estimated at 3.3 percent in 2025, representing a marginal upward revision from the October Outlook, with growth projected at 3.3 percent in 2026.

Despite this outlook, the Committee noted persistent downside risks, including prolonged geopolitical uncertainty, rising protectionism and trade frictions, fiscal sustainability concerns, tighter immigration policies affecting labor supply, and potential financial market adjustments.

The Committee further observed that, notwithstanding ongoing sovereign debt restructuring efforts in Sub-Saharan Africa (SSA), debt vulnerabilities remain elevated. Sustained fiscal consolidation, enhanced domestic revenue mobilization, improved public investment efficiency, and deepening financial inclusion were emphasized as critical for sustaining global stability and growth.

The Committee noted that global headline inflation has gradually shifted towards central bank targets, falling to an estimated 4.1 percent in 2025 on account of weaker demand conditions and lower energy prices. The MPC welcomed the projected decline in inflation to 3.8 percent in 2026, while noting upside risks related to trade policy uncertainties, possible tariff escalations, and divergent inflation dynamics among major economies.

On the regional front, the Committee noted the 2.5 percent inflation in advanced economies compared with 5.2 percent in emerging markets and developing economies, while Sub-Saharan Africa (SSA) recorded 13.3 percent inflation, the highest rate recorded during the period under review. The Committee welcomed the projected moderation of inflation in 2026, especially the decline to 10.9 percent in SSA.

The Committee emphasized that moderating global inflation, alongside declining food and fuel prices, should help ease domestic price pressures. In addition, the year-on-year increase of over 52 percent in global gold price, if it continues, is expected to support export earnings.

Domestic Macroeconomic Developments

The Committee expressed satisfaction over the positive performance of the Liberian economy in the fourth quarter of 2025. Economic activity was on track to achieve the estimated real GDP growth of 5.1 percent, revised upward from the earlier projection of 4.6 percent. This outcome was supported by stable macroeconomic conditions, sustained fiscal spending, strong private sector output, particularly in the mining sector, and resilient consumption demand.

The Committee noted that headline inflation averaged 4.4 percent in the fourth quarter of 2025, down from 5.9 percent in the previous quarter, with end period inflation at 4.0 percent, largely reflecting the stability of the Liberian dollar, lower food (particularly domestic food) and fuel prices as well as subdued non-food inflation, supported by improved supply conditions and lower imported inflation. However, inflation is expected to edge up slightly in the first quarter of 2026, reflecting the lagged effects of festive season spending and increased foreign exchange demand for inventory restocking.

Nonetheless, inflation is projected to remain within the single-digit target band, averaging 4.8 percent with a bandwidth of ± 2 percentage points, on account of expected stability in exchange rate, higher remittance inflows, and favorable terms of trade. Growth momentum is also expected to remain positive in early 2026, on account of further expansion in mining activity, ongoing public investment, and resilient domestic demand.

Overall, the domestic macroeconomic environment remained resilient and broadly stable, supported by prudent monetary policy, strengthened fiscal discipline, increased private sector investment, and improved market confidence.

Banking Sector Developments

The banking system remained well-capitalized and liquid. Total capital increased by 3.9 percent, and the Capital Adequacy Ratio (CAR) stood at 37.9 percent, significantly above the regulatory minimum of 10 percent, while Liquidity ratio stood at 50.1 percent, exceeding the minimum requirement of 15 percent, the Committee noted.

Total loans and advances declined marginally by 0.6 percent, while the Non-Performing Loans (NPL) ratio also declined from 19.7 percent at the end of December 2024 to 12.58 Percent; 2.58 percentage points above the regulatory threshold; indicating continued asset quality challenges. The moderation in credit growth reflected heightened risk aversion, ongoing balance sheet repairs, and cautious lending practices by banks.

Notwithstanding, private sector credit grew by 3.8 percent compared to the previous quarter.

The Committee noted that total deposits and assets rose by 3.9 percent and 5.4 percent, respectively. The Committee reaffirmed confidence that the full implementation of the NPL Resolution Framework will help strengthen asset quality and support credit growth.

The Committee will continue to closely monitor financial stability risks and stands ready to deploy timely and appropriate macroprudential measures to safeguard systemic stability.

Monetary Aggregates and Financial Market Developments

Broad money supply (M2) increased by 17.0 percent during the quarter to L\$289.2 billion, driven by growth in net foreign assets (NFA) and net domestic assets (NDA). NDA growth reflected increase in domestic credit (4.0%), the Committee noted.

The MPC noted further improvement in monetary policy transmission, as the interbank rate continued to align closely with the Standing Deposit Facility (SDF) rate, signaling stronger market responsiveness.

The CBL bill redemptions exceeded issuances during the quarter; however, the liquidity impact remained limited as excess liquidity was absorbed through the Standing deposit facility (SDF). Post-festive liquidity pressures were assessed as transitory and unlikely to translate into significant inflationary pressures.

The MPC noted that Government debt servicing during the quarter included interest payments of L\$488.42 million and US\$6.61 million, rollovers totaling L\$5.85 billion and US\$53.81 million, and new issuances amounting to US\$10.0 million.

It was also observed by the Committee that the interbank market activity remained sustained, comprising of six swap transactions valued at US\$13.0 million, five US dollar placements totaling US\$3.23 million, and four Liberian-dollar placements totaling L\$518.65 million. The MPC observed that the average interbank rate was 9.14 percent, within the corridor floor.

Fiscal Developments

The Committee noted that the fiscal operations in the fourth quarter of 2025 resulted into net liquidity injections in both domestic and foreign currencies, with the U.S. dollar injection dominating. This development partly contributed to the relative stability of the Liberian dollar during the quarter.

The fiscal stance remained expansionary, with a positive fiscal impulse of 3.0 percent of GDP, up from 2.3 percent in the previous quarter mainly driven by capital and priority social expenditures. The Committee underscored the importance of continued coordination between fiscal and monetary authorities to preserve stability and sustain the gains achieved in the fourth quarter of 2025.

External Sector and Exchange Rate Developments

The Committed was encouraged by improved external sector developments despite a trade deficit of 1.0 percent of GDP, reflecting high imports payment. Gross International Reserves (GIR) increased by 3.8 percent to US\$575.5 million, with Net International Reserves (NIR) exceeding the agreed IMF target of US\$266 million for the year 2025. However, it was observed by the Committee that months of import cover declined to 2.3 months, from 2.6 months in the third quarter of 2025 due to higher import payments.

It was also noted that net personal remittances rose by 1.7 percent, reaching 4.1 percent of GDP, thereby further supporting exchange rate stability. The Liberian dollar appreciated during the quarter by 0.9 percent (end-period) and 7.8 percent (average), reflecting higher U.S. dollar spending by Government, rising net remittance inflows and relatively tight monetary policy stance.

However, the MPC observed the emergence of temporary depreciation pressures in early 2026 on account of elevated FX demand for post-festive restocking. Nevertheless, the MPC anticipates the prevailing exchange rate pressure will be transitory and remain within the ECOWAS convergence band of ± 10 percent.

MPC Decisions

At the end of the deliberations, the Committee unanimously resolved to:

1. Maintain the Monetary Policy Rate (MPR) at 16.25 percent until the next assessment;
2. Maintain the interest rate corridor at +2.5 and –7.5 percentage points around the MPR for the Standing Credit and Standing Deposit Facilities; and
3. Maintain reserve requirement ratios at 25 percent for Liberian-dollar deposits and 10 percent for U.S. dollar deposits.

In considering these policy decisions, the Committee acknowledged that macroeconomic conditions are gradually improving; supported by the tight monetary stance, fiscal consolidation and the buildup of reserves. Inflation declined faster than anticipated, growth strengthened and expectations remained well anchored. With stability gradually being restored, the focus of the MPC policy actions will gradually shift toward consolidating these gains and supporting stronger real sector recovery that will contribute to inclusive growth.

The Committee reaffirms its commitment to closely monitor global and domestic developments and adopt evidence-based policy actions to achieve the Bank's core mandate of price and financial system stability.

The next meeting of the Committee is scheduled for Monday, 27th April 2026.

Thank you.



Henry F. Saamoi
Executive Governor & Chairman of the MPC