

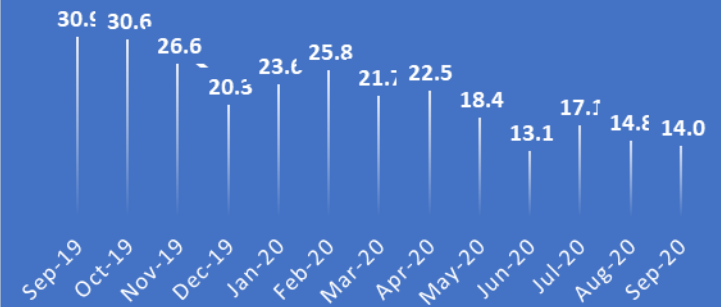


# CENTRAL BANK OF LIBERIA

## MONTHLY ECONOMIC REVIEW

SEP. 2020  
VOLUME 6 No. 9

### HEADLINE INFLATION



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### Palm oil

Palm oil price rose by 4.7 percent to US\$796.2 per metric ton compared to the preceding month. The increase in the price of palm oil was influenced by an increasing global demand for the commodity coupled with decline in inventory, mainly from Malaysia. Year-on-year comparison of the price of palm oil reflected a 37.2 percent rise, from US\$580.3 per metric ton in September 2019.

### Cocoa beans

Cocoa price increased for the second consecutive month following a decline in July 2020. The price of the commodity rose by 4.7 percent to US\$2,460.0 per metric ton mainly due to weak output resulting from persistent unfavorable weather conditions in the West African cocoa producing region. Similarly, annual comparison of the price of cocoa beans showed 6.5 percent increase, from US\$2,310.00 per metric ton recorded in September 2019.

Table 8: Global Commodity Prices

GLOBAL PRICE	Sep - 19	July - 20	Aug - 20	Sep - 20	Percent Change	
					MoM	YoY.
(In price per Unit of Measure)						
Iron ore (US\$/MT)	93.08	108.52	121.07	123.75	2.21	32.95
Gold (US\$/Oz)	1,510.58	1,846.51	1,968.63	1,921.92	(2.37)	27.23
Rubber (US\$/MT)	1,500.00	1,480.00	1,700.00	1,860.00	9.41	24.00
Cocoa Beans (US\$/MT)	2,310.00	2,100.00	2,350.00	2,460.00	4.68	6.49
Palm oil (US\$/MT)	580.30	694.16	760.30	796.22	4.72	37.21
Crude oil (US\$/BBL)	60.04	42.07	43.44	40.60	(6.54)	(32.38)
<b>Food Price Index (FAO)</b>	93.30	94.00	95.80	97.90	2.19	4.93
Rice_5% broken (US\$/MT)	427.00	480.00	505.00	507.00	0.40	18.74
Sugar (US\$/MT)	260.00	270.00	290.00	280.00	(3.45)	7.69
<b>Commodity Price Index</b>	<b>114.81</b>	<b>103.08<sup>†</sup></b>	<b>108.93<sup>†</sup></b>	<b>108.41</b>	(0.31)	(5.41)

Source : [www.indexmundi.com](http://www.indexmundi.com), <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>  
† - Revised

## GLOBAL COMMODITY PRICE DEVELOPMENTS

**Iron ore**

In September 2020, global price of iron ore increased by 2.2 percent to US\$123.8 per metric ton. The rise in the price of the commodity was occasioned by a faster than expected rebound in the demand for steel mainly by China. Additionally, recovery in the demand for steel in the US, EU and Indian further explained the rise in the price of iron ore. Compared with the price in the corresponding month of 2019, iron ore price rose by approximately 33.0 percent.

**Rubber**

Rubber price in September 2020 increased by 9.4 percent to US\$1,860.00 per metric ton compared to the preceding month. The uptrend in rubber price was mainly due to decline in supply of rubber from major exporting countries couple with increasing demand for tires. The price increased by 24.0 percent compared with the US\$1,500.0 per metric ton reported for September 2019.

**Crude oil (Petroleum) price**

The price of petroleum decreased during the month following two consecutive increases in the preceding months. The price fell by 6.5 percent to US\$40.6 per barrel due mainly to reduction in global demand. Annual comparison showed that the price of petroleum fell by 32.4 percent, from the price in September 2019.

**Food Price (FAO)<sup>1</sup>**

The price of food, based on FAO food price index, increased in September 2020 by 2.1 percent, compared with the August 2020 index. The rise in food price index was on account of increases in the prices of agricultural commodities, mainly vegetable oil and cereal.

**Sugar**

Compared to the preceding month, the price of sugar fell by 3.5 percent to US\$280.0 per metric ton, mainly driven by weak demand for the commodity with expectation of increased supply. On a year-on-year basis, the price of sugar increased by 7.7 percent, from US\$260.00 per metric ton.

**Rice**

The price of rice in September 2020 stood at US\$507.0 per metric ton, reflecting 0.4 percent rise mainly underpinned by increased in demand from China. Annual comparison of the price of the commodity showed 18.7 percent increase, from US\$427.0 per metric ton.

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## INTRODUCTION

The Monthly Economic Review (MER) is a regular publication of the Central Bank of Liberia (CBL) that provides a snapshot of major developments in the Real, Monetary, Fiscal and External sectors of the Liberian economy. This publication also highlights the Monetary Policy Stance of the CBL.

## OVERVIEW

Production statistics of key commodities in September 2020 showed mixed results. Iron ore, gold and cement and total beverages productions declined compared to the previous month. On the contrary, diamond output increased, while rubber output more than double due to increased harvest from small holder farms. Inflationary pressure continued easing in the month due to several factors including the tight policy stance of the CBL, weak demand and low price of oil. Headline inflation for the month declined due to reduced prices of items relating to food and non-alcoholic beverages, communication, and restaurants and hotels. In contrast, core inflation increased largely due to increase in the prices of clothing and hospitality subgroups.

The CBL continued the implementation of its tight monetary policy stance to ensure price stability through broad exchange rate management anchored on interest-rate based instruments to manage Liberian dollar liquidity. Movements in broad money supply (M2) was influenced by both the asset and liability categories. During the month, M2 increased on account of growth in mainly time and savings deposits. Considering the asset category, M2 increased largely due to rise in Net Domestic Assets (NDA) influenced by increase in net credit to the private sectors.

The stock of commercial banks loans denominated in both United States and Liberian dollars expanded during the month. The US dollar share of private sector credit grew as a result of growth in personal loans and loans extended to agriculture and trade subsectors. Similarly, the share of commercial banks loans denominated in Liberian dollar slightly increased on account of expansion in loans to oil and gas, personal and extractive subsectors. At end of the month, the banking industry was generally in compliance with regulatory threshold. Except non-performing loans and advances, other indicators (ROA, ROE and CAR) of the industry showed strong performances when compared with the preceding month.

Preliminary statistics on GOL's fiscal operations for September-2020 revealed a decline in the surplus overall balance compared to the preceding month. The decline in the overall balance was attributed to a rise in government expenditure which outweighed the increase in revenue. Additionally, the stock of public debt increased due to slight increase in both domestic and external borrowings in support of the economic recovery programs. As share of GDP, the stock of domestic debt amounted to 22.7 percent, whilst the stock of external debt stood at 32.4 percent.

## Gross International Reserves

At end-September 2020, Gross International Reserves (GIR) rose by 6.6 percent to US\$277.6 million, from the stock reported in August 2020. The growth in GIR coupled with relatively stable payments for goods and services, resulted to an estimated rise in the months of import cover to 2.4 months. Compared with the ECOWAS benchmark of 3.0 months, the months of import cover recorded a shortfall of 0.6 month below the regional threshold (Table 6).

## EXCHANGE RATE DEVELOPMENTS

September 2020 end of period exchange rate (EOP) showed a slight appreciation of the Liberian dollar against the United states dollar by 0.4 percent to L\$198.61/US\$1.00. Similar, using the period average exchange rate, the Liberia dollar appreciated marginally by 0.1 percent to L\$199.01/US\$1.00 in September 2020. Compared with the rates reported in the corresponding month of 2019, the Liberian dollar appreciated by 5.3 percent and 4.8 percent based on the EOP and period average exchange rates, respectively, largely due to the CBL's monetary policy stance, and low demand for foreign exchange.

Considering the EOP exchange rate, developments in the foreign exchange market of the West African Monetary Zone (WAMZ) during the month showed that, except the Naira that remained stable at ₦379.5/US\$1.00, the other currencies in the Zone depreciated. The Sierra Leonean Leone depreciated by 0.3 percent; the Gambia Dalasi, by 1.9 percent; the Ghanaian Cedi, by 0.3 percent; followed by the Guinea Franc, by 1.3 percent. Annual comparison showed that, except the Liberian dollar that appreciated, all the currencies in the zone depreciated with the Naira recording the highest depreciation by 19.2 percent (Table 7).

**Table 7: Exchange Rates: WAMZ Countries End-of-Period Exchange Rates against the US Dollar**

Rate & Currency	Sep - 19	July - 20	Aug - 20	Sep - 20	Appr (-)/Depr (+)	
					MoM	YoY
<b>Exchange Rate</b>	<b>LD/USD</b>				<b>Percent change</b>	
End of Period	209.21	199.18	199.33	198.61	0.36	5.34
Period Average	208.46	199.23	199.25	199.01	0.12	4.75
<b>WAMZ Currency</b>	<b>Currency per USD</b>				<b>Percent change</b>	
GHC	5.32	5.68	5.68	5.70	(0.35)	(6.67)
GMD	50.93	49.50	50.46	51.43	(1.89)	(0.97)
GNF	9,210.00	9,590.45	9,621.20	9,750.84	(1.33)	(5.55)
NGN	306.45	306.50	379.50	379.50	0.0	(19.25)
SLL	9,444.26	9,756.07	9,800.01	9,828.24	(0.29)	(3.91)

Source: CBL, WAMA: [www.amao-wama.org/](http://www.amao-wama.org/)  
 GHC - Ghanaian Cedi; LD - Liberian Dollar; GMD - Gambian Dalasi; USD - United States Dollar; GNF - Guinea Franc; NGN - Nigerian Naira; SLL—Sierra Leonean Leone; USD - United States Dollar

Trade Statistics	Sep - 19	July - 20	Aug - 20	Sep - 20
<b>Other Indicators</b>				
Import (FOB)	76.48	66.60	103.27	106.40
Gross International Reserves (GIR) <sup>2</sup>	<b>266.95</b>	<b>262.30</b>	<b>260.47</b>	<b>277.62</b>
<b>Import covers (In Month)</b>	<b>2.3</b>	<b>2.4</b>	<b>2.3</b>	<b>2.4</b>
<b>Direction of Trade (DOT)</b>	<b>(Millions of USD)</b>			
<b>Destination of Export</b>	<b>43.29</b>	<b>50.46</b>	<b>46.19</b>	<b>43.00</b>
o/w Switzerland	7.05	13.86	12.28	9.56
o/w France	6.83	7.57	7.62	8.97
o/w Belgium	1.49	6.21	0.93	5.59
o/w Germany	12.16	5.79	6.00	4.72
<b>Sources of Import</b>	<b>76.48</b>	<b>66.60</b>	<b>103.27</b>	<b>106.40</b>
o/w China	14.81	12.84	14.47	30.96
o/w India	17.50	14.25	36.46	19.76
o/w United States	3.07	2.74	3.99	8.99
o/w Turkey	5.09	5.29	7.41	7.31

Source: LRA (ASYCUDA), AML, MLME, FSL & CBL

/1 Trade data are primarily sourced from LRA (Custom) with larger coverage than BIVAC.

/2 (GIR) is the sum of net foreign liquid asset plus SDR and Reserve tranche less liabilities to CoBs and GoL

/1\* As of July 2020, import payments will be reported on CIF basis, while Sources of Import will be on FOB basis

### Direction of Trade

In the month of September, four countries were the main destination of Liberia's exports although there was decline in export earnings. Exports to Switzerland mainly gold declined by about 22.2 percent while iron ore earnings from Germany fell by 21.3 percent. However, exports to France, largely iron ore, increased by 17.7 percent while earnings from Belgium mainly from rubber, more than double during the month.

China, India, the United States, Turkey and Malaysia were the top five (5) sources of merchandise imports to Liberia. Imports from China more than double to US\$31.0 million, from US\$14.5 million in August 2020. Payments to China were mainly for the purchase of machinery, equipment and electrical appliances. Similarly, payments to the US rose by more than double to approximately US\$9.0 million, from US\$4.0 million, on account of payments for machinery and transport equipment. On the other hand, payments to India decreased by 45.8 percent to US\$ 19.8 million, from US\$36.46 million due to fall in payments for rice.

### Remittances

The net inflow of personal remittances recorded in September 2020 amounted to US\$13.6 million (0.4 percent of GDP) down from US\$18.37 million recorded in the previous month. The downswing in net inflow was explained by increase in outward remittances and a plunge in inward remittances. When compared to the previous month, outward remittances increased by 29.0 percent to US\$10.2 million, while inward remittances fell by 9.4 percent to US\$23.8 million. A year-on-year analysis showed that net inflows of personal remittances during the month declined by US\$0.4 million, from US\$13.99 million recorded in September 2019.

Liberia's external trade showed expansion in the deficit of merchandise trade balance on account of a rise in merchandise import payments. Payments for merchandise imports increased resulting from a rise in payments for machinery and transport equipment, driven by mining equipment. Similarly, preliminary statistics on earnings from export showed an increase due to increases in receipts from exports of iron ore and rubber. Gross international reserves (GIR) rose. The growth in GIR coupled with relatively stable payments for goods and services, resulted to an estimated rise in the months of import cover to 2.4 months. Compared with the ECOWAS benchmark of 3.0 months, the months of import cover recorded a shortfall of 0.6 month below the regional threshold.

Net inflow of personal remittances recorded during the month dropped compared to the previous month, explained mainly by a plunge in inward remittances, while analysis of the end of period (EOP) and period average exchange rates showed that the Liberian dollar slightly appreciated against the United states dollar.

## REAL SECTOR & PRICE DEVELOPMENTS

### Production Analyses of Key Commodities

Production statistics of key commodities for September 2020 showed mixed results. Iron ore production declined by 3.2 percent to 300,000.0 metric tons, from 310,000.0 metric tons recorded in the previous month. Gold output fell by 7,853.0 ounces mainly due to slowdown in mining operations by a major industrial mine. Conversely, diamond output increased by 8,870.0 carats to 10,251.0 carats, from 1,381.0 carats in August 2020 due to growing demand for the mineral and increasing number of artisanal miners. Rubber output more than double to 5,463.0 metric tons, from 2,514.0 metric tons produced in the previous month due to increased harvest from small holder farms. Cement production during the month fell by 6.5 percent to 31,872.0 metric tons, from 34,102.0 metric tons recorded in the previous month largely due to slowdown in construction activity arising from heavy rainfall. Total Beverage production fell by 279,752.0 liters reflecting reduction in non-alcoholic beverages. Except rubber output which declined, the year-on-year production analysis of all other major commodities recorded increases.

### Consumer Prices

Inflationary pressure continued its easing path in the review period due to several factors including the tight policy stance of the CBL, weak demand and low price of oil. Headline inflation for the month declined 0.7 percentage points to 14.0 percent, from 14.8 percent in the preceding month. The slight fall in headline inflation was largely due to reduced prices of items relating to food and non-alcoholic beverages, communication, and restaurants and hotels. In contrast, core inflation increased by 0.2 percentage point to 14.5 percent in the review period, from 14.3 percent in August 2020. The rise in core inflation was largely due to increase in the prices of clothing and hospitality subgroups. However, month-on-month rate of inflation declined by 0.9 percentage point in September 2020, from 1.3 percent in August 2020, due largely to decrease in the prices of items in food and non-alcoholic beverages, recreation and culture and transport (Table 1).



Table 1: Production and Price Statistics

Production	Sep - 19	July - 20	Aug - 20	Sep - 20
	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	9,252	310,000	310,000	300,000
Gold (Ounces)	6,296	12,414	16,658	8,805
Diamond (Carat)	7,263	15,193 <sup>†</sup>	1,381	10,251
Rubber (Metric ton)	9,252	3,039	2,514	5,463
Cement (Metric ton)	16,089	29,817	34,102	31,872
<b>Beverages</b>	(In Liters)			
Alcoholic	394,505	1,202,707	1,383,093	1,170,067
Non-Alcoholic	45,936	30,848	108,702	41,976
Total Beverage Production	440,441	1,233,555	1,491,795	1,212,043
<b>Inflation</b>	(In percent)			
<b>Overall (Y-o-Y) Rate of Inflation</b>	<b>30.90</b>	<b>17.06</b>	<b>14.77</b>	<b>14.03</b>
a. Food and Non-alcoholic Beverages inflt'n	33.18	17.84	16.25	14.09
-Domestic Food Inflation	34.55	21.50	23.80	17.79
-Imported Food Inflation	31.24	15.14	10.52	11.48
b. Transport Inflation	33.20	9.25	11.70	10.33
c. Imported Fuels Inflation	25.57	-9.27	-8.38	-8.38
<b>Overall (M-o-M) Rate of Inflation</b>	<b>1.05</b>	<b>7.09</b>	<b>1.27</b>	<b>0.39</b>
<b>Core Inflation</b>	(Millions USD, except otherwise specified)			
Inflation less Food & Non-alcoholic Beverages	29.72	16.66	13.99	14.00
Inflation less Imported Food	30.58	17.54	15.83	14.70
Inflation less Domestic Food	23.50	17.71	14.87	14.48
<b>Inflation less Food and Transport</b>	<b>29.25</b>	<b>17.65</b>	<b>14.29</b>	<b>14.48</b>
Nominal GDP Annual	3,176.06	3,066.80 <sup>†</sup>	3,066.80 <sup>†</sup>	3,066.80 <sup>†</sup>
Real GDP Annual	3,182.06	3,086.93 <sup>†</sup>	3,086.93 <sup>†</sup>	3,086.93 <sup>†</sup>
Real GDP growth rate (in percent)	(2.5)	(3.0) <sup>†</sup>	(3.0) <sup>†</sup>	(3.0)

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, CEMENCO, CBL & LISGIS; IMF & Liberian Authorities; Liberia Mini Model

<sup>†</sup> Revised

## MONETARY DEVELOPMENTS

### Monetary Policy Stance

The CBL continued the implementation of its tight monetary policy stance to ensure price stability through broad exchange rate management. The Bank's monetary policy measure was anchored on interest-rate based instruments to manage Liberian dollar liquidity. However, the Bank maintained its policy rate at 25.0 percent for the issuance of the CBL bills at different tenors (two weeks, one month and three months).

### Monetary Aggregates

At end-September 2020, broad money supply (M2) increased by 2.5 percent to L\$136,198.9 million, from L\$132,899.9 million recorded at end of the preceding month. The growth in M2 was stimulated by a 3.5 percent growth in the time and savings deposits, accompanied by 1.6 percent increase in demand deposits. Growth in M2, considering the asset category, was largely generated by Net Domestic Assets (NDA) which grew by 2.7 percent due to 1.8 percent rise in net credit to the private sectors. Net Foreign Assets (NFA) also recorded a marginal growth of 0.4 percent, from 2.1 percent recorded at end-August 2020 due to rise in the NFA of the CBL by 10.5 percent.

## EXTERNAL SECTOR DEVELOPMENTS

### Merchandise Trade

For the month of September, preliminary statistics on Liberia's external trade showed that merchandise trade deficit expanded to US\$75.4 million (2.5 percent of GDP) from US\$68.8 million (2.2 percent of GDP) recorded in August 2020. The trade deficit deteriorated as a result of a rise in merchandise import payments.

During the month, payments for merchandise imports increased by 3.0 percent to US\$118.4 million (3.9 percent of GDP), from US\$115.0 million (3.7 percent of GDP) largely driven by US\$15.1 million rise in payments for machinery and transport equipment to US\$42.5 million (1.4 percent of GDP), from US\$27.5 million (1.0 percent of GDP) on account of increase in importation of mining equipment.

Similarly, preliminary statistics on earnings from export showed an increase by 6.9 percent to US\$43.0 million (1.4 percent of GDP), from US\$46.2 million (1.5 percent of GDP) due to increases in receipts from exports of iron ore and rubber.

Table 6: External Sector Statistics

Trade Statistics	Sep - 19	July - 20	Aug - 20	Sep - 20
<b>External Trade (Value)</b>	(Millions of USD)			
<b>Exports<sup>1/</sup></b>	<b>43.29</b>	<b>50.46</b>	<b>46.19</b>	<b>43.00</b>
o/w Iron Ore	18.99	19.87	17.51	18.77
o/w Rubber	9.69	6.78	2.49	5.59
o/w Gold	7.29	14.97	15.05	14.16
o/w Diamond	1.69	2.38	0.68	1.79
o/w Cocoa Bean	0.70	0.30	0.00	0.21
o/w Palm Oil	1.35	0.07	0.03	0.41
o/w Other Export commodities	3.58	4.01	1.65	2.08
<b>Imports (CIF)<sup>1/</sup></b>	<b>84.73</b>	<b>73.86</b>	<b>114.98</b>	<b>118.40</b>
Minerals, Fuel, Lubricants	5.61	11.54	10.08	5.07
o/w Petroleum Products	3.24	9.14	8.97	0.58
Food and Live Animals (incdg Animal and veg. oil)	29.85	25.43	50.15	32.92
o/w Rice	13.99	11.57	36.75	14.76
Machinery & Transport Equipment	24.67	13.91	27.49	42.52
Manufactured goods classified by materials	11.33	10.25	11.18	15.65
<b>Trade Balance</b>	<b>(41.44)</b>	<b>(23.40)</b>	<b>(68.79)</b>	<b>(75.40)</b>
<b>External Trade (Volume)</b>	(In Units as Specified)			
Rubber (MT)	4,735.44	3,038.68	2,514.28	5,462.60
Iron Ore (MT)	285,336.11	393,300.62	346,084.07	350,994.49
Petroleum Products (MT)	15,479.90	16,717.18	13,150.70	2,840.83
Rice (MT)	22,105.40	22,074.25	72,933.40	27,896.04
Cocoa Beans (MT)	700.00	300.00	0.00	1,225.00
Palm Oil (MT)	3,844.00	150.71	35.26	375.79
Gold (Oz)	6,295.84	12,414.42	11,206.68	8,503.84
Diamond (Crt)	7,263.06	15,193.00	1,380.94	10,250.71
<b>Personal Remittances</b>	(Millions of USD)			
Inflows	29.52	26.06	26.28	23.81
Outflows	15.53	8.66	7.91	10.20
<b>Net flows</b>	<b>13.99</b>	<b>17.39</b>	<b>18.37</b>	<b>13.61</b>

**FISCAL SECTOR DEVELOPMENTS**

Preliminary statistics on GOL's fiscal operations for September-2020 revealed a decline in the overall balance to US\$6.8 million (0.2 percent of GDP) compared to the preceding month. The fall in the overall balance was attributed to a rise in government expenditure which outweighed the increase in revenue. Total government revenue amounted to US\$47.6 million (1.6 percent of GDP), reflecting 2.8 percent increase compared to the preceding month. The upturn in revenue resulted from an increase in other tax revenue including grants. Tax and non-tax revenue scaled down by 27.7 percent and 49.6 percent, respectively. Similarly, Government total spending expanded by 52.0 percent to US\$40.8 million (1.4 percent of GDP) compared to the preceding month. The rise in spending was driven by current expenditure and payments on loans, interest and other charges, mainly reflective of settlement of obligations to lenders.

The stock of public debt was 55.1 percent of GDP, increasing by 3.0 percent from the stock in the preceding month. The rise in debt stock was mainly attributed to increases in both domestic and external borrowings by 7.0 percent and 0.4 percent, respectively, in support of the economic recovery programs. As share of GDP, the stock of domestic debt amounted to 22.7 percent, whilst the stock of external debt stood at 32.4 percent. Multilateral debt rose by 0.6 percent, amounting to 28.4 percent of GDP. Bilateral debt declined by 0.9 percent, amounting to 4.0 percent of GDP.

**Table 5. Fiscal Sector Statistics**

Fiscal Operations	Sep-19	Jul-20	Aug-20 <sup>†</sup>	Sep-20 <sup>†</sup>
	(Millions of USD)			
<b>Government Revenue</b>	<b>26.46</b>	<b>30.75</b>	<b>46.32</b>	<b>47.56</b>
Tax Revenue	20.98	27.65	36.38	28.24
O/W Taxes on Income & Profits	6.49	11.54	17.29	9.90
O/W Taxes on International Trade	11.92	13.84	15.28	14.39
Non-tax Revenue (excluding grants)	5.47	3.10	9.94	4.88
O/W Property Income	4.46	2.15	8.89	3.64
O/W Administrative Fees and Fines	1.01	0.94	1.04	1.23
Other tax Revenue (including grant)	0.00	0.00	0.00	14.44
<b>Government Expenditure by Codes</b>	<b>22.66</b>	<b>23.38</b>	<b>26.82</b>	<b>40.78</b>
Current Expenditure	21.60	21.58	23.68	35.25
Capital Expenditure	0.00	0.00	0.06	0.00
Loans, interest and other Payments	1.06	1.80	3.08	5.53
<b>Overall Balance</b>	<b>3.80</b>	<b>7.36</b>	<b>19.50</b>	<b>6.79</b>
<b>Public Sector Debt</b>	<b>1227.61</b>	<b>1,526.57</b>	<b>1,529.02</b>	<b>1,574.84</b>
<b>Domestic</b>	<b>421.63</b>	<b>607.00</b>	<b>606.87</b>	<b>649.20</b>
Financial Sector	368.10	543.39	543.39	586.94
Other Sector	53.52	63.61	63.48	62.26
<b>External</b>	<b>805.98</b>	<b>919.57</b>	<b>922.15</b>	<b>925.64</b>
Multilateral	691.62	805.62	808.17	812.67
Bilateral	114.36	113.95	113.98	112.97

Source: CBL's calculation using MFDP's data: Revenue Department, Expenditure Department and Debt Management Unit, MFDP

† - revised for revenue data

The stock of commercial banks loans denominated in both United States and Liberian dollars expanded during the month. The US dollar share of private sector credit grew by 13.3 percent to US\$ 430.7 million as a result of growth in personal loans and loans extended to agriculture and trade subsectors. Similarly, the share of commercial banks loans denominated in Liberian dollar slightly increased by 1.9 percent to L\$6,564.5 million on account of expansion in loans to oil & gas, personal and extractive subsectors. Compared with the same month a year ago, private sector credit in Liberian dollar fell by 8.5 percent, while the US dollar component rose by 10.3 percent.

At end-September 2020, all deposits converted to Liberian dollar amounted to L\$115,371.4 billion (20.3 percent of GDP) representing a moderate rise of 0.5 percentage point compared with the 19.8 percent of GDP reported in the preceding month. The upswing was partly driven by developments in the exchange rate that affected time and savings as well as other deposits (Table 2).

**Table 2: Monetary Aggregates Statistics**

Monetary Aggregates	Sep - 19	July - 20	Aug - 20	Sep - 20
	(In Millions)			
Liberian Dollars in Circulation - (LD)	20,532.41	21,371.41	21,676.54	22,096.30
Money Supply (M1) in LD only	27,684.95	28,602.55	29,345.47	31,020.46
Broad money (M2) in LD only	35,893.45	36,317.39	36,657.80	38,462.34
M2 (in both LD & USD) Converted to LD	119,386.64	131,552.55	132,899.97	136,198.91
Net Foreign Assets (NFA) – LD	12,049.50	15,496.30	12,306.34	12,350.39
Net Domestic Assets (NDA) – LD	107,337.13	116,056.25	120,593.63	123,848.52
<b>Loans to Private Sector</b>				
Commercial banks loans to private sector- US	390.36	375.57	380.08	430.73
Commercial banks loans to private sector - LD	7,176.89	3,386.93	6,439.34	6,564.46
<b>Demand Deposits of commercial banks</b>				
Demand deposits - USD	237.14	283.20	288.49	290.12
Demand deposits - LD	8,683.71	8,517.50	9,209.84	10,192.93
Time & savings deposits - USD	160.36	193.25	192.59	200.27
Time & savings deposits - LD	8,142.08	7,583.07	7,160.64	7,378.43
<b>Other Deposits**</b>				
Actual US\$ component of other deposits	1.59	1.68	1.75	1.72
Liberian \$ component of other deposits	66.42	131.77	151.69	63.45
Total Deposits (USD & LD) converted to LD <sup>1</sup>	<b>100,385.39</b>	<b>111,467.51</b>	<b>112,764.35</b>	<b>115,371.38</b>
Liberian Dollar share of Broad Money	30.06	27.61	27.58	28.24

Source: CBL

‡ - Reserves excluding ECF borrowing from the IMF; \*\* - Other Deposits Including Official and Manager Checks;

<sup>1</sup> - The total deposits (US and Liberian dollars) of commercial banks expressed entirely in Liberian dollars.

**FINANCIAL MARKET (FM) DEVELOPMENTS**

Financial markets operations in September 2020 were also directed toward redemption of CBL indexed bills denominated in Liberian dollars, but indexed against the United States dollars exchange rate with possible maturity of 365-days at the rate of 7.0 percent per annum. Indexed bill amounting to L\$1.2 million was redeemed for retail investors, while L\$400.0 million was redeemed for institutional investors.

**Table 3. Financial Market and Interest Rates Statistics**

Market Instruments	Sep - 19	July - 20	Aug - 20	Sep - 20
<b>CBL (indexed) Bills</b>	<b>(Millions of LD)</b>			
Bills Purchased on 7% coupon basis	481.8	0.00	0.00	0.00
Redemption on 7% basis	0.00	0.60	0.00	401.20
<b>Bills outstanding on 7% coupon basis</b>	<b>1,584.35</b>	<b>401.21</b>	<b>401.21</b>	<b>0.01</b>
Coupon rate (%)	7.00	7.00	7.00	7.00
Bills Purchased on EAR basis	na	5,420.70	3,800.60	4,217.71
Redemption on EAR basis	na	5,490.83	3,203.50	3,940.88
<b>Bills Outstanding on EAR basis</b>	<b>na</b>	<b>4,312.59</b>	<b>4,909.69</b>	<b>5,186.52</b>
Effective Annual Rate (EAR) (%)	na	25.00	25.00	25.00
<b>Total Bills purchased (7% and 30% EAR)</b>	<b>481.80</b>	<b>5,420.70</b>	<b>3,800.60</b>	<b>4,217.71</b>
<b>Total Redemption (7% and 30% EAR)</b>	<b>0.00</b>	<b>5,491.43</b>	<b>3,203.50</b>	<b>4,342.08</b>
<b>Total Bill Outstanding (7% and EAR)</b>	<b>1,584.35</b>	<b>4,713.80</b>	<b>5,310.90</b>	<b>5,186.53</b>
<b>CBL Foreign Exchange (Fx) Auction<sup>†</sup></b>	<b>(Millions of USD)</b>			
US Dollar Amount Sold	(400)	0.00	0.00	0.00
US Dollar Amount Sold	400	0.00	0.00	0.00
Total Subscription	6.74	0.00	0.00	0.00
<b>Over (+)/Under (-) Subscription</b>	<b>2.74</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Treasury Securities</b>	<b>(Millions of LD, unless otherwise stated)</b>			
T- Bills Issued	2.00	0.00	0.00	0.00
T- Bills Redeemed	2.00	0.00	0.00	0.00
T-Bills outstanding	1,560.94	860.94	0.00	0.00
<b>Net Treasury Bills Operations<sup>^</sup></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Ave. Weighted Discount Rate (T-Bills)	7.47	7.47	7.47	7.47
T- Bills Issued (USD)	0.00	na	na	na
T- Bills Redeemed (USD)	0.00	na	na	na
<b>T-Bills Outstanding_ USD</b>	<b>0.00</b>	<b>2.60</b>	<b>2.60</b>	<b>2.6</b>
T- Bond Issued	0.00	0.00	0.00	0.00
T- Bond Outstanding	6,000.00	6,000.00	6,000.00	6,000.00
Semi-annual Coupon Payment	0.00	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
<b>Standing Deposit Facility (SDF)</b>	<b>(In Percent, unless otherwise stated)</b>			
SDF rate (%)	4.00	0.00	0.00	0.00
SDF Amount (In Millions LD)	6,100.00	0.00	0.00	0.00
SDF overnight monthly rate (%)	na	0.07	0.07	0.00
SDF Amount (In Millions LD)	na	0.00	0.00	0.00
<b>Interest Rates</b>	<b>(In Percent, unless otherwise stated)</b>			
- Lending rate	12.44	12.44	12.44	12.44
<b>Average Deposit rates</b>				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
<b>Money Markets Instrument</b>				
Repo	5.50	5.50	5.50	5.50
Swap lending	6.00	6.00	6.00	6.00

Source: CBL

<sup>^</sup> - with Liquidity Effect where withdrawal (+)/injection (-)<sup>†</sup> - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency

The total CBL indexed bill redeemed was L\$401.2 million, and the outstanding bills stood at L\$5,186.53 million, thus reducing the outstanding by 2.3 percent compare to the previous month. The issuance on the effective annual rate of 25.0 percent CBL bill remained focused on multiple tenors (2-weeks, 1-month and 3-months). Total subscription of the bill increased by 11.0 percent to L\$4,217.7 million. On the treasury securities, there were no issuance and redemption during the month, thus the outstanding treasury bond and bills remained unchanged at L\$6,000.0 million and L\$860.9 million, respectively.

All other rates, including the rates on money market instruments, lending, average savings and time deposit remained unchanged. 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. Money markets instruments such as repo traded at 5.5 percent, whereas swap lending among commercial banks traded at an average interest rate of 6.0 percent (Table 3).

### BANKING SECTOR DEVELOPMENTS

At end-September 2020, the banking industry generally maintained compliance with regulatory threshold. During the month, all indicators of the industry, except non-performing loans and advances showed strong performances when compared with the preceding month. Liquidity Ratio increased by 1.6 percentage points and remained above the minimum requirement by 25.3 percentage points. In contrast, Capital Adequacy Ratio slightly decreased compared to the previous month but remained above its minimum requirement by 18.4 percentage points. Additionally, Return on Assets (ROA) and Return on Equity (ROE) rose by 0.2 percentage point and 0.7 percentage point, respectively.

Total (gross) loans recorded a growth of 1.9 percent to L\$87.0 billion (15.0 percent of GDP) while non-performing loans declined marginally by 0.09 percent to L\$21.20 billion, 14.38 percentage points above the tolerable limit of 10.0 percent. The high NPLs were attributed to slowdown in economic activities, which constrained borrowers' ability to service their loans.

**Table 4: Selected Financial Soundness Indicators, FSIs**

Financial Soundness Indicators	Sep - 19	July - 20	Aug - 20	Sep - 20
	<b>(In Billion LD)</b>			
Total Gross Loans	91.89	84.49	85.33	86.98
Total Non-performing Loans	11.82	19.52	21.22	21.20
	<b>(In percent)</b>			
Non-performing Loans to Total Gross Loans (ratio)	12.87	23.10	24.80	24.38
Gross Loan (growth)	(0.08)	0.25	0.99	1.93
Non-performing Loans (growth)	(5.51)	16.58	8.71	(0.09)
Returns on Assets (ROA)	1.33	0.75	0.88	1.03
Returns on Equity (ROE)	8.24	4.45	5.36	6.03
Liquidity Ratio***	40.01	40.50	38.75	40.32
Capital Adequacy Ratio (CAR)****	25.6	28.53	28.53	28.41

Source: CBL

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

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

† - Revised