

SIMPLIFIED VERSION OF COMMUNIQUE N0.24

CENTRAL BANK OF LIBERIA

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Update from the Monetary Policy Committee Meeting – October 6, 2025

The Monetary Policy Committee (MPC) of the Central Bank of Liberia met on **Monday, October 6, 2025**, to review how the Liberian and world economies performed during the past three months and to decide what actions are needed to keep prices stable and support growth.

After reviewing all reports, the Committee **reduced the main interest rate** — called the **Monetary Policy Rate (MPR)**— by **1 percentage point to 16.25%**. This decision shows confidence that prices are becoming more stable and the economy remains strong.

Global Economy

Around the world, the economy continues to grow better than expected. According to the International Monetary Fund (IMF), global growth for 2025 is expected to be **3%**, higher than earlier forecasts.

Even though things are improving, global trade tensions, high tariffs, and political conflicts in some regions still pose risks.

For **Liberia**, the global situation has brought some benefits:

- **Food and fuel prices** around the world have dropped,
- **Gold prices** have increased, helping Liberia earn more from exports.

The Committee also noted that **global inflation** (the rate at which prices rise) is going down—from **5.6% in 2024** to about **4.2% in 2025**—mainly because oil prices have fallen. This drop is good news for Liberia, as it helps reduce the prices of imported food and fuel.

Liberia's Economy

The Committee is pleased with how the Liberian economy performed during the third quarter of 2025. The economy remains on track to grow by about **4.6%** for the year.

Inflation (the rise in prices) fell sharply from **11.1%** in the previous quarter to **6.1%**. This is mainly because:

- Food prices in Liberia dropped from **15.8% to 5.6%**, and
- Prices of imported goods also fell slightly.

Looking ahead, prices may rise a little during the Christmas season, but overall inflation is expected to stay around **6%**, which is considered stable.

The economy continues to be supported by:

- **A stable exchange rate,**
- **More money coming in from remittances,** and
- **Better trade conditions** with other countries.

Banking Sector

The banking system remains **strong and stable**.

- Banks have enough capital to cover their operations, with an average strength level far above what is required.
- Some banks reduced lending slightly, but the number of bad loans (those not being repaid) also went down compared to last year.
- Banks' cash reserves increased, showing that they can meet customers' needs when required.

The Central Bank believes its plan to fix problem loans is working and will continue to improve the health of the banking system.

Money and Financial Markets

Reports show that Liberia's **foreign reserves** increased slightly, while local borrowing by government and businesses decreased. This caused a small reduction in the total money circulating in the economy.

Interest rates between banks remained stable and well aligned with the Central Bank's targets. The Central Bank noted that demand for money may increase during the festive season, but this is expected to be temporary.

The government also continued to meet its debt payments and issued new treasury bonds worth **US\$22.6 million** during the quarter.

Government Finances

Government spending increased slightly, but **inflows of U.S. dollars** helped to keep the **Liberian dollar stable**.

The Committee praised the government for continuing to manage spending carefully, raise local revenue, and coordinate well with the Central Bank to keep the economy stable.

Trade and Exchange Rate

Liberia's trade position improved significantly. The country recorded a **small trade surplus** (exporting more than it imported) for the first time this year.

- **Foreign reserves** rose to **US\$544.8 million**,
- **Remittances** from Liberians abroad increased by **8%**, and
- The **Liberian dollar strengthened** by about **9%** during the quarter.

Although there could be some pressure on the Liberian dollar as demand for foreign currency rises, the exchange rate remains **stable and within acceptable limits**.

Decisions Made by the Committee

After careful review, the Committee decided to:

1. **Reduce the Monetary Policy Rate** from 17.25% to **16.25%**.
2. **Keep** the interest rate limits (corridor) **unchanged**.
3. **Maintain** banks' reserve requirements at **25% for Liberian dollars** and **10% for U.S. dollars**.

The Committee assured the public that the Central Bank will continue to closely watch both local and global economic trends and take the right actions to protect price stability and support the Liberian economy.

The next meeting of the Committee will be held on **Wednesday, January 21, 2026**.

Signed:

Henry F. Saamoi

Executive Governor & Chairman, Monetary Policy Committee