



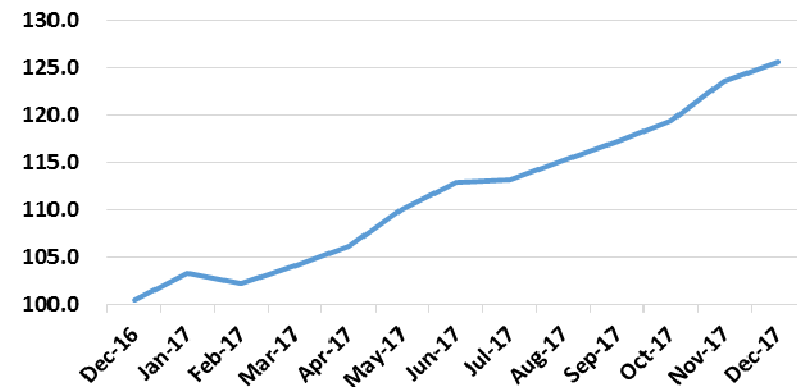
## CENTRAL BANK OF LIBERIA (CBL)

MONTHLY  
ECONOMIC  
REVIEW

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Exchange Rate (Period Average)



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**Table 2: Performances of End-of-Period WAMZ  
Exchange Rates against the US Dollar**

Currency	Dec -16	Nov-17	Dec-17	Appr (-)/Depr (+)	
				MoM	YoY
<b>GHC</b>	4.18	4.41	4.41	0.04	5.57
<b>GMD</b>	44.85	46.93	47.15	0.47	5.13
<b>GNF</b>	9,220.22	9,005.00	9,006.36	0.02	-2.32
<b>LRD</b>	102.50	125.51	125.45	-0.05	22.39
<b>NGN</b>	304.75	305.25	305.55	0.10	0.26
<b>SLL</b>	7,195.37	7,517.71	7,536.96	0.26	4.75

Sources: Central Banks of Liberia and WAMA: [www.amao-wama.org/](http://www.amao-wama.org/)

*LRD—Liberian Dollar*  
*GHC—Ghanaian Cedi*  
*GMD—Gambian Dalasi*  
*GNF—Guinean Franc*  
*NGN—Nigerian Naira*  
*SLL—Sierra Leonean Leone*  
*USD—US Dollar*

	Sep-17	Oct-17	Nov-17	Dec-17
<b>External Trade (Volume) – cont'd</b>	<b>(Metric Tons)</b>			
- Petroleum Products	4,507	3,962	4,327	4,983
- Cocoa Beans	0.0	1,495	400	250
- Palm Oil	2,126	1,100	13,074	1,246
<b>10 Inflation</b>	<b>(In percent)</b>			
<b>Overall (Year-on-year) Rate of Inflation</b>	<b>13.1</b>	<b>11.9</b>	<b>13.1</b>	<b>13.9</b>
a. Food and Non-alcoholic Beverages Inflation	6.0	4.2	4.6	4.6
- Domestic Food Inflation	2.0	0.2	0.4	2.6
- Imported Food Inflation	7.6	5.9	6.3	4.5
b. Transport Inflation	17.2	22.0	21.0	25.4
c. Imported Fuels Inflation	22.4	26.0	27.2	37.6
<b>Overall (Month-on-Month) Rate of Inflation</b>	<b>1.2</b>	<b>0.5</b>	<b>1.6</b>	<b>1.2</b>
<b>Core Inflation</b>	<b>(In percent)</b>			
Inflation excluding Food & Non-alcoholic Beverages	18.1	17.7	19.5	20.1
Inflation excluding Imported Food	14.3	13.2	14.5	16.2
Inflation excluding Domestic Food	7.2	6.3	7.6	7.5
Inflation excluding Food and Transport	18.2	16.8	19.1	19.2
<b>Production</b>	<b>(Metric Tons, Carats and Ounces)</b>			
Iron Ore	513,772	151,553±	154,118	0
Gold	15,732	11,320	16,196†	14,416
Diamond	665	3,943	7,383†	4,347
Rubber	3,930	3,969†	5,950	9,965
Cement	13,520	14,659	16,726†	19,217
Beverages	<b>(In Litres)</b>			
Alcoholic	714,936	870,288	1,153,247†	1,132,851
Non-Alcoholic	692,626	879,531	732,449	903,380
<b>11 Int'l Commodity Prices</b>	<b>US\$/Unit</b>			
Iron Ore (US\$/MT)	71.5	61.7	64.2	72.3
Rubber (US\$/MT)	1,860.0	1,640.0	1,570.0	1,650.0
Crude Oil (US\$/Barrel)/1	53.0	54.9	59.9	61.2
Rice (US\$/MT)	402.0	394.0	402.0	406.0
Cocoa Beans (US\$/MT)	2,000.0	2,100.0	2,130.0	1,920.0
Palm Oil	724.0	721.0†	716.0	665.3

\* US\$ converted to L\$    ^With liquidity Effect

\*\* Other Deposits Include Official and Manager Checks

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

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

†Reserves exclude ECF borrowing from the IMF

± Provisional, Preliminary, Estimate    †Revised    ‡Not Available (NA)

/1 Average Monthly prices of Dated Brent, West Texas Intermediate & Dubai Fateh

## REAL SECTOR & PRICE DEVELOPMENTS

### Production of Key Commodities

Trends in the productions of major commodities at end-December, 2017 were mixed. Rubber output surged to 9,965 metric tons, from 3,546 metric tons during the previous month due to rise in output from small farm holders. Favourable global price of rubber in the month drove up production of the commodity. Beverage output rose by 8.0 percent to 2.03 million liters, from 1.89 million liters in the previous month, occasioned by high demand during the festive season. Cement output also rose to 19,217 metric tons, from the revised 16,726 metric tons produced during the preceeding month. The 14.9 percent increase in output was attributed to the pickup of construction activities due to the dry season.

On the other hand, gold output dipped to 14,416 ounces, down from a revised 16,196 ounces produced last month. The 10.9 percent drop in production was associated with the decrease in the price of the commodity on the world market. The production of diamond during the review period decreased to 4,347 carats, from 7,383 carats during the month before. This represents a 41 percent reduction in production of the commodity. Data on the production of iron ore was not available up to reporting time.

### Consumer Prices

Inflation on a yearly basis increased by 1.4 percentage points to 13.9 percent, up from 12.5 percent at end-December 2016. The rise in inflation was explained by increases in all other major subgroups except education.

On a monthly basis, the rate of inflation declined by 0.4 percentage points to 1.2 percent from 1.6 percent reported a month ago. The fall in monthly inflation rate was a result of decreases in the prices of all of the items in the major sub-groups except transport and restaurant.

## MONETARY DEVELOPMENTS

### Monetary Policy Stance

The monetary policy stance of the CBL in December, 2017 was focused on price stability via broad exchange rate stability. In the review month, the foreign exchange auction and the Treasury-bills were the main policy instruments used to implement domestic monetary policy operations.

### Monetary Aggregates and Credit

Broad money supply (M2) at end-December, 2017 expanded by 2.0 percent to L\$79,999.9 million, from L\$78,431.8 million recorded at end-November, 2017. The rise was on account of a 3.0 percent growth in narrow money supply (M1) which came as a result of a 14.7 percent expansion in currency outside banks. On a year-on-year basis, broad money grew by 19.9 percent on account of a 18.4 percent and 23.1 percent expansions in narrow and quasi money supplies, respectively.

On the assets side, Net foreign assets (NFA) and net domestic assets (NDA) at end-December, 2017 trended in opposite directions. NFA fell by 5.7 percent and 13.5 percent on monthly and annual bases, respectively, mainly driven by declines in assets of the CBL and that of commercial banks. On the other hand, NDA grew M-o-M by 8.2 percent and Y-o-Y by 65.5 percent mainly on account of growth in credit to the private sectors including credit to NBFIs.

The US dollar component of commercial bank loans to private sector at end-December, 2017 rose by 3.4 percent to US\$396.2 million, from US\$383.1 million at end-November, 2017, while the Liberian dollars component declined by 3.7 percent to L\$3,924.4 million, from L\$4,073.2 million recorded a month ago. On a year-on-year basis, the US dollar component grew by 7.6 percent and the Liberian dollar component, by 33.8 percent, both driven mainly by increases in loans to services, personal loans and the manufacturing sectors.

### Exchange Rate

At end-December, 2017, the Liberian dollar vis-à-vis the US dollar, on average, depreciated by 1.6 percent to L\$125.50/US\$1.00, from L\$123.57/US\$1.00 at end-November, 2017. The end-of-period (EOP) exchange rate appreciated marginally by 0.05 percent to L\$125.45/US\$1.00, from L\$125.51/US\$1.00 a month ago. Year-on-year comparison revealed that the average exchange rate depreciated by 22.4 percent and the EOP, by 25.0 percent compared to December, 2016. The weakness of the Liberian dollar was primarily driven by the high demand for US dollar to facilitate imports.

	Sep-17	Oct-17	Nov-17	Dec-17
Non-performing Loans (% change)	8.5	-3.3	13.8	2.6
Returns on Assets (ROA)	0.30	0.17	0.22	-0.24
Returns on Equity (ROE)	1.82	1.02	1.32	-1.38
Liquidity Ratio****	47.2	47.6	49.4	45.6
<b>7 Fiscal Operations</b>				
<b>7a Revenue, Expenditure &amp; Debt</b>	<b>(Millions of US\$)</b>			
Actual Revenue & Grants	36.8±	35.1	26.7	28.8
Projected Revenue & Grants	51.6±	36.3	30.8	39.4
<b>Expenditure</b>	43.7±	41.5	43.6	45.8
<b>Public Debt Stock</b>	<b>868.9</b>	<b>873.8</b>	<b>874.1</b>	874.5
Domestic	266.7	266.6	266.2	266.2
External	602.2	607.2	608.0	608.3
<b>7b Treasury Securities</b>	<b>(Millions of L\$)</b>			
T- Bills Issued	-32.5	-97.5	-30.0	-18.8
T- Bills Redeemed	53.7	47.3	32.2	32.5
Net GoL Treasury Bills Operations^	21.2	-50.2	2.2	13.7
Ave. Weighted Discount Rate_T Bills	4.35	2.94	5.00	5.0
Bond Issued (2 yrs.) amount in Billion				
T- Bond Issued	-2.4	0.0	0.0	0.0
T- Bond Settled	0.0	0.0	0.0	0.0
Net GoL Treasury Bond Operations^	0.0	0.0	0.0	0.0
Ave. Weighted Discount Rate_T Bond	14.5	0.0	0.0	0.0
<b>8 External Trade (Value)</b>	<b>(Millions of US\$)</b>			
<b>8a Exports/1</b>	<b>46.4</b>	<b>20.6</b>	<b>18.8</b>	<b>25.9</b>
- O/w Iron Ore	15.7	n/a	3.7	0.0
- O/w Rubber	9.5	6.0	6.5	10.1
- O/w Mineral	16.0	13.7	6.5	10.3
-o/w Cocoa Bean	0.0	0.4	0.3	0.3
-o/w Palm Oil	0.9	0.1	0.8	0.9
<b>8b Imports (F.O.B)/1</b>	<b>70.4</b>	<b>89.2</b>	<b>82.6</b>	<b>71.8</b>
Minerals, Fuel, Lubricants	10.3	9.2	9.8	13.0
-O/w Petroleum Products	9.4	8.4	8.9	10.6
Food and Live Animals (including Animal and vegetable oil)	21.0	30.0	33.8	14.3
-O/w Commercial Rice	7.0	4.3	23.6	2.5
-O/w Non-commercial Rice	0.5	0.3	0.5	0.1
Machinery & Transport Equipment	18.4	24.0	14.5	24.3
Import (C.I.F)	<b>77.4</b>	<b>98.2</b>	<b>91.0</b>	<b>79.1</b>
Trade Balance	-24.0	-68.6	-63.8	-45.9
<b>9 External Trade (Volume)</b>	<b>(Metric Tons)</b>			
- Rubber	4,437.7	4,000.7	3,545.7	9,964.6
-Iron Ore	513,772	n/a	154,118.2	0.0
-Commercial Rice	177,789	165,129	177,187	147,363
-Non-commercial Rice	1,710	1,439	1,504	1,396

/1 Trade data now sourced from Customs (LRA) with larger coverage than BIVAC.

**Table 1: Fact Sheet**

	Sep-17	Oct-17	Nov-17	Dec-17
<b>1 Monetary</b>	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) <sup>†</sup>	155.5	164.4	150.7	155.1
CBL Gross Foreign Reserves (excluding SDRs)	195.9	205.8	222.8	222.3
Liberian Dollars in Circulation	13,386.1	13,639.1	13,792.2	15,919.7
Money Supply (M1) in L\$ only	19,196.7	19,740.6	19,103.0	21,077.6
Broad money (M2) in L\$ only	26,299.0	26,593.6	26,008.6	27,671.8
Broad money (M2) in both L\$ and US\$*	75,107.9	76,279.3	78,431.8	79,999.9
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	35.0	34.9	33.2	34.6
Interest Rates				
- Lending rate	13.28	13.2	13.3	13.3
-Average Deposit rates				
-Savings	2.23	2.23	2.23	2.23
-Time	3.53	3.75	3.75	3.64
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	388.8	392.9	383.1	396.2
Commercial banks loans to private sector - L\$	4,044.1	4,078.4	4,073.2	3,924.4
- Demand Deposits of commercial banks				
Demand deposits - US\$	264.0	264.0	267.9	260.6
Demand deposits - L\$	6,786.0	6,853.8	6,040.0	6,095.9
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	150.6	150.0	154.6	155.8
Time & savings deposits - L\$	7,063.5	6,788.9	6,855.2	6,620.7
- Other Deposits**				
Actual US\$ component of other deposits	0.02	2.2	1.7	0.5
Liberian \$ component of other deposits	38.8	64.2	50.4	-26.5
<b>2 CBL's Foreign Exchange Auction</b>	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	3.0	4.3	10.0	5.0
Total Subscription	4.0	4.3	10.0	3.6
Over(+)- / Under(-) Subscription	1.0	0.0	0.0	-1.4
<b>3 CBL Bills Auction</b>	<i>(Millions of L\$)</i>			
Bill Issued	0.0	0.0	0.0	0.0
Bill Redeemed	0.0	0.0	0.0	0.0
<b>4 Personal Remittances</b>	<i>(Millions of US\$)</i>			
Inflows	53.4	42.9	38.2	27.1±
Outflows	73.8	33.4	39.8	44.6±
<b>Net flows</b>	-20.4	9.5	-1.6	-17.5±
<b>5 Exchange Rate</b>	<i>(USD/LD)</i>			
End of Period	117.72	119.4	125.5	125.5
Period Average	117.24	119.4	123.6	125.5
<b>6 Financial Soundness Indicators (FSI)</b>	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	17.7±	17.8±	17.8±	18.0±
Non-performing Loans to Total Loans	14.96	13.4	14.7	14.7

In the WAMZ, only the Liberian dollar showed a marginal appreciation of 0.05 percent. The Guinean Franc, the Ghana Cedis, the Nigerian Niara, the Sierra Leonean Leone and the Gambia Dalasi depreciated by 0.02, 0.04, 0.10, 0.26 percent and 0.47 percent, respectively when match against the rates recorded a month ago. Y-o-Y analysis revealed that, with the exception of the Guinean Franc that appreciated by 2.3 percent, all currencies in the zone suffered depreciation (see Table 2).

### Financial Market Developments

In December, net GoL T-bill operations amounted to Liberian dollar injection of L\$13.7 million; implying that the CBL on behalf of the government issued L\$18.8 million and redeemed L\$32.5 million. The discount rate in the month on GoL T-bill issued remained 5.0 percent, compared with the yield recorded in November, 2017.

### Banking Sector Developments

The banking industry at end-2017 remained strong, evidenced by its capital adequacy and liquidity ratios which were well beyond the minimum requirements of 10.0 percent and 15.0 percent, respectively. Provisional banking sector data at end-December, 2017 indicated a liquidity ratio of 45.6 percent, 3.8 percentage points lower than the ratio reported at end-November, 2017. The industry capital adequacy ratio (CAR) was estimated at 18.0 percent, 0.2 percentage points more than the previous month. Non-performing loans ratio also remained stable at 14.7 percent compared with November, 2017.

## FISCAL DEVELOPMENTS

### Revenue (including Grants) & Expenditures

Data on revenue and expenditure at end-December 2017 showed that fiscal operations resulted in a deficit of US\$17.0 million, slightly above the deficit of US\$16.9 million recorded in the previous month, mainly explained by 5.0 percent increase in total public expenditure that outweighed the growth in actual revenue and grants during the review month.

Tax and non-tax revenue & grants constituted 81.0 percent and 19.0 percent of total revenue and grants, respectively during the period under review. Actual revenue and grants fell below budgetary projections during the month by US\$10.6 million or 26.9 percent during the review month. Recurrent and capital expenditure accounted for 94.0 percent and 6.0 percent of total public expenditure for the review month, respectively.

Preliminary statistics on Liberia's public debt showed that Liberia's stock of debt at end-December, 2017, stood at US\$874.5 million, indicating a slight increase of US\$0.4 million against the stock of US\$874.1 million recorded at end-November, 2017. Domestic and external debt stocks both constituted 30.4 percent and 69.6 percent of Liberia's total public debt stock at end-December, 2017, respectively, Table 1.

## EXTERNAL SECTOR DEVELOPMENTS

### Merchandise Trade

Merchandise trade balance at end-December, 2017 recorded a deficit of US\$45.9 million, down from a deficit of US\$63.8 million at end-November, 2017. The improvement in trade balance at the end of the month was mainly occasioned by growth in export receipts coupled with decline in import payments, Table 1.

### Exports

Exports earnings during the month ended-December, 2017 showed an increase of 37.8 percent to US\$25.9 million, from US\$18.8 million recorded at end-November, 2017. The rise in exports earnings was attributed to increase in both rubber and mineral exports by US\$3.6 million and US\$3.5 million, respectively.

### Imports (FOB)

Payments for imports at end-December 2017, declined by 13.1 percent to US\$71.8 million, from US\$82.6 million in November, 2017, resulting largely from a US\$19.5 million fall in payments for Food and Live animals (including animal and vegetable oil).

### Global Commodity Price Review

Global commodity price index was estimated to rise to 112.0 at end-December, 2017, from 111.4 reported in the previous month. The rise in average global commodity price index was largely a result of improvements in the prices of major categories including metal (especially iron ore), crude oil (petroleum) and agricultural products (mainly rubber).

### Iron ore

For the second time, the international price of Iron ore rose to US\$72.3 per metric ton at end-December 2017, from US\$64.2 per metric ton in November, 2017. The 12.5 percent rise in the price of the commodity was a result of an

increase in the demand for the commodity resulting from favorable price of steel in China. However, in the medium term, the price of the commodity is forecast to decline in line with decline in Chinese steel production.

### Rubber (natural)

At end-December 2017, the global price of rubber rose to US\$1,650.0 per metric ton, from US\$1,570.0 per metric ton reported during the preceding month. The 5.1 percent increase in the global price of rubber was mainly on account of increased demand.

### Petroleum (Crude Oil)

The average global price of petroleum stood at US\$61.2 per barrel at end-December, 2017, from US\$59.9 per barrel recorded in the previous month. The 2.1 percent increment in the price was occasioned mainly by slowdown in supply of the commodity.

### Food (Rice)

Food price index for the third consecutive time declined to 169.8 at end-December 2017, from 175.8 in October 2017. The 5.8 points decline was due mainly to decrease in the prices of all its subgroups. The price of rice, a sub-group of cereal, however, inched up by 1.0 percent to US\$406.0 per metric ton, from US\$402.0 per metric ton in the preceding month due to continuous strong demand for the commodity.

### Palm Oil

The global price of crude palm oil fell for the fourth time by 7.1 percent to US\$665.3 per metric ton in December, 2017, from US\$716.0 per metric ton at end-November, 2017 on account of rising stock of the commodity owing to strong production and weak export demand.

### Gross Foreign Reserves

Gross foreign reserves position (excluding SDR holdings) of the CBL at end-December, 2017 fell slightly by 0.2 percent to US\$222.3 million, from US\$222.8 million reported during the previous month due to a 20.6 percent contraction in CBL US\$ notes and coins.

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*Crude oil price is the average of the three global oil price benchmarks: Dated Brent, West Texas Intermediate and Dubai Fateh.*