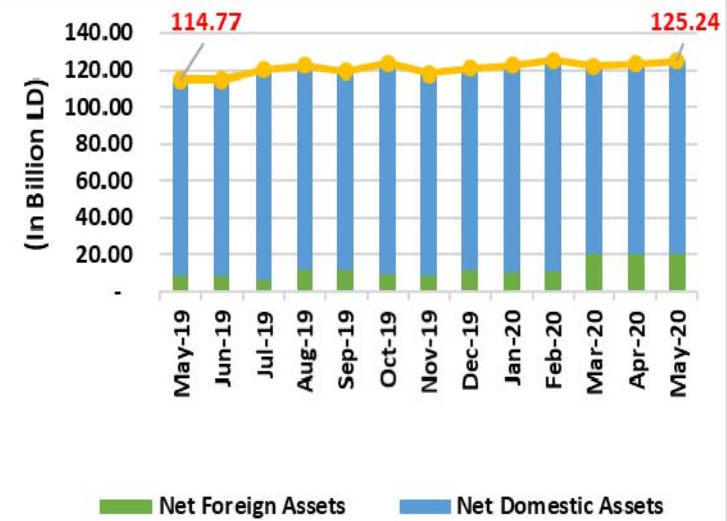




CENTRAL BANK OF LIBERIA



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from OPEC and the USA. Annual comparison showed that the price of petroleum increased by 54.5 percent, from the price in April 2019.

Rubber

Rubber price slightly increased in May 2020 by 1.5 percent to US\$1,350.00 per metric ton, compared to the preceding month. The rise in the price of the commodity was occasioned by reopening of economic activity across countries as a way of relaxing measures on the COVID-19 pandemic. However, yearly comparison of the price of rubber showed a 23.7 percent reduction from US\$1,770.00 metric ton.

Food Price (FAO)¹

In May 2020, FAO food price index showed that the price of food further declined. Food price index fell by 3.1 percentage points to 162.5 due to the continued negative impact of the pandemic on all commodity group, except sugar which picked up during the month. The prices of all sub-indices of the food basket registered significant declines in the global food market. Year-on-year comparison of the index showed that food price also declined by 11.3 percentage points, from 173.8.

Cocoa

Cocoa price increased by 2.2 percent in the month of May 2020 to US\$2,320.0 per metric ton following a decrease in the previous month. The rise was due mainly to anticipated decline in supply of the commodity amid extended lockdown measures announced by the Government of Cote d'Ivoire and a drop in supply from Ghana. Compared with the same month a year ago, the price of cocoa beans remained relatively stable at US\$2,320.00 per metric ton.

Table 8: External Sector Statistics: Global Prices

GLOBAL PRICE	May - 19	Mar - 20	Apr - 20	May - 20	Percent Change	
					MoM	YoY.
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	100.15	88.99	84.73	93.65	10.53	(6.49)
Gold (US\$/Oz)	1,283.70	1,591.93	1,683.17	1,715.91	1.95	33.67
Rubber (US\$/MT)	1,770.00	1,500.00	1,330.00	1,350.00	1.50	(23.73)
Cocoa Beans (US\$/MT)	2,320.00	2,340.00	2,270.00	2,320.00	2.20	0.00
Palm oil (US\$/MT)	563.20	636.25 [†]	608.88	573.88	(5.75)	1.90
Crude oil (US\$/BBL)	66.83	32.20	21.04	30.38	44.39	(54.54)
Food Price Index (FAO)	173.8	171.10[†]	165.6	162.50	(1.87)	(6.50)
Rice_5% broken (US\$/MT)	409.00	494.00 [†]	564.00	510.00	(9.57)	24.69
Sugar (US\$/MT)	270.00	260.00	230.00	240.00	4.35	(11.11)
Commodity Price Index	120.48	93.87[†]	84.17	91.35	8.53	(24.18)

Source : www.indexmundi.com, <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

[†] - Revised

one currency, relative stability in one currency, and appreciation in four currencies against the US dollar. The Sierra Leonean Leone, the Ghanaian Cedi, the Guinean Franc and the Gambian Dalasi appreciated against the US dollar by 10.5 percent, 8.2 percent, 3.0 percent and 2.4 percent, respectively compared with the rates reported in April 2020. Additionally, the Nigerian Naira remained relatively stable at ₦306.50/US\$1.00, while the Liberian dollar slightly depreciated during the month by 0.1 percent. Annual comparison of the exchange rate movements in WAMZ showed that, except the Liberian dollar that depreciated, the Naira remained relatively stable again, while all currencies in the zone appreciated against the United States Dollar. The Sierra Leonean Leone recorded the highest appreciation for the two periods (Table 7).

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

Rate & Currency	May - 19	Mar - 20	Apr - 20	May - 20	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	191.00	198.06	198.35	198.59	(0.12)	(3.82)
Period Average	181.2318	197.83	198.12	198.47	(0.18)	(8.69)
WAMZ Currency	Currency per USD				Percent change	
GHC	5.62	5.44	5.57	5.15	8.16	9.13
GMD	51.39	47.79	51.77	50.56	2.39	1.64
GNF	9,451.85	9,381.12	9,409.42	9,131.53	3.04	3.51
NGN	306.50	360.50	306.50	306.45	0.02	0.02
SLL	9,719.25	9810.40	9,710.63	8,785.04	10.54	10.63

Source: CBL, WAMA: www.amao-wama.org/

GHC - Ghanaian Cedi; LD - Liberian Dollar; GMD - Gambian Dalasi; USD - United States Dollar; GNF - Guinean Franc; NGN - Nigerian Naira; SLL - Sierra Leonean Leone; USD - United States Dollar

GLOBAL COMMODITY PRICE DEVELOPMENTS

Iron ore

In May 2020, the price of iron ore was reported at US\$93.7 per metric ton, increasing by 10.5 percent, from the price per metric ton in the preceding month. The rise in the price of iron ore was attributed to reduction in supply from Brazil, while demand for steel production in China also increased. Compared with the price in the corresponding month of 2019, iron ore price fell by 6.5 percent.

Crude oil (Petroleum) price

The price of petroleum inched by 44.4 percent to US\$30.4 per barrel, from the price reported in the fourth month of the year. The rise in the price of petroleum was occasioned mainly by rise in global crude oil demand as China refineries began to raise operations coupled with production cuts

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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 key sectors (Real, Monetary, Fiscal and External) of the Liberian economy. The MER also highlights the Monetary Policy Stance of the CBL and exchange rate developments in the West African Monetary Zone (WAMZ).

OVERVIEW

During the month of May 2020, production of key commodities in the economy improved. Except for iron ore that decreased, production of beverages, cement and rubber rose compared to the preceding month. Similar to the past two months, data on the production of gold and diamond remained unavailable. Headline inflation for the month ended May 2020, was lower than the rate recorded in the preceding month on account of decline in almost all major categories of the consumer basket. Similarly, core inflation¹ moderated on account of decreases in the prices of items related to housing, water, electricity, gas and other fuels, furnishings, household equipment and routine household maintenance and education groups.

The Monetary policy stance of the CBL remained tight and principally focused on maintaining price stability by using available monetary policy instruments, including reserves requirements, and the CBL bill at different tenors to manage the Liberian dollar liquidity in circulation. During the month, retail and institutional investors' subscriptions in the bills increased by 29.2 percent.

Developments in monetary aggregates shows that broad money (M2) grew in May 2020 compared with the preceding month. On the liability side, the slight growth in M2 was due largely to increase in demand deposits, while on the asset side, the expansion in M2 was mainly on account of growth in Net Domestic Assets (NDA). Statistics on commercial banks loans to private sector showed that during the month, the share of loans denominated in both US dollar and Liberian dollar decreased, but comparatively the decline in US dollar loans exceeded the Liberian dollar loans. The banking industry remained sound and resilient during the month; evidenced by slightly strong performances in all key indicators including Capital Adequacy Ratio (CAR), Return on Assets (ROA), and Return on Equity (ROE). Liquidity Ratio remained above its minimum requirement, despite the decline.

Implementation of fiscal operations during the month resulted to a surplus of 0.1 percent of GDP as a result of the reduction in spending amid increase in revenue generated. The rise in revenue was occasioned by improved performance from all categories of the revenue envelop.

Performance in the external sector remains challenged with deficit in the merchandise trade balance during the month compared to the surplus in the

Direction of Trade

During the month, Asia and Europe were the principal destinations of Liberia's exports and the four main countries of destination were China, France, Belgium and Great Britain. These four countries constituted 78.5 percent of total export earnings. The main commodity of export to China, France and Great Britain was iron ore, while that to Belgium was mainly rubber.

Cote d'Ivoire, China, Turkey and India were the top four sources of merchandise imports to Liberia. The four countries constituted 51.0 percent of total payments for imports. Imports from Cote d'Ivoire were predominantly petroleum products, while those from China, Turkey and India were fertilizers, cements trucks, motorcycles, tricycles and other assorted materials.

Remittances

Both inward and outward personal/worker remittances for May 2020 recorded a slow flow, but the fall in outward slightly exceeded the slowdown in inward remittances. Inward personal remittances declined by 2.7 percent to US\$23.8 million, while outflows of remittances fell by 3.4 percent to US\$8.8 million, resulting to a net inflow of US\$15.0 million, which was 2.2 percent lower than the net inflows recorded in the previous month. Compared with the same month in 2019, net inflow of personal remittance increased by 11.7 percent, from net inflow of US\$13.5 million reported in May 2019.

Gross International Reserves and Months of Import Cover

At end of May 2020, gross international reserves (GIR) totaled US\$253.8 million, increasing by 1.0 percent compared with the stock recorded in the preceding month. Although, GIR rose, the increase in import payments, mainly for goods during the month led to the fall in the months of import cover to 2.4 months, 0.2 month lower than the previous months of import cover. The amount was also 0.6 month below the ECOWAS regional benchmark of at least 3.0 months (Table 6).

EXCHANGE RATE DEVELOPMENTS

Using the end-of-period (EOP) and average (AVE) exchange rates for May 2020, the Liberia dollar depreciated against the US dollar compared with the preceding month. The Liberian dollar marginally depreciated to L\$198.59/US\$1.00 based on the EOP rate, while the AVE rate indicated a depreciation of the Liberian dollar by 0.2 percent to L\$198.47/US\$1.00. The marginal depreciation of the Liberian dollar was largely due to fall in demand for foreign exchange to facilitate payments for imports. Compared with the rates reported in the corresponding month of 2019, the Liberian dollar on EOP and AVE exchange rates basis depreciated by 3.8 percent and 8.7 percent, respectively.

At end-May 2020, developments in the foreign exchange market of the six countries in the West African Monetary Zone (WAMZ) revealed depreciation in

Trade Statistics	May - 19	Mar - 20	Apr - 20	May - 20
External Trade (Volume)	(In Units as Specified)			
Rubber (MT)	4,147.92	4,831.54	6,307.80	4,252.50
Iron Ore (MT)	376,709.43	403,800.08	489,360.58	578,891.90
Petroleum Products (MT)	37,740.00	8,980.50	1,989.14	12,267.94
Commercial Rice (MT)	1,309.60	33,066.33	5,376.73	131.22
Commercial Rice (MT)	958.70	1.06	0.91	1.88
Non-commercial Rice (MT)	450.00	1,110.78	575.00	500.00
Cocoa Beans (MT)	37.83	204.06	240.00	250.00
Palm Oil (MT)	15,882.72	0.00	na	na
Gold (Oz)	10,412.43	0.00	na	na
Diamond (Crt)	4,147.92	4,831.54	6,307.80	4,252.50
Personal Remittances	(Millions of USD)			
Inflows	29.47	28.82	24.47	23.82
Outflows	16.02	9.83	9.10	8.79
Net flows	13.45	18.99	15.37	15.03
Other Indicators				
Import (C.I.F)	84.89	91.59	37.34	99.10
Gross International Reserves (GIR) ²	272.37	257.90	251.17	253.75
Import covers (In Month)	2.3	2.4	2.6	2.4
Direction of Trade (DOT)	(Millions of USD)			
Destination of Export	43.42	33.35	37.58	34.30
o/w China	0.04	0.17	22.31	10.54
o/w France	7.62	7.32	0.00	6.81
o/w Belgium	0.62	0.00	0.00	6.02
o/w United Kingdom	0.00	3.26	3.40	3.55
Sources of Import	76.12	83.35	33.60	89.55
o/w Cote d'Ivoire	13.37	10.12	2.17	15.33
o/w China	14.85	7.12	3.24	12.90
o/w Turkey	7.82	3.21	2.14	10.37
o/w India	5.40	32.89	6.39	7.16

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

fuel and lubricants increased as a result of increased importation of volume of petroleum products. The sum of payments for these categories of imports constituted 66.7 percent of total payments. On the other hand, earnings from exports declined during the month by 8.7 percent to US\$34.3 million, mainly on account of fall in receipts from exports of iron ore and rubber. Iron ore export slowed by 3.6 percent to US\$28.8 million, from the value in the preceding month, reflecting low production during the month, while rubber export fell by 36.5 percent owing to decline in the volume of the commodity exported. To date, information on the export of gold and diamond remained unavailable.

previous month, on account of a surge in payments for import in the face of decreased export earnings. Import payments rose due to increases in all major categories of payments, while earnings from export declined, reflecting a decrease in receipts mainly from rubber and iron ore.

At end -May 2020, the stock of Gross International Reserves (GIR) increased compared to the preceding month. However, the rise in payments for goods and services during the month exceeded the increase in GIR, thus reducing the months of import cover to an estimated 2.4 months, from 2.6 months in April 2020. Both inflows and outflows of remittances slowed during the month resulting to a net inflow of remittances lower than the amount reported in the preceding month. The Liberian dollar, on average and on an end of period basis, depreciated marginally against the United States dollar due, in part, to the weak demand for foreign currency to facilitate trade and relative effectiveness of CBL's monetary policy instruments.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

Production statistics (excluding information on gold and diamond) for the month showed slight improvement in the output of other key commodities compared to the previous month. Except iron ore, other commodities output such as cement, beverages and rubber increased during the month. Output of iron ore fell by 19.2 percent to 400,000.0 metric tons on account of reported bad weather. Cement output increased by 21.0 percent to 34,532.0 metric tons in order to cope with increasing demand following a sharp fall in production in the preceding month. Rubber production rose slightly to 6,308.0 metric tons. In comparison to the preceding month, beverages output in May 2020 rose by 62.3 percent on account of a significant rise in production of alcoholic beverages.

Consumer Prices

Headline inflation for May 2020 stood at 18.4 percent, moderating by 4.1 percentage points, from 22.5 percent recorded in the preceding month. This moderation was due to reduction in all major categories, specifically in the prices of items related to food & non-alcoholic beverages, transport and furnishings, household equipment & routine household maintenance. Similarly, core inflation lowered by 4.2 percentage points to 13.5 percent in the month predominantly due to decrease in the prices of items related to housing, water, electricity, gas & other fuels, furnishings, household equipment & routine household maintenance and education groups. However, month-on-month rate of inflation increased to 2.0 percent, from 0.1 percent in April 2020, largely due to increase in the prices of items in the health and communications sub-group (Table 1).

Table 1: Production and Price Statistics

Production	May - 19	Mar - 20	Apr - 20	May - 20
	(Millions of USD)			
Manufactured goods classified by materials	12.10	4.52	3.84	8.57
Trade Balance	(32.70)	(50.00)	3.98	(55.25)
	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	409,096	512,606	495,000	400,000
Gold (Ounces)	15,883	na	na	na
Diamond (Carat)	5,199	na	na	na
Rubber (Metric ton)	4,148	4,832	6,288	6,308
Cement (Metric ton)	32,110	41,195	28,537	34,532
Beverages	(In Liters)			
Alcoholic	1,089,276	991,139	601,925 [±]	1,061,460
Non-Alcoholic	656,213	61,332	101,574 [±]	80,436
Total Beverage Production	1,745,489	1,052,471 [±]	703,499 [±]	1,141,896
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	28.74	21.72	22.51	18.38
a. Food and Non-alcoholic Beverages inflt'n	29.86	30.48	30.24	28.28
-Domestic Food Inflation	33.51	34.66	36.45	35.60
-Imported Food Inflation	26.01	27.25	25.38	22.69
b. Transport Inflation	38.55	25.43	23.17	10.96
c. Imported Fuels Inflation	27.18	18.05	5.33	3.64
Overall (M-o-M) Rate of Inflation	5.58	1.88	0.05	2.02
Core Inflation				
Inflation less Food & Non-alcoholic Beverages	28.17	17.31	18.33	13.17
Inflation less Imported Food	29.14	20.53	21.90	17.44
Inflation less Domestic Food	21.68	19.60	20.19	15.66
Inflation less Food and Transport	26.73	16.31	17.69	13.47
	(Millions USD, except otherwise specified)			
Nominal GDP_Annual	3,024.28	2,858.40[†]	2,858.40[†]	2,858.40
Real GDP_Annual	1,400.14	1,365.12 [†]	1,365.12 [†]	1,365.12
Real GDP_Growth rate (in percent)	(2.5)	(2.5) [†]	(2.5) [†]	(2.5)

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

MONETARY DEVELOPMENTS

Monetary Policy Stance

The focus of CBL's monetary policy stance remained on price stability through interest-rate based instruments to manage Liberian dollar liquidity. During the month, the Bank maintained its moderately tight policy stance, mainly using the CBL bills at different tenors (two weeks, one month and three months).

Monetary Aggregates

At end May 2020, broad money supply (M2) amounted to L\$125,238.8 million, indicating a rise of 1.5 percent from the stock recorded at end-April 2020. On the liability side, the growth in M2 was driven mainly by 3.2 percent increase in demand deposits. Similarly, the increase in M2, on the asset side, was on account of a rise in Net Domestic Assets (NDA). NDA rose by 2.0 percent as a result of 24.3 percent

predominantly attributed to decreases in spending on employees' compensation (by 4.6 percent) and spending on goods and services (by 36.9 percent).

The total stock of public debt during the month of May 2020 increased to 53.0 percent of GDP, from 52.8 percent of GDP in the preceding month. The 0.2 percent of GDP rise in the stock of public debt was mainly due to a slight increase in external borrowing, particularly borrowing from multilateral partners, which expanded by 0.7 percent. The stock of external debt increased to 31.9 percent of GDP, while domestic debt remained stable at 21.1 percent of GDP and is predominantly owed to the Financial Sector. It is worth highlighting that the rising trend in Liberia's public debt tends to place an implied adverse implication on long-term economic growth if borrowed funds are not directed to the productive sectors.

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

In May 2020, preliminary statistics on Liberia's trade with the rest of the world (ROW) showed that merchandise trade balance was reported at US\$55.3 million (1.9 percent of GDP), from a surplus of US\$4.0 million in April 2020, expanding by US\$59.3 million due to a significant rise in payments for imports.

Payments for import rose by US\$56.0 million to US\$89.6 million during the month due to significant increases in payments for machinery and transport equipment, food and live animals (including oil made from animals and vegetable) and minerals, fuel and lubricant subgroups. Payments for machinery and transport equipment more than doubled during the month owing to increased import of spares parts for vehicles, while payments for food and live animals (including oil made from animals and vegetable oil) rose by 81.6 percent on account of increased payments for meat. Similarly, payments for import of minerals,

Table 6: External Sector Statistics

Trade Statistics	May - 19	Mar - 20	Apr - 20	May - 20
External Trade (Value)	(Millions of USD)			
Exports^{1/}	43.42	33.35[±]	37.58	34.30
o/w Iron Ore	19.16	18.64	29.81	28.75
o/w Rubber	5.74	9.61	6.31	4.00
o/w Gold	14.62	0.00	na	na
o/w Diamond	2.18	0.00	na	na
o/w Cocoa Bean	0.32	1.11	0.55	0.49
o/w Palm Oil	0.03	0.14	0.18	0.19
Imports (F.O.B)^{1/}	76.12	83.35	33.60	89.55
Minerals, Fuel, Lubricants	18.40	12.22	2.77	18.00
o/w Petroleum Products	12.97	9.66	2.05	15.09
Food and Live Animals (incdg Animal and veg. oil)	14.94	37.37	11.19	16.35
o/w Commercial Rice	0.97	29.26	2.69	0.22
o/w Non-commercial Rice	2.40	0.00	0.00	0.00
Machinery & Transport Equipment	12.32	10.17	8.25	21.38

Although total (gross) loans reduced by 0.4 percent to L\$85.67 billion (14.9 percent of GDP), non-performing loans increased by 21.2 percent to L\$18.9 billion during the month and the non-performing loans ratio stood at 12.2 percentage points above the tolerable limit of 10 percent, reflective of slowdown in loan servicing due to the subdued economic activities, while the decline in the stock of loan during the month was driven by reduced lending by banks.

FISCAL SECTOR DEVELOPMENTS

Preliminary statistics at end May 2020 showed that government's fiscal operations resulted to a surplus of US\$1.8 million (0.1 percent of GDP), following a sharp deficit recorded in the preceding month, occasioned by increased revenue in the face of reduction in expenditure. Total revenue amounted to US\$44.1 million (1.5 percent of GDP), scaling up by 80.9 percent. The increase in government revenue was primarily due to rise in all categories of revenue. Tax revenue amounted to US\$29.3 million, rising by 32.2 percent, mainly due to increase in international trade levy (especially import tax), by 124.2 percent. Non-tax revenue, on the other hand, rose by US\$5.7 million to US\$8.0 million, occasioned mainly by rise in property income taxes.

Total cash expenditure amounted to US\$42.3 million (1.5 percent of GDP), declining by 7.4 percent, compared to the preceding month. The slowdown in government spending was mainly due to substantial reduction in current expenditure. The 20.0 percent contraction in current expenditure was

Table 5. Fiscal Sector Statistics

Fiscal Operations	May - 19	Mar - 20	Apr - 20	May - 20
	(Millions of USD)			
Government Revenue	50.10	35.35	24.38	44.10
Tax Revenue	40.70	29.79	22.14	29.28
O/W Taxes on Income & Profits	15.92	14.82	12.25	9.43
O/W Taxes on International Trade	16.32	12.13	7.48	16.77
Non-tax Revenue (excluding grants)	9.40	5.56	2.24	7.95
O/W Property Income	7.59	3.95	1.87	7.47
O/W Administrative Fees and Fines	1.60	1.21	0.36	0.48
Other tax Revenue (including grant)	0.00	0.00	0.00	6.87
Government Expenditure by Codes	43.33	35.97	45.71	42.33
Current Expenditure	38.54	32.26	44.90	35.92
Capital Expenditure	0.21	0.00	0.00	0.20
Loans, interest and other Payments	4.58	3.71	0.81	6.21
Overall Balance	6.77	(0.62)	(23.33)	1.77
Public Sector Debt	1,158.24	1,503.08	1,508.46	1,514.94
Domestic	319.64	604.40	604.40	604.40
Financial Sector	319.28	552.70	552.70	552.71
Other Sector	0.35	51.70	51.70	51.70
External	838.59	898.68	904.06	910.53
Multilateral	712.58	785.21	790.11	796.58
Bilateral	126.02	113.47	113.95	113.95

Source: Revenue Department, Expenditure Department and Debt Management Unit, MFDP

increase in net credit to government, while NFA slowed by 1.0 percent as a result of decrease in foreign assets.

Year-on Year comparison showed that M2 grew by 9.1 percent, from L\$114,768.1 million on the back of 5.6 percent increase in narrow money supply (M1) and 16.3 percent rise in time and savings deposits. In the rise in M1 was induced by increases in demand deposits and currency outside banks by 5.7 percent and 5.5 percent, respectively.

The stock of commercial banks' loans to private sector is denominated in both United States and Liberian dollars. During the month, both components of commercial banks' loans declined. The US dollar share of private sector credit reduced by 2.7 percent to US\$375.2 million, while the share of commercial banks' loans in Liberian dollar marginally declined by 0.2 percent to L\$6,689.5 million. The decline in loans relative to both currencies was attributed to fall in loans to households and the services sector. Compared with the same month a year ago, private sector credits in Liberian dollar and US dollar fell by 0.7 percent and 9.4 percent, respectively.

At end of the month, all deposits converted to Liberian dollar stood at L\$105.8 billion (18.6 percent of GDP), rising by 0.2 percent of GDP compared with the 18.4 percent of GDP reported in the preceding month. The increase was driven partly by the effect of exchange rate pass-through, which affected mainly time and savings as well as other deposits (Table 2).

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	May - 19	Mar - 20	Apr - 20	May - 20
	(In Millions)			
Liberian Dollars in Circulation - (LD)	19,749.74	20,925.93	20,888.34	20,801.95
Money Supply (M1) in LD only	26,809.00	28,401.40	28,332.53	28,798.14
Broad money (M2) in LD only	34,577.17	35,858.65	36,448.68	35,928.08
M2 (in both LD & USD) Converted to LD	114,768.06	122,409.97	123,362.75	125,238.77
Net Foreign Assets (NFA) – LD	8,807.40	20,781.47	20,769.96	20,558.82
Net Domestic Assets (NDA) – LD	105,960.65	101,628.50	102,592.79	104,679.95
Loans to Private Sector				
Commercial banks loans to private sector- US	413.88	381.00	385.56	375.17
Commercial banks loans to private sector - LD	6,734.25	6,949.85	6,706.09	6,689.46
Demand Deposits of commercial banks				
Demand deposits - USD	258.80	262.49	252.81	260.50
Demand deposits - LD	8357.81	9,053.33	9,040.40	9,337.36
Time & savings deposits - USD	159.11	172.81	183.35	187.63
Time & savings deposits - LD	7,644.68	7,338.79	8,021.95	6,980.19
Other Deposits**				
Actual US\$ component of other deposits	1.94	1.70	2.02	1.61
Liberian \$ component of other deposits	123.49	118.46	94.19	149.75
Total Deposits (USD & LD) converted to LD [†]	96,316.87	103,061.90	104,070.62	105,777.99
	(In Percent)			
Liberian Dollar share of Broad Money	30.13	29.29	29.50	28.69

Source: CBL

† - Reserves excluding ECF borrowing from the IMF; ** - Other Deposits Including Official and Manager Checks; /1 - The total deposits (US and Liberian dollars) of commercial banks expressed entirely in Liberian dollars.

FINANCIAL MARKET (FM) DEVELOPMENTS

The CBL bills with tenors of 2-week, 1-month and 3-month, received a boost in May 2020. Investment in the bills, reflected an increased subscription by retail and institutional investors. Total investment in the bills rose by 29.2 percent totaling L\$4,356.5 million. Of the total bill purchased during the month, commercial banks investment amounted to L\$4,350.0 million, while retail investment amounted to L\$6.5 million. On the other hand, total redemption of L\$6,164.2 million was paid off, to reflect a total outstanding bills balance to L\$1,919.6 million. This shows a reduction by 48.5 percent when compared to the preceding month. For the second consecutive month, there has been no trading in the standing deposit facilities as well as issuance and redemption of Treasury bill. The outstanding balance of Treasury bills remained at L\$860.9 million.

Money markets instruments continued to trade during the month at 5.5 percent, whereas swap lending among commercial banks remained traded at the average interest rate of 6.0 percent (see Table 3).

Table 3. Financial Market and Interest Rates Statistics

Market Instruments	May - 19	Mar - 20	Apr - 20	May - 20
CBL (indexed) Bills	(Millions of LD)			
Bills Purchased on 7% coupon basis	101.01	0.00	0.00	0.00
Redemption on 7% basis	62.30	5.41	150.00	100.90
Bills outstanding on 7% coupon basis	761.94	822.92	672.92	572.02
Coupon rate (%)	7.00	7.00	7.00	7.00
Bills Purchased on EAR basis	0.00	2,064.83	3,371.53	4,356.45
Redemption on EAR basis	0.00	1,973.90	2,030.00	6,063.29
Bills Outstanding on EAR basis	0.00	1,712.93	3,054.46	1,347.63
Effective Annual Rate (EAR) (%)	na	30.00	30.00	30.00
Total Bills purchased (7% and 30% EAR)	101.01	2,064.83	3,371.53	4,356.45
Total Redemption (7% and 30% EAR)	62.30	1,979.70	2,180.00	6,164.19
Total Bill Outstanding (7% and EAR)	761.94	2,535.85	3,727.38	1,919.65
CBL Foreign Exchange (Fx) Auction¹	(Millions of USD)			
US Dollar Amount Sold	na	0.00	0.00	0.00
US Dollar Amount Sold	na	0.00	0.00	0.00
Total Subscription	na	0.00	0.00	0.00
Over (+) / Under (-) Subscription	na	0.00	0.00	0.00
Treasury Securities	(Millions of LD, unless otherwise stated)			
T- Bills Issued	200.2	0.00	0.00	0.00
T- Bills Redeemed	80.40	0.00	0.00	0.00
T-Bills outstanding	356.88	860.94	860.94	860.94
Net Treasury Bills Operations[^]	119.8	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	5.00	7.47	7.47	7.47
T- Bills Issued (USD)	na	na	na	na
T- Bills Redeemed (USD)	na	na	na	na
T-Bills Outstanding_ USD	5.00	2.60	2.60	2.60
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

Market Instruments	May - 19	Mar - 20	Apr - 20	May - 20
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	16.0	16.00	16.00
Standing Deposit Facility (SDF)	(In Percent, unless otherwise stated)			
SDF rate (%)	4.00	4.00	0.00	0.00
SDF Amount (In Millions LD)	1,800.00	0.00	0.00	0.00
SDF overnight monthly rate (%)	na	0.07	0.07	0.07
SDF Amount (In Millions LD)	na	17,435.00	0.00	0.00
Interest Rates	(In Percent, unless otherwise stated)			
- 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
Money Markets Instrument				
Repo	na	5.50	5.50	5.50
Swap lending	na	6.0	6.0	6.00

Source: CBL

[^] - with Liquidity Effect where withdrawal (+)/injection (-)¹ - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency

BANKING SECTOR DEVELOPMENTS

Despite the lingering effects of COVID-19, the banking industry continued to be relatively stable. At end-May 2020, all key financial soundness indicators of the industry showed strong performances when compared with the preceding month. Conversely, Liquidity Ratio slightly declined by 0.9 percentage points, but remained above the minimum requirement by 23.8 percentage points. Capital Adequacy Ratio, on the other hand, grew by 0.5 percentage point and remained above its minimum requirement by 18.5 percentage points. Additionally, Return on Assets (ROA) and Return on Equity (ROE) inched up by 0.1 percentage point and 0.6 percentage point, respectively.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	May - 19	Mar - 20	Apr - 20	May - 20
	(In Billion LD)			
Total Gross Loans	87.64	85.56	86.04	85.67
Total Non-performing Loans	11.05	16.89	15.67	18.99
	(In percent)			
Non-performing Loans to Total Gross Loans (ratio)	12.61	19.74	18.21	22.17
Gross Loan (growth)	8.17	1.77	(0.97)	(0.43)
Non-performing Loans (growth)	11.54	(16.22)	(7.22)	21.19
Returns on Assets (ROA)	0.77	0.79	0.49	0.58
Returns on Equity (ROE)	4.83	4.54	2.93	3.48
Liquidity Ratio***	38.85	37.98	39.70	38.79
Capital Adequacy Ratio (CAR)****	28.80	27.87	28.01	28.53

Source: CBL

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

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

† - revised