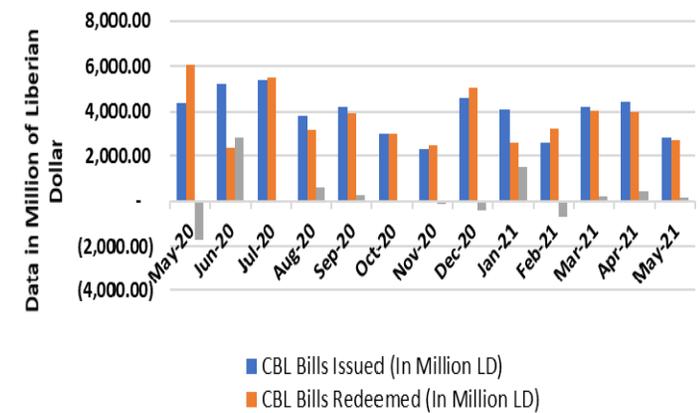




## CENTRAL BANK OF LIBERIA



**The Monthly Economic Review is produced by the Central Bank of Liberia (CBL). Inquiries concerning this publication should be addressed to:**

The Director  
**Research, Policy & Planning Department**  
**Central Bank of Liberia**  
**P. O. Box 2048**

**Ashmun & Lynch Streets, Monrovia, Liberia**  
**Contacts: +231-880-649103/886-246587/555-960556**  
**Email: [jkambo@cbl.org.lr](mailto:jkambo@cbl.org.lr)**

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## Commodity Outlook

Outlook for commodity prices is positive for the short term. Global forecast of growth in prices indicates that, on the back of supply constraints, the prices are expected to increase for some precious metal and agricultural product due to demand factor. Despite announcement by OPEC+ to raise production, which was expected to weigh down on the price of the commodity, the price of petroleum is expected to keep rising beyond the short term.

**Table 8: Global Commodity Prices**

GLOBAL PRICE	May - 20	Mar - 21	Apr - 21	May - 21	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	93.65	168.18	179.83	207.72	15.51	121.80
Gold (US\$/Oz)	1,715.91	1,718.23	1,760.04	1,850.26	5.13	7.83
Rubber (US\$/MT)	1,350.00	2,370.00	2,150.00	2,290.00	6.51	69.63
Cocoa Beans (US\$/MT)	2,320.00	2,460.00	2,370.00	2,410.00	1.69	3.88
Palm oil (US\$/MT)	576.56	1,030.85	1,078.05	1,163.17	7.90	101.74
Crude oil (US\$/BBL)	30.38	63.83	62.95	66.40	5.48	39.67
Food Price Index (FAO)	91.00	119.10	121.30	127.10	4.78	47.54
Rice 5% broken (US\$/MT)	510.00	525.00	495.00	493.00	(0.40)	(3.33)
Sugar (US\$/MT)	240.00	340.00	360.00	380.00	5.56	58.33
Commodity Price Index	91.33	141.38	144.86	155.37	7.26	70.12

Source : [www.indexmundi.com](http://www.indexmundi.com), <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>  
1/ Commodity Food Price Index includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices

2/ Commodity Price Index includes both Fuel and Non-Fuel Price Indices

† - Revised

## TABLE OF CONTENTS

	PAGE
<b>Introduction</b> .....	1
<b>Overview</b> .....	1
<b>Real Sector and Price Developments</b> .....	3-4
Production Analysis of Key Commodities .....	3
Consumer Prices .....	4
<b>Monetary Developments</b> .....	4
Monetary Policy Stance .....	4
Monetary Aggregates .....	4
<b>Financial Market Developments</b> .....	5
<b>Banking Sector Developments</b> .....	8
<b>Fiscal Sector Developments</b> .....	9
<b>External Sector Developments</b> .....	10
Merchandise Trade .....	10
Remittances .....	11
Gross International Reserves and Months of Import Cover .....	12
Direction of Trade .....	12
<b>Exchange Rates Developments</b> .....	12
<b>Global Commodity Price Developments</b> .....	13

## TABLE

<b>Table 1:</b> Production and Price Statistics .....	3
<b>Table 2:</b> Monetary Aggregates Statistics .....	5
<b>Table 3:</b> Financial Market and Interest Rates Statistics .....	6
<b>Table 4:</b> Selected Financial Soundness Indicators, FSIs .....	8
<b>Table 5:</b> Fiscal Sector Statistics .....	9
<b>Table 6:</b> External Sector Statistics .....	10
<b>Table 7:</b> Exchange Rate: Official and WAMZ Countries End-of-Period Exchange...	13
<b>Table 8:</b> Global Commodity Prices .....	15

## INTRODUCTION

The Monthly Economic Review (MER) is a regular publication of the Central Bank of Liberia (CBL) that provides a snapshot of economic developments in key sectors (Real, Monetary, Fiscal and External) of Liberia. The MER also highlights the Monetary Policy stance of the CBL and synopsis of exchange rate developments in the West African Monetary Zone (WAMZ).

## OVERVIEW

Production statistics showed diverse movement in outputs of key commodities in May 2021, following decline of production in the preceding month. Activity in the mining subsector, especially iron ore production, was largely hampered by unfavorable weather condition, but the output of gold and diamond increased. Output in the agriculture subsector showed increased harvest from the largest producing company and other small farm holders, while the manufacturing subsector showed mixed outturn during the month.

Headline inflation in the review month moderated mainly on account of decline in the prices of food and non-alcoholic beverages as well as health and transport major groups in the CPI basket. Month-on-month rate of inflation moderated by 1.3 percentage point to 0.9 percent, mainly reflecting a downward change in the prices of food and non-alcoholic beverages and miscellaneous goods and services.

Core inflation (inflation excluding food and transportation) moderated marginally to 16.4 percent in the month under review, from 17.6 percent in the previous month, explained largely by decrease in the prices of all imported food items.

During the month under review, the CBL monetary policy stance remained focused on price stability through the management of Liberian dollar liquidity. As part of the monetary policy operations during the month under review, the CBL bills were offered at the tenors of two-weeks, one-month, and three-months based on the annual monetary policy rate of 25.0 percent.

Broad money supply (M2) expanded by 2.6 percent during the month. The expansion in M2, from the asset category, was driven by increases in both net foreign and net domestic assets largely induced activity in net foreign assets of the banking system and increase in net credit. From the liability side, the growth in M2 was largely explained by 6.8 percent rise in demand deposits.

The stock of Liberian dollar in circulation rose by 0.2 percent to L\$22.62 billion compared to the stock reported in the preceding month, while currency outside banks amounted to L\$20.84 billion, reflecting a decline of 0.3 percent compared to the previous month. Despite the structural constraints on the financial sector, the financial soundness indicators of the banking system were generally favorable during the month with increases in Return on Assets (ROA) and Return on Equity (ROE). Liquidity Ratio (LR) remained above the 15.0 percent regulatory thresholds by 33.6 percentage points, while Capital Adequacy Ratio (CAR) exceeded the minimum regulatory requirement by 20.1 percentage points. Similarly, nonperforming loans (NPLs), which stood at 3.4 percent of GDP, reflected a ratio of 25.6 percent against the 10 percent regulatory tolerable limit.

## Rubber

Rubber price increased by 6.5 percent to US\$2,290.0 per metric ton compared with US\$2,150.0 per metric ton recorded in the preceding month. The rise in the price during the month was due to increased demand from automobile manufacturers and other rubber processing industries. Annual comparison showed that the price of the commodity increased by 69.6 percent, from US\$1,350.0 per metric ton reported in May 2020.

## Food Price (FAO)

The FAO food price index showed an increase of 4.8 percent in the review month compared with the April 2021 index. The persistent rise in food price index, especially during the month, was on account of increase in the prices of all five commodity groups: namely, cereal, vegetable oil, meat, dairy, and sugar) in the food basket. Annual price of food rose by 39.7 percent compared with the price in May 2020.

## Sugar

During the review month, the price of sugar increased by 5.7 percent to US\$380.0 per metric ton, from US\$360.00 per metric ton recorded in April 2021. The increase in the price of the commodity was, in part, on account of an increase in demand, despite low supply of the commodity, mainly from Brazil. Prolonged and unfavorable weather conditions delayed harvest and reduced crop yields. Annual comparison showed that the price of sugar increased by 58.3 percent, from US\$240.0 per metric ton in May 2020.

## Palm Oil

The price of palm oil further rose by 7.9 percent to US\$1,163.2 per metric ton, from US\$1,078.1 per metric ton in the preceding month. The rise was due to anticipated weak production in major exporting countries, mainly Southeastern Asian. Year-on-year comparison of the price of palm oil reflected over hundred percent rise, from US\$576.6 per metric ton in May 2020.

## Rice

Rice price recorded a decrease by 0.4 percent to US\$493.00 per metric ton in May 2021, from US\$495.00 per metric ton in previous month, largely on account of weak demand in the face of supply constraints mainly from part of Asia. Annual comparison of the price of the commodity showed 3.3 percent decrease, from US\$510.0 per metric ton in May 2020.

## Cocoa Beans

In May 2021, the price of cocoa beans increased by 1.7 percent to US\$2,410.00 per metric ton, from US\$2,370.00 per metric ton in the preceding month, on account of growing demand for the commodity from Europe and North America. Similarly, annual comparison of the price of cocoa beans showed an increase of 3.9 percent, from US\$2,320.0 per metric ton recorded in May 2020.

The Sierra Leonean Leone slightly depreciated by 0.1 percent to SLL10,238.62/US\$1.00 and the Nigerian Naira also depreciated by 1.9 percent to NGN379.68/US\$1.00 during the month. On the other hand, the Guinean Franc appreciated by 1.2 percent to GNF9,806.67/US\$1.00 and the Gambian Dalasi appreciated moderately by 0.9 percent to GMD49.88/US\$1.00 compared to the rates in the preceding month.

Annual comparison showed that, except the Liberian dollar and the Gambian Dalasi that appreciated, all the WAMZ currencies depreciated against the United States dollar, relative to the corresponding month in 2020. The Nigerian Naira recorded the highest depreciation of 20.7 percent, while the Ghanaian Cedi accounted for the lowest depreciation of 1.9 percent. (See Table 7).

**Table 7: WAMZ Countries End-of-Period & Liberian Dollar Average Exchange Rates per US Dollar**

Currency	May - 20	Mar - 21	Apr - 21	May - 21	Appr (+)/Depr (-)	
					MoM	YoY
End-of-Period Exchange Rate y per USD					Percent change	
GHC	5.62	5.73	5.73	5.73	0.00	(1.92)
GMD	51.39	50.52	50.31	49.88	0.86	3.03
GNF	9,451.85	10,030.07	9,922.32	9,806.67	1.18	(3.62)
LD	191.00	173.01	172.04	172.02	0.01	11.03
NGN	306.50	379.50	379.50	386.68	(1.86)	(20.74)
SLL	9,719.25	10,208.80	10,225.81	10,238.62	(0.13)	(5.07)
Average Exchange Rate (LD/USD)						
LD	181.23	173.47	172.50	171.75	0.44	5.52

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 - Guinean Franc; NGN - Nigerian Naira; SLL - Sierra Leonean Leone; USD - United States Dollar

## GLOBAL COMMODITY PRICE DEVELOPMENTS

During the month, prices of both food and non-food commodities (including fuel, precious metal, and some agricultural commodities) on the world market increased compared to the preceding month. The prices of agricultural commodities (rubber) and beverage (cocoa beans) increased due mainly to demand factors, while those of food commodities were due largely to supply constraints.

### Iron ore

The price of iron ore increased by 15.5 percent in May 2021 to US\$207.7 per metric ton, from US\$179.8 per metric ton in the preceding month. The rise was, in part, occasioned by increase in demand for the commodity driven by increased steel production in China. Compared with the price in the corresponding month of 2020, iron ore price increased by over hundred percent, from US\$93.6 per metric ton.

### Crude Oil (Petroleum) Price

During the month, the price of petroleum rose by 5.5 percent to US\$66.4 per barrel, from US\$62.9 per barrel in April 2021 due to gradual recovery in demand for the commodity following news by OPEC and allies to raise oil production. Similarly, annual comparison showed that the price of petroleum increased by over hundred percent, from US\$30.4 per barrel in May 2020.

The Government of Liberia (GOL) fiscal operations resulted to a surplus of US\$15.1 million (0.4 percent of GDP), from a surplus of US\$7.9 million (0.2 percent of GDP) reported in the preceding month, occasioned by a fall in total expenditure. Total expenditure stood at 1.3 percent of GDP, declining by 14.6 percent compared to the previous period. The stock of public debt rose marginally to 48.8 percent of GDP, from 48.7 percent of GDP in the preceding month, but remained in compliance with the ECOWAS regional threshold limit of 70.0 percent of GDP.

Developments in the external sector showed that trade deficit widened slightly to 1.2 percent of GDP, from 0.7 percent of GDP recorded in April 2021, due mainly to increase in merchandise import payments. Statistics on the direction of trade showed that four countries (France, Switzerland, Belgium, and the United States of America) were the dominant destinations of Liberia's exports, while five countries (India, Turkey, China, Cote d'Ivoire, and Sweden) were the main sources of imports.

Gross international reserves (GIR) increased marginally by 0.4 percent to US\$302.5 million during the month compared to the stock reported in the preceding month mainly on account of increase in foreign liquid assets. During the period, the months of import cover was below the ECOWAS regional threshold of 3.0 months.

Net inflow of personal remittances decreased during the month compared to the preceding month, mainly explained by rise in outward remittances. Outward remittances grew by US\$1.5 million to US\$11.1 million, while inward remittances reduced by US\$2.2 million to US\$34.7 million.

The foreign exchange market showed relative stability or strengthening of the Liberian dollar during the month. Considering the end period exchange rate, the Liberian dollar remained relatively stable, while for the period average exchange rate, the Liberian dollar appreciated by 0.4 percent against the US dollar during the review period.

## REAL SECTOR & PRICE DEVELOPMENTS

### Production Analyses of Key Commodities

Statistics on the production of key commodities in May 2021 showed mixed performance. Iron ore output in the mining sector declined by 5.8 percent to an estimated 405,000.0 metric tons, from 430,000.0 metric tons produced in April 2021, due to the adverse effect of the weather on mining sites. Gold output increased by 8.4 percent to 16,062.0 ounces, from 14,812.0 ounces produced in April 2021, underpinned by expansion in industrial gold mining. Similarly, diamond output rose by 51.2 percent to 4,311.0 carats, from 2,851.0 carats produced in the preceding month on account of favorable mining conditions.

Activity in the manufacturing subsector was mixed during the month. Cement production reduced further by 1.1 percent to 48,162.0 metric tons, from 48,703.0 metric tons produced in the previous month due to slowdown in demand, reflective of weak activity in the construction subsector hampered by the rainy season. Similarly, total beverage production decreased by 15.1 percent to 1.48 million liters due to inventory buildup. In the agriculture subsector, rubber output rose by over hundred percent to an estimated 7,390.0 metric tons, from 3,411.0 metric tons in the previous month, mainly due to increased harvest of the commodity from small farm holders.

### Consumer Prices

Headline inflation in May 2021 further moderated by 1.2 percentage point to 8.2 percent, from 9.4 percent in the preceding month. The moderation in headline inflation during the month was due mainly to fall in the prices of items relating to food and non-alcoholic beverages, transport, furniture, household equipment and routine household maintenance as well as health major groups in the CPI basket<sup>1</sup>. Similarly, month-on-month rate of change in inflation moderated by 1.3 percentage points to 0.9 percent, mainly reflecting a monthly downward change in the prices of food and non-alcoholic beverages and miscellaneous goods and services.

Core inflation<sup>1</sup> moderated by 1.2 percentage points to 16.4 percent in the month under review, from 17.6 percent in the previous month, explained largely by decrease in the prices of non-food items, especially furnishings, household equipment and routine household maintenance as well as housing, water, electricity, gas, and other fuel related groups.

**Table 1: Production and Price Statistics**

Production	May - 20	Mar - 21	Apr - 21	May - 21
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	400,000	440,000	430,000	405,000*
Gold (Ounces)	10,654	23,292	14,812	16,062
Diamond (Carat)	na	11,254	2,851	4,311
Rubber (Metric ton)	4,253	9,396	3,411 <sup>†</sup>	7,390
Cement (Metric ton)	34,532	50,353	48,703	48,162
Total Beverages (liter)	1,141,896	1,693,496	1,743,182	1,480,188
Alcoholic	1,061,460	1,555,395	1,581,788	1,333,621
Non-Alcoholic	80,436	138,101	161,394	146,568

### Gross International Reserves

Gross international reserves (GIR) rose by 0.4 percent to a stock of US\$302.5 million in May 2021. The rise in GIR during the month was offset by decreases in payments for goods and services, resulting to 2.0 months of import cover. Compared with the ECOWAS regional benchmark, the months of import cover recorded a shortfall of 1.0 month below the regional threshold of at least 3.0 months (Table 6).

### Direction of Trade (DOT)

In May 2021, France, Switzerland, Belgium, and the United States of America were the main destinations of Liberia's exports. Compared to the preceding month, exports to all destinations increased, except the United States of America (USA). Earnings from exports to France (mainly iron ore), which, constituted 51.9 percent of total earnings during the month, increased by US\$21.1 million to US\$41.5 million, from US\$20.42 million. Export earnings from Switzerland (mainly Gold) increased by 42.0 percent to US\$25.6 million, from US\$18.0 million recorded in the previous month, accounting for 32.0 percent of total earnings. Similarly, export earnings from Belgium (mainly iron ore) rose by US\$5.8 million to US\$6.4 million, from US\$0.56 million. In contrast, earnings from exports to the United States of America (predominantly rubber) fell by 6.4 percent to US\$3.43 million from US\$3.66 million in the preceding month. The decline in earnings from the exports of rubber to the USA was explained by exports to other countries besides the USA.

The five main sources of imports during the month were India, Turkey, China, Cote d'Ivoire (Ivory Coast), and Sweden. Payments for the purchase of food and live animals to India increased by US\$30.7 million to US\$39.30 million, from US\$8.6 million. Payments to Cote d'Ivoire (mainly for minerals, fuel, lubricants related products) increased by US\$5.0 million to US\$5.1 million, from US\$0.1 million recorded in the preceding month.

Payments to Turkey, Sweden and China were predominantly for the purchase of machinery and transport equipment. Payments to Turkey and Sweden increased by US\$8.1 million to US\$14.0 million and by US\$4.2 million to US\$4.5 million, respectively. However, payments to China dropped by US\$4.6 million to US\$11.5 million.

### EXCHANGE RATE DEVELOPMENTS

During the month under review, the Liberian dollar remained broadly stable. At end-May 2021, the average (AVG) exchange rate showed appreciation in the Liberian dollar against the US dollar by 0.4 percent to L\$171.75/US\$1.00, from L\$172.50/US\$1.00 recorded in the preceding month. In respect to the end period (EOP) exchange rate, the Liberian dollar relatively stable at L\$172.0/US\$1.00.

Considering EOP exchange rate, the currencies in the West African Monetary Zone (WAMZ) showed varying movement compared with the rates recorded in April 2021. During the month, the Sierra Leonean Leone and the Nigerian Naira depreciated, the Ghanaian Cedi and the Liberian dollar were relatively stable at GHC5.73/US\$1.00 and L\$172.00/US\$1.00 and the Guinean Franc and Gambian Dalasi appreciated.

	0.29	0.30	0.36	32.57
o/w Rice	0.29	0.30	0.36	32.57
Machinery & Transport Equipment	22.70	34.03	26.22	28.87
Manufactured goods classified by materials	9.84	11.90	20.13	11.94
Other categories of imports	24.20	17.81	21.51	22.07
<b>Trade Balance</b>	<b>(50.18)</b>	<b>(3.30)</b>	<b>(24.08)</b>	<b>(40.75)</b>
<b>Total Trade</b>	<b>148.02</b>	<b>185.16</b>	<b>167.48</b>	<b>200.59</b>
	<b>May - 20</b>	<b>Mar - 21</b>	<b>Apr - 21</b>	<b>May - 21</b>
<b>External Trade (Volume)</b>	<i>(In Unit as may be specified)</i>			
Rubber (MT)	4,252.50	9,396.00	3,410.80	7,389.80
Iron Ore (MT)	578,891.90	404,427.73	448,207.81	392,192.58
Cocoa Beans (MT)	500.00	1,175.00	1,500.00	1,125.00
Palm Oil (MT)	250.00	7,105.00	13,330.00	4,557.00
Gold (Oz)	10,653.64	23,292.19	14,812.24	16,062.00
Diamond (Crt)	0.00	11,253.96	2,850.62	4,311.00
Petroleum Products (MT)	12,267.94	4,452.87	0.00	22,663.80
Rice (MT)	133.09	21,845.22	22,090.82*	22,336.42*
<b>Other Indicators</b>				
Import (FOB)	89.55	91.45	85.70	108.89
Gross International Reserves (GIR) <sup>2</sup>	253.75	288.8	299.6	302.54
Net Foreign Reserves Position	<b>54.29</b>	<b>9.6</b>	<b>22.6</b>	<b>23.9</b>
<b>Import covers (In Month)</b>				
<b>Personal Remittances</b>				
Inflows	23.82	29.13	36.86	34.71
Outflows	9.10	6.71	9.65	11.12
Net flows	<b>14.71</b>	<b>22.42</b>	<b>27.21</b>	<b>23.60</b>
<b>Direction of Trade (DOT)</b>				
<b>Destination of Export</b>	<b>48.92</b>	<b>90.93</b>	<b>71.70</b>	<b>79.92</b>
o/w Switzerland	6.81	11.27	20.42	41.51
o/w France	14.62	33.16	18.00	25.56
o/w Poland	6.02	5.02	0.56	6.36
o/w Germany	0.00	4.07	3.66	3.43
<b>Sources of Import (fob)</b>	<b>89.55</b>	<b>88.44</b>	<b>85.70</b>	<b>108.89</b>
o/w Turkey	7.16	10.87	8.62	39.30
o/w China	10.37	15.74	5.86	13.95
o/w India	12.90	14.71	16.05	11.45
o/w United States of America	15.33	0.35	0.15	5.13
o/w Indonesia	0.14	0.85	0.29	4.52

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

<sup>2</sup> (GIR) is the sum of net foreign reserve plus SDR and Reserve tranche

### Remittances

During the month, inward remittances declined, while outward remittances increased, resulting to 13.3 percent reduction in net inflow of remittances to US\$23.6 million (0.7 percent of GDP), from US\$27.2 million (0.8 percent of GDP) recorded in April 2021. Inflows of personal/worker remittances contracted by 5.8 percent to US\$34.7 million (1.0 percent of GDP), while outflows rose by 15.2 percent to US\$11.1 million (0.3 percent of GDP).

<b>Inflation</b>	<i>(In percent)</i>			
<b>Overall (Y-o-Y) Rate of Inflation</b>	<b>18.36</b>	<b>9.96</b>	<b>9.41</b>	<b>8.16</b>
a. Food and Non-alcoholic Beverage Inflation	28.28	5.01	(2.53)	(4.04)
- Domestic Food Inflation	35.60	6.90	(5.71)	(4.13)
- Imported Food Inflation	22.69	3.48	0.36	(4.03)
b. Transport Inflation	10.96	9.11	8.40	7.97
c. Imported Fuels Inflation	3.64	(8.52)	4.40	4.22
<b>Overall (M-o-M) Rate of Inflation</b>	<b>2.02</b>	<b>1.38</b>	<b>(0.45)</b>	<b>0.86</b>
<b>Core Inflation</b>				
Inflation excluding Food & NAB <sup>1</sup>	13.17	12.73	16.52	15.43
Inflation excluding Imported Food	17.44	11.52	11.61	11.14
Inflation excluding Domestic Food	15.66	11.49	13.61	11.69
<b>Inflation excluding Food and Transport</b>	<b>13.47</b>	<b>13.21</b>	<b>17.63</b>	<b>16.44</b>
<b>Annual Gross Domestic Product (GDP)<sup>2</sup></b>				
Nominal (NGDP)(in millions US\$)	<b>3,037</b>	<b>3,363</b>	<b>3,363</b>	<b>3,363</b>
RGDP growth (in percent)	<b>(3.0)</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, MB, CEMENCO, CBL & LISGIS;

<sup>1</sup> Non-alcoholic beverages

<sup>2</sup> GDP was revised following the IMF- ECF review mission in April 2021

± - Not Available (na)

\* - estimate/projection

† - revise

## MONETARY DEVELOPMENTS

### Monetary Policy Stance

During the fifth month of the year, the CBL maintained its tight monetary policy stance. The CBL monetary policy measure was anchored on interest-rate based instruments to manage Liberian dollar liquidity for price stability through broad exchange rate management. The Bank maintained its monetary policy rate at 25.0 percent, anchored on the CBL bills issued at tenors of two-weeks, one month and three-months. Notwithstanding, subscriptions for the CBL bills decreased during the month, compared to April 2021.

### Monetary Aggregates

Broad money supply (M2) expanded by 2.6 percent to L\$141.54 billion at end-May 2021, from L\$137.95 billion recorded at end of the preceding month. On the liability side, the expansion in M2 was mainly explained by 6.8 percent rise in demand deposits, while on the asset side, the rise in M2 was driven by increases in both net foreign assets (NFA) and net domestic assets (NDA) by 9.0 percent and 1.7 percent, respectively. NFA rose on account of increase in the net foreign assets of the Central Bank, while NDA increased on account of increases in net credit in the economy. Similarly, the total stock of Liberian dollar in circulation rose slightly by 0.2 percent to L\$22.62 billion compared to the stock reported in the preceding month. Currency outside banks, on the other hand, amounted to L\$20.8 billion, indicating a modest increase of 0.3 percent compared to the amount recorded in the previous period.

The stock of commercial banks' loans denominated in Liberian dollar advanced to private sector marginally increased by 2.9 percent to L\$5,841.76 million on account of increase in loans to construction and trade sectors. On the other hand, the US dollar denominated loans decreased to US\$386.11 million, reflecting a decrease in loans advanced to the extractive and services subsectors.

At end of the reporting month, all deposits converted to Liberian dollar stood at L\$120.71 billion (21.0 percent of GDP), up by 0.6 percentage point compared with the 20.3 percent of GDP reported in the preceding month, partly explained by exchange rate pass-through effect, which mainly affected time and savings as well as other deposits (Table 2).

**Table 2: Monetary Aggregates**

Monetary Aggregates	May - 20	Mar - 21	Apr - 21	May - 21
	<i>(In Millions)</i>			
Liberian Dollars in Circulation (LD)	20,801.95	22,825.33	22,583.20	22,623.34
Currency outside banks (LD)	19,460.78	20,964.62	20,785.65	20,844.17
Money Supply (M1) in LD only	28,798.14	33,350.70	33,118.90	33,453.60
Broad money (M2) in LD only	35,928.08	40,744.35	40,813.76	41,000.72
Broad money (M2) (both LD and USD Converted to LD)	125,238.77	135,512.02	137,947.33	141,549.85
Net Foreign Assets (NFA) – LD	20,558.82	14,602.56	17,893.03	19,509.91
Net Domestic Assets (NDA) – LD	104,679.95	120,909.46	120,054.30	122,039.94
<b>Loans to Private Sector</b>				
Commercial banks loans to private sector USD	375.17	389.91	386.27	386.11
Commercial banks loans to private sector - LD	6,689.46	5,619.68	5,675.45	5,841.76
<b>Demand Deposits of commercial banks</b>				
Demand deposits - USD	260.50	359.74	351.84	380.58
Demand deposits - LD	9,337.36	12,386.08	12,333.26	12,609.43
Time & savings deposits - USD	187.63	186.14	210.89	195.09
Time & savings deposits - LD	6,980.19	7,324.04	7,594.38	7,488.44
<b>Other Deposits**</b>				
Actual US\$ component of other deposits	2.02	1.61	1.89	1.88
Liberian \$ component of other deposits	94.19	149.75	69.61	100.48
Total Deposits (both USD & LD) converted to Liberian dollar <sup>1</sup>	<b>105,777.99</b>	<b>114,547.40</b>	<b>117,161.69</b>	<b>120,705.68</b>
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	28.69	30.07	29.59	28.97

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

During the review month, the CBL maintained the monetary policy rate at 25.0 percent with the aim of managing liquidity for price stability.

	0.78	5.80	14.14	11.08
Debt Service				
Interest Payments	0.00	1.57	6.06	4.97
Principal Repayments	0.78	4.24	8.08	6.11

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

‡ - revised

± - Estimate

## EXTERNAL SECTOR DEVELOPMENTS

### Merchandise Trade

In May 2021, preliminary statistics showed that the deficit in merchandise trade balance further widened to US\$40.8 million (1.2 percent of GDP), from a revised US\$24.1 million (0.7 percent of GDP) recorded in April 2021. This performance was due mainly to increased payments for merchandise imports that exceeded the rise in earnings from exports.

Total trade increased by 19.8 percent to US\$200.6 million (6.0 percent of GDP), from US\$167.5 million (5.0 percent of GDP) due mainly to increase in payments for merchandise imports. Payments for merchandise imports rose by 26.0 percent to US\$120.7 million (3.6 percent of GDP), from US\$95.8 million (2.8 percent of GDP), driven mainly by increase in payments for all import categories, except manufactured goods in the form of raw materials. Payments for food and live animals (including animal and vegetable oil) that constituted 38.9 percent of total merchandise import payments rose by US\$23.1 million to US\$47.0 million compared to payments in the preceding month.

Earnings from exports also increased by 11.5 percent to US\$79.9 million (2.4 percent of GDP), from revised US\$71.7 million (2.1 percent of GDP), occasioned by increase in receipts from gold and rubber. Receipt from gold exports rose by 30.1 percent to US\$25.6 million (0.8 percent of GDP), from US\$19.7 million (0.6 percent of GDP) recorded in the preceding month, while earnings from the export of rubber increased by US\$3.9 million to US\$8.1 million (0.2 percent of GDP), from US\$4.3 million (0.13 percent of GDP), due to increased volume of the commodities exported.

**Table 6: External Sector Statistics**

Trade Statistics External Trade (Value)	May - 20	Mar - 21	Apr - 21	May - 21
	<i>(Millions of USD)</i>			
<b>Exports<sup>1</sup></b>	<b>48.92</b>	<b>90.93</b>	<b>71.70<sup>‡</sup></b>	<b>79.92</b>
Iron Ore	28.75	41.67	44.40	41.51
Rubber	4.01	9.64	4.29 <sup>‡</sup>	8.15
Gold	14.62	33.26	19.70	25.62
Diamond	0.00	1.87	1.32	1.32
Cocoa Bean	0.49	0.13	1.26	0.08
Palm Oil	0.19	0.07	0.57	1.11
Other commodities	0.87	4.30	0.16	2.12
<b>Imports (CIF)<sup>1†</sup></b>	<b>99.10</b>	<b>94.23</b>	<b>95.79</b>	<b>120.67</b>
Minerals, Fuel, Lubricants	18.98	5.68	4.01	10.80
o/w Petroleum Products	15.09	0.16	0.00	1.73
Food and Live Animals (incl Animal and veg. oil)	23.38	24.80	23.91	46.99

## FISCAL SECTOR DEVELOPMENTS

In May 2021, preliminary statistics showed that Government of Liberia (GOL) fiscal operations resulted to a surplus of US\$15.1 million (0.4 percent of GDP), from the surplus of US\$7.9 million (0.2 percent of GDP) reported in the preceding month. The performance was mainly reflective of 14.6 percent decrease in total expenditure to US\$42.5 million (1.3 percent of GDP), compared to the amount recorded in the preceding month. Current expenditure declined by 16.0 percent to 1.1 percent of GDP. Government's total revenue, on the other hand, declined slightly by 0.2 percent to US\$57.6 million mainly on account of decrease in tax revenue. Tax revenue stood at US\$38.1 million (1.1 percent of GDP), indicating underperformance of taxes on income and properties as well as international trade.

The stock of public debt increased slightly by 0.3 percent to 48.8 percent of GDP compared to debt stock in the previous month. The marginal rise in public debt was explained by increase in external borrowing from multilateral partners.

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	May - 20	Mar - 21	Apr - 21	May - 21
	<i>(In Millions of United States Dollar)</i>			
Government Revenue	39.42	39.48	53.80 <sup>†</sup>	56.40
Tax Revenue	24.99	34.22	44.79	37.09
O/W Taxes on Income & Profits	7.08	13.16	20.95	16.16
O/W Taxes on International Trade	15.33	17.59	18.42	16.23
Non-tax Revenue (excluding grants)	7.56	4.71	9.01	17.66
O/W Property Income	7.08	3.20	7.54	16.32
O/W Administrative Fees and Fines	0.47	1.51	1.47	1.34
Other tax Revenue (including grant)	6.87	0.55	0.00	1.66
<b>Government Expenditure by Codes</b>	<b>41.71</b>	<b>57.84</b>	<b>49.74</b>	<b>42.46</b>
Current Expenditure	35.29	44.49	42.14	35.41
O/W Compensation	22.03	18.35	19.56	15.29
O/W Goods and Services	9.13	16.49	17.24	17.62
Capital Expenditure	0.20	0.25	0.79	0.00
Payments on Loans, interest and others	6.22	13.11	6.82	7.05
<b>Overall Balance (Surplus+; Deficit -)</b>	<b>(2.28)</b>	<b>(18.36)</b>	<b>4.06</b>	<b>13.94</b>
<b>Public Sector Debt</b>	<b>1,503.47</b>	<b>1,639.61</b>	<b>1,637.59</b>	<b>1,642.41</b>
<i>Domestic</i>	<b>604.40</b>	<b>675.39</b>	<b>669.77</b>	<b>669.45</b>
Financial Sector	552.71	622.96	618.22	618.22
Other debt	51.70	52.44	51.55	51.24
<i>External</i>	<b>899.06</b>	<b>964.22</b>	<b>967.82</b>	<b>972.95</b>
Multilateral	785.59	851.54	855.14	860.27
Bilateral	113.47	112.68	112.68	112.68

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

Unit, MFDP

† - revised

± - Estimate

At the policy rate, the issuance of the CBL bills continued at shorter tenors of 2-weeks, 1-month, and 3-months with the regular and timely redemption of the CBL bills on the CBL's website.

At end of the month, the total CBL bills issued amounted to L\$2,836.2 million, falling by 36.1 percent compared to the preceding month, while the net issuance stood at L\$171.3 million. Of the total amount issued, commercial banks' subscriptions remained high at 98.4 percent (L\$2,791.0 million) with retail investors subscription amounting to L\$45.2 million, declining by 1.6 percent compared to the preceding month. On the other hand, the total outstanding CBL bills increased by 2.8 percent from the preceding month to L\$6,275.4 million, but the level of increase was offset by a redemption of L\$2,664.9 million.

The Government did not issue new Treasury securities but coupon and partial principal for outstanding Liberian and United States dollars Treasury bonds (T-bond) were paid during the month. The Government paid L\$264.08 million for the balance due on the first coupon of its L\$6,000.0 million semi-annual T-bond and US\$0.37 million and US\$3.08 million on its United States dollar T-Bond as outstanding coupon and partial principal repayment, respectively. Hence, as at end May 2021, the total outstanding Liberian and United States dollars T-Bond stood at L\$6,000.00 million and US\$51.65 million, respectively. However, the outstanding Liberian and United States dollars Treasury bills remained unchanged at L\$1,250.3 million and US\$5.52 million, respectively at end of the period under review.

During the month, the lending, average savings, and time deposits rates remained unchanged at 12.4 percent, 3.5 percent, and 2.1 percent, respectively. In the money market, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among the commercial banks for their international and intra-country transactions. The non-interest-bearing nature of the swap compensates for the risks and high cost involved in cash transfers and transshipment with international corresponding banks and bank branches in the Country.

Table 3. Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	May - 20	Mar - 21	Apr - 21	May - 21
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	0.00	0.00	0.00	0.00
Redemption during the month (coupon rate)	100.90	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	403.47	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	7.00	7.00	7.00	7.00
Bills Purchased per month on EAR basis	4,356.45	4,239.68	4,441.66	2,836.20
Redemption during the month (EAR basis)	6,063.29	4,037.75	3,991.80	2,664.88
Bill Outstanding (EAR basis)	1,516.38	5,654.31	6,104.16	6,275.48
Effective Annual Rate (EAR)	30.00	25.00	25.00	25.00
<b>Total Purchases (coupon rate &amp; EAR)</b>	<b>4,356.45</b>	<b>4,239.68</b>	<b>4,441.66</b>	<b>2,836.20</b>
<b>Total Redemption (coupon rate &amp; EAR)</b>	<b>6,164.19</b>	<b>4,037.75</b>	<b>3,991.80</b>	<b>2,664.88</b>
<b>Total Outstanding Bills (coupon rate &amp; EAR)</b>	<b>1,919.64</b>	<b>5,654.31</b>	<b>6,104.16</b>	<b>6,275.48</b>

<b>CBL Foreign Exchange Auction<sup>1</sup></b>	<b>(In Millions of United States Dollar)</b>			
US Dollar offered	0.00	0.00	0.00	0.00
US Dollar Amount Sold	0.00	0.00	0.00	0.00
Total Subscription	0.00	0.00	0.00	0.00
<b>Over (+)/ Under (-) Subscription</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Treasury Securities</b>				
<b>(In Millions of Liberian Dollar)</b>				
T- Bills Issued (in LD)	0.00	0.00	0.00	0.00
T- Bills Redeemed (in LD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	<b>860.94</b>	<b>1,250.26</b>	<b>1,250.26</b>	<b>1,250.26</b>
<b>Net Treasury Bills Operations<sup>^</sup> withdrawal (+)/Inject'n (-)</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	5.00	5.00	5.00
<b>T- Bills Issued (In USD)</b>				
T- Bills Redeemed (In USD)	na	0.00	0.00	0.00
T-Bills Outstanding	na	na	na	na
Ave. Weighted Discount Rate (T-Bills)	2.6	5.52	5.52	5.52
<b>Treasury Bond Issued (in LD for 2 years)</b>				
Treasury Bond Outstanding (In LD)	6,000.00	6,000.00	6,000.00	6,000.00
Outstanding coupon on Treasury Bond	0.00	0.00	215.92	264.08
Coupon Payment	0.00	480.00	264.08	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	16.00
<b>Treasury Bond Principal Payments (USD)</b>				
Coupon Payments (USD)	na	4.58	0.00	3.08
Treasury Bond Outstanding (In USD)	na	0.55	0.00	0.37
	na	55.10	55.10	51.65
<b>(As specified)</b>				
SDF rate (4.0%)	0.04	0.00	0.00	0.00
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight monthly rate (0.07%)	0.07	0.07	0.07	0.07
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
<b>Interest Rates</b>				
<b>(In Percent)</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

Source : CBL

<sup>^</sup> - with Liquidity Effect<sup>1</sup> - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency<sup>2</sup> - Treasury Bill issued and redeemed during the month were in US Dollar

- revised

<b>Money Markets Instrument (In percent)</b>				
Repo	5.50	5.50	na	na
Swap lending	6.00	6.00	0.00	0.00

Source : CBL

<sup>^</sup> - with Liquidity Effect<sup>1</sup> - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency<sup>2</sup> - Treasury Bill issued and redeemed during the month were in US Dollar

- revised

**BANKING SECTOR DEVELOPMENTS**

In the review month, the banking industry was generally in compliance with regulatory requirements. The financial soundness indicators were generally favorable compared to April 2021. Return on Assets (ROA) increased by 0.2 percentage point to 1.1 percent. Similarly, Return on Equity (ROE) increased by 1.1 percentage point to 7.0 percent compared with the previous month. Capital Adequacy Ratio (CAR) remained stable at 30.1 percent compared with the preceding month and remained above the minimum regulatory requirement by 20.1 percentage points. Liquidity ratio, on the other hand, decreased by 0.7 percent and remained above the minimum regulatory requirement by 33.6 percentage points.

During the month, gross loans and advances increased marginally compared to the increase in non-performing loans (NPLs). Gross loans rose marginally by 0.3 percent to L\$76.5 billion (13.2 percent of GDP), occasioned by rise in the extension of new loans by commercial banks during the month. Similarly, non-performing loans (NPLs) increased to L\$19.6 billion (3.4 percent of GDP), from L\$18.7 billion (3.2 percent of GDP) recorded in the preceding month. The ratio of non-performing loans to total loan increased by 1.1 percentage point to 25.6 percent, against the 10 percent regulatory tolerable limit, reflecting slow recovery of loans.

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

<b>Financial Soundness Indicators</b>	<b>May - 20<sup>†</sup></b>	<b>Mar - 21</b>	<b>Apr - 21</b>	<b>May - 21</b>
	<b>(In Billions of Liberian Dollar)</b>			
Total Gross Loans	84.33	77.30	76.21	76.45
Total Non-performing Loans	19.00	21.18	18.67	19.60
<b>(In Unit As May Be Specified)</b>				
Non-performing Loans to Total Gross Loans (ratio)	22.53	27.40	24.50	25.63
Gross Loan (percent change)	(0.49)	0.16	(1.41)	0.31
Non-performing Loans (percent change)	21.21	10.54	(11.85)	4.98
Returns on Assets (ROA)	0.58	0.73	0.93	1.08
Returns on Equity (ROE)	3.48	4.69	5.91	7.01
Liquidity Ratio***	38.79	47.60	49.29	48.61
Capital Adequacy Ratio (CAR)****	28.53	31.41	30.08	30.08

Source : CBL

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

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

<sup>†</sup> - Revised