

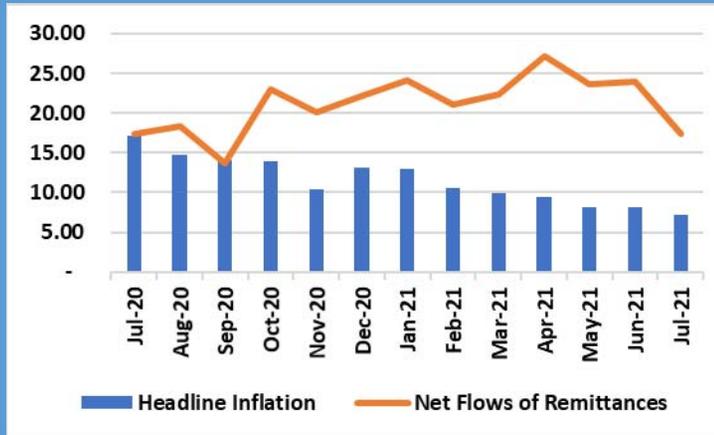


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Table 8: Global Commodity Prices

GLOBAL PRICE	Jul - 20	May - 21	Jun - 21	Jul - 21	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	108.52	207.72	214.43	214.14	(0.14)	97.33
Gold (US\$/Oz)	1,846.51	1,850.26	1,834.57	1,807.84	(1.46)	(2.09)
Rubber (US\$/MT)	1,480.00	2,290.00	2,120.00	870.00	(58.96)	(41.22)
Cocoa Beans (US\$/MT)	2,100.00	2,410.00	2,370.00	2,330.00	(1.69)	10.95
Palm oil (US\$/MT)	694.16	1,163.17	1,017.80	1,057.44	3.89	52.33
Crude oil (US\$/BBL)	42.07	66.40	71.80	73.28	2.06	74.19
Food Price Index (FAO)	93.93	127.85	124.63	123.60	(0.83)	31.59
Rice_ 5% broken (US\$/MT)	480.00	493.00	466.00	414.00	(11.16)	(13.75)
Sugar (US\$/MT)	270.00	380.00	380.00	390.00	2.63	44.44
Commodity Price Index	103.08	155.37	161.67	166.19	2.80	61.22

Source : 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](http://www.fao.org/worldfoodsituation/foodpricesindex/en/1/Commodity%20Food%20Price%20Index%20includes%20Cereal,%20Vegetable%20Oils,%20Meat,%20Seafood,%20Sugar,%20Bananas,%20and%20Oranges%20Price%20Indices)
2/ Commodity Price Index includes both Fuel and Non-Fuel Price Indices
† - Revised

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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 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

In July 2021, production statistics for key commodities showed weak performance for the second consecutive month. Activity in the mining subsector, especially iron ore, diamond and gold production, was largely hampered by unfavorable weather condition. Output in the agriculture subsector, particularly rubber, showed increased harvest largely from small farm holders, while output in the manufacturing subsector declined during the month due to lower production of cement when compare with June 2021.

Headline inflation further moderated mainly on account of decline in the prices of items relating to health, education, and restaurants and hotels major groups in the CPI basket. Month-on-month rate of inflation, on the other hand, rose to 6.1 percent, thereby reflecting increases in the prices of food and non-alcoholic beverages, housing, water, electricity, gas, and other fuels, health, communication, and education major groups.

Core inflation (inflation excluding food and transportation) also moderated to 11.5 percent in the month under review, from 16.6 percent in the previous month, explained largely by decrease in the prices of restaurants and hotels, as well as clothing and footwear major groups in the commodity basket.

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

Preliminary statistics showed broad money (M2) contracted by 1.3 percent during the month. The contraction in M2 was occasioned largely by decreases in net domestic assets of the banking sector, 0.3 percent and 1.1 percent reduction in time and savings deposit as well as demand deposits, respectively. However, the stock of Liberian dollar in circulation increased by 1.2 percent to L\$22.68 billion compared to the stock reported in the preceding month. Similarly, currency outside banks rose by 3.1 percent to L\$21.44 billion compared to the previous month compared to the previous month.

Despite the structural constraints on the financial sector, 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 31.9 percentage points, while Capital Adequacy Ratio (CAR) exceeded the minimum regulatory requirement by 18.8 percentage points. Similarly, nonperforming loans (NPLs), which stood at 3.3 percent of GDP, reflected a ratio of 14.9 percent above the 10.0 percent regulatory tolerable limit.

Food Price (FAO)

The FAO food price index showed a decrease of 0.8 percent in the review month compared with the June 2021 index. The fall in food price index during the month, following prolonged increase in price, was mainly on account of decrease in the prices of vegetable oil and cereal in the food basket. Annual price of food rose by 31.6 percent compared with the price in July 2020.

Sugar

During the review month, the price of sugar rose by 2.6 percent to US\$390.00 per metric ton, from US\$380.00 per metric ton, occasioned by low supply of the commodity, mainly from Brazil. Annual comparison showed that the price of sugar increased by 44.4 percent, from US\$270.00 per metric ton in July 2020.

Palm Oil

The price of palm oil rose by 3.9 percent to US\$1,057.44 per metric ton, from US\$1,017.47 per metric ton in the preceding month due to strong demand amid gradual production prospect from major exporting countries. Comparison with July 2020, the price of palm oil rose by 52.3 percent, from US\$694.16 per metric ton.

Rice

Rice price fell by 11.2 percent to US\$414.00 per metric ton in July 2021, from US\$466.00 per metric ton in previous month, due to slow pace of sales caused by increase in freight charges. Annual comparison of the price of the commodity showed 13.7 percent decrease, from US\$480.00 per metric ton in July 2020.

Cocoa Beans

The price of cocoa beans decreased by 1.7 percent to US\$2,330.00 per metric ton in July 2021 on account of weak demand for the commodity from Europe and North America. Annual comparison of the price of cocoa beans showed an increase of about 11.0 percent, from US\$2,100.00 per metric ton recorded in July 2020.

Commodity Outlook

As the underlying economic indicators remain stable, outlook for commodity prices will remain as in the previous month, for the short term. Global forecast of growth in prices indicates that, on the back of supply constraints and demand disruption, prices of fuel and mineral are expected to keep increasing. Food prices are set to rebound on the backdrop of global food trade. The price of energy (mainly petroleum) is expected to keep rising beyond the short term on account of gradual recovery of global economic activity. However, the prices of some precious metal and agricultural products are expected to continue to ease in the third quarter of the year.

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

Currency	Jul - 20	May - 21	Jun - 21	Jul - 21	Appr (+)/Depr (-)	
					MoM	YoY
End-of-Period Exchange Rate y per USD					Percent change	
GHC	5.68	5.73	5.80	5.8	0.0	-2.07
GMD	49.50	49.88	49.27	48.67	1.23	1.71
GNF	9,590.45	9,806.67	9,715.22	9,707.89	0.08	-1.21
LD	199.23	172.02	171.42	171.63	-0.12	16.08
NGN	306.50	386.68	409.66	409.66	0.00	-25.18
SLL	9,756.07	10,238.62	10,272.94	10,258.18	0.14	-4.89
Average Exchange Rate (LD/USD)						
LD	199.18	171.75	171.39	171.53	-0.08	16.12

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

Prices of major commodity groups declined during the review month compared to the previous month. Food prices based on the FAO price index fell compared to the preceding month. Similarly, the prices of metal (iron ore and gold) and some agricultural products (rubber and cocoa beans) lowered. However, other commodity prices for (palm oil, crude oil and sugar) rose during the month on account of recovery in demand.

Iron Ore

During the review month, the price of iron ore decreased by 0.1 percent to US\$214.14 per metric ton, from US\$214.43 per metric ton in the preceding month. The fall in the price of the commodity was on account of inventory as China anticipates lowering steel production. Compared with the price in the corresponding month of 2020, iron ore price increased by 97.3 percent, from US\$108.52 per metric ton.

Crude Oil (Petroleum) Price

The price of petroleum rose by 2.1 percent to US\$73.28 per barrel, from US\$71.80 per barrel in June 2021 due to gradual recovery in demand for the commodity on account of increasing industrial production activities. Similarly, annual comparison showed that the price of petroleum increased by US\$31.21 per barrel, from US\$42.07 per barrel in July 2020.

Rubber

Rubber price decreased by about 59.0 percent to US\$870.00 per metric ton compared with US\$2,120.00 per metric ton recorded in the preceding month. The fall in the price during the month was due to decreased demand from automobile manufacturers and other rubber processing industries. Annual comparison showed that the price of the commodity decreased by 41.2 percent, from US\$1,480.00 per metric ton reported in July 2020.

Provisionally statistics on the Government's fiscal operations showed a decrease in the surplus balance to US\$32.50 million (1.0 percent of GDP), from a surplus of US\$48.42 million (0.5 percent of GDP) reported in the preceding month, occasioned by fall in Government revenue that exceeded the decline in expenditure. Total expenditure stood at 1.2 percent of GDP, narrowing by 31.8 percent compared to the previous period. Similarly, the stock of public debt reduced marginally to 49.7 percent of GDP, from 49.8 percent of GDP in the preceding month, but remained in complaint with the ECOWAS regional threshold limit of 70.0 percent of GDP.

Developments in the external sector showed that trade deficit improved slightly to 1.6 percent of GDP, from 3.1 percent of GDP recorded in June 2021, predominantly on account of significant decrease in merchandise import payments. Statistics on the direction of trade showed that Switzerland, France, the United States of America, and Belgium were the main destinations of Liberia's exports, while India, China, Turkey, Cote d'Ivoire (Ivory Coast), and the USA were the main sources of imports.

Gross International Reserves (GIR) rose to US\$357.99 million during the month compared to the stock reported in the preceding month, while months of import cover increased by 0.4 month to 2.7 months but remained below the ECOWAS regional threshold of 3.0 months.

Net inflow of personal remittances contracted during the month compared to the preceding month, by and large explained by a reduction in inward remittances compared to the rise in outward remittances. Outward remittances rose by US\$3.34 million to US\$8.15 million, while inward remittances reduced by US\$3.32 million to US\$25.47 million in the review month.

In the foreign exchange market, the Liberian dollar depreciated during the month. Both the end period and period average exchange rates showed that the Liberian dollar moderately depreciated by 0.4 percent and 0.2 percent, respectively against the US dollar during the review period.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

In July 2021, statistics on the production of key commodities showed weak performance. Outputs of all commodities, except rubber and beverages, declined. In the mining sector, outputs of all minerals declined due to the adverse effect of the weather on mining sites. Iron ore output decreased by 4.0 percent to 360,000.0 metric tons, from 375,000.0 metric tons produced in June 2021. Gold production fell by 15.9 percent to 10,250.0 ounces, from 12,185.0 ounces produced in June 2021 and total output of diamond dropped by 27.9 percent to 4,491 carats during the month, from 6,227 carats produced in the preceding month.

In the manufacturing subsector, cement production nosedived by 14.8 percent to 31,281.0 metric tons, from 36,711.0 metric tons produced in the previous month due to a slowdown in the construction subsector as a result of the rainy season. However, total beverage production increased by 12.9 percent to 1.48 million liters due to increase in demand occasioned by the independent festive celebrations. In the agriculture subsector, rubber production rose by 26.0 percent to 10,753.0 metric tons, from 8,536.0 metric tons in the previous month, mainly due to increased harvest of the commodity from small farm holders.

Consumer Prices

Headline inflation in July 2021 was subdued to 7.1 percent, from 8.1 percent in the preceding month. The moderation in headline inflation during the month was mainly induced by fall in the prices of items relating to health, education, and restaurants and hotels major groups in the CPI basket¹. In contrast, month-on-month inflation rose by 4.2 percent to 6.1 percent, from the rate recorded in the preceding month. The increase was driven by monthly rise in the prices of food and non-alcoholic beverages, housing, water, electricity, gas, and other fuels, health, communication, and education major groups.

Similarly, annual core inflation¹ moderated during the month to 11.45 percent, from 16.6 percent in the previous month. The moderation was largely explained by reduction in the prices of items relating to restaurants and hotels, as well as clothing and footwear major group.

Table 1: Production and Price Statistics

Production	Jul - 20	May - 21	Jun - 21	Jul - 21
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	310,000	430,000 [†]	375,000	360,000
Gold (Ounces)	12,414	16,062	12,185	10,250
Diamond (Carat)	15,193	4,311	6,227	4,491
Rubber (Metric ton)	7,069	7,390	8,536	10,753
Cement (Metric ton)	29,817	48,162	36,711	31,281
Total Beverages (liter)	1,234,555	1,480,188	1,309,499	1,509,809
Alcoholic	1,203,707	1,333,621	1,173,639	1,371,447
Non-Alcoholic	30,848	146,568	135,860	138,362

Direction of Trade (DOT)

During the reviewed month, the United States of America, France, Switzerland and Belgium were the main destinations of Liberia's exports. However, exports earning from shipment to Switzerland (mainly gold) decreased by 35.2 percent to US\$12.34 million (accounting for 17.9 percent of total earnings), compared to the value recorded in the previous month. In contrast, exports earnings from France (predominantly iron ore) rose to US\$36.68 million. while export earnings from Belgium (mainly Rubber), which accounted for 7.1 percent of total earnings, rose by 12.6 percent to US\$4.90 million, from the amount recorded in the previous month. Additionally, earning from shipment to the United States of America (basically rubber) rose by US\$29.84 million during the month to US\$39.05 million as seen in Table 6.

The five main countries serving as sources of imports to Liberia during the month were Cote d'Ivoire (Ivory Coast), China, India, Turkey, and The United States of America. Except for Cote d'Ivoire and the United States of America to which payments for goods increased, payments to China, India and Turkey reduced. Payments for imports from Cote d'Ivoire (mainly for the purchase of minerals, fuel, lubricants) increased by US\$7.74 million to US\$22.84 million during the month. Similarly, payments to the United States which were largely for the purchase of machinery and transport equipment increased by US\$1.36 million to US\$7.22 million during the review month. On the other hand, payment to China, predominantly for the purchase of machinery and transport equipment decreased by US\$3.9 million to US\$17.77 million. While payments for the purchase of machinery and transport equipment from India fell by US\$23.31 million to US\$9.29 million and payments to Turkey, for machinery and transport equipment, declined also by US\$5.21 million to US\$8.57 million.

EXCHANGE RATE DEVELOPMENTS

For the month of -July 2021, both the average (AVG) and the end-of-period (EOP) exchange rates of the Liberian dollar against the US dollar depreciated. The average (AVG) exchange rate depreciated slightly by 0.1 percent to L\$171.53/US\$1.00, from L\$171.39/US\$1.00 recorded in the preceding month.

End of Period Exchange rate movements for the currencies in the West African Monetary Zone (WAMZ) against the United States dollar were mixed. The exchange rates of both the Ghana Cedi and the Nigerian Naira remained relatively stable at GHC5.80/US\$1.00 and NGN409.7/US\$1.00, respectively against the United States Dollar. While the Gambian Dalasi, the Guinean Franc, and Sierra Leonean Leone appreciated against the US dollar by 1.2 percent, 0.1 percent, and 0.1 percent, respectively compared to the rates in the preceding month. In contrast, the Liberian dollar depreciated by 0.1 percent against the United States dollar, when compared with the rate reported in June 2021.

Year-on-year comparison showed that, except the Liberian dollar and the Gambian Dalasi that appreciated by 16.1 percent and 1.7 percent, respectively, while all other WAMZ countries' currencies depreciated against the United States dollar, relative to July 2020. The Nigerian Naira recorded the highest depreciation of 25.2 percent, followed by the Guinean Franc that depreciated by 1.2 percent (See Table 7).

Petroleum Products (MT)	4,416.21	22,663.80	11,675.96	14,485.86
Rice (MT)	22,069.60	22,336.42	22,582.03	0.00*
Other Indicators				
Import (FOB)	5.74	23.88	27.35	27.08
Gross International Reserves (GIR) ²	66.60	108.89	146.60	112.73
Net Foreign Reserves Position	262.30	302.54	302.50	357.99
Import covers (In Month)	2.7	2.5[†]	2.3	2.7
Personal Remittances				
Inflows	26.06	34.71	28.79	25.47
Outflows	8.67	11.12	4.81	8.15
Net flows	17.39	23.59	23.98	17.32
Direction of Trade (DOT)				
Destination of Export	48.38	55.63	59.00	68.83
o/w Switzerland	15.95	25.56	19.04	12.34
o/w France	7.57	41.51	15.64	36.68
o/w Poland	2.30	3.43	9.21	39.05
o/w Germany	6.21	11.18	4.35	4.90
Sources of Import (fob)	66.60	108.89	146.60	84.93
o/w Turkey	14.25	39.30	32.60	9.29
o/w China	12.84	11.45	21.67	17.77
o/w India	5.29	13.95	13.78	8.57
o/w United States of America	9.59	5.13	15.10	22.84
o/w Indonesia	2.47	4.04	5.86	7.22

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

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

/1[†] as of July 2020, import data reported here are on CIF instead of FOB

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

† - Revised ‡ - Not Available (na) * - estimate/projection

Remittances

During the review month, Liberia recorded US\$17.32 million (0.5 percent of GDP) in net inflows of personal remittances. The value of net inflows contracted by 27.8 percent compared to the amount in June 2021. Similarly, inward remittance declined during the month to US\$25.47 million, from the amount reported in June 2021, due data limitation arising from more focus on other related platform of reporting. In contrast, outward remittance rose to US\$8.15 million, from US\$4.81 million in the preceding month on account increase in other government transfer.

Gross International Reserves

Preliminary statistics showed gross international reserves (GIR) at end-July 2021 increased to US\$357.99 million compared to June 2021. Month of import cover rose to 2.7 months, from 2.3 months in the previous month due to the increase in GIR as against the decline in payments for mainly goods. Compared with the ECOWAS regional benchmark, the months of import cover recorded a shortfall of 0.3 month in relation to the regional threshold of at least 3 months (Table 6).

Inflation	<i>(In percent)</i>			
Overall (Y-o-Y) Rate of Inflation	17.06	8.16	8.10	7.12
a. Food and Non-alcoholic Beverage Inflation	17.83	(4.04)	(3.95)	0.21
- Domestic Food Inflation	21.50	(4.13)	(5.91)	4.33
- Imported Food Inflation	15.14	(4.03)	(2.08)	(3.03)
b. Transport Inflation	9.25	7.97	(4.85)	4.88
c. Imported Fuels Inflation	(9.27)	4.22	(1.21)	(1.21)
Overall (M-o-M) Rate of Inflation	7.10	0.86	1.94	6.13
Core Inflation				
Inflation excluding Food & NAB ¹	16.66	15.43	15.15	10.73
Inflation excluding Imported Food	17.54	11.14	10.53	9.62
Inflation excluding Domestic Food	17.70	11.69	12.05	8.44
Inflation excluding Food and Transport	17.65	16.44	16.59	11.45
Annual Gross Domestic Product (GDP)²				
Nominal (NGDP)(in millions US\$)	3,037	3,363	3,363	3,363
RGDP growth (in percent)	(3.0)	3.6	3.6	3.6

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

/1 Non-alcoholic beverages

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

± - Not Available (na) * - estimate/projection

† - revise

MONETARY DEVELOPMENTS

Monetary Policy Stance

In July 2021, the CBL maintained a monetary policy stance that is anchored on interest-rate based instruments to manage Liberian dollar liquidity for price stability through broad exchange rate management. The Bank maintained the anchored of the policy rate at 25.0 percent per annum on the CBL bills tenors of two-weeks, one month and three-months. Notwithstanding, subscriptions for the CBL bills increased during the month, compared to June 2021.

Monetary Aggregates

Preliminary statistics obtained in July 2021 showed a contraction in broad money supply (M2) by 1.3 percent to L\$141.65 billion, from L\$1431.52 billion recorded at end of the preceding month. Within the liability category, the contraction in M2 was explained by 0.3 percent and 1.1 percent fall in time and savings deposits and demand deposits, respectively. While on the asset side, the dip in M2 was driven by drop in net domestic assets (NDA). NDA decreased by 4.2 percent on account of fall in net credit to government. However, total stock of Liberian dollar in circulation rose slightly by 1.2 percent to L\$22.68 billion compared to the stock reported a month ago. Similarly, currency outside banks recorded an increased by 3.1 percent to L\$21.44 billion compared to the amount recorded in the previous period.

During the month of July 2021, commercial banks' loans denominated in Liberian dollar rose by 2.1 percent to L\$5,786.86 million on account of growths in loans to construction

and extractive subsectors, while the US dollar denominated loans expanded by 2.0 percent to US\$386.60 million, induced by increases in loans advanced to the manufacturing, agriculture, and services subsectors.

Accordingly, at end of the reporting month, all deposits converted to Liberian dollar preliminarily stood at L\$120.22 billion (20.9 percent of GDP), down by 0.4 percentage point compared to the 21.3 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	Jul - 20	May - 21	Jun - 21	Jul - 21
	<i>(In Millions)</i>			
Liberian Dollars in Circulation (LD)	21,371.41	22,623.34	22,414.00	22,676.30
Currency outside banks (LD)	20,085.05	20,844.17	20,789.50	21,437.14
Money Supply (M1) in LD only	28,602.55	33,453.60	32,476.39	34,748.78
Broad money (M2) in LD only	36,317.39	41,000.72	40,336.66	42,740.61
Broad money (M2) (both LD and USD Converted to LD)	131,552.55	141,549.85	143,516.2	141,652.34
Net Foreign Assets (NFA) – LD	15,496.30	19,509.91	28,737.5	31,656.54
Net Domestic Assets (NDA) – LD	116,056.25	122,039.94	114,778.6	109,995.80
Loans to Private Sector				
Commercial banks loans to private sector USD	375.57	386.11	379.05	386.60
Commercial banks loans to private sector - LD	6,524.58	5,841.76	5,670.56	5,786.86
Demand Deposits of commercial banks				
Demand deposits - USD	283.20	380.58	370.26	355.53
Demand deposits - LD	8,517.50	12,609.43	11,686.94	13,311.64
Time & savings deposits - USD	193.25	195.09	220.78	218.89
Time & savings deposits - LD	7,583.07	7,488.44	7,783.95	7,937.64
Other Deposits**				
Actual US\$ component of other deposits	1.68	10.88	10.87	1.88
Liberian \$ component of other deposits	131.77	58.68	76.31	54.19
Total Deposits (both USD & LD) converted to Liberian dollar ¹	111,467.50	120,705.68	122,726.70	120,215.20
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	27.61	28.97	28.12	30.17

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

During the reviewed month, the CBL continued the issuance of the CBL bills with tenors of 2-weeks, 1-month, and 3-months at an effective annual return of 25.0 percent. The bills issuance is aimed at managing Liberian dollar liquidity in support of the CBL's monetary policy objectives.

The total CBL bills issued in July amounted to L\$4,076.22 million, reflecting a rise by 43.7 percent when compared to the preceding month. The rise in issuance was engendered

Total trade, on the other hand, decreased by 13.4 percent to US\$191.57 million (5.7 percent of GDP), from revised US\$221.17 million (6.6 percent of GDP) on account of decline in payments for merchandise imports. Payments for merchandise imports fell by 24.3 percent to US\$122.74 million (3.6 percent of GDP), from US\$162.16 million (4.8 percent of GDP), driven mainly by decrease in payments for machinery and transport equipment as well as food and live animals (including animals and vegetable oil). Payments for machinery and transport equipment declined by US\$18.81 million, while payments for food and live animals (including animals and vegetable oil) fell by US\$27.47 million.

Earnings from exports increased by 16.6 percent to US\$68.83 million (2.0 percent of GDP), from revised US\$59.01 million (1.8 percent of GDP), occasioned by an estimated increase in receipts from iron ore and rubber exports. Receipt from iron ore exports rose by US\$13.32 million to US\$36.68 million (1.1 percent of GDP), from US\$23.36 million (0.7 percent of GDP) recorded in the preceding month, while earnings from the export of rubber increased by US\$3.17 million to US\$12.92 million (0.4 percent of GDP), from US\$9.75 million (0.3 percent of GDP), due to increased volume of the commodities exported.

Table 6: External Sector Statistics

Trade Statistics External Trade (Value)	Jul - 20	May - 21	Jun - 21	Jul - 21
	<i>(Millions of USD)</i>			
Exports¹	48.38	55.63	59.01	68.83
Iron Ore	19.87	17.22	23.36	36.68*
Rubber	6.78	8.15	9.75	12.92
Gold	14.97	25.62	19.17	13.88
Diamond	2.38	1.32	1.06	1.32
Cocoa Bean	0.30	0.08	-	1.40
Palm Oil	0.07	1.11	-	0.92
Other commodities	4.01	2.12	5.66	1.71
Imports (CIF)^{1†}	73.86	120.67	162.16	122.74
Minerals, Fuel, Lubricants	11.54	10.80	22.73	29.54
o/w Petroleum Products	9.14	5.13	7.67	22.73
Food and Live Animals (including Animal and veg. oil)	25.43	46.99	43.11	15.64
o/w Rice	11.57	32.57	18.10	0.34
Machinery & Transport Equipment	13.91	28.87	53.31	34.50
Manufactured goods classified by materials	10.25	11.94	4.29	16.29
Other categories of imports	12.73	22.07	38.72	26.77
Trade Balance	(25.48)	(65.04)	(103.16)	(53.91)
Total Trade	122.24	176.30	221.17	191.57
External Trade (Volume)	(In Unit as may be specified)			
Rubber (MT)	7,069.18	7,389.80	8,536.00	10,752.53
Iron Ore (MT)	393,300.62	165,267.88	246,128.23	306,479.94*
Cocoa Beans (MT)	300	1,125.00	-	1,400.00
Palm Oil (MT)	150.71	4,557.00	-	13,979.00
Gold (Oz)	12,414.43	16,062.00	12,185.25	10,250.19
Diamond (Crt)	15,193.00	4,311.00	6,226.88	4,491.41

primarily induced by 3.0 percent reduction in employees' compensation and 46.9 percent decline in spending on goods and services, while interest and other charges contracted by 45.6 percent to US\$9.38 million (0.3 percent of GDP).

The stock of public debt at end-July 2021 marginally decreased by 0.2 percent to 49.7 percent of GDP compared to the stock in the preceding month. The slight decrease in public debt stock was explained mainly by a 0.3 percent decline in external borrowing as a result of repayment to multilateral partners.

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	Jul - 20	May - 21	Jun - 21	Jul - 21
	<i>(In Millions of United States Dollar)</i>			
Government Revenue	31.28	58.14	107.54	72.83
Tax Revenue	28.07	38.08	45.01	35.77
O/W Taxes on Income & Profits	11.26	17.10	14.31	14.25
O/W Taxes on International Trade	13.86	16.23	18.92	18.39
Non-tax Revenue (excluding grants)	3.13	18.39	8.77	3.92
O/W Property Income	2.16	17.04	7.16	2.83
O/W Administrative Fees and Fines	0.97	1.35	1.60	1.09
Other tax Revenue (including grant)	0.08	1.66	53.76	33.14
Government Expenditure by Codes	30.49	42.46	59.12	40.34
Current Expenditure	28.94	35.41	41.88	30.97
O/W Compensation	18.30	15.28	19.16	18.58
O/W Goods and Services	6.37	17.58	15.59	8.27
Capital Expenditure	0.00	0.00	0.01	0.00
Payments on Loans, interest and others	1.55	7.05	17.24	9.38
Overall Balance (Surplus+; Deficit -)	0.79	15.68	48.42	32.49
Public Sector Debt	1,531.43	1,642.41	1,673.51	1,670.18
<i>Domestic</i>	607.00	669.45	690.76	690.59
Financial Sector	543.39	618.22	620.22	620.22
Other debt	63.61	51.24	70.54	70.37
<i>External</i>	924.43	972.95	982.75	979.59
Multilateral	810.48	860.27	869.34	866.18
Bilateral	113.95	112.68	113.41	113.41
Debt Service	23.58	11.08	0.80	19.82
Interest Payments	9.41	4.97	0.48	0.74
Principal Repayments	14.17	6.11	0.32	19.08

Source: CBL's calculation using MFDP's data: Revenue Department, Expenditure Department and Debt Management Unit, MFDP
 † - revised
 ± - Estimate

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Preliminary statistics on merchandise trade showed an improved trade deficit that amounted to US\$53.91 million (1.6 percent of GDP) in July 2021, from a revised deficit of US\$103.15 million (3.1 percent of GDP) recorded in June 2021, largely on account of a significant decline in payments for merchandise imports.

by increase in investors' appetite resulting from the regular redemption and growth in deposits at commercial banks have given rise to over-subscription of the CBL bills and pro-rating of subscriptions. Of the total amount issued, commercial banks' subscriptions remained high at approximately 98.1 percent (L\$4,152.24 million), while retail investors subscription increased by 38.63 percent to L\$79.95 million compared to the previous month. The total redemption for the period decreased by 6.98 percent to L\$3,654.78 million. Accordingly, the CBL recorded a net issuance of about L\$577.42 million, and an 8.99 percent increase in the total outstanding CBL bills from the preceding month to L\$7,000.00.

The Government did not issue new treasury securities during the month of July 2021, thus the outstanding principal on Liberian dollar T-Bond remained unchanged at L\$6,000.00 million on account of payments of all coupons on Liberian dollar T-bond in the preceding month. However, the coupon on the Liberian dollar T-bond accrued to L\$443.08 million. Similarly, the outstanding coupon and principal on the United States dollars T-bond remained unchanged at US\$56.81 million. Similarly, Treasury bills in both Liberian and United States dollars was kept at L\$2,437.72 million and US\$5.73 million, respectively during the month.

The lending, average savings, and time deposits rates remained 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 was considered during the period under review to compensate for the risks and high cost involved in cash transfers and transshipment with international corresponding banks, and bank branches in Liberia.

Table 3. Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	Jul - 20	May - 21	Jun - 21	Jul - 21
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	0.00	0.00	00.0	0.00
Redemption during the month (coupon rate)	0.6	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	401.21	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	7.00	na	na	na
Bills Purchased per month on EAR basis	5,420.70	2,836.20	4,076.22	4,232.20
Redemption during the month (EAR basis)	5,490.83	2,664.88	3,929.12	3,654.78
Bill Outstanding (EAR basis)	4,312.59	6,275.48	6,422.58	7,000.00
Effective Annual Rate (EAR)	25.00	25.00	25.00	25.00
Total Purchases (coupon rate & EAR)	5,420.7	2,836.20	4,076.22	4,232.20
Total Redemption (coupon rate & EAR)	5,491.43	2,664.88	3,929.12	3,654.78
Total Outstanding Bills (coupon rate & EAR)	4,713.80	6,275.48	6,422.58	7,000.00
CBL Foreign Exchange Auction¹	<i>(In Millions of United States Dollar)</i>			
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
Over (+)/ Under (-) Subscription	0.00	0.00	0.00	0.00

Treasury Securities	<i>(In Millions of Liberian Dollar)</i>			
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	860.94	1,250.26	2,437.72	2,437.72
Net Treasury Bills Operations[^] withdrawal (+)/Injectⁿ (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	7.47	5.00	5.00	5.00
T- Bills Issued (In USD)	0.00	0.00	0.00	0.00
T- Bills Redeemed (In USD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	2.60	5.52	5.73	5.73
Ave. Weighted Discount Rate (T-Bills)	7.00	6.50	6.50	6.50
Treasury Bond Issued (in LD for 2 years)	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In LD)	6,000.00	6,000.00	6,000.00	6,000.00
Outstanding coupon on Treasury Bond	0.00	264.08	0.00	0.00
Coupon Payment	0.00	0.00	363.96	443.07
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	16.00
Treasury Bond Principal Payments (USD)	69.38	3.08	0.00	0.00
Treasury Bond Outstanding (In USD)	55.8	51.65	51.65	51.65
Coupon Payments (USD)	0.00	0.37	0.00	0.00
Outstanding coupon on Treasury Bond	7.89	0.00	0.16	0.16
Total T-Bond Outstanding (Coupon & Principal In USD)	63.69	51.65	56.81	56.81
	<i>(As specified)</i>			
SDF rate (4.0%)	0.00	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
Interest Rates	<i>(In Percent)</i>			
- 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 (In percent)				
Repo	5.50	0.00	0.00	0.00
Swap lending	6.00	0.00	0.00	0.00

Source : CBL

[^] - with Liquidity Effect

/1 – CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency

/2 – Treasury Bill issued and redeemed during the month were in US Dollar

- revised

BANKING SECTOR DEVELOPMENTS

Year-to-date, the banking industry has remained in compliance with regulatory requirements. Compared to the preceding month, movement in some key financial soundness indicators was favorable during the reviewed month. Return on Assets (ROA) and Return on Equity (ROE) increased simultaneously by 0.33 percentage point to 1.93 percent and 1.73 percentage point to 11.65 percent, respectively compared with June 2021. However, Capital Adequacy Ratio (CAR) fell from 29.56 percent in the preceding month to 28.83 percent in July 2021 but remained above the minimum regulatory requirement by 18.83 percentage points. Similarly, liquidity ratio, lowered by 2.29 percent and remained above the minimum regulatory requirement by 31.91 percentage points.

Gross loans and advances rose to 13.21 percent of GDP in July 2021, from 12.72 percent of GDP in the previous month. The increase in gross loan during the month was occasioned by commercial banks' disbursement of new loan facility. Additionally, non-performing loans (NPLs) inched to 3.29 percent of GDP, from 2.81 percent of GDP in June 2021. The ratio of non-performing loans to total loan grew by 2.78 percentage point to 24.93 percent, against the 10.0 percent regulatory tolerable limit, reflecting less recovery of loans.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Jul - 20	May - 21	Jun - 21	Jul - 21
	<i>(In Billions of Liberian Dollar)</i>			
Total Gross Loans	84.20	76.45	73.33	76.17
Total Non-performing Loans	19.52	19.60	16.20	18.99
	<i>(In Unit As May Be Specified)</i>			
Non-performing Loans to Total Gross Loans (ratio)	23.10	25.63	22.15	24.93
Gross Loan (percent change)	0.25	0.31	(4.08)	3.87
Non-performing Loans (percent change)	16.59	4.98	(17.35)	17.22
Returns on Assets (ROA)	0.75	1.08	1.60	1.93
Returns on Equity (ROE)	4.45	7.01	9.92	11.65
Liquidity Ratio***	40.50	48.61	48.01	46.91
Capital Adequacy Ratio (CAR)****	28.41	30.08	29.56	28.83

Source : CBL

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

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

† - Revised

FISCAL SECTOR DEVELOPMENTS

Provisional statistics on fiscal operations showed that both Government revenue and expenditure decreased during the month. However, the fall in revenue exceeded the decrease in expenditure resulting to a decreased fiscal surplus to US\$32.50 million (1.0 percent of GDP), from the surplus of US\$48.42 million (1.4 percent of GDP) reported in the preceding month. Government revenue declined by 34.7 percent to US\$72.83 million (2.2 percent of GDP), occasioned by decreases in all categories of the revenue envelop. Similarly, total expenditure decreased by 31.8 percent to US\$40.3 million (1.2 percent of GDP) occasioned mainly by reduction in recurrent expenditure. Current expenditure amounted to US\$30.97 million (0.9 percent of GDP) in July, which was