

MONTHLY
ECONOMIC
REVIEW

SEPTEMBER 2021

VOLUME 7 No. 9



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

Similarly, the price indices of metal and precious metal for the month of October show a projected rise by 3.7 percent and 0.3 percent to 121.4 and 136.9, respectively due to rising demand for the commodity in China to restore inventory and high investment cost in the US. However, risk alert over slow climate friendly recovery in advanced economies, limited resources to accelerate economic recovery in emerging economies, as flagged by the World Bank, may have implication for commodity prices.

Table 8: External Sector Statistics: Global Prices

GLOBAL PRICE	Sep - 20	Jul - 21	Aug - 21	Sep - 21	Percent Change	
	(In price per Unit of Measure)				MoM	YoY
Iron ore (US\$/MT)	123.75	214.14	162.16	124.52	(23.21)	0.62
Gold (US\$/Oz)	1,921.92	1,807.84	1,785.28	1,775.14	(0.57)	(7.64)
Rubber (US\$/MT)	1,860.00	1,870.00	1,900.00	1,625.50	(14.45)	(12.61)
Cocoa Beans (US\$/MT)	2,460.00	2,330.00	2,480.00	2,558.09	3.15	3.99
Palm oil (US\$/MT)	796.22	1,062.99	1,135.77	1,181.38	4.02	48.37
Crude oil (US\$/BBL)	40.60	73.28	68.87	72.80	5.71	79.31
Food Price Index (FAO)/1	97.93	123.60	127.40	128.93	1.20	31.66
Rice 5% broken (US\$/MT)	507.00	414.00	403.00	400.00	(0.74)	(21.10)
Sugar (US\$/MT)	280.00	390.00	430.00	431.66	0.39	54.17
Commodity Price Index No/2	108.21	166.19	163.97	108.34	(33.93)	0.12

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

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

† - Revised

TABLE OF CONTENTS

	PAGE
Introduction	1
Overview	1-2
Real Sector and Price Developments	3-4
Production Analysis of Key Commodities	3
Consumer Prices	3
Monetary Developments	4
Monetary Policy Stance	4
Monetary Aggregates	4
Financial Market Developments	6
Banking Sector Developments	8
Fiscal Sector Developments	8
External Sector Developments	9
Merchandise Trade	9
Remittances	11
Gross International Reserves and Months of Import Cover	11
Direction of Trade	12
Exchange Rates Developments	12
Global Commodity Price Developments	13

TABLE

Table 1: Production and Price Statistics	3-4
Table 2: Monetary Aggregates Statistics	5
Table 3: Financial Market and Interest Rates Statistics	6-7
Table 4: Selected Financial Soundness Indicators, FSIs	8
Table 5: Fiscal Sector Statistics	9
Table 6: External Sector Statistics	10-11
Table 7: Exchange Rate: Official and WAMZ Countries End-of-Period Exchange...	13
Table 8: 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 provides synopsis of exchange rate developments in the West African Monetary Zone (WAMZ).

OVERVIEW

Production statistics of key commodities in September 2021 showed mixed performance. Activities in the mining subsector, especially, diamond and gold recorded improvements while iron ore remained the same due to substantial recovery from both the pandemic and unfavourable weather conditions at mining sites. Output of rubber in the agriculture subsector fell by 38.3 percent during the period under review on account of inventory stock as well as falling global prices, while production in the manufacturing subsector was mixed during the month with increased cement output and decreased output of beverages.

Headline inflation further moderated mainly on account of decline in the prices of items relating to furnishings, household equipment and routine household maintenance, transport, and imported food. Month-on-month inflation fell by 1.1 percentage points to 0.1 percent, from 1.2 percent recorded in the preceding month. The decrease was mainly attributed to the monthly reduction in the prices of all major groups except miscellaneous goods and services.

Core inflation (inflation excluding food and transportation) also moderated to 11.3 percent in the month under review, from 11.8 percent in the previous month, explained largely by decrease in the prices of furnishings, household equipment and routine household maintenance, as well as restaurant and hotels major groups in the commodity basket.

During the review month, the CBL monetary policy stance remained focused on price stability through the management of Liberian dollar liquidity. As part of monetary operations during the month, the CBL issued its bills at tenors of two-week, one-month, and three-month based on the annual monetary policy rate of 20.0 percent.

Preliminary statistics showed that broad money (M2) expanded by 2.8 percent to L\$144.89 billion during the month. The expansion in M2 relative to the asset category was driven by increase in net domestic assets of the banking sector, while in the liability category, the expansion was largely explained by increase in demand deposits. In contrast, the stock of Liberian dollar in circulation contracted slightly by 0.1 percent to L\$22.41 billion compared to the stock reported in the preceding month on account of 23.1 percent decline in currency in banks to L\$1.11 billion.

The financial soundness indicators of the banking system were generally favorable as the sector remained in compliance with most of the regulatory requirements of the CBL. During the month, Return on Assets (ROA) and Return on Equity (ROE)

Food Price (FAO)

The FAO food price index showed an increase of 1.2 percent in the review month compared with the August 2021 index. The persistent rise in the index, especially during the month was engendered by strong demand for wheat, palm oil, and dairy products. Further analysis showed that annual price of food rose by 31.7 percent compared with the price in September 2020.

Sugar

The price of sugar rose by 0.4 percent to US\$431.66 per metric ton, from US\$430.00 per metric ton as a result of unfavorable weather conditions in the world's largest sugar exporter (Brazil). However, annual comparison showed that the price of sugar increased by 54.2 percent from US\$280.00 per metric ton in September 2020.

Gold

The price of gold fell during the month by 0.6 percent to US\$1,775.14, from US\$1,785.28 in August 2021 mainly on account of strong interest rate in the US. Year-on-year comparison showed that the price decreased by 7.6 percent from US\$1,921.92 reported in September 2020.

Palm Oil

The price of palm oil rose by 4.0 percent to US\$1,181.38 per metric ton, from US\$1,135.77 per metric ton in the preceding month mainly due to increased global import demand. Compared with September in the previous year, the price of crude palm oil rose by 48.4 percent, from US\$796.22 per metric ton.

Rice

In reference to the price in the previous month, the price of rice fell by 0.7 percent to US\$400.00 per metric ton at end September 2021. The reduction in the price from US\$403.00 per metric ton was due to weak demand for the commodity arising from slow pace of sales. On an annualized basis, the price of the commodity declined from US\$507.00 per metric ton in September 2020.

Cocoa Beans

Cocoa beans price rose by 3.2 percent to US\$2,558.09 per metric ton in the review month on account of the growing demand for the commodity in Europe and North America. Compared to September 2020, the price of cocoa beans increased by 4.0 percent from US\$2,460.00 per metric ton.

Commodity Outlook

Prospects for commodity prices appear positive for the month of October based on the World Bank Commodity Outlook, despite fluctuation in the prices of commodity during the month of September 2021. The price indices of energy and non-energy commodities on a month-on-month basis are forecast to increase to 122.9 and 115.2, reflecting rise by 13.9 percent and 3.2 percent respectively on account of surge in price of petroleum products and agriculture commodity. Price index for agriculture under the non-energy commodities is expected to rise marginally by 1.7 percent due to expected rise in prices of food and beverages in anticipation of rising demand from Europe and USA coupled with rising input cost.

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

Currency	Sep - 20	Jul - 21	Aug - 21	Sep - 21	Appr (+)/Depr (-)	
	End-of-Period Exchange Rate per USD				MoM	YoY
	End-of-Period Exchange Rate per USD				Percent change	
GHC	5.70	5.80	5.85	5.87	(0.34)	(2.89)
GMD	51.43	48.67	51.28	52.29	(1.93)	(1.64)
GNF	9,750.84	9,707.89	9,744.82	9,710.65	0.35	0.41
LD	198.61	170.99	171.79	170.93	0.50	16.19
NGN	379.50	409.66	409.79	410.30	(0.12)	(7.51)
SLL	9,828.24	10,258.18	10,359.08	10,579.89	(2.09)	(7.10)
	Average Exchange Rate (LD/USD)					
LD	199.01	171.53	171.70	171.38	0.19	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

During the month, overall commodity price index declined. The fall in commodity price was induced by downturn in prices of major commodities, including mineral (iron ore and gold), food (especially rice) and some agricultural products. The movement in prices during the month was basically influenced by demand factors.

Iron ore

The price of iron ore declined by 23.2 percent to US\$124.52 per metric ton in September 2021, from the price of US\$162.16 per metric ton in the preceding month. The fall in the price of the commodity was mainly due to the persistence weak demand for the commodity from mainly China (the highest consumer of iron ore worldwide) emanating from the country's quest to reduce carbon emissions. Compared with the price in the corresponding month of 2020, iron ore price increased slightly by 0.6 percent, from US\$123.75 per metric ton.

Crude Oil (Petroleum) Price

At end of the review month, the price of petroleum increased by 5.7 percent to US\$72.80 per barrel, from US\$68.87 per barrel in August 2021 due to increased demand and reduction in supply. When compared to September 2020, the price of petroleum increased by 79.3 percent from US\$40.60 per barrel.

Rubber

During the month, the price of rubber decreased to US\$1,625.50 per metric ton, from US\$1,900.00 per metric ton recorded in the preceding month. The 14.4 percent decline in the price of the commodity was largely due to increase supply of the commodity on the international market. Compared to the corresponding month in 2020, the price of the commodity rose by 12.6 percent, from US\$1,860.00 per metric ton.

increased. Liquidity Ratio (LR), though declined, remained above the 15.0 percent regulatory thresholds by 27.44 percentage points, while Capital Adequacy Ratio (CAR) exceeded the minimum regulatory requirement by 16.38 percentage points. Nonperforming loans (NPLs) stood at 3.4 percent of GDP, reflecting a ratio of 24.3 percent, which is 14.3 percentage points above the 10.0 percent tolerable limit.

Provisional statistics of the Government's fiscal operations showed a decrease in the overall balance to a deficit of US\$32.49 million (1.0 percent of GDP), from a surplus of US\$13.95 million (0.4 percent of GDP) reported in the preceding month, induced by fall in Government revenue amidst increase in expenditure. The stock of public debt rose marginally to 50.2 percent of GDP, from 49.9 percent of GDP in the preceding month, but remained in compliance with the ECOWAS regional threshold limit of not more than 70.0 percent of GDP.

Developments in the external sector showed that following a sharp rise in trade deficit in August 2021, trade balance during the month improved significantly to a deficit of US\$26.46 million, from US\$103.76 million recorded in August 2021, due to a significant decrease in merchandise import payments.

Statistics on the direction of trade showed that Switzerland, France, Germany, and Great Britain, were the main destinations of Liberia's exports constituting 74.4 percent of total export, while Singapore, India, China, Turkey, and Egypt were the main sources of imports, accounting for 57.3 percent of total import payments.

Gross International Reserves (GIR) stock recorded at the end of the review month was US\$647.91 million, from the stock reported in the preceding month, reflecting a 1.0 percent drawdown on holdings. Similarly, months of import cover reduced to 4.2 months, from 4.7 months in the preceding month reflective of the fall in GIR. However, the months of import reported during the month exceeded the ECOWAS regional threshold of 3.0 months by 1.2 months.

Net inflow of personal remittances expanded during the month compared to the preceding month, mainly on account of the rise in inward remittances exceeding the rise in outflows of remittances. Inward remittances rose by US\$1.33 million to US\$27.00 million while outward remittances increased by about US\$0.1 million to US\$8.18 million in the review month.

Developments in the foreign exchange market remained largely favorable as both the end-period and period average of the Liberian dollar showed a marginal appreciation of 0.5 percent and 0.2 percent, respectively against the US dollar.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

Statistics on the production of key commodities showed mixed outturn in September 2021 compared to the preceding month. Outputs of all commodities, except rubber and beverages, increased. In the mining sector, outputs of all minerals continued to show improvement due to favorable weather conditions on mining sites along with relative containment of COVID-19. Iron ore output remained at 365,000 metric tons, compared with the previous month. Gold output grew by 20.2 percent to 21,689 ounces, from 18,051 ounces produced in August 2021 and the total output of diamond rose by 6.6 percent to 5,004 carats during the month, from 4,694 carats recorded in the previous month.

In the manufacturing subsector, cement production rose by 38.4 percent to 51,036 metric tons, from 36,869 metric tons produced in the preceding month due to increased demand for locally produced cement, despite the rise in the prices of imported cement. However, total beverage production declined by 17.9 percent to 1.16 million liters attributed to slowdown in production of alcoholic beverages due to inventory accumulation. In the agriculture subsector, rubber production declined by 38.3 percent to 4,132 metric tons, from 6,698 metric tons in the previous month, mainly due to inventory stock coupled with persistent fall in global price of the commodity in the period under review.

Consumer Prices

Headline inflation in September 2021 further moderated to 6.7 percent, from 7.0 percent in the preceding month mainly induced by fall in the prices of items relating to furnishings, household equipment and routine household maintenance, transport, and imported food. Similarly, month-on-month inflation moderated by 1.1 percentage point to 0.1 percent, from the rate recorded in the preceding month. This marginal improvement during the month was driven by reduction in the prices of items in all major groups except miscellaneous goods and services. The pass-through effect from the appreciation of the Liberian dollar remained the key drivers for the persistent moderation in inflation. Similarly, on an annual basis, core inflation¹ recorded slight contraction during the month to 11.3 percent, from 11.8 percent in the previous month.

Table 1: Production and Price Statistics

Production	Sep - 20	Jul - 21	Aug - 21	Sep - 21
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	300,000	360,000	365,000	365,000
Gold (Ounces)	8,805	10,250	18,051	21,689
Diamond (Carat)	10,251	4,491	4,694	5,004
Rubber (Metric ton)	5,463	10,753	6,698	4,132
Cement (Metric ton)	31,872	31,281	36,869	51,036
Total Beverages (liter)	1,212,043	1,478,529	1,412,419	1,159,801
Alcoholic	1,170,067	1,340,166	1,275,174	1,025,058
Non-Alcoholic	41,976	138,362	137,246	134,743

Direction of Trade (DOT)

During the review month, Switzerland, France, Germany, and Great Britain were the main destinations of Liberia's exports. Export earnings from Switzerland (mainly gold) increased by US\$1.93 million to US\$25.18 million (accounting for 32.8 percent of total earnings), compared to the value recorded in the previous month. Earnings from exports to France (predominantly iron ore) rose slightly by 0.8 percent to US\$13.36 million, while export earnings to Germany (mainly iron ore) accounted for 13.2 percent of total earnings. On the overall, export earnings rose by US\$4.9 million to US\$10.10 million, from the amount recorded in the previous month. However, earnings from shipment to Great Britain (mainly iron ore) dropped by 48.2 percent to US\$8.43 million during the month.

For the review period, the five main sources of imports were Singapore, India, China, Turkey, and Egypt. Import payments to Singapore (mainly for the purchase of food and live animals) increased to US\$16.09 million while payments to India for the purchase of mainly food and live animals increased slightly by 0.9 percent to US\$13.99 million during the review month. Payments to China, mainly for the purchase of machinery and transport equipment rose by US\$14.46 million to US\$13.76 million and payments for the purchase of machinery and transport equipment from Turkey decreased by US\$4.04 million to US\$6.16 million. Lastly, payments predominantly for the purchase of Minerals as well as fuel and Lubricants from Egypt rose by US\$3.78 million to US\$4.27 million.

EXCHANGE RATE DEVELOPMENTS

Analysis of the period average exchange rate showed that the Liberian dollar appreciated against the United States dollar during the month with the variation of the appreciation falling within the ECOWAS bandwidth of ± 10 percent. The Liberian dollar traded against the United States dollars at a period average rate of L\$171.38/US\$1.00 in the review month, from L\$171.70/US\$1.00 in August 2021, reflecting 0.2 percent appreciation driven by increased net inflow of remittances.

Considering the end-of-period (EOP) exchange rate, developments in the currencies of the West African Monetary Zone (WAMZ) were mixed during the month. The Nigerian Naira, the Ghana Cedi, the Sierra Leonean Leone and the Gambian Dalasi depreciated against the United States dollar by 0.1 percent, 0.3 percent, 2.1 percent and 1.9 percent, respectively, while the Liberian dollar and the Guinea Franc appreciated by 0.5 percent and 0.3 percent, respectively. Analyzing the regional exchange rate development, the statistics showed that the Sierra Leonean Leone recorded the highest level of depreciation during the month compared to the preceding month.

Year-on-year comparison showed that, except the Liberian dollar and the Guinea Franc that appreciated by 16.2 percent and 0.4 percent, respectively, all other currencies of the WAMZ countries depreciated against the United States dollar, relative to September 2020 (See Table 7).

Import covers (In Month)	2.6	2.3	4.7	4.2
Personal Remittances				
Inflows	23.81	25.47	25.67	27.00
Outflows	10.20	8.15	8.08	8.18
Net flows	13.61	17.32	17.59	18.82
Direction of Trade (DOT)				
Destination of Export	43.00	59.76	77.63	76.74
o/w Switzerland	13.47	12.34	23.25	25.18
o/w France	8.97	6.84	13.26	13.36
o/w Poland	4.72	5.16	5.19	10.10
o/w Germany	0.00	7.96	16.28	8.43
Sources of Import (fob)	106.40	112.73	169.33	94.71
o/w Turkey	0.06	0.16	0.00	16.09
o/w China	19.76	9.29	13.87	13.99
o/w India	30.96	17.77	28.22	13.76
o/w United States of America	7.31	8.57	10.20	6.16
o/w Indonesia	0.43	3.79	0.49	4.27

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 month, net inflows of personal remittances increased by 7.0 percent to US\$18.82 million (0.6 percent of GDP), compared to the amount recorded in August 2021. Similarly, inward remittances rose to US\$8.18 million relative to the amount in the preceding month. The easing of lockdown measures coupled with improvement in economic activity partly accounted for the rise in remittance inflows.

Gross International Reserves

Gross International Reserves (GIR) at end-September 2021 reduced by 1.0 percent to US\$647.91 million compared to the stock recorded in August 2021, mainly due to drawdown on SDR holdings. accordingly, month of import cover fell to 4.2 months, from 4.7 months in the previous month due to the fall in GIR. Compared with the ECOWAS regional benchmark, the month of import cover in the review month exceeded the regional minimum threshold of 3.0 months by 1.2 month (Table 6).

Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	14.03	7.12	7.00	6.69
a. Food and Non-alcoholic Beverage Inflation	14.09	0.21	0.10	0.18
- Domestic Food Inflation	17.97	4.33	2.34	4.00
- Imported Food Inflation	11.48	(3.03)	(1.84)	(2.88)
b. Transport Inflation	10.33	4.88	2.17	1.16
c. Imported Fuels Inflation	(8.38)	(1.21)	1.77	1.95
Overall (M-o-M) Rate of Inflation	0.39	6.13	1.16	0.10
Core Inflation				
Inflation excluding Food & NAB ¹	14.00	10.73	10.71	10.14
Inflation excluding Imported Food	14.70	9.52	9.04	8.97
Inflation excluding Domestic Food	14.48	8.44	8.51	7.78
Inflation excluding Food and Transport	14.48	11.45	11.80	11.29
Annual Gross Domestic Product (GDP)²				
Nominal (NGDP)(in millions US\$)	3,363	3,363	3,363	3,363
RGDP growth (in percent)	3.6	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

During the month, the CBL maintained the interest-rate based monetary stance to manage Liberian dollar liquidity for price stability through broad exchange rate management. The Bank continued the issuance of the CBL bills with tenors of two-week, one month and three-month at the effective annual policy rate of 20.0 percent.

Monetary Aggregates

Preliminary monetary aggregates compiled for the month of September 2021 showed 2.8 percent growth in broad money supply (M2) to L\$144.80 billion, from L\$140.89 billion recorded at end of the preceding month. Based on the liability category, the growth in M2 was due mainly to 6.7 percent rise in demand deposits, while on the asset side, the expansion in M2 was driven by 8.0 percent increase in the net domestic assets (NDA) of banks. However, total stock of Liberian dollar in circulation fell slightly by 0.1 percent to L\$22.41 billion compared to the stock reported in the preceding month. The decline in currency in circulation was reflective of 23.1 percent reduction in currency in banks to L\$1.11 billion from the amount recorded in the previous period.

During the month, sectoral distribution of commercial banks' credits showed that the construction and manufacturing subsectors accounted for 22.9 percent of total private sector credit denominated in Liberian dollar while the services, construction and individual subsectors constituted 45.1 percent of total private sector credit denominated

in United States dollar. However, disbursement of commercial banks' loans in both Liberian and United States dollars varied. Loans denominated in Liberian dollar declined by 1.5 percent to L\$5,482.65 million on account of reduction in loans to the construction and manufacturing subsectors. In contrast, the US dollar denominated loans grew by 4.2 percent to US\$410.35 million, induced by increases in new loans advanced to the services, construction, and individual subsectors.

At end of the reporting month, all deposits converted to Liberian dollar expanded by 3.0 percentage points to 21.5 percent of GDP, compared to the 20.8 percent of GDP reported in the preceding month. This growth is partly explained by the relative financial sector stability and rising investments in the CBL bills (Table 2).

Table 2: Monetary Aggregates

Monetary Aggregates	Sep - 20	Jul - 21	Aug - 21	Sep - 21
	<i>(In Millions)</i>			
Liberian Dollars in Circulation (LD)	22,096.30	22,676.30	22,436.82	22,419.57
-o/w Currency in banks (LD)	1,268.77	1,217.60	1,447.64	1,112.56
Money Supply (M1) in LD only	31,020.46	34,922.87	33,236.45	32,224.50
Quasi Money in LD only	7,441.87	8,033.00	8,040.28	7,882.17
Broad money (M2) in LD only	38,462.34	42,955.87	41,276.73	40,106.67
Broad money (M2) (both LD and USD Converted to LD)	136,198.91	140,488.64	140,898.97	144,800.61
Net Foreign Assets (NFA) – LD	12,350.39	30,563.92	30,153.27	25,219.86
Net Domestic Assets (NDA) – LD	123,848.52	109,924.72	110,745.69	119,580.75
Currency outside banks (LD)	20,827.53	21,458.70	20,989.18	21,307.01
Demand deposit – LD	67,813.01	73,342.72	73,969.45	78,953.97
Time & Savings deposits – LD	47,153.53	45,311.09	45,341.46	44,144.07
Other deposits – LD	404.83	376.12	598.88	395.55
Loans to Private Sector				
Commercial banks loans to private sector USD	398.80	386.60	393.89	410.35
Commercial banks loans to private sector - LD	6,564.60	5,786.86	5,563.65	5,482.65
Demand Deposits of commercial banks				
Demand deposits - USD	290.12	348.87	359.27	398.03
Demand deposits - LD	10,192.93	13,464.17	12,247.27	10,917.49
Time & savings deposits - USD	200.27	217.51	218.74	212.54
Time & savings deposits - LD	7,378.43	7,978.80	7,763.02	7,812.89
Other Deposits**				
Actual US\$ component of other deposits	1.72	1.88	1.87	1.91
Liberian \$ component of other deposits	63.45	54.19	277.26	69.28
Total Deposits (both USD & LD) converted to Liberian dollar ¹	115,371.38	119,029.94	119,909.79	123,493.59
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	28.24	30.58	29.30	27.70

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.

Payments for merchandise imports fell by 43.1 percent to 3.0 percent of GDP in September 2021, from 5.4 percent of GDP in the preceding month, driven mainly by decreases in payments for machinery and transport equipment, manufactured goods as well as minerals, fuels, and lubricants categories of imports. Similarly, earnings from exports decreased by 1.2 percent to US\$76.74 million (2.3 percent of GDP), from US\$77.63 million (2.3 percent of GDP), driven by decrease in receipts from mainly iron ore and rubber.

Table 6: External Sector Statistics

Trade Statistics External Trade (Value)	Sep - 20	Jul - 21	Aug - 21	Sep - 21
	<i>(Millions of USD)</i>			
Exports¹	43.00	59.76	77.63	76.74
Iron Ore	18.77	26.95	41.59	31.72
Rubber	5.59	12.92	8.28	7.74
Gold	14.16	13.88	23.25	26.78
Diamond	1.79	1.32	1.16	1.89
Cocoa Bean	0.21	1.40	0.35	0.09
Palm Oil	0.41	1.57	1.90	4.00
Other commodities	2.08	1.71	1.09	4.54
Imports (CIF)^{1†}	118.41	122.74	181.39	103.20
Minerals, Fuel, Lubricants	5.07	29.54	50.64	6.93
o/w Petroleum Products	0.58	22.73	48.02	0.88
Food and Live Animals (including Animal and veg. oil)	32.92	15.64	21.66	38.38
o/w Rice	14.76	0.34	0.24	22.46
Machinery & Transport Equipment	42.52	34.50	52.45	21.77
Manufactured goods classified by materials	15.65	16.29	25.57	13.08
Other categories of imports	22.25	26.77	31.07	23.04
Trade Balance	(75.41)	(62.98)	(103.76)	(26.46)
Total Trade	161.41	182.50	259.02	179.94
External Trade (Volume)	<i>(In Unit as may be specified)</i>			
Rubber (MT)	5,462.60	10,752.53	6,698.12	4,131.75
Iron Ore (MT)	350,994.49	207,157.88	315,451.93	245,689.77
Cocoa Beans (MT)	1,225.00	1,400.00	350.00	100.00
Palm Oil (MT)	375.79	14,729.00	2,014.00	29,759.00
Gold (Oz)	8,804.83	10,250.19	18,051.00	21,689.10
Diamond (Crt)	10,250.71	4,491.41	4,694.32	5,004.00
Petroleum Products (MT)	2,840.83	14,485.86	23,489.23	460.65
Rice (MT)	27,896.00	0.00	0.00	0.00
Other Indicators				
Net Foreign Reserves Position	22.06	25.93	379.85	376.15
Import (FOB)	106.40	112.73	169.33	94.71
Gross International Reserves (GIR) ²	277.62	301.53	654.57	647.91

The stock of public debt at end-September 2021 marginally rose by 0.2 percentage point to 50.2 percent of GDP compared to the stock in the preceding month. The slight rise in public debt stock was occasioned mainly by 0.8 percent rise in external borrowing, in particular new disbursement from multilateral partners.

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	Sep - 20	Jul - 21	Aug - 21	Sep - 21
	<i>(In Millions of United States Dollar)</i>			
Government Revenue	48.25	73.10	52.56	40.78
Tax Revenue	28.81	36.04	42.52	34.66
O/W Taxes on Income & Profits	10.42	14.77	16.70	14.14
O/W Taxes on International Trade	14.43	17.96	22.61	17.36
Non-tax Revenue (excluding grants)	4.88	3.93	9.00	6.12
O/W Property Income	3.64	2.83	7.90	4.44
O/W Administrative Fees and Fines	1.24	1.09	1.10	1.68
Other tax Revenue (including grant)	14.56	33.14	1.04	0.00
Government Expenditure by Codes	40.97	40.34	38.61	73.27
Current Expenditure	35.45	30.97	32.35	58.36
O/W Compensation	16.94	18.58	10.99	25.24
O/W Goods and Services	13.45	8.27	16.03	22.84
Capital Expenditure	0.00	0.00	0.00	0.34
Payments on Loans, interest and others	5.52	9.38	6.25	14.57
Overall Balance (Surplus+; Deficit -)	7.28	32.76	13.95	(32.49)
Public Sector Debt	1,575.20	1,670.18	1,679.85	1,687.93
Domestic	649.11	690.59	692.24	692.24
Financial Sector	586.85	620.22	621.44	621.44
Other debt	62.26	70.37	70.80	70.80
External	926.09	979.59	987.61	995.69
Multilateral	813.11	866.18	874.20	882.28
Bilateral	112.97	113.41	113.41	113.41

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 showed that developments in the external sector were characterized by reduction in the volume of trade. Both receipts from exports and payment for imports fell during the month. Merchandise trade (total) reduced to US\$179.94 million (5.4 percent of GDP) in September 2021, from US\$259.02 million (7.7 percent of GDP) recorded in August 2021. On the other hand, merchandise trade deficit improved to US\$26.46 million in September 2021, from US\$103.76 million in the preceding month mainly due to outweighing of reduction in payments for imports against the reduction in exports receipts.

FINANCIAL MARKET (FM) DEVELOPMENTS

Statistics on Financial Market operations during the month showed continued issuance of CBL bills in support of the Bank's monetary policy objectives. The bills were issued with tenors of 2-week, 1-month, and 3-month at the effective annual policy rate of 20.0 percent.

The total CBL bills issued during the month amounted to L\$4,481.93 million, reflecting 81.8 percent increase compared to the preceding month largely reflecting public confidence in the bill following the lowering the monetary policy rate in August 2021. Although retail investors subscription increased by 38.9 percent to L\$63.55 million of the total amount issued, commercial banks' subscriptions remained high at 98.6 percent (L\$4,418.38 million), from 98.2 percent in the preceding month. Similarly, total redemption increased during the month by 62.6 percent to L\$4,344.61 million. At end of the review month, the CBL recorded a net issuance of about L\$137.32 million, with the total outstanding bills increasing by 2.0 percent to L\$6,937.26 million.

The Government did not issue new Treasury securities during the month. The outstanding principal on Liberian dollar T-Bond remained unchanged at L\$6,000.00. However, the outstanding coupon and principal on the United States dollars T-bond reduced to US\$56.65 million. Similarly, Treasury bills in both Liberian and United States dollars remained at L\$2,437.72 million and US\$5.73 million, respectively.

The lending, average savings, and time deposit rates were unchanged at 12.4 percent, 2.1 percent, and 3.5 percent, respectively in reference to the previous month. However, money markets instruments such as repo were not traded during the month. In the interbank operations, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among banks for their international and intra-country transactions. The non-interest-bearing nature of the swap continued 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).

Table 3. Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	Sep- 20	Jul - 21	Aug- 21	Sep - 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)	401.20	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	0.01	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	7.00	na	na	na
Bills Purchased per month on EAR basis	4,217.71	4,232.20	2,465.44	4,481.93
Redemption during the month (EAR basis)	3,940.88	3,654.78	2,665.50	4,344.61
Bill Outstanding (EAR basis)	5,186.52	7,000.00	6,799.94	6,937.26
Effective Annual Rate (EAR)	25.00	25.00	20.00	20.00
Total Purchases (coupon rate & EAR)	4,217.71	4,232.20	2,465.44	4,481.93
Total Redemption (coupon rate & EAR)	4,342.08	3,654.78	2,665.50	4,334.61
Total Outstanding Bills (coupon rate & EAR)	5,186.53	7,000.00	6,799.94	6,937.26

CBL Foreign Exchange Auction¹	(In Millions of United States Dollar)			
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	(In Millions of Liberian Dollar)			
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	0.00	2,437.72	2,437.72	2,437.72
Net Treasury Bills Operations[^] withdrawal (+)/Inject'n (-)	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	5.73	5.73	5.73
Ave. Weighted Discount Rate (T-Bills)	7.47	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	0.00	479.09	0.00
Coupon Payment	0.00	479.99	0.00	0.00
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)	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In USD)	0.00	56.65	56.65	56.65
Coupon Payments (USD)	0.00	0.00	0.16	0.00
Outstanding coupon on Treasury Bond	0.00	0.16	0.00	0.00
Total T-Bond Outstanding (Coupon & Principal In USD)	0.00	56.81	56.65	56.65
	(As specified)			
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	(In Percent)			
- 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 Effect¹ - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency² - Treasury Bill issued and redeemed during the month were in US Dollar

- revised

BANKING SECTOR DEVELOPMENTS

Year-to-date, the banking industry remained largely in compliance with the regulatory requirements. Compared to the preceding month, Return on Assets (ROA) and Return on Equity (ROE) increased simultaneously by 0.2 percentage point to 2.45 percent and 1.3 percentage point to 14.32 percent, respectively. Similarly, the Capital Adequacy Ratio (CAR) remained relatively stable at 26.38 percent in September 2021, rising above the minimum regulatory requirement by 16.38 percentage points. However, liquidity ratio declined slightly by 0.8 percent, but still remained above the minimum regulatory requirement by 27.44 percentage points.

During the month, gross loans and advances rose to 13.8 percent of GDP, from 13.3 percent of GDP in August 2021. The increase in gross loans and advances during the month was driven by commercial banks' disbursement of new loans. Non-performing loans (NPLs), on the other hand, slightly reduced to 3.4 percent of GDP, from 3.5 percent of GDP in August 2021. The ratio of non-performing loans to total loan was recorded at 24.3 percent, relative to the 10.0 percent regulatory tolerable limit, reflecting slow recovery of loans.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Sep - 20	Jul - 21	Aug - 21	Sep - 21
	(In Billions of Liberian Dollar)			
Total Gross Loans	86.99	76.17	77.06	79.29
Total Non-performing Loans	21.20	18.99	19.98	19.29
	(In Unit As May Be Specified)			
Non-performing Loans to Total Gross Loans (ratio)	24.38	24.93	25.93	24.33
Gross Loan (percent change)	1.93	3.87	1.17	2.90
Non-performing Loans (percent change)	(0.10)	17.22	5.21	(3.45)
Returns on Assets (ROA)	1.03	1.93	2.30	2.45
Returns on Equity (ROE)	6.03	11.65	13.06	14.32
Liquidity Ratio***	40.27	46.91	43.19	42.44
Capital Adequacy Ratio (CAR)****	28.41	26.38	26.38	26.38

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 Government revenue decreased, while expenditure increased during the month resulting to a fiscal deficit of US\$32.49 million (1.0 percent of GDP), from the surplus of US\$13.95 million (0.4 percent of GDP) reported in the preceding month. Government revenue declined by 22.4 percent to US\$40.78 million (1.2 percent of GDP), influenced by the decrease in all major subgroups of government revenue. However, total expenditure increased by 1.0 percent of GDP to US\$73.27 million (2.2 percent of GDP) mainly induced by increase in recurrent expenditure, thereby effecting the rise in current expenditure by 80.4 percent, on account of increase in compensation of employees and payments on loans and interest.