

CENTRAL BANK OF LIBERIA
COMMUNIQUÉ NO. 26
April 30, 2026

For the Monetary Policy Committee Meeting held on Monday, April 27, 2026

The Monetary Policy Committee of the Central Bank of Liberia met on April 27, to review global and domestic economic developments during the first quarter of 2026 and to determine the appropriate monetary policy stance. The Committee's discussion was guided by its mandate to preserve price stability, safeguard exchange rate stability, maintain financial system resilience and support domestic economic growth.

After thorough assessment of recent macroeconomic and financial conditions, together with the medium-term outlook and associated risks, the Committee concluded that maintaining a cautious tightening bias remains the most appropriate course of action at this time.

Global Economic Developments

The global economy continues to moderate amid heightened geopolitical tensions, trade policy uncertainty, and disruptions in energy markets. The International Monetary Fund (IMF) has revised its global growth projection of 3.3% for 2026 downward to 3.1%, reflecting the impact of an oil-price shock linked to the ongoing conflict in the Middle East, which has disrupted global supply chains, intensified volatility in crude oil markets, raised financial stability concerns and heightened global uncertainty. Although global headline inflation has been on a downward trajectory, the recent surge in oil prices has renewed inflation concerns, compelling Central Banks to reassess their monetary policy stance.

The April 2026 World Economic Outlook report shows modest rise in inflation due to oil and commodity price shocks arising from the Middle East conflict, before declining again in 2027. Headline inflation is projected to rise to about 4.4 percent, largely reflecting higher energy and food prices, while core inflation remains elevated across many advanced and emerging market economies, suggesting a slower pace of policy normalization than previously anticipated. Consequently, global financing conditions, which had remained broadly accommodative, are tightening, characterized by widening credit spreads, increased equity market volatility, and rising bond yields. These developments have reinforced safe-haven demand for the U.S. dollar and increased external financing costs for emerging market economies.

Monetary policy actions diverged across jurisdictions, with some central banks in advanced economies signaling modest easing, while others maintained restrictive stances to contain inflationary pressures and safeguard currency stability. By contrast, several West African Central Banks eased policy rates, reflecting relatively improved domestic macroeconomic conditions.

Commodity markets remained volatile during the quarter. Brent crude oil prices rose sharply, gold prices strengthened significantly, and agricultural commodity prices recorded mixed movements, with increases in rice and palm oil prices offset by declines in cocoa and coffee prices.

Domestic Economic Conditions

The Liberian economy remained resilient with expansion in economic activity during the first quarter of 2026, consistent with the annual growth projection of 5.1 percent. The economy was driven primarily by mining and panning, agriculture and a rebound in manufacturing and services. Sustaining this growth trajectory will require the continuation of ongoing reforms in fiscal policy, strengthening domestic revenue mobilization, and the continued efforts in stabilizing the banking sector will remain priority.

The Composite Index of Economic Activity (CIEA) moderated slightly during the quarter but remained firmly expansionary. The output gap widened to an estimated 3.9 percent, signaling positive demand pressures entering the second quarter of 2026.

Headline inflation moderated to 3.6 percent in Q1 2026 from 4.4 percent in Q4 2025, remaining within the Bank's single-digit objective. Core inflation was also contained; however, the Committee noted emerging imported price pressures toward the end of the quarter. Disaggregated inflation data indicate that the moderation was driven primarily by declines in food and market prices, while administered price rose modestly by 0.7 percent, reflecting higher transportation costs.

Inflation is projected to edge upward in Q2 2026 and remain in single digits to around 5.3 percent \pm 2.0 percentage points, reflecting higher imported fuel and food prices and exchange-rate pass-through effects. Inflation expectations remain broadly anchored, but the Committee emphasized the need for continued vigilance.

Financial Conditions and Monetary Developments

The banking system was generally stable, adequately capitalized and liquid. Capital rose by 10.6 percent to L\$53.4 billion, while the liquidity ratio stood at 53.2 percent, sufficiently above the 15.0 percent minimum requirement level. However, non-performing loans (NPLs) remained elevated at 2.98 percentage points above the regulatory threshold of 10 percent, constituting a key financial stability risk. Total non-performing loans amounted to L\$13.50 billion in Q1 2026, with USD-denominated NPLs accounting for the bulk of the NPLs. Total banking system capital rose to L\$53.40 billion (US\$288.72 million). Industry liquidity and capital adequacy ratios remained above regulatory minimums, with all commercial banks meeting the minimum requirements.

Broad money (M2) was broadly stable at about L\$289.0 billion, reflecting a marginal decline of 0.1 percent in net domestic assets from end-December 2025 that offset an increase in net foreign assets. Currency in circulation and narrow money declined, while quasi-money increased, indicating a continued shift toward time and savings deposits.

Total loans and advances increased modestly by 1.6 percent to L\$104.02 billion (US\$562.28 million), with rise in Liberian-dollar loans, while US-dollar loans declined. Credit remained concentrated in trade, personal and services subsectors, with limited financing to agriculture and construction. Average lending rates were largely unchanged, pointing to partial monetary policy pass-through.

Domestic financial markets functioned effectively, supported by the effective operation of the interest-rate corridor framework, active interbank trading, and CBL bills operations geared toward net liquidity absorption. The Monetary Conditions Index (MCI) remained accommodative, reflecting expanded US dollar liquidity, warranting continued policy vigilance.

Fiscal and External Sector Developments

Government revenue improved in both currencies during the quarter, though fiscal deficits persisted, howbeit, narrow in comparison to Q4 2025. The Committee reiterated the importance of fiscal consolidation, prudent debt management, and strengthened coordination with fiscal authorities.

On the external front, export receipts increased, driven by gold, iron ore, and round logs, while import payments also rose, narrowing the trade deficit. Net remittance inflows remained supportive of foreign exchange supply. Gross international reserves increased to approximately US\$722.5 million, equivalent to an estimated 2.9 months of import cover, slightly below the conventional three-month benchmark but above the 2.5 months recorded in Q4 2025.

The Liberian dollar depreciated modestly by about 2.9 percent on average during the quarter, underscoring ongoing external vulnerabilities and the importance of continued reserve accumulation.

Risk Assessment and Outlook

The MPC's heat-map assessment shows that risks skewed to the upside for inflation and the downside for growth. Key risks include elevated global commodity prices (Fuel & Imported Food), tighter global financing conditions, renewed exchange rate pressures, high dollarization, elevated Non-performing Loans (NPLs) and potential fiscal challenges of increasing expenditure demand.

The near-term outlook remains cautiously optimistic, but subject to significant downside risks from both external shocks and domestic policy slippages.

Policy Decisions

Considering these developments, and after rigorous deliberations, the Committee resolved to:

1. Maintain the policy rate at 16.25%, with a continued cautious tightening bias;
2. Maintain the Reserved Requirements at 25% for Liberian dollar deposits and 10% for US dollar deposits; and
3. Maintain the corridor at +2.5 and -7.5 percentage points around the MPR for the Standing Credit and Standing Deposit Facilities, respectively.

The MPC reaffirms its commitment to leveraging the CBL bills, standing facilities, and targeted liquidity operations to manage short-term liquidity and support monetary policy transmission.

The Committee will continue to closely monitor developments in the Middle East and its potential implications for the inflation outlook and assures the public that in its commitment to achieving the core mandate of the price stability, it will remain proactive through a data driven policy response should price or financial stability risks materialized to safeguard price stability.

“Stability today is the foundation for growth tomorrow, and the Central Bank of Liberia will continue to act responsibly in the best interest of all Liberians.”

The next regular meeting of the Committee is scheduled for 15th July 2026.



Henry F. Saamoi

Executive Governor & Chairman, Monetary Policy Committee