

CENTRAL BANK OF LIBERIA

COMMUNIQUE NO. 24

October 7, 2025

**For the Monetary Policy Committee Meeting held on
Monday, 6th October 2025**

The Monetary Policy Committee (MPC) of the Central Bank of Liberia (CBL) convened its regular quarterly meeting on 6th October 2025, to review and evaluate economic developments and assess the risks to the outlook for inflation and growth in the domestic and global economies and to determine the appropriate policy stance for monetary policy. The Committee reviewed developments relating to economic growth, inflation, fiscal operations, external sector performance and financial market conditions to inform its monetary policy decisions.

Following the deliberations, the Committee decided to reduce the Monetary Policy Rate (MPR) by 100 basis points to 16.25%, reflecting confidence in the continued moderation in inflation and relative macroeconomic stability.

Global Macroeconomic Developments

Contrary to earlier predictions of a global slowdown, growth has been resilient, according to the IMF's July 2025 World Economic Outlook (WEO). Against this backdrop, the IMF revised its global growth projection for 2025 to 3.0 percent compared to the earlier forecast of 2.8 percent. The Committee, however, noted that notwithstanding this positive development, geopolitical tensions, relatively high tariffs and their potential impact on global trade, and structural imbalances could dampen near-term growth prospects, thus continuing to pose downside risks.

Elevated sovereign debt vulnerabilities in Sub-Saharan Africa were also highlighted as a considerable risk, despite ongoing debt restructuring efforts. The MPC emphasized that fiscal consolidation and stronger domestic revenue mobilization are critical to safeguarding macroeconomic stability across the region, alongside efforts to enhance public investment efficiency and financial inclusion for long-term growth.

For Liberia, these global developments offered moderate relief through declining global food and energy prices and a favorable movement in gold prices, which strengthened the country's external position by improving export earnings.

The Committee welcomed the global disinflation trend, noting that average global inflation declined from 5.6 percent in 2024 to a projected 4.2 percent in 2025, and further projected to 3.6 percent in 2026. The MPC attributed this moderation to easing global demand conditions and declining energy prices.

The Committee expressed optimism that the global moderation in headline inflation would support further easing of domestic price pressures, mainly through lower imported food and fuel prices.

Domestic Macroeconomic Developments

The Monetary Policy Committee (MPC) expressed satisfaction with the overall performance of the Liberian economy during the quarter under review. Economic activity in the third quarter kept the economy on track to achieve the projected 4.6 percent growth, including government fiscal spending, stable inflationary conditions, and sustained private sector production and consumption activities. The Committee maintained that at this pace, the economy remains on track to achieve the projected annual growth of 4.6 percent for 2025.

The Committee welcomed the continued easing of inflationary pressures, with sharp moderation in headline inflation to an estimated 6.1 percent in the third quarter,

down from 11.1 percent in the previous quarter. This moderation was driven primarily by lower domestic food prices, which fell to 5.6 percent from 15.8 percent and a decline in imported inflation to 4.5 percent from 5.6 percent in quarter two of 2025, respectively.

Looking ahead, the MPC anticipates that inflation may edge up slightly in the fourth quarter due to seasonal demand pressures. However, headline inflation is projected to remain within the desired tolerance band, averaging around 6.3 percent ± 2 percentage points. Stable exchange rate conditions, higher personal remittance inflows and improved terms of trade are expected to sustain the inflation outlook.

Overall, the Committee observed that the domestic macroeconomic environment remained resilient and broadly stable, underpinned by prudent monetary policy actions, sound fiscal discipline, and improved market confidence.

Banking Sector

On the financial sector, the MPC noted the continued resilience of the banking system, with most of the financial soundness indicators remaining within their respective prudential benchmarks, albeit, with slight moderation in some key balance sheet indicators. Total capital recorded a

modest increase of 1.2 percent, while the Capital Adequacy Ratio (CAR) remained strong at 34.9 percent, well above the regulatory threshold of 10 percent. However, total loans & advances declined by 3.2 percent, and the industry's Non-Performing Loans (NPL) ratio stood at 15.8 percent as at end August 2025, remaining above the 10.0 percent regulatory threshold, but reflecting a decline relative to the same period in 2024 due to strengthening regulations.

The MPC was impressed with significant expansion in the liquidity ratio by 10.5 percentage points to 57.9 percent. Total deposits and assets moderated by 1.5 percent and 1.2 percent, respectively. The Committee reaffirms confidence that the ongoing implementation of the approved NPL Resolution Framework will improve credit quality and further reduce the NPL levels.

Monetary Aggregates and Financial Markets Developments

Provisional monetary statistics indicate improvements in the net foreign assets (NFA) position and a decline in net domestic assets (NDA) during the third quarter of 2025. Consequently, broad money (M2) supply contracted slightly due mainly to reduction in NDAs, through lower domestic credit to both the private sector and to the Government.

The Committee welcomed the ongoing improvement in the monetary policy transmission mechanism through the

interest rate corridor system. The interbank rate continued to align closely with the Standing Deposit Facility (SDF) rate, indicating improved market responsiveness.

Regarding CBL Bills, the Committee noted that redemptions slightly outpaced issuance during the review period, though without major impact on liquidity, as much of the liquidity remained absorbed in the standing deposit facility. The MPC noted that the upcoming festive season may temporarily increase liquidity demand but viewed this as short-term and with non-permanent inflationary implications.

The Committee further reviewed the Government of Liberia (GoL) debt operations, noting the new issuance of US\$22.6 million Treasury Bonds and servicing of several of its obligations during the quarter, including interest payments of L\$409.78 million and US\$2.21 million.

The MPC also observed increased activity in the interbank market as at end August 2025, with 15 swap transactions valued at US\$32.5 million, and 11 placements; 8 of which were in United States Dollars totaling US\$3.7 million and 3 in Liberian Dollars totaling to L\$499.36 million. The average interbank rate stood at 10.25 percent, 50 basis points above the floor of the corridor. The Committee highlighted that these developments are essential for

strengthening monetary policy transmission, improving liquidity distribution, and deepening the domestic money market.

Fiscal Developments

The Committee noted that the fiscal operations of the Government during the third quarter of 2025 were characterized by net liquidity injections in both Liberian and United States dollars. The U.S. dollar liquidity injections were sufficient to offset the impact of the Liberian-dollar spending, thereby relatively supporting the stability of the domestic currency against the U.S. dollar.

Overall, fiscal operations during the period remained expansionary, with a positive fiscal impulse estimated at 0.2 percent of GDP, up by ten basis points from the previous quarter.

The Committee commended ongoing efforts toward fiscal discipline, expenditure efficiency, and domestic revenue mobilization, which contributed to maintaining macroeconomic stability. The MPC emphasized the need for continued policy coordination between fiscal and monetary authorities to sustain this progress.

External Sector and Exchange Rate Developments

Based on provisional statistics, the Committee observed substantial improvement in Liberia's external sector performance, characterized by a merchandise trade surplus of 0.2 percent of GDP, a sharp turnaround from a deficit of 4.1 percent of GDP in the second quarter. This was driven by higher export receipts and lower import payments.

Gross International Reserves (GIR) recorded a modest increase of 0.6 percent to US\$544.8 million, reflecting a rise in foreign liquid assets. The months of import cover also increased slightly to 2.4 months from 2.1 months. The net inflows of personal remittances is estimated to increase by 8.1 percent to approximately US\$228.2 million, from a revised US\$211.2 million in the second quarter of 2025; a development expected to further strengthen the stability of the domestic currency.

The exchange rate recorded notable appreciation by 9.4% (end period) and 2.0 percent (average) during the quarter. Although the Liberian dollar is projected to face depreciation pressures from rising demand for foreign exchange to facilitate imports, the MPC was satisfied that the exchange rate variation will remain within the CBL's tolerable limit and the ECOWAS +/-10% convergence threshold.

MPC Decisions

The Committee acknowledged the positive trends of the domestic economy, including moderating inflation, exchange rate appreciation, and improved external position stemming from favorable global commodity prices, especially for gold, fuel, and rice. The Committee, however, cautioned that consistent monitoring remains necessary given potential global risks.

Following these deliberations, the Committee unanimously resolved to:

1. Reduce the Monetary Policy Rate (MPR) by 100 basis points to 16.25 percent until the next assessment.
2. Maintain the corridor at +2.5 and -7.5 percentage points around the MPR for the Standing Credit and Standing Deposit Facilities, respectively.
3. Maintain the reserve requirement ratios at 25 percent and 10 percent for Liberian and US dollars, respectively.

The Committee hereby reassures the public that in its commitment to achieving the core mandate of price stability, the Committee will remain proactive through a data drive policy response.

The next meeting of the Committee is scheduled for
Wednesday, 21st January 2026.

Thank you.



Henry F. Saamoi

Executive Governor & Chairman of the MPC