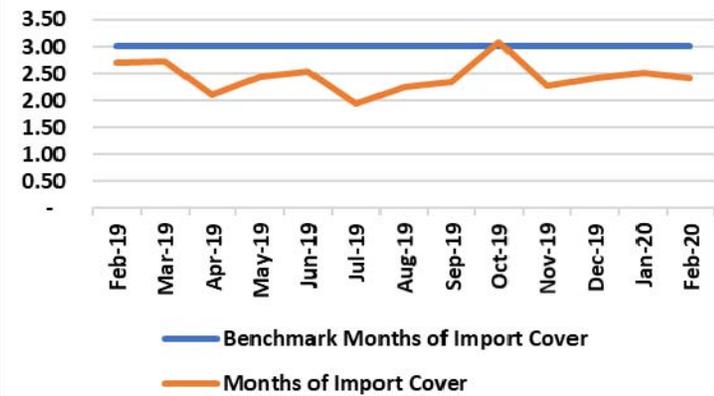




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the commodity from mainly India and this time, Thailand. Similarly, year-on-year comparison of the price of sugar indicated an increase of 10.0 percent, from US\$300.00 per metric ton.

Cocoa beans

Cocoa price increased in February 2020 to US\$2,720.0 per metric ton following an increase in the previous month. The price rose by 2.3 percent during the month due mainly to market response to the unfavorable weather condition in the principal cocoa producing countries in West Africa (especially Ghana and Cote d'Ivoire). Compared with the same month a year ago, the price of cocoa beans rose by 11.5 percent, from US\$2,440.00 per metric ton in February 2019.

Table 8: External Sector Statistics: Global Prices

GLOBAL PRICE	Feb - 19	Dec - 19	Jan - 20	Feb - 20	Percent Change	
					MoM	YoY.
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	76.16	92.65	95.76	87.68	(8.44)	15.13
Gold (US\$/Oz)	1,291.75	1,479.13	1,560.67	1,597.10	2.33	23.64
Rubber (US\$/MT)	1,590.00	1,660.00	1,680.00	1,610.00	(4.17)	1.26
Cocoa Beans (US\$/MT)	2,260.00	2,440.00	2,660.00	2,720.00	2.26	20.35
Palm oil (US\$/MT)	584.58	769.93	834.85	728.81	(12.70)	24.67
Crude oil (US\$/BBL)	56.58	63.35	61.63	53.35	(13.44)	(5.71)
Food Price Index (FAO)	163.90	181.50[†]	182.50	180.50	(1.10)	10.13
Rice_5% broken (US\$/MT)	410.00	432.00	451.00	450.00	(0.22)	9.76
Sugar (US\$/MT)	280.00	300.00	310.00	330.00	6.45	17.86
Commodity Price Index	117.08	119.91[†]	119.47[†]	111.04	(7.06)	(5.16)

Source : www.indexmundi.com, <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

[†] - Revised

Crude oil (Petroleum) price

The price of petroleum fell by 13.4 percent in the month to US\$53.4 per barrel, from the price reported in the previous month. The fall in the price of petroleum was occasioned by speculation of slowdown in global crude oil demand caused by the spread of the coronavirus to large economies. Similarly, compared with February 2019, the price of petroleum in the current month fell by 15.8 percent.

Rubber

During the review month, the price of rubber stood at US\$1,610.00 per metric ton, reflecting 4.2 percent decline compared with the preceding month. In addition to the effect of the fungal disease that had persistently affected rubber plantations in key producing economies, the decline in the price of rubber was, to some extent, due to slowing demand by automobile manufacturers. Yearly comparison of the price of rubber showed 3.0 percent slowdown from US\$1,660.00 per metric ton.

Food Price (FAO)¹

The Food and Agriculture Organization (FAO) Food Price Index showed that the price of food declined in the second month of the year compared with January 2020. Food price index fell by 1.9 percentage points to 180.5 due to sharp decrease in the price of vegetable oils following four months of persistent increase. Year-on-year comparison of the index showed that food price rose by 13.5 percentage points, from index of 167.0.

Rice

Rice price in February 2020 was reported at US\$450.0 per metric ton. The price marginally declined by 0.2 percent compared with the price per metric ton in the preceding month. The fall in the price of the commodity was largely attributed to slowdown in demand for the commodity amid the pervasive COVID-19 pandemic. Annual comparison of the price of the commodity showed an increase of 4.2 percent, from US\$432.0 per metric ton.

Palm oil

During the month under review, palm oil price decreased for the first time following four consecutive months of increase. The price slowed down by 12.7 percent to US\$728.8 per metric ton as a result of higher than expected production from Malaysia coupled with fears of weak global demand following the outbreak of COVID-19. Year-on-year comparison of the price of palm oil reflected a fall by 5.3 percent, from US\$769.9 per metric ton.

Sugar

The price of sugar inched up for the third consecutive month to US\$330.0 per metric ton at end-February 2020. When compared with the price in the preceding month, sugar price rose by 6.5 percent. The persistent rise in the price of the commodity had been triggered by prospect of reduction in production of

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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 major developments in key sectors (Real, Monetary, Fiscal and External) of the Liberian economy. The MER also highlights the Monetary Policy Stance of the CBL and exchange rates developments in the West African Monetary Zone (WAMZ).

OVERVIEW

During the second month of 2020, production of key commodities in the Liberian economy showed mixed performance. The outputs of diamond, rubber and cement rose, while iron ore, gold and beverages declined compared to January 2020 outputs. Headline inflation increased during the month occasioned largely by increase in the prices of food commodities. Similarly, core inflation inched up on account of mainly rise in the prices of items relating to restaurants and hotels subgroup.

The Monetary policy stance of the CBL is focused on price stability using interest rate-based instruments to manage the huge Liberian dollar liquidity in the economy. During the month, the CBL maintained a tight monetary policy stance using the available monetary policy instruments, including reserves requirements, the CBL bills at different tenors and the standing deposit facility (SDF) to help ease the pressure on the Liberian dollar.

Analysis of monetary aggregates showed that broad money (M2) inched up during the month. The increase in broad money supply was largely driven by rise in demand deposits. On the asset side, the increase in M2 was on account of increases in both net domestic assets (NDA) and net foreign assets (NFA). Disaggregating commercial banks loans advanced to the private sector, the share of United States Dollar (USD) denominated loans fell, while those denominated in Liberian Dollar (LD) rose. Loans in USD fell on account of slowdown in credits to manufacturing and individuals. On the other hand, loans in LD rose on account of increases in loans to individuals, agriculture, and the construction subsectors of the economy. However, the banking sector still showed strong performance of the industry, evidenced by improved performance in capital adequacy ratio (CAR) and liquidity ratio (LR).

Fiscal operations during the month resulted to a surplus that exceeded the surplus recorded in the preceding month. The increase in fiscal surplus was occasioned by a decline in government expenditure that was higher than the fall in revenue generated during the month.

Trade deficit worsened during the month compared to the deficit recorded in the previous month, on account of increase in merchandise import payments. Payments for import rose due to increase in payments for mineral, fuel and lubricants as well as food and live animals (including oil made from animals and vegetable oil) related imports.

L\$197.76/US\$1.00. In the face of increased net flows of remittances, the depreciation was, in part, largely driven by the high demand for foreign exchange by businesses to service import payments. Compared with the rates reported during the corresponding month a year ago, the EOP and AVE exchange rates showed depreciation of Liberian dollar by 17.9 percent and 18.5 percent, respectively.

Exchange rates movements in the West African Monetary Zone (WAMZ) was mixed during the month. The Nigerian Naira remained relatively stable at ₦307.00/US\$1.00 compared with the rate in January 2020. The Ghanaian Cedi and the Gambian Dalasi appreciated against the USD by 3.4 percent and 0.1 percent, respectively, when compared with the rates recorded at end-January 2020. On the other hand, the Sierra Leonean Leone and the Guinean Franc depreciated by the same rate of 0.2 percent during the month. Annual comparison of the exchange rate movements in WAMZ showed that all currencies depreciated against the United States dollar, except the Nigerian Naira that remained relatively stable in the region. The Liberian dollar, though exhibited broad stability since December 2019, has recorded the highest year-on-year depreciation of 18.2 percent amongst the WAMZ currencies. The Sierra Leonean Leone, the Guinea Franc, the Ghanaian Cedi and the Gambia Dalasi depreciated by 12.3 percent, 2.8 percent, 2.1 percent and 2.1 percent (Table 7).

Table 7: Exchange Rates: WAMZ Countries End-of-Period Exchange Rates against the US Dollar

Rate & Currency	Feb - 19	Dec - 19	Jan - 20	Feb - 20	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	161.64	187.93	195.39	197.57	(1.10)	(18.21)
Period Average	161.05	188.39	192.06	196.76	(2.39)	(18.17)
WAMZ Currency	Currency per USD				Percent change	
GHC	5.18	5.53	5.47	5.29	3.40	(2.08)
GMD	46.81	47.66	47.88	47.83	0.10	(2.13)
GNF	9,107.69	9,396.52	9,350.56	9,365.23	(0.16)	(2.75)
NGN	306.85	307.00	307.00	306.95	0.02	(0.03)
SLL	8,551.12	9,716.71	9,737.48	9,753.05	(0.16)	(12.32)

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

Iron ore

During the second month of the year, the price of iron ore was reported at US\$87.7 per metric ton. The price fell by 8.4 percent, from the price per metric ton in the preceding month, occasioned by slowed down in demand in anticipation of further increase in supply of the mineral. When compared with the price of the mineral in the corresponding month of 2019, iron ore price fell by 5.4 percent.

Trade Statistics	Feb - 19	Dec - 19	Jan - 20	Feb - 20
Direction of Trade (DOT)	(Millions of USD)			
Sources of Import	66.61	80.98	59.00	71.33
o/w Cote d'Ivoire	10.52	15.13	6.15	20.78
o/w China	18.16	17.32	11.61	13.01
o/w United States of America	4.46	3.72	3.76	6.10
o/w India	5.10	19.63	5.71	5.81

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

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

/2 (GIR) is the sum of net foreign liquid asset plus SDR and Reserve tranche less liabilities to CoBs and GoL

Remittances

In February 2020, the flow of inward personal remittances grew by 13.9 percent to US\$27.2 million and outflows fell by 3.5 percent to US\$10.4 million, resulting to a net inflow of US\$16.8 million, representing 28.2 percent higher compared with the amount recorded in the previous month. Compared with the corresponding month in 2019, net inflow of personal remittances increased by 30.0 percent, from net inflow of US\$12.9 million due to a rise in inflows that exceeded outflows.

Gross International Reserves

Gross International Reserves (GIR) position stood at US\$250.2 million at end-February 2020, falling modestly by 0.6 percent compared with the stock recorded in the preceding month. The slight fall in GIR, in the face of a rise in payments for goods and services, led to a significant reduction in the months of import cover to 2.2 months which is below the ECOWAS regional benchmark of at least 3.0 months (Table 6).

Direction of Trade (DOT)

During the month, Europe and America were the principal destination of Liberia's exports. The main countries of destination were Europe, Switzerland, France and the Netherlands. Commodities exported to those countries were mainly gold and iron ore, while for USA, rubber was the key commodity exported during the month.

The top three regions that dominated sources of merchandise imports to Liberia during the month were Africa, Asia, and the Americas. Imports from Africa (especially Cote d'Ivoire) recorded Liberia's single highest value of payments to the rest of the world and constituted 29.1 percent of total payments, followed by payments to Asia (especially China and India) that accounted for 26.4 percent of total payments during the month. Goods imported from Cote d'Ivoire were predominantly petroleum products and goods imported from China were dominated by machinery & equipment, including vehicle and parts, electronic appliance, as well as other households and assorted items.

EXCHANGE RATE DEVELOPMENTS

At end-February 2020, the Liberian dollar, using the end-of-period (EOP) and average (AVE) exchange rates, depreciated against the US dollar compared with the rates reported at end-January 2020. Based on the EOP exchange rate, the Liberian dollar depreciated by 1.1 percent to L\$196.57/US\$1.00, while the average exchange rate analysis showed depreciation of the Liberian dollar by 2.4 percent to

The stock of Gross International Reserves (GIR) fell slightly during the month compared with the preceding month. The fall in GIR, coupled with the rise in import payments during the month, led to an estimated decline in the months of import cover to 2.2 months, from the 2.5 months recorded in the preceding month. Inflows of personal remittances inched up during the month, while outflows fell; thus, resulting to a net inflow of remittances that was higher than the amount recorded in the preceding month. The average and end-of-period exchange rates of the Liberian dollar depreciated against the United States dollar due, in part, to rise in demand for the foreign currency to facilitate trade.

Liberia's direction of trade during the month was mainly Europe, Asia, America, and Africa. Europe (mainly Switzerland, France and Netherlands) and America were the main export destinations for Liberia. Commodities exported to those regions were predominantly gold, iron ore and rubber. On the other hand, Asia (mainly China and India) and Africa (especially Cote d'Ivoire) were the key sources of Liberia's imports with mainly machinery & equipment including vehicle and parts, electronic appliance, as well as other household goods and assorted items being the major commodities imported during the month.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

During the month of February, outputs of key commodities showed mixed performances. Compared with output in January 2020, outputs of diamond, cement and rubber increased, while production of iron ore, gold and beverages fell. Diamond output rose by 5,652 carats to 7,452 carats following a decline in the preceding month. The rise in output of diamond during the month was mainly attributed to favorable climatic condition coupled with inventory build-up. Cement production, on the other hand, rose for the second consecutive month to 36,482 metric tons on account of increased in demand. Following decline in output of rubber in January 2020, output increased by 38.5 percent to 5,457 metric tons, occasioned by favorable harvest from small farm holders. On the other hand, iron ore and gold productions fell by 18.0 percent and 15.3 percent, respectively due mainly to slowdown in mining. Iron ore production fell following weak global demand induced by the COVID-19. Beverages productions fell by a projected 17.9 percent mainly due to weak demand of alcoholic beverages.

Consumer Prices

Headline inflation during the month stood at 25.8 percent, rising by 2.2 percentage points mainly on account of hike in food and transport prices. Similarly, core inflation¹ increased by 1.8 percentage points to 25.5 percent occasioned by rise in prices of items in restaurants and hotels sub-group. Month-on-month rate of inflation stood at 1.3 percent, reflecting a 0.4 percentage point increase, from 0.9 percent largely due to increases in the prices of items relating to the restaurants & hotels sub-group (Table 1).

Table 1: Production and Price Statistics

Production	Feb - 19	Dec - 19	Jan - 20	Feb - 20
	<i>(In Metric tons, carat and Ounces)</i>			
Iron Ore (Metric ton)	412,311	458,153	493,953	404,850
Gold (Ounces)	15,676	13,824	11,999	10,158
Diamond (Carat)	4,252	2,239	1,800	7,452
Rubber (Metric ton)	8,524	6,349	3,940	5,457
Cement (Metric ton)	37,897	28,839	36,377	36,482
Beverages	<i>(In Liters)</i>			
Alcoholic	820,047	1,133,470	1,100,087	863,045
Non-Alcoholic	862,078	55,440	107,261	127,932
Total Beverage Production	1,682,125	1,188,910	1,207,347	990,977 ^e
Inflation	<i>(In percent)</i>			
Overall (Y-o-Y) Rate of Inflation	22.00	20.25	23.56	25.76
a. Food and Non-alcoholic Beverages Inflat'n	27.61	23.04	22.18	25.26
-Domestic Food Inflation	31.56	22.27	22.68	25.56
-Imported Food Inflation	23.56	22.29	21.89	25.19
b. Transport Inflation	20.46	26.25	29.78	30.55
c. Imported Fuels Inflation	33.70	22.39	14.81	16.49
Overall (M-o-M) Rate of Inflation	-0.49	(2.76)	0.93	1.28
Core Inflation				
Inflation less Food & Non-alcoholic Beverages	19.09	18.81	24.33	26.02
Inflation less Imported Food	21.31	19.47	23.99	25.93
Inflation less Domestic Food	14.69	14.15	24.01	25.97
Inflation less Food and Transport	18.79	17.85	23.62	25.45
	<i>(Millions USD, except otherwise specified)</i>			
Nominal GDP Annual	3,024.28	3,024.28	2,858.40	2,858.40
Real GDP Annual	1,400.14	1,400.14	1,365.12	1,365.12
Real GDP growth rate (in percent)	(2.5)	(2.5)	(2.5)	(2.5)

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, CEMENCO, CBL & LISGIS; IMF & Liberian Authorities: Liberia Mini Model

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy stance of the CBL remained focused on price stability using interest-rate based instruments to manage the high volume of Liberian dollar liquidity outside banks. During the month, the Bank maintained its tight policy stance and used various monetary policy instruments, including reserve requirements, the CBL bills, and the SDF.

Monetary Aggregates

At end-February 2020, broad money supply (M2) amounted to L\$125,473.2 million, indicating a rise by 2.2 percent which was driven by a 5.5 percent rise in demand deposits. The increase in M2, from the assets side, was on account of increases in both Net Domestic Assets (NDA) and Net Foreign Assets (NFA). NFA rose by 7.4 percent on the back of increase in foreign assets of banks, while NDA increased by 1.7 percent owing to a slight rise in credit to the private sector. Total deposits in February 2020 increased by 2.7 percent to L\$105.6 billion (18.7 percent of GDP), compared with

These performances were occasioned by significant declines in the volumes of exports of the commodities during the month.

Table 6: External Sector Statistics

Trade Statistics	Feb - 19	Dec - 19	Jan - 20	Feb - 20
External Trade (Value)	<i>(Millions of USD)</i>			
Exports¹	48.85	61.27	49.71	46.01
o/w Iron Ore	19.91	30.47	27.00	18.58
o/w Rubber	9.51	6.78	5.50	11.00
o/w Gold	14.25	16.74	14.54	12.84
o/w Diamond	1.76	0.58	0.75	1.92
o/w Cocoa Bean	0.13	1.42	1.36	0.53
o/w Palm Oil	0.44	0.76	0.01	0.05
Imports (F.O.B)/1	66.61	80.98	59.00	71.33
Minerals, Fuel, Lubricants	14.82	17.57	8.88	21.63
o/w Petroleum Products	10.30	14.92	6.00	20.51
Food and Live Animals (including Animal and vegetable oil)	10.51	32.29	16.12	18.63
o/w Commercial Rice	10.51	32.29	16.12	18.63
o/w Non-commercial Rice	0.88	21.81	0.07	6.32
Machinery & Transport Equipment	0.95	0.27	0.04	0.01
Manufactured goods classified by materials	16.60	13.91	17.37	13.47
Trade Balance	12.34	7.04	7.26	6.09
External Trade (Volume)	<i>(In Units as Specified)</i>			
Rubber (MT)	8,523.56	6,348.88	3,940.08	9,489.88
Iron Ore (MT)	506,301.00	622,194.43	563,311.72	415,313.32
Petroleum Products (MT)	18,622.18	25,728.13	9,554.41	36,751.79
Commercial Rice (MT)	889.37	49,719.06	80.51	16,451.63
Non-commercial Rice (MT)	675.75	169.26	80.92	32.39
Cocoa Beans (MT)	3,655.00	2,595.00	2,400.00	625.00
Palm Oil (MT)	1,251.00	1,298.83	15.47	90.27
Gold (Oz)	15,675.67	13,823.80	11,998.59	10,158.24
Diamond (Crt)	4,252.25	2,238.60	1,799.85	7,452.41
Personal Remittances	<i>(Millions of USD)</i>			
Inflows	22.94	27.37	23.92	27.24
Outflows	10.02	13.74	10.81	10.43
Net flows	12.92	13.63	13.11	16.81
Other Indicators	<i>(Millions of USD)</i>			
Import (C.I.F)	73.50	89.71	65.50	77.26
Gross International Reserves (GIR) ²	276.18	252.36	251.76	250.21
Import covers (In Month)	2.7	2.4	2.5	2.2
Direction of Trade (DOT)	<i>(Millions of USD)</i>			
Destination of Export	48.85	61.27	48.83	46.01
o/w Switzerland	9.74	16.74	13.24	12.77
o/w France	4.11	10.18	4.70	6.74
o/w Netherlands	0.00	1.30	1.28	3.57
o/w United States of America	5.21	2.64	4.35	6.48
o/w Switzerland	9.74	16.74	13.24	12.77

Similarly, loans and interest payments also declined significantly by 80.3 percent.

At the end of the month, total public debt stood at US\$1,466.2 million (51.3 percent of GDP). The stock of debt marginally increased by 0.1 percent from the stock reported in January 2020, due to a moderate rise in external debt from mainly IDA source. External debt in February 2020 constituted 58.8 percent of all foreign debt stock (Table 5).

Table 5. Fiscal Sector Statistics

Fiscal Operations	Feb - 19	Dec - 19	Jan - 20	Feb - 20
	(Millions of USD)			
Government Revenue	33.21	37.32	65.87	37.76
Tax Revenue	25.90	28.29	40.90	31.92
Non-tax Revenue	7.31	9.03	18.56	4.84
Other tax Revenue (inclg grants)	0.00	0.00	6.41	1.00
Government Expenditure by Codes	31.34	42.74	58.56	26.87
Current Expenditure	27.00	40.30	53.43	25.82
Capital Expenditure	3.50	0.01	0.05	0.05
Loans, interest and other Payments	0.84	2.43	5.08	1.00
Overall Balance	1.87	(5.42)	7.31	10.89
Public Sector Debt	1,048.54	1,269.93	1,465.41	1,466.19
Domestic	264.89	419.80	604.40	604.40
Financial Sector	264.52	368.10	552.70	552.70
Other Sector	0.37	51.70	51.70	51.70
External	783.65	850.13	861.01	861.79
Multilateral	658.46	736.66	747.54	748.32
Bilateral	125.19	113.47	113.47	113.47

Source: Revenue Department, Expenditure Department and Debt Management Unit, MFD

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

During the second month of 2020, preliminary data on merchandise trade showed that trade balance remained in deficit, deteriorating to US\$25.3 million (0.9 percent of GDP), from US\$9.3 million (0.3 percent of GDP) in the preceding month, driven largely by a rise in import payments.

Payments for merchandise imports rose by 20.9 percent to US\$71.3 million (2.5 percent of GDP), from 2.1 percent of GDP in January 2020. The increase in payments was largely occasioned by increases in import payments for minerals, fuel and lubricants as well as food & live animals (including oil made from animals and vegetable oil). Payments for minerals, fuel and lubricants rose by US\$12.8 million and US\$2.5 million, respectively. This was largely influenced mainly by sustained reduction in global price of petroleum product coupled with major importers' decisions to meet future demands in the wake of global lockdown. On the other hand, receipts from merchandise exports was US\$46.0 million (1.6 percent of GDP), decreasing by 7.4 percent compared with the preceding month. The fall in export receipts resulted from reductions in earnings from mainly sales of iron ore and gold. Earnings from iron ore fell by US\$31.2 million to US\$18.6 million in the review month, while earnings from gold fell by 11.7 percent to US\$12.8 million. These

the L\$102.8 billion (18.4 percent of GDP) reported in January 2020.

Compared with the same month in the corresponding year, M2 rose by 30.9 percent, due to 31.4 percent increase in narrow money supply (M1) and 29.9 percent rise in quasi money. The annual growth of M1 was occasioned by growths of demand deposits and currency outside banks by 35.8 percent and 19.3 percent, respectively, while the increase in quasi money came on the back of a 29.6 percent increase in time & saving deposits.

The components of commercial banks' loans denominated in United States dollar to private sector declined, while the share denominated in Liberian dollar rose during the month. When compared with the previous month, the US dollar share of private sector credits fell marginally by 0.7 percent to US\$370.6 million as a result of reduction in credits to individuals, manufacturing, services and extractive sectors. The Liberian dollar component of credits to private sector rose by 1.4 percent to L\$7,199.7 million on account of increases in loans and advances to individuals, agriculture, oil & gas and construction subsectors of the economy. Compared with credits to private sector in the corresponding month of 2019, private sector credit in Liberian dollar rose by 25.4 percent, while the US dollar component fell by 10.1 percent.

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	Feb - 19	Dec - 19	Jan - 20	Feb - 20
	(In Millions)			
Liberian Dollars in Circulation - (LD)	18,044.00	21,120.80	21,121.09	21,026.00
Money Supply (M1) in LD only	22,800.42	29,627.21	28,899.74	29,148.03
Broad money (M2) in LD only	28,776.17	38,689.20	37,276.09	37,320.62
M2 (in both LD & USD) Converted to LD	95,863.60	121,006.34	122,750.97	125,473.20
Net Foreign Assets (NFA) – LD	8,672.00	12,619.27	10,838.30	11,644.40
Net Domestic Assets (NDA) – LD	87,191.60	108,387.07	111,912.67	113,828.80
Loans to Private Sector				
Commercial banks loans to private sector- USD	412.12	383.64	373.26	370.64
Commercial banks loans to private sector - LD	5,740.95	7,249.20	7,096.88	7,199.72
Demand Deposits of commercial banks				
Demand deposits - USD	247.04	252.12	257.59	269.70
Demand deposits - LD	6,134.27	9,091.86	8,989.35	9,269.47
Time & savings deposits - USD	166.23	177.24	176.94	174.35
Time & savings deposits - LD	5,903.52	9,006.35	8,318.01	8,030.79
Other Deposits**				
Actual US\$ component of other deposits	1.76	8.67	2.91	2.13
Liberian \$ component of other deposits	72.22	55.64	58.35	141.80
Total Deposits (USD & LD) converted to LD ¹	79,197.46	100,470.99	102,840.59	105,594.64
	(In Percent)			
Liberian Dollar share of Broad Money	30.00	31.97	30.37	29.7

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

In the second month of 2020, the CBL continued to issue its effective annual rate of 30 percent bills and use the Standing Deposit Facility (SDF) as some of the main instruments to reduce excess liquidity from circulation. The total amount of L\$2,118.32 million of the bills were purchased during the month, reflecting an increase of L\$127.5

million, from the amount purchased in the January 2020. The outstanding bills fell by 9.6 percent to L\$2,748.8 million on account of increase in total redemption of CBL bills L\$144.6 million during the month. It is important to note that of the total redemption during the month, 84.4 percent (L\$2,034.8 million) was attributed to the 30 percent effective annual rate of return on the bills.

At the stable overnight monthly interest rate of 0.07 percent, the SDF amounted to L\$21,865.0 million, rising by 13.6 percent from the amount reported in the previous month. Money markets instrument, such as repo, traded at the average interest rate of 5.5 percent, while swap lending remained traded at the average interest rate of 6.0 percent between commercial banks (see Table 3).

Table 3. Financial Market and Interest Rates Statistics

Market Instruments	Feb - 19	Dec - 19	Jan - 20	Feb - 20
CBL (indexed) Bills	(Millions of LD)			
Bills Purchased on 7% coupon basis	375.00	0.00	0.00	0.00
Redemption on 7% basis	0.00	130.15	1.02	375.10
Bills outstanding on 7% coupon basis	375.00	1,284.21	1,283.19	908.09
Coupon rate (%)	7.00	7.00	7.00	7.00
Bills Purchased on EAR basis	na	800.4	1,990.84	2,118.32
Redemption on EAR basis	na	150.30	984.11	2,034.75
Bills Outstanding on EAR basis	na	750.40	1,757.13	1,840.70
Effective Annual Rate (EAR) (%)	na	30.00	30.00	30.00
Total Bills purchased (7% and 30% EAR)	375.00	800.40	1,990.84	2,118.32
Total Redemption (7% and 30% EAR)	na	280.45	985.13	2,409.85
Total Bill Outstanding (7% and EAR)	375.00	2,034.61	3,040.32	2,748.79
CBL Foreign Exchange (Fx) Auction¹	(Millions of USD)			
US Dollar Amount Sold	na	0.00	0.00	0.00
US Dollar Amount Sold	na	0.00	0.00	0.00
Total Subscription	na	0.00	0.00	0.00
Over (+) /Under (-) Subscription	na	0.00	0.00	0.00
Treasury Securities	(Millions of LD, unless otherwise stated)			
T- Bills Issued	(180.40)	0.00	0.00	0.00
T- Bills Redeemed	78.36	0.00	0.00	0.00
T-Bills outstanding	315.65	860.94	860.94	860.94
Net Treasury Bills Operations[^]	(102.04)	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	4.34	7.47	7.47	7.47
T- Bills Issued (USD)	0.00	2.60	na	na
T- Bills Redeemed (USD)	0.00	na	na	na
T-Bills Outstanding_ USD	0.00	2.60	2.60	2.60
T- Bond Issued	0.00	0.00	0.00	0.00
T- Bond Outstanding	6,000	6,000	6,000.00	6,000.00
Semi-annual Coupon Payment	0.00	0.00	392.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.0	16.0	16.0	16.0
Standing Deposit Facility (SDF)	(In Percent, unless otherwise stated)			
SDF rate (%)	na	4.00	4.00	4.00
SDF Amount (In Millions LD)	na	0.00	0.00	0.00
SDF overnight monthly rate (%)	na	0.07	0.07	0.07
SDF Amount (In Millions LD)	na	13,275.00	19,245.00	21,865.00

Market Instruments	Feb - 19	Dec - 19	Jan - 20	Feb - 20
Interest Rates	(In Percent, unless otherwise stated)			
- 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

Source: CBL

[^] - with Liquidity Effect where withdrawal (+)/injection (-)

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

BANKING SECTOR DEVELOPMENTS

The banking sector remained liquid, sound and resilient on account of the level of liquidity ratio (LR) and capital adequacy ratio (CAR). During the second month of 2020 all indicators showed slight changes compared with the preceding month. Return on Assets (ROA) and Return on Equity (ROE) slightly increased by 0.1 percentage point and 0.8 percentage point, respectively, while LR and CAR declined modestly by 0.3 percentage point and 1.1 percentage points, respectively. However, LR and CAR remained far above their minimum requirements by 24.7 percentage points and 14.3 percentage points, respectively. Additionally, total (gross) loans during the month stood at L\$84.1 billion (14.9 percent of GDP). The slight movement in gross loan was mainly due to the depreciation in the Liberian dollar.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Feb - 19	Dec - 19	Jan - 20	Feb - 20
Capital Adequacy Ratio (CAR)***	28.95	27.51 [†]	25.40	24.29
Non-performing Loans to Total Gross Loans (ratio)	13.54	17.21	16.95	20.64
Total Gross Loans (In Billion L\$)	84.08	84.59	84.03	84.07
Non-performing Loans (% change)	-3.10	2.87	(2.38)	41.80
Returns on Assets (ROA)	0.34	2.40	0.28	0.42
Returns on Equity (ROE)	1.92	14.29	1.69	2.50
Liquidity Ratio****	34.86	39.89	39.94	39.66

Source: CBL

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

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

[†] - revised

FISCAL SECTOR DEVELOPMENTS

Preliminary statistics on fiscal operations during the second month of the year showed reductions in both government revenue and expenditure. Total revenue declined by 42.7 percent to US\$37.8 million (1.3 percent of annual GDP), while total spending declined by 54.1 percent to US\$26.9 million (0.9 percent of annual GDP). The fall in expenditure exceeded the decline in revenue, resulting to a surplus of US\$10.9 million (0.4 percent of annual GDP) that also exceeded the surplus of overall balance in the preceding month by 49.0 percent.

This estimated decline in revenue for the month was explained by declines in all categories of revenue collections, including international trade taxes, taxes on income and profits and non-tax revenue. The decline in government spending for the month was due to an overwhelming decline in recurrent expenditure by 54.1 percent owing to 72.1 percent slowdown in payments of employees' claims on government.