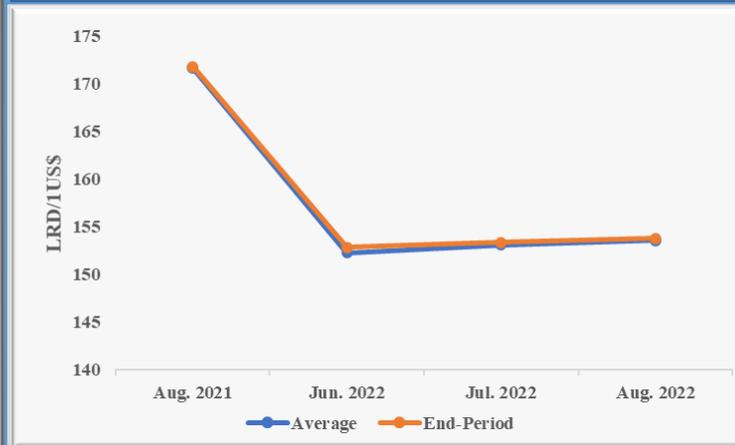




## CENTRAL BANK OF LIBERIA

### MONTHLY ECONOMIC REVIEW



**AUGUST 2022**

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### 7.7 Palm Oil

The price of palm oil plummeted by 2.9 percent to US\$1,025.95 per metric ton, from US\$ US\$1,056.64 per metric ton in the previous month, due to reduced global demand. Compared to the corresponding month in 2021, the price of the commodity fell by 10.2 percent, from US\$1,141.82 per metric ton.

### 7.8 Rice

The price of rice rose by 0.7 percent to US\$421.00 per metric ton in August 2022, from US\$418.00 per metric ton in the previous month, on account of improved supply-chain conditions. On an annualized basis, the price of the commodity increased by 4.5 percent, from US\$ 403.00 per metric ton in August 2021.

### 7.9 Cocoa Beans

Cocoa beans price grew by 3.7 percent to US\$ 2,323.22 per metric ton, from the US\$ 2,240.00 per metric ton reported in the preceding month. Matched against developments in August 2021, the price of cocoa beans shrank by 6.3 percent from US\$2,480.00 per metric ton.

### 7.10 Commodity Outlook

Outlook suggest that commodity prices will continue be volatile in the month of September 2022. This is expected to be driven by fear of global recession that may cause industrial manufacturing output to fall. Expectation of industrial output decline is keeping demand for commodities on a down trend on the global commodity market.

**Table 8: Global Commodity Prices**

GLOBAL PRICE	Aug – 21	Jun - 22	Jul - 22	Aug - 22	Percent Change	
					MoM	YoY
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	162.16	130.74	108.57	108.85	0.26	(32.87)
Gold (US\$/Oz)	1,785.28	1,836.57	1,732.74	1,764.56	1.84	(1.16)
Rubber (US\$/MT)	1,900.00	2,030.00	1,780.00	1,609.40	(9.58)	(15.29)
Cocoa Beans (US\$/MT)	2,480.00	2,320.00	2,240.00	2,323.22	3.72	(6.32)
Palm Oil (US\$/MT)	1,141.82	1,501.10	1,056.64	1,025.95	(2.90)	(10.15)
Crude Oil (US\$/BBL)	68.87	116.80	105.08	95.97	(8.67)	39.35
Food Price Index (FAO)	128.00	154.70	140.70	137.90	(1.99)	7.73
Rice_5% broken (US\$/MT)	403.00	444.00	418.00	421.00	0.72	4.47
Sugar (US\$/MT)	430.00	420.00	400.00	393.52	(1.62)	(8.48)
Commodity Price Index	163.69	230.23	228.70	227.18	(0.66)	38.79

*1/Commodity Food Price Index includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices*

## 7.1 Iron ore

The price of iron ore increased by about 0.3 percent to US\$108.85 per metric ton in August 2022, from US\$108.57 per metric ton in July 2022. This development was driven by speculation over financial support for the indebted property sector in China as well as modest improvement in Chinese steel mill profitability. Year-on-year comparison showed the price fell by 32.9 percent, from US\$162.16 per metric ton recorded in August 2021.

## 7.2 Gold

The price of gold increased by 1.8 percent to US\$1,764.56 per ounce during the review month, from US\$1,732.74 per ounce in July 2022. Price of gold revised its decline trend on the backdrop of the second increase in base interest rate by 0.75 percent by the US Federal Reserve. This was the second increase of the base interest rate in sequence that coincided with market prospect of interest rate hikes to bring inflation under control, and the monetary policy move could cause US economy to go into recession. Prospect of recession gave way to haven of gold that indicated gold was best having in recession of the economy. Year-on-year comparison showed the price was down by 1.2 percent, from the US\$1,807.84 per ounce recorded in August 2021.

## 7.3 Crude Oil (Petroleum) Price

The price of petroleum declined 8.7 percent to US\$95.97 per barrel, from US\$105.08 per barrel in July 2022. The downward trend followed fear of global economy going into recession due to the hikes in interest rates by the Federal Reserve and central banks of other advanced, and emerging market economies that will make borrowing costly in those economies. When compared to August 2021, the price of petroleum was up by 39.4 percent, from US\$ 68.87 per barrel.

## 7.4 Rubber

The price of rubber declined by 9.6 percent to US\$1,609.40 per metric ton, from the US\$1,780.00 per metric ton recorded in July 2022. Price fall for rubber followed same trend as iron ore, crude oil, on ground of recession fear for the global economy from the negative impact of higher interest rates in advanced, and emerging market economies. Year-on-year comparison showed rubber price decreased by 15.3 percent, from the US\$1,900.00 reported in August 2021.

## Food Price (FAO)

The FAO food price index (FFPI) fell by 2.0 percent to US\$137.90 during the month under review compared to the US\$140.70 reported in July 2022. This development was influenced by falls in the individual indices of cereal, vegetables, and sugar. FFPI decline followed improved food production prospects in North America, and the Russian Federation, and resumption of exports from the Black Sea ports in Ukraine. However, the FFPI grew by 7.7 percent compared to the US\$128.00 recorded in August 2021.

## Sugar

Sugar price declined by 1.6 percent to US\$393.52 per metric ton, from US\$400.00 per metric ton in July 2022, triggered by high export from India and lower ethanol prices in Brazil. Annual comparison showed that the price of sugar was down by 8.5 percent, from the US\$430.00 per metric ton reported in August 2021.

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## 1.0 INTRODUCTION

The Monthly Economic Review (MER) is published by the Research, Policy, and Planning Department (RPPD) of the Central Bank of Liberia (CBL). It is a regular publication that provides a snapshot of economic 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 provides a synopsis of exchange rate developments in the West African Monetary Zone (WAMZ).

This Edition represents Volume 8 Number 08.

## 2.0 OVERVIEW

Production statistics of key commodities in August 2022 showed mixed performance compared to July 2022, largely on account of a number of factors related to weather conditions, weak demand, and inventory spillover. Gold and cement production plummeted, while diamond, rubber and beverages outputs rose, and iron ore output remained unchanged during the month under review.

Headline inflation increased by 0.6 percent to 7.1 percent in August 2022, on account of increases in the prices of alcoholic beverages, tobacco and narcotics, housing, water, electricity, gas and other fuels, furnishings, household equipment and routine household maintenance, restaurants and hotels, and miscellaneous goods and services components in the CPI basket.

The monetary policy stance of the Central Bank of Liberia (CBL) continues to be anchored on price stability, mainly through the management of Liberian dollar liquidity. As part of its monetary policy operations, the Bank issued bills at tenors of two-week, one-month, and three-month at an effective annual rate of 20.0 percent during the review month.

At end-August 2022, broad money (M2) supply rose by 0.2 percent to L\$146.77 billion. On the liability side, this development was driven by growths in demand deposits and other deposits, while on the asset side, it was led by growth in net domestic assets (NDA) relative to increased domestic credit to government.

The financial soundness indicators of the Liberian banking system were sound and favorable as commercial banks were largely in compliance with most of the regulatory requirements. The Capital Adequacy Ratio (CAR) and the liquidity ratio remained well above their respective 10.00 percent and 15.00 percent minimum regulatory requirements, while Return on Assets (ROA) and Return on Equity (ROE) increased to 1.58 percent and 10.02 percent, respectively, at end-August 2022. The ratio of non-performing loans to total loan decreased by 1.96 percentage points to 22.88 percent during the review month.

Government of Liberia's (GOL) fiscal operations for August 2022 resulted to a deficit of 0.3 percent of GDP in August 2022, on account of a reduction in total expenditure supported by growth in total revenue. The stock of public debt grew by 2.3 percent to 49.7 percent of GDP at end-August 2022 due to growths in both domestic and external debts.

In the external sector, the merchandise trade deficit narrowed by 16.6 percent to 1.4 percent of GDP in August 2022 relative to the preceding month, driven largely by increased export receipts supported by reduction in import payments.

## 6.5 Exchange Rate Developments

The Liberian dollar, on a period average basis, depreciated against the United States dollar by 0.3 percent to L\$153.61/US\$1.00 in August 2022, from the L\$153.14/US\$1.00 rate reported in July 2022. This development was on account of increased demand for foreign exchange to facilitate payments for imports as the festive season draws closer.

A cross-country comparison of currencies of West African Monetary Zone (WAMZ) member states showed that except for the Sierra Leonean leone and the Guinean franc that appreciated by 27.8 percent and 0.2 percent, respectively, all other currencies in the zone depreciated against the United States dollar on end-period basis. The Ghanaian cedi weakened by 8.1 percent; The Gambian dalasi by 4.3 percent; the Nigerian naira by 1.8; and the Liberian dollar by 0.3 percent at end-August 2022.

Compared to the corresponding period in 2021, four of the WAMZ currencies (cedi, dalasi, leone naira) depreciated against the US dollars. The cedi, dalasi, leone, and naira depreciated by 28.9 percent, 9.3 percent, 4.8 percent, and 3.1 percent, respectively. However, the Guinean franc and the Liberian dollar appreciated against the US dollar by 13.4 percent and 11.7 percent, respectively, during the period under review relative to end-July 2022.

**Table 7: WAMZ Countries End-of-Period & Liberian dollar (LRD) Average Exchange Rates per United States dollar (USD)**

Currency	Aug – 21	Jun - 22	Jul - 22	Aug - 22	Appr (+)/Depr (-)	
					MoM	YoY
<b>Exchange Rate</b>	<b>LD/USD</b>				<b>Percent Change</b>	
	<b>Currency per USD</b>					
GHC	5.85	7.22	7.56	8.23	(8.1)	(28.9)
GMD	51.28	54.82	54.12	56.55	(4.3)	(9.3)
GNF	9,744.82	8,639.07	8,610.44	8,591.37	0.2	13.4
LRD	171.83	152.87	153.38	153.83	(0.3)	11.7
NGN	409.79	414.77	415.46	422.88	(1.8)	(3.1)
SLL	10.36	13.15	13.91	10.88	27.8	(4.8)
	<b>Avg. Period</b>					
LRD	171.69	152.28	153.14	153.61	(0.3)	11.8

Source: CBL, WAMA: [www.amao-wama.org/](http://www.amao-wama.org/)

GHC - Ghanaian cedi; LD - Liberian dollar; GMD - Gambian dalasi; GNF - Guinean franc; NGN - Nigerian naira; SLL—Sierra Leonean leone; USD – United States dollar

## 7.0 GLOBAL COMMODITY PRICE DEVELOPMENTS

Overall, the commodity price indices for food commodities, energy and non-energy commodities declined in August 2022. The index price for food commodities decreased by 2.0 percent compared to the price in the preceding month, while energy and non-energy commodity index decreased by 0.7 percent.

o/w Malaysia	1.68	2.49	1.64	0.00
o/w Brazil	3.77	1.88	2.14	2.33
o/w Ghana	1.36	1.63	0.00	2.08
o/w Cote d'Ivoire	48.45	28.64	28.24	34.52
o/w Guinea	0.00	0.00	1.79	0.00
o/w Algeria	0.00	3.44	0.00	0.00
o/w Egypt	0.00	1.46	0.00	3.76
o/w Morocco	0.00	0.00	1.22	1.06
o/w South Africa	2.15	2.28	1.92	0.00
<b>GDP</b>	<b>3,508.90</b>	<b>3,937.60</b>	<b>3,937.60</b>	<b>3,937.60</b>

## 6.2 Direction of Trade (DOT)

Switzerland, United States, France, and Germany were the main destinations of Liberia's exports accounting for 77.9 percent of total export earnings. Export earnings from Switzerland (mainly gold) increased by 15.8 percent to US\$47.5 million compared to the amount reported in the previous month. Earnings from the United States (predominantly rubber) increased by 41.6 percent to US\$9.2 million during the month under review. However, export earnings from France (mainly iron ore) decreased by US\$0.05 million to US\$8.8 million, while exports earnings from Germany (mainly iron ore) declined by US\$0.4 million to US\$6.6 million during the review month.

The main sources of imports to Liberia during the review period were Cote d'Ivoire, China, Indonesia, India, United Kingdom, and United States - accounting for 67.9 percent of total import payments. Import payments to Cote d'Ivoire (mainly for mineral fuels & lubricants) increased by 22.2 percent to US\$34.5 million; payments to China (mainly for machinery & transport equipment) increased by US\$4.1 million to US\$29.5 million; payments to the United Kingdom (mainly machinery and transport equipment) stood at US\$5.6 million. Conversely, payments to India (mainly for machinery and transport equipment) fell by 53.8 percent to US\$12.6 million; payments to United States of America (mainly for machinery and transport equipment) decreased by 9.0 percent to US\$5.1 million; while payments to Indonesia amounted to US\$13.7 million.

## 6.3 Personal Remittances

Personal remittances inflows (net) decreased by 2.1 percent to US\$20.17 million (0.5 percent of GDP) in August 2022, compared to the US\$20.60 million (0.5 percent of GDP) recorded in the previous month, mainly driven by reduction in inward remittances. Inward remittances declined by 6.2 percent to US\$26.47 million, while outward remittances decreased by 17.2 percent to US\$6.30 million relative to the amount reported in the preceding month.

## 6.4 Gross International Reserves

Gross International Reserves (GIR) decreased by 6.5 percent to US\$548.8 million (13.9 percent of GDP) at end-August 2022, from the US\$587.1 million (16.7 percent of GDP) recorded at end-July 2022, mainly driven by reduction in the foreign liquid assets including SDR holdings and reserves. Consequently, the months of import cover slightly reduced to 3.2 months, from the 3.3 months recorded in July 2022. However, the recorded months of import cover exceeded the ECOWAS minimum regional threshold (3 months) by 1.3 months (Table 6).

Additionally, total merchandise trade grew by 1.4 percent to 6.1 percent of GDP on account of increase in export receipts which outweighed the declined in import payments.

The Gross International Reserves (GIR) decreased by 6.5 percent to US\$548.8 million (13.9 percent of GDP) at end-August 2022, largely reflecting reduction in foreign liquid assets including Special Drawing Rights (SDR) holdings and reserves. The months of import cover amounted to 3.2 months, 0.2 above the regional benchmark of 3.0 months. Net inflows of personal remittances decreased by 2.1 percent to US\$20.17 million (0.5 percent of GDP) in August 2022, driven by reduction in inward remittances.

Though the Liberian dollar slightly depreciated against the United States (US) dollar by 0.3 percent due to increased demand for foreign exchange as well as a modest decrease in inward personal remittances, it remained broadly stable during the month under review. On the regional front, exchange rate developments relative to currencies of the West African Monetary Zone (WAMZ) showed that except for the Sierra Leonean leone and the Guinean franc that appreciated, on end-period basis, all other currencies in the zone depreciated against the US dollar.

### 3.0 REAL SECTOR & PRICE DEVELOPMENTS

#### 3.1 Production Analyses of Key Commodities

Performance of production statistics was mixed in August 2022 compared to the preceding month. The gold and cement outputs declined, while diamond, rubber and beverages outputs rose as iron ore output remained unchanged.

In the mining subsector, diamond output significantly increased by 3,506 carats to 6,188 carats, from the 2,682 carats recorded in the previous month, explained mainly by favorable weather conditions and inventory spillover. While iron ore production remained unchanged at 350,000 metric tons during the month under review, gold output plunged by 14.7 percent to 24,870 ounces due to unfavorable market resulting from weak demand.

Beverages (alcoholic and non-alcoholic) output, in the manufacturing subsector, grew by 8.0 percent to 1,408,530 liters in August 2022 due to increased demand as well as reduction in the cost of production as a result of fall in the prices of input factors including energy. When disaggregated, alcoholic beverages accounted for 89.4 percent of the total increase while non-alcoholic beverages constituted 10.6 percent. However, cement production declined by 12.9 percent to 29,017 metric tons due to the rainy season which slowed construction related activities.

In the agriculture subsector, rubber recorded 22.6 percent growth to 4,919 metric tons in the review month compared to the previous month. The improved performance was partly attributed to the less downpour of rainfall during August 2022 which positively impacted crops' harvest.

#### 3.2 Consumer Prices

Headline inflation increased by 0.6 percentage point to 7.1 percent during the review period relative to the 6.5 percent reported in July 2022. The major contributors to the increase were alcoholic beverages, tobacco and narcotics, housing, water, electricity, gas and other fuels, furnishings, household equipment and routine household maintenance, restaurants and hotels, and miscellaneous goods and services components in the CPI basket. However, on a month-on-month basis, headline inflation declined by 4.6 percentage points to 1.7 percent, compared to the 6.3 percent recorded in the preceding month, largely reflecting increase in the prices of food and non-alcoholic beverages, clothing and footwear, health, transport, education, and restaurants and hotels in the CPI basket (see Table 1).

Core inflation<sup>1</sup> rose by 2.7 percentage points to 8.2 percent in the month under review, from 5.5 percent in the previous month. The increase was largely induced by supply chain disruption which elevated prices of items outside food and transport, mainly, housing, water, electricity, gas and other fuels, furnishings, household equipment and routine household maintenance, restaurants and hotels, and miscellaneous goods and services (Table 1).

**Table 1: Production and Price Statistics**

Production	Aug. - 21	Jun. - 22	Jul. - 22	Aug. - 22
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	350,000	400,000	350,000	350,000
Gold (Ounces)	18,051	25,245	29,167	24,870
Diamond (Carat)	4,694	6,064	2,682	6,188
Rubber (Metric ton)	6,698	4,116	4,012	4,919
Cement (Metric ton)	36,869	36,363	33,314	29,017

Direction of Trade (DOT)				
<b>Destination of Export</b>	<b>77.63</b>	<b>116.35</b>	<b>85.28</b>	<b>92.56</b>
o/w Cameroon	0.00	0.00	2.12	1.26
o/w Ghana	0.00	0.00	0.00	1.05
o/w Guinea	0.00	0.00	0.00	1.53
o/w Sierra Leone	0.92	0.00	0.00	0.00
o/w Rwanda	0.13	0.00	0.00	0.00
o/w Congo (Brazzaville)	0.79	0.00	0.00	0.00
o/w South Africa	0.14	0.00	0.00	0.00
o/w Israel	0.00	0.00	0.00	1.55
o/w United States	6.48	9.00	6.52	9.23
o/w India	0.00	0.00	4.76	0.00
o/w Singapore	1.19	0.00	1.00	0.00
o/w Switzerland	23.25	36.34	41.00	47.48
o/w United Kingdom	16.28	10.06	0.00	9.17
o/w Poland	6.88	0.00	0.00	2.92
o/w France	13.26	8.69	8.85	8.80
o/w Germany	5.19	3.31	7.01	6.58
o/w Spain	0.00	0.00	3.15	0.00
o/w Belgium	0.75	5.57	4.94	0.00
<b>Sources of Import (cif)</b>	<b>181.40</b>	<b>118.15</b>	<b>153.02</b>	<b>149.03</b>
o/w China	31.38	17.19	25.32	29.45
o/w Korea (Republic of)	1.52	0.00	2.78	1.63
o/w Japan	8.88	1.72	3.47	2.79
o/w India	15.05	11.71	27.31	12.61
o/w Indonesia	1.23	0.00	0.00	13.74
o/w Thailand	2.18	0.00	0.00	1.54
o/w United of Arab Emirates	3.54	0.00	4.39	2.54
o/w United States of America	6.37	5.21	5.64	5.13
o/w Canada	2.15	0.00	0.00	0.00
o/w United Kingdom	1.05	3.06	0.00	5.60
o/w Isle of Man	0.00	5.30	0.00	0.00
o/w Ireland	1.45	0.00	0.00	0.00
o/w Netherlands	2.65	0.00	0.00	3.09
o/w Germany	7.94	1.16	0.00	1.85
o/w Sweden	2.06	0.00	0.00	1.76
o/w Spain	1.29	3.71	0.00	1.06
o/w France	0.00	2.41	0.00	0.00
o/w Belgium	1.71	0.00	0.00	1.64
o/w Poland	1.44	0.00	0.00	1.13
o/w Australia	2.18	0.00	0.00	0.00
o/w Ukraine	0.00	0.00	0.00	0.00
o/w Saudi Arabia	3.14	3.92	4.16	2.78
o/w Lebanon	1.65	3.12	1.60	1.69
o/w Turkey	10.90	3.23	5.04	3.95

*/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); \* - provisional*

Payments for merchandise imports decreased by 2.6 percent to US\$149.0 million (3.8 percent of GDP), from the US\$153.0 million (3.9 percent of GDP) reported in the preceding month, occasioned by increase in payments for mainly minerals, fuels & lubricants, and manufactured goods chiefly classified by materials.

**Table 6: External Sector Statistics**

External Trade (Value)	Aug. - 21	Jun. - 22	Jul. - 22	Aug. - 22
	(Millions of US\$; Except Otherwise Indicated)			
Exports <sup>1/</sup>	<b>77.63</b>	<b>116.35</b>	<b>85.28</b>	<b>92.56</b>
Iron Ore	41.59	30.87	19.01	27.45
Rubber	8.28	8.00	11.32	9.25
Gold	23.25	37.38	41.03	47.48
Diamond	1.16	2.66	1.76	2.62
Cocoa Bean	0.35	0.03	0.00	0.12
Palm Oil	1.90	2.49	6.67	1.84
Other commodities	1.09	34.92	5.48	3.78
Imports (CIF) <sup>1†</sup>	<b>181.40</b>	<b>118.15</b>	<b>153.02</b>	<b>149.03</b>
Minerals, Fuel, Lubricants	50.64	41.12	36.35	40.02
o/w Petroleum Products	48.02	28.51	28.15	28.15
Food and Live Animals (incl. Animal and veg. oil)	21.66	20.23	37.95	34.57
o/w Rice	0.24	0.25	17.65	1.15
Machinery & Transport Equipment	52.45	23.00	35.64	29.32
Manufactured goods classified by materials	25.57	13.84	18.75	20.64
Other categories of imports	31.07	19.96	24.33	24.47
<b>Trade Balance</b>	<b>(103.77)</b>	<b>(1.80)</b>	<b>(67.74)</b>	<b>(56.47)</b>
<b>Total Trade</b>	<b>259.03</b>	<b>234.50</b>	<b>238.32</b>	<b>241.59</b>
<b>External Trade (Volume)</b>				
Rubber (MT)	6,698.12	4,116.04	6,012.00	5,222.34
Iron Ore (MT)	315,451.93	359,134.49	345,614.65	448,172.62
Cocoa Beans (MT)	-	-	-	-
Palm Oil (MT)	2,014.00	1,732.97	3,312.00	1,914.00
Gold (Oz)	18,051.00	25,245.33	23,235.25	26,907.56
Diamond (Crt)	4,694.32	6,063.71	2,682.41	6,188.32
Petroleum Products (MT)	-	11,445.70	205.59	-
Rice (MT)	-	-	-	-
<b>Other Indicators</b>				
Net Foreign Reserves Position	380.3	350.3	333.0	281.1
Import (CIF)	181.40	118.15	153.02	149.03
Gross International Reserves (GIR) <sup>2</sup>	655.1	587.1	587.1	548.8
Import covers (In Month)	3.2	4.2	3.3	3.2
<b>Personal Remittances</b>				
Inflows	25.67	<b>25.95</b>	<b>28.22</b>	26.47
Outflows	8.08	5.95	7.61	6.30
<b>Net flows</b>	<b>17.59</b>	<b>20.00</b>	<b>20.61</b>	<b>20.17</b>

Total Beverages (liter)	1,412,419	1,384,320	1,304,610	1,408,530
Alcoholic	1,275,174	1,239,283	1,172,259	1,258,882
Non-Alcoholic	137,246	145,039	132,351	149,648
<b>Inflation</b>	<b>(In percent)</b>			
<b>Overall (Y-o-Y) Rate of Inflation</b>	<b>7.00</b>	<b>6.32</b>	<b>6.48</b>	<b>7.06</b>
a. Food and Non-alcoholic Beverage Inflation	0.10	(1.08)	(0.98)	(3.85)
- Domestic Food Inflation	2.34	(7.08)	(4.51)	(9.43)
- Imported Food Inflation	(1.84)	(2.34)	1.94	1.12
b. Transport Inflation	2.17	39.52	48.71	48.09
c. Imported Fuels Inflation	1.77	55.47	55.54	50.99
<b>Overall (M-o-M) Rate of Inflation</b>	<b>1.16</b>	<b>2.02</b>	<b>6.28</b>	<b>1.71</b>
<b>Core Inflation</b>				
Inflation excluding Food & NAB <sup>1</sup>	10.71	10.37	10.01	12.36
Inflation excluding Imported Food	9.04	7.12	7.39	8.26
Inflation excluding Domestic Food	8.51	9.33	8.74	10.50
<b>Inflation excluding Food and Transport</b>	<b>11.80</b>	<b>6.71</b>	<b>5.51</b>	<b>8.19</b>
<b>Annual Gross Domestic Product (GDP)<sup>2</sup></b>				
Nominal (NGDP) (in millions US\$)	3,508.90	3,937.60	3,937.60	3,937.60
RGDP growth (in percent)	<b>5.0</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>

## 4.0 MONETARY DEVELOPMENTS

### 4.1 Monetary Policy Stance

The CBL's monetary policy stance was anchored on price stability with emphasis on the management of Liberian dollar liquidity. As part of the CBL's monetary policy operations, the Bank issued bills at tenors of two-weeks, one-month, and three-months at the annual policy rate (MPR) of 20.0 percent.

### 4.2 Monetary Aggregates

Preliminary Monetary aggregates statistics revealed that broad money (M2) supply slightly grew by 0.2 percent to L\$146.77 billion at end-August 2022, from the L\$146.51 billion recorded at end-July 2022. From the liability side, this development mainly reflected 1.5 percent and 12.8 percent increases in demand deposits and other deposits, respectively. Additionally, from the asset side, the expansion was largely due to 0.8 percent rise in net domestic assets (NDA) to government by 4.5 percent. Additionally, the stock of Liberian dollars in circulation decreased to L\$21.76 billion at end-August 2022, from the L\$22.85 billion recorded at the end of the previous month. The decrease was driven by 37.3 percent decrease in currency in banks to L\$2.30 billion, from L\$3.68 billion at end-July 2022.

All deposits converted to Liberian dollar (as a percent of GDP) dropped by 0.6 percentage point to 21.2 percent at end-August 2022, from 21.8 percent reported in the preceding month. The slight fall was largely caused by time & saving deposits.

Commercial banks' loans extended to various sectors of the economy in both currencies varied. Loans denominated in Liberian dollar declined marginally by 1.1 percent to LS\$5,347.72 million during the month under review, on account of declines in loans to the agriculture, trade, and manufacturing, subsectors by 58.2 percent, 3.8 percent, and 1.2 percent, respectively. Conversely, the US dollar denominated loans grew by 2.7 percent to US\$455.08 million, occasioned by increases in loans advanced to the extractive, manufacturing, trade, and agriculture subsectors by 101.2 percent, 23.9 percent, 5.7 percent, and 3.4 percent, respectively. Sectoral distribution of commercial banks' credits revealed that loans extended to agriculture, trade and manufacturing subsectors accounted for 59.3 percent of the total Liberian dollar denominated credits to the private sector. Additionally, the extractive, manufacturing, trade, and agriculture subsectors constituted 39.1 percent of total United States dollar denominated credits to the private sector.

**Table 2: Monetary Aggregates Statistics**

Monetary Aggregates	Aug. - 21	Jun. - 22	Jul. - 22	Aug. - 22
	<i>In Millions of LD; Except Otherwise Indicated</i>			
Liberian Dollars in Circulation - (LD)	22,436.82	22,819.18	22,851.17	21,767.17
-o/w Currency in banks (LD)	1,447.64	3,330.03	3,680.41	2,307.94
Money Supply (M1) in LD only	33,236.45	34,027.05	34,061.47	33,980.70
Quasi Money in LD only	7,763.02	7,057.51	7,185.74	7,159.94
Broad money (M2) in LD only	41,276.73	41,155.57	41,336.34	41,292.04
Broad money (M2) (both LD and USD Converted to LD)	140,898.97	144,513.81	146,510.97	146,773.27
Net Foreign Assets (NFA) – LD	30,153.27	23,103.53	17,736.68	16,927.03
Net Domestic Assets (NDA) – LD	110,745.69	121,410.29	128,774.30	129,846.24
Currency outside banks – LD	20,989.18	19,489.15	19,170.75	19,459.23
Demand deposit – LD	73,969.45	79,867.24	81,045.75	82,280.89
Time & Savings deposits – LD	45,341.46	44,827.31	45,933.07	44,625.63
Other deposits – LD	598.88	330.12	361.39	407.52
<b>Loans to Private Sector</b>				
Commercial banks loans to private sector- USD	393.89	443.47	442.99	455.08
Commercial banks loans to private sector - LD	5,563.65	5,346.16	5,407.15	5,347.72
<b>Demand Deposits of commercial banks</b>				
Demand deposits – USD	359.27	427.37	431.31	440.49
Demand deposits – LRD	12,247.27	14,537.91	14,890.72	14,521.47
Time & savings deposits – USD	218.74	247.08	252.62	243.56
Time & savings deposits – LRD	7,763.02	7,057.51	7,185.74	7,159.94
<b>Other Deposits**</b>				
Actual US\$ component of other deposits	1.87	1.70	1.78	1.67
Liberian \$ component of other deposits	277.26	71.01	89.12	151.40

<b>Government Expenditure</b>	<b>34.75</b>	<b>74.86</b>	<b>92.54</b>	<b>65.23</b>	(29.51)
o/w Current Expenditure	28.77	66.92	83.46	49.44	(40.77)
o/w Compensation	10.99	17.51	34.91	13.17	(62.28)
o/w Goods and Services	12.41	42.22	39.73	28.35	(28.64)
o/w Capital Expenditure	0.00	3.20	0.60	1.89	212.42
o/w Payments on Loans, Interest & other charges	5.98	4.75	8.48	13.91	64.02
Overall Balance (Surplus+; Deficit -)	<b>19.14</b>	<b>(20.86)</b>	<b>(41.40)</b>	<b>(13.07)</b>	
<b>Total Debt Stock</b>	<b>1679.85</b>	<b>1914.97</b>	<b>1910.73</b>	<b>1954.85</b>	<b>2.31</b>
o/w Domestic	<b>692.24</b>	<b>817.74</b>	<b>816.04</b>	<b>836.59</b>	<b>2.52</b>
o/w Financial Institutions	621.44	747.56	747.06	770.56	3.15
o/w Other Debts	70.80	70.18	68.97	66.02	(4.27)
o/w External	<b>987.61</b>	<b>1097.23</b>	<b>1094.69</b>	<b>1118.27</b>	<b>2.15</b>
o/w Multilateral	874.20	984.16	982.97	1006.55	2.40
o/w Bilateral	113.41	113.07	111.72	111.72	0.00
<b>Memo Items</b>					
Government Revenue (% of GDP)	1.54	1.37	1.30	1.32	-
Government Expenditure (% of GDP)	0.99	1.90	2.35	1.66	-
Total Debt Stock (% of GDP)	47.87	48.63	48.53	49.65	-
NGDP (at Level)	3,508.90	3,937.60	3,937.60	3,937.60	-

Source: CBL calculation using MFDP's data

\*Projections

## 6.0 EXTERNAL SECTOR DEVELOPMENTS

### 6.1 Merchandise Trade

Developments in the External sector showed that both the merchandise trade deficit and total trade decreased during the month under review. The merchandise trade deficit decreased by 16.6 percent to US\$56.5 million (1.4 percent of GDP) in August 2022, from the US\$67.7 million (1.7 percent of GDP) registered in the previous month, driven by increase export receipts coupled with reduction in import payments. Total merchandise trade increased by 1.4 percent to US\$241.59 million (6.1 percent of GDP) in August 2022, from the US\$238.32 million (6.1 percent of GDP) recorded in the preceding month, on account of increase in export receipts which outweighed the decline in import payments.

Export earnings increased by 8.5 percent to US\$92.6 million (2.4 percent of GDP) in August 2022, from US\$85.3 million (2.2 percent of GDP) in the preceding month, led by increase in receipts from mainly gold and iron ore exports.

## 5.0 FISCAL SECTOR DEVELOPMENTS

### 5.1 Total Revenue and Expenditure

Provisional statistics on the Government of Liberia's (GOL) fiscal operations recorded an improved fiscal deficit of US\$13.1 million (0.3 percent of GDP) in August 2022 compared to the US\$41.4 million (1.1 percent of GDP) reported in the preceding month. The improvement was largely explained by decrease in total expenditure supported by growth in total revenue.

Total revenue grew by 2.0 percent to US\$52.2 million (1.3 percent of GDP), from the US\$51.1 million (1.3 percent of GDP) recorded in July 2022, mainly driven by a large increase in non-tax revenue as tax revenue declined. Non-tax receipt grew by 75.0 percent to US\$8.4 million (0.2 percent of GDP), while tax revenue fell by 3.0 percent to US\$43.8 million (1.1 percent of GDP). Other revenues (inclusive of grants) also declined during the review period.

Conversely, total government expenditure decreased by 29.5 percent to US\$65.2 million (1.7 percent of GDP) relative to the US\$92.5 million (2.4 percent of GDP) recorded in the preceding month, driven by 40.8 percent decrease in current expenditure. Current expenditure totaled US\$49.4 million (1.3 percent of GDP), while capital spending amounted to US\$1.9 million (0.0 percent of GDP). Spending on interest payments and other charges expanded by 64.0 percent to US\$13.9 million (0.4 percent of GDP).

### 5.2 Total Public Debt

At end-August 2022, Liberia's stock of public debt stock grew by 2.3 percent to US\$1,954.9 million (49.7 percent of GDP). The slight growth was due to increases in both domestic and external debts. Domestic and external debts totaled US\$836.6 million (21.3 percent of GDP) and US\$1,118.3 million (28.4 percent of GDP), respectively.

**Table 5. GOL's Fiscal Operations Statistics**

Fiscal Operations	Aug. - 21	Jun. - 22	Jul. - 22	Aug. - 22	M-O-M
	(Millions of USD)				(% Change)
<b>Government Revenue</b>	<b>53.89</b>	<b>54.00</b>	<b>51.14</b>	<b>52.16</b>	2.00
o/w Tax Revenue	<b>42.95</b>	<b>46.23</b>	<b>45.11</b>	<b>43.75</b>	<b>(3.02)</b>
o/w Taxes on Income & Profits	16.74	16.04	18.03	20.55	13.95
o/w Taxes on International Trade (Customs)	22.56	17.42	18.26	19.19	5.11
o/w Non-tax Revenue	<b>9.90</b>	<b>6.82</b>	<b>4.81</b>	<b>8.41</b>	<b>74.97</b>
o/w Property Income	8.79	5.25	3.35	6.74	101.39
o/w Administrative Fees, Penalties & Forfeits	1.11	1.57	1.46	1.67	14.46
o/w Other Revenue (Including Grants)	<b>1.04</b>	<b>0.96</b>	<b>1.22</b>	<b>0.00</b>	<b>(100.00)</b>

Total Deposits (both USD & LRD) converted to LRD <sup>1</sup>	119,909.79	125,024.67	127,340.22	127,314.04
Liberian Dollar share of Broad Money	29.30	28.63	28.21	28.13

<sup>‡</sup> - Reserves excluding ECF borrowing from the IMF;

\* - estimate/projection

\*\* - Other Deposits Including Official and Manager Checks;

<sup>1</sup> - The total deposits (US and Liberian dollars) of commercial banks converted & expressed entirely in Liberian dollars.

### 4.3 FINANCIAL MARKET (FM) DEVELOPMENTS

Financial Markets activities were predominantly focused on the issuance and redemption of CBL bills at the shorter tenors of 2-weeks, 1-month, and 3-months on an effective annual rate at 20.0 percent with the purpose of attaining price stability.

At the end of the month, the total CBL bills purchased decreased by 26.7 percent to L\$3,730.95 million compared to the amount purchased in the previous month. This development was due to the re-issuance of the redeemed portion of the CBL bills. Commercial banks and individual investors accounted for L\$3,666.51 million (98.7 percent) and L\$64.44 million (1.3 percent) of the total amounts purchased as retail investors' investment declined by 46.0 percent relative to the preceding month.

Government of Liberia (GoL) issued new US dollar Treasury bills in the amount of US\$24.00 million and paid the 2<sup>nd</sup> coupon of L\$479.99 on the outstanding semi-annual T-bill No. 11. Additionally, the principal of L\$6,000.00 million with code GOL-LRD-T-Bill-365-days-004-Aug-22 was re-issued to commercial banks at the interest rate of 10.0 percent on semi-annual payment for one year. The proceeds considered from GOL-LRD-T-Bill-365-days-004-Aug-22 was used to pay the outstanding semi-annual T-bill No. 11. The Government of Liberia has outstanding Liberian dollars Treasury bill at L\$1,726.49 million.

The lending, average savings, and time deposit rates were unchanged at 12.4 percent, 2.1 percent, and 3.5 percent, respectively, in August 2022. However, money markets instruments such as repo were not traded during the month. In the interbank market, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among banks for both 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)	Aug. - 21	Jun. - 22	Jul. - 22	Aug. - 22
	(In Millions of Liberian Dollar)			
Bills Purchased per month on coupon basis	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	0.00
Redemption during the month (coupon rate)	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	0.00
<b>Bills (Index) outstanding on coupon basis</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Coupon rate on Index Bill (in %)	na	na	na	na

Bills Purchased per month on EAR basis	2,465.44	3,839.05	5,088.12	3,730.95
Redemption during the month (EAR basis)	2,665.50	3,839.05	5,088.12	3,730.95
<b>Bill Outstanding (EAR basis)</b>	<b>6,799.94</b>	<b>7,000.00</b>	<b>7,000.00</b>	<b>7,000.00</b>
Effective Annual Rate (EAR)	20.00	20.00	20.00	20.00
<b>Total Purchases (coupon rate &amp; EAR)</b>	<b>2,465.44</b>	<b>3,839.05</b>	<b>5,088.12</b>	<b>3,730.95</b>
<b>Total Redemption (coupon rate &amp; EAR)</b>	<b>2,665.50</b>	<b>3,839.05</b>	<b>5,088.12</b>	<b>3,730.95</b>
<b>Total Outstanding Bills (coupon rate &amp; EAR)</b>	<b>6,799.94</b>	<b>7,000.00</b>	<b>7,000.00</b>	<b>7,000.00</b>
CBL Foreign Exchange Auction <sup>1</sup>	<b>(In Millions of United States Dollar)</b>			
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	<b>(In Millions of Liberian Dollar)</b>			
T- Bills Issued (in LD)	0.00	0.00	0.00	6,000.00
T- Bills Redeemed (in LD)	0.00	0.00	0.00	0.00
T-Bills Outstanding	2,437.72	2,437.72	2,437.72	1,726.49
Net Treasury Bills Operations <sup>^</sup> withdrawal (+)/Injection (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	5.00	5.00	5.00	10.00
T- Bills Issued (In USD)	00.00	40.00	00.00	24.00
T- Bills Principal payment (In USD)	00.00	2.00	23.52	0.00
T- Bills interest payment (In USD)	00.00	0.00	0.36	0.00
T-Bills Outstanding	5.73	85.59	61.71	0.00
Ave. Weighted Discount Rate (T-Bills)	6.50	7.16	7.16	7.16
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	0.00
Coupon Payment	0.00	0.00	0.00	479.99
Outstanding coupon on Treasury Bond	479.99	0.00	0.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	0.00
Treasury Bond Issued (USD)	0.00	0.00	0.00	0.00
Treasury Bond Principal Payment	0.00	0.00	0.00	0.00
Treasury Bond Outstanding (In USD) (Coupon and Principal)	56.65	49.54	45.38	0.00
Coupon Payments (USD)	0.16	0.166	0.08	0.00
Total T-Bond Outstanding (Coupon & Principal In USD)	56.65	49.54	45.38	0.00
SCF rate	25.00	25.00	25.00	25.00
SCF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight rate	0.07	0.05	0.05	0.00
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00

<b>Interest Rates</b>	<b>(As specified)</b>			
- Lending rate	12.44	12.44	12.44	12.44
<b>Average Deposit rates</b>				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
<b>Money Markets Instrument (In percent)</b>				
Repo	0.00	0.00	0.00	0.00
Swap lending	0.00	2.00	2.00	2.00

Source : CBL

<sup>^</sup> - with Liquidity Effect<sup>1</sup> - CBL Foreign Exchange Auction includes use of the remittance split to ease the demand for foreign currency<sup>2</sup> - Treasury Bill issued and redeemed during the month were in US Dollar

#### 4.4 BANKING SECTOR DEVELOPMENTS

The banking industry remained largely in compliance with the sector's regulatory requirements during the month under review. Capital Adequacy Ratio (CAR) remained above the minimum regulatory requirement of 10.0 percent at 28.60 percent during the period under review. Compared to the previous month, Return on Assets (ROA) increased by 0.19 percentage point to 1.58 percent while Return on Equity (ROE) grew by 0.41 percentage point to 10.02 percent. Additionally, the liquidity ratio of the banking sector increased by 0.10 percentage point to 40.04 percent and remained above the minimum regulatory requirement of 15.00 percent by 25.04 percentage points.

Total gross loans rose to L\$77.87 billion in August 2022, from L\$76.12 billion in the previous month on account of increase in new loans disbursements and advances. The ratio of non-performing loans to total loans decreased by 1.96 percentage points to 22.88 percent, against the 10.0 percent regulatory tolerable limit.

**Table 4: Selected Financial Soundness Indicators (FSIs)**

Financial Soundness Indicators	Aug. - 21	Jun. - 22	Jul. - 22	Aug. - 22
	<b>(In Billions of Liberian Dollar)</b>			
Total Gross Loans	<b>77.06</b>	75.32	76.12	<b>77.87</b>
Total Non-performing Loans	17.15	16.98	18.76	17.82
Non-performing Loans to Total Gross Loans (ratio)	22.26	22.55	24.84	22.88
Gross Loan (percent change)	1.17	0.26	1.06	2.29
Non-performing Loans (percent change)	(1.97)	(6.08)	10.48	(5.01)
Returns on Assets (ROA)	2.30	1.37	1.39	1.58
Returns on Equity (ROE)	13.06	9.49	9.61	10.02
Liquidity Ratio***	43.19	39.90	39.94	40.04
Capital Adequacy Ratio (CAR)****	28.59	29.55	28.60	28.60

Source : CBL

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

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