

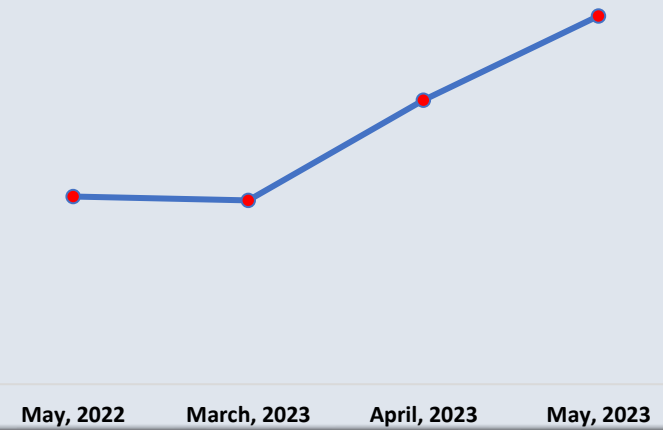


CENTRAL BANK OF LIBERIA

MONTHLY ECONOMIC REVIEW

MAY 2023
VOLUME 9 No. 5

Monthly Headline Inflation Trend



The Monthly Economic Review is produced by the Central Bank of Liberia (CBL). Inquiries concerning this publication should be addressed to:

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Table 8: Developments in Global Commodity Prices

GLOBAL PRICE	May- 22	Mar- 23	Apr- 23	May- 23	Percent Change	
					MoM	YoY
(Commodity price per Unit of Measure)						
Iron ore (US\$/MT)	131.21	128.37	117.39	105.15	(10.43)	(19.86)
Gold (US\$/Oz)	1,848.50	1,912.73	1,999.77	1,992.13	(0.38)	7.77
Rubber (US\$/MT)	2,060.00	1,580.00	1,540.00	1,560.00	1.30	(24.27)
Cocoa Beans (US\$/MT)	2,370.00	2,750.00	2,880.00	2,960.00	2.78	24.89
Palm oil (US\$/MT)	1,716.92	972.06	1,005.24	934.06	(7.08)	(45.60)
Crude oil (US\$/BBL)	110.10	76.47	82.46	74.12	(10.11)	(32.68)
Food Price Index (FAO) ¹	157.40	126.90	127.70	124.30	(2.66)	(21.03)
Rice_5% broken (US\$/MT)	464.00	476.00	501.00	510.00	1.80	9.91
Sugar (US\$/MT)	430.00	450.00	530.00	560.00	5.66	30.23
Commodity Price Index No ²	224.73	167.44	171.92	158.29	(7.47)	(29.56)

1/Commodity Food Price Index includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices²/ Commodity Price Index includes both Fuel and Non-Fuel Price Indices

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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 9 Number 5.

2.0 OVERVIEW

Production statistics of key commodities revealed mixed performance in May 2023 relative to April 2023. Outputs of gold, rubber, and beverages recorded growths while iron ore, diamond, and cement productions decreased during the review month against the previous month.

During the month under review, headline inflation rose to 12.2 percent from 9.4 percent in April 2023, driven by increase in prices of food & non-alcoholic beverages, alcoholic beverages, tobacco & narcotics, housing, water, electricity, gas & other fuels, furnishings, household equipment & routine household maintenance, health, and communication-related items in the Consumer Price Index (CPI) basket.

The Central Bank of Liberia's (CBL) monetary policy stance continues to be 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-week, one-month, and three-month at the Monetary Policy Rate (MPR) of 17.5 percent per annum.

Broad money (M2) supply increased by 6.7 percent to L\$178.42 billion at end-May 2023 relative to the amount reported at end-April 2023. On the liability side, the growth was mainly driven by increases in time & savings, and demand deposits, while on the asset side, it was largely due to growths in net foreign asset (NFA) of banking institutions and net credit to government. Currency in circulation marginally decreased to L\$23.64 billion at end-May 2023, induced by decline in currency outside banks.

7.7 Palm Oil

The price of palm oil plummeted by 7.1 percent to US\$934.06 per metric ton in May 2023, from US\$1,005.24 per metric ton in April 2023, mainly reflecting weak demand in Malaysia and Indonesia. Compared to May 2022, the price of the commodity fell by 45.6 percent, from US\$1,716.92 per metric ton.

7.8 Rice

The price for rice grew by 1.8 percent to US\$510.00 per metric ton during the month under review, from US\$501.00 per metric ton in the preceding month, on account of tighter supply conditions from exporting countries in Asia, and fear of the impact of the Russia-Ukraine conflict on grain exports to Africa. An annualized comparison showed that the price of rice increased by 9.9 percent, from US\$464.00 per metric ton in May 2022.

7.9 Cocoa Beans

Cocoa beans price increased by 2.8 percent to US\$2,960.00 per metric ton in May 2023, from US\$2,880.00 per metric ton in April 2023, largely on account of lower production volumes in Cote d'Ivoire and Nigeria caused by bad weather. Compared to the corresponding month in 2022, the price of the commodity grew by 24.9 percent from US\$2,370.00 per metric ton.

7.10 Commodity Outlook

The overall global commodity price outlook for June 2023 shows that developments are expected to be mixed. World Bank Commodity Outlook Pink Sheet forecasts for June 2023 indicates that the price index for energy commodities (mainly crude oil, coal, etc.) would decrease by 1.8 percent while for non-energy commodities including base metals and minerals (iron ore), it is expected to increase by 0.1 percent. Additionally, agricultural products (beverages and food) are projected to fall by 1.4 percent.

7.2 Gold

The price of gold decreased by 0.4 percent to US\$1,992.13 per ounce during the review month, from US\$1,999.77 per ounce in April 2023. The fall in the price of gold was led by continue expectation of interest rate hikes and increase bond prices in the United States of America. Year-on-year comparison revealed that the price of the commodity increased by 7.8 percent, from the US\$1,848.50 per ounce recorded during the corresponding month in 2022.

7.3 Crude Oil (Petroleum) price

Petroleum price decreased by 10.1 percent to US\$74.12 per barrel in May 2023, from US\$82.46 per barrel in the previous month. This development was driven by increase in the production of the commodity by Russia coupled with weak demand in China. Compared to the price of the commodity in May 2022, petroleum price declined by 32.7 percent, from US\$110.10 per barrel.

7.4 Rubber

Rubber price increased by 1.3 percent to US\$1,560.00 per metric ton, from the US\$1,540.00 per metric ton recorded in April 2023, on account of increase in demand for natural rubber in China and the US. Year-on-year comparison showed that the price of rubber decreased by 24.3 percent, from US\$2,060.00 per metric ton in May 2022.

7.5 Food Price (FAO)

The FAO food price index (FFPI) declined by 2.7 percent to US\$124.3 during the review month, from US\$127.7 in April 2023. The FFPI decrease was caused by major decline in the price indices for vegetable oils, cereals, and dairy products.

7.6 Sugar

The price of sugar rose by 5.7 percent to US\$560.00 per metric ton, from US\$530.00 per metric ton in the previous month. Annual comparison showed the price of sugar increased by 30.2 percent, from US\$430.00 per metric ton in May 2022.

The financial soundness indicators of the Liberian banking system remained favorable during the review period as commercial banks were largely in compliance with most of the regulatory requirements of the CBL. The industry liquidity ratio increased by 2.54 percentage points to 44.58 percent, while the Capital Adequacy Ratio (CAR) remained unchanged at 22.29 percent at end-May 2023. Similarly, Return on Assets (ROA) rose by 0.2 percentage points to 0.79 percent, while Return on Equity (ROE) increased by 0.63 percentage point to 5.88 percent at end-May 2023.

The Government of Liberia's (GoL) fiscal operations improved as the overall balance deficit reduced to 0.1 percent of GDP, from 0.2 percent of GDP in April 2023, mainly on account of increase in revenue which outweighed the growth in government expenditure. The total public debt rose by 1.0 percent to 49.1 percent of GDP at end-May 2023 compared to the debt stock reported at end-April 2023, explained by 2.0 percent increase in external debt.

The merchandise trade deficit narrowed by 53.8 percent to 0.6 percent of GDP in May 2023, while total merchandise trade decreased by 11.4 percent to 5.8 percent of GDP during the review month relative to the preceding month, largely on account of decline in import payments.

Gross International Reserves (GIR) declined by 5.1 percent to 12.5 percent of GDP at end-May 2023 relative to the GIR reported in the previous month, mainly driven by depreciation in Special Drawing Rights (SDRs) Holdings & Reserves. Conversely, the months of import cover rose to 3.9 months, 0.9 month above the ECOWAS minimum regional threshold.

Net personal remittance inflows (including remittances terminated through mobile wallet) increased by 2.4 percent to US\$64.8 million (1.5 percent of GDP) in May 2023 against the amount recorded in April 2023, led by growth in inward remittances. The Liberian dollar depreciated against the US dollar on both average and end-period basis during the review month by 2.4 percent and 2.3 percent to L\$167.19/US\$1.00 and L\$169.10/US\$1.00, respectively, compared to April 2023. This development was driven by high demand for foreign exchange to facilitate payments for imports during the period.

3.0 REAL SECTOR & PRICE DEVELOPMENTS

3.1 Production Analyses of Key Commodities

Real sector's statistics for key production commodities showed mixed performance in May 2023 compared to the preceding month as gold, rubber, and beverages' outputs improved while iron ore, diamond, and cement production declined.

In the mining subsector, gold production rose by 28.9 percent to 47,551 ounces in May 2023 against the preceding month, due mainly to improved mining activity. However, iron ore, and diamond outputs fell by 5.9, and 23.3 percent to 400,000 metric tons, and 3,414 carats, respectively, largely explained by inventory built-up and reduced global demand. Compared with the corresponding period in 2022, iron ore, and diamond outputs declined, while gold production grew during the review month.

For the manufacturing subsector, beverages (alcoholic and nonalcoholic) production significantly grew by 89.3 percent to 1.68 million liters during the review month, from the 0.89 million liters reported in April 2023. This development was on account of increase in the consumption of beverages triggered mostly by events marking the closure of academic activities in the country. Of the total beverages produced, alcoholic beverages accounted for 84.0 percent, while non-alcoholic beverages constituted 16.0 percent. Conversely, cement output fell by 11.2 percent to an estimated 28,039 metric tons, from the 31,558 metric tons produced in April 2023. The weak production performance of the commodity was due to inventory built-up coupled with slowdown in construction-related activities due to the rainy season.

In the agriculture subsector, rubber output rose by 45.0 percent to 7,671 metric tons in May 2023, from the 5,290 metric tons recorded in the previous month. The increase in rubber output was mainly explained by stronger demand which triggered the global price of the commodity during the review period.

3.2 Consumer Prices

Headline inflation increased to 12.2 percent in May 2023, from 9.4 percent in April 2023. This development largely reflected increase in prices of food & non-alcoholic beverages, alcoholic beverages, tobacco & narcotics, housing, water, electricity, gas & other fuels, furnishings, household equipment & routine household maintenance, health, and communication-related items in the Consumer Price Index (CPI) basket. Similarly, on a month-on-month basis, inflation rose by 3.8 percentage points to 4.3 percent, from negative 0.4 percent in the previous month.

Table 7: Exchange Rate Developments in Liberia and the WAMZ Countries

Currency	22-May	23-Mar	23-Apr	23-May	Appr (+)/Depr (-)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
	Currency per USD					
GHC	7.66	11.01	10.95	10.92	0.3	(29.9)
GMD	57.80	61.07	60.71	59.02	2.9	(2.1)
GNF	9,246.02	8,528.85	8,505.43	8,508.26	(0.0)	8.7
LRD	151.15	161.07	163.21	167.19	(2.4)	(9.6)
NGN	445.04	460.45	460.42	460.60	(0.0)	(3.4)
SLL	14.00	20.55	21.72	22.64	(4.1)	(38.2)
Avg Period						
LRD	151.62	162.28	165.13	169.10	(2.3)	(10.3)

Source: CBL, WAMA: 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

Generally, the Commodity Price Index of fuel and non-fuel commodities, and FAO food price index (FFPI) declined in May 2023 by 7.5 percent and 2.7 percent, respectively.

7.1 Iron Ore

The price of iron ore decreased by 10.4 percent to US\$105.15 per metric ton in May 2023, from US\$117.39 per metric ton in April 2023. The decline in the price of the commodity was largely influenced by China's restrictions on steel production. Year-on-year comparison indicated that the price fell by 19.9 percent, from the US\$131.21 recorded in May 2022.

6.3 Personal Remittances

Personal remittance inflows (net), including remittances terminated through mobile wallet, grew by 2.4 percent to US\$64.8 million (1.5 percent of GDP) in May 2023, compared to the US\$63.2 million (1.5 percent of GDP) recorded in April 2023. This development was driven by 4.1 percent increase in inward remittances as outward remittances likewise rose by 20.7 percent during the review month. Inward and outward remittances amounted to US\$64.8 million and US\$7.7 million, from the US\$63.2 million and US\$6.4 million recorded, respectively, in April 2023.

6.4 Gross International Reserves

Gross International Reserves (GIR) moderated by 5.1 percent to US\$539.9 million (12.5 percent of GDP) at end-May 2023, from the US\$569.1 million (13.1 percent of GDP) recorded at end-April 2023. This development was mainly driven by depreciation in Special Drawing Rights (SDRs) Holdings & Reserves. However, the months of import cover grew to 3.9 months, from 3.3 months in April 2023, on account of reduction in payments for imports. Additionally, the months of import cover was well above the ECOWAS minimum regional threshold of 3.0 months by 0.9 (Table 6).

6.5 Exchange Rate Developments

The end-of-period exchange rate showed that the Liberian dollar depreciated against the United States (US) dollar by 2.3 percent to L\$169.10/US\$1.00 in May 2023, from L\$165.13/US\$1.00 rate at end-April 2023. This development was largely due to high demand for foreign exchange to facilitate import payments.

On period average basis, four (4) of the six (6) currencies of member states in the West African Monetary Zone (WAMZ) also depreciated against the US dollar, while two (2) recorded appreciations. The four currencies that depreciated against the US dollar included the Sierra Leonean leone by 4.1 percent; Liberian dollar by 2.4 percent; Guinean franc by approximately 0.01 percent; and the Nigerian naira by about 0.01 percent. However, the Ghanaian cedi and the Gambian dalasi appreciated against the US dollar by 0.3 percent, and 2.9 percent, respectively, in May 2023.

Compared with the corresponding period in 2022, all currencies in the WAMZ depreciated against the US dollars, except the Guinean franc. The leone, cedi, Liberian dollar, naira, and the dalasi depreciated against the US dollar by 38.2 percent, 29.9 percent, 9.6 percent, 3.4 percent, and 2.1 percent, respectively, at end-May 2023. However, the Guinean franc appreciated against the US dollar by 8.7 percent at end-May 2023.

The rise was mainly driven by increase in prices of food & non-alcoholic beverages, clothing & footwear, housing, water, electricity, gas & other fuels, health, and Miscellaneous goods & services subgroups in the CPI basket.

Similarly, core inflation¹ increased by 1.3 percentage points to 11.5 percent in May 2023, from the 10.2 percent recorded in the preceding month. The rise was largely induced by increase in the prices of non-food-related, and non-transport-related items influenced by the continuous depreciation of the domestic currency.

Table 1: Production and Price Statistics

Production	May. -2022	Mar.-2023	Apr.-2023	May. -2023
	<i>(In Metric ton, Ounce, Carat and Liter)</i>			
Iron Ore (Metric ton)	450,000	465,000	425,000	400,000
Gold (Ounces)	41,530	39,823	36,885	47,551
Diamond (Carat)	5,098	10,349	4,449	3,414
Rubber (Metric ton)	7,524	3,250	5,290	7,671
Cement (Metric ton)	48,793	68,133	31,558	28,039
Total Beverages (liter)	1,510,448	1,690,250	888,346	1,681,961
Alcoholic	450,000	465,000	425,000	400,000
Non-Alcoholic	41,530	39,823	36,885	47,551
Inflation	<i>(In percent)</i>			
Overall (Y-o-Y) Rate of Inflation	6.23	6.10	9.43	12.22
a. Food and Non-alcoholic Beverage Inflation	1.17	(5.38)	1.38	8.08
- Domestic Food Inflation	1.14	(15.01)	(5.94)	(0.40)
- Imported Food Inflation	1.03	3.60	7.24	15.76
b. Transport Inflation	13.38	22.89	34.19	34.32
c. Imported Fuels Inflation	35.47	(9.47)	(3.22)	(3.83)
Overall (M-o-M) Rate of Inflation	0.83	1.07	(0.39)	3.40
Core Inflation				
Inflation excluding Food & NAB ¹	8.74	11.54	12.97	14.12
Inflation excluding Imported Food	7.30	6.53	9.79	11.53
Inflation excluding Domestic Food	7.75	9.63	11.34	14.05
Inflation excluding Food and Transport	8.16	9.94	10.22	11.48
Annual Gross Domestic Product (GDP)²				
Nominal (NGDP) (in millions US\$)	3,974.4	4,331.6	4,331.6	4,331.6
RGDP growth (in percent)	4.8	4.6*	4.6*	4.6*

Sources: AML, MLME, FSL, CEMENCO, LCCBC, RITCO, NICOM, MB, CEMENCO, CBL & LISGIS.

¹/ Non-alcoholic beverages

²/ GDP was revised following the IMF- ECF review mission in April 2021

± - Not Available (na) * - estimate

† - revise

4.0 MONETARY DEVELOPMENTS

4.1 Monetary Policy Stance

The CBL's monetary policy stance continues to be 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 17.5 percent.

4.2 Monetary Aggregates

Monetary aggregate statistics showed that broad money (M2) supply grew by 6.7 percent to L\$178.42 billion at end-May 2023, from the L\$167.16 billion recorded at end-April 2023. This development, on the liability side, was mainly driven by 11.7 percent and 11.0 percent increases in time & savings, and demand deposits, respectively. Similarly, on the asset side, the increase was largely due to 27.5 percent growth in net foreign asset (NFA) and 4.4 percent increase in net domestic asset (NDA). Additionally, the stock of Liberian dollars in circulation moderated to L\$26.21 billion at end-May 2023, from the L\$26.45 billion recorded at the end of the previous month. This development was triggered by 0.9 percent and 0.4 percent declines in currency outside banks, and currency in banks, respectively. Currency outside banks decreased to L\$23.56 billion, from L\$23.79 billion at end-April 2023, while currency in banks fell to L\$2.64 billion, from the L\$2.66 billion recorded in the previous month.

Commercial banks' loans extended to various sectors of the economy in both currencies decreased during the review month. Loans denominated in Liberian dollars fell by 0.4 percent to L\$5,047.88 million, on account of decreases in loans to the extractive, trade, and personal individual subsectors by 55.17 percent, 15.06 percent, and 8.55 percent, respectively. Additionally, the US dollars denominated loans reduced by 1.2 percent to US\$454.42 million, induced by reduction in loans advanced to the personal, construction, and oil & gas subsectors by 16.2 percent, 3.1 percent, and 1.1 percent, respectively.

Sectoral distribution of commercial banks' credits showed that loans extended to extractive, trade, and individual subsectors accounted for 53.3 percent of the total Liberian dollar denominated credits to the private sector. Additionally, personal, construction, and oil & gas subsectors constituted 32.1 percent of total United States dollar denominated credits to the private sector.

All deposits converted to Liberian dollars (as a percent of GDP) rose by 1.1 percentage point to 21.1 percent at end-May 2023, from the 20.0 percent reported in the previous month. The growth was largely explained by increases in demand, and time & savings deposits.

Direction of Trade (DOT)				
Destination of Export	102.7	85.7	110.1	113.3
Africa	6.4	2.6	1.2	1.1
o/w ECOWAS	2.6	2.5	1.1	0.1
o/w Neighboring Countries	2.4	0.1	0.6	0.1
Asia	2.6	7.9	0.8	2.8
o/w The Middle East	0.1	4.5	0.3	1.6
o/w United Arab Emirate	0.1	3.6	0.3	0.4
then China	-	-	0.1	0.0
Europe	84.3	71.6	103.5	102.0
o/w Euro Zone	-	4.0	0.3	5.4
o/w The United Kingdom	-	4.0	0.3	5.4
Switzerland	63.9	42.6	59.8	78.1
North America & The Caribbean	9.3	3.5	4.5	7.4
o/w USA	9.3	3.5	4.5	7.0
Sources of Import (cif)	93.94	156.70	170.34	138.73
Africa	11.59	53.65	71.64	46.07
o/w ECOWAS	3.68	46.95	66.79	36.01
o/w Neighboring Countries	1.51	47.82	67.29	36.12
o/w Cote D Ivoire	-	44.35	64.90	33.68
Asia	58.49	77.34	72.86	66.20
o/w The Middle East	9.85	-	-	-
o/w United Arab Emirate	4.77	4.71	1.86	5.89
o/w China	24.29	23.35	26.45	22.66
o/w India	12.08	26.15	28.64	19.56
Europe	15.07	16.98	14.88	14.49
o/w Europe Zone	9.22	12.22	12.48	12.00
o/w The United Kingdom	2.03	2.63	6.39	3.43
o/w Spain	0.69	2.91	0.78	0.76
North America & The Caribbean	5.40	5.17	4.66	6.35
o/w USA	5.08	4.79	4.27	6.13
South & Central America	3.16	3.40	6.11	5.48
o/w Brazil	2.40	2.74	4.82	4.61
o/w Argentina	0.13	0.27	0.35	0.27
Oceania	0.23	0.15	0.18	0.15
o/w Australia	0.12	0.11	0.09	0.13

6.2 Direction of Trade (DOT)

The main destination of Liberia's exports in May 2023 was Europe, which accounted for US\$102.0 million worth of the export proceeds, of which Switzerland accounted for US\$78.1 million. For the sources of imports to Liberia, Asia and Africa were the two main regions accounting for US\$66.2 million and US\$46.1 million, respectively. Imports from Cote d'Ivoire, India, and China amounted to US\$33.7 million, US\$19.6 million, and US\$22.7 million, respectively, during the review month.

Table 6: External Sector Statistics

External Trade (Value)	May - 22	Mar- 23	Apr- 23	May- 23
	(Millions of US\$; Except Otherwise Indicated)			
Exports ¹	102.74	107.13	109.64	110.66
Iron Ore	17.89	28.07	38.11	22.70
Rubber	10.41	3.77	9.49	7.76
Gold	64.03	60.97	60.83	78.20
Diamond	2.36	2.51	1.11	1.99
Cocoa Bean	0.11	0.04	0.09	-
Palm Oil	7.26	0.14	0.01	0.00
Other Commodities	0.69	11.64	0.00	0.00
Imports (CIF) ^{1†}	93.94	156.70	170.34	138.73
Minerals, Fuel, Lubricants	7.47	50.63	71.98	42.45
o/w Petroleum Products	-	44.23	64.90	29.26
Food and Live Animals (incl. Animal and veg. oil)	21.52	38.68	35.85	27.50
o/w Rice	0.17	17.65	19.77	9.46
Machinery & Transport Equipment	27.77	40.40	26.31	36.35
Manufactured goods classified by materials	13.46	13.07	18.12	13.91
Other categories of imports	23.72	13.92	18.09	18.52
Trade Balance	8.8	(49.57)	(60.70)	(28.07)
Total Trade	196.68	245.47	281.47	249.39
External Trade (Volume)				
Rubber (MT)	7,524.21	3,249.84	8,317.75	5,121.80
Iron Ore (MT)	218,148.43	453,312.81	445,319.62	269,035.38
Cocoa Beans (MT)	475.00	13.6400	30.35	-
Palm Oil (MT)	6,401.00	140.00	8.16	1.15
Gold (Oz)	41,423.98	28,559.00	38,326.65	47,551.41
Diamond (Crt)	5,097.77	10,348.65	4,449.35	3,413.92
Petroleum Products (MT)	7,524.21	3,249.84	8,317.75	5,121.80
Rice (MT)	366.3793	37079.83	39461.08	18549.02
Other Indicators				
Net Foreign Reserves Position	337.48	324.97	313.73	290.27
Import (CIF)	79.12	144.66	156.83	126.39
Gross International Reserves (GIR) ¹	604.26	579.98	569.07	539.95
Import covers (In Month) [†]	6.4	3.7	3.3	3.9
Personal Remittances				
Inflows	49.78	72.93	69.61	72.48
Outflows	6.95	5.53	6.40	7.72
Net Inflows	42.83	67.40	63.21	64.76

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	May. - 22	Mar. - 23	Apr. - 23	May. -23
	<i>In Millions of LD; Except Otherwise Indicated</i>			
Liberian Dollars in Circulation - (LD)	22,733.90	25,671.21	26,450.89	26,213.82
-o/w Currency in banks (LD)	3,129.82	2,878.05	2,660.93	2,649.20
Money Supply (M1) in LD only	32,870.66	40,877.14	40,149.41	41,523.70
Quasi Money in LD only	6,993.02	7,185.22	7,513.56	7,876.02
Broad money (M2) in LD only	40,135.84	48,243.56	47,743.29	48,767.14
Broad money (M2) (both LD and USD Converted to LD)	142,460.10	165,056.48	167,163.87	178,416.43
Net Foreign Assets (NFA) – LD	26,557.32	18,291.74	17,156.39	21,871.78
Net Domestic Assets (NDA) – LD	115,902.78	146,764.74	150,007.48	156,544.65
Currency Outside Banks – LD	19,604.08	22,793.16	23,789.96	23,564.62
Demand Deposit – LD	78,651.53	92,725.71	94,533.84	104,954.79
Time & Savings Deposits – LD	43,680.53	49,016.78	44,275.35	49,458.79
Other Deposits – LD	523.96	520.84	4,564.73	438.23
Loans to Private Sector				
Commercial banks loans to private sector- USD	445.47	455.36	459.92	454.42
Commercial banks loans to private sector - LD	5,358.27	4,974.32	5,068.67	5,047.88
Demand Deposits of commercial Banks				
Demand deposits – USD	431.25	459.96	473.40	514.47
Demand deposits – LRD	13,266.58	18,083.98	16,359.45	17,959.08
Time & savings deposits – USD	241.97	257.78	222.62	245.91
Time & savings deposits – LRD	6,993.02	7,185.22	7,513.56	7,876.02
Other Deposits**				
Actual US\$ component of other Deposits	1.66	2.09	27.16	2.09
Liberian \$ component of other Deposits	272.16	181.20	80.32	84.39
Total Deposits both (USD & LRD) converted to LRD ¹	122,856.02	142,263.32	143,373.92	154,851.81
Liberian Dollar share of Broad Money	28.17%	29.23%	28.56%	27.74%

[‡] - Reserves excluding ECF borrowing from the IMF;

* - estimate/projection

** - Other Deposits Including Official and Manager Checks;

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

4.3 FINANCIAL MARKET (FM) DEVELOPMENTS

In May 2023, financial markets activities showed the continuous issuance of CBL bills in support of the Bank's monetary policy objectives. The bills were issued with tenors of 2-weeks, 1-month, and 3-months at the monetary policy rate of 17.5 percent with an upper band of plus 500 basis points for standing credit facility.

The total CBL bills issued during the month increased by 11.2 percent to L\$6,171.00 million, from the L\$5,551.40 million issued in April 2023. The amount issued constituted a 71.2 percent of the total offered amount of L\$8,663.00 million, from the L\$7,959.27 million offered in the preceding month. The increased subscription of the bills resulting from its regular issuance and redemption reflects rise in public confidence in the monetary policy instrument. The total redemption for the month decreased by 20.3 percent to L\$5,235.00 million compared to the preceding month. Additionally, the total outstanding CBL bills grew by 12.8 percent to L\$8,221.00 million, from L\$7,285.06 million in the preceding month. Certainly, the performance of the CBL bill served its purpose by supporting the management of Liberia dollar liquidity in the economy during the review month.

There was no new issuance of US dollar Treasury bill by CBL on behalf of the GoL. However, the outstanding T-bills securities remained US\$110.82 million at end-May 2023, while US dollar Treasury bond stood at US\$46.50 million. Additionally, the outstanding Liberian dollars Treasury bills remained L\$7,957.60 million at end-May 2023 as there was no new issuance during the review period.

The average lending, savings, and time deposit rates were unchanged at 12.4 percent, 2.1 percent, and 3.5 percent in May 2023, respectively, relative to the previous month. However, money markets instruments such as repo were not traded during the month. In the interbank operations, commercial banks continued to trade with only non-interest-bearing swaps to ease the liquidity disparity among banks for their international and intra-country transactions (Table 3).

Overall Balance (Surplus+; Deficit -)	14.92	(4.79)	(9.44)	(2.37)	-
Total Debt Stock	1,862.43	2,021.34	2,106.15	2,126.55	0.97
o/w Domestic	779.98	884.86	961.06	960.93	(0.01)
o/w Financial Institutions	708.82	827.93	833.25	833.25	-
o/w Other Debts	71.16	56.93	127.81	127.69	(0.09)
o/w External	1,082.45	1,136.47	1,145.10	1,165.62	1.79
o/w Multilateral	969.21	1,024.33	1,032.95	1,053.47	1.99
o/w Bilateral	113.24	112.14	112.14	112.14	-
Memo Items					
Government Revenue (% of GDP)	2.60	1.17	1.33	1.83	-
Government Expenditure (% of GDP)	2.23	1.28	1.55	1.88	-
Total Debt Stock (% of GDP)	46.87	46.66	48.62	49.09	-
NGDP (at Level)	3,974.4	4,331.60	4,331.60	4,331.6	-

Source: CBL calculation using MFDP's data

*Projections

6.0 EXTERNAL SECTOR DEVELOPMENTS

6.1 Merchandise Trade

Developments in the external sector showed that the merchandise trade deficit narrowed by 53.8 percent in May 2023, while total trade decreased by 11.4 percent against the amount reported in the previous month. The merchandise trade deficit reduced to US\$28.1 million (0.6 percent of GDP), from US\$60.7 million (1.4 percent of GDP) in April 2023, mainly on account of decline in import payments. Similarly, total merchandise trade declined to US\$249.4 million (5.8 percent of GDP) from US\$281.5 million (6.5 percent of GDP), due to reduction in payments for imports.

Export earnings increased by 0.9 percent to US\$110.7 million (2.6 percent of GDP) in May 2023, from US\$109.6 million (2.5 percent of GDP) in the previous month, primarily driven by a 28.6 percent increase in export receipts from gold. Payments for merchandise imports decreased by 18.6 percent to US\$ 138.7 million (3.2 percent of GDP), from US\$ 170.3 million (3.9 percent of GDP) recorded in the preceding month, due to decrease in payments for minerals, fuel, & lubricants (mainly petroleum products), food & live animals (including animals & vegetable oil) and manufactured good classified chiefly by materials.

Total government expenditure grew by 21.5 percent amounting to US\$81.6 million (1.9 percent of GDP) relative to the preceding month. The increase reflected growth in current, and capital expenditures as well as a rise in payments on loans, interest & other charges. Current expenditure totaled US\$69.3 million (1.6 percent of GDP) while payments on loans, interest & other charges amounted to US\$5.0 million (0.1 percent of GDP). Similarly, capital spending increased by 43.0 percent to US\$7.3 million (0.2 percent of GDP) during the review month.

5.2 Total Public Debt

Liberia's stock of public debt grew by 1.0 percent to US\$2,126.6 million (49.1 percent of GDP) at end-May 2023 compared to the stock of US\$2,106.2 million (48.6 percent of GDP) reported at end-April 2023. This development was on account of a 2.0 percent increase in external debt amidst a slight decline in domestic debt. The stock of domestic and external debts amounted to US\$960.9 million (22.2 percent of GDP) and US\$1,165.6 million (26.9 percent of GDP), respectively, at end-May 2023.

Table 5. GOL's Fiscal Operations Statistics

Fiscal Operations	May-22	Mar-23	Apr-23	May-23	M-O-M
	(Millions of USD)				(% Change)
Government Revenue	103.49	50.57	57.73	79.22	37.24
<i>o/w Tax Revenue</i>	41.45	39.38	51.42	42.91	(16.55)
o/w Taxes on Income & Profits	16.44	18.50	30.53	20.93	(31.44)
o/w Taxes on Int'l Trade (Customs)	19.03	14.16	14.43	16.54	14.66
<i>o/w Non-tax Revenue</i>	12.04	11.18	6.31	11.32	79.40
o/w Property Income	10.52	9.33	4.32	9.08	110.20
o/w Administrative Fees & Penalties	1.52	1.86	1.99	2.24	12.49
<i>o/w Other Revenue (Including Grants)</i>	50.00	-	-	25.00	-
Government Expenditure	88.57	55.36	67.17	81.59	21.47
o/w Current Expenditure	81.21	45.55	59.77	69.32	15.98
o/w Compensation	51.62	15.75	25.39	26.41	4.02
o/w Goods and Services	15.89	21.71	27.68	35.23	27.29
o/w Capital Expenditure	0.79	6.95	5.08	7.26	43.02
o/w Payments on Loans, interest & other charges	6.57	2.86	2.32	5.00	115.64

Table 3: Financial Market and Interest Rates Statistics

Market Instruments (CBL indexed Bills)	May- 22	Mar. - 23	April -23	May-23
	<i>(In Millions of Liberian Dollar)</i>			
Bills Purchased per month on coupon basis	00.0	0.00	0.00	0.00
Redemption during the month (coupon rate)	00.0	0.00	0.00	0.00
Bills (Index) outstanding on coupon basis	00.0	0.00	0.00	0.00
Coupon rate on Index Bill (in %)	na	Na	na	na
Bills Purchased per month on EAR basis	3,791.83	7,704.78	5,551.40	6,171.00
Redemption during the month (EAR basis)	3,791.83	7,025.92	6,566.34	5,235.00
Bill Outstanding (EAR basis)	7,000.00	8,300.00	7,285.06	8,221.00
Effective Annual Rate (EAR)	20.00	15	15	15
Total Purchases (coupon rate & EAR)	3,791.83	7,704.78	5,551.40	6,171.00
Total Redemption (coupon rate & EAR)	3,791.83	7,025.92	6,566.34	5,235.00
Total Outstanding Bills (coupon rate & EAR)	7,000.00	8,300.00	7,285.06	8,221.00
CBL Foreign Exchange Auction¹	<i>(In Millions of United States Dollar)</i>			
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	<i>(In Millions of Liberian Dollar)</i>			
T- Bills Issued (in LD)	0.00	0.00	0.00	0.00
T- Bills Redeemed (in LD)	0.00	290.00	0.00	0.00
T-Bills Outstanding	2,437.72	7,957.60	7,957.60	7,957.60
Net Treasury Bills Operations[^] withdrawal (+)/Injection (-)	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	5.00	10.00	10.00	10.00
T- Bills Issued (In USD)	2.00	2.00	0.00	0.00
T- Bills Redeemed (Principal or Interest) (In USD)	0.07	1.38	0.00	0.00
T-Bills Outstanding (Repayment principal and interest)	45.59	110.82	110.82	110.82
Ave. Weighted Discount Rate (T-Bills)	7.00	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	0.00	0.00	0.00

Coupon Payment	0.00	0.00	0.00	0.00
Outstanding coupon on Treasury Bond	0.00	0.00	0.00	0.00
Early Redemption	0.00	0.00	0.00	0.00
Coupon rate (%)	16.00	0.00	0.00	0.00
Treasury Bond Issued (USD)	0.00	0.00	0.00	0.00
Treasury Bond Principal Payment	0.00	0.71	0.91	0.00
Treasury Bond Outstanding (In USD) (Coupon and Principal)	49.54	47.41	46.50	46.50
Coupon Payments (USD)	0.00	0.00	0.00	0.00
Total T-Bond Outstanding (Coupon & Principal In USD)	49.54	0.00	0.00	0.00
	<i>(As specified)</i>			
SCF rate	25.00	17.5	17.5	17.5
SCF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight rate	0.00	0.07	0.07	0.07
SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
	<i>(As specified)</i>			
<i>Interest Rates</i>				
- Lending rate	12.44	12.44	12.44	12.44
<i>Average Deposit rates</i>				
-Savings	2.10	2.10	2.10	2.10
-Time	3.53	3.53	3.53	3.53
<i>Money Markets Instrument (In percent)</i>				
Repo	5.50	0.00	0.00	0.00
Swap lending	6.00	0.00	0.00	0.00

Source : CBL

^ - with Liquidity Effect

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

/2 – Treasury Bill issued and redeemed during the month were in US Dollar

4.4 BANKING SECTOR DEVELOPMENTS

The banking industry considerably remained in compliance with the sector's regulatory requirements during the month under review. The industry's liquidity ratio increased by 2.54 percentage points to 44.58 percent against the liquidity ratio reported at end-April 2023. This showed that the industry's liquidity ratio remained above the minimum regulatory requirement of 15.0 percent by 29.58 percentage points. Additionally, the Capital Adequacy Ratio (CAR) remained constant for the period under review as it remained above the minimum regulatory requirement of 10.0 percent by 12.29 percentage points. Return on Assets (ROA) increased by 0.2 percentage points to 0.79 percent, while Return on Equity (ROE) grew by 0.63 percentage points to 5.88 percent at end-May 2023.

Total gross loans grew by 0.46 percent to L\$82.13 billion in May 2023, from the L\$81.75 billion reported in the previous month. The ratio of non-performing loans to total loans reduced by 2.34 percentage points to 15.77 percent during the month under review against the 10.0 percent regulatory tolerable limit.

Table 4: Selected Financial Soundness Indicators (FSIs)

Financial Soundness Indicators	May. - 22	Mar. - 23	Apr. - 23	May - 23
	<i>(In Billions of Liberian Dollar)</i>			
Total Gross Loans	75.12	79.33	81.75	82.13
Total Non-performing Loans	18.08	12.83	15.11	12.95
Non-performing Loans to Total Gross Loans (ratio)	24.07	16.36	18.11	15.77
Gross Loan (percent change)	(2.37)	2.43	3.05	0.46
Non-performing Loans (percent change)	(8.35)	(1.38)	17.77	(2.34)
Returns on Assets (ROA)	1.10	0.48	0.59	0.79
Returns on Equity (ROE)	7.03	3.59	4.25	5.88
Liquidity Ratio***	44.28	44.55	42.04	44.58
Capital Adequacy Ratio (CAR)****	25.75	26.75	22.29	22.29

Source : CBL

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

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

5.0 FISCAL SECTOR DEVELOPMENTS

5.1 Total Revenue and Expenditure

Provisional statistics showed that GOL fiscal operations recorded an improvement in the Overall Balance (OB) as it narrowed by 74.9 percent to a deficit of US\$2.4 million (0.1 percent of GDP) in May 2023, from US\$9.4 million (0.2 percent of GDP) deficit in April 2023. The improvement was on account of an increase in total revenue which outweighed the growth in government expenditure.

Total revenue increased by 37.2 percent to US\$79.2 million (1.8 percent of GDP) in May-2023, from US\$57.7 million in the preceding month. This development was due to an increase in non-tax revenue as well as other revenues (including grants) amidst a reduction in tax revenue. Non-tax revenue grew by 79.4 percent to US\$11.3 million (0.3 percent of GDP), while other revenue (including grants) amounted to US\$25.0 million (0.6 percent of GDP). Conversely, tax revenue decreased by 16.6 percent to US\$42.9 million (1.0 percent of GDP), driven by 31.4 percent decline in income & profit tax.