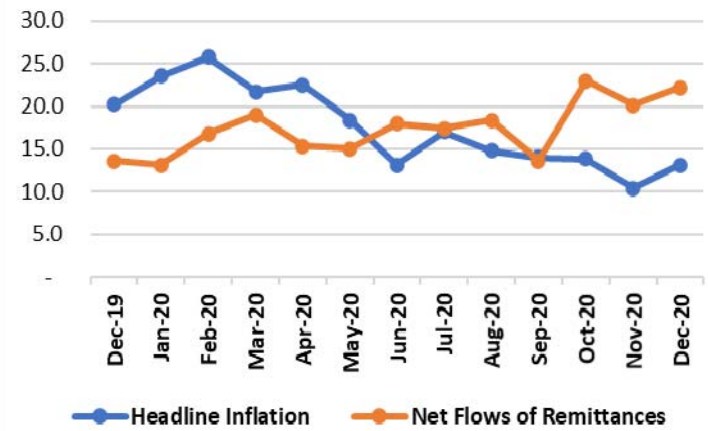




CENTRAL BANK OF LIBERIA



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

The Director
Research, Policy & Planning Department
Central Bank of Liberia
P. O. Box 2048

Ashmun & Lynch Streets, Monrovia, Liberia
Contacts: +231-880-649103/886-246587/555-960556
Email: jkambo@cbl.org.lr

Cocoa beans

The price of cocoa beans increased by 2.6 percent to US\$2,410.0 per metric ton during the month compared to the preceding months on account of demand uncertainties for the commodity in Europe and North America. However, annual comparison of the price of cocoa beans showed a decline of 1.2 percent, from US\$2,440.0 per metric ton recorded in December 2019.

Table 8: Global Commodity Prices

GLOBAL PRICE	Dec - 19	Oct - 20	Nov- 20	Dec - 20	Percent Change	
					MoM	YoY.
	(In price per Unit of Measure)					
Iron ore (US\$/MT)	92.65	119.78	124.36	155.40	25.00	67.73
Gold (US\$/Oz)	1,479.13	1,900.27	1,866.30	1,858.00	(0.44)	25.61
Rubber (US\$/MT)	1,660.00	2,190.00	2,300.00	2,330.00	1.30	40.36
Cocoa Beans (US\$/MT)	2,440.00	2,290.00	2,350.00	2,410.00	2.55	(1.23)
Palm oil (US\$/MT)	769.73	819.27	917.81	1,016.00	10.70	31.99
Crude oil (US\$/BBL)	63.35	39.90	42.30	48.70	15.13	(23.13)
Food Price Index (FAO)	101.00	101.00	105.00	107.50	2.38	6.44
Rice_5% broken (US\$/MT)	432.00	471.00	489.00	520.00	6.34	20.37
Sugar (US\$/MT)	300.00	300.00	310.00	310.00	0.00	3.33
Commodity Price Index	119.99	110.72	115.08	97.40	(15.36)	(18.83)

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

GLOBAL COMMODITY PRICE DEVELOPMENTS**Iron ore**

The price of iron ore increased by 25.0 percent in December 2020, to US\$155.4 per metric ton. The rise was occasioned by increase in demand for the commodity resulting from recovery in demand for steel amid supply constraint from Brazil. Compared with the price in the corresponding month of 2019, iron ore price increased by 67.7 percent.

Rubber

Rubber price increased slightly by 1.3 percent to US\$2,330.0 per metric ton compared with the price in the preceding month. The performance was mainly due to weak supply in the face of increased demand occasioned by expansion in the production of rubber products. The price increased by 40.4 percent compared with the US\$1,660.0 per metric ton reported for December 2019.

Crude oil (Petroleum) price

The price of petroleum rose in December 2020 by 15.1 percent to US\$48.7 per barrel due to increase in demand induced by inventory drawdown. Annual comparison showed that the price of petroleum fell by 23.1 percent, from the price in December 2019.

Food Price (FAO)¹

The price of food, based on FAO food price index, showed an increase of 2.4 percent in December 2020, compared with the November 2020 index. The persistent rise in food price index during the month was on account of increases in the prices of mainly vegetable oil, cereals, dairy and meat. Food price rose by 6.4 percent compared with the price in December 2019.

Sugar

Compared to the preceding month, the price of sugar remained stable at US\$310.0 per metric ton. Despite unfavorable weather condition experienced in previous month, Brazil and India did not make any substantial change in the supply of sugar during the period. On the other hand, the price of sugar increased by 3.3 percent, from US\$300.0 per metric ton in December 2019.

Rice

Rice price rose further by 6.3 percent in December 2020 to US\$520.0 per metric ton, mainly underpinned by low supply of the commodity from part of Asia. Similarly, annual comparison of the price of the commodity showed 20.4 percent increase, from US\$432.0 per metric ton.

Palm oil

Palm oil price rose by 10.7 percent to US\$1,016.0 per metric ton compared to the preceding month. The increase was underpinned by a sharp reduction in supply from major producing countries, partly explained by rise of export duties by Indonesia on the commodity. Year-on-year comparison of the price of palm oil reflected 32.0 percent rise, from US\$769.7 per metric ton in December 2019.

TABLE OF CONTENTS

PAGE

Introduction	1
Overview	1
Real Sector and Price Developments	2
Production Analysis of Key Commodities	2
Consumer Prices	2
Monetary Developments	3
Monetary Policy Stance	3
Monetary Aggregates	3
Financial Market Developments	4
Banking Sector Developments	6
Fiscal Sector Developments	7
External Sector Developments	8
Merchandise Trade	8
Direction of Trade	9
Remittances	9
Gross International Reserves and Months of Import Cover	10
Exchange Rates Developments	10
Global Commodity Price Developments	11

TABLE

Table 1: Production and Price Statistics	3
Table 2: Monetary Aggregates Statistics	4
Table 3: Financial Market and Interest Rates Statistics	5
Table 4: Selected Financial Soundness Indicators, FSIs	6
Table 5: Fiscal Sector Statistics	7
Table 6: External Sector Statistics	8
Table 7: WAMZ Countries End-of-Period Exchange Rates	10
Table 8: Global Prices	12

INTRODUCTION

The Monthly Economic Review (MER) is a regular publication of the Central Bank of Liberia (CBL) that provides a snapshot of major economic developments in key sectors (Real, Monetary, Fiscal and External) of Liberia. The MER also highlights the Monetary Policy Stance of the CBL and exchange rate developments in the West African Monetary Zone (WAMZ).

OVERVIEW

Production statistics of key commodities in December 2020 showed improvement. Production of gold, diamond, iron ore, cement, rubber, and beverage increased. Headline inflation for the month rose due to increases in the prices of domestic food items as well as housing, water, electricity, gas (including other fuels), and restaurants and hotels related items. Core inflation,¹ similarly rose during the review period.

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During the month, the CBL maintained its monetary policy stance on price stability to manage Liberian dollar liquidity. The CBL bills and the reserve requirement were the main monetary policy instruments used to manage the liquidity and exchange rate.

Movements in broad money supply (M2) was influenced by both the asset and liability categories during the month. From the asset category, M2 grew due to increases in both the Net Domestic Assets (NDA) and Net Foreign Assets (NFA), while on the liability side, the rise in M2 was largely due to upticks in time and savings deposits as well as demand deposits. Most of the indicators of the banking industry were generally in compliance with regulatory requirements. However, Return on Assets (ROA) and Return on Equity (ROE) declined, while Capital Adequacy Ratio and Liquidity Ratio increased and remained above the regulatory thresholds by 20.9 percentage points and 21.8 percent, respectively.

GOL's fiscal operations during the month resulted to a surplus of US\$27.3 million, occasioned by increased Government revenue. The stock of public debt slightly rose during the month largely on account of increase in external debt position.

Developments relating to Liberia's external trade showed worsened deficit in merchandise trade balance on account of surge in payments for imports, including food and live animals (including animals and vegetable oil). Similarly, earnings from exports increased by 11.9 percent occasioned mainly by increase in receipts from exports of gold.

The rise in net inflow was mainly explained by growth in inward remittances. In the month of December, both inflows and outflows rose by US\$5.5 million to US\$31.0 million and US\$3.4 million to US\$8.8 million, respectively.

Gross International Reserves

Gross international reserves (GIR) grew by 5.2 percent to US\$294.4 million, from the stock reported in November 2020. The rise in GIR during the month was offset by an increase in payments for mainly goods. The months of import; however, remained stable at an estimated 2.4 months. Compared with the ECOWAS benchmark of 3.0 months, the months of import cover recorded a shortfall of 0.6 month (same as the previous month) below the regional threshold (Table 6).

EXCHANGE RATE DEVELOPMENTS

The end-of-period (EOP) exchange rate showed that the Liberian dollar depreciated against the US dollar by 4.1 percent to L\$164.22/US\$1.00 at end December 2020. In terms of the period average exchange rate, the Liberia dollar marginally appreciated to L\$161.55/US\$1.00 in the month of December 2020, from L\$162.79/US\$1.00 recorded in November 2020. The low volatility in the exchange rate was partly attributed to the CBL's liquidity management and net inflow of remittances.

Considering the EOP exchange rate, developments in the foreign exchange market of the West African Monetary Zone (WAMZ) at end-December 2020 showed that, except the Nigerian Naira that stabilized at NGN379.50/US\$1.00, the other currencies in the Zone depreciated. The Guinean Franc depreciated by 1.0 percent, the Gambian Dalasi by 0.9 percent, the Sierra Leonean Leone by 0.7 percent and the Ghanaian Cedi by 0.2 percent. Annual comparison showed that except the Gambian Dalasi and the Liberian dollar that appreciated, all the WAMZ currencies depreciated against the United States dollar. The highest annual and lowest depreciations were reported for the Nigerian Naira by 19.3 percent and the Ghanaian cedi by 3.2 percent, respectively (Table 7).

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

Rate & Currency	Dec - 19	Oct - 20	Nov- 20	Dec - 20	Appr (-)/Depr (+)	
					MoM	YoY
Exchange Rate	LD/USD				Percent change	
End of Period	187.93	181.45	157.53	164.22	(4.07)	14.44
Period Average	188.39	193.23	162.79	161.55	0.77	16.61
WAMZ Currency	Currency per USD				Percent change	
GHC	5.54	5.71	5.71	5.72	(0.17)	(3.15)
GMD	50.61	51.69	50.00	50.44	(0.87)	0.34
GNF	9,375.52	9,755.59	9,829.12	9,930.56	(1.02)	(5.59)
NGN	306.46	379.50	379.50	379.50	0.00	(19.25)
SLL	9,712.45	9,962.20	10,024.02	10,091.68	(0.67)	(3.76)

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

Trade Statistics	Dec - 19	Oct - 20	Nov- 20	Dec - 20
Other Indicators	80.98	99.27	85.67	99.21
Import (FOB)	252.36	280.89	279.87	294.40
Gross International Reserves (GIR) ²	27.51	40.39	36.23	0.05
Import covers (In Month)	2.3	2.4	2.4	2.4
Direction of Trade (DOT)	(Millions of USD)			
Destination of Export	61.27	57.64	63.70	71.25
o/w Switzerland	16.74	18.68	13.70	23.73
o/w France	10.18	11.07	14.70	18.03
o/w Germany	3.74	8.66	2.95	8.64
o/w Poland	2.64	3.82	7.71	7.62
Sources of Import	80.98	99.27	85.67	99.21
o/w China	19.63	18.31	9.98	16.89
o/w India	17.32	24.12	16.50	15.23
o/w Cote d'Ivoire	15.13	17.81	22.34	11.98
o/w United States	3.72	4.59	4.61	7.85
o/w Turkey	3.17	4.33	3.95	7.83
Personal Remittances	(Millions of USD)			
Inflows		29.89	25.54	31.00
Outflows		6.86	5.43	8.78
Net flows		23.03	20.11	22.22

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

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

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

¹* As of July 2020, import payments will be reported on CIF basis, while Sources of Import will be on FOB basis

† - Revised

Direction of Trade

In the month of December 2020, four countries were the main destinations of Liberia's exports including Switzerland, France, Germany, and Poland. Exports to Switzerland (mainly gold) rose by US\$10.0 million to US\$23.7 million, from US\$13.7 million recorded in the previous month. Exports to France (mainly iron ore) also increased by 22.7 percent to US\$18.0 million, from US\$14.7 million. Similarly, exports to Germany (mainly iron ore) more than doubled relative to the preceding month. In contrast, exports to Poland (predominantly iron ore) declined marginally by 1.2 percent during the month.

On the other hand, the main sources of imports to Liberia were India, China, Cote d'Ivoire, United States (US) and Turkey. Imports from India (mostly food items and building materials) increased by US\$6.9 million to US\$16.89 million. Payments to USA and Turkey for the purchase of mainly machinery and transport equipment rose from US\$3.2 million and US\$3.9 million to US\$7.9 million and US\$7.8 million, respectively. On the other hand, payments to Cote d'Ivoire (mainly for petroleum products) contracted by US\$10.4 million to US\$12.0 million, consistent with the reduction in payment for petroleum products. Similarly, imports from China dropped by US\$1.3 million to US\$15.2 million at end of the review month.

Remittances

The net inflows of personal remittances amounted to US\$22.2 million (0.7 percent of GDP) in December 2020 from US\$20.1 million (approximately 0.7 percent of GDP) reported in the preceding month.

Gross international reserves (GIR) rose during the month compared to the stock reported in November 2020 mainly on account of foreign liquid assets of the bank. However, the months of import cover remained flat at 2.4 months, reflecting a shortfall of 0.6 month below the regional threshold of 3.0 months.

During the month, net inflow of personal remittances increased compared to the preceding month, predominantly explained by performance of inward remittances. Inward remittances rose by US\$5.5 million, from the previous amount, while outward remittances increased by about US\$3.4 million to US\$8.8 million.

Analysis of the period average exchange rate showed that the Liberian dollar appreciated against the US dollar, while the end of period exchange rate showed depreciation of the Liberian dollar against the US dollar compared with the rates reported in November 2020.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

Production statistics of key commodities for December 2020 showed improvement as output of all major commodities increased. In the mining sector, gold output rose by 40.4 percent to 15,377.0 ounces in the month, from 10,949.0 ounces in the preceding month due to increase mining activities. Iron ore output also increased by 3.8 percent to 488,000.0 metric tons, from 470,000 metric tons produced last month owing to continued favourable mining conditions induced by dry season. Similarly, diamond output rose by 2,420.0 carats to 5,526.0 carats, from 3,106.0 carats reported in November 2020.

Regarding the manufacturing subsector, cement production increased by 11.7 percent to 36,686.0 metric tons, from 32,837.0 metric tons produced in the previous month on account of increased demand resulting from heightened construction activities. Beverages production also increased by 18.3 percent to 1.4 million liters, from 1.2 million liters to meet demand during the festive season. Similarly, output of rubber grew by 2,295.0 metric tons to 8,445.0 from a revised 6,150.0 metric tons in the previous month, due to increased harvest from the largest producer of the commodity. Compared with the corresponding month in the year 2019, outputs of all key commodities increased.

Consumer Prices

Headline inflation for December 2020 rose by 2.7 percentage points to 13.1 percent, from 10.4 percent in the previous month. The increase in headline inflation was due largely to development in the prices of domestic food items and items relating to housing, water, electricity, gas and other fuels, as well as restaurants and hotels. Similarly, core inflation¹ increased by 3.7 percentage points to 12.5 percent in the month, from 8.7 percent reported in November 2020. The rise in core inflation was explained by increases in the prices of items relating to housing, water, electricity, gas, and other fuels, as well as restaurants and hotels. Month-on-month rate of inflation also increased by 3.7 percentage points, reflecting developments in the prices of housing, water, electricity, gas and other fuels, furnishings, household equipment and routine household maintenance, and miscellaneous goods and services sub-groups (Table 1).

Table 1: Production and Price Statistics

Production	Dec - 19	Oct - 20	Nov- 20	Dec - 20
	(In Metric tons, carat and Ounces)			
Iron Ore (Metric ton)	458,153	360,000	470,000	488,000
Gold (Ounces)	13,824	13,317	10,949	15,377
Diamond (Carat)	2,239	4,830	3,106	5,526
Rubber (Metric ton)	6,349	4,853	10,001 [†]	8,445
Cement (Metric ton)	28,839	39,081	32,837	36,686
Beverages	(In Liters)			
Alcoholic	1,133,470	1,073,931	1,080,292 [†]	1,364,131
Non-Alcoholic	55,440	122,578	118,317 [†]	54,228
Total Beverage Production	1,188,910	1,196,509	1,198,609 [†]	1,418,359
Inflation	(In percent)			
Overall (Y-o-Y) Rate of Inflation	20.25	13.85	10.39	13.12
a. Food and Non-alcoholic Beverages inflt'n	23.04	14.85	13.96	15.74
-Domestic Food Inflation	22.27	18.69	16.45	20.95
-Imported Food Inflation	22.29	11.93	12.36	11.76
b. Transport Inflation	26.25	11.06	6.83	6.29
c. Imported Fuels Inflation	22.39	(9.68)	(7.61)	(10.43)
Overall (M-o-M) Rate of Inflation	(2.76)	0.27	(4.10)	(0.36)
Core Inflation	(Millions USD, except otherwise specified)			
Inflation less Food & Non-alcoholic Beverages	18.81	13.33	8.50	11.72
Inflation less Imported Food	19.47	14.31	10.01	13.51
Inflation less Domestic Food	14.15	14.04	10.39	12.81
Inflation less Food and Transport	17.85	13.62	8.73	12.47
	(Millions USD, except otherwise specified)			
Nominal GDP_Annual	3,176.06	3,066.80[†]	3,066.80[†]	3,066.80[†]
Real GDP_Annual	3,182.06	3,086.93[†]	3,086.93[†]	3,086.93[†]
Real GDP_growth rate (in percent)	(2.5)	(3.0) [†]	(3.0) [†]	(3.0)

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

[†] Revised

MONETARY DEVELOPMENTS

Monetary Policy Stance

The CBL maintained its tight monetary policy stance for price stability through broad exchange rate management during the month. The CBL's monetary policy measure was anchored on interest-rate based instruments to manage Liberian dollar liquidity. During the month, the Bank maintained its policy rate at 25.0 percent for the issuance of the CBL bills at different tenors (two weeks, one month and three months).

Monetary Aggregates

At end-December 2020, broad money supply (M2) increased by 7.0 percent to L\$127,296.9 million, from L\$119,024.4 million recorded at the end of the preceding month. The rise in M2 was mainly explained by 9.6 percent growth in demand deposits and 5.8 percent increase in time and savings deposits. Additionally, the expansion in M2, from the asset category, was largely triggered by increases in both Net Domestic Assets (NDA) and Net foreign Assets (NFA). NDA rose by 6.8 percent on account of increase in net credit to both the private and public sectors. Net Foreign Assets (NFA) also rose by 8.3 percent, from the 23.0 percent reduction recorded at end- November 2020 due to increase in foreign asset of the CBL.

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Preliminary statistics on Liberia's external trade showed an expanded deficit in merchandise trade balance to US\$40.0 million (1.3 percent of GDP), from US\$29.9 million (1.0 percent of GDP) recorded in November 2020. The expansion in the deficit was due to an increase in merchandise import payments that outweighed the rise in earnings from exports. Payments for merchandise imports rose by 18.9 percent to about US\$111.2 million (3.6 percent of GDP), from US\$93.6 million (3.1 percent of GDP), driven by increase in payments for food and live animals (including animals and vegetable oil) by US\$10.9 million to US\$25.1 million (0.8 percent of GDP). Similarly, payments for machinery and transport equipment increased by US\$15.4 million to US\$35.3 million (1.2 percent of GDP) on account of rise in vehicles and parts by resident enterprises, including some mining companies. Similarly, earnings from exports increased by 11.9 percent to US\$71.3 million (2.3 percent of GDP), from US\$63.7 million (2.1 percent of GDP), occasioned mainly by increase in receipts from gold exports. Receipts from gold exports rose by 55.2 percent to US\$23.8 million, from US\$15.3 million (0.5 percent of GDP) recorded in the preceding period, occasioned by a significant increase in the volume of the commodity exported.

Table 6: External Sector Statistics

Trade Statistics	Dec - 19	Oct - 20	Nov- 20	Dec - 20
External Trade (Value)	(Millions of USD)			
Exports^{1/}	61.27	57.64	63.71	71.26
Iron Ore	30.47	28.73	34.39	34.29
Rubber	6.78	5.72	10.97	9.56
Gold	16.74	19.87	15.34	23.81
Diamond	0.58	0.63	1.02	0.49
Cocoa Bean	1.42	0.41	1.33	0.00
Palm Oil	0.76	1.84	0.19	0.83
Other commodities	4.52	0.44	0.47	2.28
Imports (CIF)^{1*}	89.71	110.35	93.55	111.21
Minerals, Fuel, Lubricants	18.13	20.48	26.10	18.19
o/w Petroleum Products	14.92	17.55	22.10	11.81
Food and Live Animals (including Animal and veg. oil)	36.90	37.00	14.21	25.12
o/w Rice	24.90	24.31	1.25	6.19
Machinery & Transport Equipment	15.39	20.14	19.91	35.27
Manufactured goods classified by materials	7.92	13.96	13.58	11.76
Other categories of imports	11.37	18.76	19.76	20.87
External Trade (Volume)	(Millions of USD)			
Rubber (MT)	6,348.88	4,851.58	10,001.36	8,444.64
Iron Ore (MT)	622,194.43	398,658.62	477,136.05	488,745.23
Cocoa Beans (MT)	2,595.00	2,425.00	1,300.00	0.00
Palm Oil (MT)	1,298.83	1,384.26	13,789.00	4,028.00
Gold (Oz)	13,823.80	13,316.89	11,247.46	15,377.24
Diamond (Crt)	2,238.60	4,829.78	3,106.35	5,525.74
Petroleum Products (MT)	6,796.65	8,766.50	15,444.55	11,721.05
Rice (MT)	49,888.32	52,067.80	2,352.06	12,229.91
Trade Balance	(28.44)	(52.70)	(29.85)	(39.96)

FISCAL SECTOR DEVELOPMENTS

Fiscal Operations

Preliminary statistics on GOL's fiscal operations in December 2020 showed significant improvement in the overall balance to a surplus of US\$27.3 million (0.9 percent of GDP) compared with the deficit of US\$0.2 million (approximately 0.0 percent of GDP) reported in the preceding month. The performance was attributed to the rise in Government revenue during the month. Total GOL revenue amounted to US\$93.2 million (3.0 percent of GDP), more than doubled in relative term to the amount recorded in the preceding month. The increase was mainly underpinned by 26.0 percent rise in tax receipt and US\$43.6 million rise in other revenue (including grants).

Similarly, total Government expenditure rose to US\$65.9 million (2.1 percent of GDP), largely explained by rise in recurrent expenditure, especially on goods and services as well as payments on loans and interest.

The total stock of public debt rose marginally by 0.8 percent to 52.1 percent of GDP compared to the previous month. The slight increase in public debt was mainly due to marginal rise in external debt by 1.3 percent. Year-on-year comparison showed that overall public debt grew by 25.7 percent, partly reflecting huge component of legacy debt.

Table 5: Fiscal Sector Statistics

Fiscal Operations	Dec - 19	Oct - 20	Nov - 20	Dec - 20
	(Millions of USD)			
Government Revenue	37.34	44.64	41.91	93.17
Tax Revenue	28.31	37.06	27.49	34.65
O/W Taxes on Income & Profits	7.16	16.67	11.58	9.41
O/W Taxes on International Trade	11.94	16.40	13.17	19.16
Non-tax Revenue (excluding grants)	9.03	5.37	9.47	9.93
O/W Property Income	8.18	3.88	8.24	8.91
O/W Administrative Fees and Fines	0.85	1.48	1.22	1.02
Other tax Revenue (including grant)	0.00	2.21	4.95	48.59
Government Expenditure by Codes	42.74	45.71	42.10	65.88
Current Expenditure	40.30	41.65	39.37	54.68
Capital Expenditure	0.01	0.38	0.03	0.02
Loans, interest and other Payments	2.43	3.68	2.69	11.18
Overall Balance	(5.40)	(1.07)	(0.19)	27.29
Public Sector Debt	1,269.93	1,584.96	1,584.31	1,596.78
Domestic	419.80	643.39	643.39	643.82
Financial Sector	368.10	584.90	584.90	586.02
Other Sector	51.70	58.49	58.49	57.80
External	850.13	941.58	940.93	952.97
Multilateral	736.66	828.33	827.68	840.29
Bilateral	113.47	113.25	113.25	112.68

Source: CBL's calculation using MFDP's data: Revenue Department, Expenditure Department and Debt Management Unit, MFDP

* - revised figures where available

During the month, the stock of commercial banks' loans to the private sector, denominated in both Liberian and United States dollars declined. The United States dollar component fell by 8.1 percent to US\$386.6 million due to declines in loans extended to the manufacturing, extractive, trade, and agriculture subsectors. Similarly, the share of commercial banks' loans denominated in Liberian dollar decreased by 2.5 percent to L\$5,796.8 million on account of reduced advances of loans to agriculture, construction, services, and manufacturing subsectors.

At end of the month, all deposits converted to Liberian dollar amounted to L\$104,705.5 million (22.0 percent of GDP), rising by 0.5 percentage point compared with the 21.5 percent of GDP reported in the preceding month. The increase was driven partly by exchange rate pass-through effect, which mainly affected time and savings as well as other deposits (Table 2).

Table 2: Monetary Aggregates Statistics

Monetary Aggregates	Dec - 19	Oct - 20	Nov - 20	Dec - 20
	(In Millions)			
Liberian Dollars in Circulation - (LD)	21,120.80	22,410.08	22,885.60	23,902.53
Money Supply (M1) in LD only	29,627.21	32,245.73	32,559.31	33,749.79
Broad money (M2) in LD only	38,689.20	40,516.75	40,369.85	41,626.90
M2 (in both LD & USD) Converted to LD	121,006.34	132,214.24	119,024.35	127,296.86
Net Foreign Assets (NFA) – LD	12,619.27	14,513.65	11,176.66	12,099.55
Net Domestic Assets (NDA) – LD	108,387.07	117,700.58	107,847.69	115,197.32
Loans to Private Sector				
Commercial banks loans to private sector - US	383.64	367.43	397.34	386.63
Commercial banks loans to private sector - LD	7,249.20	6,586.75	5,948.06	5,796.79
Demand Deposits of commercial banks				
Demand deposits - USD	252.12	311.28	301.44	317.68
Demand deposits - LD	9,091.86	10,542.53	10,315.03	11,158.47
Time & savings deposits - USD	177.24	192.87	196.11	201.90
Time & savings deposits - LD	9,006.35	7,912.64	7,752.17	7,745.40
Other Deposits**				
Actual US\$ component of other deposits	8.67	1.64	1.75	2.11
Liberian \$ component of other deposits	55.64	358.38	58.36	131.71
Total Deposits (USD & LD) converted to LD ¹	100,470.99	110,511.04	96,780.07	104,705.54
Liberian Dollar share of Broad Money	31.97	30.64	33.92	32.70

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 December 2020, increased public awareness by the CBL about the CBL bills resulted to over hundred percent subscriptions for the instruments. During the month, the total CBL bills issued amounted to L\$4,632.6 million on effective annual rate (EAR) of 25.0 percent with tenors of 2-weeks, 1-month, and 3-months.

Similarly, total redemption of CBL bills on EAR amounted to L\$5,037.9 million, from L\$2,440.5 million, reflecting a net expansion of over hundred percent.

The outstanding CBL bills at end- December 2020 stood at L\$4,644.3 million, falling from L\$5,049.5 million reported in November 2020. During the month, the Government of Liberia total outstanding T-bill in US dollar stood at US\$3.5 million following restructuring of the facility.

All other rates, including the rates on money market instruments, lending, average savings, and time deposits remained unchanged. The interest rate on lending was kept at 12.4 percent, while the rates on time and savings deposits remained at 3.5 percent and 2.1 percent, respectively. Money markets instruments such as repo traded at 5.5 percent, whereas swap lending among commercial banks traded at an average interest rate of 6.0 percent (Table 3).

Table 3: Financial Market and Interest Rates Statistics

Market Instruments	Dec - 19	Oct - 20	Nov- 20	Dec - 20
CBL (indexed) Bills	(Millions of LD)			
Bills Purchased on 7% coupon basis	0.00	0.00	0.00	0.00
Redemption on 7% basis	130.15	0.00	0.00	0.00
Bills outstanding on 7% coupon basis	1,204.05	0.01	0.01	0.01
Coupon rate (%)	7.00	7.00	7.00	7.00
Bills Purchased on EAR basis	800.41	3,027.36	2,281.20	4,632.64
Redemption on EAR basis	150.30	3,005.09	2,440.46	5,037.93
Bills Outstanding on EAR basis	750.41	5,208.80	5,049.54	4,644.25
Effective Annual Rate (EAR) (%)	30.00	25.00	25.00	25.00
Total Bills purchased (7% and 30% EAR)	800.41	3,027.36	2,281.20	4,632.64
Total Redemption (7% and 30% EAR)	280.45	3,005.09	2,440.46	5,037.93
Total Bill Outstanding (7% and EAR)	1,954.46	5,186.53	5,049.55	4,644.25
CBL Foreign Exchange (Fx) Auction¹	(Millions of USD)			
US Dollar Amount Sold	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	(Millions of LD, unless otherwise stated)			
T- Bills Issued	0.00	0.00	0.00	0.00
T- Bills Redeemed	0.00	0.00	0.00	0.00
T-Bills outstanding	860.94	860.94	860.94	860.94
Net Treasury Bills Operations[^]	0.00	0.00	0.00	0.00
Ave. Weighted Discount Rate (T-Bills)	7.47	7.47	7.47	7.47
T- Bills Issued (USD)	na	na	na	0.92
T- Bills Redeemed (USD)	na	na	na	na
T-Bills Outstanding_ USD	2.60	2.60	2.60	3.52
T- Bond Issued	0.00	0.00	0.00	0.00
T- Bond Outstanding	6,000.00	6,000.00	6,000.00	6,000.00
Semi-annual Coupon Payment	0.00	0.00	0.00	0.00
Early Redemption	0.00	188.61	0.00	0.00
Coupon rate (%)	16.00	16.00	16.00	16.00
Standing Deposit Facility (SDF)	(In Percent, unless otherwise stated)			
SDF rate (%)	4.00	0.00	0.00	0.00

SDF Amount (In Millions LD)	0.00	0.00	0.00	0.00
SDF overnight monthly rate (%)	0.07	0.07	0.07	0.00
SDF Amount (In Millions LD)	13,275.00	0.00	0.00	0.00
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
Money Markets Instrument				
Repo	na	5.50	5.50	5.50
Swap lending	na	6.0	6.0	6.0

[^] - 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

[†] - revised

BANKING SECTOR DEVELOPMENTS

In the last month of 2020, the banking industry was generally in compliance with regulatory threshold. Data on the financial soundness indicators showed mixed performances as some indicators increased, while others decreased when compared to the preceding month. Return on Assets (ROA) and Return on Equity (ROE) declined by 0.1 percentage point and 0.6 percentage points, respectively. Capital Adequacy Ratio, on the other hand, increased by 2.5 percentage points compared to the preceding month and remained above the minimum regulatory requirement by 20.9 percentage points. Liquidity ratio also increased by 0.7 percentage points and remained above the minimum regulatory requirement by 21.8 percentage points.

Gross loans and advances as well as non-performing loans (NPLs) increased during the month. Gross loans increased by 5.5 percent to L\$73.6 billion (14.6 percent of GDP), occasioned by increase in commercial banks' lending during the month, while non-performing loans (NPLs) rose to 21.2 percent (L\$15.6 billion), reflecting 11.2 percentage points above the tolerable limit of 10.0 percent partly induced by slowdown in economic activities.

Table 4: Selected Financial Soundness Indicators, FSIs

Financial Soundness Indicators	Dec - 19	Oct - 20	Nov- 20	Dec - 20
	(In Billion LD)			
Total Gross Loans	84.60	74.34	69.73	73.58
Total Non-performing Loans	14.56	16.51	12.54	15.58
	(In percent)			
Non-performing Loans to Total Gross Loans (ratio)	17.21	22.21	17.98	21.17
Gross Loan (growth)	(1.3)	(14.53)	(6.20)	5.52
Non-performing Loans (growth)	2.8	(22.12)	(24.04)	24.24
Returns on Assets (ROA)	2.40	1.16	1.38	1.24
Returns on Equity (ROE)	14.43	7.05	7.81	7.22
Liquidity Ratio***	39.83	36.48	36.01	36.75
Capital Adequacy Ratio (CAR)****	27.46	28.41	28.41	30.87

Source: CBL

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

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

[†] - Revised