

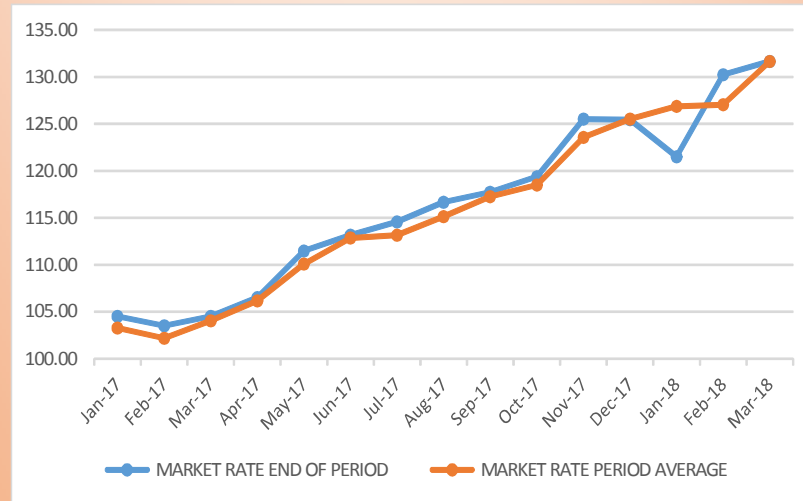


# CENTRAL BANK OF LIBERIA (CBL)

## MONTHLY ECONOMIC REVIEW

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**Table 2: Performances of End-of-Period WAMZ  
Exchange Rates against the US Dollar**

Currency	Feb -17	Jan-18	Feb-18	Appr (-)/Depr (+)	
				M-o-M	Y-o-Y
GHC	4.46	4.42	4.42	-0.13	-0.94
GMD	44.97	45.75	46.98	2.70	4.48
GNF	9,230.16	9,005.00	9,000.00	-0.06	-2.49
LRD	103.50	129.23	130.15	0.71	25.74
NGN	305.00	305.20	305.45	0.08	0.15
SLL	7,235.74	7,557.17	7,573.36	0.21	4.67

Sources: Central Banks of Liberia and WAMA: [www.amao-wama.org/](http://www.amao-wama.org/)

LRD—Liberian Dollar  
GHC—Ghanaian Cedi  
GMD—Gambian Dalasi  
GNF—Guinean Franc  
NGN—Nigerian Naira  
SLL—Sierra Leonean Leone  
USD—US Dollar

	Nov-17	Dec-17	Jan - 18	Feb - 18
<b>External Trade (Volume) – cont'd</b>	<b>(Metric Tons)</b>			
- Petroleum Products	4,327	4,983	5,049	4,685
- Cocoa Beans	400	250	0.0	102,000
- Palm Oil	13,074	1,246	645.0	0
<b>10 Inflation</b>	<b>(In percent)</b>			
<b>Overall (Year-on-year) Rate of Inflation</b>	<b>13.1</b>	<b>13.9</b>	<b>15.4</b>	<b>17.8</b>
a. Food and Non-alcoholic Beverages Inflation	4.6	4.6	8.0	11.6
- Domestic Food Inflation	0.4	2.6	7.3	11.7
- Imported Food Inflation	6.3	4.5	7.0	11.1
b. Transport Inflation	21.0	25.4	26.8	30.9
c. Imported Fuels Inflation	27.2	37.6	35.8	31.3
<b>Overall (Month-on-Month) Rate of Inflation</b>	<b>1.6</b>	<b>1.2</b>	<b>2.4</b>	<b>0.6</b>
<b>Core Inflation</b>	<b>(In percent)</b>			
Inflation excluding Food & Non-alcoholic Beverages	19.5	20.1	20.0	21.5
Inflation excluding Imported Food	14.5	16.2	17.5	19.7
Inflation excluding Domestic Food	7.6	7.5	8.2	17.5
Inflation excluding Food and Transport	19.1	19.2	18.9	20.0
<b>Production</b>	<b>(Metric Tons, Carats and Ounces)</b>			
Iron Ore	154,118	0	166,927±	0
Gold	16,196†	14,416	32,337†	20,330
Diamond	7,383†	4,347	2,745†	11,183
Rubber	5,950	9,965	3,166†	3,489
Cement	16,726†	19,217	23,380	20,124±
Beverages	<b>(In Litres)</b>			
Alcoholic	1,153,247†	1,132,851	964,540±	1,047,94±
Non-Alcoholic	732,449	903,380	801,996±	955,448±
<b>11 Int'l Commodity Prices</b>	<b>US\$/Unit</b>			
Iron Ore (US\$/MT)	64.2	72.3	76.3	77.5
Rubber (US\$/MT)	1,570.0	1,650.0	1,720.0	1,720.0
Crude Oil (US\$/Barrel)/1	59.9	61.2	66.2	63.5
Rice (US\$/MT)	402.0	406.0	442.0	425.0
Cocoa Beans (US\$/MT)	2,130.0	1,920.0	1,950.0	2,120.0
Palm Oil	716.0	672.0	679.3	663.0

\* US\$ converted to L\$    ^With liquidity Effect

\*\* Other Deposits Include Official and Manager Checks

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

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

†Reserves exclude ECF borrowing from the IMF

± Provisional, Preliminary, Estimate    †Revised    ‡Not Available (NA)

/1 Average Monthly prices of Dated Brent, West Texas Intermediate & Dubai Fateh

## REAL SECTOR & PRICE DEVELOPMENTS

### Production of Key Commodities

Productions of major commodities at end-February, 2018 showed diverse trends. Rubber output rose by 10.2 percent from 3,166 metric tons produced during the previous month to 3,489 metric tons. The rise was mainly attributed to increased productions by small-holder farmers and the leading rubber-producing company. Beverage output was estimated to increase by 13.4 percent, to 2.0 million litres mainly due to increase in the production of non-alcoholic beverages, especially malta. Estimate of cement output in February, 2018 stood at 20,124 metric tons, representing 14.0 percent decline in the production of the commodity compared with the preceding month. During the reporting period, no production data was available for iron ore. Gold output fell by 37.1 percent to 20,330 ounces, from 32,371 ounces in the previous month. The fall in gold production was attributed to the marginal decline in its price on the global market. Diamond production during the review period rose sharply to 11,183 carats, from 2,745 carats during the preceding month, mainly on account of the discovery of new productive fields.

### Consumer Prices

Inflation on a year-on-year basis increased by 4.5 percentage points to 17.8 percent, up from 13.3 percent at end-January 2017. The rise in inflation was explained by increases in all major subgroups except education.

On a monthly basis, the rate of inflation shrank by 1.8 percentage points to 0.6 percent, down from 2.4 percent reported a month earlier. The reduction in monthly inflation rate was a result of decreases in the prices of all items in the major sub-groups except for Health, Communication, Transportation and Miscellaneous Goods and Services.

## MONETARY DEVELOPMENTS

### Monetary Policy Stance

The monetary policy stance of the Central Bank of Liberia during the month of February, 2018 remained anchored on price stability through broad exchange rate stability. In this light, the Bank used its invention as the readily available tool to implement the domestic monetary policy operations.

## Monetary Aggregates and Credit

Broad money supply (M2) at end-February, 2018 expanded by 7.8 percent to L\$85,049.2 million, beyond the figure recorded at end-January, 2018. The growth was largely triggered by the respective expansions in demand deposits and time and savings deposits by 10.7 percent and 6.8 percent, respectively. On a year-on-year basis, broad money grew by 26.3 percent on account of 24.0 percent increases in same drivers.

On the assets side, monthly analysis of net foreign assets (NFA) and net domestic assets (NDA) at end-February showed that both assets trended in the same direction, but in an opposite directions when viewed on a yearly basis. NFA grew by 15.6 percent, but declined year-on-on by 12.0. The monthly growth of NFA was mainly driven by increases in foreign assets of the commercial banks and that of the CBL, while the annual decline was attributed to fall in commercial banks' NFA. NDA rose monthly and annually by 5.3 percent and 49.3 percent mainly occasioned by expansion in credit to the private sector including credit to NBFIs.

The US dollar share of commercial bank loans to private sector at end-February, 2018 grew by 2.3 percent to US\$391.6 million, from US\$382.9 million at end-January, 2018, and the Liberian dollars component rose by 0.3 percent to L\$4,064.6 million, from L\$4,050.9 million recorded a month ago. Year-on-year comparison revealed that the US dollar share grew by 2.6 percent and the Liberian dollar component, by 33.9 percent, both driven mainly by increases in loans to trade, manufacturing, services, personal loans and the agriculture sectors.

## Exchange Rate

A at end-February, 2018, the average exchange rate of the domestic currency vis-à-vis the US dollar depreciated by 0.2 percent to L\$127.05/US\$1.00, from L\$126.85/US\$1.00 at end-January, 2018. The end-of-period (EOP) exchange rate for the same month depreciated by 7.2 percent to L\$130.21/US\$1.00, from L\$121.50/US\$1.00. Year-on-year comparison revealed that the average exchange rate depreciated by 24.4 percent and the EOP rate, by 25.8 percent. The weakness of the domestic currency continues to occur as a result of the high demand for US dollar to facilitate imports.

	Nov-17	Dec-17	Jan - 18	Feb - 18	
Non-performing Loans (% change)	13.8	2.6	-3.3	6.7	
Returns on Assets (ROA)	0.22	-0.24	0.17	0.24	
Returns on Equity (ROE)	1.32	-1.38	1.02	1.48	
Liquidity Ratio****	49.4	45.6	47.7	47.5	
<b>7</b>	<b>Fiscal Operations</b>				
<b>7a</b>	<b>Revenue, Expenditure &amp; Debt</b>				
	<b>(Millions of US\$)</b>				
Actual Revenue & Grants	26.7	28.8	27.3	29.3	
Projected Revenue & Grants	30.8	39.4	37.4	61.1	
<b>Expenditure</b>	43.6	45.8	43.5	45.7	
<b>Public Debt Stock</b>	<b>874.1</b>	<b>874.5</b>	<b>881.7</b>	<b>881.7</b>	
Domestic	266.2	266.2	266.1	266.1	
External	608.0	608.3	615.6	615.6	
<b>7b</b>	<b>Treasury Securities</b>				
	<b>(Millions of L\$)</b>				
T- Bills Issued	-30.0	-18.8	-62.7	0.0	
T- Bills Redeemed	32.2	32.5	58.9	30.0	
Net GoL Treasury Bills Operations^	2.2	13.7	-3.8	30.0	
Ave. Weighted Discount Rate_T Bills	5.00	5.0	3.26	0.0	
Bond Issued (2 yrs.) amount in Billion					
T- Bond Issued	0.0	0.0	0.0	0.0	
T- Bond Settled	0.0	0.0	0.0	0.0	
Net GoL Treasury Bond Operations^	0.0	0.0	0.0	0.0	
Ave. Weighted Discount Rate_T Bond	0.0	0.0	0.0	0.0	
<b>8</b>	<b>External Trade (Value)</b>				
	<b>(Millions of US\$)</b>				
<b>8a</b>	<b>Exports/1</b>	<b>18.8</b>	<b>25.9</b>	<b>43.7*</b>	<b>26.3</b>
	- O/w Iron Ore	3.7	0.0	0.0	0.0
	- O/w Rubber	6.5	10.1	8.6	6.5
	- O/w Mineral	6.5	10.3	34.4	19.1
	-o/w Cocoa Bean	0.3	0.3	0.0	0.1
	-o/w Palm Oil	0.8	0.9	0.4	0.0
<b>8b</b>	<b>Imports (F.O.B)/1</b>	<b>82.6</b>	<b>71.8</b>	<b>90.6</b>	<b>94.0</b>
	Minerals, Fuel, Lubricants	9.8	13.0	22.3	13.5
	-O/w Petroleum Products	8.9	10.6	10.9	9.8
	Food and Live Animals (including Animal and vegetable oil)	33.8	14.3	15.9	40.9
	-O/w Commercial Rice	23.6	2.5	1.2	4.9
	-O/w Non-commercial Rice	0.5	0.1	0.3	0.1
	Machinery & Transport Equipment	14.5	24.3	21.6	17.3
	Import (C.I.F)	<b>91.0</b>	<b>79.1</b>	<b>97.9</b>	<b>103.4</b>
	Trade Balance	-63.8	-45.9	-76.9	-67.7
<b>9</b>	<b>External Trade (Volume)</b>				
	<b>(Metric Tons)</b>				
	- Rubber	4,952.15	4,561.53	3,165.24	3,488.90
	-Iron Ore	154,118.2	0.0	0.0	0.0
	-Commercial Rice	177,187	147,363	151,801	147,669
	-Non-commercial Rice	1,504	1,396	1,302	1,261

/1 Trade data now sourced from Customs (LRA) with larger coverage than BIVAC.

**Table 1: Fact Sheet**

	Nov-17	Dec-17	Jan - 18	Feb-18
<b>1 Monetary</b>	<i>(Millions of US\$)</i>			
CBL Net Foreign Exchange Reserves Position (Including SDRs) <sup>†</sup>	150.7	155.1	153.3	159.1
CBL Gross Foreign Reserves (excluding SDRs)	222.8	222.3	235.0	231.4
Liberian Dollars in Circulation	13,792.2	15,919.7	15,775.6	15,849.2
Money Supply (M1) in L\$ only	19,103.0	21,077.6	20,835.5	21,193.2
Broad money (M2) in L\$ only	26,008.6	27,671.8	27,462.3	28,126.8
Broad money (M2) in both L\$ and US\$*	78,431.8	79,999.9	78,900.4	85,049.2
	<i>(In percent)</i>			
Liberian Dollar share of Broad Money	33.2	34.6	34.8	33.1
Interest Rates				
- Lending rate	13.3	13.3	13.3	13.3
-Average Deposit rates				
-Savings	2.23	2.23	2.23	2.23
-Time	3.75	3.64	3.64	3.75
	<i>(In Millions of Currencies)</i>			
Commercial banks loans to private sector - US\$	383.1	396.2	382.9	391.6
Commercial banks loans to private sector - L\$	4,073.2	3,924.4	4,050.9	4,064.6
- Demand Deposits of commercial banks				
Demand deposits - US\$	267.9	260.6	257.7	287.7
Demand deposits - L\$	6,040.0	6,095.9	6,137.2	6,405.6
- Time & Savings Deposits of commercial banks				
Time & savings deposits - US\$	154.6	155.8	147.7	159.1
Time & savings deposits - L\$	6,855.2	6,620.7	6,569.9	6,802.5
- Other Deposits**				
Actual US\$ component of other deposits	1.7	0.5	0.2	1.2
Liberian \$ component of other deposits	50.4	-26.5	56.9	131.1
<b>2 CBL's Foreign Exchange Auction</b>	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	10.0	5.0	4.0	2.0
Total Subscription	10.0	3.6	3.8	2.2
Over(+)- / Under(-) Subscription	0.0	-1.4	-0.3	0.2
<b>3 CBL Bills Auction</b>	<i>(Millions of L\$)</i>			
Bill Issued	0.0	0.0	0.0	0.0
Bill Redeemed	0.0	0.0	0.0	0.0
<b>4 Personal Remittances</b>	<i>(Millions of US\$)</i>			
Inflows	38.2	52.9 <sup>†</sup>	41.1	40.1
Outflows	39.8	69.3 <sup>†</sup>	18.5	24.1
<b>Net flows</b>	-1.6	-16.4 <sup>†</sup>	22.6	16.0
<b>5 Exchange Rate</b>	<i>(USD/LD)</i>			
End of Period	125.5	125.5	121.5	130.2
Period Average	123.6	125.5	126.9	127.1
<b>6 Financial Soundness Indicators (FSI)</b>	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	17.8 $\pm$	18.0 $\pm$	26.6 $\pm$	34.3 $\pm$
Non-performing Loans to Total Loans	14.7	14.7	15.6	15.5

In WAMZ, two currencies appreciated while four depreciated in February, 2018. The Ghana Cedis and the Guinean Franc appreciated by 0.13 percent and 0.06 percent, respectively, while the Gambia Dalasi, the Liberian dollar, the Sierra Leonean Leone and the Nigerian Naira depreciated by 2.70 percent, 0.71 percent, 0.21 percent and 0.08 percent, respectively when matched against the rates recorded a month ago. Year-on-year movements of currencies in the WAMZ revealed that with the exception of the Guinean Franc and Ghana Cedis that appreciated by 2.49 percent and 0.94 percent, respectively, all currencies in the zone experienced depreciation (see Table 2).

### Financial Market Developments

As the result of the transitional processes, the issuance of the Government of Liberia Treasury-bill in February, 2018, was deferred to March, 2018. However, redemption due on February 3, 2018 was L\$30.0 million resulting in a net injection L\$30.0 million.

### Banking Sector Developments

Activities in the banking industry at end-February remained strong, supported by key macro-prudential indicators of the industry. Capital adequacy and liquidity ratios remained well beyond the minimum requirements of 10.0 percent and 15.0 percent, respectively. Provisional banking sector data at the end of the review month, indicated a liquidity ratio of 47.5 percent, compared with 47.7 percent at end-January, 2018. The industry capital adequacy ratio (CAR) preliminarily stood at 34.3 percent, compared with 26.6 percent in the preceding month. Non-performing loans ratio declined by 10 basis points to 15.54 percent compared with January, 2018 while the absolute value of non-performing loan inched up by 6.7 percent in February.

### FISCAL DEVELOPMENTS

#### Revenue (including Grants) & Expenditures

Fiscal operations for the month of February, 2018 resulted in a deficit of US\$16.4 million, up from a deficit of US\$16.2 million recorded in the previous month, mainly explained by 1.7 percent increase in total revenue and grants, coupled with 0.2 percent decrease in total public expenditure during the review period.

Tax and non-tax revenue & grants constituted 81.0 percent and 19.0 percent of total revenue and grants, respectively, during the period under review. Actual revenue and grants reduced below budgetary projections during the month by US\$31.8 million or 52.0 percent during the review month. Recurrent and capital expenditure accounted for 94.0 percent and 6.0 percent of total public expenditure for the review period respectively.

Liberia public debt statistics showed that the stock of debt at end-February, 2018 stood at US\$904.4 million, a US\$29.9 million (or 3.4%) increase against the stock of US\$818.8 million recorded at end-Jan, 2018. Domestic and external debt stocks constituted 29.4 percent and 70.6 percent of Liberia's total public debt stock at end-Feb, 2018, respectively (See Table below).

## EXTERNAL SECTOR DEVELOPMENTS

### Merchandise Trade

Merchandise trade balance at end-February, 2018 recorded a deficit of US\$67.7 million down from a revised deficit of US\$46.9 million at end-January, 2018. The deficit in trade balance was mainly prompted by increased import payments coupled with a decline in export receipts, Table 1.

### Exports

Export earnings during the month of February, 2018, showed a 39.8 percent decline to US\$26.3 million, from a revised value of US\$43.7 million recorded at end-January, 2018. The fall in export earnings during the month was mainly occasioned by low export earnings from minerals and rubber. Mineral exports receipts dropped by 44.5 percent to US\$19.1 million, from a revised value of US\$34.4 million recorded in the previous period. The fall was largely on account of a US\$19.8 million decrease in industrial gold at end-February, 2018. Rubber export receipts also fell by 24.4 percent in the month to US\$6.5 million, in spite of the increase in production of the commodity and stable external price.

### Imports (FOB)

At end-February, 2018, import payments rose by 3.9 percent to US\$94.1 million from US\$90.6 million in the previous month. The only contributing factor to the increase was Food and Live Animals, which rose by 61.2 percent to US\$41.0 million.

### Global Commodity Price Review

Average global commodity price index during the month ended-February 2018 moved downward to an estimated 112.4, from 114.8 reported in the first month of 2018. The downward estimate in average global commodity price index was largely a result of falls in the prices of major commodities groups including crude oil (petroleum), rice and gold.

### Iron ore

The price of iron ore on the international market rose to US\$77.5 per metric ton at end-February, 2018, from US\$76.3 per metric ton in January, 2018. The 1.5 percent rise in the price of the commodity was mainly due to sustained, increased demand from manufacturing plants.

### Rubber (natural)

The global price of natural rubber at end-February, 2018 was US\$1,720.0, the same price reported at end-January, 2018. The lack of movement in the price of rubber was mainly a result of steady demand of the commodity by manufacturers.

### Petroleum (Crude Oil)

The average global price of petroleum at end-February dropped by 4.2 percent to US\$63.5 per barrel, from US\$66.2 per barrel recorded at end-January, 2018. The fall in the price of the commodity was occasioned mainly by a rise in global production of the commodity.

### Food (Rice)

Global food price index reportedly stepped up by 1.1 percent at end-February 2018 when compared with the revised 169.0 recorded for the previous month. Notable increases in the prices of dairy products and cereal by 11.2 and 4.0 percentage points, respectively accounted for the rise global food index. Contrary to increase in the price of cereal, the global price of rice declined by 3.8 percent to US\$425.0 per metric ton, from US\$442.0 per metric ton in the previous month due to fall in global demand for the indica rice categories.

### Palm Oil

The international price of crude palm oil showed a fall in price of the commodity at end-February, 2018 after a one time rise in the previous month. The international price of palm oil fell by 2.1 percent to US\$663.0 per metric ton, from revised of US\$677.0 per metric ton at end-January, 2018 mainly due to slower-than-expected export activities from the main producing economies.

### Gross Foreign Reserves

Gross foreign reserves position (excluding SDR holdings) of the CBL declined by 2.0 percent to US\$231.4 million at end-February, 2018, from US\$235.0 million reported during the previous month. The main cause of the decline was due to account consolidation, which shows that the account: "banknotes in transit between banks" now has a zero balance.

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*Crude oil price is the average of the three global oil price benchmarks: Dated Brent, West Texas Intermediate and Dubai Fateh.*