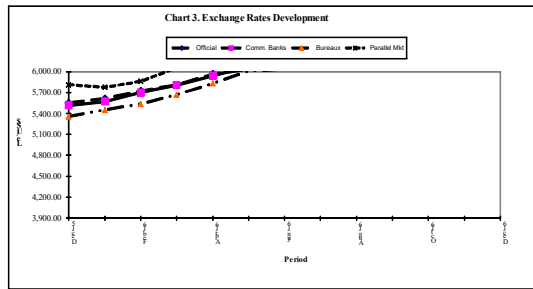


Monetary Developments

Broad Money (M2) expanded by 3.74 per cent to Le230.25bn in December, 2016 slightly higher than the growth of 3.41 per cent (Le203.09bn) in November 2016. The growth in M2 was on account of increase in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. NFA increased by 3.24 percent (Le106.97bn). The growth in NFA was a reflection of the US\$33.87mn IMF disbursement for budgetary and Balance of Payment support. NDA expanded by 4.30 per cent (Le123.28bn). NDA increased as a result of the Le119.79bn increase in domestic credit to the Government by the Banking System. Government borrowing from the Bank of Sierra Leone grew by 8.04 per cent (Le92.10bn) in December 2016 from 4.55 per cent (Le49.82bn) recorded in November 2016. Government borrowing from commercial banks expanded by 3.37 per cent (Le76.40bn) in December 2016 from 1.92 percent (Le44.39bn) contraction in November 2016. Reserve Money (RM) growth slowed to 12.80 per cent (Le243.59bn) in December 2016 from 13.55 per cent (Le227.08bn) in November 2016. This growth slowdown was as a result of significant inflows during the review period. However, Currency Issued and Bankers' Deposits increased by Le153.59bn and Le89.29bn in December 2016, respectively. Credit to the Private Sector contracted by 1.74 per cent (Le21.96bn) in December 2016 from 0.87 per cent (Le10.92bn) growth in November 2016. Yields on Government Securities exhibited mixed trend while that on savings and Time Deposits remained unchanged during the review period. Annual yields on 91-days and 364-days Treasury Bills (TBs) decreased from 9.59 per cent and 31.38 per cent in November 2016 to 9.38 per cent and 30.22 per cent in December 2016 respectively, while that on 182 days TBs increased from 15.52 per cent to 16.17 per cent in the same period. Interest rates on 12-months and 24-months Treasury Bonds remained unchanged at 5 per cent and 14.38 per cent, respectively.



official, commercial banks and bureau markets, respectively. Similarly, on the selling front, the parallel market, official, commercial banks, bureaux and auction rates appreciated by 5.54 per cent to Le7,563.16/US\$1; 3.28 per cent to Le7,311.59/US\$1; 2.46 per cent to Le7,441.57/US\$1, 1.53 per cent to Le7,338.56/US\$1 and 1.16 per cent to Le7258.80/US\$1, respectively. The premium between the official and the parallel market rates narrowed by 4.47 per cent from Le518.91/US\$1 in November 2016 to Le320.04/US\$1 in the review period, reflecting the relative stability of the Leone.

International Reserves

Gross International Reserves position of the Bank of Sierra Leone stood at US\$503.79mn as at end December 2016, indicating an increase of 2.39 per cent when compared to US\$491.73mn recorded in November 2016. This development was on account of total inflows of US\$53.05mn which outweighed total outflows of US\$37.37mn indicating a net inflow of US\$15.68mn. Notable inflows during the period comprised US\$38.87mn being Aid disbursement of which, US\$33.01mn was in respect of balance of payment (BOP) and budgetary support under the ECF programme and US\$5.85mn being budgetary support from ECOWAS and Kuwait. Other inflows included; US\$2.48mn being grant for electricity supply from ECOWAS and US\$8.00mn being capital gains from the takeover of ILUKA resources by Sierra Rutile; and US\$3.32mn being export receipts. Significant outflows comprised US\$30.77mn, being payments for goods and services of which; US\$11.80mn being sale of foreign exchange in the Bank of Sierra Leone's weekly foreign exchange auction, US\$9.73mn being government travel and other government expenditures, US\$6.83mn being payments for infrastructure projects and US\$1.30 being Embassies/Missions' payments. Other outflows included debt service payments to other multilaterals and bilateral creditors (US\$3.44mn), OPEC/OFID (US\$1.36mn), IMF (US\$1.08mn) and World Bank (US\$0.72mn).

Highlights

Sierra Leone's macroeconomic performance continued to be mixed during the month of December 2016. Performance in the real sector, particularly the manufacturing sub-sector recorded low production levels in December 2016, mainly on account of limited material inputs. The national year-on-year inflation rate increased from 15.26 per cent at end November 2016 to 17.41 per cent at end December 2016 reflecting the lag effects of the fuel price adjustments. The overall fiscal balance registered a deficit of Le103.93bn in December 2016 from a surplus of Le19.74bn recorded in November 2016. The monthly average exchange rate of the Leone to

economic developments took place: The Executive Board of the International Monetary Fund (IMF) on 7th December 2016 completed the sixth review of Sierra Leone's performance under the Extended Credit Facility (ECF) arrangement, leading to a disbursement of SDR24.44million, about US\$33.23million. This brings the total disbursements under the arrangement to SDR186.66million (about US\$253.81 million). On the 15th December 2016, the Governor of the Bank of Sierra Leone, Dr. Kaifala Marah and the Statistician-General of Statistics Sierra Leone Mr. Mohamed King Koroma, signed a Memorandum of Understanding aimed at facilitating data sharing between their two institutions. The Bank

Table 2. Inflation Rates - National. Table with columns for months (Dec-15 to Nov-16) and rows for various commodity categories like Minerals, Agriculture, and Manufactured Goods.

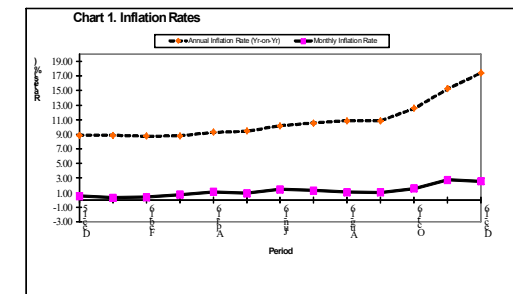
Table 2. Inflation Rates - National. Table with columns for months (Dec-15 to Dec-16) and rows for Annual Inflation Rate, Monthly Inflation Rate, and Consumer Price Index.

the United States Dollar appreciated in all segments of the foreign exchange market, after a continuous depreciation since January 2016 through November 2016. Movements in monetary aggregates expanded during the reporting month, with Broad Money (M2) and Reserve Money (RM) expanding by 3.74 per cent and 12.80 per cent, respectively. Gross external reserves position of the Bank of Sierra Leone increased by 2.45 per cent from US\$491.73mn as at end November 2016 to US\$503.79mn as at end December 2016. The Monetary Policy Committee (MPC) of the Bank of Sierra Leone met on 15th December 2016 and agreed to increase the Monetary Policy Rate (MPR) by 50 basis points, from 10.50 per cent to 11.00 per cent. As a consequence, the Standing Deposit Facility and the Standing Lending Facility Rates moved from 5.00 per cent and 11.50 per cent to 5.50 per cent and 12.00 per cent, respectively. During the month of December 2016, the following socio-

of Sierra Leone, on the 16th December 2016, officially launched the National Strategy for Financial Inclusion for Sierra Leone.

Real Sector

The manufacturing sector recorded low production levels in December 2016, mainly on account of



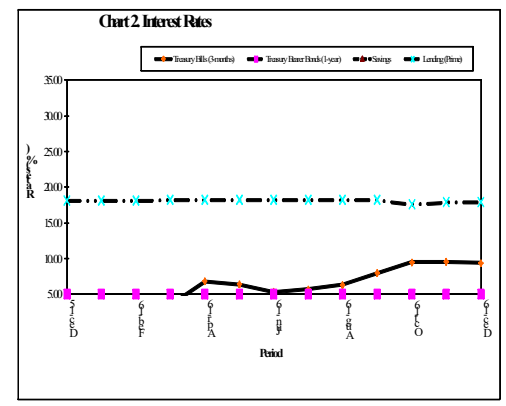
Notes: n.a - Not Available, \*\* - Nil, N/A - Not Applicable, R - Revised, + - Provisional



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
<b>Total Revenue (Plus Grants)</b>	Le Mn 424,563	259,121	187,691	271,549	207,722	231,276	224,389	363,528	198,735	186,672	166,928	534,997
Domestic Revenue	Le Mn 246,945	258,035	187,691	209,785	205,635	231,276	224,135	362,364	198,686	163,510	146,276	383,234
Customs & Excise	Le Mn 41,073	39,208	39,208	44,029	38,952	40,662	37,152	35,952	25,359	27,594	26,916	32,225
Income Tax Dept	Le Mn 132,279	65,649	52,414	63,920	70,668	77,978	88,108	251,465	78,065	66,144	53,930	73,424
Goods & Services	Le Mn 51,225	50,939	53,825	63,184	53,004	72,679	54,904	48,770	52,308	44,183	45,642	58,982
Miscellaneous	Le Mn 23,368	101,539	42,247	48,562	42,939	40,699	44,022	29,177	42,954	25,888	20,688	198,803
Program Med Funds (Grants)	Le Mn 177,619	1,086	**	61,783	2,089	**	2,54	1,165	49	22,861	20,652	171,763
H/PC	Le Mn 265	1,086	**	1,763	2,089	**	254	1,165	49	1,996	**	**
Others*	Le Mn 177,354	**	**	60,000	**	**	**	**	20,865	20,652	171,763	**
<b>Total Expenditure</b>	Le Mn 435,647	284,557	247,372	266,795	200,339	289,678	354,641	523,442	401,868	232,105	325,421	615,261
Pensions, Wages & Salaries	Le Mn 163,472	105,283	152,403	130,244	88,024	142,371	172,897	114,710	139,212	122,976	162,120	130,649
Other Expenditures	Le Mn 182,179	170,024	82,042	112,892	81,898	129,905	105,603	397,097	250,516	78,759	145,539	355,056
Debt Service Payment	Le Mn 89,996	92,880	13,326	23,660	30,417	17,403	76,141	11,665	12,136	30,370	17,762	29,556
Capital	Le Mn 62,648	5,990	8,283	7,244	14,287	8,884	23,644	8,261	6,326	7,831	10,699	9,232
Foreign	Le Mn 23,252	4,190	4,944	16,415	16,130	8,519	52,496	3,394	5,810	22,539	7,164	20,034
Overall Deficit/Surplus	Le Mn -11,084	-25,466	-60,080	4,754	7,383	-57,749	-130,252	-159,934	-203,130	-45,434	-158,493	19,736
<b>Total Financing</b>	Le Mn 11,084	25,466	**	**	**	**	**	**	**	**	**	**
Bank Financing	Le Mn 13,129	32,108	**	**	**	**	**	**	**	**	**	**
Bank of Sierra Leone	Le Mn 16,223	43,576	**	**	**	**	**	**	**	**	**	**
Commercial Banks	Le Mn -3,178	30,898	**	**	**	**	**	**	**	**	**	**
Non-Bank Financing	Le Mn 10,970	14,248	**	**	**	**	**	**	**	**	**	**
Treasury Balance	Le Mn 131,410	-208,90	**	**	**	**	**	**	**	**	**	**
Foreign Finance	Le Mn **	**	**	**	**	**	**	**	**	**	120,000	**

limited raw material inputs. Declines in production levels were recorded for beer and stout, soft drinks, cement and confectionery. Production levels of beer & stout dropped by 69.49 per cent to 27.35 thousand cartons, soft drinks declined by 67.99 per cent to 25.32 thousand crates, while cement and confectionery decreased by 23.0 per cent and 80.22 per cent to 18.91 thousand metric tons and 39.35 thousand pounds, respectively. However, paint production grew by 9.54 per cent to 20.56 thousand gallons, while acetylene and oxygen increased by 6.03 per cent and 3.64 per cent to 25.34 thousand cubic feet and 25.34 thousand cubic feet, respectively. Outturn in the mining sector were mixed during the period, as all minerals but bauxite, gold and iron ore experienced decline in output. Diamond production dropped significantly by 90.42 per cent to 6.21 thousand carats and was made up of 2.54 thousand carats of industrial and 3.67 thousand carats of gem. Rutile and ilmenite production fell by 25.88 per cent and 13.65 per cent to 11.69 thousand metric tons and 4.24 thousand metric tons, respectively. Zircon production also slowed by 20.0 per cent to 0.09 thousand metric tons. On the contrary, iron ore production expanded by 21.44 per cent, bauxite production increased by 0.71 per cent to 126.87 thousand metric tons while gold grew from 0.09 thousand ounces in November 2016 to 1.05 thousand metric tons in December 2016. Electricity generation contracted by 17.90 per cent to 22.61 million Kwhr/hr, reflecting low generation by both thermal plants and

hydro power. Total thermal plant generation accounted for 7.7 per cent of the overall generation in the review month while total hydro power contributed 92.3 per cent. Headline inflation rate increased to 17.41 per cent in December 2016 from 15.26 per cent in November 2016 due to the upward adjustment in fuel prices. This price development was reflected in both food and non-food inflation. Food inflation increased to 18.63 per cent in December 2016 from 17.20 per cent in November 2016 while non-food inflation increased to 16.54 percent in December 2016. The monthly inflation however fell slightly to 2.54 per cent in December 2016 from 2.73 per cent in November 2016. On



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
<b>Reserve Money (RM)</b>	Le Mn 1,723,637	1,707,803	1,713,007	1,693,552	1,690,078	1,699,352	1,699,533	1,744,405	1,662,742R	1,645,168	1,675,318	1,902,397	2,145,982
<b>Broad Money (M2)</b>	Le Mn 5,487,870	5,499,473	5,556,382	5,592,494	5,688,686	5,689,044	5,776,357	5,862,059	5,803,959	5,946,105	5,959,649	6,162,738	6,392,992
<b>Narrow Money (M1)</b>	Le Mn 2,496,971	2,433,525	2,468,675	2,486,000	2,560,101	2,550,154	2,585,434	2,594,033	4,519,612	4,580,757	4,592,801	4,721,583	4,671,967
<b>Currency in Circulation</b>	Le Mn 1,176,286	1,099,748	1,076,542	1,125,665	1,139,637	1,090,586	1,103,243	1,104,146	1,058,030	1,088,783	1,081,059	1,140,843	1,265,304
<b>Demand Deposits</b>	Le Mn 1,320,685	1,333,778	1,392,133	1,360,335	1,420,464	1,459,569	1,482,191	1,489,886	1,501,479	1,512,922	1,507,947	1,408,090	
<b>Budget Financing (Banking Sector)</b>	Le Mn 2589189R	2671006R	2,734,699	2,790,220	2,838,848	2,925,836	3,039,095	3,131,675	3,199,019	3,267,732	3,408,694	3,414,116	3,719,599
<b>Bank of Sierra Leone (BSL)*</b>	Le Mn 6,620,500	6,483,346	6,84,501	6,74,780	6,96,507	754,419	824,048	860,425	859,723	936,235	1,095,025	1,144,841	1,236,940
<b>Commercial Banks (CMB)</b>	Le Mn 2,027,200	2,023,171	2,050,198	2,116,430	2,142,822	2,172,564	2,215,802	2,271,896	2,331,865	2,314,091	2,269,698	2,346,146	
<b>Claims on Private Sector</b>	Le Mn 1090832R	1125202R	1129167R	1162999R	1203786R	1204573R	1,214,905	1,226,047	1,227,122	1,252,780	1,282,426	1,297,541	1,274,233
<b>Of Which: Commercial Banks**</b>	Le Mn 1,060,823	1,088,545	1,093,225	1,124,652	1,165,229	1,167,430	1,179,578	1,191,004	1,192,735	1,220,280	1,251,446	1,262,366	1,240,407
<b>Claims on Non-Banking Inst.</b>	Le Mn 39839R	48000R	55065R	50072R	48319R	42636R	55,729	46,325	33,955	32,204	38,579	36,186	32,470
<b>Other Items (Net)</b>	Le Mn -2135954R	-2191949R	-2213248R	-2308880R	-2333209R	-2413075R	-2,320,263	-2,408,521	-2,381,973	-2,400,926	-2,484,785	-2,563,430	-2,559,942

\* Excludes Government Securities issued on behalf of BSL and HPC Deposits  
 \*\* Revised to reflect definition of Claims on Private Sector given in the Monetary Survey which includes only private enterprises and individuals  
 Source: Returns from BSL & Commercial Bank



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
<b>Treasury Bills (3-months)</b>	% 1.08	1.21	3.51	6.82	6.41	5.34	5.73	5.73	5.00	5.00	5.00
<b>Treasury Bearer Bonds (1-yr.)</b>	% 5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Deposits</b>											
<b>Savings</b>	% 2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.27
1 - 3 month	% 2.73	2.73	2.73	2.80	2.80	2.8	2.80	2.80	2.80	2.80	2.27
3 - 6 month	% 4.2	4.2	4.2	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.04
6 - 9 month	% 3.38	3.38	3.38	3.38	3.38	3.38	3.38	3.38	3.38	3.38	3.38
9 - 12 month	% 5.3	5.3	5.3	5.8	5.8	5.8	5.80	5.80	5.80	5.80	5.84
<b>Lending (Prime)</b>	% 18.12-24.80	8.12-24.80	8.12-24.80	8.23-24.95	8.23-24.95	8.23-24.95	8.23-24.95	8.23-24.95	18.23-24.95	18.23-24.95	17.23-24.13

Source: Bank of Sierra Leone

regional basis, inflation rate (year-on-year) increased across all regions in the country except the Southern Region. Western Area inflation rose from 14.20 per cent in November 2016 to 16.91 per cent in December 2016; Eastern Region inflation increased from 15.77 per cent to 18.24 per cent; Northern Region inflation rose from 16.40 per cent to 19.08 per cent while the Southern Region inflation fell from 15.91 per cent to 15.69 per cent.

**Fiscal Operations**

Fiscal operations in December 2016 resulted in an overall deficit of Le103.93bn compared to a surplus of Le19.74bn in November 2016 and the projected surplus of Le50.30bn. This was account of substantial decline in grants received. Domestic revenue however improved compared to the preceding month. Overall, total revenue plus grants amounted to Le396.37bn reflecting a decline of 25.91 per cent from November level, but was 29.65 per cent higher than the budgeted amount of Le305.73bn. Domestic revenue grew by 9.03 per cent to Le369.05bn, which exceeded the budgeted amount of Le199.35bn by 98.67 per cent. The growth in domestic revenue was the result of increased collections from all main revenue categories during the reporting period. Customs and Excise receipts rose by 37.5 per cent to Le44.31bn. Meanwhile, collections from the Income Tax Department increased by Le104.82bn to Le178.24bn, while revenue generated from the Goods

and Services Tax grew by 15.47 per cent to Le68.10bn. Non-tax revenue however, declined by 46.93 per cent to Le105.40bn. All the main tax categories but non-tax, exceeded their targets for the month. External grants disbursed during the month of December 2016 amounted to Le0.31bn, depicting a shortfall of Le171.45bn compared to Le171.76bn disbursed in November 2016. This amount was however, lower than the anticipated budgetary support of Le106.38bn by 99.71 per cent. Total expenditure fell by 2.90 per cent to Le500.30bn mainly due to the decline in other expenditure from Le355.42bn in November 2016 to Le255.94bn in December 2016. Meanwhile, spending on pensions, wages and salaries increased from Le130.65bn in November 2016 to Le179.20bn in December 2016. Similarly, debt services payments rose from Le29.56bn in November 2016 to Le65.16bn in December 2016, of which domestic debt services payments amounted to Le24.38bn while foreign debt services payments amounted to Le40.78bn. Consequently, all total expenditure components exceeded their budgeted ceiling except domestic debt services payment which was within the budgeted limit in the review period. The overall deficit of Le103.93bn was financed from both domestic and foreign sources.

	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
<b>Leone to Dollar</b>												
Official	Le/\$ 5,562.62	5,616.17	5,720.56	5,811.63	5,963.24	6,032.43	6,042.18	6,042.96	6,154.03	6,360.47	6,741.06	7,409.66
Comm Banks	Le/\$ 5,516.44	5,569.79	5,639.07	5,806.98	5,940.09	6,071.16	6,115.35	6,121.68	6,322.69	6,468.66	6,858.22	7,430.66
Bureaux	Le/\$ 5,354.12	5,448.70	5,533.89	5,668.95	5,831.84	6,006.74	6,030.23	6,077.05	6,136.83	6,303.90	6,575.58	7,301.76
Parallel Market	Le/\$ 5,810.00	5,775.00	5,862.50	6,057.50	6,190.00	6,357.14	6,599.73	6,722.50	6,933.04	7,211.90	7,300.95	7,928.57
<b>Leone to Pound</b>	Le/£ 8,335.43	8,094.27	8,197.05	8,264.10	8,087.38	8,763.99	8,583.75	7,955.20	8,057.56	8,369.73	8,317.28	9,204.32

Source: Bank of Sierra Leone

	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
<b>Leone to Dollar</b>												
Auction	Le/\$ 5,686.79	5,692.24	5,743.40	**	**	6,146.73	6,084.52	6,039.00	6,026.29	6,027.51	6,949.33	7,343.95
Official <sup>R</sup>	Le/\$ 5,664.80	5,729.63	5,836.33	5,929.04	6,083.71	6,154.29	6,164.24	6,165.04	6,278.35	6,488.97	6,877.24	7,559.35
Comm Banks	Le/\$ 5,685.04	5,747.25	5,570.61	5,942.77	6,120.19	6,235.15	6,404.49	6,453.90	6,552.51	6,778.41	7,045.82	7,629.06
Bureaux	Le/\$ 5,450.89	5,533.20	5,346.07	5,751.50	5,932.17	6,057.31	6,098.29	6,146.24	6,210.24	6,388.10	6,657.33	7,452.78
Parallel Mkt.	Le/\$ 5,867.50	5,875.00	5,920.00	6,107.50	6,215.00	6,407.14	6,647.73	6,827.50	7,036.96	7,261.90	7,380.95	8,007.14
<b>Leone to Pound<sup>R</sup></b>	Le/£ 8,505.78	8,259.99	8,364.99	8,383.87	8,252.83	8,943.76	8,760.17	8,118.84</				

