BANK OF SIERRA LEONE

Monthly Economic Review

April 2025

MER/04/2025

The Monthly Economic Review (MER) is prepared by the Research and Statistics Department, Bank of Sierra Leone. The Department takes responsibility for opinions expressed in this review. Please forward any comments to res@bsl.gov.sl.

April 2025 **MER/04/2025**

About the Monthly Economic Review (MER): The report analyses Sierra Leone's monthly macroeconomic developments, covering the four macroeconomic sectors- real, fiscal, monetary, and external sectors. This edition analyses economic performance in April 2025.

Executive Summary

Performance of economic activities in April 2025 were mixed. Cocoa production rose by 11.94 percent to 3,659.26 metric tons, while coffee output stood at 328.32 metric tons. Mineral production showed varied outcomes, with gold, rutile, ilmenite, iron ore, and other minerals recording gains, while diamonds, bauxite, and zircon contracted. Manufacturing output also reflected a mixed performance, with increases in beer, stout, and maltina offset by declines in cement, paint, and common soap.

Inflationary pressure continued to moderate. Year-on-year headline inflation eased to 9.38 percent in April 2025 from 10.71 percent in March 2025, with food inflation falling to 8.63 percent from 10.27 percent and non-food inflation declining to 9.99 percent from 11.05 percent. Monthly inflation, however, edged up to 0.83 percent in April 2025 from 0.24 percent in March 2025. Regionally, inflation fell across most regions except in the East, which rose to 8.17 percent. The North recorded the lowest rate at 6.0 percent, while the Western Area had the highest at 12.46 percent.

Fiscal operations improved significantly, with the overall deficit narrowing sharply to NLe76.25 million in April 2025 from NLe905.39 million in March 2025. This improvement reflected a 33.31 percent fall in expenditure to NLe1,989.30 million, outweighing the 8.03 percent decline in domestic revenue to NLe1,907.25 million. Revenue still exceeded target by 15.98 percent, supported by modest grant inflows of NLe5.80 million. On the expenditure side, declines in wages and salaries (38.43 percent), other expenditure (39.52 percent), and debt service (10.80 percent) accounted for the overall contraction. The primary balance shifted strongly into surplus, reaching NLe474.20 million in April 2025 compared to a deficit of NLe285.50 million in March 2025.

Monetary developments showed expansion in broad money (M2), which grew by 2.17 percent, driven by increases in both Net Foreign Assets by 1.65 percent and Net Domestic Assets by 0.52 percent. Credit to the private sector, however, contracted by 3.22 percent in April 2025 after increasing in March 2025. Reserve money contracted slightly by 0.03 percent, reflecting a 7.40 percent fall in net foreign assets, partially offset by a 7.37 percent rise in net domestic assets. Narrow money growth was broadly flat, while quasi-money increased by 4.08 percent, supported by higher foreign currency deposits.

Interest rates remained broadly stable in April 2025. The policy rate (24.75 percent), standing lending facility (27.75 percent), and standing deposit facility (18.25 percent) were unchanged. The interbank rate declined to 26.68 percent, while average deposit (2.16 percent) and lending (22.98 percent) rates remained steady. Treasury bill yields showed mixed movements, with the 182-day yield rising to 29.22 percent and the 364-day yield falling to 41.09 percent, from 29.19 percent and 41.22 percent respectively in March 2025.

The exchange rate recorded mixed trends across market segments. On the buying side, the Leone depreciated in the commercial banks (0.06 percent) and parallel market (0.08 percent) segments but appreciated in the bureaux market segment by 0.36 percent. On the selling side, the Leone depreciated in commercial banks (0.66 percent) and the parallel market (0.03 percent), while appreciating in the bureaux market segment by 6.00 percent. The reference market rate appreciated slightly by 0.08 percent month-on-month, though the parallel market premium widened to 6.53 percent.

Gross foreign exchange reserves fell by 4.33 percent to US$358.19 million from US$374.42 million in March 2025. Import cover contracted to 1.77 months from 1.86 months in March 2025 and 2.22 months in April 2024, reflecting lower reserve levels alongside higher average import value.

1. Real Sector Development

(i) Production

In April 2025, cocoa production increased by 11.94 percent to 3,659.26 metric tons while coffee production stood at 328.32 metric tons. The outputs of gold, rutile, ilmenite, iron ore and other minerals expanded in April 2025 whilst diamonds, bauxite and zircon fell. In the manufacturing sector, the performance was mixed as outputs increased for beer, stout and maltina whilst cement, paint, and common soap declined among others.

(ii) Price Development

Year-on-year headline inflation continued to decline at 9.38 percent in April 2025 from 10.71 percent in March 2025. Food inflation dropped to 8.63 percent in April 2025 from 10.27 percent in March 2025 and non-food inflation decreased to 9.99 percent from 11.05 percent in March 2025. The observed decrease in inflationary pressures can be attributed to a combination of domestic policy measures and global developments, including the relative stability of the exchange rate, fiscal consolidation efforts, prudent monetary policy actions, increased international aid, lower commodity prices, and enhancements in supply chains. Table 1 presents the year-on-year headline inflation rate and the key contributing components, highlighting food, non-food, alcohol beverages & tobacco, clothing, furnishings, recreation, hotels and miscellaneous as components driving the inflation rate down.

Monthly headline inflation increased to 0.83 percent in April 2025 from 0.24 percent in March 2025. Figure 1 shows the inflation rates for April 2025 and the 12 months preceding it.

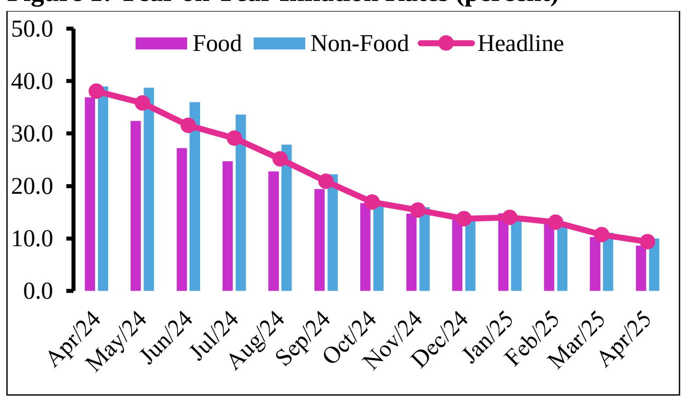
On a regional basis, annual inflation declined in most regions with the exception of the Eastern region which increased from 7.87 percent in March 2025 to 8.17 percent in April 2025. Northern region had the lowest inflation rate, reaching 6.0 percent followed by the North-west region at 6.28 percent, Southern region at 6.39 percent and the Western region at 12.46 percent. Figure 2 shows inflation rates by region.

Table 1: Year-on-Year Inflation Rate by Component (%)

	Weight (%)	Mar. 25	Apr. 25	Change	Direction
Food	40.33	10.27	8.63	-1.64	Down
Non-Food	59.67	11.05	9.99	-1.06	Down
Alcohol Beverages &Tobacco	1.02	11.61	11.13	-0.48	Down
Clothing	7.70	11.64	9.81	-1.83	Down
Housing	8.90	5.64	6.18	0.54	Up
Furnishings	5.6	17.06	10.21	-6.85	Down
Health	7.60	5.68	6.71	1.03	Up
Transport	8.60	3.59	4.62	1.03	Up
Communication	4.70	3.02	4.59	1.57	Up
Recreation	2.60	9.21	7.10	-2.11	Down
Education	3.10	34.96	34.96	-	Unchanged
Hotels	6.10	21.46	18.46	-3.00	Down
Miscellaneous	3.90	15.09	12.87	-2.22	Down
All items	100	10.71	9.38	-1.33	Down

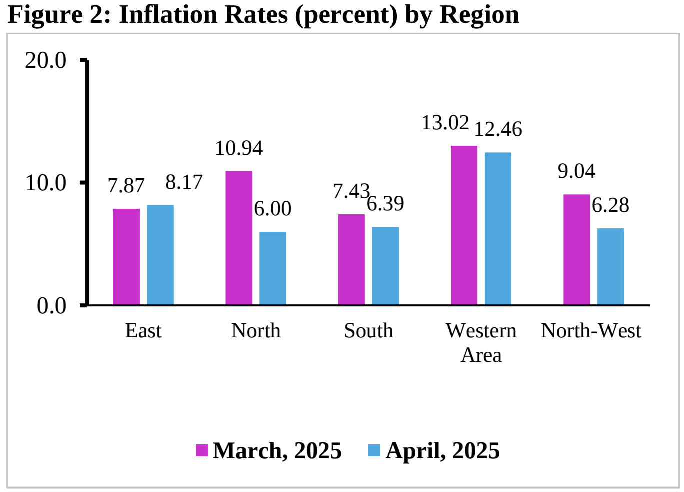
Source: Statistics Sierra Leone

Figure 1: Year on Year Inflation Rates (percent)



Source: Statistics Sierra Leone

Figure 2: Inflation Rates (percent) by Region



Source: Statistics Sierra Leone

2. Fiscal Sector Development

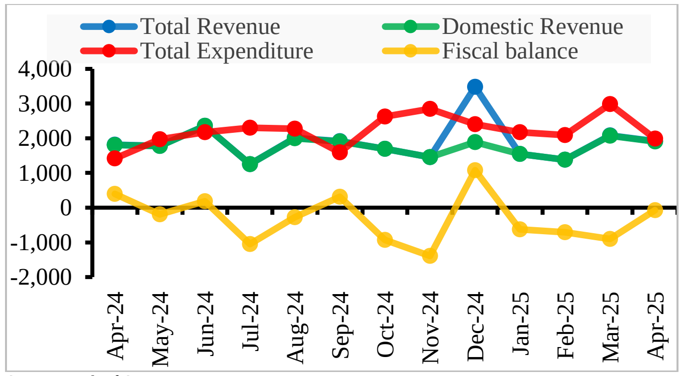
Fiscal operations on a cash-flow basis recorded a narrowed deficit of NLe76.25 million in April 2025, compared to a deficit of NLe905.39 million in March 2025. The deterioration was driven by a decreased in total government expenditure that outpaced the growth in total revenue.

Domestic revenue decreased by 8.03 percent to NLe1,907.25 million in April 2025, down from NLe2,073.70 million in March 2025, and exceeded the target of NLe1,644.52 million by 15.98 percent. The decrease in revenue was broad-based, with all major components contributing. Customs and excise revenue decreased by 12.77 percent to NLe121.21 million; income tax revenue reduce by 5.88 percent to NLe590.69 million; goods and services tax (GST) revenue by 9.11 percent to NLe183.72 million; and miscellaneous (non-tax) revenue also fell by 8.45 percent to NLe1,011.62 million. Grant receipts totalled NLe5.80 million in April 2025.

Government expenditure decreased by 33.31 percent to NLe1,989.30 million in April 2025, from NLe2,982.78 million in March 2025, and surpassed the ceiling of NLe1,749.87 million by 13.68 percent. The fell in expenditure was driven by decreases in wages and salaries other expenditure, and debt services payments which declined by 38.43 percent, 39.52 percent, and 10.80 percent amounting to NLe352.50 million, NLe1,080.54 million and NLe556.26 respectively. Figure 3 shows the fiscal profile for April 2025 and the preceding twelve months.

The primary balance increased to a surplus of NLe474.20 million in April 2025, from a deficit of NLe285.50 million in March 2025. This increase was driven by a decrease in total expenditure that exceeded the decline in domestic revenue.

Figure 3: Government Revenue and Expenditure (in NLe million



Source: Bank of Sierra Leone

3. Monetary Sector Development

(i) Monetary Aggregates

In April 2025, broad money (M2) grew by 2.17 percent, reflecting an increase in both Net Domestic Assets (NDA) and Net Foreign Assets (NFA). NDA and NFA increased by 0.52 percent and 1.65 percent respectively. NDA expansion was as a result of increase in net claims on central government while claims on private sector declined. The growth in NFA of the banking system increased due to the growth of the net foreign assets of the Other Depository Corporation (ODCs). Commercial banks' credit to the private sector decreased by 3.22 percent in April 2025, down from an increase of 2.53 percent in March 2025. Figure 4 shows the contributions of NDA and NFA to M2 growth.

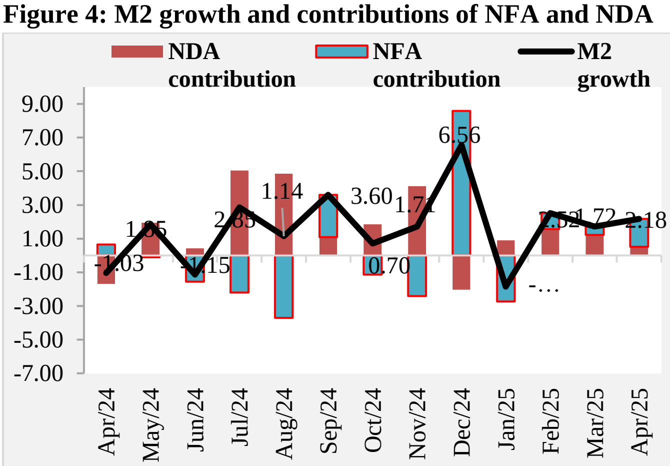
Narrow Money (M1) growth slowdown by 0.03 percent in April 2025, due to decrease in currency outside the banks by 2.87 percent whilst demand deposits increased by 2.95 percent. Quasi-money increased by 4.08 percent, reflecting growth in foreign currency deposits whilst other deposits of BSL and time and savings deposits of commercial banks declined by 11.08 percent and 0.59 percent respectively during the review period.

Reserve money fell by 0.03 percent in April 2025, driven by decrease in NFA of the Bank of Sierra Leone by 7.40 percent whilst NDA grew by 7.37 percent. On the liability side, the decrease in reserve money was mainly due to decrease in deposits of ODCs at BSL by 0.01 percent. Figure 5 shows the contributions of NDA and NFA of the Bank of Sierra Leone to reserve money growth.

(i) Interest Rates

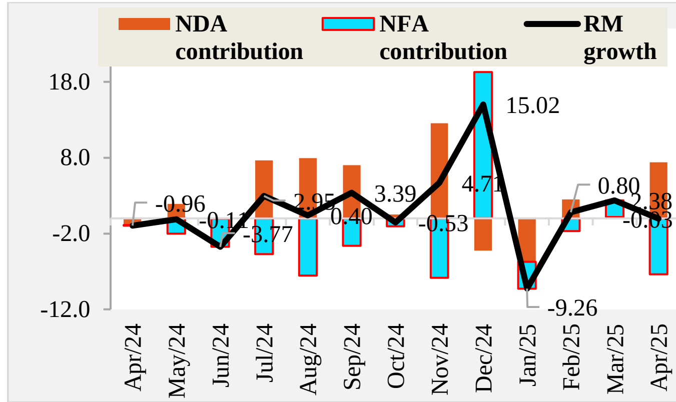
In April 2025, the monetary policy rate (MPR), standing lending facility (SLF), and standing deposit facility rates (SDF) were maintained as in March 2025 at 24.75 percent, 27.75 percent, and 18.25 percent, respectively whilst the interbank rate decreased to 26.68 percent during the review period but staying within the policy corridor. The average deposit rates remained steady at 2.16 percent whilst the commercial banks' average lending rate remained steady at 22.98 percent in April 2025 as in March 2025. As a result, the spread between the average lending and savings rates remained steady at 20.82 percent in April 2025, from 29.19 percent and 41.22 percent respectively in March 2025. Figure 6 shows various interest rates for April 2025 and the 12 months preceding it. The yields on 182-day T-bills increased to 29.22 percent whilst the 364-day T-bills decreased to 41.09 percent in April 2025. There was no subscription for the 91-day T-bills during the review period.

Figure 4: M2 growth and contributions of NFA and NDA



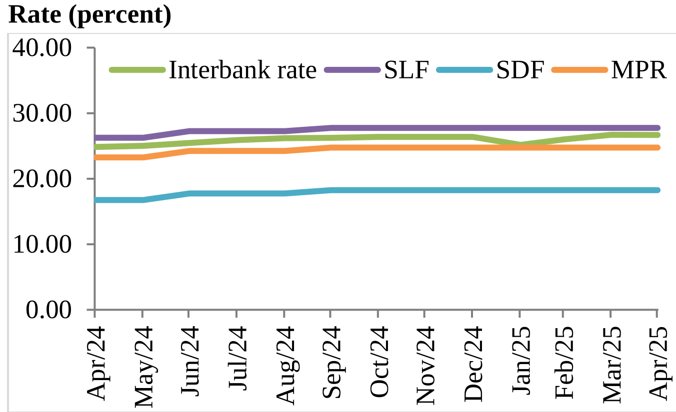
Source: Bank of Sierra Leone

Figure 5: Reserve Money growth and contributions of NFA and NDA



Source: Bank of Sierra Leone

Figure 6: Central Bank Interest Rates and the Interbank Rate (percent)



Source: Bank of Sierra Leone

4. External Sector Development

(i) Exchange Rate Development

On a month-on-month basis, the buying rate of the Leone depreciated in the commercial banks and parallel market segments by 0.06 percent and 0.08 percent to NLe22.63/US$ and NLe24.02/US$, respectively, while it appreciated by 0.36 percent to NLe22.45/US$ in the bureaux market segment.

On the selling side, the Leone depreciated in the commercial banks and parallel market segments by 0.66

percent and 0.03 percent to NLe23.17/US$ and NLe24.24/US$, respectively, while it appreciated by 6.00 percent to NLe21.33/US$ in the bureaux market segment. Figure 7 illustrates the trend in the Leone's depreciation rates using the reference market rate.

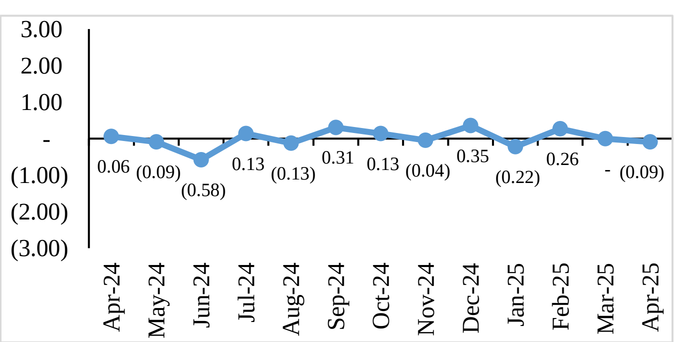
On a year-on-year basis, the reference market rate recorded a marginal depreciation of 0.11 percent in April 2025, easing from a 3.94 percent depreciation in April 2024. On a month-on-month basis, the rate appreciated slightly by 0.08 percent in April 2025, following a stable performance in March 2025.

The premium between the reference market rate and the parallel rate widened to 6.53 percent (NLe1.48 per US dollar) in April 2025, from 6.39 percent (NLe1.45 per US dollar) in March 2025.

(ii) Gross Foreign Exchange Reserves

The gross foreign exchange reserves of the Bank of Sierra Leone declined by 4.33 percent to US$358.19 million in April 2025 from US$374.42 million in March 2025. Gross International Reserves, measured in months of import cover, contracted to 1.77 months at the end of April 2025, from 1.86 months at the end of March 2025 and 2.22 months at the end of April 2024. The decline in the months of imports is attributed to the combined effects of decrease in gross reserves and an increase in average imports. Figure 8 shows the gross international reserves measured in months of imports for April 2025 and the 12 months preceding it.

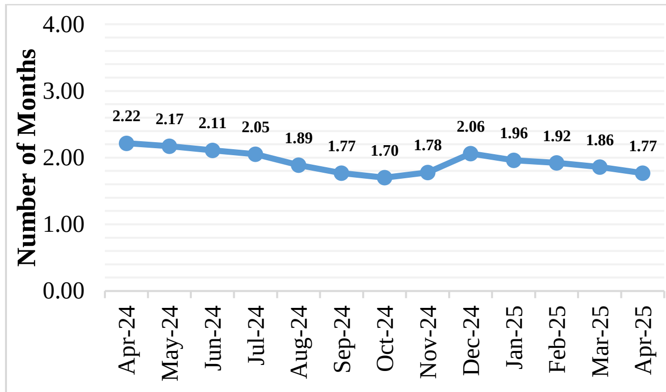
Figure 7: Monthly Reference Rate Appreciation and Depreciation (%)



Source: Bank of Sierra Leone

*Note: positive values denote depreciation while negative values denote appreciation

Figure 8: Gross International Reserves (in Months of Imports)



Source: Bank of Sierra Leone

5. Conclusion

Economic performance in April 2025 showed mixed trends. Cocoa production improved, but performance across mining and manufacturing was uneven. Inflationary pressures eased further, with headline inflation declining to 9.38 percent in April 2025 from 10.71 percent in March 2025, though monthly inflation rose slightly.

Fiscal operations strengthened in April 2025, with the deficit narrowing to NLe76.25 million and the primary balance improving to a surplus of NLe474.20 million, largely driven by expenditure cuts outweighing revenue losses.

Monetary developments in April 2025 were characterized by broad money growth of 2.17 percent, alongside a marginal contraction in reserve money. Credit to the private sector weakened, but quasi-money expansion signalled increased deposit mobilization.

The exchange rate remained relatively stable in April 2025, with marginal movements across segments, though the parallel market premium widened. Reserves declined to US$358.19 million, translating into a lower import cover of 1.77 months in April 2025 compared to 1.86

months in March 2025 and 2.22 months a year earlier in April 2024.