

# **BANK OF SIERRA LEONE**



## **Monthly Economic Review**

December 2024

MER/12/2024

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](mailto:res@bsl.gov.sl).

**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 December 2024.

## Executive Summary

In December 2024, cocoa production increased by 101.28 percent to 4,574.00 metric tons. Gold, zircon, iron ore, and other minerals saw increased output during the review period. The manufacturing sector witnessed an increase in the production of maltina, paint and cement and decrease in the production of common soap, beer and stout.

Year-on-year headline inflation decreased to 13.78 percent in December 2024 from 15.41 percent in November 2024. Food inflation fell to 13.89 percent in December 2024 from 14.73 percent in November 2024 while non-food inflation decreased to 13.69 percent in December 2024 from 15.96 percent in November 2024.

Fiscal operations on a cash-flow basis resulted in a surplus of NLe536.16 million in December 2024, from a deficit of NLe1,390.87 million in November 2024. The surplus was due to revenue expansion while total government expenditure declined. Domestic revenue grew by 8.95 percent to NLe1,585.90 million in December 2024 from NLe1,455.65 million in November 2024. The primary balance maintained a deficit in December 2024, which narrowed to NLe353.78 million from a deficit of NLe984.32 million in November 2024.

Broad Money (M2) increased by 6.56 percent in December 2024 due to a rise in Net Foreign Assets (NFA) by 8.59 percent, while Net Domestic Assets (NDA) declined by 2.03 percent. The NFA growth of the banking system was driven by higher net foreign assets of Other Depository Corporations (ODCs), whereas the NDA decline was mainly due to reduced net claims on central government. Credit to the private sector grew by 4.26 percent in December 2024, down from 5.00 percent in November 2024.

Reserve money expanded by 15.02 percent in December 2024, mainly due to a 19.29 percent increase in NFA of the banking system, while NDA fell by 4.27 percent. On the liability side, the increase in reserve money was due mainly to growth in reserves of ODCs and currency in circulation, which grew by 14.59 percent and 14.42 percent respectively.

The monetary policy rate (MPR), standing lending facility (SLF), and standing deposit facility (SDF) rates remained unchanged as in November 2024 at 24.75 percent, 27.75 percent, and 18.25 percent respectively. Similarly, the interbank market rate remained the same at 26.38 percent as in November, staying within the policy corridor. Average deposit rate remained stable at 2.23 percent as in November 2024 whilst the commercial banks' average lending rate decreased to 22.05 percent, leading to a decline in the lending-savings rate spread by 19.82 percent.

In November 2024, the Leone exhibited a deteriorated performance across all market segments. On the buying side, it depreciated by 0.26 percent in commercial banks, 0.35 percent in the bureau market and 0.14 percent in the parallel market with average rates of NLe22.57/US\$, NLe22.54/US\$, and NLe24.20/US\$, respectively. Similarly, on the selling side, it depreciated by 0.93 percent in commercial banks, 0.31 percent in the bureau market and 0.37 percent in the parallel market, with corresponding average rates of NLe23.00/US\$, NLe22.67/US\$, and NLe24.50/US\$.

In December 2024, the reference market rate appreciated by 0.26 percent on a year-on-year basis, compared to a depreciation of 19.56 percent in December 2023. On a month-on-month basis, it depreciated by 0.38 percent in December 2024 from an appreciation of 0.03 percent in November 2024. The premium between the reference market rate and parallel exchange rates narrowed to 7.43 percent in December (NLe1.69 per US dollar) from 7.57 percent (NLe1.71 per US dollar) in November 2024.

## 1. Real Sector Development

### (i) Production

In December 2024, cocoa production surged by 101.28 percent to 4,574.00 metric tons. The output of gold, other minerals, ilmenite, rutile, diamonds, iron ore and zircon expanded in December 2024. Performance in the manufacturing sector was mixed as output increased for maltina, paint and cement among others while output for common soap, confectionery, oxygen, beer and stout declined.

### (ii) Price Development

Year-on-year headline inflation decreased to 13.78 percent in December 2024 from 15.41 percent in November 2024. Food inflation fell to 13.89 percent in December 2024 from 14.73 percent in November 2024. Non-food inflation decreased to 13.69 percent in December 2024 from 15.96 percent in November 2024. The decrease in headline inflation was primarily driven by sound macroeconomic policies, declining global prices of food and energy, relative stability in the exchange rate as well as the Bank of Sierra Leone's (BSL) tight monetary policy stance. Table 1 presents the year-on-year headline inflation rate and the key contributing components, highlighting food, alcohol beverages & tobacco, clothing, housing, furnishings, health, transport, and recreation, as key components that drove the inflation rate downward.

Monthly headline inflation increased to 0.85 percent in December 2024 from 0.28 percent in November 2024. Figure 1 shows the inflation rates for December 2024 and the 12 months preceding it.

On a regional basis, annual inflation declined in all regions with the North-West region having the lowest inflation rate, reaching 12.31 percent followed by the Western region at 13.61 percent, Northern region at 13.98 percent,

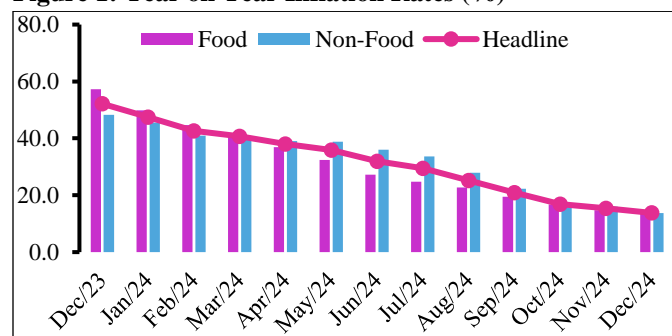
Southern region at 14.62 percent and the Eastern region at 14.70 percent. Figure 2 shows inflation rates by region.

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

	Weight (%)	Nov. 24	Dec. 24	Change	Direction
Food	40.33	14.73	13.89	-0.84	Down
Non-Food	59.67	15.96	13.69	-2.27	Down
Alcohol					
Beverages & Tobacco	1.02	16.52	15.86	-0.66	Down
Clothing	7.70	16.11	13.84	-2.27	Down
Housing	8.90	26.41	12.37	-14.04	Down
Furnishings	5.6	18.13	11.58	-6.55	Down
Health	7.60	15.75	13.35	-2.40	Down
Transport	8.60	2.23	0.92	-1.31	Down
Communication	4.70	0.84	1.64	0.80	Up
Recreation	2.60	16.18	16.09	-0.09	Down
Education	3.10	34.96	34.96	-	Unchanged
Hotels	6.10	21.28	27.71	6.43	Up
Miscellaneous	3.90	19.69	21.24	1.55	Up
All items	100	15.41	13.78	-1.63	Down

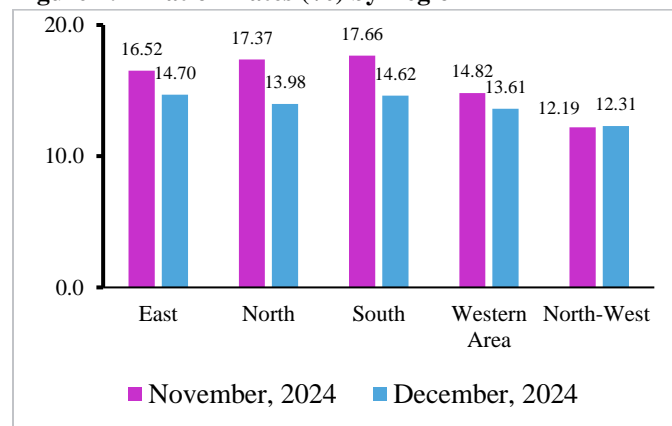
Source: Statistics Sierra Leone

**Figure 1: Year on Year Inflation Rates (%)**



Source: Statistics Sierra Leone

**Figure 2: Inflation Rates (%) by Region**



Source: Statistics Sierra Leone

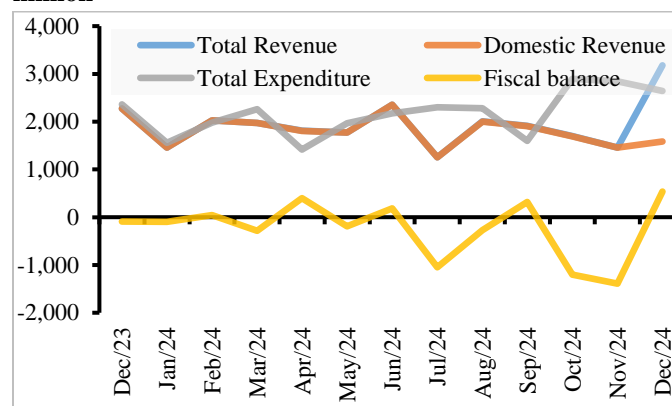
## 2. Fiscal Sector Development

Fiscal operations on a cash-flow basis resulted in a surplus of NLe536.16 million in December 2024, from a deficit of NLe1,390.87 million in November 2024. The surplus was due to expansion in total government revenue while total government expenditure declined.

Domestic revenue grew by 8.95 percent to NLe1,585.90 million in December 2024 from NLe1,455.65 million in November 2024. This, however, exceeded the target of NLe1,329.33 million by 19.30 percent. The increase in domestic revenue was due to expansion in the tax handles, consisting of revenue from income tax, goods & services tax, customs and excise by 48.99 percent, 3.98 percent and 3.52 percent respectively whilst miscellaneous (non-tax) declined by 7.64 percent. Government expenditure declined by 7.17 percent to NLe2,642.39 million, and was above the ceiling of NLe1,128.20 million. The decrease in government expenditure was due to a decline in other expenditure by 44.85 percent to NLe1,163.37 million. However, wages & salaries and debt services grew to NLe776.31 million, and NLe702.71 million respectively in December 2024. Figure 3 shows the fiscal profile for December 2024 and the 12 months preceding it.

The primary balance maintained a deficit in December 2024 but narrowed to NLe353.78 million from a deficit of NLe984.32 million in November 2024, reflecting an increase in domestic revenue whilst total expenditure (excluding debt services) decline.

**Figure 3: Government Revenue and Expenditure (in NLe million)**



Source: Bank of Sierra Leone

## 3. Monetary Sector Development

### (i) Monetary Aggregates

In December 2024, broad money (M2) grew by 6.56 percent, reflecting an increase in Net Foreign Assets (NFA) while Net Domestic Assets (NDA) declined. NFA increased by 8.59 percent while NDA declined by 2.03 percent. The growth in NFA of the banking system was mainly driven by an increase in the Net Foreign Assets of Other Depository Corporations (ODCs) while the NFA of the BSL declined. However, the decline in NDA was as a result of a decrease in net claims on central government whilst there was growth in claims on the private sector. Commercial banks' credit to the private sector expanded by 4.26 percent in December 2024, down from an increase of 5.00 percent in November 2024. Figure 4 shows the contributions of NDA and NFA to M2 growth.

Narrow Money (M1) grew by 8.25 percent in December 2024, due to an increase in both currency outside the banks and demand deposits by 12.51 percent and 4.14 percent respectively. Similarly, Quasi-money increased by 5.03 percent, reflecting growth in all the components of quasi-money during the review period.

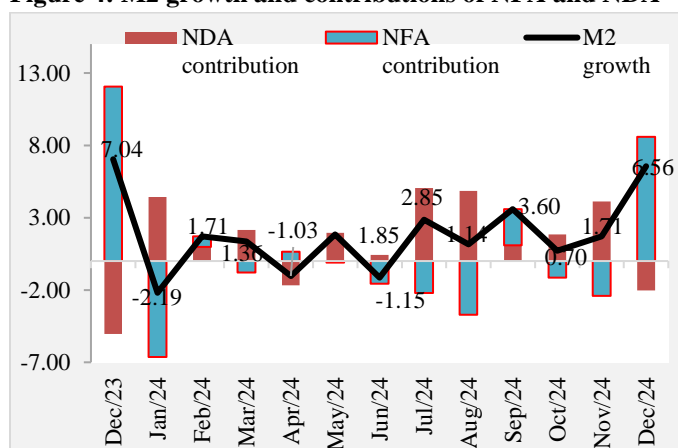
Reserve money expanded by 15.02 percent in December 2024, driven by an increase in NFA of the banking system by 19.29 percent while NDA decreased by 4.27 percent. On the liability side, the increase in reserve money was

mainly due to growth in reserves of ODCs and currency in circulation by 14.59 percent and 14.42 percent respectively. Figure 5 shows the contributions of NDA and NFA of the Bank of Sierra Leone to reserve money growth.

### (i) Interest Rates

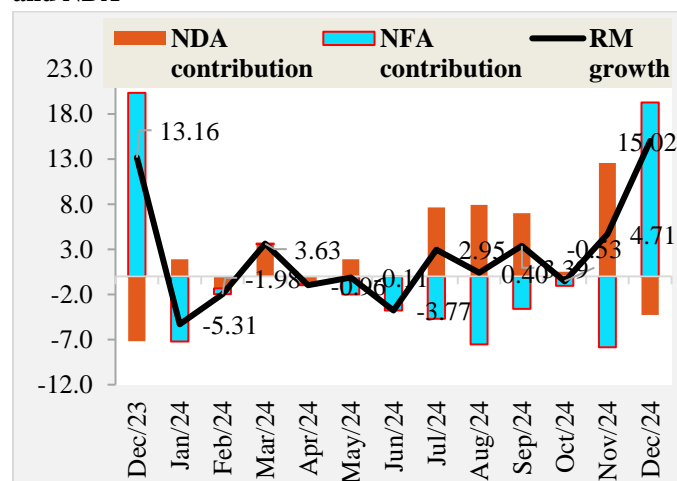
In December 2024, the Monetary Policy Committee maintained the monetary policy rate (MPR), standing lending facility (SLF), and standing deposit facility rates (SDF) as in November 2024 at 24.75 percent, 27.75 percent, and 18.25 percent, respectively. Similarly, the interbank market rate remained unchanged at 26.38 percent as in November 2024, staying within the policy corridor. The average deposit rates remained fixed at 2.23 percent as in October 2024 whilst the commercial banks' average lending rate decreased to 22.05 percent from 22.27 percent in November 2024. As a result, the spread between the average lending and savings rates decreased to 19.82 percent in December 2024 from 20.04 percent in November 2024. Figure 6 shows various interest rates for December 2024 and the 12 months preceding it. The yields on 182-day T-bills and 364-day T-bills increased to 29.48 percent and 41.28 percent respectively while there was no subscription for the 91-day T-bills during the review period.

**Figure 4: M2 growth and contributions of NFA and NDA**



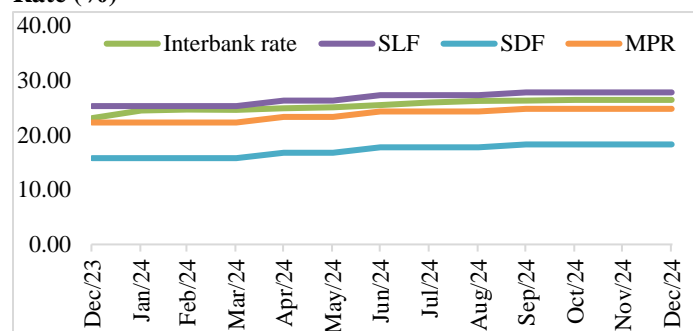
Source: Bank of Sierra Leone

**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 (%)**



Source: Bank of Sierra Leone

## 4. External Sector Development

### (i) Exchange Rate Development

On the buying side, the Leone depreciated in the commercial banks, bureau and parallel market by 0.26 percent to NLe22.57/US\$, 0.35 percent to NLe22.54/US\$ and 0.14 percent to NLe24.20/US\$ respectively.

Similarly, on the selling side, the Leone depreciated in all market segments by 0.926 percent to NLe23.00/US\$ in

the commercial banks, 0.31 percent to NLe22.67/US\$ in the bureau and 0.37 percent to NLe24.50/US\$ in the parallel market. Figure 7 illustrates the trend in the Leone's depreciation rates using the BSL's reference market rate.

On a year-on-year basis, the BSL's reference market rate (mid-rate) appreciated by 0.26 percent in December 2024 compared to a depreciation of 19.56 percent in December 2023. On a month-on-month basis, the mid-rate depreciated by 0.38 percent in December 2024, compared to an appreciation of 0.03 percent in November 2024.

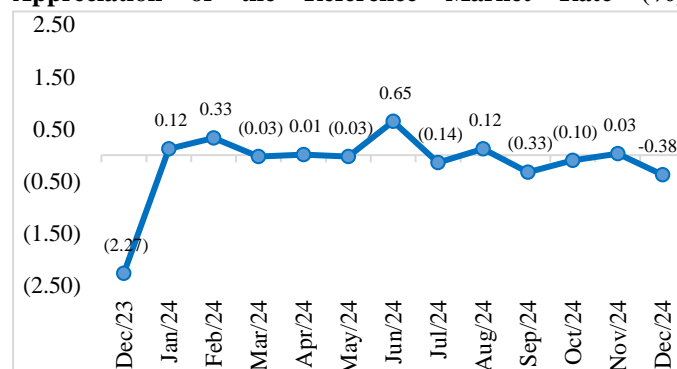
The premium between the reference market rate and parallel rates narrowed to 7.43 percent (NLe1.69 per US dollar) in December 2024, from 7.57 percent (NLe1.71 per US dollar) in November 2024.

## (ii) Gross Foreign Exchange Reserves

The gross foreign exchange reserves of the Bank of Sierra Leone increased by 15.56 percent to US\$410.12 million in December 2024 from US\$354.89 million in November 2024.

Gross International Reserves, measured in months of import cover, increased to 2.06 months at the end of December 2024, from 1.78 months at the end of November 2024 but declined when compared with the 2.51 months at the end of December 2023. This expansion was due to an increase in gross reserves. Figure 8 shows the gross international reserves measured in months of imports for December 2024 and the 12 months preceding it.

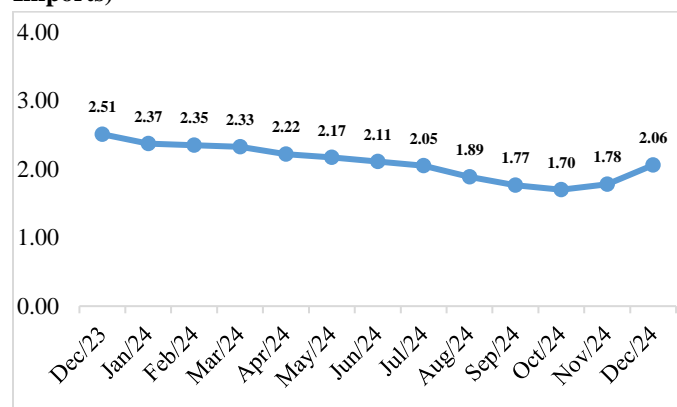
**Figure 7: Monthly Exchange Rate Depreciation and Appreciation of the Reference Market Rate (%)**



Source: Bank of Sierra Leone

\*Note: positive values denote depreciation

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



Source: Bank of Sierra Leone

## 5. Conclusion

In December 2024, the economy showed improved performances across various sectors. Cocoa production grew. The mining sector reflected an expansion, with increases in the output of gold, other minerals, ilmenite, rutile, diamonds iron ore and zircon. In the manufacturing sector, output increased for maltina, paint and cement while common soap, beer and stout decreased.

Year-on-year headline inflation decreased to 13.78 percent in December 2024 from 15.41 percent in November 2024. On a regional basis, annual inflation declined in all regions across the country.

Fiscal operations on a cash-flow basis resulted in a surplus of NLe536.16 million in December 2024, from a deficit of NLe1,390.87 million in November 2024. The surplus was due to expansion in total government revenue while total government expenditure declined. Domestic revenue increased by 8.95 percent to NLe1,585.90 million in December 2024 from NLe1,455.65 million in November 2024. The primary balance maintained a deficit in December 2024, which narrowed to NLe353.78 million from a deficit of NLe984.32 million in November 2024.

In December 2024, broad money (M2) expanded by 6.56 percent, reflecting an increase in Net Foreign Assets (NFA) while Net Domestic Assets (NDA) declined. NFA increased by 8.59 percent while NDA decreased by 2.03 percent. The growth in Net Foreign Assets (NFA) of the banking system was mainly driven by increases in the NFA of Other Depository Corporations (ODCs), despite a decline in the Bank of Sierra Leone's (BSL) NFA. The decline in Net Domestic Assets (NDA) was due to reduced net claims on the central government, although claims on the private sector increased. Commercial banks' credit to the private sector grew by 4.26 percent in December 2024, slightly lower than the 5.00 percent growth in November 2024.

The Leone remained relatively stable across different market segments. The gross foreign exchange reserves of the Bank of Sierra Leone increased by 15.56 percent to US\$410.12 million in December 2024 from US\$354.89 million in November 2024. Gross International Reserves, measured in months of import cover increased to 2.06 months at the end of December 2024, from 1.78 months at the end of November 2024.