

# **BANK OF SIERRA LEONE**



## **Monthly Economic Review**

June 2024

MER/06/2024

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 June 2024.

## Executive Summary

In June 2024, cocoa production declined by 7,288.70 to 276.30 metric tons also there was a decline in coffee production by 208.80% to 94.20 metric tons. The mining sector indicated mixed results, with a decrease in the gem diamond, iron ore and other mineral. While industrial diamond, gold pure, rutile, ilmenite and zircon saw an increase. There was no available data on the production of bauxite. In the manufacturing sector, output decreased for beer and stout, cement, paint and confectionery. While output such as maltina, oxygen and common soap improved, albeit zagg remained the same as in May 2024.

Year-on-year headline inflation reduced to 31.93% in June 2024 from 35.84% in May 2024. Food inflation fell to 27.25% from 32.42%, and non-food inflation declined to 35.99% from 38.77%. Monthly headline inflation decreased to 0.43% in June 2024 from 1.76% in May 2024.

Fiscal operations on a cash-flow basis resulted in a surplus of NLe183.09 million in June 2024, compared to a deficit of NLe194.09 million in May 2024. The surplus was due to an increase in total revenue which outweighed an increase in total expenditure. Domestic revenue increased by 32.68% to NLe2,354.72 million in June 2024 from NLe1,774.73 million in May 2024. The primary balance rose by 120.95%, from NLe159.54 million in May 2024 to NLe352.51 million in June 2024, reflecting an increase in domestic revenue which outweighed the increase in total expenditure (excluding debt services).

In June 2024, broad money (M2) declined by 1.14%, reflecting a decrease in Net Foreign Assets (NFA), while Net Domestic Assets (NDA) increased. NFA declined by 1.56%, while NDA expanded by 0.42%. Reserve money declined by 3.77% in June 2024, driven by decreases in both NFA of the BSL and NDA. On the liability side, the decrease in reserve money was due to contractions of reserves in ODCs and currency in circulation by 19.82% and 0.58% respectively while other deposits from other residents expanded by 7.00%. The BSL raised its monetary policy rate (MPR), standing lending facility (SLF), and standing deposit facility rates (SDF) by one percentage point to 24.25%, 27.25%, and 17.75%, respectively. The interbank rate

rose to 25.46% in June 2024 from 25.02% in May 2024, staying within the policy corridor.

In June 2024, the Leone remained stable across foreign exchange markets. On the buying side, the Leone appreciated by 0.65% at the BSL's published rate, 0.36% in the commercial banks market, and by 0.51% in the bureaux market in June 2024. The buying rate of the Leone against the US dollar depreciated slightly by 0.05% in the parallel market. The average rates based on the BSL's published rate, the commercial banks, bureaux, and parallel markets were NLe22.37/US\$, NLe22.40/US\$, NLe22.36/US\$, and NLe23.70/US\$, respectively.

On the selling side, the Leone appreciated by 0.65% at the BSL's published rate, 0.89% in the commercial banks market, 0.43% in the bureaux market and 0.53% in the parallel market. The average rates based on the BSL's published rate, commercial banks, bureaux, and parallel markets were NLe22.60/US\$, NLe22.68/US\$, NLe22.49/US\$, and NLe23.85/US\$.

On a year-on-year basis, the BSL mid-rate depreciated by 6.67% in June 2024 compared to a depreciation of 37.49% in June 2023. On a month-on-month basis, the BSL mid-rate appreciated marginally by 0.58% in June 2024 compared to a 0.09% depreciation in May 2024. The premium between the official and parallel rates increased to 5.74% (NLe1.29 per US dollar) in June 2024 from 5.35% (NLe1.21 per US dollar) in May 2024.

The gross foreign exchange reserves of the Bank of Sierra Leone reduced by 3.04% to US\$411.35 million in June 2024, down from US\$424.24 million in May 2024. Representing 2.11 months of import cover at the end of June 2024, from 2.17 months of import cover at the end of May 2024. This decline was due to the decrease in gross reserves.

## 1. Real Sector Development

In June 2024, cocoa production decreased by 7,288.70 to 276.30 metric tons also there was a decline in coffee production by 208.80% to 94.20 metric tons. The mining sector showed mixed results, with a decrease in the gem diamond, iron ore and other mineral. While industrial diamond, gold pure, rutile, ilmenite and zircon saw an increase. There was no available data on the production of bauxite. In the manufacturing sector, output decreased for beer and stout, cement, paint and confectionery. While output such as maltina, oxygen and common soap increased, albeit zagg remained the same as in May 2024.

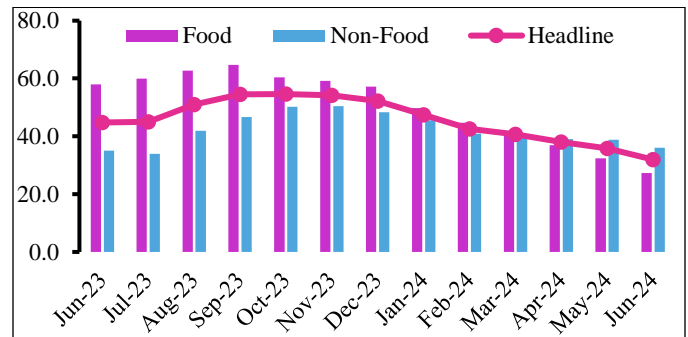
### (ii) Price Development

Year-on-year headline inflation decreased to 31.93% in June 2024 from 35.84% in May 2024. Food inflation fell to 27.25% from 32.42%, and non-food inflation decreased to 35.99% from 38.77%. The decline in headline inflation was largely due to the relative stability of the exchange rate, moderating global commodity prices, and 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, clothing, furnishings, health, communication, recreation, hotels, and miscellaneous items as key components driving the inflation rate down. Monthly headline inflation decreased to 0.43% in June 2024 from 1.76% in May 2024. Figure 1 shows the inflation rates for June 2024 and the 12 months preceding it. Regionally, annual inflation increased only in the Northern region reaching 34.44% followed by the Western region reaching at 33.64% in June 2024, also the Eastern region at 31.20%, both the North-West and southern regions showed a decline at 28.27%. and 28.34% respectively Figure 2 shows inflation rates by region.

	Weight (%)	May 24	Jun. 24	Change	Direction
<b>Food</b>	<b>40.33</b>	<b>32.42</b>	<b>27.25</b>	<b>-5.17</b>	<b>Down</b>
<b>Non-Food</b>	<b>59.67</b>	<b>38.77</b>	<b>35.99</b>	<b>-2.78</b>	<b>Down</b>
<b>Alcohol</b>					
<b>Beverages</b>	<b>1.02</b>	<b>25.04</b>	<b>20.22</b>	<b>-4.82</b>	<b>Down</b>
<b>&amp;Tobaco</b>					
<b>Clothing</b>	<b>7.70</b>	<b>33.28</b>	<b>27.18</b>	<b>-6.1</b>	<b>Down</b>
<b>Housing</b>	<b>8.90</b>	<b>39.01</b>	<b>38.63</b>	<b>-0.38</b>	<b>Down</b>
<b>Furnishings</b>	<b>5.6</b>	<b>31.43</b>	<b>28.36</b>	<b>-3.07</b>	<b>Down</b>
<b>Health</b>	<b>7.60</b>	<b>44.58</b>	<b>40.67</b>	<b>-3.91</b>	<b>Down</b>
<b>Transport</b>	<b>8.60</b>	<b>58.38</b>	<b>60.17</b>	<b>1.79</b>	<b>UP</b>
<b>Communication</b>	<b>4.70</b>	<b>9.09</b>	<b>6.67</b>	<b>-2.42</b>	<b>Down</b>
<b>Recreation</b>	<b>2.60</b>	<b>35.12</b>	<b>34.92</b>	<b>-0.2</b>	<b>Down</b>
<b>Education</b>	<b>3.10</b>	<b>48.90</b>	<b>48.90</b>	<b>0</b>	<b>Constant</b>
<b>Hotels</b>	<b>6.10</b>	<b>42.43</b>	<b>38.27</b>	<b>-4.16</b>	<b>Down</b>
<b>Miscellaneous</b>	<b>3.90</b>	<b>35.32</b>	<b>28.21</b>	<b>-7.11</b>	<b>Down</b>
<b>All items</b>	<b>100</b>	<b>35.84</b>	<b>31.93</b>	<b>-3.91</b>	<b>Down</b>

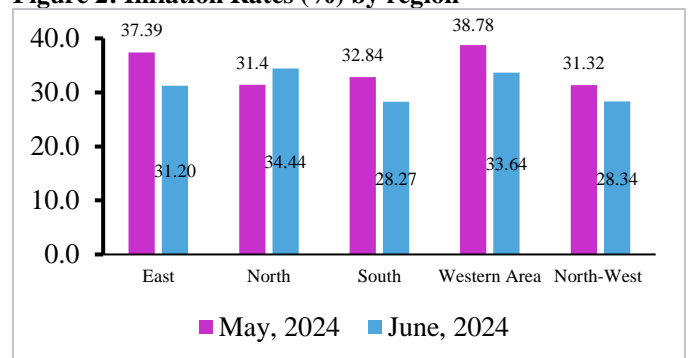
Source: Statistics Sierra Leone

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



Source: Statistics Sierra Leone

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



Source: Statistics Sierra Leone

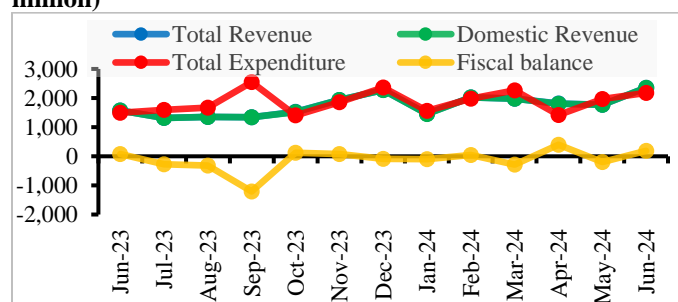
## 2. Fiscal Sector Development

Fiscal operations on a cash-flow basis resulted in a surplus of NLe183.09 million in June 2024, compared to a deficit of NLe194.09 million in May 2024. The surplus was due to an increase in total revenue which outweighed an increase in total expenditure.

Domestic revenue increased by 32.68% to NLe2,354.72 million in June 2024 from NLe1,774.73 million in May 2024. This exceeded the target of NLe1,229.00 million by 91.60%. The increase was due to an expansion in revenue from goods and services tax, which grew by 61.27% to NLe285.20 million, customs and excise tax, which increased by 55.68% to NLe220.74 million, income tax which rose by 43.33% to NLe542.39 million, and miscellaneous income, which increased by 21.22% to NLe1,306.38 million. Grants amounted to NLe1.00 million in June 2024. Government expenditure increased by 10.35% to NLe2,172.63 million, and was above the ceiling of NLe927.87 million by 134.15%. The increase in expenditure was due to an increase in wages and salaries, which expanded by 29.26% to NLe538.75 million, and an increase in other expenditures on goods and services, which expanded by 22.12% to NLe1,463.45 million. Debt service payments declined by 51.81% to NLe170.42 million. Figure 3 shows the fiscal profile for June 2024 and the 12 months preceding it.

The primary balance increased by 120.95%, from NLe159.54 million in May 2024 to NLe352.51 million in June 2024, reflecting an increase in domestic revenue which outweighed the increase in total expenditure (excluding debt services).

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



Source: Bank of Sierra Leone

## 3. Monetary Sector Development

### (i) Monetary Aggregates

In June 2024, broad money (M2) declined by 1.14%, reflecting a decrease in Net Foreign Assets (NFA), while Net Domestic

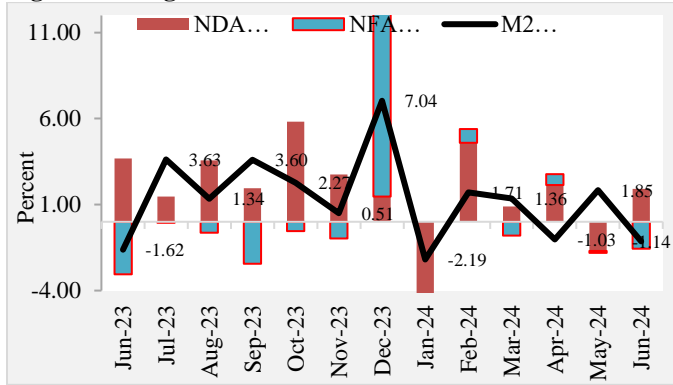
increase in the net claims on central government. The decline in Net Foreign Assets (NFA) of the banking system was driven by the decrease in the net foreign assets of the Bank of Sierra Leone and Other Depository Corporations. Commercial banks' credit to the private sector declined by 0.33% in June 2024, compared to a 1.20% expansion in June 2024. Figure 4 shows the contributions of NDA and NFA to M2 growth. Narrow Money (M1) fell by 0.01% in June 2024, due to decrease in currency outside banks by 0.88% while demand deposits rose by 0.87%. Quasi-money decreased by 2.05%, reflecting decrease in foreign currency deposits by 4.07%. Time and savings deposits of ODCs and other deposits of the BSL recorded an increase by 2.14% and 7.00% respectively during the review period.

Reserve money declined by 3.77% in June 2024, driven by decreases in both NFA of the BSL and NDA. On the liability side, the decrease in reserve money was due to contractions of reserves in ODCs and currency in circulation by 19.82% and 0.58% respectively while other deposits from other residents expanded by 7.00%. Figure 5 shows the contributions of NDA and NFA of the Bank of Sierra Leone to reserve money growth.

### (ii) Interest Rates

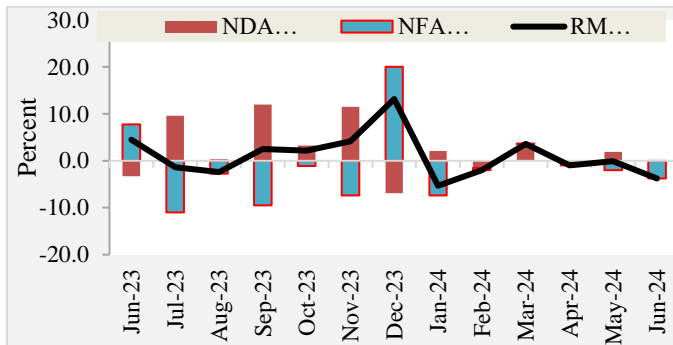
In June 2024, the BSL raised its monetary policy rate (MPR), standing lending facility (SLF), and standing deposit facility rates (SDF) by one percentage point to 24.25%, 27.25%, and 17.75%, respectively. The interbank rate increased to 25.46% in June 2024 from 25.02% in May 2024, staying within the policy corridor. The commercial banks' average lending rate and average deposit rate remained steady at 20.38% and 2.23% respectively as in May 2024. Similarly, the spread between the average lending and savings rates remained steady at 18.15% as in May 2024. Figure 6 shows various interest rates for June 2024 and the 12 months preceding it. The yield on the 364-day T-bills increased to 41.28% in June 2024, while the yield on 91-day and 182-day T-bills remained unchanged at 20.28% and 29.22% respectively.

Figure 4: M2 growth and contributions of NFA and NDA



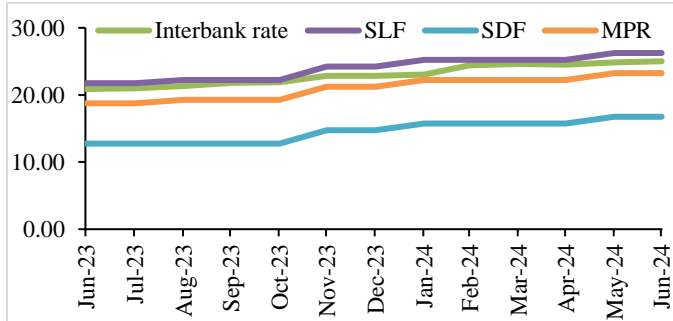
Source: Bank of Sierra Leone

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 appreciated by 0.65% at the BSL’s published rate, 0.36% in the commercial banks market,

<sup>1</sup> Mid-rate is the average of the official selling and buying rates as published by the Bank of Sierra Leone.

and by 0.51% in the bureaux market in June 2024. The buying rate of the Leone against the US dollar depreciated slightly by 0.05% in the parallel market. The average rates based on the BSL’s published rate, the commercial banks, bureaux, and parallel markets were NLe22.37/US\$, NLe22.40/US\$, NLe22.36/US\$, and NLe23.70/US\$, respectively.

On the selling side, the Leone appreciated by 0.65% at the BSL’s published rate, 0.89% in the commercial banks market, 0.43% in the bureaux market and 0.53% in the parallel market. The average rates based on the BSL’s published rate, commercial banks, bureaux, and parallel markets were NLe22.60/US\$, NLe22.68/US\$, NLe22.49/US\$, and NLe23.85/US\$. Figure 7 shows the trend of the appreciation and depreciation rate of the Leone, using the BSL mid-rate<sup>1</sup>.

On a year-on-year basis, the BSL mid-rate depreciated by 6.67% in June 2024 compared to a depreciation of 37.49% in June 2023. On a month-on-month basis, the BSL mid-rate appreciated marginally by 0.58% in June 2024 compared to a 0.09% depreciation in May 2024.

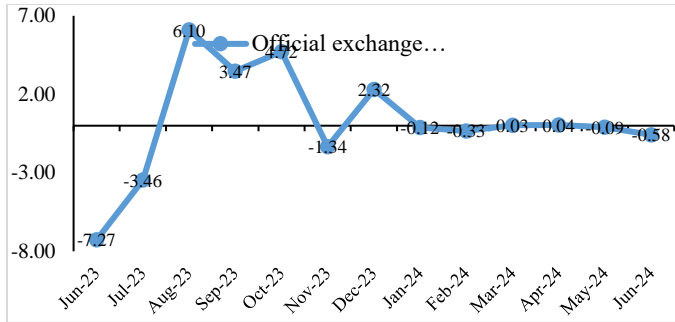
The premium between the official and parallel rates increased to 5.74% (NLe1.29 per US dollar) in June 2024 from 5.35% (NLe1.21 per US dollar) in May 2024.

### (ii) Gross Foreign Exchange Reserves

The gross foreign exchange reserves of the Bank of Sierra Leone decreased by 3.04% to US\$411.35 million in June 2024, down from US\$424.24 million in May 2024.

Gross International Reserves, measured in months of import cover, declined to 2.11 months at the end of June 2024, from 2.17 months at the end of May 2024 and 2.72 months at the end of June 2023. This decline was due to the decrease in gross reserves. Figure 8 shows the gross international reserves measured in months of imports for June 2024 and the 12 months preceding it.

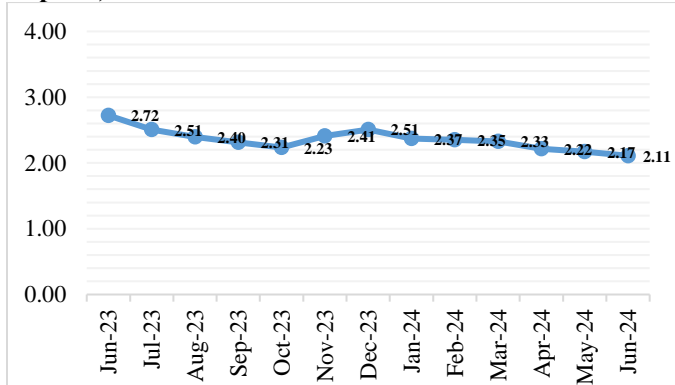
**Figure 7: Monthly Exchange Rate Appreciation and Depreciation (%) of the BSL Mid-Rate**



Source: Bank of Sierra Leone

\*note: positive values for BSL mid-rate dep. denote depreciation

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



Source: Bank of Sierra Leone

## 5. Conclusion

In June 2024, the economy showed mixed performance across various sectors. Cocoa production declined by 7,288.70 to 276.30 metric tons also there was a decrease in coffee production by 208.80% to 94.20 metric tons. The mining sector displayed mixed results, with a decrease in the gem diamond, iron ore and other mineral while industrial diamond, gold pure, rutile, ilmenite and zircon saw an increase. There was no bauxite production. In the manufacturing sector, output decreased for beer and stout, cement, paint and confectionery. Contrasting with increase in products such as maltina, oxygen and common soap increased, albeit zagg remained stable.

Year-on-year headline inflation decreased to 31.93% in June 2024 from 35.84% in May 2024. Food inflation fell to 27.25% from 32.42%, and non-food inflation decreased to 35.99% from 38.77%. Monthly headline inflation decreased to 0.43% in June 2024 from 1.76% in May 2024. Regionally, annual inflation

increased only in the Northern region, Western region and the Eastern region, both the North-West and southern regions experienced declines with the latter recording the lowest rate at 28.27%.

Fiscal operations on a cash-flow basis resulted in a surplus of NLe183.09 million in June 2024, compared to a deficit of NLe194.09 million in May 2024. The surplus was due to an increase in total revenue which outweighed an increase in total expenditure. Domestic revenue increased by 32.68% to NLe2,354.72 million in June 2024 from NLe1,774.73 million in May 2024. The primary balance increased by 120.95%, from NLe159.54 million in May 2024 to NLe352.51 million in June 2024, reflecting an increase in domestic revenue which outweighed the increase in total expenditure (excluding debt services).

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The Leone remained relatively stable across different market segments. The gross foreign exchange reserves of the Bank of Sierra Leone decreased by 3.04% to US\$411.35 million in June 2024, down from US\$424.24 million in May 2024. In terms of months of import cover, it declined to 2.11 months at the end of June 2024, from 2.17 months at the end of May 2024.