

BANK OF SIERRA LEONE



Monthly Economic Review

October 2025

MER/10/2025

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.

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 October 2025.](#)

Executive Summary

Economic activity in October 2025 remained mixed across key sectors. Agricultural output weakened significantly, as cocoa production declined sharply, while coffee production remained modest. Mining sector performance was uneven, with increases in bauxite and iron ore output offset by declines in rutile, ilmenite, and zircon. Manufacturing activity showed partial improvement, supported by increased production of beverages and confectionery, although output of cement, paint, and soap declined.

Inflationary pressures moderated during the period, with year-on-year headline inflation declining to 4.44 percent in October 2025 from 5.36 percent in September 2025. This easing was largely driven by a reduction in non-food inflation, despite a slight increase in food inflation. On a monthly basis, the price level declined, reflecting short-term easing in prices. Regionally, inflation remained elevated in the Northern region, while moderating across other regions.

Fiscal performance in the review period deteriorated, with the overall deficit widening significantly due to a sharp decline in domestic revenue, which outweighed a moderate reduction in expenditure. Although revenue exceeded its target, key components—particularly income tax and non-tax revenue—contracted notably. Government spending declined but remained above the programmed ceiling. Consequently, the primary surplus narrowed considerably.

Monetary developments reflected subdued liquidity conditions, with broad money contracting marginally due to a significant decline in net foreign assets, which was partly offset by growth in net domestic assets. Credit to the private sector improved, indicating some recovery in financial intermediation. The monetary policy stance

remained accommodative following earlier rate reductions, contributing to lower lending rates and a slight narrowing of interest rate spreads.

In the external sector, exchange rate movements were relatively stable, with marginal appreciation in some market segments and slight depreciation in others. However, external buffers have weakened, as gross foreign exchange reserves declined slightly, leading to a marginal reduction in import cover.

Overall, the macroeconomic environment in October 2025 was characterized by easing inflation and stable exchange rate conditions. However, weakened fiscal performance, declining external reserves and sluggish growth in key sectors of the real economy continue to pose challenges to sustained economic stability and growth.

1. Real Sector Development

(i) Production

Cocoa production declined significantly in October 2025, falling by 147.72 percent to 150 metric tons, while coffee production stood at 12.86 metric tons during the review period. In the mining sector, output of bauxite, iron ore, and other minerals recorded increases, whereas production of rutile, ilmenite, and zircon declined. In the manufacturing sector, output performance improved for beer and stout, maltina, and confectionery products, while production of cement, paint, and common soap, among others, declined. The output of oxygen remained unchanged compared to its level in September 2025.

(ii) Price Development

Year-on-year headline inflation declined to 4.44 percent in October 2025 from 5.36 percent in September 2025. Food inflation rose to 2.80 percent in October 2025 from 2.56 percent in September 2025 and non-food inflation decreased to 5.77 percent in October 2025 from 7.73 percent in September 2025. The observed decrease in inflationary pressure can be attributed to a combination of domestic policy measures and global developments, including prudent monetary policy actions, the relative stability of the exchange rate, fiscal consolidation efforts by government, 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 non-food, alcoholic beverages & tobacco, clothing and footwear, furniture and household equipment, health, communication, recreation and culture, education services, and miscellaneous goods and services as components driving the inflation rate down.

Monthly headline inflation fell to -0.53 percent in October 2025 from 0.36 percent in September 2025. Figure 1 shows the inflation rates for October 2025 and the 12 months preceding it.

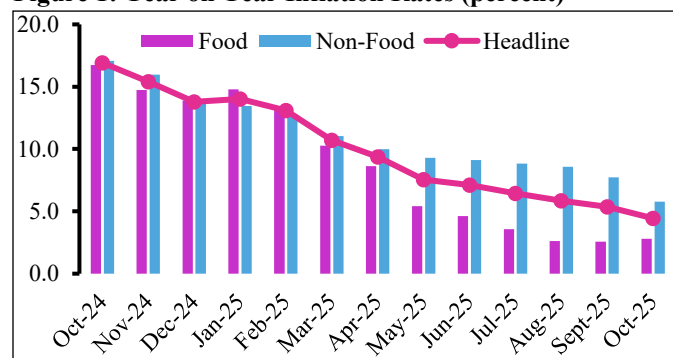
On a regional basis, inflation in the Northern region remains elevated, rising to 10.36 percent in October 2025 from 9.67 percent in September 2025. Inflation declined in all other regions with the Eastern region recording the lowest rate at 0.27 percent in October 2025, down from 0.94 percent in September 2025, followed by the North-West region at 0.36 percent, Southern region at 1.59 percent, and the Western region at 6.23 percent. Figure 2 shows the inflation rates by region.

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

	Weight (%)	Sep. 25	Oct. 25	Change	Direction
Food	40.33	2.56	2.80	0.24	Up
Non-Food	59.67	7.73	5.77	-1.96	Down
Alcoholic Beverages & Tobacco	1.02	-2.56	-3.18	-0.62	Down
Clothing	7.70	9.01	8.45	-0.56	Down
Housing	8.90	4.59	5.26	0.67	Up
Furnishings	5.6	9.71	6.78	-2.93	Down
Health	7.60	3.22	2.83	-0.39	Down
Transport	8.60	1.21	1.53	0.32	Up
Communication	4.70	3.46	2.70	-0.76	Down
Recreation	2.60	7.92	5.91	-2.01	Down
Education	3.10	34.96	-0.38	-35.34	Down
Hotels	6.10	14.65	15.41	0.76	Up
Miscellaneous	3.90	10.22	4.60	-5.62	Down
All items	100	5.36	4.44	-0.92	Down

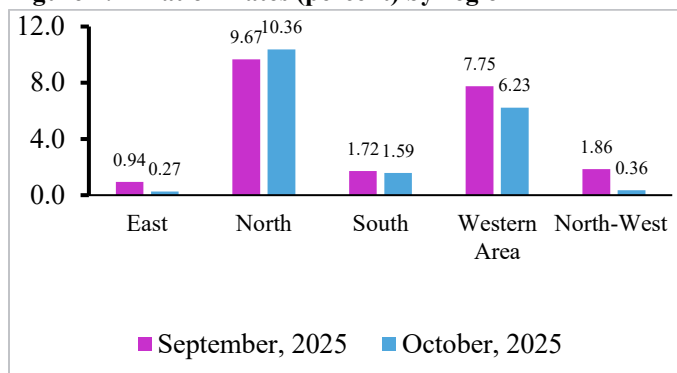
Source: Statistics Sierra Leone

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 widened deficit of NLe451.62 million in October 2025, from a deficit of NLe49.51 million in September 2025. The widening of the deficit was driven by sharp contraction in total revenue which outpaced a moderation in total expenditure.

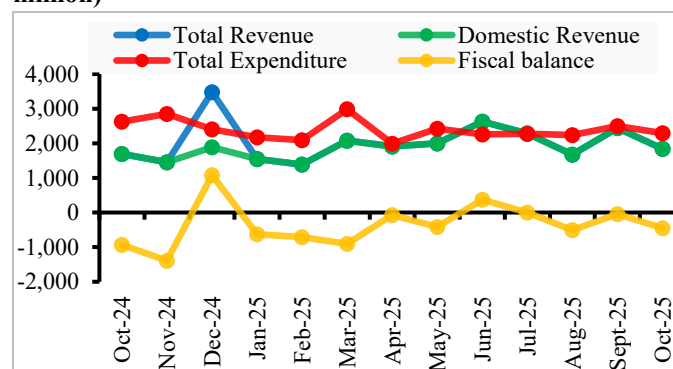
Domestic revenue decreased by 24.86 percent to NLe1,836.79 million in October 2025, down from NLe2,444.64 million in September 2025, though it exceeded the target of NLe1,598.51 million by 14.91 percent. The decrease in revenue was driven by contractions across key revenue components. Income tax revenue declined by 34.94 percent to NLe526.17 million and miscellaneous (non-tax) revenue decreased by 33.76 percent to NLe821.01 million. Customs and excise tax revenue increased by 3.95 percent to NLe195.49 million while revenue from goods and services tax also expanded by 41.15 percent to NLe294.12 million. Grants amounted to NLe5.23 million in October 2025.

Government expenditure declined by 8.04 percent to NLe2,293.65 million in October 2025, from NLe2,494.15 million in September 2025, but surpassed the ceiling of NLe2,082.98 million by 10.11 percent. The decrease in

total expenditure was driven by reductions in key expenditure components. Wages and salaries declined by 18.26 percent to NLe489.29 million and debt services decreased by 18.22 percent to NLe567.82 million. Meanwhile, other expenditure grew slightly by 2.94 percent, amounting to NLe1,236.55 million. Figure 3 shows the fiscal profile for October 2025 and the preceding twelve months.

The primary balance surplus narrowed to NLe110.96 million in October 2025, from a surplus of NLe644.84 million in September 2025. This reflected a decrease in domestic revenue, which outpaced the moderate reduction 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

Broad money (M2) decline by 0.03 percent in October 2025, reflecting a decrease in Net Foreign Assets (NFA) by 15.63 percent and contributed 1.66 percentage points to the decrease of M2 while Net Domestic Assets (NDA) increased by 1.82 percent and moderated the decline in M2 by 1.63 percentage points. A decrease in NFA was because of decline in the net foreign assets of Other Depository Corporations (ODCs) while the increase in NDA was due to growth in the claims on private sector. Commercial banks' credit to the private sector increased

by 6.25 percent in October 2025, up from an increase of 1.28 percent in September 2025. Figure 4 shows the contributions of NDA and NFA to M2 growth.

Narrow Money (M1) increased by 2.15 percent in October 2025, due to growth in currency in circulation by 4.58 percent whilst transferable deposits declined by 0.03 percent. Conversely, quasi money decreased by 1.87 percent reflecting decrease in the deposits of foreign currency by 5.24 percent and other deposits by 11.13 percent whilst Time and savings deposits from private enterprises grew by 4.53 percent.

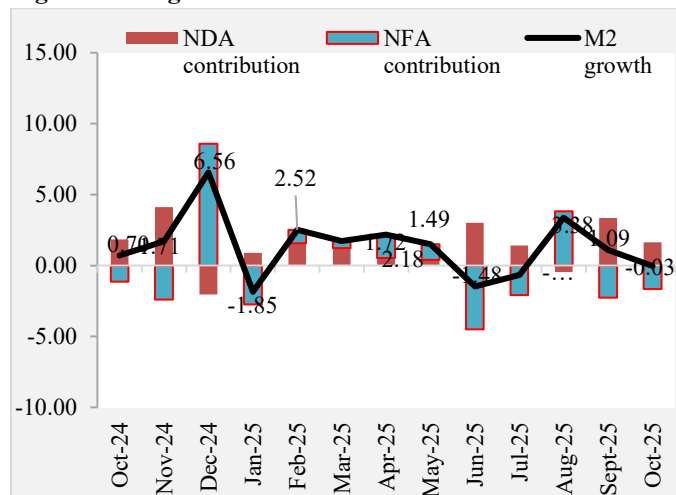
Reserve money grew by 2.74 percent in October 2025, driven by increase in NDA by 0.63 percent and contributed 1.05 percentage points to the growth in reserve money whilst NFA’s negative position moderated to NLe6.54 million and contributed 1.69 percentage points to reserve money. On the liability side, the increase in reserve money was due to growth in both deposits of ODCs at BSL by 4.36 percent and currency in circulation by 2.48 percent whilst deposits of other residents declined by 11.13 percent. Figure 5 shows the contributions of NDA and NFA of the Bank of Sierra Leone to reserve money growth.

(ii) Interest Rates

The Monetary Policy Committee (MPC) meeting was held in September 2025 and the committee decided to reduce the Monetary Policy Rate (MPR) by 3 percentage point to 18.75 percent, while adjusting the Standing Lending Facility (SLF) and Standing Deposit Facility (SDF) rates downward by 2 percentage point, with the Standing Lending Facility being 21.75 percent and Standing Deposit Facility being 12.25 percent. Accordingly, the interbank market rate declined to 18.74 percent but stayed within the policy corridor, whilst the average deposit rates decreased to 1.83 percent and the commercial banks’ average lending rate declined to 20.29 percent in October 2025. As a result, the spread between the average lending and savings rates decreased to 18.46 percent in October 2025 from 18.62 percent in September 2025. Figure 6 shows various interest rates for October 2025 and the 12 months preceding it. The yields on 182-

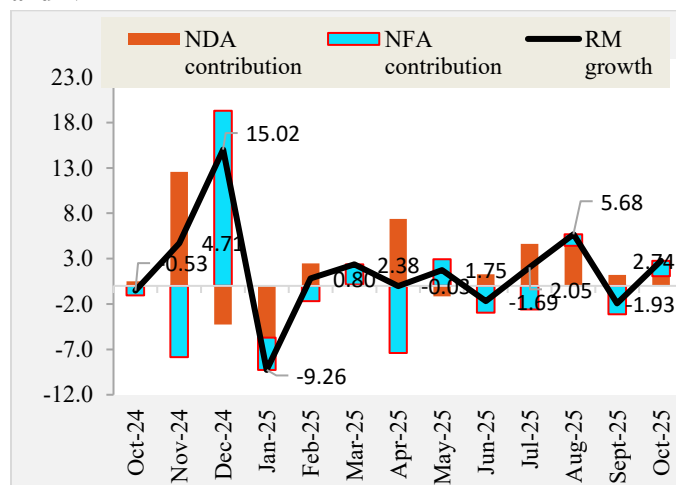
day T-bills increased to 15.41 percent whilst the yields on 364-day T-bills decreased to 16.75 percent in October 2025. There was no subscription for the 91-day T-bills during the review period.

Figure 4: M2 growth and contributions of NFA and NDA



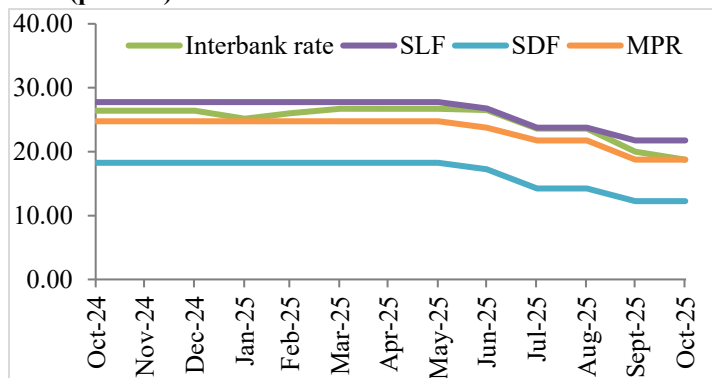
Source: Bank of Sierra Leone

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

The premium between the reference market rate and the parallel rate remained the same at 5.50 percent (NLe1.24 per US dollar) in October 2025.

(ii) Gross Foreign Exchange Reserves

The gross foreign exchange reserves of the Bank of Sierra Leone decreased by 0.41 percent to US\$311.43 million in September 2025 from US\$312.72 million in September 2025.

Gross International Reserves, measured in months of import cover, declined to 1.68 months at the end of October 2025, from 1.69 months at the end of September 2025, and 1.70 months at the end of October 2024. The decline in the months of imports is primarily attributed to a decline in the gross reserves which outpaced the decline in average imports. Figure 8 shows the gross international reserves measured in months of imports for October 2025 and the 12 months preceding it.

4. External Sector Development

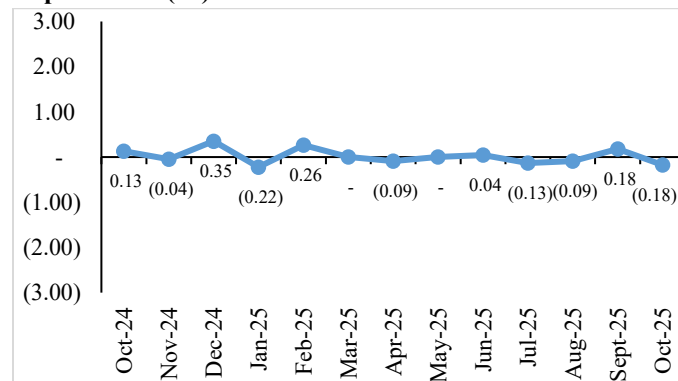
(i) Exchange Rate Development

On a month-on-month basis, the buying rate of the Leone against the U.S. dollar appreciated in the commercial banks, and bureaux market segments by 0.13 percent to NLe22.57/US\$ and 0.22 percent to NLe22.35/US\$ respectively, while it remained the same in the parallel market at NLe23.80/US\$.

On the selling side, the Leone depreciated in the commercial banks and bureaux market segments by 0.82 percent to NLe22.99/US\$ and 0.13 percent to NLe22.47/US\$, whilst it marginally appreciated in the parallel market by 0.42 percent to NLe23.90/US\$.

On a year-on-year basis, the reference market rate depreciated by 0.09 percent in October 2025, from a 0.35 percent depreciation in October 2024. On a month-on-month basis, the rate depreciated by 0.18 percent in October 2025, matching the same rate of depreciation recorded in September 2025. Figure 7 illustrates the trend in the Leone’s rates using the reference market rate.

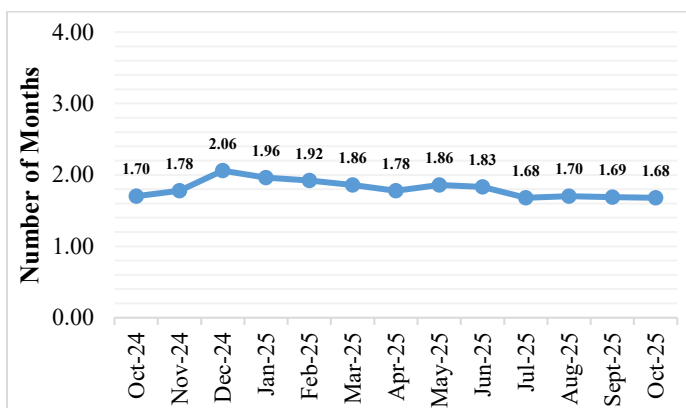
Figure 7: Monthly Reference Rate Appreciation and Depreciation (%)



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

Macroeconomic developments in October 2025 reflected mixed performance. While inflationary pressures eased notably—driven primarily by a decline in non-food inflation and supported by prudent policy measures—the increase in food inflation and persistent regional disparities, particularly in the Northern region, highlight underlying structural price pressures that remain a concern.

Real sector performance was uneven, with gains in mining and selected manufacturing activities offset by sharp declines in agricultural output, particularly cocoa. This reinforces the continued vulnerability of the agricultural sector and underscores the need for diversification and productivity-enhancing interventions to stabilize output and support growth.

Fiscal performance weakened during the period, as a significant decline in domestic revenue led to a widening fiscal deficit despite some moderation in expenditure. Although spending pressures eased, expenditure levels remained above target, and the narrowing of the primary surplus signals reduced fiscal space. This points to the need for strengthened

domestic revenue mobilization and tighter expenditure controls.

Monetary developments indicated subdued liquidity conditions, with marginal contraction in broad money driven by declining net foreign assets. Nonetheless, improved credit to the private sector and a more accommodative monetary policy stance contributed to a slight easing in financial conditions, although lending rates remain elevated, limiting broader credit expansion.

In the external sector, exchange rate movements were relatively stable, with minor fluctuations across market segments and no change in the parallel market premium. However, the slight decline in foreign exchange reserves and import cover suggests weakening external buffers, which could heighten vulnerability to external shocks.

Overall, sustaining macroeconomic stability will require continued policy coordination, with emphasis on rebuilding fiscal buffers, strengthening external reserves, addressing structural constraints in agriculture, and enhancing the effectiveness of monetary policy transmission to support inclusive and resilient economic growth.