


# BANK OF SIERRA LEONE

## MONETARY POLICY REPORT

## SEPTEMBER 2026

# TABLE OF CONTENTS

EXECUTIVE SUMMARY ..... 8
1. GLOBAL ECONOMIC DEVELOPMENTS AND PROSPECTS ..... 11
1.1 Global Output ..... 11
1.1.1 Advanced and Emerging Market Economies ..... 12
1.1.2 Sub-Saharan Africa (SSA) ..... 13
1.1.3 West African Monetary Zone (WAMZ) ..... 13
1.2 Global Commodity Prices and Inflation ..... 14
1.2.1 Global Commodity Prices ..... 14
1.2.2 Crude Oil Prices ..... 14
1.2.3 Petroleum Products (Retail Prices) ..... 15
1.2.4 Iron Ore Price ..... 16
1.2.5 Cocoa and Coffee Prices ..... 17
1.2.6 Food Price Index ..... 17
1.2.7 BSL Food Index ..... 18
1.3 Global Inflation ..... 19
1.3.1 Sub-Saharan Africa (SSA) Inflation ..... 20
1.3.2 Inflation in the WAMZ ..... 20
1.4 Monetary Policy and Financial Market Developments ..... 21
1.5 Sovereign Bond Yield ..... 21
1.6 Exchange Rate ..... 22
1.7 WAMZ Exchange Rate ..... 23
1.8 Implications for the Outlook of the Sierra Leone Economy ..... 24
2. DOMESTIC ECONOMIC DEVELOPMENTS ..... 26
2.1 Real GDP Developments ..... 26
2.1.1 Real GDP Growth ..... 26
2.1.2 Composite Index of Economic Activity (CIEA) ..... 26
2.1.3 Price Developments ..... 28
2.1.4 Annual Average Inflation ..... 29
2.1.5 Monthly Inflation ..... 30
2.1.6 Imported and Domestic Inflation ..... 30
2.1.7 Market and Regulated Goods and Services Inflation ..... 31
2.1.8 Core Inflation ..... 32

2.2 External Sector Developments ..... 32
2.2.1 Merchandise Trade ..... 32
2.2.2 Components of Import ..... 33
2.2.3 Components of Export ..... 34
2.2.4 Gross Foreign Exchange Reserves ..... 34
2.2.5 Diaspora Remittances ..... 35
2.2.6 External Vulnerability Ratios ..... 36
2.3 Exchange Rates and Foreign Exchange Market Developments ..... 36
2.3.1 Bilateral Rates and Foreign Exchange Market Developments ..... 36
2.3.2 Effective Exchange Rates ..... 38
2.3.3 Foreign Exchange Market Turnover ..... 38
2.3.4 Purchase of Forex by Commercial Banks ..... 39
2.3.5 Sale of Forex by Commercial Banks ..... 40
2.3.6 Receipt for Forex by Commercial Banks ..... 41
2.3.7 Forex Payments by Commercial Banks ..... 42
2.3.8 Outlook of the Foreign Exchange Market ..... 43
2.4 Fiscal Developments ..... 43
2.4.1 Government Budgetary Operations ..... 43
2.4.2 Fiscal Policy Stance ..... 44
2.4.3 Government Revenues and Grants ..... 46
2.4.4 Government Expenditures ..... 47
2.4.5 Financing ..... 47
2.4.6 Fiscal Outlook ..... 48
2.5 Money Markets Developments and Monetary Aggregates ..... 48
2.5.1 Policy Rates and Interest Rates Developments ..... 48
2.5.2 Liquidity in the Banking System ..... 51
2.5.3 Monetary Aggregates ..... 53
3. FINANCIAL STABILITY ANALYSIS ..... 56
3.1 Financial Soundness Indicators ..... 56
3.2 Income Composition ..... 57
3.3 Sources and Utilization of Funds ..... 58
3.4 Sectoral Distribution of Gross Loans & Advances and NPLs ..... 59
3.5 NPL Trends and Loan Loss Provisions ..... 60

3.6 Resilience of the Banking Sector ..... 60
3.6.1 Credit Risk Shock ..... 60
3.6.2 Interest Rate Shock ..... 61
3.6.3 Sovereign Risk of Default Shock ..... 62
3.7 Risks and Vulnerabilities to the Stability of the Banking Sector. ..... 62
3.8 Banking Sector Outlook ..... 63
4. CONCLUSION AND DECISION OF THE MPC ..... 65
4.1 Conclusion ..... 65
4.2 Decision of the MPC ..... 66
5. APPENDIX ..... 67

# LIST OF FIGURES

Figure 1: Trends in Global and Selected Economies PMI ..... 11
Figure 2: Trends in Global and Regional Real GDP Growth Rates ..... 12
Figure 3: Trends in Real GDP Growth (%) in the WAMZ Economies ..... 13
Figure 4: Trends in Global Commodity Price Indices ..... 14
Figure 5: Crude Oil Prices (US$/Barrel) ..... 15
Figure 6: Average Prices of Petroleum Products (US$/Gallon) ..... 16
Figure 7: Trend in the Price of Iron Ore (US$/dmt) ..... 16
Figure 8: Cocoa and Coffee Prices (US$/kg) ..... 17
Figure 9: FAO Food Price Indices ..... 18
Figure 10: BSL Global Food Price Indices ..... 19
Figure 11:Trends in Global and Regional Inflation ..... 19
Figure 12: Inflation Trends in the WAMZ ..... 21
Figure 13: Selected Sovereign Bond Yields ..... 22
Figure 14: Exchange Rates of Selected Major Global Currencies to the U.S. Dollar ..... 23
Figure 15: Exchange rates in the WAMZ Block ..... 24
Figure 16: Real GDP Growth ..... 26
Figure 17: Contributions to CIEA ..... 27
Figure 18: Sectoral Contributions to CIEA ..... 27
Figure 19: Business Sentiment Scores ..... 28
Figure 20: Headline, Food and Non-food Inflation ..... 29
Figure 21: Annual Average Inflation Trends ..... 29
Figure 22: Path of Monthly Inflation within the Years of 2024-2026 ..... 30
Figure 23: Domestically produced and imported goods and services inflation ..... 31
Figure 24: Market and Regulated Goods and Services Inflation ..... 32
Figure 25: Core Inflation Dynamics ..... 32
Figure 26: Merchandise Trade ..... 33
Figure 27: Components of Import ..... 33
Figure 28: Components of Export ..... 34
Figure 29: Gross Foreign Exchange Reserves and Months of Import Cover ..... 35
Figure 30: Diaspora Remittances into Sierra Leone ..... 35
Figure 31: External Vulnerability Ratios ..... 36
Figure 32: Daily NLe/US$ Mid Rates in the Official and Parallel Market ..... 37
Figure 33: Exchange Rate Movement (Year-on-Year %) ..... 37
Figure 34: Percentage Contributions to the Change in REER ..... 38
Figure 35: Purchase and Sales of Forex by Commercial Banks ..... 39
Figure 36: Commercial Banks' Forex Purchases from Selected Sectors ..... 40
Figure 37: Commercial Banks Sale of Forex to Selected Sectors ..... 41
Figure 38: Receipts into CFC Accounts – Selected Sectors ..... 42
Figure 39: FX Payments by Selected Sectors ..... 43
Figure 40: Fiscal Deficit ..... 44
Figure 41: Fiscal Indicators ..... 45

Figure 42: Fiscal Revenues and Expenditures in Real Terms ..... 45
Figure 43: Components of Domestic Revenue in Real Terms ..... 46
Figure 44: Components of Government Expenditure in Real Terms ..... 47
Figure 45: Policy rates and Interbank rates ..... 49
Figure 46: Yield on the 364-day T-bill and Interbank Rates ..... 50
Figure 47: BSL Standing Facilities and Interbank ..... 51
Figure 47: Snapshot of DMBs Liquidity Position ..... 52
Figure 49: Holdings of Marketable Government Securities by Sector ..... 53
Figure 49: Key FSI's Indicators ..... 57
Figure 50: Income Composition for the Banking Sector ..... 58
Figure 51: Trend in Deposits, T-bills and Gross Loans ..... 59
Figure 52: Sectoral Distribution of Gross Loans and NPLS Share by Sector ..... 59
Figure 53: Trend of NPLs and Loan Loss Provision ..... 60
Figure 54: Credit Risk Stress Test ..... 61
Figure 55: Interest Rate Risk Stress Test ..... 61
Figure 55: Sovereign Risk of Default Shock ..... 62
Figure 56: Combined Inflation Forecast ..... 67
Figure 57: Combined Scenario Forecast ..... 68
Figure 58: Inflation Fan Chart ..... 68

LIST OF TABLES (APPENDED)

Table 1: Summary of Global Growth Projections (Percent) ..... 70
Table 2: Monetary Policy Stance of Selected Central Banks ..... 70
Table 3: Interest Rates ..... 71
Table 4: Monetary Survey ..... 71
Table 5: Central Bank Survey ..... 72

## ACRONYMS

| | |
|---|---|
| **AE** | Advanced Economies |
| **BOP** | Balance of Payments |
| **BSL** | Bank of Sierra Leone |
| **CAR** | Capital Adequacy Ratio |
| **CFC** | Customers Foreign Currency |
| **CIEA** | Composite Index of Economic Activities |
| **CPI** | Consumer Price Index |
| **CRR** | Cash Reserve Requirement |
| **dmt** | Dry Metric Tons |
| **ECB** | European Central Bank |
| **ECF** | Extended Credit Facility |
| **ECOWAS** | Economic Community of West African States |
| **EMDEs** | Emerging Market and Developing Economies |
| **FSIs** | Financial Soundness Indicators |
| **FX** | Foreign Exchange |
| **GDP** | Gross Domestic Product |
| **GoSL** | Government of Sierra Leone |
| **GST** | Goods and Services Tax |
| **IMF** | International Monetary Fund |
| **M2** | Broad Money |
| **MoF** | Ministry of Finance |
| **MPC** | Monetary Policy Committee |
| **MPR** | Monetary Policy Rate |
| **NDA** | Net Domestic Assets |
| **NEER** | Nominal Effective Exchange Rate |
| **NFA** | Net Foreign Assets |
| **NPLs** | Non-Performing Loans |
| **ODCs** | Other Depository Corporations |
| **OECD** | Organization for Economic Co-operation and Development |
| **OIN** | Other Items Net |
| **OMO** | Open Market Operations |
| **OPEC** | Organization of the Petroleum Exporting Countries |
| **Q1** | First Quarter |
| **Q2** | Second Quarter |
| **Q3** | Third Quarter |
| **Q4** | Fourth Quarter |
| **QM** | Quasi Money |
| **REER** | Real Effective Exchange Rate |
| **RM** | Reserve Money |
| **ROA** | Return on Assets |
| **ROE** | Return on Equity |
| **SDF** | Standing Deposit Facility |
| **SLF** | Standing Lending Facility |
| **Stats SL** | Statistics Sierra Leone |
| **T-bills** | Treasury Bills |
| **WB** | World Bank |
| **WEO** | World Economic Outlook |
| **WTI** | West Texas Intermediate |

***The Report***

*The September 2026 edition of the BSL Monetary Policy Report reviews global and domestic economic trends for the second quarter of 2026. It also looks at the latest developments in the third quarter of 2026, where relevant data is available, and outlines near-term forecasts to help guide the implementation of appropriate monetary policies that align with the Bank's objectives.*

***BSL Monetary Policy Objectives***

*The main goal of the BSL is to ensure and uphold price stability in the Sierra Leone economy. However, the Bank also has other significant objectives, such as maintaining the stability of the financial system, fostering the development of financial markets, and supporting the government's broader economic policies to promote overall macroeconomic stability.*[1]

***Monetary Policy Strategy***

*The Bank of Sierra Leone (BSL) serves as the only monetary authority in Sierra Leone, possessing the legal independence necessary to implement monetary policy within the nation. To meet its objectives, the Bank employs various policy tools, including the Monetary Policy Rate (MPR), Open Market Operations (OMOs), Standing Lending and Deposit Facilities, Foreign Exchange Operations, and Cash Reserves Requirement.*

***Monetary Policy Process***

*The Bank's monetary policy is crafted by the Monetary Policy Committee (MPC), which is made up of seven members as mandated by law. This committee includes the Bank's Governor, who acts as the chairperson, the Deputy Governor responsible for Monetary Stability, the Deputy Governor in charge of Financial Stability, and four other experts with relevant experience in monetary policy and financial markets. These experts are nominated by the Governor and must be approved by the Board of Directors of the BSL. The MPC convenes quarterly to evaluate recent global and domestic economic trends, as well as to consider short- to medium-term prospects and inflation risks. Based on these evaluations, the committee makes policy decisions, primarily using the Monetary Policy Rate (MPR) to indicate the Bank's stance. During the MPC meetings, each member presents their preferred MPR decision along with supporting reasons. The final decision is reached through a vote, with the chairperson casting the deciding vote in case of a tie. This decision is then published in a monetary policy statement on the Bank's website within forty-eight hours of the meeting. Additionally, the Governor and other authorized staff periodically engage with the public to explain the Bank's policy decisions and clarify emerging economic issues, particularly those related to monetary and exchange rate policies.*

[1] *Section 5. (1) of the BSL Act 2019 states: "(b) the objective of the Bank shall be to achieve and maintain price stability. (c) the Bank shall contribute to fostering and maintaining a stable financial system. (d) the Bank shall support the general economic policy of the Government.*

# EXECUTIVE SUMMARY

Global economic growth is proving resilient, driven largely by robust investments in artificial intelligence and digital infrastructure. However, heightened global uncertainties emanating from persistent geopolitical tensions, especially the ongoing Middle East conflict, cloud the outlook by disrupting energy markets, raising shipping costs, and dampening investor confidence. According to the July 2026 IMF World Economic Outlook update, global growth is projected to slow to 3.0 percent in 2026 from 3.5 percent in 2025, before rebounding to 3.4 percent in 2027. This trajectory aligns with the World Bank and the Organisation for Economic Co-operation and Development (OECD), which both forecast a decline in global growth in 2026 followed by a recovery in 2027.

The regional outlook projects growth across advanced economies to moderate to 1.7 percent in 2026 (a 0.2 percentage decrease compared to 2025) before rising to 1.8 percent in 2027. While the United States displays relative resilience, the Euro Area continues to grapple with weak demand and elevated energy costs. Emerging and developing markets are forecast to slow to 3.8 percent in 2026 (down from 4.5 percent in 2025) before recovering to 4.5 percent in 2027. Sub-Saharan Africa faces a similar slowdown, with growth easing to 4.3 percent in 2026 due to higher shipping, energy, and fertilizer costs, alongside weaker tourism and remittance inflows. Conversely, the WAMZ region is expected to remain strong with growth forecast at 4.4 percent in 2026, driven by solid activity in Nigeria and Guinea, despite lingering threats from commodity price volatility, climate risks, and elevated public debt.

On the domestic front, real GDP growth is projected to moderate to 4.0 percent in 2026 from an estimated 4.8 percent in 2025, reflecting the impact of higher energy cost and global supply-side disruptions, increased production cost and constrained activity across key sectors of the economy. This aligns with BSL's high-frequency indicator, the Composite Index of Economic Activity (CIEA) which indicated a moderation in economic activity. However, structural programs like the Feed Salone initiative and other pro-growth policies are expected to anchor a gradual recovery. Nonetheless, downside risks remain elevated due to persistent geopolitical tensions and international supply chain volatility.

External sector performance in 2026Q2 was mixed. The trade deficit widened substantially to US$222.85 million from US$30.38 million in 2026Q1, driven by contracting export earnings and stronger import demand. Notwithstanding this deterioration, BSL's gross foreign exchange reserves increased by 10.0 percent to US$442.79 million, supported by stronger official inflows.

The foreign exchange market remained relatively stable through the first half of 2026; however, pressures began to emerge in the parallel market in recent months, with the premium showing signs of widening. Risks to the external outlook include softness in the mining sector, elevated oil prices, rising inflation, and increased foreign exchange demand.

Sierra Leone's external trade deficit widened in 2026Q2 compared to the previous quarter, driven by a drop in export earnings and higher import cost. Gross international reserves increased moderately, but the pace of accumulation could not match the rising import demand. Consequently, import reserve cover declined to 1.8 months in 2026Q2, down from 2.1 months in the preceding quarter. Despite these pressures, conditions in the foreign exchange market remained broadly stable, characterized by low volatility and orderly functioning.

The overall fiscal deficit widened in 2026Q2 compared to the same quarter in 2025, due to higher-than-programmed expenditures on capital projects, goods, and services completely outpacing gains in revenue mobilization. Consequently, there was a drawdown on the primary surplus, which eroded fiscal buffers. Notwithstanding this deterioration, the fiscal deficit was within the quarterly ceiling, resulting in a better-than-anticipated fiscal performance

Liquidity conditions in the banking system improved significantly by August 2026, recovering from a brief squeeze in 2026Q2. Deposit Money Banks' balances at the BSL and cash in vault rose to their highest levels in the review period, while utilization of the Standing Lending Facility declined sharply, signaling reduced dependence on BSL emergency support. Interbank activities also moderated as individual banks held healthy liquidity buffers.

Movement in monetary aggregates reveals that Reserve Money contracted, while Broad Money grew moderately. The target on RM under the IMF Extended Credit Facility (ECF) program was met, reflecting continued adherence to the monetary policy objectives and program commitments. Credit to the private sector strengthened, exceeding the ECF program target. However, credit remains skewed to a few sectors, limiting overall intermediation to support investment, employment creation, and sustainable economic growth.

The banking sector remained broadly stable, resilient, and profitable, supported by adequate capital buffers and continued compliance with most prudential requirements. Most of the key financial soundness indicators remained within regulatory thresholds, reflecting the sector's Overall capacity to withstand prevailing macroeconomic challenges. However, asset quality deteriorated with the Non-performing Loan (NPL) ratio recording 10.2 percent, breaching the 10.0 percent

regulatory ceiling. Consequently, stringent credit management and enhanced internal controls are needed to prevent a further increase in commercial banks' NPL ratios, as well as to mitigate operational risks amid rising fraud cases.

Inflationary pressures, re-emerged in 2026Ql, persisted during 2026Q2, with headline inflation rising significantly from 10.24 percent in March to 14.77 percent in June 2026, increasing marginally to 14.89 percent in July 2026, and climbing further to 15.66 percent in August 2026. These inflationary pressures were driven by the combined effects of ongoing tax policy measures, higher domestic food prices associated with climate-related supply constraints, and elevated energy prices stemming from continued global uncertainties. Inflationary pressures are projected to remain elevated over the forecast horizon with headline inflation expected to rise toward the low 20 percent range by end-2026 and into mid-2027, if cost-push pressures persist from higher global energy and food prices, exchange rate pass-through, and domestic demand factors

Overall, the macroeconomic environment from 2026Q2 through August 2026 is characterized by global uncertainty, moderating domestic growth, mixed external and fiscal outcomes, improving banking system liquidity tempered by rising asset quality concerns, and persistent inflationary pressures. These developments underscore the need for continued vigilance in the conduct of monetary policy, close monitoring of inflation and exchange rate dynamics, and sustained coordination with fiscal authorities to safeguard macroeconomic stability.

The remainder of this report is organized as follows: Section two discusses global economic and financial market developments, including growth and inflation trends, global commodity prices, and developments in global capital markets and their implications for the domestic economy. Section three analyses domestic economic developments and outlooks. The final section details the monetary policy decisions from the September 2026 MPC Meeting and concludes the report.

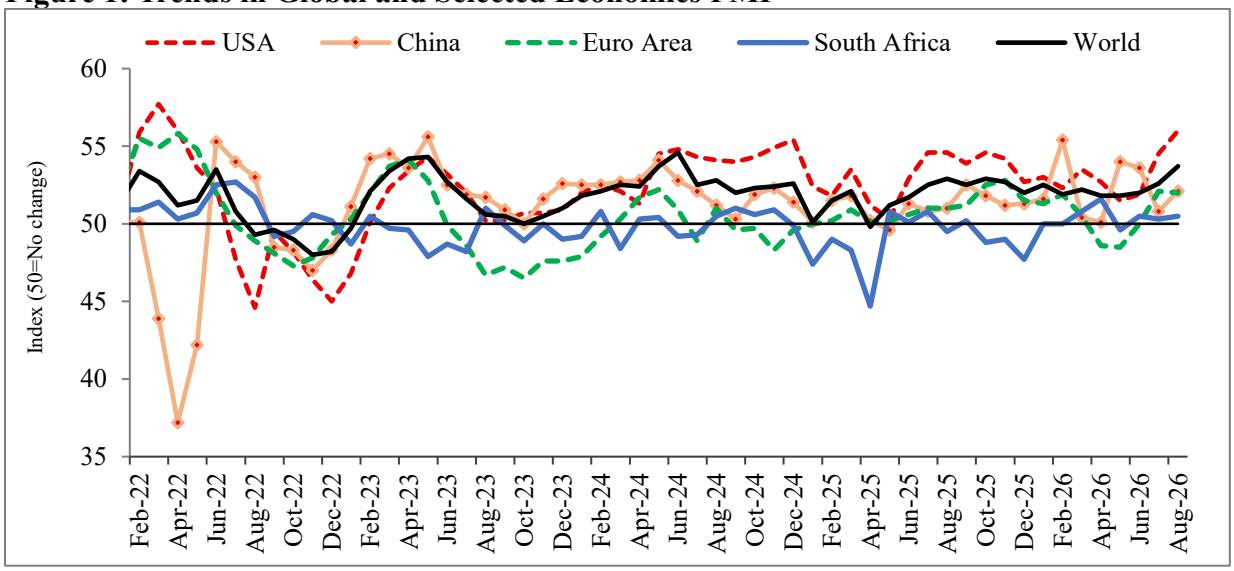
# 1. GLOBAL ECONOMIC DEVELOPMENTS AND PROSPECTS

## 1.1 Global Output

Global economic activity remained resilient but increasingly uneven across countries and sectors. Investment in artificial intelligence, digital infrastructure and selected manufacturing goods continued to support activity, particularly in the United States, China and advanced Asian economies. However, low-income energy importers remain vulnerable due to limited tech integration and high dependency. The IMF's July 2026 World Economic Outlook Update projects global growth at 3.0 percent in 2026, down from 3.5 percent in 2025 and marginally below its April 2026 projection, before recovering to 3.4 percent in 2027. The revision reflects geopolitical tensions, trade policy uncertainty and higher transport costs, which more than offset technology-led investment.

Meanwhile, the Composite Purchasing Managers' Indices (PMIs) indicates steady expansion across manufacturing and services in the US and China, while South Africa and the Eurozone are bouncing back from previous economic contraction.

**Figure 1: Trends in Global and Selected Economies PMI**

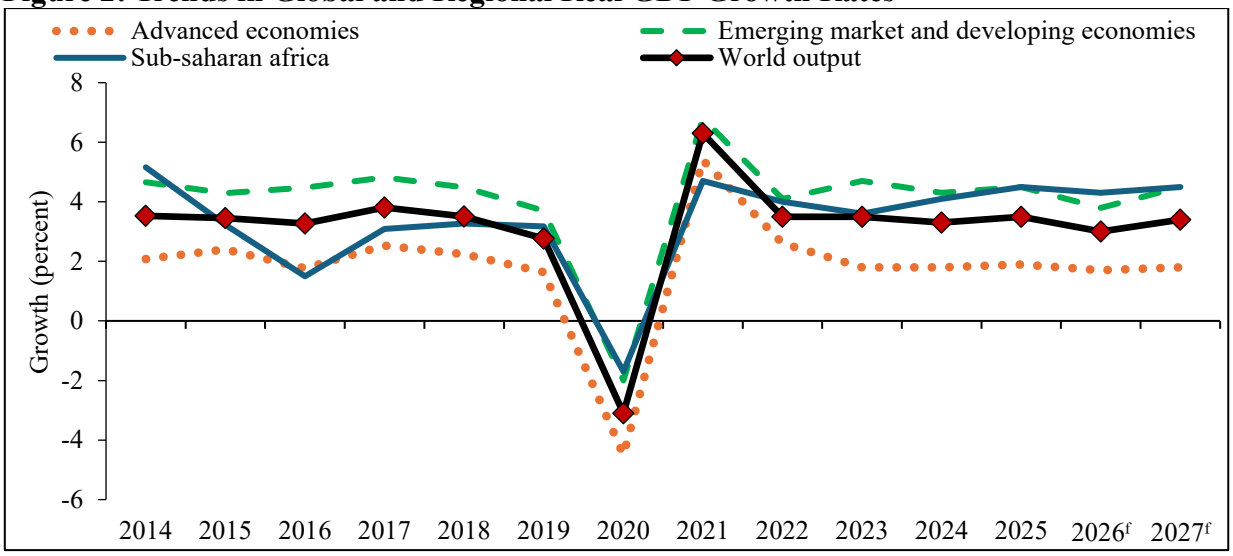



*Source: Market Economics, through Trading Economics, August 2026;* ***Note:*** *PMIs above 50% indicate expansion of the manufacturing sector; below 50% indicate contraction.*

Other international financial institutions echo this outlook. In the June 2026 Global Economic Prospects, the World Bank forecasts that global real GDP growth will dip from 2.9 percent in 2025 to 2.5 percent in 2026 due to high inflation, tight financial conditions, and trade disruptions, before recovering to 2.8 percent in 2027

Similarly, the Organization for Economic Co-operation and Development's (OECD) June 2026 Outlook projects global growth to decline from 3.2 percent in 2025 to 2.8 percent in 2026, before recovering to 3.1 percent in 2027.

**Figure 2: Trends in Global and Regional Real GDP Growth Rates**




*Source: IMF World Economic Outlook, April 2026 database and July Updated 2026; Note: e= estimate & **f** =forecast*

Downside risks dominate the outlook. Escalating Middle East conflicts, persistent energy shocks, rising debt burdens, and trade fragmentation threaten to weaken growth and reignite inflationary pressures. However, upside risks such as faster AI-driven productivity gains, lower inflation, and easing geopolitical tensions, could boost investment, trade, and global growth beyond current forecasts.

### 1.1.1 Advanced and Emerging Market Economies

Growth in Advanced Economies is projected to ease to 1.7 percent in 2026 (down from 1.9 percent in 2025) before recovering to 1.8 percent in 2027. Despite global headwinds and Middle East tensions, the United States displays strong resilience, with growth accelerating to 2.3 percent in 2026 (up from 2.1 percent in 2025) before ticking down to 2.2 percent in 2027. This expansion is fuelled by robust consumer spending, tech investments, and productivity gains. Conversely, Euro Area growth is expected to decelerate to 0.9 percent in 2026 (down from 1.4 percent in 2025) before rising to 1.2 percent in 2027, restricted by weak demand, high energy costs, low industrial output, and poor consumer confidence. Growth in emerging markets and developing economies is projected to see growth dip from 4.5 percent in 2025 to 3.8 percent in 2026, due to external shocks, before expanding to 4.5 percent in 2027. Within this bloc, China's growth remains moderate as state policy and tech investments battle a property crisis, weak

domestic demand, and trade barriers. India maintains strong stable growth anchored by heavy infrastructure spending and powerful domestic demand.

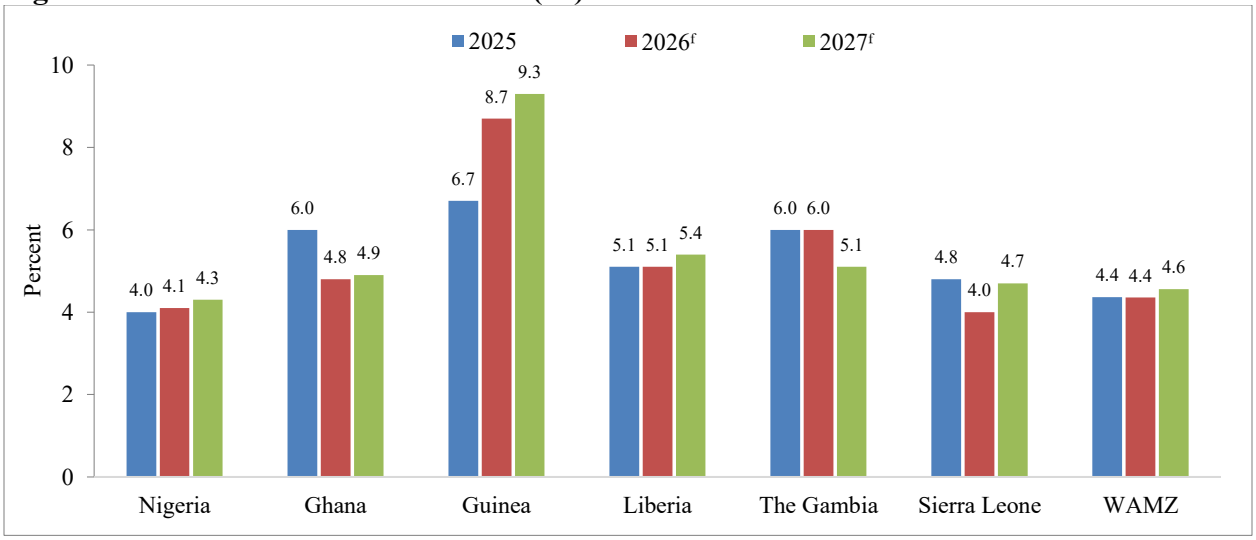
### 1.1.2 Sub-Saharan Africa (SSA)

Sub-Saharan Africa's short-term outlook is cautiously positive but highly fragile. The worsening Middle East conflict has intensified economic pressures, driving up energy, fertilizer, and shipping costs while disrupting trade, weakening tourism, and lowering remittance inflows. Consequently, regional growth is projected to moderate to 4.3 percent in 2026, down from 4.5 percent in 2025 (a 0.2 percentage point decline). Downside risks dominate due to extreme global uncertainty, tight fiscal space and macroeconomic vulnerabilities. Additionally, the region remains highly exposed to commodity-price fluctuations, financial shocks, low productivity, and severe climate challenges, all of which restrict medium-term growth prospects.

### 1.1.3 West African Monetary Zone (WAMZ)

Economic activity in the West African Monetary Zone (WAMZ) is projected to remain resilient, with average real GDP growth hitting 4.4 percent in 2026 and 4.6 percent in 2027. This regional expansion is anchored by strong performances in Nigeria and Guinea, where growth is expected to be fueled by structural reforms, rebounding oil and mining sectors, infrastructure investments, and agricultural improvements. Conversely, Ghana's economic expansion is set to moderate due to ongoing fiscal consolidation. Despite this momentum, the region faces steep macroeconomic risks, including commodity-price volatility, tight global financial conditions, climate shocks, high food prices, regional insecurity, and elevated public debt burdens.

**Figure 3: Trends in Real GDP Growth (%) in the WAMZ Economies**



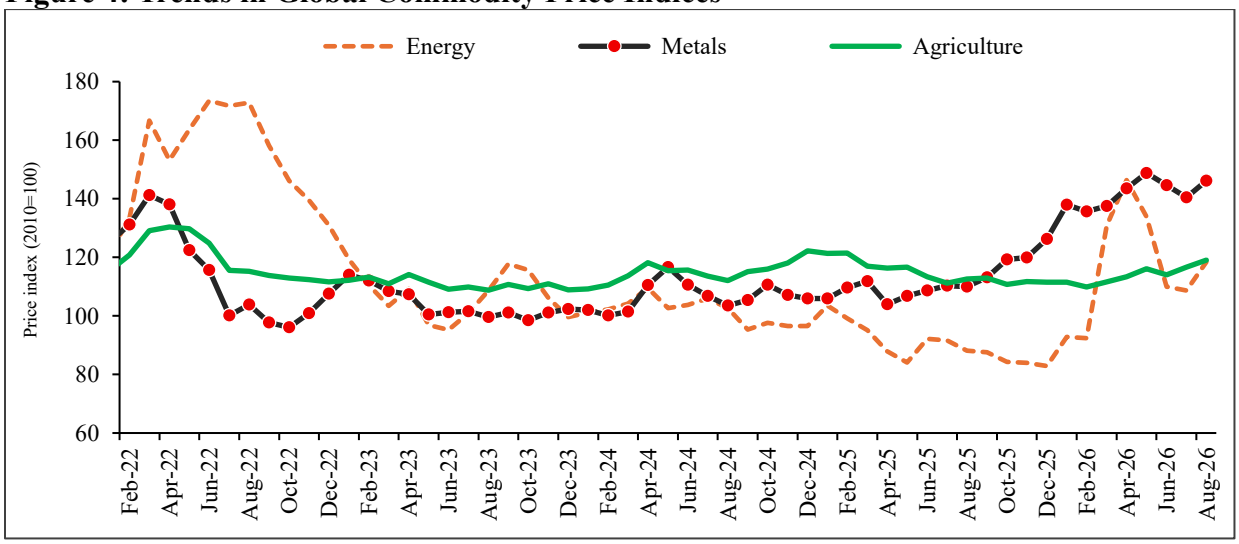

*Source: IMF World Economic Outlook, April 2026 update, and July 2026 projections; Note: e=estimate and f =forecast*

## 1.2 Global Commodity Prices and Inflation

### 1.2.1 Global Commodity Prices

Global commodity markets experienced severe price volatility during the first eight months of 2026, driven by a mix of geopolitical friction, shifting demand dynamics, and structural supply constraints. The energy price index experienced the sharpest fluctuations, surging from 92.83 points in January to a peak of 146.41 points in April, before retreating to 108.7 points in July. In August 2026, escalating Middle East conflicts drove a renewed upward turn to 118.40 points. Metal prices followed a comparable trajectory, increasing from 137.97 points in January to 144.60 points in June, softening slightly to 140.50 points in July, and then rallying to 146.20 points in August on the back of robust Chinese industrial and electrification activity. Conversely, the agricultural price index increased steadily from 111.52 points in January to 119.10 points in August, sustained by persistent food-market supply constraints and adverse weather risks. Looking ahead, commodity price volatility is projected to persist as long as these underlying geopolitical and structural pressures remain unresolved.

**Figure 4: Trends in Global Commodity Price Indices**




*Source: World Bank Commodity Market Outlook database, August 2026*

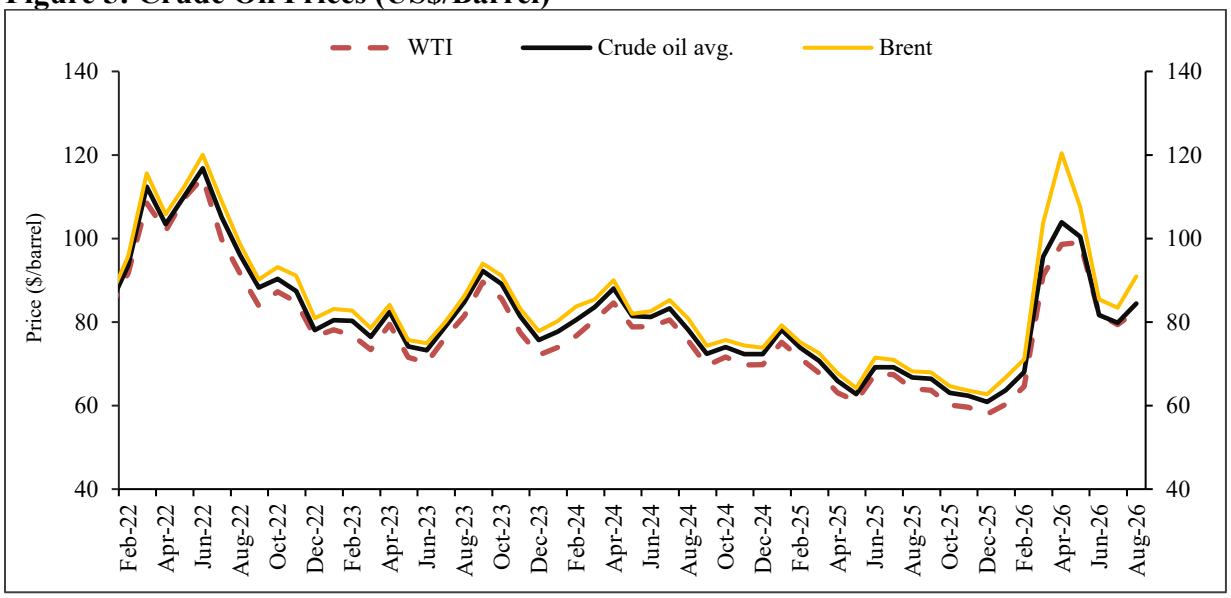
### 1.2.2 Crude Oil Prices

Global crude oil benchmarks experienced significant volatility during the first eight months of 2026, largely due to escalating U.S.-Iran conflicts and supply risks in the Strait of Hormuz. The composite average crude price climbed from US$63.65 per barrel in January to a peak of US$103.91 in April. After falling to US$79.80 in July, prices staged a modest recovery to reach US$84.40 in August. Major benchmarks strictly followed this trend. Brent Crude surged from US$66.77/bbl in January to a peak of US$120.42/bbl in April, eased to US$83.40/bbl in July,

and rose to US$90.90/bbl in August 2026. Similarly, WTI Crude climbed from US$60.28/bbl in January to US$98.63/bbl in April, dropped to US$79.40/bbl in July, and subsequently rebounded to US$82.70/bbl in August 2026.

A tightening global market, amplified by geopolitical risks and strong market premiums, triggered sharp quarter-over-quarter price gains in 2026Q2. The average crude oil price expanded by 25.9 percent to settle at US$95.35/bbl in 2026Q2, compared to US$75.75/bbl in 2026Q1. Parallel gains were recorded in the benchmarks, with Brent crude spiking by 29.7 percent to US$104.45/bbl in 2026Q2 from US$80.52/bbl 2026Q1, and WTI crude rising by 29.4 percent to US$93.21/bbl from US$72.00/bbl in 2026Q1.

**Figure 5: Crude Oil Prices (US$/Barrel)**

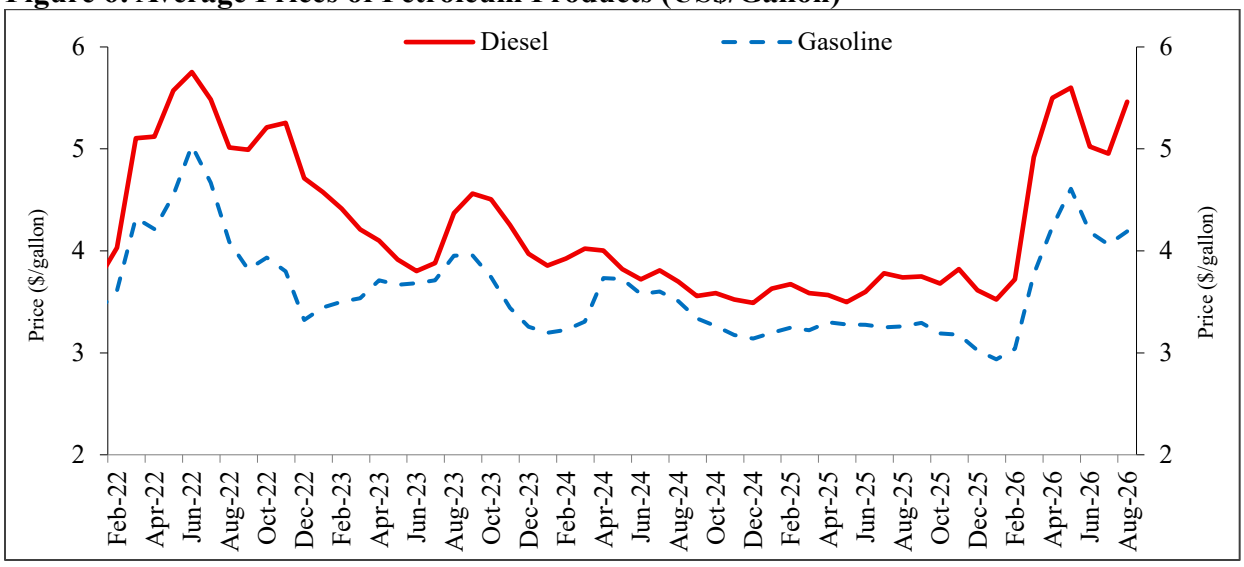



*Source: World Bank Commodity Market Outlook database August 2026*

### 1.2.3 Petroleum Products (Retail Prices)

Petroleum product prices remained elevated and volatile throughout the first eight months of 2026. Retail gasoline rose steadily from US$2.94 per gallon in January to US$4.18 in June, dipped slightly to US$4.06 in July, and climbed back to US$4.19 by August. Diesel followed a similar path, surging from US$3.52 per gallon in January to a peak of US$5.60 in May, before easing to US$4.96 in July and rebounding to US$5.46 in August. These hikes were primarily driven by skyrocketing crude costs following the closure of the Strait of Hormuz. Prices are expected to stay high and unpredictable in the near term due to ongoing geopolitical risks and oil market uncertainty.

**Figure 6: Average Prices of Petroleum Products (US$/Gallon)**

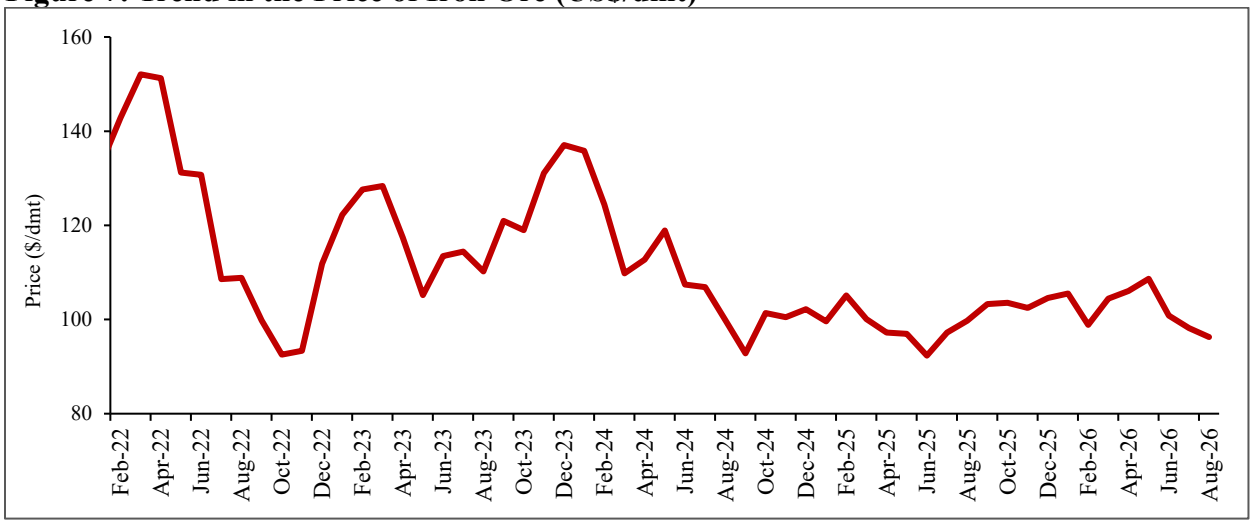



*Source: U.S. Energy Information Administration, EIA (August 2026)*

### 1.2.4 Iron Ore Price

Iron ore prices experienced high volatility in 2026, dipping from US$105.53/dmt in January to US$98.84/dmt in February, before rebounding to US$104.45/dmt in March and further to US$108.64/dmt in May. Prices then fell to US$96.30/dmt in August 2026, supported by softening Chinese steel demand, high inventories, ample global supply, and anticipated volumes from Guinea's Simandou project. Despite these monthly swings, quarterly averages edged up from US$102.94/dmt in 2026Q1 to US$105.16/dmt in 2026Q2, sustained by robust Chinese imports, restocking, and falling domestic Chinese production. Moving forward, slowing global growth and trade uncertainty present significant downside risks.

**Figure 7: Trend in the Price of Iron Ore (US$/dmt)**



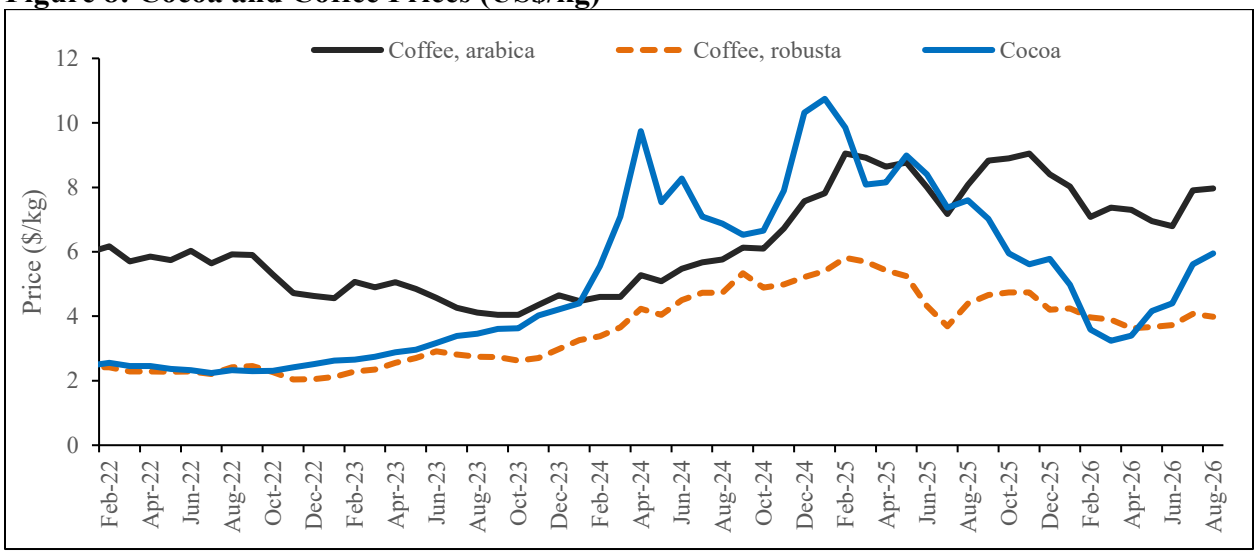

*Source: World Bank Commodity Market Outlook database, August 2026*

### 1.2.5 Cocoa and Coffee Prices

Soft commodity prices experienced mixed performance through August 2026. Cocoa prices initially fell from US$4.97/kg in January to US$3.40/kg in April but rose sharply to US$5.61/kg in July and US$5.95/kg in August due to renewed weather-related supply concerns in Côte d'Ivoire and Ghana.

In the coffee market, Arabica dropped from US$8.02/kg in January to US$6.79/kg in June, pressured by higher expected Brazilian output and the lifting of U.S. tariffs, before rebounding to US$7.97/kg in August on the back of fresh weather and supply anxieties. Robusta followed a similar mid-year dip, easing from US$4.24/kg to US$3.73/kg in June and recovering to US$4.07/kg in July. However, Robusta prices edged down to US$3.98/kg in August 2026, as rising exports from Vietnam and Brazil, along with higher exchange inventories, improved supply prospects. Looking ahead, the outlook for cocoa remains strong; Arabica is firm, and Robusta is stable.

**Figure 8: Cocoa and Coffee Prices (US$/kg)**




*Source: World Bank Commodity Market Outlook database, August 2026*

### 1.2.6 Food Price Index

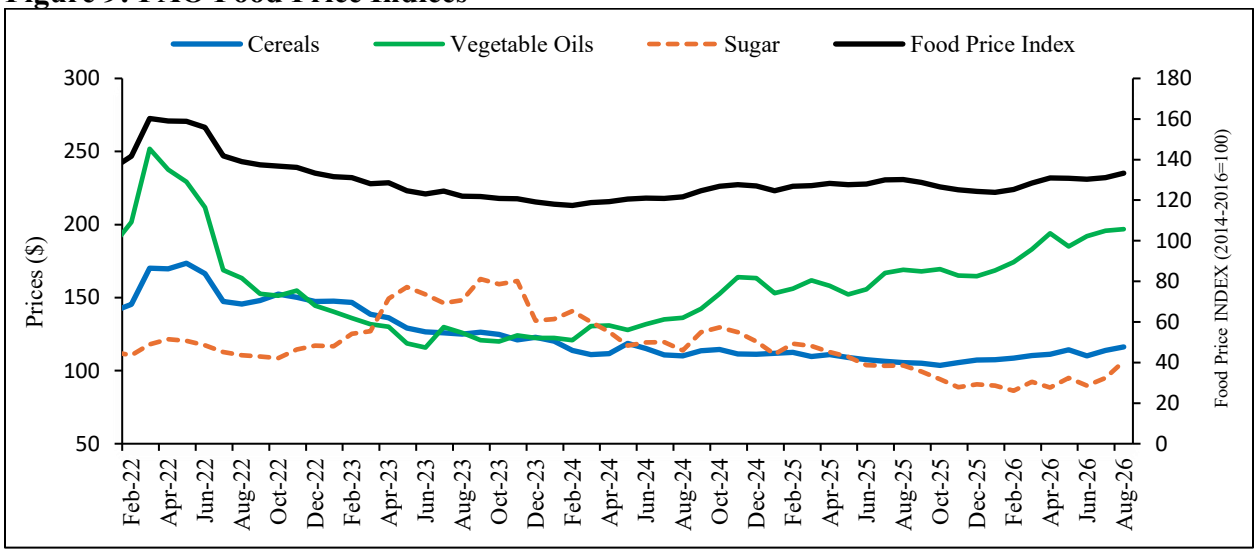
The FAO Food Price Index maintained a steady upward trajectory throughout the first eight months of 2026, climbing from 123.9 points in January to 130.7 in April, and reaching 133.30 by August. This expansion was primarily driven by accelerating vegetable oil valuations alongside steady gains in the cereal and sugar sectors.

Vegetable Oils recorded the strongest gains, surging from 168.6 points in January to 193.9 in April, before peaking at 196.90 in August. This upward movement was fuelled by higher palm

and soybean oil prices, strong Indonesian biodiesel mandates, firmer crude oil markets, and robust global import demand. Cereals increased moderately from 107.5 points in January to 111.3 in April and 116.30 in August. Upward price pressure was consistently supported by Black Sea export disruptions and persistent drought concerns in the U.S.

Sugar price exhibited heightened volatility, rising from a February low of 86.2 points to 88.5 in April, before accelerating sharply to 106.40 in August. The surge reflects underlying climate anxieties, lingering El Niño risks among major Asian producers, and increased cane diversion toward ethanol production in Brazil.

**Figure 9: FAO Food Price Indices**

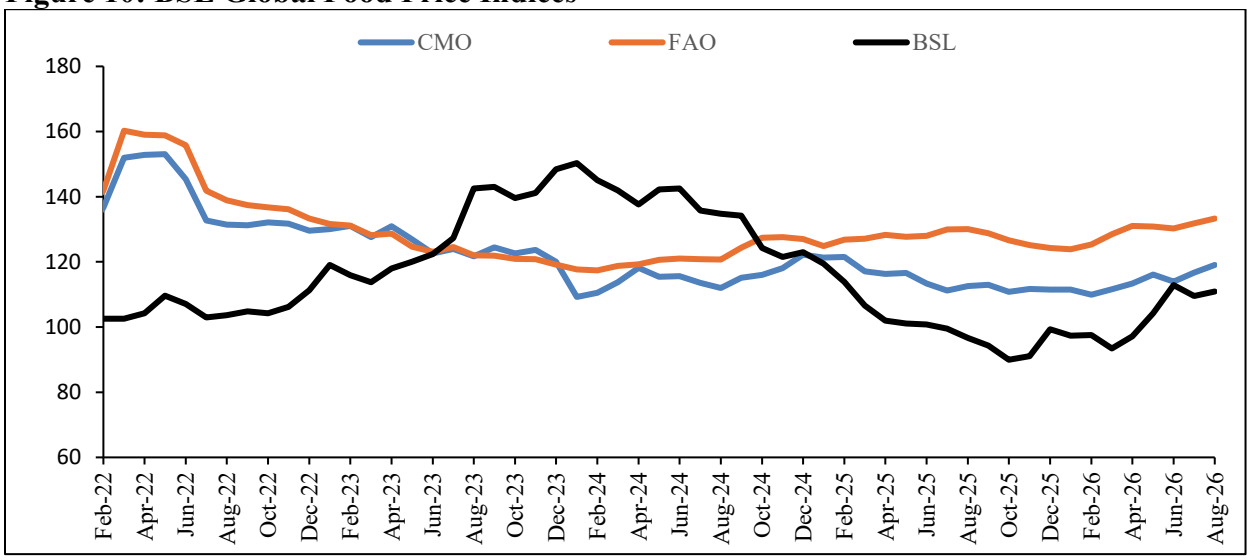



*Source: FAO food price index database, August 2026*

### 1.2.7 BSL Food Index

The BSL Food Index increased by 9.03 percentage points in 2026Q2, rising to 104.77 points from 96.09 points in 2026Q1. Higher global rice prices mainly drove this increase. However, domestic factors such as increased rice production and government price controls on essential commodities offset the imported price pressure. Despite this, the index remains exposed to risks from adverse weather conditions, supply chain disruptions, and trade policy uncertainty, given the country's strong reliance on imported rice.

**Figure 10: BSL Global Food Price Indices**

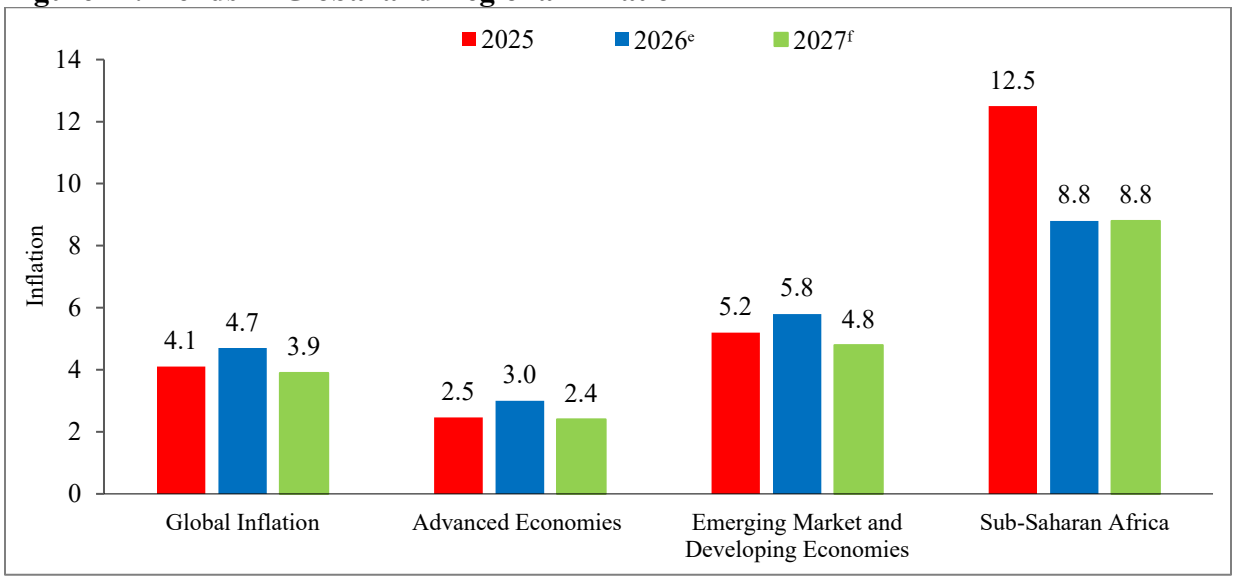



*Source: World Bank Commodity Market Database August 2026, FAO Food Price Index August 2026 & BSL*

## 1.3 Global Inflation

Global inflation is forecast to temporarily halt its downward trend. Headline inflation is projected to increase from 4.1 per cent in 2025 to 4.7 per cent in 2026, supported by rising energy and food prices, and it is anticipated to moderate to 3.9 per cent in 2027. These projections were 0.3 percentage points and 0.2 percentage points, respectively, above the IMF April 2026 World Economic Outlook (WEO) projections, reflecting stronger-than-previously-anticipated price pressures.

**Figure 11:Trends in Global and Regional Inflation**




*Source: IMF World Economic Outlook, July 2026 update.*

Risks to the global inflation outlook are tilted to the upside, primarily driven by the highly uncertain duration and scale of Middle East geopolitical tensions. These conflicts present severe risks to international supply chains, as well as the availability and pricing of energy and food commodities as well as climate-related and exchange rate shocks.

### 1.3.1 Sub-Saharan Africa (SSA) Inflation

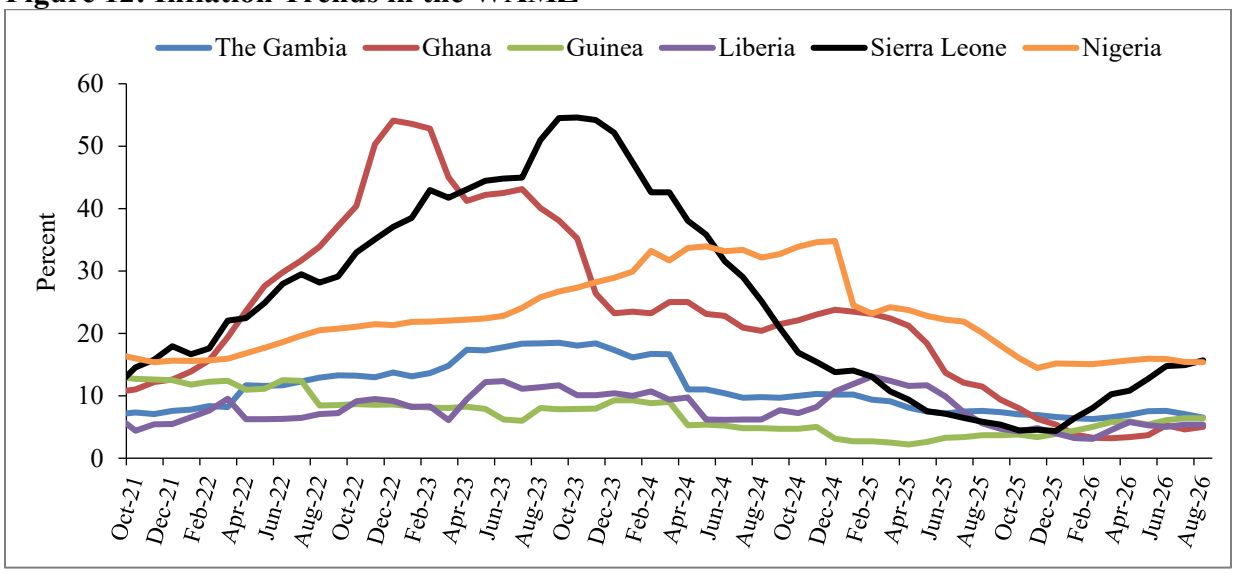
Headline inflation in Sub-Saharan Africa is projected to decline sharply to 8.8 percent in 2026, down from 12.5 percent in 2025. This downward trajectory is expected to hold steady at 8.8 percent into 2027, temporarily separating the region from broader global upward revisions. The anticipated cooling of inflationary pressures is heavily supported by tightening domestic monetary policy frameworks, improving macroeconomic conditions, and the gradual stabilization of international commodity markets. While regional averages are improving, individual country outlooks remain closely tied to local exchange rate stability and exposure to lingering food and energy supply shocks.

### 1.3.2 Inflation in the WAMZ

Inflationary pressures across the West African Monetary Zone (WAMZ) remained relatively subdued in 2026; however, the inflation outlook continues to be tilted to the upside, driven mainly by food supply constraints, rising energy costs, exchange-rate fluctuations, fiscal challenges, and geopolitical conflicts.

As of August 2026, Ghana recorded the lowest inflation rate at 5.0 per cent, reflecting easing food prices, lower transport costs, reduced imported inflation, and improved domestic supply conditions. Liberia followed at 5.4 per cent, Guinea at 6.4 per cent, and The Gambia at 6.5 per cent, all driven by reduced domestic and imported price pressures. In contrast, Sierra Leone (15.66 per cent) and Nigeria (15.39 per cent) recorded sustained increases, driven by higher food and transport costs and imported inflation. However, recent currency stability and tighter macroeconomic policies may help moderate inflation over time.

**Figure 12: Inflation Trends in the WAMZ**




*Source: IMF World Economic Outlook, April 2026 and Central Banks via Trading Economics August 2026; note current inflation for Sierra Leone, Nigeria, Ghana, Guinea, the Gambia and Liberia are as at August 2026.*

## 1.4 Monetary Policy and Financial Market Developments

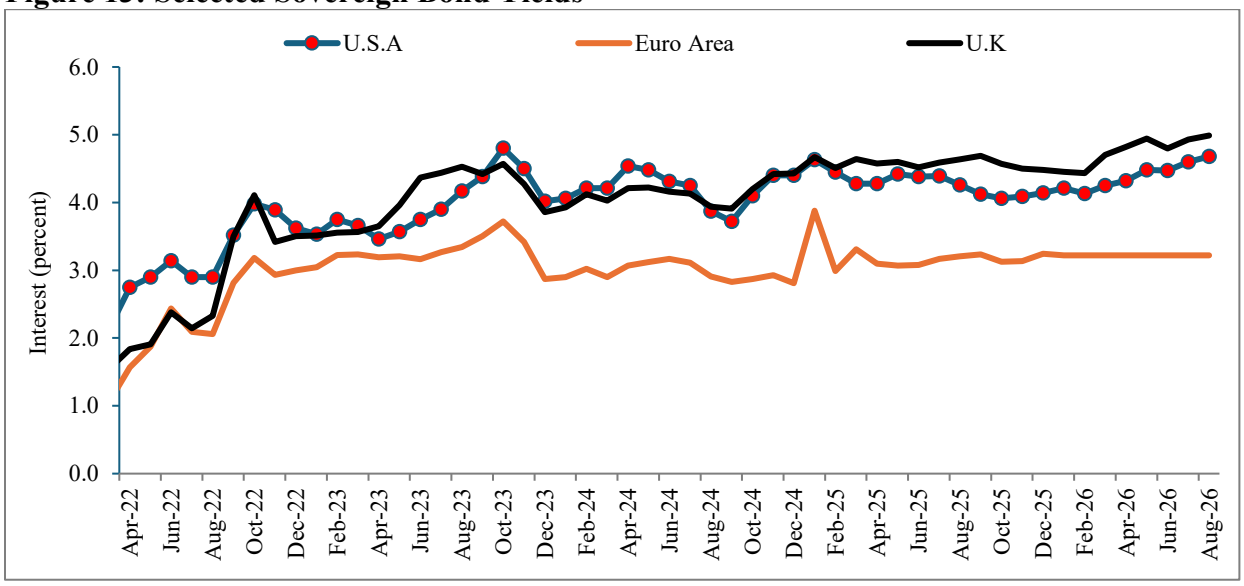
Monetary policy and financial markets in major economies remained cautious. The Federal Reserve and the ECB each raised policy rates by 25 basis points in response to resilient activity and persistent core inflation, particularly in services and wages. The Bank of England, however, kept its policy rate unchanged, weighing easing inflation against weaker domestic demand and a softer labour market. China maintained accommodative policy to support growth amid low inflation, weak household spending, and continued property-sector strains.

In the WAMZ, policy stances were shaped by inflation, exchange-rate pressures, and liquidity conditions: Sierra Leone tightened policy; Nigeria, Ghana, and The Gambia held rates steady; while Guinea and Liberia reduced rates to support economic activity as inflation remained relatively contained.

## 1.5 Sovereign Bond Yield

U.S. Treasury yields rose during the review period, driven by persistent inflation concerns, shifting monetary policy expectations, and heightened fiscal and geopolitical uncertainty. U.K. gilt yields also increased, reflecting stronger concerns about inflation and the fiscal outlook, while euro-area sovereign yields remained broadly stable. In August, global sovereign bond markets stayed under upward pressure as energy-price risks, fiscal strains, and uncertainty over the pace of monetary policy easing reinforced expectations that interest rates would remain higher for longer.

**Figure 13: Selected Sovereign Bond Yields**

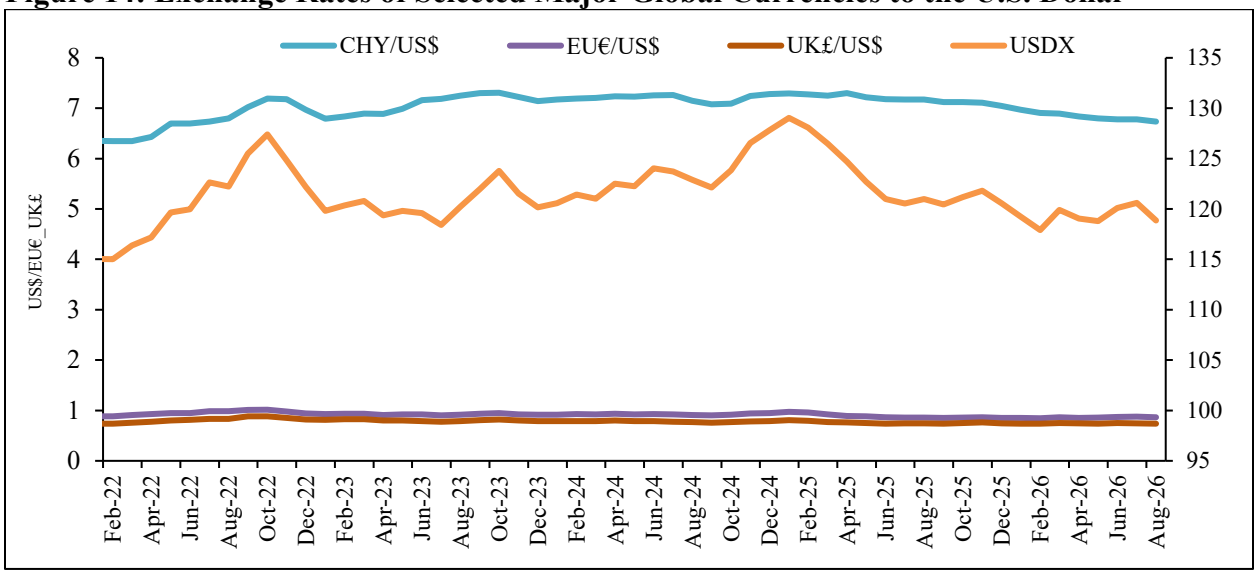



*Source: Federal Reserve Economic, FRED Data (August 2026)*

### 1.6 Exchange Rate

The global foreign exchange market remained volatile in 2026 amid shifting monetary policy expectations, geopolitical uncertainties, energy price movements, and evolving investor sentiment. The U.S. dollar strengthened against the yuan, euro, and pound early in the year, then weakened in February and fluctuated through June. The Chinese yuan continued to weaken throughout the period, reflecting concerns about China's economic outlook and trade conditions. In July, the dollar and euro strengthened moderately, while the yuan and pound weakened further. Near-term currency dynamics favour the U.S. dollar, although gains are expected to be modest. The euro remains stronger, while the sterling faces downward pressure, and the yuan is likely to be stabilize with policy support.

**Figure 14: Exchange Rates of Selected Major Global Currencies to the U.S. Dollar**

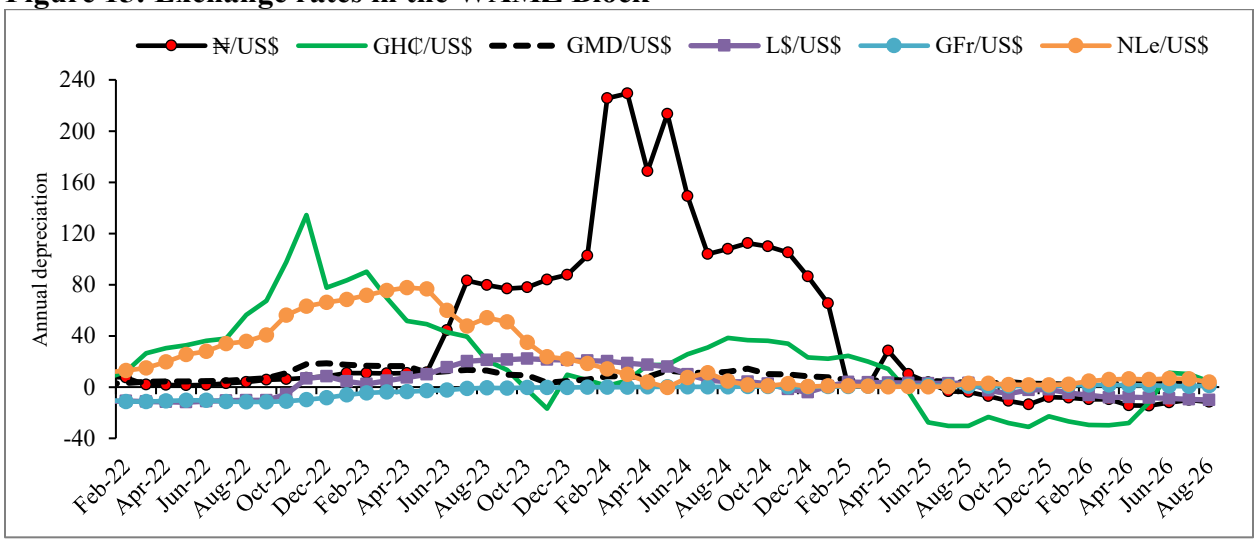



*Data Source: FRED (August 2026) Note: a positive change indicate depreciation against the U.S. dollar and a negative change indicates an appreciation against the U.S. dollar.*

### 1.7 WAMZ Exchange Rate

The WAMZ foreign exchange market remains broadly stable despite mixed currency movements across member countries. The Nigerian Naira and Liberian Dollar recorded moderate gains, supported by stronger foreign exchange inflows, higher commodity export revenues, remittance inflows, and effective exchange rate management measures. Meanwhile, the Leone, Gambian Dalasi, and Guinean Franc remained relatively stable, benefiting from ongoing economic reforms and improved investor confidence. In contrast, the Ghanaian Cedi lost some of its earlier momentum amid rising foreign exchange demand and import-related pressures. Overall, although the region remains exposed to external shocks, WAMZ currencies are demonstrating increased resilience, underpinned by improved foreign exchange inflows and supportive macroeconomic policies.

**Figure 15: Exchange rates in the WAMZ Block**




Source: Global Economic Monitor, August 2026

## 1.8 Implications for the Outlook of the Sierra Leone Economy

### External Vulnerabilities and Downside Risks

- Persistent geopolitical conflicts and supply-chain bottlenecks risk driving up the landed costs of imported staples and industrial inputs. This transmission mechanism could trigger domestic price increases and erode household purchasing power.
- Escalating global tariff disputes and protectionist policies could deter inward investment and obstruct international trade flows. This increases the country's vulnerability to external shocks due to the economy's high structural dependency on trade.
- Sustained high international interest rates are projected to increase external borrowing and debt-servicing costs, severely restricting the fiscal space required for capital development expenditure.
- The recent increase in global crude oil prices poses renewed upside risks to the domestic inflation outlook, particularly through higher fuel, transportation, and production costs.

### Stabilizing Factors and Growth Opportunities

- The continued stability of the Leone against key regional currencies serves as a critical buffer against imported inflation, bolstering foreign exchange market confidence and protecting real domestic demand.
- Stronger international iron ore prices are anticipated to elevate gross export earnings, maximize foreign exchange inflows, and accelerate international reserve accumulation to reinforce external resilience.

- Surging global cocoa and coffee valuations provide an avenue to maximize non-mineral export revenues, stimulate agricultural sector growth, and broaden the country's economic base.
- A sustained moderation in global headline inflation will ease imported cost pressures for food and intermediate capital inputs, providing a stabilising backdrop for domestic monetary policy.

# 2. DOMESTIC ECONOMIC DEVELOPMENTS

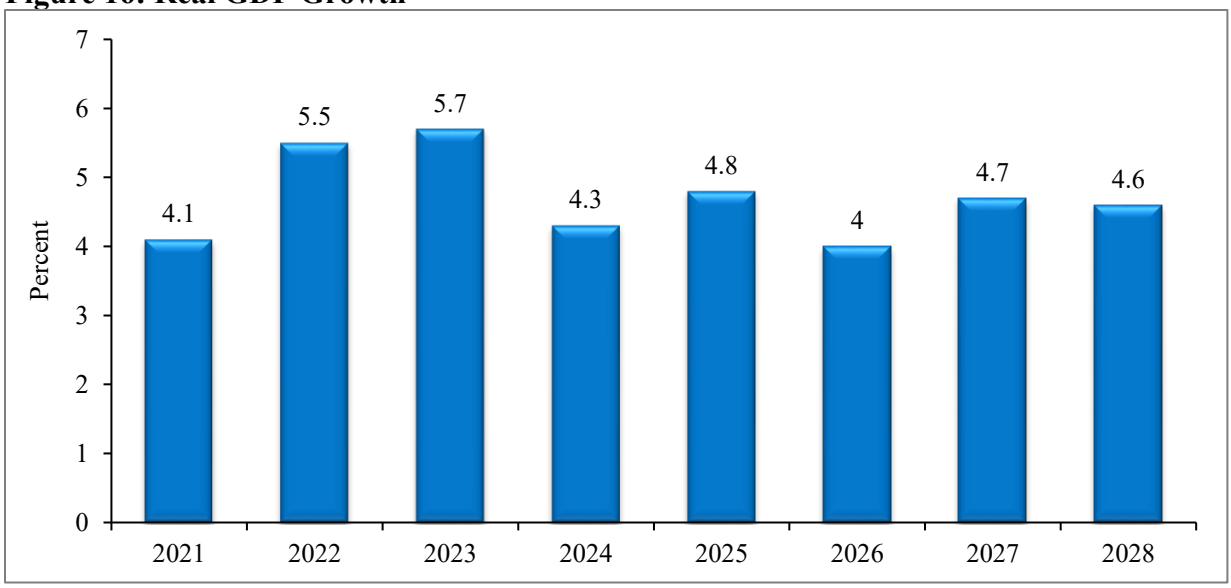
## 2.1 Real GDP Developments

### 2.1.1 Real GDP Growth

Growth in the domestic economy is expected to moderate to 4.0 percent in 2026 from an estimated 4.8 percent in 2025, reflecting higher energy and fertilizer costs amid ongoing conflict in the Middle East. Economic growth in the medium-term looks positive and is estimated to grow at an average of 4.7 percent, driven by ongoing policy reforms, prudent fiscal management, and climate-related investments aimed at enhancing macroeconomic stability and resilience. Growth will also be supported by a recovery in the services sector and sustained expansion in agriculture, particularly under the Feed Salone Initiative.

However, potential risks to the outlook remain tilted to the downside, reflecting the potential adverse effects of rising global energy prices emanating from geopolitical tensions in the Middle East, alongside heightened global policy uncertainty on economic growth prospects over the near term.

**Figure 16: Real GDP Growth**



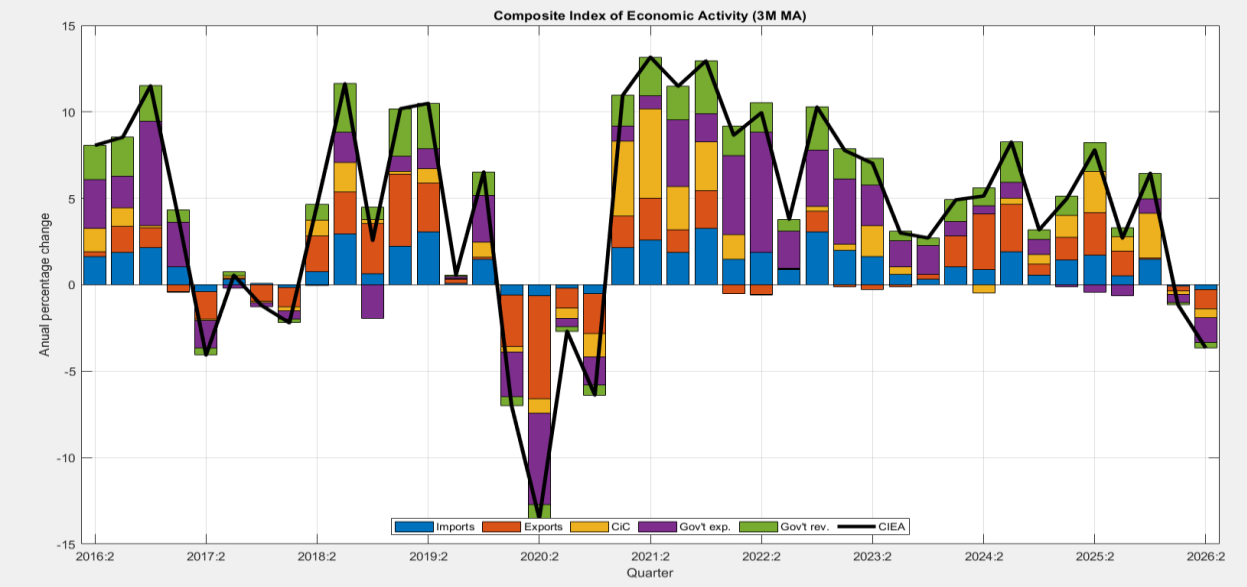

*Source: Statistics SL & IMF*

### 2.1.2 Composite Index of Economic Activity (CIEA)

The Bank's Composite Index of Economic Activity (CIEA) suggests that economic activity continued to slow in 2026Q2. The CIEA annual percentage growth contracted to 3.66 percent in 2026Q2, relative to an expansion of 7.80 percent in 2025Q2. This slowdown was driven by the decline in government expenditure, exports, currency-in-circulation, government revenue and

imports. Hence, on sectoral basis both the domestic and external sectors recorded subdued economic activity during the quarter.

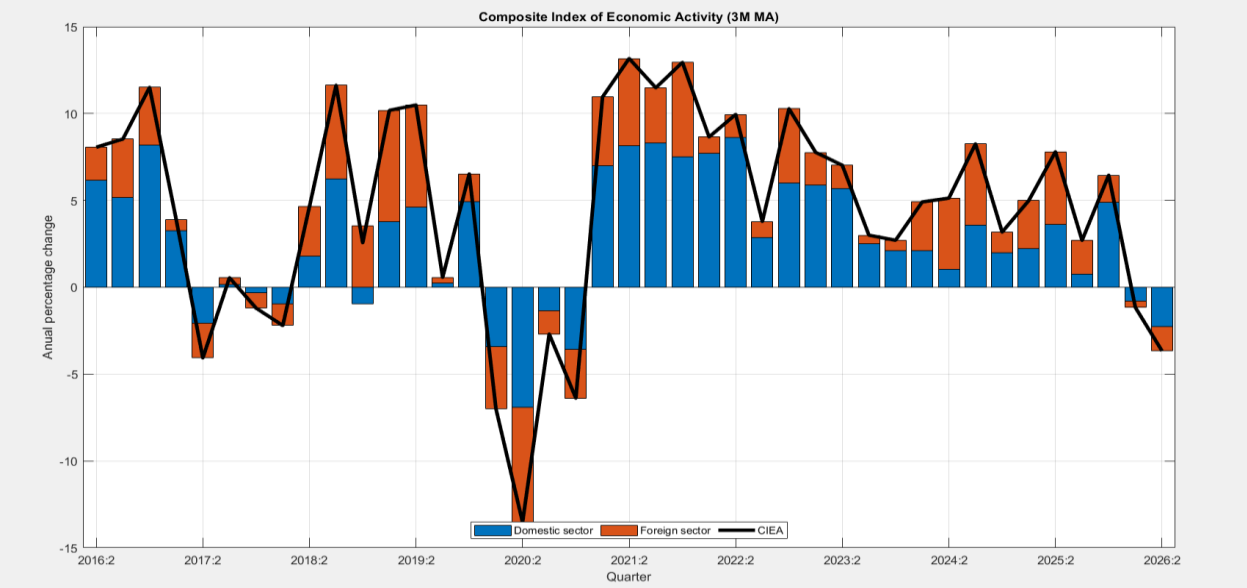
**Figure 17: Contributions to CIEA**




*Source: BSL Staff Estimation*

Overall, both the domestic and external sectors recorded subdued activity during the quarter. However, the slowdown in the domestic sector was more pronounced than in the external sector, partly offset by improvements in import activity.

**Figure 18: Sectoral Contributions to CIEA**

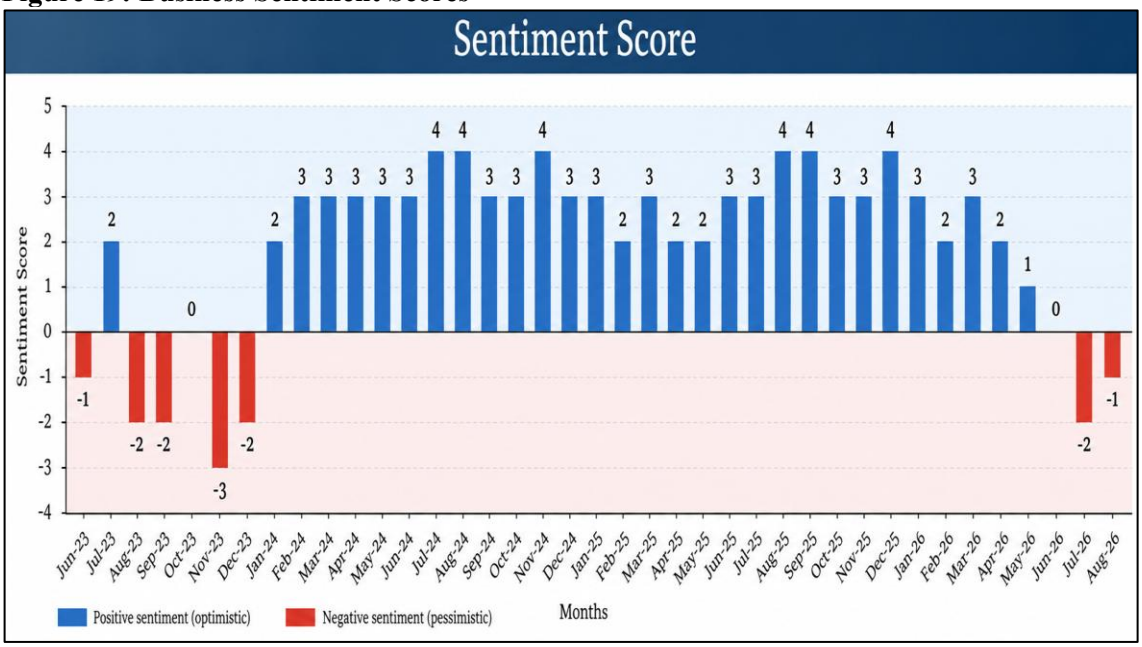



*Source: BSL Staff Estimation*

**Box 1: Business Sentiment[2]**

Business sentiment remained cautiously positive from January to May 2026 but weakened in July and August. The August survey recorded a score of -1, reflecting increased caution and reduced optimism. Rising inflation eroded purchasing power, while high operating costs – particularly for fuel, electricity, transport, rent and imported goods – squeezed profit margins. Persistent challenges, including unreliable electricity, high lending rates, elevated import duties, logistical bottlenecks and rainy season disruptions, further constrained expansion. These factors collectively undermined business confidence in August 2026.

**Figure 19: Business Sentiment Scores**




*Source: BSL Staff Survey*

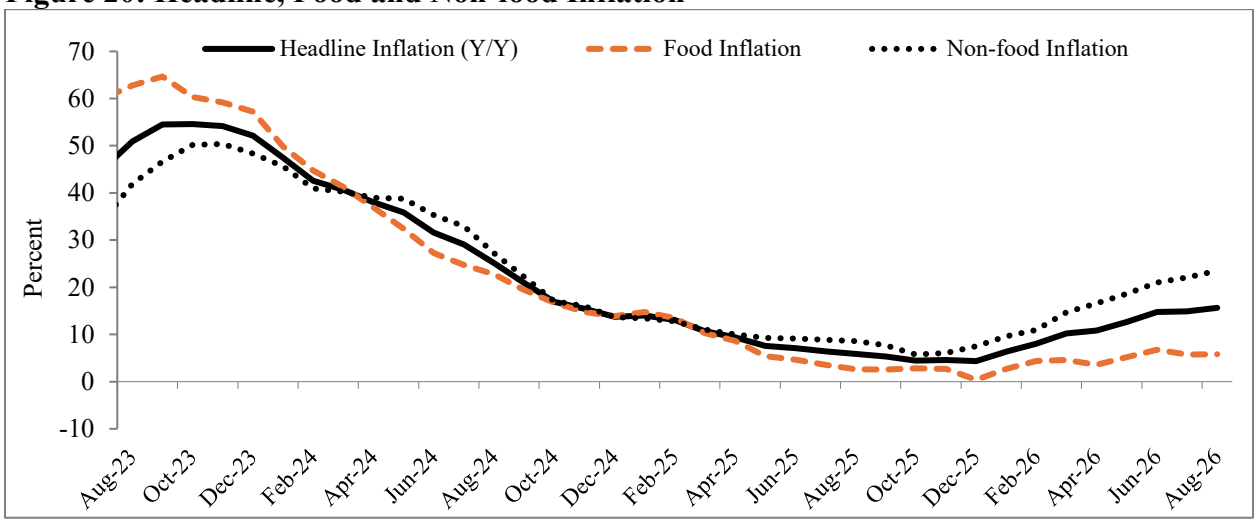
### 2.1.3 Price Developments

Headline inflation increased by 4.53 percentage points during the second quarter of 2026, rising from 10.24 percent in March 2026 to 14.77 percent in June 2026. The increase was driven by both food and non-food inflation indicating sustained underlying inflationary pressures. Food inflation rose from 4.58 percent in March to 6.79 percent in June 2026, while non-food inflation increased from 14.68 percent to 21.03 percent over the same period. These price increases were primarily attributable to the removal of fuel and utility subsidies, supply chain disruptions, persistent geopolitical tensions in the Middle East, the effects of the lean season, and sustained price momentum arising from higher global commodity prices.

In addition, headline inflation increased marginally by 0.77 percentage points, rising from 14.89 percent in July 2026 to 15.66 percent in August 2026.

2 The business sentiment is still experimental.

**Figure 20: Headline, Food and Non-food Inflation**




*Source: Statistics SL*

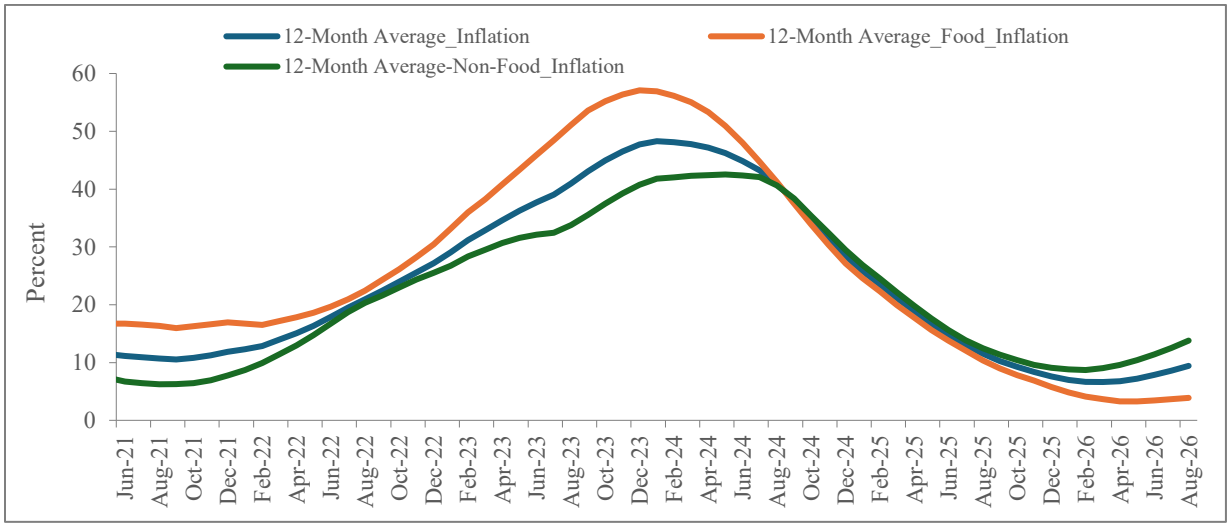
### 2.1.4 Annual Average Inflation

Annual average inflation increased marginally from 6.63 percent as at March 2026 to 7.87 percent as at June 2026. It continued its upward trend, reaching 13.80 percent in August 2026, exceeding the IMF target indicating a loss of disinflationary momentum.

The increase was driven primarily by the rise in non-food inflation, which increased from 9.03 percent as at March to a double digit of 11.43 percent as of June 2026, reflecting upward adjustments in transport fares, utilities, energy prices and other administered prices. Like license service, education related fees etc.

In contrast, Annual average food inflation continued its downward trend, declining from 3.68 percent to 3.46 percent over the same period.

**Figure 21: Annual Average Inflation Trends**

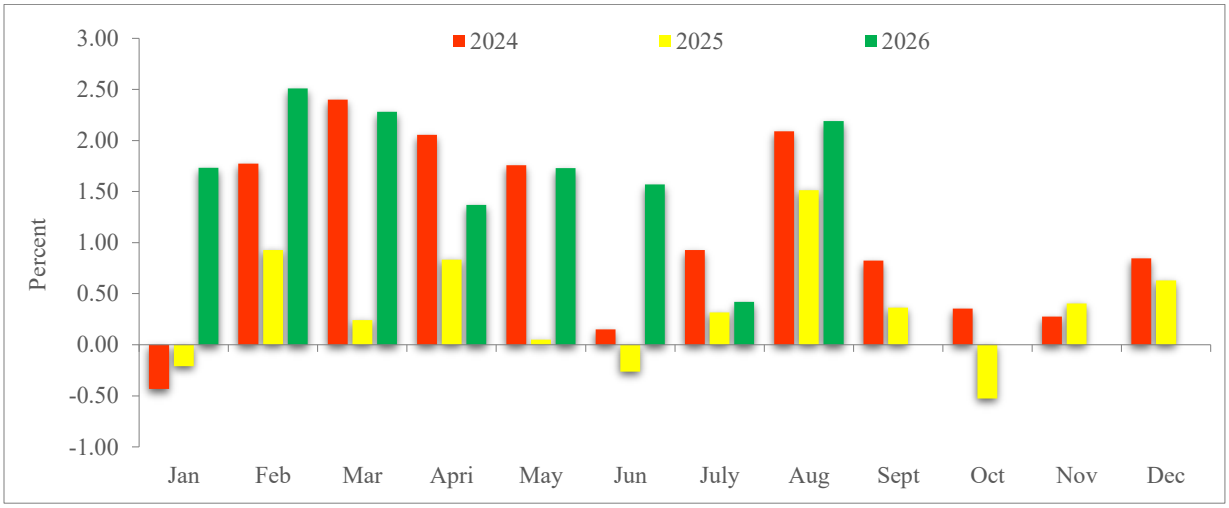



*Source: BSL Staff Estimates*

### 2.1.5 Monthly Inflation

Monthly inflation increased by 1.77 percentage points, rising from 0.42 percent in July 2026 to 2.19 percent in August 2026. This upward movement was driven by rising prices in local & imported rice, pastas & couscous, chicken, fish & sea food, peanut cream, banana, other vegetables, Krain Kren, sorrel, fufu & chips, other condiments, sachet water, beds, materials for dwelling repairs, medical supplies, short & long distance bus, schoolbooks and fuels & lubricants.

**Figure 22: Path of Monthly Inflation within the Years of 2024-2026**



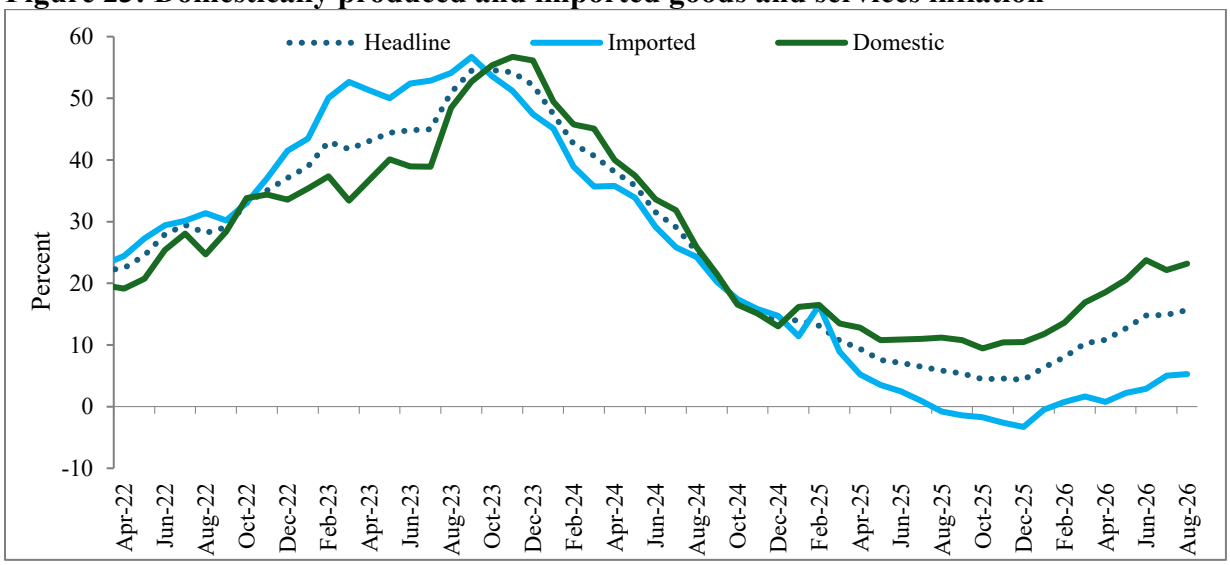

*Source: Statistics SL*

### 2.1.6 Imported and Domestic Inflation

Both imported and domestic inflation increased in the second quarter of 2026, suggesting that inflationary pressures were broad-based, reflecting both external and domestic factors. The rise in imported inflation was driven by higher global energy and commodity prices, increased shipping and insurance costs and the lagged transmission of earlier external shocks. Meanwhile, the increase in domestic inflation reflects seasonal pressures on local food supply, rising transport and distribution costs, higher utility and production costs, and second-round effects from earlier adjustments in fuel price.

The inflationary pressures observed in the second quarter persisted into August 2026, with both imported and domestic inflation continuing to rise. Imported inflation was driven by volatile global commodity prices, higher import costs, and exchange rate pressures, while domestic inflation reflected lean season effects and the continued implementation of the Finance Act 2026.

**Figure 23: Domestically produced and imported goods and services inflation**



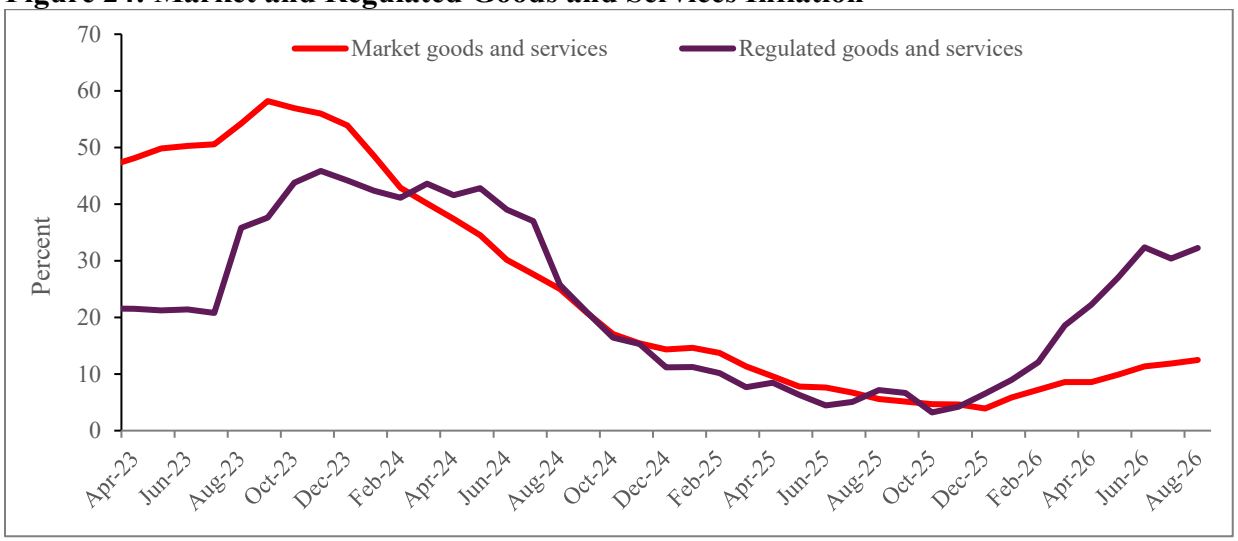

*Source: BSL Staff Estimations*

### 2.1.7 Market and Regulated Goods and Services Inflation

The analytical assessment of inflation shows that both market goods and services inflation and regulated goods and services inflation increased during the second quarter of 2026. The increase in market goods and services inflation was primarily driven by higher prices of imported raw food, alcohol & tobacco products, air transport fares, and market services. Meanwhile, the rise in regulated goods and services inflation reflected upward adjustments in the prices of regulated services, medicines, and energy products.

In August 2026, both market goods and services inflation and regulated goods and services inflation increased. The rising market goods and services inflation was driven by higher inflation in local food products, imported raw food, market services and Alcohol, tobacco & airfares, while the rise in regulated inflation reflected increase in the prices of regulated services, energy and medicines.

**Figure 24: Market and Regulated Goods and Services Inflation**

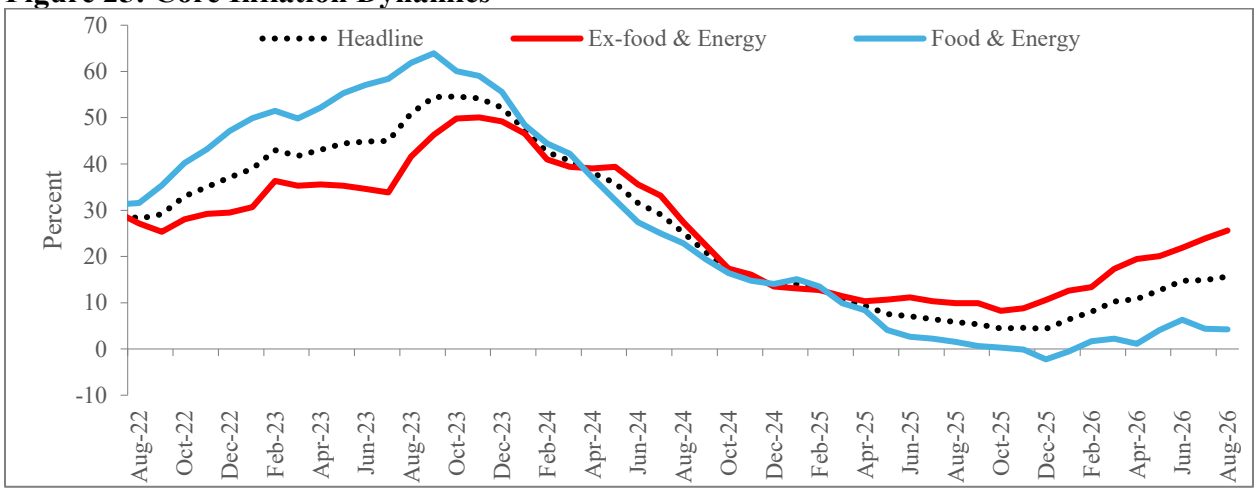



*Source: BSL Staff Estimations*

### 2.1.8 Core Inflation

Core inflation rose significantly over the period, increasing from 17.32 percent in March 2026 to 21.89 percent in June 2026. It rose further to 25.61 percent in August 2026, largely driven by higher prices in alcoholic beverages, tobacco & narcotics, housing, water, clothing and footwear, restaurants, and personal services validating domestic demand pressures. However, the improvement in domestic food production helps to dampen food & energy inflation.

**Figure 25: Core Inflation Dynamics**




*Source: BSL Staff Estimation*

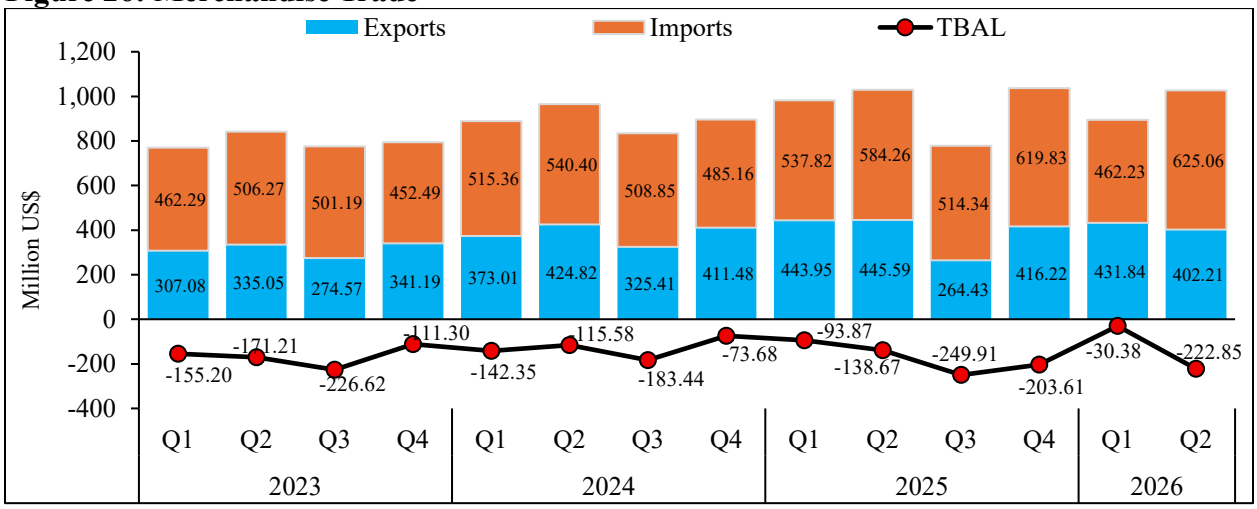
## 2.2 External Sector Developments

### 2.2.1 Merchandise Trade

Sierra Leone's trade deficit widened to US$ 222.85 million in 2026Q2, marking a significant deterioration from the narrowed deficit of US$ 30.38 million recorded in 2026Q1. This

substantial decline in the external trade position was driven by a mismatch between contracting export performance and surging import demand. Export earnings contracted by 7.4 percent, while import payments rose significantly by 26.05 percent.

**Figure 26: Merchandise Trade**



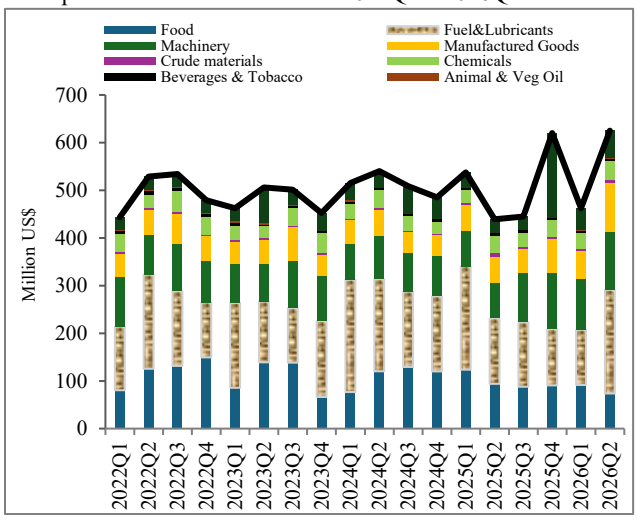

*Source: NRA/Customs & BSL*

### 2.2.2 Components of Import

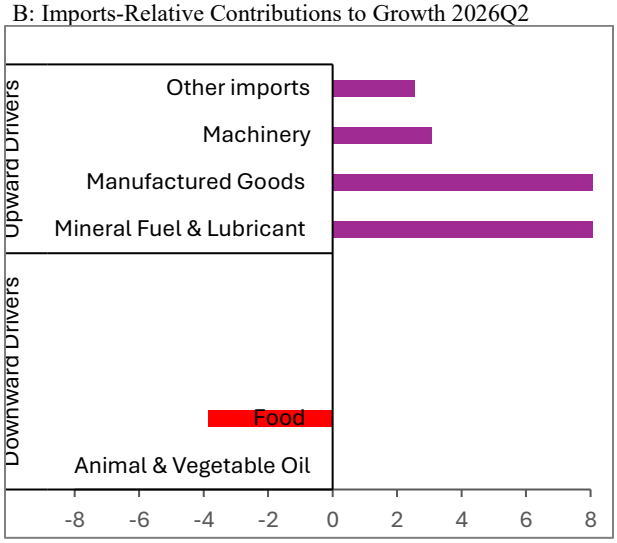
The total value of imports increased significantly by 35.23 percent to US$625.06 million in 2026Q2, from US$462.23 million in 2026Q1. The substantial increase in import expenditure was broad-based, reflecting higher import demand across several major commodity categories. The increase was mainly driven by higher imports of fuel and lubricants, chemicals, machinery, manufactured goods, beverages and tobacco, crude materials and other imports, reflecting stronger demand for energy, intermediate inputs, capital goods, and consumer goods.

**Figure 27: Components of Import**

A: Imports-Relative Contributions 2022Q1 – 2026Q2




B: Imports-Relative Contributions to Growth 2026Q2



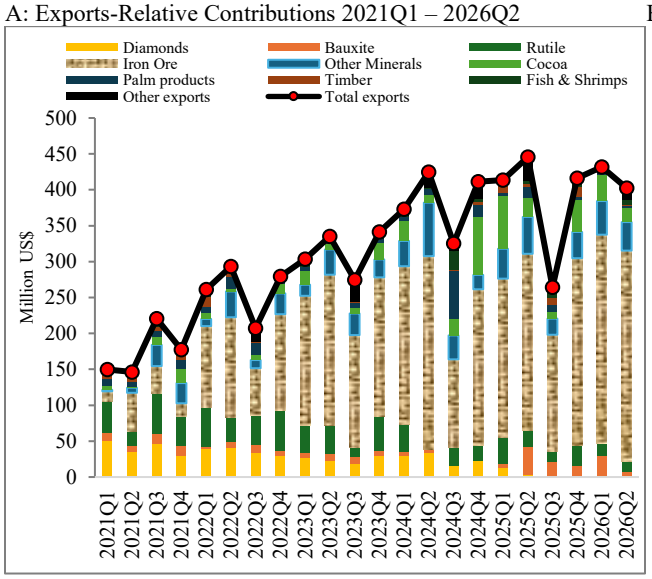

*Source: NRA/Customs & BSL*

### 2.2.3 Components of Export

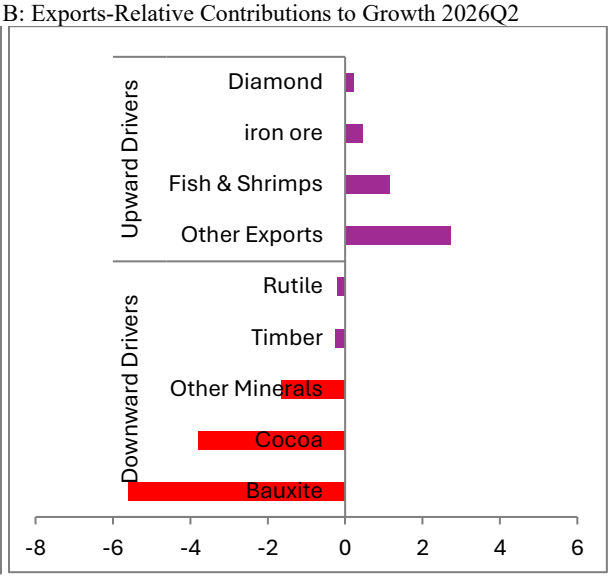
Merchandise export earnings declined by 7.4 percent, falling from US$ 431.84 million in 2026Q1 to US$ 402.21 million in 2026Q2. This contraction was primarily attributable to lower export receipts from major commodities, notably rutile, bauxite, timber, cocoa, and other mineral products, as well as declines across several other export categories.

**Figure 28: Components of Export**

A: Exports-Relative Contributions 2021Q1 – 2026Q2




B: Exports-Relative Contributions to Growth 2026Q2

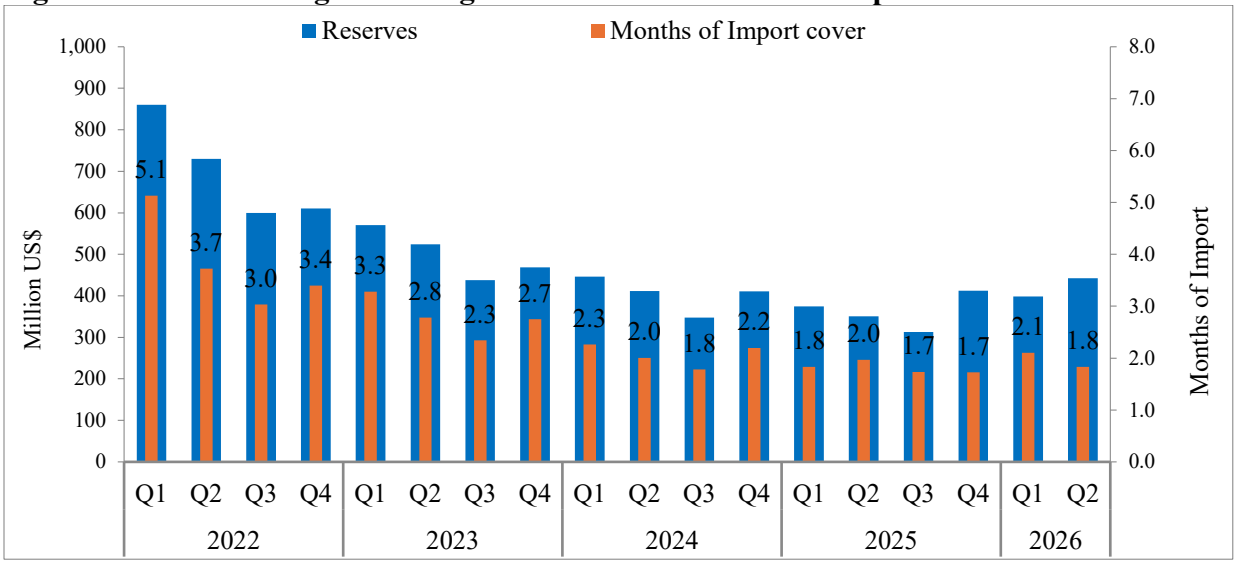



*Source: NRA/Customs & BSL*

### 2.2.4 Gross Foreign Exchange Reserves

The BSL's gross foreign exchange reserves rose by 10.0 percent to US$442.79 million in 2026Q2, up from US$398.50 million in 2026Q1. The increase reflected a net positive balance of foreign exchange inflows and export receipts over outflows in 2026Q2. The improvement was primarily supported by other official receipts, foreign exchange transactions with commercial banks, privatization proceeds, and external financing, including disbursements from the IMF and World Bank. However, despite the improvement, the reserve position remains relatively modest, equivalent to approximately 1.8 months of import cover during the review period.

**Figure 29: Gross Foreign Exchange Reserves and Months of Import Cover**

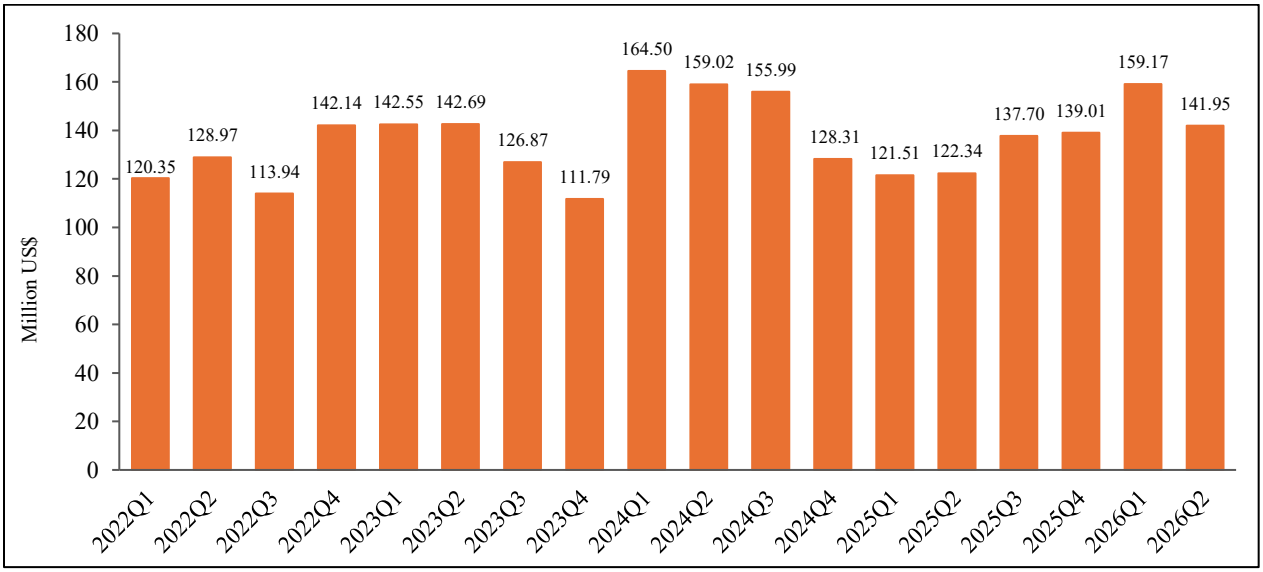



*Source: Bank of Sierra Leone*

### 2.2.5 Diaspora Remittances

Diaspora remittance inflows declined by 10.8 percent in 2026Q2, falling to US$141.95 million from US$159.17 million in 2026Q1. This contraction constrained a vital source of foreign exchange and secondary income for the domestic economy during the quarter. The downturn in inflows was primarily attributable to deteriorating macroeconomic conditions in major host economies. Sierra Leonean migrants faced persistent cost-of-living pressures and softer labour market conditions in key corridors, particularly the United States and Europe. These compounding factors squeezed migrants' disposable income, directly reducing their financial capacity to remit funds home.

**Figure 30: Diaspora Remittances into Sierra Leone**

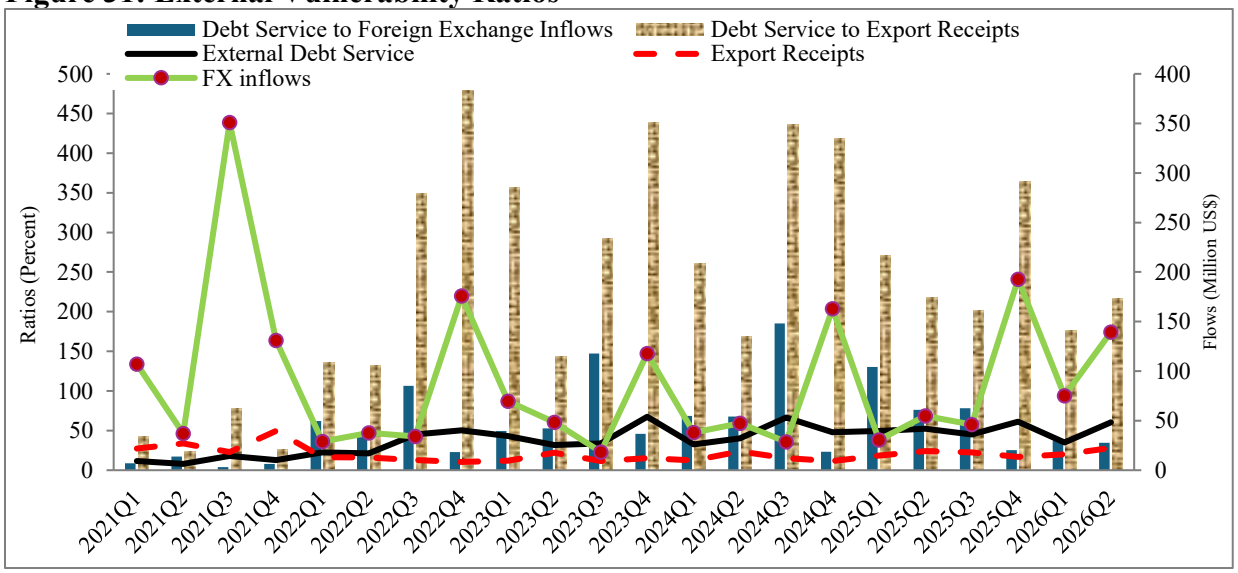



*Source: Bank of Sierra Leone*

### 2.2.6 External Vulnerability Ratios

External debt service payments rose by 41.9 percent, increasing from US$28.10 million in 2026Q1 to US$48.34 million in 2026Q2. During the same period, export earnings increased by 28.7 percent, from US$15.95 million to US$22.36 million, while total foreign exchange inflows increased by 46.0 percent, from US$75.20 million to US$139.37 million. The stronger growth in FX inflows relative to debt service payments resulted in an improvement in the debt service-to-FX inflows ratio, which declined by 7.8 percent from US$37.37 percent in 2026Q1 to US$34.68 percent in 2026Q2. However, the debt service-to-export earnings ratio deteriorated significantly, rising from US$176.18 percent to US$216.0 percent, as the increase in external debt service outpaced the growth in export receipts. This indicates that, despite improved overall FX inflows, external debt-servicing pressures related to the country's export-earning capacity intensified during the review period.

**Figure 31: External Vulnerability Ratios**




*Source: Bank of Sierra Leone*

## 2.3 Exchange Rates and Foreign Exchange Market Developments

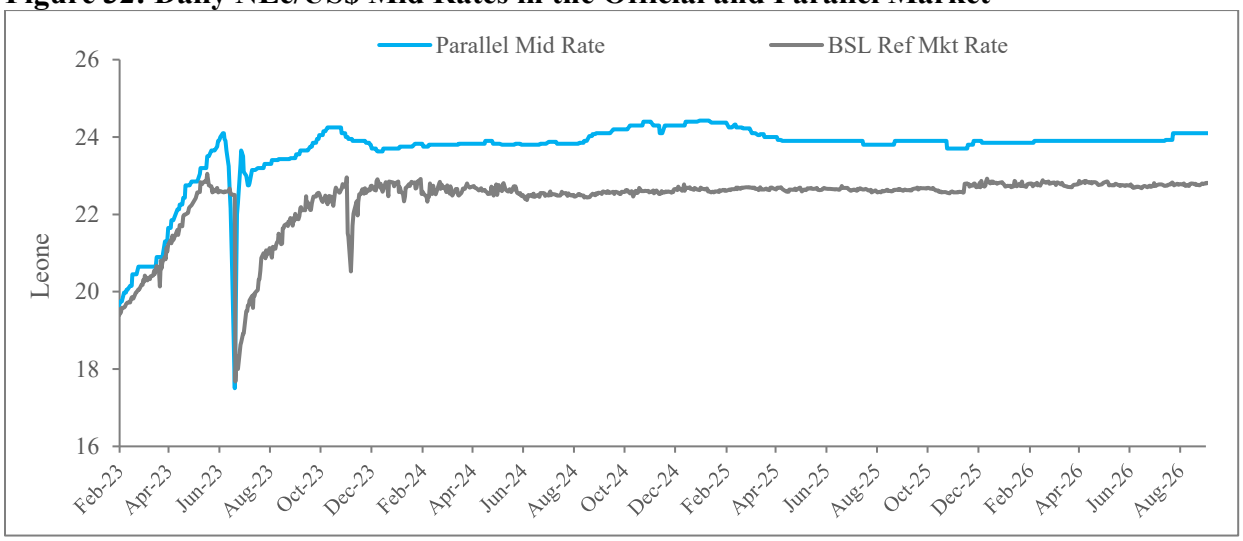
### 2.3.1 Bilateral Rates and Foreign Exchange Market Developments

The foreign exchange market in 2026 has so far been characterised by relative stability and low volatility. The premium between the BSL Reference Market Rate and the Parallel Market Rate remained broadly stable throughout the period, reflecting orderly market conditions and the absence of significant speculative pressures. While a modest uptick in the parallel rate was observed towards August, this development does not currently signal a deterioration in market stability.

The sustained calm from the first half of 2026 through August was underpinned by the consistent implementation of prudent monetary policy, ongoing fiscal consolidation and structural economic reforms. These measures have continued to support improved market confidence, a balanced FX supply-demand position and the effective management of exchange rate pressures.

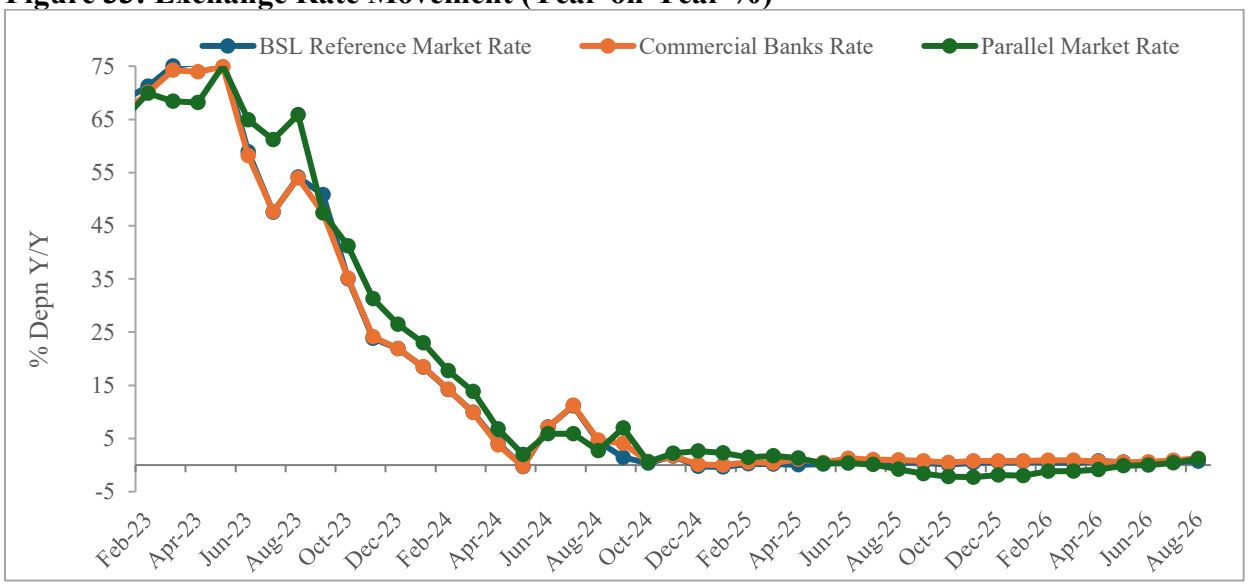
Notwithstanding this positive performance, several downside risks persist. These include potential increases in domestic foreign exchange demand, evolving liquidity conditions within the banking system, and external pressures arising from global trade uncertainties and volatility in international commodity prices.

**Figure 32: Daily NLe/US$ Mid Rates in the Official and Parallel Market**




*Source: Bank of Sierra Leone*

**Figure 33: Exchange Rate Movement (Year-on-Year %)**



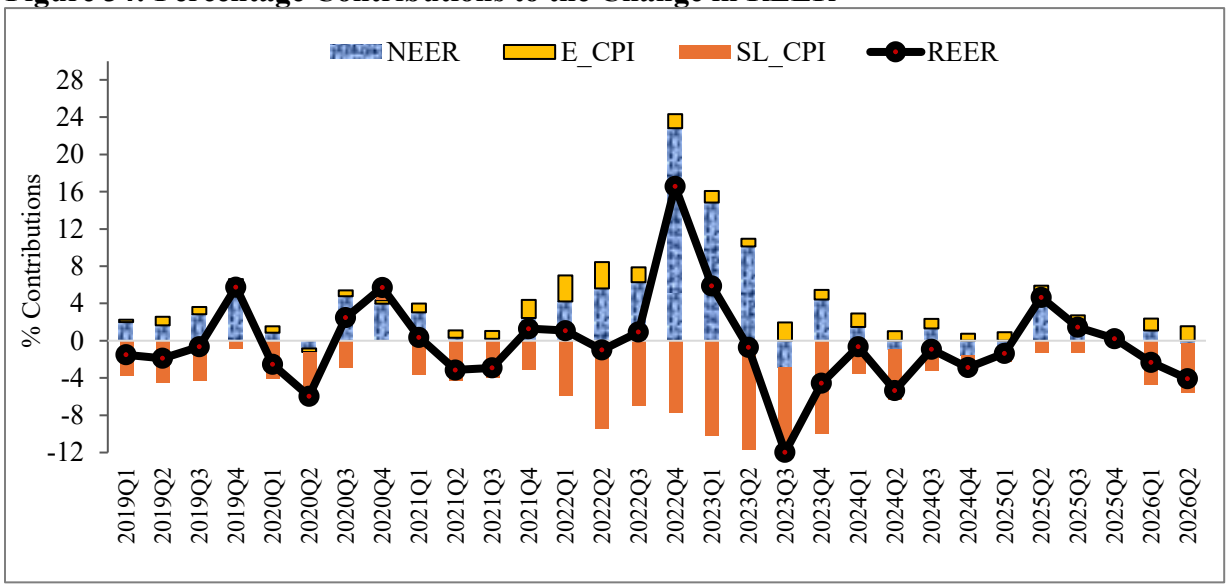

*Source: Bank of Sierra Leone*

### 2.3.2 Effective Exchange Rates

The Nominal Effective Exchange Rate (NEER) appreciated marginally by 0.3 percent in 2026Q2, compared with a depreciation of 1.1 percent in 2026Q1. The movement reflected a slight strengthening of the Leone against the US dollar, the Euro, and British pound.

The Real Effective Exchange Rate (REER), which adjusts the nominal exchange rate for inflation differentials between Sierra Leone and its trading partners, appreciated by 4.0 percent in 2026Q2, compared with a depreciation of 2.3 percent in 2026Q1. The appreciation mainly reflected the nominal appreciation coupled with increase in Sierra Leone's consumer prices during the review period, which more than offset the increase in trading-partner prices. This indicates a strengthening of the Leone in real terms and suggests a partial deterioration in price competitiveness, although continued domestic inflationary pressures require close monitoring.

**Figure 34: Percentage Contributions to the Change in REER**




*Source:World Bank, World Development Indicators, BSL Data Warehouse, Federal Reserve Economic Data*

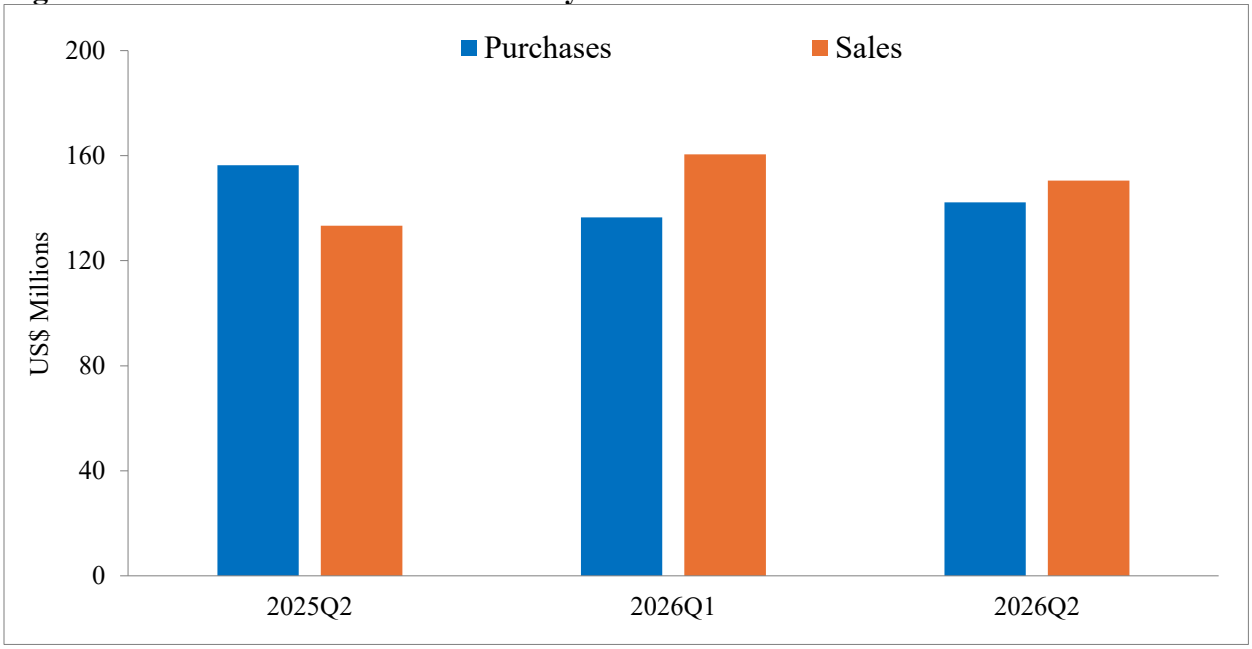
### 2.3.3 Foreign Exchange Market Turnover

The foreign exchange market turnover declined slightly by 1.40 percent in 2026Q2, falling from US$296.94 million in 2026Q1 to US$292.79 million in 2026Q2. Throughout the first half of 2026, the market remained characterised by elevated sales relative to purchases. Following a pronounced peak in sales during 2026Q1, the second quarter recorded a moderation in FX sales alongside a modest recovery in purchases.

On a year-on-year basis, turnover increased marginally by 1.09 percent, rising from US$ 289.62 million in 2025Q2 to US$ 292.79 million. The market continued to be more demand driven than

in the corresponding period of the previous year, with sales outpacing purchases. This pattern is consistent with higher import-related demand and overall economic activity. The narrowing of the sales-purchases gap in 2026Q2 points to some stabilisation in market flows.

**Figure 35: Purchase and Sales of Forex by Commercial Banks**



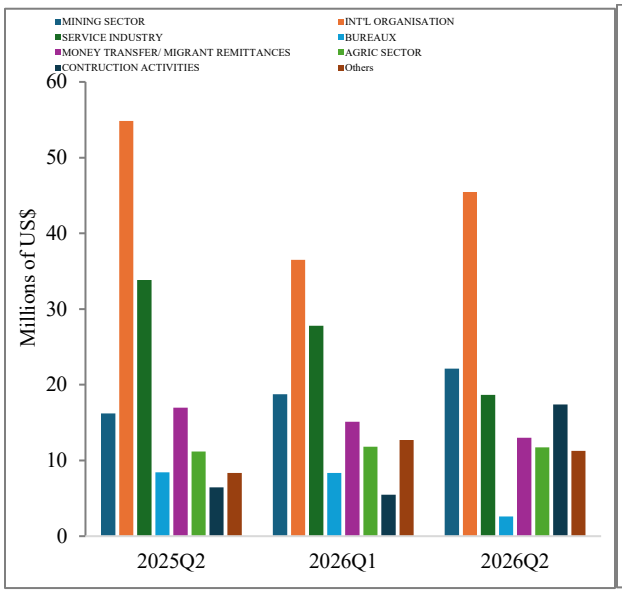

*Source: Bank of Sierra Leone*

### 2.3.4 Purchase of Forex by Commercial Banks

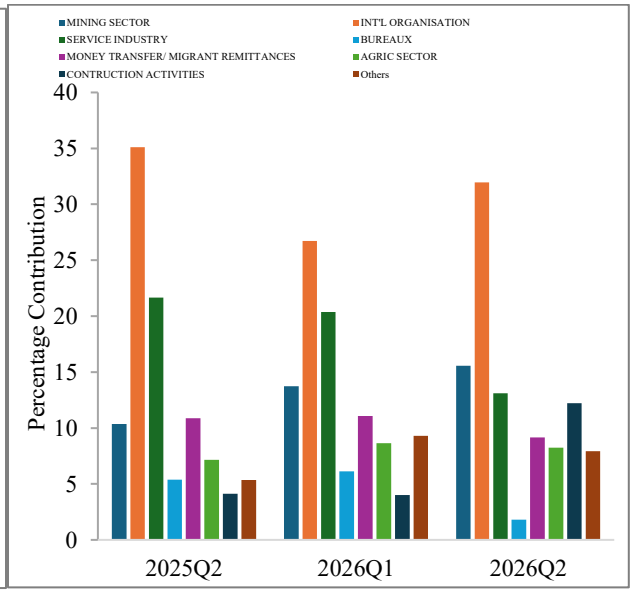
Purchases of Foreign Exchange by commercial banks rose to US$ 142.23 million in 2026Q1 by 4.22 percent from US$ 136.47 million in 2026Q1. The improvement was driven mainly by purchases from NGOs/International Organisations, Mining Sector and a notable rebound in Construction Activities. On a yearly basis, FX purchases decreased by 9.01 percent to US$ 142.23 million from US$ 156.31 million in 2025Q2. The composition of purchases has shifted mainly, the reliance on International Organisations and Service Industry has moderated, while Mining and Construction gained prominence. Overall, the market continues to exhibit resilience, supported by a broader base of sectoral contributions even as some traditional sources remain below their 2025 peaks.

**Figure 36: Commercial Banks' Forex Purchases from Selected Sectors**

**FX Purchased by Sector – Volume**




**Percentage Contribution of FX Purchased by Sector**




*Source: Bank of Sierra Leone; Note: Others include purchases from manufacturing sector, int'l brokerage firms, religious organizations, logistics & construction companies*

### 2.3.5 Sale of Forex by Commercial Banks

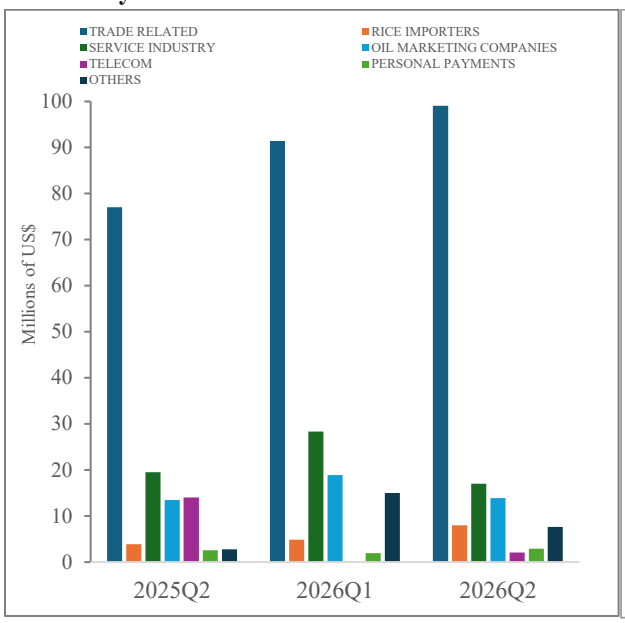
FX sales in 2026 have been dominated by trade related demand, which rose steadily across the first half of the year and accounted for the bulk of FX sales. In 2026Q2, total FX sales declined by 6.18 percent to US$ 150.56 million, from US$ 160.47 million in 2026Q1. Growth in trade related and rice imports payments helped sustain elevated sales volumes, even as demand from the service industry and oil marketing companies eased relative to the previous quarter.

On a year-on-year basis, the market recorded a clear increase in import-related foreign exchange demand, particularly for general trade and rice importation. This resulted in a 12.94 percent rise in FX sales compared with the corresponding period in 2025.

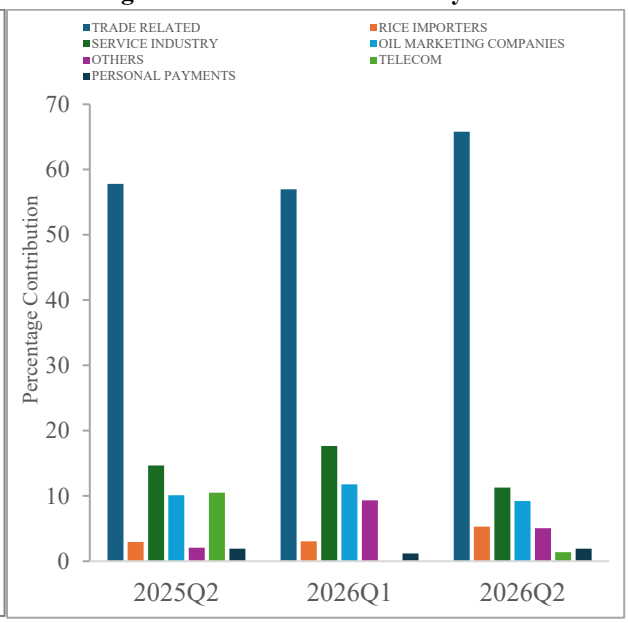
The continued concentration of sales in trade-related transactions underscores the importance of monitoring import demand and its implications for the overall FX market balance and exchange rate stability.

**Figure 37: Commercial Banks Sale of Forex to Selected Sectors**

**FX Sold by Sector – Volume**




**Percentage Contribution of FX Sold by Sector**




*Source: Bank of Sierra Leone; Note: Others include sale of forex to fishing companies, investment related, logistics & construction companies.*

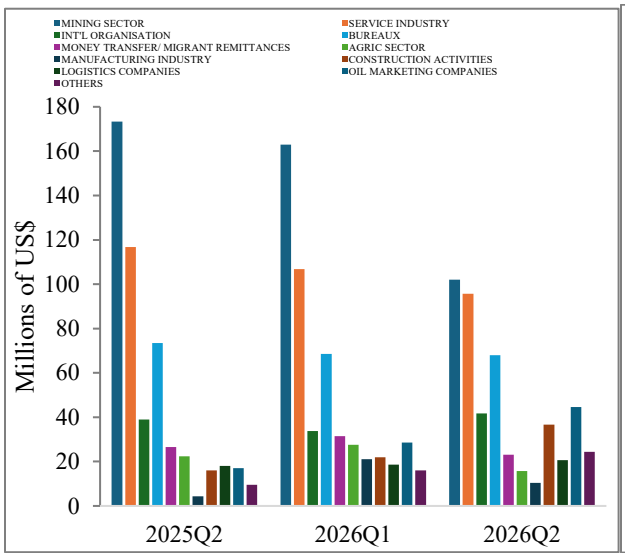
### 2.3.6 Receipt for Forex by Commercial Banks

FX receipts declined by 10.09 percent in 2026Q2, falling from US$ 537.45 million in 2026Q1 to US$ 483.24 million. The decrease was driven primarily by a marked contraction in the traditionally dominant mining sector, together with continued moderation in inflows from the service industry. These declines were partially offset by strong growth in FX receipts from oil marketing companies and construction activities, as well as a modest recovery in inflows from NGOs/International Organisations.

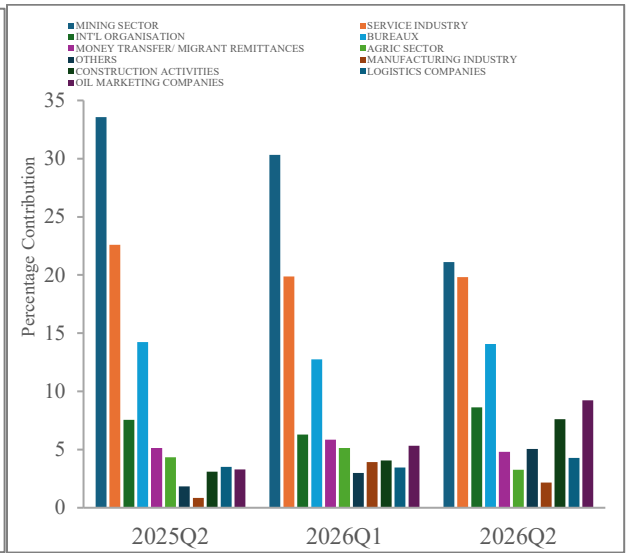
On a year-on-year basis, FX receipts decreased by 6.42 percent from US$ 516.39 million in 2025Q2. The structure of inflows also shifted noticeably; reliance on the mining and service sectors declined while contributions from oil marketing companies and construction activities increased. Although total receipts were lower than in the corresponding quarter of 2025, the broadening of sources provided a degree of diversification.

**Figure 38: Receipts into CFC Accounts – Selected Sectors**

**FX Receipts by Sector – Volume**




**Percentage Contribution of FX Receipts by Sector**




*Source: Bank of Sierra Leone; Note: Others include receipt of FX for fishing companies, telecommunication companies, int'l brokerage firms, religious organizations and manufacturing companies.*

### 2.3.7 Forex Payments by Commercial Banks

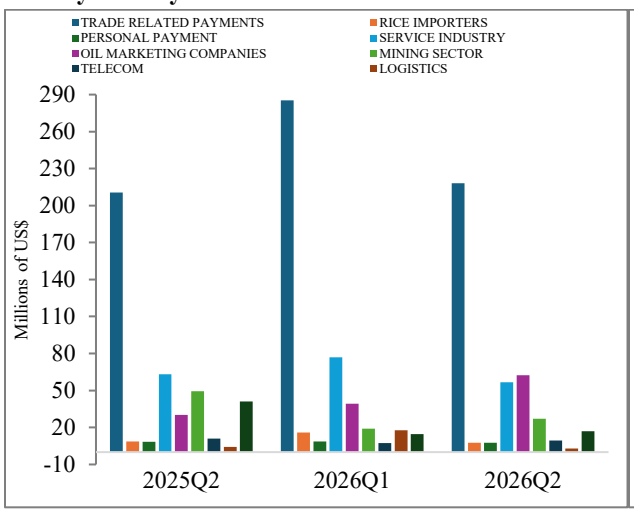
FX payments in 2026 continued to be heavily dominated by trade-related transactions. In 2026Q2, total outflow moderated by 15.64 percent to US$ 408.82 million from the peak of US$ 484.62 million recorded in 2026Q1. The decline primarily reflected lower trade related and service industry payments and was partially offset by a notable rise in payments by oil marketing companies.

On a year-on-year basis, FX payments declined by 4.15 percent from US$ 426.54 million in 2025Q2. The market continued to show sustained demand for foreign exchange for trade and oil-related payments, while mining sector outflows were lower than in the corresponding period of the year.

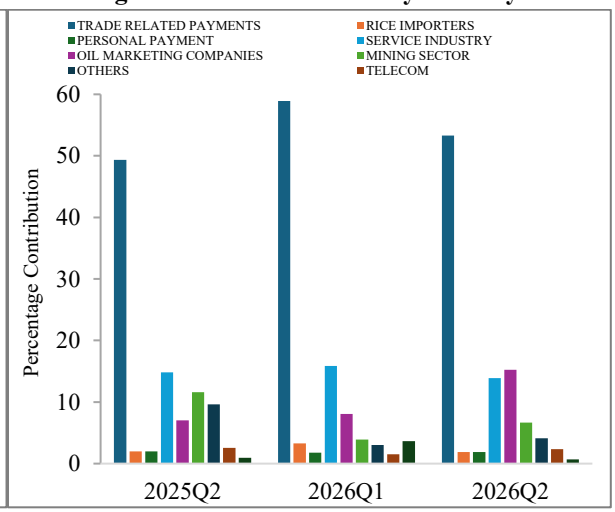
The continued concentration of payments in trade-related and oil categories underscores the importance of monitoring essential import demand and its implications for the overall FX market balance

**Figure 39: FX Payments by Selected Sectors**

**FX Payment by Sector – Volume**




**Percentage Contribution of FX Payments by Sector**




*Source: Bank of Sierra Leone; Note: Others include FX payment for fishing companies, int'l brokerage firms, religious organizations, manufacturing and construction companies.*

### 2.3.8 Outlook of the Foreign Exchange Market

The foreign exchange market enters the third quarter of 2026 against a backdrop of relative stability observed through much of the first half of the year. More recently, however, pressures have begun to emerge, particularly in the parallel market, where the premium has shown signs of widening. While the BSL reference rate has remained relatively range-bound, the parallel market has exhibited greater sensitivity to demand pressures.

Nevertheless, risks have become more pronounced. Softness in the mining sector, elevated oil prices and associated import cost pressures, rising inflation, and increased FX demand linked to construction activity could further strain market conditions. Broader external and domestic uncertainties also pose threats to the outlook. In this context, proactive reserve management and close monitoring of parallel market developments will be critical to preserving orderly market conditions, particularly should external shocks intensify.

## 2.4 Fiscal Developments

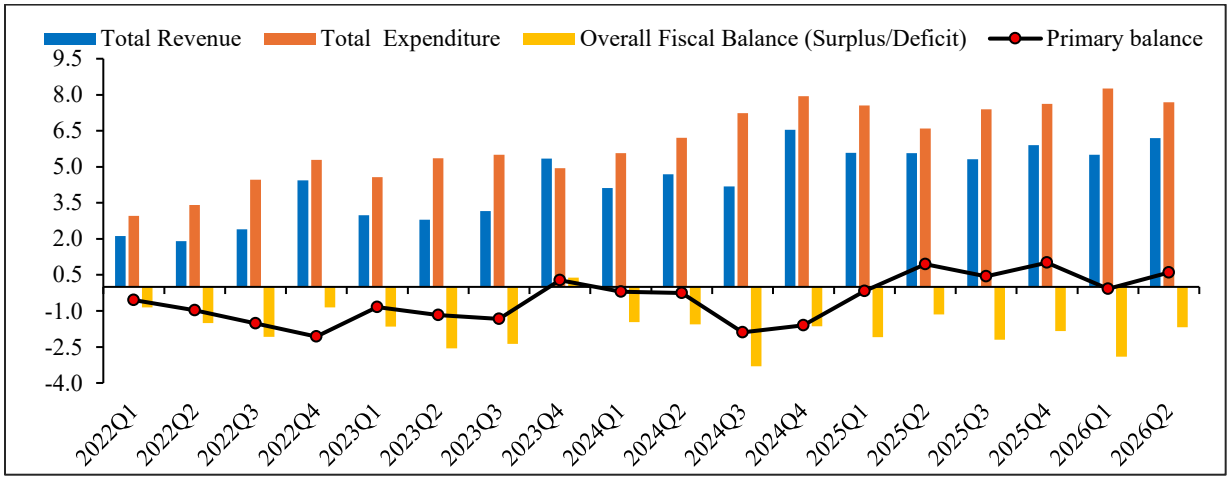
### 2.4.1 Government Budgetary Operations

Preliminary assessment of government budgetary operations in quarter two 2026 resulted in a widened deficit of NLe1.68bn, from NLe1.14bn in the corresponding quarter of 2025. Despite the increase, the deficit remained below the quarterly target of NLe2.19bn, suggesting a better-than-anticipated fiscal outcome. The weaker fiscal performance was driven primarily by higher

expenditure overruns on capital projects and goods and services. This expenditure outturns more than offset the gains recorded in revenue mobilisation during the review period.

Fiscal pressures were also reflected in the primary balance position. The primary surplus declined to NLe0.59bn in 2026Q2, compared with NLe0.95bn in 2025Q2, indicating a moderation in the government's fiscal buffer despite continued revenue improvements.

**Figure 40: Fiscal Deficit**




*Source: Ministry of Finance*

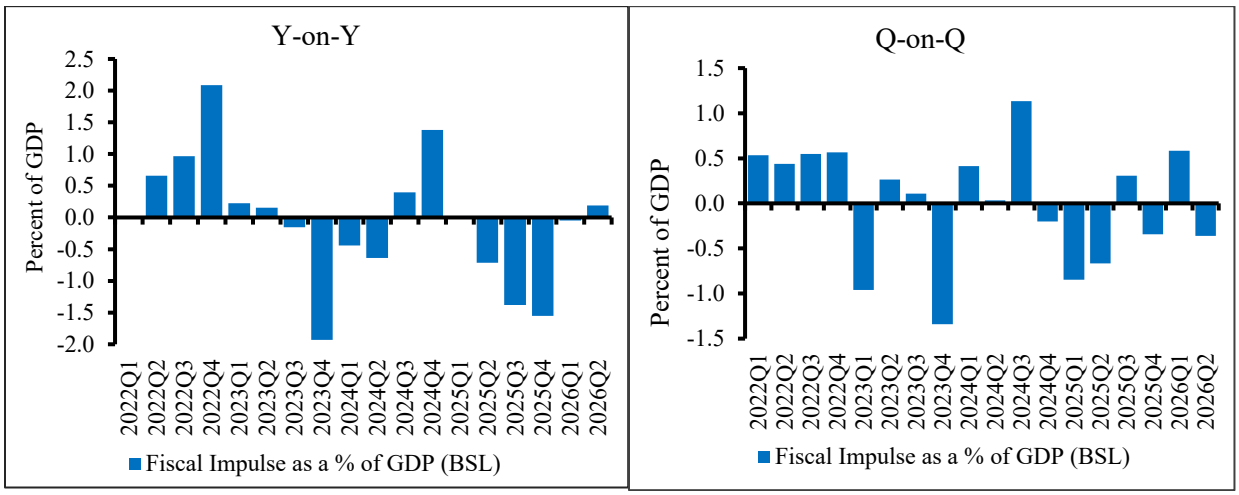
However, on quarterly basis, fiscal deficit narrowed to NLe1.68bn in 2026Q2 compared to NLe2.90bn in 2026Q1 reflecting improved revenue mobilisation and continued expenditure rationalization. This development was broadly consistent with government fiscal consolidation efforts under the IMF-ECF programme. Similarly, the primary balance also improved, recording a surplus of NLe0.59bn compared to a deficit of NLe0.08bn in the previous quarter. This turnaround was mainly driven by lower subsidy and transfer payments, and slower growth in wage expenditures.

### 2.4.2 Fiscal Policy Stance

Fiscal policy remained moderately expansionary in 2026Q2 relative to the corresponding quarter of 2025, as discretionary expenditure rose amid weaker revenue performance. The moderate rise in government discretionary spending was to support socio-economic activity such as the School Feeding Project under the Free Education Programme which aligned with government human capital development agenda.

However, on a quarter-on-quarter basis, the fiscal policy stance turned contractionary driven by improved revenue mobilisation and continued expenditure rationalization reflected by reduced subsidy and transfer payments. This adjustment improved the overall fiscal balance, eased financing pressures, and complemented monetary policy efforts to reinforce macroeconomic stability.

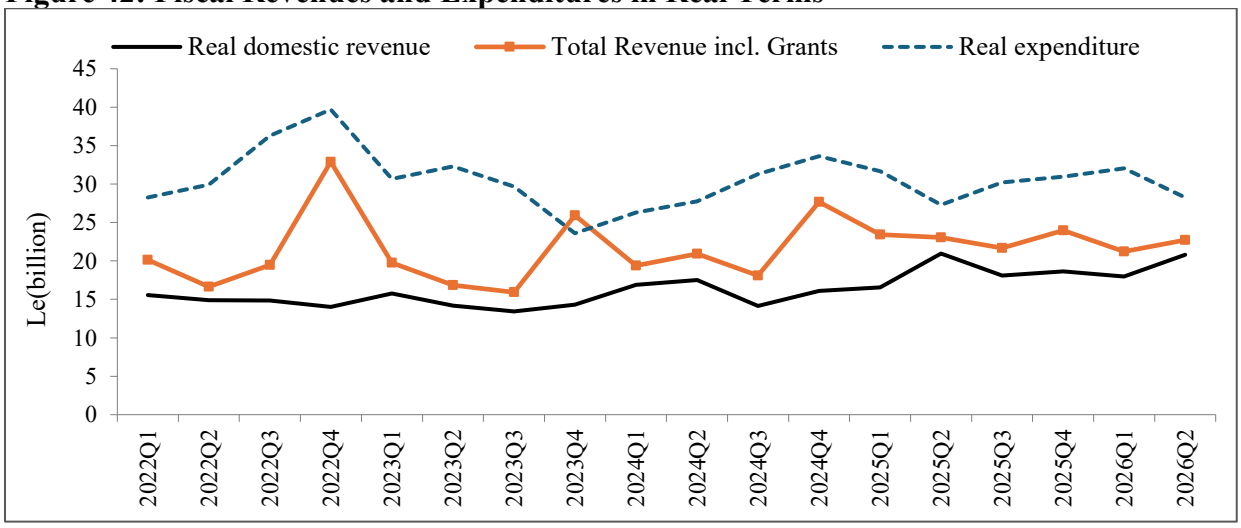
**Figure 41: Fiscal Indicators**




*Sources: BSL Staff Estimation*

In real terms, total government expenditure declined while both total revenue including grants and domestic revenue expanded on quarter-on-quarter basis.

**Figure 42: Fiscal Revenues and Expenditures in Real Terms**




*Sources: BSL Staff Estimation*

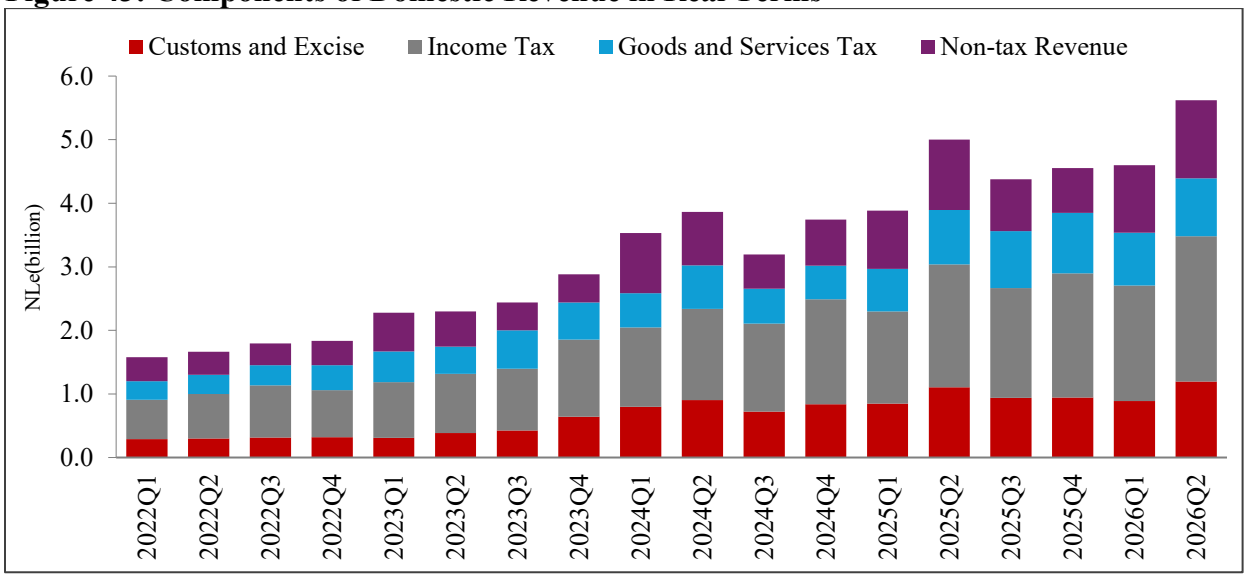
### 2.4.3 Government Revenues and Grants

Government revenue and grants expanded by 11.32 percent in 2026Q2 to NLe6.19bn from NLe5.56bn in 2025Q2 yet fell short of the quarterly target of NLe6.26bn. The increase in revenue was driven largely by the increases in both foreign grants received and domestic revenue mobilization.

Foreign grants slightly rose to NLe0.52bn in 2026Q2 from NLe0.50bn in 2025Q2 and was within the target of NLe0.52bn. This mainly includes project grants, meanwhile there was no budgetary support for the review quarter.

Domestic revenue expanded to NLe5.67bn in 2026Q2 from NLe5.06bn in 2025Q2, reflecting a broad-based improvement in both tax and non-tax revenue. However, this amount was lower than the quarterly target of NLe5.74bn. Tax revenue recorded an increase of NLe4.39bn in 2026Q2 compared to NLe3.89bn in 2025Q2 yet was lower than the quarterly target of NLe5.74bn. The continued implementation of tax policy measures embedded in the 2026 Finance Act coupled with improved tax compliance and administrative measures accounted for the increase in tax revenue. Non-tax revenue also increased to NLe1.23bn in 2026Q2 from NLe1.11bn in 2025Q2 and exceeded the quarterly target of NLe1.08bn, driven by higher receipts from parastatal dividends, and royalties from iron ore and timber. Receipts from road user charges and vehicle licenses however fell to NLe0.05bn in 2026Q2 from NLe0.06bn in 2025Q2.

**Figure 43: Components of Domestic Revenue in Real Terms**



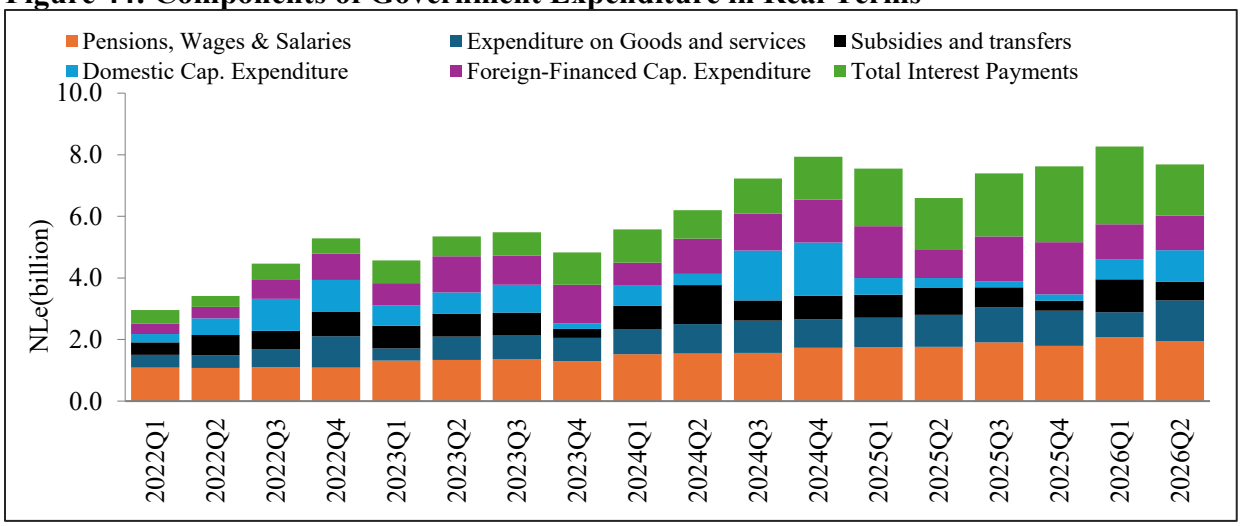

*Source: BSL Staff Estimation*

### 2.4.4 Government Expenditures

Total government expenditure and net lending amounted to NLe7.69bn in 2026Q2, reflecting a 16.60 percent increase from NLe6.59bn in the corresponding quarter of 2025 but was lower than the quarterly target of NLe8.34bn. The overrun in capital expenditure coupled with a slight increase in recurrent spending accounted for the surge in total expenditure.

Recurrent spending expanded to NLe5.54bn in 2026Q2 from NLe5.33bn in 2025Q2 nonetheless remained below the quarterly ceiling of NLe6.54bn. The rise in the wage bill, non-salary non-interest spending and domestic interest payments accounted for the slight increase in recurrent expenditure during the review period. Similarly, capital expenditure increased to NLe2.15bn in 2026Q2, from NLe1.26bn in 2025Q2 and overshot the quarterly ceiling of NLe1.78bn. The overrun was driven by a surge in domestic and foreign-financed capital spending and special capital transfers made during the review period.

**Figure 44: Components of Government Expenditure in Real Terms**




*Source: BSL Staff Estimation*

On a quarter-on-quarter basis, total expenditure and net lending declined from NLe8.26bn in 2026Q1 to NLe7.69bn in 2026Q2 reflecting a cut in subsidies and transfers to local councils, reduction in the wage bill and total interest payments.

### 2.4.5 Financing

The overall fiscal deficit of NLe1.68bn was mainly financed from foreign, domestic and other sources. Foreign deficit financing amounted to NLe0.34bn, while domestic financing of deficit totalled NLe1.06bn. Other sources of deficit financing also amounted to NLe0.28bn.

### 2.4.6 Fiscal Outlook

Achieving fiscal targets going forward will require balancing development spending against fiscal sustainability objectives, consistent with the IMF/ECF Programme. Sustained improvements in domestic revenue mobilisation, supported by anticipated disbursements from development partners and prudent expenditure management, are expected to contain the fiscal deficit and underpin macroeconomic stability and growth.

Nevertheless, downside risks remain. Rising global crude oil prices, driven by the escalation of the Middle East conflict, continue to weigh on budget execution. These pressures are compounded by elevated inflation, persistent challenges in revenue mobilisation, the drawdown of EDSA/ IPPs arrears highlighted in the Supplementary budget and climate-related risks associated with the lean season.

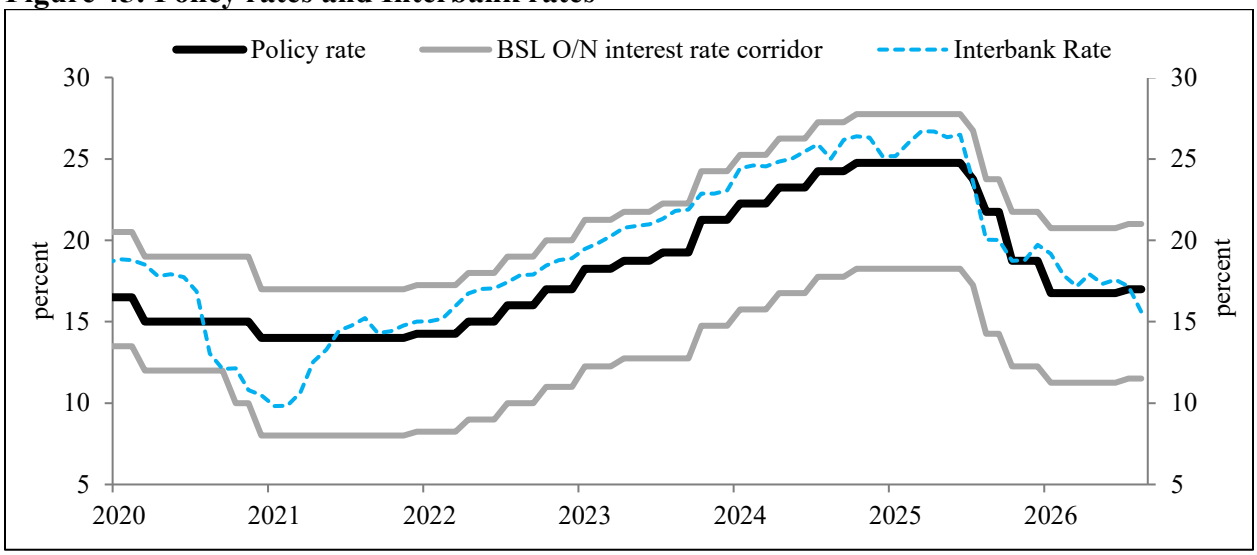
## 2.5 Money Markets Developments and Monetary Aggregates

### 2.5.1 Policy Rates and Interest Rates Developments

The Monetary Policy Committee (MPC) met on 12 June 2026 and recommended an increase in the Monetary Policy Rate (MPR) by 0.25 percentage points to 17 percent from 16.75 percent, in response to prevailing macroeconomic and inflationary conditions. The Committee also recommended corresponding increases in the Standing Lending Facility (SLF) rate to 21.00 percent from 20.75 percent, and the Standing Deposit Facility (SDF) rate to 11.50 percent from 11.25 percent. These recommendations were approved by the Board of Directors of the Bank of Sierra Leone.

Commercial banks' lending rates continued to edge upward, while deposit rates remained broadly unchanged at relatively low levels, resulting in a persistently wide interest rate spread. Commercial banks' monthly Average Lending Rate increased from 22.66 percent in March 2026 to 22.75 percent in June 2026 while the monthly savings rate remained at 1.79 percent. Consequently, the interest rate spread widen slightly from 20.87 percent in March 2026 to 20.96 percent in June 2026. This suggests that financial intermediation remains constrained by structural factors, with borrowing costs continuing to weigh on private sector access to credit. Consequently, the interest rate spread widen.

**Figure 45: Policy rates and Interbank rates**




*Source: Bank of Sierra Leone*

***Treasury Bill (T-bills) Rates***

The 364-day Treasury bills yield rose from 16.82 percent in March to 17.07 percent in June, before easing slightly to 16.99 percent in August. Overall, the longer-tenor yield edged higher by 17 basis points between March and August reflecting relatively stable but modestly elevated borrowing costs at the longer end of the curve. The relative stability in 364-day yields indicate that longer term government borrowing costs remain contained, supported by sustained demand from commercial banks.

Yields on the 182-day tenor declined modestly from 13.54 percent in March to 13.23 percent in June. No issuance was recorded in July and August.

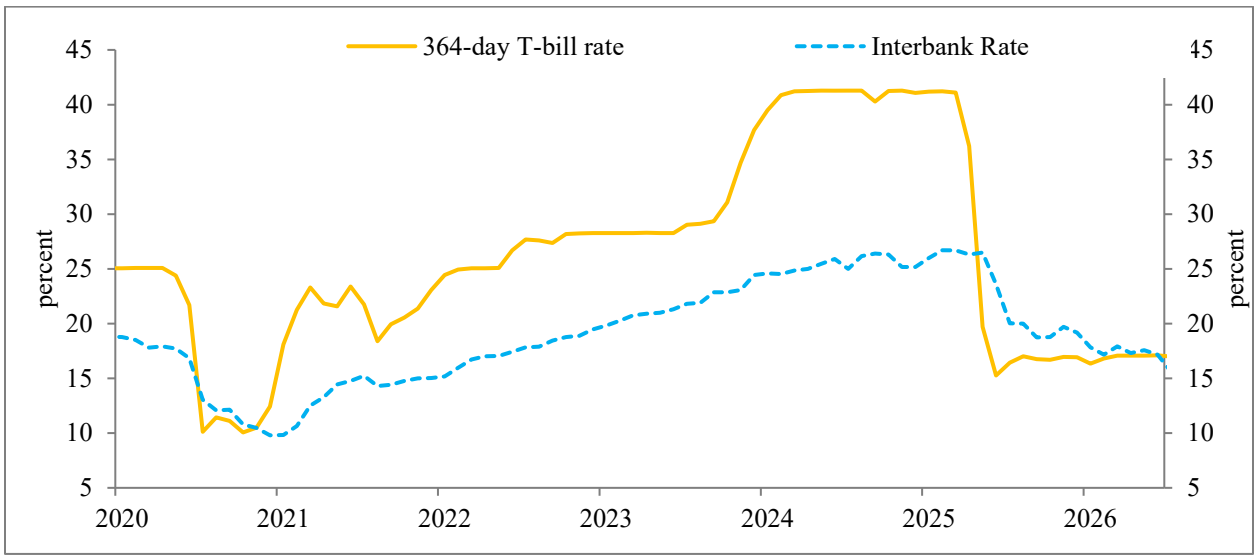
The 91-day Treasury bill market, however, continued to exhibit pronounced illiquidity, with yields remaining largely disconnected from underlying economic and financial conditions.

The government's preference for longer term debt has reduced the supply of both 182- and 91-day T-Bills. This outcome reflects a deliberate feature of the current domestic borrowing strategy rather than a pure market-driven development.

***Treasury Bond (T-bills) Rates***

Treasury bond issuance between January and August 2026 was dominated by securities prices at 18 percent, resulting in a weighted average cost of 17.69 percent. Its issuance remained concentrated at the shorter end of the yield curve, with most bonds having tenors of two to three years.

**Figure 46: Yield on the 364-day T-bill and Interbank Rates**




*Source: Bank of Sierra Leone*

***BSL Standing Facilities and Interbank Money Market***

During the review period, the banking system recorded a clear and sustained improvement in liquidity conditions.

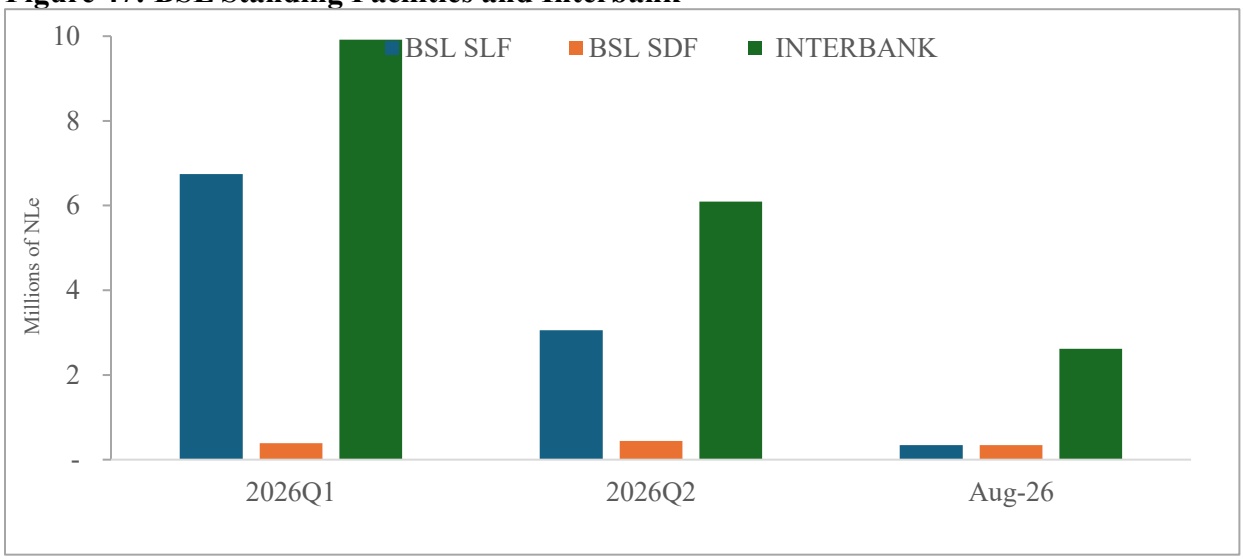
Utilization of the BSL's Standing Lending Facility (SLF) declined sharply, falling from approximately NLe 6.8 million in 2026Q1 to NLe 3.1 million in 2026Q2, and further to NLe 0.4 million by August 2026. This progressive reduction reflects a marked decrease in Deposit Money Banks' (DMBs) reliance on emergency liquidity support from BSL.

Activity in the Standing Deposit Facility (SDF) window remained low and broadly stable at around NLe 0.4 million throughout the period. While banks reduced their dependence on borrowing, they did not place substantial volumes of surplus funds with the BSL.

Interbank transaction volumes also contracted steadily, declining from about NLe 9.9 million in 2026Q1 to NLe 6.1 million in 2026Q2, and further to NLe 2.6 million in August 2026. The reduction in interbank activity indicates that individual banks held more adequate liquidity buffers, thereby lowering the need for peer-to-peer funding.

Overall, these developments point to a healthier and more self-sufficient liquidity environment in the banking sector by August 2026. The sharp decline in SLF usage, combined with lower interbank volumes and limited SDF placements, confirms that commercial banks became progressively less dependent on both central bank facilities and mutual funding arrangements.

**Figure 47: BSL Standing Facilities and Interbank**




*Source: Bank of Sierra Leone*

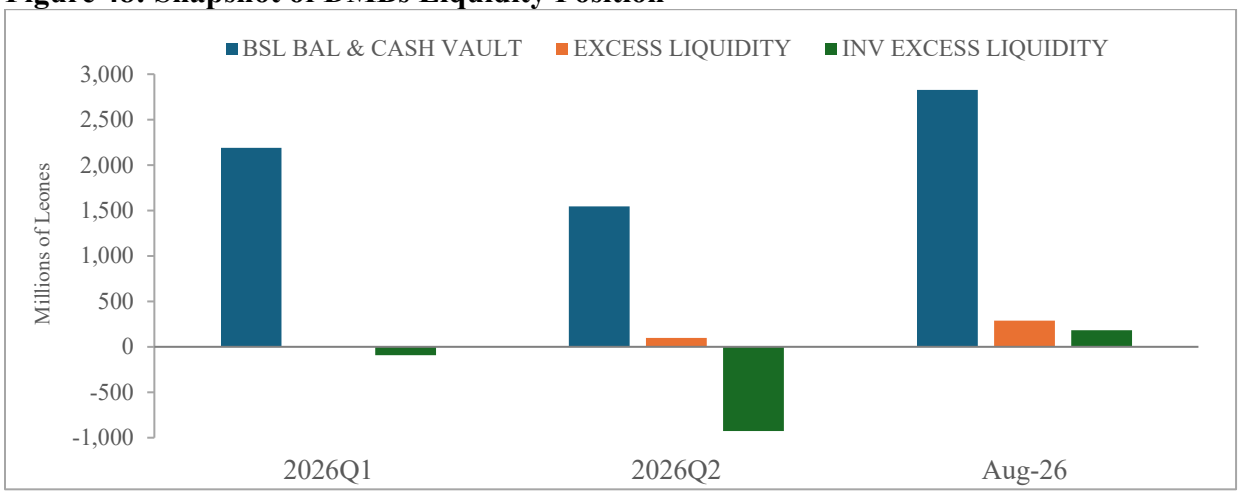
### 2.5.2 Liquidity in the Banking System

The liquidity position of Deposit Money Banks (DMBs), as measured by balances held at the BSL and cash in vault, recorded a marked improvement over the course of 2026.

In 2026Q1, DMBs maintained approximately NLe 2.2 billion in BSL balances and vault cash, reflecting a relatively comfortable liquidity position. This level declined to about NLe 1.5 billion in 2026Q2, indicating a temporary tightening of liquidity conditions within the banking system. By August 2026, however, liquidity had strengthened considerably, with BSL balances and cash in vault rising to approximately NLe 2.8 billion — the highest level recorded during the review period. This represented an increase of about NLe 1.3 billion relative to 2026Q2.

The concurrent rise in excess liquidity between 2026Q2 and August 2026 further corroborates the improvement in the banking system's liquidity position. In addition, the increase in investible excess liquidity suggests that banks not only held larger liquid resources but also channeled a portion of their surplus funds into investment opportunities.

**Figure 48: Snapshot of DMBs Liquidity Position**




*Source: Bank of Sierra Leone*

***Holdings of marketable government securities***

Total holdings of marketable government securities increased steadily over the review period, rising by 7.15 percent from NLe 30,226.23 million at end March 2026 to NLe 32,386.89 at end August 2026. This expansion reflects continued absorption of government debt by the domestic market.

During the review period, BSL holdings fluctuated modestly. BSL's stock increased by 8.25 percent between end March and end June (from NLe 6,322.52 million to NLe 6,843.91 million) and declined by 6.63 percent in August to NLe 6,389.96 million. This pattern is consistent with ongoing balance sheet management and limited monetary financing.

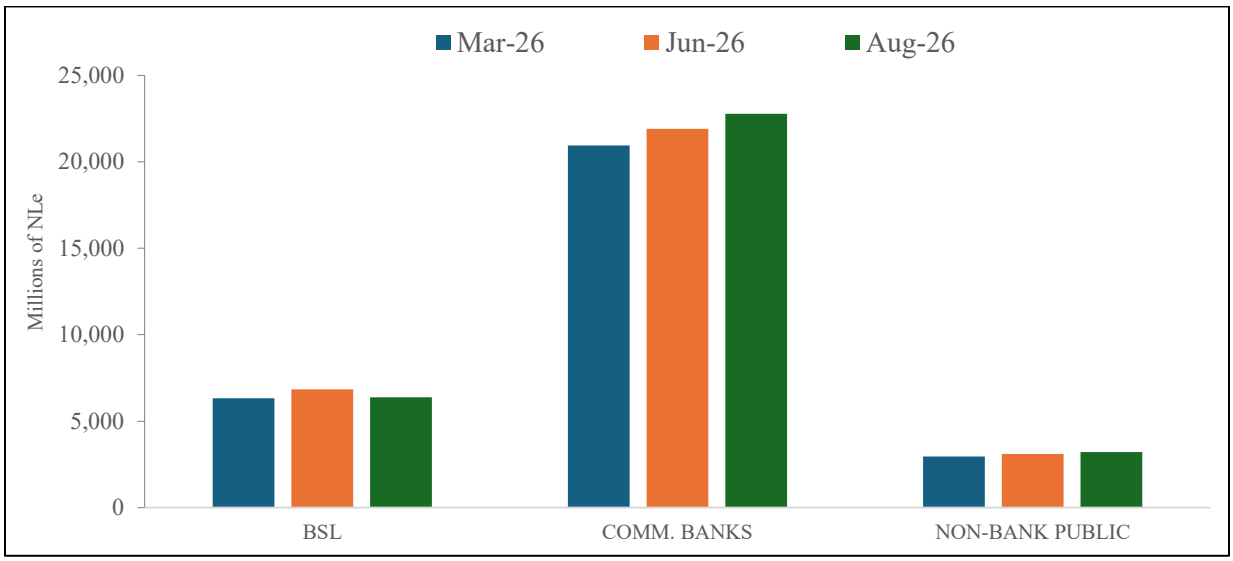
Commercial banks remained the dominant holders of government securities. Their holdings increased consistently throughout the review period, rising from NLe 20,948.51 million in March to NLe 21,904.21 million in June, and further by 4.02 percent in August to NLe 22,785.73 million. This trend underscores strong commercial banks demand for liquid, risk free assets and deeper private-sector participation in government financing.

The non-bank public also recorded steady growth, with holdings increasing by 8.66 percent from NLe 2,955.20 million in March to NLe 3,211.20 million in August 2026. This indicates gradual expansion in participation by institutional and other investors outside the banking system.

Overall, the domestic market for government securities expanded in a stable and orderly manner between March and August 2026. The growth was broad based but was primarily driven by commercial banks, with positive contributions from the non-bank public. The relatively stable

and low growth in BSL holdings is consistent with the gradual normalisation of BSL's balance sheet. These developments support improved domestic debt market dynamics and create a more favourable environment for effective monetary policy transmission.

**Figure 49: Holdings of Marketable Government Securities by Sector**




*Source: Bank of Sierra Leone*

### 2.5.3 Monetary Aggregates

Developments in monetary aggregates continue to show mixed trends in 2026Q2, with Broad Money (M2) growth moderating while Reserve Money (RM) contracted.

**Reserve Money (RM)**

Reserve Money (RM) contracted by 0.44 percent in 2026Q2, following a 1.55 percent contraction in 2026Q1. The contraction was primarily underpinned by a decline in the Net Domestic Assets (NDA) of the BSL which more than offset the increase in its Net Foreign Assets (NFA).

The Net Domestic Assets (NDA) of the BSL contracted by 5.11percent in 2026Q2, relative to a 3.01percent decline in 2026Q1. The contraction was primarily on account of the 2.47 percent decline in BSL's net claims on government compared to the 9.59 percent increase in 2026Q1.

Net Foreign Assets (NFA) of the BSL expanded by 18.75 percent in 2026Q2, accelerating from 7.03 percent increase recorded in 2026Q1. The increase in NFA was largely attributed to the receipt of proceeds from the issuance of foreign-currency-denominated bonds.

On the liabilities side, the contraction in Reserve Money (RM) was primarily driven by a 20.39 percent decline in commercial banks' reserves with the BSL, relative to a 28.04 percent decrease

in 2026Q1. In contrast, currency in circulation increased by 1.18 percent, following a 1.36 percent expansion in 2026Q1.

On a year-on-year basis, Reserve Money (RM) grew by 18.03 percent in 2026Q2, moderating from an 18.56 percent expansion in 2026Q1. However, RM growth met the program target of 19.10 percent for 2026Q2, as agreed with the IMF.

**Broad Money (M2)**

Broad Money (M2) expanded by 3.05 percent in 2026Q2, slowing from a 9.16 percent increase in 2026Q1. The expansion in M2 was primarily driven by increases in both the Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system, with NDA growth moderating during the quarter.

Net Foreign Assets (NFA) of the banking system expanded by 5.20 percent in 2026Q2, up from 4.98 percent growth in 2026Q1. The expansion largely reflected an improvement in the NFA position of the BSL, which increased by 18.75 percent. However, NFA of commercial banks contracted by 3.96 percent during the review period.

Net Domestic Assets (NDA) of the banking system increased by 2.67 percent in 2026Q2, moderating from the 9.93 percent expansion recorded in 2026Q1. The increase in NDA was mainly associated with the increase in net claims on government by the banking system, which grew by 5.90 percent in 2026Q2, compared with an 8.91 percent increase in the preceding quarter. Within the banking system, net claims on government by the BSL declined by 2.47 percent in 2026Q2, reversing the 9.59 percent increase recorded in 2026Q1. In contrast, net claims on government by commercial banks expanded by 15.03 percent in 2026Q2, compared with a 7.82 percent increase in 2026Q1. Meanwhile, credit to the private sector by commercial banks strengthened, increasing by 14.56 percent in 2026Q2, more than doubling the 6.66 percent expansion recorded in the preceding quarter.

On the liabilities side, the growth in broad money (M2) in 2026Q2 reflected increases in both Narrow Money (M1) and Quasi Money. Narrow Money expanded by 2.91 percent in 2026Q2, moderating from an 8.26 percent increase in 2026Q1. The growth in M1 was underpinned by a 6.37 percent increase in demand deposits, which more than offset the 1.03 percent contraction in currency outside banks. Similarly, Quasi Money increased by 3.19 percent in 2026Q2, compared with a 10.01 percent expansion in the preceding quarter. The increase was supported

by a 5.26 percent rise in time and savings deposits and a 2.15 percent increase in foreign currency deposits.

On an annual basis, Broad Money (M2) grew by 28.16 percent in 2026Q2, from the 27.05 percent growth recorded in 2026Q1. However, M2 growth exceeded the IMF programme target of 22.70 percent for 2026Q2.

On a year-on-year basis, credit to the private sector extended by commercial banks increased by 52.20 percent in 2026Q2, up from 37.57 percent in 2026Q1. However, credit to the private sector grew above the IMF programme target of 39.40 percent for 2026Q2, indicating stronger-than-programmed credit expansion to support private sector activity.

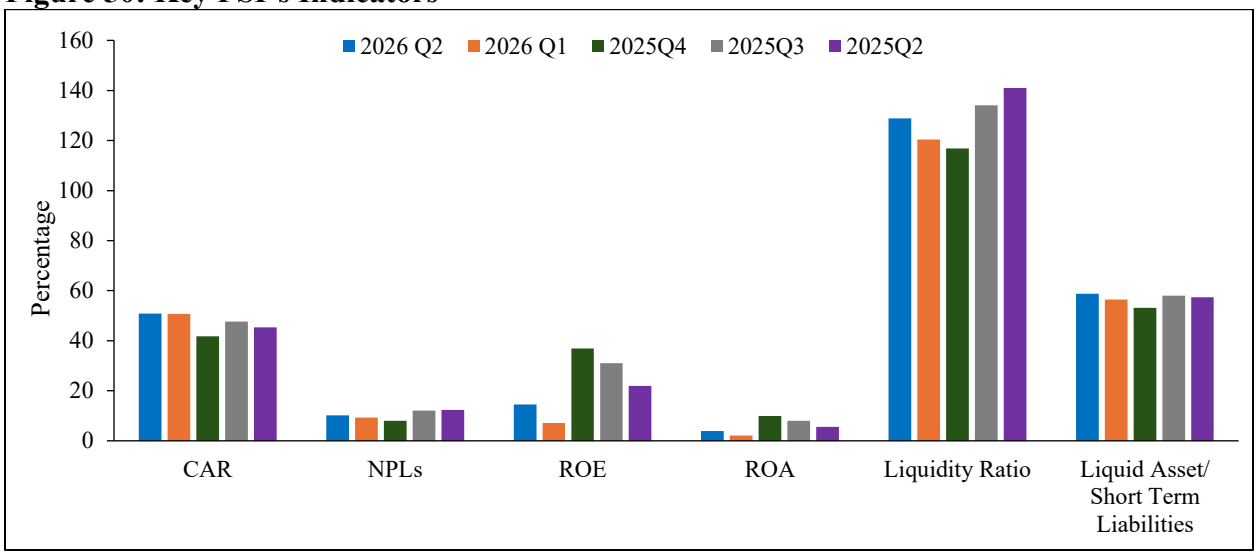
# 3. FINANCIAL STABILITY ANALYSIS

## 3.1 Financial Soundness Indicators

The regulatory capital-to-risk-weighted assets ratio, denoted by the Capital Adequacy Ratio (CAR), marginally increased from 50.7 percent in 2026Q1 to 50.8 percent in 2026Q2, remaining comfortably above the regulatory minimum of 15 percent. This indicates that banks maintained sufficient capital buffers to absorb unexpected losses, supported partly by their significant holdings of low-risk Government securities. Banking-sector Treasury-bills holdings increased by 1.7 percent, from NLe15.5 billion in 2026Q1 to NLe15.8 billion in 2026Q2, further reducing risk-weighted exposures and supporting the sector's strong capital position.

Asset quality deteriorated in 2026Q2 as the ratio of non-performing loans to gross loans increased from 9.3 percent in 2026Q1, to 10.2 percent in 2026Q2 and marginally surpassed the maximum limit of 10 percent. Banks continued to be profitable as indicated by the system's profitability indicators, that is, Return on Asset (ROA) and Return on Equity (ROE) at 3.9 percent and 14.5 percent respectively as of 2026Q2, but profitability was lower than the same period in 2025, possibly due to lower interest rates that prevailed in the T-bills market which is the main source of banks' profitability. The Liquidity Ratio in the banking sector increased in 2026Q2 to 128.8 percent from 120.4 percent in 2026Q1. Liquid Assets to Short-Term Liabilities also increased in 2026Q2 to 58.8 percent from 56.5 percent in 2026Q1, which indicated high liquidity in the banking sector. The Loans-to-Deposit Ratio increased to 32.6 percent in 2026Q2 from 30.3 percent in 2026Q1 and remained far below the regulatory maximum threshold of 80 percent, still indicating low level of financial intermediation by commercial banks to support economic growth, despite the increase in lending.

**Figure 50: Key FSI's Indicators**



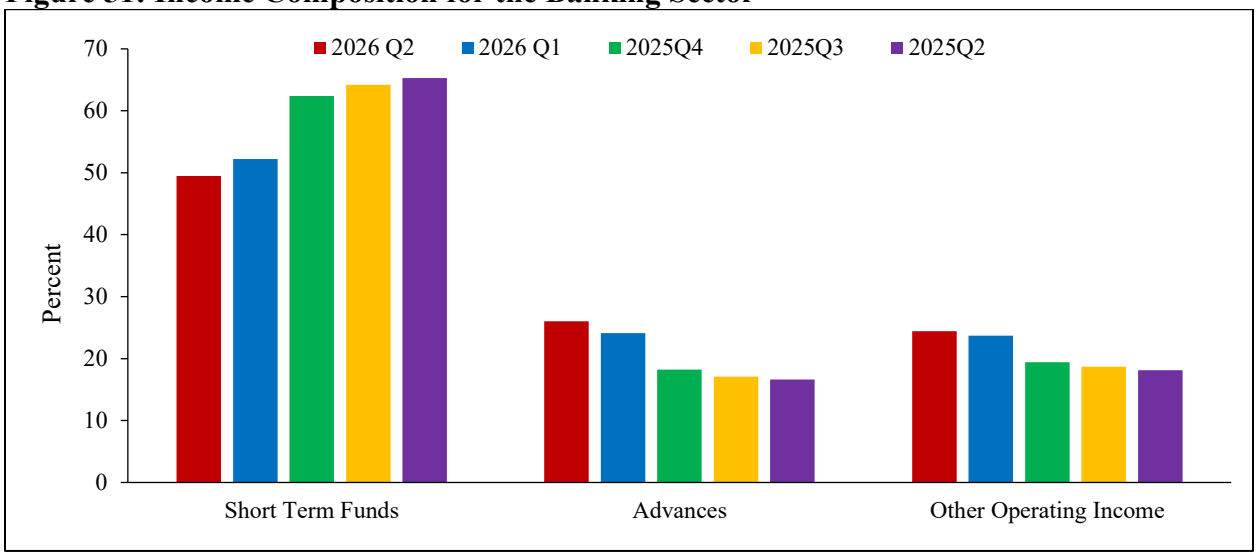

*Source: Bank of Sierra Leone*

## 3.2 Income Composition

The banking sector continued to rely primarily on income from Government Securities investments, initially supported by relatively high yields and their zero-risk weighting for prudential purposes. However, as yields on Government securities decline, banks are increasingly relying on interest income from loans and advances as a secondary source of earnings, supplemented by fees, commissions, foreign-exchange transactions and other non-interest income. This shift underscores the need for banks to strengthen sustainable lending while maintaining prudent credit risk management.

The proportion of income from short-term funds slightly decreased to 49.6 percent as of 2026Q2, from 52.2 percent in 2026Q1, due to the relatively sustained lower interest rate in the 364-days T-Bills yields. On the other hand, income from loans and advances increased by 1.9 percentage points to 26.0 percent as of 2026Q2 from 24.1 percent in 2026Q1. Other operating income, which consists mainly of commissions, fees and profits on foreign exchange dealings, also increased by 0.7 percentage points to 24.4 percent as of 2026Q2 from 23.7 percent in 2026Q1.

**Figure 51: Income Composition for the Banking Sector**

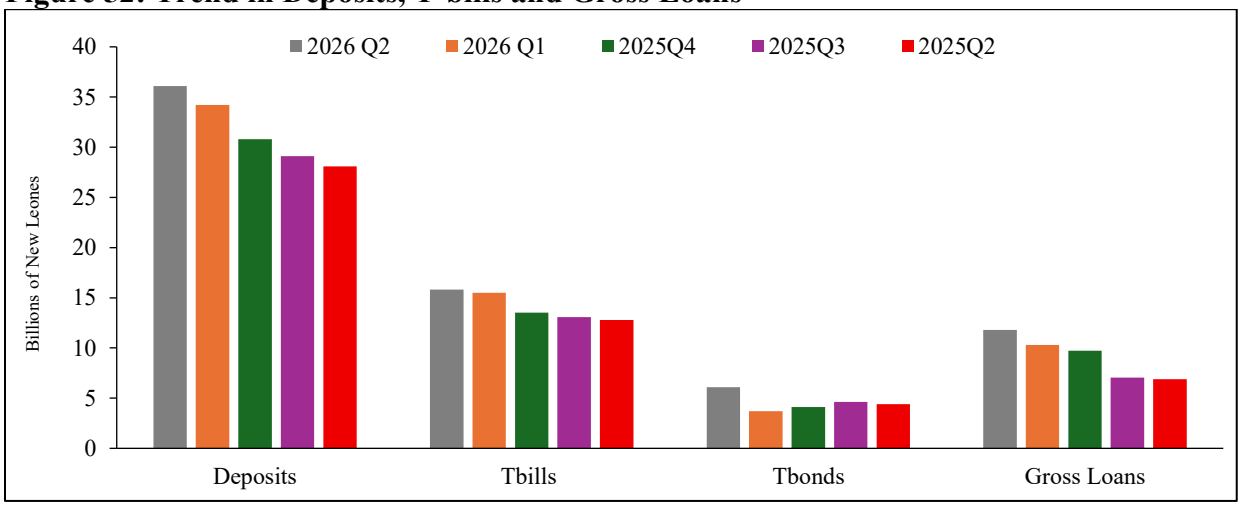



*Source: Bank of Sierra Leone*

### 3.3 Sources and Utilization of Funds

- Banks' total deposits increased by 5.6 percent in 2026Q2 to NLe36.1 billion from NLe34.2 billion in 2026Q1 of which demand, savings and time deposits accounted for 75.5 percent, 19.7 percent and 4.8 percent respectively in the review period from 75.5 percent, 19.7 percent and 4.3 percent respectively in 2026Q1.
- T-bills holdings by the banking sector also increased by 1.9 percent to NLe15.8 billion in 2026Q2 from NLe15.5 billion in 2026Q1.
- T-bonds holdings by the banking sector rose by 64.9 percent to NLe6.1 billion in 2026Q2 from NLe3.7 billion in 2026Q1.
- The Loans-to-Deposit Ratio increased by 2.3 points to 32.6 percent in 2026Q2 from 30.3 percent in 2026Q1, but remained far below the prudential threshold of 80 percent, indicating low intermediation in the banking sector.
- Nominal Gross loans and advances increased by 13.5 percent to 11.8 billion in 2026Q2 from NLe10.4 billion in 2026Q1.

**Figure 52: Trend in Deposits, T-bills and Gross Loans**

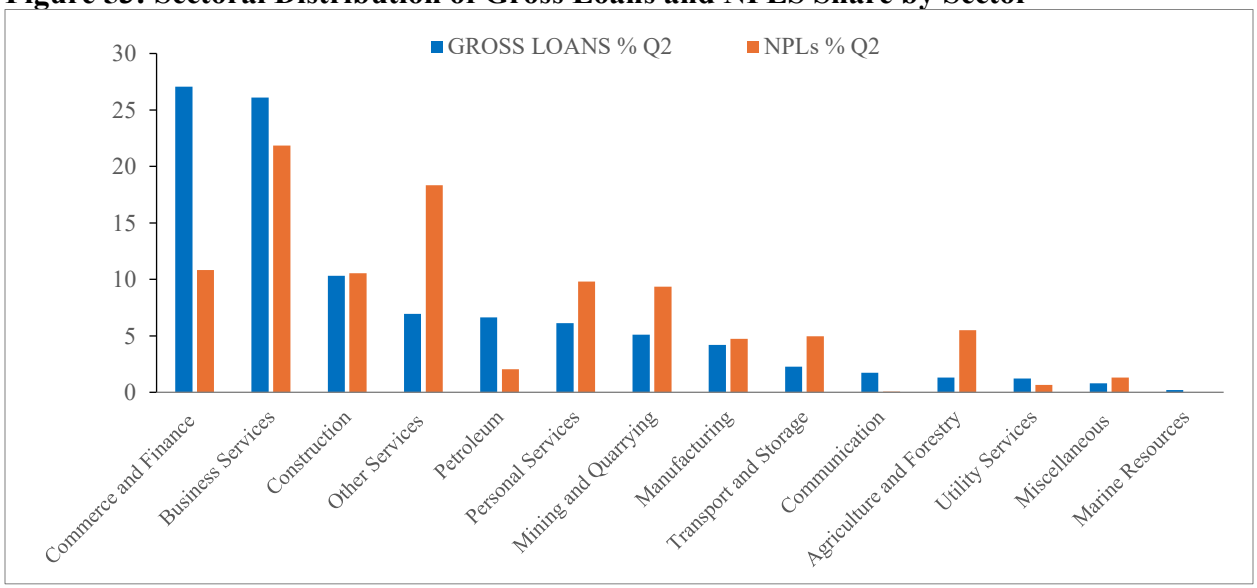



*Source: Bank of Sierra Leone*

## 3.4 Sectoral Distribution of Gross Loans & Advances and NPLs

Commerce & Finance, Business Services, Construction, Other Services and Petroleum, dominated the loan portfolios of the banking sector in 2026Q2. These five sectors accounted for 77.1 percent of gross loans in 2026Q2. On the contrary, Business Services, Other Services, Commerce & Finance, Construction and Mining & Quarrying sectors contributed the most to NPLs, accounting for 70.9 percent of the total NPLs of the sector. In terms of sectoral NPLs, the Business Services sector had the highest NPLs ratio accounting for 21.9 percent of the total NPLs of the banking sector, followed by Other Services Sector at 18.3 percent, both accounting for 40.2 percent of NPLs.

**Figure 53: Sectoral Distribution of Gross Loans and NPLS Share by Sector**

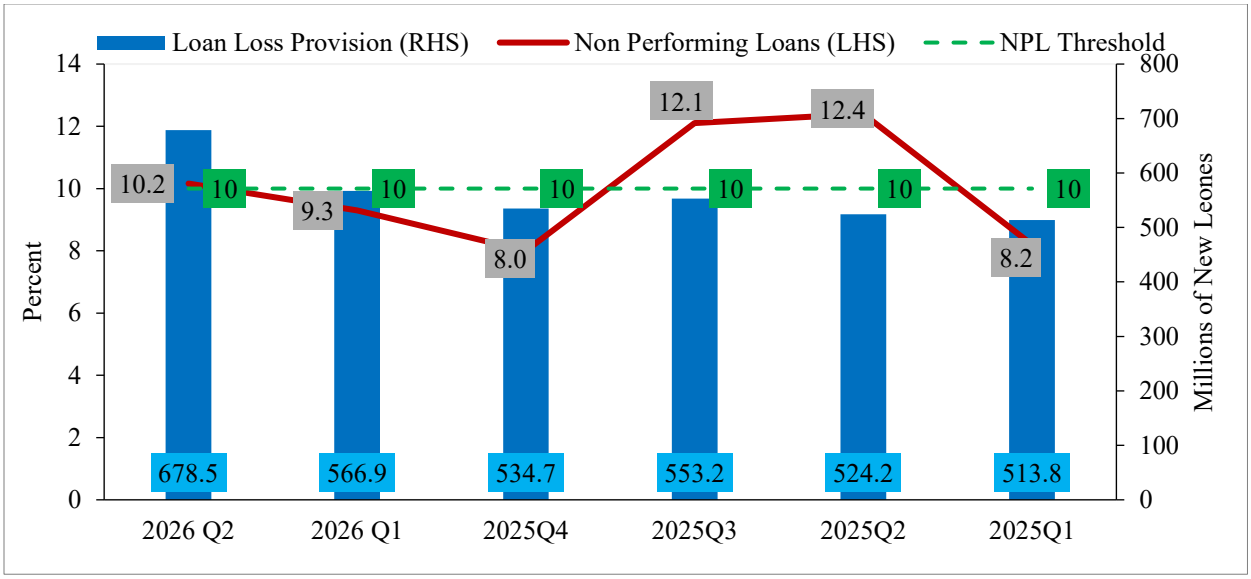



*Source: Bank of Sierra Leone*

## 3.5 NPL Trends and Loan Loss Provisions

The Non-Performing Loans (NPLs) ratio deteriorated during the 2026Q2 review period, slightly above the tolerable limit. It increased from 9.3 percent in 2026Q1 to 10.2 percent in 2026Q2. In effect, loan loss provisions rose significantly, from NLe566.9 million in 2026Q1 to NLe678.5 million in 2026Q2.

**Figure 54: Trend of NPLs and Loan Loss Provision**




*Source: Bank of Sierra Leone*

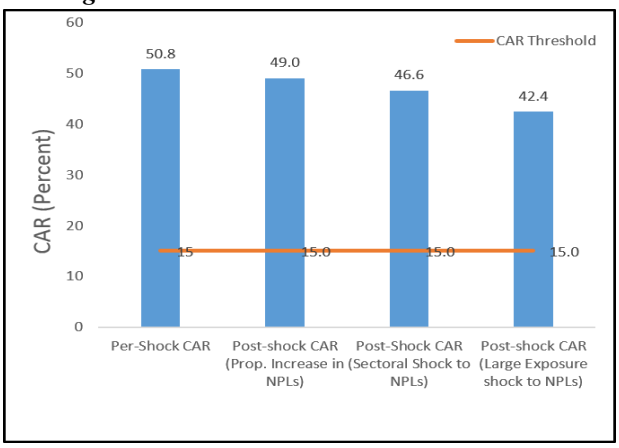
## 3.6 Resilience of the Banking Sector

### 3.6.1 Credit Risk Shock

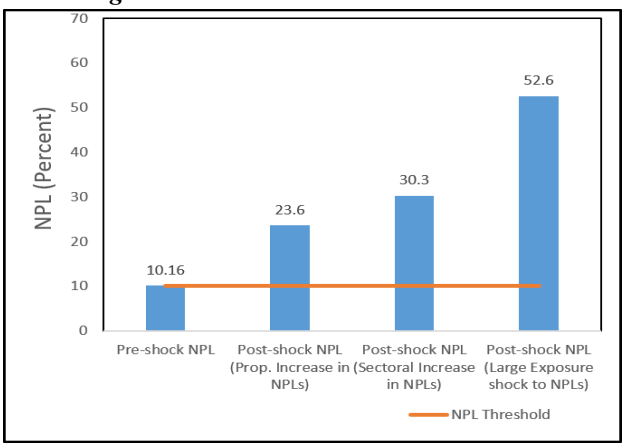
The banking sector was resilient to credit risks due to high starting CAR levels and low penetration. However, credit risk was severe in the large exposure shock scenario as it moved the sector's CAR from 50.81 percent to 42.4 percent and NPLs from 10.16 percent to 52.6 percent. Three banks recorded CAR below the 15 percent threshold in the large exposure shock scenario. The large exposure shock scenario assumed 5 largest exposures of each bank become NPLs with 50 percent provisioning.

**Figure 55: Credit Risk Stress Test**

***Banking Sector CAR Under Stress***




***Banking Sector NPLs Under Stress***



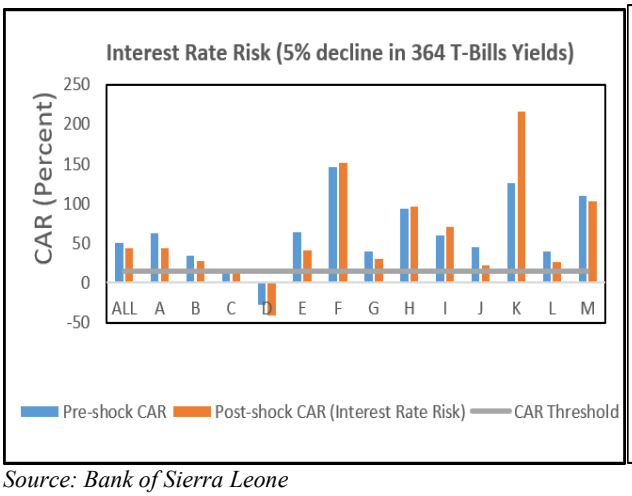

*Source: Bank of Sierra Leone*

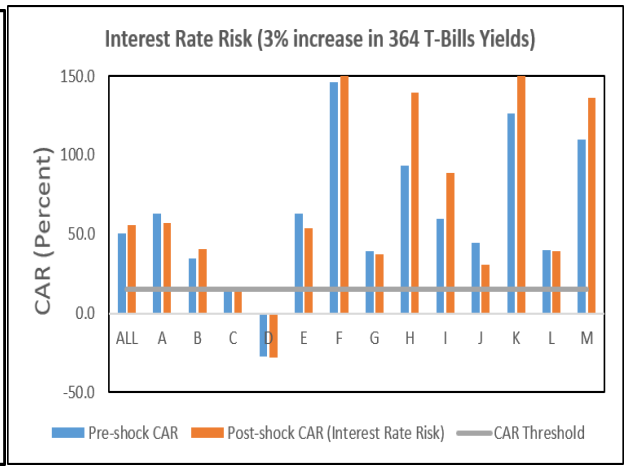
### 3.6.2 Interest Rate Shock

An interest rate shock for 5 percentage point decline in the 364-days T-Bills yields moved the sector's CAR from 50.81 percent to 43.3 percent. In addition, two banks' CAR fell below the 15 percent regulatory threshold. On the other hand, an interest rate shock for 3 percentage points increase in the 364-days T-Bills yields due to increase in Government borrowing appetite leads to improvement in the sector's CAR from 50.81 percent to 55.8 percent, and one bank's CAR remained below the 15% regulatory limit. However, this could lead to:

- Increase in both Government and private borrowing costs
- Crowding out of private sector investments
- Increase in portfolio concentration and probability of sovereign risk of default

**Figure 56: Interest Rate Risk Stress Test**



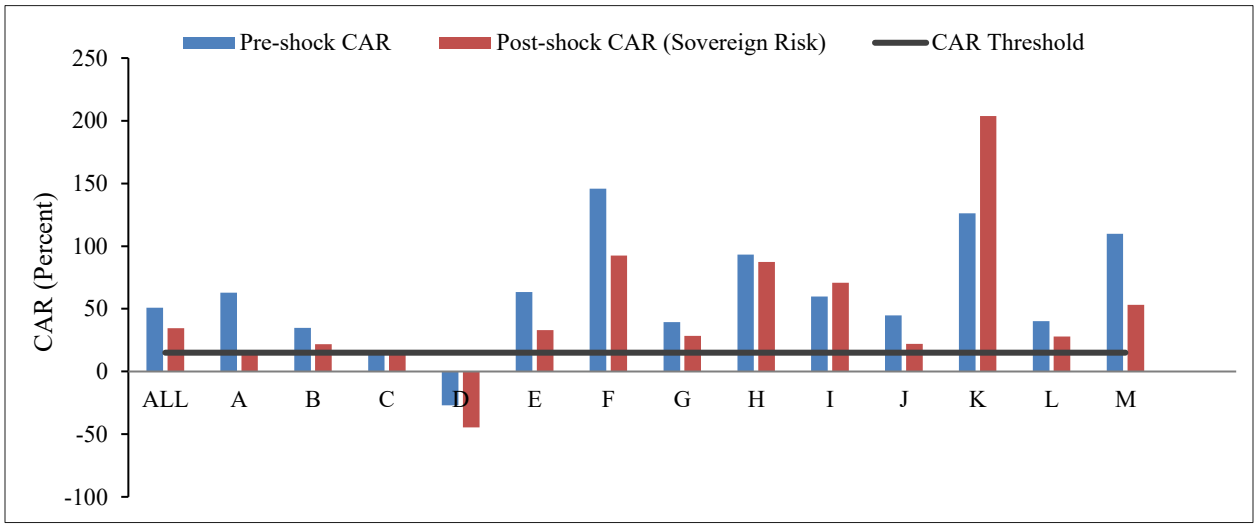




*Source: Bank of Sierra Leone*

### 3.6.3 Sovereign Risk of Default Shock

The banking sector was resilient to sovereign risk, but the CAR was significantly affected as it decreased from 50.81 percent to 34.6 percent. One bank's CAR remained below the 15 percent minimum threshold. All the banks were subject to sovereign risk of default as most of their funds are invested in the 364-days T-Bills, which were considered as safe with higher returns.

**Figure 57: Sovereign Risk of Default Shock**




*Source: Bank of Sierra Leone*

## 3.7 Risks and Vulnerabilities to the Stability of the Banking Sector.

While the financial system remains stable overall, several emerging risks and vulnerabilities pose potential threats to the banking sector:

***High levels of NPLs pose a Financial Stability Risk***

While the aggregate capital adequacy ratio remained strong and well above the minimum threshold, asset quality remained a concern. The aggregate NPLs moved above the maximum limit of 10 percent, and six banks recorded NPLs far above the prudential limit, four of which are domestic banks. Additionally, three sectors, namely, Business Services, Mining and Quarrying, and Commerce & Finance are particularly susceptible to NPL risks.

***Limited Intermediation to Support Economic Growth***

Banks are not providing sufficient credit to the private sector, partly due to the crowding-out effect caused by heavy investments in Government Securities by commercial banks. Lending remained concentrated among a few sectors and large corporate clients. Eight out of twelve commercial banks, however, had lending levels that exceeded 30 percent of their total deposits in the review period.

***Banking Sector Earnings Heavily Reliant on Government Securities Investments***

Banks rely heavily on customers' deposits to fund investments in Government Securities, which account for the bulk of their revenue. This over-reliance could expose banks to significant losses in a situation of decline in interest rates if there is a reduced appetite in Government demand for borrowing, as has been manifested in the last two quarters of 2026. The use of customer deposits for investments in securities may result in liquidity tightness in cases of huge customer demand leading to the use of BSL's overnight facilities.

***Fraud, Cybersecurity and Information Technology Threat***

The shift from traditional banking to technology driven operations has increased the sector's exposure to cybersecurity threats and fraud. Cases of cybercrime and fraud are on the rise across the banking sector and effective regulation, and supervision of fintechs is challenging.

## 3.8 Banking Sector Outlook

An increase in NPLs is expected particularly among domestic banks, if stringent actions are not taken to maintain effective credit management and strengthen internal practices.

Banks' profitability is projected to decrease if interest rates on Government Securities continue to trend downwards, as banks hold significant investments in this investment vehicle. A reduction in Government's appetite for borrowing in the domestic market could also reduce banks' profitability.

The Prudential Committee, established to monitor compliance with internal controls in response to rising fraud cases, will play a key role in enhancing regulatory oversight, ensuring adherence to standards, and safeguarding the integrity of financial operations.

Efforts will focus on improving governance structures, risk management frameworks, and guidelines for systemically important banks to bolster the sector's resilience.

The Department will continue to conduct regular stress tests to assess banks' resilience against severe economic downturns, ensuring they hold sufficient capital buffers to absorb losses and maintain operations. This will strengthen supervision of especially systemically important banks and assess their ability to withstand losses during periods of financial stress.

To counter rising fraud, the newly established Prudential Committee will enhance regulatory oversight, enforce compliance with internal standards, and safeguard the integrity of financial transactions. Regulatory efforts will focus on upgrading governance structures, risk management

frameworks, and supervisory guidelines for Domestic Systemically Important Banks (D-SIBs) to bolster systemic resilience.

Concurrently, the Department will continue conducting rigorous stress tests to evaluate banking resilience against severe macroeconomic shocks, ensuring institutions hold sufficient capital buffers to absorb losses and sustain operations under duress.

# 4. CONCLUSION AND DECISION OF THE MPC

## 4.1 Conclusion

Inflationary pressures remained elevated during the review period, with risks to the outlook firmly tilted to the upside. Combined forecasts project that headline inflation will rise toward the low-20 percent range by end-2026 and into mid-2027. These pressures reflect a combination of cost-push factors, including higher global energy and food prices linked to the Middle East conflict, exchange rate pass-through, and domestic demand conditions. Key upside risks include further escalation of geopolitical tensions, renewed exchange rate pressures, fiscal financing challenges, weather-related food supply shocks, and continued strong monetary expansion. These developments underscore the need for heightened vigilance, close macroeconomic surveillance, and timely policy responses.

Real GDP growth is projected to moderate to 4.0 percent in 2026 from an estimated 4.8 percent in 2025, reflecting the transmission of elevated global energy and fertilizer costs. High-frequency indicators, including the Composite Index of Economic Activity (CIEA), pointed to a slowdown in 2026Q2. Business sentiment weakened further, with the August 2026 survey recording a negative score of –1, as respondents cited rising operating costs, inflation, electricity challenges, high lending rates, and logistical disruptions. Sustaining economic stability and medium-term growth will require the continued implementation of sound macroeconomic policies and structural reforms.

External sector performance was mixed. The trade deficit widened substantially in 2026Q2, driven by weaker exports and stronger import demand. Gross foreign exchange reserves, however, increased by 10.0 percent to US$ 442.79 million. The foreign exchange market remained relatively stable through the first half of the year, although pressures began to emerge in the parallel market in recent months.

Fiscal developments showed a widened overall deficit relative to the corresponding quarter of 2025, driven primarily by expenditure overruns. On a quarter-on-quarter basis, however, the deficit narrowed and the primary balance improved, reflecting better revenue mobilization and expenditure rationalization consistent with consolidation efforts under the IMF Extended Credit Facility programme. Downside risks to the fiscal outlook remain material and include higher oil prices, elevated inflation, revenue challenges, and climate-related pressures.

Liquidity conditions in the banking system improved by August 2026 after a temporary tightening in the second quarter, with reduced reliance on the Standing Lending Facility. Monetary aggregates showed mixed trends: Reserve Money contracted while Broad Money growth moderated, though year-on-year expansion remained elevated. Credit to the private sector strengthened and exceeded the IMF programme ceiling. The banking sector remained broadly stable and well capitalized; however, the Non-Performing Loans ratio rose to 10.2 percent in 2026Q2, marginally above the prudential threshold. Structural challenges, including limited intermediation, concentration in government securities, and rising cybersecurity and fraud risks, continue to warrant close attention.

### 4.2 Decision of the MPC

The Monetary Policy Committee (MPC) acknowledged the relative stability of the exchange rate and the positive contribution of the Bank's earlier policy stance. However, inflation remains elevated and risks to the outlook are tilted to the upside, particularly in light of persistent geopolitical tensions, potential further commodity price shocks, and domestic cost pressures. These uncertainties could undermine the achievement of the medium-term inflation objective agreed under the IMF Extended Credit Facility programme.

Following a comprehensive review of global and domestic macroeconomic developments, the MPC recommended a 0.25 percentage point increase in the Monetary Policy Rate (MPR), together with equivalent upward adjustments to the Standing Lending Facility Rate (SLFR) and the Standing Deposit Facility Rate (SDFR). This recommendation was subsequently approved by the Board of Directors of the Bank of Sierra Leone.

Effective immediately, the policy rates are as follows:

- Monetary Policy Rate (MPR): 17.25 percent
- Standing Lending Facility Rate (SLFR): 21.25 percent
- Standing Deposit Facility Rate (SDFR): 11.75 percent

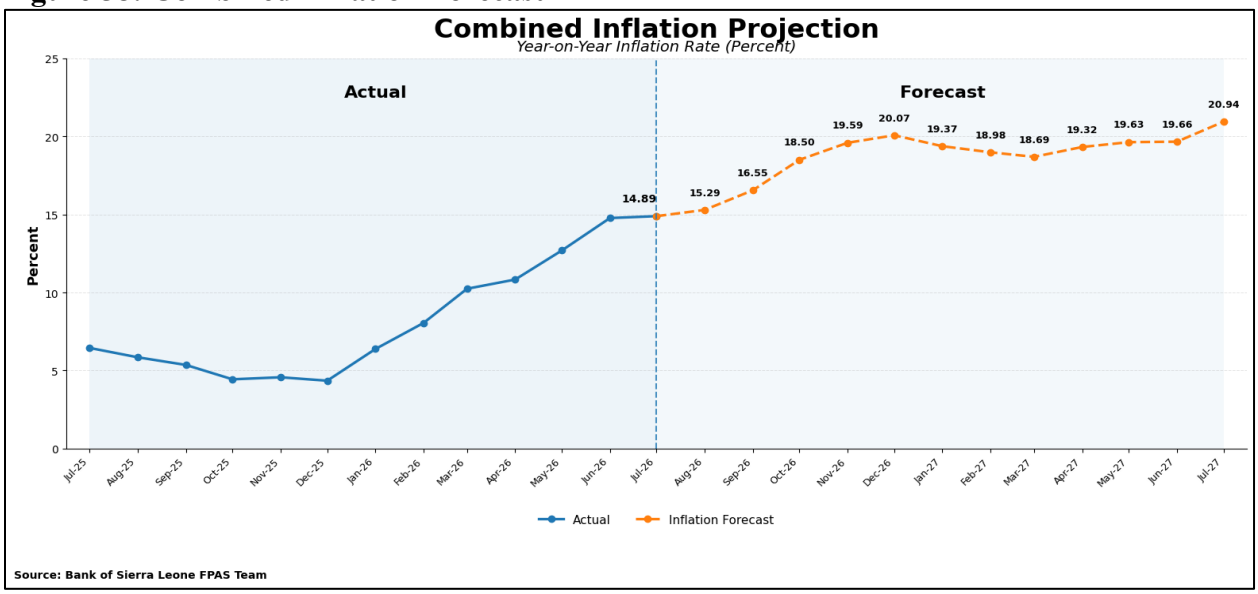
These policy actions are designed to anchor inflation expectations, reinforce the monetary policy stance, and support macroeconomic stability against prevailing domestic and external pressures.

# 5. APPENDIX

***Inflation forecast***

Inflationary pressures are expected to remain elevated, with the combined forecast projecting that inflation will remain in double-digit over the forecast horizon. Inflation rates are expected to increase to 20.07 percent in December 2026, followed by a slight moderation during early 2027, before peaking to 20.94 percent in July 2027. These increases reveal persistent upward inflationary pressures still linger.

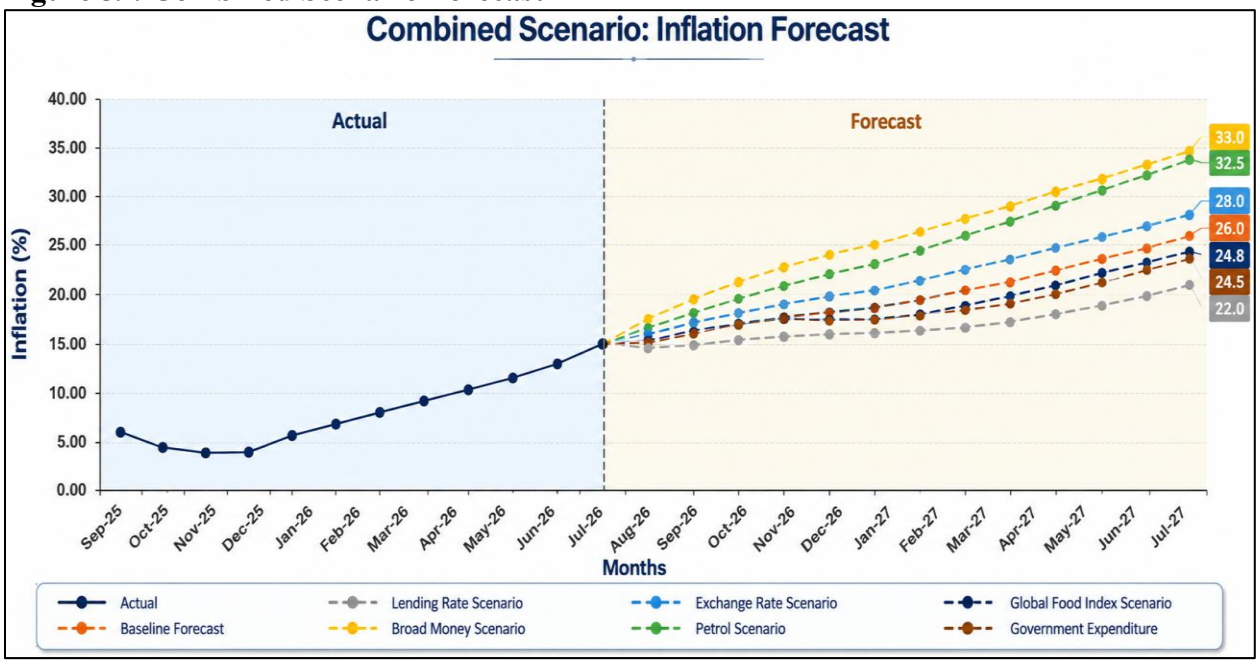
**Figure 58: Combined Inflation Forecast**




*Source: Bank of Sierra Leone*

Based on the high-risk scenario, broad money growth, fuel-related pressures, and exchange rate pressures could significantly impact elevated inflationary pressures. Meanwhile, Global food prices, government expenditure, and lending rates remain below the baseline but are still expected to contribute to inflationary pressures over the forecast horizon.

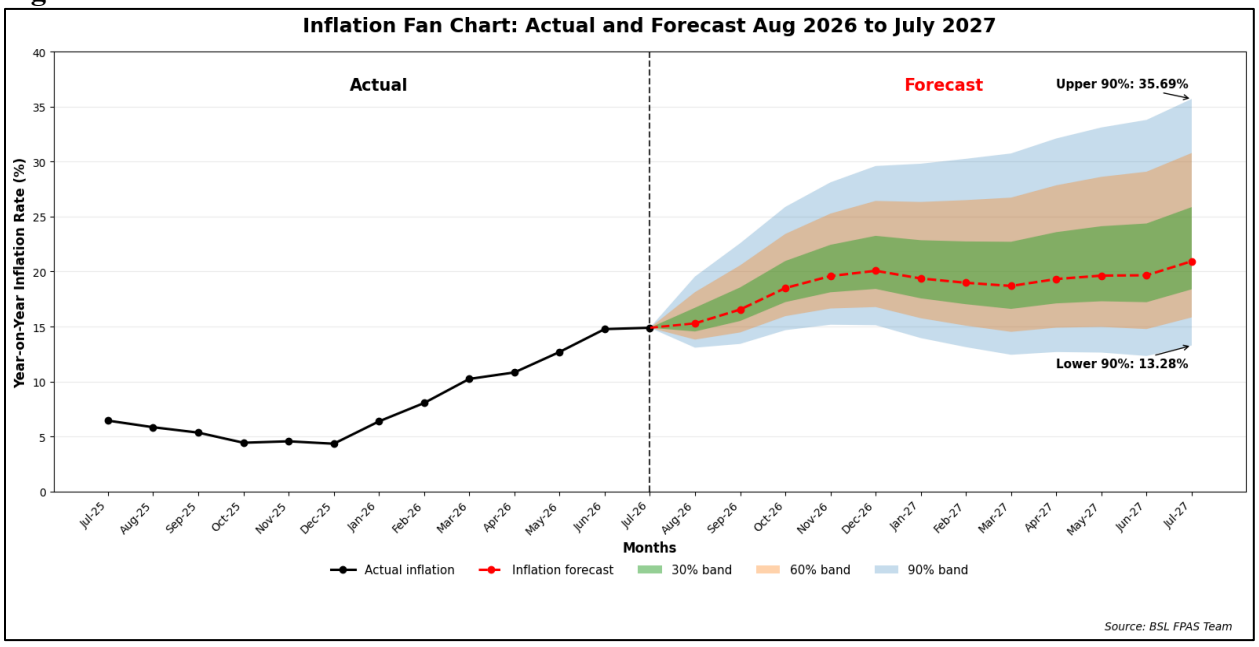
**Figure 59: Combined Scenario Forecast**




*Source: Bank of Sierra Leone*

The fan chart indicates a 90% confidence interval for the inflation forecast, projecting that inflation will range between 13.28 percent and 35.69 percent over the forecast horizon.

**Figure 60: Inflation Fan Chart**




*Source: BSL Staff Estimations*

Inflation risks remain tilted to the upside, driven by the following:

- Middle East conflict - rising global commodity prices - increase domestic fuel pump price.
- Recent exchange rate depreciation may intensify imported inflation.
- Fiscal financing pressures and potential policy slippages could add to inflationary risks.
- Weather and climate-related shocks may disrupt food production and raise food prices.
- Strong expansion of broad money could contribute to inflation pressures.

Inflationary pressures may be moderated by:

- Tight monetary policy, which should help contain demand-driven price pressures.
- Sustained fiscal discipline under the IMF- ECF programme.
- Improved food production, which could ease supply constraints and food-price pressures.

## Table 1: Summary of Global Growth Projections (Percent)

| | | Est. | WEO April 2026 Projections | | WEO July 2026 Updates | | CHANGE IN Projections | |
|---|---|---|---|---|---|---|---|---|
| | **2025** | **2026** | **2026** | **2027** | **2026** | **2027** | **2026** | **2027** |
| **World Output** | **3.5** | **3.1** | **3.1** | **3.2** | **3.0** | **3.4** | **-0.1** | **0.2** |
| **Advanced Economies** | **1.9** | **1.8** | **1.8** | **1.7** | **1.7** | **1.8** | **-0.1** | **0.1** |
| *United States* | 2.1 | 2.3 | 2.3 | 2.1 | 2.3 | 2.2 | 0.0 | 0.1 |
| *Euro Area* | 1.4 | 1.1 | 1.1 | 1.2 | 0.9 | 1.2 | -0.2 | 0.0 |
| *United Kingdom* | 1.4 | 0.8 | 0.8 | 1.2 | 1.0 | 1.3 | 0.2 | 0.1 |
| *Japan* | 1.1 | 0.7 | 0.7 | 0.6 | 0.6 | 0.7 | -0.1 | 0.1 |
| **Emerging Market and Developing Economies** | **4.5** | **3.9** | **3.9** | **4.2** | **3.8** | **4.5** | **-0.1** | **0.3** |
| *Brazil* | 2.3 | 1.9 | 1.9 | 2.0 | 2.4 | 2.2 | 0.5 | 0.2 |
| *Russia* | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 0.0 | 0.0 |
| *India* | 7.7 | 6.5 | 6.5 | 6.5 | 6.4 | 6.7 | -0.1 | 0.2 |
| *China* | 5.0 | 4.4 | 4.4 | 4.0 | 4.6 | 4.1 | 0.2 | 0.1 |
| **Sub-Saharan Africa** | **4.5** | **4.3** | **4.3** | **4.4** | **4.3** | **4.5** | **0.0** | **0.1** |
| *Nigeria* | 4.0 | 4.1 | 4.1 | 4.3 | 4.1 | 4.3 | 0.0 | 0.0 |
| *South Africa* | 1.1 | 1.0 | 1.0 | 1.3 | 1.1 | 1.3 | 0.1 | 0.0 |

*Source: IMF World Economic Outlook (WEO) July 2026 update.*

## Table 2: Monetary Policy Stance of Selected Central Banks

| Country | Recent Inflation (%) | | Previous (%) | | Monetary Policy Rates (%) | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Current | | Previous | | Change |
| **WAMZ** | | | | | | | | | |
| | | | | | | | | | |
| Sierra Leone | 14.89 | Jul.26 | 10.83 | Apr.26 | 17.00 | Jun.26 | 16.75 | Mar.26 | ↑0.25 |
| Nigeria | 15.43 | Jul.26 | 15.69 | Apr.26 | 26.50 | Jul.26 | 26.50 | May.26 | 0.00 |
| Ghana | 4.60 | Jul.26 | 3.40 | Apr.26 | 14.00 | Jul.26 | 14.00 | May.26 | 0.00 |
| Guinea | 6.10 | Jul.26 | 5.80 | Apr.26 | 9.50 | Jun.26 | 9.75 | Mar.25 | ↓0.25 |
| Liberia | 5.00 | Jul.26 | 5.80 | Apr.26 | 16.00 | Jun.26 | 16.25 | Mar.26 | ↓0.25 |
| The Gambia | 7.05 | Jul.26 | 7.00 | Apr.26 | 14.00 | Jul.26 | 14.00 | May.26 | 0.00 |
| **Major Economies** | | | | | | | | | |
| USA | 3.4 | Jul.26 | 3.5 | Jun.26 | 3.75 | Jul.26 | 3.75 | Jun.26 | 0.00 |
| China | 0.5 | Jul.26 | 1.0 | Jun.26 | 3.00 | Jul.26 | 3.00 | Jun.26 | 0.00 |
| Euro Area | 2.9 | Jul.26 | 2.8 | Jun.26 | 2.40 | Jul.26 | 2.40 | Jun.26 | 0.00 |
| UK | 2.9 | Jul.26 | 2.6 | Jun.26 | 3.75 | Jul.26 | 3.75 | Jun.26 | 0.00 |

*Source: Country Central Banks Via Trading Economics data pool February and May 2026*

## Table 3: Interest Rates

| | 2025 | | | | | | | 2026 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
| 91-day Treasury bill rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 182-day Treasury bill rate | 0 | 0 | 14.19 | 15 | 15.41 | 14.35 | 15.66 | 0 | 0 | 13.54 | 13.27 | 13.21 | 13.23 | 0 | 0 |
| 364-day treasury bill rate | 19.71 | 15.25 | 16.44 | 17.01 | 16.75 | 16.69 | 16.95 | 16.94 | 16.34 | 16.82 | 17.07 | 17.08 | 17.07 | 17.10 | 16.99 |
| Interbank rate | 26.49 | 23.59 | 20.04 | 20.01 | 18.74 | 18.77 | 19.72 | 19.17 | 17.85 | 17.17 | 17.92 | 17.32 | 17.58 | 17.17 | 15.60 |
| Standing Lending Facility | 26.75 | 23.75 | 23.75 | 21.75 | 21.75 | 21.75 | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 | 21.00 | 21.00 | 21.00 |
| Standing Deposit Facility | 17.25 | 14.25 | 14.25 | 12.25 | 12.25 | 12.25 | 11.25 | 11.25 | 11.25 | 11.25 | 11.25 | 11.25 | 11.50 | 11.50 | 11.50 |
| MPR | 23.75 | 21.75 | 21.75 | 18.75 | 18.75 | 18.75 | 16.75 | 16.75 | 16.75 | 16.75 | 16.75 | 16.75 | 17.00 | 17.00 | 17.00 |
| Average Lending rate | 21.21 | 21.21 | 21.21 | 20.48 | 20.29 | 22.66 | 22.66 | 22.66 | 22.66 | 22.66 | 22.66 | 22.65 | 22.75 | 22.75 | |
| Lending (Prime) | 20.41-22.01 | 20.41-22.01 | 20.41-22.01 | 20.44-20.51 | 20.25-20.32 | 21.40-23.92 | 21.40-23.92 | 21.40-23.92 | 21.20-23.92 | 21.20-23.92 | 21.20-23.92 | 20.74-24.56 | 20.93-24.56 | 20.93-24.56 | |
| Savings deposits | 1.83 | 1.83 | 1.83 | 1.85 | 1.83 | 1.83 | 1.83 | 1.79 | 1.79 | 1.79 | 1.79 | 1.79 | 1.79 | 1.79 | |
| Interest rate spread | 19.38 | 19.38 | 19.38 | 18.62 | 18.46 | 20.83 | 20.83 | 20.87 | 20.87 | 20.87 | 20.87 | 20.86 | 20.96 | 20.96 | |

*Source: Bank of Sierra Leone*

## Table 4: Monetary Survey

| | 2025 | 2026 | | Quarterly % Change | | Yearly % Change | |
|---|---|---|---|---|---|---|---|
| **Millions of Leones** | **2025Q2** | **2026Q1** | **2026Q2** | **2026Q1** | **2026Q2** | **2026Q1** | **2026Q2** |
| **Reserve money** | **9,564.94** | **11,340.29** | **11,289.91** | **(1.55)** | **(0.44)** | **18.56** | **18.03** |
| **Broad Money (M2)** | **33,480.28** | **41,638.13** | **42,909.30** | **9.16** | **3.05** | **27.05** | **28.16** |
| **Narrow money (M1)** | **15,306.23** | **20,023.73** | **20,606.35** | **8.26** | **2.91** | **29.55** | **34.63** |
| Currency outside banks | 7,362.69 | 9,369.63 | 9,273.26 | **2.25** | **(1.03)** | **22.63** | **25.95** |
| Demand deposit | 7,943.54 | 10,654.09 | 11,333.09 | **14.15** | **6.37** | **36.31** | **42.67** |
| **Quasi money** | **18,174.05** | **21,614.41** | **22,302.94** | **10.01** | **3.19** | **24.81** | **22.72** |
| o.w. Foreign currency deposit | 12,304.08 | 14,258.18 | 14,564.47 | **13.63** | **2.15** | **22.41** | **18.37** |
| Time and saving deposit | 5,857.26 | 7,338.49 | 7,724.19 | **3.51** | **5.26** | **29.84** | **31.87** |
| **Net Foreign Asset** | **3,894.46** | **6,260.34** | **6,586.09** | **4.98** | **5.20** | **38.69** | **69.11** |
| BSL | (6267.65) | (3881.79) | (3153.90) | **(7.03)** | **(18.75)** | **(30.08)** | **(49.68)** |
| ODCs | 10162.11 | 10142.13 | 9739.99 | **0.03** | **(3.96)** | **0.76** | **(4.15)** |
| **Net Domestic Assets** | **29,585.82** | **35,377.79** | **36,323.20** | **9.93** | **2.67** | **25.19** | **22.77** |
| **Net Domestic Credit** | **36,220.21** | **44,786.61** | **48,127.19** | **8.35** | **7.46** | **27.94** | **32.87** |
| Government (Net) | 29,074.18 | 35,313.28 | 37,396.34 | **8.91** | **5.90** | **25.52** | **28.62** |
| BSL | 12990.64 | 16418.55 | 16013.47 | **9.59** | **(2.47)** | **29.73** | **23.27** |
| ODCs | 16083.53 | 23750.58 | 27319.46 | **7.82** | **15.03** | **53.45** | **69.86** |
| Private Sector Credit | 7473.49 | 9925.83 | 11367.84 | **6.63** | **14.53** | **37.55** | **52.11** |
| o.w ODC | 7443.25 | 9888.67 | 11328.62 | **6.66** | **14.56** | **37.57** | **52.20** |
| Other Sectors (Net)* | (327.46) | (452.50) | (636.99) | **14.29** | **40.77** | **31.92** | **94.53** |
| **Other Items (Net)** | **-6,634.39** | (9408.82) | (11803.99) | **2.78** | **25.46** | **39.47** | **77.92** |
| **Money Multiplier** | **3.50** | **3.67** | **3.80** | | | | |

*Source: Bank of Sierra Leone*

## Table 5: Central Bank Survey

| Millions of Leones | 2025 | 2026 | | Quarterly % Change | | Yearly % Change | |
|---|---|---|---|---|---|---|---|
| | 2025Q2 | 2026Q1 | 2026Q2 | 2026Q1 | 2026Q2 | 2026Q1 | 2026Q2 |
| **1. Net Foreign Assets** | **(6,267.65)** | **(3,881.79)** | **(3,153.90)** | **(7.03)** | **(18.75)** | **(30.08)** | **(49.68)** |
| **2. Net Domestic Assets** | **15,832.58** | **15,222.08** | **14,443.80** | **(3.01)** | **(5.11)** | **0.70** | **(8.77)** |
| **Government Borrowing (net)** | **12,990.64** | **16,418.55** | **16,013.47** | **9.59** | **(2.47)** | **29.73** | **23.27** |
| o.w. Securities | 6,672.65 | 7,401.59 | 8,136.49 | **(4.05)** | **9.93** | **13.47** | **21.94** |
| Ways and Means (Current) | 544.26 | 658.93 | - | **9.70** | **(100.00)** | **26.77** | **(100.00)** |
| Ways and Means (outstanding) | 0.00 | 0.00 | 0.00 | **100.00** | **-** | **100.00** | **100.00** |
| GoSL/IMF Budget financing Loan | 5,230.59 | 6,405.74 | 6,289.05 | **3.33** | **(1.82)** | **22.47** | **20.24** |
| BSL-MOFED Bridging Loan | 129.73 | 341.56 | - | | **(100.00)** | | **(100.00)** |
| **3. Reserve money** | **9,564.94** | **11,340.29** | **11,289.91** | **(1.55)** | **(0.44)** | **18.56** | **18.03** |
| o.w. Currency in Circulation | 8,337.69 | 10,483.72 | 10,607.81 | **1.36** | **1.18** | **25.88** | **27.23** |
| Bank reserves | 1,214.54 | 838.82 | 667.81 | **(28.04)** | **(20.39)** | **(31.17)** | **(45.02)** |

*Source: Bank of Sierra Leone*