# BANK OF SIERRA LEONE

## MONETARY POLICY REPORT

## JUNE 2026

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## 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 June 2026 edition of the BSL Monetary Policy Report reviews global and domestic economic trends for the first quarter of 2026. It also looks at the latest developments in the second 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.*

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[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

The global economic outlook has grown increasingly uncertain, largely reflecting escalating geopolitical tensions in the Middle East. Structural disruptions to energy supply routes, notably the closure of the Strait of Hormuz, have adversely impacted international energy markets, inflated shipping costs, and dampened investor confidence. Against this backdrop of heightened vulnerability, major international financial institutions have revised global growth projections downward. The International Monetary Fund (IMF), in its April 2026 World Economic Outlook, downgraded the 2026 global growth forecast to 3.1 percent from the 3.3 percent projected in January. Concurrently, the Organisation for Economic Co-operation and Development (OECD), in its March 2026 Interim Report, projected global GDP growth to moderate to 2.9 percent in 2026 (down from 3.2 percent in 2025), while the World Bank lowered its 2026 growth forecast to 2.6 percent from 2.7 percent in the preceding year.

The regional outlook indicates that growth in advanced economies is projected to remain broadly stable at 1.8 percent in 2026, before easing to 1.7 percent in 2027. Conversely, growth in emerging markets and developing economies is forecast to slow to 3.9 percent in 2026 from 4.4 percent in 2025, reflecting heightened vulnerability to external shocks. In Sub-Saharan Africa, economic growth is expected to decelerate to 4.2 percent in 2026 from 4.5 percent in 2025, representing a 0.3 percentage point decline. Globally, commodity price indices for energy, metals, and agriculture trended upward, driven by supply chain disruptions stemming from the Middle East conflict. These surging crude oil prices, higher food costs, and elevated transportation charges have concurrently intensified global inflationary pressures.

On the domestic front, economic activity is anticipated to moderate, with real GDP growth projected at 4.0 percent in 2026, down from 5.0 percent in 2025. This deceleration reflects the adverse transmission of global energy market disruptions to domestic production channels via elevated input costs and supply constraints. This assessment aligns with the Bank's high-frequency indicators—notably the Composite Index of Economic Activities (CIEA)—which signaled a contraction in 2026Q1 compared to 2025Q4. Looking ahead, economic activity is expected to stage a gradual recovery, anchored by the implementation of the Feed Salone Programme and matching pro-growth government initiatives. However, ongoing hostilities in the Middle East and persistent global supply chain bottlenecks continue to pose significant downside risks to the growth outlook.

External sector performance strengthened during 2026Q1, characterized by a narrowing of the trade deficit. This improvement was primarily driven by a substantial reduction in the import bill, which comfortably outpaced a concurrent decline in export earnings. Gross international reserves decreased during the quarter, bringing the import cover to 2.1 months for goods and services, while the exchange rate maintained relative stability. However, escalating geopolitical tensions in the Middle East have intensified uncertainty across the external sector, which underscores the urgent need to fortify external resilience by enhancing reserve adequacy and intensifying foreign exchange market surveillance.

The overall fiscal deficit widened in 2026Q1 compared to the corresponding period in 2025, primarily driven by underperforming government revenues and a slight expansion in public expenditure. Conversely, the primary balance recorded a surplus, largely supported by ongoing initiatives to rationalize discretionary spending. Despite this localized structural improvement, fiscal authorities must continue to strengthen budgetary management to ensure long-term fiscal sustainability while effectively containing sovereign borrowing costs.

Primary market auctions for government securities yielded divergent outcomes within the domestic money market during 2026Q1. While short-term tenors (91-day and 182-day Treasury bills) suffered persistent undersubscription, the 364-day instrument generated robust market appetite, achieving oversubscription across most auction cycles. Consequently, liquidity remained heavily skewed toward the 364-day maturity, with deposit money banks acting as the anchor investors. Conversely, the non-bank public maintained its position as the dominant subscriber for the shorter 91-day and 182-day tranches.

Monetary aggregates, including both Reserve Money (RM) and Broad Money (M2), expanded in 2026Q1 compared to the corresponding period in 2025. Despite this growth, the performance criterion for Reserve Money under the IMF Extended Credit Facility (ECF) program was successfully met. Similarly, commercial bank credit to the private sector expanded over the same period, remaining within the established IMF ECF program ceiling. However, notwithstanding this marginal improvement in credit flows, private sector lending remains inadequate to fully support investment and overall economic activity.

The banking sector remained stable, profitable, and sufficiently capitalized during 2026Q1, with core Financial Soundness Indicators (FSIs) remaining within prescribed regulatory limits. Although asset quality experienced a moderate deterioration during the quarter, the aggregate non-performing loans (NPL) ratio held safely below the 10.0 percent prudential ceiling. Nonetheless, commercial bank balance sheets exhibit a heavy concentration in government securities, a structural dependency that risks crowding out credit extension to the private sector. Furthermore, the rapid expansion of Digital Financial Services (DFS) and mobile money platforms has heightened the financial system's exposure to fraud and identity theft, underscoring the critical need for robust regulatory oversight and sophisticated risk management frameworks.

Headline inflation has maintained its upward trajectory since the 2026Q1 MPC meeting, accelerating from 8.05 percent in February to 10.24 percent in March, and reaching 10.83 percent in April 2026. This inflationary buildup reflects the domestic pass-through effects of elevated global oil prices, compounded by structural tax measures introduced under the Finance Act 2026. Risks to the inflation outlook remain heavily tilted to the upside, particularly given the persistence of external cost pressures and international commodity supply shocks.

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, development in the global capital market 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 March 2026 MPC Meeting and concludes the report.

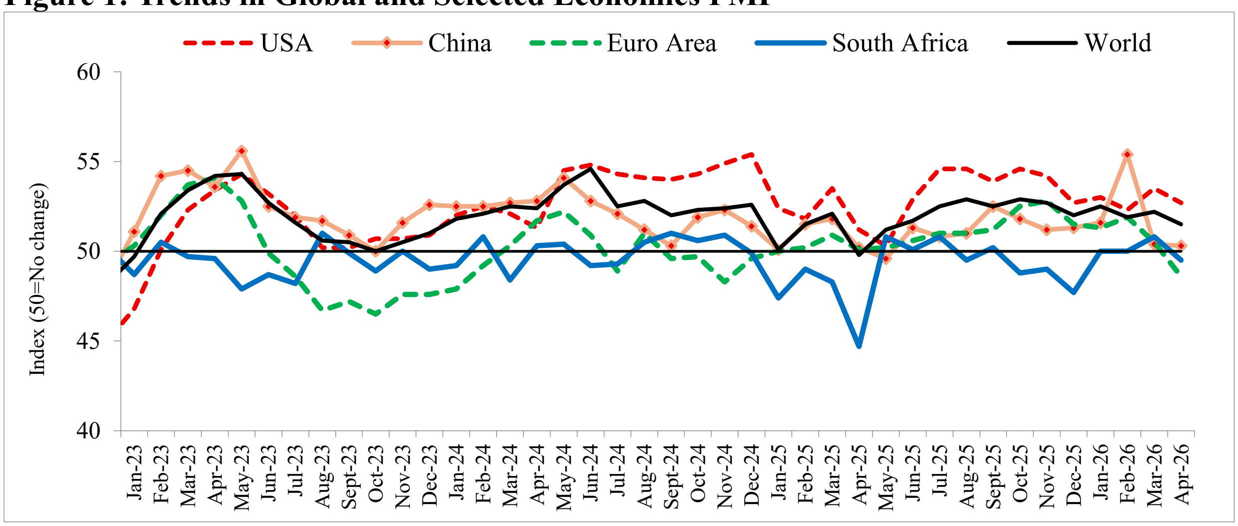
# 1. GLOBAL ECONOMIC DEVELOPMENTS AND PROSPECTS

## 1.1 Global Output

The global economy continues to navigate severe headwinds as escalating geopolitical tensions in the Middle East disrupt critical energy supply corridors, most notably via the blockade of the Strait of Hormuz. These supply-side shocks have adversely impacted international energy markets, inflated maritime shipping freight, intensified energy price pressures, and dampened investor confidence. Consequently, major multilateral institutions have downgraded global growth projections. In its April 2026 World Economic Outlook, the International Monetary Fund (IMF) trimmed its 2026 global growth forecast to 3.1 percent from the 3.3 percent projected in January, while maintaining the 2027 outlook at 3.2 percent.

Despite these headwinds, the Composite Purchasing Managers' Indices (PMI) continue to signal expansion across manufacturing and services in major economies like the United States and China, though growth momentum has softened in South Africa and the Euro Area.

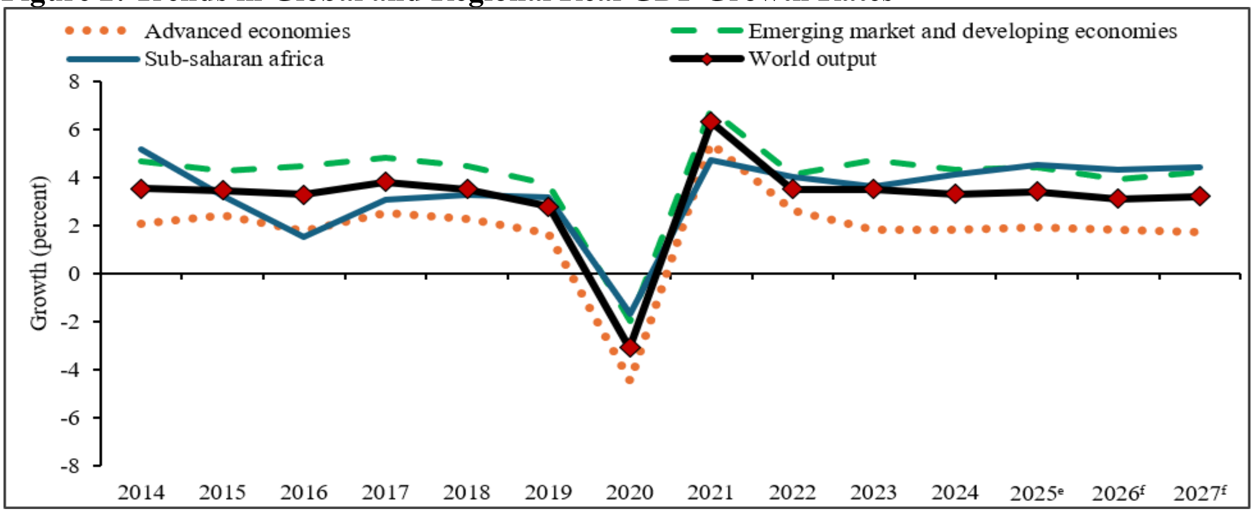
**Figure 1: Trends in Global and Selected Economies PMI**




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

Other international financial institutions share this cautious outlook. In its March 2026 Economic Outlook Interim Report, the Organization for Economic Co-operation and Development (OECD) projected global growth to moderate to 2.9 percent in 2026, down from 3.2 percent in 2025, before recovering slightly to 3.0 percent in 2027. This deceleration reflects heightened uncertainties stemming from supply chain disruptions, crude oil price volatility, and financial stability risks linked to Middle East geopolitical tensions. Similarly, the World Bank projects global growth to slow to 2.6 percent in 2026 from 2.7 percent in 2025, before stabilizing at 2.7 percent in 2027.

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




*Source: IMF World Economic Outlook, October 2025 database and January Updated 2026; Note: e= estimate & **f** =forecast*

The balance of risks to the global outlook remains tilted to the downside, reflecting persistent geopolitical tensions, energy price pressures, and rising fiscal vulnerabilities. However, faster disinflation and productivity gains from Artificial Intelligence (AI) and digitalization could provide support to growth.

### 1.1.1 Advanced and Emerging Market Economies

Growth in advanced economies is projected to remain broadly stable at 1.8 percent in 2026, before moderating to 1.7 percent in 2027. The United States continue to exhibit relative resilience despite heightened uncertainty associated with geopolitical tensions in the Middle East. However, growth in the euro area is expected to remain subdued at 1.1 percent in 2026 and 1.2 percent in 2027, largely due to elevated energy costs, weak manufacturing activity and declining external competitiveness. Similarly, the growth outlook in emerging markets and developing economies is projected to decline to 3.9 percent in 2026 from 4.4 percent in 2025, reflecting heightened vulnerability to external shocks. In China, the near-term growth outlook has been revised slightly upward, supported by policy interventions, but is expected to moderate over the medium term, amid persistent structural challenges. Meanwhile, India's growth remains comparatively strong and stable, underpinned by sustained economic momentum and the supportive effects of lower U.S. tariffs.

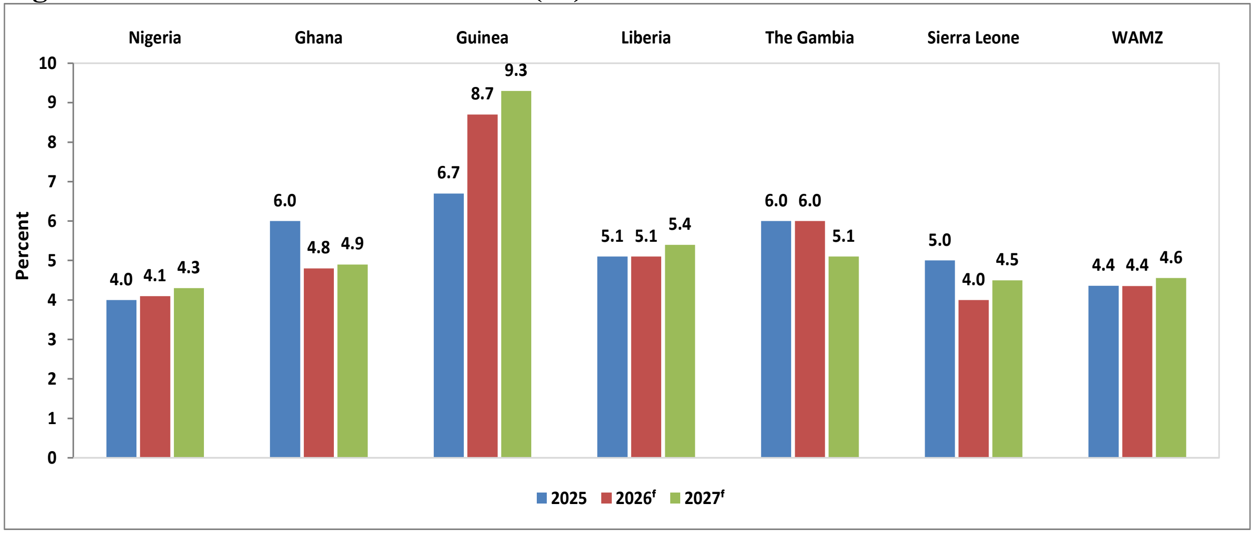
### 1.1.2 Sub-Saharan Africa (SSA)

In sub-Saharan Africa, the growth outlook has been clouded by the Middle East conflict. The shock emanating from the conflict has contributed to higher global prices for energy, fertilizers, and shipping services, while also disrupting trade flows, dampening tourist arrivals, and potentially reducing remittance inflows in some countries. Consequently, regional growth is projected to slow to 4.3 percent in 2026 down from 4.5 percent in 2025. Downside risks are significant, reflecting elevated global uncertainty and persistent regional macroeconomic vulnerabilities. Moreover, a prolonged conflict could trigger higher commodity prices and financial market shocks amid structural bottlenecks-including low productivity and climate-related risks-which will weigh on medium-term growth prospects.

### 1.1.3 West African Monetary Zone (WAMZ)

Economic activity in the West African Monetary Zone (WAMZ) was broadly robust with the zonal growth projected at an average of 4.4 percent in 2026 and further to 4.6 percent in 2027. The outlook is primarily driven by strong performance in Nigeria and Guinea. In Nigeria, growth is supported by ongoing foreign exchange market reforms, recovery in oil production, improving macroeconomic stability, stronger commodity exports, and broader fiscal and monetary reforms across member states. Also, Guinea is projected to sustain strong growth driven by mining activity and infrastructure investment. Liberia and The Gambia are projected to maintain steady growth trajectories in 2026. Sierra Leone's growth rate (revised) is projected to moderate in 2026, before recovering and in 2027, supported by ongoing macroeconomic reforms and improved performance in the mining and agricultural sectors. In Ghana, growth is projected to slow down in 2026, due to the impact of the ongoing fiscal consolidation. Nevertheless, the region remains vulnerable to external and domestic risks, including commodity price volatility, tighter global financial conditions, climate-related shocks, high food prices, insecurity, and high public debt levels.

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



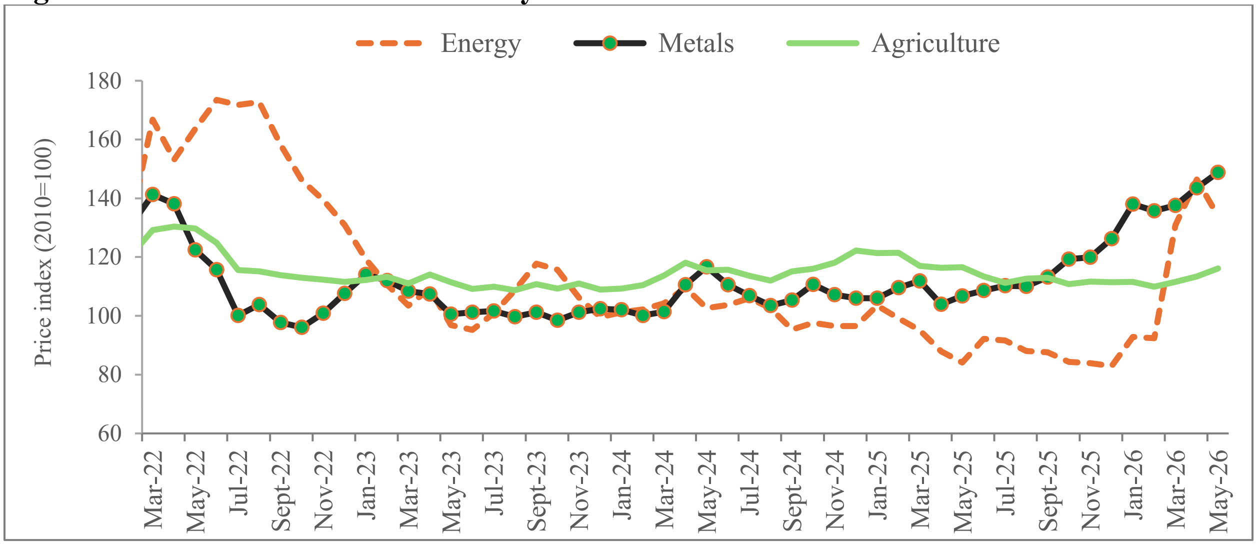

*Source: IMF World Economic Outlook, January 2026 update, and April 2026 projections; Note: e=estimate and f =forecast*

## 1.2 Global Commodity Prices and Inflation

### 1.2.1 Global Commodity Prices

Commodity markets are experiencing significant volatility due to geopolitical shocks, notably the conflict in the Middle East, leading to persistent supply-side constraints and higher prices. The energy price index increased sharply from 92.83 points in January 2026 to 146.41 points in April 2026, driven primarily by supply-chain disruptions and precautionary inventory accumulation. However, it moderated to 133.91 points in May 2026, supported by stable inventories in the US and OECD countries, alongside the absence of additional supply restrictions from OPEC+. Similarly, the metal price index increased steadily, rising from 137.97 points in January 2026 to 143.57 points in April 2026, and further to 148.82 points in May 2026. This increase was underpinned by stronger industrial demand from China and other emerging markets, alongside supply constraints in key mining regions. The agricultural price index increased moderately, moving from 111.52 points in January 2026 to 113.39 points in April 2026 and 113.70 points in May 2026. This modest increase reflects supply disruptions in select producing regions, high fertilizer costs, and rising global food demand.

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




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

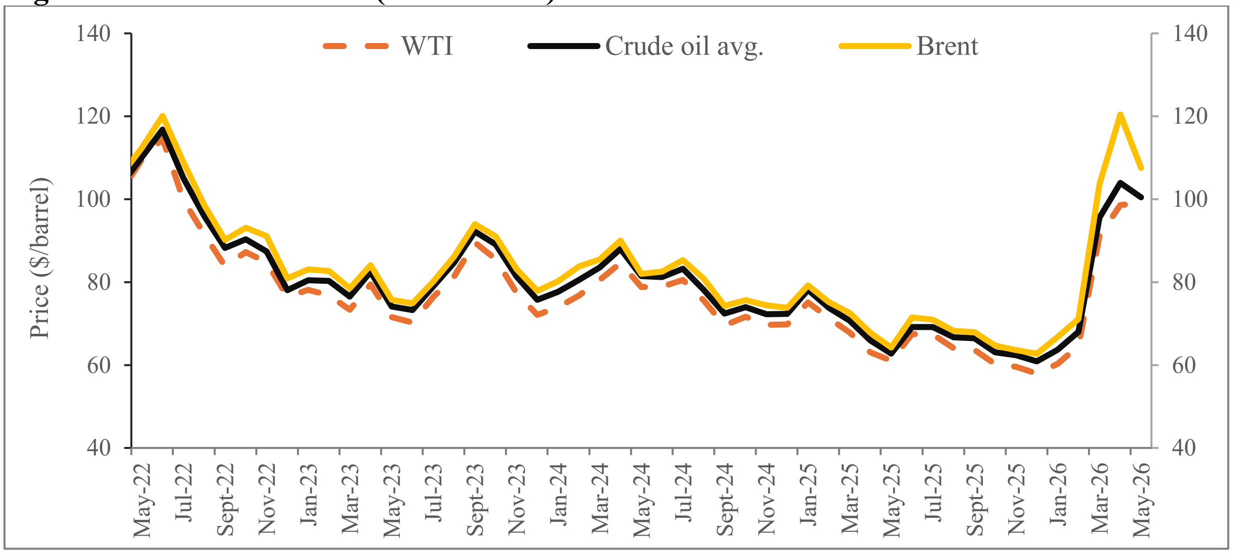
### 1.2.2 Crude Oil Prices

Geopolitical disruptions and historic supply losses in the Middle East have driven energy prices up sharply. Average crude oil prices increased from USD63.65/bbl in January 2026 to USD103.91/bbl in April 2026. Over the same period, Brent prices increased sharply from USD66.77/bbl to USD120.42/bbl, while West Texas Intermediate (WTI) prices rose from USD60.28/bbl to USD98.63/bbl.

On a quarterly basis, crude oil prices increased significantly in 2026Q1. The average crude oil price rose by 22.0 percent to USD75.75/bbl, up from USD62.09/bbl in 2025Q4. Similarly, Brent prices rose sharply by 26.5 percent to USD80.52/bbl from USD63.66/bbl in 2025Q4, while WTI increased by 21.6 percent to USD72.00/bbl from USD59.23/bbl. This upward movement was largely driven by escalating geopolitical conflicts in the Middle East that disrupted critical supply routes—including the Strait of Hormuz—alongside infrastructure damage, continued OPEC+ supply restrictions, and tighter sanctions on Russian oil exports.

Despite these pressures, crude oil prices decoupled in May 2026. While Brent crude declined to USD107.54/bbl, WTI edged up marginally to USD99.09/bbl. The moderation in Brent prices reflected expectations of improved navigation through the Strait of Hormuz, weaker global demand prospects, downward revisions to demand forecasts by OPEC, and anticipated production increases by OPEC+. Nevertheless, the outlook remains subject to significant upside risks, as persistent geopolitical tensions and potential supply disruptions could exert renewed upward pressure on global energy prices.

**Figure 5: Crude Oil Prices (USD/Barrel)**

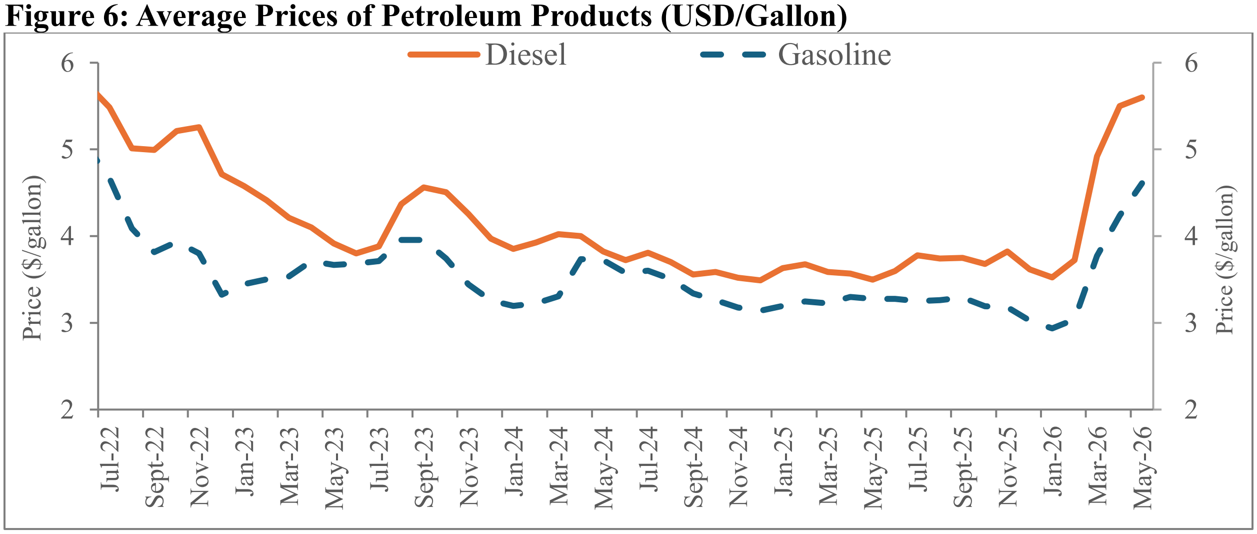



*Source: World Bank Commodity Market Outlook database May 2026*

### 1.2.3 Petroleum Products (Retail Prices)

Petroleum product prices broadly mirrored developments in international crude oil markets during the review period. Gasoline prices declined marginally from USD3.02 per gallon in December 2025 to USD2.94 per gallon in January 2026, before increasing steadily to USD 4.61 per gallon in May 2026. This increase was largely driven by higher crude oil prices, tighter global fuel supply conditions, elevated freight and insurance costs, exchange rate pressures, and the pass-through of higher transportation costs. Similarly, diesel prices rose significantly from USD3.62 per gallon in December 2025 to USD5.60 per gallon in May 2026. The increase was driven by elevated crude oil prices and strong demand from the transportation, power generation, and industrial sectors.

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




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

### 1.2.4 Iron Ore Price

Iron ore prices softened at the beginning of 2026, declining to USD98.84/dmt in February 2026, after remaining broadly stable throughout 2025. However, prices subsequently rebounded to USD104.45/dmt in March 2006 and further to USD108.64/dmt in May 2026, supported by supply constrains in major producing countries, particularly Australia and Brazil, as well as shipment delays and temporary disruptions to global supply.

Despite the recent recovery, the quarterly averages iron ore price declined marginally to USD102.94/dmt in 2025Q1, from USD103,53 in 2025Q4. The moderation reflected higher iron ore inventories at Chinese port and weaker demand expectations from China's steel and property sectors.

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


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

### 1.2.5 Cocoa and Coffee Prices

Cocoa prices declined from USD4.97/kg in January 2026 to USD3.40/kg in April 2026, reflecting improved harvests in Côte d'Ivoire and Ghana, that eased earlier supply shortages. However, prices increased to USD4.16/kg in May 2026, driven by weather-related supply concerns and renewed production risks associated with adverse climatic conditions in key producing countries including Côte d'Ivoire and Ghana.

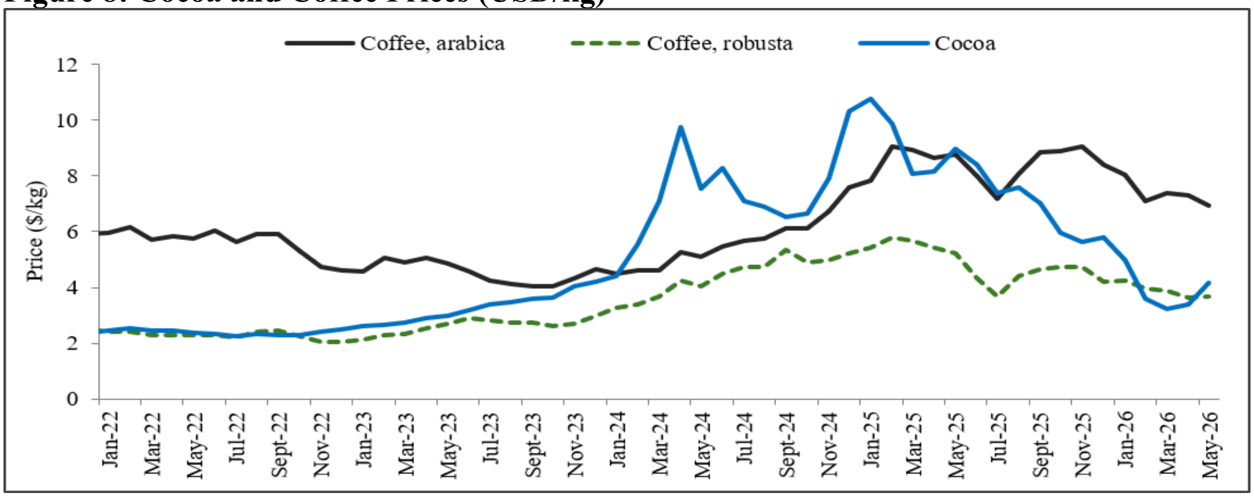
Arabica coffee followed a downward trend, falling from USD8.02/kg in January 2026 to USD7.30/kg in April 2026 and further to USD6.95/kg in May 2026. The decline was due to improved weather conditions, stronger supply prospects in major producing countries, particularly Brazil and Colombia.

Similarly, Robusta coffee prices moderated from USD4.24/kg in January 2026 to USD3.63/kg in April 2026, mainly driven by increased exports from Vietnam and Indonesia. However, prices edge up slightly to USD3.67/kg in May 2026, owing to limited export supply from Vietnam during its off-peak shipping season, along with heightened demand for robusta as a substitute in coffee blends.

On a quarterly basis, commodity prices exhibited a similar pattern. Average cocoa prices declined from USD5.78/kg in 2025Q4 to USD3.93 in 2026Q1. Arabica coffee prices fell from USD8.78/kg in 2025Q4 to USD7.49/kg in 2026Q1, while Robusta coffee robusta prices decreased from USD4.56/kg in 2025Q4 to USD4.03/kg over the same period.

The outlook for cocoa and coffee prices remains subject to risks stemming from adverse weather conditions, crop diseases, supply-chain disruptions, and logistical constraints in major producing regions.

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




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

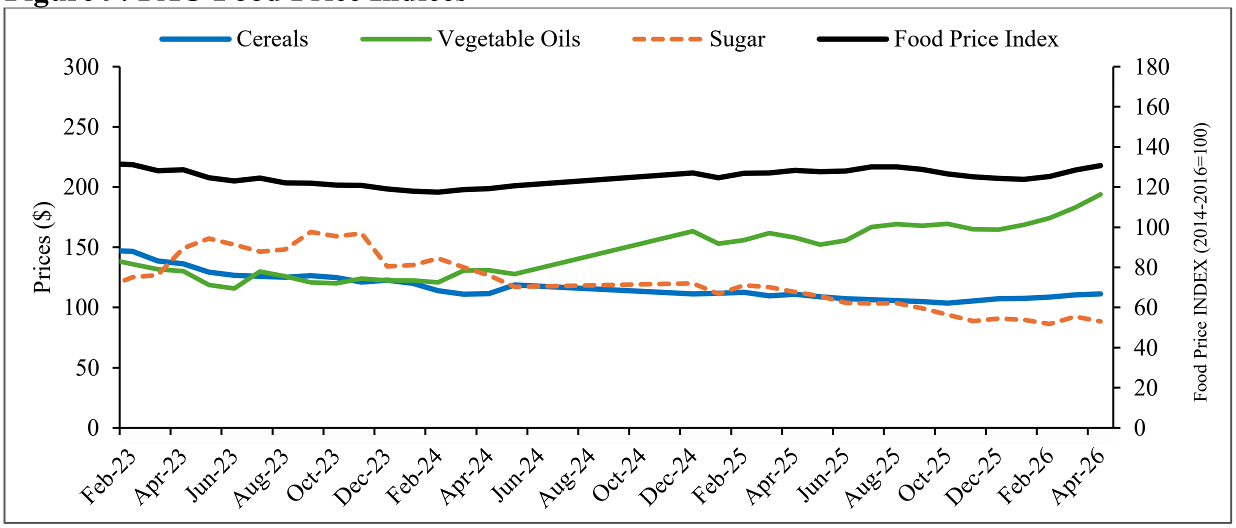
### 1.2.6 Food Price Index

The FAO Food Price Index rose steadily from 123.9 points in January 2026 to 130.7 points in April 2026, mainly driven by higher vegetable oil prices and to a lesser extent, rising cereal prices. Cereal price index rose moderately from 107.5 points to 111.3 points over the same period, supported by tighter supply condition, adverse weather conditions in key producing countries including India, Thailand and Vietnam, and sustained import demand from Asia and Africa.

Vegetable oils recorded the strongest increase, from 168.6 points in January to 193.9 points in April 2026. The increase was due to constraints on palm oil production in Southeast Asia, stronger biodiesel demand, and higher soybean and sunflower oil prices.

In contrast, sugar prices remained volatile, falling from 89.8 points in January to 86.2 points in February 2026 before rebounding to 92.4 points in March 2026 and easing to 88.5 points in April 2026. These fluctuations largely reflected changing production prospects in major producing countries, particularly Brazil and India.

**Figure 9: FAO Food Price Indices**



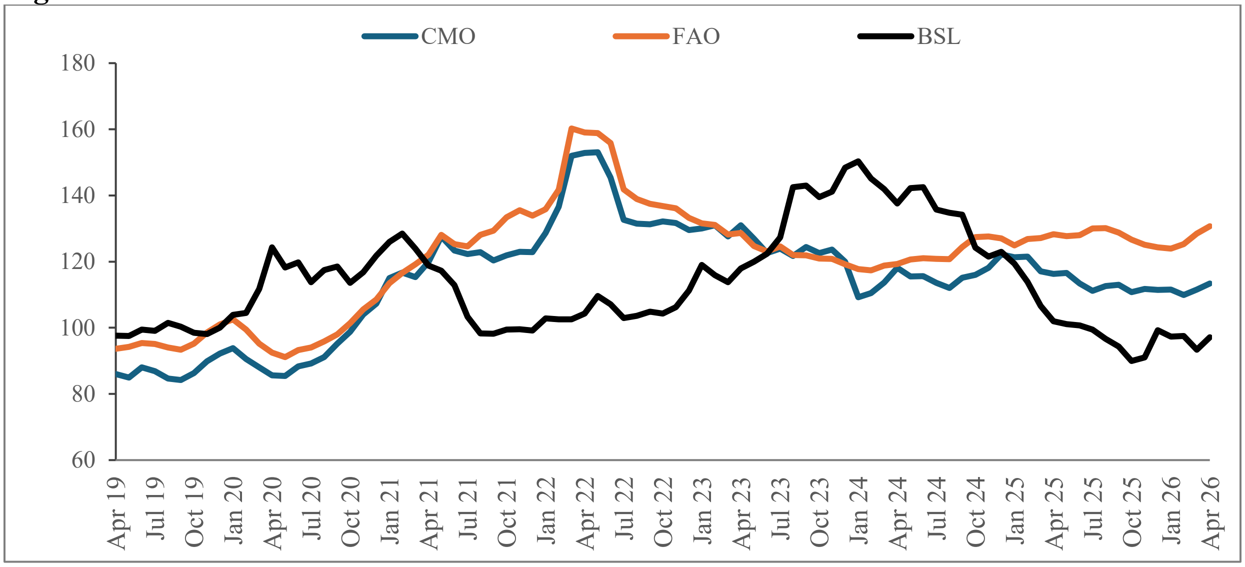

*Source: FAO food price index database, May 2026*

### 1.2.7 BSL Food Index

The BSL Food Index rose by 1.7 percentage points in 2026Q1, reaching 96.09 points from 94.43 points in 2025Q4. This upward movement reflects higher global rice prices. However, the pass-through of global price increase to domestic prices was partially contained by improved domestic rice production and the government's price regulatory measures for key essential commodities.

Notwithstanding this moderation, the index remains exposed to external vulnerabilities, particularly weather-related shocks, global supply chain disruptions and trade policy uncertainties, reflecting the economy's continued heavy dependence on rice imports.

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



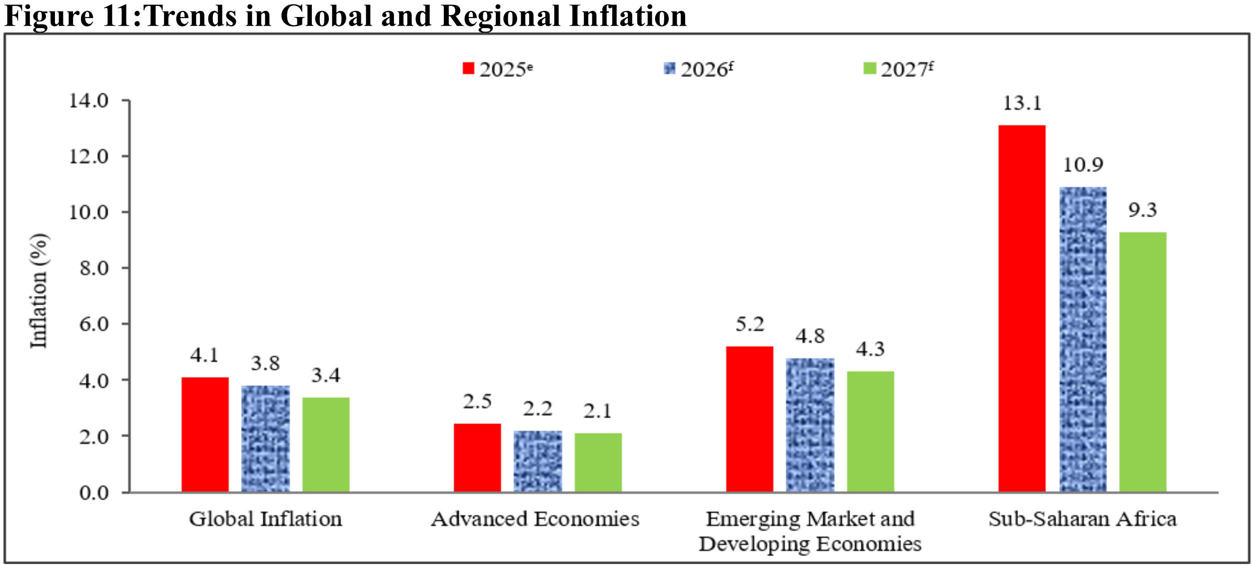

*Source: World Bank Commodity Market Database May 2026, FAO Food Price Index May 2026 & BSL*

### 1.3 Global Inflation

The global disinflationary trend has been disrupted across both advanced and emerging markets and developing market economies, reflecting renewed inflationary pressures. This was driven primarily by higher energy and food prices, as well as rising inflation expectations associated with disruptions to maritime shipping routes, including the Strait of Hormuz.

Against this backdrop, the IMF revised its global inflation projections upward to 4.4 percent in 2026 and 3.7 percent in 2027 compared with earlier projections of 3.8 percent and 3.4 percent, respectively.

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




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

Risks to the global inflation outlook are primarily driven by Middle East geopolitical tensions pushing up energy and food prices, supply chain vulnerabilities, high public debt. Additional risks stem from climate-related shocks and possible exchange rate depreciation, which could further amplify imported inflationary pressures.

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

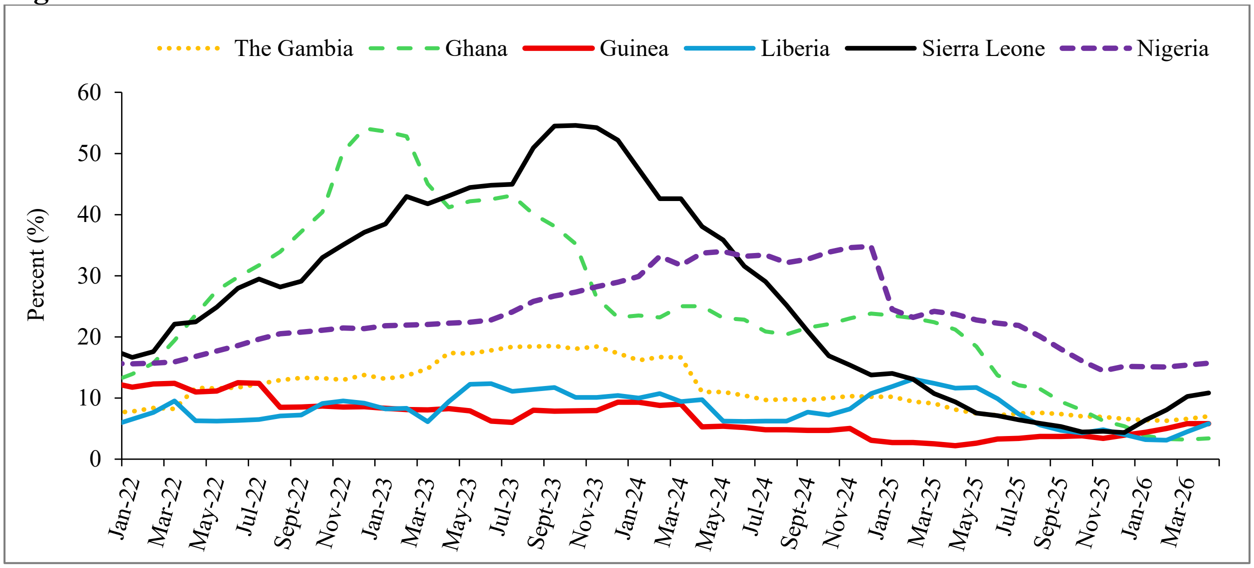
Inflationary pressures in Sub-Saharan Africa are expected to moderate in the near term, with headline inflation projected to decline from 12.5 percent in 2025 to 8.8 percent in 2026 and 2027. However, the outlook remains uncertain with significant upside risks from geopolitical tensions, higher energy and food prices, tighter financial conditions, weaker external demand, climate shocks, and rising debt vulnerabilities across the region.

### 1.3.2 Inflation in the WAMZ

Despite global inflationary pressures and rising global energy prices, inflation in the WAMZ region remained broadly contained. As of April 2026, Ghana recorded the lowest inflation rate at 3.4 percent, driven by exchange-rate stability, lower food and fuel costs, and improved external reserves. Both Liberia and Guinea recorded inflation rates of 5.8 per cent, followed by The Gambia at 7.0 per cent, Sierra Leone at 10.83 per cent, and Nigeria at 15.69 per cent.

Moderate inflationary pressures in the bloc reflect the relative stability of regional currencies, sustained fiscal and monetary restraint, and improved food-supply conditions. However, Sierra Leone's inflationary pressures are building gradually due to increases in fuel pump prices, housing costs, and transport costs. Overall, higher energy prices are expected to exert upward pressure on consumer prices in the region.

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




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

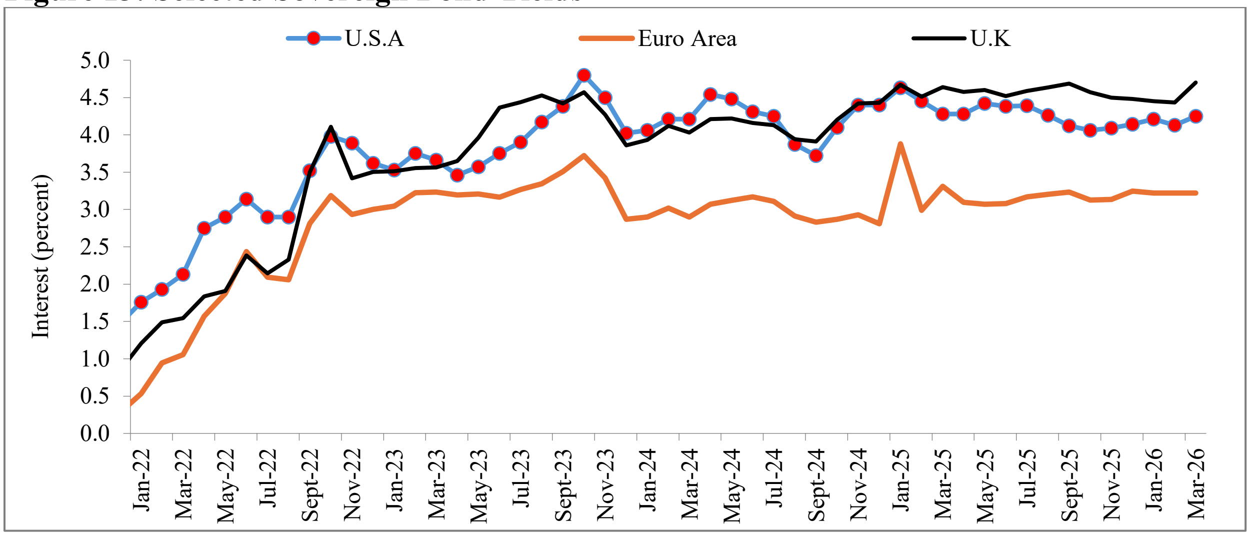
## 1.4 Monetary Policy and Financial Market Developments

Monetary policy and financial market developments across the US, China, UK and Euro Area are characterized by shifting global dynamics, with central banks balancing economic growth, regional inflation, and geopolitical conflicts. The U.S. Federal Reserve held its policy rate unchanged, amid persistent inflationary pressures, a resilient labour market, strong growth, and tight financial conditions. The stance remains cautious, as policymakers await clearer evidence of sustained inflation convergence before initiating easing. Similarly, the Bank of England held interest rates steady, on the back of persistent services inflation, sticky wage growth, resilient GDP momentum, and ongoing uncertainty around global energy prices. In China, monetary policy remains broadly accommodative, driven by subdued domestic demand, relatively stable inflation, fragility in the property sector, and the need to balance financial stability with gradual growth support. The Euro Area also maintained its policy rate, amid elevated services inflation, subdued growth momentum, resilient labour markets, and heightened global uncertainty. In the WAMZ region, all member countries maintained their monetary policy stance, supported by sustained moderate inflationary pressures across the bloc.

## 1.5 Sovereign Bond Yield

Sovereign bond yields across the major advanced economies remained elevated, driven by persistent inflation concerns and resilient labour market dynamics. In the United States, yields trended higher as investors reassessed the timing and scale of potential monetary easing, despite sticky core inflation, strong consumer demand, and sustained fiscal borrowing requirements. In the Euro Area, yields vary by country and comparatively stable, supported by weaker industrial activity and subdued credit growth. In the United Kingdom's gilt yields remain high due to persistent services inflation, elevated wage growth, fiscal financing and market expectations that the Bank of England would maintain a cautious policy stance for a longer period.

**Figure 13: Selected Sovereign Bond Yields**

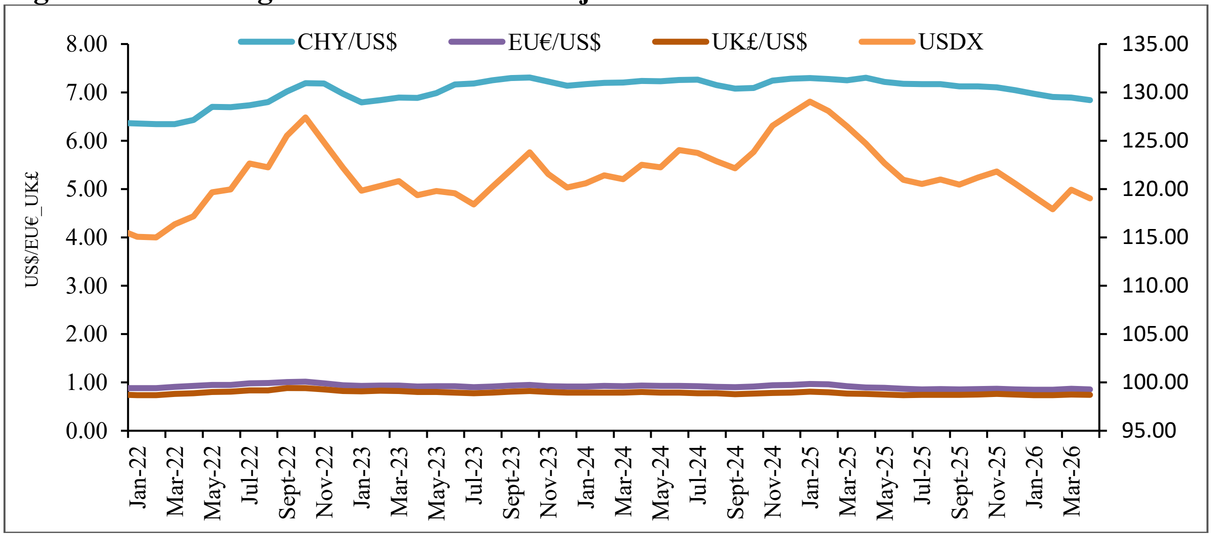



*Source: Federal Reserve Economic, FRED Data (March 2026)*

### 1.6 Exchange Rate

The U.S. dollar weakened slightly but remains relatively strong. The dollar continues to benefit from relatively high interest rates, resilient economic performance, and safe-haven demand. The Chinese yuan has continued a steady appreciation trend, strengthening consistently against the U.S. dollar. This reflects policy support, improved external balances, and relatively stable financial conditions. In contrast, both the euro and the British pound remain relatively weak but stable, trading within narrow ranges. Their limited movement highlights subdued economic growth, cautious monetary policy stances, and lingering structural challenges in both economies.

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

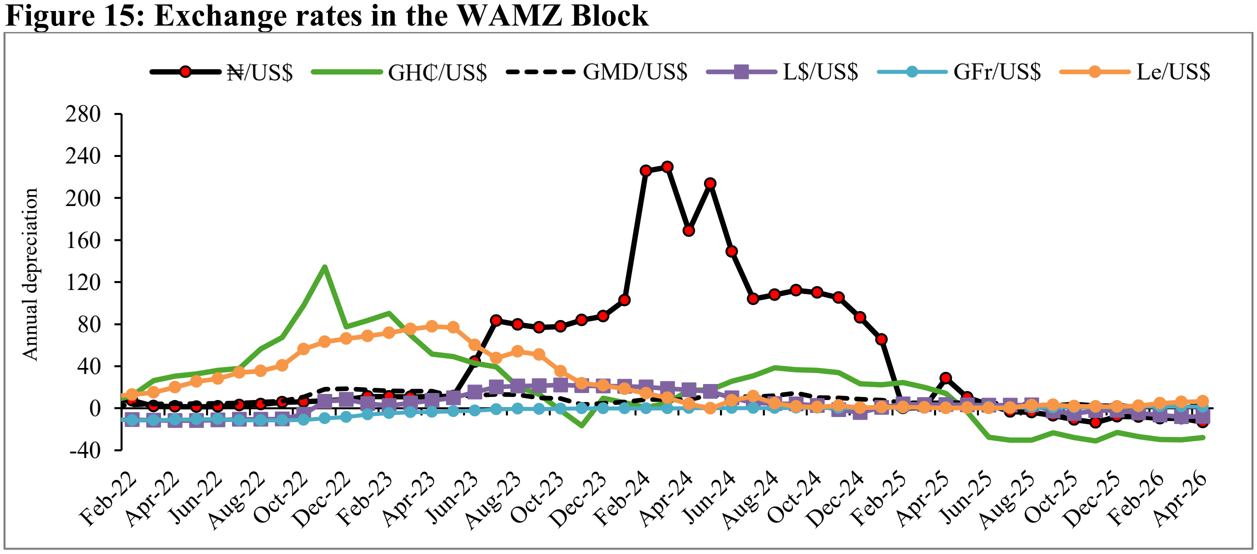



*Data Source: FRED (April 2026) Note: a positive change indicate depreciation against the U.S. dollar and a negative change indicates an appreciation against the U.S. dollar.*

### 1.7 WAMZ Exchange Rate

The WAMZ foreign exchange market remains mixed but generally stable. The Ghanaian cedi shows stronger appreciation momentum, while the Naira and Liberian Dollar strengthen moderately, supported by improved foreign exchange inflows, commodity export earnings, remittances, and exchange rate management policies. The Leone, Gambian Dalasi, and Guinean Franc remain relatively stable, due to economic reforms and improved investor sentiment. The region remains generally vulnerable, but its currencies are showing growing resilience on the back of stronger foreign exchange inflows and supportive policies.

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




Source: Global Economic Monitor, April 2026

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

- Prolonged geopolitical conflicts and supply chain disruptions could increase the cost of imported goods and industrial inputs, intensifying imported inflationary pressures on the economy.
- Heightened global tariff tensions may deter investors and disrupt trade flows, exacerbating Sierra Leone's economic vulnerabilities.
- Elevated global energy prices are likely to increase domestic fuel and transportation costs, thereby exerting upward pressure on inflation and reducing household purchasing power in Sierra Leone.
- The decline in cocoa and coffee prices could weaken agricultural export diversification and reduce non-mineral export earnings.
- Meanwhile, sustained stability of the Leone against some regional currencies may help moderate imported inflation and improve confidence in the foreign exchange market.
- Increase in iron ore prices are expected to strengthen export earnings, improve foreign exchange inflows, and support the accumulation of gross international reserves.
- Stable or moderate global inflation could reduce external price pressures and support domestic macroeconomic stability, particularly through lower import costs.
- Tight global financial conditions may increase external borrowing costs and worsen debt servicing pressures for Sierra Leone.

# 2. DOMESTIC ECONOMIC DEVELOPMENTS

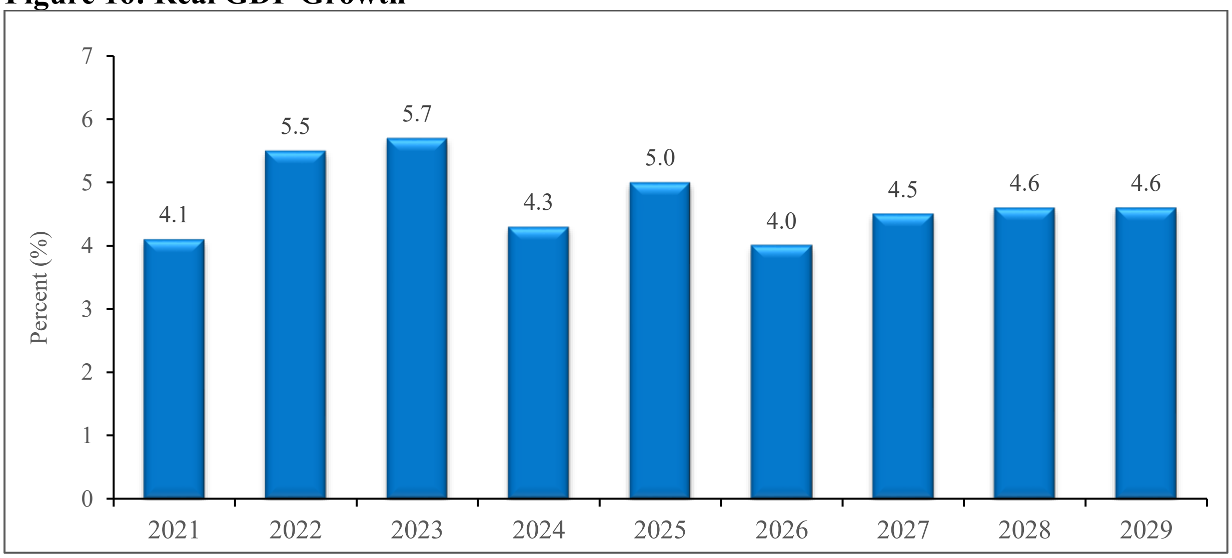
## 2.1 Real GDP Developments

### 2.1.1 Real GDP Growth

Real GDP growth for 2025 has been revised upward to 5.0 percent, reflecting stronger than expected performance in agriculture, manufacturing, and services sectors, supported by continued macroeconomic stability. However, growth is projected to moderate to 4.0 percent in 2026, a downward revision from earlier projection of 4.5 percent, largely reflecting heightened global uncertainties including geopolitical tensions in the Middle East. Over the medium term, economic growth is expected to average 4.6 percent, underpinned by recovery in the mining sector and sustained expansion in agriculture, particularly under the Feed Salone Initiative.

However, risks to the outlook remain tilted to the downside mainly associated with elevated energy prices and the persistent geopolitical tensions in the Middle East which could weigh on growth prospects.

**Figure 16: Real GDP Growth**

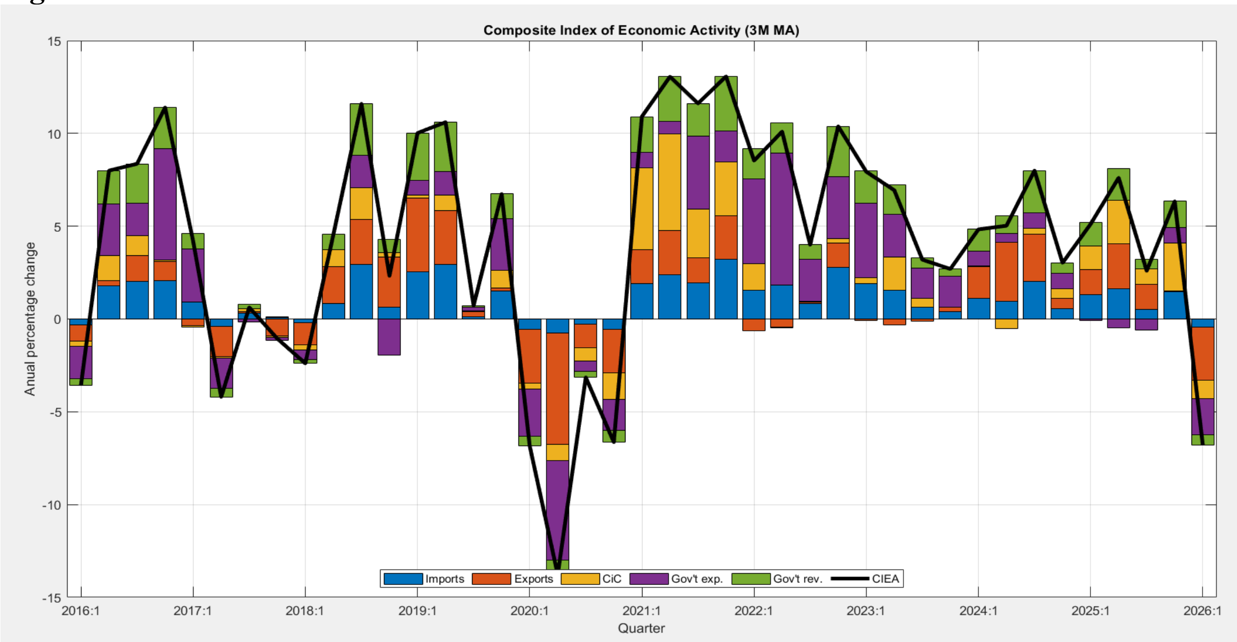



*Source: Statistics SL & IMF*

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

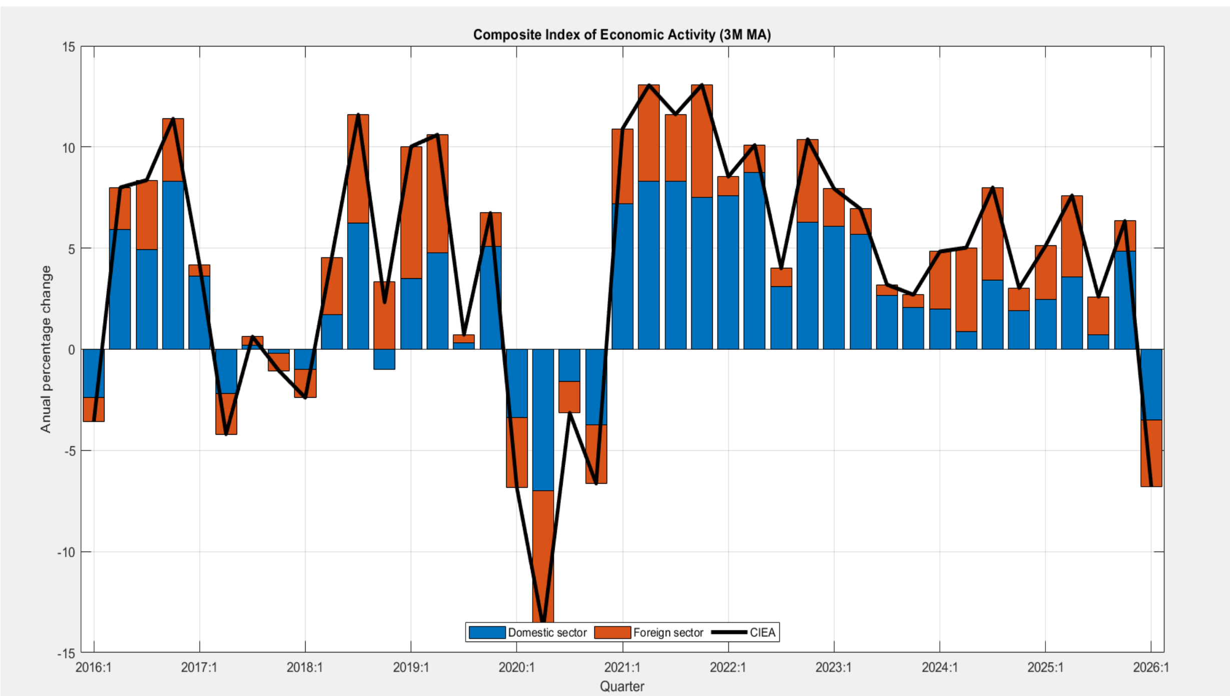
The Bank's Composite Index of Economic Activity (CIEA) indicated a contraction in economic activity with annual growth declining to -6.8 percent in 2026Q1 from 6.3 percent in 2025Q4. This outcome primarily reflects reductions in external trade flows (exports, & imports), government expenditure and government revenue and currency-in-circulation. Consistent with these developments, both the domestic and foreign sectors recorded weaker activity in the review period.

## Figure 17: Contributions to CIEA




*Source: BSL Staff Estimation*

## Figure 18: Sectoral Contributions to CIEA

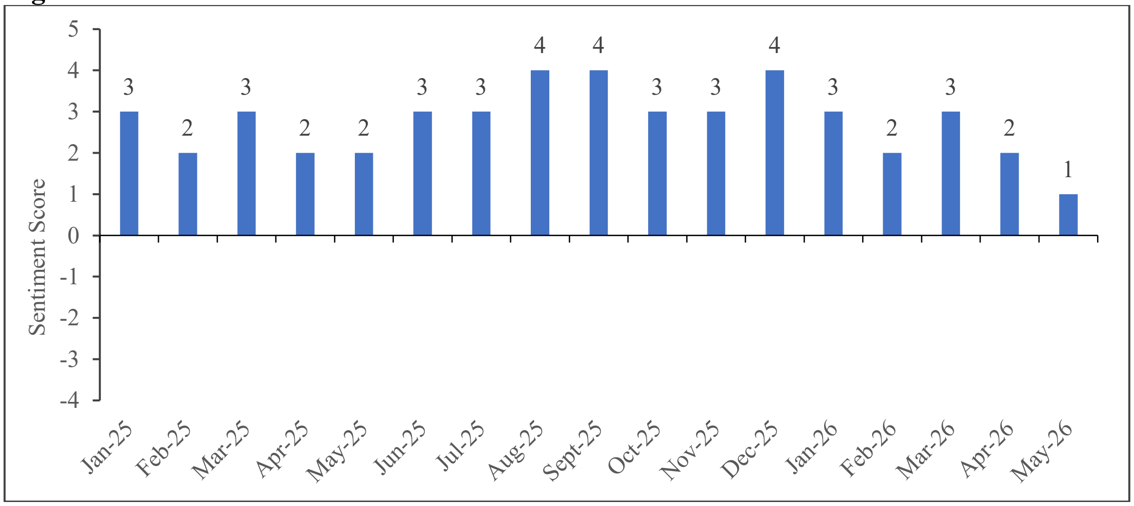



*Source: BSL Staff Estimation*

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

The Business sentiment survey indicated generally positive outcomes between January and April 2026. However, in May, sentiment slowed down as businesses remain cautiously optimistic amidst several economic challenges, recording a sentiment score of 1. This reflects the concerns of business owners regarding tight credit conditions, electricity challenges, the implementation of new tax policies, high operational costs and the potential impact of the Middle East conflicts.

**Figure 19: Business Sentiment Scores**



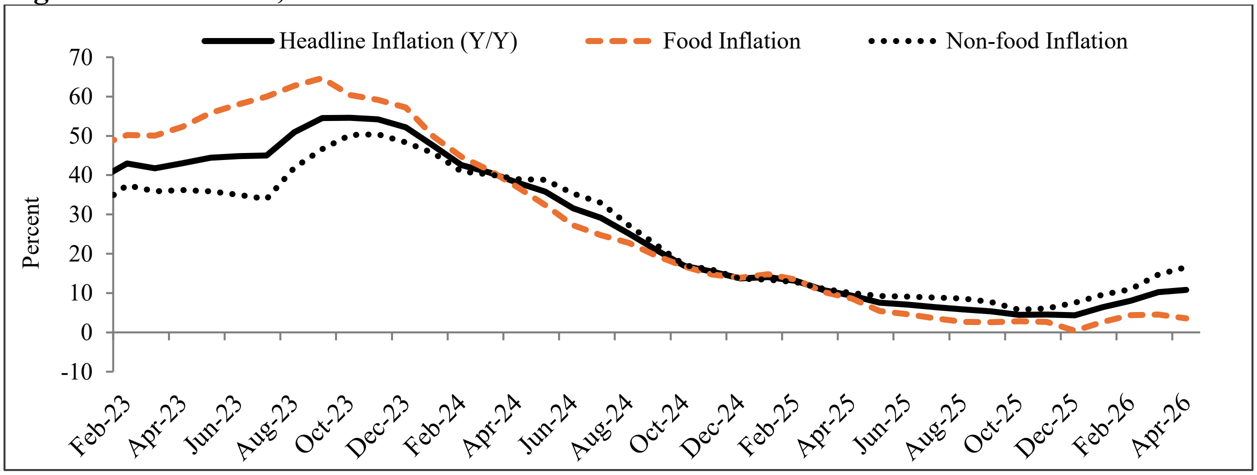

*Source: BSL Staff Survey*

### 2.1.3 Price Developments

Inflationary pressures continued with headline inflation increasing to 10.24 percent in March 2026 from 4.35 percent in December 2025, driven by the rise in both food and non-food inflation. This development largely reflects the impact of the implementation of the 2026 Finance Act and strengthened compliance measures, which contributed to higher cost of construction materials and housing-related services. Additional pressures emanated from pass-through effects of higher domestic fuel prices, linked to elevated global energy prices which increased transportation and distribution costs. Food inflation increased to 4.58 percent in March 2026 from 0.40 percent in December 2025, while non-food inflation rose to 14.68 percent from 7.52 percent over the same period. Headline Inflation increased further to 10.83 percent in April 2026, driven by non-food inflation which increased to 16.62 percent from 14.68 percent. Food inflation on the other hand moderated to 3.56 percent in April 2026 from 4.58 percent in March 2026.

2 The business sentiment is still experimental.

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

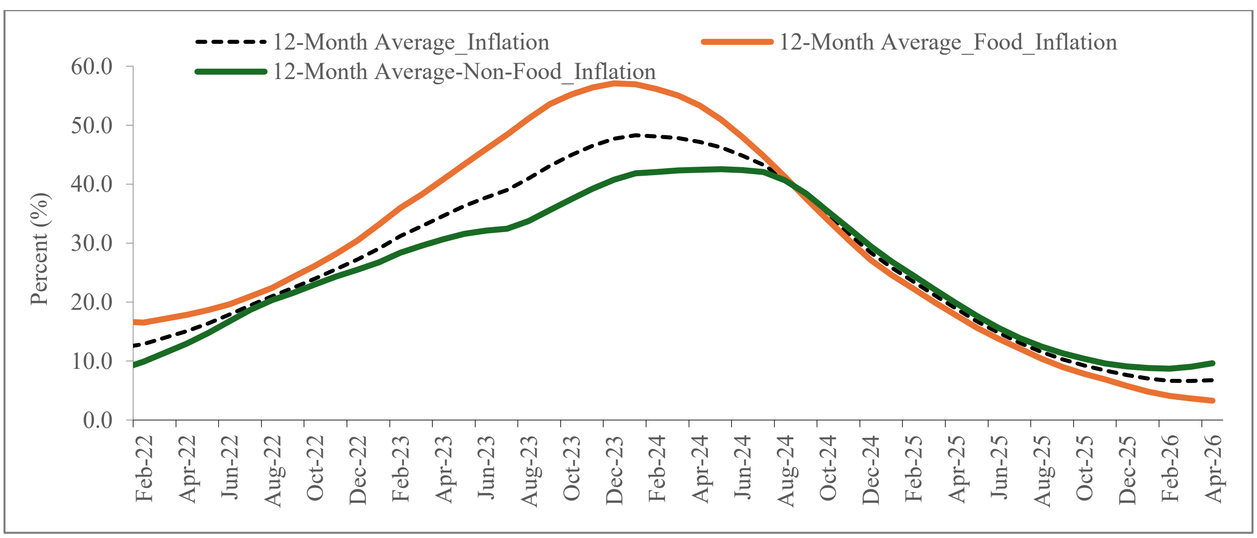



*Source: Statistics SL*

### 2.1.4 Annual Average Inflation

Inflationary pressures eased on average in 2026Q1, with inflation declining to 6.63 percent in March 2026 from 7.61 percent in December 2025. This moderation reflects the effects of sustained monetary and fiscal policy measures, relative exchange rate stability and improved domestic food supply. Over the same period, food inflation declined to 3.68 percent from 5.76 percent, while non-food inflation eased to 9.03 percent from 9.11 percent. However, headline inflation increased to 6.78 percent in April 2026, driven by a rise in non-food inflation.

**Figure 21: Annual Average Inflation Trends**

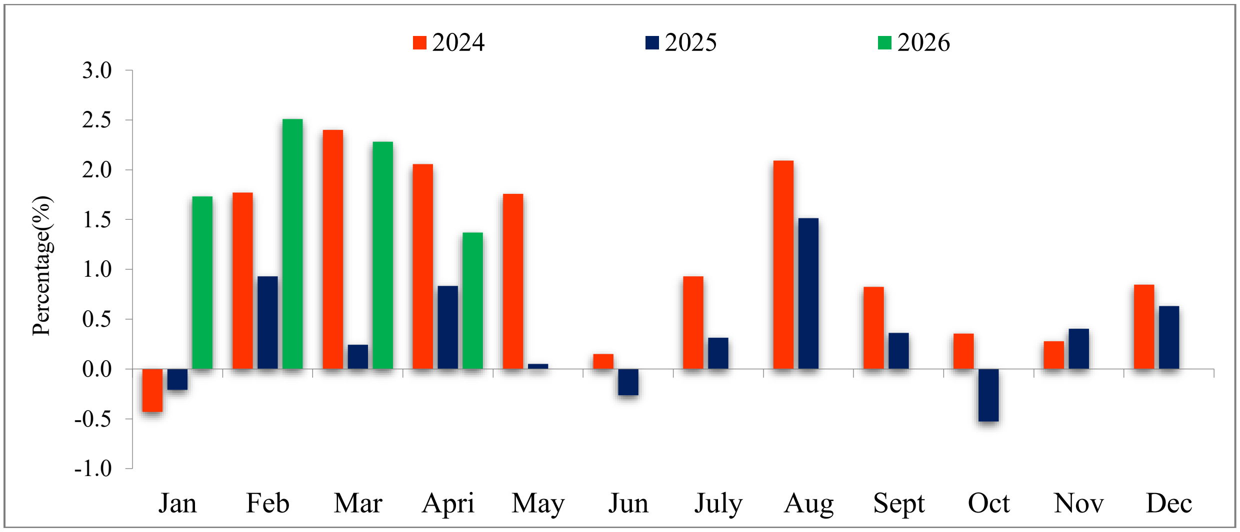



*Source: BSL Staff Estimates*

### 2.1.5 Monthly Inflation

On a month-on-month basis, inflation moderated to 1.37 percent in April 2026 from 2.28 percent in March 2026. The deceleration was on account of slower price increase in selected non-food items, including clothing & footwear, recreation & culture, furnishing & household maintenance, communication, and alcoholic beverages, tobacco, and narcotics, which collectively eased overall inflationary pressures.

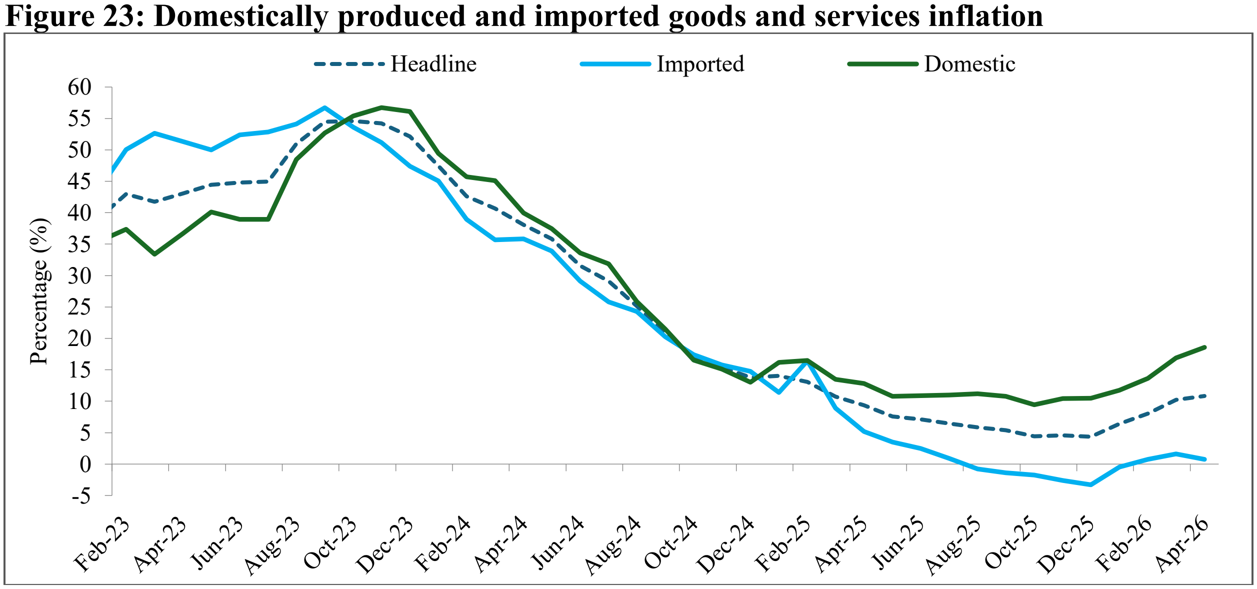
**Figure 22: Path of Monthly Inflation within the Years of 2023-2025**




*Source: Statistics SL*

In April 2026, imported and domestic inflation exhibited mixed dynamics. Imported inflation moderated, reflecting relative stability in the exchange rate, lower imports volume and policy measures, including tariff adjustments on selected essential commodities. In contrast, domestic inflation increased, partly driven by the implementation of the 2026 Finance Act and spillovers from elevated energy prices.

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

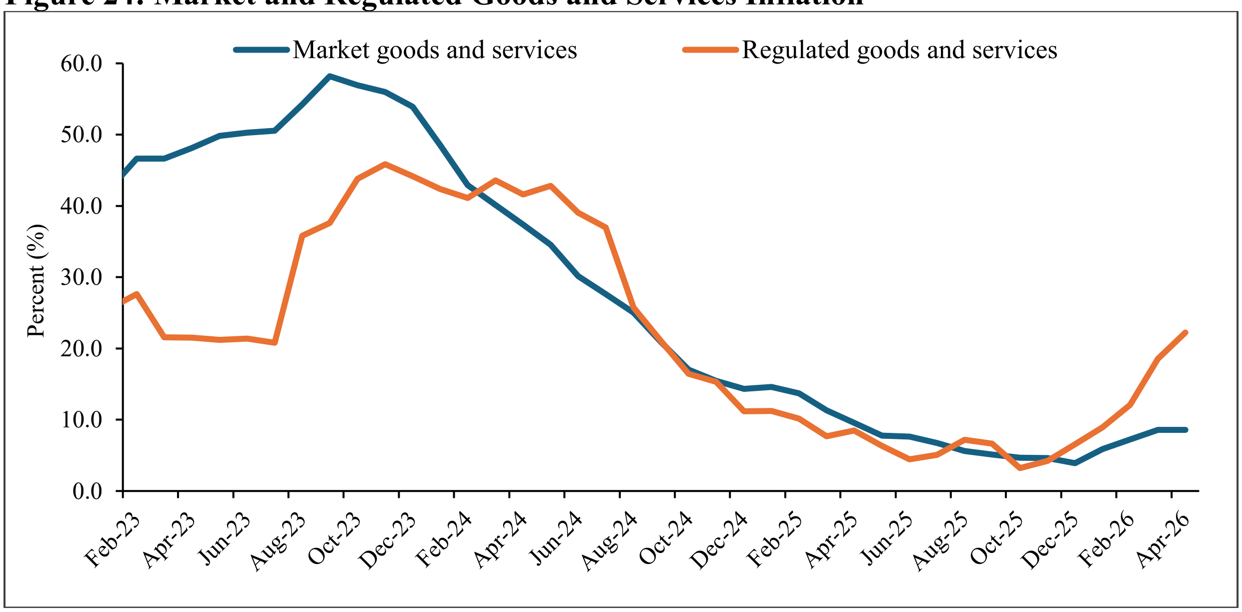



*Source: BSL Staff Estimations*

Headline inflation analysis indicates an upward trend in both market-based goods and services inflation and regulated goods and services inflation in 2026Q1. The increase in market-based inflation was driven by the higher prices of locally processed food, imported food items, alcohol, tobacco, air transport services, market services and manufactured non-durable goods. Similarly, the rise in regulated inflation reflected upward adjustments of administered prices including medicines, and energy products.

However, market-determined goods and services inflation moderated in April 2026, mirroring the slower price increase in locally produced and manufactured food items, as well as alcohol, tobacco, and air transport services. In contrast, inflation for regulated goods and services remained elevated, driven mainly by higher prices of regulated services, medicines, and energy products.

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

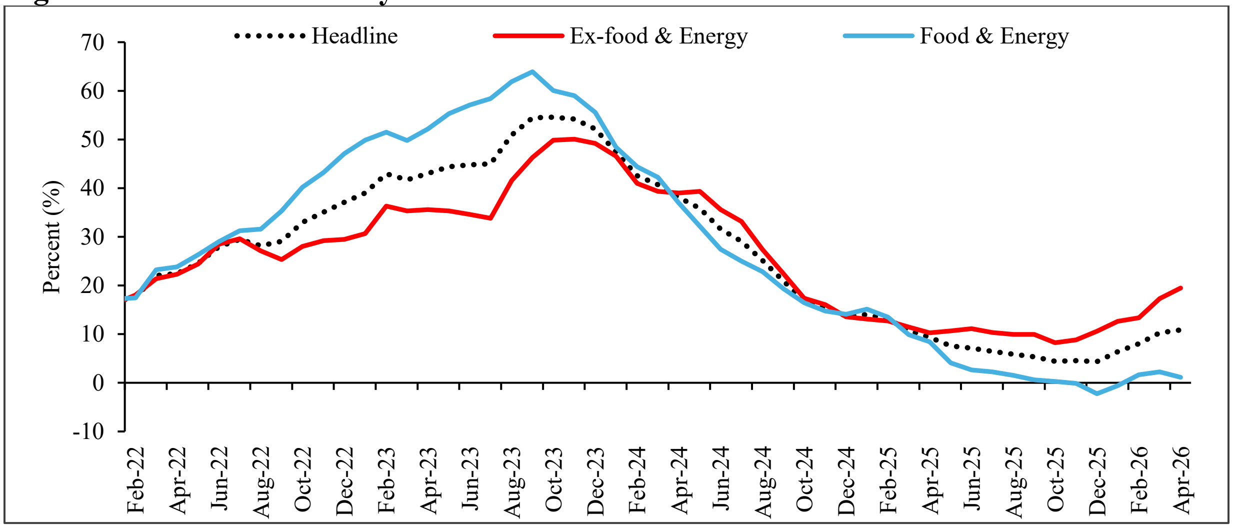



*Source: BSL Staff Estimations*

### 2.1.6 Core Inflation

Core inflation rose to 17.32 percent in March 2026 from 10.62 percent in December 2025 and increased further to 19.48 percent in April 2026. The sustained increase was largely due to higher prices for housing, and utilities, clothing and footwear, restaurants and personal care services among other categories.

**Figure 25: Core Inflation Dynamics**



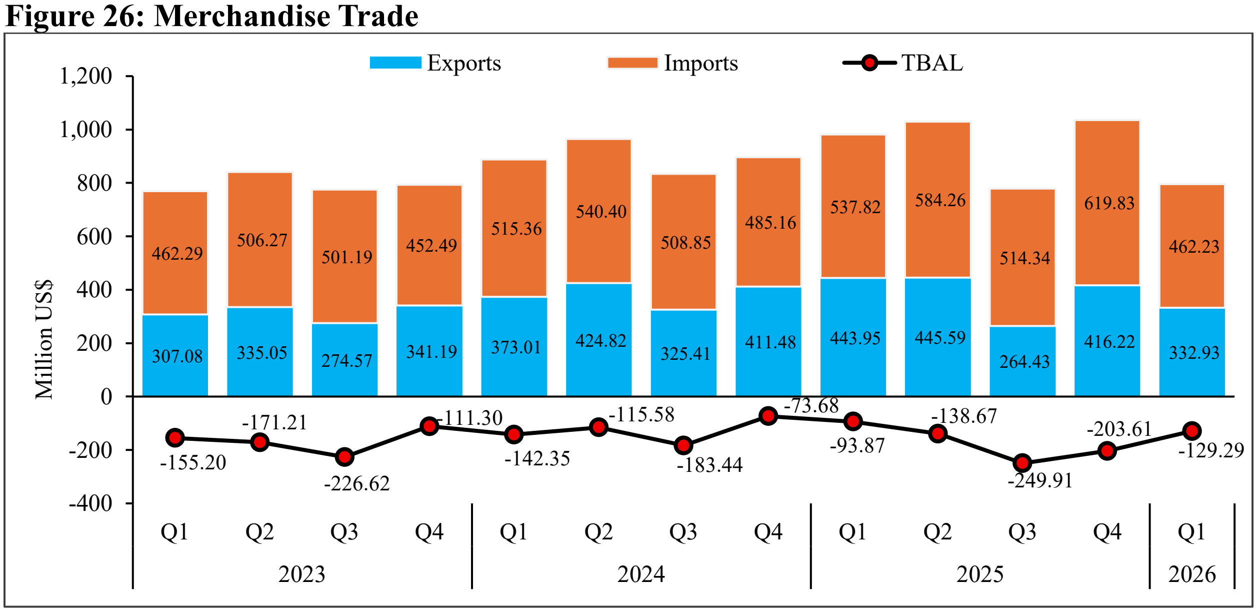

*Source: BSL Staff Estimation*

## 2.2 External Sector Developments

### 2.2.1 Merchandise Trade

Sierra Leone's trade deficit narrowed significantly to USD129.29 million in 2026Q1, from USD203.61 million in 2025Q4. This improvement in the trade balance resulted from a sharp decline in import payments (30.64 percent), which outweighed the reduction in export earnings (20.01 percent).

**Figure 26: Merchandise Trade**



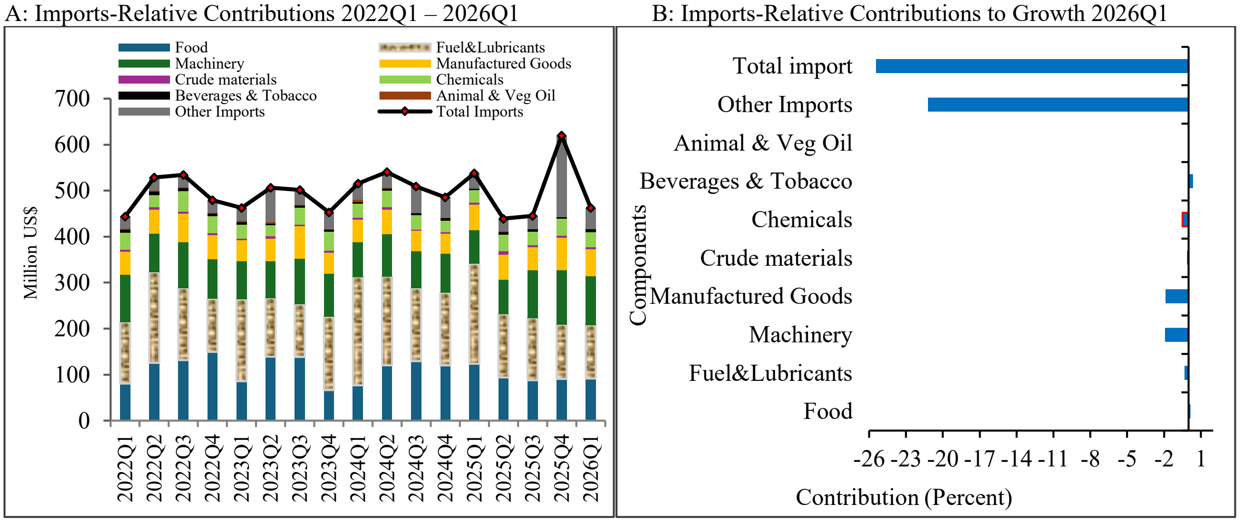

*Source: NRA/Customs & BSL*

## 2.2.2 Components of Import

The total value of merchandise imports declined by 30.64 percent to USD462.23 million in 2026Q1, from USD619.83 million in 2025Q4, mainly due to lower import volume of fuel and lubricants, chemicals, machinery, manufactured goods, and raw materials.

**Figure 27: Components of Import**

A: Imports-Relative Contributions 2022Q1 – 2026Q1 B: Imports-Relative Contributions to Growth 2026Q1



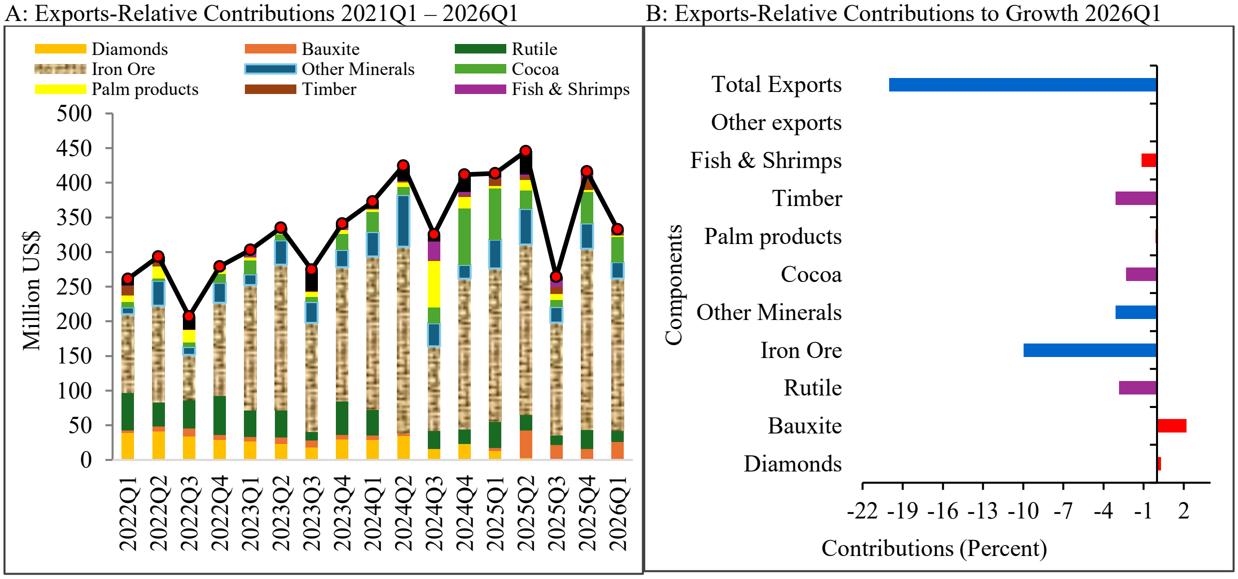

*Source: NRA/Customs & BSL*

## 2.2.3 Components of Export

The total value of merchandise exports dropped by 20.01 percent to USD 332.93 million in 2026Q1, from USD 416.22 million in 2025Q4, reflecting lower export receipts across key commodities, including rutile, cocoa, iron ore, and other mineral products.

**Figure 28: Components of Export**

A: Exports-Relative Contributions 2021Q1 – 2026Q1 B: Exports-Relative Contributions to Growth 2026Q1

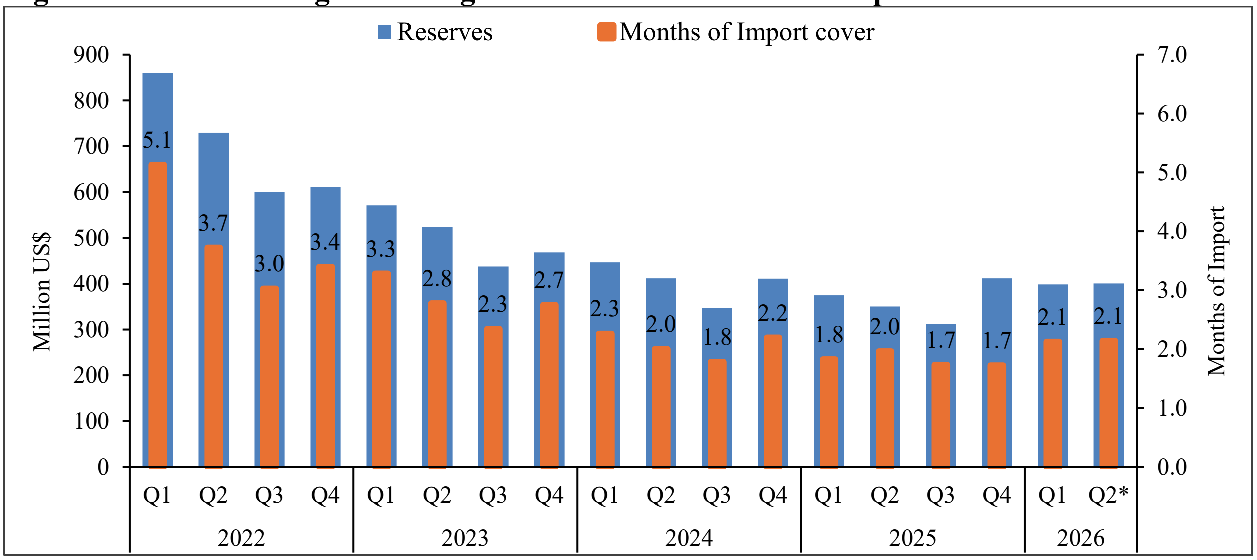



*Source: NRA/Customs & BSL*

### 2.2.4 Gross Foreign Exchange Reserves

Gross foreign exchange reserves of the Bank of Sierra Leone stood at USD398.50 million in 2026Q1, representing a decline of 3.85 percent from USD412.01 million in 2025Q4. The decline was on account of increased outflows over inflows. Major outflows comprised external debt service payments during the review period. Inflows included export receipts, commercial banks transactions, and external financing, including disbursements from the European Union and the World Bank. The level of gross foreign exchange reserves provided import cover of approximately 2.1 months.

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

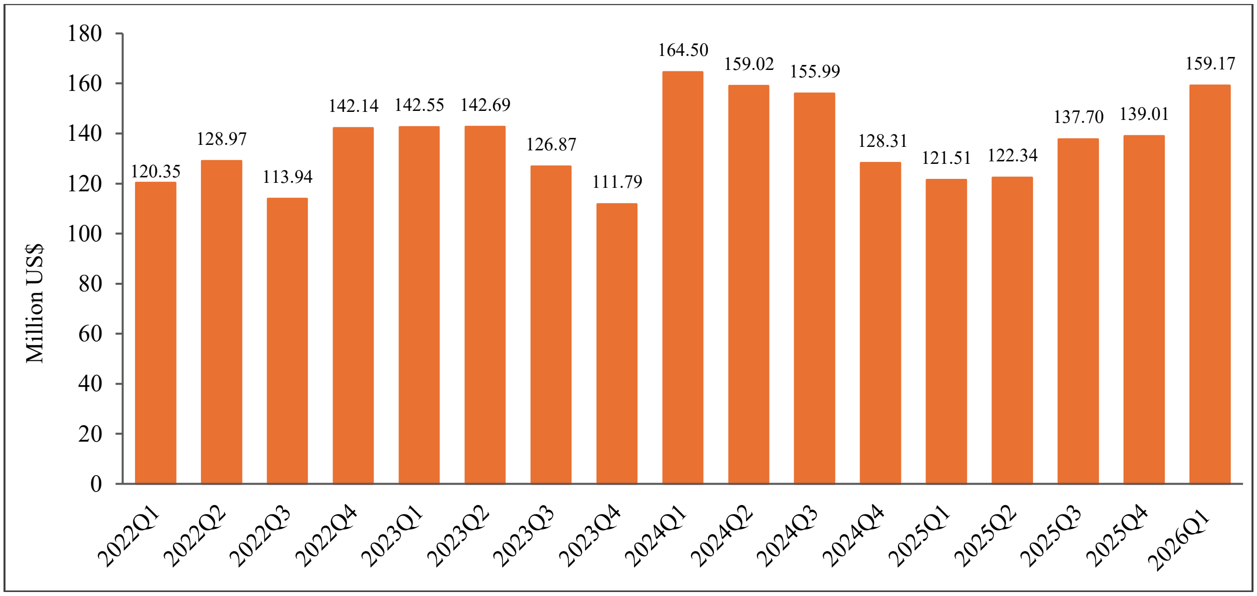



*Source: Bank of Sierra Leone*

### 2.2.5 Diaspora Remittances

Diaspora remittance inflows increased by 14.5 percent to USD159.17 million in 2026Q1, from USD139.01 million in 2025Q4. Higher personal transfers to families and friends associated with the Easter and Eid al-Fitr celebrations accounted for the increase in diaspora remittances.

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



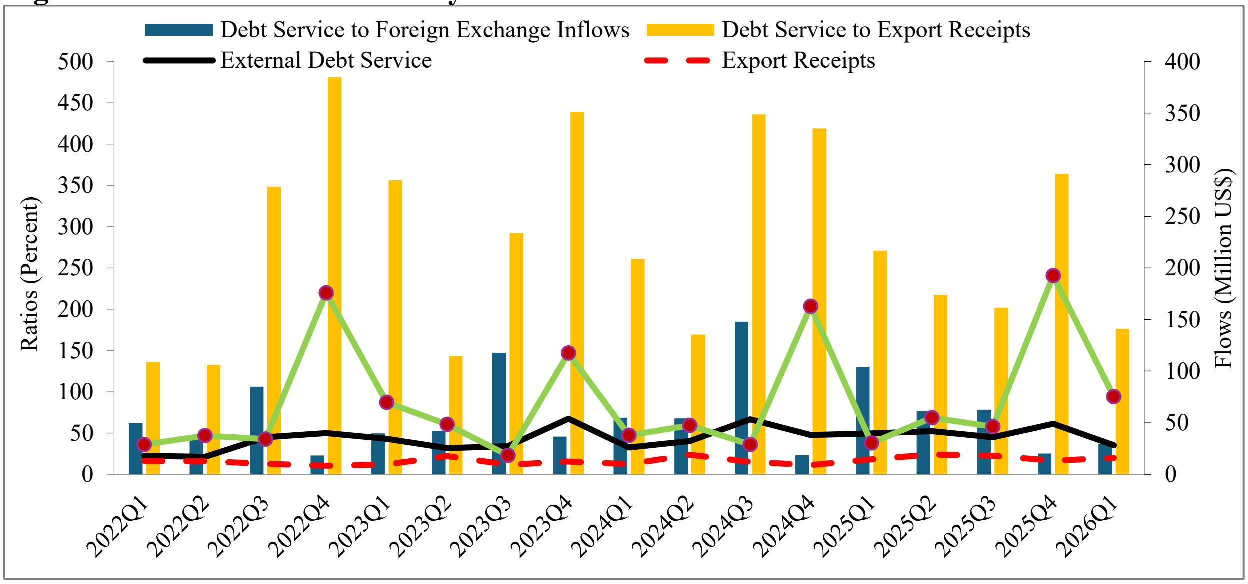

*Source: Bank of Sierra Leone*

### 2.2.6 External Vulnerability Ratios

External debt service payments amounted to USD28.10 million in 2026Q1, down by 42.48 percent from USD48.85 million in 2025Q4. Export tax receipts increased by 18.85 percent to USD15.95 million in 2026Q1 from USD13.42 million in the preceding quarter. On the other hand, foreign exchange inflows declined sharply by 60.96 percent to USD75.20 million in 2026Q1, from USD192.63 million in 2025Q4. Hence, the ratio of debt service to forex inflows showed a 47.35 percent increase to USD37.37 million in 2026Q1, from USD25.36 million in 2025Q4, while the debt service-to-export earnings ratio declined significantly by 51.60 percent to USD176.18 million in 2026Q1 from USD364.01 million in 2025Q4.

Overall, while the decline in debt service to export receipts suggests some improvement in export capacity relative to debt obligations, the increase in debt service to foreign exchange inflows ratio indicates tighter liquidity conditions in the external sector. However, external debt remains sustainable but at high risk of distress.

**Figure 31: External Vulnerability Ratios**




*Source: Bank of Sierra Leone*

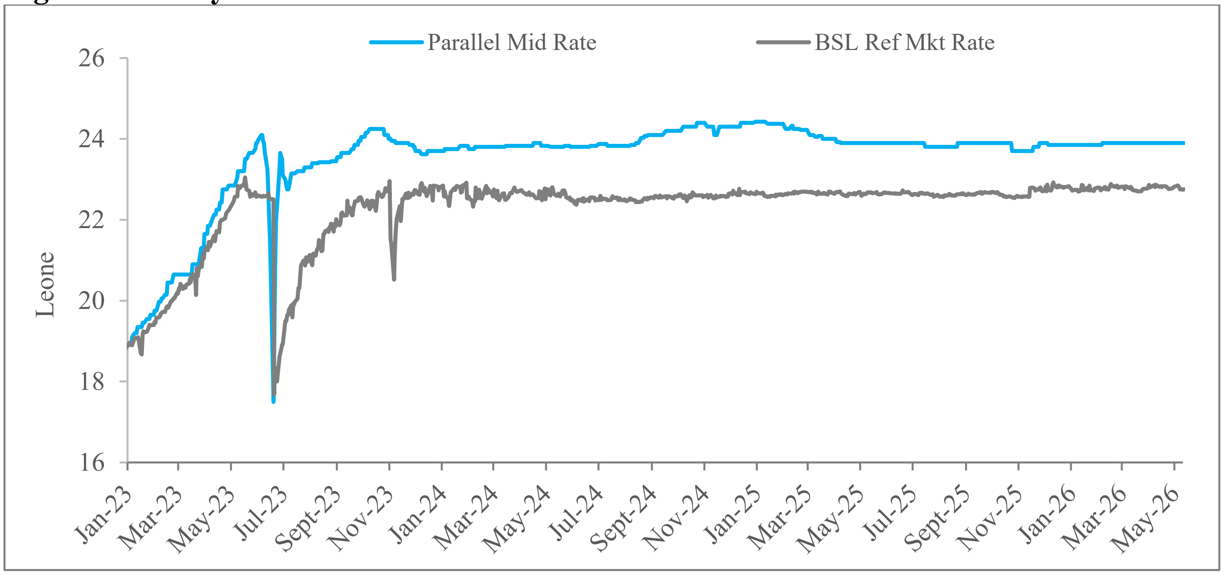
## 2.3 Exchange Rates and Foreign Exchange Market Developments

### 2.3.1 Bilateral Rates and Foreign Exchange Market Developments

The exchange rate has been relatively stable in 2025, and this trajectory continued in 2026Q1. The Leone exhibited low day-to-day volatility, while the BSL reference rate and parallel market rate remained closely aligned, indicating no significant exchange rate pressures. This stability was supported by the continued implementation of prudent monetary policy, fiscal consolidation efforts and structural reforms aimed at reducing inflationary pressures and strengthening the investment climate.

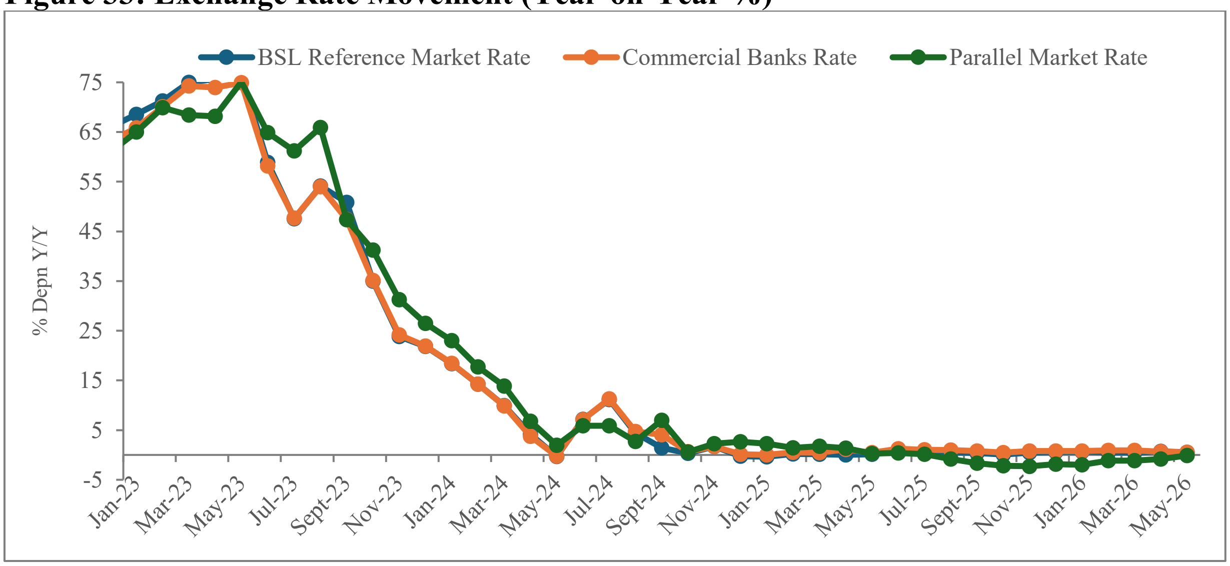
Notwithstanding the broadly positive developments, there are downside risks including potential pressures from foreign exchange demand, external vulnerabilities associated with global trade uncertainties, and volatility in international commodity prices.

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




*Source: Bank of Sierra Leone*

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



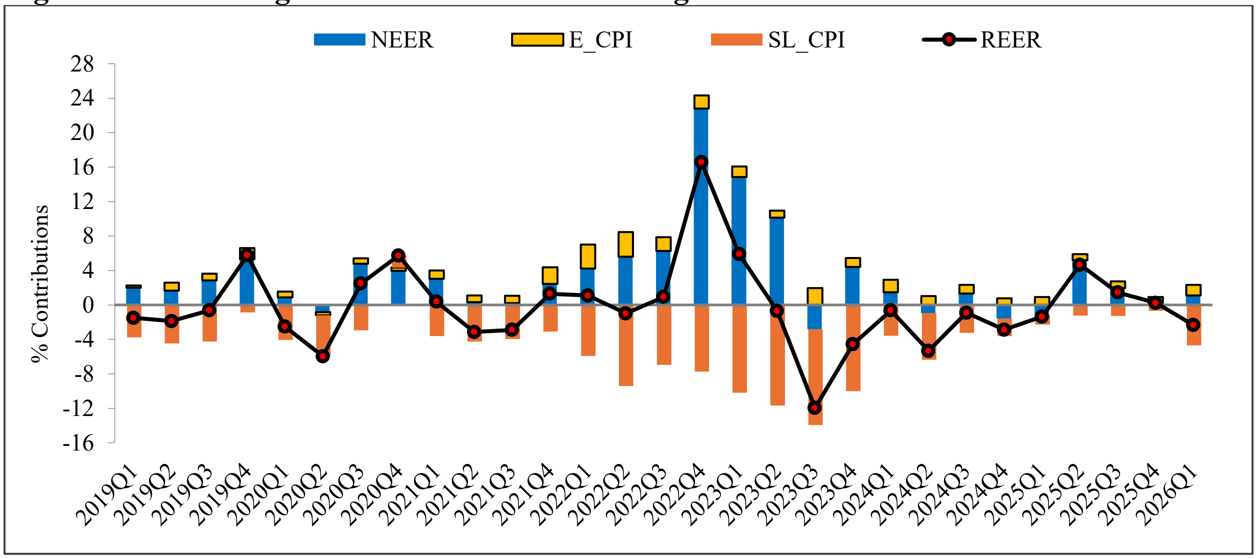

*Source: Bank of Sierra Leone*

### 2.3.2 Effective Exchange Rates

The Nominal Effective Exchange Rate (NEER) depreciated by 1.1 percent in 2026Q1 following relative stable rate in the preceding quarter. This movement reflected a broad-based weakening of the Leone against major trading partner currencies, including the Chinese Yuan (2.8 percent), the Pound Sterling (1.8 percent), the Euro (1.0 percent), and the US dollar (0.3 percent).

The Real Effective Exchange Rate (REER), which adjusts the nominal exchange rate for inflation differentials between Sierra Leone and its trading partners, appreciated by 2.3 percent in 2026Q1, following a marginal depreciation of 0.2 percent in the preceding quarter. The appreciation of the REER mainly reflected higher domestic consumer price inflation relative to that of trading partner economies during the review period. This indicates a real appreciation of Leone, which, if sustained, could weaken external competitiveness over the medium term.

**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 remained resilient, with continued expansion in turnover in 2026Q1. The Foreign Exchange Market turnover increased to USD286.57 million in 2026Q1 from USD275.71 million in 2025Q4. The increase was owing to higher foreign exchange sales, which more than offset the decline in FX purchases during the quarter.

On an annual basis, turnover rose by 21.70 percent from USD235.47 million in 2025Q1 to USD286.57 in 2026. This significant increase was largely attributable to higher FX sales, consistent with elevated import demand and broader economic activity.

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

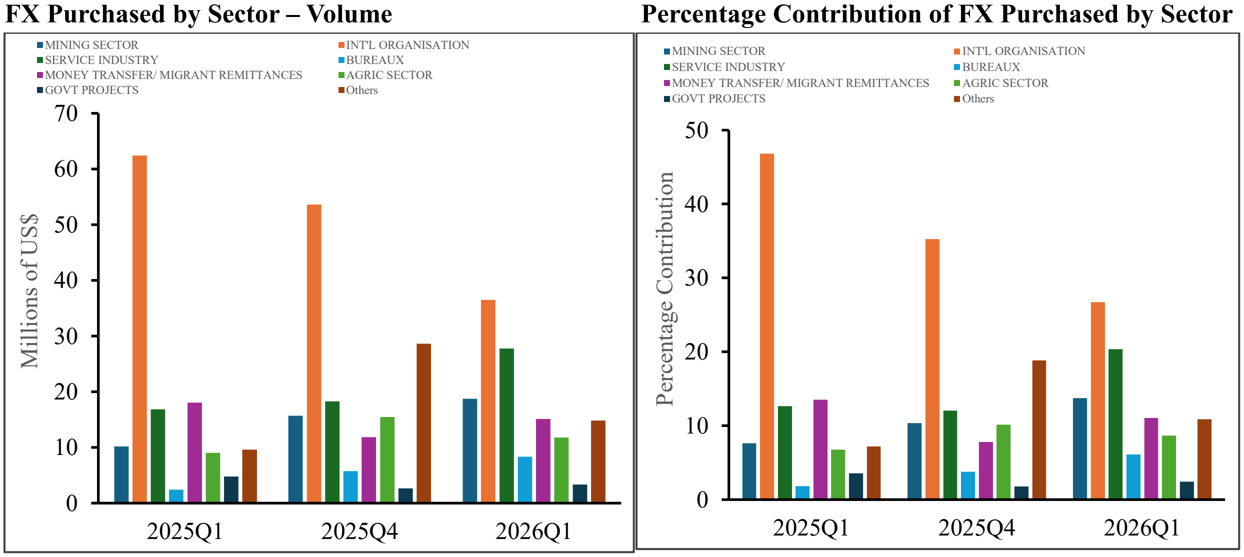

*Source: Bank of Sierra Leone*

### 2.3.4 Purchase of Forex by Commercial Banks

Commercial banks' foreign exchange purchases declined by 10.25 percent to USD136.45 million in 2026Q1 from USD152.03 million in 2025Q4. The decrease was as a result of lower inflows from international organisations. Nevertheless, there were gains from the mining sector, services and remittance inflows. On a year-on-year basis, however, FX purchases increased modestly by 2.30 percent relative to 2025Q1, indicating a slight improvement in foreign exchange inflows compared to the previous year.

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

**FX Purchased by Sector – Volume** **Percentage Contribution of FX Purchased by Sector**



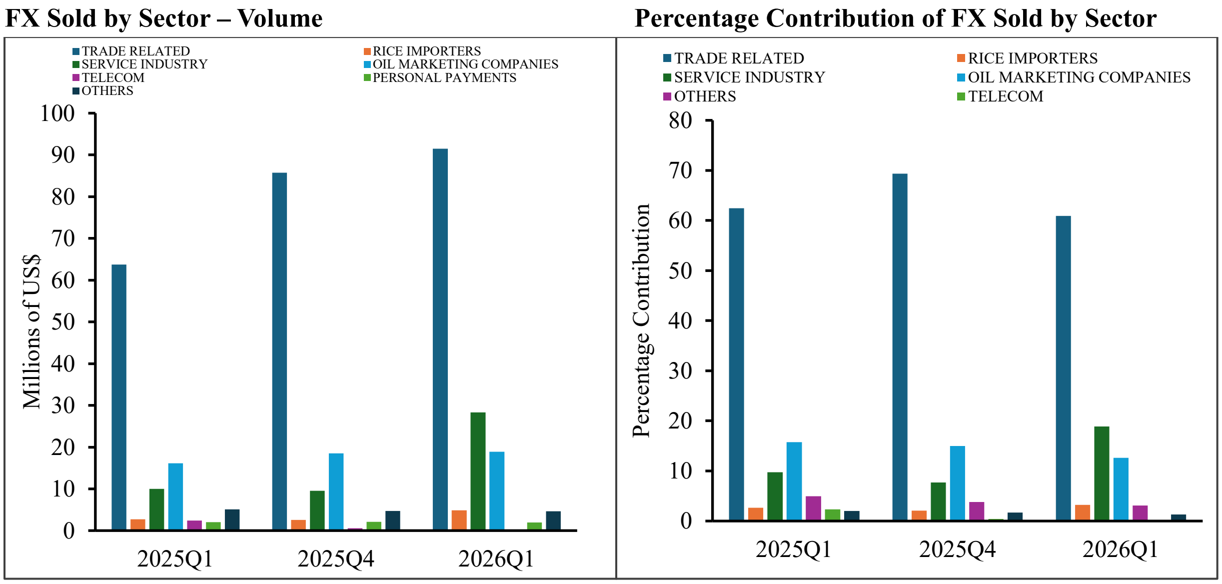

*Source: Bank of Sierra Leone; Note: Others include purchases from manufacturing sector, int'l brokerage firms, religious organizations, logistics & construction companies*

### 2.3.5 Sale of Forex by Commercial Banks

Commercial banks' foreign exchange sales increased by 21.38 percent to USD150.12 million in 2026Q1, from USD123.68 million in 2025Q4. The increase was mainly attributed to increased activity in the service industry, which constituted the primary source of growth, alongside supportive contributions from trade-related transactions.

On a year-on-year basis, FX sales rose significantly by 47.05 percent relative to 2025Q1, reflecting broad-based expansion across the services and trade sectors. This development is consistent with elevated import -related and services-driven foreign demand in early 2026.

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




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

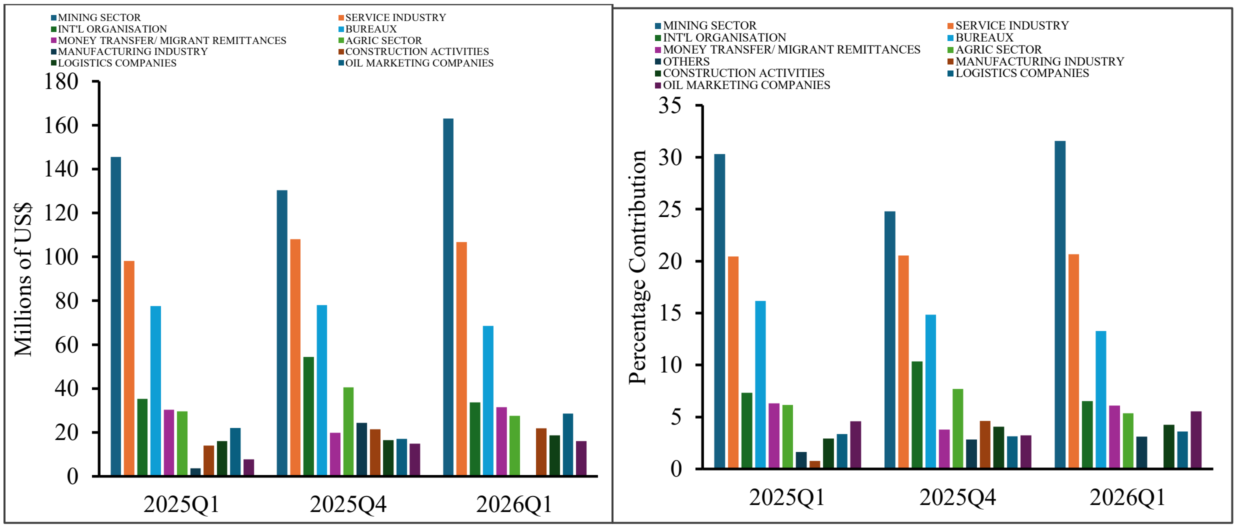
### 2.3.6 Receipt for Forex by Commercial Banks

Foreign currency inflows into commercial bank accounts showed strong resilience in 2026Q1, with receipts of forex declining moderately by 1.7 percent to USD516.36 million in 2026Q1 from USD525.53 million in 2025Q4, resulting from by lower inflows from international organisations and bureaux.

On yearly basis, FX receipts increased by 7.57 percent compared to 2025Q1, driven primarily by improved inflows from the mining sector.

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

**FX Receipts by Sector – Volume** **Percentage Contribution of FX Receipts by Sector**

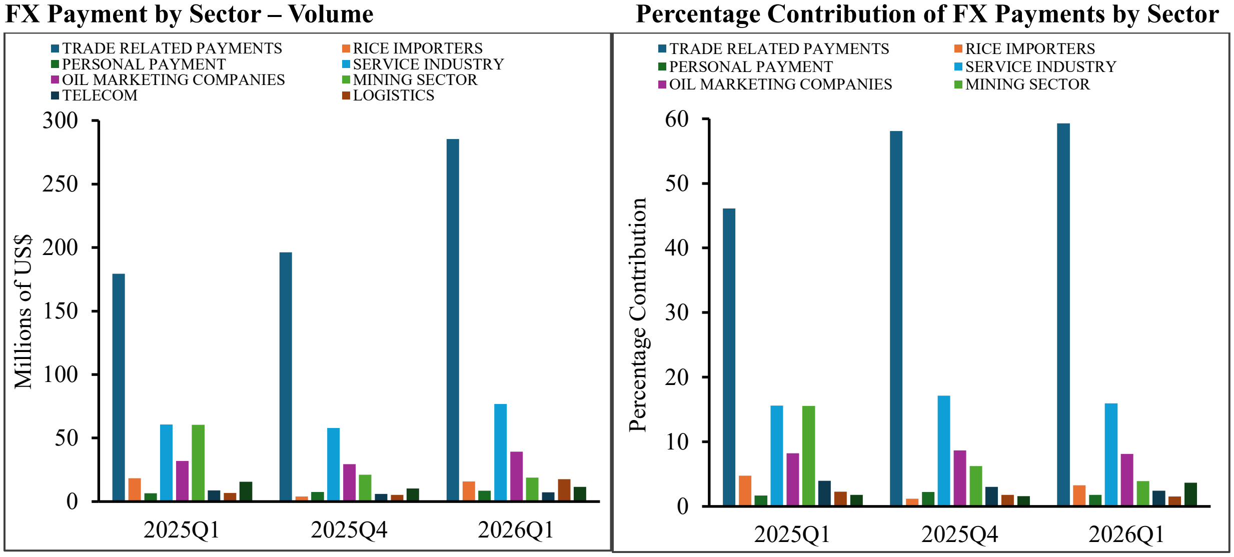



*Source: Bank of Sierra Leone; Note: Others include receipt of FX for fishing companies, telecommunication companies, int'l brokerage firms, religious organizations and manufacturing companies.*

### 2.3.7 Forex Payments by Commercial Banks

Foreign exchange payments from commercial banks' foreign currency increased significantly by 42.64 percent to USD481.57 million in 2026Q1, from USD337.62 million in 2025Q4. On year-on-year basis, FX payments also rose by 23.75 percent compared with 2025Q1. The strong quarter-on-quarter and year-on-year growth in FX payment reflects increased domestic economic activity and elevated demand for imports, particularly from the trade sector. While this indicates sustained economic momentum, the increase in foreign exchange outflows underscore the need to maintain adequate FX inflows to support external financing needs and preserve external sector stability.

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




*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 outlook remains positive, but faces significant global headwinds with Middle East tensions and related disruptions triggering high global energy and freight costs, which poses potential risks to the external sector, and may undermine foreign exchange stability in the medium term. However, mining sector resilience and ongoing reforms are expected to provide some buffer to external pressures.

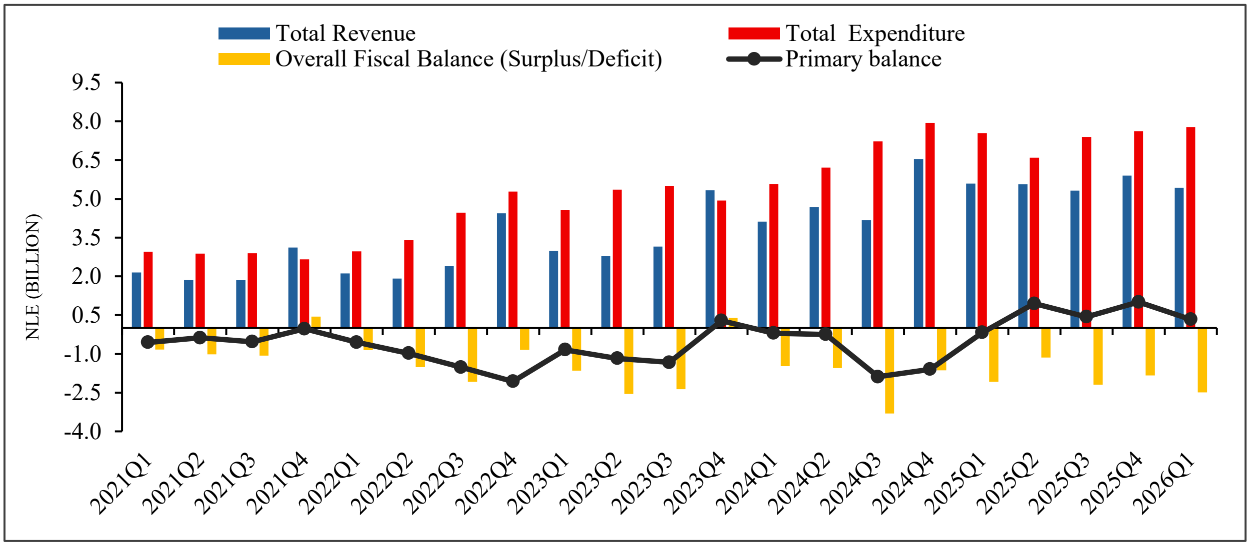
Preserving exchange rate stability will require proactive reserve management, diversification of foreign exchange inflows, and close monetary-fiscal policy coordination to sustain the gains achieved from 2025 through early 2026.

## 2.4 Fiscal Developments

### 2.4.1 Government Budgetary Operations

Preliminary data indicated that the fiscal deficit widened to NLe2.49bn in 2026Q1, up from NLe2.09bn in 2025Q1, and above the projected deficit of NLe0.90bn, largely reflecting lower revenue mobilization and higher government expenditure. However, the primary balance improved to a surplus of NLe0.33bn, from a deficit of NLe0.17bn in 2025Q1, supported by reduced discretionary spending and stronger domestic revenue mobilization.

**Figure 40: Fiscal Deficit**

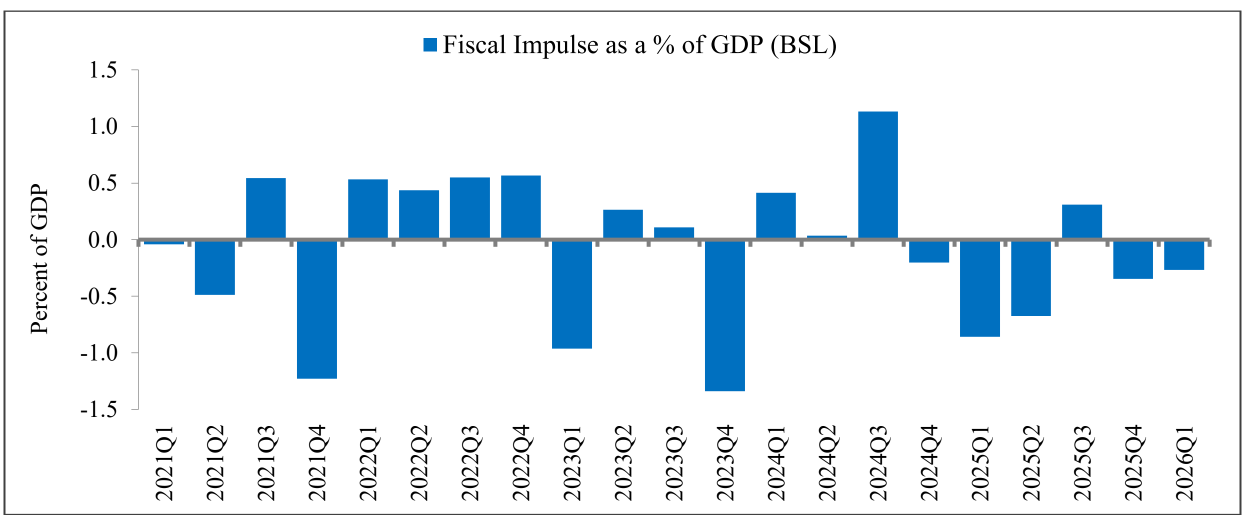



*Source: Ministry of Finance*

### 2.4.2 Fiscal Policy Stance

Fiscal policy was less contractionary in 2026Q1 relative to 2025Q1, reflecting improved domestic revenue mobilization and reduced discretionary expenditure on goods, services, and capital projects. This outcome is consistent with ongoing fiscal consolidation efforts supported by strengthened tax policy implementation and improved compliance.

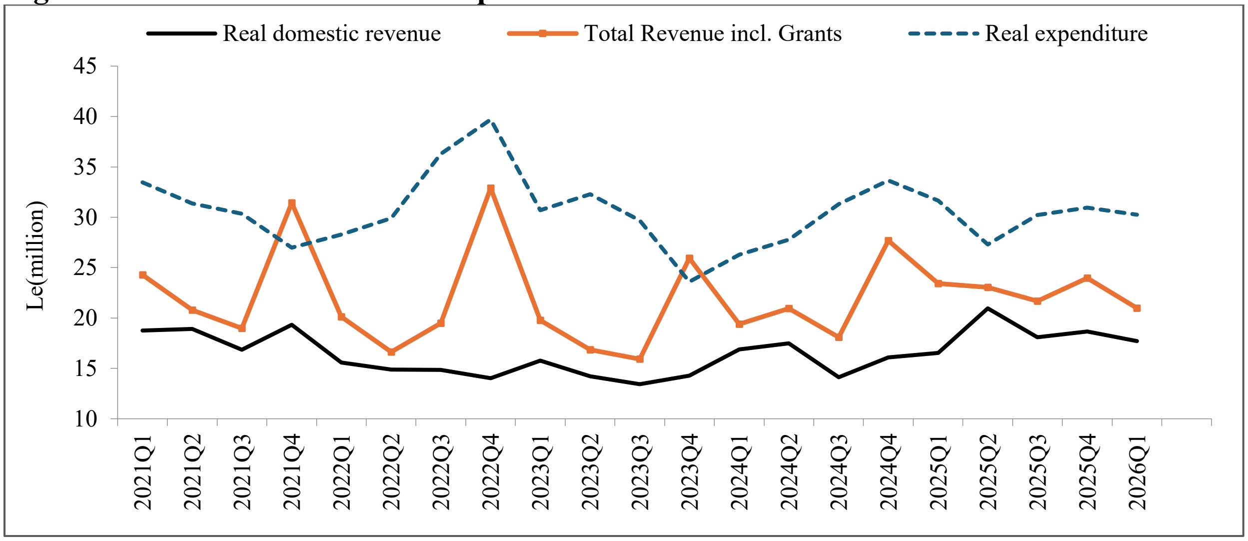
**Figure 41: Fiscal Indicators**




*Sources: BSL Staff Estimation*

In real terms, total revenue (including grants) declined in 2026Q1 relative to the corresponding quarter in 2025, reflecting lower external budget support grants, despite an increase in domestic revenue mobilization. Similarly, real government expenditure contracted driven primarily by a reduction in capital outlays.

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




*Sources: BSL Staff Estimation*

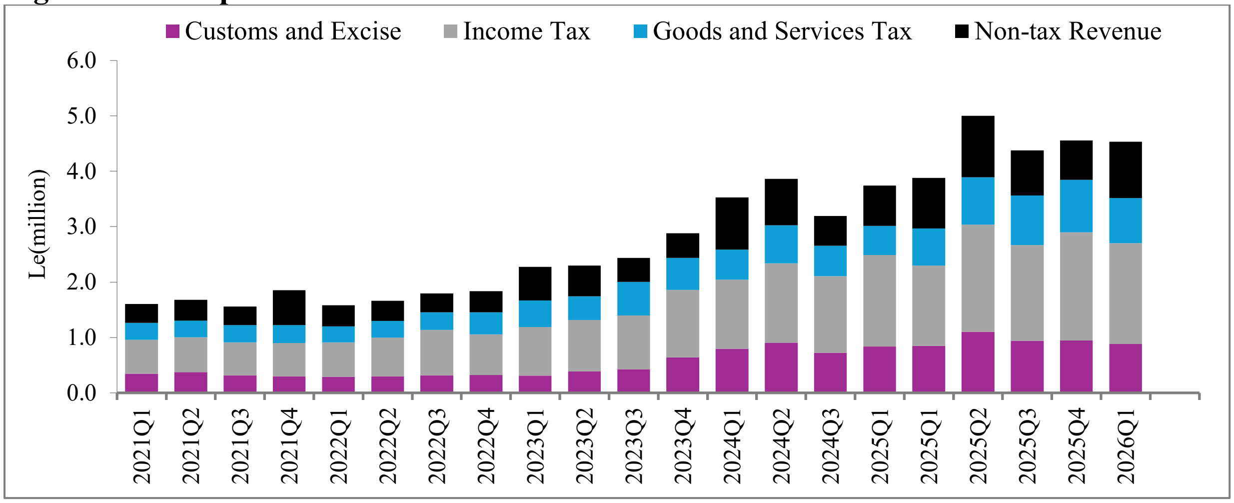
### 2.4.3 Government Revenues and Grants

Total revenue and grants decreased to NLe5.43bn in 2026Q1 from NLe5.59bn in 2025Q1 and was lower than the quarterly target of NLe6.58bn by 17.4 percent. The decline was as a result of lower external grants inflows. Total external grants, which comprised of programmed budget support from the European Union (EU) and project related grant, amounted to NLe0.84bn in 2026Q1, down from NLe1.64bn in the corresponding period and below the target of NLe1.46bn.

Domestic revenue however increased to NLe4.59bn in 2026Q1 from NLe3.94bn in 2025Q1, although it remained below the quarterly target of NLe5.11bn. The improvement was driven by higher tax and non-tax revenue collections.

Non-tax revenue increased to NLe1.02bn in 2026Q1 from NLe0.92bn in 2025Q1, and exceeded the quarterly target of NLe0.10bn, owing mainly to higher receipts from iron ore royalties, parastatal dividends, and other Treasury Single Account (TSA) related revenue. In contrast, receipts from road user charges and vehicle licenses declined marginally to NLe0.05bn in 2026Q1 from NLe0.06bn over the same period in 2025.

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



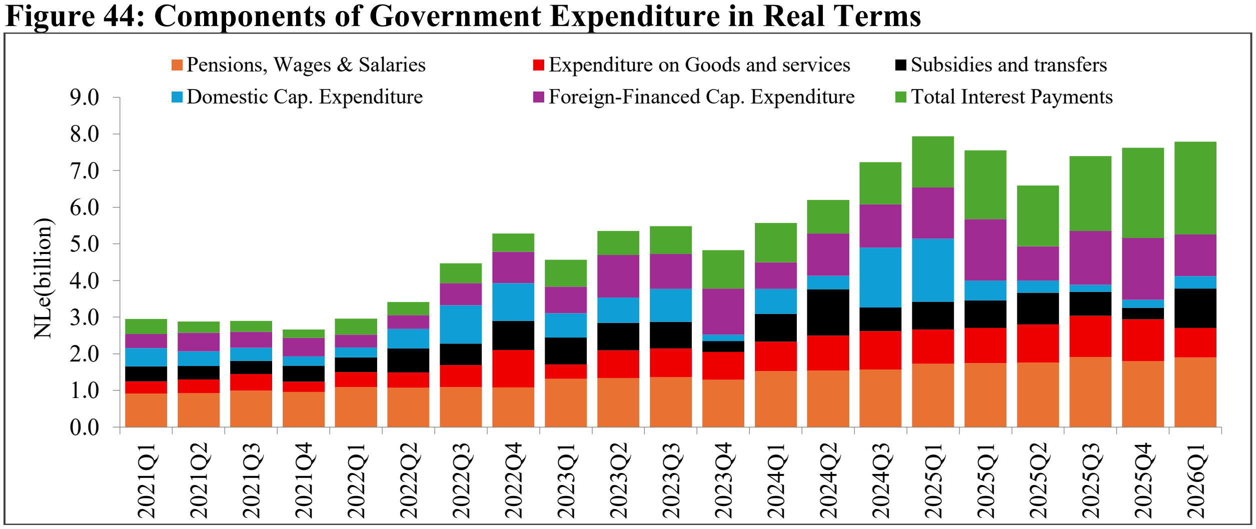

*Source: BSL Staff Estimation*

### 2.4.4 Government Expenditures

Government expenditures and net lending rose to NLe7.79bn in 2026Q1 from NLe7.55bn in 2025Q1, exceeding the quarterly ceiling of NLe7.36bn by 5.79 percent. The increase was mainly attributable to higher recurrent spending.

Recurrent expenditure increased to NLe6.31bn in 2026Q1, from NLe5.33bn in 2025Q1, and was above the quarterly ceiling of NLe5.44bn, largely reflecting higher domestic debt services payment. However, wages and salaries and non-salary, non-interest payment remained within their respective budget ceilings. On the other hand, capital expenditure declined to NLe1.48bn in 2026Q1 from NLe2.22bn in 2025Q1, due to reduced domestic and foreign-financed capital outlays.

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




*Source: BSL Staff Estimation*

### 2.4.5 Financing

The overall fiscal deficit of NLe2.49bn was financed entirely from domestic sources. Domestic deficit financing totalled NLe1.20bn, while other domestic sources contributed NLe1.30bn. In contrast, foreign deficit financing recorded a marginal net repayment of NLe0.01bn.

## 2.5 Money Markets Developments and Monetary Aggregates

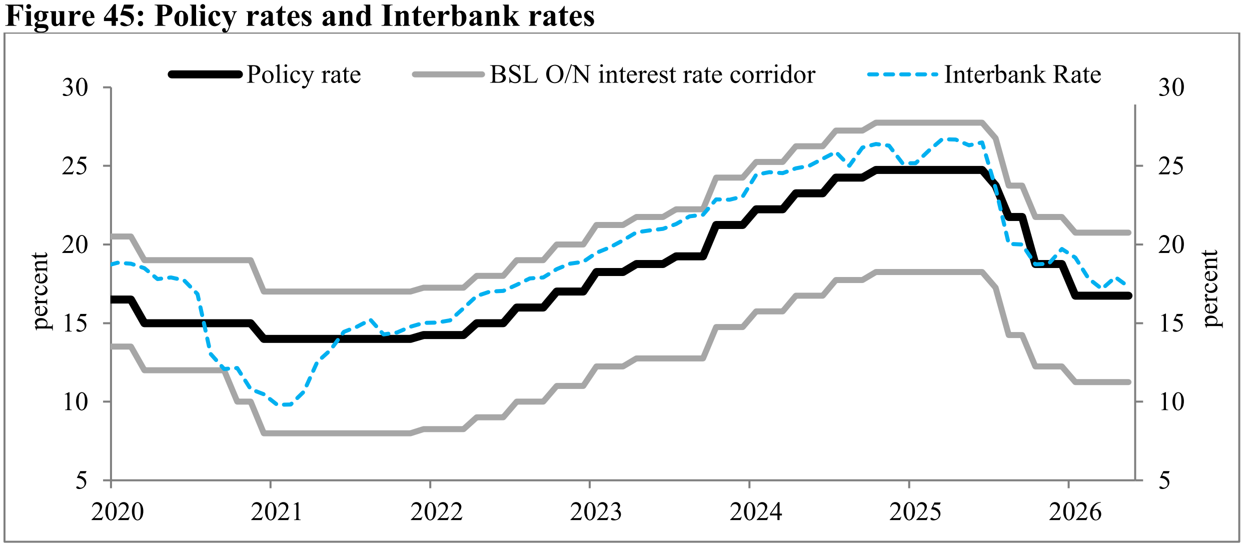
### 2.5.1 Interest Rates Developments

***Monetary Policy Stance***

The Monetary Policy Committee (MPC) of the Bank of Sierra Leone met on 26 March 2026 and following a comprehensive assessment of the prevailing macroeconomic and financial conditions, recommended that the Monetary Policy Rate (MPR) be maintained at 16.75 percent which was duly approved by the Board of Directors. Consistent with this decision, the Standing Lending Facility (SLF) rate and the Standing Deposit Facility (SDF) rate were also maintained at 20.75 percent and 11.25 percent, respectively.

The interbank rate declined from 19.72 percent in December 2025 to 17.17 percent in March 2026 before increasing to 17.92 percent in April 2026. The Commercial banks' average lending rate also declined marginally from 22.66 percent in December 2025 to 22.56 percent in March 2026. Similarly, the average savings deposit rate moderated from 1.83 percent in December 2025 to 1.79 percent in the same review period. Consequently, the interest rate spread narrowed slightly from 20.83 percentage points in December 2025 to 20.77 percentage points in March 2026.

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




*Source: Bank of Sierra Leone*

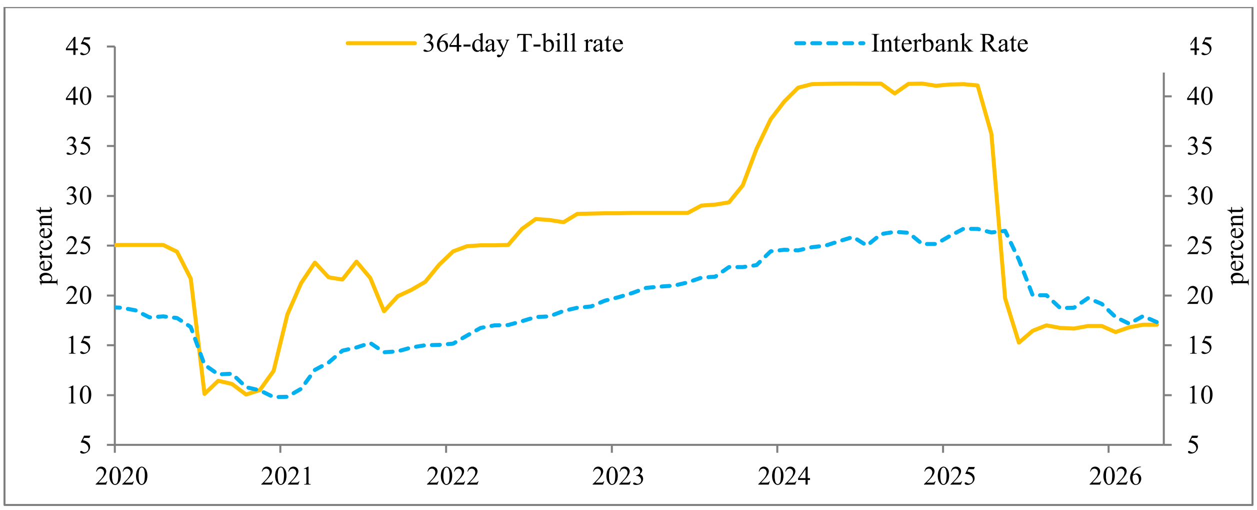
***Treasury Bill (T-bills) Rates***

Yields on 364-day Treasury bills exhibited mixed movements over the review period. The yield eased from 16.95 percent in December 2025, to 16.82 percent in March 2026, before increasing to 17.08 percent in May 2026. The recent uptick suggests potential increase in government borrowing costs, underscoring the importance of continued coordination between fiscal authorities in managing domestic financing conditions.

On the other hand, yields on 182-day Treasury bills declined steadily over the review period, decreasing from 15.66 percent in December 2025 to 13.54 percent in March 2026, and further to 13.21 percent in May 2026. This suggest a sustained easing in short-term government borrowing cost over the period.

The 91-day Treasury bill market remained illiquid over the review period with yields exhibiting limited responsiveness to underlying monetary and financial conditions, suggesting weak price discovery and shallow market depth in the short end of the yield curve.

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




*Source: Bank of Sierra Leone*

***Interbank Money Market***

The banking system's liquidity conditions improved during 2026Q1, which has led to a significant decline in commercial banks' use of emergency liquidity support from BSL. Utilisation of the Standing Lending Facility (SLF) declined sharply by 79.89 percent to NLe 7.29 billion in 2026Q1 from NLe36.27 billion in 2025Q4, indicating a significant reduction in commercial banks' short-term liquidity support. Conversely, utilization of the Standing Deposit Facility (SDF) doubled in

2026Q1. This trend reflected improved liquidity conditions as commercial banks placed more surplus funds with the BSL.

Interbank market activity moderated by 24.55 percent in 2026Q1, however, transaction volumes remained higher than in the corresponding period of 2025, suggesting continued improvement in interbank liquidity distribution and market functioning.

These developments suggest improved liquidity management by commercial banks, deepening interbank market activity, and a strengthening of BSL's monetary policy transmission mechanism.

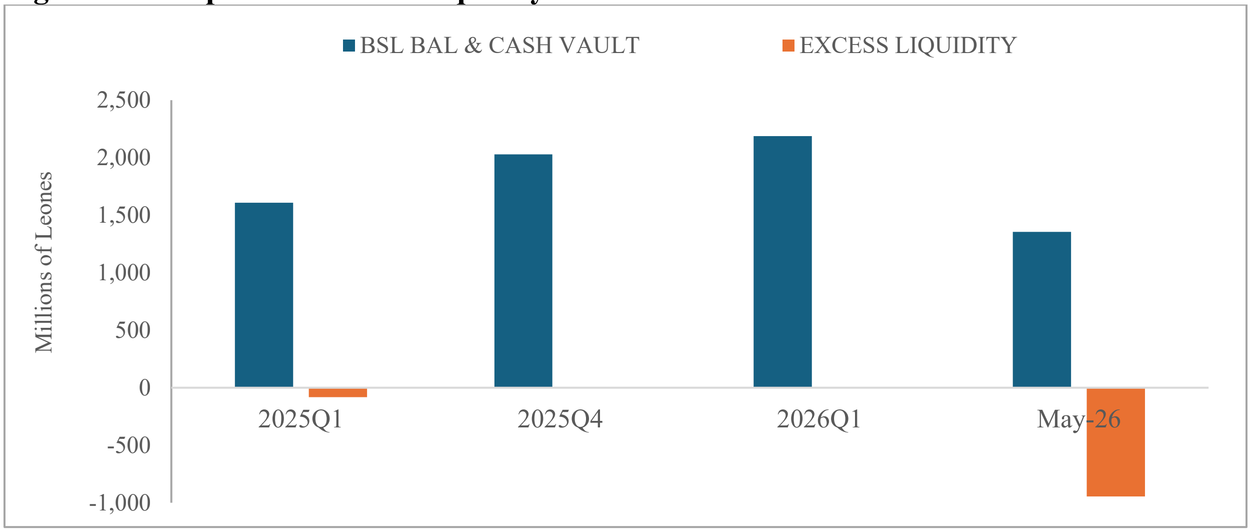
### 2.5.2 Liquidity in the Banking System

Total liquidity in the banking system improved further in 2026Q1, with commercial banks' balances at the BSL and cash in vaults reaching their highest level over the review period. Consequently, the system shifted from a liquidity deficit position in 2025Q1 to a marginal surplus position in 2026Q1.

On a quarter-on-quarter basis, total liquidity grew by 7.94 percent to NLe 2,188.96 million at end-2026Q1, up from NLe 2,027.94 million at end-2025Q4. However, this expansion reversed in May 2026, due to a drop in commercial banks' balances with the Bank of Sierra Leone (BSL), which widened the system's excess liquidity deficit. By end-May 2026, total liquidity contracted sharply to NLe 1,355.82 million**.**

While liquidity conditions improved sharply in 2026Q1, they softened in May 2026. This reversal underscores the need for close monitoring to prevent a renewed tightening cycle in the banking system.

**Figure 47: Snapshot of DMBs Liquidity Position**



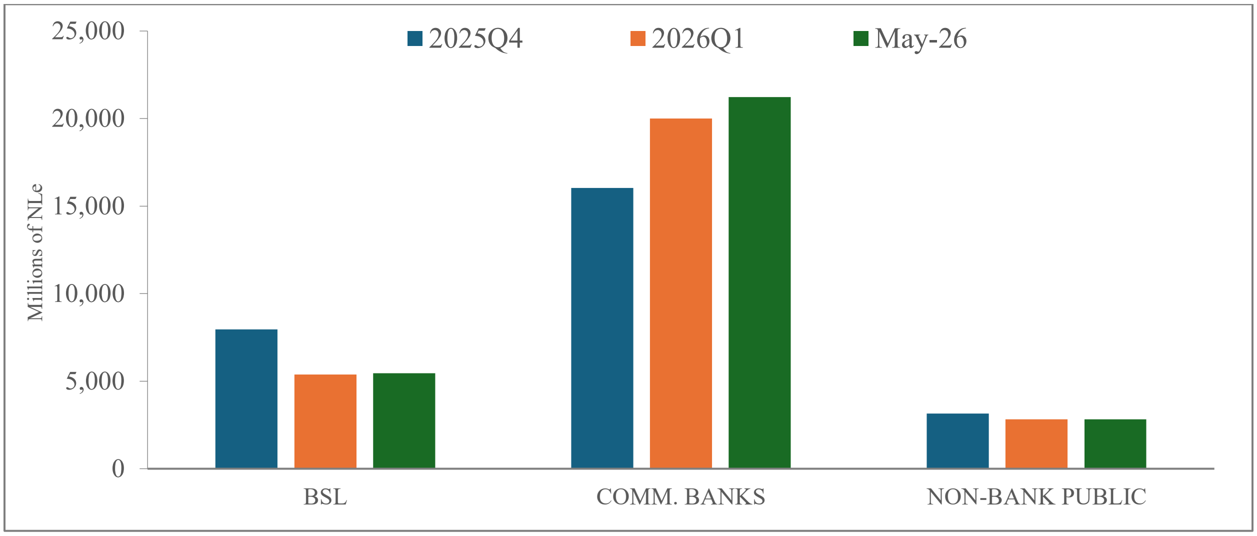

*Source: Bank of Sierra Leone*

***Holdings of marketable government securities***

The first quarter of 2026 revealed a positive structural shift in the ownership profile of marketable government securities, characterized by a transition away from BSL financing toward commercial bank absorption. Total outstanding securities expanded by 3.93 percent quarter-on-quarter, a growth primarily driven by a substantial 24.73 percent surge in commercial banks' portfolios. Conversely, BSL holdings dropped sharply by 32.38 percent, reflecting the ongoing normalization of its balance sheet. Non-bank public participation also softened, falling by 10.22 percent.

Total holdings expanded further in May 2026, rising by 4.44 percent to NLe29,495.92 million. Although BSL holdings rebounded slightly during the month, the broader trend underscores strengthening domestic debt market dynamics, enhanced commercial bank liquidity management, and stronger monetary-fiscal coordination.

**Figure 48: Holdings of Marketable Government Securities by Sector**




*Source: Bank of Sierra Leone*

### 2.5.3 Monetary Aggregates

Developments in monetary aggregates were mixed in 2026Q1, with broad money (M2) expanding while reserve money (RM) contracted.

**Reserve Money (RM)**

Reserve money (RM) contracted by 1.55 percent in 2026Q1, reversing the 13.86 percent expansion observed in 2025Q4. This decline was driven primarily by a reduction in the Net Domestic Assets (NDA) of the Bank of Sierra Leone (BSL), which more than offset the growth in its Net Foreign Assets (NFA).

The Net Domestic Assets (NDA) of the Bank of Sierra Leone (BSL) declined by 3.01 percent in 2026Q1, following a larger contraction of 6.76 percent in 2025Q4. This downward trend was primarily driven by a 4.05 percent reduction in holdings of government securities, compared with a marginal increase of 0.36 percent in the preceding quarter.

The Net Foreign Assets (NFA) of the Bank of Sierra Leone (BSL) increased by 7.03 percent in 2026Q1, following a stronger expansion of 37.83 percent in 2025Q4. This growth was driven primarily by European Union (EU) budget support and foreign exchange purchases from commercial banks. On the liabilities side, the contraction in reserve money (RM) was heavily influenced by a 28.04 percent decline in commercial banks' reserves held with the BSL, following a previous decrease of 22.02 percent in 2025Q4. Conversely, currency in circulation grew by 1.36 percent, compared to a robust expansion of 20.11 percent in the preceding period.

On a year-on-year basis, reserve money (RM) expanded by 18.56 percent in 2026Q1, up from 12.77 percent in 2025Q4, broadly in line with the IMF programme target of 18.6 percent.

**Broad Money (M2)**

In 2026Q1, Broad Money (M2) grew by 9.16 percent, following a 9.76 percent expansion in 2025Q4. The upward trajectory was primarily driven by concurrent increases in the banking system's Net Domestic Assets (NDA) and Net Foreign Assets (NFA).

The Net Domestic Assets (NDA) of the banking system expanded by 9.93 percent in 2026Q1, accelerating from a 3.58 percent increase in 2025Q4. This growth was largely due to net claims on the government by the banking system, which rose by 8.91 percent, up from 1.56 percent in the previous quarter. Within this category, net claims on the government by the BSL surged by 9.59 percent, reversing a 2.07 percent contraction in 2025Q4. Similarly, commercial bank net claims on the government grew by 7.82 percent (up from 3.75 percent in 2025Q4). Meanwhile, commercial bank credit to the private sector grew moderately by 6.66 percent, a notable deceleration from the 21.02 percent expansion recorded in 2025Q4.

The Net Foreign Assets (NFA) of the banking system expanded by 4.98 percent in 2026Q1, decelerating from the substantial 61.92 percent growth recorded in 2025Q4. This outturn was largely on account of a 7.03 percent improvement in the NFA position of the Bank of Sierra Leone (BSL), paired with a marginal 0.03 percent expansion in commercial banks' NFA.

On the liabilities side, Broad Money (M2) growth was supported by dual expansions in Narrow Money (M1) and Quasi Money. M1 rose by 8.26 percent (down from 16.13 percent in 2025Q4), propelled by a 14.15 percent surge in demand deposits and a 2.25 percent increase in currency outside banks. Concurrently, Quasi Money growth accelerated to 10.01 percent (up from 4.38 percent in 2025Q4), heavily reinforced by a 13.63 percent rise in foreign currency deposits and a 3.51 percent increase in time and savings deposits.

On an annual basis, Broad Money (M2) expanded by 27.05 percent in 2026Q1, accelerating from the 19.13 percent growth recorded in 2025Q4 and breaching the agreed IMF target of 24.40 percent. Conversely, year-on-year commercial bank credit to the private sector expanded by 37.57 percent during the quarter. While this represents a deceleration from the 48.99 percent surge observed in 2025Q4, the outturn remained within the established IMF program target of 37.60 percent.

# 3. FINANCIAL STABILITY ANALYSIS

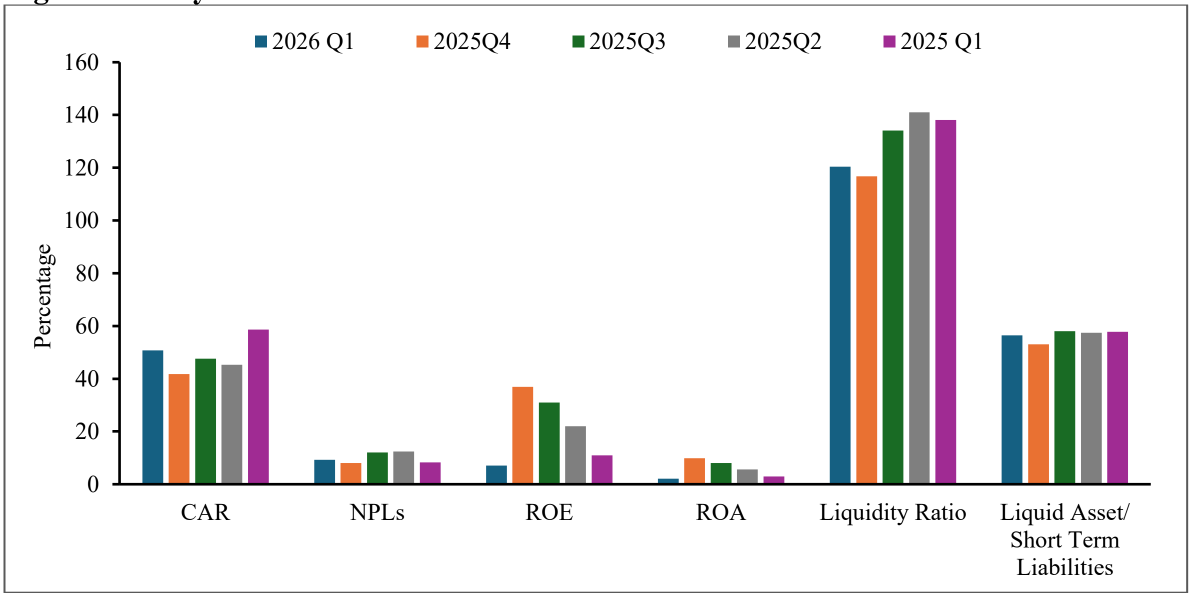
## 3.1 Financial Soundness Indicators

The banking sector remained stable, well-capitalized, and resilient in 2026Q1, with most key Financial Soundness Indicators (FSIs) staying within the regulatory thresholds prescribed by the Bank of Sierra Leone (BSL). The Capital Adequacy Ratio (CAR), measured as regulatory capital to risk-weighted assets, rose to 50.7 percent in 2026Q1 from 41.8 percent in 2025Q4, remaining comfortably above the 15 percent regulatory minimum. This expansion indicates that banks maintained substantial capital buffers to absorb potential losses and support overall financial sector stability.

Asset quality deteriorated in 2026Q1 as the non-performing loans (NPL) ratio rose to 9.3 percent from 8.0 percent in 2025Q4, though it remained below the maximum regulatory limit of 10 percent**.** Despite this asset degradation, commercial banks remained profitability. The system's key profitability indicators—Return on Assets (ROA) and Return on Equity (ROE)—stood at 2.1 percent and 7.1 percent, respectively, at the close of 2026Q1.

The banking sector's Liquidity Ratio rose to 120.4 percent in 2026Q1 from 116.9 percent in 2025Q4. Similarly, the ratio of liquid assets to short-term liabilities expanded to 56.5 percent from 53.2 percent over the same period, underscoring the sector's high liquidity position. In contrast, the Loans-to-Deposits Ratio (LDR) decreased marginally to 30.3 percent from 31.6 percent in 2025Q4. The LDR remained far below the regulatory maximum threshold of 80 percent, reflecting a persistently low level of financial intermediation by commercial banks in support of broader economic growth.

**Figure 49: Key FSI's Indicators**



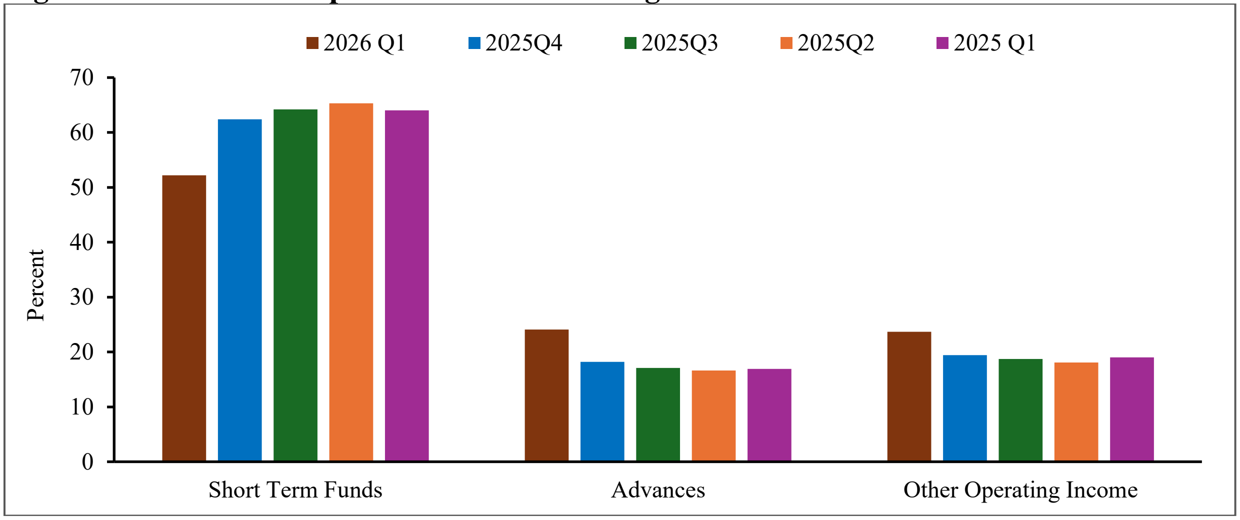

*Source: Bank of Sierra Leone*

## 3.2 Income Composition

The banking sector remained heavily reliant on government securities as its primary income source. While historically lucrative due to high yields relative to average lending rates and a zero-risk profile, this reliance is shifting amid a downturn in sovereign yields. The average yield on 364-day Treasury bills declined marginally to 16.82 percent in 2026Q1 from 16.95 percent in 2025Q4, while the average lending rate held steady at 22.6 percent. Consequently, the share of earnings from short-term funds fell to 52.2 percent from 62.4 percent over the same period.

Conversely, the contribution of income from loans and advances rose to 24.1 percent (up from 18.2 percent in 2025Q4), while other operating income—primarily driven by commissions, fees, and foreign exchange trading profits—increased to 23.7 percent in 2026Q1 from 19.4 percent in 2025Q4.

**Figure 50: Income Composition for the Banking Sector**

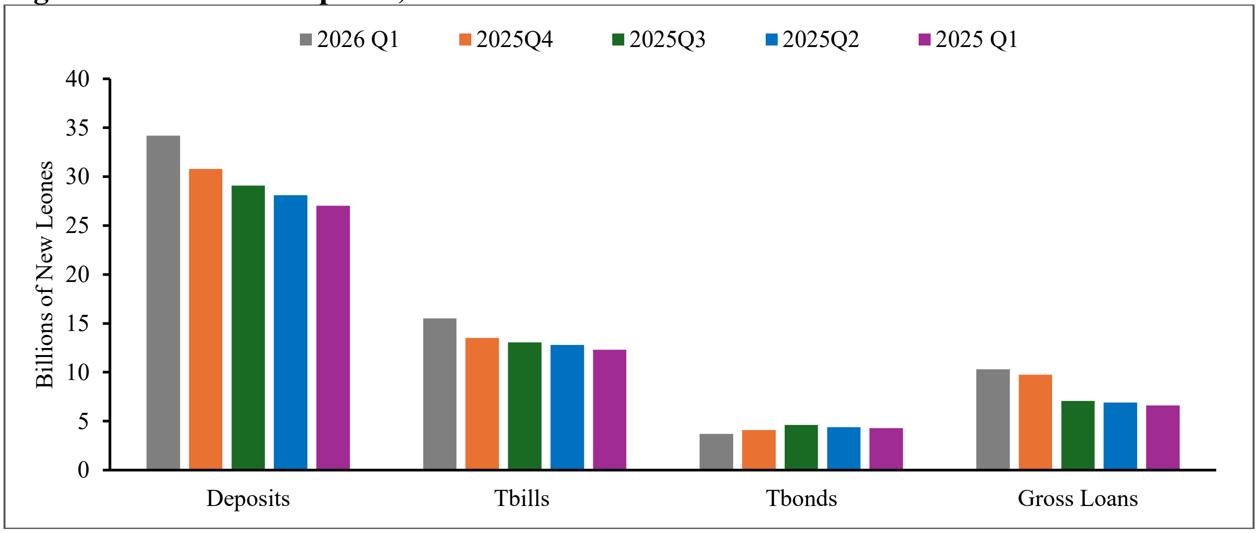



*Source: Bank of Sierra Leone*

## 3.3 Sources and Utilization of Funds

- Total Deposits, which is the banking sector's primary funding source grew by 11.0 percent to NLe34.2 billion in 2026Q1, up from NLe30.8 billion in 2025Q4. Within this total, the share of demand deposits rose to 75.5 percent (from 73.9 percent), savings deposits softened to 20.5 percent (from 21.8 percent), and time deposits decreased to 4.0 percent (from 4.3 percent).
- Treasury Bills holdings by the banking sector expanded by 14.9 percent, reaching NLe15.5 billion in 2026Q1 from NLe13.5 billion in the previous quarter.
- Conversely Treasury Bonds holdings by the banking sector contracted by 10.4 percent to NLe3.7 billion in 2026Q1, down from NLe4.1billion in 2025Q4.
- Loans-to-Deposits Ratio (LDR) eased to 30.3 percent from 31.6 percent in 2025Q4. This outturn remains far below the 80.0 percent prudential ceiling, indicating subdued credit intermediation across the banking sector.
- Gross Loans and Advances extended rose by 6.4 percent to NLe10.4 billion in 2026Q1, up from NLe9.7 billion in 2025Q4.

**Figure 51: Trend in Deposits, T-bills and Gross Loans**

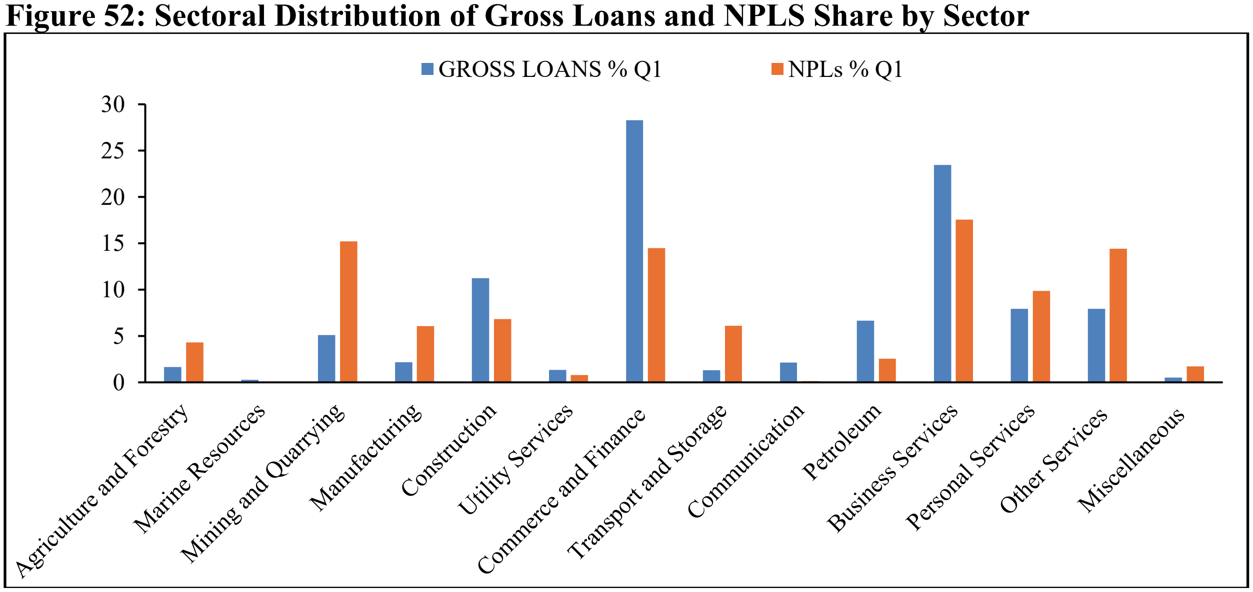



*Source: Bank of Sierra Leone*

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

In 2026Q1, loan portfolios were dominated by five key sectors: Commerce & Finance, Business Services, Construction, Personal Services, and Other Services, which collectively accounted for 78.6 percent of gross loans. Worsening asset quality was heavily concentrated, with Business Services, Mining & Quarrying, Commerce & Finance, Other Services, and Personal Services generating 71.5 percent of all non-performing loans (NPLs). Systemic credit risk was most acute in the Business Services and Mining & Quarrying sectors, which registered the highest individual NPL concentrations at 17.6 percent and 15.2 percent, respectively, combining to represent 32.8 percent of total industry NPLs.

**Figure 52: Sectoral Distribution of Gross Loans and NPLS Share by Sector**

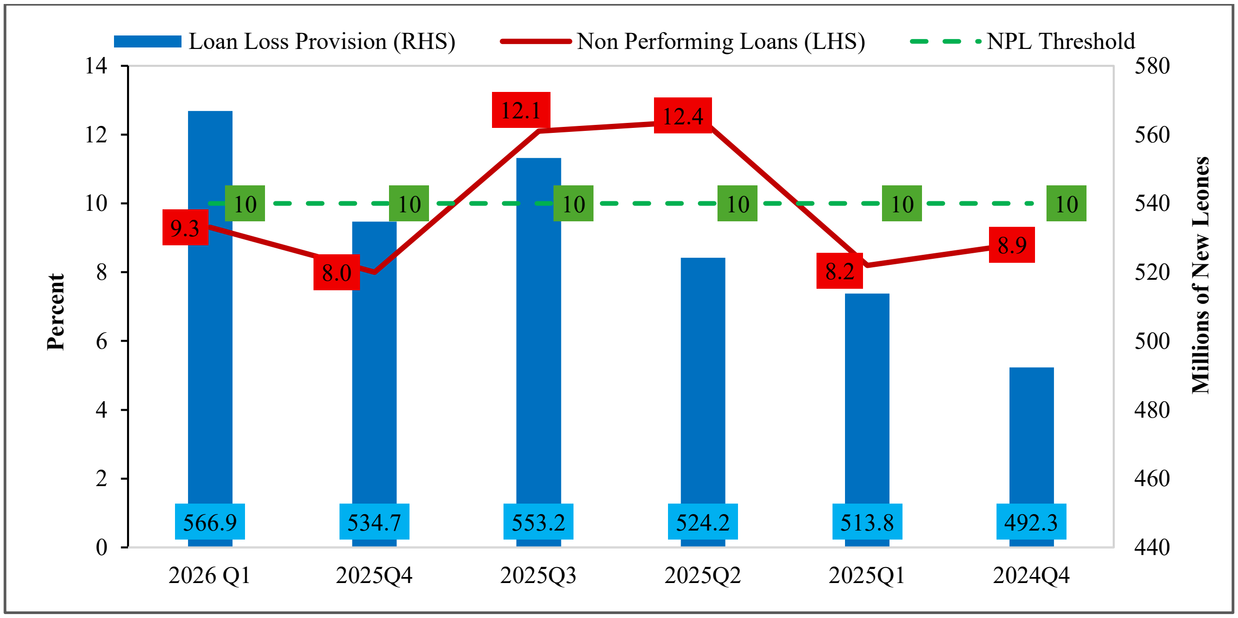



*Source: Bank of Sierra Leone*

### 3.5 NPL Trends and Loan Loss Provisions

The non-performing loans (NPL) ratio deteriorated during the 2026Q1 review period, rising from 8.0 percent in 2025Q4 to 9.3 percent, though it remained below the maximum tolerable limit. Consequently, banks escalated their risk mitigation, with loan loss provisions increasing to NLe566.9 million 2026Q1 from NLe534.7 million in the previous quarter.

**Figure 53: Trend of NPLs and Loan Loss Provision**



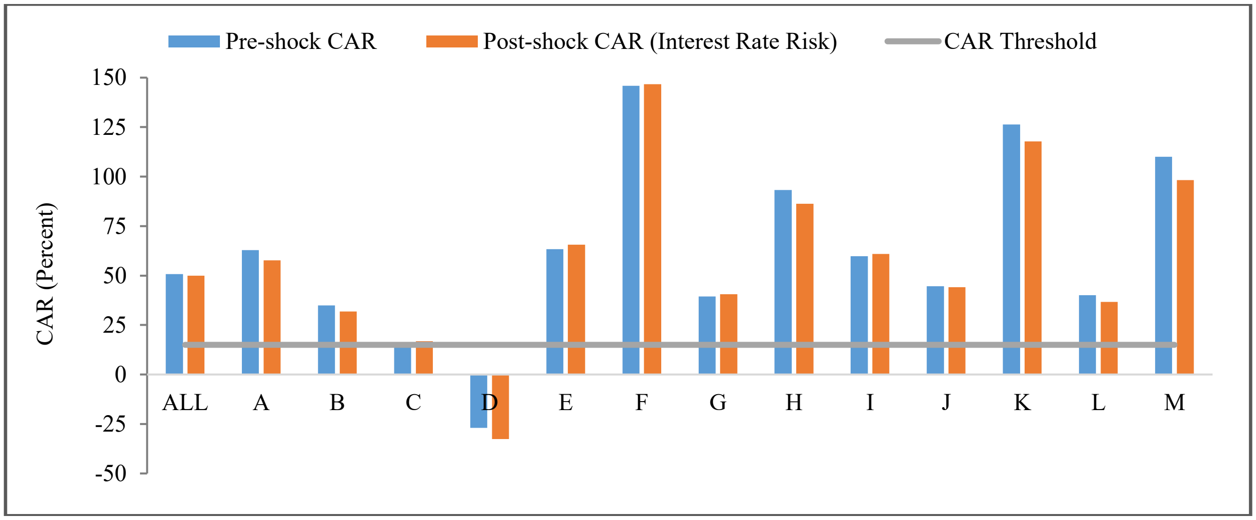

*Source: Bank of Sierra Leone*

### 3.6 Resilience of the Banking Sector

#### 3.6.1 Interest Rate Shock

The banking sector demonstrated strong resilience against interest rate shocks, evaluated under a stress scenario assuming a 5-percentage point decline in 364-day Treasury bill yields (from 17 percent to 12 percent). Given that commercial banks hold substantial investments in these high-yielding, risk-free assets, this scenario is critical for assessing valuation impacts on sovereign portfolios. Under this shock, the industry's Capital Adequacy Ratio (CAR) fell only marginally from 50.7 percent to 49.4 percent, remaining significantly above the 15 percent regulatory minimum, albeit one bank's CAR breached the 15 percent regulatory floor.

**Figure 54: Interest Rate Risk Stress Test**

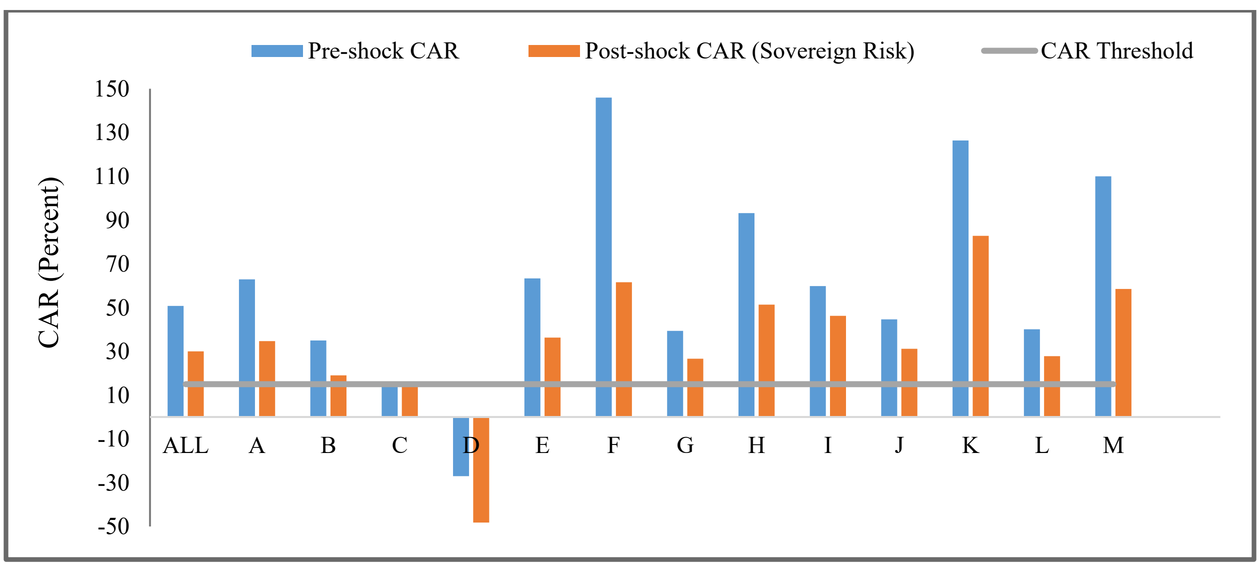



*Source: Bank of Sierra Leone*

### 3.6.2 Sovereign Risk of Default Shock

The sovereign credit risk scenario simulated a severe default where the government fails to fully honour matured government security obligations, applying a 20 percent haircut to existing holdings. Given the banking sector's heavy concentration in 364-day Treasury bills, this systemic shock had a profound impact, nearly halving the industry's Capital Adequacy Ratio (CAR) from 50.7 percent to 30.0 percent. Despite the scale of this contraction, the aggregate system remained above the regulatory floor, with only one outlier bank seeing its CAR fall below the 15 percent minimum threshold.

**Figure 55: 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***

Although the aggregate Capital Adequacy Ratio (CAR) remained robust and comfortably above the regulatory floor, asset quality poses an ongoing concern. While the system-wide non-performing loans (NPL) ratio held below the 10.0 percent maximum limit, five institutions—four of which are domestic banks—registered NPL concentrations far exceeding the prudential ceiling. Furthermore, credit risk remains heavily concentrated across three specific sectors, with Business Services, Mining & Quarrying, and Commerce & Finance demonstrating the highest susceptibility to asset impairment.

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

Commercial banks continue to restrict credit extension to the private sector, driven in part by a crowding-out effect from heavy systemic investments in government securities. Lending remains highly concentrated among a narrow group of sectors and large corporate clients. Nevertheless, credit deployment varied at the institutional level, with eight out of thirteen commercial banks maintaining loans-to-deposits levels that exceeded 25.0 percent during the review period.

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

Commercial banks rely heavily on customer deposits to finance their government securities portfolios, which generate most of their revenue. This structural over-reliance exposes the banking sector to severe valuation and income losses during interest rate downturns, particularly if the government's borrowing appetite contracts—a trend already observed throughout the final three quarters of 2025.

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

The transition from traditional banking to technology-driven operations has heightened the sector’s exposure to cybersecurity threats and operational fraud. As cybercrime incidents escalate across the banking industry, the effective regulation and supervision of emerging fintech entities present an ongoing challenge for regulatory authorities.

***Credit Reference Bureau Challenges***

The lack of an automated identification system within the Credit Reference Bureau (CRB) creates persistent operational challenges, hindering accurate customer verification and delaying the timely processing of requests.

## 3.8 Banking Sector Outlook

An escalation in non-performing loans (NPLs), particularly within domestic banks, is anticipated unless stringent measures are enforced to institutionalize effective credit risk management and reinforce internal controls. Sector profitability is projected to compress if interest rates on government securities maintain their downward trajectory, given the industry's heavy asset concentration in these instruments. Furthermore, any reduction in the government's domestic borrowing appetite will likely compress bank earnings.

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

Inflation maintained an upward trajectory during the first four months of 2026, with headline inflation accelerating from 6.38 percent in January to 10.24 percent in March, before edging up further to 10.83 percent in April. This sustained inflationary pressure reflects a combination of demand- and supply-side shocks, driven by expanded broad money growth, increased customs and excise taxes, rising global food costs, and elevated domestic fuel pump prices. Risks to the inflation outlook remain tilted heavily to the upside, particularly if escalating Middle East geopolitical tensions trigger further global energy and commodity shocks. These volatile developments underscore the necessity for heightened vigilance, meticulous macroeconomic surveillance, and the proactive deployment of targeted policy interventions.

Real GDP growth for 2025 has been revised upward to 5.0 percent. However, growth is projected to moderate to 4.0 percent in 2026, primarily due to the spillover effects of global disruptions, most notably the ongoing conflict in the Middle East. Aligning with this deceleration, the latest business sentiment survey points to weakening economic conditions, with businesses maintaining a stance of cautious optimism amid prevailing macroeconomic headwinds. Further underscoring this trend, the Composite Index of Economic Activity (CIEA) contracted, driven by broad-based declines across exports, imports, currency in circulation, and both government revenue and expenditure. Against this backdrop, the Monetary Policy Committee (MPC) emphasized that sustaining economic stability and long-term growth will require the steadfast implementation of sound macroeconomic policies and structural reforms.

The overall fiscal deficit widened during the review period, primarily driven by a combination of underperforming government revenues and accelerated public expenditure. Conversely, the primary balance shifted into a surplus, reversing the deficit recorded in the corresponding period of the previous year. This structural improvement was driven by tighter constraints on discretionary spending and enhanced domestic revenue mobilization. Concurrently, the Monetary Policy Committee (MPC) observed a marginal increase in the yield on 364-day Treasury bills between end-March and end-May 2026, a development that underscores the urgent need for heightened fiscal discipline to secure a sustainable public debt profile. Regarding the financial sector, the MPC noted that the banking system remains stable, supported by robust capital adequacy ratios, improved profitability, and ample liquidity. Despite these systemic strengths, the Committee highlighted lingering vulnerabilities, including elevated non-performing loans (NPLs), rising cybersecurity threats, and recurring incidents of fraud. In response, the MPC directed the Bank of Sierra Leone (BSL) to intensify its regulatory and supervisory oversight to safeguard the enduring stability of the financial system

### 4.2 Decision of the MPC

The Monetary Policy Committee (MPC) acknowledged the positive impact of the Bank of Sierra Leone's (BSL) prudent monetary policy stance and the relative stability of the exchange rate. Headline inflation stood at 10.83 percent in April 2026, tracking slightly above the annual average inflation target for 2026 established under the new IMF Extended Credit Facility (ECF) program. The Committee highlighted significant uncertainties surrounding the inflation outlook—particularly persistent geopolitical tensions, potential shifts in global trade policies, and associated supply chain disruptions—which could undermine the achievement of the medium-term inflation objective. Following a comprehensive review of global and domestic macroeconomic developments at its meeting on 12 June 2026, the MPC recommended a 0.25 percentage point increase in the Monetary Policy Rate (MPR) to 17.0 percent, alongside equivalent upward adjustments to the Standing Lending Facility Rate (SLFR) and the Standing Deposit Facility Rate (SDFR). This recommendation was subsequently approved by the BSL Board of Directors on 15 June 2026. Thus, effective 17 June 2026, the policy rate are as follows:

- Monetary Policy Rate (MPR): 17.0 percent
- Standing Lending Facility Rate (SLFR): 21.0 percent
- Standing Deposit Facility Rate (SDFR): 11.50 percent

These policy actions are designed to anchor inflation expectations and reinforce macroeconomic stability against prevailing domestic and external pressures.

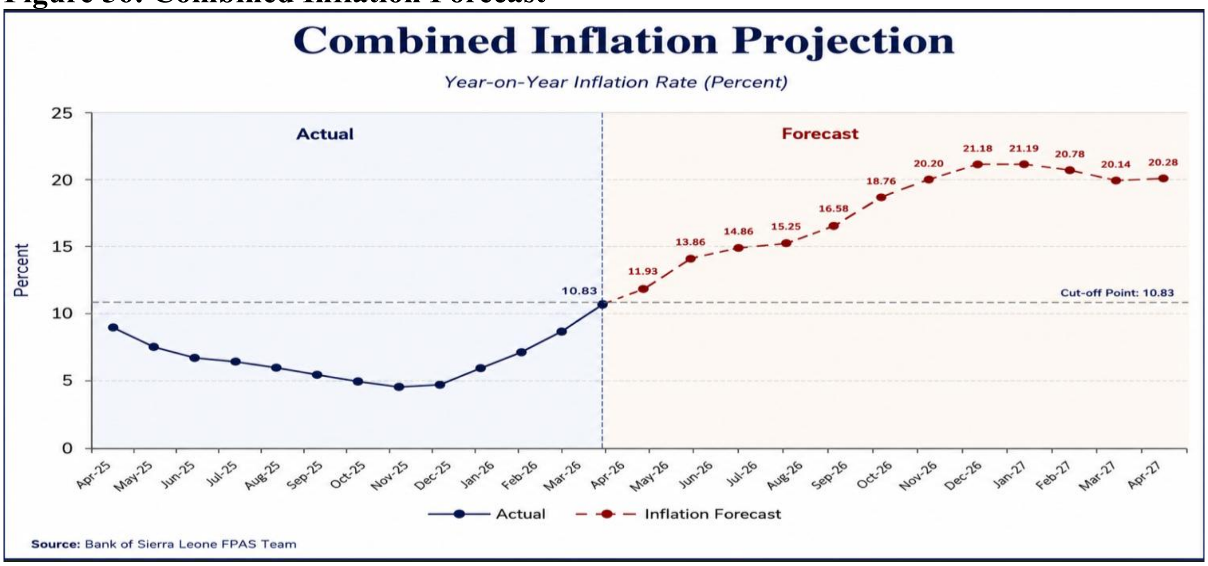
## 5. APPENDIX

***Inflation forecast***

Inflationary pressures are expected to continue through 2026, as the combined forecast projects inflation rate to increase from 11.93 percent in May 2026 to 21.18 percent in December 2026, but will marginally decrease to 20.78 percent in February 2027 reflecting the impact of both demand and supply-shocks.

The increasing global uncertainty and its impact on the domestic economy may interfere with the level of accuracy of the preceding forecast. Meanwhile, the precision and trajectory of the forecast remain highly accurate.

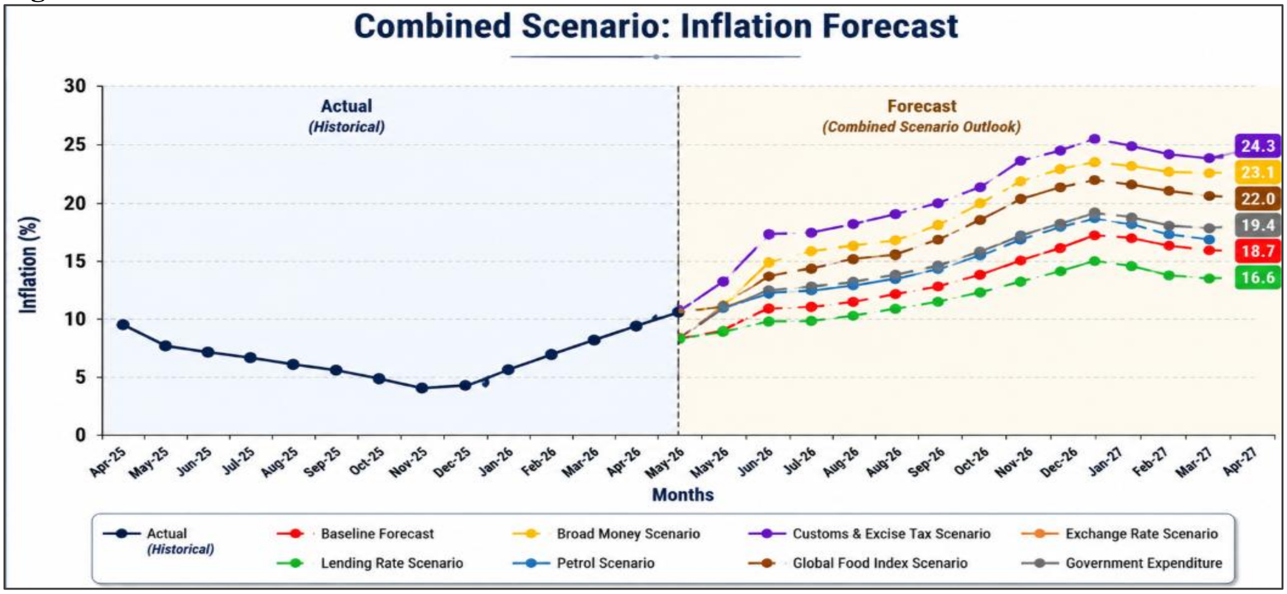
**Figure 56: Combined Inflation Forecast**




*Source: Bank of Sierra Leone*

Based on the high-risk scenario, sustained increase in customs and excise taxes, broad money growth, global food price developments, and fuel pump prices could account for the upward pressure in inflation. In contrast, high lending rates could help moderate inflationary pressures by constraining credit expansion and dampening aggregate demand within the economy.

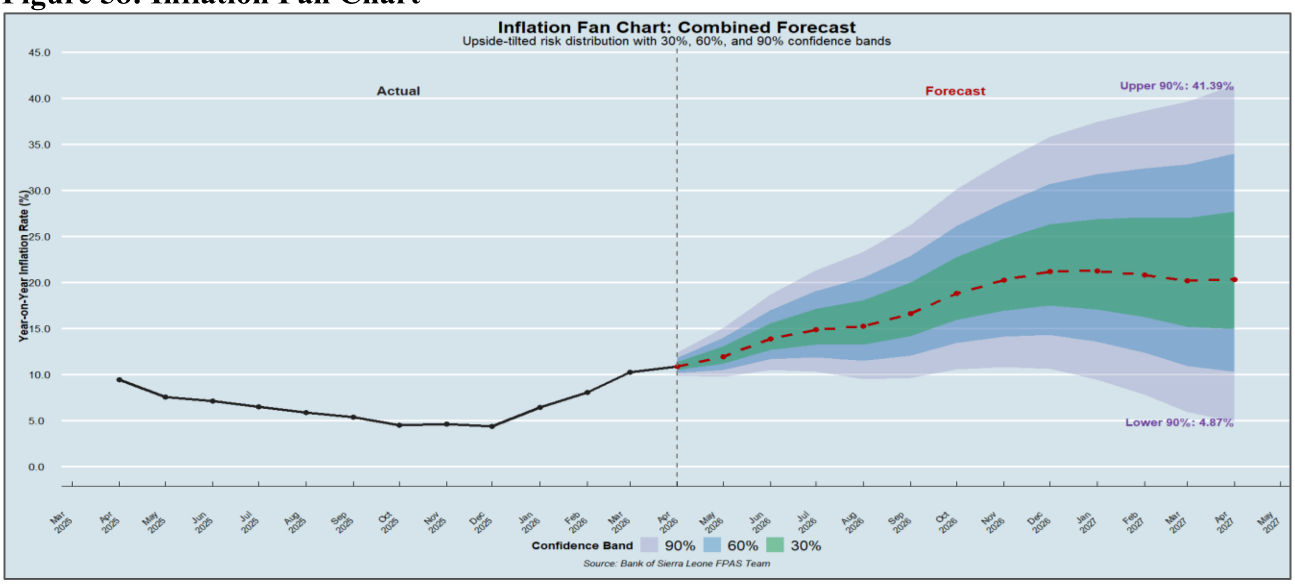
**Figure 57: Combined Scenario Forecast**




*Source: Bank of Sierra Leone*

The fan chart displays a 90% confidence interval for the inflation forecast, signaling that inflation is expected to range between 4.87 percent and 41.39 percent over the forecast horizon.

**Figure 58: Inflation Fan Chart**




*Source: BSL Staff Estimations*

Risks to inflation outlook remain largely tilted to the upside due to factors such as:

1. The continued implementation of the 2026 Finance Act and strong tax compliance measures on customs and excise taxes.
2. Broad money growth could increase liquidity within the economy, thereby exerting upward pressure on prices.

3. Global food price developments may contribute to imported inflation through higher international food costs.
4. Exchange rate pressures could increase the domestic cost of imported goods and services.
5. Fuel-related shocks may increase transportation and production costs, leading to higher consumer prices.
6. Increased government expenditure could stimulate aggregate demand and further intensify inflationary pressures

However, some of the risks to inflation on the downside could be:

1. Higher lending rates represent the main downside risk to inflation over the forecast horizon.

2. Tight monetary conditions could constrain credit expansion and reduce excess liquidity in the economy.

3. Higher borrowing costs may dampen aggregate demand, consumption, and private sector investment.

4. The lending rate scenario records the lowest projected inflation path, suggesting that tighter monetary policy could help moderate inflationary pressures and support price stability.

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

| | | Est. | WEO January 2026 Updates | | WEO April 2026 Projections | | CHANGE IN Projections | |
|---|---|---|---|---|---|---|---|---|
| | **2025** | **2026** | **2026** | **2027** | **2026** | **2027** | **2026** | **2027** |
| **World Output** | **3.4** | **3.1** | **3.3** | **3.2** | **3.1** | **3.2** | **-0.2** | **0.0** |
| **Advanced Economies** | **1.9** | **1.8** | **1.8** | **1.7** | **1.8** | **1.7** | **0.0** | **0.0** |
| *United States* | 2.1 | 2.3 | 2.4 | 2.0 | 2.3 | 2.1 | -0.1 | 0.1 |
| *Euro Area* | 1.4 | 1.1 | 1.3 | 1.4 | 1.1 | 1.2 | -0.2 | -0.2 |
| *United Kingdom* | 1.3 | 0.8 | 1.3 | 1.5 | 0.8 | 1.2 | -0.5 | -0.3 |
| *Japan* | 1.2 | 0.7 | 0.7 | 0.6 | 0.7 | 0.6 | 0.0 | 0.0 |
| **Emerging Market and Developing Economies** | **4.4** | **3.9** | **4.2** | **4.1** | **3.9** | **4.2** | **-0.3** | **0.1** |
| *Brazil* | 2.3 | 1.9 | 1.6 | 2.3 | 1.9 | 2.0 | 0.3 | -0.3 |
| *Russia* | 1.0 | 1.1 | 0.8 | 1.0 | 1.1 | 1.1 | 0.3 | 0.1 |
| *India* | 7.6 | 6.5 | 6.4 | 6.4 | 6.5 | 6.5 | 0.1 | 0.1 |
| *China* | 5.0 | 4.4 | 4.5 | 4.0 | 4.4 | 4.0 | -0.1 | 0.0 |
| **Sub-Saharan Africa** | **4.5** | **4.3** | **4.6** | **4.6** | **4.3** | **4.4** | **-0.3** | **-0.2** |
| *Nigeria* | 4.0 | 4.1 | 4.4 | 4.1 | 4.1 | 4.3 | -0.3 | 0.2 |
| *South Africa* | 1.1 | 1.0 | 1.4 | 1.5 | 1.0 | 1.3 | -0.4 | -0.2 |

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

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

| Country | Recent Inflation (%) | | Previous (%) | | Monetary Policy Rates (%) | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Current | | Previous | | Change |
| **WAMZ** | | | | | | | | | |
| Sierra Leone | 12.69 | May.26 | 8.05 | Feb.26 | 16.75 | Mar.26 | 16.75 | Dec.26 | 0.00 |
| Nigeria | 15.69 | Apr.26 | 15.06 | Feb.26 | 26.50 | May.26 | 26.50 | Feb.26 | 0.00 |
| Ghana | 3.40 | Apr.26 | 3.30 | Feb.26 | 14.00 | May.26 | 14.00 | Mar.26 | 0.00 |
| Guinea | 5.80 | Apr.26 | 4.40 | Feb.26 | 9.75 | Mar.26 | 9.75 | Dec.25 | 0.00 |
| Liberia | 5.80 | Apr.26 | 3.10 | Feb.26 | 16.25 | Mar.26 | 16.25 | Dec.25 | 0.00 |
| The Gambia | 7.00 | Apr.26 | 6.30 | Feb.26 | 14.00 | Apr.26 | 14.00 | Feb.26 | 0.00 |
| **Major Economies** | | | | | | | | | |
| USA | 3.8 | Apr.26 | 3.3 | Mar.26 | 3.75 | Apr.26 | 3.75 | Mar.26 | 0.00 |
| China | 1.2 | Apr.26 | 1.0 | Mar.26 | 3.00 | Apr.26 | 3.00 | Mar.25 | 0.00 |
| Euro Area | 3.0 | Apr.26 | 2.6 | Mar.26 | 2.15 | Apr.26 | 2.15 | Mar.26 | 0.00 |
| UK | 3.3 | Mar.26 | 3.0 | Feb.26 | 3.75 | Apr.26 | 3.75 | Mar.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 |
| 91-day Treasury bill rate | 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 |
| 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 |
| Interbank rate | 26.49 | 23.59 | 20.04 | 20.01 | 18.74 | 18.77 | 19.72 | 19.17 | 17.85 | 17.17 | 17.92 |
| 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 |
| 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 |
| MPR | 23.75 | 21.75 | 21.75 | 18.75 | 18.75 | 18.75 | 16.75 | 16.75 | 16.75 | 16.75 | 16.75 |
| Average Lending rate | 21.21 | 21.21 | 21.21 | 20.48 | 20.29 | 22.66 | 22.66 | 22.66 | 22.56 | 22.56 | |
| 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 | |
| Savings deposits | 1.83 | 1.83 | 1.83 | 1.85 | 1.83 | 1.83 | 1.83 | 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 | 20.77 | 20.77 | |

*Source: Bank of Sierra Leone*

## Table 4: Monetary Survey

| | 2025 | | 2026 | Quarterly % Change | | Yearly % Change | |
|---|---|---|---|---|---|---|---|
| **Millions of Leones** | **2025Q1** | **2025Q4** | **2026Q1** | **2025Q4** | **2026Q1** | **2025Q4** | **2026Q1** |
| **Reserve money** | **9,565.00** | **11,518.84** | **11,340.29** | **13.86** | **(1.55)** | **12.77** | **18.56** |
| **Broad Money (M2)** | **32,773.91** | **38,145.18** | **41,638.13** | **9.76** | **9.16** | **19.13** | **27.05** |
| **Narrow money (M1)** | **15,456.58** | **18,496.61** | **20,023.73** | **16.13** | **8.26** | **19.71** | **29.55** |
| Currency outside banks | 7,640.33 | 9,163.38 | 9,369.63 | **22.02** | **2.25** | **16.13** | **22.63** |
| Demand deposit | 7,816.25 | 9,333.23 | 10,654.09 | **10.88** | **14.15** | **23.44** | **36.31** |
| **Quasi money** | **17,317.33** | **19,648.56** | **21,614.41** | **4.38** | **10.01** | **18.60** | **24.81** |
| o.w. Foreign currency deposit | 11,647.68 | 12,548.23 | 14,258.18 | **1.79** | **13.63** | **11.48** | **22.41** |
| Time and saving deposit | 5,651.90 | 7,089.81 | 7,338.49 | **9.30** | **3.51** | **35.11** | **29.84** |
| **Net Foreign Asset** | **4,513.76** | **5,963.25** | **6,260.34** | **61.92** | **4.98** | **21.00** | **38.69** |
| BSL | (5551.47) | (4175.41) | (3881.79) | **(37.83)** | **(7.03)** | **(20.34)** | **(30.08)** |
| ODCs | 10065.23 | 10138.66 | 10142.13 | **(2.50)** | **0.03** | **(0.31)** | **0.76** |
| **Net Domestic Assets** | **28,260.15** | **32,181.92** | **35,377.79** | **3.58** | **9.93** | **18.80** | **25.19** |
| **Net Domestic Credit** | **35,006.50** | **41,336.52** | **44,786.61** | **5.45** | **8.35** | **28.83** | **27.94** |
| Government (Net) | 28,133.40 | 32,423.76 | 35,313.28 | **1.56** | **8.91** | **23.77** | **25.52** |
| BSL | 12655.80 | 14982.28 | 16418.55 | **(2.07)** | **9.59** | **24.09** | **29.73** |
| ODCs | 15477.60 | 22028.18 | 23750.58 | **3.75** | **7.82** | **55.99** | **53.45** |
| Private Sector Credit | 7216.11 | 9308.67 | 9925.83 | **21.02** | **6.63** | **49.00** | **37.55** |
| o.w ODC | 7187.88 | 9271.02 | 9888.67 | **21.02** | **6.66** | **48.99** | **37.57** |
| Other Sectors (Net)* | (343.02) | (395.91) | (452.50) | **(5.14)** | **14.29** | **10.54** | **31.92** |
| **Other Items (Net)** | **-6,746.35** | (9154.60) | (9408.82) | **12.61** | **2.78** | **83.29** | **39.47** |
| **Money Multiplier** | **3.43** | **3.31** | **3.67** | | | | |

*Source: Bank of Sierra Leone*

## Table 5: Central Bank Survey

| Millions of Leones | 2025 | | 2026 | Quarterly % Change | | Yearly % Change | |
|---|---|---|---|---|---|---|---|
| | 2025Q1 | 2025Q4 | 2026Q1 | 2025Q4 | 2026Q1 | 2025Q4 | 2026Q1 |
| **1. Net Foreign Assets** | **(5,551.47)** | **(4,175.41)** | **(3,881.79)** | **(37.83)** | **(7.03)** | **(20.34)** | **(30.08)** |
| **2. Net Domestic Assets** | **15,116.47** | **15,694.26** | **15,222.08** | **(6.76)** | **(3.01)** | **1.54** | **0.70** |
| **Government Borrowing (net)** | **12,655.80** | **14,982.28** | **16,418.55** | **(2.07)** | **9.59** | **24.09** | **29.73** |
| o.w. Securities | 6,522.67 | 7,714.21 | 7,401.59 | **0.36** | **(4.05)** | **22.25** | **13.47** |
| Ways and Means (Current) | 519.79 | 600.66 | 658.93 | **4.87** | **9.70** | **80.95** | **26.77** |
| Ways and Means (outstanding) | 0.00 | 0.00 | 0.00 | **-** | **100.00** | | **100.00** |
| GoSL/IMF Budget financing Loan | 5,230.59 | 6,199.42 | 6,405.74 | **18.52** | **3.33** | **18.52** | **22.47** |
| BSL-MOFED Bridging Loan | - | - | 341.56 | **(100.00)** | | | |
| **3. Reserve money** | **9,565.00** | **11,518.84** | **11,340.29** | **13.86** | **(1.55)** | **12.77** | **18.56** |
| o.w. Currency in Circulation | 8,328.55 | 10,342.66 | 10,483.72 | **20.11** | **1.36** | **18.07** | **25.88** |
| Bank reserves | 1,218.71 | 1,165.67 | 838.82 | **(22.02)** | **(28.04)** | **(16.24)** | **(31.17)** |

*Source: Bank of Sierra Leone*