



**BANK OF SIERRA LEONE**  
**MONETARY POLICY REPORT**

**JUNE 2025**

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## ACRONYMS

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

## ***The Report***

*The June 2025 edition of the BSL Monetary Policy Report reviews global and domestic economic trends for the first quarter of 2025. It also looks at the latest developments in the second quarter of 2025, where relevant data is available, and discusses short- and medium-term forecasts to help guide the formulation and 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.<sup>1</sup>*

## ***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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<sup>1</sup> 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**

Following remarkable resilience in 2024, the global outlook is becoming challenging with increased trade tensions, heightened policy uncertainty, as well as ongoing geopolitical tensions. These developments resulted in downward revisions of global growth forecasts by major International Financial Institutions. The International Monetary Fund (IMF) in its April 2025 edition of the World Economic Outlook (WEO), downgraded the global growth forecast to 2.8 percent in 2025 from 3.3 percent in the January 2025 Update. Also, in June 2025, the Organization of Economic Corporation and Development (OECD) revised its global growth forecast for 2025 downward to 2.9 percent from 3.1 percent in March 2025, while the World Bank lowered its 2025 projection to 2.3 percent from 2.7 percent.

Global inflation is projected to ease from 5.7 percent in 2024 to 4.3 percent in 2025 and 3.6 percent in 2026 due to monetary tightening by most central banks, improved supply chain dynamics and decrease in commodity prices. Nonetheless, the forecast carries significant upside risks, especially from further trade fragmentation, which could disrupt supply chains and lead to higher commodity prices, triggering inflationary pressures.

The domestic economy is projected to rebound to 4.5 percent in 2025, from 4.0 percent in 2024, driven by strong performance in agriculture, mining and services sectors. Growth is projected to reach 4.7 percent in 2026 and 2027, supported by government initiatives to boost agriculture, manufacturing, construction and tourism sectors. However, growth potential could be threatened by global supply chain disruptions, trade tensions and geopolitical instability.

Sierra Leone's trade deficit with the rest of the world widened in the first quarter of 2025, reflecting a combined effect of increase in import payments and lower export receipts. The gross international reserves decreased to 1.8 months of import cover as outflows outpaced inflows.

The exchange rate remains relatively stable following several reforms and policies to remove bottlenecks in the foreign exchange market as well as improved market sentiment and ongoing prudent monetary and fiscal policy measures.

On the fiscal side, the government's budget deficit for 2025Q1 was higher than that recorded in 2024Q4. This increase reflects reduced domestic revenue collection and higher domestic interest payments. However, the primary deficit narrowed due to reduced spending on goods and services and decrease in subsidies and transfers.



Monetary aggregates showed mixed developments during 2025Q1, as Reserve Money (RM) contracted whilst Broad Money (M2) growth moderated. Reserve Money contracted due to contraction in the Net Domestic Assets (NDA) and Net Foreign Assets (NFA) of the Central Bank. The moderate growth of M2 largely reflects the contraction of NFA of the banking system. Credit to the private sector increased in 2025Q1, though inadequate to significantly boost investment and economic growth. However, it remained above the agreed target with the IMF.

There were liquidity constraints in the money market in 2025Q1. Notwithstanding, liquidity pressures eased in May 2025 owing to moderation in the government's borrowing appetite. This coupled with monetary policy measures and fiscal consolidation led to a decrease in the interest rate of the 364-day Treasury bill, from 41.22 percent in March 2025 to 19.71 percent in June 2025. The interbank rate also decreased to 26.49 percent, nearing the Standing Lending Facility (SLF) rate.

The banking sector remains resilient with strong profitability and capitalization and most key financial soundness indicators within the prudential regulatory limits. Non-Performing Loans (NPLs) was well below the 10 percent regulatory ceiling, but asset quality remains a concern given that access to loans continues to be skewed to a few sectors. Additionally, the banking sector's significant dependence on government securities, particularly in light of the recent decline in the 364-day Treasury Bill rate, poses potential risks to banks' balance sheets. Furthermore, cyber security threats and cases of banking fraud are notable risks to the financial system.

Inflation pressures continued to moderate with headline inflation declining from 13.78 percent in December 2024 to 7.55 percent in May 2025. This decline has been broad-based, attributed to a combination of prudent monetary policy, fiscal consolidation, the relative stability of the exchange rate and stable domestic fuel prices. Looking ahead, inflation is projected to remain in the single digits in the near term, although with minor fluctuations.

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 June 2025 MPC meeting and concludes the report.

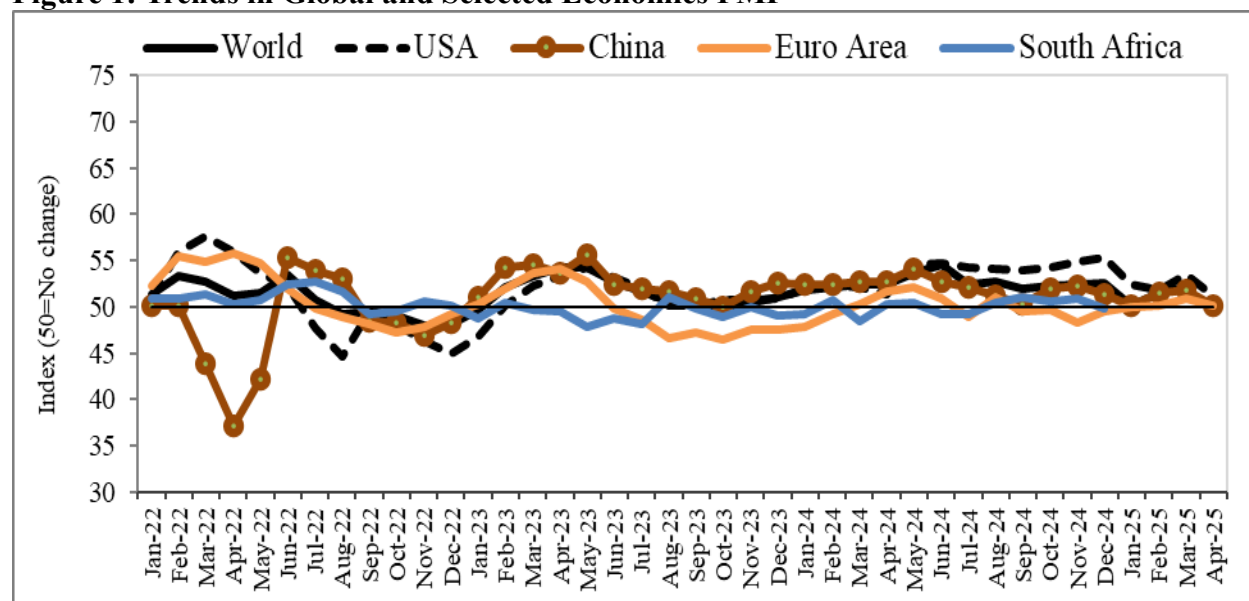
# 1. GLOBAL ECONOMIC DEVELOPMENTS AND PROSPECTS

## 1.1 Global Output

Global growth exhibited remarkable resilience throughout 2024. However, the outlook is becoming challenging due to a substantial shift in trade policy, an uncertain global policy environment and ongoing geopolitical tensions, including the Middle East conflict. These factors have led to the downward revisions of global growth forecasts by major International Financial Institutions. The International Monetary Fund (IMF) in its April 2025 edition of the World Economic Outlook (WEO), downgraded the global growth forecast to 2.8 percent in 2025 from 3.3 percent in the January 2025 Update. Similarly, in June 2025, the Organization of Economic Cooperation and Development (OECD) revised its global growth forecast for 2025 downward to 2.9 percent from 3.1 percent in March 2025, while the World Bank lowered its 2025 projection to 2.3 percent from 2.7 percent.

This trend is mirrored in the Composite Purchasing Managers' Indices (PMIs), which saw a marginal growth in the global economic output expansion rate. Business expectations surveys have worsened in the USA, Euro area, and China, with tariffs cited as the main reason for concern.

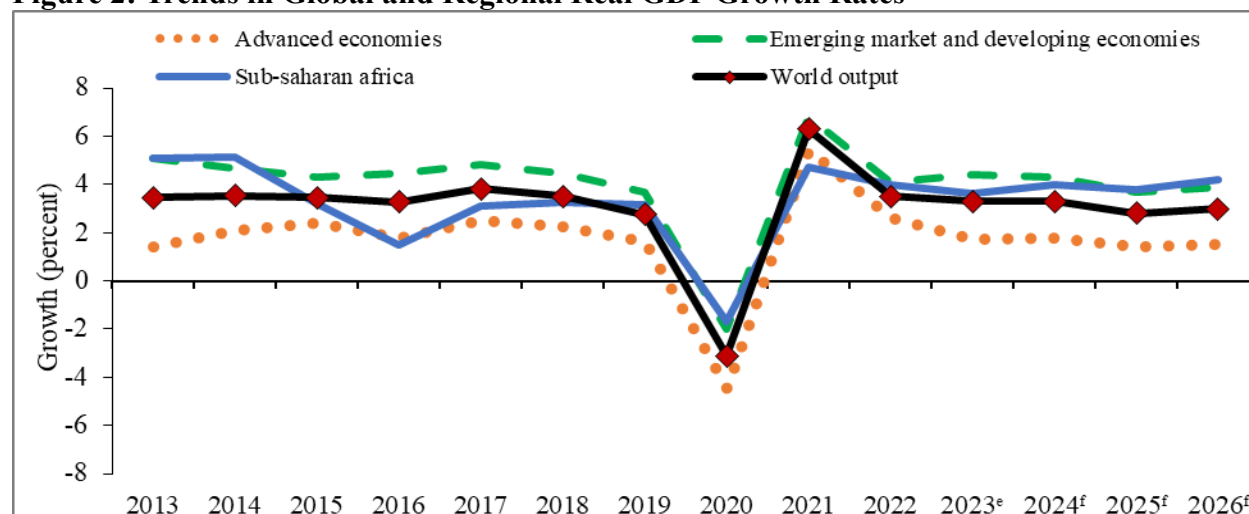
**Figure 1: Trends in Global and Selected Economies PMI**



Source: Markit Economics, through Trading Economics May 2025; Note: PMIs above 50% indicate expansion of the manufacturing sector; below 50% indicate contraction.

Risks to the outlook are tilted to the downside, with the global economic context becoming more challenging, reflecting possible further adverse policy shifts materializing, particularly with respect to trade relations among the largest economies as well as ongoing geopolitical tensions

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



Source: IMF World Economic Outlook, January 2025 database and April 2025 update; Note: e= estimate & f=forecast

### 1.1.1 Advanced and Emerging Market Economies

In advanced economies, growth is projected to decline to 1.4 percent in 2025, down from an estimated 1.8 per cent in 2024, driven by downgrades in some of the world’s largest economies. This reflects a shock due to the increase in trade barriers and associated policy uncertainty. The US economy is projected to slow down to 1.8 per cent in 2025 and 1.7 percent in 2026, a departure from its positive trend at the end of 2024. Growth in the Euro Area is forecasted to decline to 0.8 percent in 2025 but expected to pick up to 1.2 percent in 2026. Growth in Emerging Market and Developing Economies (EMDE) declined to 3.7 percent in 2025 from 4.3 percent in 2024 driven mainly by economies with a high degree of trade and investment openness. However, growth is projected to improve to 3.9 in 2026. In large part, the aggregate EMDE profile continues to be shaped by China’s outlook, especially as the ongoing structural deceleration is exacerbated by the escalation in trade tensions

### 1.1.2 Sub-Saharan Africa (SSA)

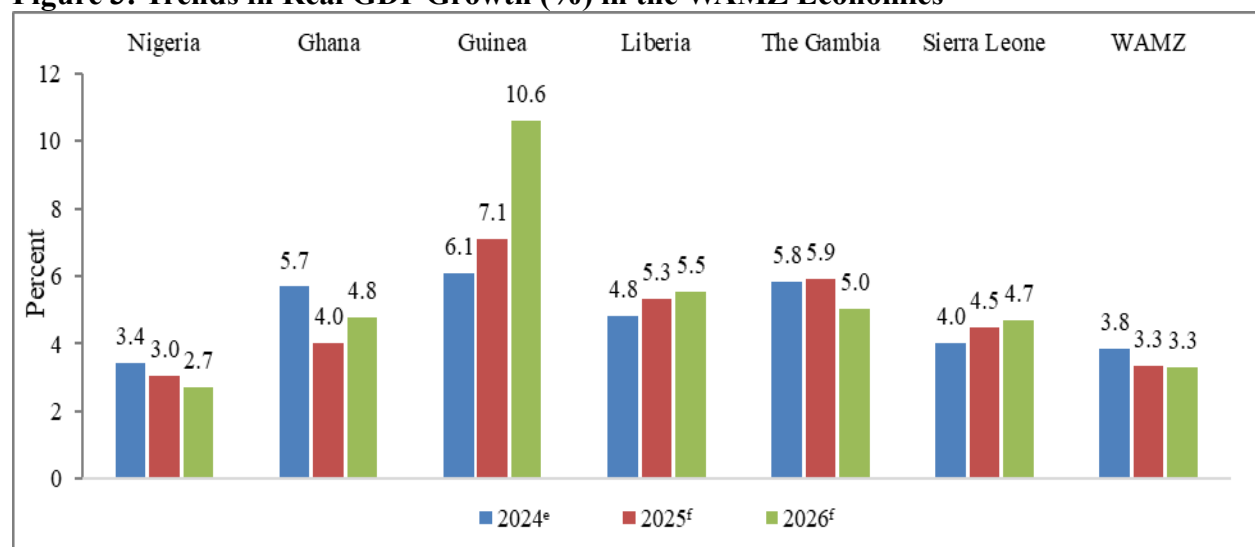
Growth in Sub-Saharan Africa is projected to slow to 3.8 percent in 2025 and 4.2 percent in 2026, a downward revision of 0.4 percentage point, and 0.2 percentage point, respectively. The downward revision is primarily due to uncertain global conditions, as reflected in lower external demand, subdued commodity prices, particularly oil and metals, excessive power shortages, high debt service payments, as well as tight financial conditions. A further increase in trade tensions or tightening of global financial conditions in advanced economies could weigh on regional confidence and activity, while raising borrowing costs. Moreover, official development

assistance inflows into sub-Saharan Africa will likely decline going forward, placing an added burden on the region's most vulnerable.

### 1.1.3 West African Monetary Zone (WAMZ)

In the WAMZ region, growth is estimated to drop to 3.3 percent in 2025, down from 3.8 percent in 2024, driven by downgrade in growth rates in Nigeria and Ghana. Growth in 2026 is projected to remain at 3.3 percent. However, Guinea is projected to experience sharp growth by 2026, against the backdrop of the Simandou 2040 development program, a government initiative aimed at transforming the country's mineral wealth into sustainable economic development. Liberia, Sierra Leone and The Gambia are projected to experience increase in their growth rates in 2026. Risks to the growth prospects are tilted to the downside, including the rapid shift in trade policies, increased risks of debt distress and currency depreciation, which could potentially dampen commodity exports and foreign investment.

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



Source: IMF World Economic Outlook, January 2025 Update and April 2025; Note: e= estimate & f=forecast

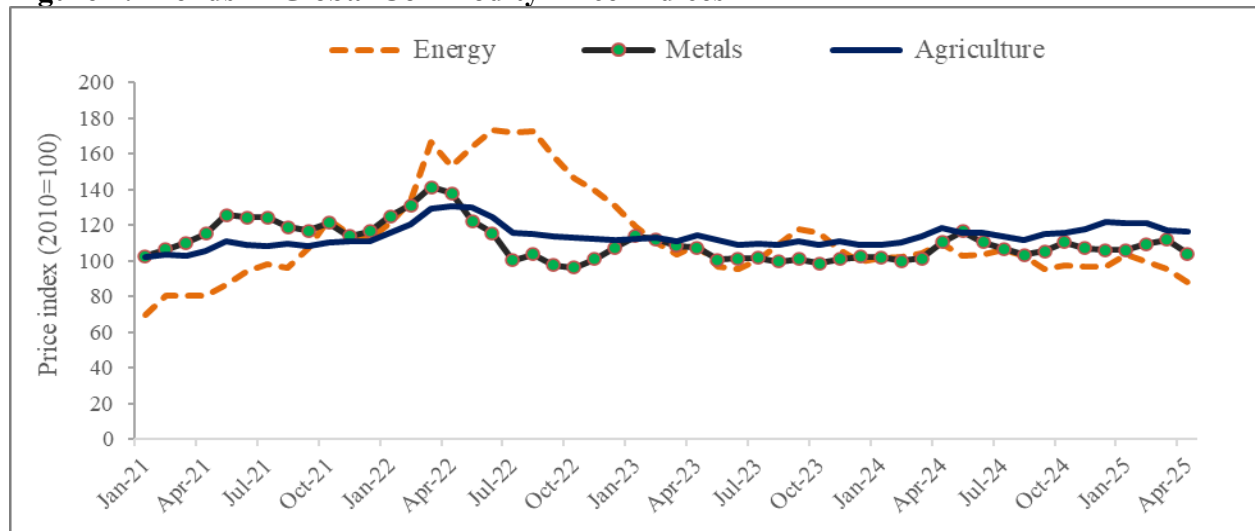
## 1.2 Global Commodity Prices and Inflation

### 1.2.1 Global Commodity Prices

Global commodity prices continue to decline in 2025Q1, as weakening global economic growth weighs on demand. Commodity Prices have dropped consistently since January 2025. Energy prices dropped by 15.13 percent from 103.53 points in January 2025 to 87.87 points in April 2025, driven by weaker global oil demand, increasing electric vehicle usage, and OPEC+ production hikes. Agricultural commodity prices decreased by 4.12 percent to 116.31 points in April 2025, reflecting concerns about the impact on demand from rising trade tensions between

major economies. Metal prices also dropped by 2 percent to 103.96 points in April 2025, reflecting the reduced industrial activity, weak construction demand in China, and trade tensions. Improved growth prospects, cleaner energy transition, and supply expansion are expected to dampen commodity prices. However, geopolitical tensions, extreme weather events, and trade restrictions could potentially cause price spikes. While several upside risks remain, the overall outlook for metal prices is tilted to the downside, including the potential for a sharp slowdown in global growth and shifts in energy transition policies.

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



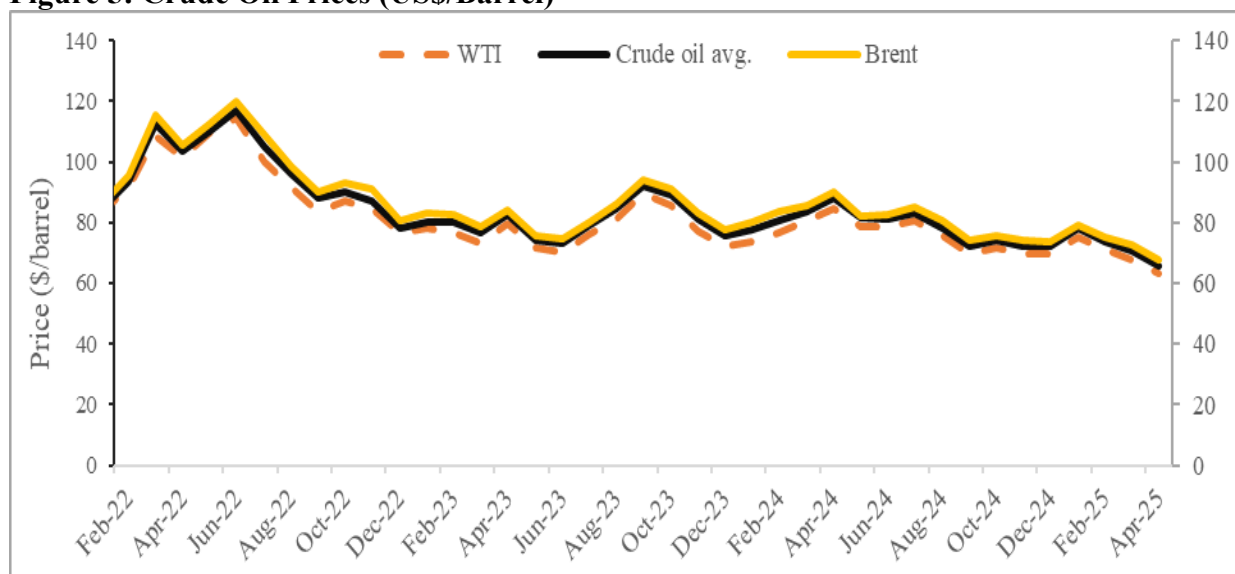
Source: World Bank Commodity Market Outlook database, May 2025

### **Crude Oil Prices**

The average price of crude oil slightly rose by 1.9 percent, reaching US\$74.23/bbl in 2025Q1, up from US\$72.86/bbl in 2025Q4. This trend is reflected in the prices of Brent and WTI, which slightly rose to US\$75.65/bb and US\$71.43/bb in 2025Q1, respectively, from US\$74.63/bbl and US\$70.36/bbl in 2024Q4. However, average prices of crude oil continue to decline since January 2025 from US\$78.16/bbl, to US\$65.91/bbl in April 2025, reflecting corresponding increases in both Brent and WTI. This decline is driven by reduced demand projections from the U.S. Energy Information Administration (EIA), and escalating U.S. - China trade tensions.

Oil price projections face downside risks including reduced demand and slower global growth, and increased supply from OPEC+.

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

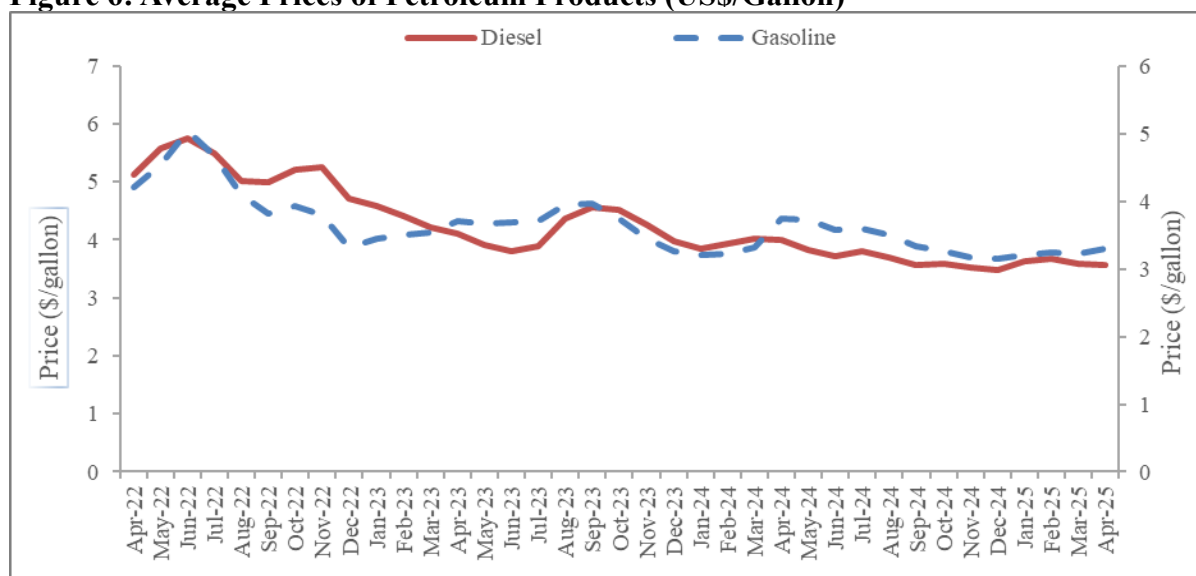


Source: World Bank Commodity Market Outlook database May 2025

### **Petroleum Products (Retail Prices)**

Gasoline price dropped by 0.92 percent to US\$3.22/gallon in March 2025, from US\$3.25/gallon in February 2025 before peaking at US\$3.30/gallon in April. Diesel prices also dropped by 1.65 percent to US\$3.57/gallon in April 2025, from US\$3.63/gallon in January 2025. Gasoline and diesel prices rose in 2025Q1, by 0.94 percent and 2.83 percent to US\$3.22/gallon and US\$3.63/gallon respectively, influenced by market demand, and refining costs.

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

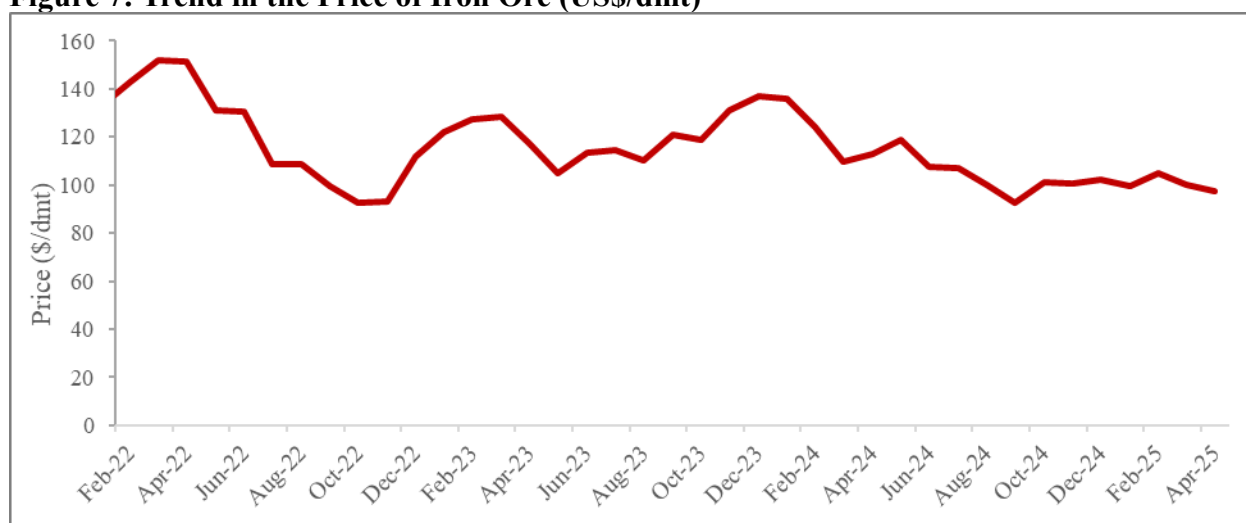


Source: U.S. Energy Information Administration, EIA (May 2025)

### ***Iron Ore Price***

Iron ore prices stabilized at an average of USD101.59/dmt in the review period, up from USD101.33/dmt in 2024Q4, driven by synchronized demand recovery, particularly in China, amid supply-side disruptions and market optimism. However, April 2025 saw a slight decline to USD97.24/dmt, attributed to supply constraints, changes in demand, the expansion of exports from Australia and Brazil, Rio Tinto's Pilbara and Guinea projects, vulnerabilities in China's real estate industry, and geopolitical uncertainty. The declining demand, China's changing steel production strategy, and market seasonality are all expected to keep iron ore prices under pressure throughout 2025.

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

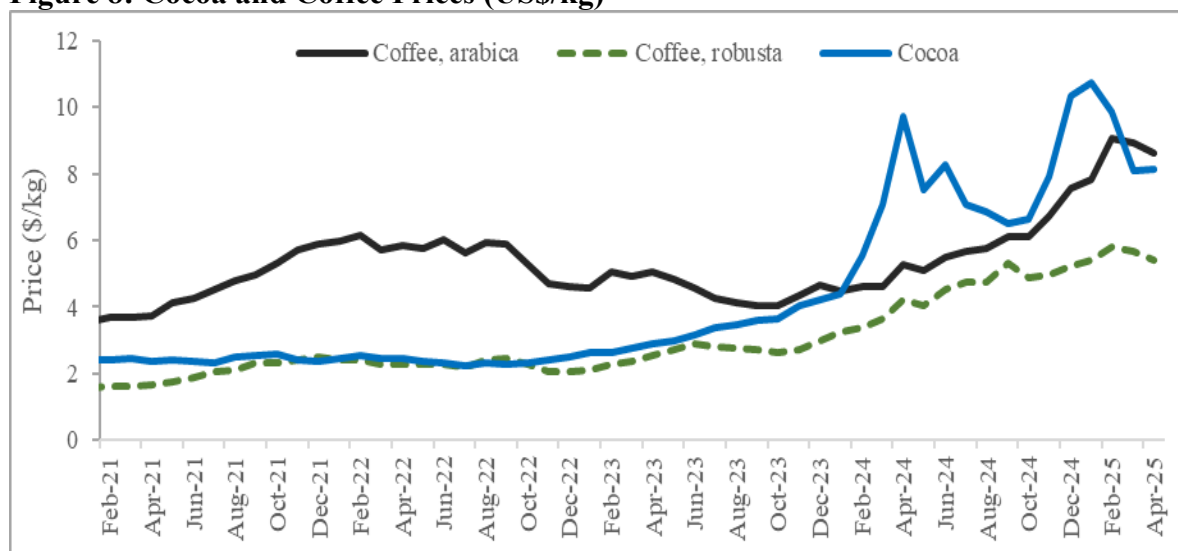


Source: World Bank Commodity Market Outlook database, February 2025

### ***Cocoa and Coffee Prices***

The global market price of cocoa peaked at US\$10.75/kg in January 2025, dropping to US\$8.08/kg in March 2025, and stabilizing at US\$8.15/kg in April 2025 due to Ghana's favorable weather and reduced demand. Arabica coffee prices surged in January 2025 reflecting decreased output, driven by ongoing drought conditions in Brazil, rising to US\$9.05/kg in February 2025 before slightly decreasing to US\$8.64/kg in April 2025. Robusta coffee prices rose to US\$ 5.41/kg in January 2025, influenced by supply constraints from major producers like Vietnam, and peaked at US\$5.8/kg in February 2025, before dropping down to US\$5.43/Kg in April 2025. On a quarterly basis, cocoa prices moderately increased in 2025Q1, rising from US\$8.29/kg to US\$9.56/kg. The price of Arabica coffee rose to US\$8.59/kg in 2025Q1 from US\$6.80/kg in 2024Q4. Robusta coffee rose to US\$5.64/kg from US\$5.03/kg in 2024Q4.

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

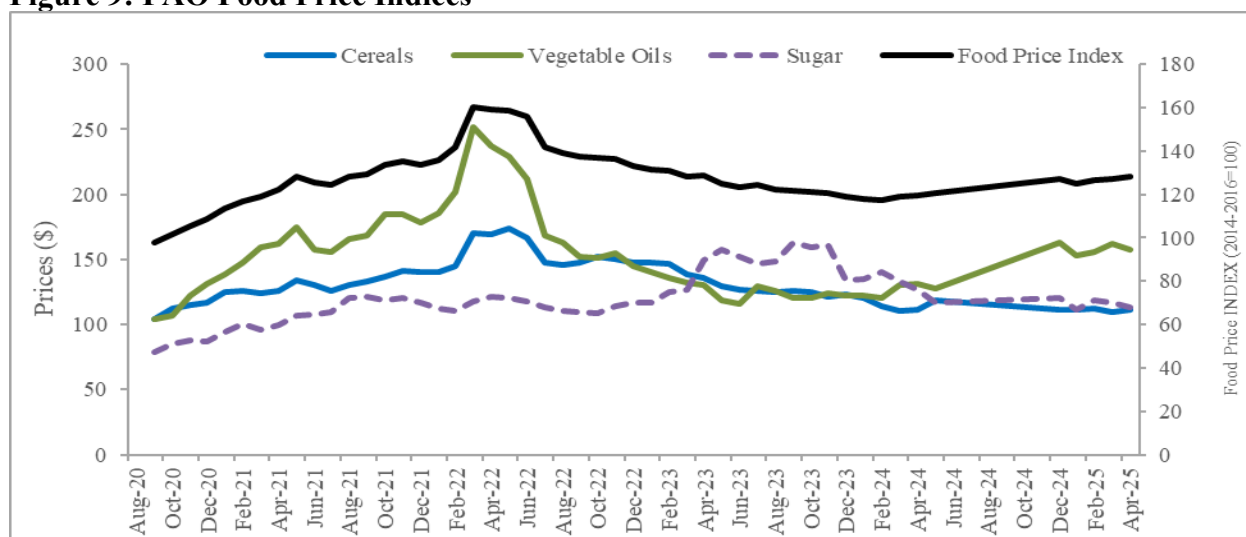


Source: World Bank Commodity Market Outlook database, May 2025

### **Food Price Index**

The FAO Food price index reached 128.3 points in April 2025, marking a 0.94 percent increase to 127.10 as at March 2025. Cereal prices dropped in March 2025 followed by a 1.19 percent recovery in April 2025, attributed to tighter wheat exports from Russia, increased demand for rice, and diminished U.S. corn stocks. Prices of vegetable oils peaked at 161.8 points in March 2025 before falling to 158.0 points in April 2025, a decline of 2.3 percent, driven by a sharp drop in palm oil prices amid economic uncertainties. Sugar prices dropped to 112.8 points in April 2025 from 118.5 points in February 2025, reflecting fluctuations in the commodity market.

**Figure 9: FAO Food Price Indices**



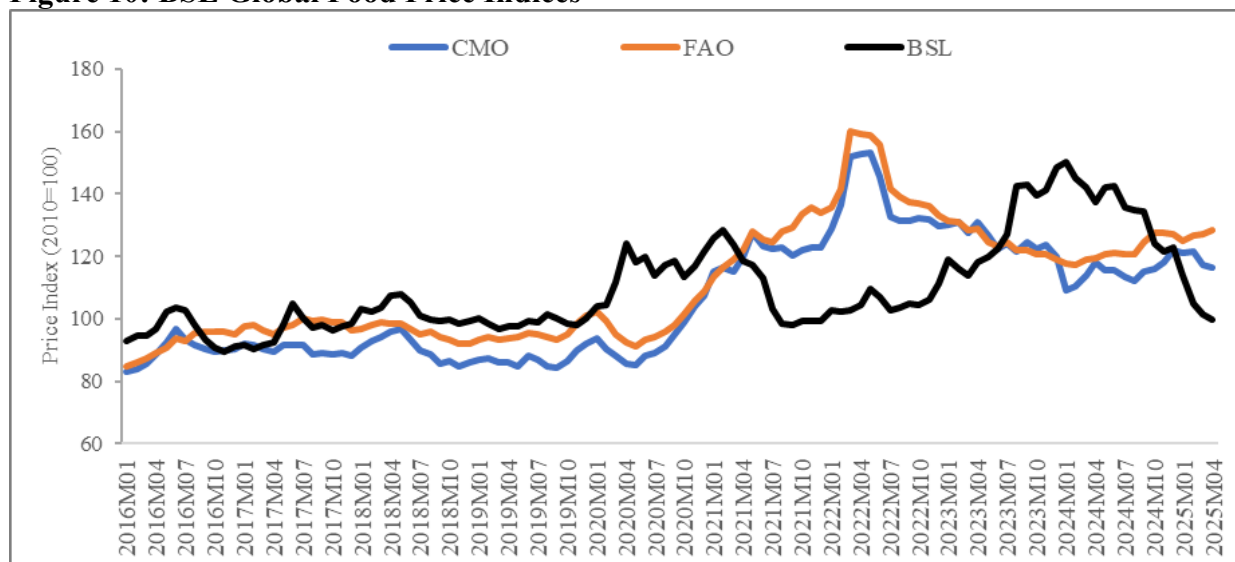
Source: FAO food price index database, May 2025



## BSL Food Index

The BSL estimated Food Index shows a continuous downward trajectory in 2025, decreasing to 106.61 points in 2025Q1 from 122.92 points in the previous quarter. This decline is primarily reflected in the fall in global rice prices, as reported by the Commodity Market Outlook (CMO). However, the geopolitical conflict between India and Pakistan poses a threat to domestic prices for imported rice, as these economies are significant rice exporters to Sierra Leone.

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

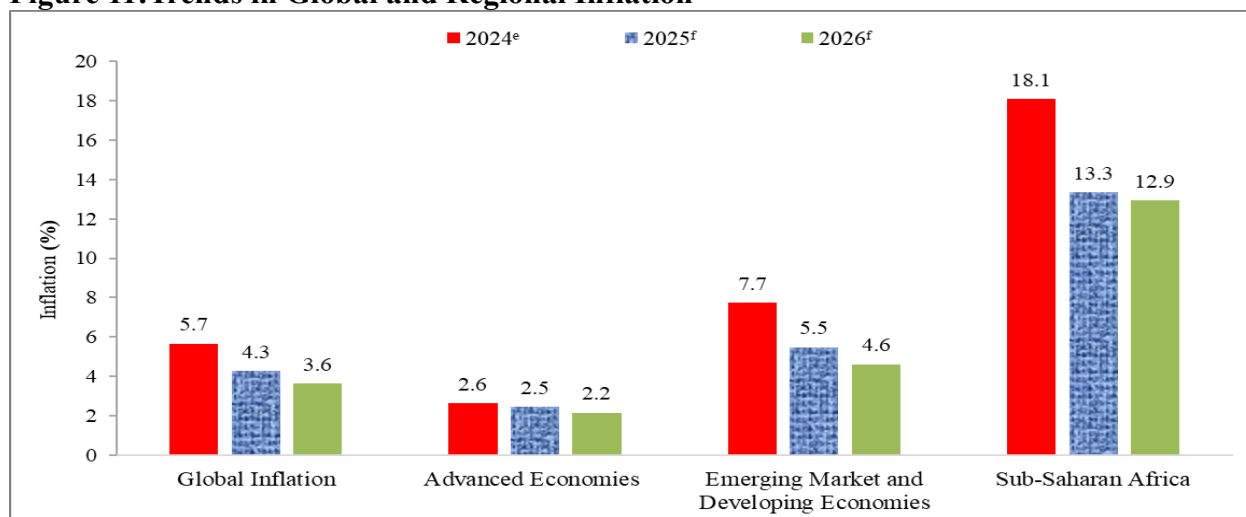


Source: World Bank, FAO & BSL

### 1.2.2 Global Inflation

Global inflation is projected to decline to 4.3 percent in 2025 and to 3.6 percent by 2026, from 5.7 percent in 2024, attributed to tighter central bank policies, improved supply chain efficiency, and a reduction in commodity prices. Advanced economies are expected to achieve their target inflation rates more quickly than their emerging and developing counterparts. Specifically, inflation in advanced economies is expected to fall to 2.2 percent in 2026, whereas inflation in emerging markets and developing economies is expected to decrease to 4.6 percent. In Sub-Saharan Africa, inflation is expected to ease to 12.9 percent in 2026, although the region continues to grapple with food insecurity, currency depreciation, and fiscal constraints.

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



Source: IMF, *World Economic Outlook*, January 2025 and April 2025 update.

The graph shows government and central bank efforts to curb inflationary pressures to achieve stable prices. However, there are looming risks that have the potential to reverse this trend, including rising trade tensions, central bank policies, and OPEC's decisions regarding oil supply.

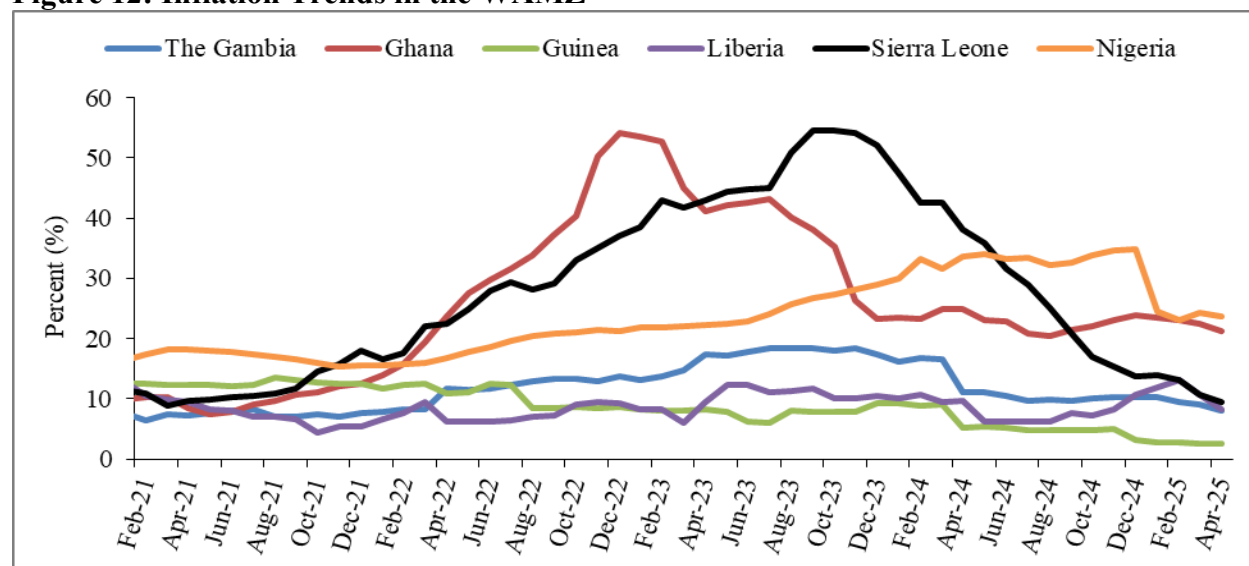
### ***Sub-Saharan Africa (SSA) Inflation***

Inflation in Sub-Saharan Africa (SSA) surged to 18.1 percent in 2024, significantly exceeding the global average. However, inflation declined by 5.0 percentage points to 13.3 per cent in 2025 and is projected to decrease further to 12.9 percent by 2026. This reflects the easing of global financial conditions, a slowdown in global headline inflation, tighter monetary policies and lower energy prices. However, inflationary pressures remain with headline inflation well above target in most countries within the region, driven by imported inflation and currency depreciation.

### ***Inflation in the WAMZ***

Inflationary pressures in the West African Monetary Zone (WAMZ) are easing gradually but remain high. Headline inflation is on a downward trend, except for Nigeria, which experienced fluctuations at the beginning of 2025. Sierra Leone recorded a single-digit inflation rate of 9.38 percent in April 2025 for the first time since May 2021, and further to 7.55 percent in May 2025, driven by prudent monetary policy measures, proactive fiscal policy, relatively stable exchange rate, as well as declining global commodity prices. Guinea had the lowest rate at 2.5 percent, followed by The Gambia at 8.1 percent and Liberia at 8.2 percent. In contrast, Nigeria recorded the highest inflation rate at 23.7 percent, followed by Ghana at 21.2 percent driven by increasing import costs, currency depreciation, and supply-side challenges during the review period.

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



Source: IMF World Economic Outlook, April update 2025 and Central Banks via Trading Economics May 2025; note: Inflation for Sierra Leone, Nigeria, Ghana and the Gambia, Guinea, Liberia are as of April 2025.

### 1.3 Monetary Policy and Financial Market Developments

Global stock markets displayed minimal movement, trending slightly negatively in the first quarter of 2025. In the USA, persistent inflation above target prompted the Federal Reserve to pause interest rate cuts while assessing tariff data. In the Eurozone, declining inflation approached the ECB's target, leading to a shift towards easing policy despite sluggish growth. In the UK, inflation neared target levels, causing the Bank of England to reduce rates due to easing energy costs. Meanwhile, China adopted a more accommodative monetary policy to stimulate demand amid weaknesses in the property and export sectors. In contrast, WAMZ countries are tackling inflation with tighter monetary policies and elevated interest rates. Unlike major economies that can sustain restrictive measures for longer, WAMZ nations must balance controlling inflation with the necessity of supporting economic growth. (See Table 2 in Appendix)

#### ***Sovereign Bond Yield***

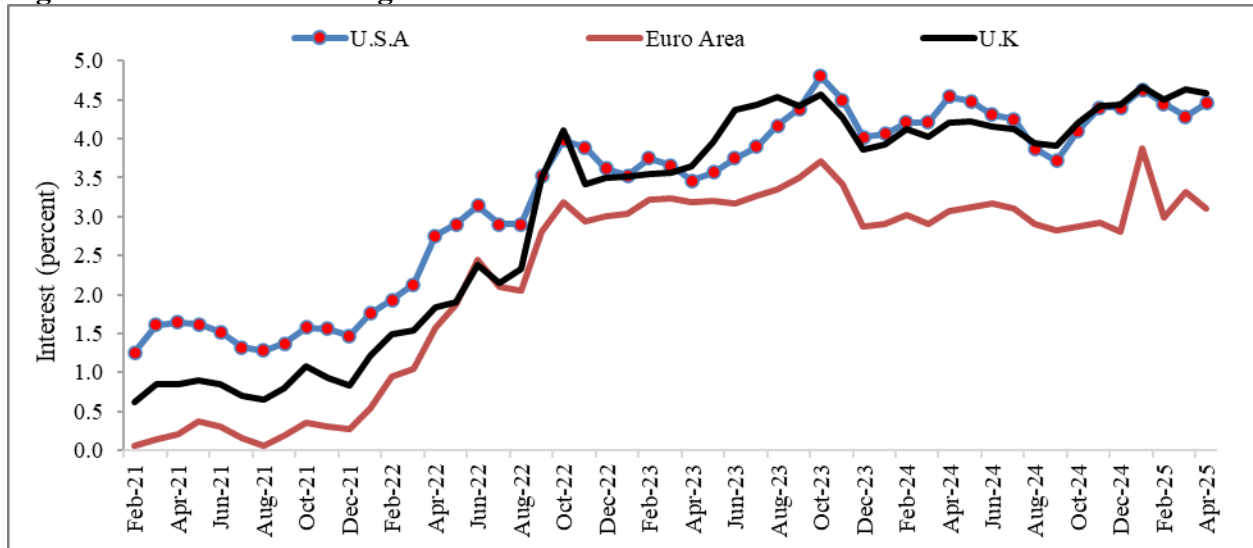
Sovereign bond markets showed divergent trends in 2025Q1. The US sovereign yields fell while Euro area sovereign yields rose before stabilizing. The 10-year treasury yield declined from about 4.80 percent in January to around 4.15 percent by March, reflecting investor expectations of a cooling economy and potential fed rate cuts later in the year.

The euro-area 10-year sovereign bond climbed to over 3.00 percent up from 2.87 percent at end 2024, largely driven by fiscal expansion and reduced ECB balance sheet activity. The 10-year

UK sovereign yield rose from about 4.35 percent at the end of 2024Q4 to approximately 4.60 percent by end 2025Q1. Elevated expected issuance spurred supply pressures.

These yield shifts could influence investor appetite for market assets, affecting their external financing conditions with implications for exchange rate stability.

**Figure 13: Selected Sovereign Bond Yields**

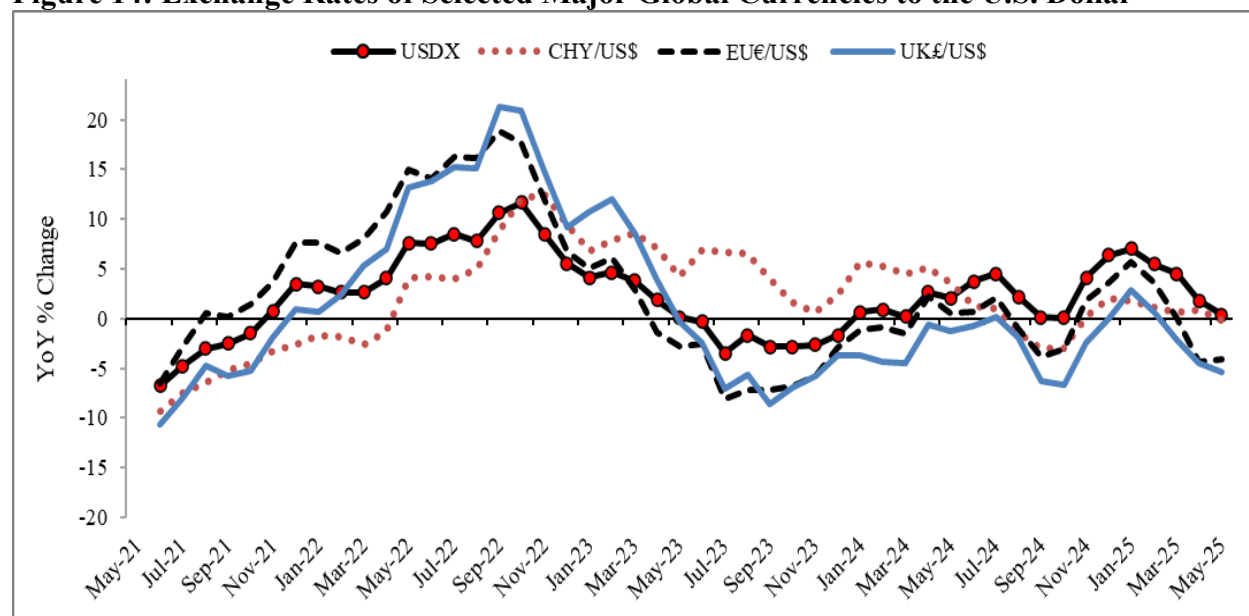


Source: Federal Reserve Economic, FRED Data (May 2025)

### ***Exchange Rate***

In the exchange rates market, the U.S. dollar continues to weaken against major global currencies in April 2025, after strengthening in January. Both the British Pound and Euro experienced some strength, while the Chinese Yuan showed slight depreciation. The modestly depreciating Chinese Yuan reveals volatility, whereas the euro and the pound have exhibited consistent appreciation since the start of 2025. On an annual basis, the Chinese Yuan recovered in mid-2024, while the euro and British pound experienced fluctuations. However, the U.S. dollar still holds a significant percentage share of global currency reserves and is expected to consolidate its recent losses with a bias toward mild depreciation in the near term.

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

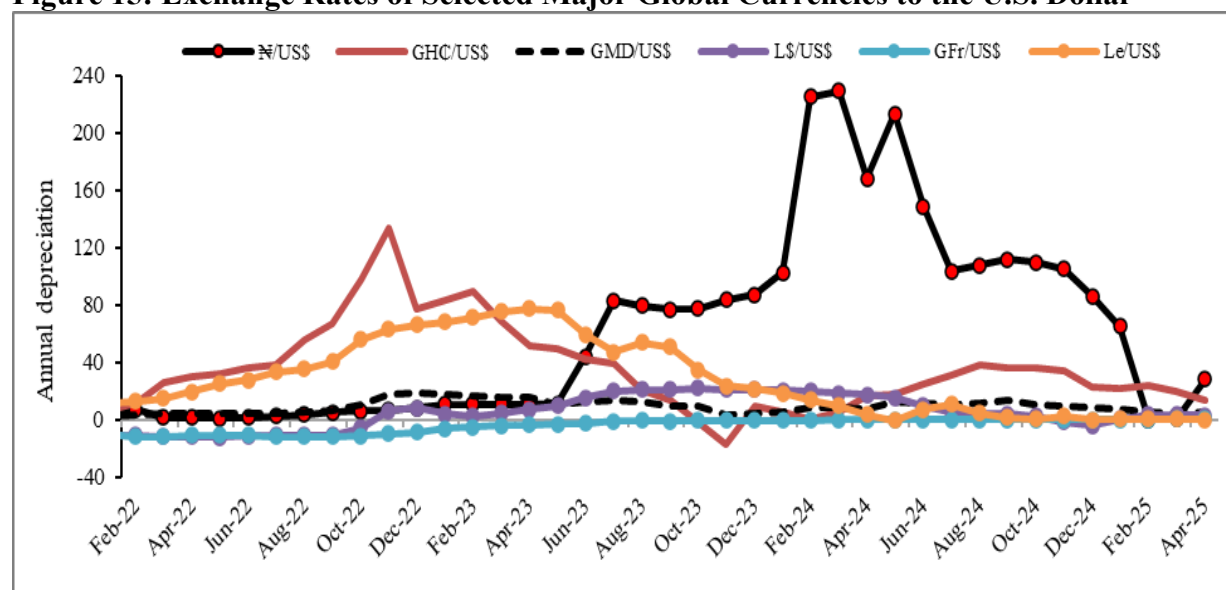


Source: FRED (February 2025). Note a positive change indicates depreciation against the U.S. dollar and a negative change indicates an appreciation against the U.S. dollar.

### **WAMZ Exchange Rate**

The Naira remains the weakest performer in the WAMZ region, closely followed by the Ghanaian cedi. The depreciation of the Naira is attributed to the decline in global oil prices, which is its primary source of revenue. The Leones and other currencies in the zone are maintaining a degree of relative stability. However, the cedi has shown some consistent strength since February 2025, attributed to fiscal tightening, improved gold reserves, and sound economic policies.

**Figure 15: Exchange Rates of Selected Major Global Currencies to the U.S. Dollar**



Source: Global Economic Monitor, May 2025

#### **1.4 Implications for the Outlook of the Sierra Leone Economy**

While direct trade exposure is limited, Sierra Leone could face indirect effects from the US trade protectionism. The heightened global trade tensions create uncertainties which may deter investors and disrupt trade flows, exacerbating economic vulnerabilities. The ongoing US trade protectionism policies could strengthen the dollar which could weaken local currencies in Sub-Saharan Africa including Sierra Leone. Such depreciation can increase the cost of imports and contribute to inflationary pressures, and a stronger dollar makes dollar denominated debt more expensive which could cause a strain on Sierra Leone's fiscal position.

The escalating geopolitical tensions in Europe and Asia as well as the Middle East could further disrupt global supply chains, leading to high import prices with associated imported inflation into Sierra Leone. Given Sierra Leone's reliance on iron ore exports, a decline in the global price could also lead to a decrease in export earnings.

On the flip side, the recent trend of central banks in advanced economies lowering interest rates could lead to volatility in capital flows, potentially directing capital inflows into emerging and developing economies like Sierra Leone.

However, the ongoing global tariff tensions may deter investors and distort trade flows, which could exacerbate the country's economic vulnerabilities.

## 2. DOMESTIC ECONOMIC DEVELOPMENTS

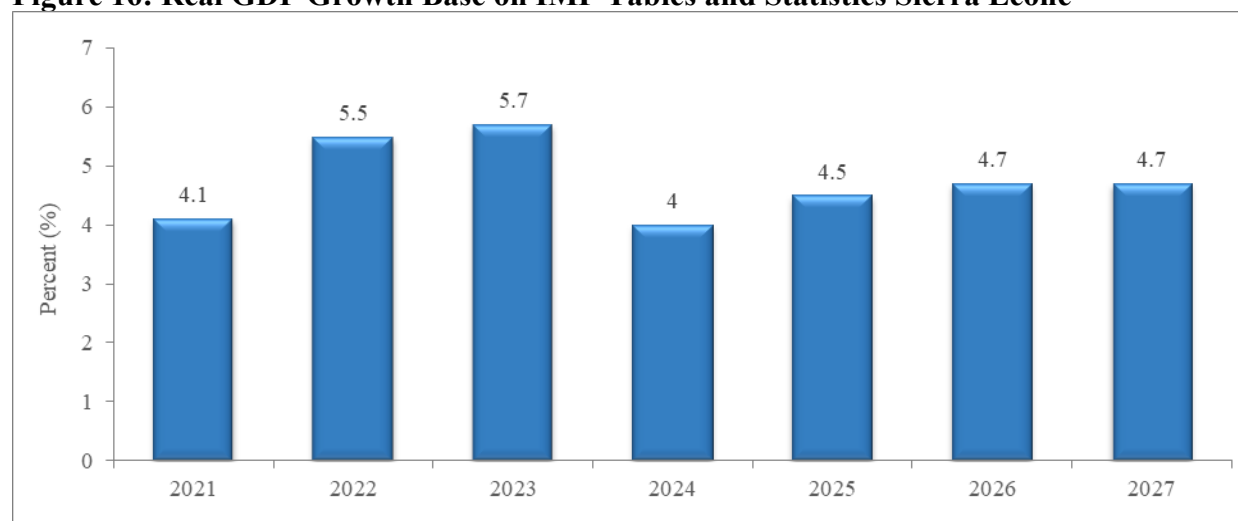
### 2.1 Real GDP Developments

#### 2.1.1 Real GDP Growth

Real GDP growth is projected to rebound to 4.5 percent in 2025, from 4.0 percent in 2024. This growth is primarily driven by strong performance in the mining, agriculture and services sectors. Collectively, these sectors are expected to foster a more favorable economic environment, contributing to overall growth. The medium-term outlook is positive, with growth forecasted to reach 4.7 percent in 2026 and 2027, underpinned by government initiatives to boost agricultural productivity under the Feed Salone program, designed to enhance food self-sufficiency and support local farmers. This is supported by the government's commitment to create an enabling environment to strengthen the manufacturing, construction and tourism sectors.

However, there are potential risks to this growth trajectory. The economy's dependence on imported food, especially rice and major mineral exports, makes it vulnerable to external shocks due to fluctuations in international commodity prices. A decline in the prices of Sierra Leone key mineral exports could undermine the country's growth potential. Also, the infrastructure deficit, particularly inadequate electricity supply, could constrain economic activity. Furthermore, the ongoing geopolitical and trade tensions may disrupt global supply chains and trigger volatility in commodity prices with consequences for inflation spiral. However, the government's policy actions to implement pro-growth policies and strengthen fiscal resilience through improved revenue mobilization and prudent expenditure management could improve macroeconomic stability and enhance the economy's resilience to external shocks.

**Figure 16: Real GDP Growth Base on IMF Tables and Statistics Sierra Leone**

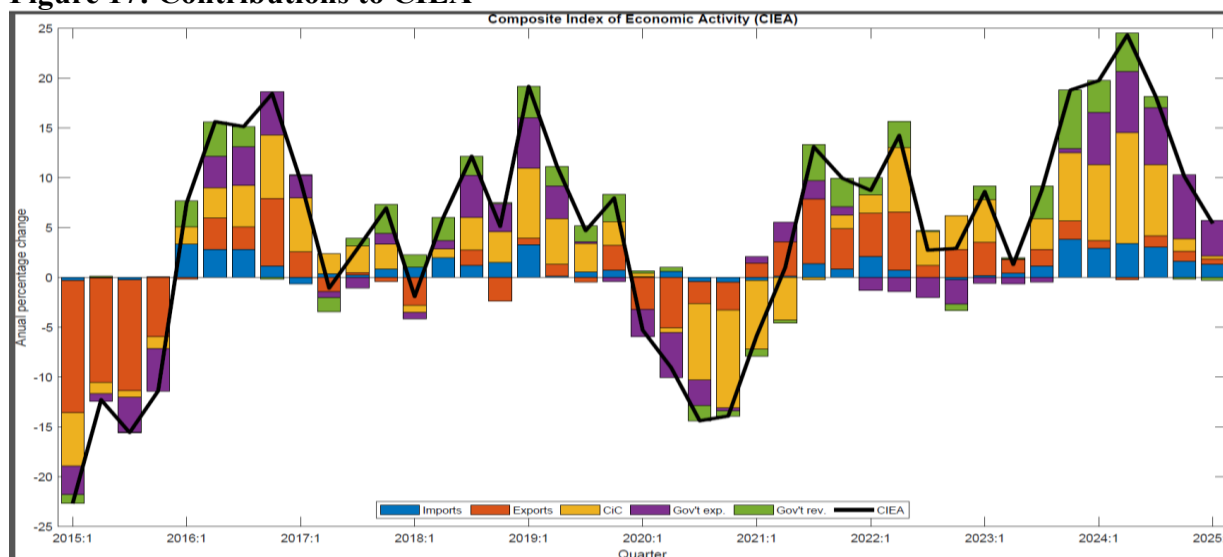


Source: Stats. SL & IMF

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

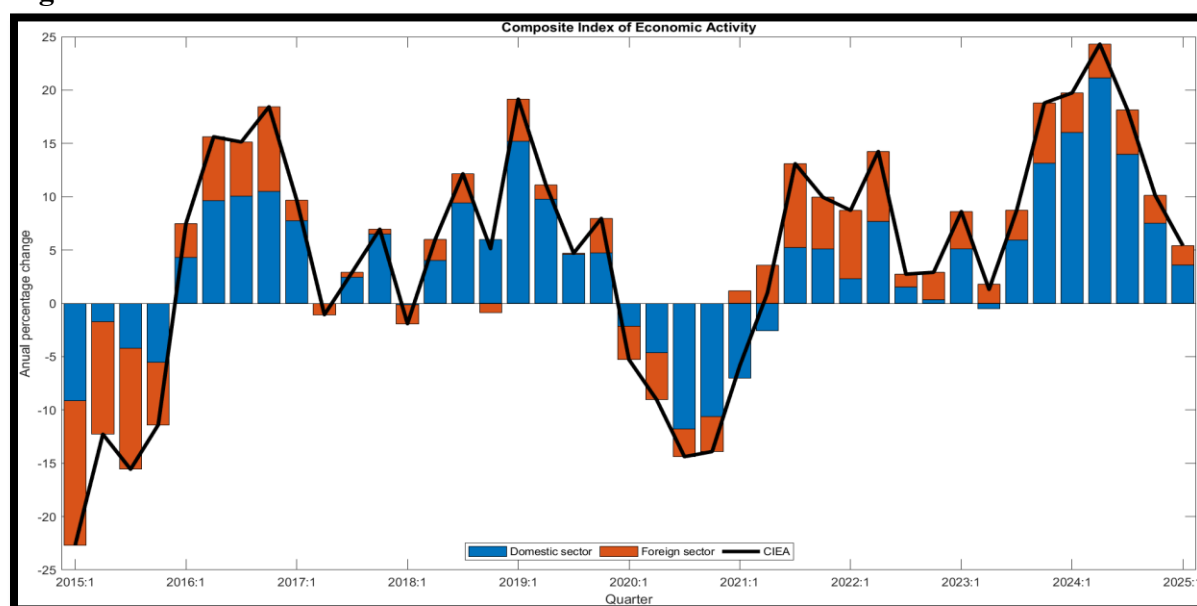
The Bank's Composite Index of Economic Activities (CIEA) revealed a continuous slowdown in economic activities after a peak in 2024Q2. Hence, the CIEA annual percentage growth declined from 10.14 percent in 2024Q4 to 5.41 percent in 2025Q1, making the third consecutive quarter of slowdown. The decline in growth observed in the CIEA reflects a decrease in all the high frequency indicators. Similarly on sectoral basis, both domestic and foreign sectors activities declined during the review quarter.

**Figure 17: Contributions to CIEA**



Source: BSL

**Figure 18: Sectoral Contributions to CIEA**



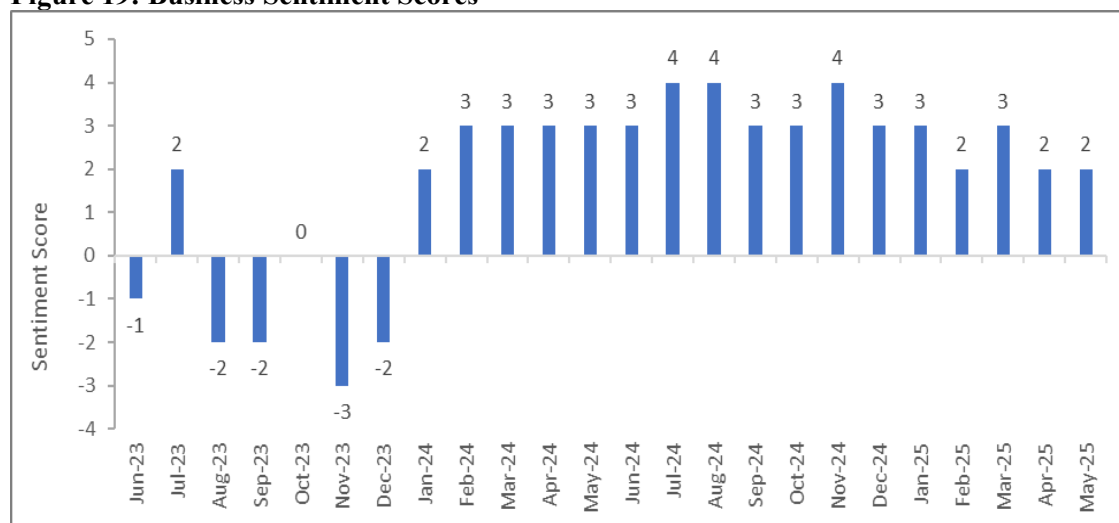
Source: BSL



### Box 1: Business Sentiment<sup>2</sup>

Business sentiment continues to be positive in May 2025, signalling growing confidence within the business community. Survey findings attribute this optimism to the sustained stability of the Leone over the past year and the gradual easing of inflationary pressures. These factors have provided businesses with greater predictability and assurance in their pricing decisions.

**Figure 19: Business Sentiment Scores**



Source: BSL

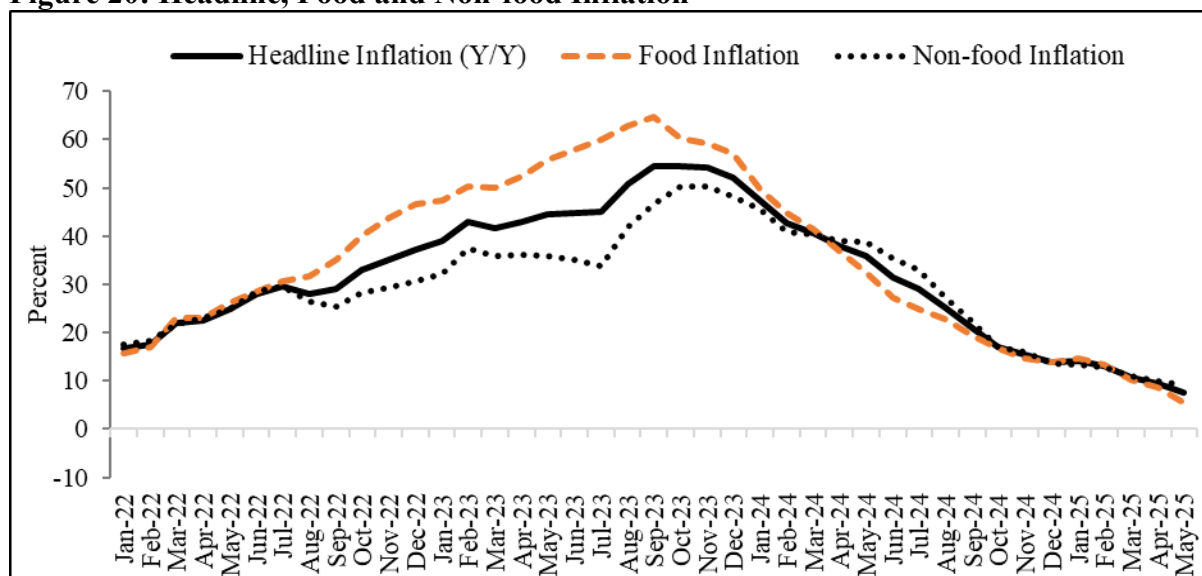
### 2.1.3 Price Developments

Inflationary pressure continued to ease in 2025, explained by prudent monetary policy, fiscal consolidation efforts, relative stability of the exchange rate, stable domestic fuel prices, subdued global commodity prices and adjustments of essential commodities prices by government. Headline inflation (year-on-year) decreased by 3.67 percentage points to 10.71 percent in March, from 13.78 percent recorded in December 2024. Food inflation reduced by 3.62 percentage points to 10.27 percent in March 2025, from 13.89 percent in December 2024. Non-food inflation on the other hand, slowed down to 11.05 percent in March 2025, from 13.69 percent in December 2024.

Headline inflation declined to 9.38 percent in April 2025 and further to 7.55 percent in May 2025. Inflation is forecasted to continue this downward trend into the third quarter, given that food and energy prices are expected to remain relatively stable.

<sup>2</sup> The business sentiment is still experimental.

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

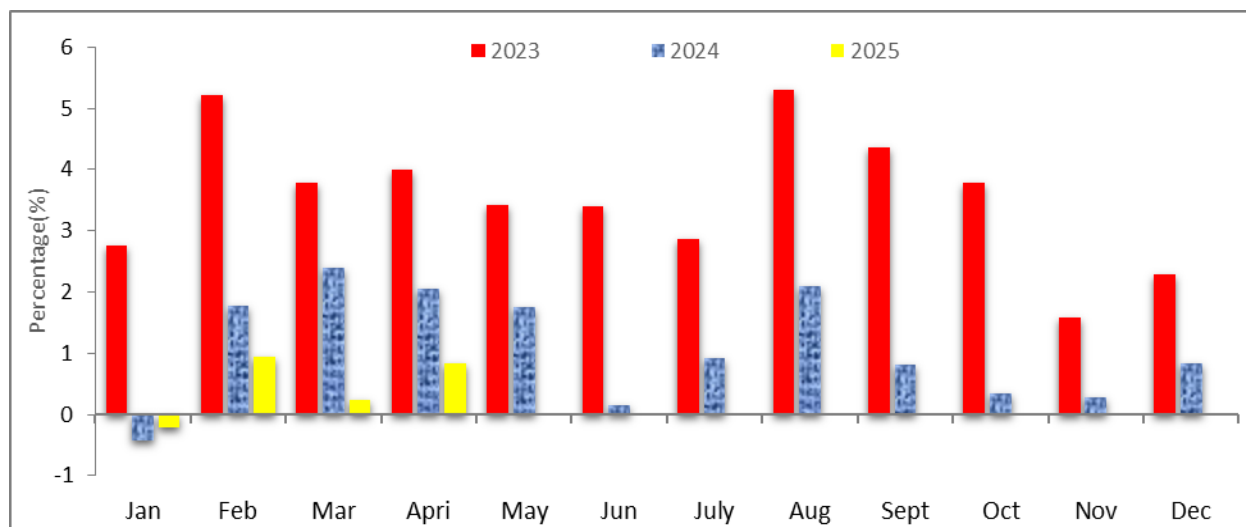


Source: Stats. SL

### Monthly Inflation

On a monthly basis, inflation declined to 0.05 percent in May 2025 from 0.83 percent in April 2025 and 1.76 percent in the corresponding month in 2024. The deceleration in month-on-month inflation was mainly driven by the decrease in food inflation, while non-food inflation increased.

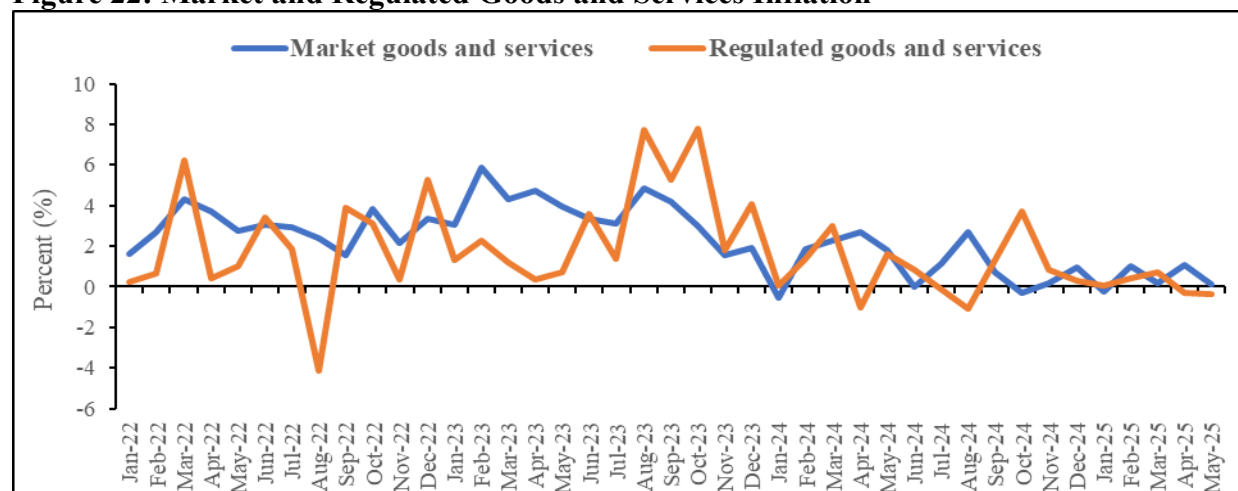
**Figure 21: Path of Monthly Inflation within the Years of 2022-2024**



Source: Stats. SL

The annual trend in both market-driven and regulated goods and services inflation continued to decline, largely reflecting the impact of prudent macroeconomic policies during the period.

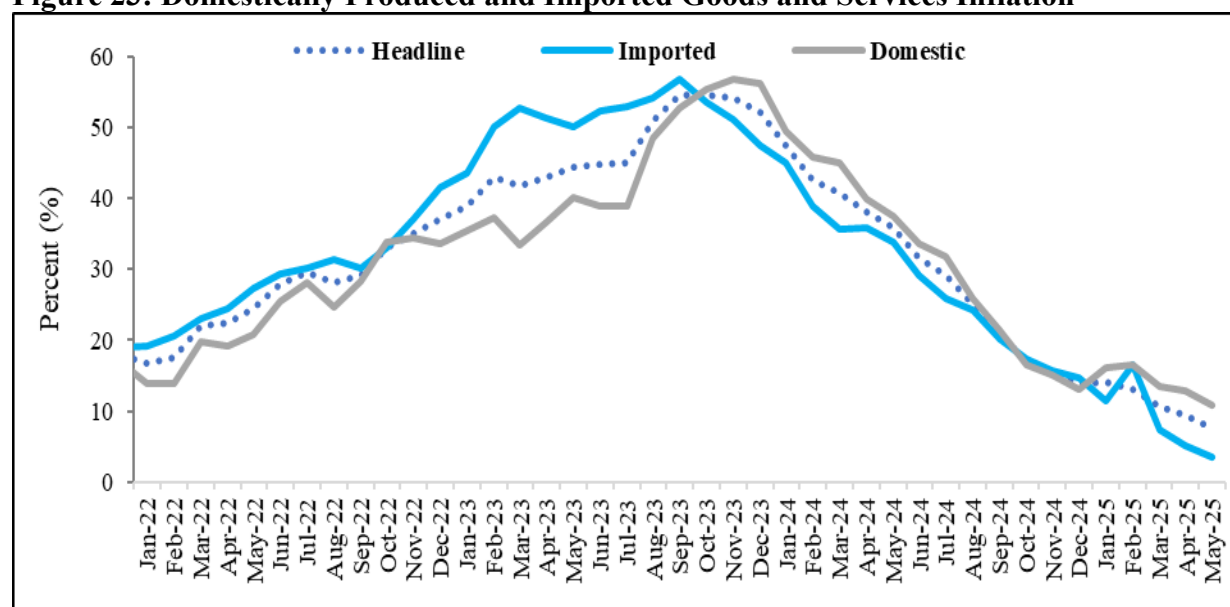
**Figure 22: Market and Regulated Goods and Services Inflation**



Source: BSL Staff Calculations

Market Goods and Services inflation decelerated in 2025Q1. It increased marginally in April 2025. Regulated goods and services inflation increased initially in January and February 2025 but declined in March 2025 and decreased further in April 2025. Both Market and Regulated goods & services inflation declined in May 2025. Major components leading to the decrease in market goods and services inflation were local food, imported raw food and market services. Examples of these include rice, other condiments (i.e. pepper), sugar, fruits and round onions. Regulated goods and services inflation decreased during the review period due to the decline in the supply of regulated energy and regulated services and medicine.

**Figure 23: Domestically Produced and Imported Goods and Services Inflation**



Source: Stats. SL & BSL

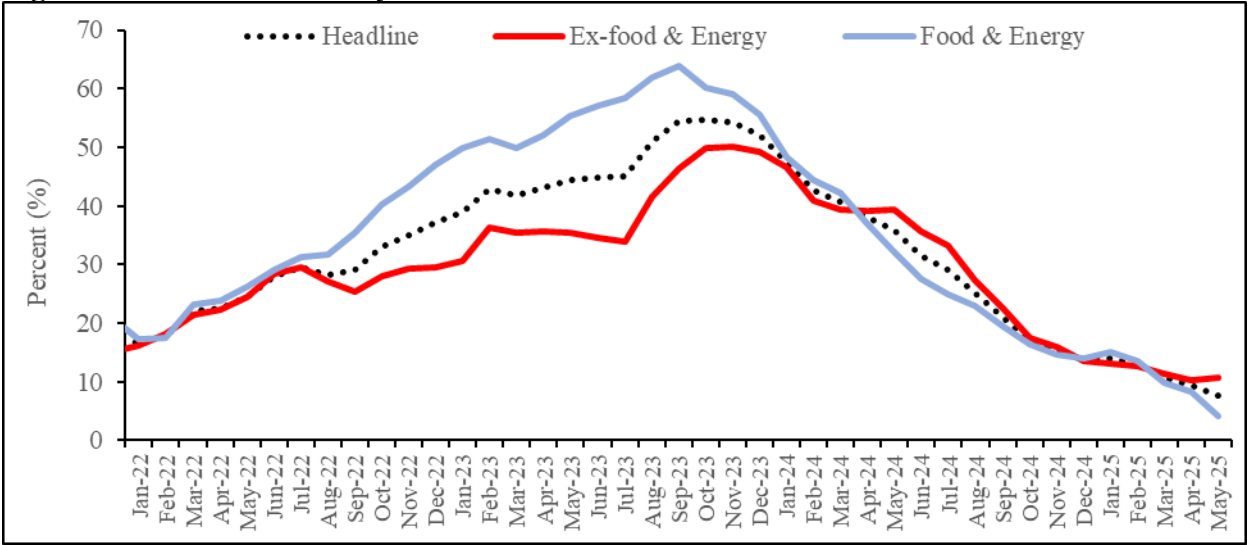
Consistent with the decline in headline inflation, both imported, and domestically induced inflation continued to ease during the first quarter of 2025. This decrease primarily reflects the decline in global food prices, increase in domestic food supply as well as the BSL’s policies aimed at addressing exchange rate constraints and the lifting of the administrative barriers in the foreign exchange market. Headline inflation, domestic inflation, and imported inflation continued the downward trend in May 2025.

Inflation is expected to remain on its downward trajectory in 2025, but risks remain including the second-round effects of the shift in trade policies, continued geopolitical uncertainties, the Middle East conflict and climate-related risks that could impact agricultural output and supply chains.

**Core Inflation**

Core inflation declined to 11.1 percent in March 2025 from 13.5 percent in December 2024. It moderated further to 10.7 percent in May 2025, indicating a broad-based deceleration in price pressures.

**Figure 24: Core Inflation Dynamics**



Source: Stats. SL

## 2.2 External Sector Developments

### 2.2.1 Merchandise Trade

Sierra Leone's trade deficit with the rest of the world widened by 68.79 percent to USD124.36 million in 2025Q1, from USD73.68 million in 2024Q4. This reflects a higher increase in import bills (10.86 percent) than the corresponding increase in export receipts (0.48 percent).

**Figure 25: Merchandise Trade**



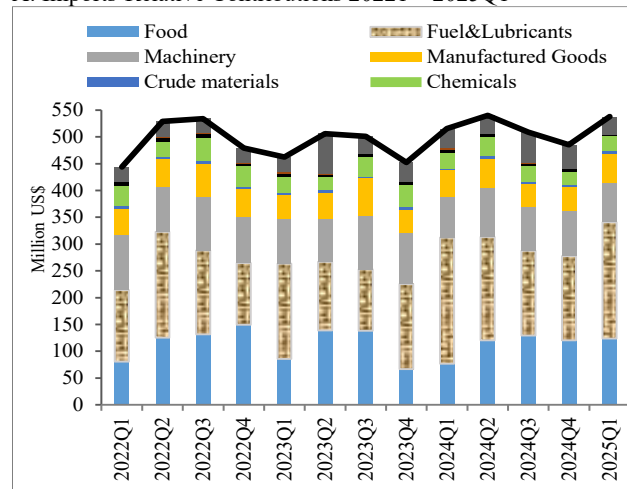
Source: NRA/Customs & BSL

### Components of Import

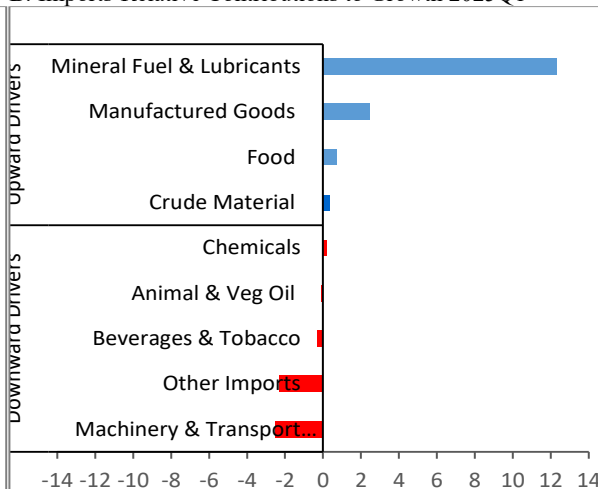
The total value of merchandise imports increased by 10.86 percent to USD537.82mn in 2025Q1, from USD485.16mn in 2024Q4. The increase in merchandise Imports was driven mainly by mineral fuel, manufactured goods, food and crude materials.

**Figure 26: Components of Import**

A: Imports-Relative Contributions 2021 – 2025Q1



B: Imports-Relative Contributions to Growth 2025Q1



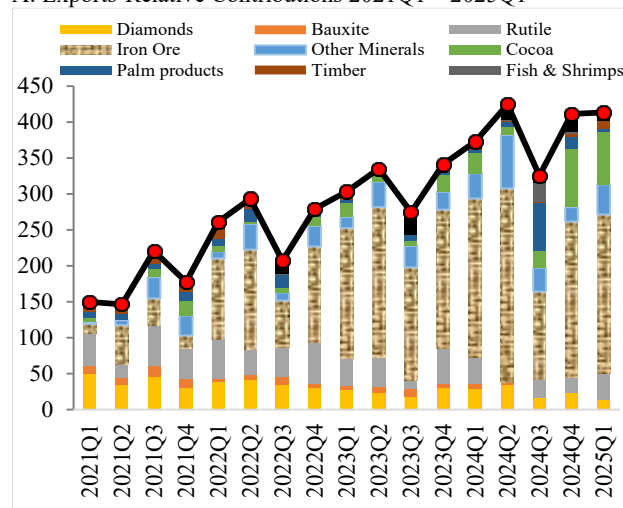
Source: NRA/Customs & BSL

## Components of Export

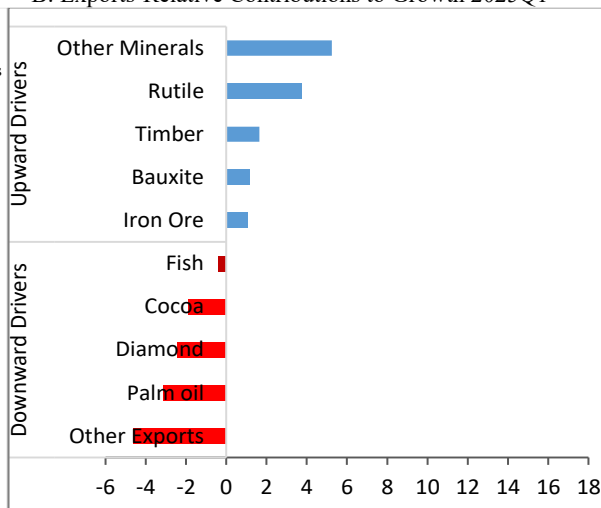
The total value of merchandise exports increased by 0.48 percent to USD413.46mn in 2025Q1 from USD411.48mn in 2024Q4. The increase in merchandise exports was driven mainly by Rutile, Timber, Bauxite, Iron ore, and Other Minerals.

**Figure 27: Components of Export**

A: Exports-Relative Contributions 2021Q1 – 2025Q1



B: Exports-Relative Contributions to Growth 2025Q1

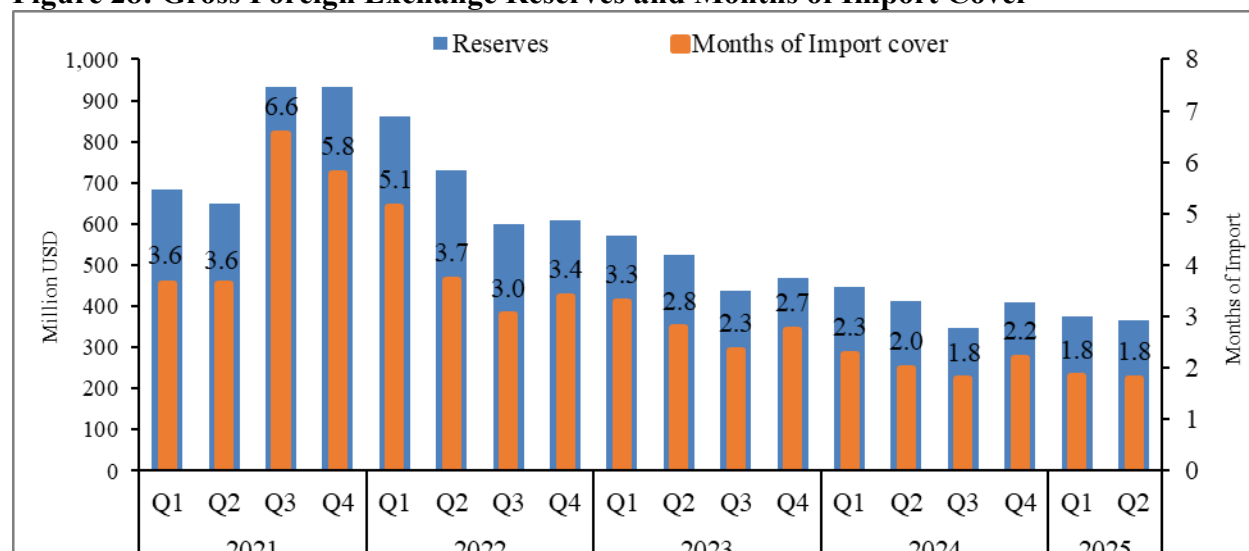


Source: NRA/Customs & BSL

## 2.2.2 Gross Foreign Exchange Reserves

The gross foreign exchange reserves of the Bank of Sierra Leone decreased by 2.45 percent, to USD365.24 million in 2025Q2, down from USD374.42 million in 2025Q1, covering 1.8 months of imports. This decline was driven by higher outflows compared to inflows during the review period. Major outflows accounting for the drawdown on gross foreign exchange reserves included payments for goods and services as well as debt service payments to IMF, World Bank, AfDB, IFAD, OPEC, and other Multilateral / Bilateral organizations.

**Figure 28: Gross Foreign Exchange Reserves and Months of Import Cover**

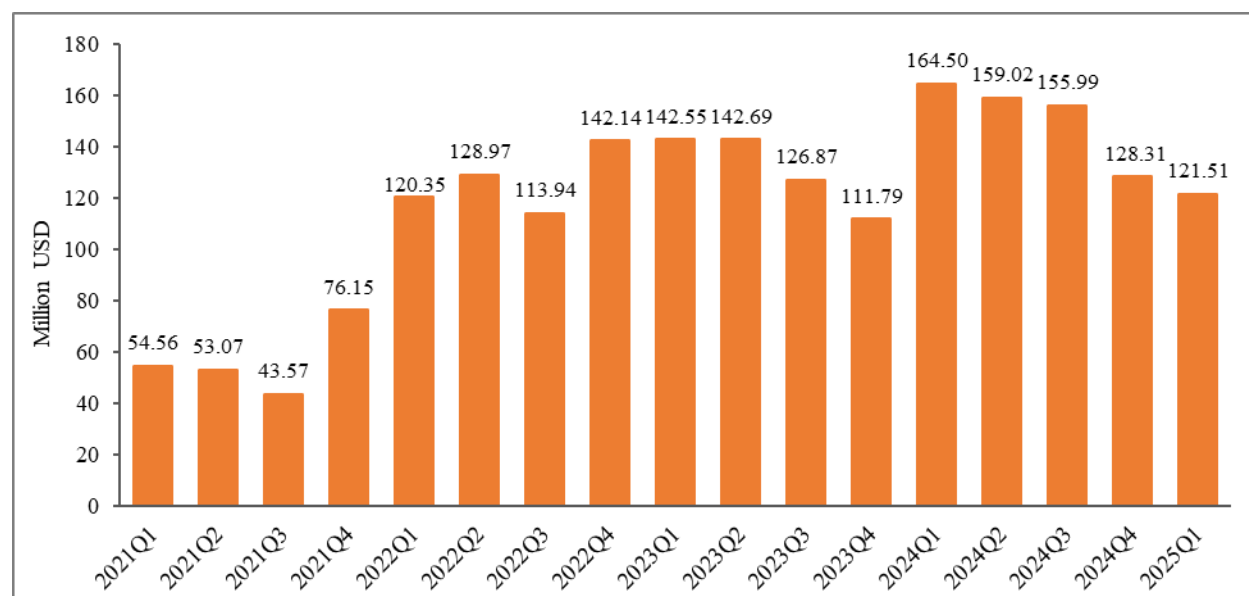


Source: BSL

### 2.2.3 Diaspora Remittances

Diaspora remittance inflows declined by 5.3 percent to USD121.51 million in 2025Q1 from USD128.31 million in 2024Q4. This could be attributed to the global economic uncertainty, negatively impacting on the disposable income of our diaspora communities abroad and limiting their ability to remit money back home.

**Figure 29: Diaspora Remittances into Sierra Leone**



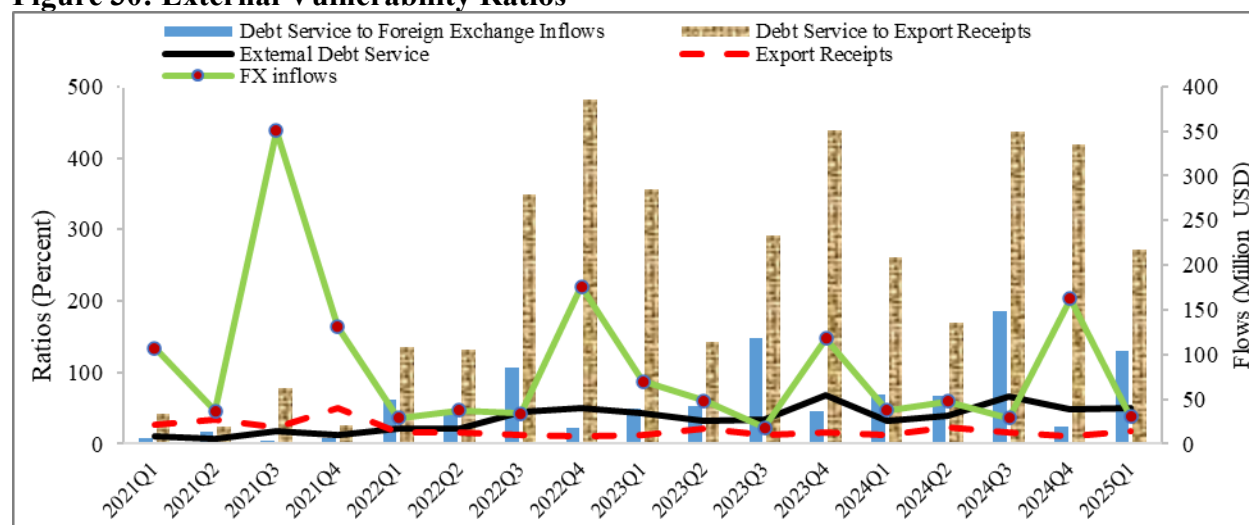
Source: BSL

### 2.2.4 External Vulnerability Ratios

External debt service payments increased by 3.98 percent to USD39.69mn in 2025Q1 from USD38.17mn in 2024Q4. Similarly, tax receipts from exports increased by 60.81 percent to

USD14.65mn in 2025Q1 from USD9.11mn in 2024Q4. On the other hand, forex inflows decreased significantly by 81.29 percent to USD30.47mn in 2025Q1 from USD162.85mn in 2024Q4. Accordingly, the ratio of debt service to export tax receipts decreased by 35.34 percent to USD270.92mn, whilst the ratio of debt service to forex inflows increased significantly by 455.74 percent to USD130.26mn.

**Figure 30: External Vulnerability Ratios**



Source: BSL

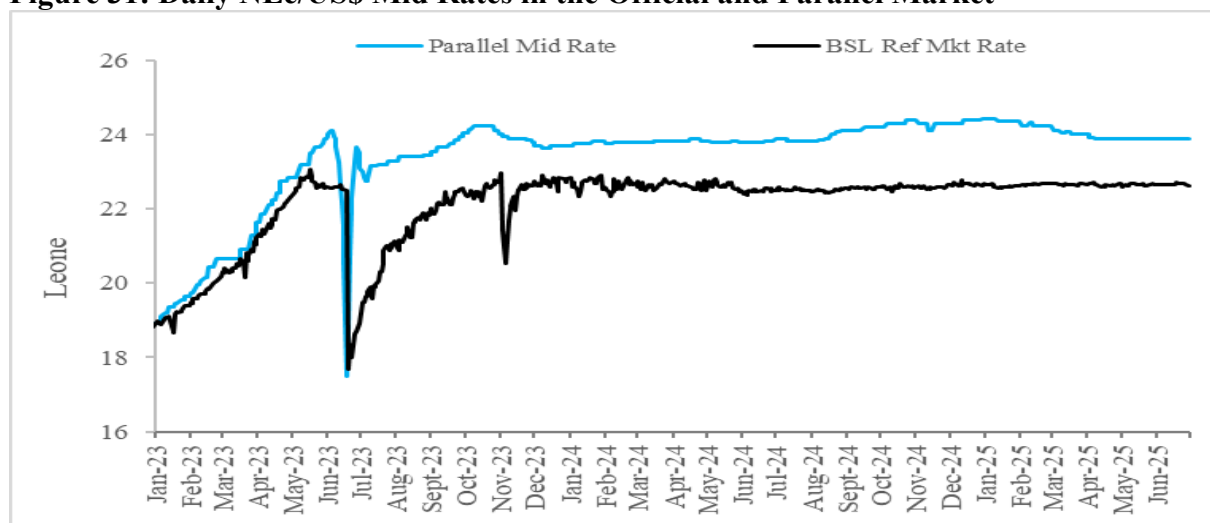
## 2.3 Exchange Rates and Foreign Exchange Market Developments

### 2.3.1 Bilateral Rates and Foreign Exchange Market Developments

The exchange rate remained relatively stable in 2025Q1. However, there was moderate appreciation of the exchange rate in 2025Q2 as market sentiments improved coupled with ongoing fiscal and monetary measures. Nonetheless, there are risks to the outlook which may be driven by factors such as increased market demand, liquidity conditions, and external economic influences like global trade tensions and volatility in international commodity prices.



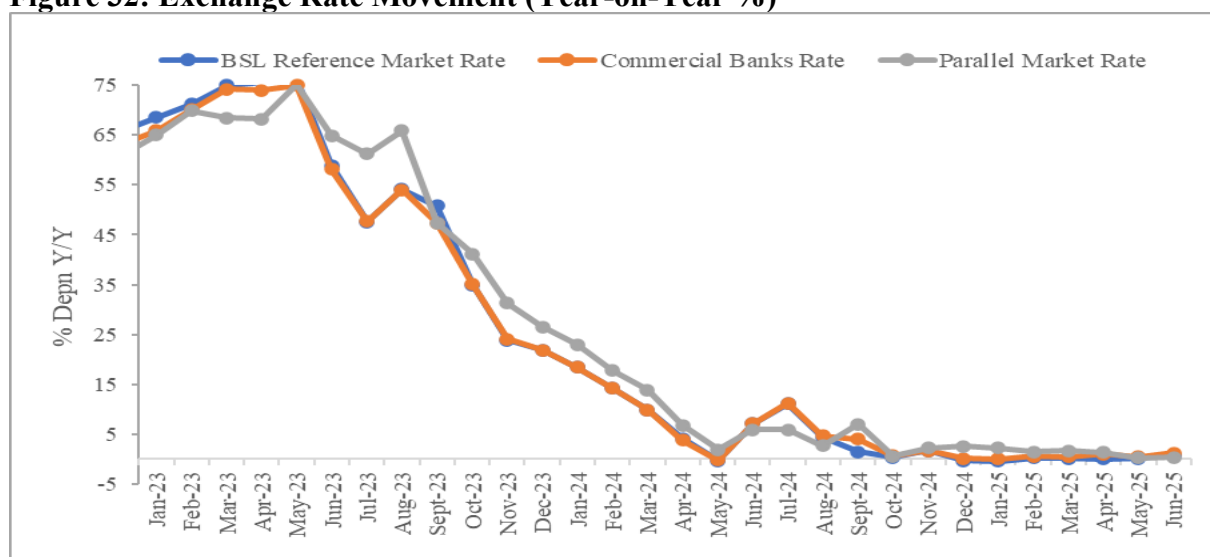
**Figure 31: Daily NLe/US\$ Mid Rates in the Official and Parallel Market**



Source: BSL

On a year on year basis, exchange rate depreciation continues to slowdown as reflected below.

**Figure 32: Exchange Rate Movement (Year-on-Year %)**



Source: BSL

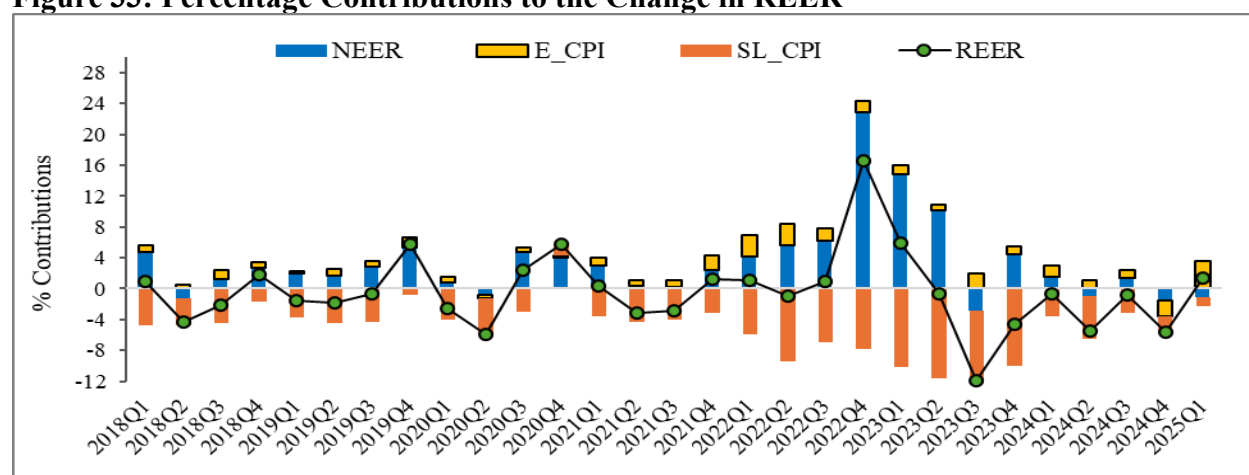
### 2.3.2 Effective Exchange Rates

The Nominal Effective Exchange Rate (NEER) of Sierra Leone appreciated by 1.1 percent in 2025Q1, following a 1.6 percent appreciation in 2024Q4. This was primarily driven by the strengthening of the Leone against major trading partner currencies, including the British Pound (1.6 percent), Euro (1.5 percent), and Chinese Yuan (1.0 percent). These gains more than offset a marginal depreciation against the US Dollar, reflecting continued relative stability in the foreign exchange market during the review period.

In contrast, the Real Effective Exchange Rate (REER) depreciated by 1.4 percent in 2025Q1, compared to a 5.5 percent appreciation in the preceding quarter. This real depreciation is largely attributable to a significant decline in domestic prices relative to those of trading partners. The subdued domestic price level, amid relatively stable or rising foreign prices, resulted in a real depreciation despite the nominal appreciation of Leone.

The decline in the REER signals an improvement in external competitiveness, which could bolster export demand and contribute to a narrowing of the trade deficit. If sustained, it may support the accumulation of gross external reserves and maintain a favorable balance of payments.

**Figure 33: Percentage Contributions to the Change in REER**

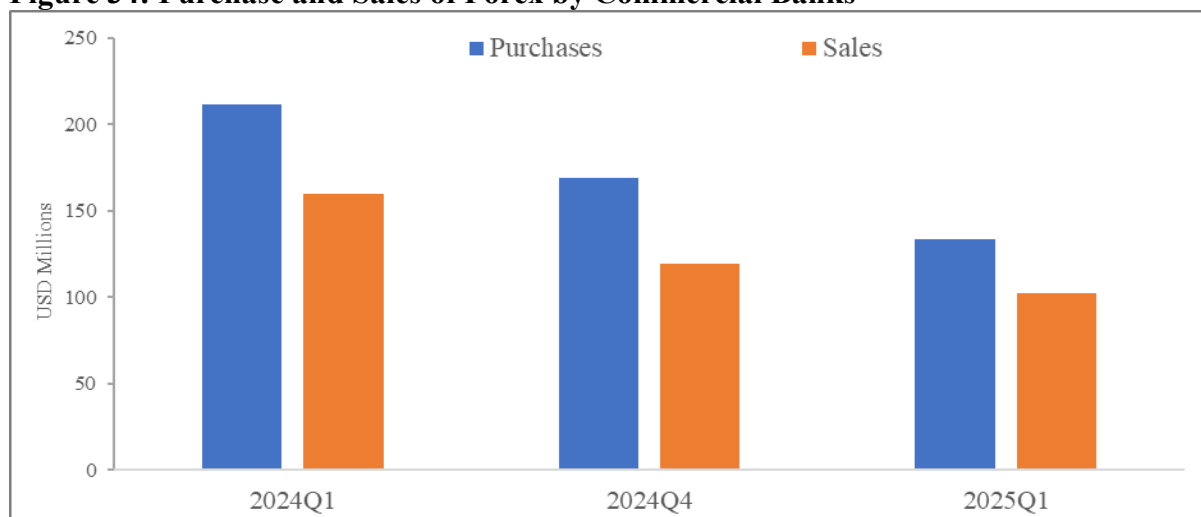


Source: World Bank, World Development Indicators, BSL Data Warehouse, Federal Reserve Economic Data

### 2.3.3 Foreign Exchange Market Turnover

Total amount traded in the Foreign Exchange Market (purchases and sales) during 2025Q1 was USD235.47mn, down by 18.31 percent relative to USD288.26mn realized in 2024Q4. There was also a decrease of 36.68 percent in the total amount traded in 2025Q1 when compared to the corresponding quarter (2024Q1).

**Figure 34: Purchase and Sales of Forex by Commercial Banks**

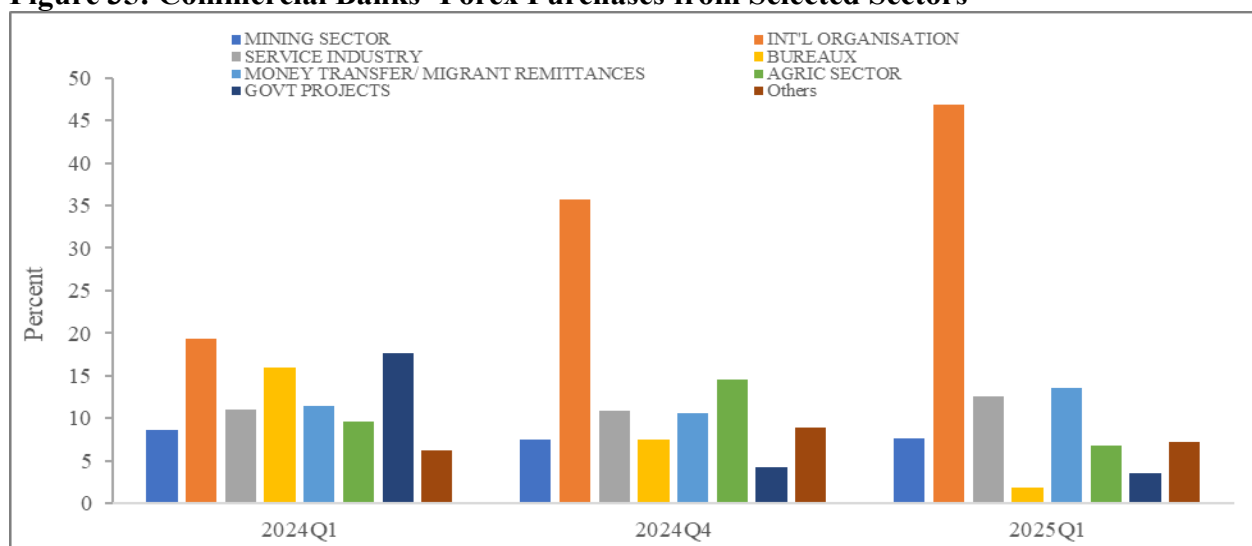


Source: BSL

### ***Purchase of Forex by Commercial Banks***

The total forex purchased by commercial banks decreased by 21.05 percent, from USD168mn in 2024Q4 to USD133mn in 2025Q1. NGOs/International Organizations accounted for 46.81 percent, followed by migrant remittances which contributed 13.53 percent. Forex purchased from service sectors contributed 12.64 percent, mining sector contributed 7.62 percent, whilst other forex purchased from the agricultural sector, government projects and foreign exchange bureaus contributed 7.20 percent, 6.78 percent, 3.58 percent and 1.84 percent respectively. Notably, foreign exchange from remittances is typically acquired directly from remittance companies or indirectly through foreign exchange bureaus.

**Figure 35: Commercial Banks' Forex Purchases from Selected Sectors**

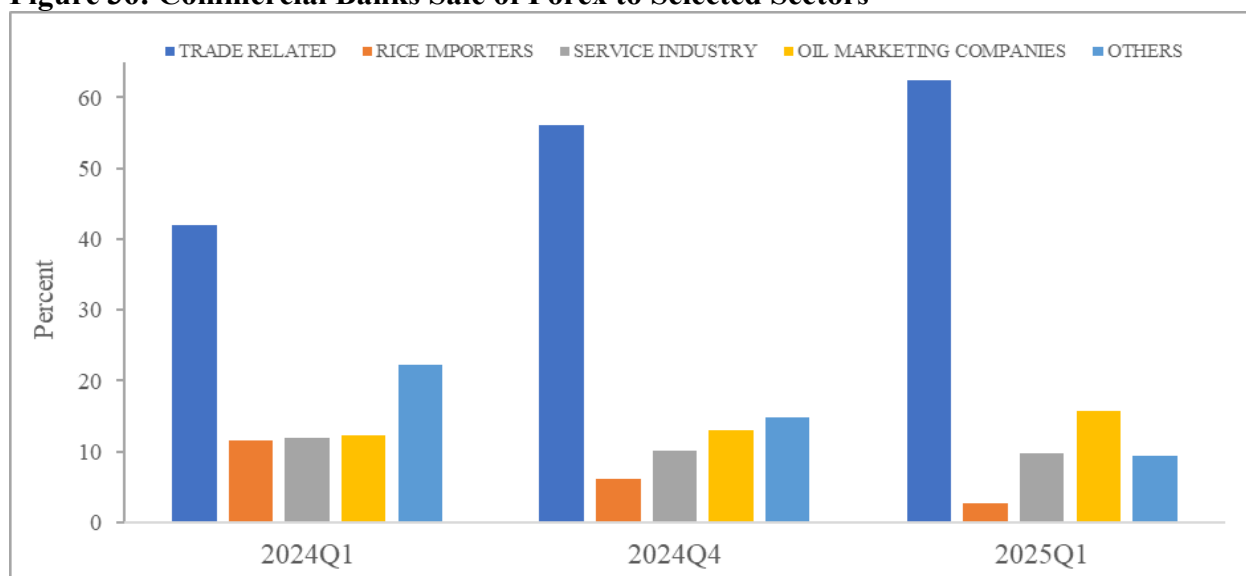


Source: BSL Note: Others include purchases from manufacturing sector, int'l brokerage firms, religious organizations and logistics companies

### ***Sale of Forex by Commercial Banks***

The sales of forex by commercial banks decreased by 14.43 percent, from USD119.31mn in 2024Q4 to USD102.09mn in 2025Q1. Banks traditionally provide foreign exchange to various entities, such as rice importers, oil marketing companies, and businesses in the service industry. Majority of the forex sold by commercial banks during 2025Q1 were for the importation of trade related products (62.44 percent), followed by sales of forex to oil marketing companies which accounted for 15.77 percent. Sales of forex to the service industry accounted for 9.77 percent whilst the other sectors (which includes telecommunication companies, fishing companies, personal payments, investment related firms, logistics and construction companies) and rice importers received 9.33 percent and 2.68 percent respectively.

**Figure 36: Commercial Banks Sale of Forex to Selected Sectors**

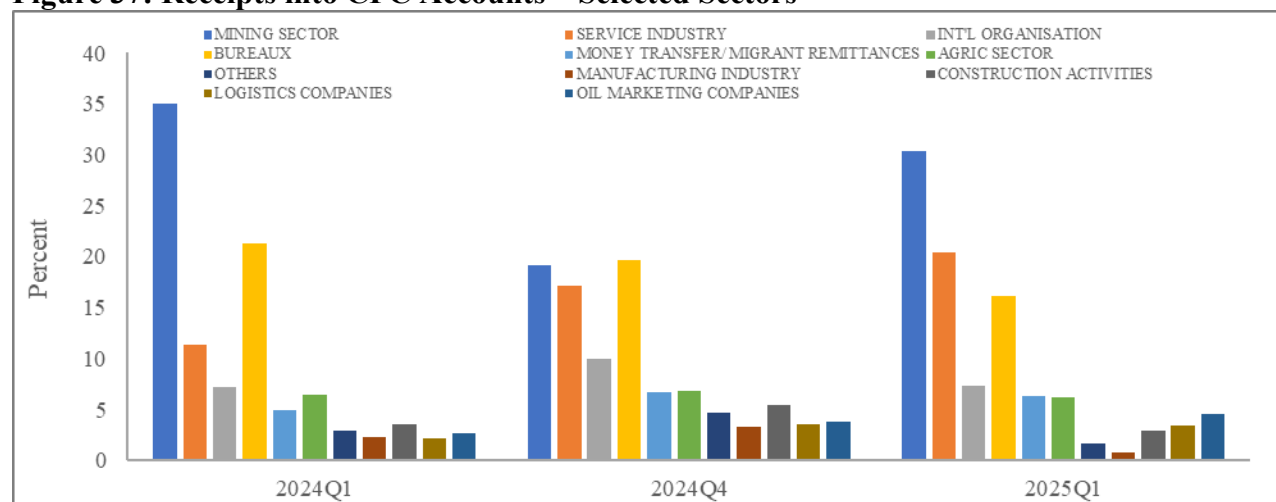


Source: BSL Note: Others include sale of forex to telecommunication companies, fishing companies, personal payments, investment related, logistics & construction companies.

### ***Receipt of Forex by Commercial Banks***

Forex receipts into customers' foreign currency accounts increased by 1.91 percent in 2025Q1 compared to 2024Q4. The major contributors in FX receipts were from the mining sector (30.30 percent), service industry (20.45 percent), Forex bureaus (16.18 percent), and NGOs/International organizations (7.34 percent).

**Figure 37: Receipts into CFC Accounts – Selected Sectors**



Source: BSLNote: Others include receipt of FX for fishing companies, telecommunication companies, int'l brokerage firms, and religious organization.

### 2.3.4 Outlook of the Foreign Exchange Market

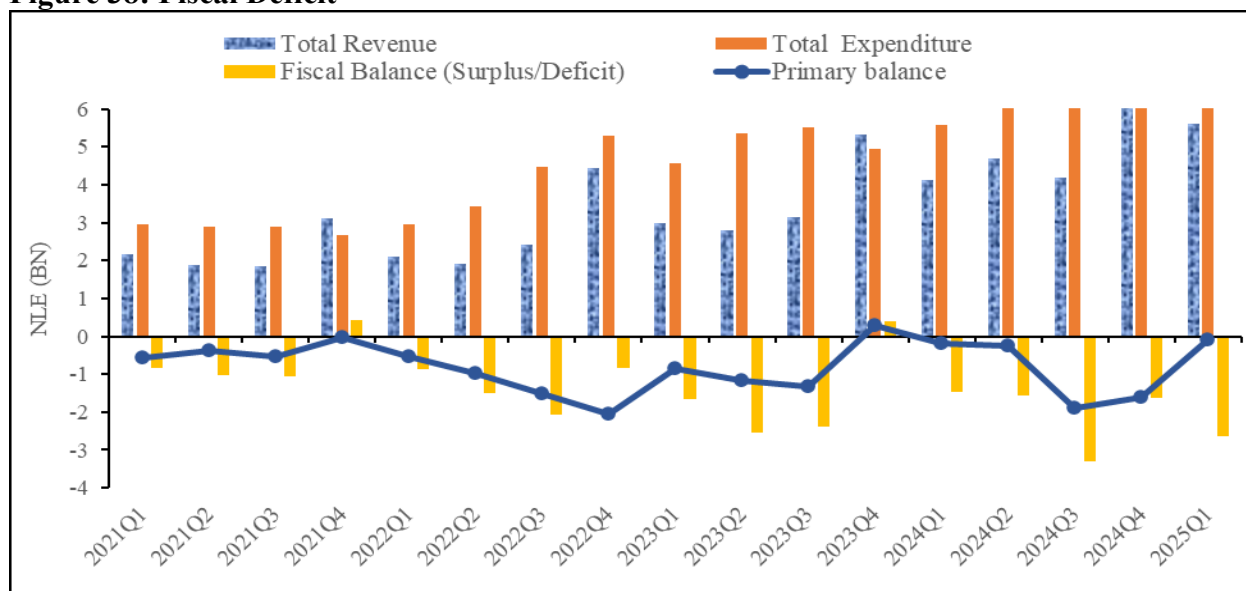
The foreign exchange market has been largely stable in 2025 with moderate fluctuations in the exchange rate during the period. This is partly attributed to effective BSL policies and fiscal measures aimed at reducing inflationary pressures and improved market sentiment. However, the exchange rate is expected to be challenged in the coming months driven by import demand (food, fuel and goods associated with the rainy season) and decrease in forex inflows in 2025Q2 particularly from the mining sector as we closely approach the lean period. Moreover, the foreign exchange market can be influenced by the uncertain global dynamics.

## 2.4 Fiscal Developments

### 2.4.1 Fiscal Policy Stance

Government budgetary operations based on provisional data indicated that the budget deficit widened to NLe2.64bn in 2025Q1 from NLe1.64bn in 2024Q4 and NLe1.47bn in the corresponding quarter (2024Q1). It was, however, slightly below the target of NLe2.68bn. The increase in the deficit was largely due to reduced domestic revenue collection and higher domestic interest payments. On the other hand, the primary balance deficit narrowed to NLe0.11bn in 2025Q1 compared to NLe1.60bn in 2024Q4 and NLe0.20bn in the corresponding quarter, on account of decreased spending on goods and services and reduction in subsidies and transfers.

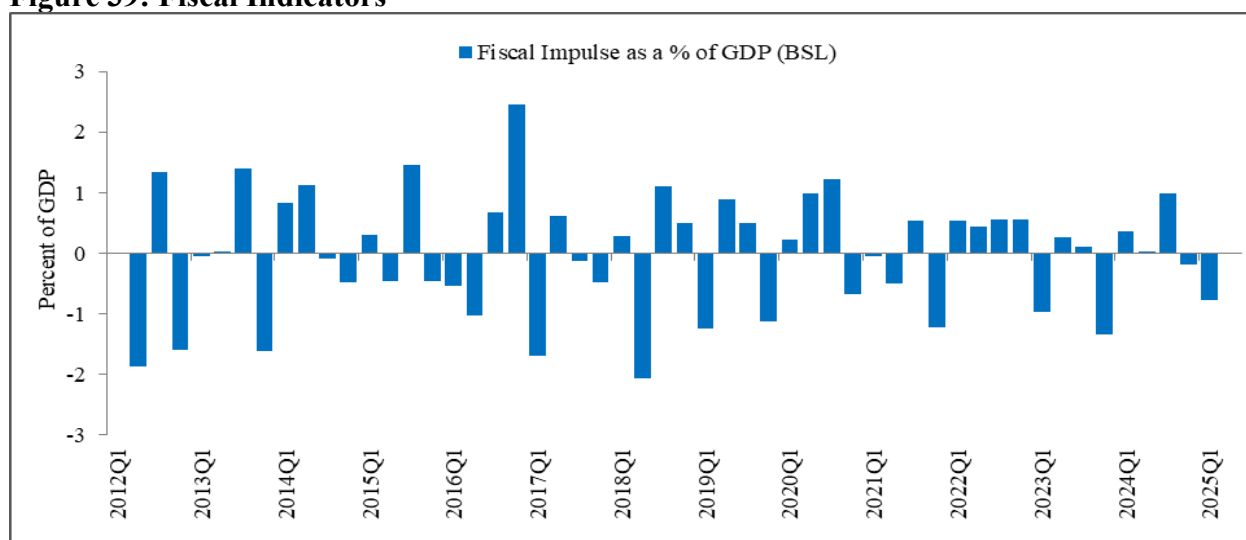
**Figure 38: Fiscal Deficit**



Source: MoF

Fiscal policy was more contractionary in 2025Q1, evidenced by restrained discretionary spending. Major categories accounting for the cut in discretionary expenditures were transfers and subsidies, and domestic capital spending. The government had to rationalize discretionary spending given the underperformance of domestic revenue mobilization as well as maintaining prudent expenditure management. This is in tandem with the government's continued fiscal consolidation efforts as well as maintaining sustainable public debt consistent with the macroeconomic framework.

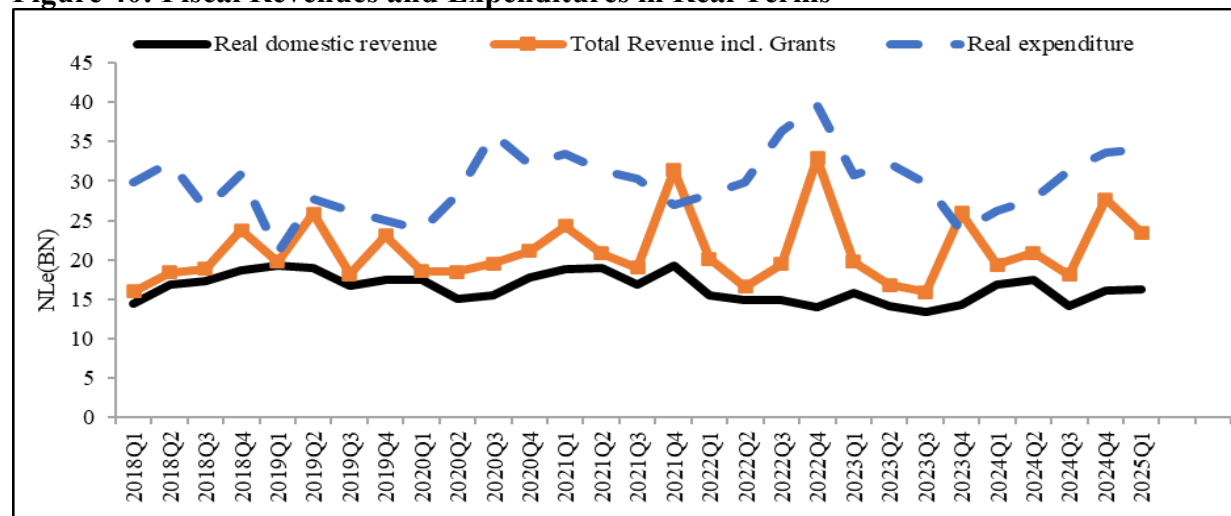
**Figure 39: Fiscal Indicators**



Sources: MoF & BSL

In real terms, total revenue including grants declined, while real domestic revenue and real expenditure increased slightly in the review quarter.

**Figure 40: Fiscal Revenues and Expenditures in Real Terms**



Sources: MoF & BSL

## 2.4.2 Government Revenues and Grants

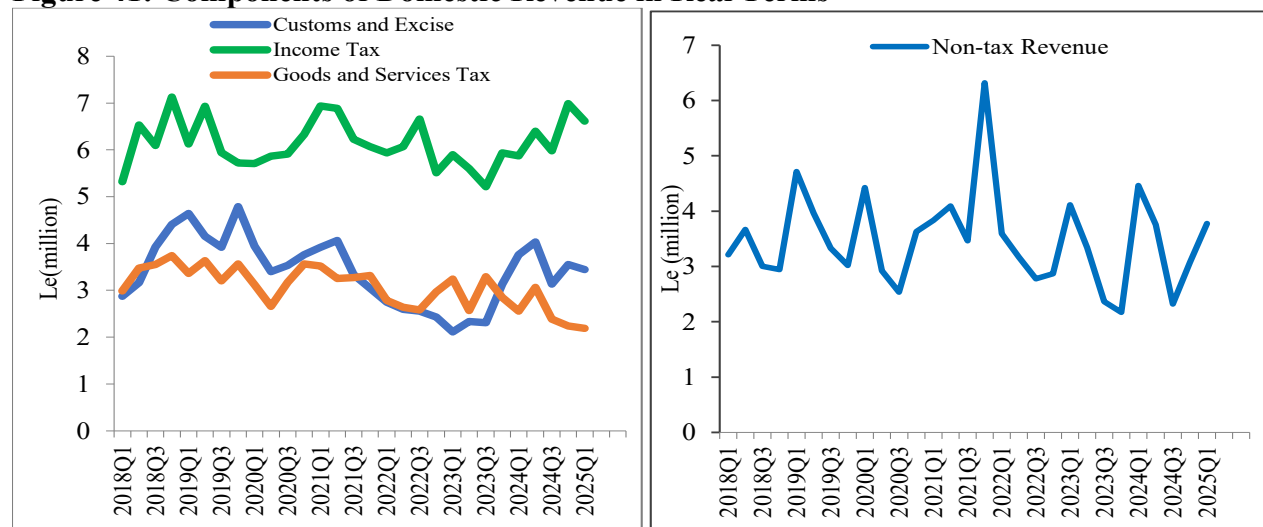
Total revenue and grants amounted to NLe5.60bn in 2025Q1, lower than NLe6.55bn recorded in 2024Q4, owing to seasonal effects. However, it fell short of the quarterly target of NLe6.33bn. Nevertheless, Total revenue and grants improved compared to NLe4.11bn observed in the corresponding quarter in 2024.

Domestic revenue amounted to NLe3.88bn in 2025Q1 and was lower than the quarterly target of NLe4.62bn due to the drop in tax and non-tax revenues. However, this amount exceeded both the previous quarter revenue (NLe3.80bn) and the corresponding quarter (NLe3.58bn) owing to the continued implementation of the Finance Acts. Broadly, domestic revenue underperformed and was below potential partly due to challenges in the implementation and configuration of the minimum alternate tax (MAT) in the internal tax administration systems (ITAS), challenges in tax compliance especially at customs and a decline in external budgetary support.

Tax revenue was NLe2.92bn in 2025Q1 and fell short of the target of NLe3.50bn. Components accounting for the shortfall in tax revenue were goods and services tax, and customs and excise duties, while income tax increased during the review period. Non-tax revenue amounted to NLe0.90bn in 2025Q1 and was below the target of NLe1.06bn reflected by a contraction in revenue collected from other departments. Receipts from road user charges and vehicle licenses amounted to NLe0.62mn and in excess of the target of NLe0.56mn in 2025Q1.

Total foreign grants received dropped to NLe1.71bn in 2025Q1 compared to NLe2.75bn in 2024Q4 and NLe0.53bn in 2023Q1. This amount was exclusively project and off-budget grants.

**Figure 41: Components of Domestic Revenue in Real Terms**



Source: MoF

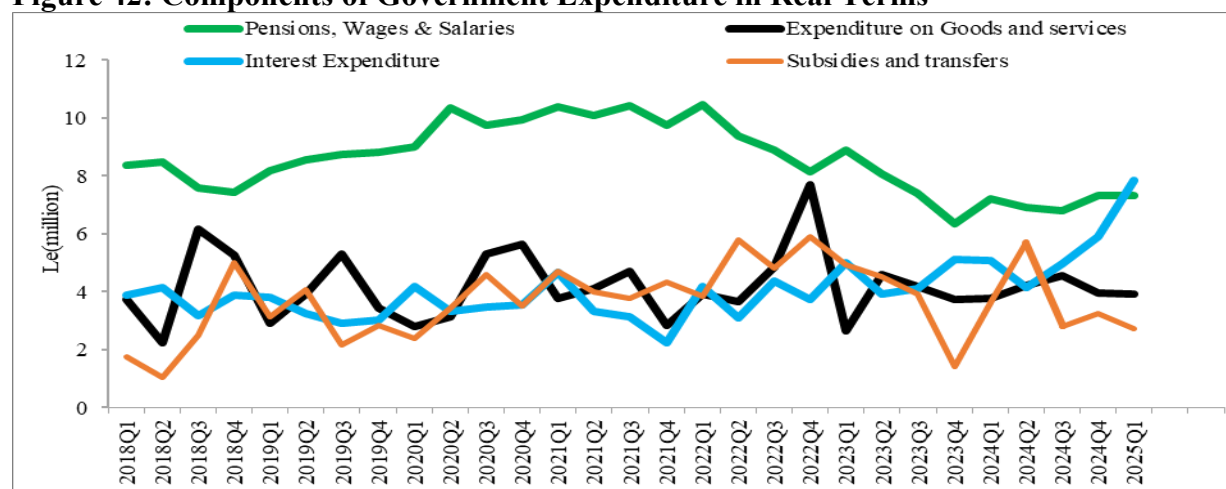
### 2.4.3 Government Expenditures

Government expenditure increased to NLe8.12bn in 2025Q1 from NLe7.94bn recorded in 2024Q4 and NLe5.57bn in 2024Q1. The significant increase in debt service payments and a marginal rise in the wage bill largely contributed to the surge in expenditure relative to the preceding and corresponding quarters. However, government expenditure was below the quarterly ceiling of NLe8.94bn, mainly because of a reduction in domestic capital spending and non-salary non-interest expenditure.

Generally, major categories of government expenditure moderated relative to their quarterly ceilings except debt service payments which was higher than the ceiling. Both Recurrent and Capital expenditure amounted to NLe5.21bn and NLe2.90bn and were below the targets of NLe5.53bn and NLe3.09bn respectively.



**Figure 42: Components of Government Expenditure in Real Terms**



Source: MoF

Non-salary non-interest expenditure reduced to NLe1.59bn in 2025Q1 and was 6.09 percent and 15.87 percent lower than 2024Q4 the ceiling target. However, this amount was 1.2 percent higher than the corresponding quarter in 2024. This reflects the decline in goods & services expenditure and subsidies and transfers. Total debt service payments recorded an overrun of NLe1.87bn which was 34.4 percent and 73.7 percent higher than the 2024Q4 and the corresponding quarter in 2024, respectively, mainly due to an increase in both foreign and domestic debt service payments. Similarly, the wage bill marginally increased to NLe1.75bn, up from NLe1.73bn in the previous quarter and NLe1.52bn in the corresponding quarter of the prior year, while remaining below the quarterly ceiling.

#### 2.4.4 Financing

The overall fiscal deficit of NLe1.64bn was financed by domestic and other sources of financing. Domestic deficit financing amounted to NLe1.59bn, while financing from foreign sources resulted in a repayment of NLe0.10bn. Other sources of deficit financing summed up to NLe0.16bn.

#### 2.4.5 Fiscal Sector Outlook

Looking ahead, the fiscal policy stance is anticipated to be more contractionary, reflecting the government's ongoing fiscal consolidation efforts to maintain debt sustainability. The fiscal outlook is expected to improve, supported by continued restraint in discretionary spending and a reduction in debt service obligations. Nonetheless, the pace and effectiveness of fiscal adjustment may be challenged by revenue mobilization constraints, contingent liabilities, and elevated global uncertainties in the months ahead.

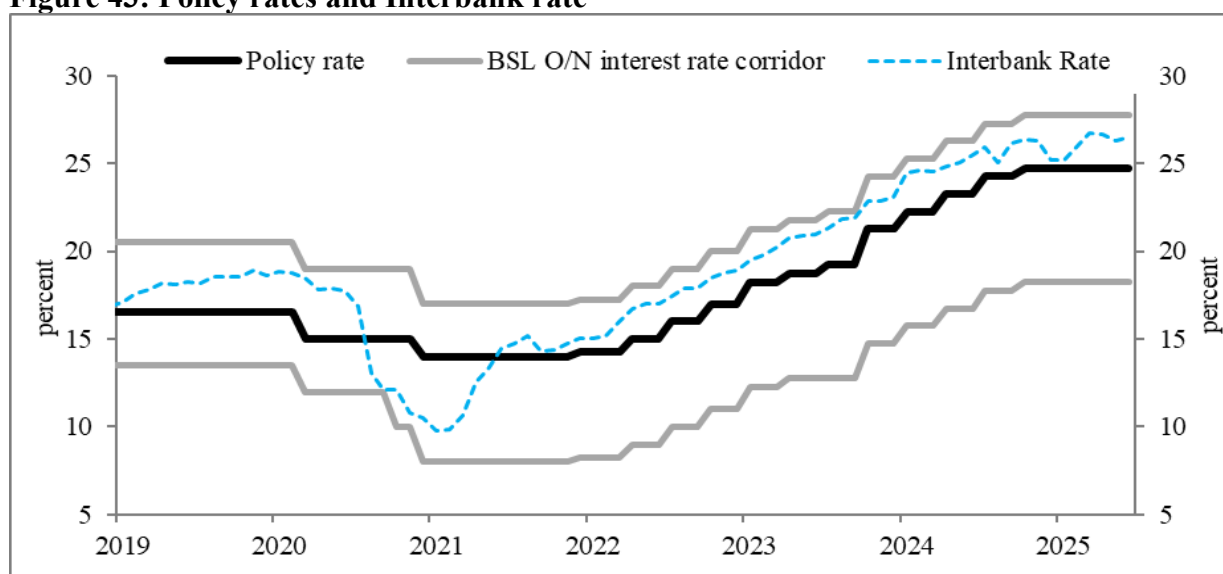
## 2.5 Money Markets Developments and Monetary Aggregates

### 2.5.1 Interest Rates Developments

#### *Monetary Policy Stance*

In its June 2025 meeting, the MPC decided to moderately ease its monetary policy stance by cutting the policy rate. After carefully assessing the risks related to the inflation outlook and recent macroeconomic and financial trends, both globally and domestically, the Committee decided to lower the monetary policy rate by 100 basis points to 23.75 percent. Similarly, the standing lending facility and the standing deposit facility rates were adjusted by the same margin at 26.75 percent and 17.25 percent respectively.

**Figure 43: Policy rates and Interbank rate**



Source: BSL

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

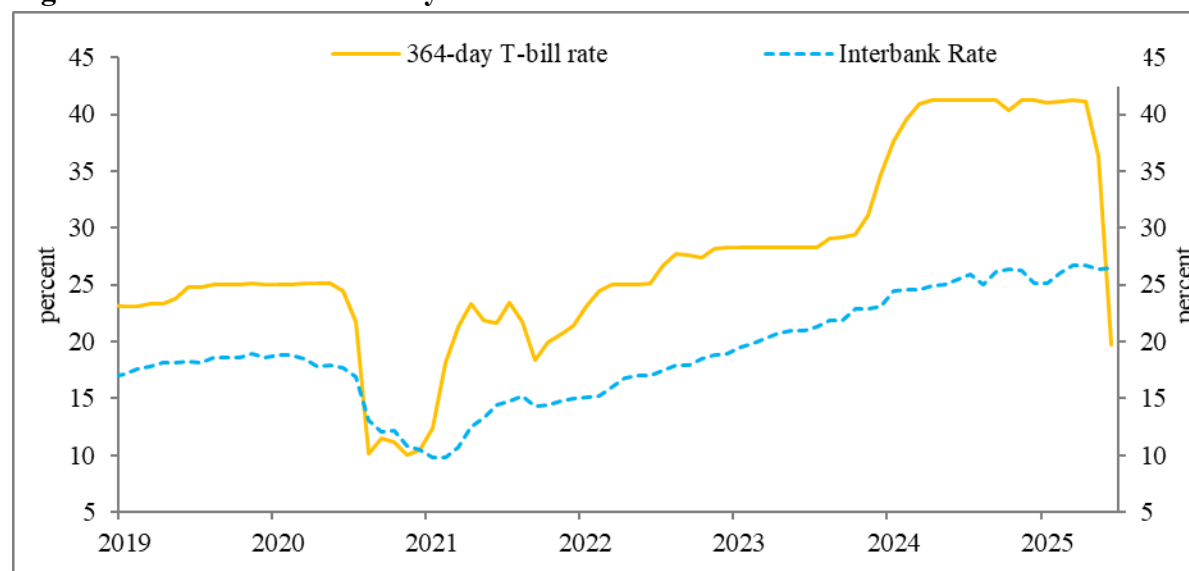
In recent years, the domestic debt landscape has been characterized by high borrowing costs and liquidity challenges. However, treasury bills yields have been on a downward trend since February 2025 owing to the government's commitment to effective fiscal management, and the application of advanced debt management tools that are crucial towards achieving long-term debt sustainability, in addition to other economic policies. These have led to the following yield movements:

The interest rate on the 364-day Treasury bill was 41.28 percent in December 2024 and then decreased to 41.22 percent in March 2025. Furthermore, the yield for the 364-day treasury bill decreased further to 19.71 percent in June 2025.

The annual yield on the 182-day Treasury bill stood at 29.48 percent in December 2024, declining to 29.19 percent in March 2025 and further to 28.71 percent in May 2025. However, no 182-day treasury bills were issued in June 2025.

Meanwhile, the 91-day Treasury bill market remained highly illiquid, with the yield not accurately reflecting the broader economic and financial conditions.

**Figure 44: Yield on the 364-day T-bill and Interbank Rates**



Source: BSL

### ***Interbank Money Market***

There was a significant decrease in the level of intermediation in the interbank money market in 2025Q1 relative to 2024Q4, reflecting the tight liquidity condition of the banking system during the quarter. The volume of interbank transactions decreased by 53.79 percent, from NLe832.70mn in 2024Q4 to NLe384.75mn at end 2025Q1. However, by end 2025Q2, the level of intermediation in the interbank money market increased significantly by 307.57 percent to NLe1,568.13mn.

Access to the BSL Standing Lending Facility (SLF) window increased in 2025Q1 compared to 2024Q4, further emphasizing the observed tight liquidity condition in the banking system during the quarter. The volume of transactions in this window by banks increased by 43.79 percent from NLe69,627.50mn in 2024Q4 to NLe100,116.50 at end 2025Q1. At end 2025Q2, the volume of transactions in this window decreased by 3.06 percent at NLe97,056.77mn. There was no transaction in the Standing Deposit Facility (SDF) window in 2025Q1 and 2025Q2.

There was improvement in liquidity conditions in the money market in 2025Q2 partly due to the ongoing fiscal consolidation efforts and the new borrowing strategy implemented by the

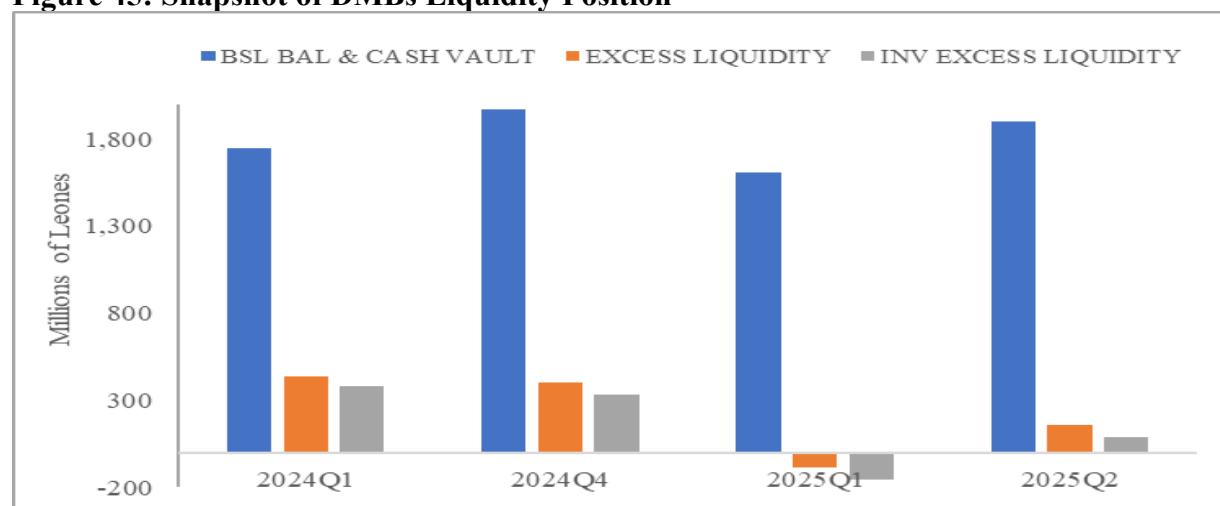
government in May and June 2025. This led to the observed increase in the level of intermediation in the interbank market and a decrease in banks' access to the SLF window in 2025Q2.

### 2.5.2 Liquidity in the Banking System

Total liquidity in the banking system decreased by 18.35 percent from NLe1,968.32mn in 2024Q4 to NLe1,607.07mn at end 2025Q1. At end-June 2025, liquidity in the banking system increased by 18.18 percent to NLe1,899.17mn. The aggregate volume of excess liquidity decreased within the review period by 120.41 percent from NLe401.73mn in 2024Q4 to NLe-81.99mn at end 2025Q1. The aggregate volume of excess liquidity then increased in June 2025 with an aggregate position of NLe160.88mn.

It is important to note that the liquidity position highlighted is a snapshot of the liquidity in the banking system at end periods as most banks were illiquid for the most part during the review period. The tightness of liquidity could be attributed to the observed decrease in total government expenditure.

**Figure 45: Snapshot of DMBs Liquidity Position**



Source: BSL

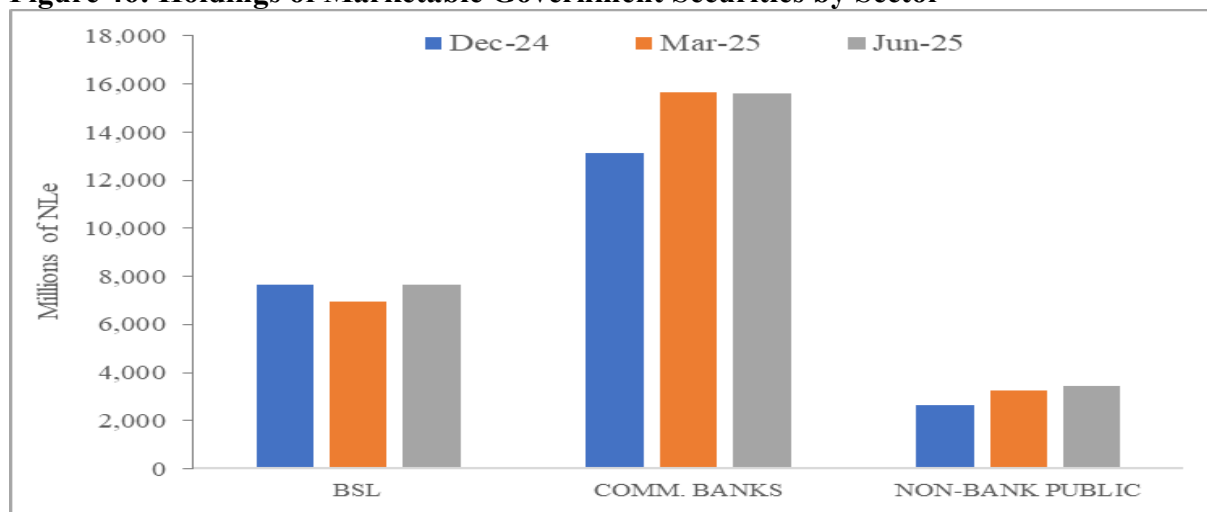
### *Holdings of government securities*

The holdings of marketable Government securities by commercial banks increased by 19.44 percent to NLe15,674.16mn in 2025Q1 from NLe13,122.61mn in 2024Q4. However, it marginally decreased by 0.28 percent to NLe15,630.85mn in June 2025.

Non-bank holdings of marketable Government securities increased by 23.55 percent to NLe3,253.10mn in 2025Q1 from NLe2,632.96mn in 2024Q4. It then increased further by 5.76 percent to NLe3,440.45mn in June 2025.

BSL holdings of marketable Government securities decreased by 8.74 percent to NLe6,963.22mn in 2025Q1 from NLe7,630.19mn in 2024Q4. However, BSL holdings increased by 9.88 percent to NLe7,651.20mn in June 2025.

**Figure 46: Holdings of Marketable Government Securities by Sector**



Source: BSL

## 2.6 Monetary Aggregates

Monetary aggregates showed mixed developments during the first quarter of 2025; Board Money (M2) growth moderated while Reserve Money (RM) contracted.

### Reserve Money (RM)

Reserve Money (RM) contracted by 6.36 percent in 2025Q1, following a significant 19.79 percent expansion in 2024Q4. This development was primarily driven by the contraction in the Net Domestic Assets (NDA) of the BSL coupled with the deterioration in the Net Foreign Assets (NFA) of the BSL. The NDA of the BSL contracted by 2.20 percent in 2025Q1 after a 4.95 percent increase in 2024Q4. The contraction in the NDA of the BSL was largely due to reduced holdings of government securities. The NFA of the BSL deteriorated by 5.91 percent in 2025Q1 following a 15.46 percent contraction in 2024Q4. The deterioration in the NFA of the BSL was reflected mainly on account of drawdowns in gross foreign reserves by the government to meet international financial obligations.

On the liability side, the contraction in RM reflected the decline in currency issued (4.92 percent) and commercial banks' reserves deposited at the central bank (12.43 percent) during the same review period.

On a year-on-year basis, RM growth moderated to 14.13 percent in 2025Q1 from an expansion of 17.23 percent in 2024Q4. In terms of program performance, the actual RM was below 25.30 percent of the 2025Q1 agreed target with the IMF.

### **Broad Money (M2)**

Broad Money growth slowed to 2.36 percent in 2025Q1, down from 9.14 percent expansion in 2024Q4. The moderation in M2 growth was largely reflected by the contraction in the Net Foreign Assets (NFA) of the banking system which was more than the increase in the Net Domestic Assets (NDA) of the banking system.

The NFA of the banking system contracted by 8.41 percent in 2025Q1, relative to the 45.17 percent expansion in 2024Q4. The contraction in the NFA of the banking system was primarily driven by the 5.91 percent deterioration in the NFA of the Bank of Sierra Leone (BSL) coupled with the 1.03 percent contraction in the NFA of the commercial banks.

The NDA of the banking system grew by 4.32 percent in 2025Q1, slightly below the 4.43 percent increase in 2024Q4. This growth was supported by a 7.40 percent expansion in net claims on government by the banking sector, compared to a 3.89 percent increase in the 2024Q4. Net claims on government by the commercial banks increased by 9.60 percent in 2025Q1 relative to the 7.84 percent expansion in 2024Q4. Net claims on government by the BSL grew by 4.82 percent in 2025Q1 following a contraction of 0.39 percent in 2024Q4. Extension of Credit to the Private Sector by commercial banks expanded by 15.51 percent in 2025Q1, compared to a 11.97 percent increase in 2024Q4, indicating continued support for private sector activity.

From the liability side, M2 grew at a slower pace primarily on account of a decline in the growth of Narrow Money (M1). M1 grew marginally by 0.03 percent in 2025Q1, down from a robust 13.90 percent increase in 2024Q4, due to the 3.17 percent contraction in currency outside banks. Demand deposit however increased by 3.37 percent. Quasi Money also increased by 4.53 percent in 2025Q1 relative to an expansion of 5.05 percent in 2024Q4, on account of the 3.48 percent increase in foreign currency deposits and 7.70 percent expansion in time and savings deposits.

On an annual basis, Broad Money recorded a growth rate of 19.96 percent in 2025Q1 relative to the 18.17 percent increase in 2024Q4, remaining within the 20.5 percent target agreed with the IMF for 2025Q1.

On year-on-year basis, Credit extended to the Private Sector growth by commercial banks slightly moderated to 40.58 percent in 2025Q1 from 41.27 percent increase in 2024Q4. Despite this moderation, the credit growth remained well above the 9.10 percent target agreed with the IMF for 2025Q1.

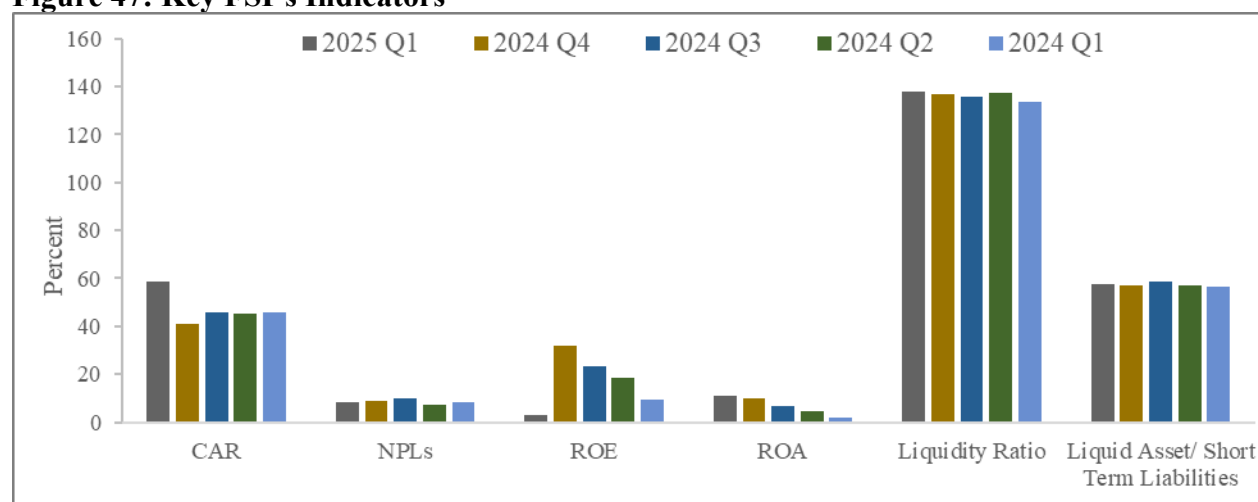
### 3. FINANCIAL STABILITY ANALYSIS

#### 3.1 Financial Soundness Indicators (FSIs)

The banking sector remained stable and sufficiently capitalized. Most of the key FSIs remained within prudential thresholds stipulated by BSL. The regulatory capital to risk-weighted asset ratio, denoted by the Capital Adequacy Ratio (CAR), increased to 58.6 percent in 2025Q1, from 40.9 percent in 2024Q4. The CAR position remained comfortably above the regulatory minimum of 15 percent, indicating that banks had accumulated sufficient capital to absorb losses.

Asset quality improved in 2025Q1, as the ratio of non-performing loans to gross loans marginally decreased to 8.23 percent from 8.9 percent in 2024Q4 and remained below the maximum limit of 10 percent. Banks continued to be profitable, as indicated by the system's profitability indicators, namely, Return on Assets (ROA) and Return on Equity (ROE), at 2.9 percent and 10.9 percent, respectively, in 2025Q1. These indicators recorded 9.88 percent and 31.91 percent, respectively, in the 2024Q4. The Liquidity Ratio in the Banking Sector increased to 138.1 percent in 2025Q1, compared to 137.0 percent in 2024Q4. Liquid Assets to Short-Term Liabilities increased marginally by 0.9 percentage points to 57.8 percent in 2025Q1 from 56.9 percent in 2024Q4, indicating that banks continued to be highly liquid due to a more than proportionate increase in short-term funds. The Loan-to-Deposit Ratio increased to 24.5 percent in 2025Q1 from 22.0 percent in 2024Q4. It remained far below the regulatory threshold of 80 percent, an indication of low level of financial intermediation by commercial banks to support economic growth.

**Figure 47: Key FSI's Indicators**



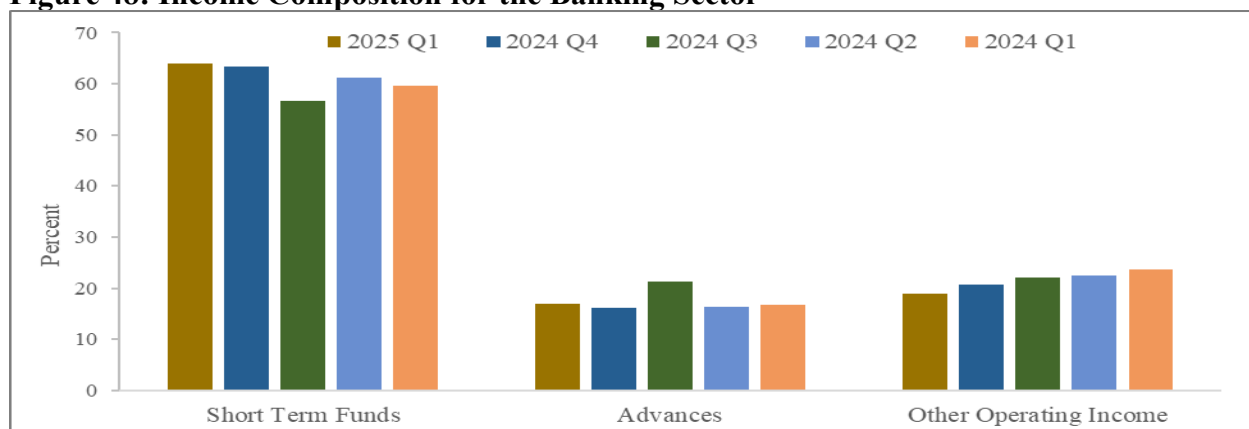
Source: BSL



### 3.2 Income Composition

The banking sector continued to rely primarily on government securities as its primary source of income. This was mainly because the rates on government securities were higher, at over 41.3 percent, compared to the average lending rate of 27.8 percent, with zero risk. The proportion of income from short-term funds marginally increased to 64 percent in 2025Q1 from 63.3 percent in 2024Q4. On the other hand, income from loans and advances marginally increased to 16.9 percent in 2025Q1 from 16.1 percent in 2024Q4, due to a proportionate increase in interest income on loans and advances, based on total income between the two periods. Other operating incomes, consisting of mainly commissions, fees, and profits from foreign exchange dealings, also decreased to 19 percent in 2025Q1 from 20.7 percent in 2024Q4.

**Figure 48: Income Composition for the Banking Sector**



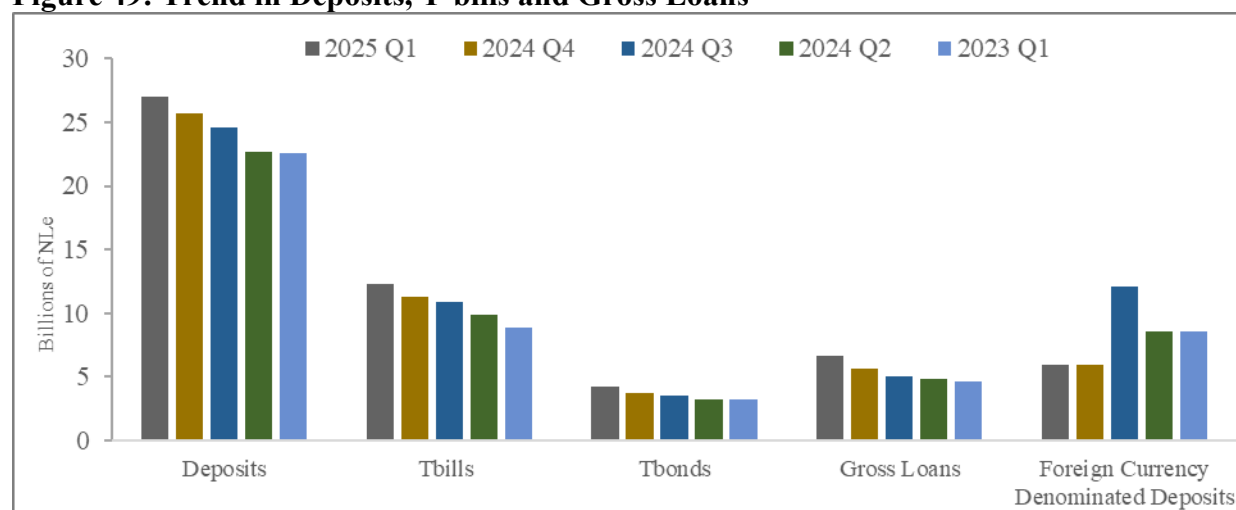
Source: BSL

### 3.3 Sources and Utilisation of Funds

- Total Deposits, which is the primary source of funds for banks, increased by 5.2 percent to NLe27 billion in 2025Q1 from NLe25.7 billion in 2024Q4, of which demand, savings and time deposits accounted for 77 percent, 19.6 percent and 3.4 percent respectively in 2025Q1, and 77.4 percent, 20 percent and 2.6 percent, respectively in 2024Q4.
- T-bills holdings by the banking sector marginally increased by 8.6 percent from NLe11.3 billion in 2024Q4, to NLe12.3 billion in 2025Q1, due to the government's borrowing appetite.
- T-bond holdings by the banking sector increased by 16.7 percent from NLe3.7 billion in 2024Q4, to NLe4.3 billion in 2025Q1.

- The Loan-to-Deposit Ratio marginally increased to 24.5 percent in 2025Q1 from 22 percent in 2024Q4 and remained far below the prudential threshold of 80 percent, indicating low intermediation in the banking sector.
- Gross loans and advances increased by 17.4 percent to NLe6.6 billion in 2025Q1 from NLe5.7 billion in 2024Q4.

**Figure 49: Trend in Deposits, T-bills and Gross Loans**

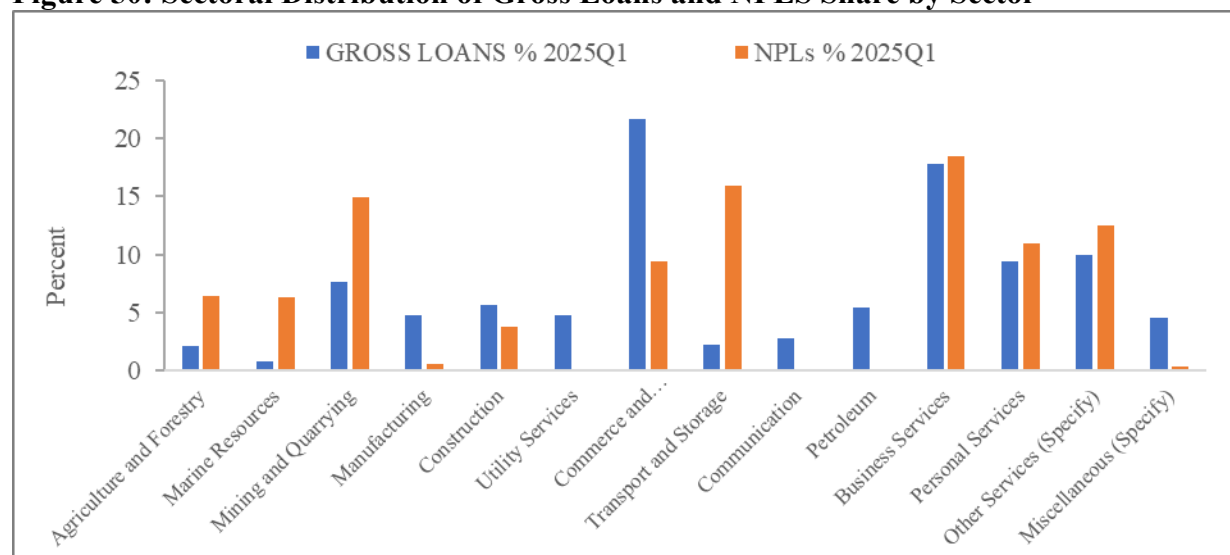


Source: BSL

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

Commerce and Finance, Business Services, Other Services, Personal Services, and Mining & Quarrying dominated the loan portfolios of the banking sector in 2025Q1. These five sectors accounted for 66.6 percent of gross loans in 2025Q1. Business Services, Transport and Storage, Mining and Quarrying, and Other Services sectors contributed the most to NPLs. In terms of sectoral NPLs, the Business Services sector had the highest NPL ratio, accounting for 18.5 percent of the total gross loans of the banking sector, followed by Transport and Storage at 15.9 percent, which together formed 34.4 percent of NPLs.

**Figure 50: Sectoral Distribution of Gross Loans and NPLS Share by Sector**

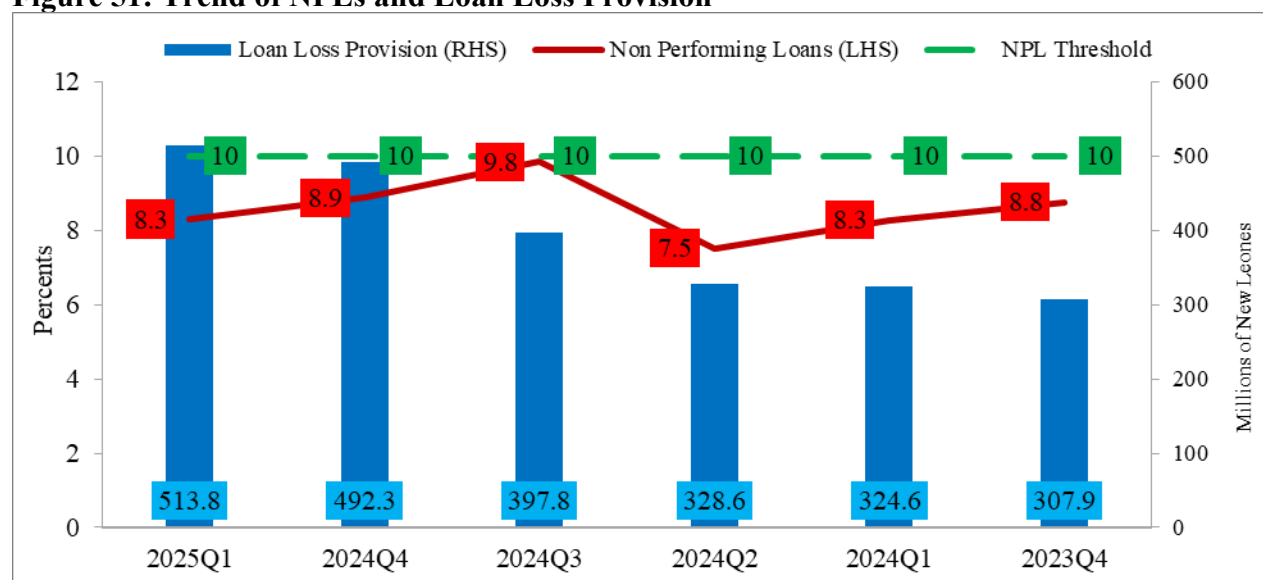


Source: BSL

### 3.5 NPL Trends and Loan Loss Provisions

The proportion of Non-Performing Loans (NPLs) to gross loans decreased within the review period of 2025Q1. The NPL ratio decreased by 0.7 percentage points to 8.2 percent in 2025Q1 from 8.9 percent in 2024Q4. On the contrary, Loan loss provisions increased by 4.4 percent to NLe513.8 million in 2025Q1 from NLe492.3 million in 2024Q4.

**Figure 51: Trend of NPLs and Loan Loss Provision**



Source: BSL

### **3.6 Risks and Vulnerabilities to the Stability of the Banking Sector.**

Despite the overall stability of the financial system, certain risks and vulnerabilities persist, which could pose potential threats to the banking sector:

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

While aggregate capital adequacy ratios remain robust, comfortably exceeding the regulatory minimum; and non-performing loans (NPLs) are below the 10.0 percent threshold at the sectoral level, significant disparities in asset quality persist. Notably, five banks reported NPLs significantly above the maximum threshold, with four of these being local banks. Furthermore, specific sectors including Other Services, Transport, Storage & Communication, and Business Services are particularly susceptible to elevated NPL levels, underscoring potential vulnerabilities in these areas.

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

Banks continue to exhibit low levels of lending to the private sector, partly due to the crowding-out effect of increased investment in government securities, which offer attractive returns with minimal risk. Additionally, lending activity is highly concentrated in a few sectors and among a limited number of large borrowers within the economy. Of the thirteen commercial banks, only two had lending levels that exceed 25 percent of their total assets, and seven exceed 25 percent of their total deposits.

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

The banking sector's earnings remain predominantly driven by investments in government securities. This strong preference for government securities, often at the expense of lending to the private sector, poses a potential risk to earnings. A decline in T-bills yields or a reduction in the government's borrowing appetite in the securities market could result in significant income losses for banks, underscoring the need for greater diversification of revenue sources and enhanced credit allocation to the private sector.

#### ***Cyber security Threats in the Evolving Banking Landscape***

The transition from traditional banking to technology-driven operations has introduced cyber security challenges. The increasing reliance on digital platforms and online services has been accompanied by a rise in fraud and cybercrime cases within the banking sector. These threats underscore the urgent need for robust cyber security measures, enhanced monitoring systems, and continuous investment in advanced security technologies to safeguard the integrity of the banking system and protect customers' assets.

### **3.7 Banking Sector Outlook**

The banking sector is projected to remain stable with most indicators pointing in the right direction.

There was a decrease in the interest rates of government securities during the review period due to the ongoing fiscal consolidation and other economic policies by the government. The continuous stress testing process of the banking sector will enhance the supervision of systemically important banks and assess their capacity to absorb losses during stressful conditions. The completion and application of the Non-Performing Loans (NPL) Strategy by Bank of Sierra Leone will help improve credit performance in the banking sector as NPLs are expected to reduce when banks maintain effective credit management and strengthen internal practices.

The Prudential Committee, established to monitor compliance with internal controls in response to rising fraud cases, will play a key role in enhancing regulatory oversight, ensuring adherence to standards, and safeguarding the integrity of financial operations. Furthermore, efforts will be focused on improving governance structures, risk management frameworks, and guidelines for systemically important banks to bolster the sector's resilience.

## **4. CONCLUSION AND DECISION OF THE MPC**

### **4.1 Conclusion**

Inflationary pressures have continued to ease over the past year, with headline inflation moderating from a high of 35.84 percent in May 2024 to 7.55 percent in May 2025. This reduction is primarily due to relative stability of the exchange rate, effective monetary and fiscal policies, decreasing global food and energy prices, and improved domestic food production.

Although significant progress has been made, the MPC stressed the importance of coordinated fiscal and financial sector policies to support the achievement of the near-term goal of single-digit inflation. The MPC also recognized BSL's efforts to enhance its capacity and liquidity management to regulate money supply growth in line with inflation targets. The MPC also acknowledged the fiscal authorities' initiatives aimed at consolidating public finances, reducing the budget deficit, and limiting domestic bank financing, all of which support the BSL's efforts to control inflation.

However, the ongoing trade policy shift, geopolitical tensions, and climate-related challenges poses potential risks to the inflation and growth outlook, thereby necessitating the need for close monitoring of economic developments and timely responses.

Real GDP is expected to grow by 4.5 percent in 2025, with growth forecasted to reach 4.7 percent in both 2026 and 2027, driven by significant developments in the mining sector, with the expected increase in gold production and iron ore exports. Additionally, the agricultural sector is likely to benefit from government initiatives, such as the Feed Salone program, designed to enhance food self-sufficiency and support local farmers.

The CIEA showed a slowdown in economic activity in the first quarter of 2025 compared to the fourth quarter of 2024. The lower CIEA growth reflects a decrease in all high frequency indicators. However, business sentiment continues to be positive in May 2025 signaling continued confidence in the business community. Nevertheless, the MPC emphasized that sustained economic stability and growth will hinge on the implementation of strong macroeconomic policies and structural reforms.

In conclusion, the ease in inflationary pressure underscores the notable success of macroeconomic policies and better domestic conditions. However, the Monetary Policy Committee stressed the importance of ongoing vigilance and robust policy execution to reach the medium-term target of single-digit inflation and to maintain economic stability and growth.

## **4.2 Decision of the MPC**

The Committee recognized the beneficial effects of BSL's prudent monetary policy, the relative stability of the exchange rate, and the rise in domestic food production in alleviating inflationary pressures. The inflation rate of 7.55 percent recorded in May 2025 was below the 2025 target of 14.90 percent established under the new IMF-ECF program and is expected to continue in single digits in the near term. Nevertheless, the Committee highlighted uncertainties in the inflation forecast, including ongoing geopolitical tensions, trade policy shifts and related supply chain disruptions, which could threaten the achievement of the medium-term inflation target.

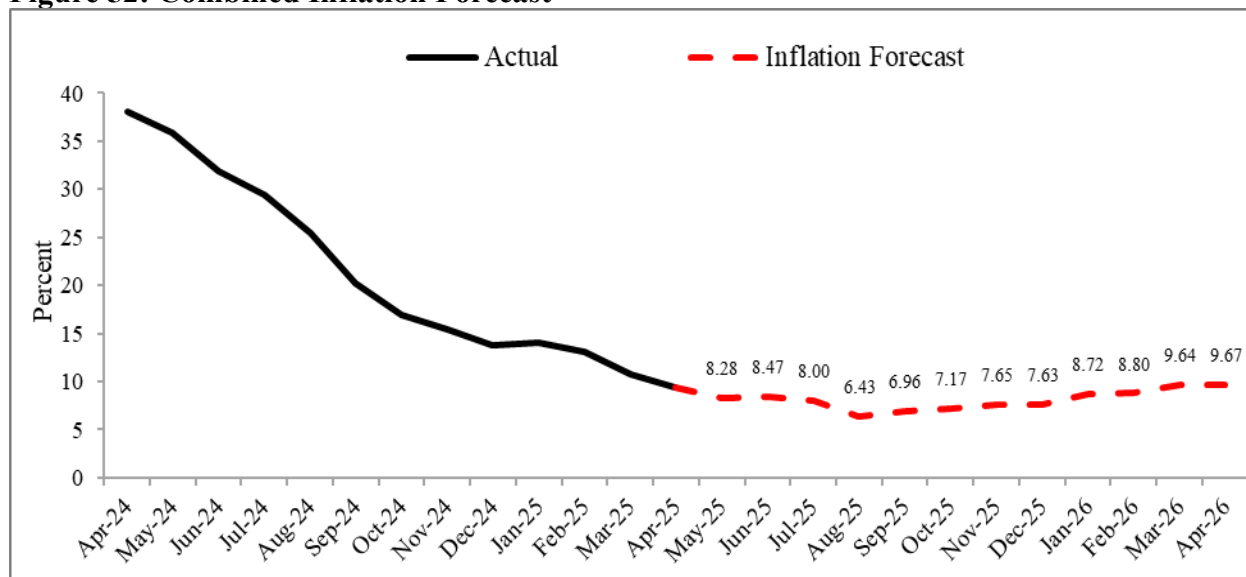
Following a thorough evaluation of prevailing global and domestic macroeconomic and financial market developments, the Committee recommended, for the consideration and approval of the Bank of Sierra Leone's Board of Directors, a reduction in the Monetary Policy Rate (MPR) by 1 percentage point to 23.75 percent. In addition, the Committee proposed corresponding adjustments to the Standing Lending Facility and Standing Deposit Facility rates by the same margin, setting them at 26.75 percent and 17.25 percent, respectively. The Monetary Policy Committee's recommendation was duly approved by the Board of Directors.

## 5. APPENDIX

### *Inflation forecast*

Inflationary pressures are expected to continue to ease with the combined forecast indicating that the inflation rate will remain in the single digits over the forecast horizon. Inflation rates are projected to decline to 6.96 percent by September, followed by a moderate uptick to 7.65 percent in November before peaking at 9.67 percent in April 2026. Despite these fluctuations, the overall trend suggests manageable levels in the medium term.

**Figure 52: Combined Inflation Forecast**

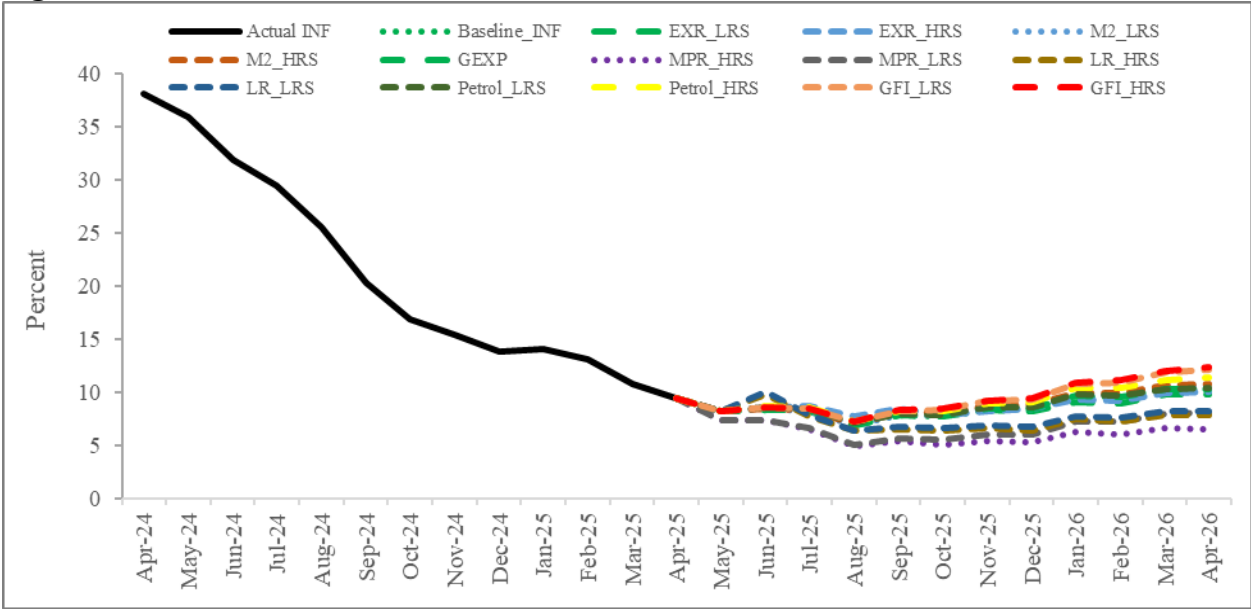


Source: BSL

In scenarios characterized by heightened risk, pivotal elements such as food and energy prices, monetary expansion, and customs and excise taxes, are projected to significantly impact the higher spectrum of the inflation projection, should these shocks materialize. On the flip side, the continued stability of the exchange rate alongside prudent monetary and fiscal policies are expected to act as countermeasures against inflationary pressures thus contributing to broader economic stability.



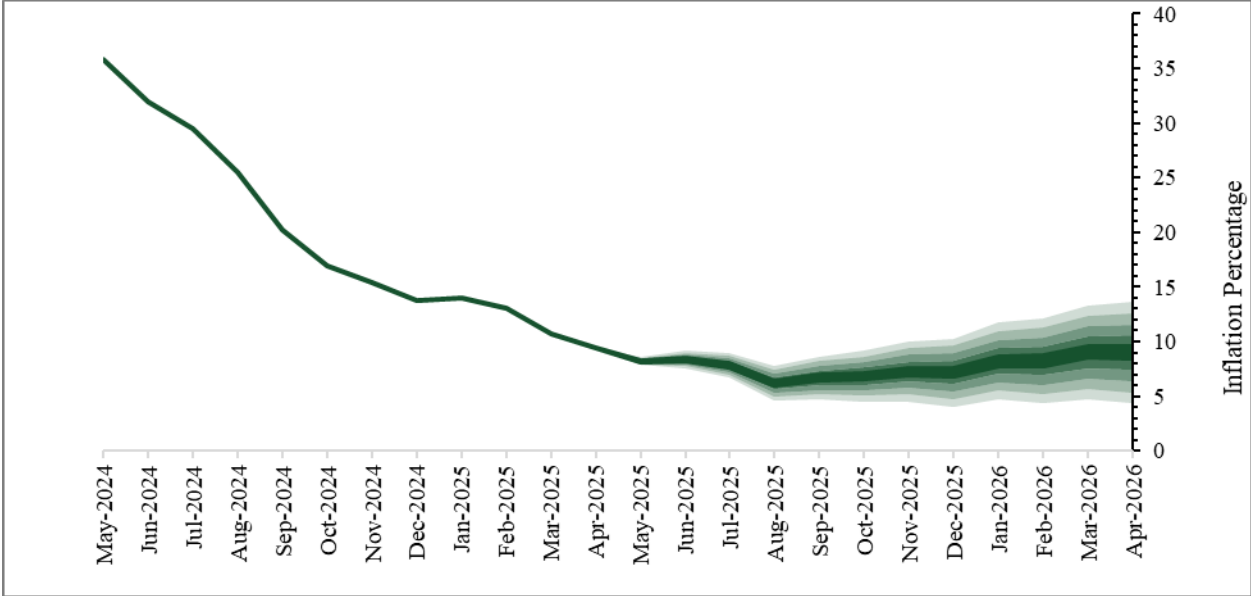
Figure 53: Combined Scenario Forecast



Source: BSL

The fan chart indicates a 90 percent confidence interval for inflation, projecting that it will range between 13.66 percent and 4.32 percent within the forecast horizon.

Figure 54: Inflation Fan Chart



Source: BSL Staff calculations

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

	2024	Est.	WEO January 2025 Updates		WEO April 2025 Updates		CHANGE IN Projections	
		2025	2025	2026	2025	2026	2025	2026
<b>World Output</b>	<b>3.3</b>	<b>2.8</b>	<b>3.3</b>	<b>3.3</b>	<b>2.8</b>	<b>3.0</b>	<b>-0.5</b>	<b>-0.3</b>
<b>Advanced Economies</b>	<b>1.8</b>	<b>1.4</b>	<b>1.9</b>	<b>1.8</b>	<b>1.4</b>	<b>1.5</b>	<b>-0.5</b>	<b>-0.3</b>
<i>United States</i>	2.8	1.8	2.7	2.1	1.8	1.7	-0.9	-0.4
<i>Euro Area</i>	0.9	0.8	1.0	1.4	0.8	1.2	-0.2	-0.2
<i>United Kingdom</i>	1.1	1.1	1.6	1.5	1.1	1.4	-0.5	-0.1
<i>Japan</i>	0.1	0.6	1.1	0.8	0.6	0.6	-0.5	-0.2
<b>Emerging Market and Developing Economies</b>	<b>4.3</b>	<b>3.7</b>	<b>4.2</b>	<b>4.3</b>	<b>3.7</b>	<b>3.9</b>	<b>-0.5</b>	<b>-0.4</b>
<i>Brazil</i>	3.4	2.0	2.2	2.2	2.0	2.0	-0.2	-0.2
<i>Russia</i>	4.1	1.5	1.4	1.2	1.5	0.9	0.1	-0.3
<i>India</i>	6.5	6.2	6.5	6.5	6.2	6.3	-0.3	-0.2
<i>China</i>	4.5	4.0	4.6	4.5	4.0	4.0	-0.6	-0.5
<b>Sub-Saharan Africa</b>	<b>4.0</b>	<b>3.8</b>	<b>4.2</b>	<b>4.2</b>	<b>3.8</b>	<b>4.2</b>	<b>-0.4</b>	<b>0.0</b>
<i>Nigeria</i>	3.4	3.0	3.2	3.0	3.0	2.7	-0.2	-0.3
<i>South Africa</i>	0.6	1.0	1.5	1.6	1.0	1.3	-0.5	-0.3

Source: International Monetary Fund, World Economic Outlook (WEO) April 2025 Projection

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

Country	Recent Inflation (%)		Previous (%)		Monetary Policy Rates (%)				
					Current	Previous	Change		
WAMZ									
Sierra Leone	7.55	May.25	9.38	Apr.25	23.75	Jun.25	24.75	Mar.25	0.00
Nigeria	23.70	Apr.25	24.20	Mar.25	27.50	May.25	27.50	Mar.25	0.00
Ghana	18.40	Apr.25	21.20	Apr.25	28.00	May.25	28.00	Mar.25	0.00
Guinea	2.20	Apr.25	2.50	Mar.25	10.25	Mar.25	10.75	Dec.24	0.50
Liberia	8.17	Apr.25	10.71	Mar.25	17.00	Mar.25	17.00	Dec.24	0.00
The Gambia	8.10	Apr.25	9.10	Mar.25	17.00	Mar.25	17.00	Dec.24	0.00
Major Economies									
USA	2.3	Apr.25	2.4	Mar.25	4.50	May.25	4.50	Apr.25	0.00
China	(0.1)	Apr.25	(0.1)	Mar.25	3.10	Apr.25	3.10	Mar.25	0.00
Euro Area	1.9	May.25	2.2	Apr.25	2.40	Apr.25	2.65	Mar.25	0.25
UK	3.5	Apr.25	2.6	Mar.25	4.25	May.25	4.50	Apr.25	0.25

Source: Country Banks Via Trading Economics data pool May 2025

**Table 3: Interest Rates**

	2024										2025			
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
91-day Treasury bill rate	0	0	20.28	20.28	0	21.55	21.53	21.53	0	0	22.84	0	0	0
182-day Treasury bill rate	29.22	29.22	29.22	29.22	29.13	29.22	29.21	29.31	29.36	29.48	29.25	29.16	29.19	29.22
364-day treasury bill rate	40.88	41.21	41.25	41.28	41.27	41.28	41.28	40.94	41.24	41.28	41.06	41.18	41.22	41.09
Interbank rate	24.54	24.84	25.02	25.46	25.89	26.19	26.26	25.50	26.30	25.17	25.17	25.98	26.70	26.68
Standing Lending Facility	25.25	26.25	26.25	27.25	27.25	27.25	27.25	27.75	27.75	27.75	27.75	27.75	27.75	27.75
Standing Deposit Facility	15.75	16.75	16.75	17.75	17.75	17.75	17.75	18.25	18.25	18.25	18.25	18.25	18.25	18.25
MPR	23.25	23.25	23.25	24.25	24.25	24.25	24.25	24.75	24.75	24.75	24.75	24.75	24.75	24.75
Average Lending rate	20.26	20.38	20.38	20.38	20.98	21.10	22.27	22.48	23.02	22.90	22.90	22.98	22.98	
Lending (Prime)	19.66 - 20.85	19.91 - 20.85	19.91 - 20.85	19.91 - 20.85	20.53 - 21.42	20.78 - 21.42	21.22 - 23.31	21.49 - 23.46	22.11 - 23.92	22.11 - 23.68	22.11 - 23.68	22.11 - 23.85	22.11 - 23.85	
Savings deposits	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.18	2.28	2.16	2.16	2.16	
Interest rate spread	18.03	18.15	18.15	18.15	18.75	18.87	20.04	20.25	20.84	20.62	20.74	20.82	20.82	

Source: BSL

**Table 4: Monetary Survey**

	2024		2025	Quarterly % Change		Yearly % Change	
	2024Q1	2024Q4	2025Q1	2024Q4	2025Q1	2024Q4	2025Q1
<b>Reserve money</b>	<b>8,381.16</b>	<b>10,214.67</b>	<b>9,565.00</b>	<b>19.79</b>	<b>(6.36)</b>	<b>17.23</b>	<b>14.13</b>
<b>Broad Money (M2)</b>	<b>27,320.33</b>	<b>32,018.47</b>	<b>32,773.91</b>	<b>9.14</b>	<b>2.36</b>	<b>18.17</b>	<b>19.96</b>
<b>Narrow money (M1)</b>	<b>12,427.86</b>	<b>15,451.65</b>	<b>15,456.58</b>	<b>13.90</b>	<b>0.03</b>	<b>29.01</b>	<b>24.37</b>
Currency outside banks	6,217.02	7,890.51	7,640.33	25.23	(3.17)	27.75	22.89
Demand deposit	6,210.85	7,561.14	7,816.25	4.07	3.37	30.36	25.85
<b>Quasi money</b>	<b>14,892.47</b>	<b>16,566.82</b>	<b>17,317.33</b>	<b>5.05</b>	<b>4.53</b>	<b>9.59</b>	<b>16.28</b>
o.w. Foreign currency deposit	10,120.49	11,256.04	11,647.68	5.76	3.48	5.71	15.09
Time and saving deposit	4,760.28	5,247.59	5,651.90	2.60	7.70	17.60	18.73
<b>Net Foreign Asset</b>	<b>4,599.59</b>	<b>4,928.31</b>	<b>4,513.76</b>	<b>45.17</b>	<b>(8.41)</b>	<b>(23.18)</b>	<b>(1.87)</b>
BSL	(4423.00)	(5241.59)	(5551.47)	(15.46)	5.91	39.93	25.51
ODCs	9022.58	10169.90	10065.23	5.99	(1.03)	0.09	11.56
<b>Net Domestic Assets</b>	<b>22,720.74</b>	<b>27,090.16</b>	<b>28,260.15</b>	<b>4.43</b>	<b>4.32</b>	<b>31.00</b>	<b>24.38</b>
<b>Net Domestic Credit</b>	<b>25,741.14</b>	<b>32,084.86</b>	<b>35,007.66</b>	<b>5.29</b>	<b>9.11</b>	<b>34.52</b>	<b>36.00</b>
Government (Net)	20,759.88	26,196.93	28,134.87	3.89	7.40	33.60	35.53
BSL	10083.59	12075.18	12657.27	(0.39)	4.82	22.03	25.52
ODCs	10676.28	14121.75	15477.60	7.84	9.60	45.39	44.97
Private Sector Credit	5137.22	6247.57	7216.11	11.92	15.50	41.23	40.47
o.w ODC	5113.10	6222.66	7187.88	11.97	15.51	41.27	40.58
Other Sectors (Net)*	(155.96)	(359.64)	(343.33)	10.41	(4.54)	99.43	120.14
<b>Other Items (Net)</b>	<b>(3,020.40)</b>	<b>(4,994.70)</b>	<b>(6,747.51)</b>	<b>10.23</b>	<b>35.09</b>	<b>57.43</b>	<b>123.40</b>
<b>Money Multiplier</b>	<b>3.26</b>	<b>3.13</b>	<b>3.43</b>				

Source: Monetary Policy Department

**Table 5: Central Bank Survey**

Millions of Leones	2024		2025	Quarterly % Change		Yearly % Change	
	2024Q1	2024Q4	2025Q1	2024Q4	2025Q1	2024Q4	2025Q1
<b>1. Net Foreign Assets</b>	<b>(4,423.00)</b>	<b>(5,241.59)</b>	<b>(5,551.47)</b>	<b>(15.46)</b>	<b>5.91</b>	<b>39.93</b>	<b>25.51</b>
<b>2. Net Domestic Assets</b>	<b>12,804.16</b>	<b>15,456.26</b>	<b>15,116.47</b>	<b>4.95</b>	<b>(2.20)</b>	<b>24.05</b>	<b>18.06</b>
<b>Government Borrowing (net)</b>	<b>10,083.59</b>	<b>12,075.18</b>	<b>12,657.27</b>	<b>(0.39)</b>	<b>4.82</b>	<b>22.03</b>	<b>25.52</b>
o.w. Securities	5,295.79	6,310.14	6,522.67	<b>10.96</b>	<b>3.37</b>	<b>18.51</b>	<b>23.17</b>
Ways and Means	467.99	331.95	519.79		<b>56.59</b>	<b>78.45</b>	<b>11.07</b>
GoSL/IMF Budget financing	4,177.47	5,230.59	5,230.59	<b>25.21</b>	-	<b>23.81</b>	<b>25.21</b>
GoSL/WB Budget financing	-	-	-				
<b>3. Reserve money</b>	<b>8,381.16</b>	<b>10,214.67</b>	<b>9,565.00</b>	<b>19.79</b>	<b>(6.36)</b>	<b>17.23</b>	<b>14.13</b>
o.w. Currency issued	6,853.80	8,759.83	8,328.55	<b>22.67</b>	<b>(4.92)</b>	<b>22.56</b>	<b>21.52</b>
Bank reserves	1,515.66	1,391.66	1,218.71	<b>1.42</b>	<b>(12.43)</b>	<b>(10.72)</b>	<b>(19.59)</b>

*Source: Monetary Policy Department*