BANK OF SIERRA LEONE

MONETARY POLICY REPORT

MARCH 2025

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LIST OF TABLES (APPENDED)

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
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 March 2025 edition of the BSL Monetary Policy Report reviews global and domestic economic trends for the fourth quarter of 2024. It also looks at the latest developments in the first quarter of 2025, where relevant data is available, and discusses short-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 economy demonstrated resilience in 2024, supported by strong growth in United States, increased economic activity in China and stable conditions in Emerging Market and Developing Economies. However, the IMF's World Economic Outlook published in April 2025, projected global growth to drop from 3.3 percent in 2024 to 2.8 percent in 2025 before recovering to 3.0 percent in 2026. Global headline inflation continues to trend downwards and is expected to decline to 4.2 percent in 2025 and 3.5 percent in 2026, driven by tight monetary policy previously adopted by central banks in advanced and Emerging Market and Developing Economies, improved supply chains and lower commodity prices. Trade frictions arising from series of tariff measures by the USA and countermeasures by trading partners, elevated global interest rates, and geopolitical tensions have heightened uncertainty about the global growth outlook.

On the domestic front, real GDP is forecast to rebound to 4.5 percent in 2025 from 4.0 percent in 2024, supported by growth in agriculture, mining, and services. In the medium-term, growth is expected to reach 4.7 percent, supported by increases in iron ore and gold production and continued recovery in the services sector. Risks to the outlook include trade disruptions, commodity price volatility, fiscal pressures, geopolitical instability, and infrastructure constraints.

Sierra Leone's trade deficit narrowed in 2024Q4 compared to the previous quarter due to increased exports earnings and reduced imports bill. Gross international reserves rose to and equivalent of 2.2 months of import cover from 1.8 months in 2024Q3, supported by disbursements from multilateral and bilateral partners and export earnings from mining. The exchange rate remained relatively stable due to prudent policy measures implemented by the Bank of Sierra Leone (BSL) to eliminate bottlenecks in the foreign exchange market and bolster public confidence.

On the fiscal front, the deficit narrowed in 2024Q4, driven by improved domestic revenue mobilization and increased foreign grants which outweighed expenditure growth. Likewise, the primary deficit narrowed reflecting increased effort by the government to enforce prudent expenditure management.

Growth in monetary aggregates was expansionary. Growth in Reserve reflects an increase in Net Domestic Asset (NDA) of BSL, while Broad Money (M2) grew due to higher NDA and Net Foreign Asset (NFA) of the banking system. Credit to the private sector by commercial banks also increased but below the required level to adequately stimulate investment and growth

Developments in the money market revealed that demand for government securities remains concentrated in the 364-day tenure due to higher yields, particularly from commercial banks. This continues to limit the banking sector's intermediation role by crowding out the private sector.

The banking sector remained stable, sound, profitable and well capitalized, with most Financial Soundness Indicators (FSIs) within regulatory limits. Non-performing loans declined and remained below the 10 percent regulatory ceiling. However, the concentration of loans in a few sectors raises asset quality concerns coupled with the heavy reliance on government securities by commercial banks as well as the increased case of banking fraud and high lending rates.

Inflationary pressures eased significantly, with headline inflation falling from 20.91 percent in September 2024 to 10.71 percent in March 2025, due to prudent monetary and fiscal policies, relatively stable exchange rate, lower global food and energy prices, and subdued demand. However, this development is threatened by uncertainties in the global market, which must be monitored to forestall any consequences of the increasing global risks that may reverse the gains already achieved.

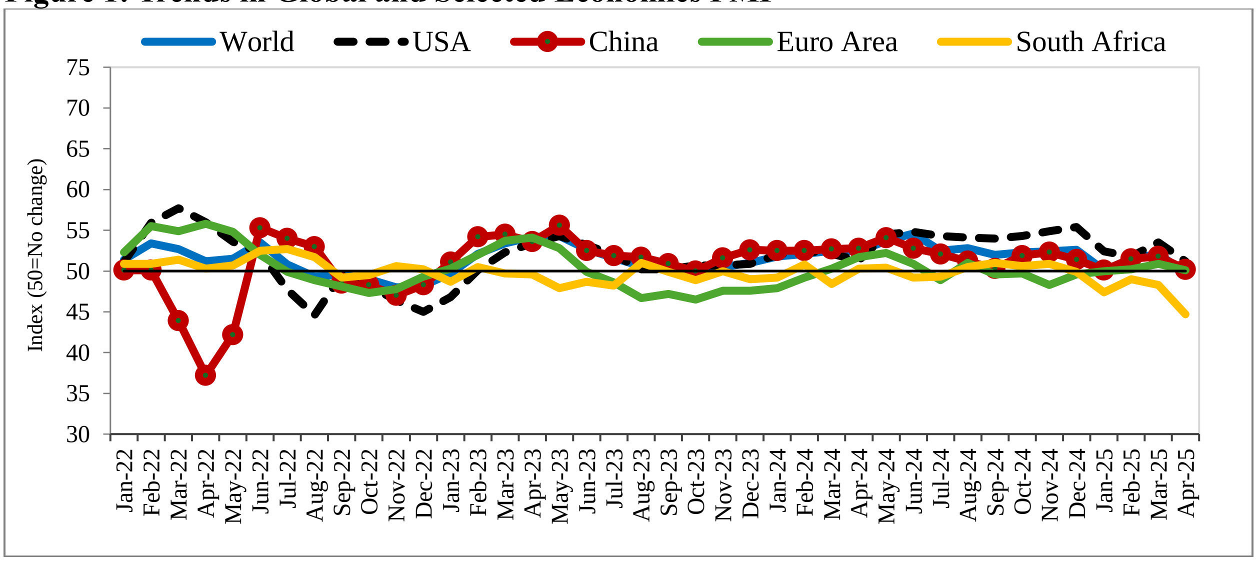
The rest of the report is organized as follows: the second section analyses the global economic and financial developments, including global growth, global inflation, commodity prices, and their implications for the Sierra Leone economy. The third section reviews domestic economic developments and outlooks, while the fourth section presents the conclusion and decision of the MPC during the March 2025 meeting.

1. GLOBAL ECONOMIC DEVELOPMENTS AND PROSPECTS

1.1 Global Output

The global economy was resilient through 2024, supported by sustained growth in advanced economies such as the United States, improved economic activity in China and steady conditions in Emerging Market and Developing Economies (EMDEs). However, the International Monetary Fund's (IMF's) World Economic Outlook published in April 2025, projected global growth to drop from 3.3 percent in 2024 to 2.8 percent in 2025 before recovering to 3.0 percent in 2026. Series of tariff measures by the USA and countermeasures by trading partners, elevated global interest rates, and geopolitical tensions have heightened uncertainty about the global growth outlook. This trend is mirrored in the Composite Purchasing Managers' Indices (PMIs), which recorded a mild deceleration in global economic activities. Business expectations surveys have worsened in the USA, Euro area, and China, with series of tariff measures and counter measures.

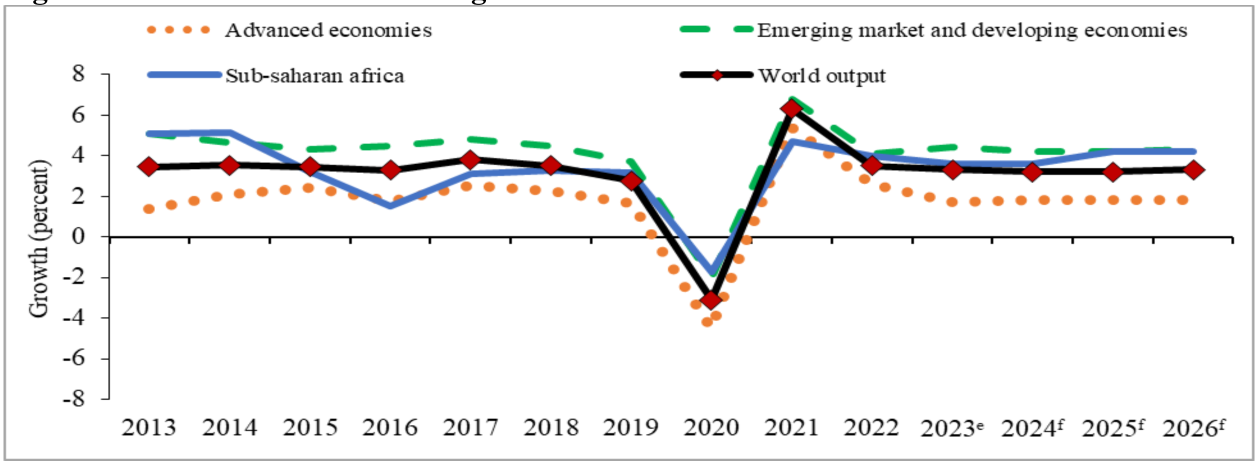
Figure 1: Trends in Global and Selected Economies PMI



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

In the United States, economic expansion has been driven by resilient consumer spending, heightened investment activity, and favorable net trade dynamics. In contrast, China's growth has been supported by accommodative monetary policy measures, which have continued to stimulate economic activity amidst a prolonged downturn in the property market.

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



Source: IMF World Economic Outlook, October 2024 database and January 2025 update; Note: e= estimate & f =forecast

The Euro Area's growth has been slowed by the Russia-Ukraine war, diminished manufacturing momentum, and ongoing uncertainty surrounding policy decisions. However, with a revised growth forecast of 1.0 percent for 2025, economic activity in the region has been bolstered by stronger domestic demand and improved confidence. Meanwhile, the resilience of other major economies, such as Brazil and India, has contributed to the overall stability of the global economic landscape in 2024.

Declining global inflation rates have provided much-needed relief to many economies, allowing central banks to progressively adopt more accommodative monetary policies. In addition, improvements in supply chain dynamics, along with falling global energy and food prices, have positively impacted supply conditions.

However, the escalation of trade tensions and extremely high levels of policy uncertainty are expected to have a significant impact on global economic activity. This has triggered downgrades in GDP growth forecasts in the two largest economies - U.S. and China. Consequently, Global growth is projected to drop to 2.8 percent in 2025 and 3 percent in 2026, down from 3.3 percent for both years in the April 2025 WEO update. In addition, the disinflation process appears to have stalled in some countries, while financial conditions remain broadly restrictive as central banks slow the pace of monetary policy easing. The persistence of these external headwinds may spill over to the domestic economy through the trade and financial channels, highlighting the need for policy to remain proactive.

1.1.1 Advanced and Emerging Market Economies

According to the April 2025 edition of the WEO, growth in advanced economies is projected to be 1.4 percent 2025 down from 1.9 percent in WEO January 2025 update. The United States is expected to slow to 1.8 percent, 0.9 percentage point lower relative to the projection in the January 2025 WEO update, on account of on account of greater policy uncertainty, trade tensions and softer demand momentum. Growth in the Euro Area at 0.8 percent declined by 0.2 percentage points.

In emerging market economies, growth is expected to slow down to 3.7 percent in 2025 and 3.9 in 2026, with significant downgrades for countries affected most by recent trade measures such as China. For China, 2025 GDP growth has been revised downwards to 4.0 percent from 4.6 percent in the January 2025 WEO update. This reflects the impact of the recently implemented tariffs. Growth in 2026 is also revised downwards to 4.0 percent from 4.5 percent in the January 2025 WEO update on the back of prolonged trade policy uncertainty and the tariffs now in place. In the case of India, the growth outlook is relatively more stable at 6.2 percent in 2025, supported by private consumption, particularly in rural areas.

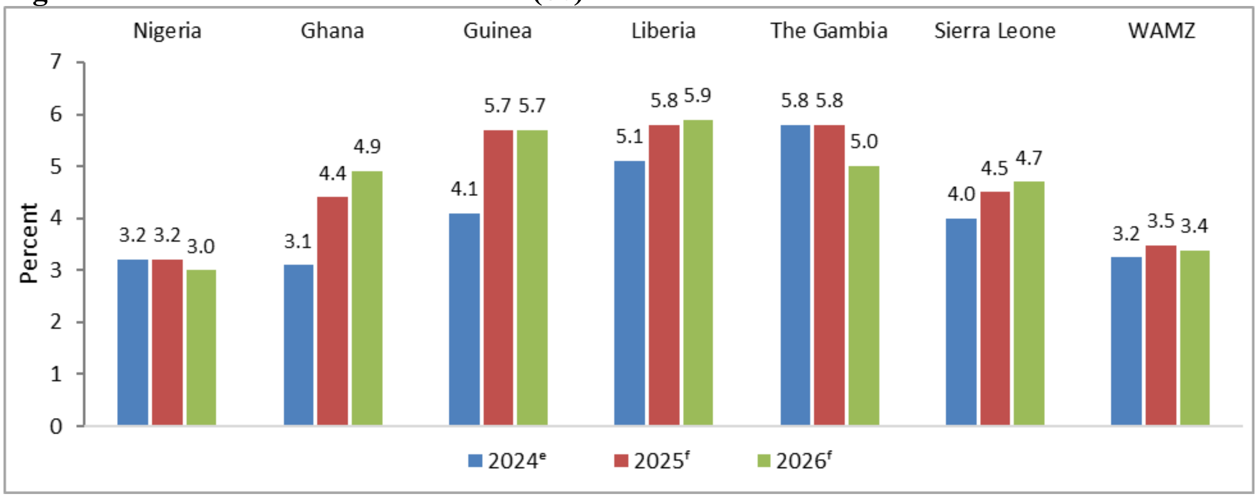
1.1.2 Sub-Saharan Africa (SSA)

Economic growth in Sub-Saharan Africa is projected downwards to 3.8 percent in 2025 from 4.0 percent in 2024 in the April 2025 WEO. Growth is expected to recover modestly to 4.2 percent in 2026. Among the larger economies, the growth forecast in Nigeria is revised downward by 0.2 percentage point for 2025 and 0.3 percentage point for 2026, owing to lower oil prices, and that in South Africa is revised downward by 0.5 percentage point for 2025 and 0.3 percentage point for 2026, reflecting slowing momentum from a weaker-than-expected 2024 outturn, deteriorating sentiment due to heightened uncertainty, the intensification of protectionist policies, and a deeper slowdown in major economies

1.1.3 West African Monetary Zone (WAMZ)

Economic growth in the West African Monetary Zone is projected to rise to 3.5 percent in 2025, followed by a marginal easing to 3.4 percent in 2026. This relative stability is supported by the continued recovery in external demand, the normalization of global supply chains, productivity gains, and resilient domestic consumption. Nevertheless, several downside risks could adversely affect these projections. These include geopolitical tensions, increased trade fragmentation, persistent global inflationary pressures, concerns over debt sustainability, and currency depreciation, may negatively impact commodity exports and dampen foreign direct investment inflows.

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



Source: IMF World Economic Outlook, October 2024 Update and January 2025; Note: e= estimate & f =forecast

1.2 Global Commodity Prices and Inflation

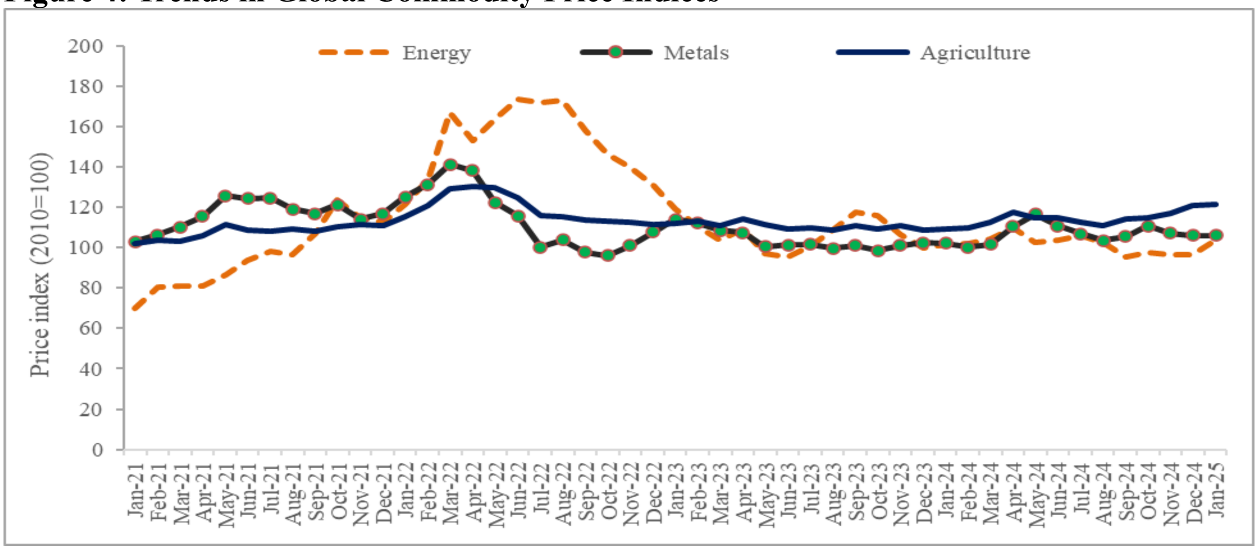
1.2.1 Global Commodity Prices

In 2024Q4, global commodity prices experienced a notable decline, driven by a confluence of factors. Softer demand, improved supply conditions, and ongoing economic uncertainty—particularly in China, the world's largest importer of commodities—were key contributors to this downward trend. Additional pressures stemmed from a slowdown in industrial activity, evolving global trade patterns, and easing inflationary dynamics.

Energy prices, for instance, declined by 4.4 percent, primarily due to weak demand from the manufacturing sector and elevated crude oil inventories. Although OPEC+ maintained production cuts, increased output from non-OPEC producers led to an oversupplied market. Conversely, agricultural commodity prices recorded upward momentum, influenced by adverse weather events, geopolitical tensions, rising interest rates, environmental concerns, and volatility in the U.S. dollar.

China's diminished demand, compounded by on-going trade tensions with the United States, contributed to a decline in industrial activity. Meanwhile, metal prices remained relatively stable, with the global transition toward cleaner energy sources tempering demand for traditional metals. Looking ahead to 2025, commodity prices are expected to remain subdued, as the underlying market drivers show limited signs of notable change.

Figure 4: Trends in Global Commodity Price Indices



Source: World Bank Commodity Market Outlook database, February 2025

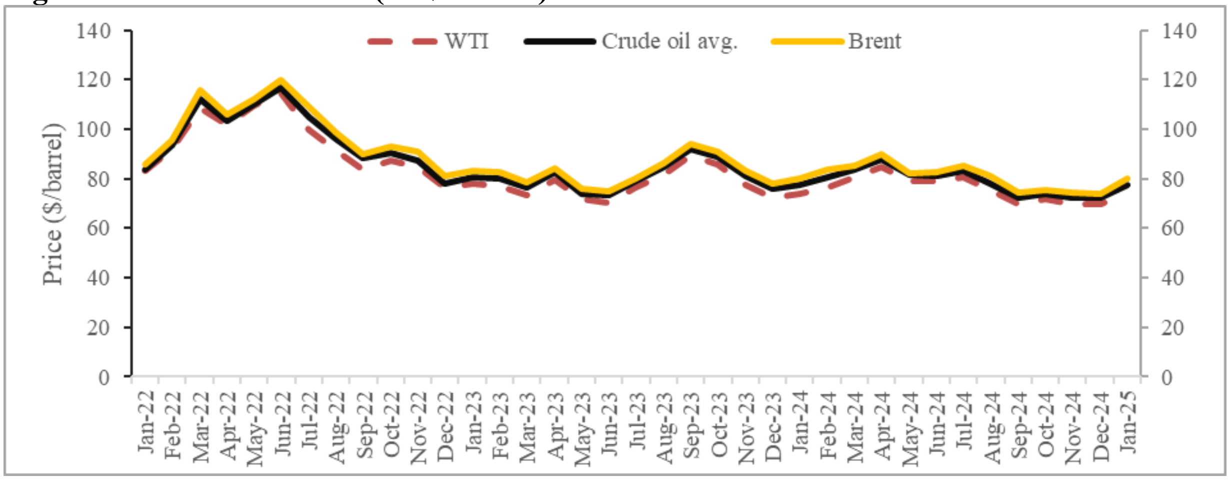
Crude Oil Prices

Crude oil prices continued their downward trajectory during 2024Q4, primarily driven by concerns over declining demand from China, a softening U.S. labor market, and OPEC's decision to increase production. These factors coincided with a broader global transition toward renewable energy sources, further weighing on market sentiment. Consequently, the average price of crude oil declined by 6.5 percent, falling to USD 72.86 per barrel in the fourth quarter of 2024, compared to USD 77.93 per barrel in the preceding quarter. This decline was mirrored in benchmark indices, with Brent crude decreasing to USD 74.63 per barrel (from USD 80.15) and WTI crude falling to USD 70.36 per barrel (from USD 75.36).

Nonetheless, a rebound in crude oil prices was observed in January 2025, with the cost increasing to USD78.16 per barrel, driven by China's economic reopening and the resulting anticipation of increased energy demand. Additional upward pressures emerged from heightened geopolitical tensions, evolving market conditions, the potential re-imposition of tariffs under the

Trump administration, delays in OPEC+ production adjustments, climate-related disruptions, and broader supply-side constraints.

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

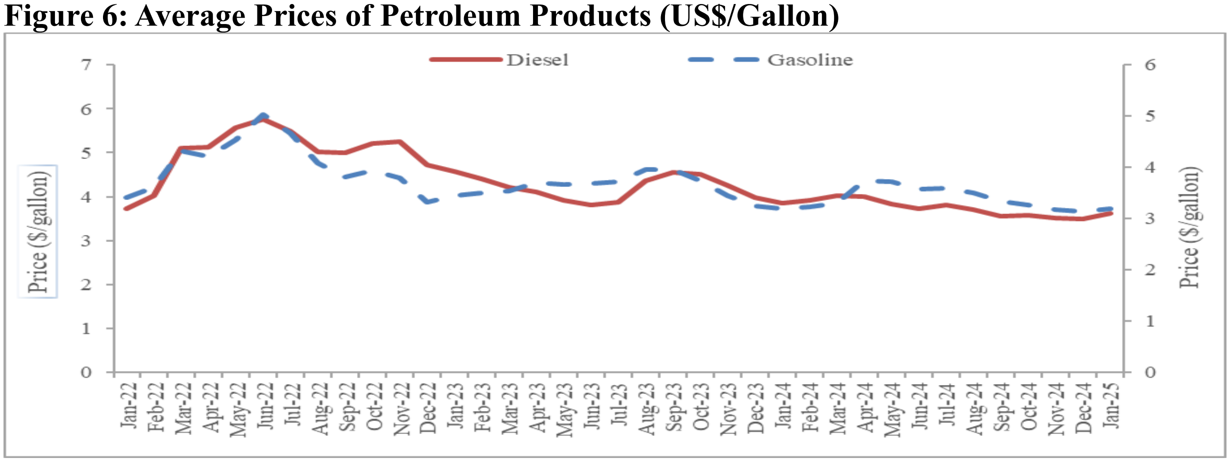


Source: World Bank Commodity Market Outlook database February 2025

Petroleum Products (Retail Prices)

Petroleum products reveal significant price fluctuations throughout 2024. Gasoline and Diesel showed considerable volatility influenced by market demand, refining costs, and economic conditions. Gasoline peaked at USD3.73/gallon in April and May, then dropped to USD3.14/gallon in December 2024. Diesel prices peaked at USD4.02/gallon in March and fell to USD3.49/gallon in December, explained by oversupply in the market, and reduced travel demand affecting consumption.

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

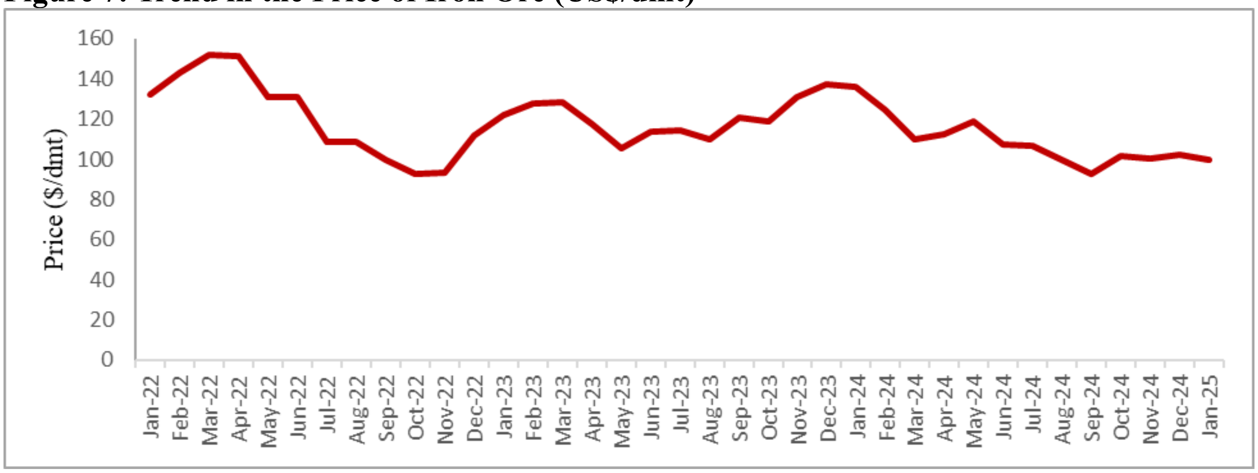


Source: U.S. Energy Information Administration, EIA (February 2025)

Iron Ore Price

Iron ore prices showed a modest recovery in the fourth quarter of 2024, stabilizing at an average of USD 101.37/dmt, up from USD 99.86/dmt in the previous quarter. This improvement is largely reflective of the recovery in China's infrastructure development, alongside increased demand from India and the United States. In November, prices experienced a slight dip, falling to USD 100.50/dmt, primarily due to a decline in demand for steel production. However, December saw a rebound, with prices rising to USD 102.21/dmt. By January, iron ore prices demonstrated relative stability, driven by changes in supply conditions and a resurgence in demand.

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

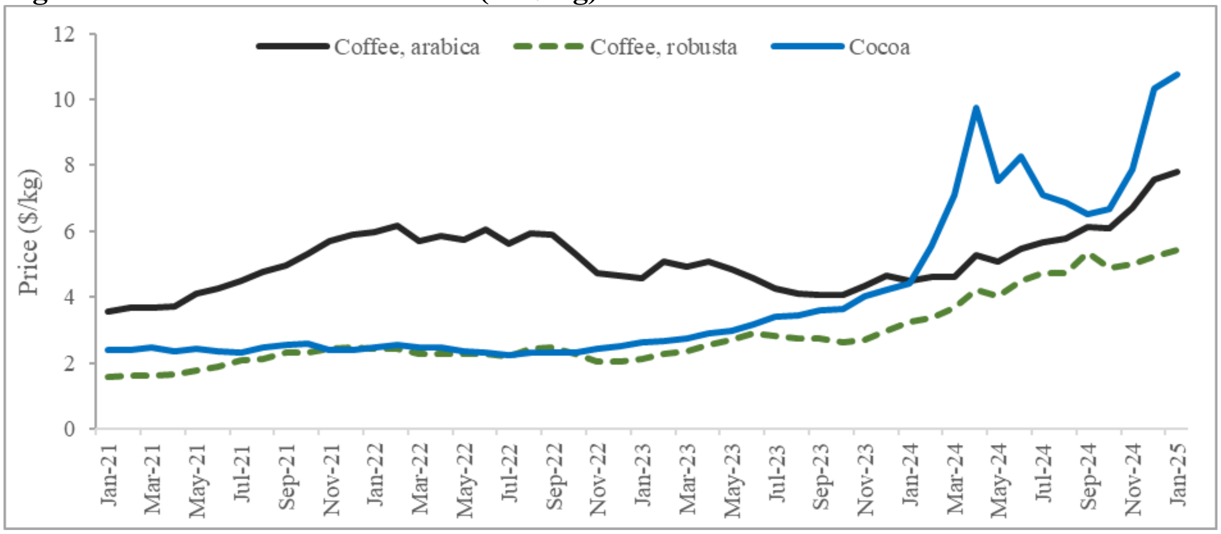


Source: World Bank Commodity Market Outlook database, February 2025

Cocoa and Coffee Prices

The global market price for cocoa saw a significant rise in the fourth quarter of 2024, reaching USD8.29/kg, up from USD6.83/kg in the previous quarter. Similarly, the prices for both Arabica and Robusta coffee remained relatively stable during this time, with Arabica averaging USD6.80/kg compared to USD5.85/kg in 2024Q3, while Robusta coffee prices increased to USD5.03/kg from USD4.93/kg in the prior quarter. Notably, cocoa prices jumped to USD10.32/kg in December, a considerable increase from USD7.89/kg in November 2024, this trend mirrored in January 2025, reflecting a trend of stability in the pricing of both cocoa and coffee.

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



Source: World Bank Commodity Market Outlook database, October 2024

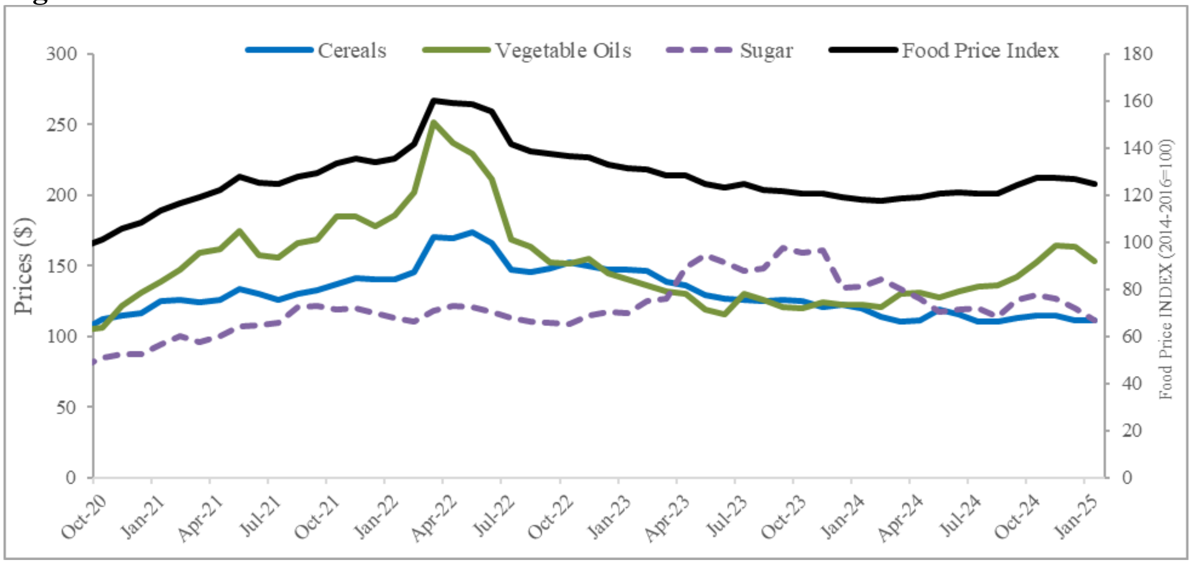
Food Price Index

In 2024, the Food Price Index experienced significant fluctuations, particularly in cereal prices, which rose by 3.21 percent between September and November. This increase was driven by higher prices for vegetable oil and sugar. Cereal prices initially dropped to 110.09 points in August, then rose to 114.40 points in October and November, before declining again in December, despite a strong global supply.

Vegetable oil prices surged due to supply shortages and growing demand for biodiesel. Meanwhile, sugar prices also exhibited volatility, peaking at 140.77 points in February before falling to 113.86 points in August.

In January 2025, cereal prices rose once more due to drought conditions caused by El Niño. As a result, the FAO Food Price Index averaged 124.9 points for the month, marking a 1.6 percent decrease from December.

Figure 9: FAO Food Price Indices

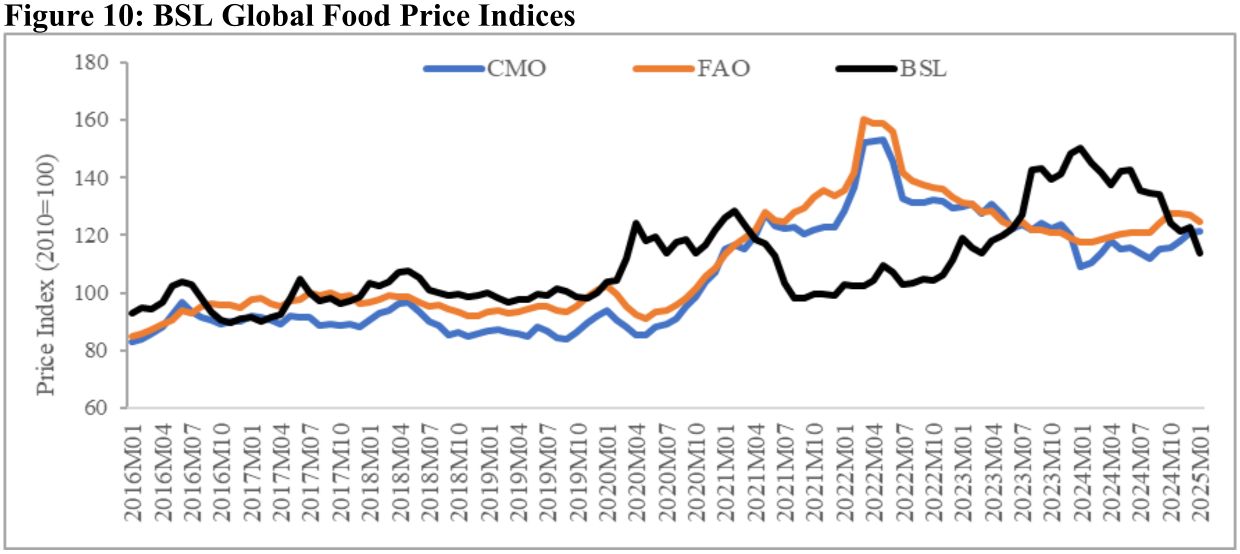


Source: FAO food price index database, February 2025

BSL Food Index

The BSL-estimated Food Index declined to 122.91 points in the fourth quarter of 2024, down from 134.91 points in the previous quarter. This decrease is primarily attributed to a reduction in global rice prices, as noted in the Commodity Market Outlook (CMO). However, despite the overall downward trend, there remains significant monthly price volatility, underscoring the dynamic and fluctuating nature of the food industry.

Figure 10: BSL Global Food Price Indices



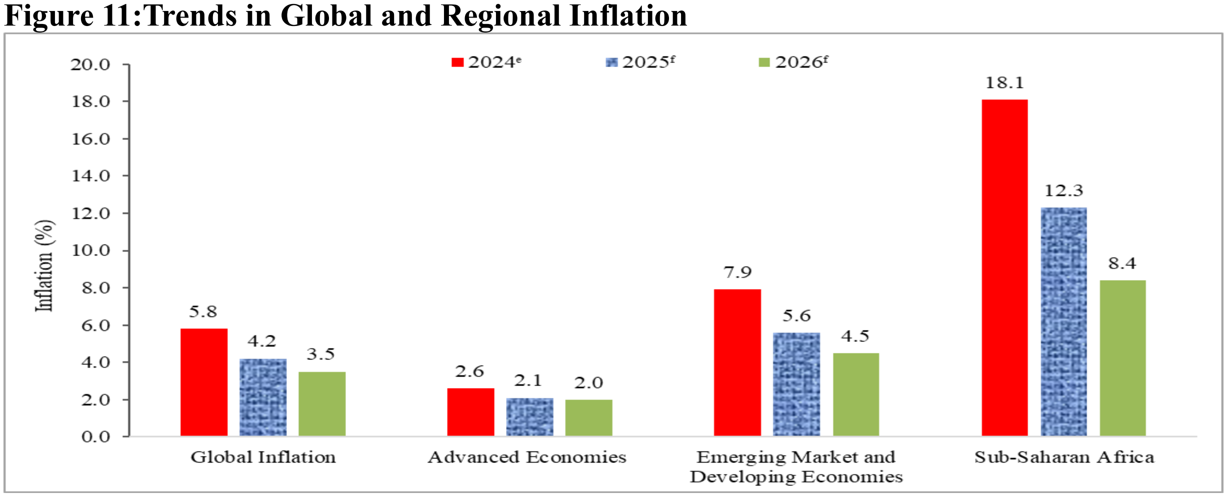
Source: World Bank, FAO & BSL

1.2.2 Global Inflation

According to the International Monetary Fund's World Economic Outlook published in January 2025, global inflation was projected to decline to 4.2 percent in 2025, down from 5.8 percent in 2024 and further to 3.5 percent in 2026. This anticipated moderation is primarily driven by continued monetary tightening by central banks, improved supply chain efficiencies, and a reduction in commodity prices. However, the April 2025 WEO revised the global inflation rate to 4.3 percent in 2025 and 3.6 percent in 2026, reflecting the effects of increased tariffs, trade tensions, and associated uncertainty.

In advanced economies, inflation is expected to ease to 2.5 percent and 2.2 percent in 2025 and 2026 respectively, from 2.6 percent in 2024. Emerging markets and developing economies are projected to decline to 5.5 percent in 2025 and 4.6 percent in 2026. Inflation in Sub-Saharan Africa is also expected to moderate. However, significant upside risks remain, including the current trade protectionist policies and the resultant increase in tariffs and disruptions to global supply chains, which will ultimately elevate production costs and consumer prices worldwide. Moreover, currency depreciation, mounting fiscal pressures, and persistent food insecurity are potential threats to global inflation.

Figure 11:Trends in Global and Regional Inflation



Source: IMF, World Economic Outlook, October 2024 and January 2025 update.

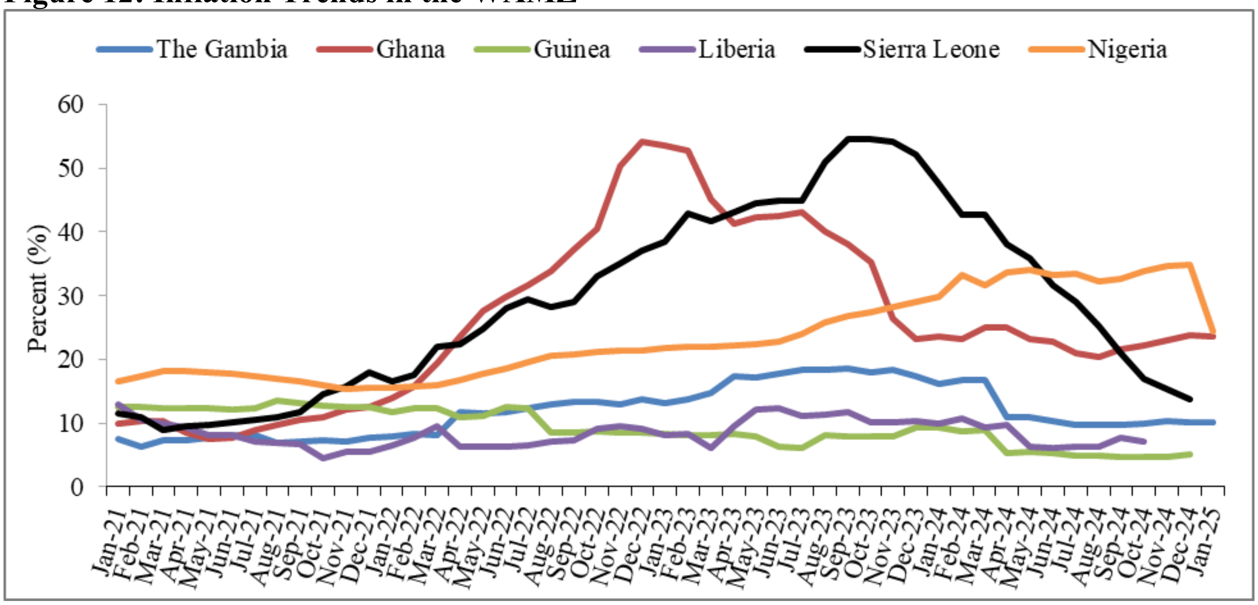
Sub-Saharan Africa (SSA) Inflation

Inflation in Sub-Saharan Africa (SSA) surged to 18.1 percent in 2024, markedly exceeding the global average. This increase was primarily attributed to supply disruptions, currency devaluation, and fiscal expansion in major economies within the region, including Nigeria, Kenya, and Angola. Inflation is expected to decrease to 12.3 percent in 2025.

Inflation in the WAMZ

Inflationary pressures in the West African Monetary Zone (WAMZ) continue to slowdown. The inflation rate remains above pre-pandemic levels in Ghana, Sierra Leone, and Nigeria, influenced by various factors including rising import costs, the impact of currency depreciation, and supply-side issues that contributed to higher prices for essential goods like food and fuel. In January 2025 Nigeria recorded a sharp decline in its inflation rate, due to rebasing of the Consumer Price Index (CPI). Guinea had the lowest inflation rate at 5.0 percent, followed by The Gambia at 10.2 percent and Liberia at 11.9 percent. Nigeria reported the highest inflation rate at 24.5 percent, with Ghana and Sierra Leone at 23.5 percent and 14.0 percent, respectively. However, there are potential risk to the inflation outlook in the zone, including US trade protectionism, increased tariffs, and supply chain disruptions. A slowdown in global economic activity could reduce demand for exports, currency fluctuations, and uncertainty from trade disputes, which could negatively impact its economic stability and job creation.

Figure 12: Inflation Trends in the WAMZ



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

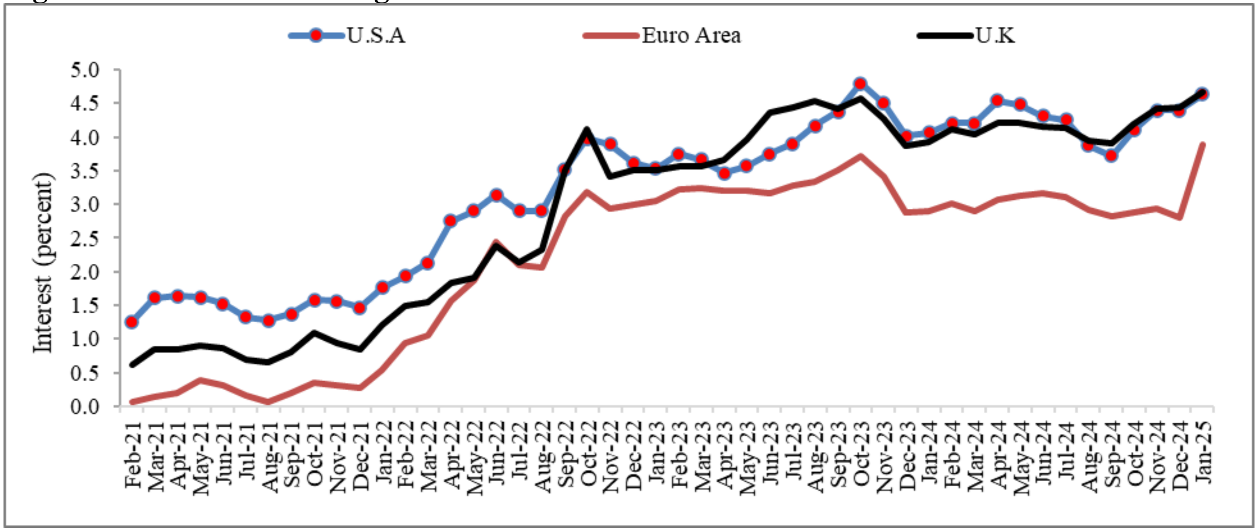
1.3 Monetary Policy and Financial Market Developments

In the fourth quarter of 2024, global financial market performance varied across asset classes and regions. U.S. large-cap stocks showed recovery, while value stocks lagged behind growth stocks. Both developed and emerging markets underperformed relative to U.S. stocks as global markets faced challenges. In response to inflation risks, the United Kingdom raised its policy rate slightly, while the United States opted to maintain its rate. In the Euro Area, interest rates were also modestly increased to support economic recovery. China, aiming to foster growth and financial stability, kept its policy rate unchanged. In contrast, the West African Monetary Zone (WAMZ) countries raised rates and implemented tighter monetary policies to combat inflation. WAMZ nations face the challenge of balancing inflation control with the need to sustain growth, while major economies may continue to focus on restrictive monetary policies for an extended period. (See Table 2 in Appendix)

Sovereign Bond Yield

In the latter months of 2024, sovereign bond yields underwent significant changes. In the United States, yields increased, primarily driven by the Federal Reserve's cautious approach to reducing interest rates. This stance was influenced by persistent high inflation and continued strong economic growth in the country. Meanwhile, financial markets in the Euro Area and the United Kingdom have displayed divergent trends. The Euro Area has experienced relative stability, accompanied by a cautious sentiment from investors. In contrast, the UK has faced rising bond yields, likely due to concerns over inflation or the implementation of a more restrictive monetary policy.

Figure 13: Selected Sovereign Bond Yields



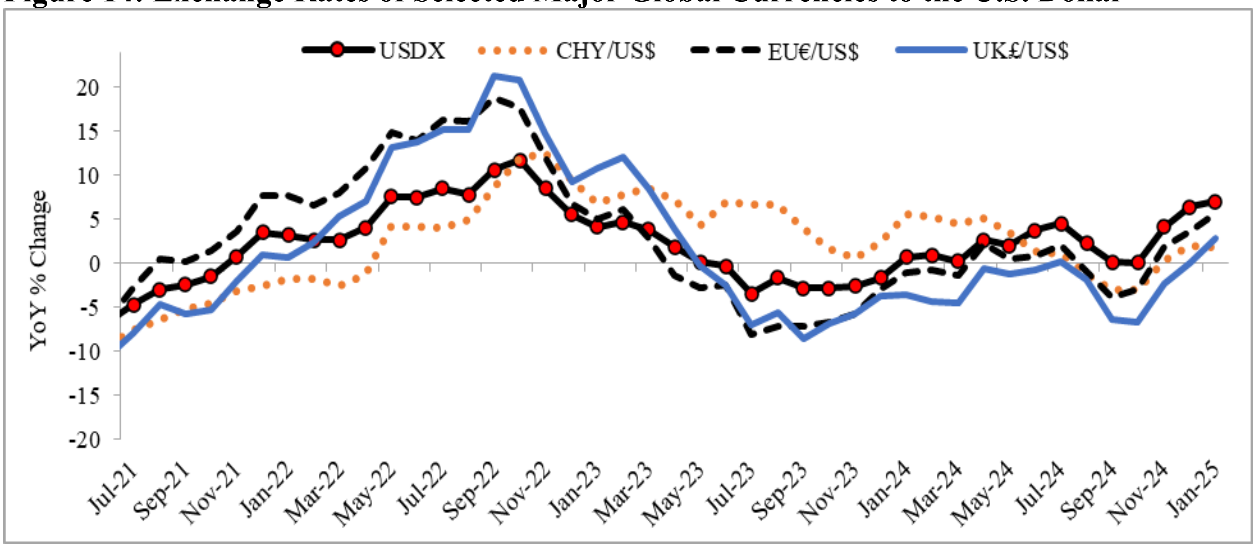
Source: Federal Reserve Economic, FRED Data (February 2025)

Exchange Rate

In January 2025, the U.S. dollar's appreciation slowed following its strengthening in October and November 2024. During this period, both the British pound and the euro experienced notable declines. Likewise, the Chinese yuan depreciated, though it was more volatile than the euro and the pound. On an annual basis, the Chinese yuan lost value in 2023 but began to recover in mid-2024, whereas the euro and the pound saw continued fluctuations.

Looking ahead toward the end of 2025, the U.S. dollar is expected to maintain its strength, supported by factors such as inflation, tariffs, and adjustments in Federal Reserve policy. In contrast, the euro may face a decline due to trade barriers, a sluggish economic outlook in the Eurozone, and potential rate cuts by the European Central Bank. The UK's fragile economic condition could lead to further depreciation of the pound. Additionally, the proposed import tariffs under the Trump administration could significantly impact the value of major currencies.

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.

1.4 Implications for the Outlook of the Sierra Leone Economy

Sierra Leone's economy is heavily reliant on iron ore exports, meaning that a surge in global iron ore prices could significantly boost the country's export earnings. On the other hand, a decline in crude oil prices could lead to lower energy costs, reduced inflation, and an improved trade balance for Sierra Leone, as an oil-importing nation. Additionally, a reduction in global petroleum prices may result in lower pump prices in the country, triggering a downward ripple effect on overall prices and easing inflationary pressures.

The recent trend of central banks in advanced economies lowering interest rates could lead to fluctuations in capital flows, potentially directing capital inflows into emerging and developing economies like Sierra Leone. However, the ongoing global tariff tensions may have the opposite effect, deterring investors and distorting trade flows, which could exacerbate the country's economic vulnerability.

2. DOMESTIC ECONOMIC DEVELOPMENTS

2.1 Real GDP Developments

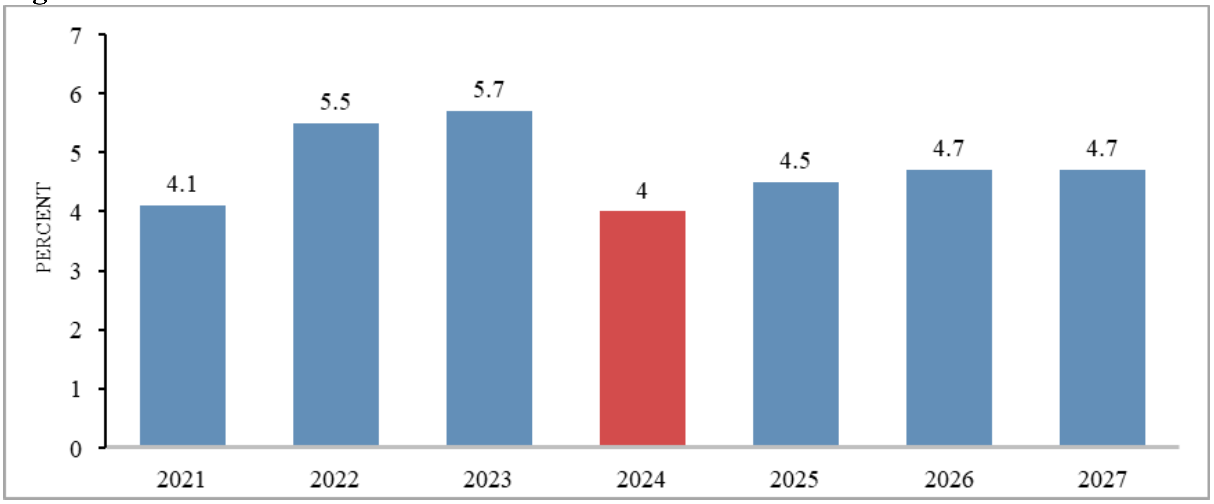
2.1.1 Real GDP Growth

Real GDP growth is projected to rebound to 4.5 percent in 2025, following a 4 percent growth in 2024. This growth is primarily driven by increased activity in the agricultural and mining sectors, along with a recovery in the services sector. 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 both 2026 and 2027. This upward trajectory is anticipated to be fueled by significant developments, particularly within the mining sector, where substantial increases in iron ore and gold production are expected. 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. Improved activity is also anticipated in the services, manufacturing, construction, and tourism sectors, driven by falling inflation that could boost household spending, retail activity, and government efforts to attract foreign investment.

However, there are risks to this growth potential. The economy's dependence on imported food, especially rice, makes it vulnerable to external shocks. In 2024, climate-related events, particularly heavy rainfall, limited agricultural output and created food supply challenges. Additionally, fluctuations in international commodity prices, particularly for iron ore and diamonds, pose significant risks. A decline in these prices could adversely affect the mining sector, which is critical to the nation's GDP. Inadequate infrastructure, particularly electricity power supply, could also constrain economic activity. Furthermore, ongoing geopolitical instability, such as the conflict in Ukraine, as well as the multiple waves of tariffs on major trading partners and critical sectors may result in sustained high commodity prices and continued disruptions to global supply chains.

Figure 15: Real GDP Growth Base on IMF Tables and Statistics Sierra Leone

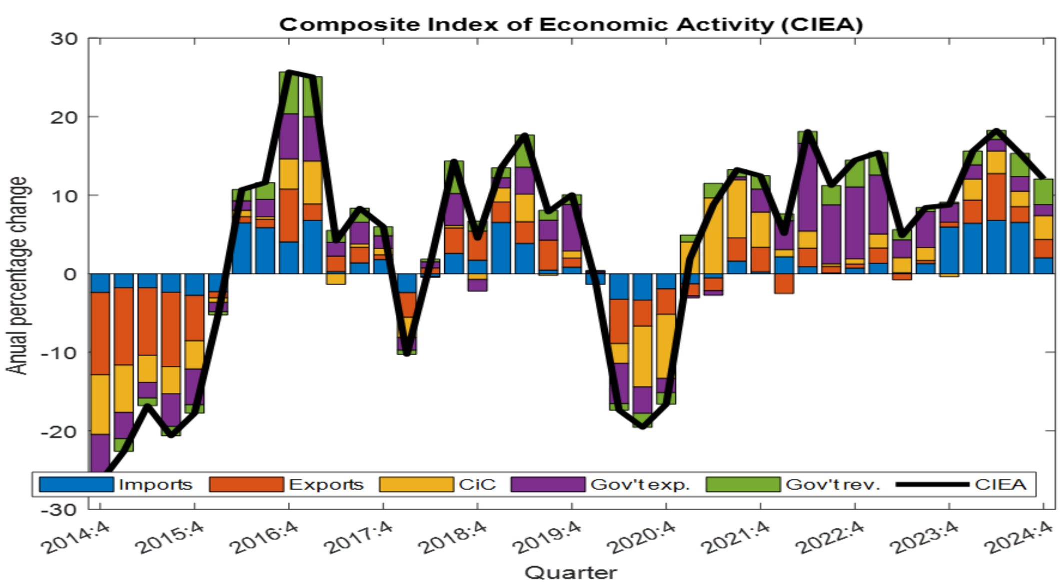


Source: Stats. SL & IMF

2.1.2 Composite Index of Economic Activity (CIEA)

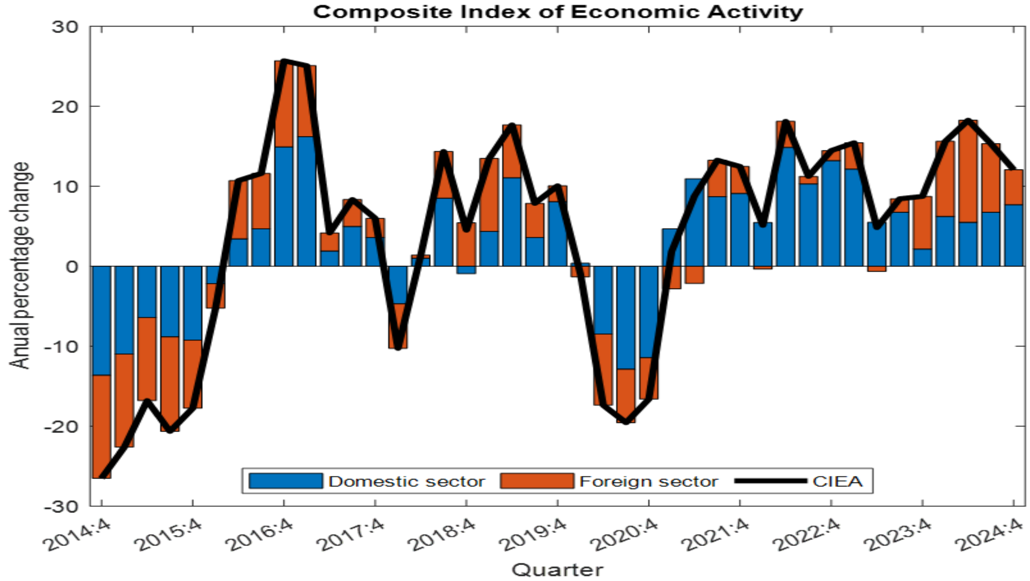
The Bank's Composite Index of Economic Activities (CIEA), a high-frequency indicator of economic performance, showed a slowdown in economic activity in the fourth quarter of 2024 compared to the third quarter. The lower CIEA growth in Q4 was primarily attributed to a decline in imports and government expenditure. However, during the review period, currency in circulation, exports, and government revenue all saw an increase. On a sectoral basis, domestic sector activities experienced a modest improvement, while activities in the foreign sector showed a decline**.**

Figure 16: Contributions to CIEA



Source: BSL

Figure 17: Sectoral Contributions to CIEA

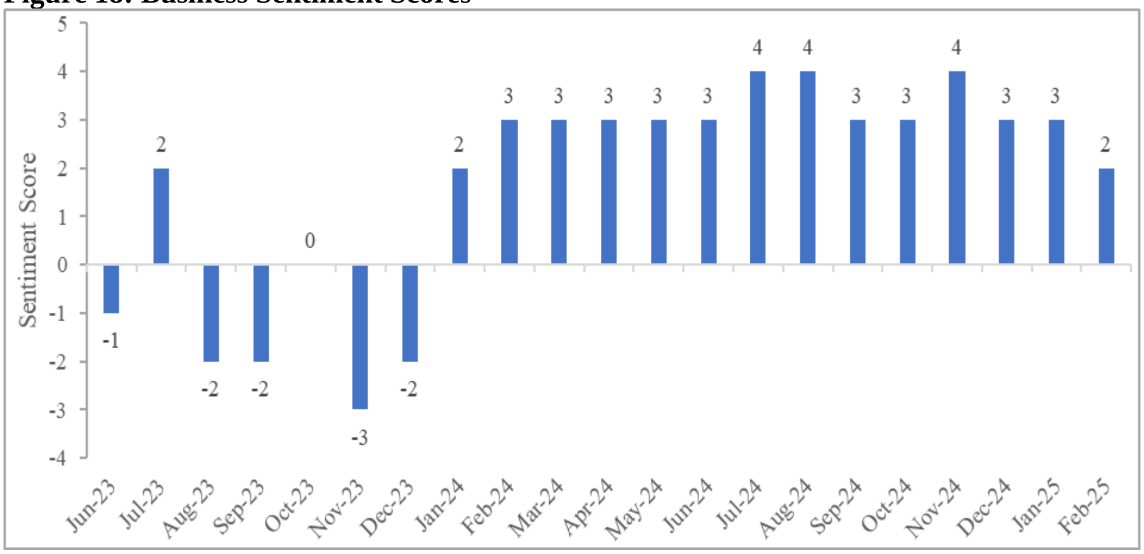


Source: BSL

Box 1: Business Sentiment[2]

Business sentiment continues to be positive in February 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 18: Business Sentiment Scores



Source: BSL

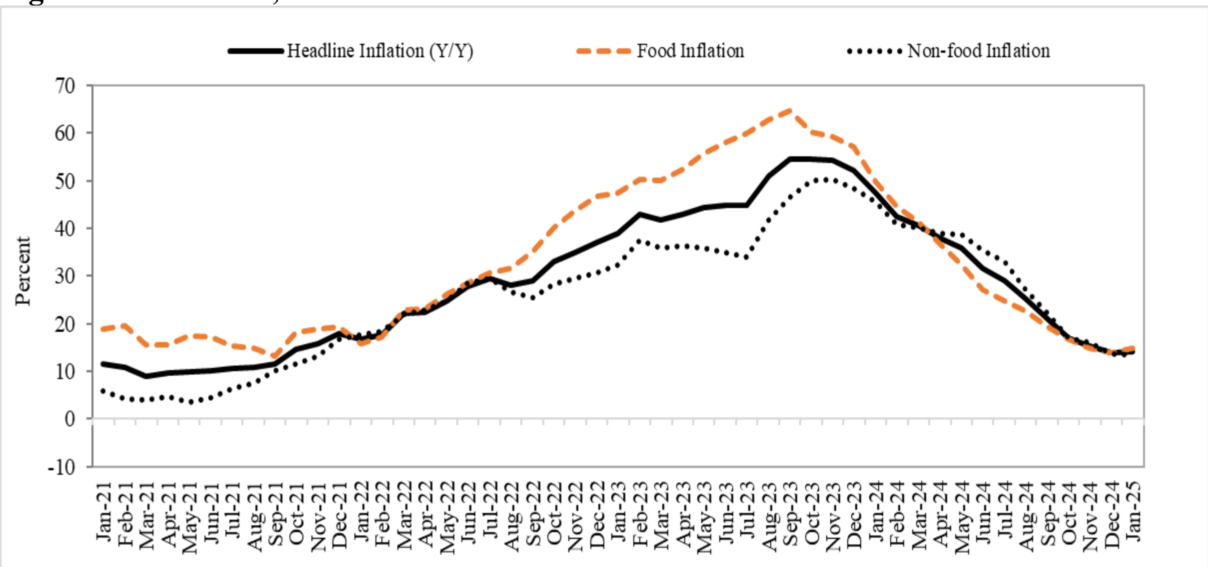
2 The business sentiment is still experimental.

2.1.3 Price Developments

Inflationary pressures continue to ease, with the national year-on-year inflation rate falling to 13.78 percent in December 2024, a notable decline from 20.91 percent in September 2024 and 31.56 percent in June 2024. This reduction was primarily influenced by decreases in both food and non-food inflation, with food inflation moderating to 13.89 percent in December 2024, from 19.41 percent in September 2024 and 27.25 percent in June 2024. Non-food inflation also dropped to 13.69 percent in December 2024, from 22.22 percent in September 2024, and 35.30 percent in June 2024.

The observed decrease in inflationary pressures can be attributed to a combination of domestic policy measures and global developments, including the relative stability of the exchange rate, fiscal consolidation efforts, prudent monetary policy actions, increased international aid, lower commodity prices, and enhancements in supply chains. However, in January 2025, the headline year-on-year inflation rate experienced a slight uptick to 14.03 percent, reflecting increase in prices of major food components, supply chain disruptions and severe weather conditions and fluctuations in global commodity prices. Food inflation rose to 14.78 percent in January 2025, whiles non-food inflation declined to 13.44 percent in January 2025. Headline inflation decreased to 10.71 in March 2025 with food and non-food inflation decreasing to 10.27 percent and 11.05 percent respectively.

Figure 19: Headline, Food and Non-food Inflation

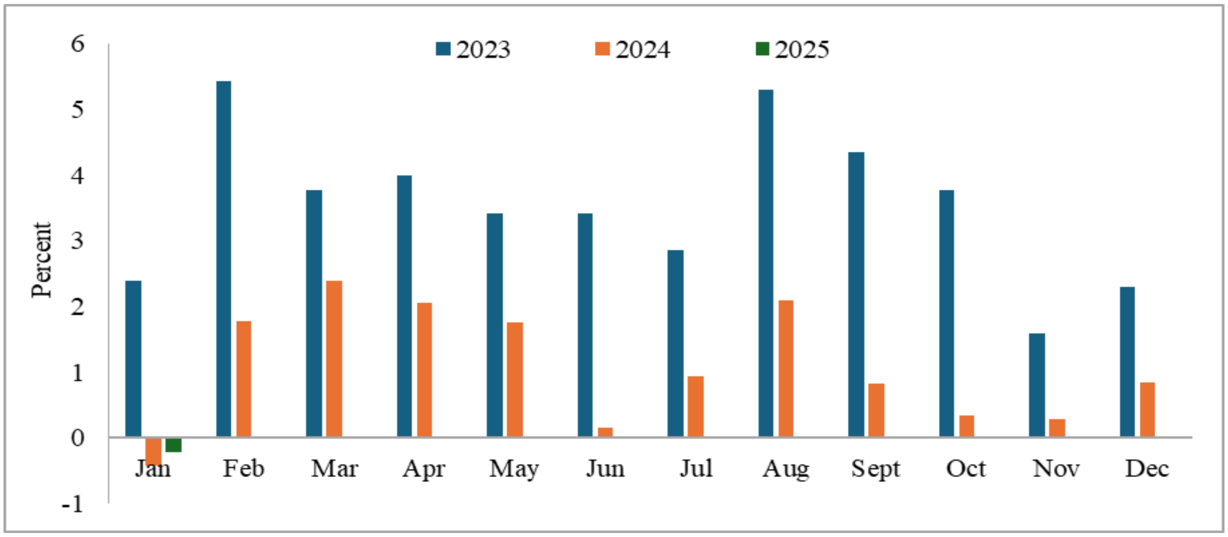


Source: Stats. SL

Monthly Inflation

In terms of month-on-month trend, headline inflation remains broadly lower on average in 2024 compared to 2023. It increased to 0.85 percent in December 2024, from 0.82 percent in September 2024 and 0.15 percent in June 2024. In January 2025, monthly inflation eased to negative 0.21 percent.

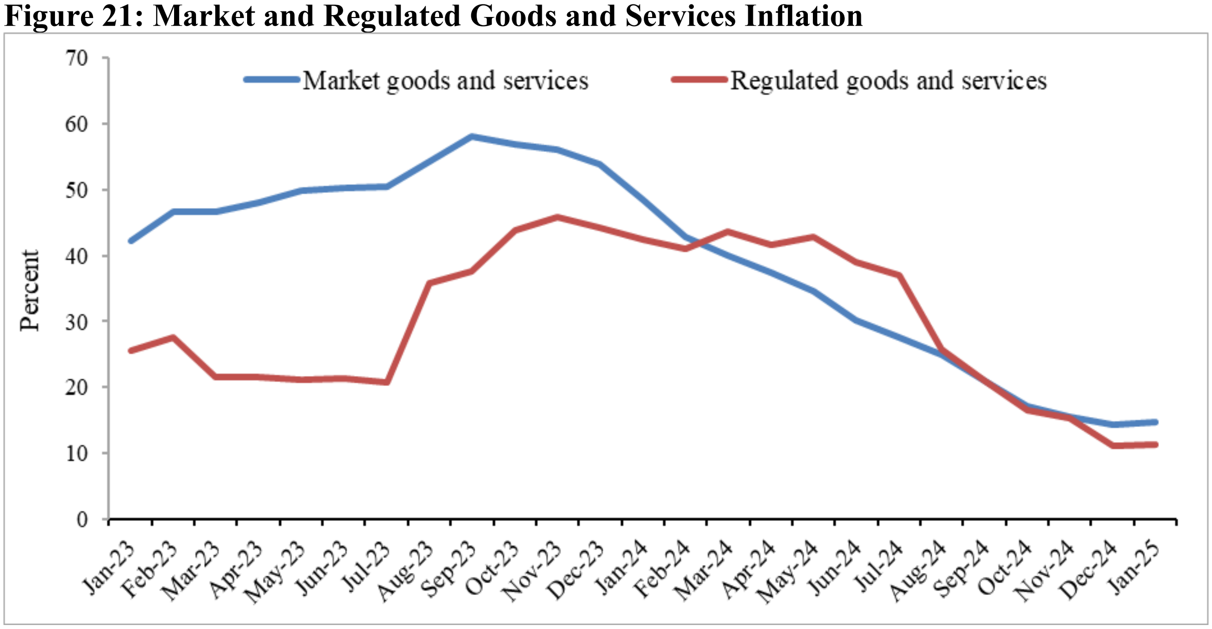
Figure 20: Path of Monthly Inflation within the Years of 2022-2024



Source: Stats. SL

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

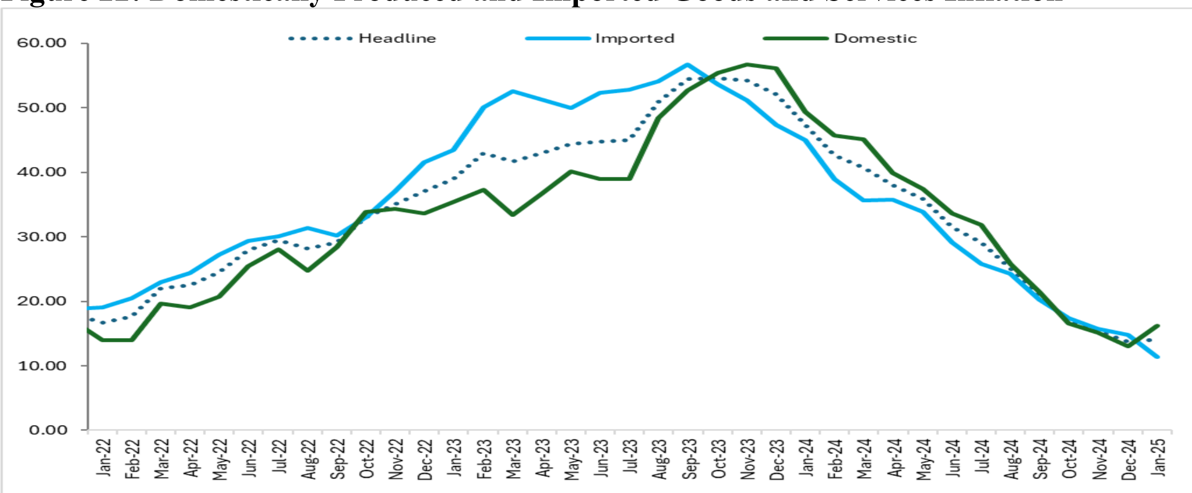
Figure 21: Market and Regulated Goods and Services Inflation



Source: BSL Staff Calculations

The decline in inflation during the review period was partially due to a relatively steady exchange rate, reinforced by the tight monetary policy stance. The prices of imported raw food, local food, and manufactured goods, all saw a downward trend, broadly mirroring the stability of the exchange rate. Regulated energy prices increased in January 2025.

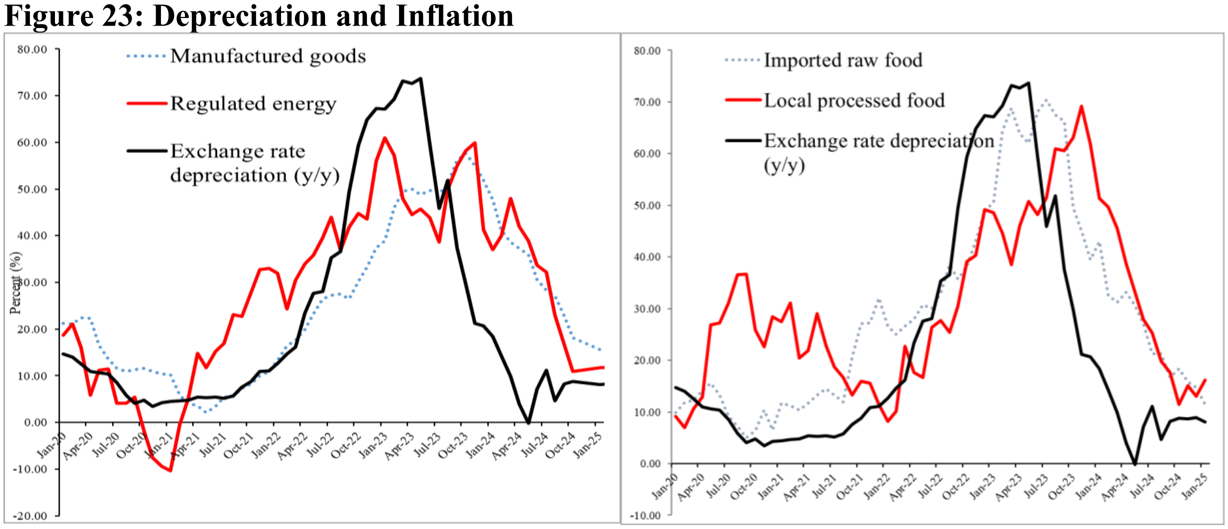
Figure 22: Domestically Produced and Imported Goods and Services Inflation



Source: Stats. SL & BSL

Similarly, consistent with the decline in headline inflation, both imported, and domestically induced inflation ease in December 2024. This reduction primarily reflects the overall fall in global food prices, the increase in domestic food supply as well as the BSL's policies aimed at eliminating bottlenecks in the foreign exchange market. However, headline and domestic inflation increased marginally in January 2025 because of adjustment in domestic economic policies and international price fluctuations.

Figure 23: Depreciation and Inflation



Source: BSL Staff Calculations

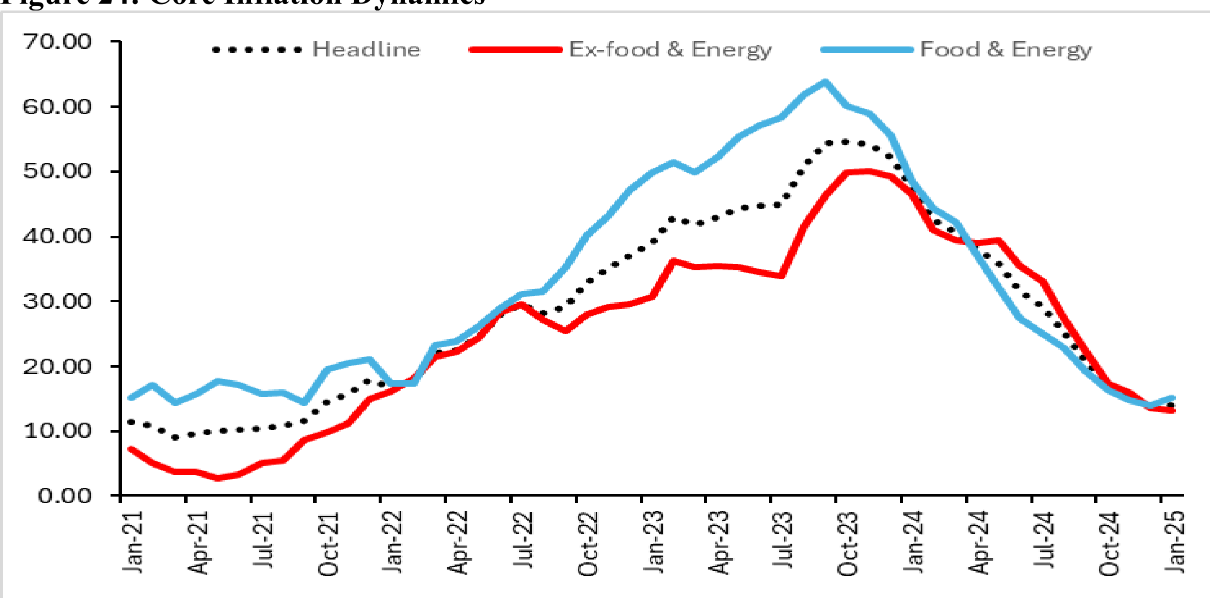
Core Inflation

From 2021 to December 2023, core inflation (ex-food and energy) was consistently lower than both headline inflation and food & energy inflation.

Between March and December 2024, the convergence trend among the inflation measures persisted, but a subtle shift occurred with core inflation slightly over both headline inflation and food & energy inflation.

Core inflation declined from 39.4 percent in March 2024 to 35.6 percent in June 2024, easing further to 22.4 percent in September 2024 and 13.5 percent in December 2024. Headline inflation also fell from 40.7 percent in March 2024 to 31.66 percent in June 2024 before reaching 20.9 percent in September 2024, and 13.8 percent in December 2024. The marginal decline in food and energy prices during this period accounted for the drop in headline inflation, causing core inflation to appear above headline inflation. Core inflation further moderated to 13.1 percent in January 2025 underscoring the successful impact of the sustained efforts by the BSL to stabilize the exchange rate and control inflation.

Figure 24: Core Inflation Dynamics



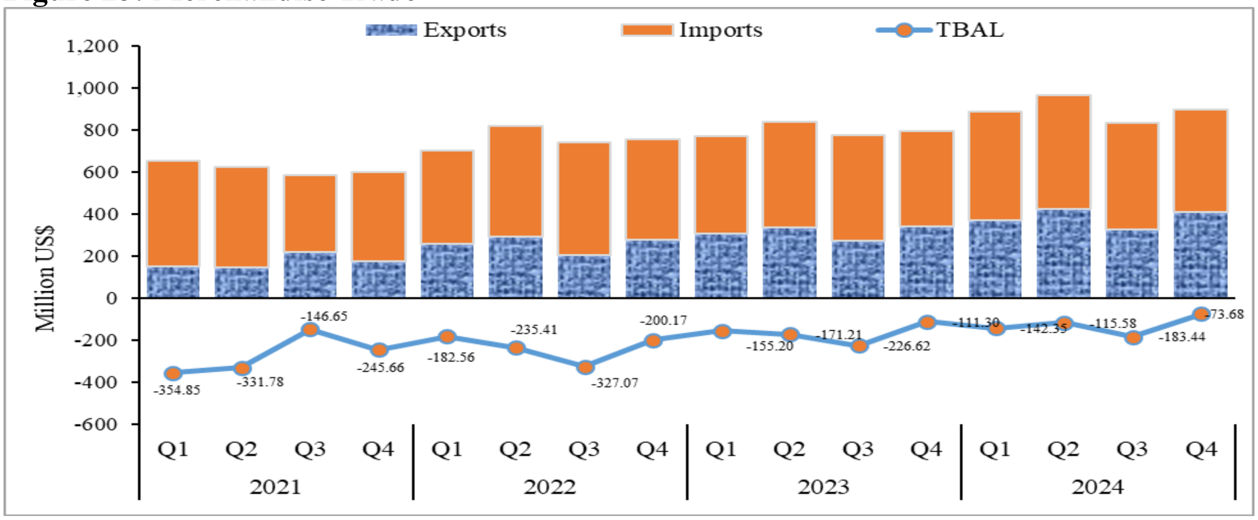
Source: Stats. SL

2.2 External Sector Developments

2.2.1 Merchandise Trade

Sierra Leone's trade deficit with the rest of the world narrowed, by 59.83 percent to USD73.68 million in 2024Q4, from a deficit of USD183.44 million in 2024Q3. This reflects the combined effects of an increase in exports (26.45 percent) and a decrease in imports (4.66 percent).

Figure 25: Merchandise Trade



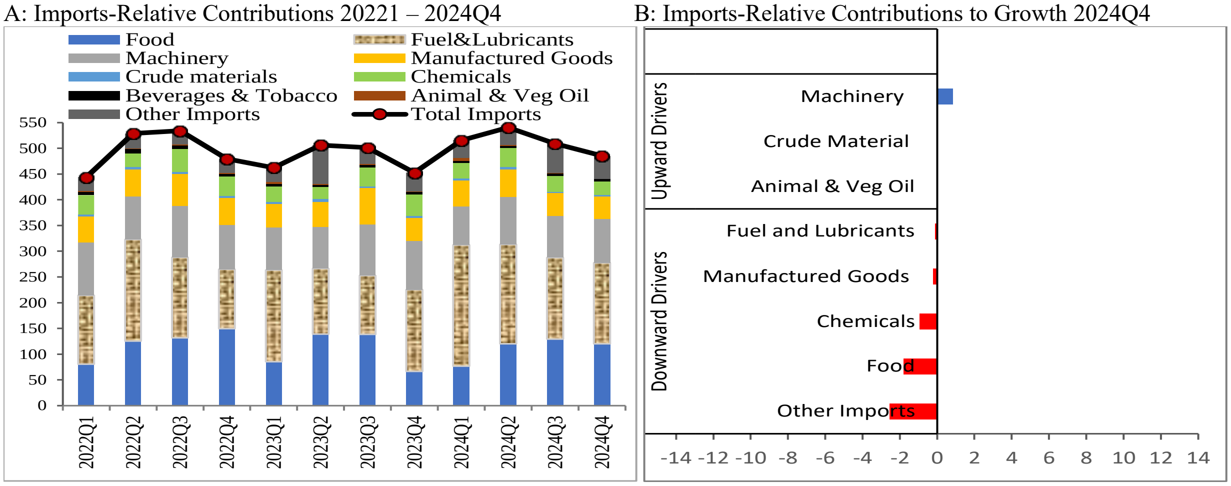
Source: NRA/Customs & BSL

Components of Import

The decrease in Merchandise Imports was driven mainly by Food, Chemicals, Manufactured goods, and other imports. The total value of Merchandise Imports decreased by 4.66 percent to USD485.16mn in 2024Q4, from USD508.85mn in 2024Q3.

Figure 26: Components of Import

A: Imports-Relative Contributions 20221 – 2024Q4 B: Imports-Relative Contributions to Growth 2024Q4



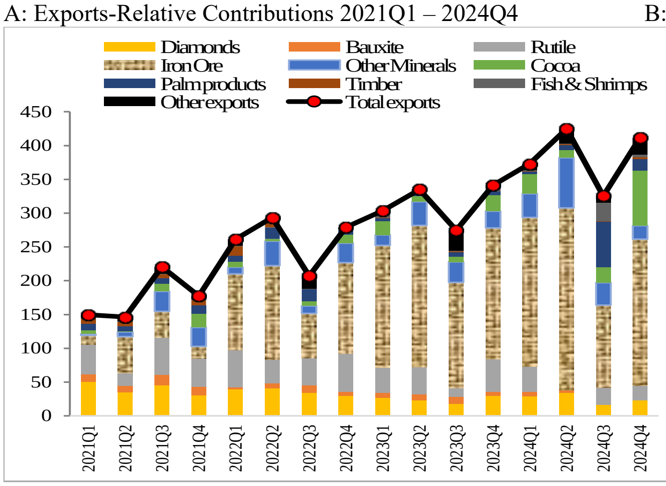
Source: NRA/Customs & BSL

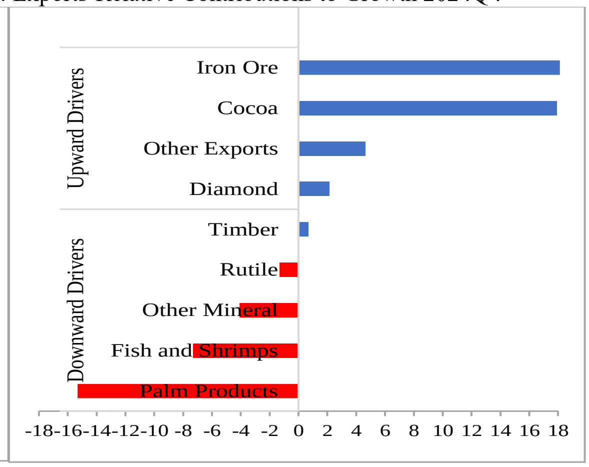
Components of Export

The increase in Merchandise exports was driven mainly by Iron ore, Cocoa, diamonds, and other exports. The total value of merchandise exports increased by 26.45 percent to USD411.48mn in 2024Q4 from USD325.41mn in 2024Q3.

Figure 27: Components of Export

A: Exports-Relative Contributions 2021Q1 – 2024Q4 B: Exports-Relative Contributions to Growth 2024Q4



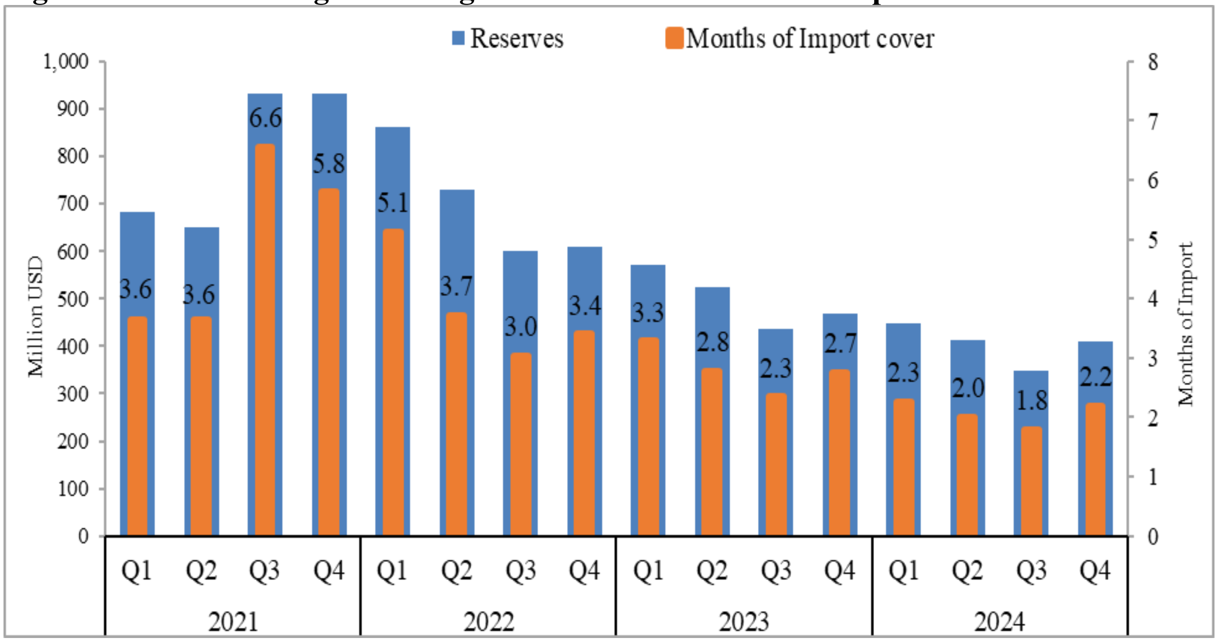


Source: NRA/Customs & BSL

2.2.2 Gross Foreign Exchange Reserves

The Bank of Sierra Leone's Gross Foreign Exchange Reserves rose by 18.19 percent, reaching USD 410.95 million in the fourth quarter of 2024, up from USD 347.69 million in the third quarter. This increase was primarily driven by higher inflows compared to outflows during the review period. Key contributors to these inflows included disbursements from the IMF, World Bank, and the European Union, as well as receipts from the mining sector and other government revenues. As a result, the month of imports improved to 2.2 months in the fourth quarter of 2024, up from 1.8 months in the third quarter.

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

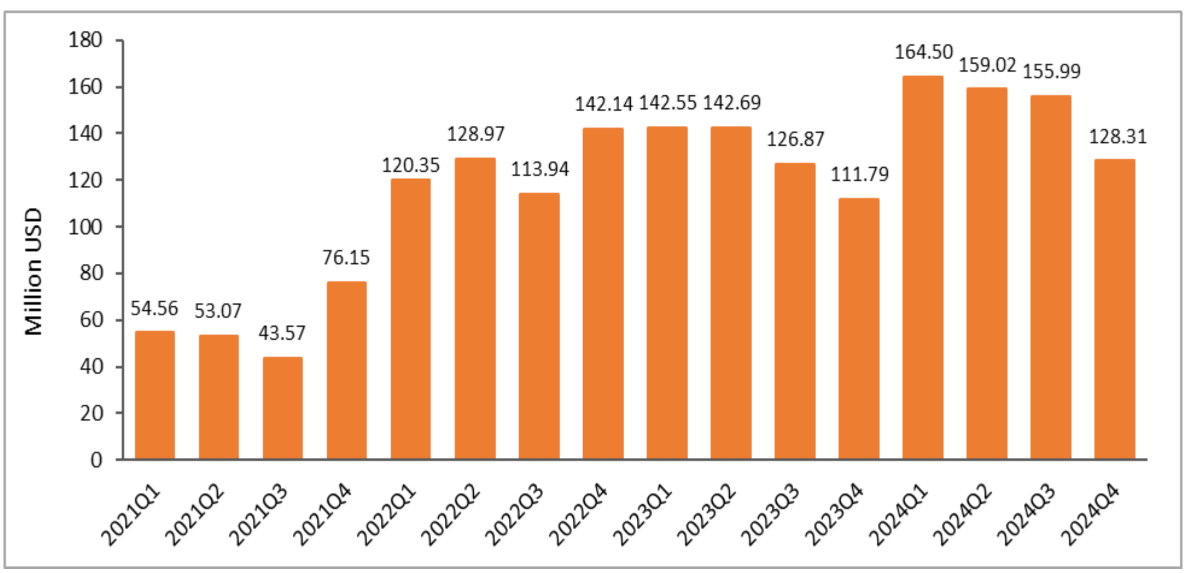


Source: BSL

2.2.3 Diaspora Remittances

In the fourth quarter of 2024, diaspora remittance inflows declined by 17.75 percent from USD 155.99 million in 2024Q3 to USD 128.31 million in 2024Q4. However, remittance levels are anticipated to rise in 2025Q1 due to the expectation that diaspora communities are likely to provide financial support to their relatives and friends in observance of the holy month of Ramadan and the celebration of Eid-ul-Fitr.

Figure 29: Diaspora Remittances into Sierra Leone

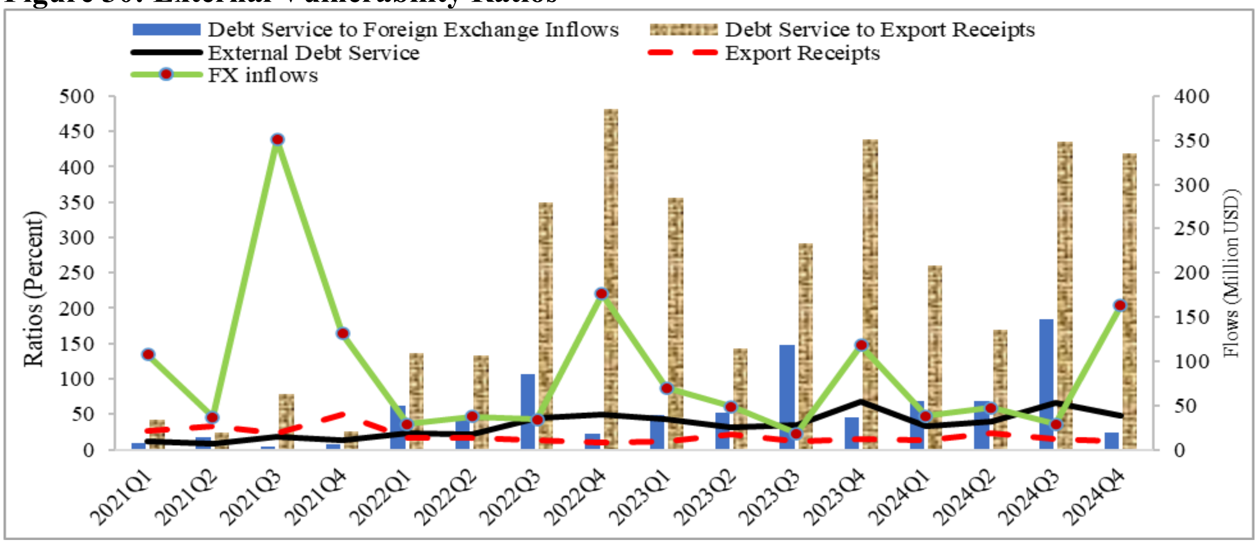


Source: BSL

2.2.4 External Vulnerability Ratios

External debt service payments decreased by 28.32 percent to USD38.17mn in 2024Q4 from USD53.25mn in 2024Q3. Similarly, receipts from exports dropped by 25.39 percent to USD9.11mn in 2024Q4 from USD12.21mn in 2024Q3. Conversely, forex inflows increased significantly by 162.85 percent to USD162.85mn in 2024Q4 from USD28.79mn in 2024Q3. Consequently, the ratio of debt service to export receipts decreased marginally by 3.93 percent to USD418.99mm, whiles the ratio of debt service to Forex inflows decreased significantly by 87.33 percent to USD23.44mn.

Figure 30: External Vulnerability Ratios



Source: BSL

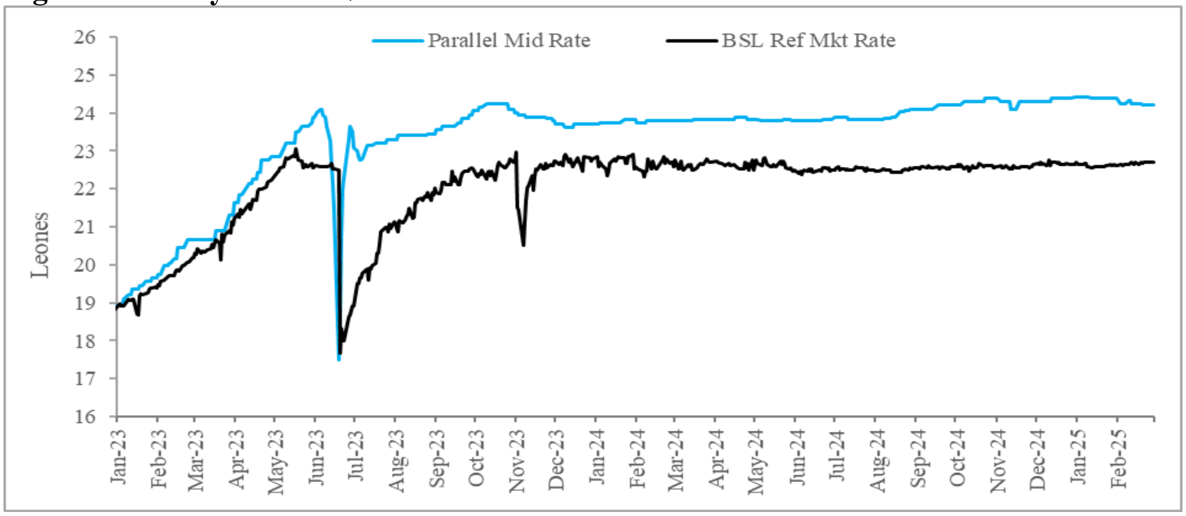
2.3 Exchange Rates and Foreign Exchange Market Developments

2.3.1 Bilateral Rates and Foreign Exchange Market Developments

Since July 2023, the official exchange rate has remained relatively stable, largely due to policy measures designed to reduce excess volatility and restore public confidence in the local currency. These measures include the enforcement of existing export repatriation requirements and the mandate for all international brokerage firms to trade funds disbursed by development partners using the official mid-exchange rate. Between the fourth quarter of 2024 and January 2025, any changes in the exchange rate were minimal, reflecting a stable monetary policy environment and sustained market confidence in the Leone.

Nonetheless, pressure remains in the foreign exchange market, driven by factors such as market demand, liquidity conditions, and external economic influences like global commodity prices.

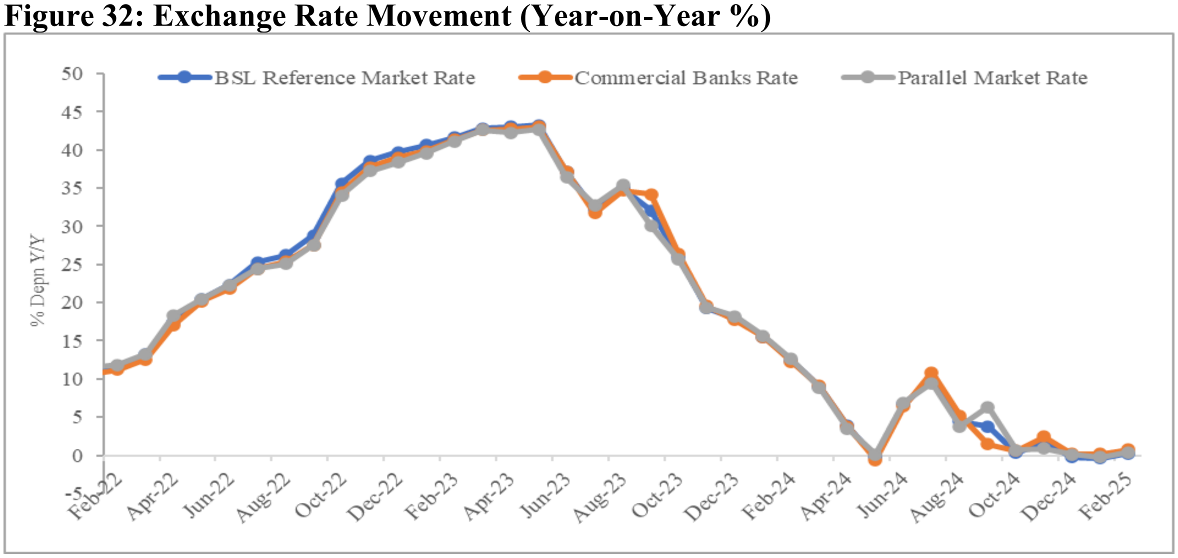
Figure 31: Daily NLe/US$ Mid Rates in the Official and Parallel Market



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 %)



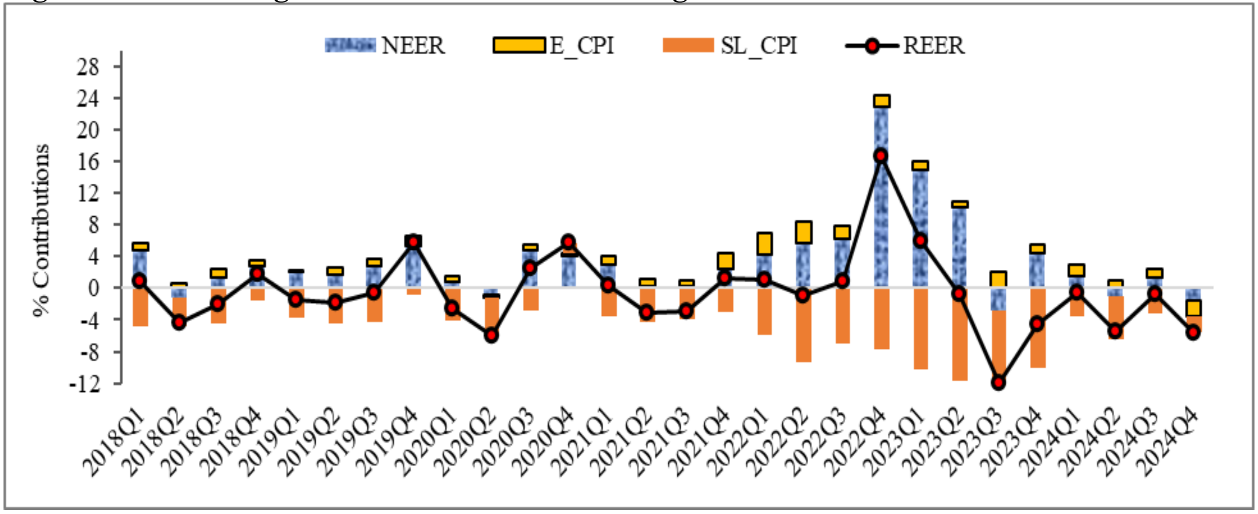
Source: BSL

2.3.2 Effective Exchange Rates

In 2024Q4, Sierra Leone's Nominal Effective Exchange Rate (NEER) appreciated by 1.6 percent, reversing the 1.3 percent depreciation observed in 2024Q3. This appreciation occurred as the Leone strengthened against both the Euro and the British Pound, which more than offset its slight depreciation against the US dollar. This trend reflects the overall stability of the foreign exchange market throughout the year.

The Real Effective Exchange Rate (REER) appreciated by 5.5 percent in the review quarter, marking a significant increase from the 0.8 percent appreciation recorded in the previous quarter. This sharp rise in the REER indicates a deterioration in Sierra Leone's external trade competitiveness, as it makes domestic goods and services relatively more expensive in the international market. Consequently, Sierra Leonean exports may face increased price pressures, potentially reducing external demand. Additionally, cheaper imports could lead to greater reliance on foreign goods domestically. If this trend continues, it could exacerbate trade imbalances and place further pressure on foreign exchange reserves.

Figure 33: Percentage Contributions to the Change in REER

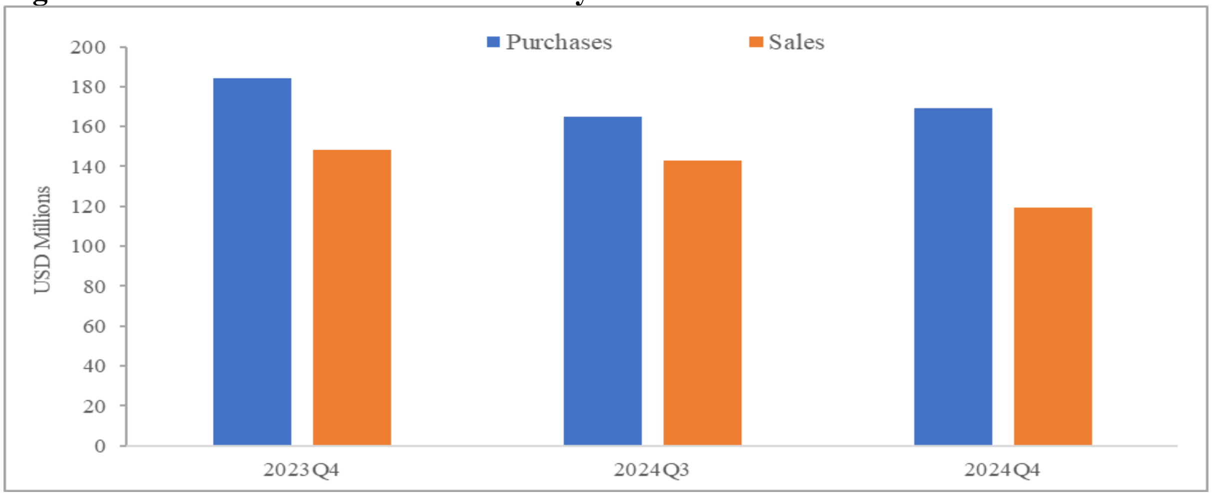


Source: World Bank, World Development Indicators, BSL Data Warehouse, Federal Reserve Economic Data

2.3.3 Foreign Exchange Market Turnover

In 2024Q4, the total value traded in the Foreign Exchange Market, encompassing both purchases and sales, amounted to USD 288.26 million. This represented a 6.27 percent decrease compared to the USD 307.55 million traded in 2024Q3. Additionally, there was a 13.28 percent decline in the total amount traded in 2024Q4 when compared to the same quarter in the previous year (2023Q4).

Figure 34: Purchases and Sales of Forex by Commercial Banks



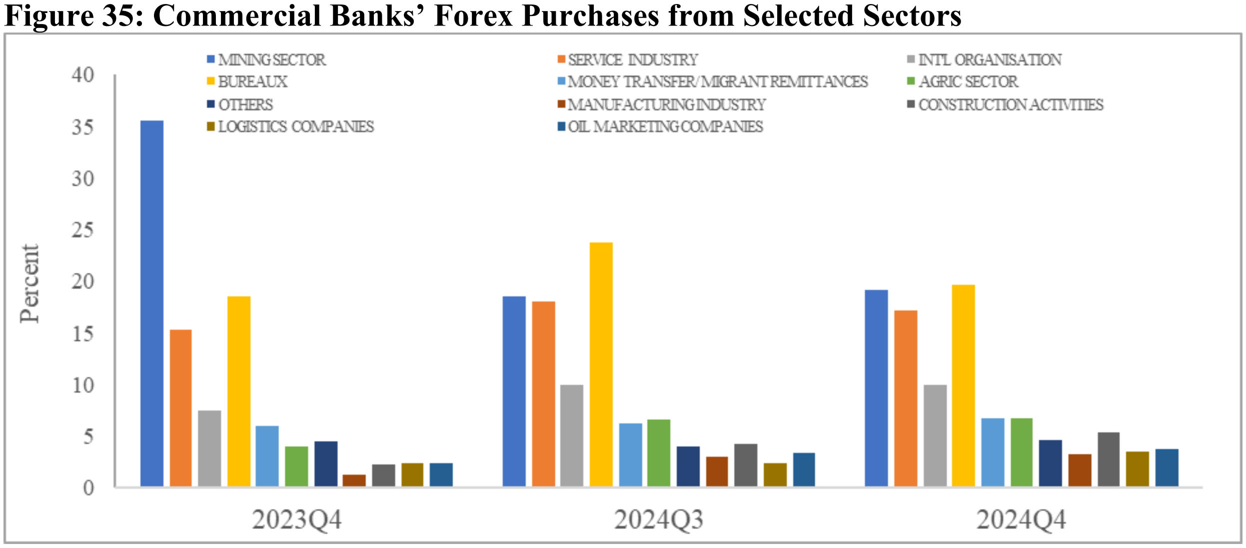
Source: BSL

Purchase of Forex by Commercial Banks

In terms of foreign exchange purchases by commercial banks, the largest share, 35.69 percent, was sourced from NGOs and international organizations. The agricultural sector followed with a contribution of 14.58 percent. The service sector accounted for 10.92 percent, while migrant remittances contributed 10.54 percent. Other sources of foreign exchange included the mining sector (7.56 percent), foreign exchange bureaus (7.52 percent), and government projects (4.27 percent).

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

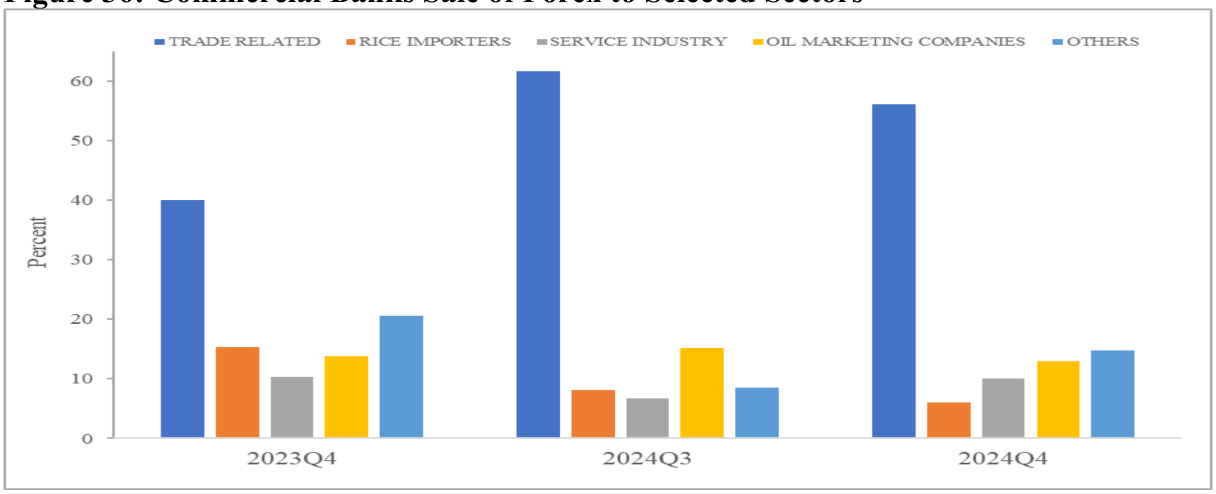


Source: BSL Note: Others include purchases from manufacturing sector, int'l brokerage firms, religious organizations and logistics companies

Sale of Forex by Commercial Banks

Banks typically provide foreign exchange to a range of entities, including rice importers, oil marketing companies, and businesses in the service industry. In 2024Q4, most of the foreign exchange sold by commercial banks was allocated for the importation of trade-related products, accounting for 56.12 percent. The sales of foreign exchange to other sectors, which include telecommunication companies, fishing companies, personal payments, investment firms, logistics, and construction companies, represented 14.75 percent. Oil marketing companies received 13.00 percent of the foreign exchange, while the service industry and rice importers were allocated 10.05 percent and 6.08 percent, respectively.

Figure 36: Commercial Banks Sale of Forex to Selected Sectors

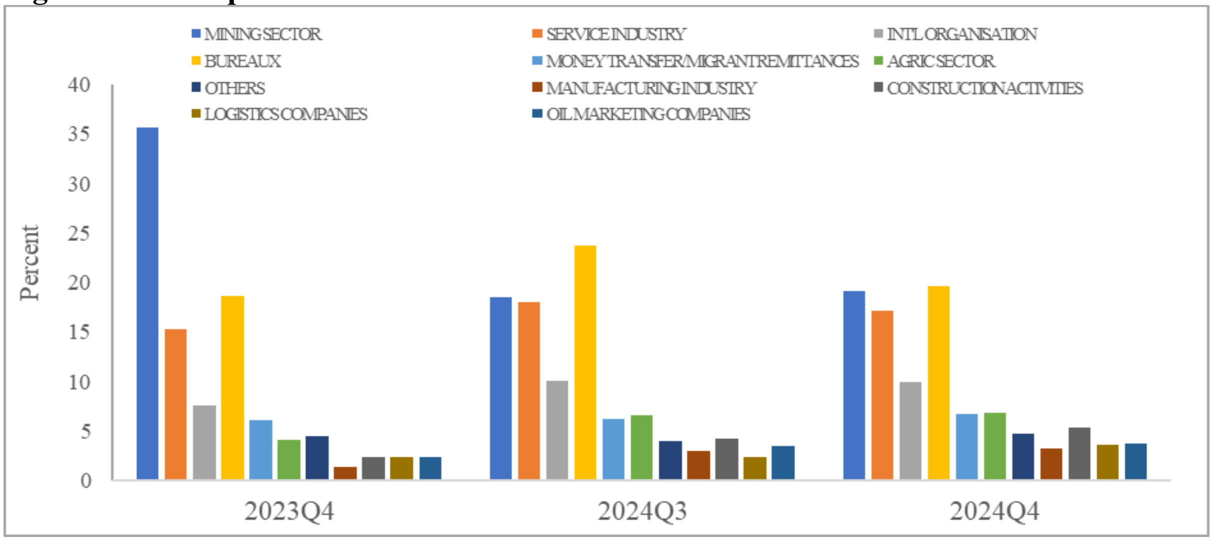


Source: BSL Note: Others include sale of forex to telecommunication companies, fishing companies, personal payments, investment related, logistics & construction companies.

Receipt of Forex by Commercial Banks

Foreign exchange receipts into customers' foreign currency accounts decreased by 3.92 percent in 2024Q4 compared to the third quarter of 2024. The primary sources of these foreign exchange receipts were foreign exchange bureaus (19.61 percent), the mining sector (19.17 percent), the service industry (17.18 percent), and NGOs/international organizations (9.91 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 is expected to remain relatively stable in 2025Q1, reflecting effective BSL policies to remove bottlenecks in the foreign exchange market and instill public confidence. Additionally, the Bank's transparency and regular communication will play a crucial role in anchoring the expectations of both domestic and international investors. This continued confidence is vital for maintaining currency stability and ensuring the smooth functioning of the market.

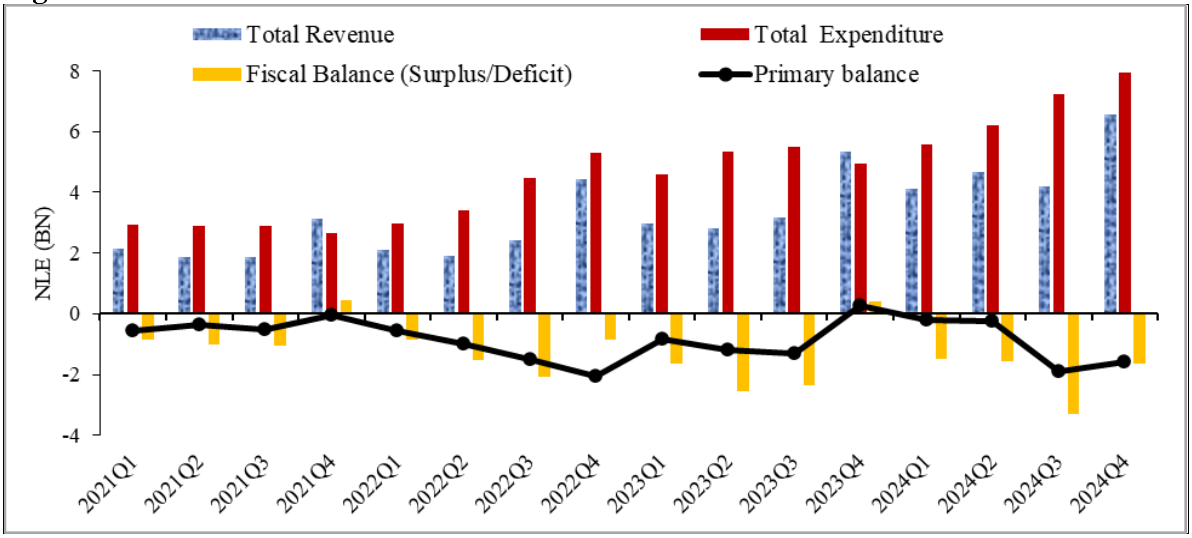
While the foreign exchange market is showing signs of stabilization due to these policy measures, ongoing monitoring of economic indicators and external factors will be essential for assessing future trends.

2.4 Fiscal Developments

2.4.1 Fiscal Policy Stance

Preliminary data on government budgetary operations in 2024Q4 resulted in a narrowed deficit of NLe1.64bn, compared to NLe3.30bn in 2024Q3. This reflects improved revenue performance, which outweighed the increase in government expenditure. The primary balance deficit also narrowed to NLe1.60bn in 2024Q4 from NLe1.89bn in 2024Q3.

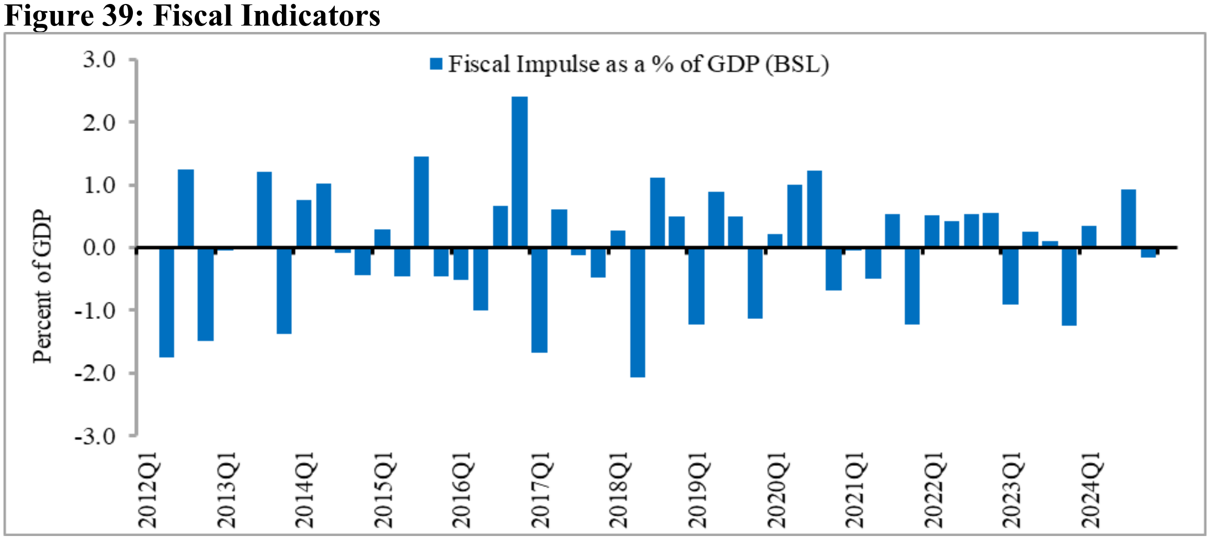
Figure 38: Fiscal Deficit



Source: MoF

The government's fiscal policy stance in 2024Q4 was contractionary relative to 2024Q3. This reflects the government's prudent fiscal policy explained by a slowdown in discretionary spending and improved domestic revenue mobilization. Effective implementation of the Finance Acts, couple with the strengthening of tax compliance and administration accounts for the enhancement in revenue collection. Additionally, effective expenditure management through restraint spending on goods and services expenditures contributed to reduction in discretionary spending.

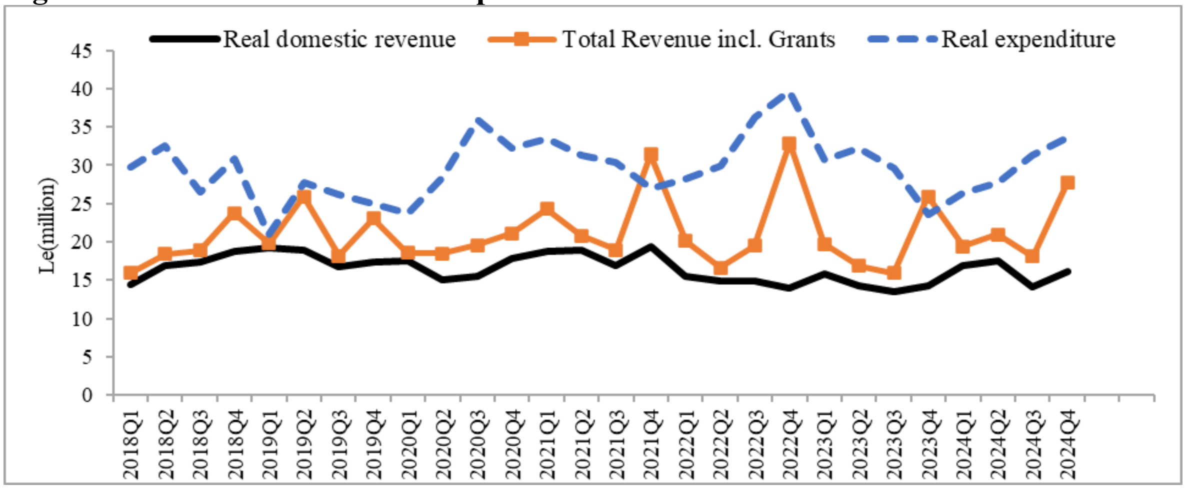
Figure 39: Fiscal Indicators



Sources: MoF & BSL

It is worth noting, that the rise in real total expenditure surpassed the expansion in real total revenue including grants and real domestic revenue 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 NLe6.55bn in 2024Q4 representing a 56.6 percent increase compared to NLe4.18bn in 2024Q3 but fell short of the quarterly target of NLe7.49bn by 12.6 percent. The expansion in total revenue stemmed largely from increased foreign grants received and improved revenue mobilization.

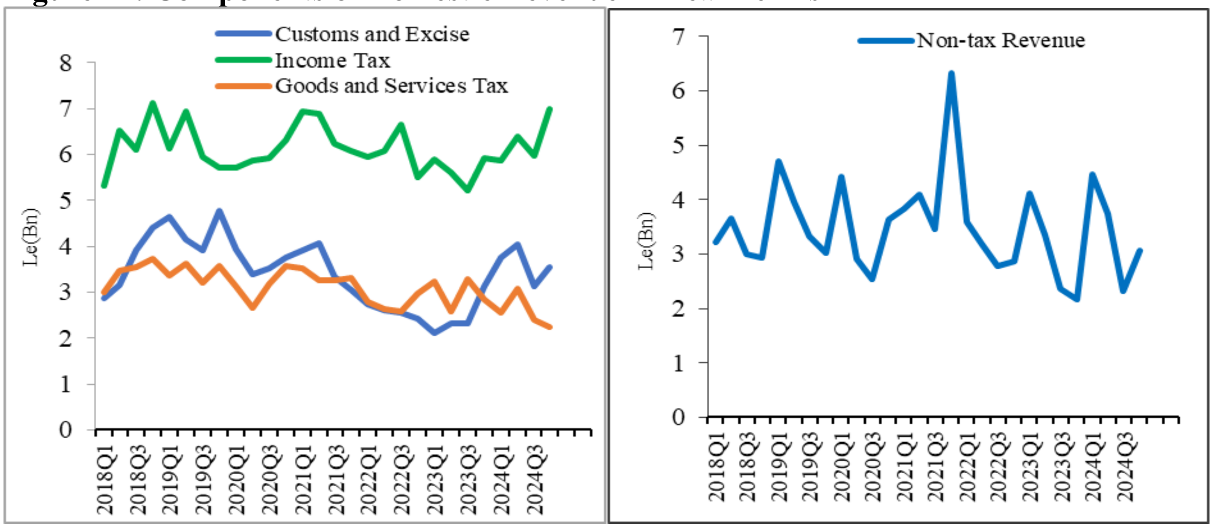
Total foreign grants received increased significantly by 199.1 percent to NLe2.75bn in 2024Q4, from NLe0.92bn in 2024Q3, but was lower than the anticipated target of NLe3.70bn.

Domestic revenue rose by 16.4 percent to NLe3.80bn in 2024Q4, from NLe3.26bn in 2024Q3 and exceeded the quarterly target of NLe3.79bn. The increase in tax and non-tax revenues accounted for the improvement in domestic revenue mobilization in the review quarter. Tax revenue expanded to NLe3.02bn in 2024Q4, compared to NLe2.68bn in 2024Q3. The increase in income tax and customs and excise duties accounted for the expansion in tax revenue, while goods and services tax (GST[3]) declined during the review period. Non-tax revenue also expanded to NLe0.73bn in 2024Q4 from NLe0.53bn in 2024Q3. The increase in non-tax revenue ensued from the surge in other departments' revenue. Receipts from road user charges and vehicle licenses increased to NLe0.57mn in 2024Q4, from NLe0.51mn in 2024Q3. Similarly, all

[3] The decline in GST was mainly due to the decline in imports GST partly explained by issues relating to the configuration of the Minimum Alternate Tax (MAT) system.

categories of domestic revenue increased except for goods and services tax which declined in real terms

Figure 41: Components of Domestic Revenue in Real Terms

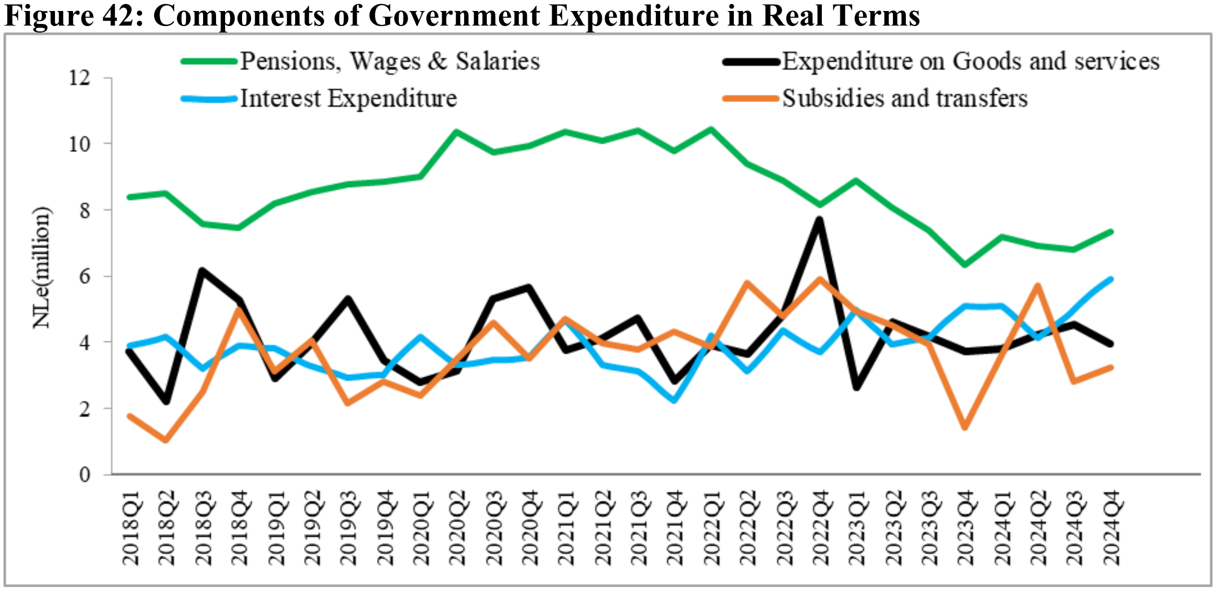


Source: MoF

2.4.3 Government Expenditures

Government expenditure amounted to NLe7.94bn in 2024Q4, from NLe7.23bn in 2024Q3. The expansion in total expenditure was driven by increases in both recurrent and capital expenditure during the review period. Similarly, in real terms, government expenditure rose by 7.5 percent in 2024Q4, mirroring the increase in most expenditure components.

Figure 42: Components of Government Expenditure in Real Terms



Source: MoF

Recurrent expenditure increased by 9.2 percent to NLe4.82bn in 2024Q4, from NLe4.41bn in 2024Q3. The expansion in recurrent expenditure was attributed to the rise in wages and salaries, and total debt service payments while non-salary, non-interest expenditure declined. The expenditure on wages and salaries in 2024Q4 increased by 10.3 percent to NLe1.73bn, from NLe1.57bn in 2024Q3, owing to increased payments of social security contribution. Total debt service payments expanded by 21.5 percent to NLe1.39bn in 2024Q4, from NLe1.15bn in 2024Q3 due mainly to higher domestic debt service payments. Meanwhile, foreign debt service payments declined in the review quarter. Non-salary non-interest expenditure (NSNIE) moderated by 0.2 percent in 2024Q4 to NLe1.69bn, from NLe1.70bn in 2024Q3, resulting from a decrease in goods & services expenditure.

Capital expenditure expanded by 10.8 percent to NLe3.12bn in 2024Q4, from NLe2.82bn in 2024Q3 reflecting increases in both domestic capital expenditure and foreign financed capital expenditure in the review quarter.

2.4.4 Financing

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

On an annual basis, the outturn in fiscal operations on the other hand widened in 2024 recording a deficit of NLe7.97bn (4.8 percent of GDP), relative to NLe6.67bn (6.7 percent of GDP) in 2023. The higher deficit resulted from an increase in government expenditure which surpassed the increase in total revenue and grants.

Total revenue and grants increased by 36.8 percent to NLe19.53bn (11.8 percent of GDP), compared to NLe14.27bn (14.3 percent of GDP) in 2023. It was however lower than the budgeted amount of NLe21.39bn (13.0 percent of GDP). Government expenditure and net lending rose to NLe26.94bn (16.3 percent of GDP) in 2024 reflecting a 29 percent increase compared to NLe20.87bn (20.9 percent of GDP) in 2023. The increase in total expenditure was partly explained by overruns in subsidies and transfers, such as arrears clearance with respect to the energy sector.

2.4.5 Fiscal Sector Outlook

Fiscal policy was contractionary in 2024Q4 reflecting government's consolidative efforts. Revenue mobilization is expected to be intensified in the near and medium term owing to the continued implementation of revenue mobilization measures in the Finance Acts. Furthermore, management of expenditure, clearance of arrears and limitations in domestic borrowing anchored in the macroeconomic framework of the IMF programme could narrow the outcome in government operations, thus supporting monetary policy objectives of the BSL and growth.

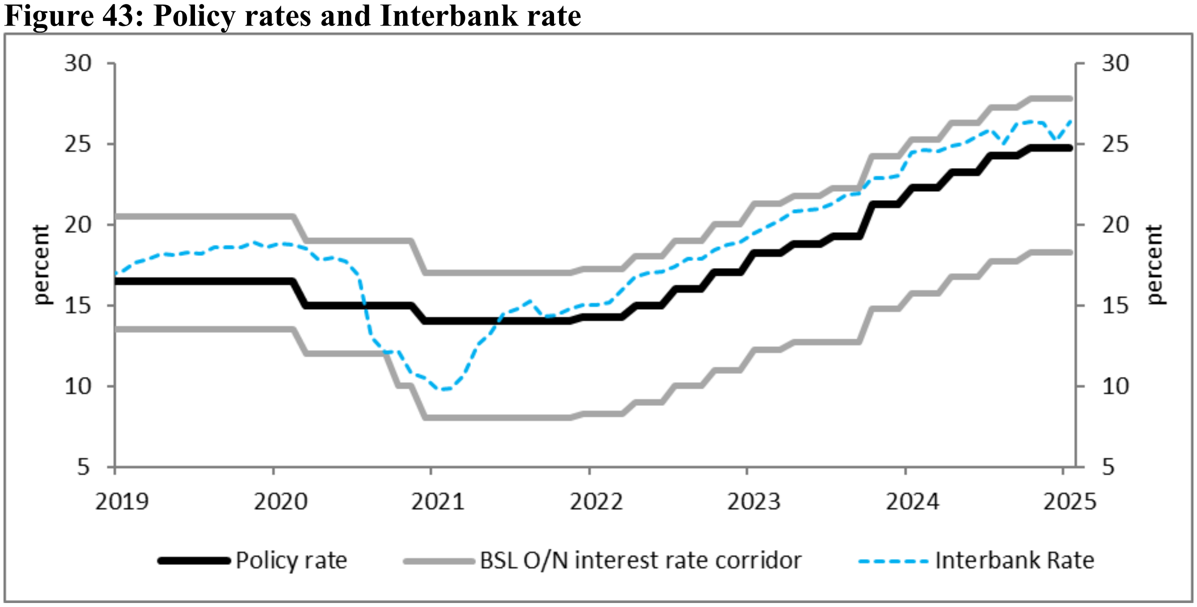
2.5 Money Markets Developments and Monetary Aggregates

2.5.1 Interest Rates Developments

Monetary Policy Stance

In its March 2025 meeting, the MPC decided to maintain its monetary policy stance. After carefully assessing the risks related to the inflation outlook and recent macroeconomic and financial trends, both globally and domestically, the Committee decided to keep the MPR unchanged at 24.75 percent. Additionally, the standing lending facility and the standing deposit facility rates were kept unchanged at 27.75 percent and 18.25 percent, respectively.

Figure 43: Policy rates and Interbank rate



Source: BSL

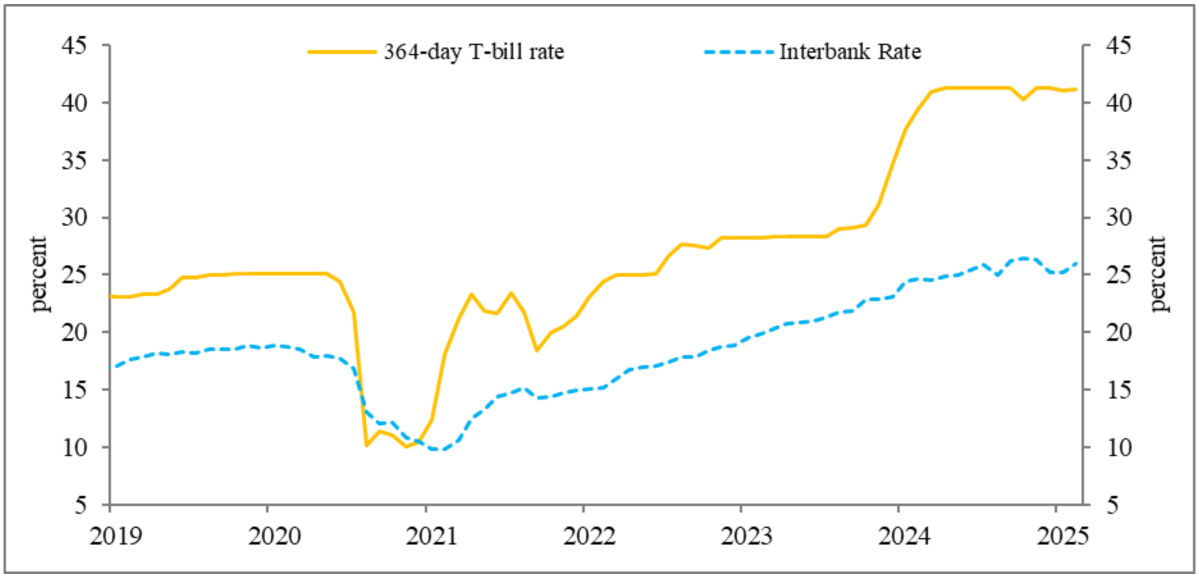
Treasury Bill (T-bills) Rates

The interest rate on the 364-day Treasury bills was 41.28 percent in September 2024 and remained unchanged at 41.28 percent in December 2024. However, the yield for the 364-day Treasury bill slightly decreased to 41.22 percent in March 2025.

The annual yield for the 182-day Treasury bill was 29.22 percent in September 2024, rising to 29.48 percent in December 2024. In March 2025, the yield for the 182-day Treasury bill experienced a slight decline, falling to 29.19 percent.

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

During the review period, there was a significant decline in intermediation within the interbank money market. The volume of interbank transactions decreased by NLe1,716.10 million, falling from NLe2,548.80 million in 2024Q3 to NLe832.70 million at the end of 2024Q4. Intermediation within the interbank market decreased further by end March 2025 to NLe412.30, which signals tight liquidity conditions within the banking system during the period. No bank accessed the Standing Deposit Facility (SDF) window during the fourth quarter of 2024 to March 2025.

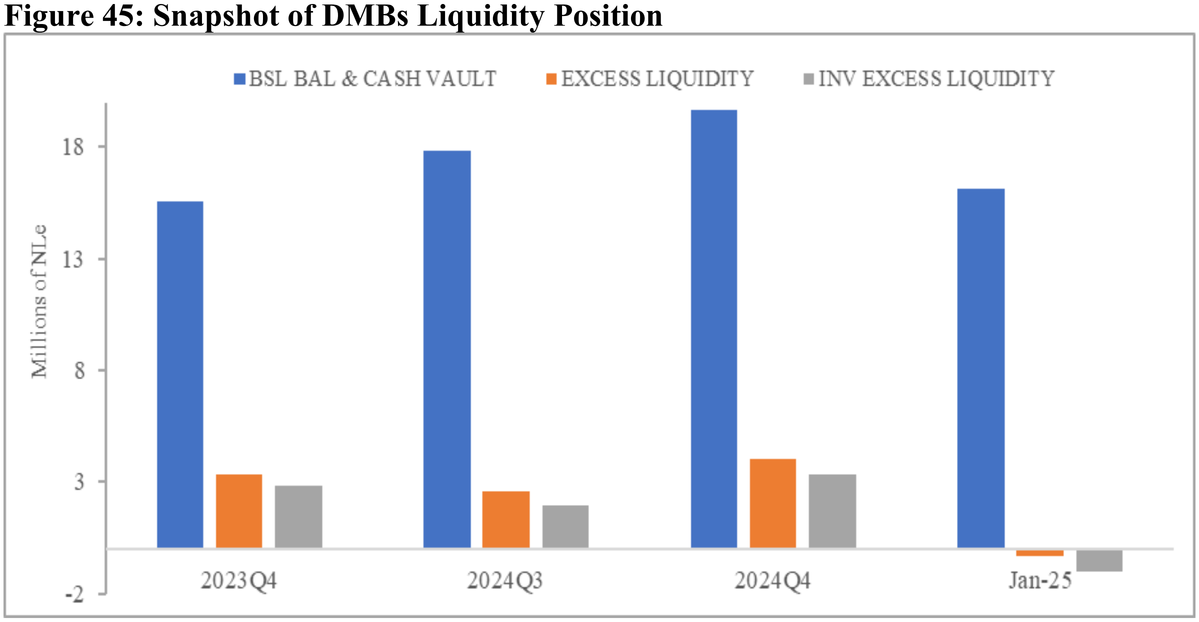
Access to the Bank of Sierra Leone's (BSL) Standing Lending Facility (SLF) increased, indicating relatively tight liquidity conditions within the banking system. The volume of transactions through this window rose by NLe17,150.00 million, reaching NLe69,627.50 million in 2024Q4, compared to NLe52,477.50 million at the end 2024Q3. Furthermore, access to the SLF window increased further in 2025Q1 by NLe27,329.00 million to NLe96,956.50 million compared to the previous quarter.

2.5.2 Liquidity in the Banking System

Total liquidity in the banking system increased by NLe185.13 million, rising from NLe1,783.19 million at the end of 2024Q3 to NLe1,968.32 million at the end of 2024Q4. However, by the end of January 2025, total liquidity had decreased to NLe1,611.12 million. Similarly, the aggregate volume of excess liquidity also increased during the review period, rising to NLe401.73 million at the end of 2024Q4, up from NLe257.29 million at the end of 2024Q3. However, by the end of January 2025, excess liquidity had declined to NLe31.67 million.

It is important to note that the liquidity position reflects a snapshot of the banking system's liquidity at the end of each period, as most banks were illiquid for much of the review period. The observed liquidity tightness can largely be attributed to the decrease in total government expenditure during the period.

Figure 45: Snapshot of DMBs Liquidity Position



Source: BSL

Holdings of government securities

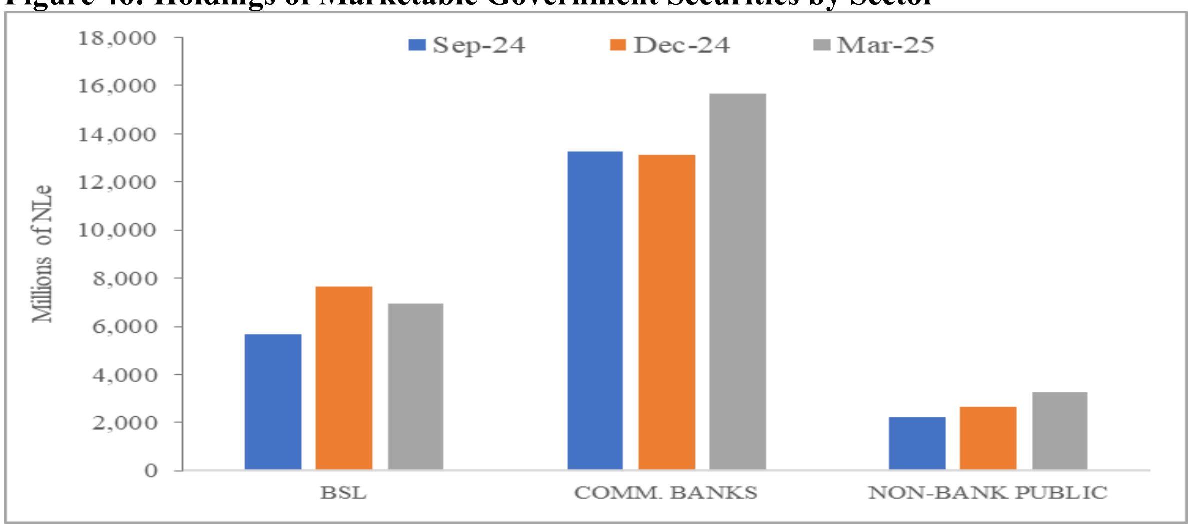
At the end of 2024Q4, there was an increase in the holdings of marketable government securities by both BSL and the non-bank public, compared to the previous quarter. In contrast, commercial banks saw a decrease in their holdings of government securities.

Specifically, the holdings of marketable government securities by commercial banks decreased by 1.18 percent (NLe156.55 million), to NLe13,122.61 million at the end of 2024Q4. However, by the end of March 2025, these holdings increased by 19.44 percent (NLe2,551.49 million) to NLe15,674.10 million.

Non-bank holdings of marketable government securities grew by 18.84 percent (NLe417.43 million), reaching NLe2,632.96 million at the end of 2024Q4. These holdings further increased by 23.55 percent (NLe620.14 million) to NLe3,253.10 million by the end of March 2025.

Meanwhile, BSL's holdings of marketable government securities rose by 34.67 percent (NLe1,964.29 million) to NLe7,630.19 million at the end of 2024Q4, up from NLe5,665.90 million at the end of 2024Q3. However, BSL's holdings decreased by 8.74 percent (NLe666.97million) at the end of March 2025, compared to the end of 2024Q4.

Figure 46: Holdings of Marketable Government Securities by Sector



Source: BSL

2.6 Monetary Aggregates

Developments in key monetary aggregates were expansionary during the fourth quarter of 2024 as both Reserve Money (RM) and Broad Money (M2) increased.

Reserve Money (RM).

Reserve Money (RM) expanded by 19.79 percent in 2024Q4, compared to the 6.86 percent increase in 2024Q3. RM expanded largely on account of the increase in Net Domestic Assets (NDA) of the BSL, which more than offset the contraction in the Net Foreign Assets (NFA) of the BSL. NDA of BSL increased by 4.95 percent in 2024Q4 following a 14.27 percent expansion in 2024Q3. The growth in the NDA of the BSL mainly reflected the 25.21 percent increase in GoSL/IMF Budget Financing Loan coupled with the 10.96 percent increase in holdings of government securities. The NFA of the BSL contracted by 15.46 percent in 2024Q4 relative to the 26.31 percent deterioration in 2024Q3. The contraction in the NFA of the BSL was attributed to a drawn down in foreign reserves to meet government's foreign obligations.

From the liability side, the expansion in RM was mainly as a result of the 22.67 percent growth in currency issued coupled with a marginal increase of 1.42 percent in commercial banks' reserves deposited at the central bank during the review period.

Annual growth in RM decreased slightly to 17.23 percent in 2024Q4 relative to a yearly growth of 17.79 percent in 2024Q3. In terms of program performance, the 17.73 percent expansion in RM was above 16.50 percent of the 2024Q4 agreed target with the IMF.

Broad Money (M2).

Broad Money expanded by 9.14 percent in 2024Q4, relative to an increase of 7.77 percent in 2024Q3. The growth in M2 was mainly underpinned by increases in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system.

The NFA of the banking system expanded by 45.17 percent in 2024Q4, compared to the 21.38 percent contraction in 2024Q3. The NFA of the banking system expanded primarily on account of the 5.99 percent growth in the NFA of the commercial banks which more than outweighed the 15.46 percent contraction in the NFA of the BSL.

The NDA of the banking system increased by 4.43 percent in 2024Q4, compared to the 13.26 percent growth in 2024Q3. The NDA of the banking system grew as a result of an increase in net claims on government by the commercial banks, which was more than the decrease in net claims on government by the BSL. Net claims on government by the commercial banks increased by 7.84 percent compared to the 12.63 percent growth during the same period. Net claims on government by the BSL contracted by 0.39 percent in 2024Q4 compared to a growth of 18.40 percent in 2024Q3. Credit to the Private Sector by commercial banks expanded by 11.97 percent in 2024Q4 following a 4.34 percent increase in 2024Q3.

From the liability side, the expansion in M2 was driven mainly from increases in both Narrow Money (M1) and Quasi Money. M1 expanded by 13.90 percent in 2024Q4, from a 10.40 percent increase in 2024Q3. The expansion in M1 was mainly due to growth in both currency outside banks (25.23 percent) and demand deposit (4.07 percent). Quasi Money increased by 5.05 percent in 2024Q4 compared to a growth of 5.60 percent in 2024Q3. The expansion in Quasi Money was largely due to the 5.76 percent increase in foreign currency deposits and 2.60 percent growth in time and savings deposits during the same period.

On a year-on-year basis, M2 growth moderated to 18.17 percent in 2024Q4 from 19.13 percent increase in 2024Q3. The year-on-year growth in M2 was above 16.50 percent of the 2024Q4 agreed target with the IMF.

On an annual basis, Credit to the Private Sector by commercial banks grew by 41.27 percent in 2024Q4 relative to the 35.55 percent increase in 2024Q3. The year-on-year Credit to the Private Sector growth was above the 21.0 percent agreed target with the IMF in 2024Q4.

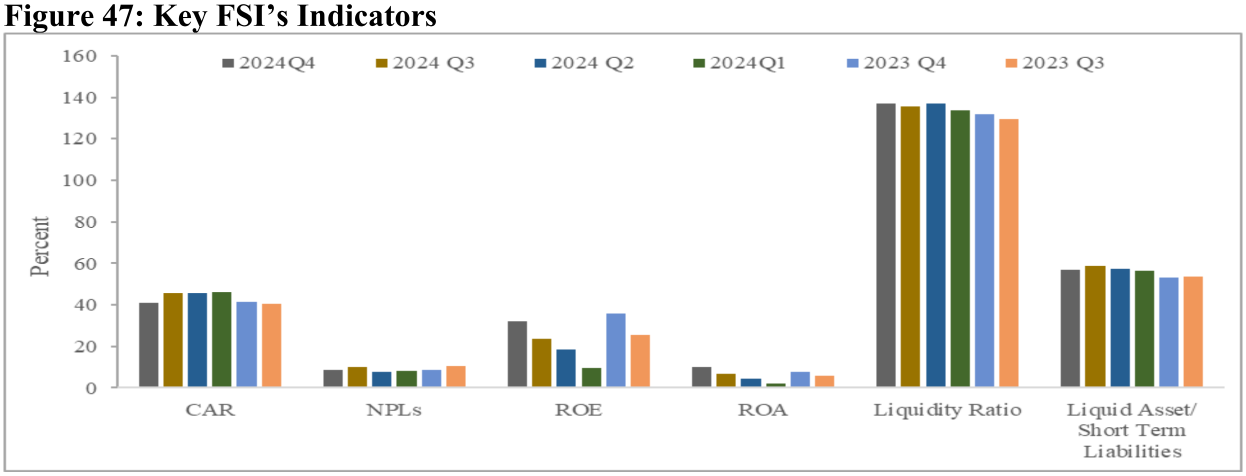
3. FINANCIAL STABILITY ANALYSIS

3.1 Financial Soundness Indicators (FSIs)

The banking sector continued to be stable and sufficiently capitalised. Most of the key FSIs remained within the prudential regulatory thresholds stipulated by BSL. The regulatory capital to risk-weighted asset denoted by the Capital Adequacy Ratio (CAR) decreased to 40.86 percent in 2024Q4 from 45.90 percent in 2024Q3. The CAR position remained comfortably above the regulatory minimum of 15.0 percent, indicating the accumulation of sufficient capital by banks to absorb losses.

Asset quality improved in 2024Q4 as the ratio of non-performing loans to gross loans decreased to 8.88 percent in 2024Q4 from 9.84 percent in 2024Q3 and remained below the maximum limit of 10.0 percent. Banks continued to be profitable, with the system's profitability indicators such as Return on Asset (ROA) and Return on Equity (ROE) recording 9.88 percent and 31.91 percent, respectively in 2024Q4. These were recorded at 6.99 percent and 23.46 percent, respectively in 2024Q3. The Liquidity Ratio in the Banking Sector increased in 2024Q4 to 136.95 percent relative to 135.75 percent in 2024Q3. Liquid assets to short term liabilities decreased marginally by 1.78 percentage points from 58.67 percent in 2024Q3 to 56.89 percent in 2024Q4 indicating that the banks continued to be highly liquid due to more than proportionate increase in short term funds. Loans to deposits ratio marginally increased in 2024Q4 to 21.99 percent from 20.45 percent in 2024Q3 and remained far below the regulatory threshold of 80.0 percent, indicating low level of financial intermediation by commercial banks to support economic growth.

Figure 47: Key FSI's Indicators

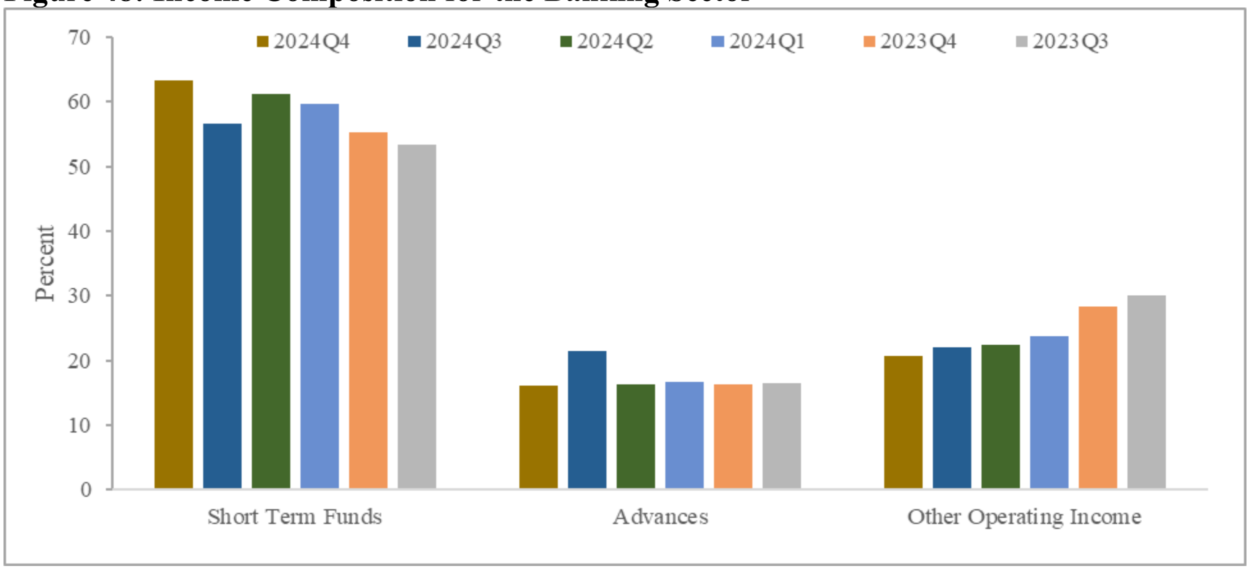


Source: BSL

3.2 Income Composition

The banking sector continued to rely primarily on investment in government securities as its main source of income. This was mainly because rates of government securities were higher at over 41 percent compared to the average lending rate of 27.46 percent with zero risk. The proportion of income from short-term funds marginally increased to 63.3 percent in 2024Q4 from 56.56 percent in 2024Q3. On the other hand, income from loans and advances marginally decreased to 16.1 percent in 2024Q4 from 21.38 percent in 2024Q3 due to proportion interest income on loans and advances based on total income between the two periods. Other operating incomes, which consist mainly of commissions, fees and profits on foreign exchange dealings also decreased to 20.7 percent in 2024Q4 from 22.07 percent in 2024Q3.

Figure 48: Income Composition for the Banking Sector



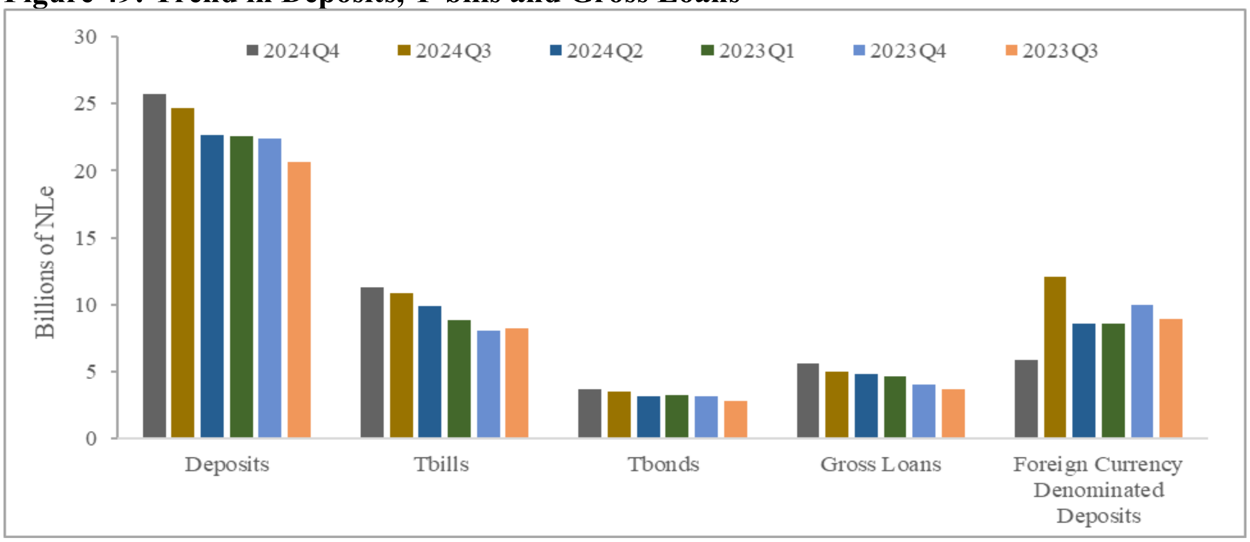
Source: BSL

3.3 Sources and Utilization of Funds

- Total Deposits, which is the main source of funds for banks, increased by 14.79 percent in 2024Q4 to NLe25.68 billion from NLe24.64 billion in 2024Q3 of which demand, savings and time deposits accounted for 77.44 percent, 19.96 percent and 2.60 percent respectively in 2024Q4, and 77.64 percent, 18.75 percent, and 3.61 percent, respectively in 2024Q3.

- T-bills holdings by the banking sector marginally increased by 4.60 percent from NLe10.84 billion in 2024Q3 to NLe11.33 billion in 2024Q4 due to continuous increase in interest rate in the interbank market in 2024.
- T-bonds holdings by the banking sector increased by 4.60 percent from NLe3.52 billion in 2024Q3 to NLe3.68 billion in 2024Q4.
- The loans to deposits ratio marginally increased in 2024Q4 to 21.99 percent from 20.45 percent in 2024Q3 and remained far below the prudential threshold of 80.0 percent, indicating low intermediation in the banking system.
- Gross loans and advances increased by 12.09 percent from NLe5.04 billion in 2024Q3 to NLe5.65 billion in 2024Q4.

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



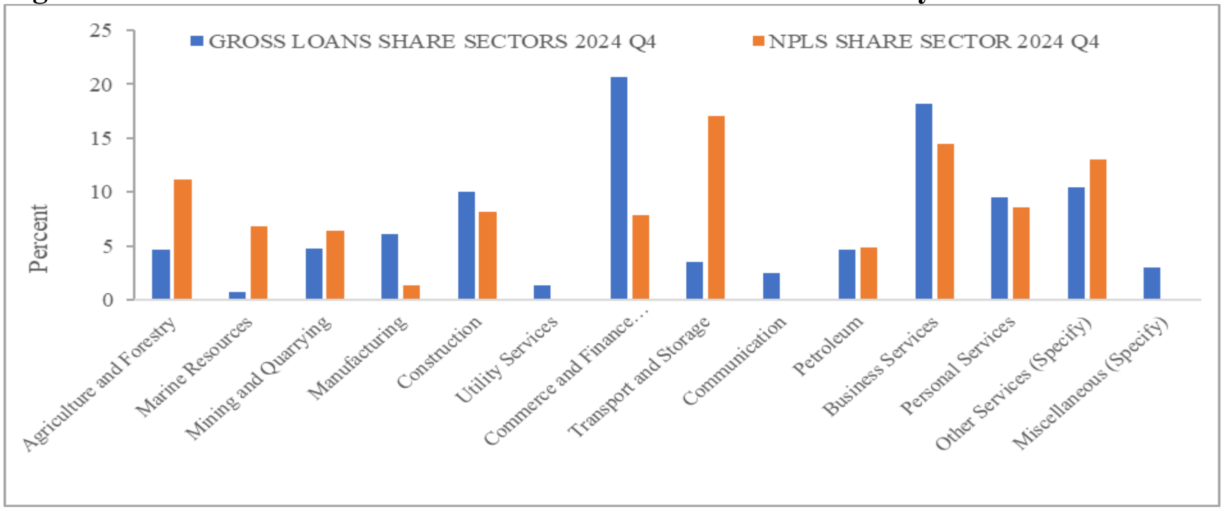
Source: BSL

3.4 Sectoral Distribution of Gross Loans & Advances and NPLs

Commerce and Finance, Business Services, Other Services, Personal Services and Construction dominated the loan portfolios of the banking sector in 2024Q4. These five sectors accounted for 68.74 percent of gross loans in 2024Q4.

On the other hand, Transport, Storage & Communication, Business Services, and Other Services sectors contributed the most to NPLs. Transport, Storage & Communication sector had the highest NPLs ratio, accounting for 17.08 percent of the total gross loans of the banking sector followed by Business Services at 14.51 percent, both forming 31.59 percent of NPLs.

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

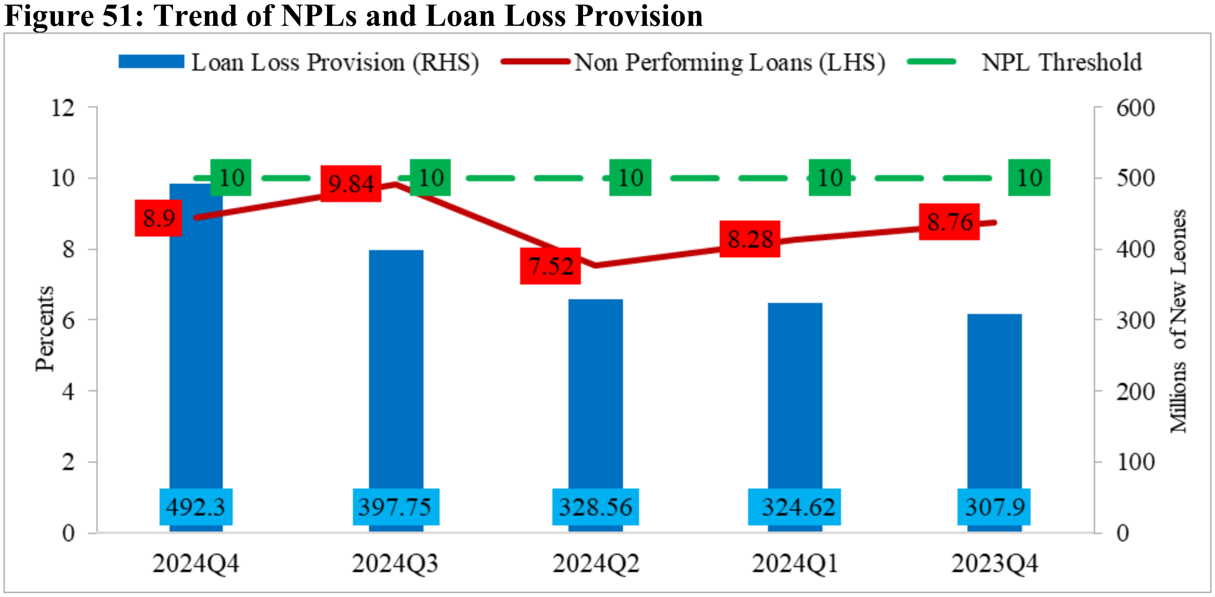


Source: BSL

3.5 NPL Trends and Loan Loss Provisions

The proportion of Non-Performing Loans (NPLs) to gross loans decreased in 2024Q4. The NPLs ratio decreased by 0.96 percent to 8.88 percent in 2024Q4 from 9.84 percent in 2024Q3. On the contrary, Loan loss provisions increased by 23.77 percent to NLe492.3 million in 2024Q4 from NLe397.75 million in 2024Q3.

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 five had a loan-to-deposit ratio exceeding 25 percent, highlighting the limited breadth of credit distribution across the banking system.

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.

Cybersecurity Threats in the Evolving Banking Landscape

The transition from traditional banking to technology-driven operations has introduced cybersecurity 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 cybersecurity measures, enhanced monitoring systems, and continuous investment in advanced security technologies to safeguard the integrity of the banking system and protect customers' assets.

Supervisory Technology (SUPTECH) for both CRB and Offsite Surveillance Implementation

Terms of Reference for Supervisory Technology (SUPTECH) have been drafted and submitted to the World Bank for input. Feedback has been received, and action will be taken to initiate the bidding process for a software vendor and consultant for internal verifications**.**

3.7 Banking Sector Outlook

The banking sector is expected to be relatively stable, given that most of the banking sector's assets are government securities. Increased government borrowing will continue to provide risk-free investment opportunities for banks thereby improving the risk-weighted assets of the banking sector. As such, profitability is projected to increase, provided interest rates on government securities remain high, as banks hold significant investments in this area.

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 reduction in NPLs is expected if 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.

CONCLUSION AND DECISION OF THE MPC

4.1 Conclusion

Inflationary pressures have continued to ease over the past year, with headline inflation falling from a high of 47.42 percent in January 2024 to 10.71 percent in March 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.

Even with this progress, inflation is still in double digits, leading the MPC to stress the importance of coordinated fiscal, monetary and financial sector policies to support the achievement of the medium-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 and 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 uncertainty and tariffs that are now in place, 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, where substantial increases in iron ore and gold production are expected. 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 fourth quarter of 2024 compared to the third quarter. The lower CIEA growth was primarily attributed to a decline in imports and government expenditure. However, business sentiment continues to be positive in February 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 stresses 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 10.71 percent recorded in March 2025 was below the 2025 target of 14.90 percent established under the new IMF-ECF program and is expected to continue the downward trend. Nevertheless, the Committee highlighted uncertainties in the inflation forecast, including ongoing geopolitical tensions, trade and tariff war and related supply chain disruptions, which could threaten the achievement of the medium-term inflation target.

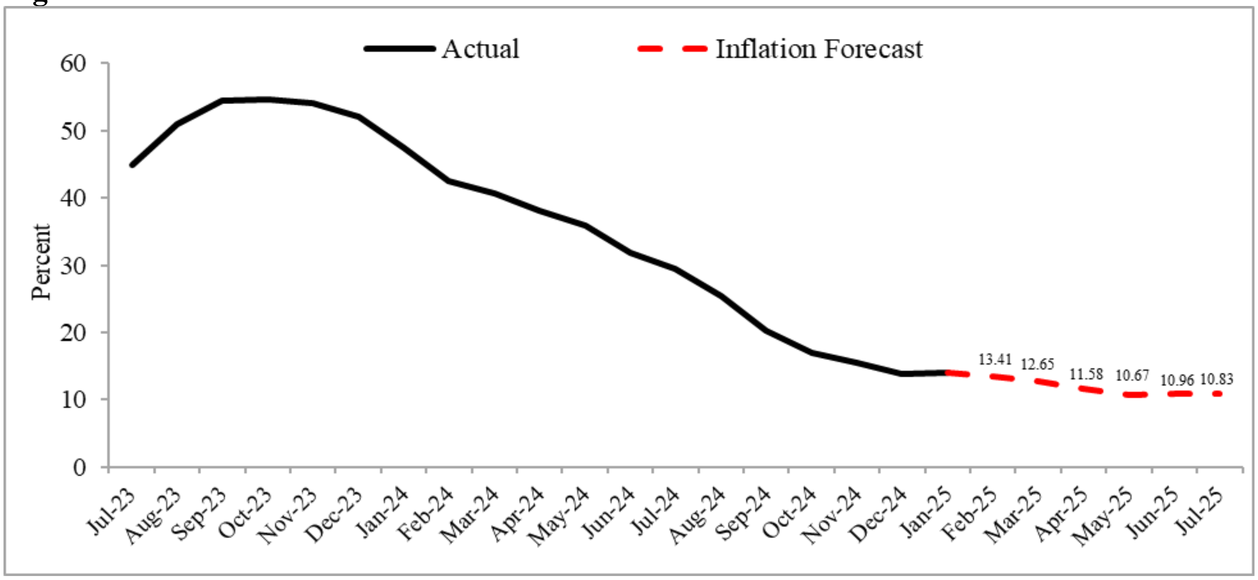
After careful consideration of current global and domestic macroeconomic and financial market developments, the Committee recommended for the consideration and approval of the Board of Directors of the BSL that the monetary policy rate (MPR) remain unchanged at 24.75 percent and the Standing Lending Facility (SLF) and Standing Deposit Facility (SDF) rates be maintained at 27.75 percent and 18.25 percent, respectively. The recommendation of MPC was duly approved by the Board of Directors.

5. APPENDIX

Inflation forecast

Inflationary pressures are expected to ease in the coming period with the combined forecast indicating a continued moderation. Inflation rates are projected to decline to 10.83 percent by July 2025 following a slight increase in June 2025.

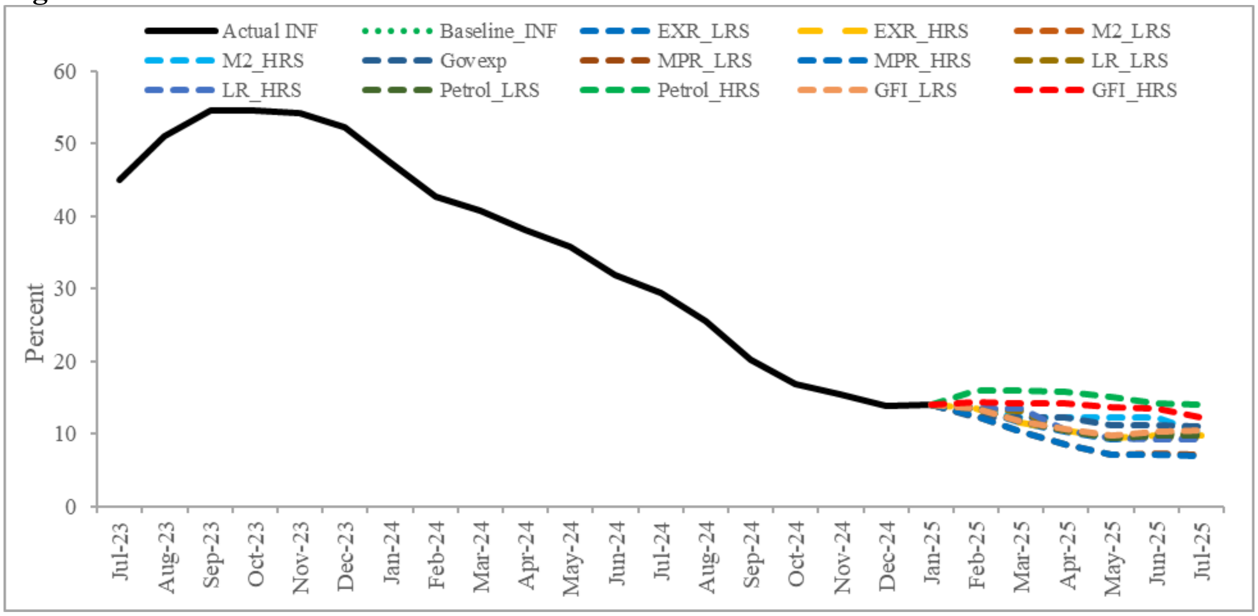
Figure 52: Combined Inflation Forecast



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 policy decisions are expected to act as countermeasures against inflationary pressures thus contributing to broader economic stability.

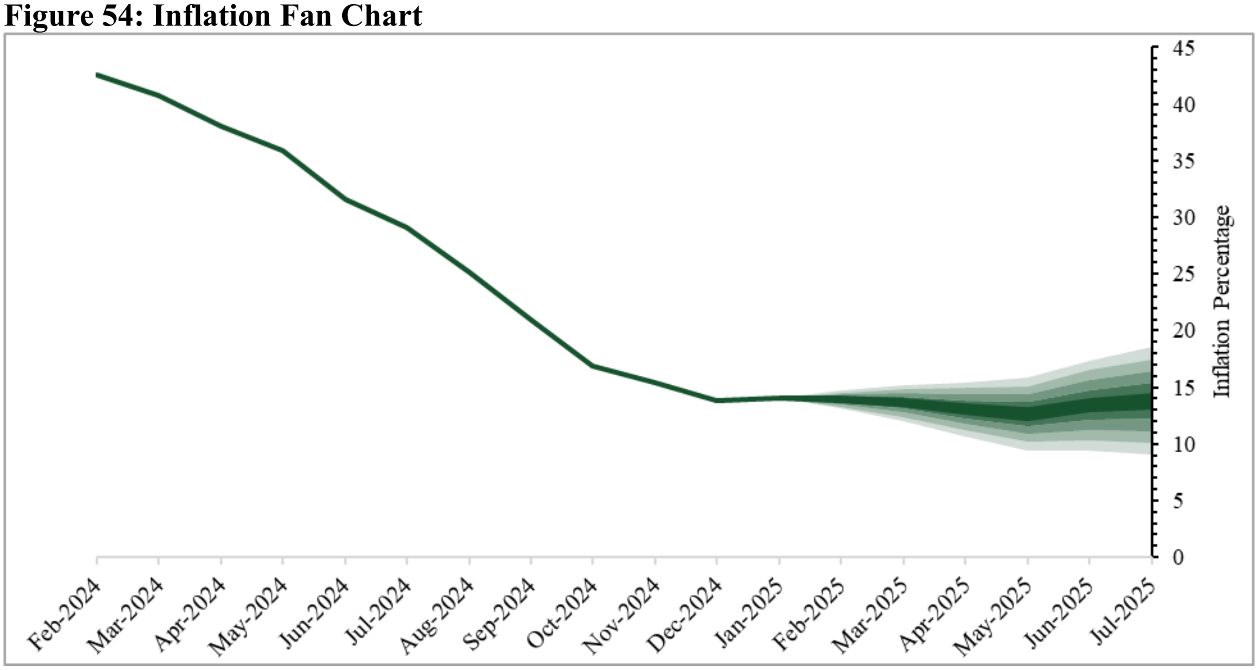
Figure 53: Combined Scenario Forecast



Source: BSL

The fan chart indicates a 90% confidence interval for inflation, projecting that it will range between 18.54 percent and 9.02 percent within the forecast horizon.

Figure 54: Inflation Fan Chart



Source: BSL Staff calculations

Table 1: Summary of Global Growth Projections (Percent)

		Est.	WEO October 2024 Projections		WEO January 2025 Updates		CHANGE IN Projections	
	2023	2024	2025	2026	2025	2026	2025	2026
World Output	**3.3**	**3.2**	**3.2**	**3.1**	**3.3**	**3.3**	**0.1**	**0.2**
Advanced Economies	**1.7**	**1.7**	**1.9**	**1.7**	**1.9**	**1.8**	**0.0**	**0.1**
United States	2.9	2.8	2.4	2.1	2.7	2.1	0.3	0.0
Euro Area	0.4	0.8	1.2	1.4	1.0	1.4	-0.2	0.0
United Kingdom	0.3	0.9	1.8	1.3	1.6	1.5	-0.2	0.2
Japan	1.5	-0.2	0.8	0.7	1.1	0.8	0.3	0.1
Emerging Market and Developing Economies	**4.4**	**4.2**	**4.2**	**4.2**	**4.2**	**4.3**	**0.0**	**0.1**
Brazil	3.2	3.7	2.1	2.3	2.2	2.2	0.1	-0.1
Russia	3.6	3.8	1.2	1.2	1.4	1.2	0.2	0.0
India	8.2	6.5	6.5	6.5	6.5	6.5	0.0	0.0
China	5.2	4.8	4.5	4.5	4.6	4.5	0.1	0.0
Sub-Saharan Africa	**3.6**	**3.8**	**4.2**	**4.2**	**4.2**	**4.2**	**0.0**	**0.0**
Nigeria	2.9	3.1	3.7	3.8	3.2	3.0	-0.5	-0.8
South Africa	0.7	0.8	0.6	2.2	1.5	1.6	0.9	-0.6

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

Table 2: Monetary Policy Stance of Selected Central Banks

Country	Recent Inflation (%)		Monetary Policy Rates (%) Current		Previous		Change
WAMZ							
Sierra Leone	14.03	Jan.25	24.75	Jan.25	24.75	Sep.24	0.00
Nigeria	24.48	Jan.25	27.50	Feb.25	27.50	Nov.24	0.00
Ghana	23.5	Jan.25	27.00	Jan.25	29.00	Sep.24	2.00
Guinea	5.00	Dec.24	11.00	Dec.24	11.00	Sep.24	0.00
Liberia	11.9	Jan.25	17.00	Jan.25	17.00	Nov.24	0.00
The Gambia	10.20	Jan.25	17.00	Jan.25	17.00	Dec.24	0.00
Major Economies							
USA	3.0	Jan.25	4.50	Jan.25	4.50	Dec.24	0.00
China	0.5	Jan.25	3.10	Jan.25	3.10	Dec.24	0.00
Euro Area	2.5	Jan.25	2.90	Jan.25	3.15	Dec.24	0.25
UK	2.5	Dec.24	4.50	Feb.25	4.75	Dec.24	0.25

Source:Country Central Banks Via Trading Economics data pool February, 2025

Table 3: Interest Rates

	2023	2024											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
91-day Treasury bill rate	0	0	0	0	0	20.28	20.28	0	21.55	21.53	21.53	0	0
182-day Treasury bill rate	0	0	0	29.22	29.22	29.22	29.22	29.13	29.22	29.21	29.31	29.36	29.48
364-day treasury bill rate	34.71	37.67	39.5	40.88	41.21	41.25	41.28	41.27	41.28	41.28	40.94	41.24	41.28
Interbank rate	23.06	24.43	24.6	24.54	24.84	25.02	25.46	25.89	25.01	26.17	26.39	26.3	25.17
Standing Lending Facility	25.25	25.25	25.25	25.25	26.25	26.25	27.25	27.25	27.25	27.25	27.75	27.75	27.75
Standing Deposit Facility	15.75	15.75	15.75	15.75	16.75	16.75	17.75	17.75	17.75	17.75	18.25	18.25	18.25
MPR	22.25	22.25	22.25	23.25	23.25	23.25	24.25	24.25	24.25	24.25	24.75	24.75	24.75
Average Lending rate	20.26	20.26	20.26	20.26	20.38	20.38	20.38	20.975	21.1	22.27	22.48	23.02	22.05
Lending (Prime)	19.66-20.85	19.66-20.85	19.66-20.85	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	20.41-23.68
Savings deposits	2.23	2.17	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	1.98	1.9
Interest rate spread	18.03	18.09	18.03	18.03	18.15	18.15	18.15	18.75	18.87	20.04	20.25	21.04	20.15

Source: BSL

Table 4: Monetary Survey

Millions of Leones	2023	2024		Quarterly % Change		Yearly % Change	
	2023Q4	2024Q3	2024Q4	2024Q3	2024Q4	2024Q3	2024Q4
Reserve money	**8,713.69**	**8,527.04**	**10,214.67**	**6.86**	19.79	**17.79**	**17.23**
Broad Money (M2)	**27,094.45**	**29,337.07**	**32,018.47**	**7.77**	9.14	**19.13**	**18.17**
Narrow money (M1)	**11,976.93**	**13,565.91**	**15,451.65**	**10.4**	13.9	**24.21**	**29.01**
Currency outside banks	6,176.66	6,300.75	7,890.51	**3.39**	25.23	**18.4**	**27.75**
Demand deposit	5,800.27	7,265.16	7,561.14	**17.3**	4.07	**29.73**	**30.36**
Quasi money	**15,117.51**	**15,771.16**	**16,566.82**	**5.6**	5.05	**15.07**	**9.59**
o.w. Foreign currency deposit	10,647.59	10,642.96	11,256.04	**7.57**	5.76	**12.97**	**5.71**
Time and saving deposit	4,462.05	5,114.54	5,247.59	**1.66**	2.6	**19.56**	**17.6**
Net Foreign Asset	**6,415.06**	**3,394.94**	**4,928.31**	**-21.38**	45.17	**-9.18**	**-23.18**
BSL	-3745.74	-6200.08	-5241.59	**26.31**	-15.46	**32.22**	**39.93**
ODCs	10160.8	9595.02	10169.9	**3.99**	5.99	**13.85**	**0.09**
Net Domestic Assets	**20,679.39**	**25,942.14**	**27,090.16**	**13.26**	4.43	**24.19**	**31**
Net Domestic Credit	**23,851.95**	**30,473.12**	**32,084.86**	**13.33**	5.29	**28.98**	**34.52**
Government (Net)	19,608.45	25,216.72	26,196.93	**15.33**	3.89	**27.91**	**33.6**
BSL	9895.21	12122.06	12075.18	**18.4**	-0.39	**21.98**	**22.03**
ODCs	9713.24	13094.66	14121.75	**12.63**	7.84	**33.93**	**45.39**
Private Sector Credit	4423.83	5582.15	6247.57	**4.29**	11.92	**35.6**	**41.23**
o.w ODC	4404.75	5557.3	6222.66	**4.34**	11.97	**35.55**	**41.27**
Other Sectors (Net)*	-180.33	-325.75	-359.64	**-0.94**	10.41	**58.75**	**99.43**
Other Items (Net)	**-3,172.56**	**-4,530.98**	**-4,994.70**	**13.75**	10.23	**65.52**	**57.43**
Money Multiplier	**3.11**	**3.44**	**3.13**				

Source: Monetary Policy Department

Table 5: Central Bank Survey

Millions of Leones	2023	2024		Quarterly % Change		Yearly % Change	
	2023Q4	2024Q3	2024Q4	2024Q3	2024Q4	2024Q3	2024Q4
1. Net Foreign Assets	**-3,745.74**	**-6,200.08**	**-5,241.59**	**26.31**	**-15.46**	**32.22**	**39.93**
2. Net Domestic Assets	**12,459.43**	**14,727.12**	**15,456.26**	**14.27**	**4.95**	**23.46**	**24.05**
Government Borrowing (net)	**9,895.21**	**12,122.06**	**12,075.18**	**18.4**	**-0.39**	**21.98**	**22.03**
o.w. Securities	5,324.74	5,686.81	6,310.14	**0.12**	**10.96**	**35.7**	**18.51**
Ways and Means	186.02	-	331.95	**-100**		**-100**	**78.45**
GoSL/IMF Budget financing	4,224.70	4,177.47	5,230.59	**-**	**25.21**	**4.56**	**23.81**
GoSL/WB Budget financing	-	2,131.59	-		**-100**	**142.33**	
3. Reserve money	**8,713.69**	**8,527.04**	**10,214.67**	**6.86**	**19.79**	**17.79**	**17.23**
o.w. Currency issued	7,147.12	7,141.16	8,759.83	**4.07**	**22.67**	**18.97**	**22.56**
Bank reserves	1,558.70	1,372.21	1,391.66	**23.9**	**1.42**	**11.55**	**-10.72**

Source: Monetary Policy Department