CENTRAL BANK OF THE GAMBIA

Monetary Policy Report

November 2021

The Central Bank of The Gambia Monetary Policy Report provides a summary of presentations at the Monetary Policy Committee (MPC) meetings. It entails recent macroeconomic developments that informed the decision of the Committee in setting the policy rate. The objective is to keep the public informed of the monetary policy process.

Preface

The Central Bank of The Gambia Monetary Policy Report summarizes developments in key macroeconomic sectors that informed the decision of the Monetary Policy Committee (MPC). The objective is to keep the public informed of the decision-making process in fulfilment of the Bank's reporting obligation and to improve the accountability and transparency of the conduct of monetary policy.

Monetary Policy in The Gambia

The mandate of the Central Bank of The Gambia (CBG) is to achieve and maintain price and financial sector stability as well as create an enabling environment for sustainable economic growth. The Bank continues to operate a monetary targeting framework. Targets for key monetary aggregates are set in line with the Bank's medium-term inflation objective of 5 percent. In addition, the MPC meets to set the monetary policy rate (MPR) to signal the policy stance of the Bank.

Monetary Policy Committee

The Monetary Policy Committee (MPC) was established by the CBG Act (2005) as the apex monetary policy decision-making committee of the Bank. The membership comprises the Governor (Chairman), the two Deputy Governors, heads of Banking, Financial Supervision, and Economic Research Departments of the Bank, and three persons appointed by the Minister of Finance and Economic Affairs. The MPC meets every quarter to review developments in the international and domestic economy and set the monetary policy rate. This signals the policy stance of the Bank. The decision-making process is by consensus. The Chairman communicates the decision of the Committee in a press release and a press conference. The press release and the minutes of each meeting are posted on the Bank's website.

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Executive Summary

The Monetary Policy Committee of the Central Bank of The Gambia met on November 24th and 25th, 2021 and decided to maintain the monetary policy rate at 10 percent. The meeting was attended by all the members of the Committee.

The International Monetary Fund (IMF) in its October 2021 World Economic Outlook (WEO), projected the global economy to grow by 5.9 percent in 2021. The forecast is revised down by 0.1 percentage point relative to the July (WEO), reflecting forecast downgrades partly due to supply disruptions in advanced countries and worsening pandemic dynamics in low-income developing countries. However, the outlook for 2022 project the global economy to grow by 4.9 percent, the same as the previous forecast in July 2021. Growth prospects for 2021 in advanced economies are revised down to 5.2 percent compared to the July 2021 WEO forecast, a 0.4 percentage point revision, largely reflecting downgrades to the United States.

The IMF and the Gambian authorities estimate real GDP grow of 4.9 percent in 2021 premised on eased restrictions on economic activities, government spending and anticipated recovery in tourism and trade. The economy continues to grow below potential in 2021, as output gap remains negative, although on a path to recovery supported by fiscal and monetary policies.

The current account balance improved in the first nine months of 2021 compared to the corresponding period of 2020, due to the improvement in private transfers. The services account balance worsened compared in the same period a year ago. This reflects the collapse in tourism, evident by the decline in air-chartered tourist arrivals by 21.13 percent in the review period.

Volumes of transactions in the domestic FX market increased for the nine months relative to same period last year which was partly driven by private remittances. the Dalasi slightly depreciated against the USD and CFA Franc. However, the Dalasi remains relatively stable despite the economic challenges posed in the main by the impact of the global pandemic. The US Dollar continued to be the most traded currency in the domestic interbank FX market.

Government fiscal operations for the first nine months of 2021 showed an overall budget deficit (including grants) The overall budget deficit (excluding grants) narrowed in the review period relative to a year ago. Total revenue and grants mobilized in the first nine months of 2021 declined significantly relative to the corresponding period a year ago due to significant drop in grants received during the period.

The stock of domestic debt as at end-December 2020 expanded in October 2021.The widened fiscal deficit resulted in a more pronounced domestic borrowing through bonds to finance government operations during the year as well as reprofile the debt structure. Issuance of short-term bills contracted in line with the debt management strategy of lengthening maturity profiles. Commercial banks continue to be the chief investor in government securities.

Money supply grew marginally at end-September 2021 compared to the corresponding period a year earlier. The increase in broad money was driven largely by a significant increase in both the net foreign assets (NFA) and the net domestic assets (NDA) of the banking system. Capital and reserves of the banking industry improved during the review period due to an increase in Statutory Reserve and a decrease in negative retain earnings. Deposits continue to be the largest sources of funding for banks.

Assets and deposits of the non-banking sector continue to grow as at end-September 2021 compared to end-June 2021 despite the uncertain outlook created by the Covid-19 pandemic.

Headline inflation increased to 7.3 percent in October 2021 from 7.0 percent recorded in September 2021 and 5.6 percent in the corresponding period a year ago. The analysis of the sub-components of the CPI basket indicates increasing prices of both food and non-food components. However, the primary contributor is the consumer prices of food.

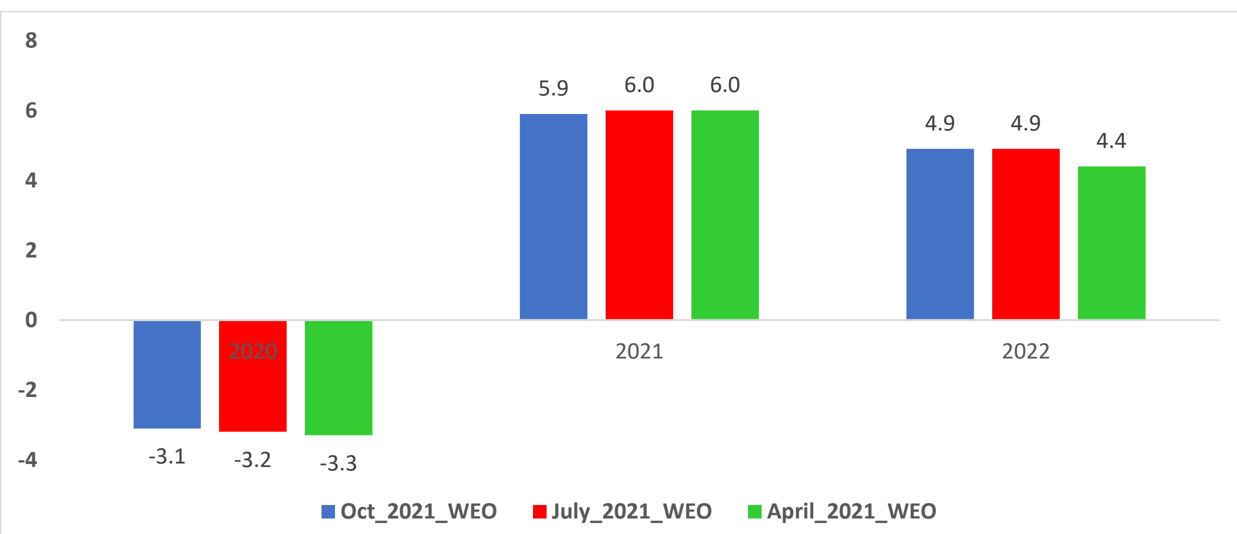
World Economic Outlook (WEO)

The International Monetary Fund (IMF) in its October 2021 World Economic Outlook (WEO), projected the global economy to grow by 5.9 percent in 2021. The forecast is revised down by 0.1 percentage point relative to the July (WEO), reflecting forecast downgrades partly due to supply disruptions in advanced countries and worsening pandemic dynamics in low-income developing countries.

However, the outlook for 2022 project the global economy to grow by 4.9 percent, the same as the previous forecast in July 2021. The forecast assumed that some emerging market economies will join advanced economies in gaining broad base vaccine access in 2021.

Growth prospects for 2021 in advanced economies are revised down to 5.2 percent compared to the July 2021 WEO forecast, a 0.4 percentage point revision, largely reflecting downgrades to the United States. However, the forecast for emerging market and developing economies marked up slightly to 6.4 percent compared to the July 2021 WEO Update, a 0.1 percent upgrade, reflecting upgrades across most regions. Similarly, in Sub-Saharan Africa growth projection for 2021 is to increase to 3.7 percent, a 0.3 percent upgrade from the previous update. Nigeria and South Africa economies are projected to grow at 2.6 percent and 5.0 percent respectively, an upward revision in both countries by 0.1 percentage point and 1.0 percentage points.

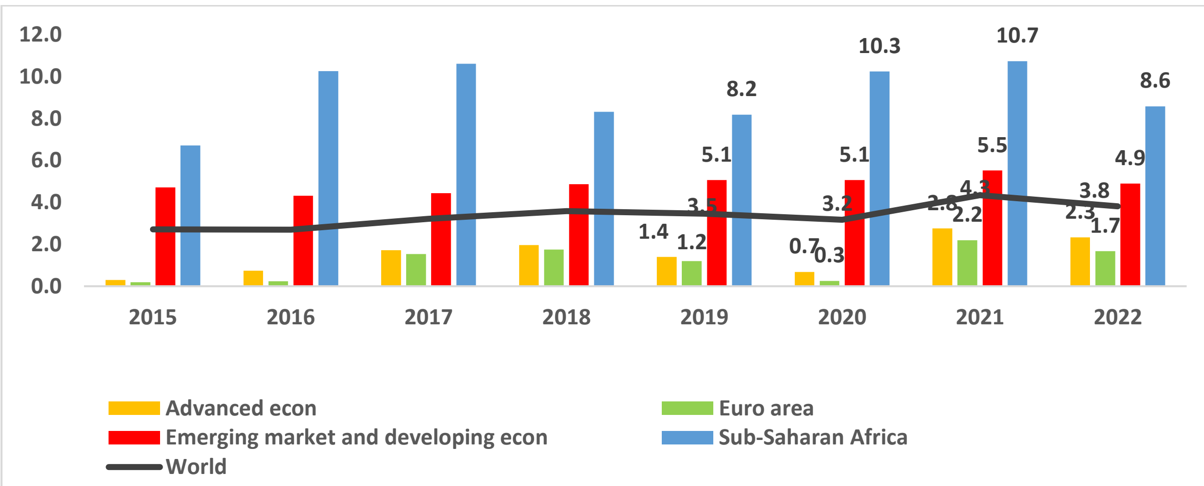
Figure 1: Global output growth, October 2021 Vs July 2021, April 2021, WEO projections.



Source: IMF, World Economic Outlook, October 2021

Global inflation is projected to accelerate to 4.3 percent this year compared to 3.2 percent in 2020. The three broad drivers of increases in headline inflation are: (1) a pickup in economic activity; (2) rapidly rising commodity prices; and (3) input shortages and supply chain disruptions. Food price increases had unfortunately tended to concentrate in places where food insecurity is high, putting poorer households under greater stress and raising the threat of greater social unrest.

Figure 2: Global inflation, annual average consumer price



Source: IMF WEO Database, October 2021

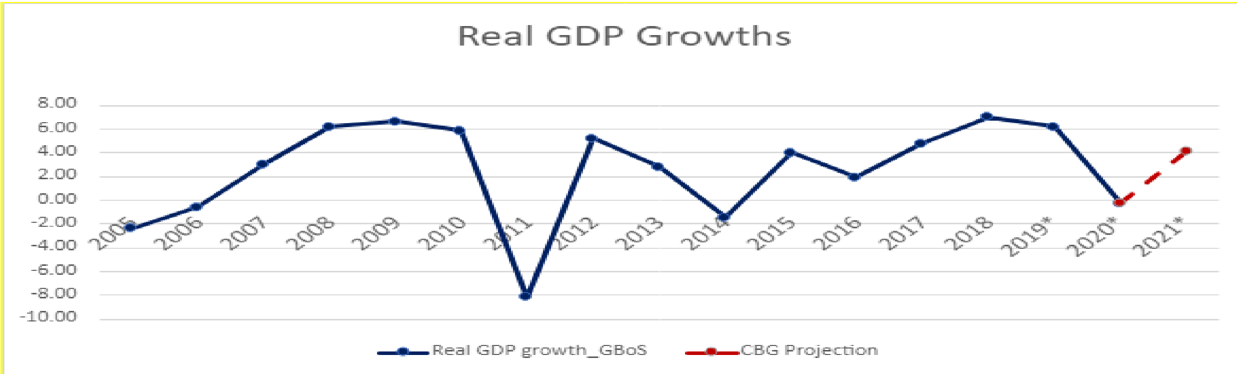
As the world strives to bring COVID-19 under control, fiscal policy continues to be accommodative and is shifting toward strengthening economies as it remains the key to addressing the impacts of the still-evolving pandemic. Global financial conditions have eased further on net continued accommodative monetary policy. Policymakers are confronted with a challenging trade-off: maintaining near-term support for the global economy while preventing unintended consequences and medium-term financial stability risks.

The Domestic Economy

Real Sector

The IMF and the Gambian authorities estimated real GDP to grow by 4.9 percent in 2021 premised on eased restrictions on economic activities, government spending and anticipated recovery in tourism and trade.

Figure 3: Real Gross Domestic Product (RGDP) growth

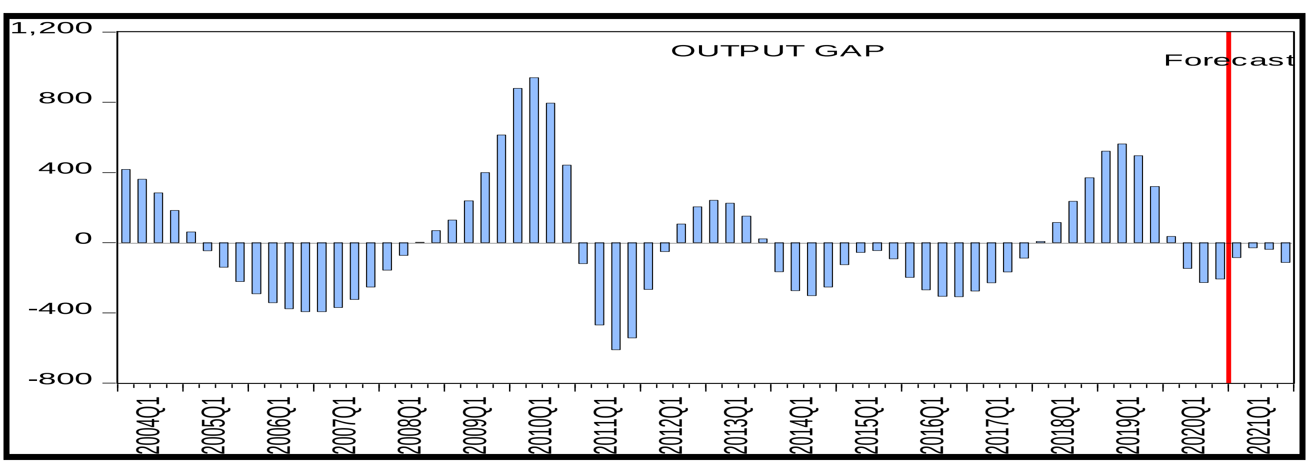


Source: GBOS, MoFEA, and CBG

The agricultural sector is estimated to grow by 11.7 percent in 2020 mainly due to improved and timely rains but the sector continued to be vulnerable to exogenous shocks such as climatic factors. Growth in the services sector is projected to have declined by 7.2 percent in 2020 reflecting the negative impact the pandemic had on the sector. This is mainly driven by the contraction in accommodation, other service sectors, art, entertainment and recreation, administrative and support activities, and wholesale & retail trade.

Output gap remains negative as the economy continues to grow below potential in 2021. However, the outlook remains positive due to improvement in aggregate demand linked to the resumption of most economic activities. This is in line with the CIEA updates which also estimate improved economic activity.

Figure 4: Real GDP Gap



Source: GBoS and CBG –ERD Staff calculations

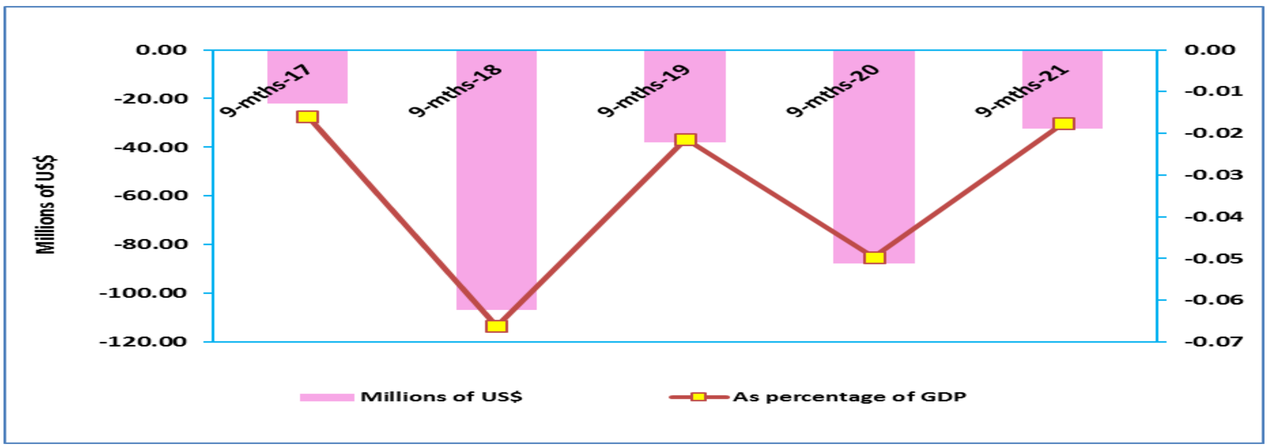
The negative output gap implies less inflationary pressures would emanate from aggregate demand. However, the resultant decline in local food production could put pressure on inflation through the supply side resulting in higher volumes of food importation.

The tourism sector has shown a slow recovery in 2021 supported by improved COVID-19 situation and the resumption of international travels as global vaccination roll out progresses. The sector increased by 31.32 percent on a quarterly basis.

Balance of Payments (BOP)

The current account balance improved to a deficit of US$31.91 million (1.76 percent of GDP) in the first nine months of 2021 from a deficit of US$87.88 million (4.97 percent of GDP) in the corresponding period of 2020, due to the improvement in private transfers.

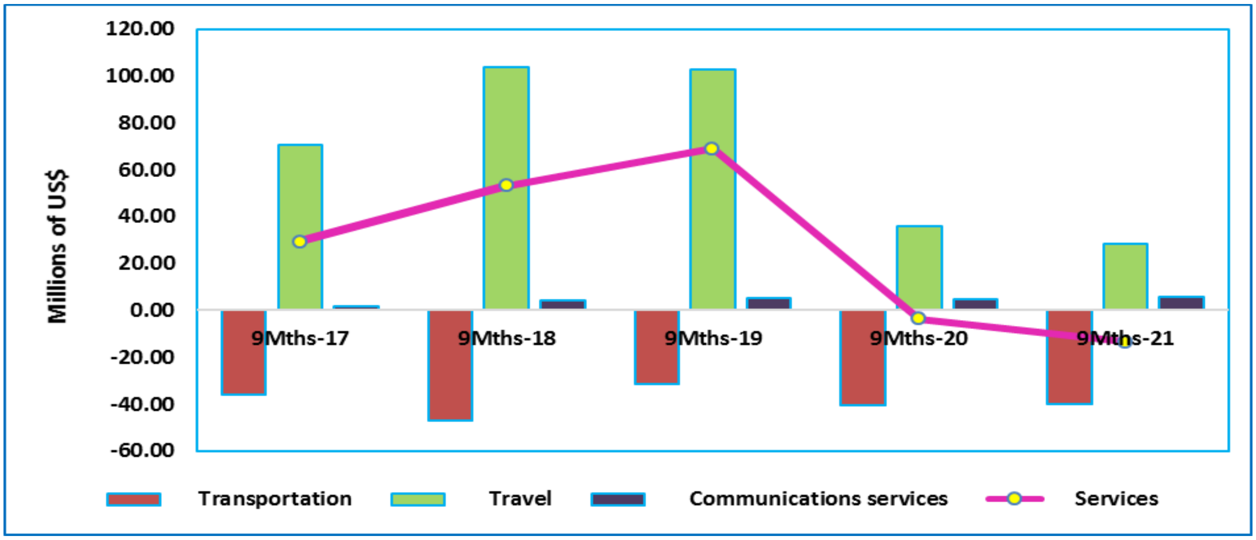
Figure 5: Current Account (year-on-year)



Source: *CBG*

The services account balance worsened to a deficit of US$13.47 million in the first nine months of 2021, from a deficit of US$4.98 million in the same period a year ago. This reflects the collapse in tourism, evident by the decline in air-chartered tourist arrivals by 21.13 percent in the review period.

Figure 6: Services Account (year-on-year)



Source: *CBG*

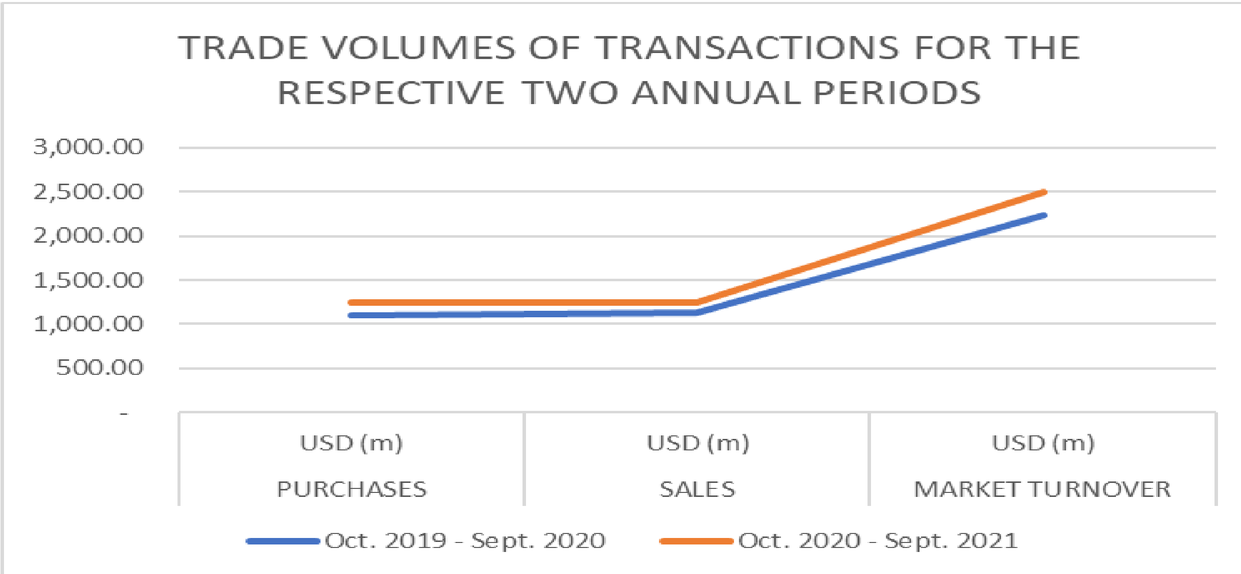
Current transfers (net) and capital and financial account, balance improved in the review period to a surplus of US$420.20 million and US$23.63 million, compared to a net inflow of US$340.18 million and US$2.74 million respectively in the corresponding period in 2020. These improvements were mainly due to increase in remittance, official inflows and CBG reserve assets.

Gross official reserves as of November 11, 2021, stood at US$525.92 million, representing 6.6 months of import of goods and services.

Exchange Rate Development

Volumes of transactions in the domestic FX market for the first nine months of 2021 registered $2.49 billion indicating an increase of $253.63 million (11.3 percent) relative to same period last year. The volumes have been partly driven by private remittances. The supply and demand for FX increased by 12.0 and 10.7 percent respectively mirroring excess demand of $11.2 million induced by demand for food imports, telecommunication, construction materials and energy which exert some pressure on the Dalasi.

Figure 7: Volumes of FX transactions



Quarterly developments indicated an increase in the volumes to $684.76 million in Q3 2021 from $651.62 million Q2 2021. These could be attributed to increase in private remittance and project disbursements through the banking system.

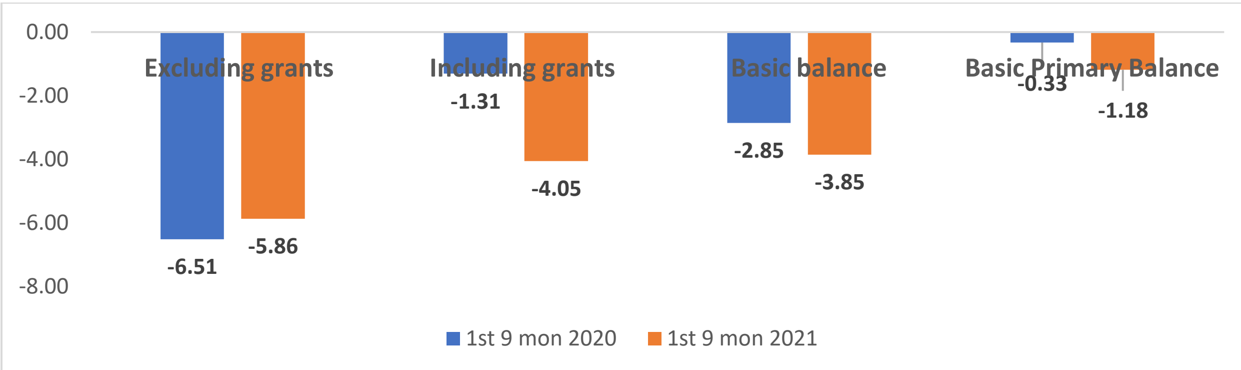
For the period under review (Q3-2021), the Dalasi marginally appreciated against the EUR and GBP by 1.09 percent and 0.24 percent respectively relative to Q2 of 2021. Contrarily, the Dalasi slightly depreciated against the USD and CFA Franc by 0.29 percent and 0.15 percent respectively. However, the Dalasi remains relatively stable despite the economic challenges posed in the main by the impact of the global pandemic.

The US Dollar continued to be the most traded currency in the domestic interbank FX market, recording 74.04 percent during the quarter under review. This is mainly attributed to a significant volume of inflows which are mainly in USD.

Government Fiscal Operations

Government fiscal operations for the first nine months of 2021 showed an overall budget deficit (including grants) of D4.1 billion (4.3 percent of GDP) compared to D1.3 billion (1.4 percent of GDP) in the corresponding period of 2020, attributed to 23.8 percent contraction in revenue and grants. The overall budget deficit (excluding grants) narrowed to D5.9 billion (6.2 percent of GDP) in the review period relative to a deficit of D6.5 billion (6.9 percent of GDP) a year ago.

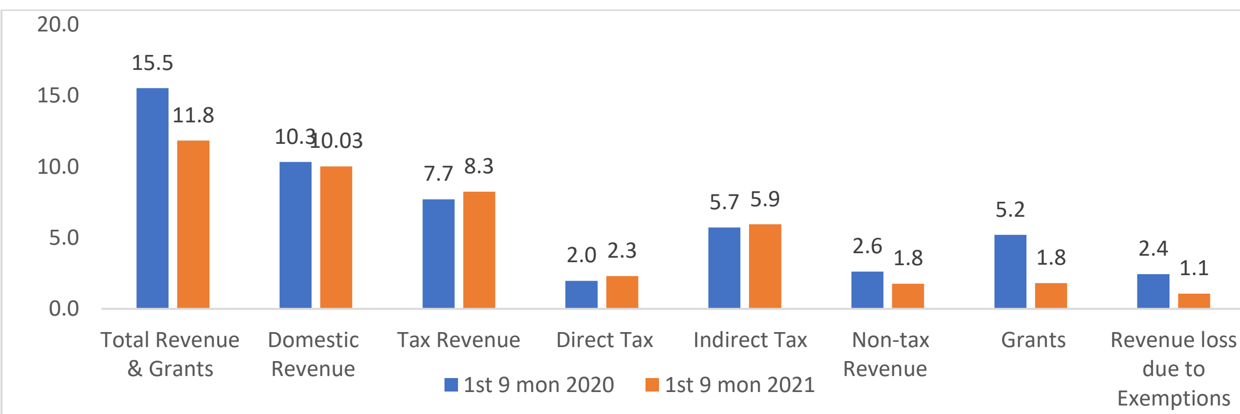
Figure 8: The Overall Fiscal Balance - GMD Billion



Source: MOFEA & ERD CALCULATION

Total revenue and grants mobilized in the first nine months of 2021 totaled D11.8 billion (12.6 percent of GDP), lower than D15.5 billion (16.5 percent of GDP) registered in the corresponding period a year ago, representing a decline of 23.8 percent due to significant drop in grants received during the period.

Figure 9: Government Receipts - GMD Billion



Source: MOFEA & ERD CALCULATION

Expenditure and net lending declined to D15.9 billion (16.9 percent of GDP) or by 5.6 percent in the first nine months of 2021. This was due to a 6.1 percent and 4.5 percent fall in both recurrent and capital expenditure.

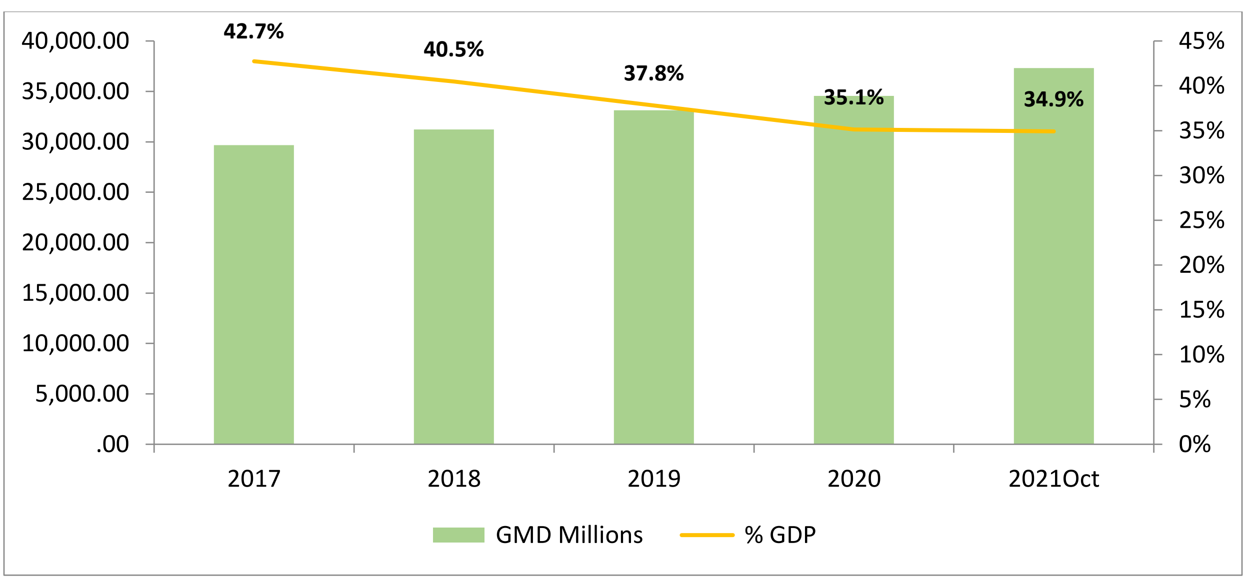
The financing of government operations rose by 82.0 percent to D4.6 billion in the first nine months of 2021 from D2.5 billion in the same period last year. A large proportion of the financing was sourced domestically (63 percent) while 37 percent was generated from external sources. Government's net domestic borrowing increased to D3.5 billion for the first nine months of 2021 compared to D0.5 billion in the corresponding period last year. This is explained by a 182.9 percent increase in deposit money banks' claims on government.

Fiscal impulse, an indicator of how much government net spending contributes to GDP showed a negative impulse of 0.6 percentage points (ppt) of GDP. This implied government spending contributed negatively on aggregate demand in 2021.

Domestic Debt Development

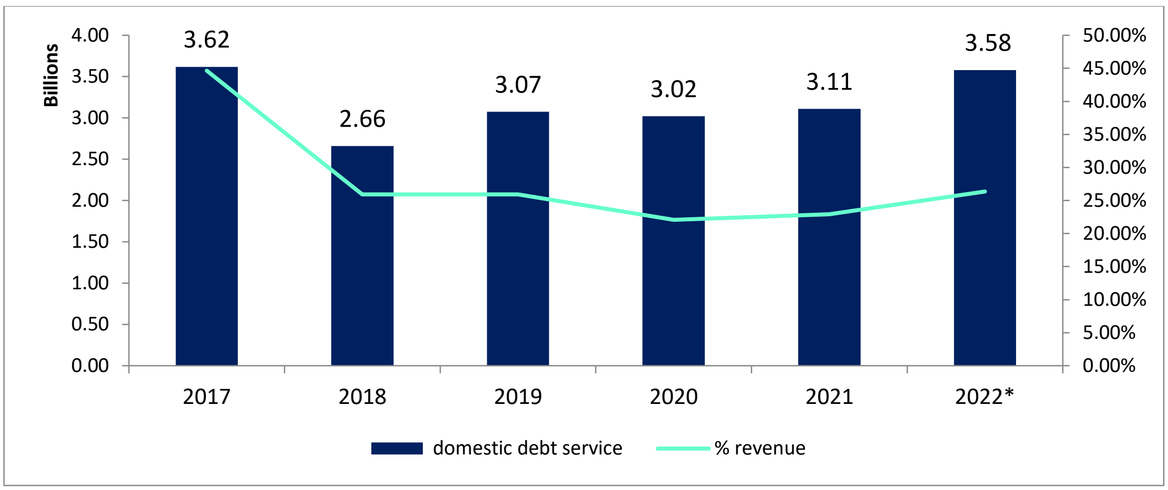
The stock of domestic debt as at end-December 2020 expanded by D2.77 billion to D37.32 billion in October 2021. The widened fiscal deficit resulted in a more pronounced domestic borrowing through bonds to finance government operations during the year as well as reprofile the debt structure. Issuance of short-term bills contracted by 4.2 percent or D856.7 million from 2020 in line with the debt management strategy of lengthening maturity profiles. Commercial banks continue to be the chief investor in government securities.

Figure 10: Domestic Debt Stock



Domestic debt service for 2021 amounted to D3.11 billion, or 22.9 percent of domestic revenue compared to D3.02 billion (22.07 percent of domestic revenue in 2020). Debt service in 2022 is projected to be D3.58 billion reflecting increased bond issuance to finance Government's development projects. Domestic interest expense for the year rose to D2.51 billion equivalent to 18.48 percent of domestic revenue from D2.42 billion (17.69 percent of domestic revenue) in 2020. It is projected to increase to D2.98 billion in 2022.

Figure 11: Domestic debt service cost



Reflecting the excess liquidity position of the banking system compounded by drop in Treasury bill supply, return on all three short-term maturities declined compared to last year. Yields on the 91-day, 182-day and 364-day Treasury bills declined to 0.99 percent, 2.07 percent, and 3.25 percent in October 2021 from 2.75 percent, 5.03 percent, and 7.30 percent respectively in December.

Despite the growth in debt, some fiscal space has been created as short-term debt drops in favor of medium term with all the borrowings done at historical low interest rates. However, to consolidate these gains, serious commitment to debt re-profiling strategies needs to be maintained supported by well calculated use of mobilized resources.

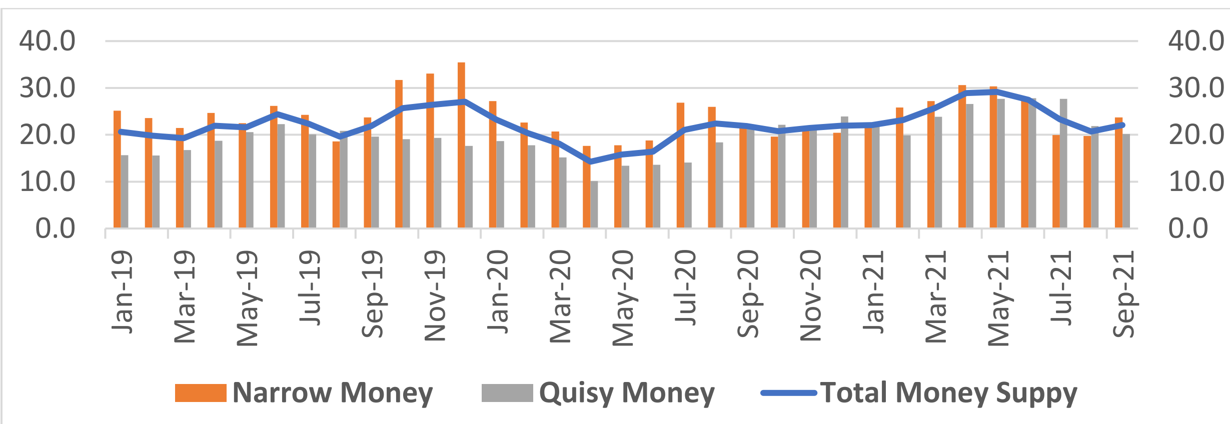
Monetary Developments

Money supply grew marginally to 22.1 percent at end-September 2021 compared to 21.8 percent in the corresponding period a year earlier. The increase in broad money was driven largely by a significant increase in both the net foreign assets (NFA) and the net domestic assets (NDA) of the banking system.

Narrow money (M1) grew by 2.2 percent to 23.7 percent at end-September 2021, mainly driven by the increase in both demand deposits and currency outside the banking system. Growth in Quasi money moderated to 20.2 percent as of end-September 2021 compared to 22.2 percent the same period a year ago. Of the components, savings deposits grew by 1.1 percent to 23.4 percent while time deposit growth declined by 13.1 percent to 8.8 percent in September 2021 in the same period last year.

From June to September 2021, money supply grew by 11.4 percent, higher than the 8.3 percent growth rate recorded in the previous quarter. Growth in both narrow money and quasi money accelerated compared to the previous quarter.

Figure 12: Annual money supply growth rate

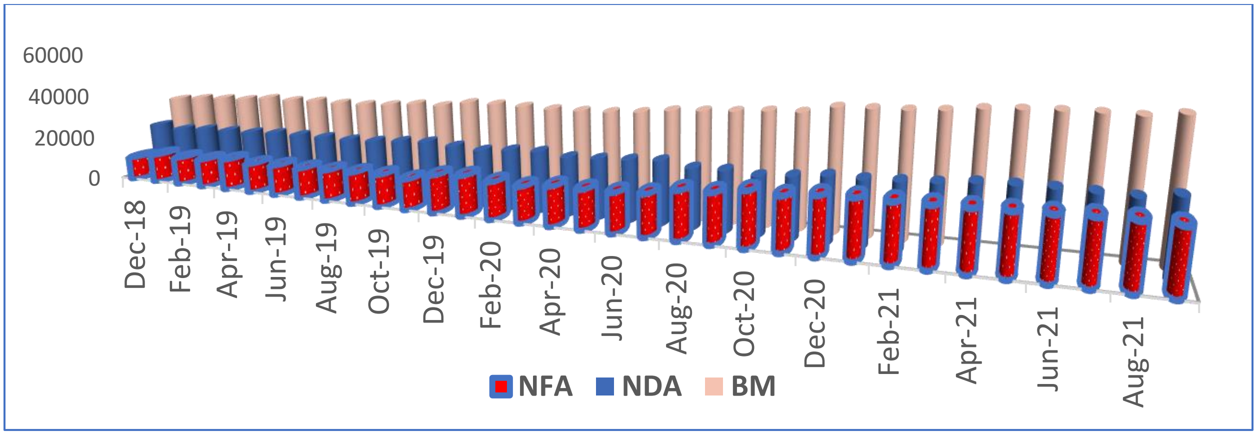


Source: CBG staff estimates

The Net Foreign Assets (NFA) of the banking system rose to D26.1 billion or by 22.5 percent as at end-September 2021 from D21.3 billion, in the same period a year ago. The growth could be explained by the marked increase in the NFA of the central bank which grew by 40.1 percent to stand at D16.7 billion compared to D11.9 billion in the corresponding period driven by the increase in foreign assets.

The NDA of the banking system grew by 21.7 percent to D32.1 billion attributed to the increase in government borrowing from the banking system by end September 2021. Net claims on government by the banking system accounting for 77.0 percent of total domestic credit increased to D28.5 billion or by 15.4 percent.

Figure 13: Sources of money supply and its components (In millions of GMD)



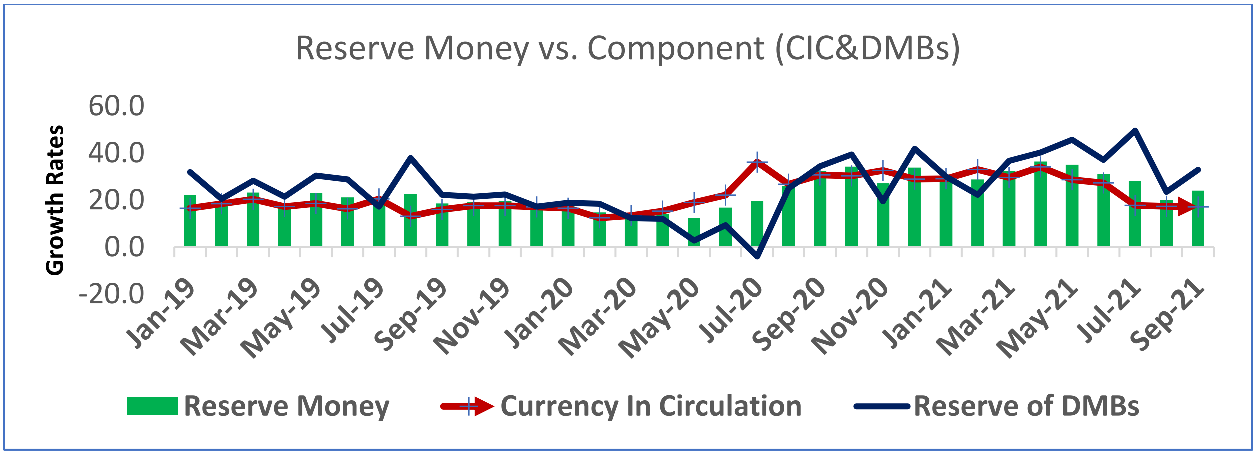
Source: CBG staff estimates

Year-on-year, the flow of credit to some of the key economic sectors has contracted during the review period. Agriculture, manufacturing, and fishing contracted by 87.4 percent, 39.6 percent, and 43.0 percent respectively. However, credit to building and construction, financial institutions and the energy sector grew by 44.0 percent, 16.0 percent, and 27.8 percent respectively.

Reserve money growth, the Central Bank's operating target, increased to 24.0 percent as of end-September 2021, lower than 32.3 percent recorded in the corresponding period a year earlier. Quarter–on–quarter, reserve money grew by 15.1 percent in the third quarter of 2021 compared to a growth of 8.5 percent registered in June 2021.

Both currency in circulation and reserves of deposit money banks registered a growth of 17.1 percent and 32.8 percent from 30.7 percent and 34.4 percent a year ago respectively. Quarter on quarter, reserves of deposit money banks rose by 32.8 percent, while currency in circulation declined by 2.9 percent in the third quarter of 2021.

Figure 14: Reserve Money and component (Annual Growth rates)

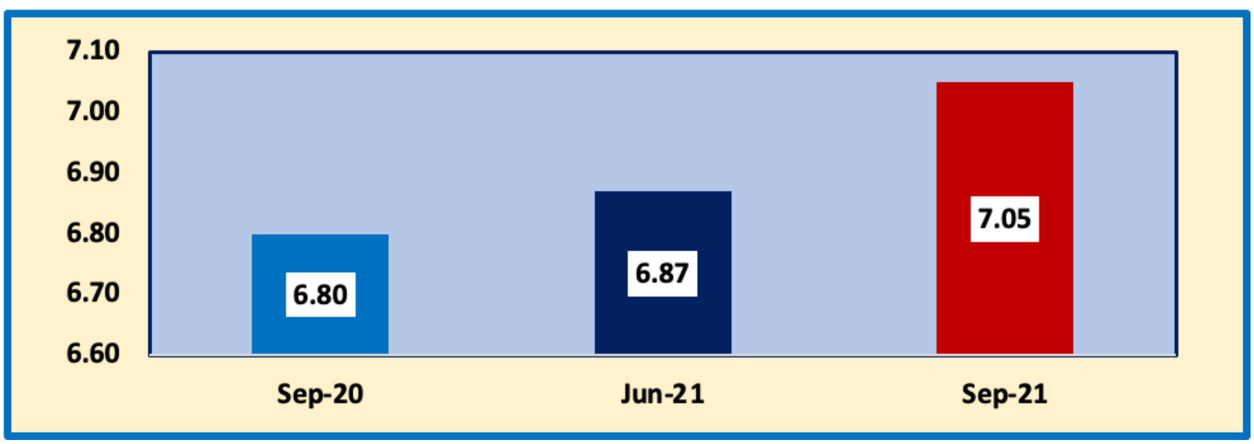


Source: CBG staff estimates

Banking Sector Development

Capital and reserves of the banking industry at end- September 2021 stood at D7.05 billion from a D6.87 billion during the previous quarter representing 2.6 per cent or D0.18 million growth which was due to an increase in Statutory Reserve and a decrease in negative retain earnings.

Figure 15: Industry Capital and Reserve (GMD Billion)



Deposits continue to be the largest sources of funding for banks. As end September 2021 total deposit stood at D47.96 billion accounting for 71 percent of the total balance sheet of commercial banks. A growth of D8.8 billion or 22.71 percent is recorded year on year and quarterly growth of D2.45 billion or 5.38 percent was registered from June 2021. The industry's loan to deposit ratio stood at 16.9% as at end September 2021 compared to 18.47 percent in the corresponding year ago and 17.23 percent as at end June 2021.

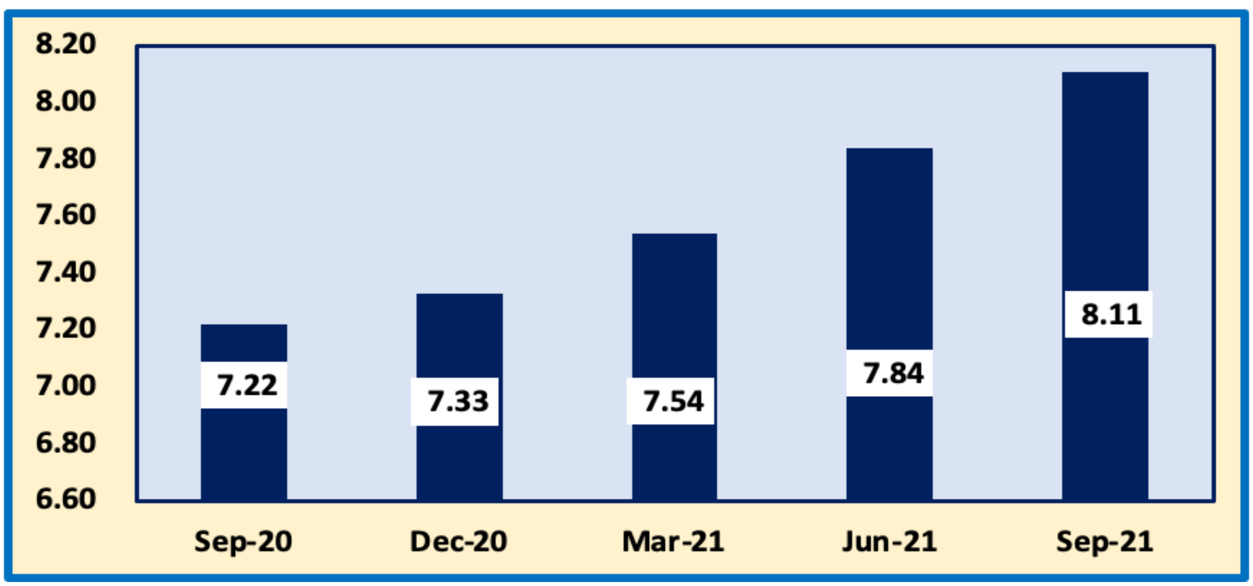
The banking industry reported a total asset size of D67.54 billion and when compared to the same period last year, and it also grew by D10.72 billion or 18.9 percent standing at D56.82 billion.

T-Bills/Bonds stock stood at D23.27 billion as at end September 2021 showing a D0.29 billion or 1.3 per cent growth from end-June 2021 figures of D22.98 billion.

Gross loans and advances for the period under review stood at D8.11 billion, representing 12.0% of total assets which is an increase from D890.1 million in September 2020. Quarter-on-quarter, gross loans as at end September 2021 increased by D269.5 million from D7.84 billion for June 2021.

The growth was mostly influenced by private sector loan which accounted for 97.91 percent because of the pandemic as most businesses resorted to the banks to bail them out to meet their obligations.

Figure 16: Loans and Advances - GMD Billion



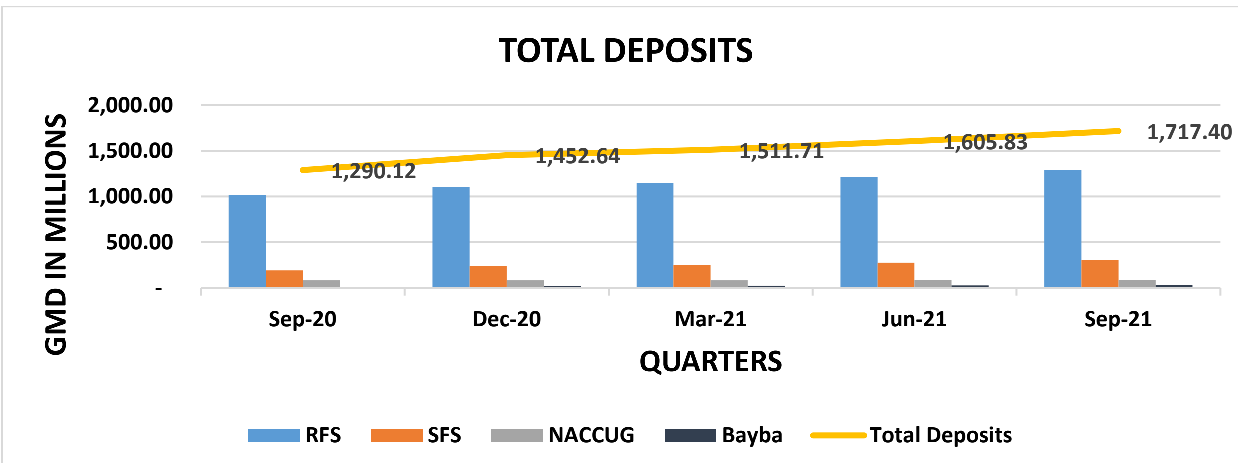
The banking industry sectoral loan distribution for the quarter under review shows that there is a concentration in the building and construction sectors with 30.65%, distributive trade 20.65%, and other commercial loans and advances with 19.07 percent.

The contributing sectors to the non-performing loans are 45.19 percent to the building and construction sector followed by distributive trade with 22.38% of the NPL and other loans and advances accounted for 10.8 percent.

Non-Banking Sector

Assets of the non-banking sector continue to grow from GMD 2.21 billion at end-June 2021 to GMD 2.36 billion at end-September 2021, representing an increase of 6% or GMD 140.1 million. Deposits also continue to rise steadily from GMD 1.6 billion at end-June 2021 to GMD 1.71 billion at end-September 2021, representing an upsurge of 7% or GMD 111.56 million despite the uncertain outlook created by the Covid-19 pandemic.

Figure 17: Deposit of the FCs



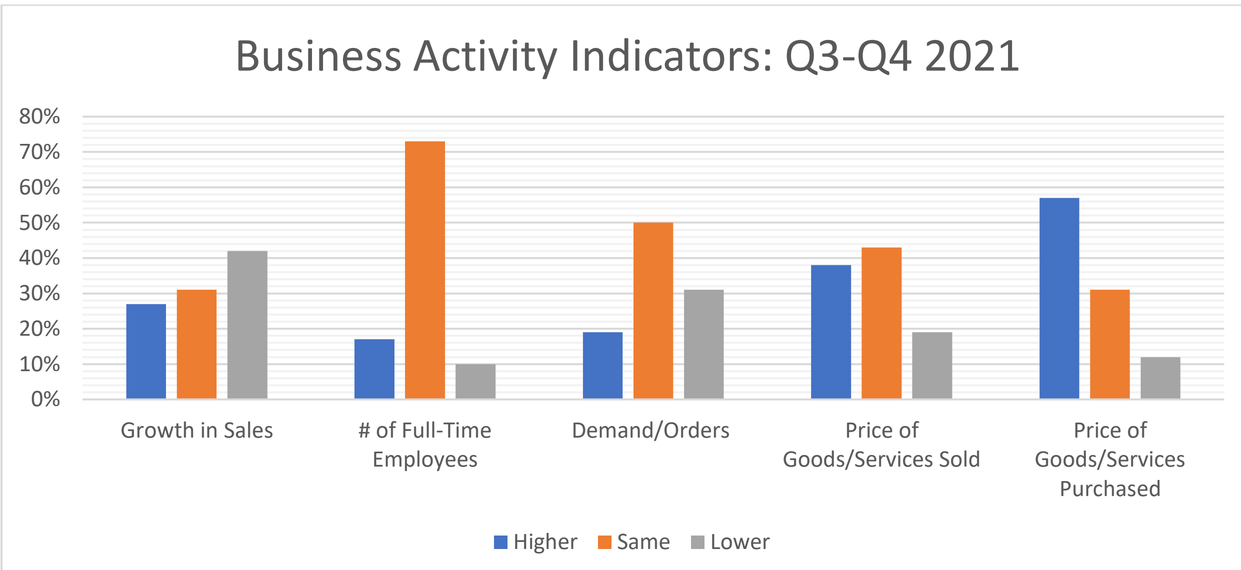
The industry Gross Loans have rebounded and rising steadily. As at end-September 2021, Gross Loans stood GMD 528.06 million from GMD 449.49 million at end-June 2021, signifying a quarterly growth of 17% or GMD 78.56 million. The loan-to-deposit ratio improved to 31% at end-September 2021 from 28% at end-June 2021.

Total Assets of the Credit Unions (CUs) expanded by 4% or GMD 80.32 million to GMD 2.27 billion at end-September 2021. The level of deposits increased from GMD 1.81 billion at end-June 2021 to GMD 1.89 billion at end-September 2021, reflecting an expansion of 4% or GMD 77.65 million. Gross loans also surged by 6% or GMD 84.31 million to GMD 1.45 billion at end-September 2021 from GMD 1.36 billion at end-June 2021. The loan-to-deposit ratio of CUs stood at 77% at end-September 2021, slightly above the 75% rate at end-June 2021.

Business Sentiment Survey

Compared to July-September 2021, the October and December 2021 perceptions survey showed optimism in the economy. However, high inflation expectations moderated this level of optimism. There is continued optimism in the economy, tempered by concerns about rising input costs and political risks, and uncertainty about the Covid-19 pandemic. Businessmen remain optimistic about business activity for Q4 2021, with respondents expecting an increase in business activity owing to seasonal spending.

Figure 18: Business Activity Indicators



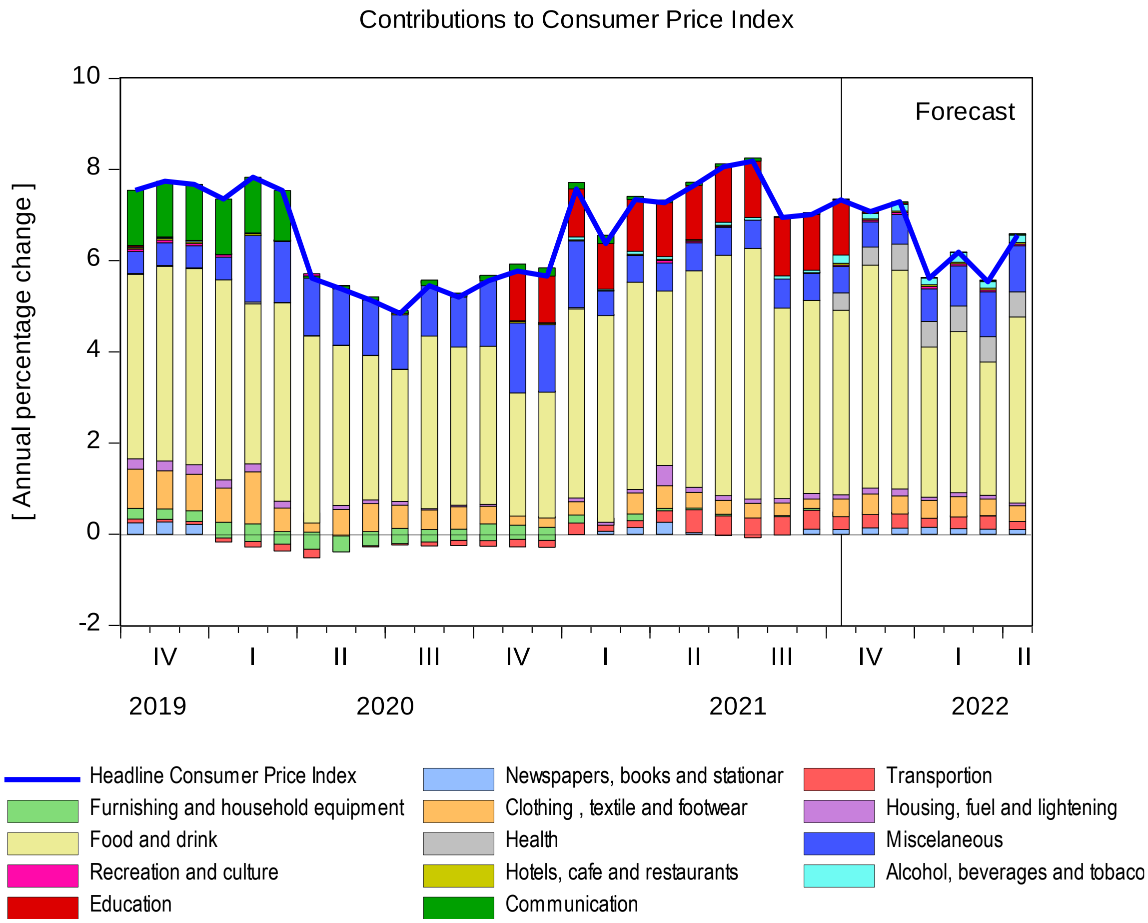
Covid-19 remains a significant factor that could restrict private sector expansion in the next quarter, but respondents acknowledge that vaccines have moderated its impact, and firms have also instituted measures to mitigate the pandemic's impact.

Price Development (Inflation)

Headline inflation increased to 7.3 percent in October 2021 from 7.0 percent recorded in September 2021 and 5.6 percent in the corresponding period a year ago. The acceleration was mainly attributed to the increase in prices of all components of the food basket in the review period except for the prices of vegetables, root crops, and tubers.

The analysis of the sub-components of the CPI basket indicates increasing prices of both food and non-food components. However, the primary contributor is the consumer prices of food.

Figure 19: Contributions to Consumer price index



Consumer price inflation on food and non-alcoholic beverages accelerated to 8.97 percent in October 2021 from 6.83 percent a year ago. The main drivers of food inflation included oil and fats, meat, bread and cereals and fish.

Similarly, non-food inflation also increased to 5.7 percent in October 2021, from 4.3 percent in the same period last year. The surge in non-food inflation was due to an increase in the prices of all the components of non-food basket except furnishing and household equipment. The main contributors were transportation, miscellaneous goods and services, clothing and footwear, houses, water, electricity, gas, and other fuel.

The near-term forecast suggests that inflationary pressure is decreasing and may continue into the first quarter of 2022 after a surge at the end of the year, December 2021. The headline inflation is forecasted to be 7.1 percent, 7.3 percent, and 5.5 percent at end-November 2021, end-December 2021, and end-March 2022, respectively.

Decision

Based on the above analysis, the Committee decided to keep the policy rate unchanged at 10.0 percent. The Committee also decided to maintain the required reserve (RR), interest rates on the standing deposit facility and the standing lending facility at 13 percent, 3.0 percent and at 11.0 percent respectively.

Next MPC Meeting

The next Monetary Policy Committee (MPC) meeting is scheduled for Wednesday, February 23, 2022. The meeting will be followed by the announcement of the policy decision on Thursday, February 24, 2022.

APPENDIX

Table 1: ***Summary of Global economic growth (Percent changes)***

Group Name	Estimates						Projections	
	2015	2016	2017	2018	2019	2020	2021	2022
World	3.4	3.3	3.8	3.6	2.8	-3.1	5.9	4.9
Advanced economies	2.3	1.8	2.5	2.3	1.7	-4.5	5.2	4.5
Euro area	2.0	1.9	2.6	1.9	1.5	-6.3	5.0	4.3
Major advanced economies (G7)	2.1	1.5	2.2	2.1	1.6	-4.9	5.3	4.7
European Union	2.5	2.1	3.0	2.3	1.9	-5.9	5.1	4.4
Emerging market and developing economies	4.3	4.5	4.8	4.6	3.7	-2.1	6.4	5.1
Emerging and developing Asia	6.8	6.8	6.6	6.4	5.4	-0.9	7.2	6.3
Emerging and developing Europe	1.0	1.9	4.1	3.4	2.5	-2.0	6.0	3.6
Sub-Saharan Africa	3.2	1.5	3.0	3.3	3.1	-1.7	3.7	3.8

***Source**: IMF, World Economic Outlook, October 2021*

Table 2: ***Annual average inflation (Percentage change in average CPI)***

	2015	2016	2017	2018	2019	2020	2021	2022
World	**2.7**	**2.7**	**3.2**	**3.6**	**3.5**	**3.2**	**4.3**	**3.8**
Advanced econ	**0.3**	**0.7**	**1.7**	**2.0**	**1.4**	**0.7**	**2.8**	**2.3**
Euro area	**0.2**	**0.2**	**1.5**	**1.8**	**1.2**	**0.3**	**2.2**	**1.7**
Emerging market and developing econ	**4.7**	**4.3**	**4.4**	**4.9**	**5.1**	**5.1**	**5.5**	**4.9**
Sub-Saharan Africa	**6.7**	**10.3**	**10.6**	**8.3**	**8.2**	**10.3**	**10.7**	**8.6**

Source: IMF, World Economic Outlook, July 2021

Table 3: *Real Gross Domestic Product (percent changes)*

	2014	2015	2016	2017	2018	2019	2020
Real Gross Domestic Product (RGDP)	**-1.4**	**4.1**	**1.9**	**4.8**	**7.2**	**6.2**	**-0.2**
Agriculture, forestry and fishing	**-12.4**	**4.0**	**-0.2**	**-4.4**	**3.7**	**-0.1**	**11.7**
Crop	-14.0	5.8	-2.6	-18.5	-2.8	-14.1	16.9
Livestock	-2.8	-16.3	-3.0	-10.9	-5.6	-1.7	-0.7
Forestry and logging	-4.2	1.1	-16.0	-11.6	-18.2	-24.3	-2.2
Fishing and aquaculture	-18.9	22.8	12.0	34.4	19.6	18.4	11.7
Industry	**9.6**	**22.6**	**19.2**	**-3.5**	**2.0**	**14.8**	**9.9**
Mining and quarrying	97.6	-7.3	-8.1	4.9	14.9	22.5	25.4
Manufacturing	3.3	2.6	-7.0	-7.9	-1.2	-5.2	-21.2
Electricity, gas, steam, and air conditioning supply	6.0	10.1	7.3	-7.4	13.4	13.5	14.5

Water supply, sewerage, waste management and remediation activities	17.9	4.5	8.4	-2.4	0.4	9.2	1.6
Construction	11.5	54.7	44.4	-1.4	2.0	24.0	20.0
Services	**1.4**	**-0.2**	**-2.1**	**11.7**	**10.1**	**6.1**	**-7.2**
Wholesale and retail trade; repair of motors and motorcycles	1.4	0.3	-5.4	17.0	12.3	3.1	-4.7
Transport and storage	9.3	- 16.0	13.1	8.9	10.3	10.6	- 13.6
Accommodation and food service activities	-7.6	- 12.9	20.8	-1.1	18.7	16.9	- 65.4
Information and Communication	-3.5	9.5	-2.7	27.9	11.1	13.6	1.8
Financial and insurance activities	4.7	2.4	-7.4	1.1	12.9	7.5	4.3
Real estate activities	10.7	1.0	0.2	2.6	2.9	1.7	-0.5
Professional, scientific, and technical activities	3.0	-1.5	10.9	- 15.5	-6.3	-1.1	-9.9
Administrative and support service activities	10.1	3.1	-2.0	-0.5	-3.8	-3.3	- 33.1
Public administration and defence; compulsory social security	- 13.0	1.9	- 11.1	-5.0	10.5	20.3	5.3
Education	-3.9	5.1	15.0	10.6	2.1	13.1	-8.0
Human health and social work activities	- 21.9	-8.9	12.5	-8.7	5.3	28.2	34.1
Arts, entertainment, and recreation	30.5	23.6	4.1	2.3	-0.8	4.6	- 39.2
Other service activities	27.3	-5.4	1.5	- 13.1	-8.9	-5.5	- 46.2
GDP basic price (Gross Value Added)	**-1.5**	**4.0**	**1.9**	**4.8**	**7.2**	**6.3**	**-0.2**
Taxes less subsidies on products (+)	-0.7	4.2	2.0	5.0	7.3	5.5	-0.4

Table 4: *Summary of current account balance*

	Q1-19	Q2-19	Q3-19	9m-19	Q1-20	Q2-20	Q3-20	9m-20	Q1-21	Q2-21	Q3-21	9m-21
C/ Account	2.24	-24.54	-15.59	-37.89	-38.55	-41.17	-8.16	-87.88	-4.71	-5.54	-21.66	-31.91
Goods	-90.32	-104.13	-91.06	-285.50	-155.13	-122.38	-126.44	-403.95	-126.24	-134.42	-139.29	-399.95
Services	40.22	14.64	11.96	66.81	12.99	-10.85	-7.12	-4.98	-0.78	-6.07	-6.63	-13.47
Income	-4.57	-3.37	-6.50	-14.44	-8.12	-3.85	-7.16	-19.13	-7.58	-19.36	-11.75	-38.69
C/Transfers	56.91	68.33	70.00	195.24	111.71	95.91	132.56	340.18	129.89	154.31	136.00	420.20

Table 5: *Summary of goods account balance*

	Q1-19	Q2-19	Q3-19	9m-19	Q1-20	Q2-20	Q3-20	9m-20	Q1-21	Q2-21	Q3-21	9m-21
Goods	-90.32	-104.13	-91.06	-285.50	-155.13	-122.38	-126.44	-403.95	-126.24	-134.42	-139.29	-399.95
Exports (FOB)	37.10	43.97	38.82	119.89	54.25	3.69	7.59	65.54	13.56	7.03	6.68	27.27
Imports (FOB)	-127.42	-148.09	-129.88	-405.39	-209.38	-126.08	-134.03	-469.49	-139.80	-141.45	-145.97	-427.22

Table 6: *Summary of services account balance*

	Q1-19	Q2-19	Q3-19	9m-19	Q1-20	Q2-20	Q3-20	9m-20	Q1-21	Q2-21	Q3-21	9m-21
Services	40.22	14.64	11.96	66.81	12.99	-10.85	-7.12	-4.98	-0.78	-6.07	-6.63	-13.47
Transportation	-10.84	-11.62	-10.04	-32.50	-21.10	-12.59	-8.71	-42.40	-8.88	-14.25	-17.22	-40.36
o/w Sea Transport	-13.53	-13.54	-11.92	-39.00	-22.92	-11.98	-9.83	-44.73	-10.53	-15.83	-18.80	-45.17
Travel	51.89	27.99	22.73	102.61	36.29	-0.28	-0.07	35.94	8.83	8.11	11.29	28.23
o/w personal Travel	53.46	29.69	24.26	107.41	37.94	-0.28	0.73	38.38	9.42	9.83	13.00	32.25

Table 7: *Summary of current transfers*

	Q1-19	Q2-19	Q3-19	9m-19	Q1-20	Q2-20	Q3-20	9m-20	Q1-21	Q2-21	Q3-21	9m-21
C/Transfers	56.91	68.33	70.00	195.24	111.71	95.91	132.56	340.18	129.89	154.31	136.00	420.20
General Government	0.00	0.00	0.00	0.00	44.53	0.00	10.36	54.89	0.00	8.06	3.53	11.59
Other Sectors	56.91	68.33	70.00	195.24	67.18	95.91	122.20	285.29	129.89	146.25	132.47	408.61
o/w Workers' Remittances	56.91	68.33	70.00	195.24	67.18	95.91	122.20	285.29	129.89	146.25	132.47	408.61

Table 8: *Summary of capital and financial account balance*

	Q1-19	Q2-19	Q3-19	9m-19	Q1-20	Q2-20	Q3-20	9m-20	Q1-21	Q2-21	Q3-21	9m-21
Capital & Financial Acc	33.06	-3.70	35.28	64.64	16.59	-34.17	20.31	2.74	-26.86	-32.97	83.46	23.63
Capital Account	19.28	13.26	19.54	52.08	8.60	32.47	30.91	71.98	3.29	11.88	5.31	20.48
Financial Account	13.78	-16.96	15.74	12.57	7.99	-66.63	-10.60	-69.24	-30.15	-44.84	78.14	3.15
o/w Direct Investment	-20.05	-22.08	-15.11	-57.24	-24.40	-65.49	-49.21	-139.10	-60.39	-70.32	-64.54	-195.25
o/w Other Investment	-5.55	2.75	21.05	18.26	28.17	-38.57	-11.48	-21.88	-6.69	0.10	28.81	22.22
o/w Change in Reserve Assets	39.38	2.37	9.80	51.55	4.22	37.43	50.09	91.73	36.93	25.38	113.87	176.18

Table 9: ***Volumes of FX transactions***

PERIOD	PURCHASES	SALES	MARKET TURNOVER
	USD (m)	USD (m)	USD (m)
Oct. 2019 - Sept. 2020	1,106.01	1,129.90	2,235.91
Oct. 2020 - Sept. 2021	1,239.17	1,250.37	2,489.54

Table 10: *Tabular presentation of remittance volume for the period 2018 to 2021*

	2019 Inbound US ($)	2020 Inbound US ($)	2021 Inbound US ($)
January	24,448,797.74	29,221,898.77	60,529,059.92
February	24,057,774.33	29,660,562.54	55,935,841.44
March	27,561,110.49	32,757,153.22	73,760,796.95
April	28,887,823.24	46,240,805.21	75,288,736.65
May	34,076,473.08	52,829,616.76	67,372,157.19
June	26,367,949.87	60,329,939.40	70,675,225.47
July	29,356,483.10	67,820,333.54	72,646,592.39
August	28,687,523.13	49,177,478.95	60,830,449.81
September	26,162,716.54	52,959,680.57	61,002,822.04
October	27,228,833.59	53,590,857.43	
November	25,891,871.26	52,461,576.67	
December	27,066,592.38	62,759,796.45	
TOTAL	**329,793,948.77**	**589,809,699.51**	**598,041,681.86**

Table 11: ***The Overall Budget Balance***

	GMD' million		% of GDP		Y-o-Y %
Overall balance	**1st 9 mon 2020**	**1st 9 mon 2021**	**1st 9 mon 2020**	**1st 9 mon 2021**	
Excluding grants	**-6505.29**	**-5861.62**	**-6.90**	**-6.22**	**-9.89**
Including grants	**-1305.01**	**-4053.56**	**-1.38**	**-4.30**	**210.62**
Basic balance	**-2851.81**	**-3846.51**	**-3.03**	**-4.08**	**34.88**
Basic Primary Balance	**-329.21**	**-1184.92**	**-0.35**	**-1.26**	**259.93**
CBG Financing	**-332.35**	**265.09**	**-0.35**	**0.28**	**-179.76**

Source: MOFEA & ERD CALCULATION

Table 12: *Revenue and Grants*

RECEIPTS (In Millions of GMD)	GMD' million		% of GDP		Y-o-Y % Δ	1st 9 mon proj 2021	Performance
	1st 9 mon 2020	1st 9 mon 2021	1st 9 mon 2020	1st 9 mon 2021	1st 2020-1st 2021		
Total Revenue & Grants	15,533.52	11,835.02	16.48	12.55	-23.81	13,869.90	-2,034.88
Domestic Revenue	10,333.24	10,026.96	10.96	10.64	-2.96	11,455.90	-1,428.94
Tax Revenue	7,704.70	8,253.81	8.17	8.76	7.13	8,688.89	-435.08
Direct Tax	1,980.65	2,308.48	2.10	2.45	16.55	2,190.44	118.04
Personal	679.89	792.81	0.72	0.84	16.61	777.97	14.84
Corporate	1,183.49	1,357.69	1.26	1.44	14.72	1,291.70	65.98
Indirect Tax	5,724.04	5,945.33	6.07	6.31	3.87	6,498.45	-553.12
Domestic Tax on gds & svs	1,870.21	1,828.05	1.98	1.94	-2.25	2,037.24	-209.19
Tax on Int'l. Trade	3,853.83	4,117.28	4.09	4.37	6.84	4,461.21	-343.93
Duty	1,982.77	2,188.33	2.10	2.32	10.37	2,253.66	-65.33
Sales tax on imports	1,871.06	1,928.95	1.98	2.05	3.09	2,207.55	-278.60
Non-tax Revenue	2,628.55	1,773.15	2.79	1.88	-32.54	2,767.00	-993.86
Grants	5,200.28	1,808.06	5.52	1.92	-65.23	2,414.00	-605.94
Program	3,453.39	930.22	3.66	0.99	-73.06	0.00	930.22

Projects	1,746.89	877.84	1.85	0.93	-49.75	0.00	877.84

Table 13: *Summary of Monetary Developments*

Key Monetary Aggregates									
Variable	**Level (Millions)**		**Annual % changes**					**Quarterly % Changes**	
	Q3,2020	**Q3,2021**	**20-Sep**	**20-Dec**	**21-Mar**	**21-Jun**	**21-Sep**	**21-Jun**	**21-Sep**
NFA (Banking Sector)	**21321.66**	**26117.68**	**51.0**	**45.0**	**57.6**	**48.9**	**22.5**	**3.8**	**1.5**
NDA (Banking Sector)	**26392.82**	**32132.50**	**5.4**	**7.2**	**7.2**	**13.8**	**21.7**	**6.3**	**4.1**
BROAD MONEY	**47714.48**	**58250.18**	**21.8**	**22.0**	**25.7**	**27.5**	**22.1**	**5.1**	**2.9**
Narrow Money	**25965.98**	**32116.44**	**21.5**	**20.4**	**27.2**	**27.3**	**23.7**	**4.5**	**1.9**
Quasi-money	**21748.50**	**26133.74**	**22.2**	**23.9**	**23.8**	**27.8**	**20.2**	**5.9**	**4.1**
Claims on Gov`t, net	**24353.28**	**28486.17**	**2.0**	**6.5**	**8.8**	**11.0**	**17.0**	**3.5**	**3.2**
Claims on Public Entities	**59.54**	**168.98**	**-40.0**	**-25.4**	**-28.2**	**-4.2**	**183.8**	**22.9**	**73.5**
Claims on Private Sector	**7676.12**	**8358.25**	**13.2**	**0.8**	**8.4**	**5.7**	**8.9**	**2.2**	**2.5**
Reserve Money	**17255.85**	**21397.24**	**32.3**	**33.9**	**32.4**	**31.1**	**24.0**	**4.6**	**6.1**

Source: CBG staff estimates

Table 14: ***Food Price Development (Annual Percentage Change)***

Y-O-Y INFLATION	Jun-20	Sep-20	Oct-20	Dec-20	Mar-21	Jun-21	Aug-21	Sep-21	Oct-21
Food	5.77	6.55	6.83	7.04	10.38	11.21	9.01	9.16	8.97
Bread & Cereals	9.43	8.16	7.2	7.02	8.06	8.04	7.97	7.39	7.2
Meat	3.06	1.50	0.9	5.17	6.45	18.56	20.48	20.18	21.7
Fish	15.12	18.66	24.9	25.72	24.01	18.09	12.42	12.34	5.7
Milk, Cheese and Eggs	-0.11	0.97	0.6	0.95	5.50	8.57	7.00	6.27	6.0
Oils and fats	18.08	10.76	10.5	10.83	32.84	31.65	35.60	37.73	36.9
Fruits & nuts	10.45	8.14	10.4	6.63	12.94	5.22	5.11	4.62	1.6

Vegetables, root crops & tubers	-4.70	4.00	3.3	2.17	-0.07	1.24	-7.68	-6.43	-1.4
Sugar, jam, honey & sweets	0.71	-0.86	-1.3	-1.42	6.99	3.00	4.41	4.77	4.1
Other food products n.e.c	-0.19	0.97	0.1	-0.79	0.02	8.05	4.92	4.26	4.2

Table 15: *Non-Food Price Development (Annual Percentage Change)*

Y-O-Y NON-FOOD INFLATION	Jun-20	Sep-20	Oct-20	Dec-20	Mar-21	Jun-21	Aug-2`1	Sep-21	Oct-21
NON-FOOD PRODUCTS AND SERVICES	4.20	3.69	4.32	4.40	4.41	4.85	4.84	4.75	5.67
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.66	2.88	2.93	2.85	10.60	10.19	11.09	8.44	26.61
CLOTHING & FOOTWEAR	5.29	4.39	3.61	3.75	5.87	3.93	3.64	3.07	4.89
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	3.75	2.78	2.83	1.91	3.97	4.33	4.42	5.12	4.40
FURNISHINGS, HOUSEHOLD EQUIPMENT, ETC	5.80	4.70	7.41	7.33	4.54	1.95	1.57	2.16	-0.57
HEALTH	0.12	0.05	0.10	0.07	1.25	0.99	0.78	0.90	33.69
TRANSPORT	0.31	2.56	2.86	5.11	5.03	11.29	10.51	10.72	10.33
COMMUNICATIONS	-2.39	-3.00	-4.15	-4.64	-0.76	-1.15	0.71	-0.10	0.89
RECREATION AND CULTURE	-3.97	-2.94	-2.84	-1.87	2.01	2.97	2.44	3.82	3.78
Education	0.72	0.13	0.04	85.35	85.35	85.35	85.35	85.35	85.35
HOTELS, CAFES AND RESTAURANTS	4.59	10.22	11.08	10.29	7.46	6.36	-2.54	-2.84	11.03
MISCELLANEOUS GOODS AND SERVICES	22.32	19.76	27.10	27.94	10.54	10.45	10.32	10.00	9.65

Table 16: *Annual Core inflation*

Y-o-Y Inflation	Jun-20	Sep-20	Oct-20	Dec-20	Mar-21	May-21	Jun-21	Sep-21	Oct-21
Headline Inflation	5.14	5.18	5.58	5.67	7.37	7.67	8.05	7.01	7.34
Core 1 Inflation	2.66	2.72	3.53	3.77	7.75	10.47	11.53	9.18	9.37
Core 2 Inflation	2.84	2.88	2.88	4.18	6.33	9.83	10.54	8.99	9.55