CENTRAL BANK OF THE GAMBIA

Monetary Policy Report

February 2022

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 as part of the accountability and transparency obligation in 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 body 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 from outside the Bank 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.

Contents

List of Figures

List of Tables

Executive Summary

The Monetary Policy Committee (MPC) met on February 22 and 23, 2021, and decided on the direction of monetary policy. The meeting was attended by all the members of the Committee.

Pandemic-related adverse developments and rising geopolitical tensions continued to weigh on global output. The IMF revised downwards its global growth forecast by 0.5 percentage points to 4.4 percent in 2022, due to slower-than-expected momentum in both advanced economies and emerging market and developing economies. Policy normalization in advanced economies prompted by persistent price pressures is expected to create tighter financial conditions. Steps towards less accommodative monetary policy stance in these countries would put pressure on emerging market and developing economy currencies. The IMF forecasts global inflation to remain elevated in the near term. However, if medium-term inflation expectations remain well-anchored, higher inflation should fade as supply chain disruptions ease, and demand rebalances away from goods-intensive consumption towards services.

The Gambian economy has shown remarkable resilience since the start of the pandemic. The economy contracted in 2020 but the medium-term outlook is positive. Economic growth is projected to rebound to 4.9 percent in 2021, supported by the anticipated recovery in trade and tourism, stable flow of private remittances and public sector investments. This level of output growth is below the estimated potential, but it is expected to improve in 2022. This is supported by the sentiments of respondents in the Business Sentiment Survey who broadly expressed optimism about the growth prospects of the economy. Although the current account balance deteriorated in 2021 compared to 2020, activity volume in the foreign exchange market was robust, and the dalasi remains stable, benefiting from improved remittance inflows, slight recovery in tourism and official inflows from donor support. The growth outlook for the economy is favorable but subject to significant downside risks given the unpredictable pandemic situation, anticipated rise in interest rates in advanced economies, persistent global supply chain disruptions, geopolitical factors and rising global inflation.

The financial sector has so far weathered the COVID-19 shock. The banking industry is adequately capitalized, highly liquid, and profitable. The risk-weighted capital adequacy ratio stood at 28.2 percent, above the minimum regulatory requirement of 10 percent. The liquid asset to total asset ratio was 59.2 percent, also above the minimum requirement of 30 percent. Non-performing loans of banks stood at 5.2 percent of gross loans as at end-December 2021, a decrease from 6.8 percent reported the same period in 2020.

The MPC maintained the monetary policy rate (MPR) at 10 percent and the required reserve (RR) at 13 percent. The interest rate on the standing deposit facility (SDF) was also kept at 3 percent and the standing lending facility (SLF) at 11 percent. The Committee observed buildup of inflationary pressures during the year but judges it to within tolerable margin given that economic recovery is still fragile. Inflation was largely driven by developments in global food and energy prices, high cost of freight, structural bottlenecks at the port and exchange rate depreciation. Monetary policy is expected to remain expansionary in 2022 to allow the recovery process to continue but the MPC will continue to closely monitor developments and stands ready to act if the price stability objective is significantly threatened.

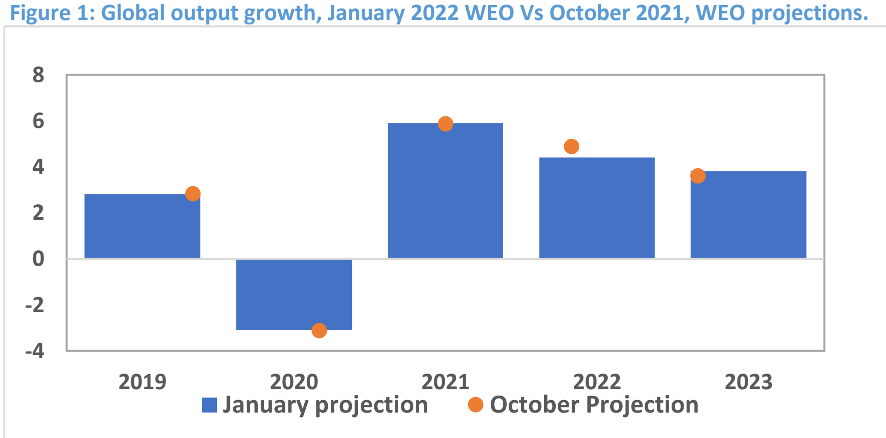
World Economic Outlook

The adverse developments including the outbreak of a new variant of the coronavirus (Omicron), persistent supply disruptions and rising energy prices continued to weigh on global output. The International Monetary Fund (IMF), in its January 2022 World Economic Outlook (WEO) forecast global growth to moderate to 4.4 percent in 2022 (0.5 percentage points lower than the earlier projections). The revision mainly reflects the slower-than-expected momentum in advanced economies, and emerging market and developing economies as the worsening dynamics of the pandemic around the globe continue to weighed on global output.

However, outlook for 2023 appears slightly stronger than previously envisaged although the uncertainty surrounding these prospects remains high. Global growth is projected to moderate to 3.8 percent in 2023 (0.2 percentage points higher than the forecast in October 2021). The revision for the outlook is mainly mechanical. Eventually, the shock dragging 2022 growth will disappear and output in 2023 is projected to grow a little faster than previously anticipated.

Among advanced economies, the projected growth in 2022 has been revised down by 0.6 percentage points to 3.9 percent, highlighting a downward revision in the United States, Canada, the Euro area, and in the UK, due to supply disruptions, anticipated softer external demand and COVID-19 disruptions. On the contrary, the growth projection for this region in 2023 has been revised upward due to an anticipated stronger rebound in all the selected advanced economies. The growth forecast for emerging markets and developing economies has been marked down by 0.3 percentage points to 4.8 percent in 2022. In China, disruption in the housing sector has served as a prelude to a broader slowdown, and in Malaysia and Indonesia, activities have also weakened

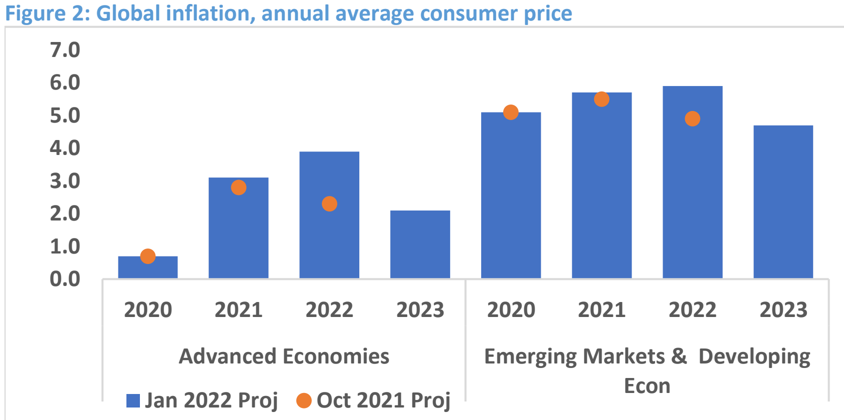
Figure 1: Global output growth, January 2022 WEO Vs October 2021, WEO projections.



leading to a growth markdown in both countries. Similarly, in sub-Saharan Africa, growth is projected to moderate slightly by 0.1 percentage points to 3.7 percent in 2022, partly reflecting markdown in growth prospects in South Africa.

Inflation is expected to remain elevated in 2022, averaging 3.9 percent for advanced economies and 5.9 percent for emerging market and developing economies, before subsiding to 2.1 percent and 4.7 percent, respectively in 2023. In both advanced and emerging markets and developing economies, prices are estimated to have grown faster than anticipated in October 2021. However, if medium-term inflation expectations remain well-anchored and the pandemic eases its grip, higher inflation should fade as supply chain disruptions ease, monetary policy tightens, and demand rebalances away from goods-intensive consumption toward services.

Figure 2: Global inflation, annual average consumer price



Financial conditions are expected to be tighter as central banks in advanced economies move towards policy normalization in response to persisting price pressures. In the United States, for instance, monetary policy is expected to be less accommodative. This will put pressure on emerging market and developing economy currencies. For countries with high foreign currency debt, exchange rate depreciation, and higher imported inflation will lead to challenging monetary and fiscal policy trade-offs. Although fiscal consolidation is anticipated in many emerging markets and developing economies in 2022, high post-pandemic debt burdens will be an ongoing challenge for years to come.

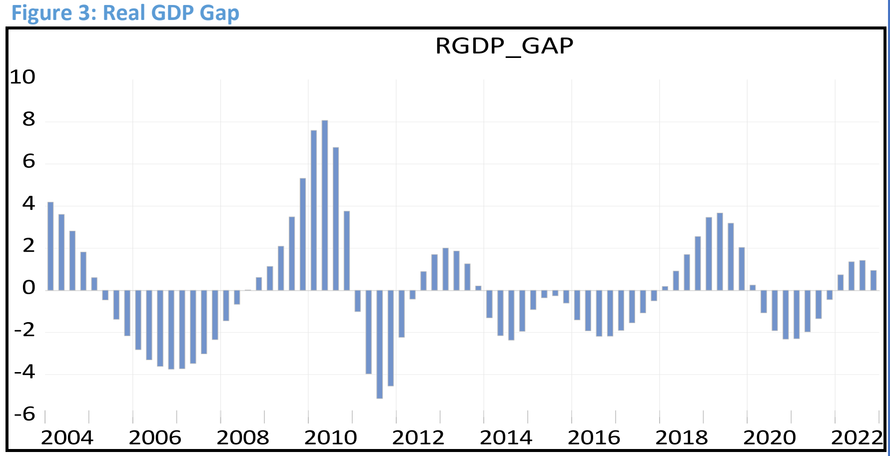
The Domestic Economy

Real Sector

The Gambian economy has shown impressive resilience since the start of the pandemic and the medium-term outlook is positive. The Gambia Bureau of Statistics (GBoS) estimated slight contraction in the economy of 0.2 percent in 2020 due to the COVID-19 pandemic-related negative shocks. The agricultural sector grew by 11.7 percent in 2020, driven by growth in crop production, fishing, and aquaculture. In contrast, the services sector declined by 7.2 percent in 2020, reflecting the negative impact of the pandemic on travel and tourism. The tourism sector contracted in 2020 but showed some sign of recovery in 2021 with improvement in the pandemic situation and gradual relaxation of travel restrictions in most countries. The industrial sector grew by 9.9 percent in 2020, despite the marked contraction in manufacturing activities by 21.2 percent. Some recovery in the economy is anticipated in 2021 with a projected real GDP growth of 4.9 percent, premised largely on recovery in tourism and trade as well as stable inflow of private remittances. Public sector investments are also expected to support growth in 2021 and 2022.

Figure 4: Real Gross Domestic Product (RGDP) growth

Figure 3: Real GDP Gap



The Central Bank's quarterly forecast projected the economy to grow by 6.9 percent in 2022 as the COVID-19 situation improves. The Bank's leading indicators of economic activity, the CIEA, also point to a robust recovery in 2022 with a positive output gap, aided by stronger demand. However, the outlook remains highly uncertain and subject to downside risks due largely to the unpredictable nature of the pandemic. Global factors such as supply chain disruptions, rising commodity prices as well as geopolitical tensions could undermine the recovery of the Gambian economy and heighten domestic inflationary pressures. Domestically, the risks include the effect of unfavourable weather conditions on agriculture and the rising public debt.

Balance of Payments

Stronger domestic demand, higher energy prices and slow recovery in tourism are shaping current account developments. Preliminary balance of payments estimates indicate the current account deficit deteriorated to US$94.08 million (4.6 percent of GDP) in 2021 from US$86.55 million (4.56 percent of GDP) in 2020. While recovery in global growth and gradual unwinding of travel and other pandemic-related restrictions led to some signs of recovery in tourism, stronger domestic demand and rising commodity prices increased imports, leading to a wider current account deficit despite stable remittance inflows. Re-export trade also

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

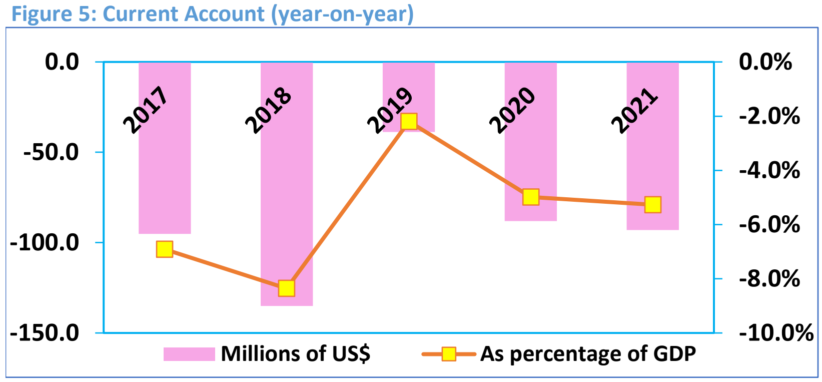
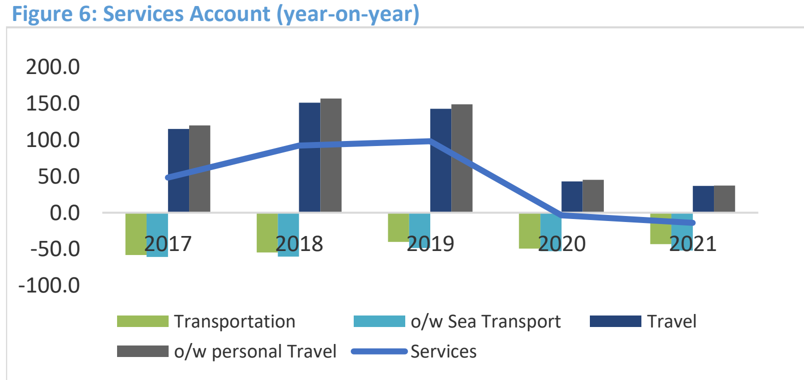


Figure 6: Services Account (year-on-year)

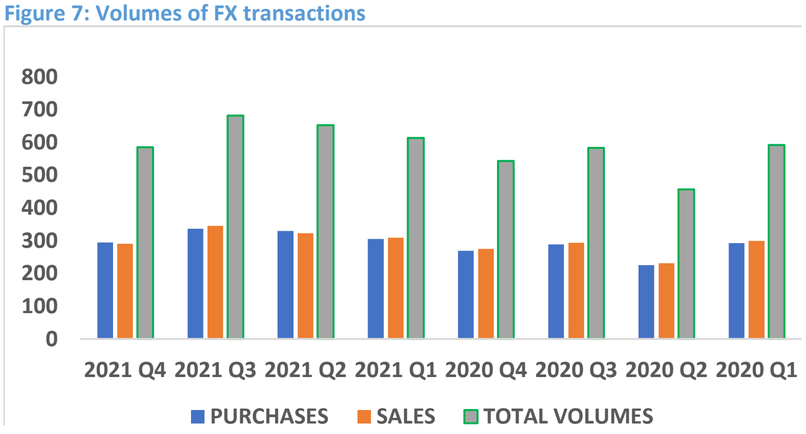


remains subdued due to adverse regional political developments. Moreover, the outbreak of the Omicron variant of the COVID-19 virus at the later part of the year disrupted the recovery in travel and tourism, resulting to the worsening of the deficit in the services account to US$13.91 million in 2021 from US$3.54 million a year ago. Income receipts and current transfers (net) also declined during the year. Current transfers (net) declined by 8.3 percent (year-on-year) to US$417.27 million, due to the fall in workers' remittances (net). The decline in grants to government, FDI and other investments in 2021 contributed to higher deficit of US$88.19 million in the capital and financial account compared to US$0.16 million a year ago. The drop in grant receipts 2021 is mainly due to the base effect given the unprecedented upsurge in pandemic-related assistance to government in 2020 and a delay in grant disbursement by some major donor partners. Despite these developments, the stock of gross official reserves as of January 31, 2022, remain at comfortable level. It stood at US$417.25 million, representing 5.96 months of net import cover.

Exchange Rate Development

In the domestic FX market, activity volumes remain robust. The volume of transactions, which is an aggregate of sales and purchases of foreign currency, grew by 16.6 percent (year-on-year) to US$2.5 billion in 2021. Demand for FX recorded US$1.10 billion, driven mainly by the energy and food imports, telecommunications and construction sectors. The supply of FX was US$1.07 billion supported by the inflows from private remittances, tourism and official inflows from donor support.

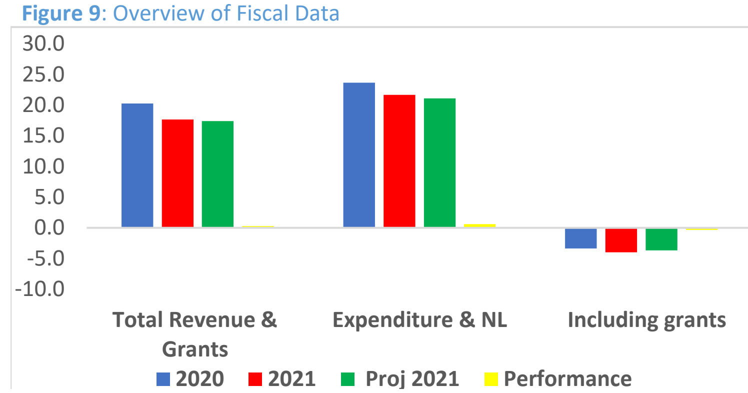
Figure 7: Volumes of FX transactions



The third quarter of 2021 recorded the highest quarterly FX transaction volume in the past two years with US$681.66 million. The exchange rate of the dalasi has been relatively stable. From the third to the fourth quarter of 2021, it appreciated by 0.09 percent against the euro and pound sterling but weakened against the US dollar and CFA franc by 2.03 percent and 0.16 percent, respectively. The US dollar is the most traded currency in the interbank market, followed by the euro and the pound sterling.

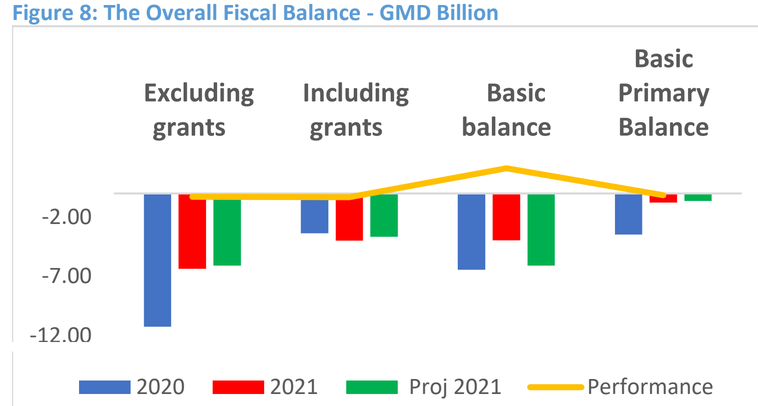
Government Fiscal Operations

Figure 9: Overview of Fiscal Data



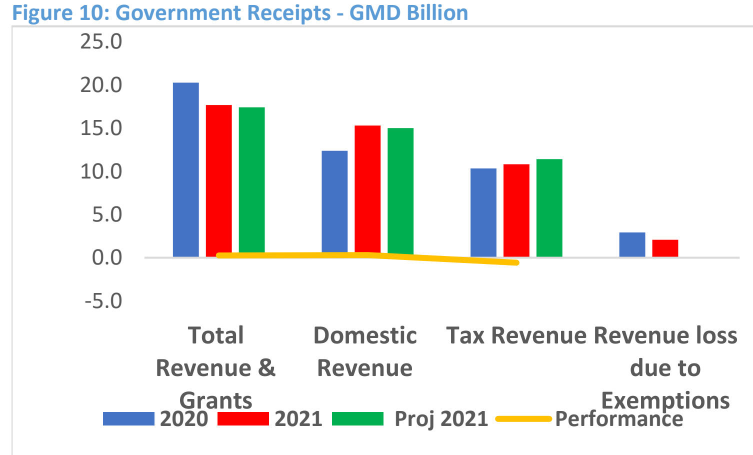
The fiscal position of government worsened in 2021 relative to 2020, despite the increase in tax revenue. Provisional data showed an overall budget deficit (including grants) widen to D4.0 billion (3.8 percent of GDP) compared to D3.4 billion (3.6 percent of GDP) in the corresponding period of 2020. The overall budget deficit (excluding grants) at D6.4 billion was D0.3 billion higher than the amount projected for the year.

Figure 8: The Overall Fiscal Balance - GMD Billion



Total revenue and grants mobilized in 2021 totaled D17.7 billion (16.6 percent of GDP), lower than D20.3 billion (21.5 percent of GDP) registered in 2020. This was more than the projected amount by D0.3 billion. The decline in revenue and grants was largely due to a delay in grant disbursements. Data also shows that the government lost D2.1 billion in

Figure 10: Government Receipts - GMD Billion



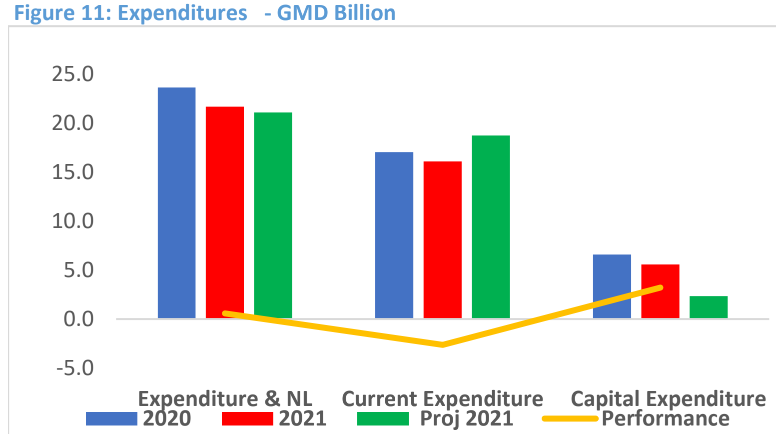
revenue due to tax exemptions in 2021. Tax revenue, on the other hand, was higher in 2021 relative to the previous year but fell short of the outturn projected for the year, attributed to the fall in trade volume and freight cost. Total revenue collected from taxes increased by 4.9 percent (year-on-year) to D10.8 billion (10.2 percent of GDP) in 2021 but lower than the projected outturn by D0.6 billion.

The government's expenditure and net lending declined to D21.6 billion (20.4 percent of GDP) or by 8.3 percent in 2021. Recurrent and capital expenditures declined by 5.5 percent and 15.6 percent, respectively. Capital expenditure accounted for 25.7 percent of total expenditure and net lending.

A larger proportion of the fiscal deficit was financed domestically (55.9 percent) while the remaining 44.1 percent was externally generated. The government's net domestic borrowing increased to D2.7 billion in 2021 compared to D0.1 billion in 2020.

Fiscal impulse, measured as the inverse of the change in primary balance, shows a positive impulse of 1.85 percentage points of GDP. This implies government spending contributes positively to aggregate demand in 2022.

Figure 11: Expenditures - GMD Billion

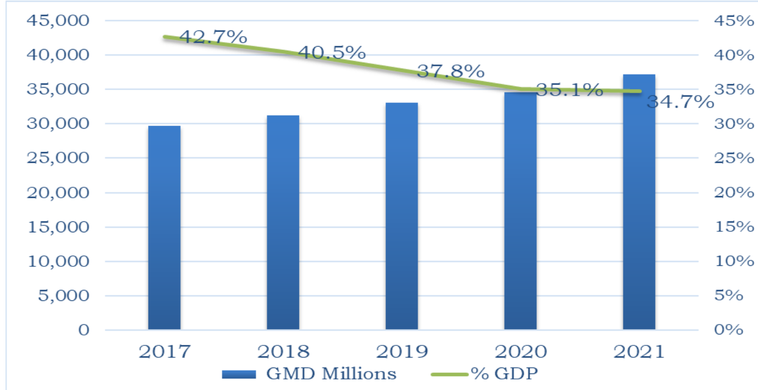


Domestic Debt

The domestic debt stock as at end of December 2021 increased to D37.19 billion from D34.55 billion in 2020 as government increased issuance of longer-term bonds to finance wider fiscal deficit. Government's strategy to reprofile domestic debt structure also led to increased bond issuance. Total bonds issued in 2021 amounted to D4.3 billion compared to D3.11 billion in 2020. On the other hand, issuance of short-term securities (treasury bills with maturity of one year or less) contracted by 2.1 percent from 2020 and the share of short-term debt dropped slightly from 59.3 percent of domestic debt stock in 2020 to 54.0 percent in 2021.

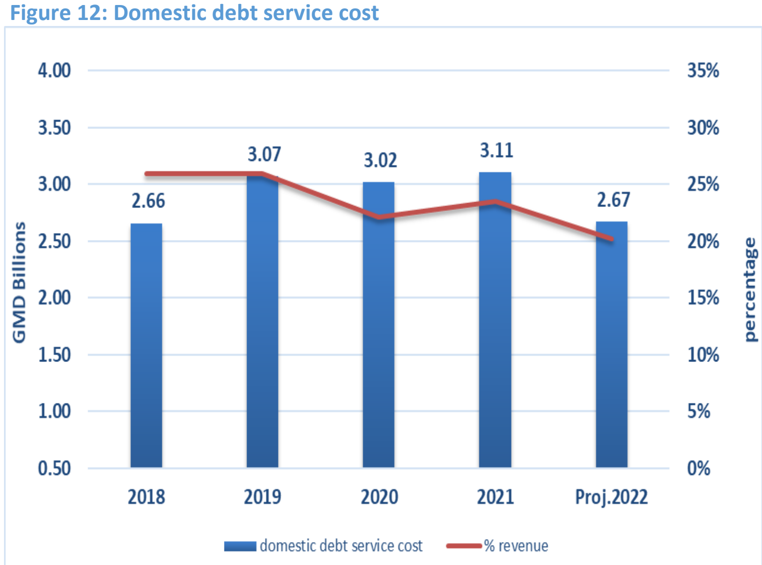
Domestic debt service for 2021 amounted to D3.1 billion (23.5 percent of domestic revenue), higher than D3.0 billion (22.1 percent of domestic revenue) in 2020. Debt service is projected to drop to D2.7 billion in 2022 based on the maturity profile of existing domestic debt stock. Similarly, domestic interest expense in 2021 increased to D2.5 billion but is projected to decline to D2.1 billion in 2022, reflecting the decline in interest rates on government securities and lower demand for short-term securities from the government.

Figure 13: Domestic Debt Stock



Interest rates on all short-dated (one year or less) government securities continue the downward trend. The interest rate on the 91-day treasury bills declined from 3.35 percent in January 2021 to 0.72 percent in December 2021. Yields on the 182 and 364-day treasury bills dropped by 5.22 and 5.34 percentage points, respectively over the same period. The decline in the treasury bills rates is explained by the high level of excess liquidity within the banking system amid accommodative monetary policy stance of the Central Bank and slower government demand.

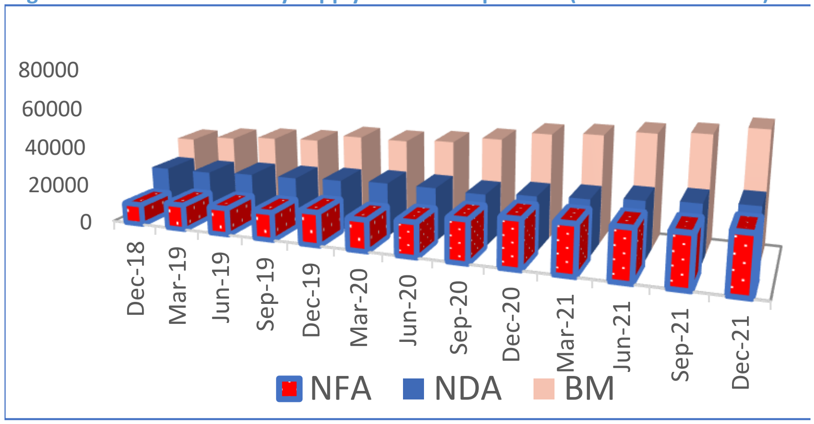
Figure 12: Domestic debt service cost



Improved, yet significant refinancing risk remains as over half of the domestic debt stock matures in a year or less. Despite growth in the magnitude of the debt stock, successes registered in the debt reprofiling strategy, and the historically low interest rate environment created some space for government. To consolidate the gains, commitment to the debt reprofiling strategy and expenditure controls need to be maintained. Both the 2020 and 2021 Debt Sustainability Analysis (DSA) reports classified The Gambia in the 'high risk of overall and external debt distress' category.

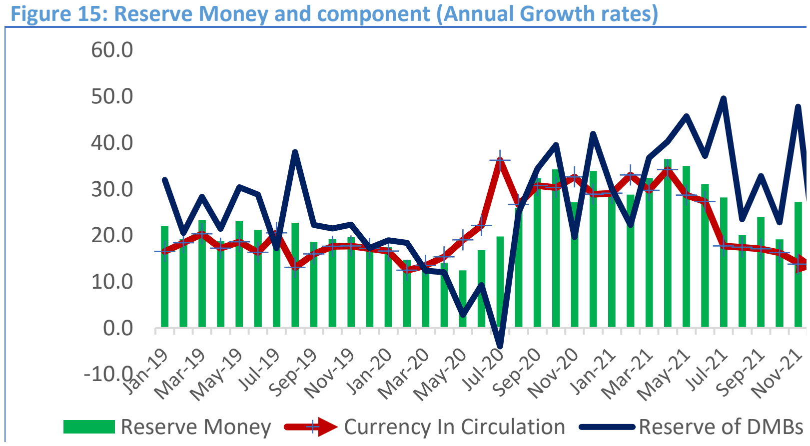
Monetary Aggregates

Figure 14: Sources of money supply and its components (In millions of GMD)



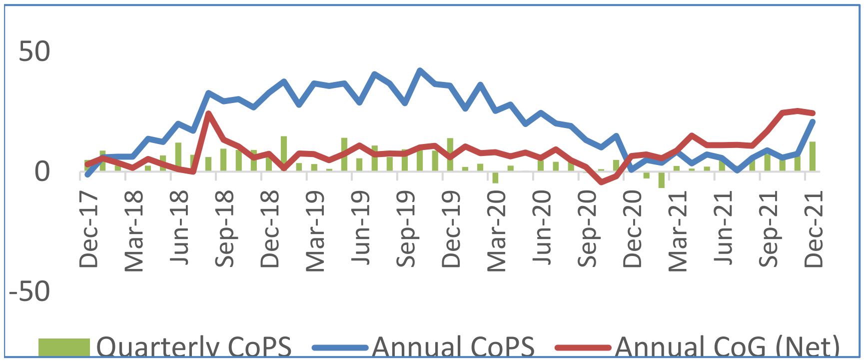
Money supply growth moderated to 19.5 percent at end-December 2021, lower than 22.0 percent reported in 2020. The decline in growth of broad money was driven by a significant decrease in the growth rate of net foreign assets (NFA) of the banking system. In contrast, the NDA of the banking system rose by 20.0 percent, attributed to an increase in government borrowings and expansion in private sector credit. The banking system's net claims on government increased by 24.4 percent in the review period relative to a growth of 6.5 percent a year ago and accounted for 76.5 percent of total domestic credit.

Figure 15: Reserve Money and component (Annual Growth rates)



Private sector credit recovered and grew by 20.7 percent (year-on-year) in 2021 after a pandemic-induced slow growth of 0.8 percent in 2020. The growth is supported by credit to building and construction, financial institutions, energy, and the distributive trade sectors.

Figure 16: Growth in Credit to the Private Sector and Gov't

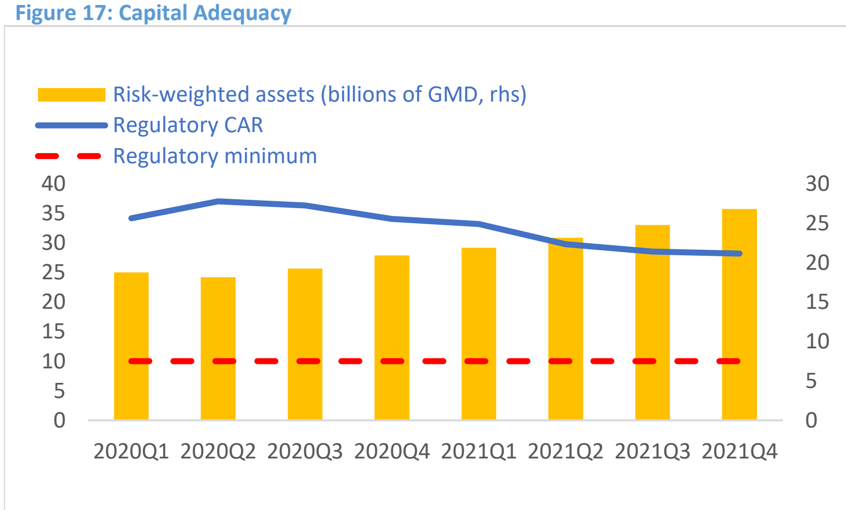


However, the flow of credit to agriculture, transportation, and tourism contracted during the year. Growth in reserve money, the Bank's operating target, decelerated to 13.6 percent at end-December 2021, from 33.9 percent recorded in the corresponding period a year earlier. Quarter–on–quarter, reserve money contracted by 1.3 percent in December 2021 compared to 6.1 percent growth registered in September 2021.

Banking Sector

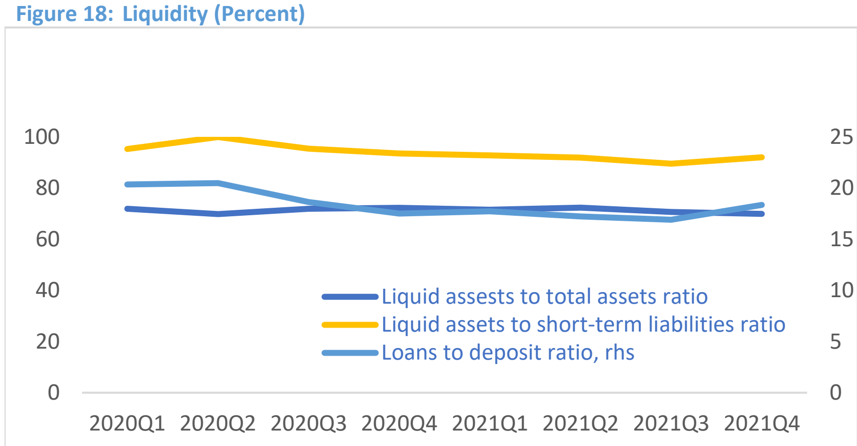
The Gambia's banking sector has remained stable despite the ongoing pandemic. The industry risk-weighted Capital Adequacy Ratio (CAR) as at end-December 2021 stood at 26.6 percent, higher than the regulatory minimum of 10 percent. All banks were within the minimum regulatory capital adequacy requirement. The industry non-performing loans stood at 5.2 percent of gross loans as at end-December 2021, maintaining the single-digit best practice. Similarly, earnings

Figure 17: Capital Adequacy



performance continues to improve with both the Return on Assets (ROA) and Return on Equity (ROE) increasing to 1.9 percent and 17.5 percent as at end-December 2021 from 1.7 percent and 15.4 percent, respectively at end-September 2021. The liquidity ratio for the industry was at 92.0 percent, above the 30 percent statutory benchmark. The exposure of capital and reserves of banks from foreign exchange activities is minimal as the net open position as at year-end 2021 was at 0.37 percent, slightly up from a long position of 0.02 percent in the previous quarter but within the regulatory benchmark.

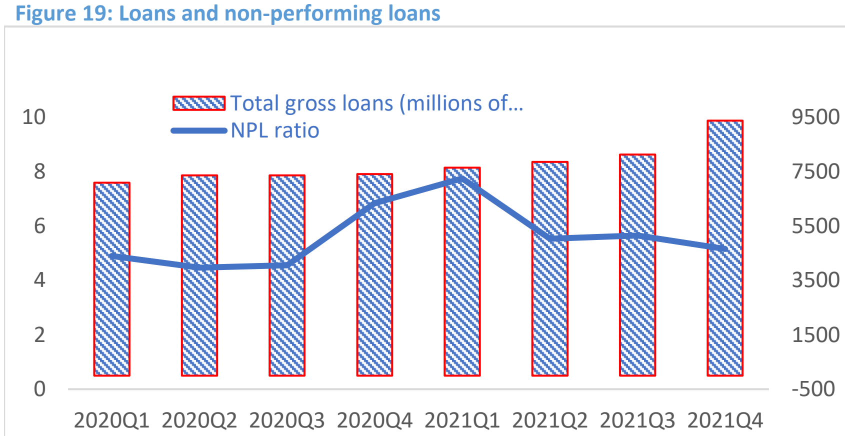
Figure 18: Liquidity (Percent)



The asset base of banks expanded by 8.2 percent (year-on-year) to D73.06 billion as at end-December 2021, reflecting growth in balances due from other banks, government sector investment, private sector loans and advances, and fixed assets. Treasury bills investments accounted for 23.1 percent of the industry's total assets, while loans and advances accounted for 12.8 percent.

Gross loans and advances stood at D9.4 billion as at end-December 2021, an increase of 15.4 percent relative to the previous quarter. Loan to deposit ratio increased to 18.4 percent from16.9 percent in the previous quarter, and at 17.5 percent at end-December 2020. Building and

Figure 19: Loans and non-performing loans



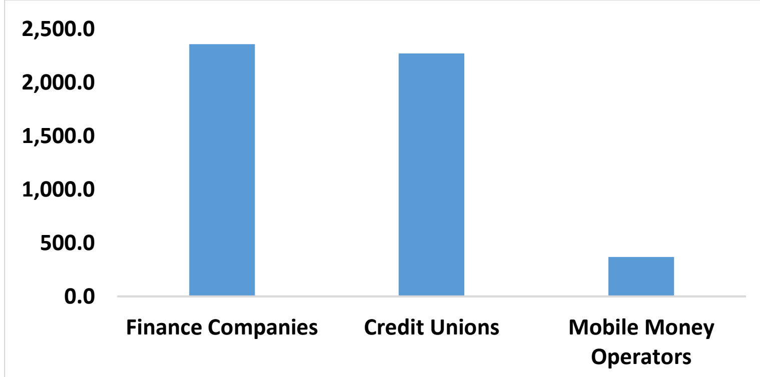
construction sector continues to attract the bulk of commercial bank loans, constituting 33 percent of the industry's total loans portfolio. Consequently, it also accounted for 51 percent of total problem loans as at end-December 2021. This is followed by distributive trade, and other commercial loans and advances, in that other. Credit to tourism, agriculture, transportation, manufacturing, and fishing sectors remain low.

Customer deposits totaled D51.01 billion (69.8 percent of total liabilities) as at end-December 2021and remain the main source of funding for commercial banks in The Gambia. It increased by 4.23 percent during the quarter, benefiting from government spending, remittance inflows and aggressive deposit mobilization by banks. Short-term demand deposits continued to form the largest share of total deposits, accounting for 46.2 percent, followed closely by savings deposits at 43.4 percent and time deposits at 9.0 percent.

Non-Bank Financial Sector

The non-bank financial sector continues to play a pivotal role in extending financial services to the low-income segment of the population. The three Finance Companies (FCs) are the largest players in the non-bank sector. All FCs met the minimum capital requirement of D50 million. NPL ratio stood at 7 percent at end-December 2021. Profitability remains low with a marginal increase in the return on assets (ROA) to 0.54 percent.

Figure 20: Asset base of NBFIs (millions of GMD)



Total assets of FCs stood at D2.39 billion at end-December 2021, a 1 percent increase from end-September 2021 and 19 percent from end-December 2020. The expansion was largely driven by gross loans, cash and bank balances. The industry deposits increased to D1.7 billion at end-December 2021 or by 0.2 percent from end-September 2021 and by 18 percent from a year ago. Gross loans expanded by 16 percent (quarter-on-quarter) and 76 percent (year-on-year) to D615.0 million at end-December 2021.

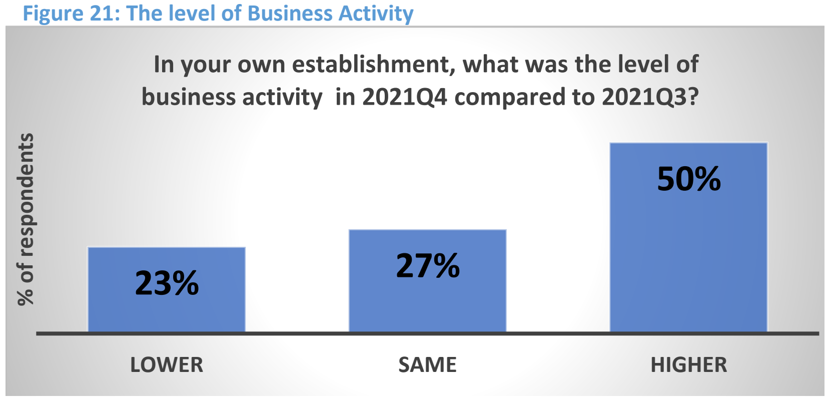
From September to December 2021, the asset base of Credit Unions (CUs) expanded by 5 percent to D 2.4 billion. Year-on-year, total assets increased by 13 percent. The level of deposits increased to D1.9 billion at end-December 2021 from D1.8 billion at end-September 2021. Gross loans also increased by 1 percent to D1.92 billion at end-December 2021 from end-September 2021. Year-on-year, it improved by 25 percent.

Business Sentiment Survey

The Central Bank's Business Sentiment Survey revealed higher quarterly improvement in the overall business activity in the fourth quarter of 2021 with higher capital expenditures, sales, and profitability. Respondents are optimistic about the overall business activity in the first quarter of 2022 compared to the fourth quarter of 2021, premised on continued rise in sales and profitability.

Most businesses surveyed are optimistic about the growth prospects of the Gambian economy, especially in the manufacturing, financial and trade sectors. However, inflation expectations are high. Most firms surveyed expect higher price levels and a depreciated exchange rate in the first quarter of 2022 compared to the fourth quarter of 2021. Bank lending rates are expected to remain the same. Furthermore, participants projected that higher taxes, high cost of financing, COVID-19 situation and supply chain disruptions will constrain the expansion of their businesses over the next 12 months. Overall, most of the respondents were satisfied with the way CBG sets short-term interest rates to control inflation.

Figure 21: The level of Business Activity



Inflation

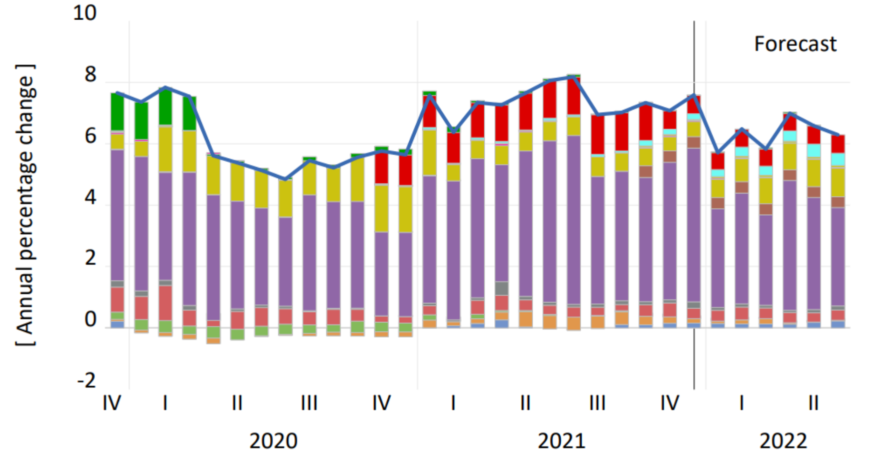
Higher global energy and commodity prices, higher cost of freight, supply constraints and slight exchange rate depreciation shaped the developments in domestic inflation. Headline inflation increased to 7.6 percent in December 2021 from 7.1 percent in November 2021 and 5.7 percent in December 2020. The acceleration was mainly attributed to the increase in prices of most of the items in the food basket, specifically bread and cereals and sugar, jam, honey and sweets. Within the non-food category, notable price increases were in electricity, gas, and other fuels, reflecting developments in global energy prices.

Figure 22: Headline Consumer Price Index

Food inflation increased to 10.18 percent in December 2021 from 9.16 percent in September 2021 while non-food inflation increased to 4.9 percent in December 2021 relative to 4.8 percent in September 2021. The underlying inflation is also increasing with the Bank's core measures of inflation both rising. The Bank's Core1 measure of inflation, which excludes prices of volatile energy products from the headline inflation increased to 9.5 percent in December 2021 from 9.2 percent in September 2021. Core 2 inflation, which further excludes prices of volatile energy and food products from the headline inflation moderated to 8.5 percent at end-December 2021 from 9.0 percent at end-September 2021.

The near-term forecast for the fourth quarter suggests accelerating inflationary pressures, driven by seasonal holiday hike in prices. However, pressures are expected to ease in the first quarter 2022, with the seasonally adjusted headline inflation being forecast at 5.9 percent.

Figure 23: Contributions to Consumer price index



Key risks to inflation outlook arise from the supply side, including rising crude oil prices, persistent global inflation, and rise in imported food prices.

Decision

Based on the above analysis, especially inflation developments and the fragile, economic growth, the MPC left its policy stands unchanged. The Committee decided to keep the policy rate unchanged at 10.0 percent. The Committee also decided to maintain the required reserve (RR), the interest rate on the standing deposit facility, and the standing lending facility at 13 percent, 3.0 percent, and 11.0 percent, respectively.

Next MPC Meeting

The next Monetary Policy Committee (MPC) meeting is scheduled for Wednesday, May 25th, 2022. The meeting will be followed by the announcement of the policy decision on Thursday, May 26th, 2022.

APPENDIX

Table 1: Overview of the World Economic Outlook Projections

	Year over Year						
		Estimate	Projections			Difference from October 2021 WEO Projections	
	2020	2021	2022	2023		2022	2023
World Output	-3.1	5.90	4.4	3.80		-0.5	0.20
Advanced Economies	-4.5	5.00	3.9	2.60		-0.6	0.40
United States	-3.4	5.60	4	2.60		-1.2	0.40
Euro Area	-6.4	5.20	3.9	2.50		-0.4	0.50
United Kingdom	-9.4	7.20	4.7	2.30		-0.3	0.40
Emerging Market and Developing Economies	-2.0	6.50	4.8	4.70		-0.3	0.10
World Trade Volume (goods and services) 6/	-8.2	9.30	6	4.90		-0.7	0.40
Advanced Economies	-9.0	8.30	6.2	4.60		-0.7	0.60
Emerging Market and Developing Economies	-6.7	11.10	5.7	5.40		-0.7	0.00
Consumer Prices							
Advanced Economies 8/	0.70	3.10	3.9	2.10		1.6	0.20
Emerging Market and Developing Economies 9/	5.10	5.70	5.9	4.70		1	0.40

***Source**: IMF, World Economic Outlook, January 2021 updates*

Table 2: Summary of current account balance

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
C/ Account	2.24	-24.54	-15.59	-0.95	-38.55	-41.17	-7.56	0.72	-5.10	-3.15	-17.22	-68.61
Goods	-90.32	-104.13	-91.06	-92.51	-155.13	-122.38	-126.44	-107.81	-126.24	-134.42	-139.29	-175.75
Services	40.22	14.64	11.96	31.38	12.99	-10.85	-6.52	0.84	-1.17	-3.79	-2.64	-7.48
Income	-4.57	-3.37	-6.50	-3.15	-8.12	-3.85	-7.16	-7.12	-7.58	-19.36	-11.75	-11.77
C/Transfers	56.91	68.33	70.00	63.33	111.71	95.91	132.56	114.81	129.89	154.42	136.46	126.39

Table 3: Summary of goods account balance

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Goods	-90.32	-104.13	-91.06	-92.51	-155.13	-122.38	-126.44	-107.81	-126.24	-134.42	-139.29	-175.75
Exports (FOB)	37.10	43.97	38.82	34.57	54.25	3.69	7.59	4.52	13.56	7.03	6.68	4.39
Imports (FOB)	-127.42	-148.09	-129.88	-127.08	-209.38	-126.08	-134.03	-112.32	-139.80	-141.45	-145.97	-180.14

Table 4: Summary of services account balance

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Services	40.22	14.64	11.96	31.38	12.99	-10.85	-6.52	0.84	-1.17	-3.79	-2.64	-7.48
Transportation	-10.84	-11.62	-10.04	-7.74	-21.10	-12.59	-8.71	-7.08	-8.88	-11.00	-12.87	-19.20
o/w Sea Transport	-13.53	-13.54	-11.92	-9.58	-22.92	-11.98	-9.83	-8.16	-10.53	-12.59	-14.45	-24.98
Travel	51.89	27.99	22.73	40.03	36.29	-0.28	0.53	6.55	8.44	8.64	12.41	15.67
o/w personal Travel	53.46	29.69	24.26	41.67	37.94	-0.28	0.73	6.84	8.84	9.09	12.41	15.67

Table 5: Summary of capital and financial account balance

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Capital & Financial Acc	33.06	-3.70	35.28	3.34	16.59	-34.17	20.31	-2.89	-26.86	-35.94	83.98	-109.37
Capital Account	19.28	13.26	19.54	17.30	8.60	32.47	30.91	23.17	3.29	11.88	5.31	1.68
Financial Account	13.78	-16.96	15.74	-13.96	7.99	-66.63	-10.60	-26.07	-30.15	-47.81	78.66	-111.05
o/w Direct Investment	-20.05	-22.08	-15.11	-17.75	-24.40	-65.49	-49.21	-53.96	-60.39	-70.32	-64.54	-56.68
o/w Other Investment	-5.55	2.75	21.05	-20.24	28.17	-38.57	-11.48	-8.52	-6.69	-2.87	29.33	-67.72
o/w Change in Reserve Assets	39.38	2.37	9.80	24.03	4.22	37.43	50.09	36.42	36.93	25.38	113.87	13.35

Table 6: Inter-bank Transactions Volumes (in US 'millions)

	QUARTERLY US$		
	PURCHASES	SALES	TOTAL VOLUMES
2021 Q4	294.61	290.26	584.87
2021 Q3	336.6	345.06	681.66
2021 Q2	329.23	322.38	651.61
2021 Q1	304.58	308.44	613.01
2020 Q4	268.77	274.49	543.26
2020 Q3	288.22	293.01	583.22
2020 Q2	225.25	231.19	456.44
2020 Q1	292.7	298.8	591.49

Table 7: Exchange rate movements from Q4 of 2020 to Q4 of 2021.

Period	USD	EUR	GBP	XOF (5000)
2021 Q4	52.28	60.59	70.26	454.48
2021 Q3	51.24	60.64	70.32	453.79
2021 Q2	51.09	61.32	70.49	453.13
2021 Q1	51.4	61.69	68.78	439.56
2020 Q4	51.79	60.62	67.04	433.97

Table 8: Remittance volume for the period 2020 to 2021

Period	Inflows (in millions of US$)	Inflows (in millions of US$)
	2021	2020
Q1 -	190.24	91.64
Q2-	213.49	159.4
Q3-	194.73	169.96
Q4-	178.21	168.81

Table 9: The Overall Budget Balance

	GMD' million		% of GDP		Y-o-Y %		
Overall balance	2020	2021	2020	2021		Proj 2021	Performance
Excluding grants	-11277.1	-6362.2	-12.0	-6.0	-43.6	-6087.4	-274.8
Including grants	-3369.6	-3989.2	-3.6	-3.8	18.4	-3673.4	-315.7
Basic balance	-6439.6	-3959.0	-6.8	-3.7	-38.5	-6087.4	2128.4
Primary Balance	-3472.7	-779.3	-3.7	-0.7	-77.6	-632.2	-147.1
CBG Financing	-881.8	1083.3	-0.9	1.0	-222.8		

Source: MOFEA & ERD CALCULATION

Table 10: Revenue and Grants

	GMD' million		% of GDP		Y-o-Y % Δ	Proj 2021	Performance
RECEIPTS	2020	2021	2020	2021			
Total Revenue & Grants	20,266.2	17,683.1	21.5	16.6	-12.7	17,418.7	264.4
Domestic Revenue	12,358.7	15,310.1	13.1	14.4	23.9	15,004.7	305.4
Tax Revenue	10,325.6	10,832.9	11.0	10.2	4.9	11,405.9	-573.0
Direct Tax	2,803.4	3,254.0	3.0	3.1	16.1	2,785.8	468.2
Personal	942.8	1,093.3	1.0	1.0	16.0	1,026.1	67.2
Corporate	1,713.4	1,922.1	1.8	1.8	12.2	1,611.8	310.3
Indirect Tax	7,522.3	7,578.9	8.0	7.1	0.8	8,620.1	-1,041.2
Domestic Tax on gds & svs	2,453.5	2,378.8	2.6	2.2	-3.0	2,726.8	-348.0
Tax on Int'l. Trade	5,068.8	5,200.1	5.4	4.9	2.6	5,893.3	-693.2
Duty	2,588.1	2,802.9	2.7	2.6	8.3	2,960.6	-157.6
Sales tax on imports	2,480.7	2,397.1	2.6	2.3	-3.4	2,932.7	-535.5
Non-tax Revenue	2,033.0	4,477.1	2.2	4.2	120.2	3,598.8	878.4
Grants	7,907.5	2,373.1	8.4	2.2	-70.0	2,414.0	-40.9
Program	5,284.0	1,407.2	5.6	1.3	-73.4	0.0	1,407.2
Projects	2,623.5	965.8	2.8	0.9	-63.2	0.0	965.8
Revenue loss due to Exemptions	2,920.2	2,062.1	3.1	1.9	-29.4		

Table 11: Total Expenditure and Net Lending

PAYMENTS	GMD' million		% of GDP		Y-o-Y % Δ		
	2020	2021	2020	2021		Proj 2021	Performance
Expenditure & NL	23635.7	21672.3	25.1	20.4	-8.3	21092.1	580.2
Current Expenditure	17035.7	16098.3	18.1	15.2	-5.5	18733.0	-2634.8
Personnel Emoluments	4055.3	4573.2	4.3	4.3	12.8	4977.6	-404.4
Other Charges	10013.5	8345.3	10.6	7.9	-16.7	8300.2	45.1
Interest Payments	2966.9	3179.8	3.1	3.0	7.2	5455.3	-2275.5
External	548.0	709.3	0.6	0.7	29.4	3043.1	-2333.8
Domestic	2418.9	2470.5	2.6	2.3	2.1	2412.1	58.3
Capital Expenditure	6600.0	5574.0	7.0	5.2	-15.5	2359.1	3214.9
Externally Financed	4837.5	2403.2	5.1	2.3	-50.3		
Loans	2214.0	1437.4	2.3	1.4	-35.1		
Grants	2623.5	965.8	2.8	0.9	-63.2		
GLF Capital	1762.5	3170.8	1.9	3.0	79.9		
Net Lending	0.0	0.0	0.0	0.0			

Table 12: Summary of Monetary Developments

Key Monetary Aggregates									
Variable	Level (Millions)		Annual % changes					Quarterly % Changes	
	Q4, 2020	Q4, 2021	20-Dec	21-mar	21-Jun	21-Sept	21-Dec	21-Sept	21-Dec
NFA (Banking Sector)	24329.54	28953	45	57.6	48.9	22.5	19	1.5	10.9
NDA (Banking Sector)	27958.35	33541	7.2	7.2	13.8	21.7	20	4.1	4.4
BROAD MONEY	52287.89	62494	22	25.7	27.5	22.1	19.5	2.9	7.3
Narrow Money	29140.61	35073	20.4	27.2	27.3	23.7	20.4	1.9	9.2
Quasi-money	23147.28	27421	23.9	23.8	27.8	20.2	18.5	4.1	4.9
Claims on Gov`t, net	25416.9	31610	6.5	8.8	11	17	24.4	3.2	11
Claims on Public Entities	67.81	280.54	-25.4	-28.2	-4.2	183.8	313.7	73.5	66
Claims on Private Sector	7792.11	9408.4	0.8	8.4	5.7	8.9	20.7	2.5	12.6
Reserve Money	18594.82	21124	33.9	32.4	31.1	24	13.6	6.1	-1.3

Source: CBG staff estimates

Table 13: Key Financial Indicators for FCs

	Dec. 20	21-Mar	21-Jun	Sept. 21	Dec. 21	Prudential Requirement
CAR	32%	34%	34%	30%	29%	20%
NPL	11%	10%	11%	8%	7%	5%
RoA	0.88%	0.68%	0.36%	0.33%	0.54%	1%
RoE	6%	4%	2%	2%	3%	-
OSS	122%	124%	112%	111%	117%	120%
LR	57%	53%	60%	80%	77%	30%

Table 14: Food Price Development (Annual Percentage Change)

Y-O-Y INFLATION	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Food	7.70	7.78	5.77	6.55	7.04	10.38	11.21	9.16	10.18
Bread & Cereals	8.30	12.05	9.43	8.16	7.02	8.06	8.04	7.39	8.22
Meat	6.95	9.41	3.06	1.50	5.17	6.45	18.56	20.18	16.09
Fish	10.53	14.59	15.12	18.66	25.72	24.01	18.09	12.34	4.73
Milk, Cheese and Eggs	6.83	3.89	-0.11	0.97	0.95	5.50	8.57	6.27	5.73
Oils and fats	6.90	17.85	18.08	10.76	10.83	32.84	31.65	37.73	36.21
Fruits & nuts	9.53	5.90	10.45	8.14	6.63	12.94	5.22	4.62	4.14
Vegetables, root crops & tubers	9.09	-1.49	-4.70	4.00	2.17	-0.07	1.24	-6.43	2.49
Sugar, jam, honey & sweets	3.94	-0.78	0.71	-0.86	-1.42	6.99	3.00	4.77	10.76
Other food products n.e.c	6.68	3.49	-0.19	0.97	-0.79	0.02	8.05	4.26	11.91

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

Y-O-Y NON-FOOD INFLATION	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
NON-FOOD PRODUCTS AND SERVICES	7.73	7.56	4.20	3.69	4.40	4.41	4.85	4.75	4.88
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	3.50	-4.46	1.66	2.88	2.85	10.60	10.19	8.44	26.46
CLOTHING & FOOTWEAR	6.88	4.26	5.29	4.39	3.75	5.87	3.93	3.07	3.90
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	5.98	5.57	3.75	2.78	1.91	3.97	4.33	5.12	7.25
FURNISHINGS, HOUSEHOLD EQUIPMENT, ETC	4.11	4.96	5.80	4.70	7.33	4.54	1.95	2.16	-0.91
HEALTH	1.46	0.30	0.12	0.05	0.07	1.25	0.99	0.90	33.25
TRANSPORT	1.15	2.97	0.31	2.56	5.11	5.03	11.29	10.72	6.22
COMMUNICATIONS	60.99	55.74	-2.39	-3.00	-4.64	-0.76	-1.15	-0.10	1.31
RECREATION AND CULTURE	3.09	-2.08	-3.97	-2.94	-1.87	2.01	2.97	3.82	3.43
Education	1.03	1.03	0.72	0.13	85.35	85.35	85.35	85.35	25.33
HOTELS, CAFES AND RESTAURANTS	8.18	5.88	4.59	10.22	10.29	7.46	6.36	-2.84	9.70
MISCELLANEOUS GOODS AND SERVICES	7.86	24.20	22.32	19.76	27.94	10.54	10.45	10.00	7.48

Table 16: Annual Core inflation

Y-o-Y Inflation	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Headline Inflation	7.68	7.59	5.14	5.18	5.67	7.37	8.05	7.01	7.60
Core 1 Inflation	8.93	8.66	2.66	2.72	3.77	7.75	11.53	9.18	9.52
Core 2 Inflation	8.80	8.76	2.84	2.88	4.18	6.33	10.54	8.99	8.51