CENTRAL BANK OF THE GAMBIA

Monetary Policy Report

May 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 report is published at most two weeks after every MPC meeting. The objective is to keep the public informed of the decision-making process in fulfilment of the Bank's reporting obligation and to improve 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 direction 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 May 26 and 27, 2021 and decided to maintain the monetary policy rate at 10.0 percent. The meeting was attended by all the members of the Committee.

In its latest World Economic Outlook (WEO) report, the International Monetary Fund (IMF) forecast global growth at 6.0 percent in 2021 after an estimated contraction of 3.3 percent in 2020 predicated on additional policy support particularly in advanced economies and a successful vaccination program across the globe. Global financial conditions remained ease reflecting the extraordinary policy measures embraced by economies in response to the pandemic through interest rate cuts and asset purchases programs. In 2022, global economy is projected to moderate to 4.4 percent.

Consistent with subdued demand, global inflation on average is estimated to have subdued in 2020 (3.2 percent) compared to 3.5 percent in 2019. While price items such as medical supplies increased and commodity prices lifted from their April level, the effects of weak aggregate demand appear to have outweighed the impact of supply interruptions. In 2021 inflation is projected to increase slightly but expected to remain below its pre-pandemic level.

On the domestic front, the economy is projected to recover in 2021 premised on a return to normalcy and recovery of the global economy. The Gambian Bureau of Statistics (GBoS) estimated a contraction of domestic output by 0.2 percent in 2020 compared to the robust growth of 6.2 percent in 2019 on account of the COVID-19 impact. The Central Bank of The Gambia (CBG) high-frequency indicators point to a rebound in domestic economic activities in 2021 with a baseline forecast of 4.1 percent. Similarly, the IMF estimated growth to rebound to 4.9 percent in 2021.

The gradual recovery in tourism, the strong inflow of remittances, and a sharp decline in imports improved the current account position in the first quarter of 2021 relative to the corresponding quarter in 2020. The goods accounts deficit narrowed during the review period while the services balance surplus worsened.

Despite an excess FX demand during the period under review, supply conditions remain robust as the domestic FX market continues to meet the FX liquidity needs of the market without much pressure on the domestic currency. As a result, the dalasi depreciated modestly against major traded currencies while appreciating against the US dollar.

Preliminary data on Government fiscal operations for the first quarter of 2021 showed a deterioration in the fiscal position of the government. The widening of the deficit is partly due to the shortfall in revenue mobilization.

The banking industry remains fundamentally sound and stable, moderately profitable with a fair level of capital and high liquidity despite the adverse effect of the pandemic. The industry remains highly liquid above the prudential requirement. The ratio of non-performing loans to total loans however, increased during the review period.

The Non-Bank financial sector continues to play a pivotal role in extending financial services to the majority of the unbanked or under-banked segment of the population. Mobile financial services are also making inroad in expanding access to financial services and this phenomenon has contributed to the rapid expansion of the digital financial space. As a result, total assets and deposits of the finance companies increased significantly as well as Loans disbursed during the review period.

The stock of domestic debt remains high, and its servicing continues to consume a significant amount of domestic revenue. Furthermore, with more than 50.0 percent of outstanding domestic debt stock in short-term, presents some level of refinancing risk and a burden of debt servicing cost. The surge in domestic debt stock is occasioned by the issuance of Treasury bills and 3-year government bonds to finance government fiscal operations.

Money supply growth accelerated and was supported mainly by the increase in net foreign assets (NFA) and net domestic assets (NDA) of the banking system. Private and public sector credit is gradually picking up as the economy recovers. Reserve money growth also accelerated in line with expectations, however, within target.

Consumer price inflation decelerated in April 2021 relative to its record in March 2021 on account of a deceleration in food prices during the review period. The outlook in the near-term however, points to a buildup of Inflationary pressures due to the anticipated rebound in domestic demand and given the rising global oil and food prices.

In conclusion, the near-term outlook for The Gambian economy remains positive, predicated on the developments surrounding the effectiveness of the roll-out of vaccines and prudent macroeconomic policies. However, there are uncertainties surrounding the outlook, given the persistence nature of the COVID-19 variant virus.

Based on the above developments, the Committee judged the current monetary policy stance to be appropriate and decided to maintain the Monetary Policy Rate at 10.0 percent. All other rates (required reserve, interest rates on the standing deposit facility and standing lending facility) were maintained at 13 percent, 3.0 percent, and 11.0 percent respectively.

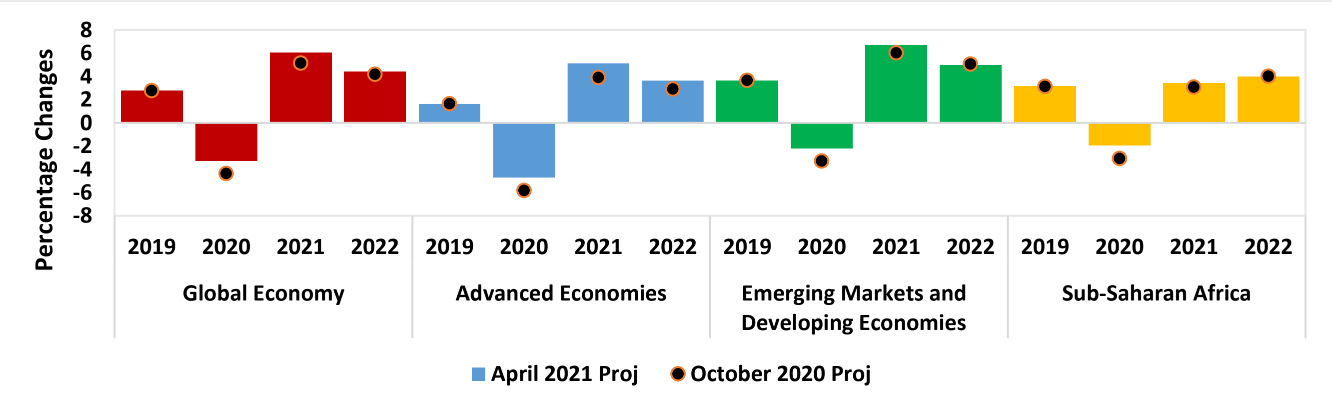
The next Monetary Policy Committee meeting is scheduled on Wednesday, August 25, 2021. The meeting will be followed by the announcement of the policy decision on Thursday, August 26, 2021.

World Economic Outlook

The Global economy is expected to recover in 2021 and 2022 following a contraction in 2020 due to the impact of COVID-19. Additional policy measures, vaccine availability and easing financial conditions is expected to support growth. Global Inflation on average is projected to remain subdued though it has edged up in certain regions due to supply disruptions and a rise in food prices.

The Global economy contracted in 2020 due to the impact of COVID-19 on various economies. The International Monetary Fund (IMF), according to the April 2021 World Economic Outlook (WEO), estimated global output to have contracted by 3.3 percent in 2020, 1.1 percentage points higher than October 2020 WEO forecast. The revision reflects a stronger-than-expected momentum in the second half of 2020. The outlook in the near term also looks stronger than previously envisaged, although, the uncertainty surrounding the prospect remains high. Growth is projected at 6.0 percent in 2021 before moderating to 4.4 percent in 2022. This reflects the influence of additional policy supports particularly in advanced economies and vaccine availability.

Figure 1: *Global Output Growth, April 2021 Vs October 2020 WEO Projections*



Source*: IMF, World Economic Outlook, April 2021, CBG staff calculations*

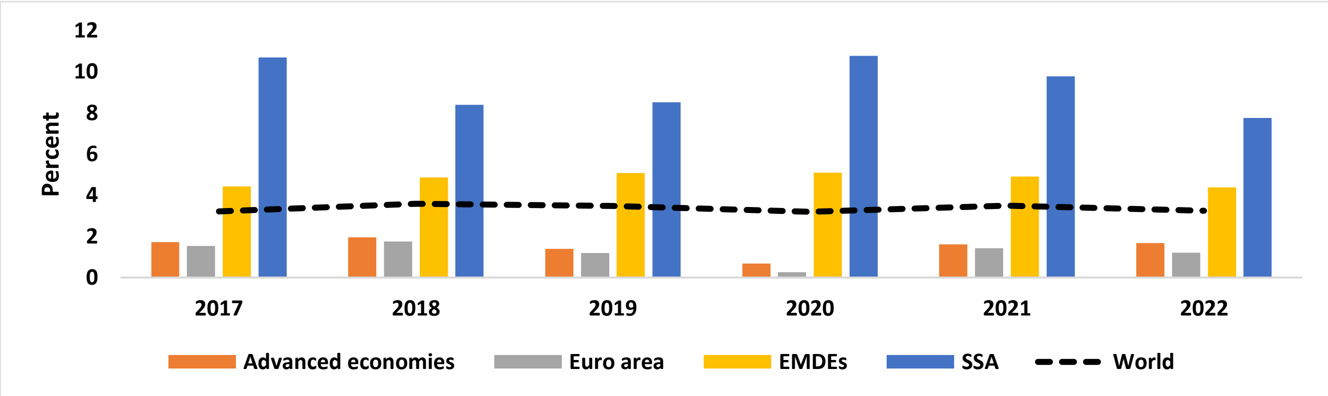
In advanced economies, strong policy support as highlighted above mitigated the impact of the pandemic. The projected contraction in 2020 for this region has been revised down by 1.1 percentage points relative to the forecast in October 2020. Similarly, the projected performance in 2021 and 2022 was revised upward to 5.1 percent and 3.6 percent, respectively See *Figure 1*.

Similarly, emerging markets and developing economies are estimated to have contracted in 2020 by 2.2 percent. In 2021 the region is projected to recover by 0.6 percentage points higher than the forecast in October last year (See *Figure 1*). The revisions reflect the effective containment measures and investment responses in some countries and a stronger-than-expected recovery in 2020 after lockdowns were eased. In sub-Saharan Africa, growth is expected to strengthened to 3.4 percent in 2021 from a contraction of 1.9 percent in 2020. Growth will further pick up to 4.0 percent in 2022.

Mirroring the extraordinary policy measures in response to the pandemic, global financial conditions have generally eased which supported the global economy by preventing further amplification of the COVID-19 shock through the financial system. Except for China, low-interest rates and high cooperate valuation contributed significantly to the downward trend of the financial condition index since March 2020.

Consistent with the subdued global demand, average global inflation in 2020 is estimated to have subdued to 3.2 percent compared to 3.5 percent in 2019. While prices of such items as medical supplies increased and commodity prices lifted from their April level, the effects of weak aggregate demand appeared to have outweighed the impact of supply interruptions. In 2021, average inflation globally is projected to pick up marginally, but expected to remain below its pre-pandemic level.

Figure 2: *Global Inflation, Annual Average Consumer Price*



Source*: IMF WEO Database, April 2021*

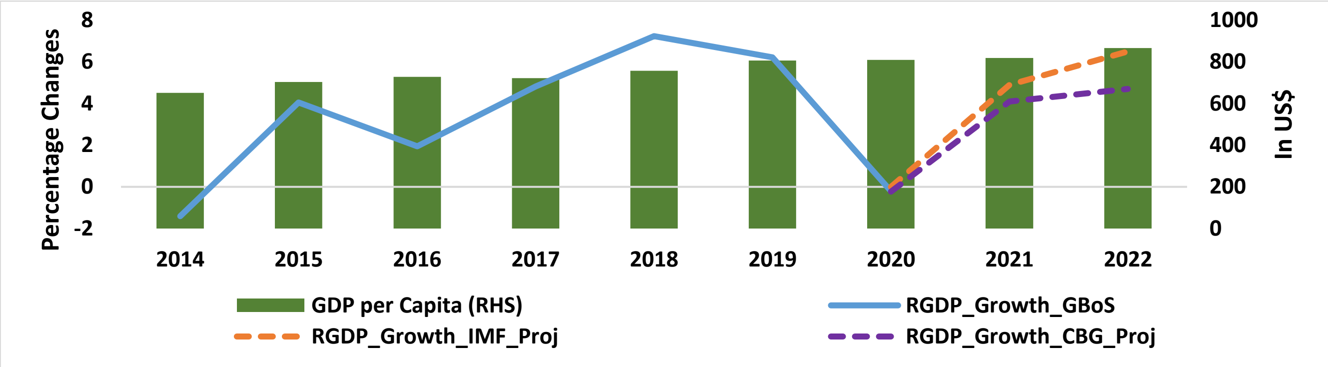
Domestic Economy

On the domestic front, the economy is also estimated to have contracted due to the impact of the pandemic. However, owing to strong domestic policy support the worst impact of the pandemic now seems to be over. The economy is projected to recover in 2021 predicated on a return to normalcy and recovery of the global economy.

Real Sector

The Gambian economy (according to the Gambia Bureau of Statistics, GBoS) is estimated to have contracted by 0.2 percent in 2020 compared to the 6.2 percent growth registered in 2019. The decline in real GDP growth in 2020 is associated with the COVID-19 pandemic which impacted economic activities around the globe. In 2021, the Central Bank of The Gambia's (CBG) high-frequency indicator, (the CIEA) points to a rebound in domestic economic activities with a baseline forecast of 4.1 percent. This indicates that the worst impact of the pandemic has been realized. Similarly, the IMF estimated growth to rebound to 4.9 percent in 2021 predicated on a return to normalcy as the roll-out of vaccines continues. GDP per capita has been gradually increasing but remains historically low at an average below $780 from 2013 – 2019. It is estimated at $810.1 and $819.4 in 2020 and 2021, respectively.

Figure 3: *Real Gross Domestic Product (RGDP) Growth and GDP per Capital*



Source: *GBOS, CBG, IMF*

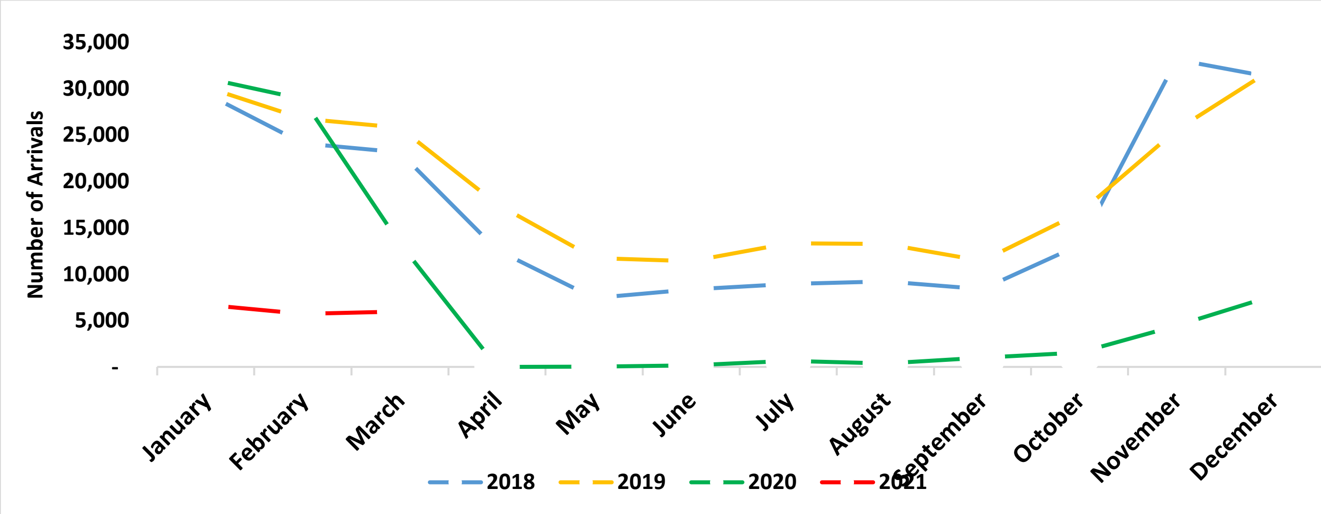
The agriculture sector, the second-largest contributor to GDP remains highly vulnerable to exogenous shocks such as the amount of rainfall. It is estimated to have grown by 11.7 percent in 2020 (from a contraction of 0.1 percent in 2019) owing to the robust growth in crop production, fishing, and aquaculture given the good climatic conditions during the cropping season. The pre-harvest survey in 2020 shows an improvement in crop production by 49.9 percent. Growth within the sector is however projected to moderate in 2021 to 2.8 percent.

Growth in the services sector is estimated to have declined by 7.2 percent in 2020 compared to a growth rate of 6.1 percent in 2019. This was mainly due to the contraction recorded in transportation, accommodation, professional services, administrative activities, education, art, entertainment, recreation, and other service sectors. Similarly, its contribution to the total value of real GDP declined to 56.6 percent in 2020, relative to 59.6 percent in 2019. In 2021, the sector is expected to grow by 3.3 percent premised on a rebound in accommodations, education, health, retail trade, among others.

During the 2020 lockdown, few to no tourists arrived in the country. The lifting of restrictions, following a reduction in the number of new cases and the distribution of vaccines around the world, saw an upward trend in tourist arrivals towards the end of 2020 and the early part of 2021.

The outlook for the remaining part of the year, however, remains fragile given concerns over trust and rapid availability of sufficient vaccines to vaccinate enough of the world population.

Figure 4: *Monthly Arrival Number of Tourist in The Gambia*



Source: *Gambia Tourism Board (GTB)*

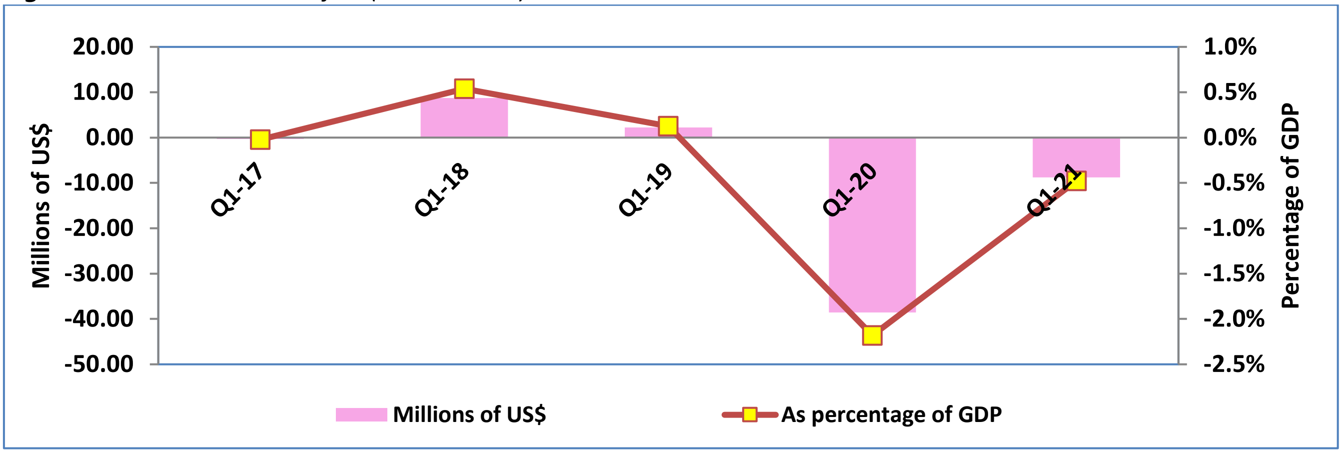
The industrial sector is projected to have grown in 2020 by 9.9 percent down from a growth rate of 14.8 percent in 2019. The resilience in the sector despite the pandemic is broad base. Mining & quarrying grew by 25.4 percent, electricity supply by 14.5 percent, water supply, sewerage & waste management by 1.6 percent, and construction by 20.0 percent. In contrast, activities in the manufacturing sector are projected to have contracted by 21.2 percent 2020. In 2021, the sector is projected to grow by 17.6 percent predicated primarily on the growth in construction.

Balance of Payment Development

Preliminary balance of payments estimates as at end-March 2021 revealed an improved external sector position. The gradual recovery in tourism, the strong inflow of remittances, and a sharp decline in imports improved the current account position in the first quarter of 2021 relative to the corresponding quarter in 2020.

The current account balance improved to a deficit of US$8.76 million (0.48 percent of GDP) in the first three months of 2021 from a deficit of US$38.55 million (2.18 percent of GDP) in the corresponding period in 2020, due to strong transfers (Remittances in particular) and the decreased in the goods account balance (imports).

Figure 5: *Current Account Deficit (Year-on-Year)*



Source: *CBG*

The goods account balance is estimated at a deficit of US$126.24 million (6.89 percent of GDP) in the first 3 months of 2021 compared to a deficit of US$155.13 million (8.79 percent of GDP) in the corresponding period in 2020. This improvement mainly reflects low economic activities during the review period relative to the same period a year ago.

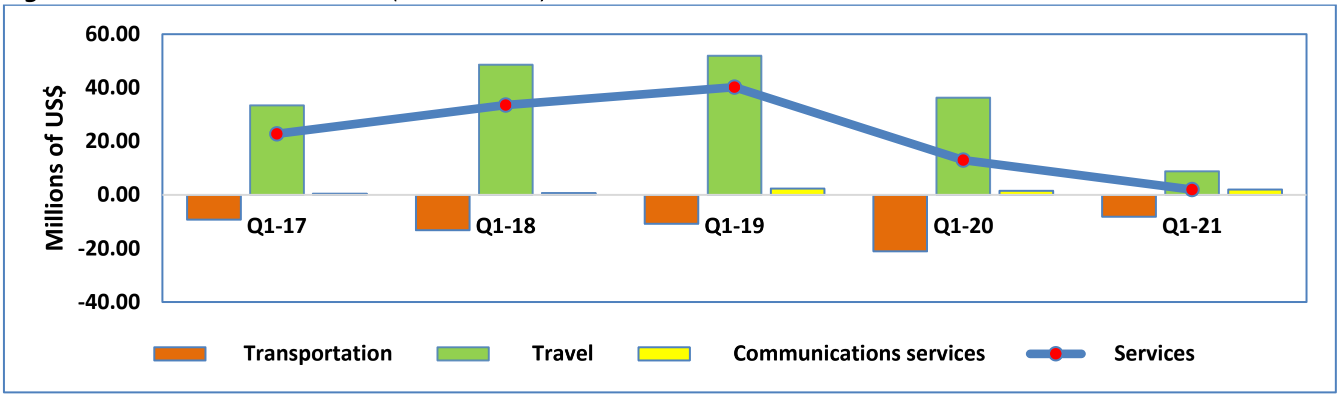
Figure 6: *Merchandise Trade (Year-on-Year)*

Source: *CBG*

Total imports (FOB) amounted to US$139.80 million, lower than US$209.28 million in the same period in 2020 or by 33.23 percent. The major imported items during this period were mainly oil (30.3 percent of the total imports), building materials (21.2 percent of the total imports) and electrical machinery and other equipment (23.2 percent of the total imports).

Exports (FOB) decreased to US$13.56 million in the first three months of 2021 from US$54.25 million in the corresponding period of 2020. Major products exported were fish and crustaceans, molluscs and other aquatic invertebrates (25.0 percent of total export), salt, fruits, seeds and vegetable (55.6 percent).

Figure 7: *Services Account Balance (Year-on-Year)*



Source: *CBG*

The services account balance, however, worsened to a surplus of US$1.96 million, or by 84.9 percent in the first quarter of 2021 from a surplus of US$12.99 million in the same period a year ago. This mirrors a decrease in personal travels by 75.2 percent to US$9.42 million, reflecting the collapse in tourism, evidenced by the decline in air-chartered tourist arrivals by 74.9 percent in the first three months of 2021.

Current transfers (net), over the review period amounted to US$123.10 million compared to a net inflow of US$111.71 million in the same period in 2020. Workers' remittances (net), over the review period amounted to US$123.10 million compared to a net inflow of US$67.18 million in the same period in 2020, representing an increase of 83.2 percent.

The capital and financial account registered a deficit of US$42.17 million in the first 3 months of 2021 compared to a surplus of US$15.29 million a year ago, reflecting a decline in investment.

Gross official reserves estimated as at end-March 2021 stood at US$392.96 million (6.6 months of import cover) compared to US$332.47 million (5.5 months of import cover) at end-December 2020. However, as of May 20, 2021, it stood at US$387.46 million, representing 6.5 prospective months of imports.

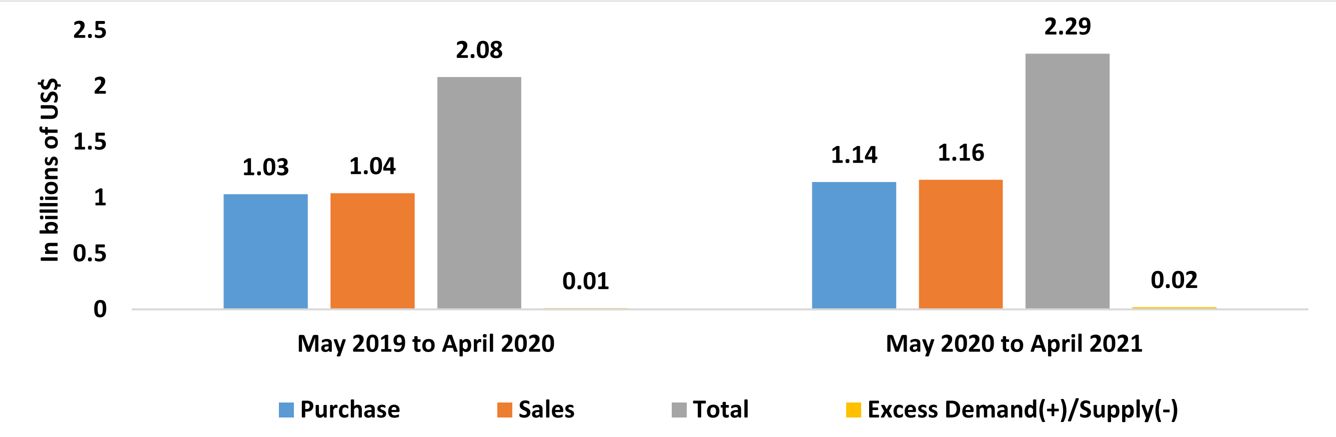
Exchange Rate Development

Despite an excess foreign currency (FX) demand during the period under review, supply conditions remain robust as the domestic FX market continues to meet the FX liquidity needs of the market without much pressure on the domestic currency. As a result, the dalasi depreciated modestly against major trading currencies while appreciating against the US dollar.

Year-on-year, the volume of transactions in the domestic FX market significantly increased to US$2.29 billion in April 2021 from US$2.08 billion in the comparative period in 2020. This constitutes a total demand and supply of US$1.16 billion and US$1.14 billion, respectively. Data indicated that most of the demand during the period under review stemmed from the energy sector coupled with import bills for basic commodities and telecommunications.

On a quarterly basis, the expansion in volumes of transaction observed during the first quarter of 2020 was generally impacted by the outbreak of COVID-19. As a result, FX volumes contracted from $591.5 million to $456.4 million in the early part of the second quarter of 2020. Further into the third and fourth quarter of 2020, which coincided with the peak of the pandemic and restrictive measures particularly in advanced economies, volumes of transactions picked up markedly reflecting the significant inflow of private remittances. This trend has continued into the first quarter of 2021.

Figure 8*: Annual Volumes of Transaction*

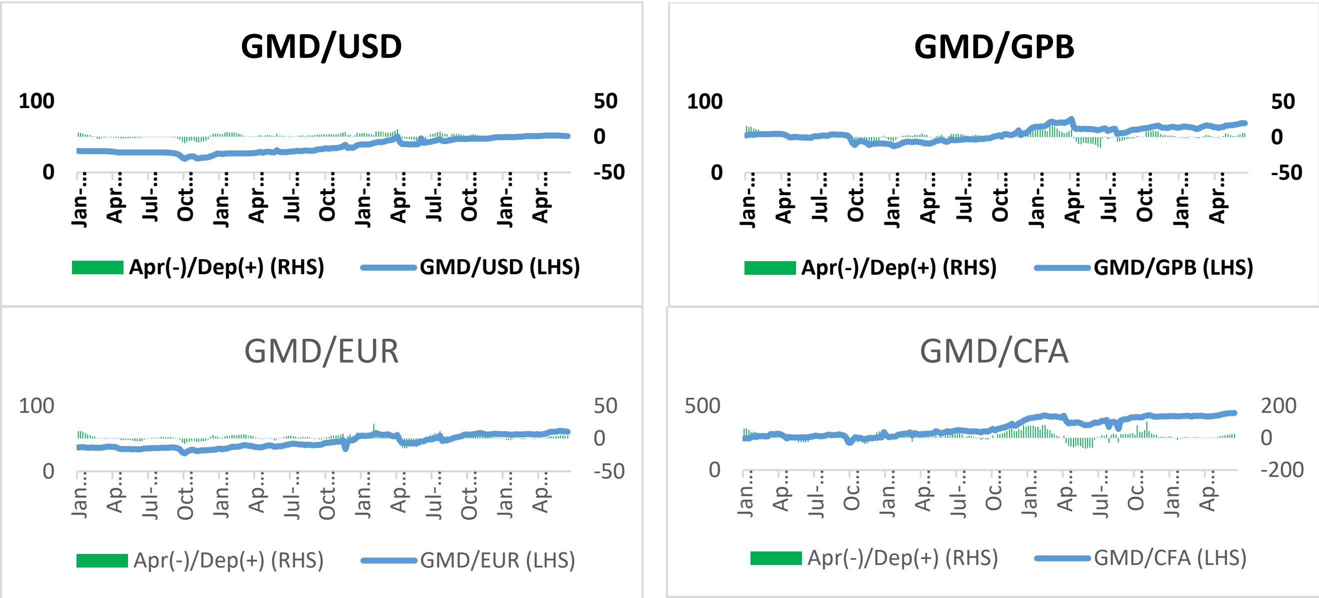


Source*: CBG*

Despite excess demand for FX during the review period, supply conditions remain robust as the domestic market continues to meet the FX liquidity needs without exerting much pressure on the local currency. As a result, the dalasi depreciated modestly against major trading currencies except for the US dollar. From May 2020 to May 2021, it depreciated against the Euro, Pound Sterling and CFA, by 9.11 percent, 13.75 percent, and 8.53 percent, respectively. On the other hand, it appreciated against the US Dollar by 1.18 percent.

The depreciation of the Dalasi during the period under review had been largely influenced by the international phenomenon of the Euro and Pound Sterling. Similarly, the fixed parity between the CFA and Euro equally impacted the strength of the sub-regional currency in addition to its excessive demand.

Figure 9: *Exchange Rate of the Dalasi against Major International Currencies (End-of-Period)*



Source: *CBG*

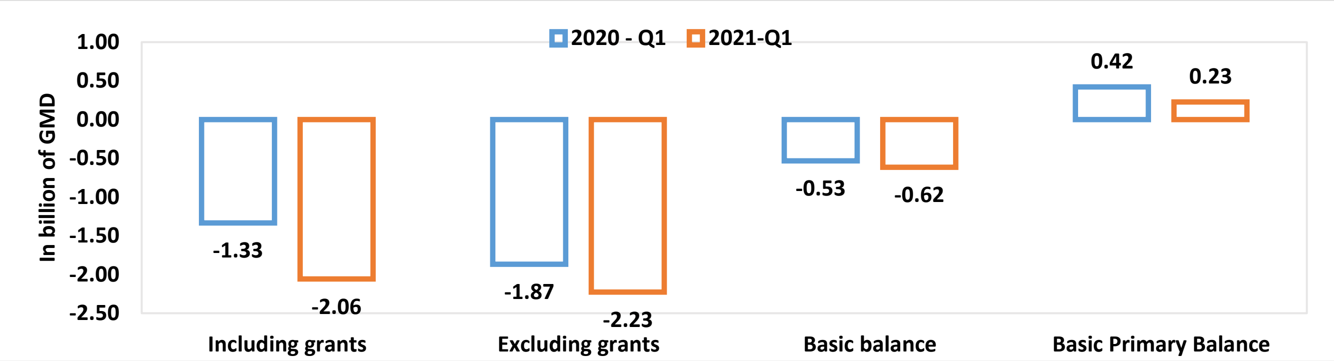
Developments in the domestic FX market indicate that FX supply has improved markedly even though it has been moderately overshadowed by the increase in demand as well. With the absence of the traditional sources of FX (FDI tracking interest rate differentials, tourism, and cross border trade), remittances continue to be the main source of inflow. However, with the increasing level of vaccination against the coronavirus, expectations are high that travel restrictions will continue to ease, and the tourism sector will fully recover. Thus, the Dalasi is expected to remain relatively stable in the near term.

Government Fiscal Operations

For the first quarter of 2021, preliminary data on Government fiscal operation showed a deteriorated fiscal position of Government relative to the same period in 2020. The widening of the fiscal deficit is partly due to the shortfall in revenue mobilization during the reviewed period.

Preliminary data on Government fiscal operations for the first quarter of 2021 showed an overall budget deficit (including grants) of D2.1 billion (2.1 percent of GDP) compared to a deficit of D1.3 billion (1.4 percent of GDP) in the corresponding period a year ago. This deterioration is attributed to 21.8 percent shortfall in revenue and grants. The overall budget deficit (excluding grants) also widened to D2.2 billion (2.3 percent of GDP) in the first quarter of 2021 compared to a deficit of D1.9 billion (1.9 percent of GDP) in the corresponding period of the previous year.

Figure 10: *Government Overall Fiscal Balance*



Source: *MoFEA, CBG staff calculations*

The basic balance deficit, which excludes grants and externally financed capital spending worsened to a deficit of D616.7 million (0.6 percent of GDP) in the first quarter of 2021 compared to a deficit of D530.6 million (0.5 percent of GDP) in the corresponding period last year. The primary balance surplus (overall balance excluding grants, external financing, and interest payments) of D420.3 million (0.4 percent of GDP) in the first quarter of 2020 declined to a surplus of D227.7 million (0.2 percent of GDP) in the first quarter of 2021.

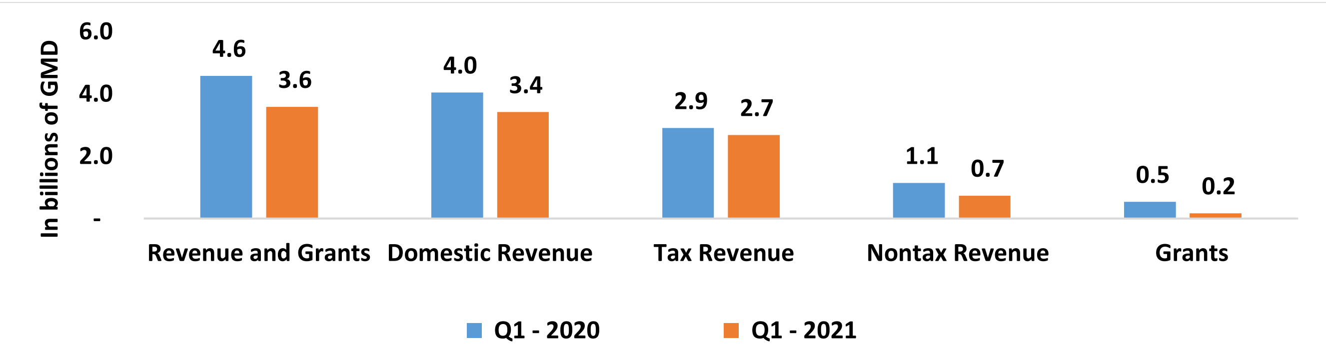
TABLE 1: *The Overall Budget Balance*

THE BUDGET BALANCE	GMD' million		% of GDP		Y-o-Y % ∆
	Q1 - 2020	Q1 - 2021	Q1 - 2020	Q1 - 2021	Q1 - 2020 - 2020
Including grants	(1,332.76)	(2,059.09)	- 1.36	- 2.09	54.50
Excluding grants	(1,868.61)	(2,228.08)	- 1.90	- 2.27	19.24
Basic balance	(530.75)	(616.65)	- 0.54	- 0.63	16.18
Basic Primary Balance	420.32	227.70	0.43	0.23	- 45.83

Source: *MoFEA, CBG staff calculations*

Total revenue including grants decreased by 21.8 percent to D3.6 billion (3.6 percent of GDP) in the first quarter of 2021 compared to D4.6 billion (4.7 percent of GDP) in the same period last year. Revenue and grants in Q1, 2021 fell short of projection by D0.1 billion. The contraction in total revenue and grants in the first quarter of 2021 was mainly driven by the shortfall in domestic revenue and grants which declined by 15.6 percent and by 68.5 percent respectively.

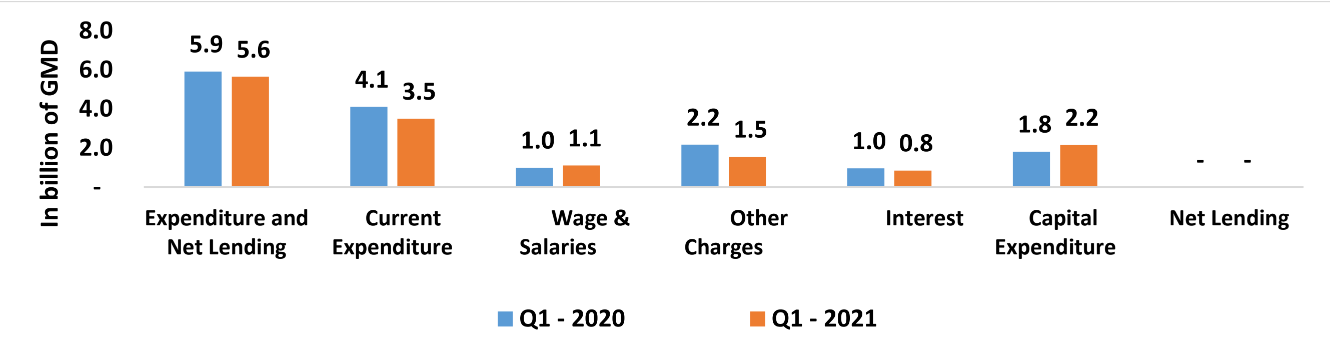
Figure 11: *Revenue Performance Q1, 2021 Vs Q1, 2020*



Source: *MoFEA, CBG staff calculations*

Government expenditure and net lending in the first quarter of 2021 decreased by 4.6 percent to D5.6 billion (5.7 percent of GDP) from D5.9 billion (6.0 percent of GDP) in the same quarter of 2020. The outturn of expenditure and net lending during the first three months of 2021 was lower than the budgeted amount by D0.1 billion. The contraction in expenditure and net lending was solely driven by recurrent expenditure while capital expenditure increased within the review period.

Figure 12: *Government Expenditure and Net Lending*



Source*: MoFEA, CBG staff calculations*

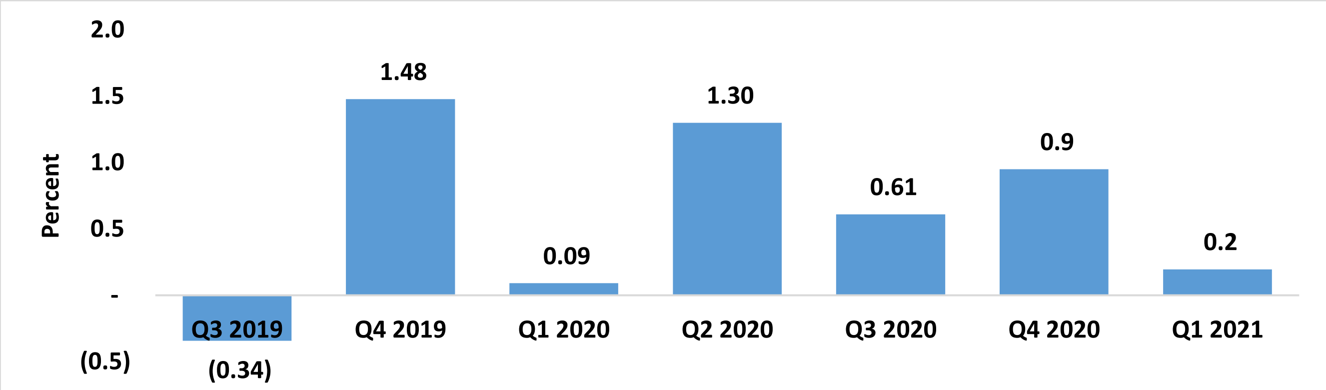
In the first quarter of 2021, recurrent expenditure decreased by 14.9 percent to D3.5 billion (3.6 percent of GDP) compared to D4.1 billion (4.2 percent of GDP) in the first quarter of 2020. Except for wages and salaries, all the components of recurrent expenditures decreased in Q1, 2021 relative to the same period last year.

Total interest payments decreased by 11.2 percent to D0.8 billion (0.9 percent of GDP) Q1, 2021 from D1.0 billion (1.0 percent of GDP) in the comparative period a year earlier. The decrease in the total interest payments for the first quarter of 2021 was mainly due to the decrease in external interest payments, which contracted by 63.3 percent to D0.1 billion (0.1 percent of GDP). Domestic interest payments on the other hand, increased slightly by 3.4 percent to D0.77 billion (0.78 percent of GDP) from D0.74 billion (0.76 percent of GDP) in the corresponding period a year ago.

Capital expenditure mainly financed through external funding in Q1, 2021 increased by 20.4 percent to D1.6 billion (1.6 percent of GDP) from D1.4 billion (1.4 percent of GDP) in Q1,2020.

The fiscal impulse measures how much government net spending contributes to total aggregate domestic demand thereby exerting pressures on inflation. Figure 13 shows a positive fiscal impulse of 0.2 percent indicating that the discretionary fiscal policy in the first quarter of 2021 is expansionary and thus contributed positively to the uptick in general economic activities.

Figure 13: *Yearly Fiscal Impulse*



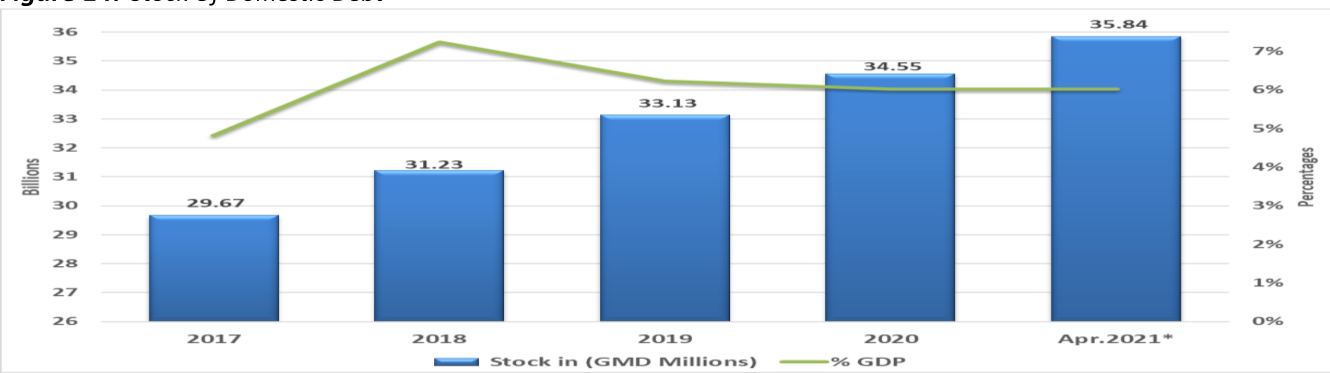
Source*: MOFEA & ERD Calculation*

Domestic Debt Development

The stock of domestic debt remains high, and debt service continues to consume a significant amount domestic revenue. Given that more than 50 percent of the outstanding domestic debt stock is in short-term, presents some level of refinancing risk and a burden of debt servicing cost.

The outstanding domestic debt stock increased to D35.84 billion (35.34 percent of the GDP) in April 2021 from D34.55 billion (38.44 percent of GDP) in December 2020 induced by the increase in the issuance of Treasury bills and a 3-year government bonds to finance fiscal operations. Approximately 57.5 percent of the outstanding domestic debt stock are short-term (mainly Treasury bills), 16.9 percent are in the medium-term, and 25.6 percent make up the long-term domestic debt stock. This indicates dependence on short-term domestic borrowing to finance government activities.

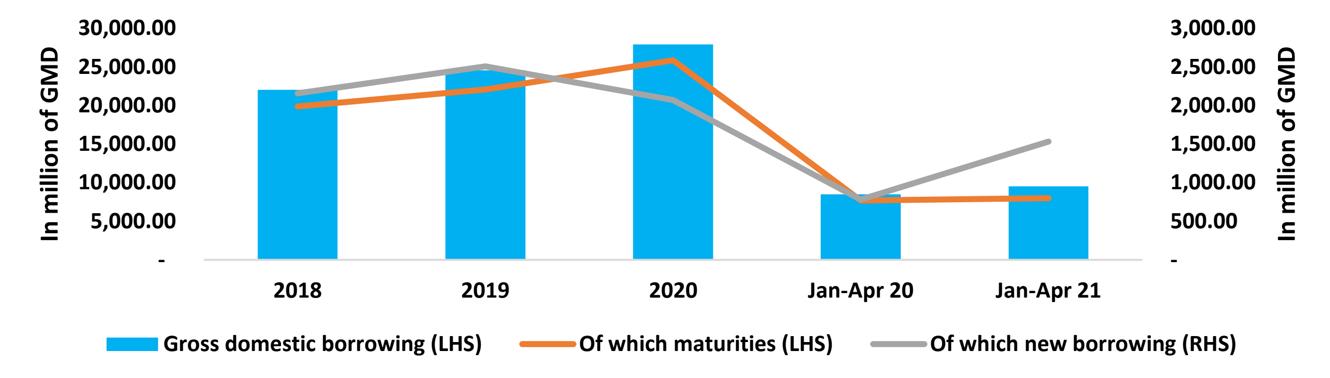
Figure 14: *Stock Of Domestic Debt*



Source*: CBG*

Gross domestic borrowing in 2020 significantly rose to D27.93 billion compared to D24.57 billion in 2019 due to an increase in new borrowing and outstanding maturities. From January to April 2021, gross domestic borrowing amounted to D9.53 billion compared to D8.47 billion recorded in the same period in 2020.

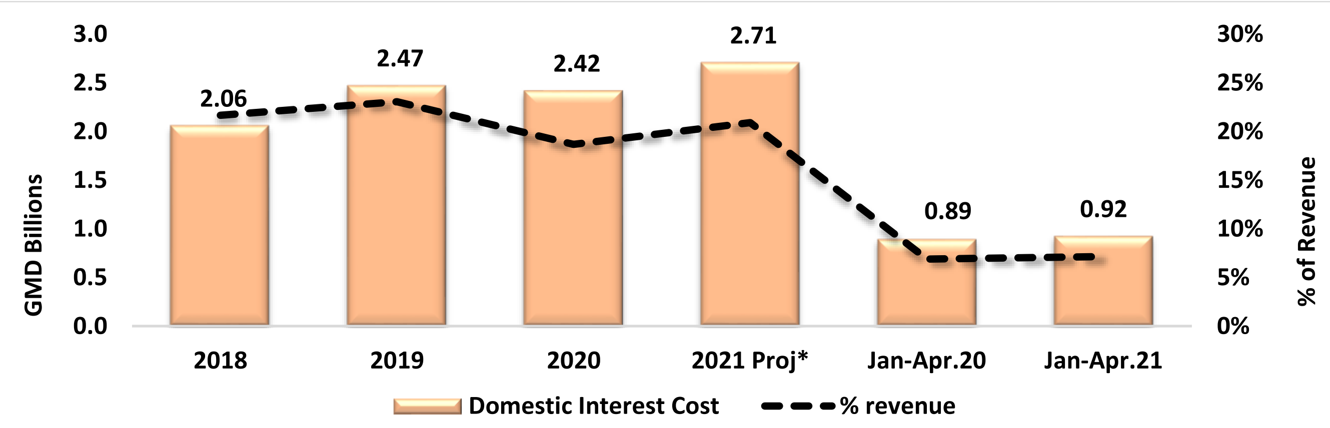
Figure 15: *Government Domestic Borrowing (in Millions of GMD)*



Source: *CBG*

Domestic debt service is estimated to increase to D3.31 billion (25.54 percent of domestic revenue) in 2021 from D3.02 billion (23.31 percent of domestic revenue) in 2020. Actual debt service from January to April 2021 totalled D1.16 billion compared to D1.13 billion in the same period in 2020. Domestic interest expense in 2020 was D2.42 billion or 18.67 percent of domestic revenue relative to D2.47 billion (23.05 percent of revenue) in 2019. Interest payment for 2021 is projected at D2.71 billion (20.91 percent of revenue).

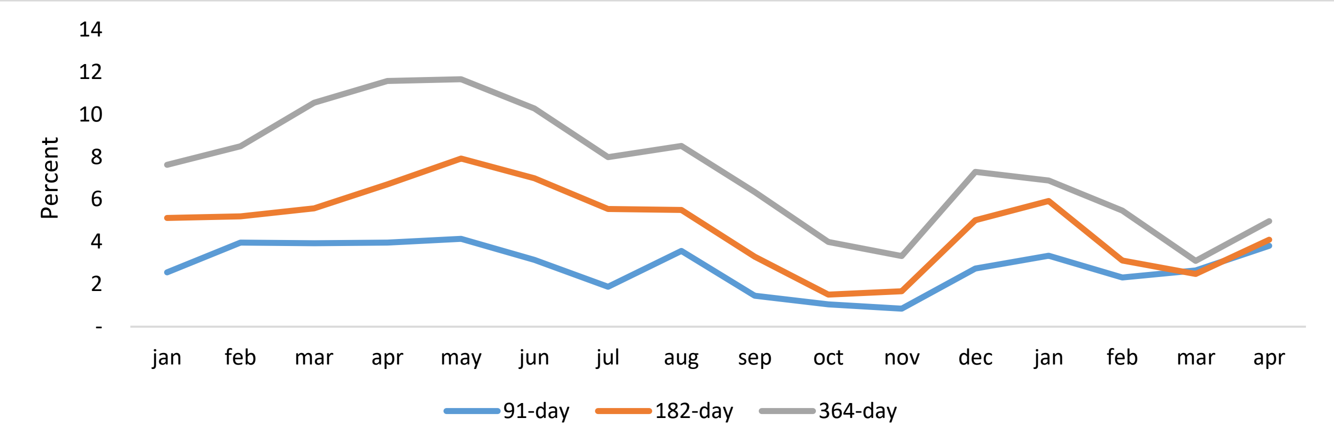
Figure 16: *Annual Domestic Interest Cost (in Billions GMD)*



Source: *CBG*

From December 2020 to March 2021, yields on the domestic debt stock have been on a downward trend, however, they have shown a rebound in April 2021. The average yields of the 91-days, 182-days and 365-days securities dropped from 2.75 percent, 5.03 percent and 7.30 percent as at end-December 2020 to 2.65 percent, 2.49 percent and 3.10 percent respectively as ta end-March 2021. This was driven by higher demand for securities due to the excess liquidity position of the banking system[1], the need for resources to finance Covid-related support, and bond maturities which were not matched by supply. However, as at end-April 2021, rates on both instruments has edged up slightly to 3.81 percent, 4.11 percent and 4.97 percent respectively.

Figure 17: *Interest Rates Corridor*



***Source**: CBG*

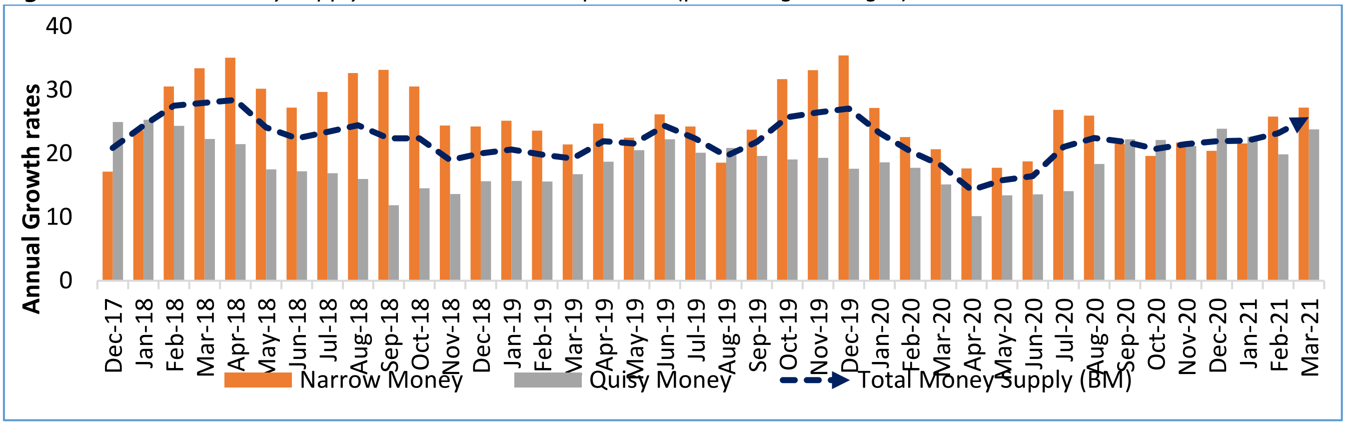
Monetary Development

Money supply growth accelerated on account of an increase in net foreign assets (NFA) and net domestic assets (NDA) of the banking system. There are signs of private sector credit slowly picking up as the economy gradually recovers. Reserve money growth though within target, also accelerated in line with expectations.

Year-on-year, broad money stood at D53.8 billion and exhibited a strong growth trajectory. It grew by 25.7 percent in March 2021 relative to 18.1 percent in March 2020 attributed to the growth in both the NFA and NDA of the banking system. Both narrow and quasi money grew during the period under review and currency-in-circulation and savings deposits picked-up significantly during the period indicating a gradual return to normalcy and confidence in the domestic economy.

[1] This reflecting the reduced required reserves of banks by 2 percentage points in May 2020

***Figure 18**: Annual Money Supply Growth and its Components (percentage changes)*



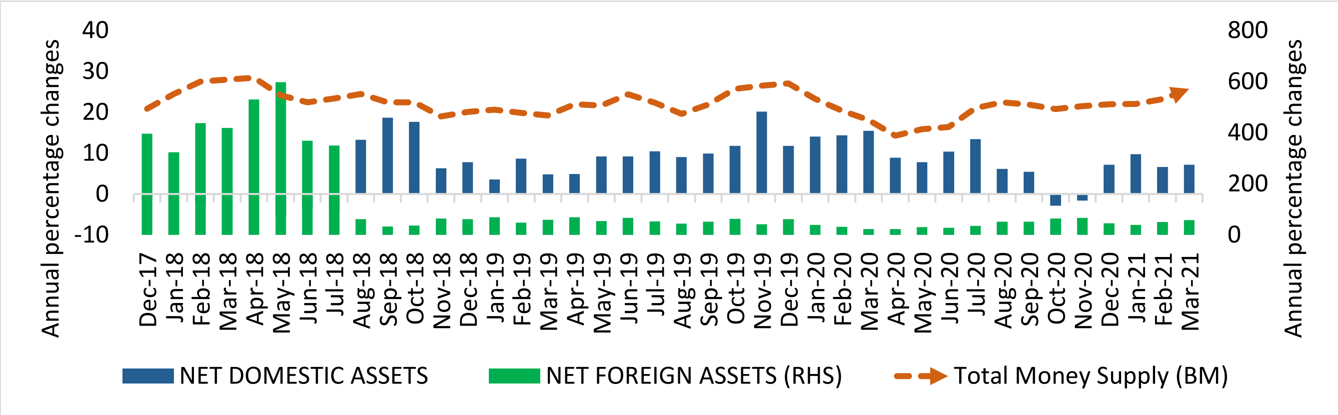
***Source**: CBG*

Net Foreign Assets (NFA) of the banking system rose to D24.8 billion as of end-March 2021 from D15.7 billion or by 57.6 percent a year ago. Quarter-on-quarter, it increased by 2.0 percent from D24.3 billion in December 2020.

Net Foreign Assets (NFA) of the Central Bank for the period ended March 2021 rose significantly by 67.2 percent to stand at D14.4 billion, compared to D8.6 billion in the same period in 2020. The improvement was partly due to an increase in foreign assets which increased to D21.0 billion or by 65.5 percent in March 2021 from D12.7 billion in the same period last year. Foreign liabilities similarly increased by 61.8 percent to stand at D6.7 billion during the same period. Quarter-on-quarter, the NFA of the Bank increased marginally by 4.2 percent from December 2020 record of D13.8 billion.

Net Foreign Assets of the deposit money banks (DMBs) grew by 46.1 percent at end-March 2021 to D10.5 billion from D7.2 billion a year ago. However, on a quarterly basis, it contracted by 0.9 percent in March 2021 relative to a growth rate of 11.8 percent registered in December 2020. Both foreign assets and liabilities of DMBs rose by 47.6 percent and 62.3 percent to D11.6 billion and D1.2 billion at end-March 2021 from D7.9 billion and D736.41million a year ago. The sharp increase in foreign assets of DMBs is explained by the significant increase in balances held with banks abroad by 160.9 percent. Cash holding of foreign currency, on the other hand, contracted by 31.3 percent.

Figure 19: *Other Sources of Money Supply Growth*

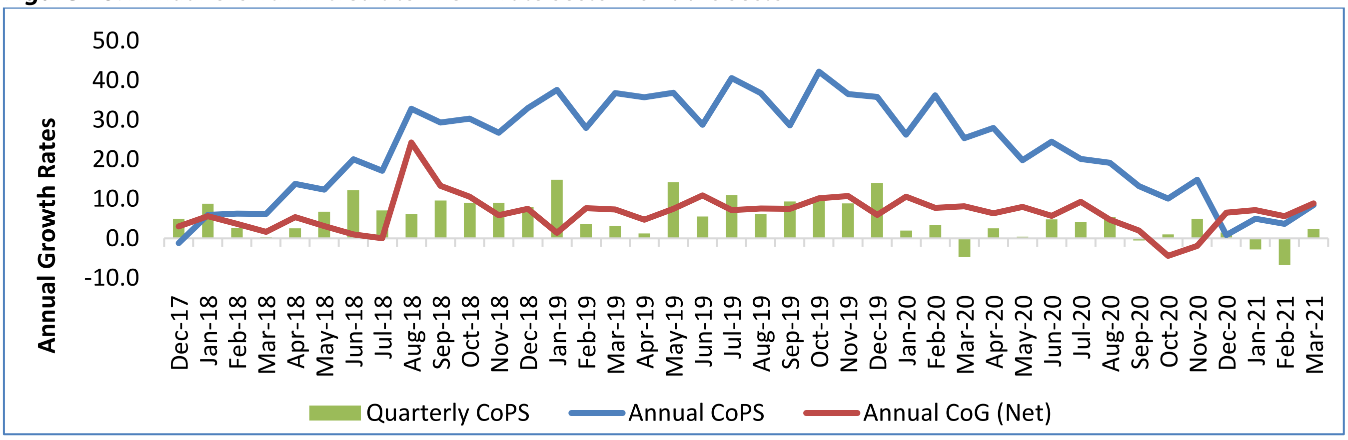


***Source**: CBG*

Net Domestic Assets of the banking system is amongst the main sources of liquidity injection in the banking system and is generally associated with the financing of government fiscal deficits. As of end-March 2021, the banking system accumulated domestic assets to the tune of D29.0 billion, an increase of 7.2 percent relative to the same period last year. Quarter-on-quarter, it grew by 3.9 percent, lower than the 5.9 percent growth registered in the previous quarter.

Private sector credit grew year-on-year by 8.4 percent to D8.0 billion at end-March 2021 relative to the 25.3 percent recorded in March 2020 and 36.8 percent in March 2019. Similarly, it grew quarter-on-quarter by 2.4 percent as of end-March 2021 from D7.8 billion in December 2020. Despite the low-interest rate, the private sector credit growth rate has dropped significantly, reflecting the elevated default risk due to the COVID-19 pandemic which continues to affect domestic economic activities.

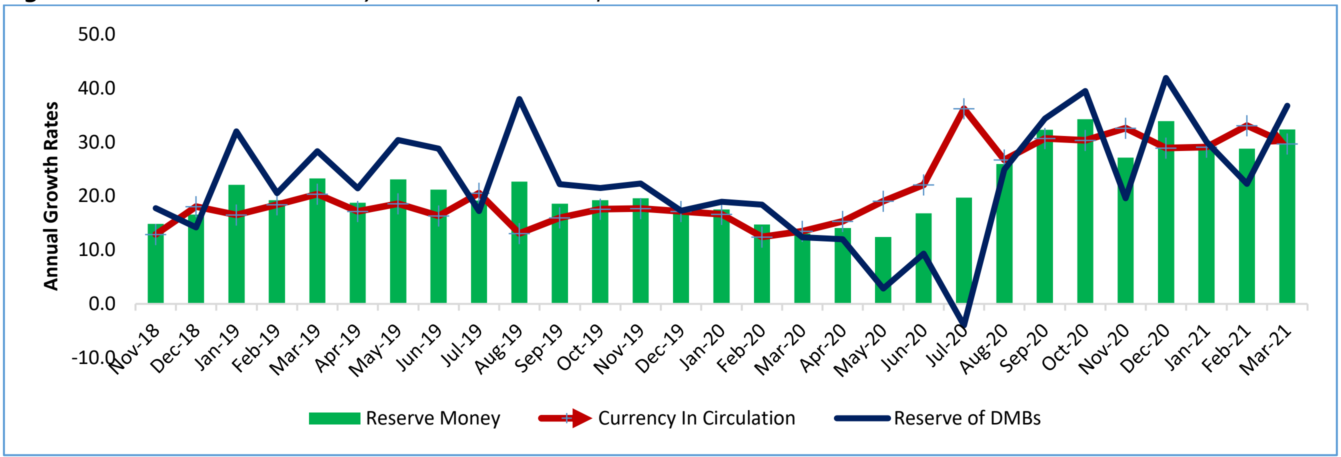
Figure 20: *Annual Growth in Credit to The Private Sector Vs Public Sector*



***Source**: CBG*

Reserve money, the Bank's operating target markedly grew year-on-year by 32.4 percent in March 2021 relative to 13.0 percent in the corresponding period a year ago. The robust growth in reserve money is explained by the strong growth in both currency in circulation and reserves of DMBS. Currency in circulation rose by 29.7 percent to D11.7 billion in March 2021 relative to D9.0 billion in the preceding year. Similarly, reserves of deposit money banks increased to D7.6 billion or by 36.8 percent, significantly stronger than the growth of 12.4 percent in March 2020. However, compared to the quarter ending December 2020, growth in reserve money slowed by 1.2 percentage points on account of a marked decline in reserves of DMBs.

Figure 21*: Annual Reserve Money Growth and its Components*



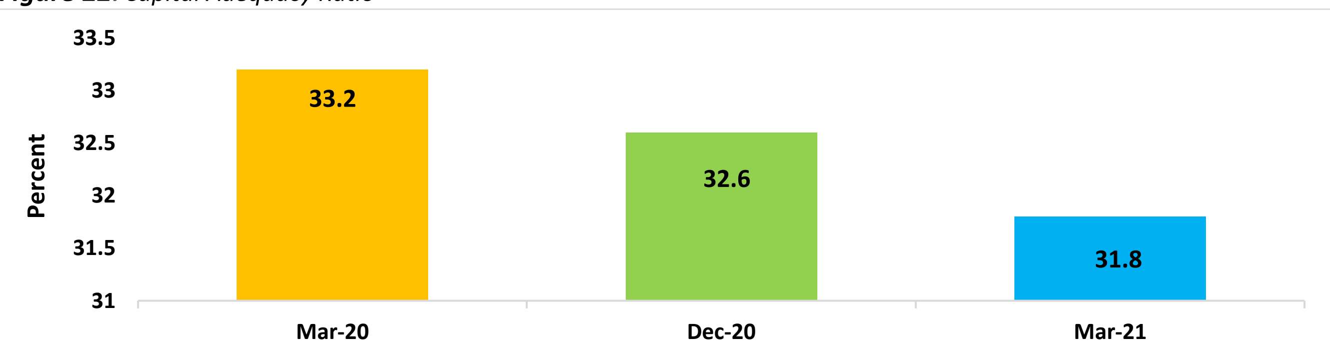
Source*: CBG*

Banking Sector Development

The banking industry remains fundamentally sound and stable, moderately profitable with a fair level of capital and high liquidity despite the adverse effects of the covid-19 pandemic.

The banking industry capital adequacy ratio declined by 1.4 percentage point to 31.8 percent as at end-March 2021. Compared to end-December 2020, it dropped by 0.78 percentage points. The decline was mainly influenced by the increase in risk-weighted assets. All banks were above the prudential minimum requirement of 10 percent.

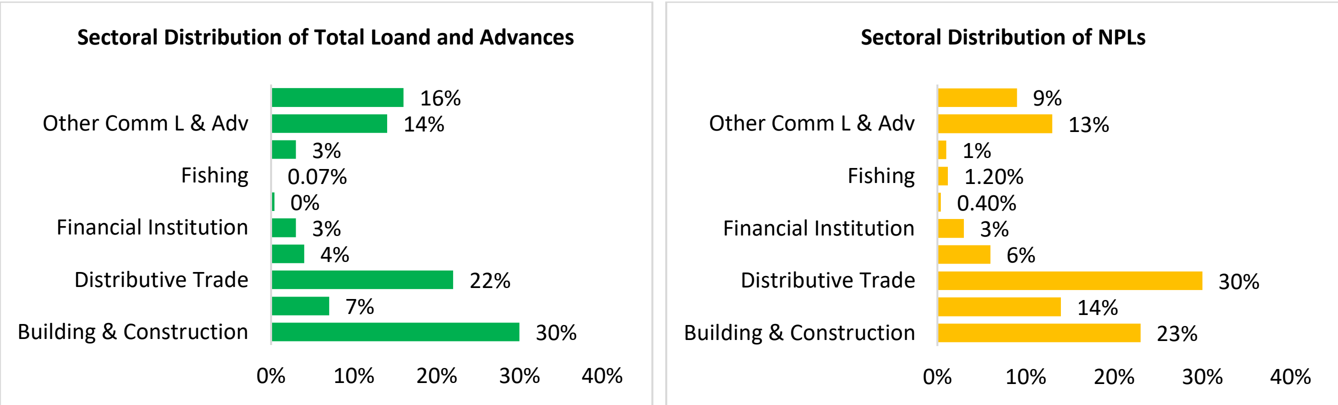
Figure 22*: Capital Adequacy Ratio*



Source*: CBG*

The industry continued to expand as evident in its asset growth. Total assets increased by D2.40 billion (4.1 percent) to stand at D61.22 billion in March 2021 compared to D58.82 billion at end-December 2020. Relative to the corresponding period last year, it expanded by D10.37 billion (20.4 percent) from D50.85 billion. This was mainly driven by the increase in the balance due from other banks and investment account securities. In contrast, cash in hand decreased by D1.34 billion (31.5 percent) from D4.24 billion at end-December 2020 to stand at D2.9 billion in the review period.

***Figure 23**: Sectoral Distribution of Loans and Advances and NPLs*



***Source**: CBG*

Gross loans and advances to the private sector as at end-Match 2021 stood at D7.63 billion from D7.40 billion in December 2020 and D70.80 billion in March 2020. This represents 12.5 percent of the banking industry total assets. The ratio of non-performing loans to total loan stood at 7.7 percent as at end-March 2021, increasing by 2.8 and 0.9 percentage point when compared to the 4.9 percent and 6.8 percent reported the same quarter last year and during the previous quarter, respectively.

The banking sector remained highly liquid with liquid asset to total asset ratio of 64.2 percent, representing excess liquidity of 34.2 percent over the minimum requirement of 30 percent. Compared to 63.8 percent at end-December 2020, it increased by 0.4 percentage points. The ratio of Liquid Asset to Deposit stood at 94.3 percent indicative of the sector's ability to meet short-term liabilities.

The industry net open positionat end-March 2021 was a long position of 4.03 percent, compared to 4.06 percent in December 2020 and 2.98 percent in March 2020. All the banks were within the regulatory thresholds of +/- 15 percent for a single currency and +/- 25 percent overall net open position.

Net income of the industry in the review period stood at D320.16 million expanding by D63.79 million (24.88 percent) compared to D256.4 at end-December 2020. Interest income decreased by 3.6 percent to D720.6 million from D747.6 million in December 2020. Year-on-year, it increased by 13.6 percent from D634.5 million reported in March 2020. Non-interest income also decreased by 8.6 percent from D478.3 million in December 2020. However, it increased by 1.2 percent from D432.01 million in March 2020. ROA and ROE at 2.1 percent and 17.7 percent denoted an upturn from 1.9 percent and 15.3 percent reported in December 2020. However, both indicators went down when compared to the same period a year ago.

***TABLE 2:** Summary of Financial Highlight as at end-March 2021*

		Ratings	Ratio %	Mar 2021	Dec 2020	Mar 2020	Dec 2019	+/-	Prudential Limit
Risk	Credit	Satisfactory	NPL	7.7	6.82	4.9	4.6	0.2	Single Digit
	Market	Satisfactory	NOP	4.03	4.6	2.2	1.8	1.6	25
	Liquidity	Strong	Liquid Asset/Deposit	94.3	93.5	95.3	91.6	1.9	30
		Strong	Liquid Asset/Total Asset	64.2	65.2	63.2	61.1	0.2	30
Mitigants	Earnings	Needs Improvement	ROA	2.1	1.9	2.5	1.9	NA	NA
		Needs Improvement	ROE	17.7	15.3	19.4	15.3	-0.1	NA
	Capital	Strong	CAR	31.8	32.6	33.2	31.4	-5.6	10

Source: CBG

Non-Banking Sector Development

The Non-Bank financial sector continues to play a pivotal role in accelerating the pace of financial inclusion by extending financial services to majority of the unbanked and under banked population of The Gambia.

The Finance Companies (FCs) have registered significant growth in terms of capital, profits, assets, and deposits mobilization. The total capital of FCs grew by 5 percent to D368.95 million at end-March 2021 from D350.64 million at end-December 2020. Compared to the corresponding quarter in 2020, aggregate capital by the FCs increased by 36 percent. The rise in the industry's capital was mainly triggered by retained profits and the entry of a new company.

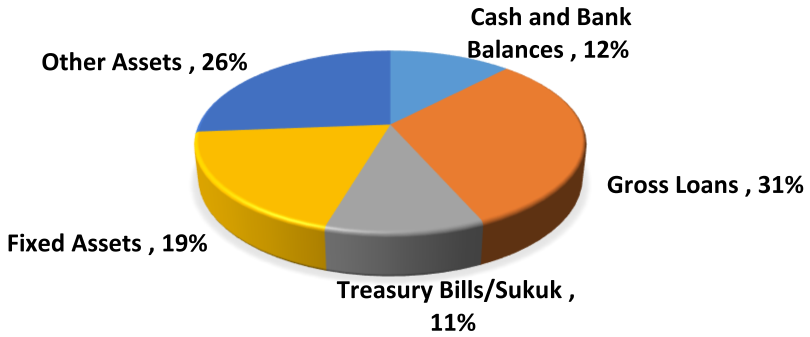
Total assets stood at D2.09 billion at end-March 2021 from D2.0 billion in December 2020, representing an increase of 4.2 percent. On a year-on-year basis, total assets expanded by 36.2 percent from D1.53 billion as at end-March 2020. The expansion was largely driven by the increase in gross loans, cash and bank balances, as well as the entry of a new FC.

TABLE 3: *Summary of Key Variables for Finance Companies (FCs)*

	Levels in Millions of GMD					Annual % Changes	Quarterly % Changes
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Mar-21	Mar-21
Net Income	22.30	5.32	14.49	17.60	14.28	-35.96	-18.86
Total Assets	1,535.37	1,597.24	1,761.66	2,006.50	2,091.67	36.23	4.24
Total Deposit	1,115.72	1,168.23	1,290.12	1,452.64	1,511.71	35.49	4.07
Gross Loan	309.48	309.64	273.47	350.22	401.68	29.79	14.69

***Source**: CBG*

***Figure 24:** Composition of Finance Companies Assets*



***Source**: CBG*

The industry deposits grew by 4.1 percent to D1.51 billion at end-March 2021 from D1.45 billion in December 2020. On an annual basis, total deposits grew by 35.5 percent. Net Income contracted by 18.9 percent to D14.28 million at end-March 2021, from D17.6 million as at end-December 2020. Compared to the corresponding quarter in 2020, Net Income fell sharply by 36.0 percent or D8.02 million.

TABLE 4: *Key Financial Indicators for Finance Companies (FCs)*

	NPLs	ROA	ROE	L/R	CAR
Mar-20	8%	1%	8%	70%	39%
Jun-20	15%	0.33%	2%	73%	36%
Sep-20	18%	0.82%	5%	63%	32%
Dec-20	11%	0.8%	5%	58%	32%
Mar-21	10%	0.68%	4%	53%	34%
Prudential Limit	**5%**	**1%**	**-**	**30%**	**20%**

***Source**: CBG*

The Savings and Credit Associations (SACAs) consist of the Village Savings and Credit Associations (VISACAs) and the Credit Unions. The number of VISACAs whose primary purpose is to provide access to finance to members at the village level has declined significantly over the last decade from 80 access points to just about 10 viable ones in march 2021. This is largely due to many factors which include the cessation of the government-funded project support that subsidized their operations. On the other hand, the number of Credit Unions (CU) remained stable at 51 as ataend-March 2021.

***TABLE 5**: Key Financial Indicators of The 12 Largest Credit Unions*

	Jun-20	Sep-20	Dec-20	Mar-21	Quarterly % Change
Membership	69,771	73,805	68,549	89220	30.2%
Savings (000)	1,304.30	1,410.30	1,402.90	1631.64	16.3%
Loans (000)	1,017.50	1,046.4	1,053.60	1252.51	18.9%
Assets (000)	1,669.50	1,743.1	1,812.10	2051.92	13.2%

***Source**: CBG*

The Mobile Financial Services sector currently has two registered institutions. However, the potential of this sector to accelerate financial inclusion cannot be overemphasized.

***TABLE 6**: The Uptake and Usage of Mobile Financial Services (in GMD)*

	June 2020	September 2020	December 2020	March 2021	Change (%)
Total Electronic Value held in Agents Wallet (in GMD)	15,831,499	16,155,413	30,674,470	36,115,649	17.7%
Total Number of Registered Customers	36,083	35,144	29,728	5,1714	74.0%
Total Value of Cash-in Transactions (in GMD)	38,492,969	45,928,461	70,117,716	68,883,640	-1.8%
Total Value of Cash-out Transactions (in GMD)	15,779,408	21,244,710	47,103,792	39,686,320	-15.7%
Total Electronic Value held in Clients' Wallets (in GMD)	16,172,032	19,138,929	30,674,470	37,285,791	21.6%

***Source**: CBG*

Business Sentiment Survey

Business Sentiment Survey for the first quarter of 2021 points to a slightly improved economic outlook reflecting the availability of the COVID-19 vaccine and pick in economic activity. The majority of respondents reported negative sentiments about the current quarter due to the slow rebound in economic activity but optimistic about the expected level of business activity over the next quarter.

At the macro level, 5 percent of the respondents reported a lower level of economic activity in the first quarter of 2021 compared to 40 percent that indicated a higher activity, leading to a diffusion index of 35 percent. With regards to the outlook for business activity, 6 percent of respondents projected activity level to decline in Q2, 2021 compared to 58 percent that predicted higher activity level, leading to a diffusion index of 52 percent.

The survey revealed heightened inflation expectations with about 43 percent of respondents expecting inflation to accelerate in Q2, 2021 and 44 percent expecting the same level of inflation. However, 13 percent of the respondents expect inflation to decelerate in the second quarter of 2021. All sectors surveyed expected a higher level of inflation.

TABLE 7: *Summary of the Consolidated Diffusion Index (%)*

	Q1, 2021 Vs Q4, 2020				Prospect for Q2, 2021			
1.0 Business Activities	**High**	**Same**	**Lower**	**Diffusion Index**	**High**	**Same**	**Lower**	**Diffusion Index**
Country Level	40	55	5	35	58	36	6	52
Company Level	30	46	24	6	71	24	5	66
Business indicators at the company level								
2.0 Capital expenditure	40	45	15	30	56	33	11	45
2.1 Employment	30	56	14	16	43	38	19	24
2.2 Sales	46	33	21	25	70	19	11	59
2.3 Profits	41	28	31	10	59	28	13	46
At Country Level								
2.4 Current Prices	85	15	0	85				
2.5 Expected Inflation					43	30	27	16
2.6 Current Exchange	59	35	6	53				
2.7 Expected Exchange rate					33	46	21	12
2.8 Current interest rates	21	60	19	2				
2.9 Expected interest rates					12	50	38	-26

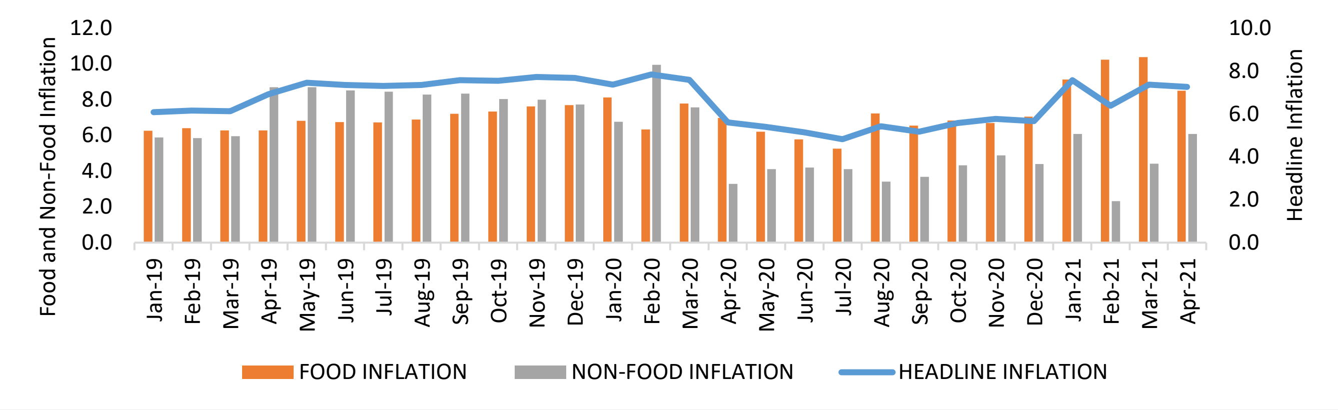
***Source**: CBG*

Price Development (Inflation)

Consumer price inflation decelerated in April 2021 relative to its record in March on account of a deceleration in food prices during the review period. The near-term forecast suggests that underlying inflationary pressures are building up premised on the anticipated pick-up in domestic demand and a continued recovery in global food prices.

Headline inflation decelerated to 7.3 percent in April 2021 from 7.4 percent recorded in March 2021 and up from the 5.6 percent record in the corresponding period a year ago. The monthly decline is primarily attributed to the fall in prices of most components of the food basket. Food inflation has broken its upward trend of a 10.4 percent increase in the first quarter of 2021, slowing to 8.5 percent in April 2021. However, Non-food inflation which had previously been slowing in Q1 2021 has begun to pick up to 6.1 percent in April 2021 relative to 3.3 percent in April 2020.

Figure 25: *Headline Inflation*



***Source**: GBOS and CBG Staff Calculations*

The analysis of the sub-components of the CPI basket indicated diminishing prices of food and growing prices of most non-food components as depicted in the graph below. The figure showed that food prices were the main contributors to the yearly growth in inflation. Also, education and miscellaneous sub-components of non-food contributed significantly to the uptick in consumer prices in January.

The rise in food prices is driven by the increase in the following sub-components: vegetables, oils and fats, sugar, jam, honey & sweets, non-alcoholic beverages, other food products, and especially vegetables. The good harvest in the last cropping season somewhat mitigated the impact of the persistent rise in global food prices. However, The Gambia being a net importer of food and rising transportation cost are some of the factors feeding into the forecasted rise in food prices. Going forward, the IMF forecast global food and oil prices to continue their upward trend for the rest of the year.

Year on year, the consumer price of all subcomponents of non-food inflation except for miscellaneous goods & services and education, increased during the review period. The fall in miscellaneous goods and services can be attributed due to the normalization of prices of Covid-19 health supplies, such as hand sanitisers, after the initial spike a year ago. The noticeable increase in the education index following the reopening of schools after the long break is deemed to be a one-off and its effect on inflation will fade in the fourth quarter of 2021.

Adjusting for the unusual noise in non-food inflation, indications are that underlying inflationary pressures are slowly creeping upwards in the near term, suggesting that headline inflation is forecast to be above the medium-term target for an extended period, or possibly untill the fourth quarter of the year anchored on high inflation expectations and an anticipated pick up in domestic demand.

The near-term forecast suggests that inflationary pressures are building up and may persist into the third quarter of the year. Headline inflation (Seasonally adjusted) is projected to temporarily accelerate in May 2021 to 7.7 percent and to continue picking up thereafter away from the implicit target of 5 percent premised on the expected recovery in economic activities and the surge in global commodity prices.

Decision

Taken the above factors into consideration, the Committee decided to maintain the policy rate at 10.0 percent. The Committee also decided to maintain the required reserve (RR) at 13 percent, the interest rate on the standing deposit facility at 3.0 percent and the standing lending facility at 11.0 percent (MPR plus 1 percentage point).

Next MPC Meeting

The next Monetary Policy Committee (MPC) meeting is scheduled for Wednesday, August 25, 2021. The meeting will be followed by the announcement of the policy decision on Thursday, August 26, 2021.

APPENDIX

TABLE 8: *Overview of the World and regional Economic Growth and Outlook (percent change)*

Group Name	Estimates						Projections		
	2015	2016	2017	2018	2019	2020	2021	2022	2023
World	3.5	3.3	3.8	3.6	2.8	-3.3	6.0	4.4	3.5
Advanced economies	2.4	1.8	2.5	2.3	1.6	-4.7	5.1	3.6	1.8
Euro area	2.0	1.9	2.6	1.9	1.3	-6.6	4.4	3.8	1.9
Major advanced economies (G7)	2.2	1.5	2.2	2.1	1.5	-5.0	5.4	3.6	1.5
Advanced economies excluding G7 and euro area	2.3	2.6	3.1	2.8	1.8	-2.1	4.4	3.4	2.5
European Union	2.5	2.1	3.0	2.3	1.7	-6.1	4.4	3.9	2.3
Emerging market and developing economies	4.3	4.5	4.8	4.5	3.6	-2.2	6.7	5.0	4.7
Emerging and developing Asia	6.8	6.8	6.6	6.4	5.3	-1.0	8.6	6.0	5.8
Emerging and developing Europe	1.0	1.9	4.1	3.4	2.4	-2.0	4.4	3.9	3.0
ASEAN-5	5.0	5.1	5.5	5.3	4.8	-3.4	4.9	6.1	5.7
Latin America and the Caribbean	0.4	-0.6	1.3	1.2	0.2	-7.0	4.6	3.1	2.7
Middle East and Central Asia	2.8	4.7	2.5	2.0	1.4	-2.9	3.7	3.8	3.6
Sub-Saharan Africa	3.2	1.5	3.1	3.2	3.2	-1.9	3.4	4.0	4.1

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

TABLE 9: *Annual Average Inflation (percent changes in average CPI)*

Country Group Name	Estimates						Projections		
	2015	2016	2017	2018	2019	2020	2021	2022	2023
World	2.7	2.7	3.2	3.6	3.5	3.2	3.5	3.2	3.1
Advanced economies	0.3	0.8	1.7	2.0	1.4	0.7	1.6	1.7	1.8
Euro area	0.2	0.2	1.5	1.8	1.2	0.3	1.4	1.2	1.4
Major advanced economies (G7)	0.3	0.8	1.8	2.1	1.5	0.8	1.7	1.8	1.9
Advanced economies excluding G7 and euro area)	0.5	0.9	1.5	1.6	1.1	0.5	1.3	1.2	1.5
European Union	0.1	0.2	1.6	1.9	1.4	0.7	1.6	1.4	1.6
Emerging market and developing economies	4.7	4.3	4.4	4.9	5.1	5.1	4.9	4.4	4.0
Emerging and developing Asia	2.7	2.8	2.4	2.7	3.3	3.1	2.3	2.7	2.6
Emerging and developing Europe	10.6	5.6	5.6	6.4	6.6	5.4	6.5	5.4	5.3
ASEAN-5	3.1	2.3	3.1	2.9	2.1	1.4	2.4	2.7	2.7
Latin America and the Caribbean	5.5	5.5	6.3	6.6	7.7	6.4	7.2	6.6	5.4
Middle East and Central Asia	5.6	5.7	6.9	9.5	7.4	10.2	11.2	8.1	6.9
Sub-Saharan Africa	6.8	10.4	10.7	8.4	8.5	10.8	9.8	7.8	6.9

***Source**: IMF WEO Database, April 2021*

TABLE 10: *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 motocycles	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

***Source**: GBoS, CBG Staff Calculation*

TABLE 11: *Summary of Current Account Balance*

	Q1-18	Q2-18	Q3-18	Q4-18	Annual -18	Q1-19	Q2-19	Q3-19	Q4-19	Annual -19	Q1-20	Q2-20	Q3-20	Q4-20	Annual -20	Q1-21
C/ Account	8.69	-29.39	-86.32	-27.96	-134.97	2.24	-24.54	-15.59	-0.95	-38.84	-38.55	-43.43	-8.16	-0.18	-90.32	-8.76
Goods	-73.44	-89.24	-140.75	-117.92	-421.36	-90.32	-104.13	-91.06	-92.51	-378.01	-155.13	-122.38	-126.44	-107.81	-511.76	-126.24
Services	33.51	6.88	11.18	40.65	92.22	40.22	14.64	11.96	31.38	98.19	12.99	-10.85	-7.12	-0.03	-5.01	1.96
Income	-4.65	-4.86	-4.31	-4.98	-18.81	-4.57	-3.37	-6.50	-3.15	-17.59	-8.12	-6.11	-7.16	-7.15	-28.54	-7.58
C/Transfers	53.28	57.83	47.57	54.29	212.97	56.91	68.33	70.00	63.33	258.57	111.71	95.91	132.56	114.81	454.99	123.10

***Source**: CBG*

TABLE 12: *Summary of Goods Account Balance*

	Q1-18	Q2-18	Q3-18	Q4-18	Annual -18	Q1-20	Q2-19	Q3-19	Q4-19	Annual -19	Q1-20	Q2-20	Q3-20	Q4-20	Annual -20	Q1-21
Goods	-73.44	-89.24	-140.75	-117.92	-421.36	-90.32	-104.13	-91.06	-92.51	-378.01	-155.13	-122.38	-126.44	-107.81	-511.76	-126.24
Exports (FOB)	29.75	35.25	49.85	42.85	157.70	37.10	43.97	38.82	34.57	154.46	54.25	3.69	7.59	4.52	70.06	13.56
Imports (FOB)	-103.20	-124.49	-190.61	160.77	-257.52	-127.42	-148.09	-129.88	-127.08	-532.47	-209.38	-126.08	-134.03	-112.32	-581.82	-139.80

Source: CBG

TABLE 13: *Summary of Services Account Balance*

	Q1-18	Q2-18	Q3-18	Q4-18	Annual -18	Q1-20	Q2-19	Q3-19	Q4-19	Annual -19	Q1-20	Q2-20	Q3-20	Q4-20	Annual -20	Q1-21
Services	33.51	6.88	11.18	40.65	92.22	40.22	14.64	11.96	31.38	98.19	12.99	-10.85	-7.12	-0.03	-5.01	1.96
Transportation	-13.13	-14.82	-19.64	-7.15	-54.73	-10.84	-11.62	-10.04	-7.74	-40.24	-21.10	-12.59	-8.71	-7.08	-49.47	-8.15
o/w Sea Transport	-13.59	-15.86	-21.40	-9.31	-60.15	-13.53	-13.54	-11.92	-9.58	-48.57	-22.92	-11.98	-9.83	-8.16	-52.89	-9.80
Travel	48.54	23.63	31.43	47.35	150.94	51.89	27.99	22.73	40.03	142.64	36.29	-0.28	-0.07	5.68	41.62	8.83
o/w personal Travel	49.76	24.90	32.68	49.55	156.89	53.46	29.69	24.26	41.67	149.08	37.94	-0.28	0.73	6.84	45.23	9.42

Source: CBG

TABLE 14: *Summary of Current Transfers*

	Q1-18	Q2-18	Q3-18	Q4-18	Annual -18	Q1-20	Q2-19	Q3-19	Q4-19	Annual -19	Q1-20	Q2-20	Q3-20	Q4-20	Annual -20	Q1-21
C/Transfers	53.28	57.83	47.57	54.29	212.97	56.91	68.33	70.00	63.33	258.57	111.71	95.91	132.56	114.81	454.99	123.10
General Government	2.86	7.60	0.00	8.45	18.91	0.00	0.00	0.00	0.00	0.00	44.53	0.00	10.36	0.00	54.89	0.00
Other Sectors	50.41	50.23	47.57	45.84	194.06	56.91	68.33	70.00	63.33	258.57	67.18	95.91	122.20	114.81	400.10	123.10
o/w Workers' Remittances	50.41	50.23	47.57	45.84		56.91	68.33	70.00	63.33	258.57	67.18	95.91	122.20	114.81	400.10	123.10

Source: CBG

TABLE 15: *Summary of Capital and Financial Account Balance*

	Q1-18	Q2-18	Q3-18	Q4-18	Annual -18	Q1-19	Q2-19	Q3-19	Q4-19	Annual -19	Q1-20	Q2-20	Q3-20	Q4-20	Annual -20	Q1-21
Capital Account	7.09	8.31	16.37	24.16	55.93	19.28	13.26	19.54	17.30	63.08	8.60	32.47	30.91	23.17	95.16	3.29
Financial Acc	-1.62	-21.85	-50.55	13.18	-60.85	9.58	-11.80	12.98	-17.06	-6.30	6.69	-56.11	-28.68	-39.55	-117.65	-45.46
o/w Direct Investment	-12.90	-25.26	-24.18	-23.15	-85.49	-20.05	-22.08	-15.11	-17.75	-74.99	-24.40	-65.49	-49.21	-53.96	-193.06	-57.48
o/w Other Investment	-6.10	9.04	-29.02	29.27	3.20	-5.55	2.75	21.05	-20.24	-1.98	28.17	-33.47	-29.55	-21.97	-56.82	-24.91
o/w Change in Reserve Assets	17.38	-5.64	2.65	7.05	21.45	35.18	7.53	7.04	20.93	70.68	2.92	42.85	50.09	36.38	132.23	36.93

Source: CBG

Table 16: *Inter-Bank Transactions Volumes (in of Millions of GMD and US$)*

	2020								2021	
	Q1		Q2		Q3		Q4		Q1	
	GMD	*US$*	GMD	*US$*	GMD	*US$*	GMD	*US$*	GMD	*US$*
Purchase	4081.28	*292.70*	7052.64	*225.25*	9398.71	*288.22*	11263.94	*268.77*	4622.70	*304.58*
Sales	3849.23	*298.80*	7021.73	*231.20*	9653.62	*295.01*	11131.46	*274.49*	4429.95	*308.44*
Total	**7930.51**	***591.50***	**14074.37**	***456.45***	**18758.26**	***583.23***	**22395.40**	***543.26***	**9052.65**	***613.01***

Source: *CBG*

Table 17: *Tabular and Graphical Presentation of Remittance Volume for the period 2018 to 2021*

	2018	2019	2020	2021
JANUARY	21,532,586.84	24,448,797.74	29,221,898.77	58,424,424.78
FEBRUARY	18,479,201.22	24,057,774.33	29,660,562.54	53,671,200.74
MARCH	23,405,912.69	27,561,110.49	32,757,153.22	70,430,010.16
APRIL	22,549,324.03	28,887,823.24	46,240,805.21	71,457,381.55
MAY	27,670,579.13	34,076,473.08	52,829,616.76	
JUNE	24,817,899.88	26,367,949.87	60,329,939.40	
JULY	23,188,841.58	29,356,483.10	67,820,333.54	
AUGUST	26,428,995.52	28,687,523.13	49,177,478.95	
SEPTEMBER	21,812,547.12	26,162,716.54	52,959,680.57	
OCTOBER	23,319,207.05	27,228,833.59	53,590,857.43	
NOVEMBER	21,628,133.23	25,891,871.26	52,461,576.67	
DECEMBER	23,051,169.36	27,066,592.38	62,759,796.45	
TOTAL	**277,884,397.65**	**329,793,948.77**	**589,809,699.51**	**253,983,017.23**

Source: *CBG*

Table 18: *The Exchange Rates of Dalasi against the US Dollar, Euro, Pound Sterling and CFA*

	USD	EURO	GBP	CFA
28/5/2020	51.69	56.3	62.49	420.99
29/06/2020	51.73	57.8	63.47	412.15
29/07/2020	51.96	58.89	65.18	424.27
31/08/2020	51.69	59.95	66.66	431.23
30/09/2020	51.85	60.01	66.39	423.31
30/10/2020	51.91	62.27	66.57	444.27
30/11/2020	51.78	60.07	66.63	431.46
30/12/2020	51.64	61.92	68.52	440.93
29/01/2021	51.73	61.24	68.97	442.53
26/02/2021	51.16	61.65	70.52	444.53
30/03/2021	51.09	60.71	69.27	445.02
29/04/2021	51.16	61.44	69.61	439.27
20/05/2021	51.08	61.43	71.08	456.91
App(-)/Dep(+)	**-1.18**	**9.11**	**13.75**	**8.53**

Source: *CBG*

***TABLE 19:** Summary of Government Revenues*

REVENUE AND GRANTS	GMD'million		Percent of GDP		Y-O-Y Growth	PROJECTIONS
	Q1 - 2020	Q1 - 2021	Q1 - 2020	Q1 - 2021	2020 Q1 - 2021 Q1	PROJECTIONS
Revenue and grants	4,580	3,582	4.7	3.6	(21.8)	3,727
Domestic Revenue	4,044	3,413	4.1	3.5	(15.6)	3,727
Tax Revenue	2,903	2,678	3.0	2.7	(7.7)	3,084
Taxes on income and wealth	762	788	0.8	0.8	3.5	834
Personal	273	267	0.3	0.3	(2.2)	301
Corporate	432	457	0.4	0.5	5.7	476
Capital Gains	24	37	0.0	0.0	52.0	23
Payroll	33	28	0.0	0.0	(14.1)	34
Other taxes on income and wealth	-	-	-	-		0
	-	-	-	-		-
Indirect Tax	2,141	1,890	2.2	1.9	(11.7)	2,250
Domestic Tax on goods and services	755	588	0.8	0.6	(22.1)	716
Stamp Duties	8	9	0.0	0.0	7.1	9
Excise Duties	233	247	0.2	0.3	5.9	229
Excise duties on domestic goods	105	80	0.1	0.1	(24.3)	120
Excise duties on imported goods	128	167	0.1	0.2	30.8	109
Domestic Sales Tax	-	-	-	-		-
Value Added Tax	475	309	0.5	0.3	(35.0)	441
Other taxes on production	39	24	0.0	0.0	(38.5)	37
	-	-	-	-		-
Tax on International Trade	1,386	1,302	1.4	1.3	(6.1)	1,534
Duty	705	739	0.7	0.8	4.9	794
Oil	208	204	0.2	0.2	(2.1)	225
Non-oil	497	535	0.5	0.5	7.8	569
VAT on imports	681	563	0.7	0.6	(17.4)	740
Oil	280	169	0.3	0.2	(39.8)	313
Non-oil	401	394	0.4	0.4	(1.8)	428
	-	-	-	-		-
Nontax Revenue	1,140.97	735	1.2	0.7	(35.6)	643
Government Services and Charges, IFMIS	344	534	0.4	0.5	55.0	240
Nontax Revenue, DTD	21	48	0.0	0.0	131.5	166
Nontax Revenue, CED	63	153	0.1	0.2	142.3	237
Other Nontax Revenue	713	-	0.7	-	(100.0)	-
	-	-	-	-		-
Grants	536	169	0.5	0.2	(68.5)	-
Program	-	-	-	-		-
Projects	536	169	0.5	0.2	(68.5)	-

***Source:** MOFEA & CBG staff Calculation*

***TABLE 20:** Government Expenditures and Net Lending*

Statement of Government Operations	GMD'million		% of GDP		Y-o-Y % Δ
	Q1 - 2020	Q1 - 2021	Q1 - 2020	Q1 - 2021	Q1 2020 - Q1 2021
Expenditure and Net Lending	**5,912.27**	**5,641.15**	**6.01**	**5.7**	**(4.6)**
Current Expenditure	**4,102.11**	**3,490.52**	**4.17**	**3.55**	**(14.9)**
Personnel Emoluments	989.68	1,097.17	1.01	1.12	10.9
Gross Wages, Salaries & Allowances	989.68	1,097.17	1.01	1.12	10.9
	-	-	-	-	
Other Charges	2,161.36	1,549.00	2.20	1.58	(28.3)
Goods and services	832.59	714.93	0.85	0.73	(14.1)
Subsidies and transfers	1,328.77	834.08	1.35	0.85	(37.2)
Transfers to Public Corporations/Institutions	235.93	-	0.24	-	(100.0)
Grants to International Organisations	3.66	-	0.00	-	(100.0)
Grants to Local Organisations	-	-	-	-	
Social Benefits-Pensions	24.44	-	0.02	-	(100.0)
	-	-	-	-	
Interest	951.07	844.35	0.97	0.86	(11.2)
External	208.32	76.40	0.21	0.08	(63.3)
Domestic	742.75	767.95	0.76	0.78	3.4
	-	-	-	-	
Capital Expenditure and Net Lending	**1,810.16**	**2,150.63**	**1.84**	**2.19**	**18.8**
Capital Expenditure	**1,810.16**	**2,150.63**	**1.84**	**2.19**	**18.8**
Externally Financed	1,337.86	1,611.43	1.36	1.64	20.4
Loans	802.01	1,442.44	0.82	1.47	79.9
Grants	535.85	168.99	0.55	0.17	(68.5)
GLF Capital	472.30	539.20	0.48	0.55	14.2
	-	-	-	-	
Net Lending	**-**	**-**	**-**	**-**	
On-Lending + Equity Participation	-	-	-	-	
Repayments(-)	-	-	-	-	

***Source:** MOFEA & ERD Calculation*

Table 21: Sources of Financing Budget Deficit

FINANCING BUDGET DEFICIT	Q1 - 2020	Q1 - 2021	Y-o-Y % ∆	% Share of Total Financing	
	GMD' billion	GMD' billion	YEARLY GROWTH	2019	2020
Financing	**1.18**	**2.40**	**103.2**	**100.0**	**100.0**
External Financing, Net	**0.53**	**1.38**	**162.3**	**44.5**	**57.5**
Borrowing	**0.80**	**1.44**	**79.9**	**68.0**	**60.2**
Project	**0.80**	**1.44**	**79.9**	**68.0**	**60.2**
Program	-	-	-	-	-
External Amortization	**(0.28)**	**(0.06)**	**(76.7)**	**(23.5)**	**(2.7)**
Domestic Financing, Net	**0.63**	**1.02**	**61.6**	**53.4**	**42**
Borrowing	**0.69**	**1.14**	**65.3**	**58.5**	**47.6**
Bank	**0.64**	**1.26**	**96.8**	**54.1**	**52.4**
Central Bank	**0.37**	**1.11**	**204.1**	**31.0**	**46.4**
Deposit Money Banks	**0.27**	**0.14**	**(47.1)**	**23.1**	**6.0**
Nonbank	**0.05**	**(0.11)**	**(338.0)**	**4.1**	**(4.8)**
Change in Arrears (decrease)	**(0.06)**	**(0.12)**	**104.0**	**(5.1)**	**(5.1)**

Source: *MOFEA & CBG staff Calculation*

Table 22: *Government Domestic Borrowing (in Millions of GMD)*

	2018	2019	2020	Jan-Apr 20	Jan-Apr 21
Gross domestic borrowing	22,047.28	24,565.23	27,929.51	8,471.04	9,527.71
Of which maturities	19,889.53	22,058.47	25,858.66	7,690.21	7,995.87
Of which new borrowing	2,157.75	2,506.76	2,070.85	780.83	1,531.84

Source: *CBG*

Table 23: *Summary of Developments in Monetary Aggregates*

Key Monetary Aggregates									
Variable	Level (Millions)		Annual % changes					Quarterly % Changes	
	Q1,2020	Q1,2021	20-Mar	20-Jun	20-Sep	20-Dec	21-Mar	20-Dec	21-Mar
NFA (Banking Sector)	15740.92	24806.48	23.1	27.4	51.0	45.0	57.6	14.1	2.0
NDA (Banking Sector)	27096.34	29042.14	15.5	10.4	5.4	7.2	7.2	5.9	3.9
BROAD MONEY	42837.26	53848.62	18.1	16.4	21.8	22.0	25.7	9.6	3.0
Narrow Money	23702.81	30157.04	20.7	18.8	21.5	20.4	27.2	12.2	3.5
Quasi-money	19134.44	23691.58	15.2	13.6	22.2	23.9	23.8	6.4	2.4
Claims on Gov`t, net	24511.04	26672.21	8.1	5.7	2.0	6.5	8.8	4.4	4.9
Claims on Public Entities	110.37	79.28	-22.7	1.0	-40.0	-25.4	-28.2	13.9	16.9
Claims on Private Sector	7359.92	7979.70	25.3	24.5	13.2	0.8	8.4	1.5	2.4
Reserve Money	42837.26	53848.62	13.0	16.8	32.3	33.9	32.4	7.8	3.7

Source: *CBG*

***TABLE 24**: Contributions to Food Inflation*

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21
FOOD INFLATION	**7.8**	**5.77**	**6.55**	**7.04**	**10.4**	**8.5**
Bread Cereals	12.05	9.43	8.16	7.02	8.06	5.81
Meat	9.41	3.06	1.50	5.17	6.45	6.69
Fish	14.59	15.12	18.66	25.72	24.01	16.31
Milk, Cheese and Eggs (annual % change)	3.89	-0.11	0.97	0.95	5.50	1.86
Oils and fats	17.85	18.08	10.76	10.83	32.84	26.96
Fruits & nuts (annual % change)	5.90	10.45	8.14	6.63	12.94	0.09
Sugar, jam, honey & sweets (annual % change)	-0.78	0.71	-0.86	-1.42	6.99	4.08
Non-alcoholic beverages (annual % change)	4.20	2.23	3.19	2.44	3.77	4.64
Other food products	3.49	-0.19	0.97	-0.79	0.02	4.81
Vegetables	-1.49	-4.70	4.00	2.17	-0.07	4.62

Source: GBOS

***TABLE 25**: Contribution to Non-Food*

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21
NON-FOOD INFLATION ITEMS	7.56	4.20	3.69	4.40	4.41	6.09
Clothing & footwear	7.58	5.78	4.27	2.28	5.20	5.56
Housing, water, electricity,gas and other fuels	5.57	3.75	2.78	1.91	3.97	16.02
Electricity, gas and other fuels	5.60	3.09	2.89	1.96	3.49	18.87
Health	0.30	0.12	0.05	0.07	1.25	1.25
Transport	2.97	0.31	2.56	5.11	5.03	6.97
Communication	55.74	-2.39	-3.00	-4.64	-0.76	-0.76
Recreation and Culture	-2.08	-3.97	-2.94	-1.87	2.01	5.53
Newspapers, books and stationary	-5.24	-3.68	-3.22	-2.35	3.65	5.08
Hotels, cafes and restaurants	5.88	4.59	10.22	10.29	7.46	7.16
Miscellaneous goods and services	24.20	22.32	19.76	27.94	10.54	10.67
Education	1.03	0.72	0.13	85.35	85.35	85.35

Source: GBOS

***TABLE 26**: Contributions to Food Inflation*

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21
Headline Inflation	1.43	2.70	1.76	1.58	1.34	0.36	1.79	2.06	2.98	0.37
Food And Non-Alcoholic Beverages	1.50	2.04	2.05	1.85	1.50	0.13	2.74	2.25	4.57	0.08
Food	1.50	2.05	2.08	1.86	1.58	0.15	2.82	2.34	4.74	-0.01
(I) Bread Cereals	1.68	2.82	2.69	2.13	5.20	0.05	0.91	0.77	6.22	0.68
(I) Meat	1.41	1.84	2.05	1.47	3.74	-4.07	0.51	5.14	5.00	-0.64
(I) Fish	2.5	2.87	2.72	2.68	6.27	3.29	5.85	8.21	4.82	-0.84
(I) Milk, Cheese And Eggs	1.29	2.06	1.47	1.84	-1.49	-1.87	2.57	1.82	2.94	2.47
(5) Oils And Fats	2.07	1.41	1.62	1.63	12.52	1.60	-4.68	1.70	34.88	5.09
(6) Fruits & Nuts	0.95	2.87	2.72	2.68	-2.40	7.29	0.57	1.25	3.37	3.08
(7) Vegetables, Root Crops & Tubers	1.19	2.14	2.84	2.62	-8.62	-1.19	12.23	0.81	-10.61	-5.32
(8) Sugar, Jam, Honey & Sweets	0.51	1.38	0.53	1.47	-4.06	2.91	-1.05	0.90	4.13	0.08
(9) Other Food Products	1.04	1.59	1.88	2.01	-1.98	-2.02	3.07	0.23	-1.19	0.97
(10) Non-Alcoholic Beverages	0.28	1.78	0.52	1.51	0.32	-0.13	1.47	0.77	1.63	1.49

Source: GBoS

***TABLE 27**: Contributions to Non-Food Inflation*

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21
Headline Inflation	1.43	2.70	1.76	1.58	1.34	0.36	1.79	2.06	2.98	0.37
Non-Food Inflation	1.32	3.86	1.24	1.11	1.17	0.61	0.74	1.81	1.17	0.72
Clothing, Textiles & Footwear	2.26	1.68	1.58	1.19	-0.24	2.68	0.71	0.57	1.80	0.85
Housing, Electricity And Gas	1.26	1.50	1.50	1.59	0.88	-0.25	0.55	0.72	2.91	0.78
Furnishings, Household Equipment, …	1.20	1.45	0.59	0.82	2.02	2.27	-0.46	3.35	-0.64	-0.49
Health	0.19	0.43	0.41	0.42	-0.96	0.25	0.33	0.45	0.20	0.20
Transport	0.23	0.39	0.31	0.22	2.03	-2.21	2.56	2.72	1.95	2.66
Communications	0.01	60.48	0.07	0.24	-3.25	0.58	-0.55	-1.46	0.69	-0.23
Newspapers, Books And Stationery	0.81	1.27	0.05	0.40	-6.85	2.94	0.53	1.30	-1.13	0.45
Hotels, Cafes And Restaurants	1.83	1.95	2.16	2.00	-0.34	0.72	7.66	2.06	-2.89	0.21
Education	0.00	0.30	0.59	0.13	0.00	0.00	0.00	85.35	0.00	0.00

Source: GBoS

***TABLE 28**: Core Inflation*

Core Measures of Inflation	**Mar-19**	**Jun-19**	**Sep-19**	**Dec-19**	**Mar-20**	**Jun-20**	**Sep-20**	**Dec-20**	**Mar-21**	**Apr-21**
Headline Inflation	**1.43**	**2.70**	**1.76**	**1.58**	**1.34**	**0.36**	**1.79**	**2.06**	**2.98**	**0.37**
Core 1 Inflation	1.20	3.92	1.89	1.66	0.95	-1.81	1.96	2.68	4.81	0.00
Core 2 Inflation	1.44	3.98	1.68	1.45	1.41	-1.66	1.76	2.71	3.54	2.98

Source: CBG Staff Calculations