CENTRAL BANK OF THE GAMBIA

Monetary Policy Report

February 2024

Preface

The Central Bank of The Gambia (CBG) Monetary Policy Report summarizes developments and outlook for key economic sectors that informed the decision of the Monetary Policy Committee (MPC). The objective is to keep the public informed of the MPC decision as part of the accountability and transparency obligation in the conduct of monetary policy.

Monetary Policy in The Gambia

The mandate of the CBG is to achieve and maintain price and exchange rate stability as well as create an enabling financial sector 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 implicit inflation objective of 5 percent. Nonetheless, the MPC meets to set the monetary policy rate (MPR) to signal the policy stance of the Bank.

Monetary Policy Committee

The MPC was established by the CBG Act 2005 (amended 2018) as the apex monetary policy decision-making body of the Bank. The membership comprises the Governor (Chairman), the two Deputy Governors, heads of the Banking Services and Payment Systems, Banking 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 and outlook for 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 at a press conference. The press release and the minutes of each meeting are posted on the Bank's website for wider access by the public.

Contents

List of Figures

List of Tables

Executive Summary

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia (CBG) convened its last meeting of the year on February 26 and 27, 2024. The Committee reviewed the developments in both the global and domestic economy, including an assessment of the short-term economic outlook. The Committee decided to keep the monetary policy rate (MPR) at 17 percent for the second sitting in a row. This decision reflects a decline in inflation for another month, and a more favorable inflation outlook, although significant risks remain.

The global economy has shown improvement both in terms of growth prospects and inflation outlook since the last MPC meeting held in November 2024. The International Monetary Fund (IMF) in its January release of the World Economic Outlook (WEO) Update, revised upwards the global growth forecast for 2024 by 0.2 percentage points to 3.1 percent, which is the same as the estimates for 2023. This improvement reflects upgrades for China, the United States, and large emerging markets and developing economies. However, the projections for both 2023 and 2024 are still lower than the historical average of 3.8 percent which mirrors the impact of restrictive monetary policy to fight the declining but still high inflation. The WEO report indicated decelerating global inflation as moderating energy and food prices, along with monetary tightening continue to exert significant downward pressure on inflation in most regions. According to the IMF, global headline inflation is expected to decelerate from an estimated 6.8 percent in 2023 to 5.8 percent in 2024 and 4.4 percent in 2025.

On the domestic economy, the real GDP growth continues to recover. Recent data from the Gambia Bureau of Statistics (GBoS) revealed a quarterly annualized real GDP growth of 4.8 percent in the third quarter of 2023, supported by agriculture and services sectors. Furthermore, the Central Bank's Composite Index of Economic Activity (CIEA) also pointed to stronger economic growth in the fourth quarter than previously anticipated. Against this backdrop, CBG staff forecast economic growth at 5.4 percent for 2024, a 0.1 percentage point upward revision from the forecast in November 2023. This positive revision is on account of a better-than-expected rebound in tourism, anticipation of better crop harvest, and public and private consumption and investment. However, going forward, key downside risks to the growth outlook include the still elevated inflation, volatile commodity prices, and structural bottlenecks in the domestic economy.

Headline inflation moderated for the second consecutive month in January 2024, reversing the upward trend observed since the beginning of the year. Data from the GBoS indicated that headline inflation decelerated from 18.4 percent in November 2023 to 17.2 percent in December 2023 and further down to 16.3 percent in January 2024. The decline in headline inflation is attributed to the combined effects of moderating global food prices, better domestic cropping season, and tight monetary policy. However, inflation expectations in the near-term remain elevated as revealed by the Bank's Sentiment Survey results, pointing to an upside risk to overall inflation.

Fiscal pressures have continued to persist since the pandemic despite gains in domestic revenue mobilization. Although revenue performance improved, the fiscal deficit (excluding grants) widened in 2023, owing to a marked increase in expenditures on personnel emoluments, interest payments, goods and services, and infrastructure spending. Against this backdrop, the government increased borrowing from the domestic market, increasing the nominal domestic debt stock by 8.4 percent, from D38.1 billion in 2022 to D41.3 billion in 2023, accounting for 29.4 percent of GDP.

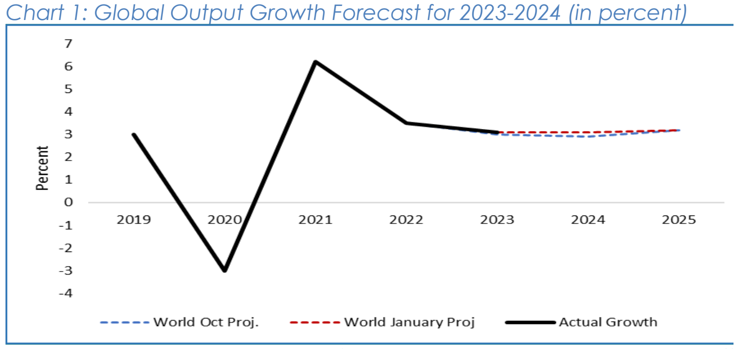
The banking sector registered improved performance in 2023 with solid financial soundness indicators. The capital adequacy level of the banking system remained above the minimum regulatory limit with most banks exhibiting excess liquidity. Similarly, the industry's assets quality improved with the non-performing loan (NPL) ratio declining from 4.6 percent in 2022, to 3.3 percent in 2023. While credit concentration risk remains a significant vulnerability, results from the banking sector stress test indicated a stable banking system.

Based on these developments, the Committee judged that the domestic inflation outlook is positive, with a significant decline observed in the last two months. However, there were still risks to the outlook, which were tilted to the upside. The Committee concluded that it was too soon to ease monetary policy. Instead, they decided to halt interest rate hikes while closely monitoring the disinflation process to ensure it was firmly established. The MPC decided to leave the monetary policy rate unchanged at 17 percent. The interest rates on the overnight deposit and lending facilities as well as the required reserves of commercial banks were also unchanged.

Global Economic Developments

The report on the global economic developments painted a promising picture for 2024 and 2025, although significant risks remain. Economic growth exceeded expectations, particularly in the United States and some emerging market economies displayed unexpected resilience in the face of renewed uncertainties. Economic growth in 2023 benefited from both demand and supply factors, although the pace remained modest. Private demand and government spending in most economies combined with favorable supply developments contributed to the upswing.

Chart 1: Global Output Growth Forecast for 2023-2024 (in percent)



***Source**: IMF, World Economic Outlook, Oct.,2023, CBG staff calculations*

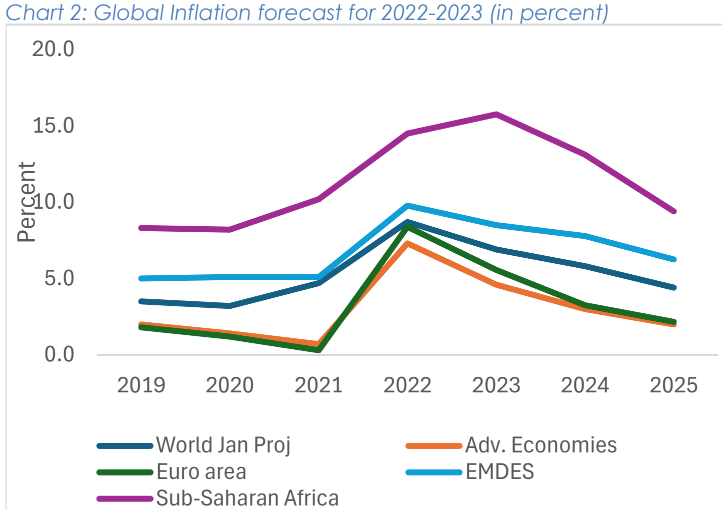
The IMF forecast the global economy to grow by 3.1 percent in 2024, which is the same as the estimates for 2023. This represents an improvement over the October forecast by 0.2 percentage points. However, both the estimates for 2023 and the projections for 2024 are still lower than the historical average of 3.8 percent, which mirrors the impact of restrictive monetary policy and withdrawal of fiscal support amid high debt, as well as low underlying productivity growth.

The outlook for emerging markets and developing economies was projected by the IMF to remain steady at 4.1 percent in 2024, close to the estimates for 2023. The projection for 2024 is higher by 0.1 percentage point from the forecast in the October WEO 2023, due mainly to upgrades in some countries in the region, notably China and India. In China, activity last year exceeded expectations but remained modest given the weakness in the property market. Growth was projected by the IMF at 4.6 percent in 2024, which reflects a carryover from the stronger-than-expected growth in 2023 and increased government spending. The Fund's growth projection for India was 6.5 percent for 2024, reflecting resilience in domestic demand.

Sub-Saharan Africa's economic growth for 2024 was revised downward in the January WEO report by 0.2 percentage points against the October forecast, due mainly to weaker growth prospects in South Africa. Growth was forecast to reach 3.8 percent in 2024 from 3.3 percent last year, as the negative effects of earlier weather shocks subside, and supply issues gradually improve.

Financial conditions in advanced countries, particularly in the United States, have continued to loosen due to easing price pressures and the expectation that monetary policy tightening will soon be relaxed. Accordingly, global bond yields have dropped significantly since October and equity markets recovered. Higher yields in advanced economies, which resulted in capital outflow from emerging market economies have reversed since November. However, credit growth has fallen further as the higher interest rates continued to weigh on demand for loans in the Euro Area and emerging markets and developing economies. In China, financial conditions remained accommodative to support the economic recovery.

Chart 2: Global Inflation forecast for 2022-2023 (in percent)



***Source**: IMF, World Economic Outlook, Oct. 2023, CBG staff calculations*

Global headline inflation continues to decelerate as moderating energy and food prices, along with monetary tightening continue to exert significant downward pressure on inflation in most regions. According to the IMF, global headline inflation is expected to decelerate from an average of 6.8 percent in 2023 to 5.8 percent in 2024 and 4.4 percent in 2025. The forecast was unrevised for 2024 compared to October 2023 projections but revised down by 0.2 percentage points for 2025.

For advanced economies, disinflation was projected to be faster than in other regions, with inflation forecast to fall to 2.6 percent and 2.0 percent in 2024 and 2025, a downward revision of 0.2 and 0.4 percentage points, respectively, from the October 2023 projections.

In emerging markets and developing economies, the IMF projected inflation to weaken by just 0.3 percentage points to 8.1 percent in 2024, mainly on account of the relatively high inflation in Argentina. In the Euro Area, inflation will decline to 3.6 percent this year from 5.6 percent in 2023, while for sub-Saharan Africa, inflation is anticipated to fall to 13.1 percent from 16.0 percent last year.

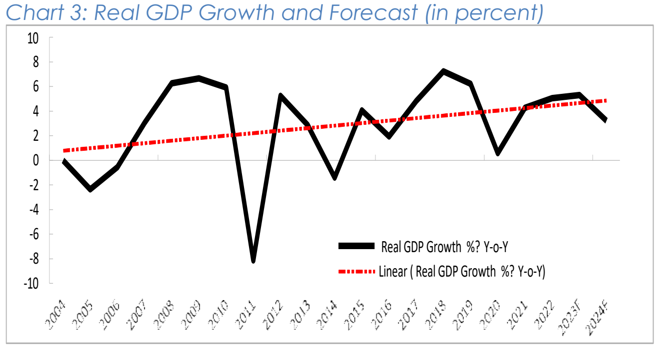
International commodity prices declined marginally in January 2024, driven by the fall in food prices, metals, and copper that outweighed the surge in crude oil prices. The IMF All Commodity Prices Index fell by 0.3 percent in January, from the level it was in December 2023. Overall, the commodity price index fell by 12.9 percent between January 2023 and January 2024.

The Domestic Economy

Real Sector

The Gambian economy continues to show resilience, navigating through sectoral fluctuations while maintaining an overall growth trend. According to the latest data from the GBoS, real GDP growth expanded by 4.8 percent in the third quarter of 2023 compared to the same period in 2022.

Chart 3: Real GDP Growth and Forecast (in percent)



Source: *GBoS, CBG staff calculations*

This uptick in growth is primarily attributed to positive developments in the agriculture and services sectors. On the other hand, industrial activity, notably construction, contracted during the review quarter.

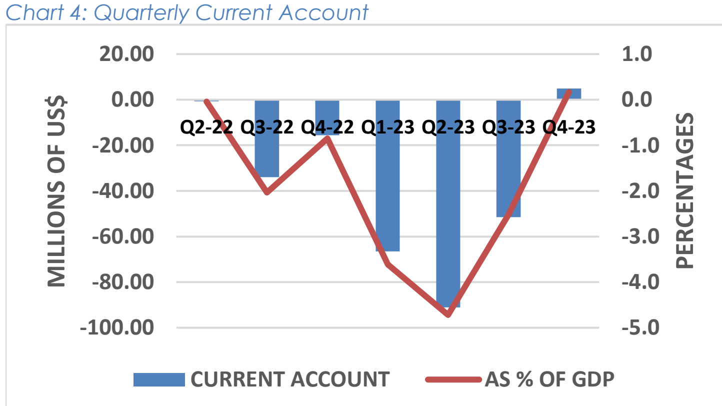
On the demand side, growth was primarily supported by domestic absorption, comprising private and public consumption and investment. Private consumption alone accounted for more than 50 percent of total GDP. However, the significant dependence on imports and the low export base resulted in a negative contribution of foreign demand to economic growth.

Similarly, analysis of the composite index of economic activities (CIEA) revealed signs of continued recovery, with growth rates rebounding in the later quarters of 2021 and progressing into 2023. Forecasts for 2024 suggest a continuation of this trend, with the index expected to maintain steady growth, although at a slightly moderate pace. CBG staff forecasts indicate real GDP growth to rise to 5.4 percent in 2024, from 5.3 percent estimated in 2023, with recovery anticipated in both the services and industry sectors. Notably, the recovery of the tourism industry, along with contributions from construction, transportation, as well as energy sectors are expected to aid growth in 2024.

Balance of Payments

Provisional estimates of the Gambia's balance of payments in the fourth quarter of 2024 showed an improvement in the current account balance compared to the previous quarter. However, estimates for the entire year indicated a larger deficit compared to a year ago.

Chart 4: Quarterly Current Account

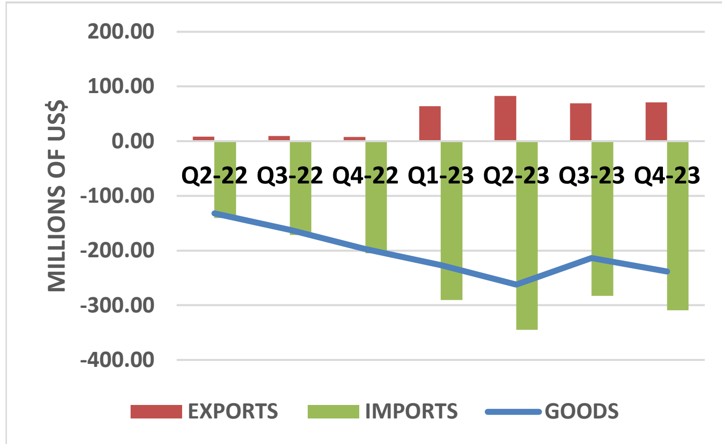


***Source**: GBoS, CBG staff calculations*

The current account balance registered a significant turnaround in the fourth quarter of 2023, with an estimated surplus of US$4.9 million (0.20

percent of GDP), compared to a deficit of US$51.5 million (2.5 percent of GDP) in the third quarter of 2023. This was due to a notable increase in grants, better tourism receipts, and a slight rise in remittances. In addition, there was a decrease in imports of electricity from Senegal following the launching of the OMVG electricity project. However, despite the positive shift in the fourth quarter, the surplus was not sufficient to offset the deficit for the entire year, which stood at US$204.1 million (7.0 percent of GDP) in 2023. This is a deterioration from the previous year's deficit of US$90.3 million (4.4 percent of GDP) in 2022, resulting primarily from the large value of imports of food, fuel, and construction materials.

Chart 5: Merchandise trade



***Source**: CBG staff calculations*

The deficits in the goods account worsened to US$238.3 million (11.6 percent of GDP) in the fourth quarter of 2023, from a deficit of US$213.4 million (10.4 percent of GDP) in the preceding quarter. This is explained by the increase in imports (FOB), mainly resulting from the importation of foodstuff, mineral fuel, and construction materials for the ongoing road construction. The reduction in the electricity imports from Senegal mitigated the impact on the goods account. For the entire year, the goods account balance widened to an estimated deficit of US$940.4 million (32.2 percent of GDP) in 2023, compared to a deficit of US$642.4 million (31.5 percent of GDP) in 2022.

The services account balance improved but only slightly, driven by some recovery in tourism. The surplus in the services account improved to US$67.9 million in the fourth quarter of 2024, from a surplus of US$49.3 million in the third quarter. The overall surplus for the year 2023 improved to US$204.2 million, compared to US$80.2 million in 2022.

During the review period, private remittance inflows expanded from 171.6 million in the third quarter to $177.6 million in Q4, 2023, an increase of $6.1 million or 3.5 percent. Compared to the corresponding fourth quarter, in 2022, private remittance inflows contracted from $181.4 million representing a contraction of $3.4 million or 2.1 percent.

Secondary income, mainly workers' remittances (net) and official grants, increased to US$181.2 million in the fourth quarter of 2023, from US$116.3 million in the preceding quarter of 2023. This resulted in a total of US$553.9 million for 2023, compared to a net inflow of US$503.0 million in 2022.

Capital transfers during the year mitigated the impact of the large current account deficit. The capital accounts in the fourth quarter of 2023 improved to a surplus of US$72.3 million, from a surplus of US$14.2 million in the preceding quarter. This can be attributed to the substantial amount of project funds disbursed during the quarter. Estimates for the entire year showed that the capital account balance improved to a surplus of US$148.0 million in 2023, from an excess of US$44.0 million in 2022.

The financial account balance deteriorated to a deficit of US$147.6 million in the review quarter of 2023, compared to a deficit of US$10.9 million in the third quarter of 2023, reflecting a growth in non-resident investment during the quarter under review. A total net inflow of US$301.9 million was recorded in 2023, compared to US$280.9 million a year ago, highlighting an increase in inflow from foreign direct investments and other investments (trade credits, loans and currency and deposits components).

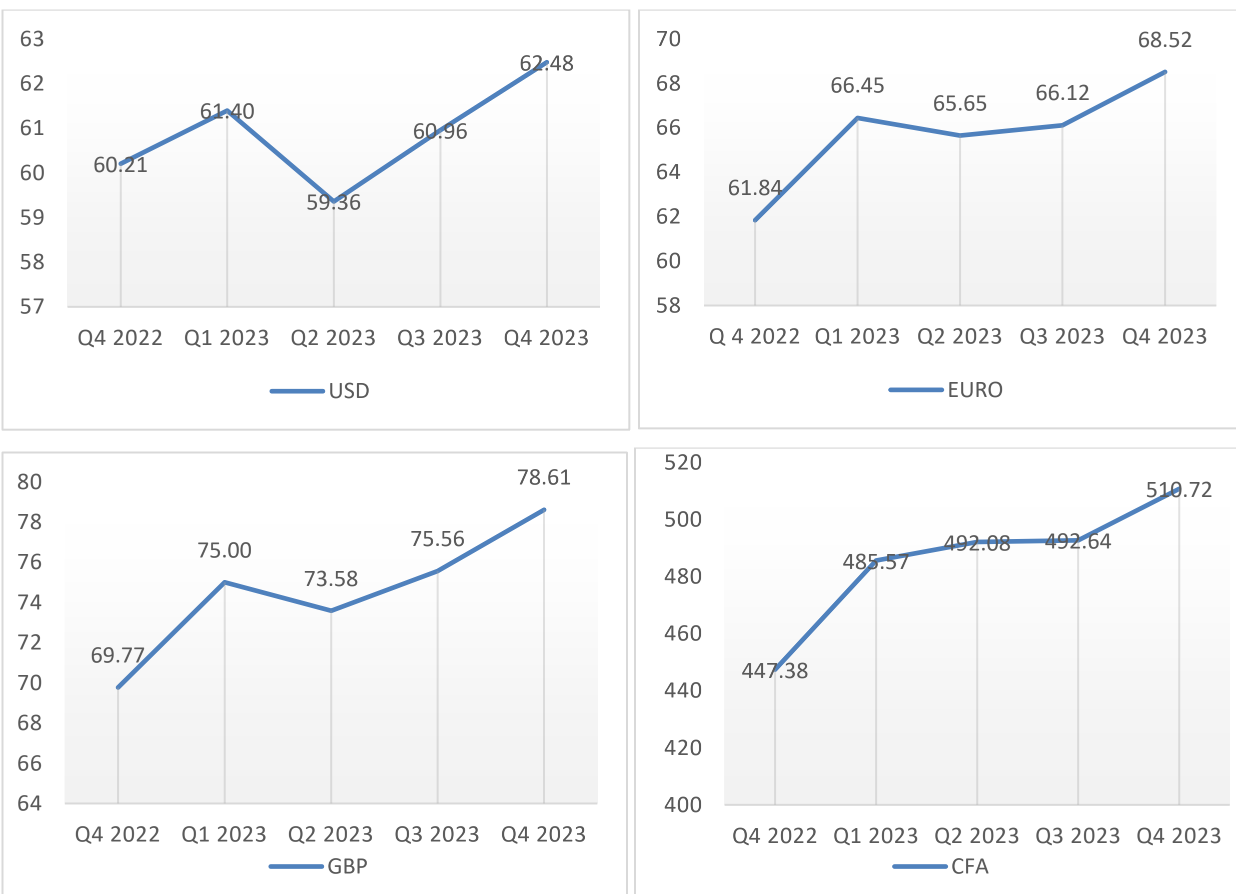
The estimates for the gross official reserves as at end-December 2023 stood at US$476.08 million (6.8 months of gross import cover), compared to US$454.73 million (6.5 months of gross import cover) at end-December 2022.

Exchange Rate Development

Activity volumes in the domestic foreign exchange market, denoted by the aggregate purchases and sales of foreign currency, recorded a market turnover of $1.95 billion from January 2023 to December 2023, compared to $2.5 billion in the corresponding period in 2022. This represents a contraction of $531.9 million or 27.3 percent in market volume. The sales and purchases of foreign currency respectively indicate the level of demand and supply in the market. Total sales of foreign currency declined by $254.9 million or 20.8 percent, while purchases dropped to $277.2 million or 22.0 percent. Supply continued to be supported by remittance inflows, tourism receipts, and CBG interventions, while demand continued to stem from the importation of food and energy.

The exchange rate of the dalasi during the review period registered depreciation against all major trading currencies. From September to December, the dalasi depreciated against the United States dollar, the euro, Great Britain pound, and CFA franc by 2.5 percent, 3.6 percent, 4.0 percent, and 3.7 percent, respectively. Relative to the fourth quarter of 2022, the dalasi depreciated against the United States dollar by 3.8 percent, the euro by 10.8 percent, Great Britain pound by 12.7 percent, and CFA franc by 14.2 percent. This current depreciation was largely influenced by the seasonal increase in demand for foreign currency as imports of essential commodities in preparation for Ramadan.

Chart 4: Exchange rate developments

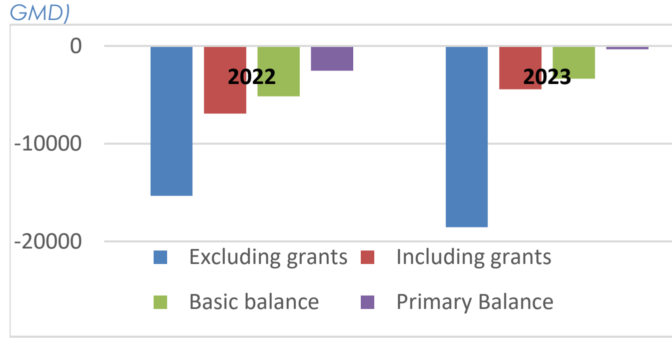


Source: *CBG staff calculations*

Government Fiscal Operations

Government's fiscal position deteriorated in 2023 compared to the previous year, despite improved revenue performance. This is largely attributed to the surge in capital expenditure owing to the ongoing infrastructure developments. Both recurrent and capital expenditures increased during the year.

Chart 5: Summary of Government Fiscal Operations (millions of GMD)

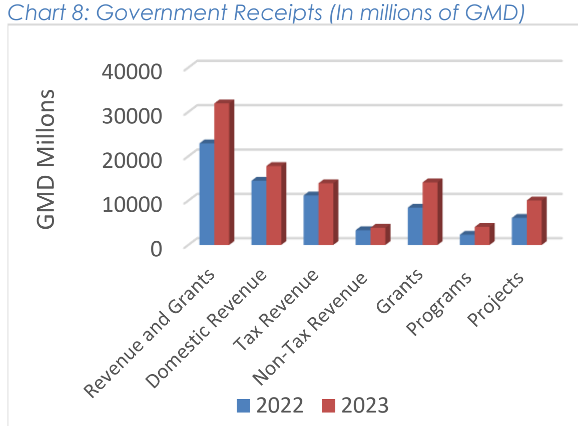


Source: *MoFEA& CBG staff calculations*

The overall budget deficit (excluding grants) widened to D18.5 billion (12.9 percent of GDP) in 2023, from D15.3 billion (12.5 percent of GDP) a year ago. Nonetheless, the basic and primary balance deficits narrowed during the period under review. The deficit in the basic balance, which excludes grants and externally financed project spending, decreased from D5.2 billion (4.2 percent of GDP) in 2022 to 3.4 billion (2.4 percent of GDP) at end of year 2023. Moreover, the primary balance improved to 345.1 million (0.2 percent of GDP) in 2023, from D2.5 billion in the previous year.

Total revenue and grants mobilized in 2023 amounted to D31.9 billion (22.2 percent of GDP), an increase of 39.4 percent compared to last year. This is explained by domestic revenue performance, including tax and non-tax revenue collections, and grant disbursement. Domestic revenue, comprising tax and non-tax revenues, rose by 22.8 percent to D17.8 billion (12.4 percent of GDP) in 2023, from D14.5 billion (11.8 percent of GDP) a year ago.

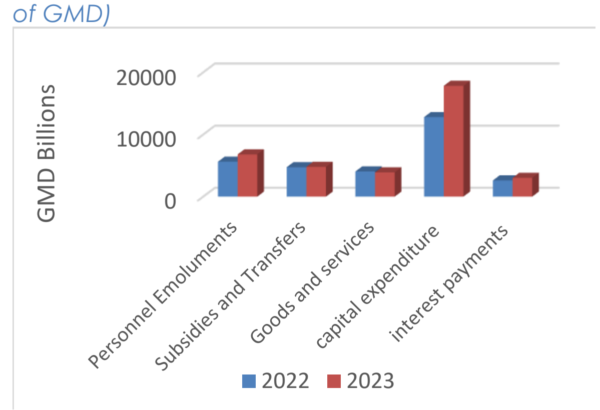
Chart 8: Government Receipts (In millions of GMD)



Source: *MoFEA & CBG staff calculations*

Tax revenue rose by 24.7 percent D13.9 billion (9.7 percent of GDP) in 2023, from D11.1 billion (9.1 percent of GDP) recorded last year. Indirect and direct tax revenues increased, by 10.6 percent and 32.2 percent, respectively. Corporate and personal taxes also increased, by 4.9 and 19.8 percent, respectively. Similarly, non-tax revenue rose by 16.6 percent to D3.8 billion (2.7 percent of GDP) in 2023, from D3.3 billion (2.7 percent of GDP) in 2022.

Chart 9: Expenditure and Net Lending (In Millions of GMD)



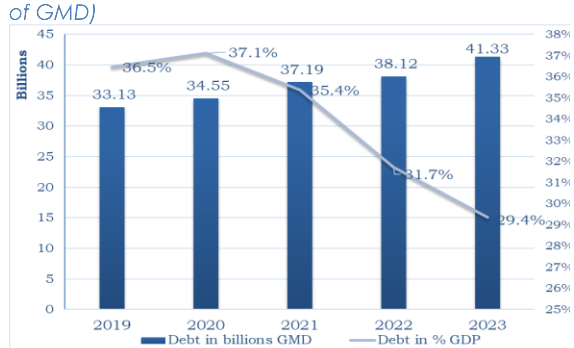
Grants received during the year under review increased by 68 percent to D14.1 billion (9.4 percent of GDP) in 2023, from D8.4 billion (6.9 percent of GDP). Of the grants received in 2023, 71 percent comprised project grants and the remaining 29 percent was accounted for by program grants.

Government total expenditure and net lending between 2022 and 2023 increased by 21.8 percent to D36.3 billion (25.3 percent of GDP), from D29.8 billion (24.3 percent of GDP). The increase was driven by the surge in development expenditures that were both domestically and externally financed. Likewise, recurrent expenditure increased by 44.7 percent to D18.5 billion (12.9 percent of GDP) in 2023, compared to D12.8 billion (13.9 percent of GDP) in 2022, driven by increased spending on personal emoluments and interest payments.

Domestic Debt

The outstanding domestic debt stock grew from D38.1 billion in December 2022 to D41.3 billion, representing 29.4 percent of GDP (Chart 10). This increase was driven mainly by increased issuance of treasury bills and medium-term government bonds. Total bond issuance in 2023 was D3.5 billion,

Chart 10: Evolution of Domestic Debt Stock (in billions of GMD)

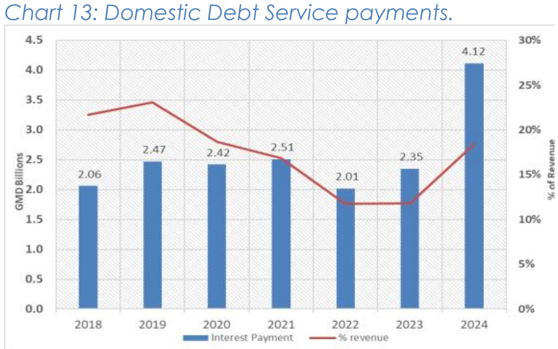


***Source**: CBG staff calculations*

compared to D3.4 billion in 2022. Of the total domestic debt stock, short-term debt accounted for 52.7 percent, while medium to long-term debt constituted 47.3 percent.

Domestic debt service was projected to have reached D4.7 billion, 23.9 of revenue, up from D2.7 billion in 2022 (15.5 percent of revenue). The increase was attributed mainly to amortization of the 2-year bond (D1.5 billion) and XDR repayment (D281.6 million). In 2024, debt service is projected to reach D5.6 billion, due to higher rates with domestic interest expense expected to amount to D4.1 billion (18.4 percent of GDP).

Chart 13: Domestic Debt Service payments.



Source: *CBG staff calculations*

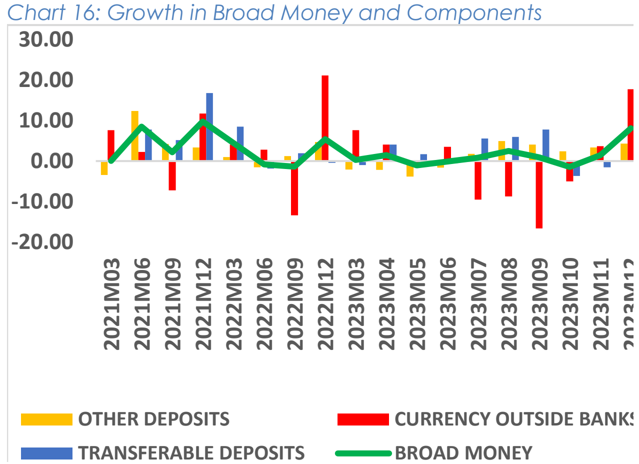
Interest rates in the money market declined in October, deviating from their upward trend established earlier in the year due to increased liquidity in the banking system. The weighted average yield rose from 12.7 percent in January 2023 to a peak of 16.5 percent in May, then dropped to 10.9 percent in September, and further down to 3.8 percent in November.

The interbank market continued to be vibrant with robust activity volumes. In 2023, trade volumes in the Dalasi interbank market amounted to D14.1 billion, with an average tenor of 3 -14 days, compared to D10.4 billion in 2022, trading at the 3-month treasury bills rate. This notable increase indicates the market's sustained vibrancy and enhanced bank liquidity.

Monetary Aggregates

Growth in broad money rose to 8.1 percent, from a growth of 0.9 percent recorded in the previous quarter, reflecting the significant growth in the net foreign asset position of the banking system.

Chart 16: Growth in Broad Money and Components

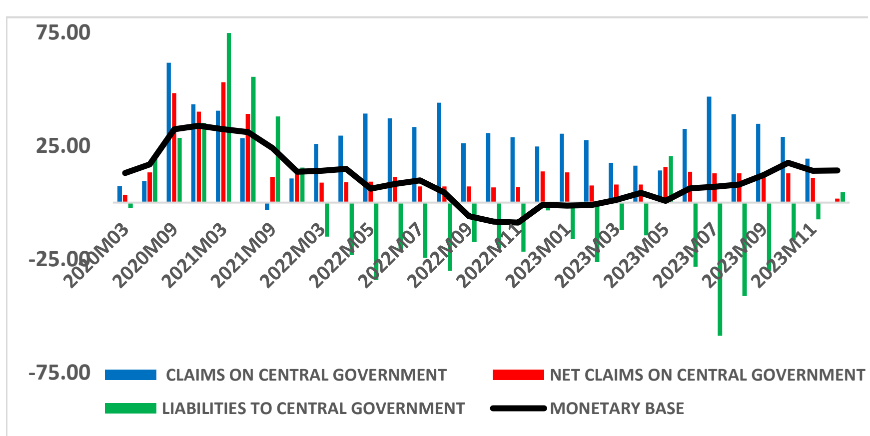


The banking sector's net domestic assets (NDA) at end December was D44.7 billion, a growth of 9.5 percent year-on-year, reflecting the picked up in the banking system's net claims on government. The banking system's net claims on government and private sector contributed 2.7 percent and 2.6 percent to NDA growth, respectively.

Annual growth in credit to the private sector slowed. It registered a percentage growth of 12.2 percent in December 2023, lower than the 25.4 percent recorded in December 2022.

As of end December 2023, reserve money (RM), the Bank's operating target, increased by 14.1 percent (year-on-year), compared to a contraction of 0.9 percent recorded the previous year. Furthermore, the NDA represented 35.7 percent of RM and contributed 6.7 percentage points to its growth, reflecting an increase in CBG net claims on central government. During the period under review, RM surged by 5.8 percent, relative to a contraction of 2.6 percent (quarter-on-quarter).

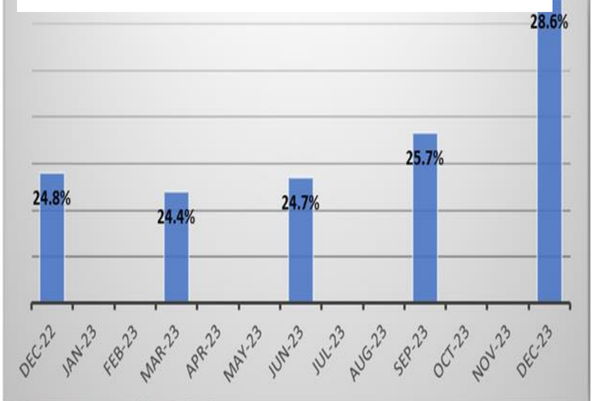
Chart 17: Annual Growth in CBG Net Claims on Government (percent)



Banking Sector

The banking system registered strong performance in the final quarter of 2023, characterized by ample liquidity, strong capital adequacy, and increased profitability. The resilience of the banking industry is a result of its strong fundamentals, evidenced by the robust financial soundness indicators.

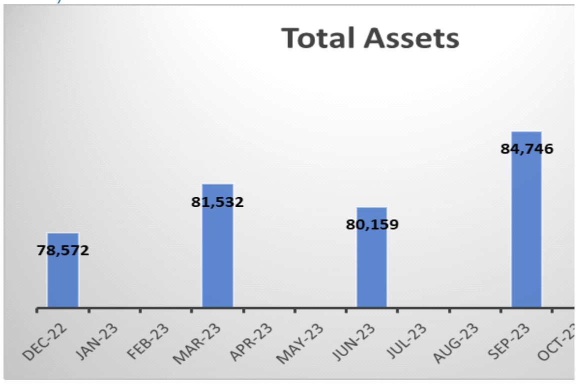
Chart 18: Capital Adequacy (Percent)



Source: CBG staff calculations

In December 2023, the risk-weighted capital adequacy ratio increased to 28.6 percent. This is an improvement from the previous 24.6 percent recorded in 2022. It is also higher than the regulatory requirement of 10 percent.

Chart 20: *Total Assets of the Banking System (millions of GMD)*



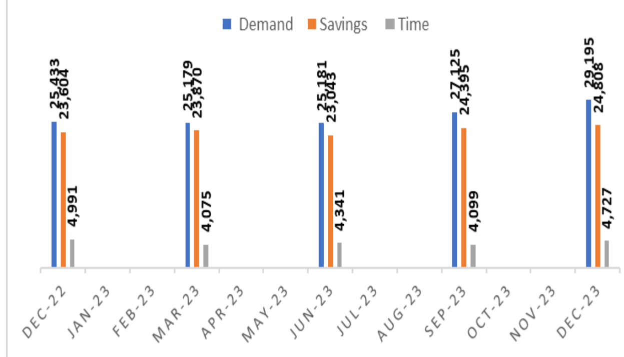
Source: CBG staff calculations

The liquidity ratio increased in the review period to 82.3 percent, compared to 63.7 percent in the same period last year, and was well above the 30 percent statutory benchmark for individual banks. The non-performing loans (NPLs), measuring industry asset quality, dropped from 4.6 percent of gross loans in December 2022 to 3.3 percent in December 2023. This was mainly due to the combination of repayments, debt write-offs, and loan recoveries.

The banking industry's asset base expanded by 24.2 percent (year-on-year), from D78.6 billion in 2022 to D86.5 billion in December 2023, benefiting largely from a rise in the balances due from other banks, holding of government securities, and other assets.

During the quarter under review, gross loans and advances extended by commercial banks stood at D16.9 billion as at end December 2023, representing 19.6 percent of the industry's total assets. The loan-to-deposit ratio of the banking industry stood at 28.8 percent as at end-December 2023, indicating a slight increase from 26.5 percent as at end September 2023.

Chart 21: *Total Deposits of Banks (millions of GMD)*



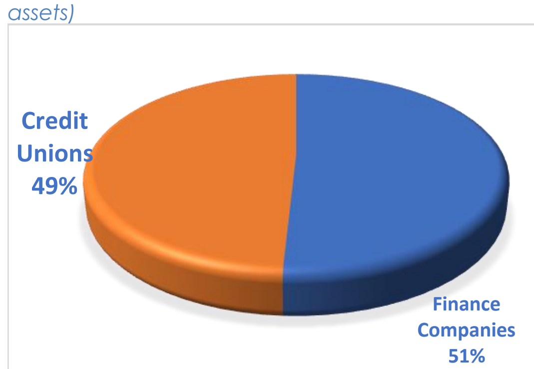
Source: CBG staff calculations

Similarly, total customer deposits, which is the main source of funding for banks, stood at D58.7 billion, representing 67.9 percent of industry total liabilities as at end December 2023. Demand deposits continued to form the largest share of total deposits, accounting for 49.7 percent, followed by savings deposits at 42.2 percent, and time deposits at 8.0 percent as at end December 2023.

The banking system is concentrated, with two large banks dominating the market, with a combined share of 41.4 percent or D24.28 billion of total deposits. The only medium bank accounted for 17.0 percent or D10.0 billion, while the remaining 9 small banks accounted for 41.7 percent or D24.5 billion of total deposits.

The banking industry's earnings continued to improve. The industry registered an increase in net income of 18.2 percent (year-on-year) to stand at D575.1 million. Return on assets (ROA) and Return on Equity (ROE) slightly increased to 2.5 and 21.7 percent in December 2023, from 2.2 and 20.8 percent recorded in 2022, respectively.

Chart 23: Deposits-taking NBFIS (share of total assets)



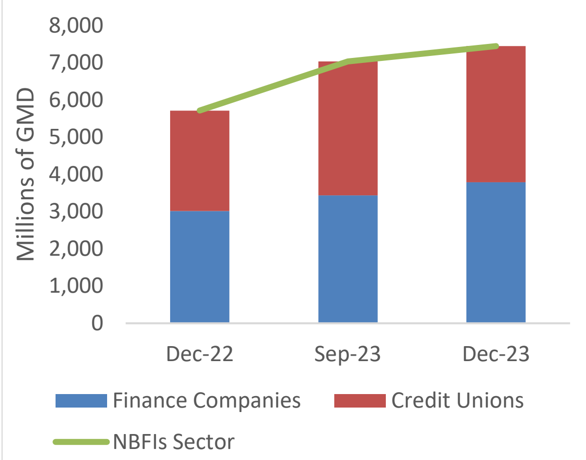
***Source**: CBG staff calculations*

Non-Bank Financial Sector

The non-bank deposit-taking financial institutions sector is growing steadily, with both Finance Companies and Credit Unions contributing to the growth. The sector is dominated by Finance Companies, in terms of asset size, although Credit Unions are growing faster, both quarterly and annually.

The trend analysis shows that the sector grew markedly by 30 percent (year-on-year) in asset base as at end-December 2023. On a quarterly basis, the industry's asset base expanded by 5.8 percent to stand at D7.4 billion.

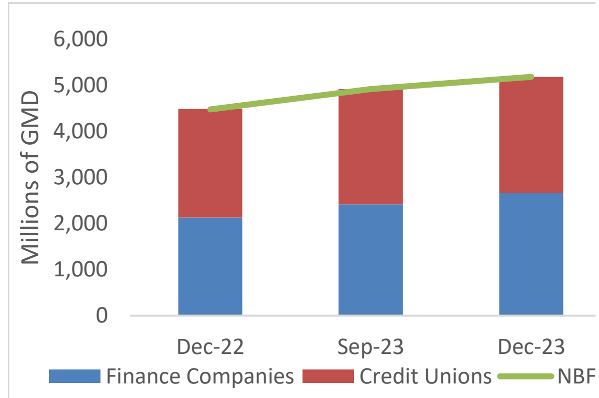
Chart 24: Total Asset of NBFIS



***Source**: CBG staff calculations*

The total deposits of the industry (Credit Unions and Finance Companies combined) grew by 5.0 percent to D5.2 billion at end-December 2023, from D4.9 billion in the third quarter of 2023. When compared to the same quarter a year ago, total industry deposits rose by 15.0 percent to D5.2 billion. Similarly, total loans grew to D3.6 billion at end-December 2023, from D3.5 billion at end-September 2023.

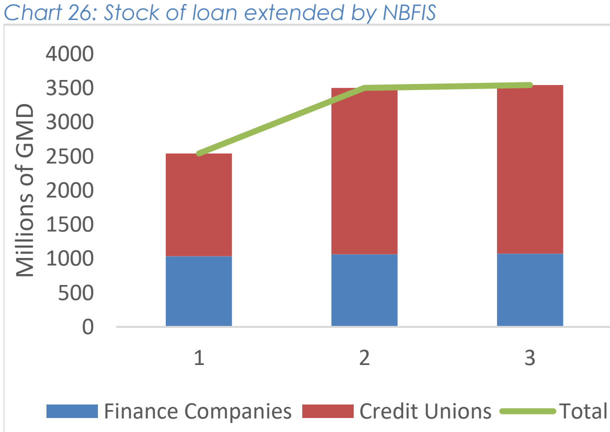
Chart 25: Total Deposits of Non-Bank Deposit-Taking Financial Institutions



***Source**: CBG staff calculations*

During the fourth quarter of the year, non-bank deposit-taking financial institutions provided loans worth D40.5 million to their customers. As a result, the stock of loans increased by 39.0 percent (year-on-year), reaching a total of D3.5 billion by the end of December 2023.

Chart 26: Stock of loan extended by NBFIS



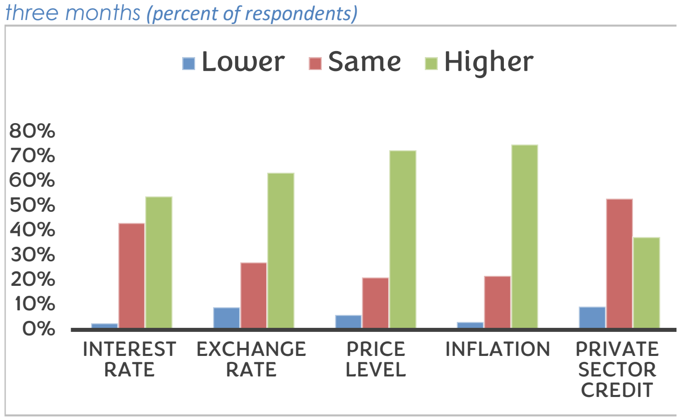
***Source**: CBG staff calculations*

Ratio analysis revealed strong fundamentals, albeit a slight drop in the capital adequacy ratio (CAR) and liquidity ratio of Finance Companies. The risk-weighted CAR contracted to 28 percent at end-December 2023, from 31 percent in September 2023, higher than the regulatory benchmark of 20 percent. However, the CAR for Credit Unions improved by 3 percentage points, from 17 percent in the third quarter to 20 percent in the last quarter of 2023. The liquidity ratio for Finance Companies dropped to 66.0 percent in the review period, from 70 percent in the prior quarter, but was above the 30 percent prudential requirement. In terms of asset quality, the non-performing loans (NPLs) improved to 8 percent as at end-December 2023, from 15 percent a quarter ago for Finance Companies but Credit Unions maintained a 3 percent NPL in the period under review.

Business Sentiment Survey

The report on the Business Sentiment Survey conducted in the fourth quarter of the year revealed that respondents were still pessimistic about the prospects of the global economy. The sentiments on the domestic economy also softened during the fourth quarter of the year, compared to the results of the preceding survey, attributed to the still high inflationary environment, effects of the heightened geopolitical uncertainties, and foreign exchange-related issues.

Chart 27: Sentiment on Macroeconomic indicators for the next three months (percent of respondents)



***Source**: CBG staff calculations*

In terms of business activity at the firm level, however, the survey revealed a positive outlook for production and capital expenditure in the fourth quarter of the year. Employment trends also indicated an uptick in hiring, especially in sectors like tourism and real estate.

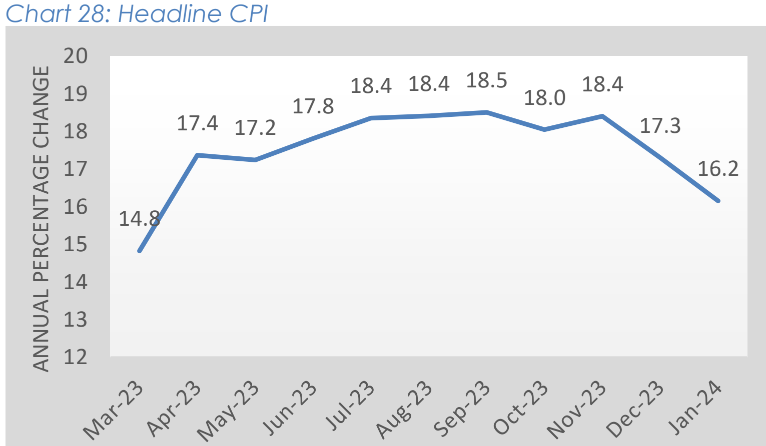
In addition, the forward-looking aspect of the survey revealed a further uptick in the near-term inflation expectations. Factors that continue to shape the sentiments largely include the elevated global commodity prices and depreciation of the domestic currency. Furthermore, the prolonged constraints at the Banjul port continue to be highlighted as a critical cost factor among businesses in addition to domestic tax rates which fuels the inflationary sentiments of businesses.

Price Developments

Domestic prices moderated for the second month in January, marking a shift from the steady rise observed throughout the year (Chart 22). According to the latest inflation reading, headline inflation decelerated to 16.2 percent in January 2024, from 17.3 percent in September 2023, thanks to the slowdown in food prices.

CBG's near-term forecast suggested that inflation will continue to decline in the first half of 2024, marking the commencement of the disinflation process. However, inflation expectations remain elevated, and coupled with uncertainties surrounding global commodity prices, the risk to the outlook is tilted to the upside.

Chart 28: Headline CPI



***Source**: GBoS*

Food inflation (annual percentage change in food CPI) contracted, registering a significant decline of 152 basis points compared to the previous month. Consequently, the food inflation rate settled at 21.0 percent, marking a noteworthy retreat of 2.8 percentage points from the data presented in October at the last Monetary Policy Committee (MPC) meeting. This signifies a promising start on the inflation front to 2024 with a substantial reduction in food inflation.

Similarly, the non-food group also contracted to 10. 7 percent. This reduction was observed from November 2023 to January 2024 and can be primarily attributed to three key components: Textiles, Energy, and Transport. These elements have experienced concurrent decreases on both a monthly and quarterly basis.

The Central Bank's core measure of inflation, which excludes volatile prices of food and energy products (Core 1 & 2), indicated a slump in underlying inflation. In January 2024, Core1 inflation, which excludes the volatile food products, contracted to 19.1 percent, from the previous month's 20.8 percent and the end-October 2023 figure of 23.3 percent. This marks its lowest level in three months. Similarly, Core 2 inflation, excluding both volatile energy and food products, decreased to 18.3 percent in January 2024. This figure is significantly lower when compared to the 22.6 percent recorded in October 2023, presenting a sizable contrast to its peak in October 2023.

In the medium-term outlook, while domestic inflation is anticipated to decelerate further, supported largely by tight monetary policy and declining commodity prices, the risk on the horizon remains and may slow the pace of disinflation. Factors that may impede the decline in inflation include volatile commodity prices, particularly fuel, high inflationary expectations, and domestic structural challenges.

Risk Assessment

Staff assessment of current economic conditions revealed a positive output gap in the fourth quarter, bolstered by aggregate demand momentum, accommodative monetary conditions, and marginal expansionary fiscal policy. Reserve money demand increased, driven by high inflation, and increased economic activity adding to the robust aggregate demand. On the other hand, the increase in interest rates and stronger-than-expected exchange rates were limiting the growth in money demand. Despite the series of policy rate hikes, money market interest rates continued to decline during the fourth quarter, driven by improved liquidity conditions of banks.

The baseline forecast indicated a real GDP growth of 5.4 percent in 2024 (0.1 percentage points upward revision), compared to an earlier projection in November.

The upward revision was predicated on a stronger rebound in tourism receipts, steady remittance inflows, and robust private and public consumption. Inflation is forecast to continue the declining trend reaching lower double digits in 2024, reflecting strong monetary policy response and the expected slowdown in global commodity and food inflation.

The staff assessment of the risks to the growth and inflation forecast was summarized in four risk scenarios. The first scenario is the potential risk associated with a complete removal of fuel subsidies that will result in a full pass-through of international oil prices to domestic pump prices. This will push domestic inflation higher and be more persistent than in the baseline, prompting monetary policy to be more aggressive with a further rise in interest rates. However, output will remain unchanged in the forecast horizon.

Secondly, staff assessed the impact of a faster depreciation on inflation as the new exchange rate policy takes full effect and supply conditions wind down. This scenario risks inflation drifting away from the current projected path and staying high for longer with implications of inflation expectations becoming entrenched and costlier to fight. Even though growth might benefit in the immediate term, monetary policy is expected to counter this inflationary environment by increasing the policy rate higher than what the baseline suggested, potentially requiring a higher sacrifice ratio in the near to medium term.

Finally, the risk of a lower-than-predicted monetary policy response to the current inflation trajectory and a premature monetary policy easing could disrupt the disinflationary process that has just started. In this situation, domestic inflation may accelerate and be more persistent than forecast in the baseline. This is not only unfavorable in the fight against the cost-of-living crises but has the potential to erode policy credibility in the future and make it difficult to bring back inflation to the medium-term target.

Decision

Based on its assessment of inflation outlook and growth prospects, the Committee concluded that it was premature to start loosening policy rate even though forecast suggests strong indication of moderation in inflation. This is because the risks to the outlook remain and tilted on the upside. In this regard, it was necessary to keep policy tight to ensure that the disinflation process continues, and inflation returns to its medium-term target. Against this backdrop, the Committee decided to maintain the monetary policy rate at 17 percent. The Committee also decided to maintain the required reserve (RR) at 13 percent, the interest rate on the standing deposit facility at 3 percent and the standing lending facility at 1 percentage point over the MPR (18 percent).

Next MPC Meeting

The next Monetary Policy Committee (MPC) meeting is scheduled for Wednesday, May 22, 2024. The meeting will be followed by the announcement of the policy decision on Thursday, May 23, 2024.

APPENDIX

Table 1: Global Growth Rates and Forecasts for 2023-2024

Group Name	Estimates						Projections		
	2017	2018	2019	2020	2021	2022	2023	2024	2025
World	3.8	3.6	2.8	-3.1	6.1	3.5	3.1	3.1	3.2
Advanced economies	2.5	2.5	1.6	-4.5	5.2	2.6	1.6	1.5	1.8
Euro area	2.6	1.9	1.3	-6.3	5.4	3.4	0.5	0.9	1.7
Emerging markets and developing economies	4.8	4.5	3.7	-2.0	6.8	4.1	4.1	4.1	4.2
Emerging and developing Asia	6.6	6.4	5.4	-0.8	7.3	4.5	5.4	5.2	4.8
Emerging and developing Europe	4.1	3.4	2.5	-1.8	6.7	1.2	2.7	2.8	2.5
United States	2.3	3.0	1.4	-3.4	5.7	1.9	2.5	2.1	1.7
United Kingdom	1.7	1.3	1.4	-9.3	7.4	4.3	0.5	0.6	1.6
Sub-Saharan Africa	3.1	3.2	3.2	-1.6	4.6	4.0	3.3	3.8	4.1

***Source**: WEO October 2023*

Table 2: Summary of current account balance (millions of USD)

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
C/ACCOUNT	-0.68	-33.98	-15.52	-66.49	-91.06	-51.45	4.87
GOODS	-132.00	-162.30	-197.40	-226.50	-262.20	-213.40	-309.06
SERVICES	8.30	3.10	61.20	41.20	45.90	49.30	67.85
PRIMARY INCOME	-8.8	-7.1	-6.3	-6.5	-5.9	-3.6	-5.9
SECONDARY INCOME	131.9	132.4	126.9	125.4	131.1	116.3	181.2
CAPITAL ACCOUNT	11.9	10.4	20.5	9.6	51.8	14.2	72.3
FINANCIAL ACCOUNT	-90.6	-37.8	-64.1	-104.7	-38.7	-10.9	-147.6

***Source**: CBG staff calculations*

Table 3: Summary of goods account balance (Millions of USD)

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
Goods	-132.00	-162.30	-197.40	-226.50	-262.20	-213.40	-238.28
Transportation	8.60	9.20	7.50	63.70	82.60	69.50	70.78
Exports (FOB)	-140.60	-171.60	-205.00	-290.20	-344.80	-282.90	-309.06

***Source**: CBG staff calculations*

Table 4: Summary of services account balance (Millions of USD)

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
Services	8.30	3.10	61.20	41.20	45.90	49.30	67.85
Transportation	-10.60	-11.60	-12.00	-28.30	-7.30	-1.40	-14.87
o/w Sea Transport	-13.40	-19.00	-24.80	-37.10	-17.70	-12.60	-18.38
Travel	22.10	18.50	77.60	76.80	60.00	56.80	90.22
o/w personal Travel	24.60	19.10	77.60	77.30	60.40	60.00	90.64

Source: *CBG staff calculations*

Table 5: Summary of capital and financial account balance (Millions of USD)

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
Financial Account	-90.6	-37.8	-64.1	-104.7	-38.7	-10.9	-147.6
O/W Direct Investment	-54.1	-63.7	-58.7	-63.1	-60.0	-48.3	-37.0
O/W Other Investment	-18.4	-8.8	57.6	-24.7	-24.8	-6.9	5.6
O/W Change in Reserve Assets	-18.1	34.8	-62.9	-16.9	46.1	44.3	-116.1

Source*: CBG staff calculations*

Table 6: Inter-bank Transactions Volumes (Millions of USD)

QUARTERLY US$			
	PURCHASES (US$)	**SALES (US$)**	**VOLUMES (US$)**
2023 - Q4	208.32	208.90	417.22
2023 - Q3	207.89	213.65	421.54
2023 - Q2	233.30	233.76	467.06
2023 - Q1	318.04	326.04	644.08
2022 - Q4	284.45	286.43	570.86

Source*: CBG staff calculations*

Table 7: Quarterly average market Share by currency (in percent)

CURRENCY	USD	EUR	GBP	CFA	OTHERS
Q4 2023	62.48	68.52	78.61	510.72	Q4 2023
Q3 2023	60.96	66.12	75.56	492.64	Q3 2023
Q2 2023	59.36	65.65	73.58	492.08	Q2 2023
Q1 2023	61.40	66.45	75.00	485.57	Q1 2023
Q4 2022	60.21	61.84	69.77	447.38	Q4 2022

***Source**: CBG staff calculations*

Table 8: The Overall Budget Balance

	GMD' million		% of GDP		Y-o-Y %
Overall balance	2022	2023	2022	2023	
Excluding grants	-15335.35	-18543.31	-12.51	-12.92	21
Including grants	-6926.25	-4419.56	-5.65	-3.08	-36.19
Basic balance	-5156.91	-3368.47	-4.21	-2.35	-34.68
Basic Primary Balance	-2540.29	-345.07	-2.08	-0.24	-86.42
CBG Financing	6,418.13	5,398.19	9.18	7.74	-15.89

***Source**: CBG staff calculations*

Table 9: Revenue and Grants (Millions of GMD except otherwise stated)

	2022	2023	Y-o-Y
RECEIPTS	**2022**	**2023**	
Total Revenue & Grants	**22905.14**	**31929.48**	**39.40**
Percent of GDP	**18.69**	**22.25**	
Domestic Revenue	**14496.05**	**17805.73**	**22.83**
% GDP	**11.83**	**12.41**	
Tax Revenue	**11159.04**	**13915.16**	**24.70**
% GDP	**9.10**	**9.71**	
Direct Tax	**3896.48**	**4311.30**	**10.65**
Personal	**1361.34**	**1630.48**	**19.77**
Corporate	**2358.92**	**2474.52**	**4.90**
Indirect Tax	**7262.57**	**9603.86**	**32.24**
Domestic Tax on goods & services	2489.89	2780.97	11.69
Tax on Int'l. Trade	4,772.68	6,822.90	42.96
Duty	2,595.98	3,458.60	33.23
Sales tax on imports	2,176.70	3,364.30	54.56
Non-tax Revenue	3337.01	3890.57	16.59
% GDP	2.72	2.71	
Grants	8409.09	14123.75	67.96
%GDP	6.89	9.84	
Program	2300.41	4,085.71	77.61
Projects	6108.69	10,038.04	64.32

***Source**: CBG staff calculations*

Table 10: Total Expenditure and Net Lending (Millions of GMD except otherwise stated)

PAYMENTS	9mts-2022		9 mts- 2023		2022-2023
	GMD' Million	% of GDP	GMD 'Millions	% of GDP	Y-0-Y % Change
Expenditure & Net Lending	29,831.39	24.34	36,349.04	25.33	21.85
Current Expenditure	12,797.66	13.90	18,512.88	12.90	44.66
Personal Emoluments	5,627.25	4.59	6,797.51	4.74	20.80
Other Charges	4,732.50	3.86	4,789.90	3.34	1.21
Goods and services	4,057.37	3.31	3,902.07	2.72	-3.83
Subsidies and transfers	8,789.87	7.17	8,691.97	6.06	-1.11
Interest Payments	2,616.62	2.13	3,023.40	2.11	15.55
External	552.79	0.45	677.67	0.47	22.59
Domestic	2,063.83	1.68	2,345.73	1.63	13.66
Capital Expenditure	12,797.66	10.44	17,836.16	12.43	39.37
Externally Financed	10,178.44	10.44	15,174.83	10.57	49.09
Loans	4,069.75	8.30	5,136.79	3.58	26.22
Grants	6,108.69	3.32	10,038.04	6.99	64.32
GLF Capital	2,619.22	4.98	2,661.33	1.85	1.61

***Source**: CBG staff calculation*

Table 11: Summary of Monetary Developments

CENTRAL BANK	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
NET FOREIGN ASSETS	13,804.3	14,168.9	11,536.3	8,803.2	15,360.7
CLAIMS ON NONRESIDENTS	28,964.0	29,841.0	26,480.9	24,136.0	31,567.4
GROSS RESERVES	27,571.8	28,410.0	25,191.7	22,788.7	30,168.3
OTHER CLAIMS ON NONRESIDENTS	1,392.3	1,430.9	1,289.2	1,347.3	1,399.0
LIABILITIES TO NONRESIDENTS	15,159.7	15,672.1	14,944.6	15,332.8	16,206.6
RESERVE-RELATED LIABILITIES	7,834.1	8,041.0	7,857.5	8,023.5	8,436.0
OTHER LIABILITES TO NONRESIDENTS	7,325.6	7,631.0	7,087.0	7,309.3	7,770.7
NET DOMESTIC ASSETS	7,123.6	8,072.3	11,635.0	13,768.1	8,526.3
NET DOMESTIC CLAIMS	14,460.4	15,648.8	17,967.9	17,445.3	14,180.8
NET CLAIMS ON CENTRAL GOVERNMENT	13,899.7	15,093.7	17,718.2	17,222.7	13,939.9
CLAIMS ON CENTRAL GOVERNMENT	20,847.4	20,573.1	22,073.1	21,752.6	21,210.8
GOVERNMENT SECURITIES	13,362.7	13,183.1	14,683.1	14,503.4	13,601.5
LIABILITIES TO CENTRAL GOVERNMENT	6,947.7	5,479.4	4,354.8	4,529.9	7,270.9
CLAIMS ON PRIVATE SECTOR	538.4	532.8	235.3	208.2	226.5
of which: CREDIT TO PRIVATE SECTOR	164.6	159.0	161.5	157.4	152.7
CLAIMS ON OTHER FINANCIAL CORPORATIONS	22.3	22.3	14.4	14.4	14.4
EQUITY	8,995.0	10,583.0	7,807.6	7,721.6	9,406.4
OTHER ITEMS (NET)	1,658.1	3,006.5	1,474.7	4,044.3	3,751.8
TRANSFERABLE DEPOSITS	3.3	1.0	3.0	3.9	5.5
MONETARY BASE	20,927.9	22,241.2	23,171.3	22,571.3	23,887.0
CURRENCY IN CIRCULATION	14,027.4	14,925.2	15,808.4	13,194.7	15,531.0
LIABILITIES TO OTHER DEPOSITORY CORPORATI(	6,900.5	7,316.0	7,362.8	9,376.6	8,356.0
Annual Percentage Change					
NET FOREIGN ASSETS	-18.7	-11.6	-23.4	-33.3	11.3
CLAIMS ON NONRESIDENTS	-0.4	6.3	-1.9	-4.1	9.0
GROSS RESERVES	-1.2	5.7	-2.2	-4.6	9.4
OTHER CLAIMS ON NONRESIDENTS	17.3	19.8	4.8	4.8	0.5
LIABILITIES TO NONRESIDENTS	25.3	29.9	25.3	28.0	6.9
RESERVE-RELATED LIABILITIES	45.2	49.8	42.7	44.7	7.7
OTHER LIABILITES TO NONRESIDENTS	9.2	14.0	10.4	13.7	6.1
NET DOMESTIC ASSETS	72.2	35.6	72.3	98.7	19.7
NET DOMESTIC CLAIMS	23.6	16.8	29.0	30.7	-1.9
NET CLAIMS ON CENTRAL GOVERNMENT	24.8	17.5	32.6	34.8	0.3
CLAIMS ON CENTRAL GOVERNMENT	13.7	7.9	13.6	13.0	1.7
GOVERNMENT SECURITIES	-3.5	-2.5	8.6	8.7	1.8
LIABILITIES TO CENTRAL GOVERNMENT	-3.4	-12.0	-28.3	-30.1	4.7
CLAIMS ON PRIVATE SECTOR	-0.5	-1.1	-56.7	-61.6	-57.9
of which: CREDIT TO PRIVATE SECTOR	-1.5	-3.6	-4.4	-6.3	-7.2
CLAIMS ON OTHER FINANCIAL CORPORATIONS	8.5	8.5	-29.9	-30.2	-35.3
EQUITY	33.6	53.7	19.0	10.3	4.6
OTHER ITEMS (NET)	-299.6	-636.3	-339.6	586.6	126.3
TRANSFERABLE DEPOSITS	-0.8	-43.4	-45.8	-3.7	68.7
MONETARY BASE	-0.9	1.2	6.2	12.2	14.1
CURRENCY IN CIRCULATION	12.3	13.5	17.1	12.9	10.7
LIABILITIES TO OTHER DEPOSITORY CORPORATI(	-20.0	-17.1	-11.4	11.1	21.1
Quarterly Percentage Change					
NET FOREIGN ASSETS	4.6	2.6	-18.6	-23.7	74.5
CLAIMS ON NONRESIDENTS	15.1	3.0	-11.3	-8.9	30.8
GROSS RESERVES	15.4	3.0	-11.3	-9.5	32.4
OTHER CLAIMS ON NONRESIDENTS	8.3	2.8	-9.9	4.5	3.8
LIABILITIES TO NONRESIDENTS	26.6	3.4	-4.6	2.6	5.7
RESERVE-RELATED LIABILITIES	41.3	2.6	-2.3	2.1	5.1
OTHER LIABILITES TO NONRESIDENTS	13.9	4.2	-7.1	3.1	6.3
NET DOMESTIC ASSETS	2.8	13.3	44.1	18.3	-38.1
NET DOMESTIC CLAIMS	8.4	8.2	14.8	-2.9	-18.7
NET CLAIMS ON CENTRAL GOVERNMENT	8.8	8.6	17.4	-2.8	-19.1
CLAIMS ON CENTRAL GOVERNMENT	8.3	-1.3	7.3	-1.5	-2.5
GOVERNMENT SECURITIES	0.2	-1.3	11.4	-1.2	-6.2
LIABILITIES TO CENTRAL GOVERNMENT	7.3	-21.1	-20.5	4.0	60.5
CLAIMS ON PRIVATE SECTOR	-0.6	-1.0	-55.8	-11.5	8.8
of which: CREDIT TO PRIVATE SECTOR	-2.0	-3.4	1.5	-2.5	-3.0
CLAIMS ON OTHER FINANCIAL CORPORATIONS	8.1	0.0	-35.4	0.0	0.1
EQUITY	28.5	17.7	-26.2	-1.1	21.8
OTHER ITEMS (NET)	181.5	81.3	-51.0	174.3	-7.2
TRANSFERABLE DEPOSITS	-18.4	-70.1	207.2	28.4	42.9
MONETARY BASE	4.0	6.3	4.2	-2.6	5.8
CURRENCY IN CIRCULATION	20.0	6.4	5.9	-16.5	17.7
LIABILITIES TO OTHER DEPOSITORY CORPORATI(	-18.2	6.0	0.6	27.4	-10.9

Source: *CBG staff calculations*

Table 12: Key Financial Indicators for Banking Sector (in percent)

INDICATOR	Dec-22	Sep-23	Dec-23	Prudential requirement
Capital Adequacy Ratio	24.8	24.4	28.6	10
NPL Ratio	4.6	4.2	3.3	Single Digit
ROA	2.5	2.7	2.2	Positive ratio
ROE	20.8	21.6	21.7	Positive ratio
Liquid Assets	63.7	41.4	82.3	30
Net Open Position	1.4	2.4		+/-25

Source: *CBG staff calculations*

Table 13: Key Financial Indicators for the Finance Companies

INDICATOR	Dec-22	Sep-23	Dec-23	Prudential requirement
Capital Adequacy Ratio	29	35.0	28.0	20
Return on Assets (ROA)	0.1	0.42	1.0	1
Return on Equity (ROE)	2.4	2.0	5.0	1
Non-Performing Loans (NPL)	14.0	7.0	8.0	5

Source: *CBG staff calculations*

Table 13: Total Assets, Deposit and Loans of NFIS)

INDICATOR	**Dec-22 Million**	Sep-23 million	**Dec-23 million**	**Quarterly % Change**	**Annual % Change**
Total Assets					
Finance Companies	3021.2	3439.4	3788.1	10.1	25.4
Credit Unions	2696.9	3599.0	3661.3	1.7	35.8
Total	5718.1	7038.4	7449.4	*5.8*	30.3
Customer Deposits					
Finance Companies	2126.98	2418.6	2661.8	10.1	25.1
Credit Unions	2360.68	2502.0	2521.9	0.8	6.8
Total	4477.66	4920.6	5183.6	5.3	15.8
Customer Loans					
Finance Companies	1033.9	1062.2	1072.9	1.0	3.8
Credit Unions	1508.4	2442.8	2472.6	1.2	63.9
Total	2542.3	3505.0	3545.5	1.2	39.5

Table 145: Food Price Development (Annual Percentage Change)

Y-O-Y INFLATION	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Jan-24
Food	14.43	16.50	18.27	20.47	23.49	24.98	22.48	20.96
Bread & Cereals	18.47	18.90	27.40	22.94	22.35	24.47	15.29	15.19
Meat	12.22	10.84	9.95	16.64	15.82	16.27	18.37	17.09
Fish	5.24	5.22	5.32	15.84	32.55	35.86	42.92	38.20
Milk, Cheese and Eggs	9.31	13.20	22.26	27.71	27.39	25.91	16.77	15.10
Oils and fats	16.89	23.49	24.36	23.36	13.89	9.51	6.66	6.46
Fruits & nuts	16.49	18.05	17.40	12.18	14.90	18.23	19.95	20.41
Vegetables, root crops & tubers	14.78	21.52	16.13	26.16	31.82	34.35	32.99	26.37
Sugar, jam, honey & sweets	22.44	23.24	25.82	15.80	19.15	19.88	19.86	20.17
Other food products n.e.c	8.78	9.90	2.68	9.42	30.10	37.51	40.59	43.64

***Source**: CBG staff calculations*

Table 156: Non-Food Price Development (Annual Percentage Change)

Y-O-Y NON-FOOD INFLATION	Jun-22	Sept-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Jan-24
NON-FOOD PRODUCTS AND SERVICES	9.33	10.42	9.39	8.9	11.5	11.24	11.25	10.66
CLOTHING & FOOTWEAR	4.69	4.50	5.37	13.69	22.17	31.18	32.31	30.74
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	5.77	6.16	4.10	12.19	31.96	29.70	29.27	28.83
HEALTH	47.85	48.25	12.12	2.91	2.60	2.26	1.89	1.89
TRANSPORT	13.32	16.12	18.04	14.88	4.69	1.48	3.58	1.80
COMMUNICATION	0.82	0.62	0.62	0.20	0.16	0.14	-0.05	-0.05
RECREATION AND CULTURE	6.94	32.72	33.39	35.72	35.44	35.44	6.38	5.76
NEWSPAPERS, BOOKS AND STATIONERY	8.65	5.83	51.57	48.63	45.88	46.03	0.56	0.56
HOTELS, CAFES, AND RESTAURANTS	40.73	44.47	7.45	12.49	21.33	22.11	20.91	20.44
MISCELLANEOUS GOODS AND SERVICES	20.24	11.47	6.12	8.59	3.74	6.79	9.56	10.63

***Source**: GBoS*

Table 167: Core inflation (Annual Percentage Change)

Y-o-Y Inflation	Jun-22	Sept-22	Dec-22	Mar-23	Jun-23	Sept-23	Dec-23	Jan-24
Headline Inflation	11.70	13.27	13.74	14.83	17.81	18.51	17.30	16.15
Core 1 Inflation	15.23	18.99	19.85	21.07	23.05	24.22	20.77	19.09
Core 2 Inflation	15.28	18.08	18.83	18.33	20.80	22.46	19.24	18.27

***Source**: GBoS*