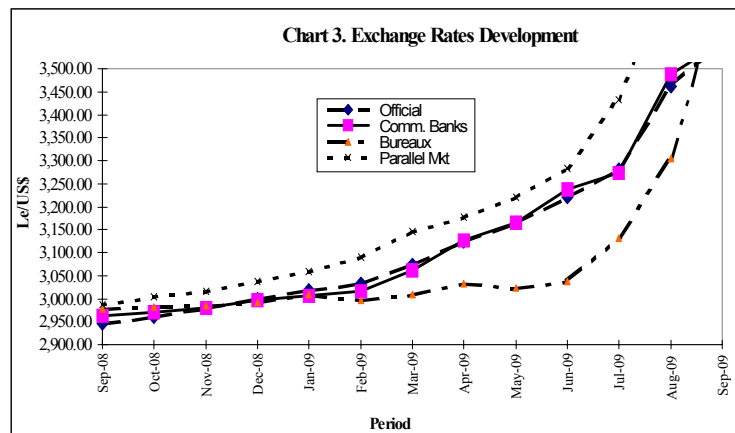




review period was mixed. The Savings, 3-months, 6-months and 12-months declined 3, 14, 16 and 23 basis points to 6.32, 8.87, 9.45 and 10.82 per cent, respectively.

Exchange Rates Developments

The exchange rate of the Leone to the United States Dollar continued to depreciate on both fronts (buying and selling) in all the foreign exchange markets during September 2009.



International Reserves

The Gross External Reserves of the Bank of Sierra Leone increased by US\$107.66mn (47.15%) to US\$336.00mn as at end-September 2009 from US\$228.49mn in August 2009.

Table 9. External Trade. Table with columns for months from Jun-08 to Jun-09 and rows for Total Imports, Total Exports, Re-exports, Trade Balance, Vol. of Imports, Vol. of Exports, and External Reserves.

Notes: n.a - Not Available, ** - Nil, N/A - Not Applicable, R - Revised, + - Provisional

Research Department Published November 2009

Highlights

During the month of September 2009, the national year-on-year inflation rate increased to 10.48 percent, from 9.66 percent in August 2009.

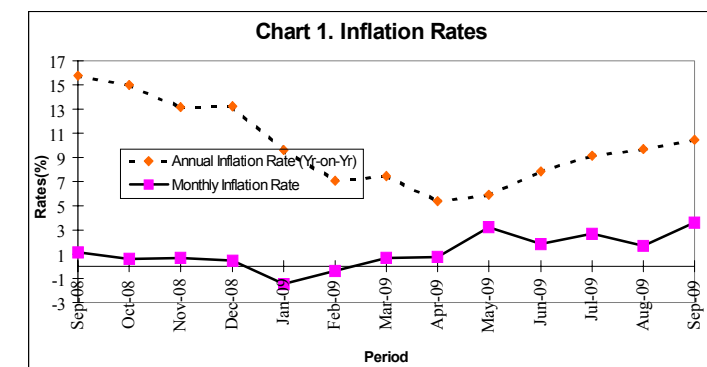
to 13.20 thousand metric tons. The drop was attributed to a decline in construction activities. Paint production however, increased by 5.51 percent to 13.22 thousand gallons.

Table 2. PRODUCTION. Table with columns for months from Sep-08 to Sep-09 and rows for Mineral, Agriculture, and Manufactured Goods.

Table 2. Inflation Rates - National. Table with columns for months from Sep-08 to Sep-09 and rows for Monthly Inflation Rate, Annual Inflation Rate, and Consumer Price Index.

US\$336.00mn in September 2009 from US\$228.49mn in August 2009, mainly due to significant foreign inflows received by the Government of Sierra Leone.

demand at the end of the Ramadan season. Flour production increased by 25.71 percent to 0.88 thousand metric tons in the review month while common soap production increased by 15.61 percent to 52.29 thousand metric tons in September 2009.



Real Sector

Developments in the real sector for the month of September 2009 were mixed. In the manufacturing sub-sector, output level of cement declined by 15.17 percent

Table 3 Government Finances

		Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Total Revenue (Plus Grants)	Le Mn	53312	52737	48336	77642	89356	102168	55344	59408	64119	99911	119024	69790	
Domestic Revenue	Le Mn	53312	46654	48336	59404	47233	40621	55558	54666	59408	63924	58595	59176	67095
Customs & Excise	Le Mn	27361	32009	31300	32284	29990	25375	30959	36090	41699	38884	39052	32940	35019
Income Tax Dept	Le Mn	19226	12440	13806	17610	14345	10506	19932	12162	12658	17409	15725	15870	17148
Miscellaneous	Le Mn	6725	2205	3230	9510	2898	4740	4667	6414	5051	7631	3818	10365	14928
Programmed Funds (Grants)	Le Mn	**	6083	**	29952	30409	**	46610	678	**	195	41316	59849	2695
Fund of which														
HIPC	Le Mn	**	6083	**	**	669	**	2198	678	**	195	770	**	2695
Others*	Le Mn	**	**	**	29952	29740	**	44412	**	**	**	40546	59849	**
Total Expenditure	Le Mn	71340	66002	66188	88916	33982	77070	60439	78411	74819	90975.81	97152.15	83030	132370
Pensions, Wages & Salaries	Le Mn	21120	29738	26381	29779	17944	35321	28065	28210	42401	37486	28060	30100	33044
Other Expenditures	Le Mn	44299	26328	30650	43270	8471	31457	27550	35962	27003	40239	50642	39291	87579
Debt Service Payment	Le Mn	5921	9936	9157	15867	7567	10292	4824	14239	5415	13250.81	18450.15	13639	11747
Domestic	Le Mn	4117	8693	8954	12087	6898	9170	4824	5863	5415	8422.33	7756	8650	5862
Foreign	Le Mn	1804	1243	203	3780	669	1122	**	8376	**	4828.48	10694.15	4989	5885
Overall Deficit/Surplus	Le Mn	-18028	-13265	-17852	440	43660	-36449	41729	-23067	-15411	-26856.8	2758.85	35995	-62580
Total Financing	Le Mn	18028	13265	17852	-440	-43660	36449	-41729	23067	15411	26857.48	-2760.069	-35996	62580
Bank Financing	Le Mn	40872	-5957	37181	1141	-2417	6376	12151	-7916	-306	23044	-9455.23	-12851	46544
Bank of Sierra Leone	Le Mn	1579	-538	24549	4336	-5286	5218	7782	6620	-2337	28374	-3847.63	-32185	51526
Commercial Banks	Le Mn	39293	-5419	12632	-3195	2869	1158	4369	-14536	2031	-5330	-5607.6	19334	-4982
Non-Bank Financing	Le Mn	-40872	5957	-21089	-2406	2417	-6375	-12151	7916	306	-1803	6689.7	-5625	-1483
Treasury Balance	Le Mn	17670	12907	1760	825	-43660	36448	-41729	-23067	15411	5616.482	5.4613755	-17519	17519
Foreign Finance	Le Mn	358**	358	**	**	**	**	**	**	**	**	**	**	**

Sources: Customs and Excise Department, Income Tax Department, Bank of Sierra Leone
 ** - Chinese loan wrongly posted in Sept and reversed in Oct 2008

decreased by 15.74 percent to 0.91 thousand metric tons. There was no shipment of bauxite in the reporting period. In the agriculture sub-sector, coffee shipment was 175.72 metric tons, 9.48 percent higher than the level recorded in August 2009 while cocoa shipment was 2,255 metric tons, 240.38 percent higher than the level recorded in the preceding month. The total units of electricity generated decreased by 18.86 percent to 6.97GW/hr in September 2009. Industrial consumption was 2.14GW/hr, reflecting a decrease of 13.01 percent. Domestic consumption was 2.95GW/hr, indicating an increase of 37.60 percent while government consumption was 1.20GW/hr which was an increase of 34.87 percent. The national inflation rate measured on a monthly basis increased to 3.58 percent in September 2009 compared to 1.66 percent in August 2009. During the reporting month, increases were recorded in the indices of food items including rice and other cereals, fish, fruits, milk, cheese, oil, fat and sugar. Increases were also recorded for non-food items including clothing materials, shoe and foot wear, maintenance materials for furniture and furnishing and also non-durable household items. Similarly, the national year-on-year inflation rate increased to 10.48 percent in September 2009 compared to 9.66 percent in August 2009. The continuous increase in inflation rate indicates a build up of inflationary pressure in the economy.

Fiscal Operations

Total revenue including grants during September 2009 amounting to Le69.79bn was 41.37 percent less than the amount recorded in August 2009, but 30.91 percent higher than the amount in September 2008. The decline in total revenue and grants was due to the drop in grants by 95.50

percent, arising from the unavailability of external inflows for budgetary support during the review period. Domestic revenue of Le67.10bn collected during the month exceeded the amounts in August 2009 and September 2008 by 13.38 percent and 25.85 percent, respectively. This increase was accounted for by increases in revenue collection from Income Tax, Customs & Excise Tax and miscellaneous sources. Revenue of Le35.02bn collected by Customs and Excise Department was higher than levels in the preceding and corresponding months by 6.31 percent and 28.0 percent, respectively. Receipts from Income Tax also showed an 8.05 percent growth while revenue from miscellaneous sources grew by 44.02 percent. The growth in revenue from the various sources represented an improvement in the overall revenue mobilisation in the review month. Total grants of Le2.70bn received during the period were mainly in respect of HIPC Debt Relief Assistance. Total expenditure made in the review month amounted to

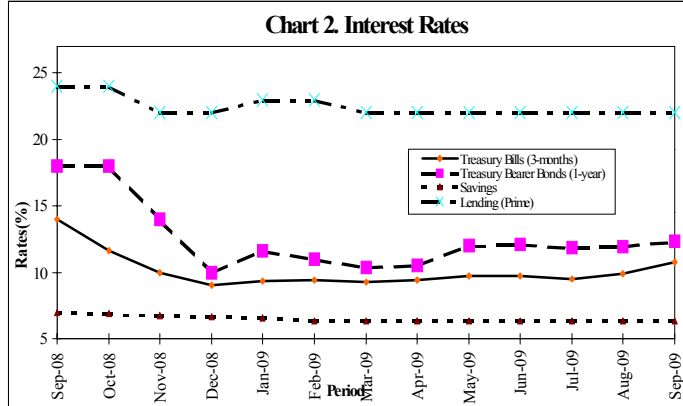


Table 4. Monetary Aggregates

		Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Reserve Money (RM)	Le Mn	464217	449698	445292	466801	437454	454076	455262	451156	467138	457826.88	480394	462915	468204
Broad Money (M2)	Le Mn	1223169	1258270	1290894	1321241	1326183	1372842	1360703	1387778	1357353	1359844	1418316	1452633	1498651
Narrow Money (M1)	Le Mn	626751	612506	633449	666668	675031	695656	682087	684231	684266	662085	700461	697782	735062
Currency in Circulation	Le Mn	321519	312712	320679	340355	336816	337449	335046	323220	336123	323084	333161	334818	347070
Demand Deposits	Le Mn	305232	299794	312770	326313	338215	358207	347041	361011	348143	339001	367300	362964	387992
Net Claims on Government	Le Mn	199226	197719.68	226123	246554	194836	236078	208994	215859	192450	216604	189494	166121	238118
BSL ^A	Le Mn	-8167	5503.6847	23922.254	39440.29	-10086.31	26558.042	-424.7723	22206	37729.8	73073.53	63128	19094	91081
DMB	Le Mn	207393	192216	202201	207114	204922	209520	209419	193653	154720.5	143530.35	126348	147027	147037
Claims on Private Sector	Le Mn	371600	385265	418465	413439	446984	480911	480909	476120	484016	496652	509876	531432	556231
Of Which: Commercial Banks**	Le Mn	365873	379961	413771	406427	438763	461405	472722	466202	473374	486708	499323	521644	546949
Net Foreign Assets	Le Mn	801809	832512	809132	832240	831467	792727	802345	818514	799429	806587	850547	1365127	1308660
Other Items (Net)	Le Mn	149466	157226.68	162826	170992	147104	125774	131545	122715	118542	159999	131583	610047	604358

^A Excludes Government Securities issued on behalf of BSL and HPC Deposits
 ** Revised to reflect definition of Claims on Private Sector given in the Monetary Survey which includes only Private enterprises and individuals
 Source: Returns from BSL & Commercial Bank

Table 5. Interest Rates

		Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Treasury Bills (3-months)	%	13.97	11.66	9.95	9.06	9.35	9.39	9.29	9.41	9.72	9.72	9.50	9.85	10.75
Treasury Bearer Bonds (1-yr.)	%	19.10	16.12	14.23	13.02	12.46	12.26	11.24	11.70	12.04	12.06	11.89	11.95	12.32
Deposits														
Savings	%	6.95	6.88	6.71	6.65	6.58	6.37	6.35	6.35	6.35	6.35	6.35	6.35	6.32
1 - 3 month	%	9.81	9.79	9.14	9.67	9.51	9.51	9.31	9.17	9.17	9.17	9.17	9.01	8.87
3 - 6 month	%	10.68	10.73	10.62	10.58	10.45	10.04	9.88	9.73	9.73	9.73	9.73	9.61	9.45
6 - 9 month	%	10.25	10.25	10.38	10.42	10.10	9.33	9.25	9.25	9.25	9.25	9.25	9.25	9.25
9 - 12 month	%	12.01	12.08	12.02	12	11.86	10.72	11.46	11.21	11.21	11.21	11.21	11.05	10.82
Lending (Prime)	%	24-32	24-30	22-30	22-30	23-30	23-30	22-29	22-29	22-29	22-29	22-29	22-29	22-29

Source: Bank of Sierra Leone

Le132.37bn. This was 59.43 percent and 85.55 percent higher than expenditure in August 2009 and September 2008 respectively, largely on account of the surge in treasury expenses for goods and services from Le39.29bn in August 2009 to Le87.58bn in September 2009. Pensions and wages & salaries expenditures increased by Le9.78bn and 56.46 percent when compared to similar expenditures in August 2009 and September 2008, respectively. The significant increase in treasury expenditure for September 2009 was mainly in respect of contract for the completion of the Bumbuna Hydroelectric Power project, Compagnie Sahelienne d'Enterprises (CSE) for road construction, and subvention to Ministry of Education Science & Technology. Total Debt Service payments of Le11.75bn was 13.87 percent below the August 2009 position but 98.39 percent higher than the position in September 2008. The fall in debt service payments was on account of the decline in domestic debt service payments which outweighed the increase in foreign debt payments. The overall budget balance for the review month was a deficit of Le62.58bn, as compared to a surplus of Le36.0bn in the previous month and a deficit of Le18.03bn in the same month of 2008. The fiscal deficit was financed from domestic sources comprising Ways and Means Advances amounting to Le45.06bn and transfers of Le17.52bn from the Treasury balance.

Monetary Developments

Movements in Monetary aggregates during the month of September 2009 were expansionary. Narrow Money (M1), Broad Money (M2) and Reserve Money (RM) expanded by Le37.28bn (5.34%), Le46.02bn (3.17%) and Le5.29bn (1.14%) to Le Le735.06bn, Le1,498.65bn and Le468.20bn,



respectively. The increases in Currency in Circulation (Le12.25bn) and Demand Deposits (Le25.03bn) accounted for the rise in M1. The growth in M2 was driven by domestic sources as Net Domestic Assets expanded by Le102.49bn (117.12%), outweighing the Le56.47bn (4.14%) reduction in Net Foreign Assets. Commercial banks' Savings Deposits also grew by Le15.19bn (5.4%) to outweigh the decreases in Foreign Currency Deposits and Time Deposits by Le5.11bn (1.39%) and Le1.36bn (1.33%), respectively. Growth in Reserve Money was accounted for by increases in Currency Issued (Le15.03bn) and Private Sector Deposits (Le1.10bn) which outmatched the Le10.84bn decrease in Bankers' Deposits. Over the one year period, M1, M2 and RM grew by 17.28, 22.52 and 0.86 percent, respectively. Net Claims on Government by the Banking System grew by Le72.00bn (43.34%) mainly on account of increase in Net Claims on Government by the Bank of Sierra Leone (Le71.99bn). The major contributing factors to the rise in Net Claims on Government by the Central Bank were the use of Ways and Means Advances (Le45.06bn) and the reduction in Government Deposits (Le20.46bn). Holdings of Treasury Bills at the Bank of Sierra Leone were evenly distributed across the different maturities amounting to Le5.89bn. Net Claims on Government by the Commercial banks expanded by Le10.00mn due to the Le6.46bn increase in their holdings of 1-year Treasury Bills. There was however a reduction in the banks' holdings of the 3-months Treasury Bills (Le10.44bn), 6-months Treasury Bills (Le1.00bn) and Government Deposits at the commercial banks (Le4.62bn). Credit to the Private Sector by the commercial banks rose by Le25.31bn (4.85 %) to Le546.95bn in the period under review. The average interest rate structure during the

Table 6. EXCHANGE RATES (Average Monthly Buying)

		Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Leone to Dollar														
Official	Le/\$	2946.08	2960.72	2979.46	2999.63	3017.15	3031.72	3072.71	3123.37	3166.06	3220.88	3280.79	3461.25	3558.03
Comm. Banks	Le/\$	2962.44	2969.39	2980.70	2996.16	3005.91	3016.76	3062.13	3126.18	3164.28	3236.35	3274.67	3486.91	3557.04
Bureaux	Le/\$	2976.03	2981.44	2985.34	2991.48	3008.57	2995.70	3007.96	3032.45	3023.95	3037.55	3132.24	3305.94	3700.70
Parallel Market	Le/\$	2985.66	3002.77	3016.83	3037.90	3059.29	3089.70	3145.09	3177.21	3219.52	3283.32	3432.87	3728.90	3905.19
Leone to Pound^R	Le/£	5303.90	5014.41	4580.97	4474.80	4359.25	4370.63	4354.07	4589.58	4864.94	5264.38	5460.51	5725.37	5816.69

Table 7. EXCHANGE RATES (Average Monthly Selling)</