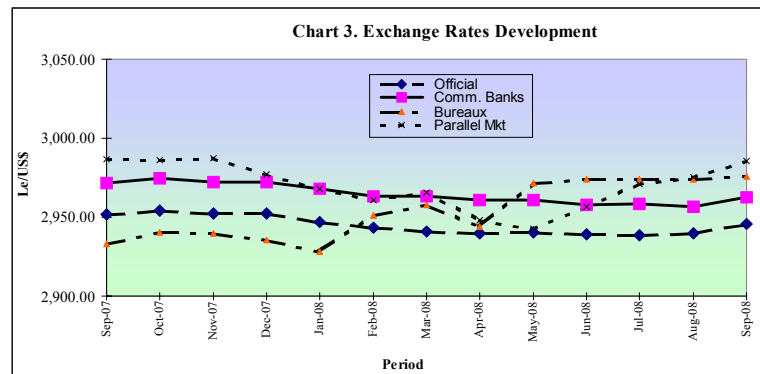




received for preceding month's export of the mineral. The decline in receipts was partly attributed to the 7.42 percent drop in the export volume. The value of bauxite exported in the month of September 2008 rose by 90.38 percent to US\$2.97mn, from US\$1.56mn in August 2008. The increase was also explained by an increase of 90.56 percent in the volume exported. There was no export of ilmenite during the review month. Total receipts from export of agricultural products rose to US\$2.23mn, indicating a significant increase (254%) on the preceding month's earnings of US\$0.63mn. Receipts were mainly in respect of 2.35 thousand metric tons of cocoa worth US\$1.88mn. Proceeds from "other exports" increased significantly to US\$1.89mn from US\$0.69mn recorded in the preceding month. Re-exports also increased to US\$1.09mn from US\$0.33mn in August 2008. Aggregate payment for imports amounted to US\$57.12mn, up by 11.22 percent on the import bill for the preceding month. The increase was reflected in almost all the major categories of imported items with the exception of petroleum products and intermediary goods, notably "chemicals", for which payments dropped respectively by 12.69 percent to US\$16.39mn and 46.30 percent to US\$1.95mn. Payments for "beverages and tobacco" and "food" including "rice" rose by 22.15 percent to US\$1.75mn and 34.61 percent to US\$14.78mn, respectively. The bills for "manufactured goods" and "machinery and transport equipment" increased by 35.94 percent to US\$9.39mn and 35.72 percent to US\$10.23mn, respectively.

Exchange Rate Development

The monthly average exchange rate of the Leone to the United States Dollar depreciated for all the markets in the month of September 2008, with the average buying rates for the official, commercial banks, bureaux and parallel markets depreciating by 0.22 percent to Le2,946.08/US\$1, 0.20 percent to Le2,962.44/US\$1, 0.07 percent to Le2,976.03/US\$1 and 0.34 percent to Le2985.66/US\$1, respectively. A similar pattern was observed on the selling front where the average monthly rate for the official, commercial banks, bureaux and parallel markets depreciated by 0.22 percent to Le3,005.60/US\$1, 0.39 percent to Le2,990.30/US\$1, 0.02 percent to Le3,006.54/US\$1 and 0.22 percent to Le3,005.82/US\$1, respectively. The average monthly auction rate also depreciated in the review month by 0.26 percent to Le2,970.15/US\$1. The premium between the official and parallel market buying rates expanded to Le39.58/US\$1 from Le35.85/US\$1 in August 2008.



The all round depreciation was attributed to demand pressures mainly emanating from a shortage of foreign exchange in the market.

Gross International Reserves

Gross international reserves of the Central Bank decreased over the month by 2.48 percent to US\$222.39mn as at end September 2008, as a result of total outflows of US\$7.79mn outweighing total inflows of US\$2.13mn. Significant inflows during the month comprised US\$0.56mn, being receipts from diamond license fees and exporters income tax, US\$0.75mn in respect of interest earned on the Bank of Sierra Leone's foreign investments and US\$0.68mn as other government receipts, comprising mainly US\$0.67mn in respect of tax receipts from the National Revenue Authority (NRA). Major outflows constituted US\$1.05mn in favour of Embassy/Missions, US\$2.00mn, being foreign exchange utilized under the weekly foreign exchange auction, US\$4.10mn as other government expenditures; of which significant payments included US\$1.11mn to Thomas de la rue as contractual obligation for the establishment of the National Register and ID cards, US\$2.67mn to Global Trading Group in respect of fuel cost and US\$ 0.2mn to WANZA and Company, in respect of legal cost owed and US\$ 0.17mn as total debt service payments of which DFID (US\$0.05mn) and other multilateral/bilateral creditors (US\$ 0.12mn).

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Total Imports o/w	42161.44	30852.13	42488.70	39922.79	45195.12	36327.76	29368.40	45792.68	57703.93	62253.63	54629.25	51357.30	57117.57
Rice	000\$ 1881.35	**	3675.00	**	1242.09	**	3611.62	12163.92	16245.45	7607.19	**	1042.72	6837.32
Petroleum Products	000\$ 18054.71	6561.83	19137.87	12879.06	14259.42	13739.30	20165.90	24042.74	15649.44	26719.65	18484.10	18768.61	16387.20
o/w Fuel	000\$ 15417.79	3128.45	17499.16	10759.24	12535.43	12681.53	19746.76	23770.43	11063.75	20165.52	16045.26	14327.53	13220.05
Others	000\$ 22225.38	24290.30	19675.83	27043.73	29693.61	22588.46	5590.88	9586.02	25809.04	36145.15	31545.97	33893.05	33893.05
Total Exports o/w	000\$ 19298.75	16837.34	13626.43	15980.34	21069.27	23273.43	14969.58	23474.46	20843.46	20834.48	24621.98	12717.05	16373.68
Diamonds	000\$ 9307.74	10390.32	6597.50	6063.26	8333.26	12407.80	7348.27	12672.90	11361.38	13842.99	12812.90	5413.74	6027.95
Bauxite	000\$ 2862.03	2473.48	2716.78	2962.84	2623.11	2636.93	2658.82	1424.39	2738.78	**	2866.10	1560.24	2973.03
Rutile	000\$ 4883.58	2968.39	3027.74	4531.57	2597.75	5161.30	2626.59	5173.53	2591.99	3626.88	2872.50	3848.69	1950.00
Gold	000\$ 136.79	74.96	149.93	220.95	520.38	232.10	499.71	445.70	554.54	253.43	437.08	238.34	209.12
Ilmenite	000\$ **	**	**	**	**	**	**	1460.78	**	**	**	**	**
Cocoa	000\$ 754.38	**	222.85	1029.50	3256.25	880.80	136.44	74.38	395.68	**	493.84	1877.06	1877.06
Coffee	000\$ **	**	271.99	179.15	74.71	74.71	36.27	86.40	618.40	248.06	90.00	140.10	14.40
Others	000\$ 820.83	894.48	893.49	882.18	740.21	1688.87	1322.78	755.47	1766.95	736.12	1192.00	691.16	2231.47
Re-exports	000\$ 533.40	35.71	18.14	18.05	2819.16	190.93	340.70	1380.91	815.74	1955.44	4351.40	330.94	1090.65
Trade Balance	000\$ -22862.69	-14014.79	28862.27	-23942.45	-24125.85	-13054.33	-14398.82	-22318.22	36860.47	-41419.15	-30007.27	-38640.25	-40743.89
Vol. of Imports													
Rice	M tons 7679.00	**	15000.00	**	5000.00	**	9500.00	32000.00	42740.00	20000.00	**	2750.00	17952.50
Petroleum Products (Fuel)	M tons 20230.19	3907.37	19666.89	12109.96	14481.99	14457.34	19130.87	22705.62	10141.76	15573.69	11986.77	12394.64	13023.67
Vol. of Exports													
Diamond	000carat 31.38	45.00	25.90	24.67	45.03	53.99	28.75	37.56	38.43	40.40	48.95	18.20	21.06

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

Research Department
 Published November 2008



Highlights

A Staff Mission from the International Monetary Fund (IMF) visited the country from 9th – 23rd September 2008, to hold discussions with the President Dr. Ernest Koroma, senior government officials, the Central Bank and the business community, on the Third Review under the Fund's Poverty Reduction and Growth Facility (PRGF) Arrangement and the Article IV Consultation. The successful outcome of such consultation would enhance the IMF Executive Board's consideration for further assistance to Sierra Leone. Also during the month, the financial sector was boosted with the commencement of operations of three additional commercial banks; Skye Bank Sierra Leone Limited on the 15th September 2008, Zenith International Bank also on the 15th September 2008 and the United Bank of Africa on the 22nd September 2008, bringing to thirteen (13) the number of commercial banks presently operating in the country. Monetary aggregates exhibited mixed trends during the month, with Narrow Money (M1) and Board Money (M2) expanding, while Reserve Money (RM) contracted. The monthly fiscal operations of government resulted in a deficit of Le18.03bn in the month of September 2008 from a surplus of Le31.87bn in August 2008, as a consequence of a sharp drop in revenue

the drop in the production of acetylene and oxygen was in response to decreased customer demand. The output levels of beer & stout, Maltina drink and flour, however increased by 29.82 thousand cartons (78.19%) to 67.96 thousand cartons, 9.25 thousand cartons (131.02%) to 16.31 thousand cartons and 0.31 thousand metric tons (26.05%) to 1.50 thousand metric tons in the review month. The increase in the production of beer & stout and Maltina drink was due to increased availability of raw materials, coupled with a rise in demand. Similarly, the increase in the production of flour in September 2008 followed an increase in the availability of wheat (the raw material used in its production). The production of common soap resumed in the month under review at 36.32 thousand metric tons, after a halt in production activities in the months of July and August 2008, due to a breakdown of the production plant. The shipment of diamonds as recorded by the Government Gold and Diamond Department (GGDD), increased by 2.08 thousand carats (15.71%) to 21.06 thousand carats in September 2008. The improvement over the month may be attributed to exporters' bid to clear existing stocks preceding their vacation season at the end of the



Table 1

		PRODUCTION												
		Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Minerals														
Diamonds	000carats	31.38	44.97	25.90	24.67	45.03	53.99	28.75	37.56	38.43	40.40	46.94	18.20	21.06
Agriculture														
Coffee	M tons	n.a.	n.a.	n.a.	375.00	247.00	103.00	50.00	108.00	773.00	342.00	n.a.	n.a.	n.a.
Cocoa	M tons	887.50	637.00	2087.70	1293.75	3796.00	1091.00	169.00	87.50	225.00	200.00	n.a.	n.a.	n.a.
Manufactured Goods														
Beer and Stout	000' ctns	47.69	88.68	90.98	64.58	82.37	70.82	58.62	48.67	75.56	48.83	65.39	38.14	67.96
Maltina	000' ctns	13.42	22.32	14.25	18.48	16.25	16.02	10.57	11.84	20.01	10.86	14.76	7.06	16.31
Softdrinks	000' crates	69.79	165.54	148.47	170.65	150.47	161.68	n.a.	167.84	130.89	129.26	148.09	100.94	80.19
Cement	000' M tons	12.15	17.63	18.57	18.47	24.29	24.66	26.04	24.39	26.24	22.30	19.91	17.33	15.43
Common Soap	000' M tons	47.87	0.13	84.85	84.94	52.49	53.30	63.30	50.07	85.01	127.19	n.a.	n.a.	36.32
Paint	000' gallons	6.10	13.25	16.20	9.98	19.32	14.12	12.11	12.82	14.10	n.a.	14.66	20.96	11.03
Acetylene	000'Cu. Ft	14.50	13.75	13.03	15.27	14.83	15.57	15.20	12.04	11.99	11.24	11.72	12.04	11.02
Oxygen	000'Cu. Ft	29.55	28.60	25.16	27.97	32.26	33.05	29.94	24.63	25.08	24.47	25.54	24.22	23.13
Confectionery	000' lbs	252.78	261.89	314.03	167.83	300.14	288.13	220.62	287.49	258.38	82.61	335.31	273.03	240.86

Sources: Manufacturing Industries, Gold and Diamond Department

Table 2

		Inflation Rates - National												
		Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Monthly Inflation Rate	%	0.37	0.09	0.80	0.43	1.65	2.12	-0.15	2.16	2.70	0.06	1.47	1.17	1.16
Annual Inflation Rate (Yr-on-Yr)	%	10.99	10.69	12.19	12.15	10.92	9.73	10.99	13.15	15.28	15.04	16.05	14.81	15.75
Consumer Price Index		164.51	164.67	166.13	166.84	169.60	173.20	172.94	178.39	183.21	183.32	186.02	188.23	190.42

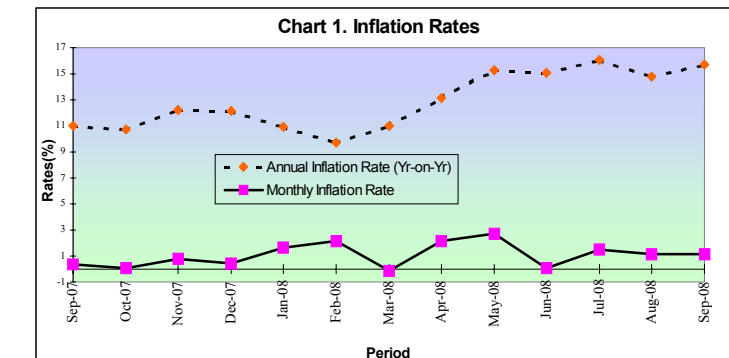
Source: Statistics Sierra Leone

collections. The monthly average exchange rate of the Leone to the United States Dollar depreciated during the month for all foreign exchange markets in the country, on both the buying and selling fronts. The national year on year inflation rate was 15.75 percent in September 2008 from 14.81 percent in August 2008 and the gross external reserves of the Central Bank decreased to US\$222.39mn in the review month, from US\$228.05mn in August 2008.

Real Sector

In the month of September 2008, output levels for most products in the manufacturing sector decreased. The output levels for soft drinks, cement and paint decreased by 20.75 thousand crates (20.56%) to 80.19 thousand crates, 1.90 thousand metric tons (10.96%) to 15.43 thousand metric tons and 9.93 thousand gallons (47.38%) to 11.03 thousand gallons. Also, the production levels for acetylene, oxygen and confectionery decreased by 1.02 thousand cubic feet (8.47%) to 11.02 thousand cubic feet, 1.09 thousand cubic feet (4.50%) to 23.13 thousand cubic feet and 32.17 thousand pounds respectively, in the review period. The decrease in the production levels for cement and paint were the result of a lull in building, construction and renovation activities, associated with heavy rainfalls in the review month. The output level for soft drinks dropped during the month due to a halt in production caused by maintenance work on the production plants during the month, while

year. The output levels of bauxite, rutile and ilmenite also increased by 18.76 thousand metric tons (28.94%) to 83.58 thousand metric tons, 0.70 thousand metric tons (12.87%) to 6.14 thousand metric tons and 0.37 thousand metric tons (60.66%) to 0.98 thousand metric tons over the month as a result of extension of mining activities into new areas. Total electricity generated dropped slightly by 1.58 Gw/hr (12.99%) to 10.58 Gw/hr in the period under review as a result of routine maintenance work on the generating plants. The national year-on-year rate of inflation increased from 14.81 percent in August 2008 to 15.75 percent in the review period. The increase was accounted for by the increases in most of the main Consumer Price Index (CPI) groups, namely "food" (3.2 percent), "housing, water, electricity, gas and other fuels" (0.34 percent)



		Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Total Revenue (Plus Grants)	Le Mn	38263	45240	57777	130902	43513	39599	52433	46856	53400	55249	85183	109785	53312
Domestic Revenue	Le Mn	38263	37856	37928	42280	43513	39599	51986	43791	53400	55249	60654	46921	53312
Customs & Excise	Le Mn	23106	25993	25251	27183	28542	25993	27659	29627	31917	31073	35994	28745	27361
Income Tax Dept	Le Mn	13236	9555	10550	13140	11345	10998	19233	11373	17307	17904	13253	16157	19226
Miscellaneous	Le Mn	1921	2308	2127	1957	3626	2646	5094	2791	4176	6272	11407	2019	6725
Programmed Funds (Grants)	Le Mn	**	7384	19849	88622	**	**	447	3065	**	**	24529	62864	**
Fund of which														
HIPC	Le Mn	**	7384	3	190	**	**	447	3065	**	**	1949	**	**
Others*	Le Mn	**	**	19846	88432	**	**	**	**	**	**	22580	62864	**
Total Expenditure	Le Mn	48610	53331	60566	75392	60575	53300	59937	59162	71530	72638	70950	77920	71340
Pensions, Wages & Salaries	Le Mn	18484	30854	24732	30982	20903	26720	20477	28815	32392	15721	34391	34678	21120
Other Expenditures	Le Mn	22326	7119	20489	33068	29749	17229	32126	20902	25999	46348	26728	28925	44299
Debt Service Payment	Le Mn	7800	15358	15345	11342	9923	9381	7334	9445	13139	10569	9831	14317	5921
Domestic	Le Mn	7777	7067	13873	8518	9056	6577	5656	7224	12441	7534	8795	13404	4117
Foreign	Le Mn	23	8291	1472	2824	867	2804	1678	2221	689	3034.59	1036	913	1804
Overall Deficit/Surplus	Le Mn	-10347	-8091	-2789	55510	-17062	-13731	-7504	-12306	-18130	-17389	14233	31865	-18028
Total Financing	Le Mn	10347	8091	2789	-55510	17062	13731	7504	12306	18130	17389	-14233	-31865	18028
Bank Financing	Le Mn	-1821R	-6144	-3417	-8739	-12710	-1376	12892	-22329	-5179	27759R	-1039	-1849	**
Bank of Sierra Leone	Le Mn	-7448	23514	-17032	-8739	-35976	-8668	-1604	-6962	-10205	16790	-24798	-5858	**
Commercial Banks	Le Mn	5627R	-29658	13615	**	23266	7292	14496	-15367	5026	10969	23759	4009	**
Non-Bank Financing	Le Mn	1820R	12093	6206	**	12710	1376	-12892	22329	5179	-16358R	-10362	1849	**
Treasury Balance	Le Mn	10348	2142	**	-46771	8062	13731	-12086	12306	16030	5988	-2832	-31865	17670
Foreign Finance	Le Mn	**	**	**	**	9000	**	19590	**	2100	**	**	**	358

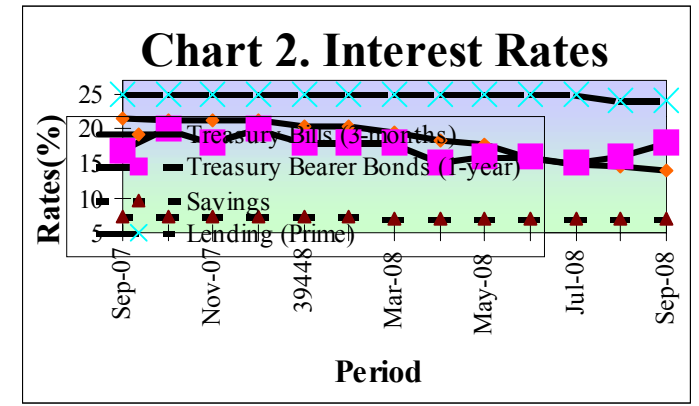
Sources: Customs and Excise Department, Income Tax Department, Bank of Sierra Leone
 *- Includes Japan Debt Relief and other grants not included in the list above

“education” (1.20 percent) and “hotels & restaurants” (4.31 percent). Decreases were recorded for the other CPI groups of “alcoholic beverages, tobacco and narcotics” (-6.57 percent), “health” (-0.53 percent), “communication” (-16.23 percent) and “miscellaneous goods and services” (-16.23 percent). The national monthly inflation rate however dropped slightly from 1.17 percent in August 2008 to 1.16 percent in September 2008, while the year-on-year (1992 =100) inflation rate for Freetown increased from 15.43 in August 2008 to 17.04 percent in September 2008.

Fiscal Operations

Total revenue (plus grants) of Le53.31bn for September 2008, which was entirely in respect of domestic receipts, was Le15.05bn (39.33%) above the corresponding 2007 position of Le38.26bn, but Le56.47bn (51.44%) lower than the preceding month's of Le109.79bn. The non-receipt of grants in the review month mainly explained the contraction in total revenue (plus grants) in September 2008, relative to August 2008. Domestic revenue for the review month amounted to Le53.31bn, indicating excesses of Le15.05bn (39.33%) and Le6.39bn (13.62%) over the corresponding 2007 position of Le39.26bn and the preceding month's level of Le46.92bn, respectively. The improvement in domestic receipts in September 2008 relative to August 2008 was mainly due to respective increases of Le3.07bn (18.99%) and Le4.71bn (233.09%) in collections from the Income Tax department and the Miscellaneous Items category, which together outweighed the decrease of Le1.38bn (4.81%) in total collections from the Customs and Excise department. Income tax receipts of Le19.23bn for the reporting month exceeded the corresponding receipts in 2007 (Le13.24bn) and the preceding month's position (Le16.16bn) by Le5.99bn (45.26%) and Le3.07bn (18.99%), respectively. The improved performance relative to August 2008 was due to the inclusion of third quarter payments of corporate tax. Non-tax revenue (Le6.73bn) for the reviewing period performed better than for both the preceding month and the corresponding month in 2007, due to substantial collections from the Mines, Immigration and Others departments. Collections by the Customs & Excise

Department (Le27.36bn) however indicated a drop of Le1.38bn (4.81%), compared to the preceding month. Total expenditure for September 2008 amounted to Le71.34bn, Le6.58bn (8.44%) below the August 2008 position of Le77.92bn but Le22.73bn (46.76%) above the September 2007 position of Le48.61bn. The drop in total expenditure relative to the August 2008 position was largely due to the decrease in payments under the personnel emoluments, other expenditure and domestic debt service categories. Expenditure on Pensions, Wages & Salaries stood at Le21.12bn for the month, Le2.64bn above the corresponding September 2007 payments (Le18.48bn), but Le13.56bn lower than the preceding August 2008 payments of Le34.68bn. Other expenditure amounting to Le44.30bn and comprising mostly treasury expenditure was higher than similar expenditure in both the corresponding month in 2007 and preceding month by 98.42 percent and 53.15 percent, respectively. Debt servicing for the month under review totaled Le5.92bn, contracting by Le1.88bn and Le8.40bn compared to August 2008 and September 2008, respectively. Significant treasury expenditure in September 2008 were in respect of subvention to the Ministry of Education, Science and Technology, Defence expenditure, payments for the supply of fuel to various government departments and Government



		Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Reserve Money (RM)	Le Mn	344280	358129	359347	423758	396126	392141	412106	409722	409316	431172	433446	468769	464217
Broad Money (M2)	Le Mn	970364	979198	1010485	1078701	1060261	1068054R	1087240	1127328	1125104	1154095	1138973	1195584	1223169
Narrow Money (M1)	Le Mn	506660	499623	519079	549581	551939	543649R	547526	564639	584906	591059	579776	622451	626751
Currency in Circulation	Le Mn	266801	276666	289944	309837	306930	302172R	299581	310367	311649	310531	304931	319654	321519
Demand Deposits	Le Mn	239859	222957	229134	239744	245009	241477R	247945	254272	273258	280528	274845	302797	305232
Net Claims on Government	Le Mn	265830	273028	263305	200650	187336	468056R	471685	478120	477741	509301R	497122	469328	570826
BSL ^A	Le Mn	68709	94643	77266	37954	7609	18205R	174350	160890	167612	192341R	168040	118076	199226
DMB	Le Mn	197121	178385	186039	162696	179727	164106R	171561	149929	157396	157722	158884	147136	207393
Claims on Private Sector	Le Mn	246868	256947	267440	263750	278092	285745R	297335	317230	310129	316960	329082	351252	371600
Of Which: Commercial Banks**	Le Mn	242505	252812	263881	260805	272405	279648R	291142	310687	304230	311520	323912	346504	365873
Net Foreign Assets	Le Mn	703946	720340	777304	882642	826002	810968R	824304	837738	819979	821426	791551	833357	801809
Other Items (Net)	Le Mn	246280	271117	297564	268341	231169	210970R	208749	188530	172616	176632R	149700	132201	149466

^AExcludes Government Securities issued on behalf of BSL and HPC Deposits
^BRevised 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

		Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Treasury Bills (3-months)	%	21.63	21.26	21.24	21.29	20.48	20.2	19.5	18.18	17.72	15.73	14.82	14.50	13.97
Treasury Bearer Bonds (1-yr.)	%	17.00	20.00	18.00	20.00	18.00	18.00	18.00	15.00	16.00	10.49	19.92	18.97	19.10
Deposits														
Savings	%	7.39	7.39	7.39	7.25	7.25	7.25	6.95	6.95	6.95	6.95	6.95	6.95	6.95
1 - 3 month	%	9.78	9.78	9.78	9.7	9.7	9.7	9.7	9.70	9.70	9.70	9.70	9.80	9.81
3 - 6 month	%	10.61	10.61	10.61	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.65	10.68
6 - 9 month	%	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25
9 - 12 month	%	12.13	12.13	12.13	12	12	12	12	12.00	12.00	12.00	12.00	12.01	12.01
Lending (Prime)	%	25-31	25-31	25-31	25-31	25-31	25-31	25-31	25-31	25-31	25-31	25-31	24-31	24-32

Source: Bank of Sierra Leone

contributions to the National Revenue Authority (NRA) and the Sierra Leone Police (SLP). The overall fiscal deficit of Le18.03 was financed mainly from the treasury balance.

Monetary Developments

During September 2008, three new commercial banks, namely the United Bank for Africa (UBA), Skye Bank SL Ltd and Zenith Bank SL Ltd, commenced operations and contributed significantly to movements in monetary aggregates. Broad Money (M2) and Narrow Money (M1) expanded by Le27.59bn (2.31%) and Le4.30bn (0.69%) to Le1,223.17bn and Le626.75bn respectively, in September 2008. Reserve Money (RM) however dropped by Le4.55bn (0.97%) to Le464.22bn. The rise in M1 was due to the increases in Demand Deposits (Le2.44bn) and Currency in Circulation (Le1.87bn) respectively, while the growth in M2 was accounted for by respective increases in Time (Le11.34bn), Foreign Currency (5.98bn), and Savings (Le5.00bn) Deposits at the commercial banks, coupled with the rise in M1. The contraction in RM was mainly as a result of the decrease in Private Sector Deposits (Le16.74bn), which was far more than the increase in Currency Issued (Le12.69bn). Over the year, M2, M1 and RM expanded by Le252.81bn (26.05%), Le120.09bn (23.70%) and Le119.94bn (34.84%) respectively. During the review period, Net Claims on Government by the banking sector expanded by Le81.15bn (68.73%) to Le199.23bn on account of respective increases in both Net Claims on Government by the Central Bank and the commercial banks. The draw down on the treasury account, mainly for payments of wages and salaries, contributed to the decline in Government Deposits (Le19.31bn) and together with the increase in holdings of Treasury Bonds (Le3.49bn), which was moderated by the drop in Treasury Bills holdings (Le1.91bn), accounted for the rise in Net Claims on Government by the Bank of Sierra Leone (Le20.89bn). Net Claims on Government by the commercial banks surged as a result of the rise in their holdings of Treasury Bills (Le39.32bn) of different maturities, coupled with the drop in Government Deposits (Le21.55bn) at the banks. The 91-day Treasury Bills constituted about 68 percent of the total holdings of treasury bills by the commercial



banks. Commercial banks' credit to the private sector grew by Le19.37bn to Le365.87bn in the review period. Movements in the monthly average commercial banks' interest rates for September 2008 was mixed. The Savings and 9-month Time Deposit remained unchanged at 6.95 percent and 10.25 percent respectively, while the rates on the 3 months, 6 months, and 12 months Time Deposits went up by 1, 3 and 9 basis points to 9.81 percent, 10.68 percent and 12.10 percent, respectively. The annual yield on the 3 and 6 months Treasury Bills declined by 53 and 69 basis points to 13.97 percent and 15.84 percent, respectively. In contrast, the annual yield on the 1-year Treasury Bills was up by 13 basis points to 19.10 percent. Similarly, the interest rate on Treasury Bonds rose by 200 basis points to 18.00 percent. The minimum average lending rate on Overdrafts remained unchanged at 24.00 percent, while the maximum moved upwards by 100 basis points to 32.00 percent.

External Trade

The month of September 2008 recorded an expansion in the trade deficit by 4.80 percent to US\$ 40.74mn, from US\$ 38.88mn in August 2008. The increase was mainly on account of an 11.22 percent rise in import payments, which more than offset the significant increase in export receipts. Export earnings, comprising receipts from mineral and agricultural exports, other exports and re-exports, rose by 28.75 percent to US\$16.37mn in September 2008, from US\$12.72mn in August 2008. Receipts from mineral exports increased marginally (0.90%) to US\$11.16Mn and accounted for over 68 percent of total export earnings. Earnings from diamond exports increased by 11.35 percent to US\$6.03mn in respect of an export volume of 21.06 thousand carats. The increase was on account of an increase of 15 71 percent in the volume exported. Proceeds from the export of 3.90 thousand metric tons of rutile amounted to US\$1.95mn, down by 49.33 percent on the preceding month's receipts of US\$3.85mn from an export volume of 7.49 thousand metric tons. Similarly receipts from gold exports recorded at US\$0.21mn for the review month, was 12.50 percent lower than the amount of US\$0.24mn

		Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Leone to Dollar														
Official	Le/\$	2951.58	2954.26	2952.22	2952.56	2946.87	2943.62	2941.25	2939.65	2940.63	2939.27	2938.57	2939.70	2946.08
Comm. Banks	Le/\$	2971.81	2974.97	2972.50	2972.39	2967.79	2963.55	2963.37	2961.14	2960.85	2957.90	2958.40	2956.48	2962.44
Bureaux	Le/\$	2933.00	2940.41	2940.01	2935.40	2928.43	2951.42	2957.65	2943.94	2971.77	2973.89	2974.07	2973.95	2976.03
Parallel Market	Le/\$	2987.00	2986.09	2987.19	2976.89	2968.11	2961.14	2965.83	2947					