

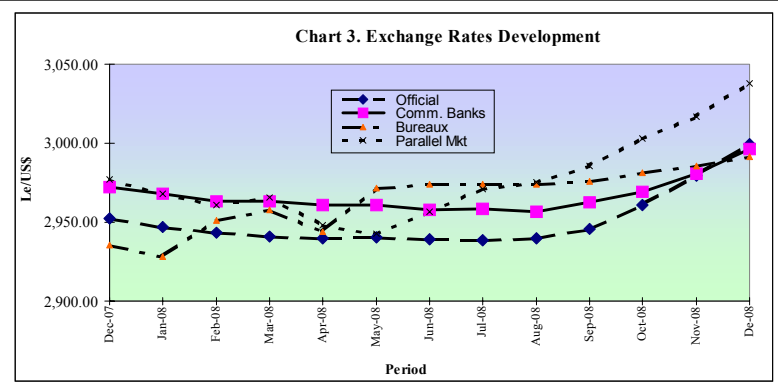


Bank (Le50.36bn or 127.71%) and commercial banks (Le2.19bn or 1.06%). The increase of Le45.07bn (311.12%) in Government Deposits with the Bank of Sierra Leone (BSL), together with the reduction in the Bank's holdings of Treasury Bonds (Le4.00bn) and 3-Months Treasury Bills (Le2.30bn), outweighed the increase in holdings of 6-Months (Le950mn) and 1-Year Treasury Bills (Le65mn) and accounted for the decrease in Net Claims on Government by BSL. Net Claims on Government by the commercial banks declined by Le2.19bn, due to the reduction (Le4.93bn) in their holdings of the 3-months Treasury Bills and the increase in Government Deposits with the banks (Le8.12bn). The decrease was however moderated by the Le13.73bn increase in their holdings of 1-Year Treasury Bills. The monthly average interest rates on deposits dropped in January 2009. The Savings, 3 months', 6 months', 9 months' and 12 months Time Deposits went down by 7, 16, 13, 32 and 14 basis points to 6.58 percent, 9.51 percent, 10.45 percent, 10.10 percent and 11.86 percent, respectively. During the month, two banks revised their interest rates on deposits downwards. The average annual yields on the 364 days Treasury Bills and interest rate on Treasury Bonds decreased by 200 and 56 basis points to 8.00 percent and 12.46 percent respectively in the period, while the annual yields on the 91 and 182-day Treasury Bills increased by 29 and 5 basis points to 9.35 percent and 11.61 percent. The minimum lending interest rate on Overdrafts decreased by 100 basis points to 23.00 percent, while the maximum rate remained stable at 30.00 percent.



Exchange Rates Development

The monthly average exchange rate of the Leone to the United States Dollar continued to depreciate for all the foreign exchange markets, with the exception of the auction market where the average selling rate appreciated marginally by 0.10 percent to Le 3,077.11/US\$1 from Le 3,080.23/US\$1 reported in December 2008. On the buying front, the parallel market rate registered the highest monthly depreciation (0.70%) at Le 3,059.29/US\$1, followed by the official market and bureaux rates, which depreciated by 0.58 percent to Le 3,017.15/US\$1 and 0.57



percent to Le 3,008.57/US\$1, respectively. At Le 3,005.91/US\$1, the average monthly buying rate for the commercial banks depreciated the least (0.33%). On the selling front, the average monthly rate for the bureaux indicated the highest depreciation (0.89%) at Le 3,067.82/US\$1, while the official market rate depreciated the least, by 0.59 percent to Le 3,078.14/US\$1. In between, the rates for the parallel market and commercial banks showed depreciations by 0.85 percent and 0.71 percent, to Le 3,077.86/US\$1 and Le 3,086.50/US\$1, respectively. The premium between the parallel and official buying rates widened to Le 42.14/US\$1 from Le 38.27/US\$1 recorded in December 2008.

International Reserves

Gross external reserves of the Bank of Sierra Leone increased by US\$5.33mn (2.54%) to US\$214.80mn as at end January 2009, from US\$209.47mn reported as at end December 2008. This resulted from total inflows of US\$10.76mn outweighing cumulative outflows of US\$5.43mn for the month. Significant inflows comprised disbursements from the European Union amounting to US\$9.85mn in respect of Poverty Reduction Budget Support, and US\$0.43mn, being interest earned on Bank of Sierra Leone investments. The only major outflow was in respect of the month's total amount utilized under the weekly foreign exchange auction (US\$4.80mn). There was no debt service payment during the review period.

Highlights

The beginning of the year 2009 started on a positive footing with developments in January geared towards further strengthening of the economic environment. During the month, the country received an amount of US\$9.85 million from the European Union, under the Poverty Reduction Budget Support programme, towards the implementation of the objectives outlined in the country's Poverty Reduction Strategy drive. Also on 30th January 2009, the Governor of the Central Bank, Dr Samura Kamara, hosted the Annual Governor's Dinner, at which he urged all players in the financial sector to be more proactive in promoting Private Sector growth. In another development, the United Kingdom's Foreign and Commonwealth Minister Lord Malloch-Brown visited the country during the month, as a reflection of his government's commitment to the development of Sierra Leone. Movements in monetary aggregates were mixed during the month under review with Narrow Money (M1) and Broad Money (M2) expanding, while Reserve Money (RM) contracted. The monthly fiscal balance recorded a much higher

thousand cubic feet respectively, over the month. The increased output of beer & stout, as well as confectionery was prompted by the need to replenish significantly diminished stocks that resulted from increased demand during the festive season at the end of the preceding year, coupled with an increase in the availability of raw materials. In the case of cement, the increase was in response to an increase in building and construction activities, while the higher output level for flour was on account of sales promotion activities carried out by the Sea Board West Africa Company, which produces the commodity, in the review month. Also, production of acetylene and oxygen gases rose in the month, as a result of increased welding and burning activities, which increased demand. In contrast the output levels of Maltina drink, soft drinks, paint and common soap dropped by 12.02 thousand cartons (54.61%) to 9.99 thousand cartons, 18.64 thousand crates (14.64%) to 108.70 thousand gallons, 9.19 thousand gallons (42.25%) to 12.56 thousand gallons and 27.41 thousand metric tons (38.87%) to 43.10 thousand metric tons, respectively. The drop in the production

Table 1

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
PRODUCTION														
Minerals														
Diamonds	000carats	45.03	53.99	28.75	37.56	38.43	40.40	46.94	18.20	21.06	17.57	5.17	18.19	17.16
Agriculture														
Coffee	M tons	247.00	103.00	50.00	108.00	773.00	342.00	0.00	575.70	18.00	5300.09	656.00	n.a.	n.a.
Cocoa	M tons	3796.00	1091.00	169.00	87.50	225.00	200.00	124.00	193.16	2346.32	0.00	87.50	n.a.	n.a.
Manufactured Goods														
Beer and Stout	000' ctns	82.37	70.82	58.62	48.67	75.56	48.83	65.39	38.14	67.96	82.93	56.87	38.39	50.91
Maltina	000' ctns	16.25	16.02	10.57	11.84	20.01	10.86	14.76	7.06	16.31	14.06	13.98	22.01	9.99
Softdrinks	000' crates	150.47	161.68	n.a.	167.84	130.89	129.26	148.09	100.94	80.19	111.43	79.31	127.34	108.70
Cement	000' M tons	24.29	24.66	26.04	24.39	26.24	22.30	19.91	17.33	15.43	18.23	16.85	18.51	22.41
Common Soap	000' M tons	52.49	53.30	63.30	50.07	85.01	127.19	n.a.	n.a.	36.32	126.96	0.00	70.51	43.10
Paint	000' gallons	19.32	14.12	12.11	12.82	14.10	n.a.	14.66	20.96	11.03	16.17	11.75	21.75	12.56
Acetylene	000'Cu. Ft	14.83	15.57	15.20	12.04	11.99	11.24	11.72	12.04	11.02	9.60	9.25	8.95	14.99
Oxygen	000'Cu. Ft	32.26	33.05	29.94	24.63	25.08	24.47	25.54	24.22	23.13	20.65	20.15	19.50	20.50
Confectionery	000' lbs	300.14	288.13	220.62	287.49	258.38	82.61	335.31	273.03	240.86	196.20	248.50	161.03	296.85

Sources: Manufacturing Industries, Gold and Diamond Department

Table 2

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Inflation Rates - National														
Monthly Inflation Rate	%	1.65	2.12	-0.15	2.16	2.70	0.06	1.47	1.17	1.16	0.58	0.71	0.48	-1.45
Annual Inflation Rate (Yr-on-Yr)	%	10.92	9.73	10.99	13.15	15.28	15.04	16.05	14.81	15.75	14.97	13.15	13.21	9.64
Consumer Price Index		169.60	173.20	172.94	178.39	183.21	183.32	186.02	188.23	190.42	189.32	187.97	188.88	186.15

Source: Statistics Sierra Leone

Table 9. External Trade

		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	27926.79	36145.15	31545.97	33893.05
Total Exports o/w		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	171.56	**	493.84	1877.06
Coffee	000\$	**	**	**	271.99	179.15	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		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		-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

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surplus of Le43.66bn compared with the surplus of Le0.44bn recorded in December 2008, on account of a substantial drop in total expenditure, in line with the government's drive to rein in on spending. The monthly average exchange rate of the Leone to the US Dollar continued its depreciating trend in all markets during the review period and the gross external reserves of the Central Bank increased to US\$214.80mn from US\$209.47mn in December 2008. The national year-on-year inflation rate fell to 9.64 percent in January 2009 from 13.21 percent in December 2008.

Real Sector

In the month of January 2009, performance in the manufacturing sub-sector was mixed. Output levels for beer & stout, confectionery and cement increased by 12.52 thousand cartons (32.61%) to 50.91 thousand cartons, 135.82 thousand pounds (84.34%) to 296.85 thousand pounds and 3.90 thousand metric tons (21.07%) to 22.41 thousand metric tons, respectively. Similarly, production of flour, acetylene and oxygen increased by 0.39 thousand metric tons (34.51%) to 1.52 thousand metric tons, 6.04 thousand cubic feet (67.49%) to 14.99 thousand cubic feet and 1 cubic feet (5.13%) to 20.50

of soft drinks and Maltina drink partly resulted from a similar drop in consumer demand after the festive period in December 2008. Output of paint also dropped, due to stock carried-over from the preceding month, while the decrease in the production of common soap was mainly due to scarcity of raw materials. Total unit of electricity generated in the month dropped by 6.03 Gw/hr (49.06%) to 6.26 GW/hr. The lower production was on account of a temporary shut down of one of the generating machines for maintenance purposes. Industrial production also decreased from 2.13 GW/hr in December 2008 to 2.00 GW/hr in January 2009. In the mineral sub-sector, the shipment

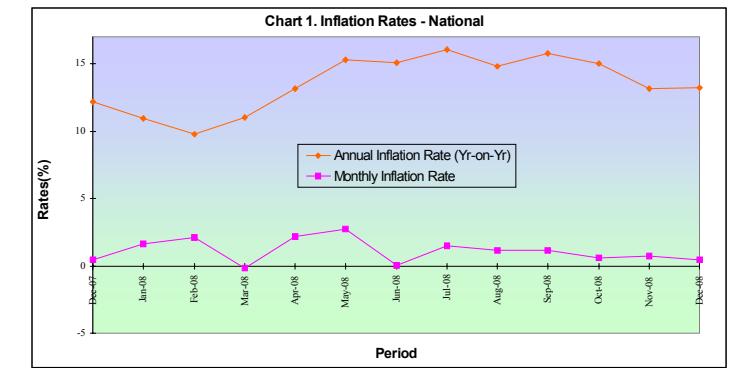


Table 3. Government Finances

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Total Revenue (Plus Grants)	Le Mn	43513	39599	52433	46856	53400	55249	85183	109785	53312	52737	48336	89356	77642
Domestic Revenue	Le Mn	43513	39599	51986	43791	53400	55249	60654	46921	53312	46654	48336	59404	47233
Customs & Excise	Le Mn	28542	25955	27659	29627	31917	31073	35994	28745	27361	32009	31300	32284	29990
Income Tax Dept	Le Mn	11345	10998	19233	11373	17307	17904	13253	16157	19226	12440	13806	17610	14345
Miscellaneous	Le Mn	3626	2646	5094	2791	4176	6272	11407	2019	6725	2205	3230	9510	2898
Programmed Funds (Grants)	Le Mn	**	**	447	3065	**	**	24529	62864	**	6083	**	29952	30409
Fund of which														
HIPC	Le Mn	**	**	447	3065	**	**	1949	**	**	6083	**	**	669
Others*	Le Mn	**	**	**	**	**	**	22580	62864	**	**	**	29952	29740
Total Expenditure	Le Mn	60575	53330	59937	59162	71530	72638	70950	77920	71340	66002	66188	88916	33982
Pensions, Wages & Salaries	Le Mn	20903	26720	20477	28815	32392	15721	34391	34678	21120	29738	26381	29779	17944
Other Expenditures	Le Mn	29749	17229	32126	20902	25999	46348	28925	28925	44299	26328	30650	43270	8471
Debt Service Payment	Le Mn	9923	9381	7334	9445	13139	10569	9831	14317	5921	9936	9157	15867	7567
Domestic	Le Mn	9056	6577	5656	7224	12441	7534	8795	13404	4117	8693	8954	12087	6898
Foreign	Le Mn	867	2804	1678	2221	689	3034.59	1036	913	1804	1243	203	3780	669
Overall Deficit/Surplus	Le Mn	-17062	-13731	-7504	-12306	-18130	-17389	14233	31865	-18028	-13265	-17852	440	43660
Total Financing	Le Mn	17062	13731	7504	12306	18130	17389	-14233	-31865	18028	13265	17852	-440	-43660
Bank Financing	Le Mn	-12710	-1376	12892	-22329	-5179	27759R	-1039	-1849	40872	-5957	37181	1141	**
Bank of Sierra Leone	Le Mn	-35976	-8668	-1604	-6962	-10205	16790	-24798	-5858	1579	-538	24549	4336	**
Commercial Banks	Le Mn	23266	7292	14496	-15367	5026	10969	23759	4009	39293	-5419	12632	**	**
Non-Bank Financing	Le Mn	12710	1376	-12892	22329	5179	-16359R	-10362	1849	-40872	5957	-21089	**	**
Treasury Balance	Le Mn	8062	13731	-12086	12306	16030	5988	-2832	-31865	17670	12907	1760	825	-43660
Foreign Finance	Le Mn	9000	**	19590	**	2100	**	**	**	358***	358	**	**	**

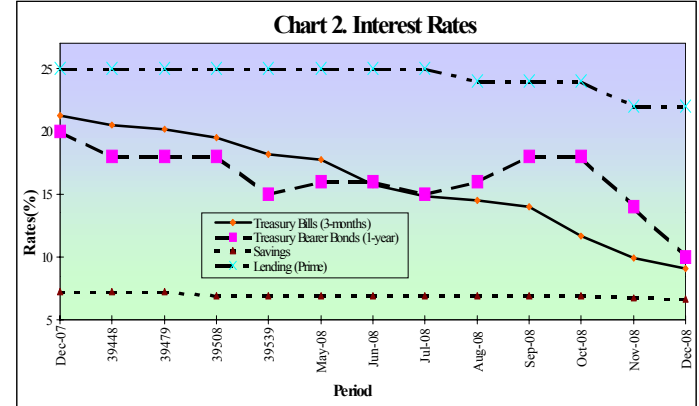
Sources: Customs and Excise Department, Income Tax Department, Bank of Sierra Leone

*** - chinese loan wrongly posted in Sept and reversed in October

of diamonds as recorded by the Gold and Diamond Department (GDD) registered a lower output level by 1.03 thousand carats (5.66%) to 17.16 thousand carats in the review period. The total comprised 5.6 thousand carats of industrial diamonds and 11.51 thousand carats of gem diamonds, compared with 7.46 thousand carats and 10.73 thousand carats respectively, in the preceding month. Shipment of bauxite, rutile and ilmenite increased by 4.65 thousand metric tons (4.38%) to 100.86 thousand metric tons, 5.90 thousand metric tons (98.50%) to 11.89 thousand metric tons and 0.01 thousand metric tons (0.65%) to 1.54 thousand metric tons, respectively. The surge in the shipment of rutile during the month was attributed to carry-over stock from December 2008. The national year-on-year inflation rate dropped from 13.21 percent in December 2008 to 9.64 percent in January 2009. Similarly, the monthly national inflation rate dropped to -1.45 percent in January 2009, from 0.48 percent recorded in December 2009. The decrease in the inflation rate was due to a drop in the consumer price index for the "food" (3.59%), reinforced by decreases in the "health" (0.19%) and "transport" (0.59%) price indices. The "housing" index also decreased by 1.17 percent, notwithstanding the 2.15 percent increase recorded in the tariffs on electricity consumption. The main products for which prices decreases were: bread and cereals (-10.61%), fish and seafood (-18.25%), oils and fat (-13.71%) and gas (-12.38%). The annual inflation rate for Freetown (1992 = 100) also decreased from 12.25 percent in December 2008 to 11.18 percent in January 2009.



Le34.13bn (78.43%) higher than the monthly programme target of Le69.02bn and the corresponding month's position of Le43.51bn, respectively. Domestic revenue recorded Le47.23bn for the period, Le3.72bn (8.55%) above the total of Le43.51bn recorded for the corresponding month in 2008, but Le9.00bn (16.01%) below the January 2009 benchmark of Le56.24bn. The shortfall in domestic revenue relative to the threshold was attributed to lower than expected receipts under the sub categories of "Income Tax" and "Miscellaneous Items". Revenue from customs and excise duties amounting to Le29.99bn for the month exceeded both the monthly benchmark of Le16.51bn and the corresponding January 2008 total of Le28.54bn, by Le13.48bn (81.64%) and Le1.45bn (5.07%), respectively. The higher customs and excise receipts in January 2009, relative to both periods' receipts was attributed to substantial receipts from dutiable imports in the review month. Aggregate income tax receipts amounting to Le14.35bn exceeded its corresponding period's position of Le11.35bn by Le3.00bn (26.44%) but were Le19.71bn (57.87%) lower than the monthly target of Le34.05bn. Also, receipts



Fiscal Operations

Total revenue (including grants) recorded for January 2009 amounted to Le77.64bn, comprising Le47.23bn as domestic receipts and Le30.41bn as grants. The total was also Le8.63bn (12.50%) and

Table 4. Monetary Aggregates

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Reserve Money (RM)	Le Mn	396126	392141	412106	409722	409316	431172	433446	468769	464217	449698	445292	466801	437454
Broad Money (M2)	Le Mn	1060261	1068054R	1087240	1127328	1125104	1154095	1138973	1195584	1223169	1258270	1290894	1321241	1326183
Narrow Money (M1)	Le Mn	551939	543649R	547526	564639	584906	591059	579776	622451	626751	612506	633449	666668	675031
Currency in Circulation	Le Mn	306930	302172R	299581	310367	311649	310531	304931	319654	321519	312712	320679	340355	336816
Demand Deposits	Le Mn	245009	241477R	247945	254272	273258	280528	274845	302797	305232	299794	312770	326313	338215
Net Claims on Government	Le Mn	187336	468056R	471685	478120	477741	509301R	497122	469328	570826	582981	644442	659988	640981
BSL ^A	Le Mn	7609	18205R	174350	160890	167612	192341R	168040	118076	199226	197716	225977	246549	193997
DMB	Le Mn	179727	164106R	171561	149929	157396	157722	158884	147136	207393	192216	202201	207114	204922
Claims on Private Sector	Le Mn	278092	285745R	297335	317230	310129	316960	329082	351252	371600	385265	418465	413439	446984
Of Which: Commercial Banks**	Le Mn	272405	279648R	291142	310687	304230	311520	323912	346504	365873	379961	413771	406427	438763
Net Foreign Assets	Le Mn	826002	810968R	824304	837738	819979	821426	791551	833357	801809	832512	809132	832240	831467
Other Items (Net)	Le Mn	231169	210970R	208749	188530	172616	176632R	149700	132201	149466	157223	162680	170987	146265

^A Excludes Government Securities issued on behalf of BSL and HIPC 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

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Treasury Bills (3-months)	%	20.48	20.2	19.5	18.18	17.72	15.73	14.82	14.5	13.97	11.66	9.95	9.06	9.35
Treasury Bearer Bonds (1-yr.)	%	18.00	18.00	18.00	15.00	16.00	10.49	19.92	18.97	19.10	16.12	14.23	13.02	12.46
Deposits														
Savings	%	7.25	7.25	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.88	6.71	6.65	6.58
1 - 3 month	%	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.80	9.81	9.79	9.14	9.67	9.51
3 - 6 month	%	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.65	10.68	10.73	10.62	10.58	10.45
6 - 9 month	%	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.38	10.42	10.10	10.10
9 - 12 month	%	12	12	12	12	12	12	12	12.01	12.01	12.08	12.02	12.00	11.86
Lending (Prime)	%	25-31	25-31	25-31	25-31	25-31	25-31	25-31	24-31	24-32	24-30	22-30	22-30	23-30

Source: Bank of Sierra Leone

from non-tax revenue sources recorded at Le2.90bn, were Le2.78bn (48.92%) and Le0.73bn (20.08%) below the benchmark of Le5.67bn and the 2008 corresponding month's collections of Le3.63bn, respectively. The drop in receipts relative to both positions resulted from lower receipts from the "Mines", "Marine Resources", "Immigration" and "Others" sub vote-heads in the reporting month. Total grants received in January 2009 amounted to Le30.41bn, constituting Le29.74bn from the European Union and Le0.67bn as Heavily Indebted Poor Countries (HIPC) Debt Relief Assistance. Total fiscal outlays for January 2009 was Le33.98bn, Le41.05bn (54.71%) and Le26.59bn (43.90%) below the budget estimate of Le75.03bn and the recorded January 2008 position of Le60.58bn, respectively. The drop in total expenditure relative to the target was attributed to constrained expenditure in line with government's efforts to streamline spending with available revenue. Also, payments on "personnel emoluments" recorded at Le17.94bn, were 46.05 percent and 14.16 percent lower than their respective targets and corresponding 2008 levels, respectively. "Other expenditure", constituting mainly treasury expenses on goods and services was constrained at Le8.47bn, 73.14 percent and 71.53 percent lower than both the monthly ceiling and corresponding month's position, respectively. Total debt service payments of Le7.57bn, comprising domestic payments of Le6.90bn and foreign payments of Le0.67bn, was 26.01 percent and 23.74 percent lower than the period's monthly target of Le10.23bn and the corresponding payments of Le9.92bn in 2008, respectively. Treasury expenditure on goods and services in the month were in respect of subvention to the National Revenue Authority (NRA), subscription to the Africa Union (AU), embassy payments, payments to the office of the President, payments to the Ministry of Education, Science and Technology and payments towards the Public Expenditure Tracking Survey (PETS) exercise. Fiscal operations for January 2009 yielded an overall surplus of Le43.66bn, which was credited to the treasury balance. The Bank of Sierra Leone reduced its holding of treasury bills and treasury bearer bonds by Le1.29bn and Le4.00bn, respectively in the review

period, while deposit money banks decreased their holdings of treasury bearer bonds by Le1.94bn and increased their holdings of treasury bills by Le4.81bn, resulting in a net increase of Le2.87bn in their portfolio holdings. The non-bank public reduced its holdings of treasury bills by Le1.15bn but increased its holdings of treasury bearer bonds by Le3.56.

Monetary Developments

Narrow Money (M1) and Broad Money (M2) increased by Le8.36bn (1.25%) and Le4.94bn (0.37%) to Le675.03bn and Le1,326.18bn respectively, in the month of January 2009, while Reserve Money (RM), on the other hand declined by Le29.35bn (6.29%) to Le437.45bn. The expansion in M1 was due to the rise (Le11.90bn or 3.65%) in Demand Deposits of commercial banks, which surpassed the drop of Le3.54bn (1.04%) in Currency in Circulation. The growth in M2 was driven by domestic sources as Net Domestic Assets expanded by Le5.72bn (1.17%), outweighing the reduction (Le773mn or 0.09%) in Net Foreign Assets. Credit to the private sector grew by Le33.55bn (8.11%). This in part accounted for the increase in domestic deposits at the commercial banks. Commercial banks' Demand and Time Deposits increased by Le11.90bn (3.65%) and Le3.40bn (4.0%) respectively but were moderated by the reduction in Foreign Currency (Le5.41bn or 1.76%) and Savings Deposits (Le809mn). The contraction in Reserve Money resulted from the reduction in Currency Issued (Le15.30bn or 3.99%), Bankers Deposits (Le11.85bn or 20.11%) and Private Sector Deposits (Le2.20bn or 8.95%). Over the year, M1, M2 and RM expanded by Le123.09bn (22.30%), Le265.92bn (25.08%) and Le41.33bn (10.43%), respectively. Net Claims on Government by the banking system declined by Le52.55bn (21.31%) to Le193.99bn, due to reductions in the Net Claims on Government by the Central

Table 6. EXCHANGE RATES (Average Monthly Buying)

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Leone to Dollar														
Official	Le/\$	2946.87	2943.62	2941.25	2939.65	2940.63	2939.27	2938.57	2939.70	2946.08	2960.72	2979.46	2999.63	3017.15
Comm. Banks	Le/\$	2967.79	2963.55	2963.37	2961.14	2960.85	2957.90	2958.40	2956.48	2962.44	2969.39	2980.70	2996.16	3005.91
Bureaux	Le/\$	2928.43	2951.42	2957.65	2943.94	2971.77	2973.89	2974.07	2973.95	2976.03	2981.44	2985.34	2991.48	3008.57
Parallel Market	Le/\$	2968.11	2961.14	2965.83	2947.95	2942.55	2956.81	2971.17	2975.55	2985.66	3002.77	3016.83	3037.90	3059.29
Leone to Pound^R	Le/£	5832.20	5780.00	5889.28	5824.70	5786.36	5783.88	5842.28	5569.15	5303.90	5014.41	4580.97	4474.80	4359.25

Source: Bank of Sierra Leone

Table 7. EXCHANGE RATES (Average Monthly Selling)

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
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