



points to 13.00 per cent. There was no change in the minimum and maximum lending rates, which stood at 24.00 and 30.00 per cent respectively, for the month.

Exchange Rates

Developments in the foreign exchange markets during April 2006 were mixed. On the buying front, the official and commercial banks' monthly average rates depreciated by 0.29 per cent and 0.49 per cent, to Le2,925.25/US\$ and Le2,930.53/US\$1 respectively, while the average rate in the bureaux appreciated, albeit marginally (0.03%) to Le2,880.77/US\$1. The average rate in the parallel market remained relatively stable at Le2,982.13/US\$1. On the selling front, the rate depreciated in the official, auction and the parallel markets but appreciated slightly in the commercial banks and the bureaux markets by 0.40 and 0.20 per cent, to Le2,970.76/US\$1 and Le2,962.99/US\$1, respectively. The auction rate depreciated the highest (0.74%) at Le2,993.38/US\$1, followed by official and the parallel markets, by 0.29 per cent and 0.04 per cent to Le2,984.34/US\$1 and Le2,996.75/US\$1, respectively. The above developments resulted in a narrowing of the premium between the official and parallel buying and selling rates respectively, from Le65.53/US\$1 and Le19.74/US\$1 to Le56.88/US\$ and Le12.41/US\$1.

External Trade

Earnings from merchandise exports for April 2006 amounted to US\$11.70mn, 99.74 per cent lower than the level recorded for March 2006. The marked drop to US\$0.50mn, from US\$4,420.56mn was principally on account of the unusually high value of re-exports (comprising mainly used machinery and spare parts) in the preceding month, which included a large consignment of re-exports by the former United Nations Assistance Mission in Sierra Leone (UNAMSIL). The value of mineral exports amounted to US\$10.97mn, of which diamond exports, providing the main support to the mineral sector, recorded a total value of US\$10.91mn from an export volume of 56.29 thousand carats. This translated to a decline of 15.20 per cent in volume and 22.17 per cent in value on 66.38 thousand carats, valued at US\$14.02mn, exported in the preceding month. Gold exports totaled 169.79 ounces valued at US\$59.37 thousand,



indicating decreases of 5.04 per cent and 3.53 per cent on the respective levels recorded in the preceding month. The category of "other exports", constituting mainly assorted plastic household items and plastic water tanks, decreased by 7.83 per cent to US\$238.13 thousand. Total payments for merchandise imports dropped by 27.35 per cent to US\$27.97mn, due largely to a contraction in import volume during the month. The reduction in the import bill was reflected in payments for all import categories except "manufactured goods", which increased by 4.14 per cent to US\$4.04mn. The value of "consumer goods" imported in the reporting period was down by 46.03 per cent to US\$2.90mn, following decreases in payments for "Food" (50.88%) and "Animal and Vegetable Oils" (76.11%), which together offset the marginal increase in the import bill for the "Beverages and Tobacco" category. The reduction in payments for food imports during the month was particularly attributed to the non-import of rice, which normally dominates the food category. Payments for the petroleum imports recorded a marginal fall of 2.88 per cent to US\$15.92mn. Payments for fuel imports, which constitutes the bulk of the "petroleum products" category, increased by 54.09 per cent due to replenishment of stock. The import values of "intermediary goods" and "machinery and transport equipments" were significantly down by 60.68 per cent and 60.09 per cent, to US\$1.50mn and US\$3.60mn respectively, over the period.

International Reserves

Gross external reserves of the Central Bank decreased by US\$8.26mn (5.06%) to US\$154.84mn as at end April 2006, from US\$163.10mn at end March 2006. This followed aggregate outflows of US\$8.72mn outweighing total inflows of US\$1.86mn. Significant inflows during the month were in respect of the replenishment of the European Development Fund account (US\$1.00mn) and diamond license fees and exporters income tax receipts of US\$0.33mn. Major outflows comprised foreign exchange sold under the weekly auction (US\$4.04mn), Embassy/Mission payments (US\$0.53mn), printing of currency (US\$0.30mn), payments to the China National Electric Corporation towards the Dodo Hydroelectric Project (US\$0.60mn) and total debt service payments (US\$2.85mn) embracing US\$1.47mn to the International Monetary Fund (IMF), US\$0.15mn to the African Development Bank, US\$0.75mn to other multilateral and bilateral creditors and US\$0.30mn as arrears due to other commercial creditors.



Highlights

The month of April 2006 was marked by significant developments geared towards improving overall economic activity. The Rokel Commercial Bank (SL) Ltd, on 1st April 2006, opened its tenth branch at Murray Town, in the West End of Freetown, to meet the banking needs of a rapidly growing community. The bank also launched a new product, "Safe Custody Boxes" which enables customers to deposit valuables in safe boxes that can only be accessed by the customers. On 4th April 2006, Kenya Airways commenced operations in Sierra Leone, providing a direct link to East Africa. In another event, on 18th April 2006, the Vice President, Mr. Solomon Berewa, officially commissioned a new generator for the Pujehun Town Power Station, to service the township and its environs. The Annual Trade Fair of the Sierra Leone Chamber of Commerce was held at the National Stadium from 20th – 30th April 2006, with the theme "Expanding Private Sector activity to fight poverty". The President, Alhaji Dr. Ahmad Tejan Kabba, on 25th April 2006 commissioned the Sierra Block Concrete Product Factory and the Stone Crushing and Quarry Plants projects, undertaken by the National Social Security and

0.29 per cent and -1.12 percent, respectively.

Real Sector

Outturn in the real sector showed a mixed performance for the month under review. In the manufacturing sub-sector output levels were also mixed. The production of beer & stout, maltina, soft drinks, cement, oxygen, and common soap increased by 12.61 thousand cartons (20.26%) to 74.84, 1.10 thousand cartons (10.43%) to 11.65 thousand cartons, 2.11 thousand crates (1.09%) to 195.99 thousand crates, 6.08 thousand metric tons (28.19%) to 27.65 thousand metric tons, 28.08 thousand cubic feet (41.61%) to 95.42 cubic feet and 4.45 metric tons (8.89%) to 54.51 metric tons, respectively. The increase in the output levels of beer & stout, maltina and soft drinks during the month was due to increased demand for the products, associated with the Easter and Independence Anniversary celebrations, while that for cement production arose from the need to meet the increasing demand for the product. The significant increase in the level of oxygen produced during the month was mainly



Table 1

		PRODUCTION													
		Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	
Minerals															
Diamonds	000carats	63.98	54.90	77.12	54.41	62.98	34.16	51.53	54.25	68.02	29.72	46.90	63.38	56.29	
Agriculture															
Coffee	M tons	223.50	184	**	50	30	581	n.a	n.a	n.a	n.a	n.a	93	n.a	
Cocoa	M tons	362.50	37.50	**	**	**	**	1450	570.26	187.50	637.46	26	74.92	n.a	
Manufactured Goods															
Beer and Stout	000' ctns	80.43	74.45	76.63	55.50	82.54	70.78	37.97	68.39	92.37	80	53.85	62.23	74.84	
Maltina	000' ctns	15.52	16.02	16.36	16.07	10.94	5.45	10	11.05	16.61	16.93	13.44	10.55	11.65	
Softdrinks	000' crates	154.80	198.97	127.37	138.27	116.31	138.15	112.45	198.42	235.25	183.99	155.73	193.88	195.99	
Cement	000' M tons	13.09	14.78	11.94	13.77	14.66	12.49	15.74	14.62	20.18	16.60	19.89	21.57	27.65	
Common Soap	M tons	45.53	35.44	93.93	**	33.40	3.88	22.83	35	41.96	45.96	2.05	50.06	54.51	
Paint	000' gallons	12.41	4.60	4.25	3.85	12.23	10.61	6	8.37	37.26	14.19	21.24	16.70	n.a	
Acetylene	000'Cu. Ft	14.20	13.40	13.20	12.40	12.90	14.60	14.30	14.30	13.90	34.10	22.83	32.99	27.17	
Oxygen	000'Cu. Ft	15.10	14.50	14.30	13.50	14.10	15.40	15.20	15.50	15.10	121.34	98.96	67.38	95.42	
Confectionery	000' lbs	168.02	199.18	104.48	275.76	203.53	195.84	196.43	174.97	104.27	111.68	195.05	230.66	173.43	

Sources: Manufacturing Industries, Gold and Diamond Department

Table 2.

		Inflation Rates												
		Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Monthly Inflation Rate	%	1.08	1.80	3.12	2.63	1.91	1.42	0.46	0.23	-0.44	0.10	-0.17	0.68	0.16
Inflation Rates (Yr-on-Yr)	%	10.67	10.40	11.14	13.86	15.23	15.90	14.45	12.29	13.10	13.85	13.63	13.52	12.48
Consumer Price Index		657.36	669.19	690.07	708.19	721.70	731.97	735.34	737.03	733.76	734.49	733.24	738.23	739.42

Source: Statistics Sierra Leone

Insurance Trust (NASSIT), as well as performed the breaking of ground ceremony for the construction of Housing Estates at Goderich, in the west-end of Freetown. The 27th April 2006 marked the 45th Anniversary of Independence of Sierra Leone. As part of the celebrations, the Connaught Hospital (in the west-end) and Princess Christian Maternity Hospital (PCMH) in the east end of Freetown, were officially re-opened by the President. The occasion followed refurbishment and modernization of the buildings and upgrading of facilities in line with the country's Poverty Reduction Strategy (PRS), geared towards the achievement of the global objective of increased coverage and access to basic health care delivery for all under with the Millennium Development Goals. The latter was renamed the "Dr. Ola Daring Hospital". Monetary aggregates continued to expand in the review month as Government's fiscal deficit increased to Le18.64bn from Le6.42bn in March 2005. The monthly average exchange rate of the Leone to the United States Dollar exhibited mixed trends in the foreign exchange markets. It depreciated in the official market and commercial banks, appreciated in the bureaux but remained stable in the parallel market. The gross external reserves of the Central Bank stood at US\$154.84mn at the end of April 2006. The monthly inflation rates for Freetown, Bo, Kenema and Makeni were 0.16 per cent, 1.71 per cent, -

attributed to replenishment of stock activities and in the case of common soap, was due to market factors. In contrast, the production of acetylene and confectionery however dropped by 5.82 thousand cubic feet (17.64%) to 27.17 thousand cubic feet and 57.23 thousand pounds (24.81%) to 173 43 thousand pounds, respectively, over the month, due in part to carry-over stock from the preceding month. The total volume of diamonds shipped during the month, as recorded by the Gold and Diamond Department (GDD) was 56.29 thousand, indicating a drop by 11.19 per cent on the level recorded in March 2006. The drop in the number of shipments, from forty (40) in March 2006 to thirty-three (33) in

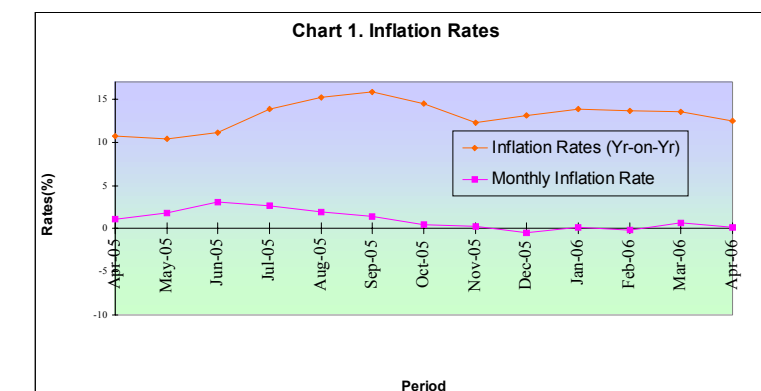


Table 9. External Trade		Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Total Imports o/w		23798.71	27494.18	36064.33	30982.24	28190.93	29573.75	35611.07	21301.32	24921.23	33639.60	23200.59	38494.12	27965.3
Rice	000\$	**	2760	2695	1997.50	1527.50	1680.25	935.28	2937.50	1244.33	3102	2820	**	**
Petroleum Products	000\$	9459.60	10178.69	11362.45	8844.85	11457.11	10482.13	12408.80	4374.40	8986.34	12855.01	4603.56	16397.30	15924.2
o/w Fuel	000\$	5416.18	6833.81	5987.06	7964.47	11386.64	7084.34	8883.95	3820.36	6139.83	12797.17	4515.65	10308.85	15885.1
Others	000\$	14339.11	14555.49	22006.88	20139.89	15206.32	17411.37	22266.99	13989.42	14690.56	17682.59	15777.03	22096.82	12041.0
Total Exports o/w	000\$	13748.83	12305.95	17275.68	14432.46	14807.46	8253.49	13040.95	12703.33	11039.39	7497.76	10466.38	4434952.91	11704.5
Diamonds	000\$	12950.40	12440.50	21573.80	13180.71	13543.47	7385.80	10608	11874	10281.80	5553.60	10115.16	14016.13	10908.3
Cocoa	000\$	123.44	30.87	**	**	**	**	916.41	320.29	114.92	872.20	28.30	25.16	**
Coffee	000\$	32.13	103.99	**	42.69	26.08	250.28	**	**	**	**	**	38.28	**
Others	000\$	78.16	319.79	405.35	378.30	393.61	263	308.54	253.93	117.51	386.90	74.60	256.13	238.1
Re-exports	000\$	564.73	339.54	541.61	830.76	827.40	354.01	1207	239.71	488.36	514.80	211.40	4420555.67	498.6
Trade Balance	000\$	-10049.88	-15188.23	-18788.65	-16549.78	-13383.47	-21320.26	-22570.12	-8597.99	-13881.84	-26141.84	-12734.21	4396458.79	-16260.7
Vol. of Imports														
Rice	M tons	**	12000	11000	8500	6500	7150	4000	12500	5295	13200	12000	**	**
Petroleum Products (Fuel)	M tons	12270.06	12955.95	10858.84	13332.72	15760.77	11956.98	13067.82	6489.64	10786.13	22247.56	7499.51	18669.89	23170.3
Vol. of Exports														
Diamond	000carat	63.98	50.38	59.44	54.37	62.98	34.10	51.53	54.25	68.02	29.71	46.90	66.38	56.2
Cocoa	M tons	362.50	37.50	**	**	**	**	1450	570.26	187.50	637.46	26	24.96	**
Coffee	M tons	223.50	184	**	50	30	581	**	**	**	**	**	74.40	**
External Reserves	\$Mn	118.44	109.45	123.32	127.10	138.90	132.69	128.91	144.53	169.68	175.75	169.33	163.10*	154.84

Sources: Customs and Excise Department, Gold and Diamond Department, Bank of Sierra Leone

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

		Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Total Revenue (Plus Grants)	Le Mn	29148	34381	53269	33253	73813	43344	40889	85730	133648	57002	37083	51202	30509
Domestic Revenue	Le Mn	26042	29272	46648	30278	30889	41083	26210	28821	37475	30779	31867	45797	28825
Customs & Excise	Le Mn	16820	20001	23129	19397	20763	19158	18898	19568	21478	20881	22615	25529	20588
Income Tax Dept	Le Mn	5392	6918	13339	7472	7155	18132	5489	6260.9	11640	6794.9	7196	17439	5700
Miscellaneous	Le Mn	3830	2353	10180	3409	2971	3793	1823	2992	4357.2	3104	2056	2829	2537
Programmed Funds (Grants)	Le Mn	3106	5109	6621	2975	42924	2261	14679	56910	96173	26223	5216	5405	1684
Fund of which														
HIPC	Le Mn	3106	5109	6621	2975	799	2261	14679	6194.2	10348	3729.5	5216	5405	1684
Others*	Le Mn	**	**	**	**	42125	**	50715	85825	22493	**	**	**	**
Total Expenditure	Le Mn	54075	63597	45958	39215	74393	61689	49874	71931	83207	42044	64941	57624	49145
Pensions, Wages & Salaries	Le Mn	16425	17265	23788	12707	20030	22884	14812	35594	20902	20650	21823	22698	17719
Other Expenditures	Le Mn	22237	27729	7087	8640	34822	27459	15693	24489	38840	10135	26180	20329	14679
Debt Service Payment	Le Mn	15413	18603	15083	17868	19541	11346	19369	11847	23465	11259	16938	14597	16747
Domestic	Le Mn	9430	9769	9926	8003	8292	7455	6893	8479.8	8900.3	6681	7397	7476	6157
Foreign	Le Mn	5983	8834	5157	9865	11249	3891	12476	3367.7	14565	4578	9540.6	7121	10590
Overall Deficit/Surplus	Le Mn	-24927	-29216	7311	-5962	-580	-18345	-8985	13800	50441	14958	-27858	-6422	-18636
Total Financing	Le Mn	24927	29216	-7311	5962	580	18345	8985	-13800	-50441	-14958	27858	6422	18636
Bank Financing	Le Mn	17763	20662	-5420	-27962	-12740	23073	6215	-15420	2849	-4255	5420	-5036	2170
Bank of Sierra Leone	Le Mn	22295	13385	-218	-36465	-14479	7682	1083	-35735	7077	-21903	692	5741	6239
Commercial Banks	Le Mn	-4532	7277	-5202	8503	1739	15391	5132	20315	-4228	17648	4728	-10777	-4069
Non-Bank Financing	Le Mn	7164	8554	-1891	3898	13320	-4728	2770	9930	806	4255	-5420	5036	-2170
Treasury Balance	Le Mn	**	**	**	**	**	**	**	-8310	-14958	27858	6422	18636	
Foreign Finance	Le Mn	**	**	**	30026	**	**	**	**	**	**	**	**	

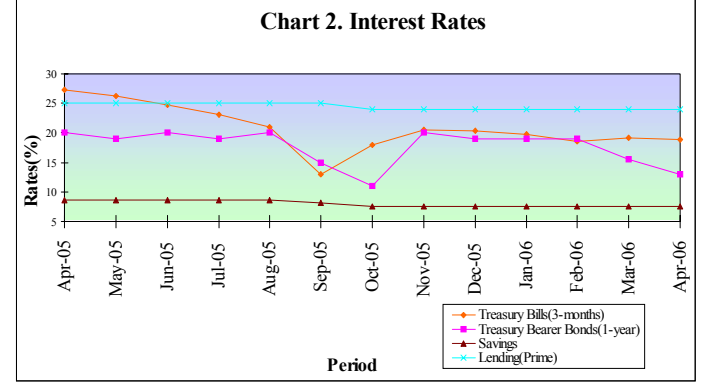
Sources: Customs and Excise Department, Income Tax Department, Bank of Sierra Leone
* Includes Japan Debt Relief and other grants not included in the list above

April 2006, may explain the decrease in volume. Similarly, production of gold was down by 46.82 ounces (26.71%) to 128.48 ounces in the reporting month. The monthly inflation rates for Freetown, Bo, Kenema and Makeni, as measured by their respective consumer price indices, were 0.16 per cent, 1.71 per cent, -0.29 per cent and -1.12 per cent respectively, from 0.68 per cent, 0.79 per cent, -1.36 per cent and 0.53 per cent in the preceding month. The decrease in the monthly inflation rates for Freetown and Makeni Town was significantly influenced by similar decreases in the prices of all main expenditure groups including food products. The increases in the inflation rates for Bo and Kenema were mainly due to significant increases in the prices of food items particularly fruits, vegetable and fish products, which outweighed the decrease in the prices of "beverages and tobacco" and "non-food" items. The year-on-year rate of inflation for Freetown moved to 12.48 percent in April 2005 from 13.52 per cent in March 2006.

Fiscal Operations

Total Government receipts (including grants) for April 2006 was Le30.51bn, Le20.69bn (40.41 %) below receipts of Le51.20bn for March 2006 but Le1.36bn (4.67per cent) above receipts for April 2005. The decline in total receipts over the month occurred in all revenue sources. Total domestic revenue of Le28.83bn accounted for 94.48 per cent of total revenue and was 37.06 per cent lower than the preceding month's receipts, due to all-round decrease in receipts from its major revenue sub-heads. Collections from the Customs and Excise (Le4.94bn) and Income Tax (Le11.74bn) departments and the Miscellaneous items category (Le0.29bn) dropped by 19.35 per cent, 67.31 per cent and 10.32 per cent, respectively, in the reporting period. The poor performance in receipts from customs and excise duties was attributed to a significant contraction in importation activities, while revenue from income tax was lower in the reporting period due to the inclusion of quarterly company tax receipts in the March 2006 position. The drop in aggregate collections from "other sources" was mainly due to a

decline in revenue from the Immigration Department. Total grants received in April 2006, recorded at Le1.68bn, was entirely in respect of Heavily Indebted Poor Countries' (HIPC) debt relief assistance. This was 68.84 per cent and 45.78 per cent lower than the preceding month's position and the corresponding month in 2005, respectively. Total expenditure of Le49.15bn for the review month was significantly Le8.48bn (14.71%) and Le4.93bn (9.12%) below payments for the preceding month and the corresponding payments in April 2005, respectively. The decline in total outlay relative to the preceding month emanated mainly from a 21.94 per cent and 27.79 per cent reduction in payments in respect of "Personal Emoluments" and "Other Expenditures", respectively. The decrease in "Wages and Salaries" was however due to the withholding of teachers' salaries of some government paid/assisted schools for non-compliance with the government's new policy requiring the opening of bank accounts for the payment of salaries. Major treasury expenditure on Goods and Services in April 2006 constituted payments for the supply of drugs and medical equipments to the Ministry of Health and Sanitation, supply of electrical equipments to and payment of bills to utility company's, educational fees subsidy and supply of teaching and learning materials to the Ministry



		Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Reserve Money (RM)	Le Mn	268132	265801	260228	248952	260011	259225	253231	261864	303961	284584	292454	294312	302881
Broad Money (M2)	Le Mn	617978	606568	628178	609698	634776	640648	638929	671510	724178	711205	705385	724173	765354
Narrow Money (M1)	Le Mn	368190	368658	358132	346028	364240	373249	362004	394625	424173	416114	413690	436770	442532
Currency in Circulation	Le Mn	205261	206130	205074	200996	199379	205908	204916	213713	231274	217916	223947	236141	240324
Demand Deposits	Le Mn	162929	162528	153058	145032	164861	167341	157088	180912	192899	198198	189743	200629	202208
Net Claims on Government	Le Mn	236622	256129	254773	222292	207543	230350	229908	212102	159417	138313	169696	189117	205627
BSL ^A	Le Mn	105378	117233	120483	81339	68059	75071	76720	34220	-11793	-47895	-21889	-5200	15487
DMB	Le Mn	131244	138896	134290	140953	139484	155279	153188	177882	171210	186208	191585	194317	190140
Claims on Private Sector	Le Mn	145917	144266	157444	160589	159573	156555	158770	158141	159647	161066	168523	171355	172142
Of Which: Commercial Banks**	Le Mn	140491	139861	153480	157244	156640	154050	156628	156343	154052	157319	165082	167497	167575
Net Foreign Assets	Le Mn	-83407	-123454	-98475	-90579	-58456	-70328	-65118	-13423	85928	79890	64846	43170	51739
Other Items (Net)	Le Mn	-318846	-329627	-314436	-317396	-326116	-324071	-315369	-314690	-319186	-331936	-302320	-320531	-335846

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

		Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Treasury Bills (3-months)	%	27.25	26.18	24.68	23.06	20.89	12.92	17.98	20.5	20.41	19.82	18.62	19.12	18.89
Treasury Bearer Bonds (1-yr.)	%	20	19	20	19	20	15	11	20	19	19	19	15.5	13
Deposits														
Savings	%	8.57	8.57	8.57	8.57	8.57	8.2	7.63	7.63	7.63	7.63	7.63	7.63	7.63
1 - 3 month	%	11.36	11.36	11.36	11.36	11.36	11.13	10.43	10.43	10.43	10.43	10.43	10.43	10.43
3 - 6 month	%	12.07	12.07	12.07	12.07	12.07	11.84	11.14	11.14	11.14	11.14	11.14	11.14	11.14
6 - 9 month	%	12.70	12.70	12.70	12.70	12.70	12.38	11.40	11.40	11.40	11.40	11.40	11.40	11.40
9 - 12 month	%	13.83	13.83	13.83	13.83	13.83	13.57	12.83	12.83	12.83	12.83	12.83	12.83	12.83
Lending (Prime)	%	25-31	25-31	25-31	25-31	25-31	25-31	24-31	24-30	24-30	24-30	24-30	24-30	24-30

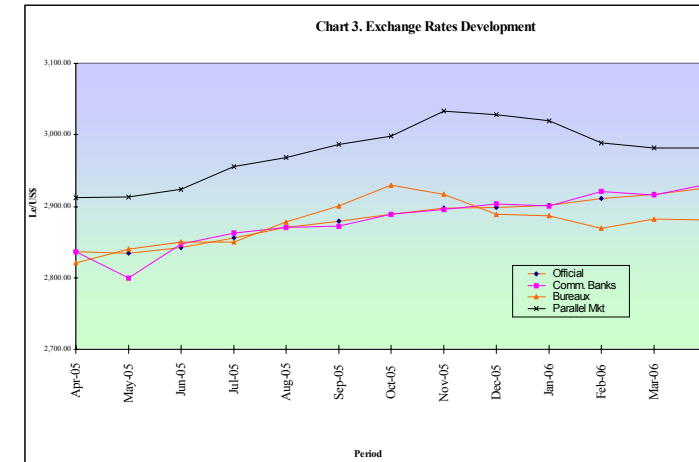
Source: Bank of Sierra Leone

of Education, Science and Technology, quarterly allocation to the Sierra Leone Police and expenditure by the Ministry of Defence on fuel, rice etc. The overall fiscal deficit of Le18.64bn for the month was financed entirely from the treasury balance. There was no change in the total holdings of Government securities. The Bank of Sierra Leone's holdings of securities however rose by Le6.24bn, reflecting an increase of Le6.39bn worth of Treasury Bills and a Le0.15bn reduction in Treasury Bearer Bonds. The commercial banks' holdings of Treasury Bills dropped by Le4.73bn while their holdings of Treasury Bearer Bonds rose slightly by Le0.49bn. The non-bank sector holdings of securities also decreased by Le2.00bn.

Monetary Developments

Narrow Money (M1), Broad Money (M2) and Reserve Money (RM) expanded by Le5.76bn (1.32%), Le41.18bn (5.69%) and Le8.57bn (2.91%), respectively. The rise in M1 was due to the respective increases in Currency in Circulation (Le4.18bn) and Demand Deposits (Le1.58bn). The growth in M2 emanated from the increases in commercial banks' Foreign Currency Deposits (Le30.06bn), Savings Deposits (Le3.92bn) and M1. The increase in commercial banks Foreign Currency Deposits was due to transfers from abroad for various projects. The source of growth in M2 was the respective increases in Net Foreign Assets (Le8.57bn) and Net Domestic Assets (Le32.61bn). The expansion in RM was mainly on account of the increases in Currency Issued (Le5.12bn) and Bankers' Deposits (Le2.39bn). Net borrowing by Government from the banking system grew by Le16.51bn (8.73%) to Le205.63bn and was due to the marked increase (Le20.69bn or 397.83%) in Net Claims on Government by the Central Bank, which was far more than the drop of Le4.18bn in Net Claims on Government by the commercial banks. The expansion in Net Claims on Government

by the Central Bank was due to the increase of Le6.39bn in its holdings of Treasury Bills, coupled with the Le14.45bn drop in Government Deposits. On the other hand, the reduction in Net Claims on Government by the commercial banks mainly resulted from a Le4.73bn reduction in their holdings of treasury bills. There was a marginal expansion of Le78mn (0.05%) to Le167.58bn in the commercial banks' credit to private sector during the period under review. Over the twelve-month period to April 2006, M1, M2 and Reserve Money grew by Le74.34bn (20.19%), Le147.38bn (23.85%) and Le34.75bn (12.96%), respectively. The structure of interest rates remained virtually stable during the month of April 2006. The interest rates on Savings Deposits, 3 months, 6 months, 9 months and 12 months Time Deposits remained unchanged at 7.63 per cent, 10.43 per cent, 11.14 per cent, 11.40 per cent and 12.83 per cent, respectively. The average annual yield on Treasury Bills dropped by 23 basis points to 18.89 per cent and the interest rate on Treasury Bearer Bonds also went down by 250 basis



		Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Leone to Dollar														
Official	Le/\$	2837.01	2834.78	2842.00	2856.04	2870.26	2879.15	2888.75	2897.52	2898.22	2901.66	2911.36	2916.77	2925.25
Comm. Banks	Le/\$	2837.												