

QUARTERLY ECONOMIC REPORT

July -September 2001

Highlights

The start of disarmament of the Revolutionary United Front (RUF) and the Civil Defence Force (CDF) combatants in the diamond rich Kono District at the start of the quarter was a real breakthrough in the peace process. The process was further enhanced by the visit of President Tejan Kabba with President Olusegun Obasanjo of Nigeria and President Omar Konare of Mali the current chairman of the Economic Community of West African States (ECOWAS) to Koidu, the headquarters of Kono District in September. The Heads of States visit was to urge the speedy conclusion of disarmament of ex-combatants in the region and to identify themselves with the post-war construction efforts.

The Interim Poverty Strategy Paper (IPRSP) a broad based plan to fight poverty in Sierra Leone was prepared in consultation with civil society and was endorsed by the Government in July. The executive board of the International Monetary Fund (IMF) approved SDR 130.84 million (US\$169 million) for Sierra Leone under the Poverty Reduction and Growth Facility (PRGF). This is in support of the Government's three year (2001-2004) economic programme aimed at reducing poverty, enhancing growth and maintaining macro-economic stability. The Executive Boards of the IMF and the World Bank agreed that Sierra Leone was now eligible for debt relief under the Enhanced Highly Indebted Poor Country Initiative (HIPC).

Diamond production steadily increased over the period. This was due to the improved security situation in the mining areas. To encourage the legal mining of diamonds, Government disbursed US\$91,000 to thirty-two chiefdoms in the Eastern and Southern regions where diamonds are mined to help in the rehabilitation and reconstruction of the chiefdoms.

The budget deficit for the third quarter was significantly high at Le22.88 bn though it was less than the previous quarter's level of Le39.47 bn. Financing of the deficit was entirely from domestic sources mainly by the commercial banks as this was reduced financing by the Central Bank and Government reduced its indebtedness to the private sector. The expansionary trend in monetary aggregates observed in the second quarter continued during the quarter under review. The exchange rate of the Leone to the US Dollar depreciated further. This could be attributed to the high demand for the dollars linked to the normalisation of activities with no corresponding increase in supply. The Gross External Reserves of the Central Bank only increased marginally from US\$30.97 million in June to US\$31.61million at end September 2001.

Real Sector

Performance in the real sector during the quarter was mixed. There was a slow down in the manufacturing subsector as compared to the previous quarter, while the mining subsector, dominated by diamond production, maintained an upward trend. Activities in the agricultural subsector continued to suffer from the aftermath of the civil war as most farming lands are yet to be rehabilitated. Overall, however, the sector performed better when compared with the corresponding quarter in 2000. Output levels for most industries in the manufacturing subsector were unsatisfactory due largely to lower consumer demand and shortage of raw materials. Production of maltina, soft drinks, cement, paint, salt, plastic footwear and confectionery recorded reductions in magnitudes of 12.2 per cent, 23.77 per cent, 36.31 per cent, 40.87 per cent, 35.03 per cent, 13.5 per cent and 10.3 per cent respectively, on the preceding quarter's levels. A few industries however benefited, by a rise in

local demand. As a result, production of oxygen, common soap and acetylene increased during the period over the preceding quarter. Notwithstanding the sector's generally depressed performance in the quarter, most production units recorded considerable improvements in their output over recorded levels in the corresponding

quarter in 2000. They included output of maltina, soft drinks, cement, paint, confectionery, acetylene and common soap in respective percentages of 17.65, 11.62, 15.4, 26.45, 15.61, 43.82 and 103.01. Only output of oxygen and carbon dioxide fell below their levels in the corresponding quarter in 2000, while output of

Table 1.

Production

		Jul-Sept 00	Apr-Jun 01	Jul-01	Aug-01	Sept-01	Jul-Sept 01
1	2	3	4	5	6	7	8
Minerals							
Diamonds	(000'carats)	2.28	48.84	18.16	16.51	29.71	64.38
Bauxite	(000'M tons)	-	-	-	-	-	-
Rutile	(000'M tons)	-	-	-	-	-	-
Ilmenite	(000'M tons)	-	-	-	-	-	-
Gold	(000'M tons)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Agriculture							
Coffee	(000'M tons)	-	-	-	-	-	-
Cocoa	(M tons)	-	-	-	-	-	-
Manufactured Goods							
Beer and Stout	(000' ctns)	124.21	169.86	63.91	65.72	67.81	197.44
Maltina	(000' ctns)	26.18	35.08	10.25	10.24	10.31	30.80
Acetylene	(000' cu.ft)	42.40	56.64	26.49	19.15	15.34	60.98
Oxygen	(000' cu.ft)	321.36	228.55	94.84	83.22	119.17	297.23
Carbon -dioxide	(000' lbs)	7.62	-	-	-	2.48	2.48
Confectionery)	(000' lbs)	481.26	620.32	202.39	158.13	195.88	556.4
Salt	(M tons)	793.27	878.88	293.25	164.00	113.73	570.98
Common Soap	(M tons)	62.88	88.60	66.04	25.11	36.50	127.65
Soft Drinks	(crates)	322.83	472.70	119.30	120.10	120.93	360.33
Paint	(000' gals)	21.06	45.04	9.55	9.51	7.57	26.63
Cement	(M tons)	8,319.05	33,191.89	9500.25	6484.20	5155.10	21139.55
Plastic Footwear	(000' pairs)	430.34	375.66	126.00	100.80	97.92	324.72
Flour	(M tons)	4,662.68	5216.73	1549.60	1627.89	N.A.	N.A.
Services							
Electricity							
Unit generated	(GW/hr)	14.85	24.72	9.38	9.34	8.28	27.00
Industrial consumption		4.35	5.19	1.50	2.04	1.64	5.18

Source: Manufacturing Establishment, BSL and GGDO

- : Nil

N.A. : Not Available

beer and stout notably recorded increases over the comparative periods, having peaked at 197.44 thousand cartoons for the current quarter as against 169.86 and 124.21 thousand cartoons for the preceding quarter and corresponding quarter last year.

Activities in the mining subsector continued to be dominated by diamond mining. Total production for the quarter was 64.38 thousand carats comprising 26.21 thousand carats of gem and 38.17 thousand carats of industrial diamonds. This indicates remarkable improvements of 15.54 thousand carats (31.82 per cent) and 62.1 thousand carats (2,723.68 per cent) on the preceding and corresponding (2000) quarters' levels respectively. Buoyancy in output is partly explained as being due to the continued effect of the United Nations Certification Scheme introduced in October 2000 for the export of Sierra Leone's diamonds, but more particularly due to increased security in the region following the deployment of United Nations Mission in

Sierra Leone (UNAMSIL) personnel which resulted in increased participation in mining activities. On a component basis however, gem diamonds was down by 2.96 per cent over the quarter but up by 1,980.16 per cent over the year. Industrial diamonds increased over the quarter (75.41 per cent) and the year (3,642.17 per cent).

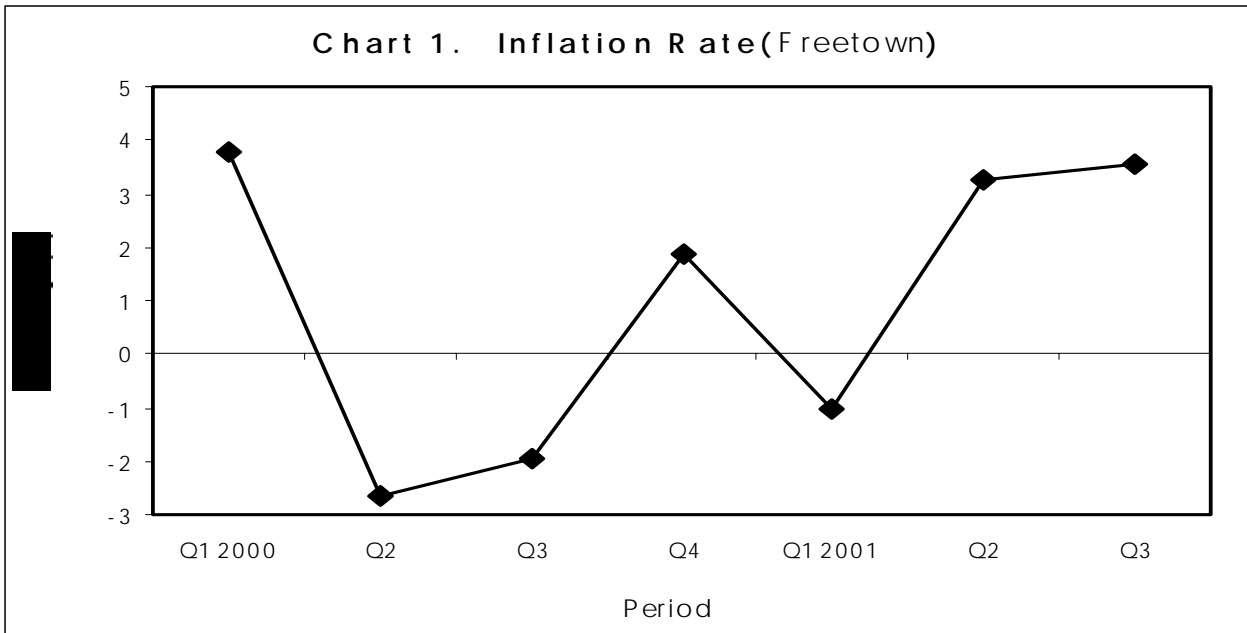
Total units of electricity generated went up by 9.35 per cent and 81.76 per cent over the quarter and the year, respectively. Industrial, commercial and domestic consumption also increased by 18.81, 110.17 and 90.5 per cents, respectively, over the year but declined marginally by 0.19, 7.12 and 0.19 per cents, respectively, over the quarter. The increase over the year was due generally to continuous rehabilitation work.

During the quarter, the monthly rate of inflation for Freetown fluctuated from 0.9 per cent in July rising to 3.88 per cent in August and down again to -2.24 per cent in September. This was largely

Table 2.							
Inflation							
		Jul-Sep 00	Apr-Jun 01	Jul-01	Aug-01	Sep-01	Jul-sep 01
1	2	3	4	5	6	7	8
Freetown							
Consumer Price Index	Index	499.16	519.54	528.35	548.87	536.59	537.93
Monthly Change	%	0.90	0.40	0.90	3.88	-2.24	0.85
Year-on-year	%	-1.98	3.27	6.32	10.93	6.09	3.54
Bo							
Consumer Price Index	Index	-	114.16	114.21	110.27	108.95	111.14
Index	%	-	-0.81	2.20	-3.45	-1.20	-0.82
Kenema							
Consumer Price Index	Index	-	99.27	105.08	102.25	101.91	103.08
Index	%	-	-0.95	5.57	-2.69	-0.33	0.85

Source: Central Statistics Office

- : Nil



attributed to instability in the prices of imported items, which are influenced by the exchange rate. The quarterly rate, at 0.85 per cent was up on the preceding quarter's rate of 0.4 per cent, but lower than the corresponding quarter of 2000 at 0.9 per cent. The year-on-year rate of inflation in September 2001, was 6.09 percent. Compilation of consumer price indices for Bo and Kenema started early, in the year to enhance comprehensiveness. For the former, the monthly rate moved downwards from 2.2 per cent to -3.45 per cent and finally to -1.2 per cent as at end of quarter. It however deteriorated (though negligible) over the quarter from -0.81 per cent to -0.82 per cent. For Kenema, it moved from 5.57 per cent down to -2.69 per cent and finally to -0.33 per cent in September. Notwithstanding this however, an increase was indicated over the quarter from -0.95 per cent to 0.85 per cent in the review period.

Fiscal Operations

The increase in revenue was as a result of Le17.09bn increase in programme grants during the review quarter. However, total domestic revenue declined to Le54.58bn from Le55.43bn reported in the previous quarter. This level was 34.51 per cent higher than the Le40.58bn position attained in the corresponding quarter in 2000. The decline in domestic revenue was as a result

of a 0.24 per cent and 44.08 per cent decreases in collections from Customs & Excise Department and Miscellaneous items, respectively. Drop in the receipts of dividends from Parastatals was also a contributory factor. Receipts from Income Tax Department however were higher relative to the previous and corresponding quarters by 16.56 per cent and 13.63 per cent, respectively. This was due to increases in the number of registered companies and NGOs resulting from improved security situation in the country. .

Total expenditure rose marginally above its preceding and corresponding levels by 7.46 percent and 9.25 per cent, respectively. The increase in total outlays was mainly due to a 17.61 percent rise in current expenditure. This development was on account of increases in the payments goods & services, interest payments, and arrears on wages and salaries. There was a decline in development expenditure to Le15.64bn, below the levels in the preceding and corresponding periods by 28.39 per cent and 17.82 per cent, respectively as a result of delays in the implementation of certain projects.

Financing of the budget deficit was mainly from domestic sources. Domestic financing increased by 50.15 per cent from Le37.22bn in the second quarter to Le28.36bn in the third quarter.

Table 3.
Government Fiscal Operations
(Leone Million)

	Jul.-Sept. 2000	Apr.-Jun 2001.	Jul.-Sept. 2001
1	2	3	4
TOTAL REVENUE (PLUS GRANTS)	57,631	61,781	78,024
DOMESTIC REVENUE	40,579	55,427	54,584
Of which:			
Customs & Excise	24,335	36,285	36,197
Import taxes	19,312	26,965	29,263
Excise on Pet.	4,537	6,813	4,182
Other Excise Dut.	486	979	983
Domestic Sales Tax	0	1,528	1,769
Income Tax Department	12,996	12,670	14,768
Company Tax	6,626	5,456	6,498
Personal Income Tax	6,277	7,106	8,075
Other Taxes	93	108	195
Miscellaneous	3,248	6,472	3,619
Mines Dept.	107	504	193
Royalty Rutile	0	0	0
Royalty Bauxite	0	0	0
Licences	107	504	193
Other Departments	2,145	4,157	1,893
Royalty on Fisheries	412	954	753
Parastatals	100	2,478	650
Freight Levy	195	0	0
Other Revenues	1,438	725	490
Road User Charges	996	1,811	1,533
GRANTS	17,052	6,354	23,440
TOTAL EXPENDITURE	97,375	98,996	106,380
Of which:			
Development Expenditure	19,037	21,846	15,644
Current Expenditure	78,338	77,150	90,736
Of which:			
Wages & Salaries	24,079	27,440	30,343
Foreign Interest	10,172	4,473	10,724
Domestic Interest	13,148	9,620	10,211
Goods & Services	26,771	27,082	31,221
Security	335	2,654	2,968
Social Outlays	139	1,019	217
Grants to Edu. Inst.	2,891	3,055	3,519
Trans. to Rd fund	805	1,807	1,533
CURRENT BALANCE+/-	(20,707)	(15,369)	(12,712)
ADD DEVELOPMENT EXPEND.	(19,037)	(21,846)	(15,644)

* Others include reshuffling/write off, financing gap, privatisation net, unaccounted amounts and lending minus repayment
/1. Provisional Data

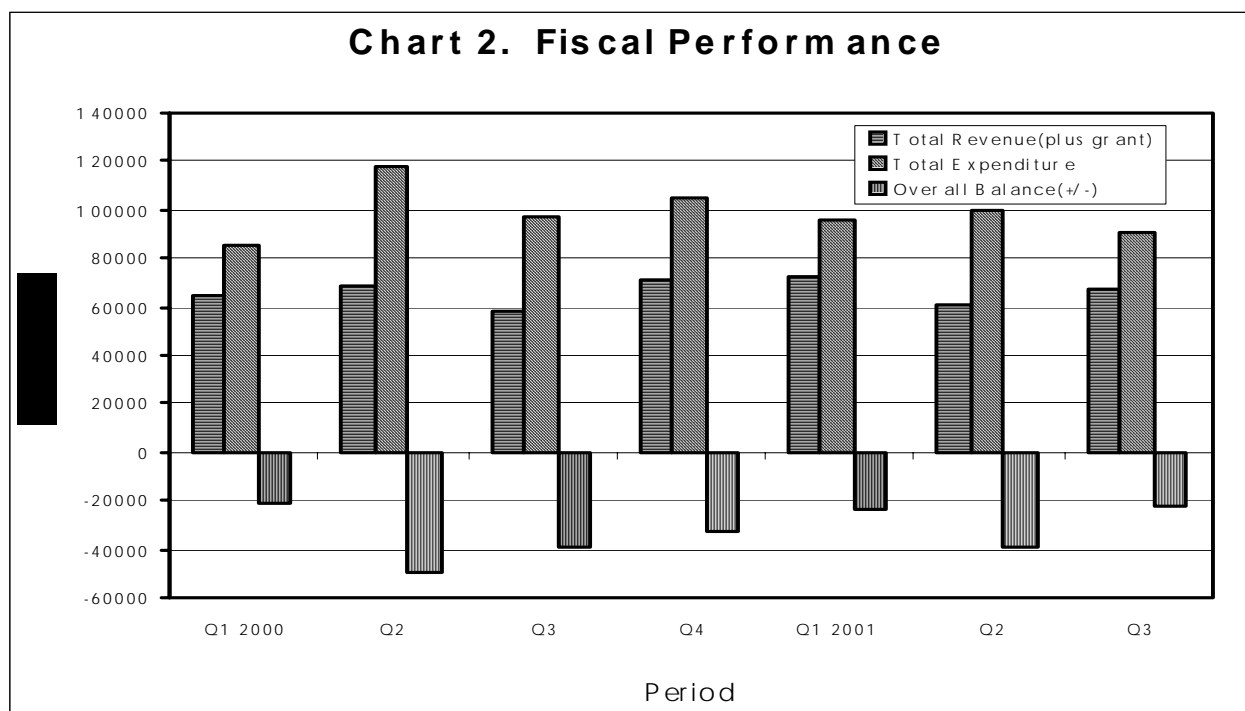
Table 3.(concl'd)
Government Fiscal Operations
 (Leone Million)

	Jul - Sept 2000	April - Jun 2001	Jul - Sept 2001
1	2	3	4
OVERALL DEFICIT/SURPLUS +/-	(39,744)	(37,215)	(28,356)
FINANCING	39,744	37,215	28,356
Domestic	25,543	16,555	24,857
Of which:			
Bank Financing	27,137	13,216	26,567
Bank of Sierra Leone	26,110	12,730	10,118
Commercial Banks	1,027	486	16,449
Non-Bank Financing	(1,594)	3,339	(1,710)
Extenal	13,727	25,711	2,029
Of which:			
Loans	17186	27,040	2,029
Amortisation	(3,459)	(1,329)	0

* Others include resheduling/write off,
 financing gap, privatisation net, unaccounted amounts
 and lending minus repayment

/1. Provisional Data

Chart 2. Fiscal Performance



However, Central bank financing of the deficit relative to the second quarter dropped by 20.52 per cent to Le10.12bn. Commercial banks contribution, which stood at Le0.49bn in the previous period, significantly rose to Le16.45bn whilst non-bank public reduced its holdings of securities by Le1.71bn in the review period.

Foreign financing of the deficit dropped to Le2.03bn from Le25.22bn reported in quarter two.

Monetary Developments

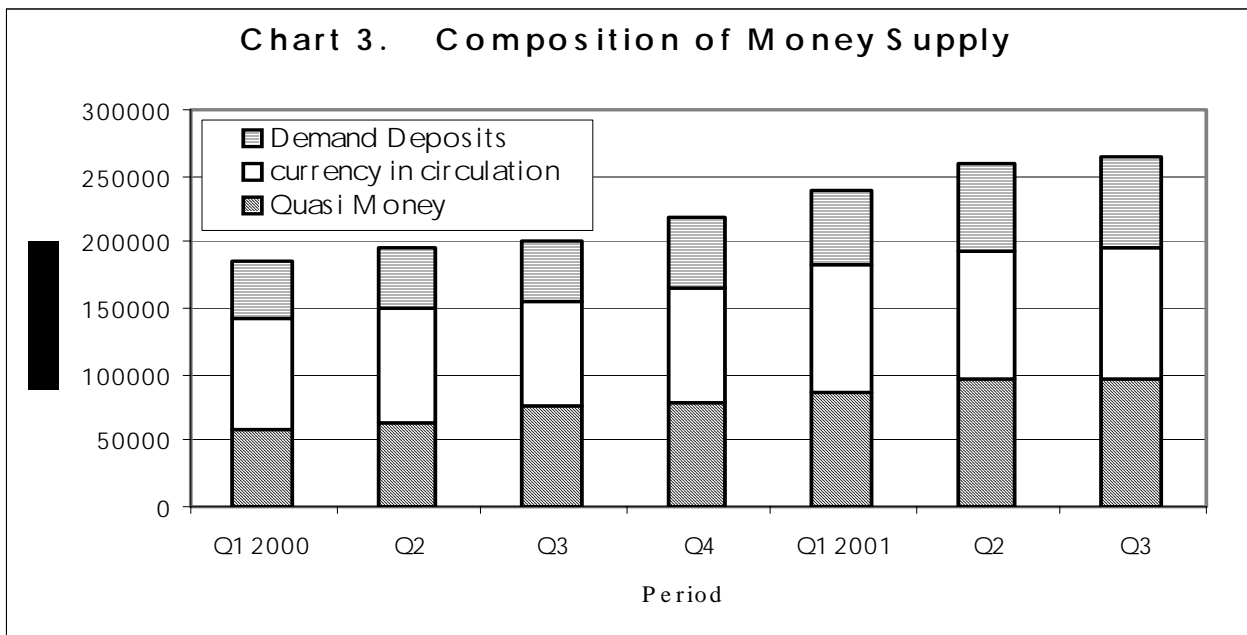
The expansionary trend in Monetary aggregates observed in the previous quarter continued

during the review period, with monetary aggregates under severe pressure. Narrow Money (M1) consisting of Currency in Circulation (CIC) and Demand Deposits increased by Le5.41bn (3.33%) to Le168.00bn at the end of the review quarter. CIC rose by Le2.74bn to Le98.88bn while Demand Deposits recorded an increase of Le2.67bn to Le69.12bn. CIC increased as a result of a rise in Currency Issued (Le2.09bn) which was also the cause for the rise in Reserve Money (RM). Over the year, M1 increased by Le43.14bn (34.55%). Quasi Money declined during the period by Le1.37bn (1.41%) to Le95.96bn at the end of the third quarter. An increase of Le20.53bn was however recorded over the year. A breakdown of Quasi

	Sept-00	Dec-00	Mar-01	Jun-01	Sep-01
1	2	3	4	5	6
Reserve Money	90,36	109843	112,866	110,467	113,173
Broad Money	200,287	217,605	239,362	259,921	263,955
Narrow Money	124,860	139,956	153,496	162,590	167,997
Currency in Circulation	78,472	88,854	97,003	96,142	98,877
Demand Deposits	46,388	51,102	56,493	66,448	69,120
Quasi Money	75,427	77,649	85,866	97,331	95,958
Foreign Currency Deposits	35,875	30,402	40,672	46,575	43,155
Time Deposits	2,137	4,528	2,893	3,167	2,570
Savings Deposits	34,044	37,744	38,709	41,993	44,104
Other Deposits	-	-	4	17	-
Time, Savings and Foreign Currency Deposits	3,371	4,975	3,588	5,579	6,129
Net Foreign Assets	(276,716)	(178,831)	(181,010)	(196,048)	(232,886)
Bank of Sierra Leone	(324,696)	(219,442)	(227,856)	(242,669)	(277,472)
Commercial Banks	47,980	40,611	46,846	46,621	44,586
Domestic Credit*	216,498	191,141	203,808	225,104	242,462
Claims on Central Gov't Net	182,265	150,807	162,487	175,703	202,270
of which:					
BSL	115,494	92,321	79,993	92,723	102,841
Commercial Banks	66,771	58,486	82,494	82,980	99,429
Claims on Non Financial Public Sector	579	635	253	431	363
Claims on Private Sector	26,658	28,043	28,368	28,245	32,131
Claims on other Banking Inst.	-	-	12	-	-
Claims on Non-Banking Inst.	6,996	11,656	12,688	20,725	7,698
Other items Net	260,505	205,295	216,564	230,865	254,379

* Excludes Non Negotiable, Non Interest Bearing Government Securities

Chart 3. Composition of Money Supply



Money shows that during the review quarter, Foreign Currency Deposits and Time Deposits decreased by Le3.42bn (7.34%) and Le597mn (18.85%) respectively. Savings Deposits on the other hand, which had been steadily increasing since the start of the year, rose by Le2.88bn. Broad Money (M2) comprising Narrow Money and Quasi money went up by Le4.03bn (1.55%) to Le263.96bn at the end of the quarter under review. Over the twelve months period, M2 rose by Le63.67bn (31.79%). The major sources of expansion during the quarter were Domestic Credit and Other Items Net, which increased by Le17.36bn and Le23.51bn, respectively. The rise

in M2 was however moderated by a decline of Le36.84bn in Net Foreign Assets. Government's indebtedness to the banking system rose during the review quarter by Le26.57bn (15.12%) to Le202.27bn. Net Claims on Government by the Bank of Sierra Leone rose by Le10.12bn (10.91%) as a result of increases in holdings of Treasury Bills (Le7.69bn) and Ways and Means Advances (Le3.52bn). Net Claims on Government by the commercial banks rose by Le16.45bn (19.82%) to Le99.43bn on account of increases in Treasury Bills (Le18.96bn) and Treasury Bearer Bonds (Le1.16bn). Net Foreign Assets deteriorated as a result of a decrease in

Table 5.

Average Interest Rates (Percent)

	Sep-00	Dec-00	Mar-01	Jun-01	Sep-01
1	2	3	4	5	6
Treasury Bills	20.89	20.51	9.68	13.68	14.16
Bearer Bonds	25.00	22.50	12.50	17.50	20.00
Savings Deposits	6.08	6.00	4.50	4.50	4.50
Time Deposits					
1 Month	8.13	8.00	6.83	6.83	6.83
3Months	8.88	8.80	7.50	7.20	7.20
6Months	10.80	10.00	8.40	8.10	8.10
9Months	11.28	10.75	8.25	8.00	8.00
12Months	11.60	11.50	9.75	9.50	9.50
Lending Overdraft Rate	26-34	27-35	25-35	25-35	24-35
Loans and Advances (Le Mn)	30,423	31,305	32,322	33,393	

Foreign Assets of the Bank of Sierra Leone, by Le34.80bn. This resulted mainly from outflows in respect of debt service payments and funding of the foreign exchange auctions. Foreign Assets of the commercial banks also dropped by Le2.04bn. The continued delay in donor funds impacted negatively on the Net Foreign Assets position of the banking system. The average effective yield on Treasury Bills and interest rate on Treasury Bearer Bonds rose by 0.48 percentage points and 2.50 percentage points to 14.16% and 20.00%, respectively, while rates on Savings and Time Deposits remained constant during the quarter. In comparison with 2000 interest rates in all categories of deposits declined. The average effective yield on Treasury Bills dropped by 6.73 percentage points and interest rate on Treasury Bearer Bonds also dropped by 5.00 percentage points.

External Sector Developments

There was further deterioration of the external position of the economy. The trade deficit worsened by US\$8.74mn (22.86 per cent), notwithstanding, the increase in export receipts. The Leone also depreciated against major international currencies over the quarter as inflows of foreign exchange contracted.

Exports

Proceeds from exports grew over the quarter by 5.21 per cent and over the year by 798.56 per cent to US\$7.13mn. This was largely ascribed to an upsurge in diamond exports to 64.4mn carats, valued at US\$6.63mn, as compared to 48.8 thousand carats valued at US\$6.38mn and 2.2 thousand carats, valued at US\$0.24mn in the April-June 2001 and July-September 2000 quarters, respectively. Diamond exports for the review period comprised 26.3 thousand carats of gem pieces (a decrease of 2.59 per cent over the quarter) and 38.1 thousand carats of industrial pieces (an increase of 74.77 per cent over the quarter), yielding total values of US\$6.03mn (an increase of 0.06 per cent over the quarter) and

US\$0.6mn (an increase of 66.9 per cent over the quarter), respectively. The effect of the upsurge in total export volume on total value was very minimal, as the increase in volume occurred in the lower quality industrial stones. The pickup in recorded diamond exports was attributed largely to an improvement in the security situation in the mining regions, safer transport networks as well as the export documentation processes, which saw more diamonds going through the official channel during the quarter. Performance in the agricultural sector remained negligible with only 7.8 metric tons of piassava, valued at US\$1.2 thousand officially recorded as exported, compared to 16 thousand metric tons, valued at US\$2.6 thousand in the preceding quarter. There was no record of export of coffee and cocoa as well as other traditional commodities for the review period. The value of other exports (comprising palm oil, personal effects, audio cassettes and plastic ware) and re-exports increase increased by 4.59 and 94 per cents respectively in the quarter.

Imports

Payments for imports at US\$54.09mn for the quarter, recorded increases of 20.2 per cent and 62.16 per cent on the preceding quarter and corresponding quarter of 2000. The increase occurred in all category heads relative to the comparative periods. The import bill for petroleum products increased by 74 per cent and 94.2 per cent over the quarter and the year, respectively, in response to increases in energy consumption by user units. Payments for consumer goods increased by 5 per cent over the quarter and 12.8 per cent over the year of which rice imports accounted for 26.5 per cent and 7 per cent, respectively. The general increase in the level and value of imports reflected increased business confidence the peace process.

Exchange Rate Movement

The quarterly average exchange rate depreciated in all the foreign exchange markets during the period. The highest depreciation (8.23 per cent)

Table 6a.						
International Trade and Reserve						
(Million Leones)						
	Jul - Sept 00	Apr - Jun 01	Jul-01	Aug-01	Sept-01	Jul - Sept 01
1	2	3	4	5	6	7
Merchandise Imports	70,193.3	86,145.7	29,356.0	37,343.4	44,515.3	111,214.7
<i>of which</i>						
Food	27,607.3	26,059.5	7,219.9	11,056.9	12,679.6	30,956.4
Beverages and Tobacco	2,442.7	3,232.2	431.4	421.6	304.0	1,157.0
Crude Materials	1,874.6	3,270.9	968.2	782.8	1,067.4	2,818.4
Mineral Fuels and Lubricants	323.4	17,456.1	9,217.6	8,764.8	14,724.3	32,706.7
Animal and Vegetable Oils	5,080.7	495.4	47.7	1,356.5	55.8	1,460.0
Chemicals	5,072.6	1,850.3	1,775.6	2,130.7	1,073.0	4,979.3
Manufactured Goods	8,408.2	10,435.5	2,000.1	6,073.0	3,790.3	11,863.4
Machinery and Transport Equipment	2,134.1	19,838.7	6,175.4	4,933.0	9,087.8	20,196.2
Other Imports		3,507.1	1,520.1	1,824.1	1,733.1	5,077.3
Merchandise Exports	1,640.0	13,071.3	4,834.7	4,938.6	4,865.2	14,638.5
<i>of which</i>						
Mineral Exports	479.2	12,278.1	4,390.0	4,701.5	4,532.9	13,624.4
Diamonds	479.2	12,278.1	4,390.0	4,701.5	4,532.9	13,624.4
Bauxite	-	-	-	-	-	-
Rutile	-	-	-	-	-	-
Gold	-	-	-	-	-	-
Ilmenite	-	-	-	-	-	-
Agricultural Exports	224.5	4.9	-	-	2.4	2.4
Coffee	98.8	-	-	-	-	-
Cocoa	111.2	-	-	-	-	-
Piassava	5.3	4.9	-	-	2.4	2.4
Fish and Shrimps	9.2	-	-	-	-	-
Tobacco	-	-	-	-	-	-
Others	298.4	604.9	250.8	233.7	188.3	672.8
Re-exports	637.9	183.4	193.9	3.4	141.6	338.9
Trade Balance	(129,742.3)	(73,074.4)	(24,521.3)	(32,404.8)	(39,650.1)	(96,576.2)
Foreign Reserves (Million Leones)	50,892.51	60,918.92*	58,513.03*	64,188.04*	60,513.83*	60,513.83*

Sources: Customs and Excise Department, Individual Oil Importing Companies and Government Gold & Diamond Office

* Provisional

occurred in the parallel market from Le2,065.99/ US\$1 in the preceding quarter to Le2,251.39/ US\$1 in the current quarter. This was followed by the foreign exchange bureaux (7.66 per cent), commercial banks (7.13 per cent) and the official

(6.72 per cent) markets. The rates consistently depreciated through the months (July to September) for all the markets and at a much larger rate for the parallel market which recorded monthly averages of Le2,210.89, Le2,262.89 and

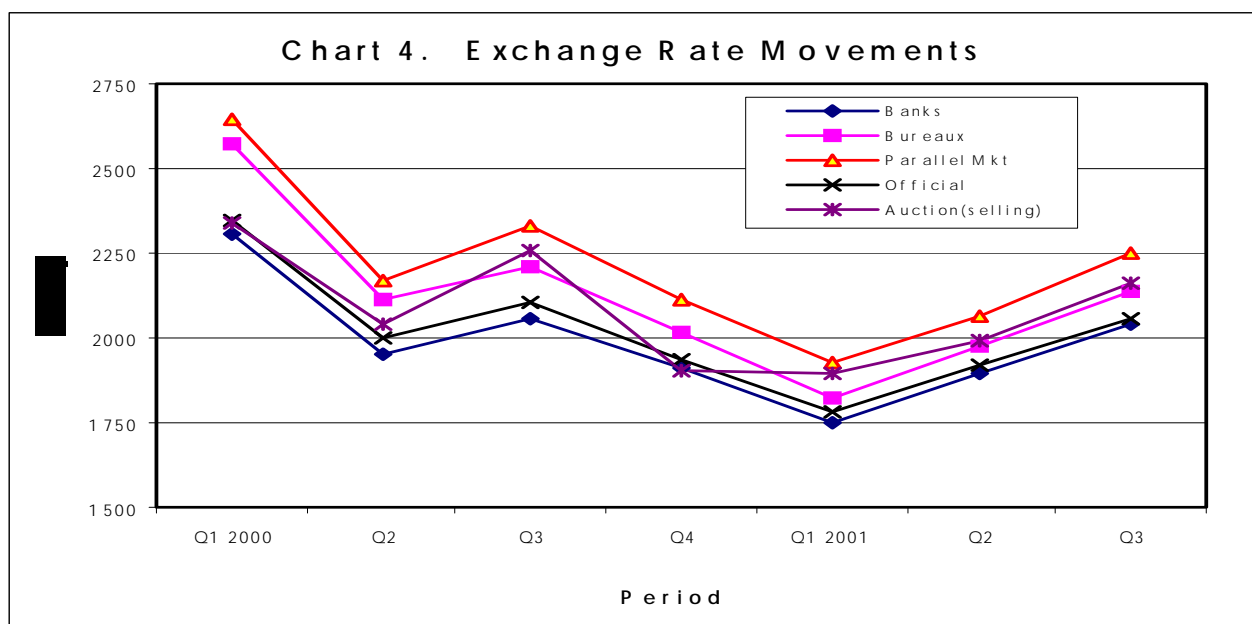
Table 6b.						
International Trade and Reserve						
(Thousand US Dollars)						
	Jul - Sept 00	Apr - Jun 01	Jul-01	Aug-01	Sept-01	Jul - Sept 01
1	2	3	4	5	6	7
Merchandise Imports	33,356.3	44,999.6	14,444.5	18,135.7	21,508.8	54,089.0
<i>of which</i>						
Food	13,148.9	13,590.2	3,552.5	5,369.7	6,126.5	15,048.7
Beverages and Tobacco	1,166.9	1,692.5	212.2	204.7	146.9	563.8
Crude Materials	887.0	1,708.3	476.4	380.2	515.7	1,372.3
Mineral Fuels and Lubricants	8,192.2	9,141.2	4,535.5	4,256.6	7,114.5	15,906.6
Animal and Vegetable Oils	152.1	259.8	23.5	658.8	26.9	709.2
Chemicals	2,398.4	965.9	873.7	1,034.8	518.4	2,426.9
Manufactured Goods	2,403.9	5,436.7	984.2	2,949.3	1,831.4	5,764.9
Machinery and Transport Equipment	3,994.6	10,371.5	3,038.6	2,395.7	4,391.1	9,825.4
Other Imports	1,012.3	1,833.5	747.9	885.9	837.4	2,471.2
Merchandise Exports	793.0	6,773.0	2,374.1	2,395.6	2,355.9	7,125.6
<i>of which</i>						
Mineral Exports	238.9	6,383.9	2,154.7	2,280.4	2,194.3	6,629.4
Diamonds	238.9	6,383.9	2,154.7	2,280.4	2,194.3	6,629.4
Bauxite	-	-	-	-	-	-
Rutile	-	-	-	-	-	-
Gold	-	-	-	-	-	-
Ilmenite	-	-	-	-	-	-
Agricultural Exports	107.5	2.6	-	-	1.2	1.2
Coffee	49.0	-	-	-	-	-
Cocoa	51.6	-	-	-	-	-
Piassava	2.4	2.6	-	-	1.2	1.2
Fish and Shrimps	4.5	-	-	-	-	-
Tobacco	-	-	-	-	-	-
Others	147.3	316.0	125.2	113.5	91.8	330.5
Re-exports	299.3	70.5	94.2	1.7	68.6	164.5
Trade Balance	(32,563.3)	(38,226.6)	(12,070.4)	(15,740.1)	(19,152.9)	(46,963.4)
Foreign Reserves (Million Leones)	24.25	30.97*	28.34*	31.37*	28.94*	28.94*

Sources: Customs and Excise Department, Individual Oil Importing Companies and Government Gold & Diamond Office

* Provisional

Le2,280.38/US\$1. The commercial banks recorded respective averages of Le2,028.88, Le2,039.5 and Le2,049.38/US\$1. The foreign exchange bureaux also recorded Le2,090.15, Le2,150.41 and Le2,174.39/US\$1 while the Official rate registered Le2,032.34, Le2,059.12

and Le2,069.62/US\$1 respectively. The average monthly auction selling rate also followed a similar path, registering Le2,146.75, Le2,151.8 and Le2,181.25/US\$1 through the period and settling at a quarterly average of Le2,159.93 against Le1,989.52 for the preceding quarter.



The premium between the official and commercial banks contracted over the quarter but widened between the official and the foreign exchange bureaux and parallel market. The general and sustained depreciation of the Leone during the period was the result of continued excess demand over supply of foreign exchange.

Sectoral Distribution of Foreign Exchange under the Auction System

The total amount of foreign exchange sold under the auction increased by 15.55 per cent during the quarter. Allocations to general imports experienced the least increase (5.85 per cent) though accounting for the highest proportion

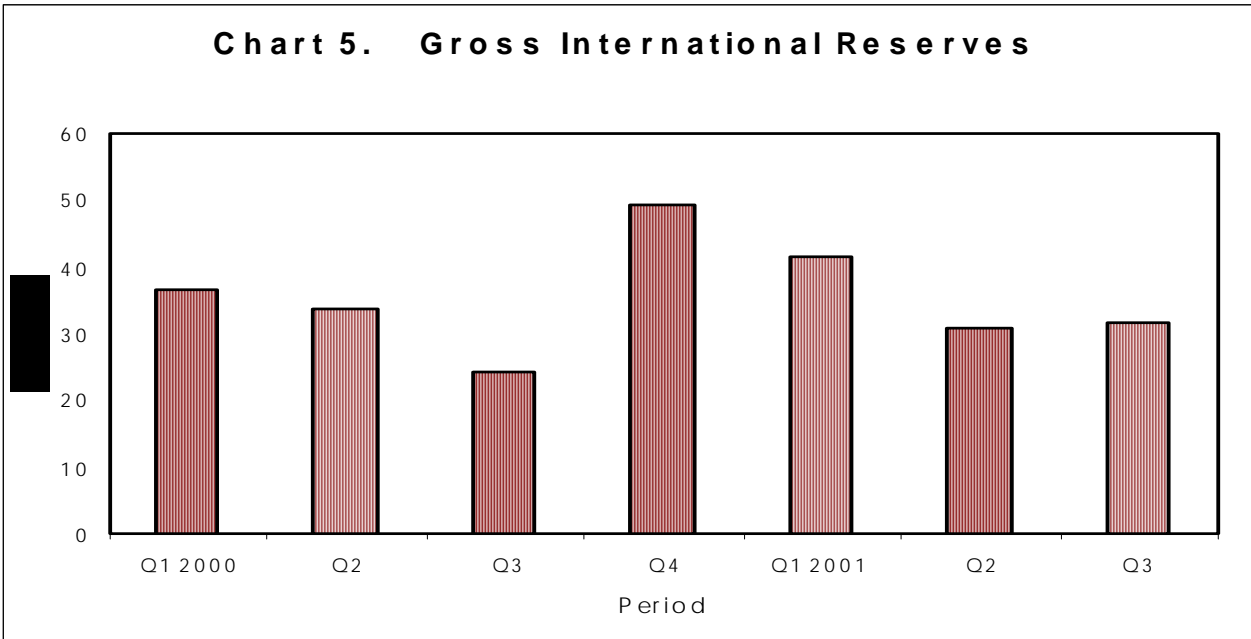
(62.5 per cent) of total allocation, while a greater percentage increase (156.29 per cent) was observed in allocations to oil companies over the quarter.

Gross External Reserves

The Gross Foreign Exchange Reserves of the Central Bank dropped from US\$31.37 million at end-August 2001 to US\$29.94 million at end-September 2001. This resulted from total outflows of US\$64.44 million outweighing total inflows of US\$61.03 million. There was a significant inflow in terms of a loan disbursement of US\$60.44 million from the IMF under the

Table 7.
Sectorial Allocation of Foreign Exchange Under the Auction System
(Thousand Dollars)

	Jul-01	Aug-01	Sep-01	Jul-sep 01	Apr-Jun 01	Jul-Sep 00
1	2	3	4	5	6	7
Sector						
Banks	500.00	355.86	311.25	3,029.33	907.25	1,167.11
Oil Companies	-	400.00	207.94	2,324.70	237.21	607.94
Manufacturing Industries	194.16	150.50	462.51	2,039.14	749.15	807.17
General Imports	1,215.26	1,840.98	1,247.51	4,005.48	4,065.90	4,303.75
Total Allocation	1,909.42	2,747.34	2,229.21	11,398.65	5,959.51	6,885.97



Poverty Reduction and growth Facility (PRGF) programme. Major outflows were in respect of total loan repayments of US\$60.08, comprising US\$48.40, US\$8.19 and US\$3.47 millions in respect of Post Conflict Assistance, PRGF and Structural Adjustment Facility respectively, and the weekly Foreign Exchange Auction (US\$2.16 million).