



STATEMENT BY THE MONETARY POLICY COMMITTEE

The Monetary Policy Committee (MPC) met on Thursday, 20th September 2012 to discuss recent economic developments and their implications for monetary management as well as to review the Bank of Sierra Leone Monetary Policy Rate (MPR).

The MPC noted the recent successful conclusion of the Fourth Review of the Extended Credit Facility (ECF) program by the IMF Executive Board and discussed macroeconomic outlook. The Committee noted the positive growth in the real sector, mainly supported by government's investment in infrastructure and the implementation of projects in the mining sector. The MPC also noted that the medium term prospects for growth in the real sector remain favourable, with downside risk from the global economic outlook.

The MPC recalled that the IMF Executive Board in its consideration of the Fourth Review, noted that the Bank's tight monetary policy stance and the observance of the statutory debt limit on direct central bank financing of the budget has been the main anchor of macroeconomic stability. In that regard, the MPC emphasised the need for the Bank to continue being proactive in managing liquidity in the money market to lower inflation expectations.

The MPC also discussed recent developments in prices and noted that the Consumer Price Inflation as published by Statistics Sierra Leone has declined further from 11.96 percent (year on year) in July 2012 to 11.69 percent in August 2012. Food inflation weakened during the period and non-food inflation remained in single digit at 9%, consistent with the decline in the growth of monetary aggregates. The Committee remained optimistic on the outlook for low inflation, given the continued tight monetary management stance and the relative stability of the value of the Leone.

The Committee in discussing fiscal developments noted the efforts of the high level Cash Management Committee in public expenditure management in support of the Bank's monetary policy stance.

In view of these recent economic developments and the need to continue to anchor inflation expectations, the Committee decided to maintain the Bank's Monetary Policy Rate (MPR) at 20 percent. Hence, effective Monday 24th September, 2012, the following rates are published for the information of the money market:-

- Monetary Policy Rate is 20%:
- Reverse Repo Rate is 22% (200 basis point above the MPR):
- Standing Facility Rate is 30 % (1000 basis point above the MPR).

These rates will remain effective until the next MPC Meeting.

The Governor
Bank of Sierra Leone
24th September 2012