

**BANK OF SOUTH SUDAN  
RESEARCH AND STATISTICS DEPARTMENT  
ECONOMIC BULLETIN**

**DEPOSITORY CORPORATIONS AND CENTRAL BANK SURVEY  
JULY 2015**

The consolidated Depository Corporations and Central Bank Survey for July indicates that M2 is growing sharply from SSP 6.7 billion in July 2014 to SSP 9.7 billion July 2015. This increase of money supply is in response to the growing net claim on Central Government, and also has contributed to depreciation of the SSP and high inflation in the country. A net foreign asset is negative as liabilities to nonresidents exceed assets claims on nonresidents.

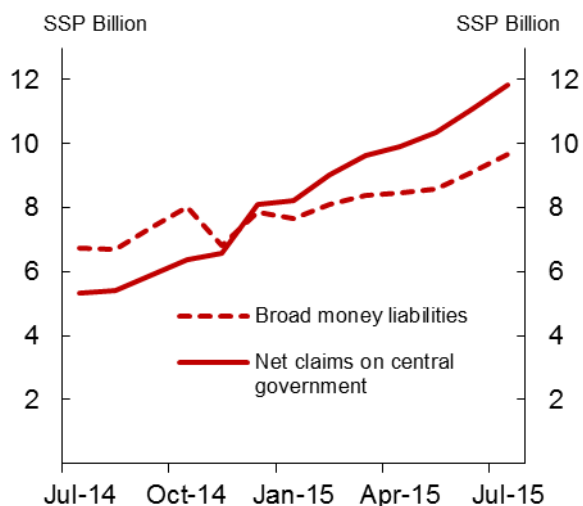
Net claims on Central Government continued to expand in July. We expect this to continue as peace has been signed, which can expand government financial demands. Over the past year (July 2014 to July 2015), net claims on the Central Government have increased from SSP5.3 billion to SSP 11.8 billion.

Government increases in borrowing is a result of the low oil production (which comprises of more than 98 per cent of Government revenue) due to the crisis in the oil producing regions, and the decline in oil prices at the international market since 2014.

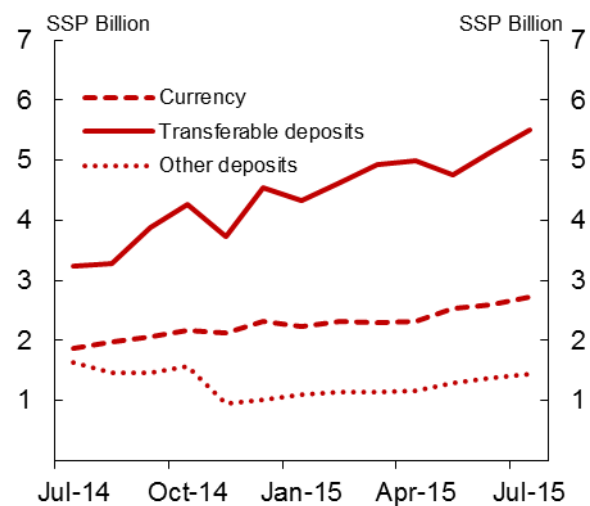
Growth of M2 has been particularly strong in transferable deposits and moderate in other deposits and currency outside depository corporations (see Chart 2 below), which largely comprises Central Government Officials Salaries and other government expenses. This is consistent with the continuous increase in Net Claims on the Central Government in Chart 1.

We expect this growth in broad money to continue and further weaken the value of the South Sudanese Pound on the parallel market, and push the inflation higher over the coming months.

**Chart 1: Net Claims on Central Government and Broad Money Liabilities**

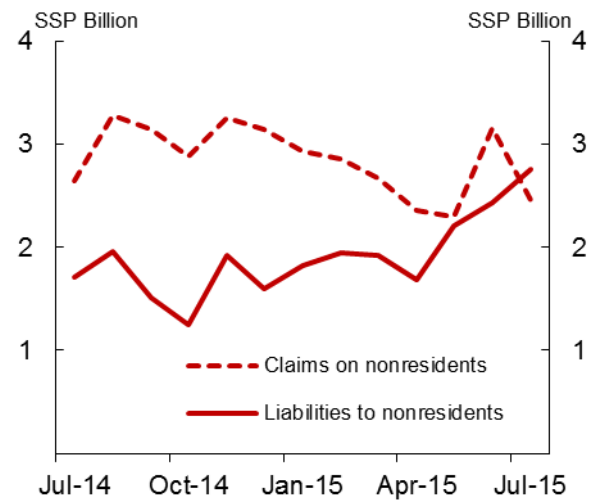


**Chart 2: Components of Broad Money**



**Chart 3: Components of Net Foreign Assets**

Net Foreign Assets (Chart 3) has some warning signs as it has declined from positive SSP 938 million to negative SSP 290 million over the year (July 2014-July 2015).



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