

17 June 2015

## RELEASE OF MARCH 2015 DEPOSITORY CORPORATIONS SURVEY AND CENTRAL BANK SURVEY

To: Director, Research and Statistics Department

Cc: Division Heads and Team Leaders, Research and Statistics Department

### Recommendations:

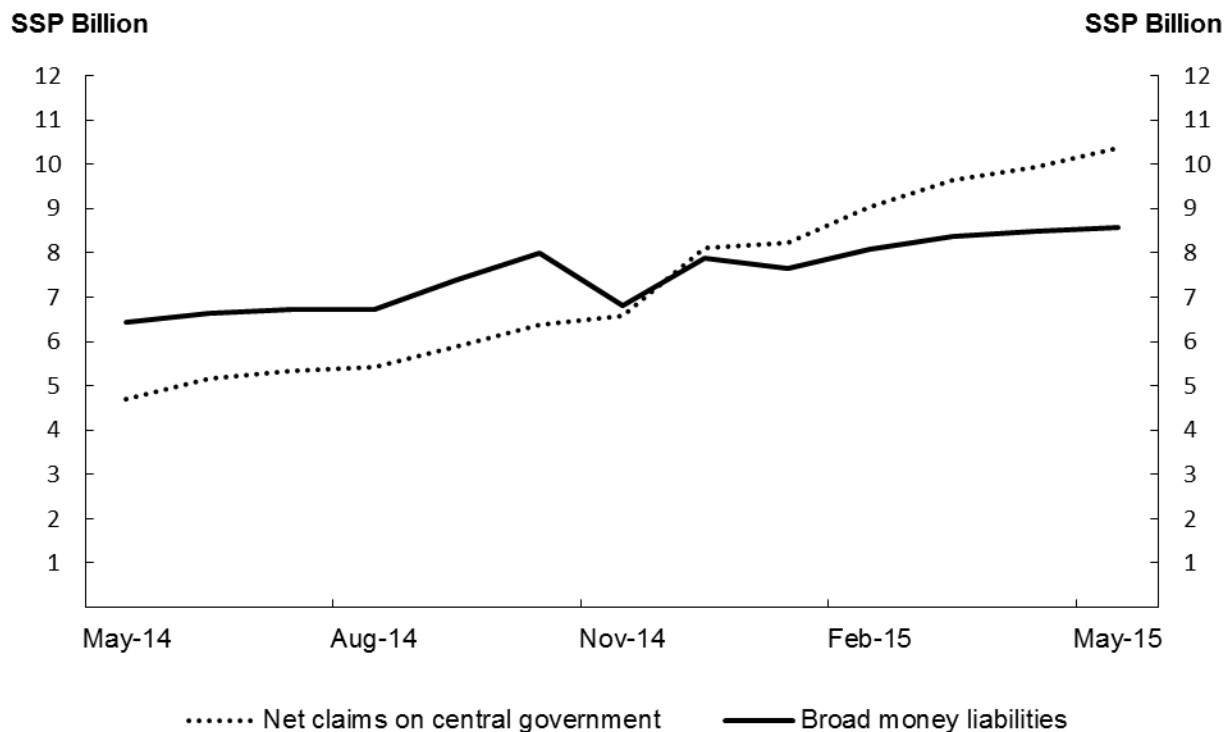
□ That you note that the May 2015, Depository Corporations Survey and Central Bank Survey, was finalized on June 17th, 2015, and that the money supply has continued to grow sharply.

### Key points:

□ Net claims to Central Government continued to expand in May. Over the past years, net claims on the Central Government have increased from SSP4.7 billion in April 2014 to SSP10.4 billion in May 2015.

□ This increase in Government loan is as a result of the decrease in oil production (which comprises of more than 98% of Government revenue). This is due to the ongoing crisis in the oil producing regions, and the decline in the price of oil since 2014.

Chart 1: Net Claims on Central Government



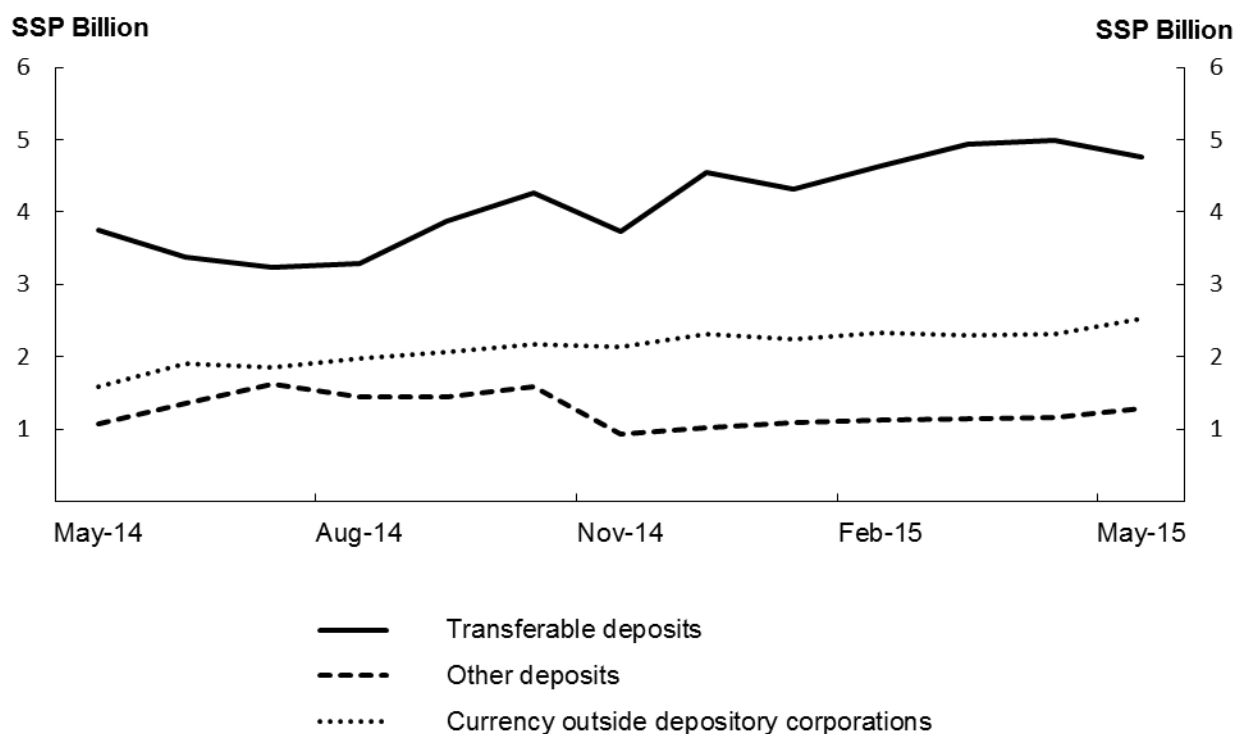
Source: BSS Depository Corporations survey

• Broad money (M2) has increased from SSP6.4 billion in May 2014 to SSP8.6 billion in May 2015.

○ Growth has been particularly strong in transferable deposits (see Chart 2), which largely comprises Central Government Officials Salaries. This is consistent with the strong growth in Net Claims on the Central Government in Chart 1.

□ We expect this growth in broad money to drive inflation higher over the coming months.

**Chart 2: Components of Broad Money:**



Source: BSS Depository corporations Survey.

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