

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

**DEPOSITORY CORPORATIONS AND CENTRAL BANK SURVEY**  
**JANUARY 2016**

The consolidated Depository Corporations and Central Bank Survey for December shows M2 risen from SSP 7.7 billion in January 2015 to SSP 17.5 billion January 2016. This increase of money supply is in response to the mounting net claim on Central Government, and also contributed to depreciation of the SSP and high inflation in the country. A net foreign asset has decreased from SSP 1.1 billion in January 2015 to negative SSP 10.7 billion in January 2016 as the liabilities to nonresidents has largely exceeded the claim on nonresidents due to SSP devaluation by the Bank of South Sudan in consultation with Ministry of Finance and Economics Planning in mid-December 2015.

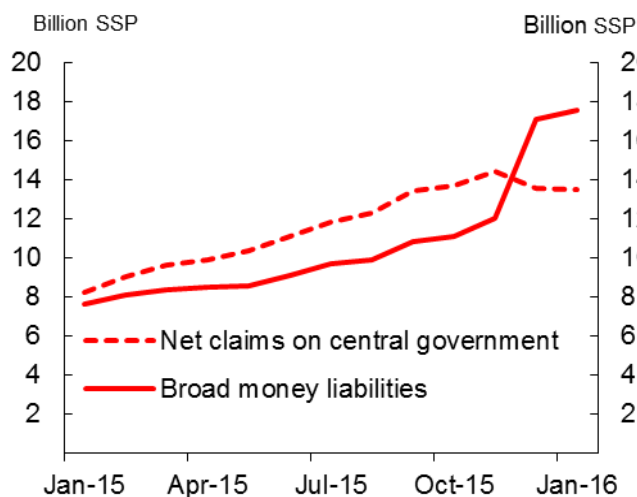
Over one year period (January 2015 to January 2016), net claims on the Central Government (NCG) have increased from SSP 8.2 billion to SSP 13.5 billion as shown in chart 1 below. We expect the NCG increase to continue as government expenditures are expected to be high during the peace implementation.

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.

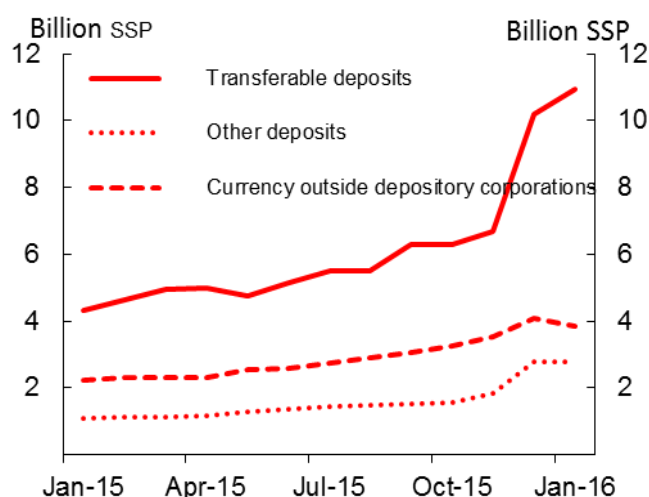
We believe the steady growth of broad money will further weaken the value of the South Sudanese Pound despite the fact that central bank has adopted floating exchange rate and this will push the inflation higher over the coming Months.

**Chart 1: Claims on Central Government and Liabilities to Central Government**



Source : Depository Corporation Survey

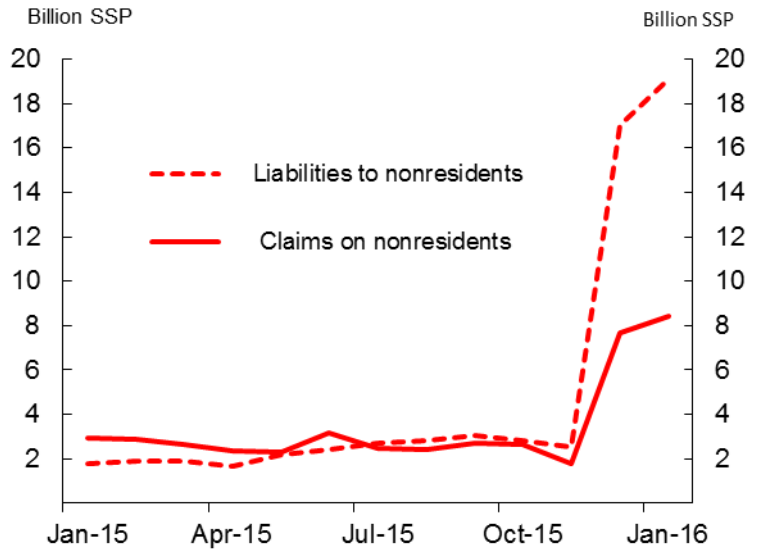
**Chart 2: Components of Broad Money**



Source : Depository Corporation Survey

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

Net Foreign Assets (Chart 3) has decreased from SSP 1.1 billion in January 2015 to negative SSP 10.7 billion in January 2016 over period of one month due to devaluation of SSP in mid-December 2015.



Source : Depository Corporation Survey

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