

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

**DEPOSITORY CORPORATIONS AND CENTRAL BANK SURVEY
MARCH 2018**

The Monetary Survey for March 2018 (consolidated Depository Corporations and the Bank of South Sudan Survey) has indicated money supply (M₂) increased from SSP 50.53 billion in March 2017 to SSP 74.88 billion in March 2018. This increase of M₂ is in response to the mounting transferable deposits in its components as well as large increase in liabilities to other depository corporations (ODCs) in the monetary base components. A net foreign asset has deteriorated further from negative SSP 65.68 billion in March 2017 to negative SSP 79.73 billion in March 2018 as the liabilities to nonresidents largely exceeded the claims on nonresidents since the SSP was allowed to float in mid-December 2015.

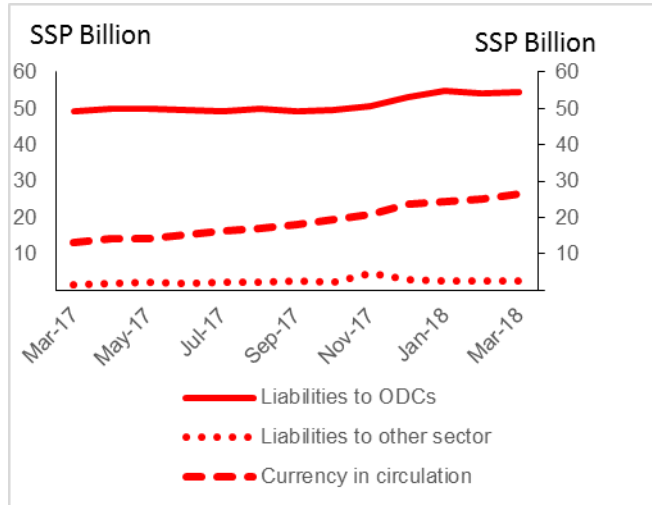
Over one year period (March 2017 to March 2018), the total Monetary Base (MB) has increased from SSP 63.76 billion to SSP 83.83 billion. This was caused by the general increased of its components such as the liabilities to ODCs has largely increased from SSP 49.06 billion to SSP 54.58 billion. The Currency in Circulation has doubled over the year from SSP 13.10 billion in March 2017 to SSP 26.50 billion in March 2018; while the liabilities to other sectors had also increased from SSP 1.59 billion to SSP 2.74 billion. The trend of MB components over the year is shown in chart 1 below.

The government revenue comprises of about 98 per cent of oil income, and therefore the Government continues to take monthly temporary advances and overdrafts from the BSS to cover the expenses as the oil prices improve at the international market, and significant reduction of oil production in the oil producing areas in South Sudan since the civil war crisis began in December 2013.

Growth of M₂ has been particularly strong in transferable deposits (which largely comprises Central Government Officials Salaries and other government expenses) and moderate in other deposits and currency outside depository corporations (see Chart 2 below). The M₂ growths will continue as Government of National Unity expenditures increase during the peace implementation process. This is consistent with the direct moderate increase in currency in circulation and liabilities to ODCs, whereas liabilities to other sectors have reasonably been steady over the year as indicated in Chart 1 in the next page.

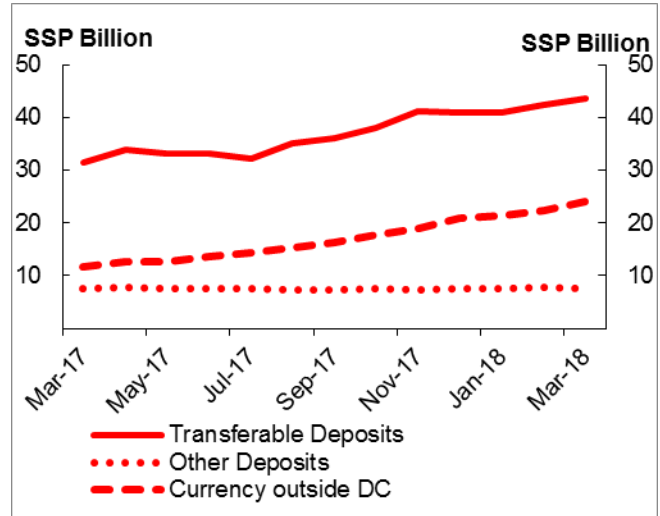
The continuous growth in money supply will further weaken the value of the South Sudanese Pound despite the Bank of South Sudan would adopt monetary targeting regime which may increase or reduce the inflation over the coming Months.

Chart 1: Monetary Base Components



Source : Bank of south Sudan Survey

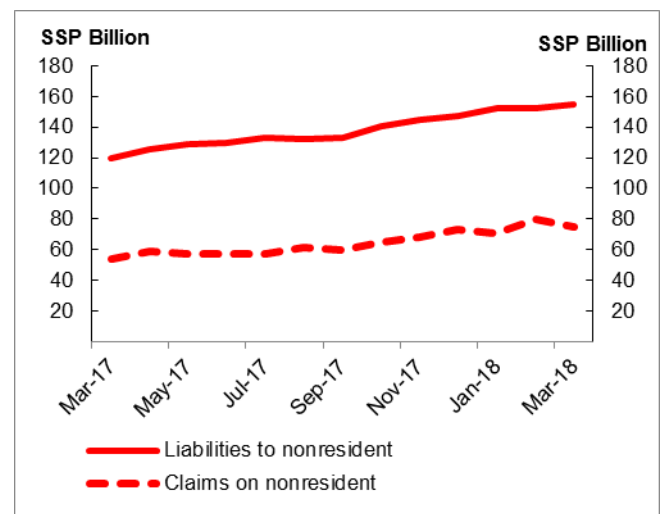
Chart 2: Broad Money Components



Source : Depository Corporation Survey

Chart 3: Net Foreign Assets Components

Net Foreign Assets (Chart 3) has deteriorated from negative SSP 65.68 billion in March 2017 to negative SSP 79.73 billion in March 2018 over one year period due to the devaluation of SSP in mid-December 2015. Claims on nonresidents has increase from SSP 53.83 billion to SSP 75.07 billion; meanwhile liabilities to nonresidents have increased from SSP 119.51 billion to SSP 154.81 billion over one year.



Source : Depository Corporation Survey

Martin M. Matueny
 Deputy Head of Monetary & Financial Analysis Division
 Tel. 0955 248 427
 Atany James Lopwonya
 Monetary and Financial Analyst
 Tel. 0923819819

Akoi Moses Ngor
 Head of Monetary & Financial Analysis
 Division
 Tel.0955427224