



BANK OF SOUTH SUDAN (BOSS)
Office of the Governor

January 11, 2022

Press Conference

The Central Bank highlights of the Monetary and Banking Policies for 2022.

The year 2021 had been a challenging year especially as our nation, like other nations, struggled to fight the pandemic. It was a year we had faced with unwavering determination and the Bank of South Sudan (BoSS) can pride itself over a number of accomplishments achieved both operationally and in economic reform in the face of numerous challenges.

So far for the year 2021 as part of economic reform agenda, and in collaboration with other key institutions, the Bank has managed to unify the multiple exchange rates and stabilized it around **SSP432 per 1 USD as of December 31, 2021.**

We have seen a significant decline in annual inflation rate in South Sudan since the beginning of 2021. The annual headline inflation for December 2021 is **13.2%** compared to **58%** in December 2020. The Bank of South Sudan is also determined to bring it down further to a single digit by the end of 2022. To achieve this, the BoSS will deploy a number of monetary policy instruments, including a new instrument called Term Deposit Facility.

The year 2022 will come with its own challenges especially as the cases of Cov-19 are increasing almost on daily basis and the economic impact is expected to be severe. However, the Bank of South Sudan would like to assure the public that it is prepared to intervene at any moment should there be an apparent market volatility, with a view to stabilize the market and thus curb inflation. It also pledges to increase the volume of auction amounts if the need arises so as to ensure the market stability.

Today, we are releasing the Bank of South Sudan's Monetary and Banking Policies for the year 2022. These policies will endeavor to pursue the following objectives:

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- a) Support the achievement of the **1%** projected growth of real GDP in fiscal year 2021/2022
- b) Maintain the annual headline inflation rate at a single digit of **8% with a margin of $\pm 1\%$**
- c) Encourage commercial banks to increase lending to the private sector to **40 per cent** of their total deposits;
- d) Build international reserves equivalent to about **4.0 months of import cover**.

The Bank's policy operational target is to maintain a nominal growth of broad money at around **9 percent**, with a margin of (+/-) **1 percent**.

To achieve this target, the Bank will utilize a set of policy instruments which include the following:

1. **Minimum Reserves Requirement:** Each commercial bank is required to maintain with the Bank of South Sudan a Minimum Reserve Requirement Ratio (RRR) of fifteen percent (**15%**) and twenty percent (**20%**) on local and foreign currencies denominated deposits respectively.
2. **Open Market Operations (OMO):** The Bank of South Sudan will engage in Open Market Operations (OMO), involving purchases and sales of eligible securities to regulate the money supply and the credit conditions in the economy. In this regard, the Bank will introduce Term Deposit Facilities (TDF) **on February 1, 2022** for use when the Bank considers it desirable. The Bank will seek to acquire deposits through a transfer agreement with commercial banks at an agreed auction price.

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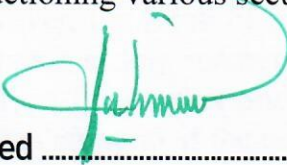


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3. **Central Bank Rate (CBR):** The BoSS has revised down the Central Bank Rate (CBR) to 12 % for 2022 from 15% in 2021 subject to regular review during the course of the year 2022 intended to reduce the overall cost of financing extended to private sector by banks and other financial institutions. CBR provides the base for all monetary policy operations, as it signals changes in monetary policy stance. Movements in the CBR are transmitted to changes in short-term interest rates. As such, a reduction of the CBR signals an easing of monetary policy and a desire for market interest rates to move downwards. Lower interest rates encourage economic activity and thus growth.
4. **Foreign Exchange Operations (FEO):** The Bank of South Sudan will continue to engage, from time to time, in foreign exchange operations to inject or withdraw liquidity from the economy and to stabilize the market in the event of excess volatility. Participation of the Bank in this market will be determined by the need to build-up its foreign exchange reserves in line with the set targets.

Monetary Policy Communication:

The Bank shall engage in regular Press Conferences and also enhance the media understanding of monetary policy decisions. The BoSS website will provide important source of information about the economy, including interest rates, exchange rates, result of auctioning various securities, as well as the MPC releases.

Signed 

Hon. Moses Makur Deng
Governor and Chairman, Board of Directors
Bank of South Sudan, Juba



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