

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

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

The Monetary Survey for December 2016 (consolidated Depository Corporations and the Bank of South Sudan Survey) has indicated money supply ( M2) increased from SSP 17.07 billion in December 2015 to SSP 41.42 billion in December 2016. 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 dropped from negative SSP 9.32 billion in December 2015 to negative SSP 51.70 billion in December 2016 as the liabilities to nonresidents largely exceeded the claims on nonresidents since the SSP was allowed to float in mid-December 2015.

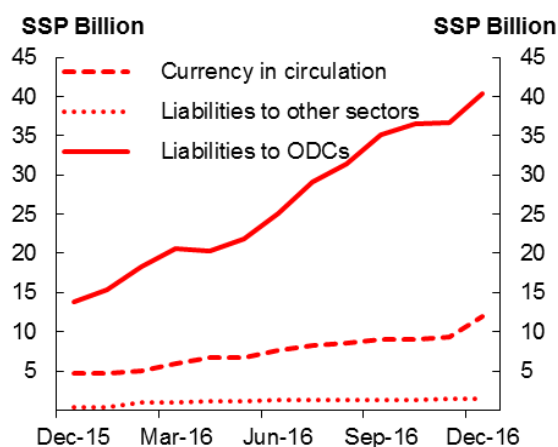
Over one year period (December 2015 to December 2016), liabilities to ODCs in the monetary base (MB) components has largely increased from SSP 13.89 billion to SSP 40.38 billion as shown in chart 1 below. We expect liabilities to ODCs continue increasing as Government of National Unity expenditures will increase during the peace implementation process.

Government increases 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 (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). This is consistent with the direct increase in currency in circulation and liabilities to ODCs as indicated in Chart 1.

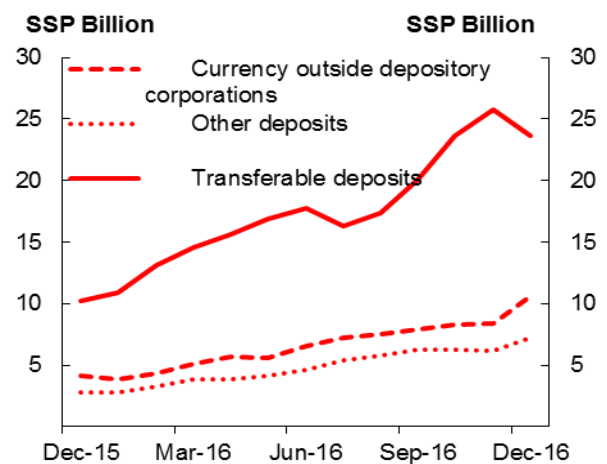
We believe the steady growth of broad money will further weaken the value of the South Sudanese Pound despite the fact that the Bank of South Sudan has adopted floating exchange rate which may push the inflation higher over the coming Months.

**Chart 1: Monetary Base Components**



Source : Bank of south Sudan Survey

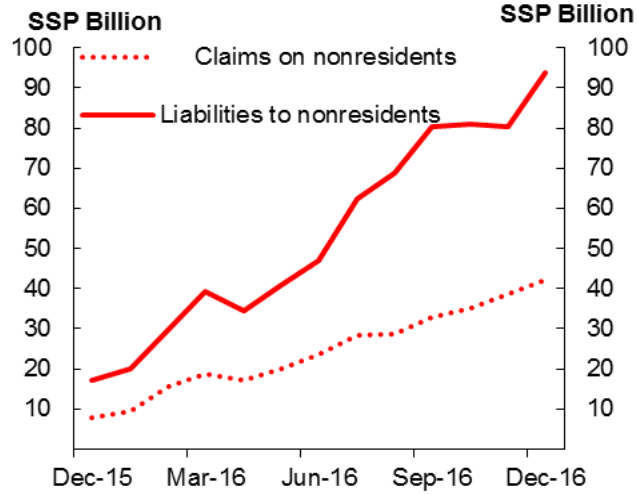
**Chart 2: Broad Money Components**



Source : Depository Corporation Survey

Net Foreign Assets (Chart 3) has decreased from negative SSP 9.32 billion in December 2015 to negative SSP 51.70 billion in December 2016 over one year period due to the devaluation of SSP in mid-December 2015. Liabilities to nonresidents have increased from SSP 17.02 billion to SSP 93.75 billion over one year.

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



**Source : Depository Corporation Survey**

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