

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

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

The Monetary Survey for September 2018 (consolidated Depository Corporations and the Bank of South Sudan Survey) has indicated money supply (M2) increased from SSP 59.75 billion in September 2017 to SSP 91.51 billion in September 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 72.51 billion in September 2017 to negative SSP 82.66 billion in September 2018 as the liabilities to nonresidents largely exceeded the claims on nonresidents since the SSP was allowed to free float in mid-December 2015.

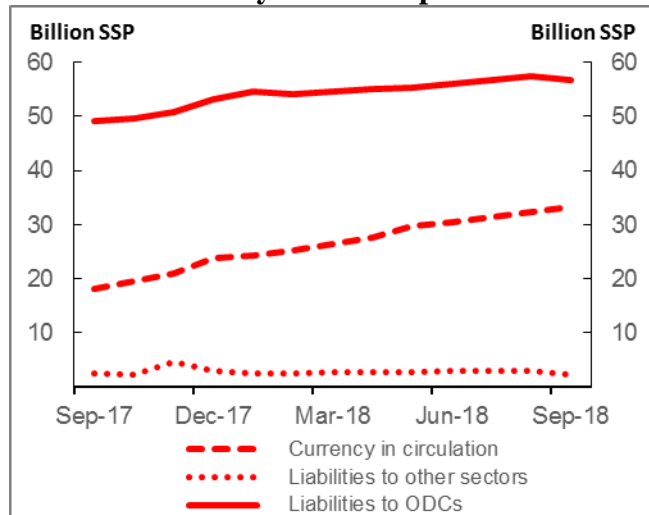
Over one-year period (September 2017 to September 2018), the Monetary Base (MB) has increased from SSP 69.90 billion to SSP 92.45 billion. This was caused by the general increased of its components such as the liabilities to ODCs has largely increased from SSP 49.24 billion to SSP 56.73 billion. The Currency in Circulation has doubled over the year from SSP 18.10 billion in September 2017 to SSP 33.37 billion in September 2018; while the liabilities to other sectors had also increased from SSP 2.56 billion to SSP 2.35 billion. The trend of MB components over the year is shown in chart 1 on the next page.

The government revenue comprises of about 98 per cent of oil income, and therefore the Government has stopped taking monthly advances and overdrafts from the BSS to cover the expenses since the oil prices improve at the international market, and with significant increase of oil production in the oil producing areas which were affected in the South Sudan 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 2 in the next page.

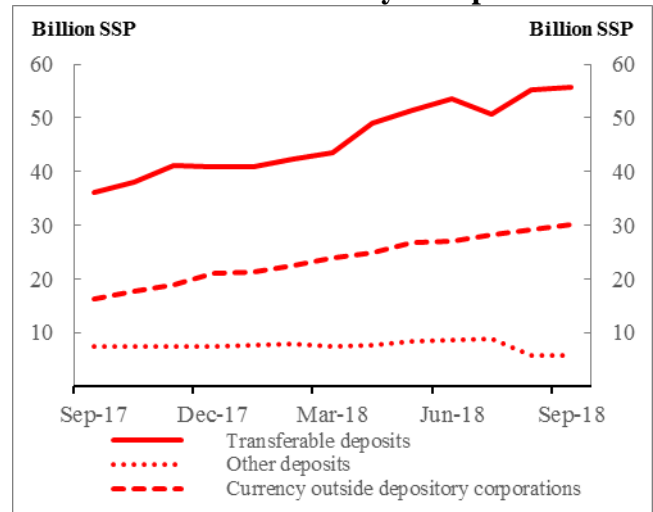
The continuous growth in money supply will further weaken the value of the South Sudanese Pound despite the new monetary targeting regime adopted by the Bank of South Sudan which may increase or reduce the inflation over the coming Months.

Chart 1: Monetary Base Components



Source: Bank of South Sudan Survey

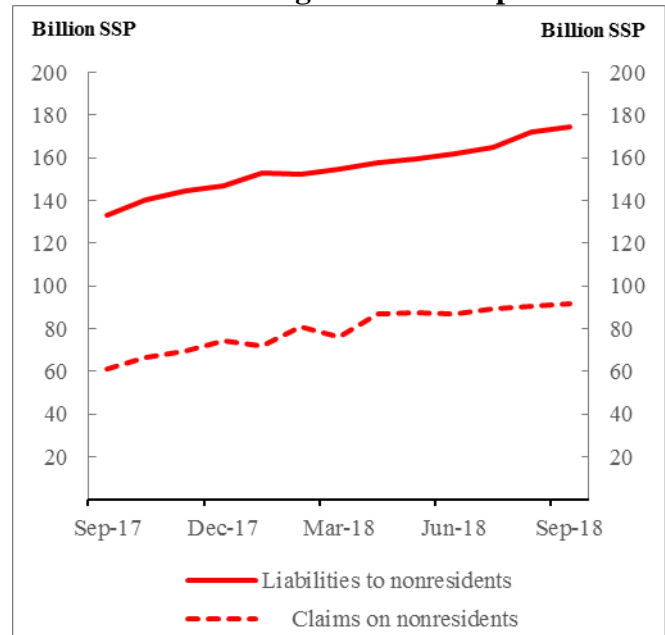
Chart 2: Broad Money Components



Source: Depository Corporation Survey

Net Foreign Assets (Chart 3) has deteriorated from negative SSP 72.51 billion in September 2017 to negative SSP 82.66 billion in September 2018 over one-year period due to the devaluation of SSP in mid-December 2015. Claims on nonresidents has increase from SSP 60.80 billion to SSP 91.75 billion; meanwhile liabilities to nonresidents have increased from SSP 133.32 billion to SSP 174.41 billion over one year.

Chart 3: Net Foreign Assets Components



Source: Depository Corporation Survey

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