



BANK OF SOUTH SUDAN (BOSS) Office of the Governor

Date: 12th May 2023

Office of the Governor

Press Release

Following irregularities observed by the foreign exchange (FX) Auction Supervisory Committee, and the subsequent cancellation of the *Auction Session Number 13/2023 on Thursday 11th May 2023*, the committee met this morning with the Governor and 1st Deputy Governor for Policy and Banking over the matter. The meeting endorsed the cancellation and called for punitive measures against violation of the Bank of South Sudan (BoSS) FX Rules and procedures. According to FX Auction Rules and Procedures (2015), “the BoSS may at any time, in its sole and absolute discretion with or without notice, postpone or cancel an auction, whether before or after bids are submitted whenever there are irregularities observed”.

Also, the Bank of South Sudan noted with concern the FX market volatility and further depreciation of the SSP against the USD since the beginning of the year, exacerbated by the ongoing war in Sudan on speculative motives and the Fed recent hikes in the interest rates by a quarter percentage point, which exerted upward pressures on prices of imported commodities. Nevertheless, Bank of South Sudan observed that growth in broad money was stable in line with 2023 target and annual inflation rate decreased by 6.2 per cent driven by lower prices of food and non-alcoholic beverages¹.

In this respect, the BoSS, while maintaining presence in the FX market by occasional intervention, will enhance the use of the Term Deposit Facility (TDF) an interest-bearing indirect instrument as an alternative liquidity management tool, to gradually serve the same role currently played by FX auctions. As a result, the Bank has expanded the range of maturities TDF auctioning 28-day and 84-day maturities at annualized interest rates between 10 and 15 percent. The TDF is gaining confidence by firms and the FX market stabilizes. Once the exchange rate stabilizes, the Bank will pursue other endeavor to aid price discovery in relation to the exchange rate, and to facilitate a gradual accumulation of FX reserves to a level of equivalent to 4.5 months of imports. Currently, our reserve position is satisfactory, aided by the Treasury Single Account (TSA) proceeds and sale of USD by government to pay civil servant salaries on regular basis.

¹ NBS Press release 3rd May 2023



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Going forward, the Bank will continue to tighten the conduct of monetary policy to keep growth of broad money within the 2023 target, and plan to build reserves to stabilize the FX market.

A handwritten signature in green ink, appearing to read "Johnny Ohisa Damian".

Hon. Johnny Ohisa Damian
Governor,
Bank of South Sudan-Juba

