



**BCEAO**  
BANQUE CENTRALE DES ETATS  
DE L'AFRIQUE DE L'OUEST

## **REPORT ON MONETARY POLICY IN WAMU**

**December 2019**





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*December 2019*

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

AFRISTAT:	Economic and Statistical Observatory for Sub-Saharan Africa
WAMA:	West Africa Monetary Agency
BCEAO:	Central Bank of West African States
BEAC:	Bank of Central African States
BoE:	Bank of England
BoG:	Bank of Ghana
Bps:	Basis points
BRVM:	Regional stock exchange
CBN:	Central Bank of Nigeria
CEMAC:	Central African Economic and Monetary Community
CIF:	Cost, insurance, and freight
CILSS:	Inter-State Committee for Drought Control in the Sahel
CPA:	Central Public Administration
ECB:	European Central Bank
CPI:	Consumer Price Index
ECOWAS:	Economic Community of West African States
FAO:	United Nations Food and Agriculture Organization
FED:	Federal Reserve System
FOB:	Free on Board
GDP:	Gross Domestic Product
HICP:	Harmonized Index of Consumer Prices
IMF:	International Monetary Fund
INSEE:	French National Institute of Statistics and Economic Studies
IPI:	Industrial Production Index
NYMEX:	New York Mercantile Exchange
LBUBC:	Large Businesses Using Bank Credits
MPC:	Monetary Policy Committee
NEAs:	Net External Assets
NSIs:	National Statistics Institutes
OECD:	Organization for Economic Co-operation and Development
OPEC:	Organization of the Petroleum Exporting Countries
PBoC:	People's Bank of China
Pps:	Percentage points
RBI:	Reserve Bank of India

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REER:	Real effective exchange rate
SA-WDC:	Seasonally Adjusted - Working Day Corrected
SDRs:	Special Drawing Rights
TI:	Turnover Index
WAEMU:	West African Economic and Monetary Union
WAMU:	West African Monetary Union
WTI:	West Texas Intermediate
WEO:	World Economic Outlook

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## PRESS RELEASE

### Meeting of the Monetary Policy Committee of the BCEAO

1. The Monetary Policy Committee (MPC) of the Central Bank of West African States (BCEAO) held its fourth ordinary meeting of 2019 on Wednesday, December 4, 2019, at BCEAO headquarters in Dakar. The meeting was chaired by Mr. Tiémoko Meyliet Koné, Governor of the Central Bank and statutory Chairman of the Committee.
2. The Committee reviewed the main developments that have marked the international and regional economic situation in recent times, as well as the risk factors that could have a bearing on medium-term inflation and economic growth prospects in the Union.
3. Discussing the international economic situation, the Committee noted that global economic activity in the third quarter of 2019 continued to be affected by uncertainties related to trade conflicts and geopolitical tensions. According to the International Monetary Fund (IMF), the global economy is expected to grow by 3.0% in 2019, after an actual growth rate of 3.6% in 2018. For 2020, the IMF forecasts the global economy will grow by 3.4%, based on the assumption that these tensions will ease.
4. The price index of non-energy commodities exported by WAEMU countries rose by 2.4% on international markets between June and September 2019. This increase was mainly driven by higher gold, cashew, and uranium prices. The trend was partially offset by lower cotton and cocoa prices.
5. As regards the domestic economy, the robust economic activity observed in the Union since the beginning of the year gained momentum in the third quarter of 2019. The real GDP growth rate stood at 6.6%, compared with 6.4% in the previous quarter. For financial year 2019 as a whole, Central Bank forecasts estimate the Union's economic growth rate at 6.6%, as in 2018.
6. The execution of the Union Member States' financial operations during the first nine months of 2019 was marked by a higher growth in budget revenue in relation to expenditure (18.3% compared with 12.5%). This led to a reduction in the overall deficit, on a commitment basis, including grants, which stood at 2.7% of the GDP compared with 3.3% over the same period in the previous year. In the light of these performances, the Monetary Policy Committee encouraged Member States to continue their efforts to contain the budget deficit below 3.0% of the GDP in 2019 and to keep it below that threshold for the coming years, in accordance with Community targets.
7. In the third quarter of 2019, the Union's monetary situation was marked by a slight deceleration in money supply associated with a slowdown in domestic claims. The Union's foreign exchange reserves showed growth on an annual basis, covering 4.8 months of goods and services imports at the end of September 2019.
8. On the money market, the average quarterly interest rate was virtually stable at 2.70% from one quarter to the next.
9. With regard to the inflation situation in the Union, the Committee noted that the overall level of consumer prices had fallen in the third quarter of 2019. The inflation rate was -1.0%, down from -0.7% one quarter earlier. This situation was due to a continued fall in food prices – mostly local cereal prices – in most Union countries. Nevertheless, the Central Bank forecasts an inflation rate of 1.6% over 24 months, which is consistent with the BCEAO's price stability objective.

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10. Based on these analyses, the Monetary Policy Committee decided to keep the BCEAO's leading rates unchanged, with the minimum bid rate on cash injection tender transactions remaining at 2.50%, while the marginal lending rate was kept at 4.50%. The minimum reserve ratio applicable to the Union's banks remained at 3.0%

*Issued in Dakar, on December 4, 2019*

The Chairman of the Monetary Policy Committee

Tiémoko Meyliet Koné

## SUMMARY

1. In the third quarter of 2019, global economic activity continued to be buffeted by uncertainties over trade disputes and geopolitical tensions.
2. In the United States, growth slowed down to 2.0% year over year, from 2.3% a quarter earlier. In the Eurozone, the GDP increased by 1.2% year over year, unchanged from the previous quarter.
3. In the major emerging economies, economic signals indicated a slowdown in the period under review. In China, growth in economic activity continued to slow, with the GDP growth rate standing at 6.0% year over year, compared with 6.2% a quarter earlier.
4. The World Economic Outlook (WEO), released in October 2019 by the IMF forecast a broad-based slowdown in activity. The global production growth rate was estimated at 3.0% in 2019, compared with 3.6% in 2018. A recovery is expected in 2020, with the global GDP increasing by 3.4%.
5. On the foreign exchange market, the euro continued to lose value against the major currencies during the third quarter of 2019, recording for example, a 1.1% decline against the U.S. dollar.
6. On the international commodities markets, energy prices fell by 8.4%, on average, between June and September 2019. This decrease was mainly due to a drop in the prices of crude oil (-8.2%) and gas (-6.6%). Meanwhile, global non-energy commodity prices registered a -1.9% contraction over the period, following a 0.1% increase in the previous quarter.
7. On the other hand, the price index for non-energy commodities exported by WAEMU countries rose by 2.4% quarter over quarter and was mainly driven by increases in the prices of gold (+12.5%), cashew nuts (+4.9%), oils (+3.2%) and uranium (+1.4%).
8. The robust economic activity observed in the Union gained strength in the third quarter of 2019, with a real GDP growth rate of 6.6% year over year, up from 6.4% in the previous quarter. Economic growth continued to be sustained by domestic demand, which contributed 7.2 percentage points to the GDP growth rate.
9. The year-over-year inflation rate in WAEMU remained negative at -1.0%, down from -0.7% in the previous quarter. This downward trend was due to the continued decline in food prices in most WAEMU countries, reflecting satisfactory market supplies, driven by higher production in the previous crop year and positive prospects for the current crop year. The core inflation rate stood at 0.3% year over year, compared with 0.5% a quarter earlier.
10. With respect to public finances, financial operations of the Member States of the Union during the first nine months of 2019 were marked by higher year-on-year revenue (+18.3%) compared with expenditure (+12.5%). These trends led to a drop in the overall deficit, on a commitment basis, inclusive of grants, to 2.7% of the GDP, compared with 3.3% in the same period the previous year.
11. The Union's foreign trade registered a trade deficit of 523.1 billion or 2.6% of the GDP in the third quarter of 2019, compared with 696.2 billion or 3.7% in the same period of 2018, as a result of exports (+11.1%) growing at a higher rate than imports (+5.2%) year over year.

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12. Annual growth in the Union's money supply slowed slightly at the end of September 2019 (+8.5% after increasing by 9.5% at the end of June 2019), as a result of a slowdown in domestic claims (+11.5% after +13.2%), notwithstanding a recovery in net external assets (+4.4% against -6.7%). The Union's foreign exchange reserves increased by 141.4 billion, on an annual basis, ensuring a monetary issuance coverage rate of 77.5% at the end of September 2019. The level of the stock of official reserve assets covered 4.8 months of imported goods and services compared with 4.7 months at the end of September 2018.
  13. Against a backdrop of a decline in banks' own cash flow (-182.4 billion) during the third quarter of 2019, the BCEAO increased refinancing granted to banks under the banking liquidity regulation by 268.5 billion.
  14. On the money market, there was a slight increase in rates during the third quarter of 2019. The weighted average rate of weekly liquidity injection operations stood at 3.15%, compared with 3.10% in the previous quarter. Similarly, on the one-month window, the weighted average rate stood at 3.48%, up from 3.15% in the second quarter of 2019, while the quarterly average money market rate remained almost stable at 2.70%, quarter on quarter. The weighted average interest rate on the one-week maturity of the interbank market increased to 4.41%, compared with 4.21% in the previous quarter.
  15. On the government securities market, the average cost of Treasury bills issued by the Union's Member States declined. The weighted average interest rate on Treasury bills, across all maturities, stood at 4.93% in the third quarter of 2019 compared with 5.32% in the previous quarter.
  16. Meanwhile, the cost of bank credit, as measured by the average lending rate, excluding taxes and fees, increased slightly to 6.85% in the third quarter of 2019 from 6.80% in the previous quarter and 6.83% a year earlier.
  17. Looking ahead, the Union's economic accounts forecast 6.6% growth in the real GDP in 2020, as was the case in 2019. Economic growth was expected to be driven primarily by the tertiary and secondary sectors.
  18. The year-over-year inflation rate is forecast to reach -0.9% in the fourth quarter of 2019, but is expected to swing back into positive territory starting in the first quarter of 2020 and stand at 0.5%. Looking ahead eight quarters, the year-over-year inflation rate is expected to stand at 1.6%.

## I - GLOBAL ECONOMIC ENVIRONMENT

### 1.1 - Economic activity

1. In the third quarter of 2019, growth in the global economy continued to be buffeted by uncertainties associated with trade disputes and geopolitical tensions.

**Table 1 - Trends in real GDP growth in volume (in %)**

	2016	2017	2018	2017				2018				2019		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Advanced economies	(over one year)			(year over year)										
United States	1.5	2.4	2.9	2.1	2.2	2.4	2.8	2.9	3.2	3.1	2.5	2.7	2.3	2.0
Eurozone	1.8	2.7	2.1	2.2	2.6	2.9	3.0	2.6	2.2	1.6	1.2	1.4	1.2	1.2
Germany	1.9	2.8	1.5	2.4	2.3	3.0	3.4	2.3	2.1	1.1	0.6	1	0.3	0.5
France	1.2	2.4	1.7	1.4	2.4	2.8	3.0	2.4	1.9	1.5	1.2	1.3	1.4	1.4
Japan	0.9	1.9	0.8	1.5	1.7	2.2	2.4	1.3	1.5	0.1	0.3	1.0	1.0	0.6*
United Kingdom	1.9	1.9	1.4	2.2	1.9	1.8	1.6	1.1	1.3	1.6	1.5	2.1	1.3	1.0
Emerging economies														
China	6.7	6.8	6.6	6.8	6.8	6.7	6.7	6.8	6.7	6.5	6.4	6.4	6.2	6.0
India	7.1	6.7	7.3	6.1	6.0	6.8	7.7	7.7	8.0	7.0	6.6	5.8	5.0	4.5
Brazil	-3.5	1.3	1.3	0.4	0.9	1.6	2.4	1.5	1.1	1.5	1.2	0.6	1.1	1.2
Russia	-0.2	1.5	2.3	0.6	2.5	2.2	0.9	1.9	2.2	2.2	2.7	0.7	0.9	1.7
South Africa	0.6	1.4	0.8	1.1	1.6	1.6	1.4	0.7	0.1	1.3	1.1	0.0	0.9	0.1
Neighboring countries														
Ghana	3.4	8.2	6.3	7.4	11.1	8.7	5.5	5.4	5.4	7.4	6.8	6.7	5.7	7.5*
Nigeria	-1.6	0.8	1.9	-0.9	0.7	1.2	2.1	1.9	1.5	1.8	2.4	2.1	2.1	2.3

Sources: OECD, Eurostat, IMF, Statistics South Africa

(\*): Bloomberg and IMF forecasts, estimates

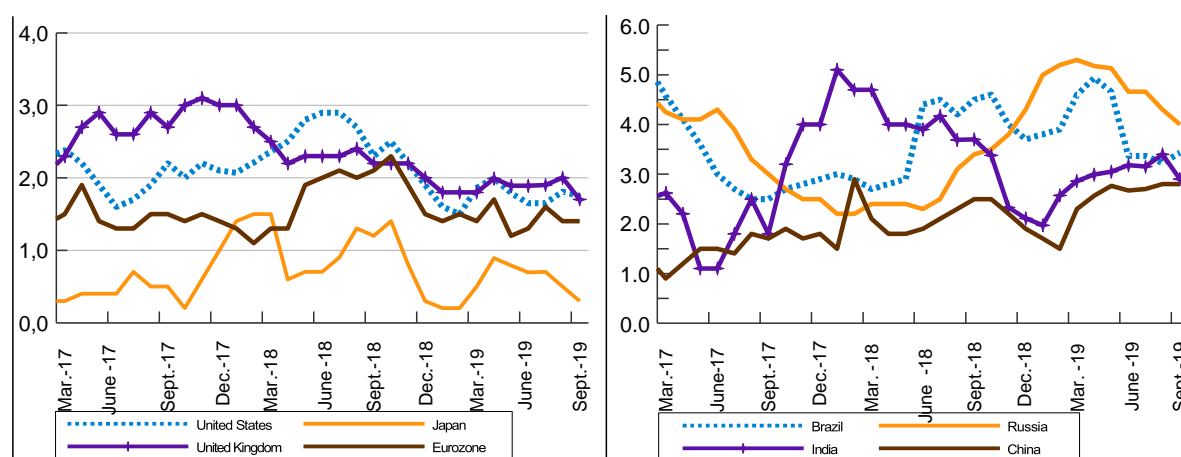
2. GDP growth in the United States slowed down in the third quarter of 2019, ringing in at 2.0%, year over year, compared with 2.3% in the second quarter of 2019. Economic activity continued to be driven by robust domestic demand, especially in terms of private consumption, on the back of a strong labor market. However, trade tensions and the ensuing uncertainty for businesses were the main causes of the slowdown in activity.
3. In the Eurozone, economic activity remained sluggish in the third quarter of 2019, with the GDP increasing at an annual rate of 1.2%, unchanged from the previous quarter. Brexit-related uncertainties and trade tensions continued to impact economic activity.
4. Business indicators in emerging economies showed a slowdown in activity during the third quarter of 2019. In China, year-over-year real GDP growth declined in the third quarter of 2019, registering 6.0%, compared with 6.2% a quarter earlier, its lowest level since 1992. Among other factors, the slowdown in activity was caused by the impact of trade tensions with the United States, which weakened external demand. Likewise, real GDP growth in India is expected to slow to 4.5%, down from 5.0% a quarter earlier.

5. In Nigeria, the primary trading partner of the WAEMU Member States in the West African sub-region, the economy reportedly continued its positive trend in the third quarter of 2019. The GDP is expected to grow by 2.3%, compared with 2.1% in the previous quarter, due to strong domestic demand.
6. The latest forecasts released by the IMF in October 2019 suggest that global growth will further decelerate to 3.0% in 2019 from 3.6% in 2018, a downward adjustment of 0.2 percentage point (pp) from the July 2019 estimates, on par with the lowest level since the 2008 financial crisis. The slowdown in global economic growth stems from escalating trade and geopolitical tensions, which have curbed investment and trade. Growth in global production in 2020 is expected to recover to 3.4% (-0.1 percentage point from the previous forecast), as emerging and developing countries regain momentum.
7. Growth in advanced economies is expected to decline to 1.7% in 2019 and 2020 (-0.2 pp and 0.0 pp, respectively), compared with 2.3% in 2018. In the United States, growth is expected to decelerate from 2.4% in 2019 (-0.2 pp) to 2.1% in 2020 (-0.1 pp), reflecting the fading effects of fiscal stimulus measures. In the Eurozone, growth is reported to have slowed to 1.2% (-0.1 pp) in 2019 but is expected to recover slightly to 1.4% in 2020 (-0.2 pp). In the United Kingdom, the growth outlook for 2019 was adjusted downwards by 0.1 pp to 1.2% but should remain unchanged at 1.4% in 2020.
8. In emerging and developing countries, growth is reported to have decreased further in 2019, reaching 3.9% (-0.2 pp), compared with 4.5% in 2018, but is expected to pick up again in 2020 to reach 4.6% (a difference of -0.1 pp compared to the July 2019 WEO). The downward adjustment of the outlook reflects several factors. Chief among them is the negative impact of trade tensions and internal political and geopolitical conflicts.
9. In sub-Saharan Africa, growth was reported at 3.2% in 2019 (-0.2 pp), but is expected to rise to 3.6% in 2020, the same level forecast in July 2019. In South Africa, the outlook is impacted by strikes and energy supply problems, especially in the mining industry. Growth is expected to remain subdued at 0.7% in 2019 and 1.1% in 2020, unchanged from the previous forecasts.
10. The global economic outlook is affected by several downside risk factors. In the short term, escalating trade tensions could disrupt global supply chains and depress investment. In addition to these risk factors, political and geopolitical tensions and failed Brexit negotiations could have a detrimental impact on the anticipated recovery in global growth in 2020. Likewise, increased financial vulnerabilities accumulated over years of low interest rates and subdued inflationary pressures in the advanced economies could reduce central banks' elbow room and reduce the impact of the financial stimulus policy. In the medium term, increasing climate change-related risks could severely affect global production.

## 1.2 - Inflation

11. In most advanced economies, inflation rates continued their downward trend in the third quarter of 2019. On the other hand, a slight upturn in prices was noted in emerging countries.

**Graph 1 - Trends in the inflation rate in advanced and emerging countries (measured by the year-over-year percentage change in the Consumer Price Index (CPI)) (in %)**



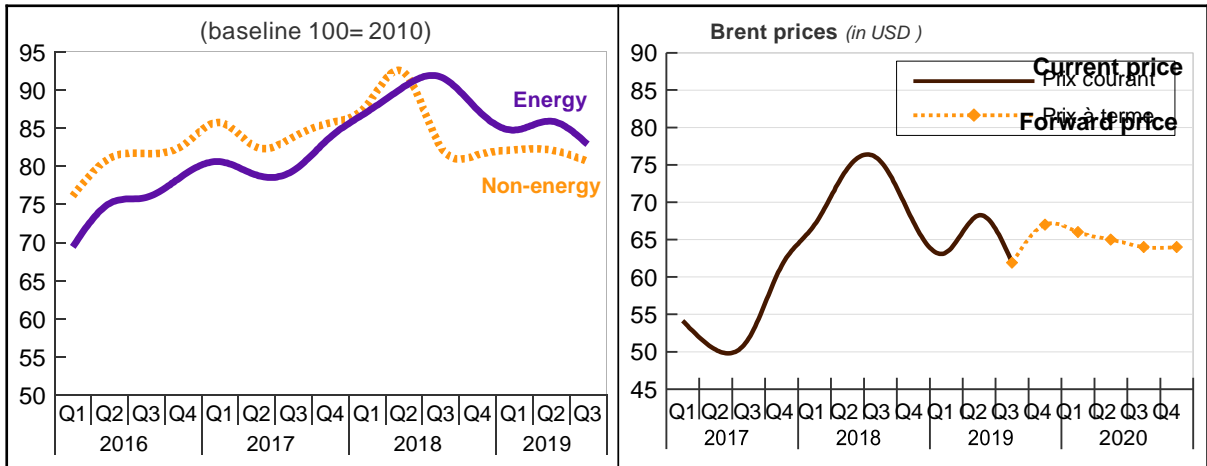
Source: IMF

12. In the Eurozone, inflation abated to 0.8% from 1.3% a quarter earlier, remaining below the European Central Bank's target. Similarly, inflation in the UK edged down from 1.9% to 1.7% between June and September 2019. In the United States, on the other hand, inflation rose slightly, coming in at 1.7% year over year as at the end of September 2019, compared with 1.6% three months earlier, which is below the FED's target rate.
13. In the major emerging economies, inflation followed varying trends during the period under review. In China, prices rose by 3.0% year over year, compared with 2.7% three months earlier. Likewise in India, the year-over-year inflation rate stood at 4.0%, compared with 3.2% in June 2019. Meanwhile, in Brazil and Russia, price growth slowed further, with inflation at 2.9% and 4.0%, respectively, in September 2019, compared with 3.4% and 4.7% three months earlier.
14. Inflationary pressures continued in the Union's trading partner countries in West Africa. In Ghana, the year-over-year inflation rate stood at 9.1% in September 2019, compared with 7.6% in June 2019. In Nigeria, the inflation rate was stable at 11.2% over the period.
15. Based on the IMF's latest World Economic Outlook, inflation in advanced economies is expected to slow in 2019 to an annual average of 1.5% (-0.1 pp compared with previous forecasts), down from 2.0% in 2018. Prices are expected to pick up slightly in 2020 with inflation forecast at 1.8% (-0.2 pp). In both emerging and developing economies, annual average inflation is projected at 4.7% (-0.1 pp) in 2019, compared with 4.8% in 2018. It is expected to reach 4.8% in 2020 (+0.1 pp).

### 1.3 - Commodity prices

16. The downward trend in commodity prices continued during the third quarter of 2019, mirroring the decline in energy commodity prices. Non-energy commodity prices experienced a relatively smaller decline.

**Graph 2 - Trends in commodity price indexes**

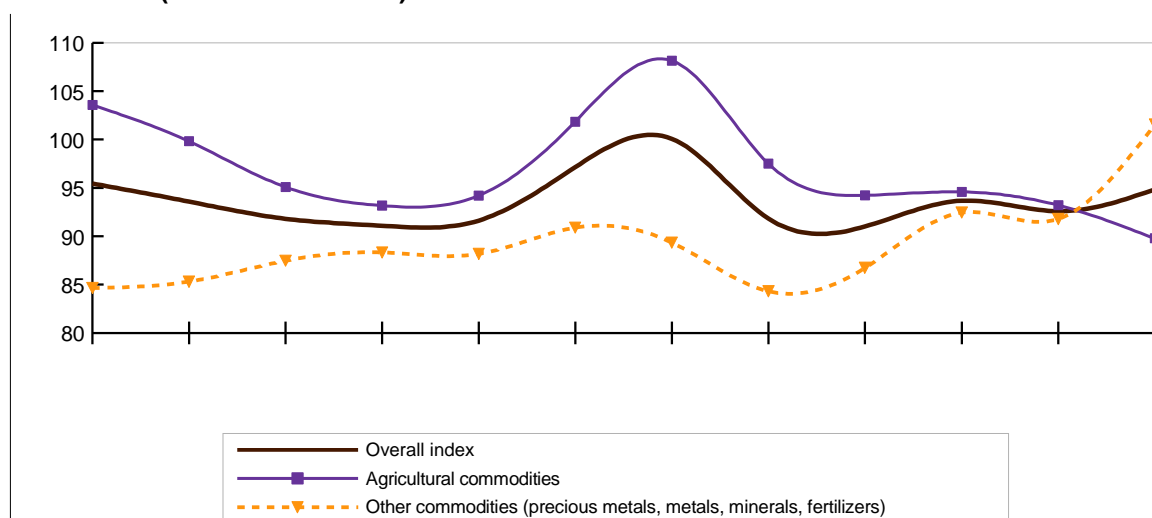


Sources: World Bank, Bloomberg

17. According to the World Bank, energy prices fell by 8.4%, quarter over quarter, in the third quarter of 2019, which mainly reflected lower crude oil (-8.2%) and gas (-6.6%) prices. Most notably, Brent and WTI prices contracted, on average, by 9.5% and 5.6%, respectively, quarter over quarter.
18. The decline in oil prices in the third quarter of 2019 comes on the back of concerns about global demand and continued increases in US shale oil production. Attacks on oil sites in Saudi Arabia somewhat mitigated these downside factors.
19. Non-energy commodity prices contracted by 1.9% during the third quarter of 2019, following a 0.1% increase in the previous quarter. This trend was driven by the decline in the prices of agricultural commodities (-1.8%), metals and minerals (-1.8%), and fertilizers (-4.2%) over the period. The increase in precious metal prices (+12.5%) had a mitigating effect.
20. On the other hand, the price index for non-energy commodities exported by the Union's countries rose by 2.4% during the third quarter of 2019, compared with a 1.1% decline in the previous quarter. Gold (+12.5%), cashew nuts (+4.9%), oils (+3.2%) and uranium (+1.4%) registered the most substantial price increases. This trend was mitigated by declines in the prices of phosphates (-19.5%), cotton (-14.4%), rubber (-7.9%), cocoa (-2.0%) and robusta coffee (-1.9%).



**Graph 3 - Trends in the price index for non-energy commodities exported by WAEMU (baseline 100=2013)**



Sources: World Bank, Bloomberg, INSEE, Afristat, BCEAO

21. Gold benefited from its status as a safe haven asset, attracting strong demand from central banks and financial investors, especially in light of resurgent trade tensions and the continued slowdown in the global economy. Rising demand from the Indian jewelry industry also stoked up demand for gold.
22. Cashew prices rose due to lower production in major world producers such as India, Côte d'Ivoire, Ghana, and Nigeria. Côte d'Ivoire, which produces 22% of the world's cashews, expects to harvest 730,000 tons in 2019, compared with 761,317 tons in 2018. In May 2019, the authorities of Côte d'Ivoire also took a series of measures to curtail a sharp decline in cashew nut prices (suspension of export licenses, control of signed contracts, seizure of products in cases of illicit exports, etc.).
23. The rise in oil prices reflected an upturn in global demand as well as lower than expected stocks in Malaysia.

**Table 2 - Prices of commodities exported by WAEMU countries**

	Average prices Q3-2019				Quarterly change			Year over year
	Unit	In foreign currencies	Unit	In CFA Francs	Prices in foreign currencies	Prices in CFA F	Prices in foreign currencies	Prices in CFA F
Crude oil (NYMEX)	\$/barrel	56.4	ton	237,736.3	-5.9	-4.9	-17.9	-14.1
Robusta coffee (ICO)	cents/lb.	70.2	kg	913.3	-1.9	-0.8	-12.1	-8.1
Cocoa (ICCO)	cents/lb.	104.5	kg	1,359.8	-2.0	-1.0	2.6	7.4
Cotton (NY #2)	cents/lb.	61.1	kg	795.3	-14.4	-13.5	-27.1	-23.7
Palm oil	\$/metric ton	536.5	kg	316.7	4.2	5.4	-5.6	-1.2
Palm kernel oil	\$/metric ton	596.0	kg	351.8	2.0	3.2	-32.2	-29.1
Rubber	eurocents/kg	129.2	kg	847.6	-7.9	-7.9	6.3	6.3
Cashew nuts	\$/metric ton	1,057.9	kg	624.4	4.9	6.1	-27.0	-23.7
Gold	\$/ounce	1,474.0	gram	30,691.0	12.5	13.8	21.6	27.2

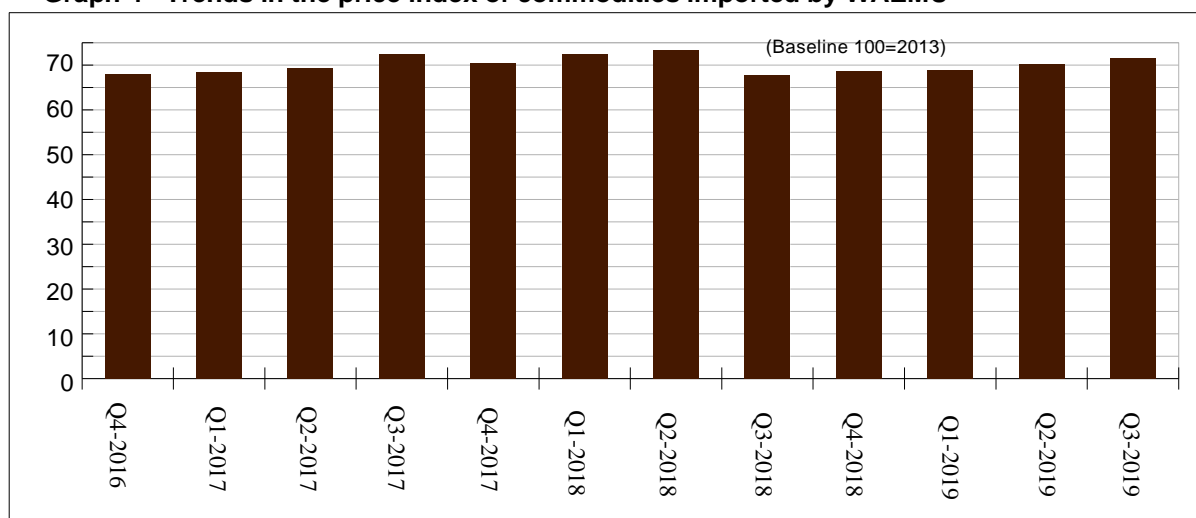
Sources: National marketing authorities, BCEAO calculations

24. Uranium prices rose, reflecting the decline in mining operations in numerous producing countries.
25. By contrast, phosphate prices continued their downward trend that began in March 2019, reaching their lowest level since March 2008. This was due to reduced demand from China and India.
26. Cotton prices continue to be impacted by ample supply, amid weakening demand in

connection with the ongoing trade war.

27. Rubber prices followed a downward trend, due to concerns over subdued demand for pneumatics, especially from China, amidst a supply surplus in Asia.
28. Cocoa prices reversed their upward trend, reflecting prospects of abundant stocks, especially in Côte d'Ivoire. This trend was, however, undermined by reduced production in Ghana, the world's second largest cocoa producer, due to phytosanitary problems.
29. Robusta coffee prices continued to fall during the third quarter of 2019, due to the weakness of the Brazilian real, which encourages players in this market to sell their products. In addition, the availability of large coffee stocks in Europe exacerbated the downward trend in prices.
30. Significant decreases in prices were recorded annually for palm kernel oil (-32.2%), cotton (-27.1%), cashew nuts (-27.0%), oil (-17.9%), coffee (-12.1%) and palm oil (-5.6%). On the other hand, gold (+21.6%), rubber (+6.3%) and cocoa (+2.6%) prices increased.
31. Valued in CFA francs, the prices of commodities exported by Union countries generally followed the same trend as those quoted in foreign currencies.
32. The price index of the main food commodities imported by WAEMU countries rose by 1.8% in the third quarter of 2019, following a 2.2% increase a quarter earlier. This was driven by increases in the prices of rice (+6.4%), soybean oil (+2.5%) and wheat (+0.9%). The decline in sugar (-2.6%) and corn (-0.6%) prices moderated the trend.

**Graph 4 - Trends in the price index of commodities imported by WAEMU**



Sources: World Bank, Bloomberg, INSEE, Afristat, BCEAO

33. The rice price increase reflected seasonal effects and anticipations of a negative impact of weather conditions on crops in Thailand. In addition, floods in Bangladesh depressed Asian supplies. Soybean oil prices followed the upward trend in vegetable oil prices, due to increased global demand and adverse weather conditions in the main producing regions.
34. On the other hand, corn prices declined due to larger than expected crop yields in the United States, the largest producer and exporter of this product. Meanwhile, international sugar prices fell during the period under review, reflecting reports of large stocks in India and Mexico.
35. The year-over-year price index of the main food products imported by WAEMU countries rose by 5.5% in the third quarter of 2019, following a 4.1% drop a quarter earlier. The year-over-year increase in food products involved corn (+10.2%), rice (+6.1%), soybean oil (+1.0%) and sugar (+0.9%). However, the decline in wheat prices (-6.4%) had a moderating effect.

#### **1.4 - International monetary and financial conditions**

##### **1.4.1 Central Bank actions**

36. Amid sluggish global economic activity and low inflation prospects, most advanced and emerging-market central banks maintained their accommodative monetary policy stance. In West and Central Africa, central banks left their monetary policy instruments unchanged.
37. Since September 2019, the United States Federal Reserve (FED) has lowered the federal fund rate target range twice by 25 basis points to 1.50-1.75%, which is the third cut of the year for a total of 75 basis points. This decision was taken to support an economy marked by below-target inflation and slowing growth.
38. In the Eurozone, the Governing Council of the European Central Bank (ECB), at its meeting of September 10, 2019, decided to lower the interest rate on the deposit facility by 10 basis points, to -0.50%, and to resume net purchases under its asset purchase program at a monthly pace of €20 billion from November 1, 2019. The interest rate on the main refinancing operations as well as on the marginal lending facility remained unchanged at 0.00% and 0.25%, respectively. The ECB expects its key interest rates to remain at the current or lower levels until it has observed that the inflation outlook converges sustainably to a level close to, but below, 2.0% over its forecast timeframe, and that this convergence is reflected consistently in the core inflation dynamics.
39. The Bank of England (BoE) maintained its key rate at 0.75% and continued its asset purchase program in light of the uncertain outcome of Brexit during the period under review.
40. In emerging markets, the People's Bank of China (PBoC) lowered the reserve requirement ratio by 50 basis points on September 16, 2019, to allow banks to extend more credit to businesses and ease the cost of private borrowing against the backdrop of an economic slowdown. In India, the Central Bank (RBI) decided, for the fifth consecutive time since January 2019, to lower its main policy rate by 25 basis points to 5.15%, the lowest level on record since May 2010. In Brazil, the Central Bank lowered its main policy rate for the third time this year by 50 basis points to 5.0% on October 30, 2019, amid risks of a more severe economic slowdown and low current and expected inflation. In Russia, the Central Bank lowered its key rate by 50 basis points to 6.50% on October 25, 2019, amid a faster-than-expected deceleration in inflation, the fourth such cut in 2019, for a total of 125 points.
41. In the West African sub-region, the Bank of Ghana (BoG) decided, during its Monetary Policy Committee meeting of July 19, 2019, to maintain its main policy rate at 16.0%. This rate has

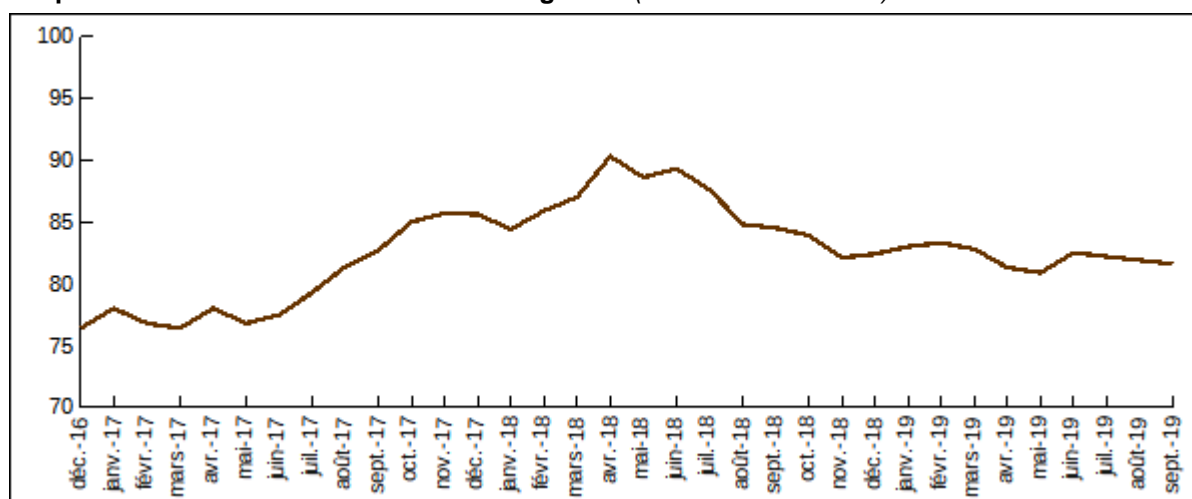
been constant since the cut in January 2019, bringing it to its lowest level since 2013.

42. The Central Bank of Nigeria (CBN) maintained its monetary policy instruments unchanged. Thus, the policy rate remained pegged at 13.5%, the level in force since the 50 bps reduction on March 26, 2019.
43. In the CEMAC Zone, the BEAC, at the meeting of its Monetary Policy Committee (MPC) of July 24, 2019, maintained its monetary policy stance unchanged. Thus, its main policy rate, the tender interest rate, remained fixed at 3.5%.

#### 1.4.2 Trends in monetary and financial conditions

44. Overall, government bond returns trended lower in the third quarter of 2019, reflecting monetary policy easing by the central banks of advanced economies.
45. On the bond markets, the United States' 10-year sovereign yields declined by 45 bps to 1.62% at the end of September 2019. In Eurozone countries, 10-year government bond yields fell to 2.67% in Greece (-110 bps), 0.66% in Portugal (-73 bps), 0.50% in Spain (-63 bps), 0.08% in France (-35 bps), -0.27% in Germany (-32 bps) and 2.29% in Italy (-24 bps).
46. On the money markets, the 3-month Euribor, which is the main interbank interest rate in Europe, edged down 2 bps to -0.34% in the third quarter, compared to -0.32% in the previous quarter.
47. On the foreign exchange market, the euro continued to lose value against the major currencies during the third quarter of 2019, amid uncertainty over the Eurozone's growth prospects. The European currency thus depreciated against the Japanese yen (-3.4%), the Swiss franc (-2.7%) and the US dollar (-1.1%). On the other hand, it gained strength against the pound sterling (+3.1%).

**Graph 5 - Trends in the euro/dollar exchange rate** (*baseline 100 = 2013*)



48. Based on official data, the CFA appreciated against the main West African currencies, with the exception of the Guinean franc and the Gambian dalasi.

**Table 3 - Trends in the CFA franc/West African currencies exchange rate**  
(Foreign currency unit per CFA F 1,000)

Exchange rates	2017			2018			2019			Change (%)	
	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Quarterly	Annual
Gambian dalasi	78.2	85.9	85.0	86.3	85.9	86.4	85.4	85.5	84.8	-0.8	-1.2
Ghanaian cedi	7.2	8.1	7.9	8.0	8.3	8.3	8.7	8.8	8.9	1.4	7.1
Guinean franc	15250.9	16608.5	16237.9	16341.3	15960.5	15719.6	15738.2	15636.0	15515.6	-0.8	-2.8
Liberian dollar	186.9	212.8	221.4	247.5	273.5	273.7	278.4	314.4	350.4	11.4	28.1
Nigerian naira	513.5	563.6	550.9	554.3	541.3	532.5	530.2	511.5	516.7	1.0	-4.6
Sierra Leonean leone	12286.9	13721.6	13592.7	13939.0	14394.5	14567.2	14774.8	15013.0	15701.5	4.6	9.1

Source: WAMA

## II - TRENDS IN SUPPLY AND DEMAND FACTORS IN WAEMU

### 2.1 - Supply factors

49. Economic growth in the Union gained strength in the third quarter of 2019. The real GDP growth rate stood at 6.6%, year over year, compared to 6.4% in the previous quarter. This trend is in keeping with the positive views expressed by business leaders on the overall direction of their activities over the period. The business climate indicator<sup>1</sup> rose by one point compared to the previous quarter and remained above its long-term average.

50. By sector, economic activity in the EU continued to be driven by the service sector, which contributed 3.7 percentage points, up from 3.6 percentage points in the previous quarter. The secondary sector contributed 1.7 percentage point, up 0.1 percentage point from the previous quarter. As to the primary sector, its contribution to growth was estimated at 1.2 percentage point, unchanged from the actual level in the second quarter of 2019.

**Table 4 - Contributions of business lines to quarterly GDP growth in WAEMU**  
(year over year) (Seasonally and working day adjusted data (SA-WDC), in %)

	2017		2018				2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Primary sector	1.5	1.4	1.3	1.3	1.2	1.2	1.1	1.2	1,2
Second sector	1.3	1.6	1.8	1.9	1.9	1.8	1.7	1.6	1,7
Tertiary sector	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.6	3,7
<b>GDP</b>	<b>6.5</b>	<b>6.6</b>	<b>6.7</b>	<b>6.7</b>	<b>6.6</b>	<b>6.5</b>	<b>6.3</b>	<b>6.4</b>	<b>6.6</b>

Source: BCEAO

51. The table below provides a country-by-country breakdown of trends in economic activity.

<sup>1/</sup> The business climate indicator is calculated based on the balance of opinions of business leaders in the major trading sectors. Its average is 100 and standard deviation is 10. For example, a business climate index value above 100 indicates that corporate executives' opinion of the long-term outlook is that it will be above average, reflecting a favorable outlook.

**Table 5 - Trends in real GDP growth rates in WAEMU Member States**

(SA-WDC data, year over year, in %)

	2017		2017	2018				2018	2019		
	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3
Benin	5.9	6.2	5.7	6.4	6.6	6.8	7.0	6.7	7.3	7.6	7.6
Burkina Faso	6.2	6.7	6.2	6.8	7.1	7.0	6.4	6.8	6.1	5.8	5.9
Côte d'Ivoire	7.7	7.6	7.7	7.6	7.5	7.4	7.3	7.4	7.2	7.3	7.6
Guinea-Bissau	5.9	5.2	5.9	4.3	3.7	3.5	3.7	3.8	4.2	4.8	5.4
Mali	5.2	5.0	5.3	4.8	4.7	4.6	4.6	4.7	4.7	4.9	5.1
Niger	4.8	5.5	5.0	6.5	7.1	7.3	7.1	7.0	6.5	6.2	6.1
Senegal	7.3	7.2	7.1	7.1	6.8	6.5	6.2	6.7	5.8	5.8	6.2
Togo	5.0	5.0	5.0	5.0	4.9	4.9	4.9	4.9	5.0	5.2	5.2
<b>WAEMU</b>	<b>6.5</b>	<b>6.6</b>	<b>6.5</b>	<b>6.7</b>	<b>6.7</b>	<b>6.6</b>	<b>6.5</b>	<b>6.6</b>	<b>6.3</b>	<b>6.4</b>	<b>6.6</b>

Source: BCEAO

**2.1.1 - Primary sector**

52. Growth in value added in the primary sector slowed slightly to 4.6%, year over year, compared to 4.7% in the previous quarter.
53. With respect to the 2019/2020 agricultural campaign, it was boosted by generally positive rainfall conditions. According to the AGRHYMET regional center, these conditions led to higher rainfall than the averages observed over the 1981-2010 period and contributed to successful sprouting of the main rainfed cereals (millet, sorghum, corn).
54. Based on this, preliminary estimates indicate a 4.7% increase in food crop production in WAEMU during the 2019/2020 season, to 68,855,629 tons. This increase is expected to be driven mainly by cereals (+5.1%) and tubers (+4.3%). As for the other crops (legumes, horticultural plants, etc.), they are expected to increase by 4.5%.
55. Compared to the average for the previous five years, the current harvest is expected to increase by 18.5%.

**Table 6 - Food crop production in WAEMU**

(in metric tons except where otherwise stated, updated – October 2019)

	2017/2018	2018/2019 (1)	2019/2020* (2)	Average over the past five crop years (3)	Change (in %)	
					(2)/(1)	(2)/(3)
Cereals	28,464,933	31,370,589	31,747,036	27,471,078	5.1	20.0
Tubers	22,191,854	23,114,418	24,100,743	21,396,056	4.3	12.6
Other crops	9,670,222	11,293,493	11,797,369	9,249,871	4.5	27.5
<b>Total</b>	<b>60,327,009</b>	<b>65,778,500</b>	<b>67,645,148</b>	<b>58,117,005</b>	<b>4.7</b>	<b>18.5</b>

Sources: Ministries of Agriculture of Member States, BCEAO calculations

\*Estimates

56. As regards the main export crops, harvests are expected to increase in the 2019/2020 growing season year compared to the previous year, with the exception of cocoa, coffee, and cashews.

**Table 7 - Export crop production in WAEMU**

(in metric tons except where otherwise stated, updated – October 2019)

	2016/2017	2017/2018	2018/2019*	Average over the past five crop years (3)	Change (2)/(1) (in %)	Change (2)/(3) (in %)
		(1)	(2)			
Cocoa	2,045,112	2,125,241	2,114,264	1,867,633	-0.5	13.8
Coffee	52,066	143,025	115,316	116,245	-19.4	23.0
Seed cotton	2,432,372	2,542,101	2,789,110	2,305,403	9.7	10.3
Groundnuts	3,185,333	3,465,358	3,655,131	2,895,791	5.5	19.7
Cashews	1,140,956	1,198,149	1,189,882	1,148,488	-0.7	4.3
Rubber	606,420	624,136	665,152	472,499	6.6	32.1

Sources: National marketing authorities

\*Estimates

57. After two years of exceptional yields, cocoa production in the Union is expected to drop slightly by 0.5% during the 2019/2020 season, to 2,114,264 tons. This trend is due to the authorities' intention to maintain production at around 2,000,000 tons, to limit supply on the international market and avoid a collapse of world prices. To this end, awareness-raising campaigns are being conducted among producers to encourage them to focus on improving the quality of the bean rather than its quantity.
58. Coffee production is estimated at 115,316 tons during the 2019/2020 season, down 19.4% compared to the previous season. This situation is a consequence of vegetative rest after the strong harvests recorded in 2018. It is also due to pruning of old orchards, under a program aimed at boosting plantation productivity, initiated by the Coffee and Cocoa Council, with a view to achieving yields of 200,000 tons per year over the medium term.
59. The seed cotton harvest is forecast to increase by 9.7% during the 2019/2020 season, reaching 2,789,110 tons. This is the expected result of good rainfall in production areas and increased support measures for producers, including the provision of inputs and technical supervision.
60. The expected groundnut harvest for the 2019/2020 season is 3,655,131 tons, up 5.5% from the previous year, due to well spread out rains in the main production areas, which should lead to increased production in all the countries of the Union.
61. Cashew production is expected to reach 1,189,882 tons in the 2019/2020 season, down by 0.7% compared to the previous season. This change is ascribable to a 4.1% drop in harvests in Côte d'Ivoire (the main producer with 63.5% of the Union's total supply in 2018), partially offset by expected increases in Guinea-Bissau (+4.1%), Benin (+7.6%) and Burkina Faso (+5.1%).
62. Rubber production is forecast at 665,152 tons in the 2019/2020 season, up 6.6% from the previous agricultural season, due to an increase in cultivated areas.

### 2.1.2 Secondary sector

63. During the third quarter of 2019, value added generated by the secondary sector grew at an annual rate of 8.3%, up 0.2 percentage points from the previous quarter and 0.3 points from

the same period of the previous year. The business climate indicator for the secondary sector was up one point from the previous quarter and remained above its long-term trend, reflecting business leaders' high levels of confidence in trends in the industrial sector.

64. The industrial production index rose by 8.6%, year over year, in the third quarter of 2019, following 6.3% three months earlier. This increase was mainly due to increased growth in manufacturing production (+9.7% compared to +7.0%), associated with an increase in production of food commodities, especially in Côte d'Ivoire. This was reinforced by increased energy production (+11.8% compared to +10.1%), mainly in Benin, Côte d'Ivoire, and Mali. This trend was partially offset by a drop in the rate of growth in extractive production (+4.1% compared to +5.1%), especially crude oil and uranium ores, mainly in Niger.

**Table 8 - Industrial Production Index (IPI) trends in WAEMU, year over year** (SA-WDC data in %)

Industries	2017	2018	2018		2019		
			Q3	Q4	Q1	Q2	Q3*
Output of extractive activities	-1.1	-6.6	-7.5	-7.5	-5.8	5.1	4.1
incl. Crude oil and natural gas	3.3	-0.1	5.8	8.7	4.4	18.7	11.4
Uranium ores	-12.6	-15.9	-17.3	-19.2	3.6	8.4	1.4
Metal ores	-1.5	-9.7	-16.5	-12.1	-16.7	-1.3	5.7
Manufacturing industries	4.0	9.5	9.4	10.1	10.7	7.0	9.7
- Food and beverages	-6.1	13.4	19.9	17.1	14.1	10.0	12.5
- Refined petroleum products	0.4	-1.4	2.9	-0.4	6.7	8.1	3.9
- Textile products	11.3	2.6	-3.5	2.5	2.6	9.9	10.5
Electricity, gas & water	16.0	1.6	-1.0	0.8	5.0	10.1	11.8
<b>Overall index</b>	<b>7.5</b>	<b>4.5</b>	<b>5.3</b>	<b>4.6</b>	<b>5.5</b>	<b>6.3</b>	<b>8.6</b>

Source: BCEAO.

(\*) Preliminary figures

### 2.1.3 Tertiary sector

65. Year-over-year value added generated by the tertiary sector increased by 6.9% in the third quarter of 2019, compared with 6.7% in the second quarter of 2019. Relative to the previous quarter, the business climate indicator remained above its long-term trend, driven mainly by the optimistic outlook of business leaders in the "Market Services" branch regarding trends in their sales figures and their improved cash position (+2 points). However, the business climate indicator is down by one point in the commercial activities branch
66. The retail sales index rose by 3.9% in the second quarter of 2019 compared to 7.0% in the previous quarter. This slowdown was largely due to a downturn in food and beverage sales (-2.7% compared with +6.0%), mainly in Benin, and in automotive sales (-8.5% compared with +3.9%), especially in Senegal and Togo. The trend was also ascribable to a decline in the rate of growth of petroleum product sales (+4.6% compared with +6.8%), mainly in Benin, Burkina Faso, and Togo, as well as in sales of textiles and clothing (+6.9% compared to +20.2%) in Benin, Senegal, and Togo.
67. The growth rate of the turnover index in market services (excluding financial services) increased to 5.2% in the third quarter of 2019 versus 4.0% in the second quarter of 2019, driven especially by information and communication services and real estate services. The financial services activity index rose by 9.1% during the period under review, compared with +7.5% reported a quarter earlier, reflecting, in particular, an increase in the volume of banking transactions (loans, deposits). However, this trend was mitigated by increased resource costs (lending rate).



**Table 9 - Year-over-year change in the turnover index (TI) in WAEMU**  
(SA-WDC data in %)

	2017	2018	2018		2019		
			Q3	Q4	Q1	Q2	Q3*
<b>Trade TI</b>	<b>9.1</b>	<b>5.7</b>	8.7	4.8	5.6	7.0	3.9
Food products	5.9	4.6	21.1	13.2	10.8	6.0	-2.7
Personal goods	1.6	3.2	8.5	11.4	16.1	20.2	6.9
Automobiles, motorcycles, and spare parts	15.0	2.9	6.1	-11.6	6.2	3.9	-8.5
Petroleum products	11.5	11.3	12.5	9.2	3.4	6.8	4.6
Pharmaceuticals and cosmetics	7.3	12.5	8.7	17.7	17.7	8.8	10.8
<b>Trade services TI (excluding financial services)</b>	<b>-</b>	<b>8.0</b>	<b>5.8</b>	<b>5.7</b>	<b>2.5</b>	<b>4.0</b>	<b>5.2</b>
<b>Financial services TI</b>	<b>13.1</b>	<b>7.4</b>	<b>7.3</b>	<b>8.1</b>	<b>7.3</b>	<b>7.5</b>	<b>9.1</b>

Source: BCEAO.

(\*) Preliminary figures

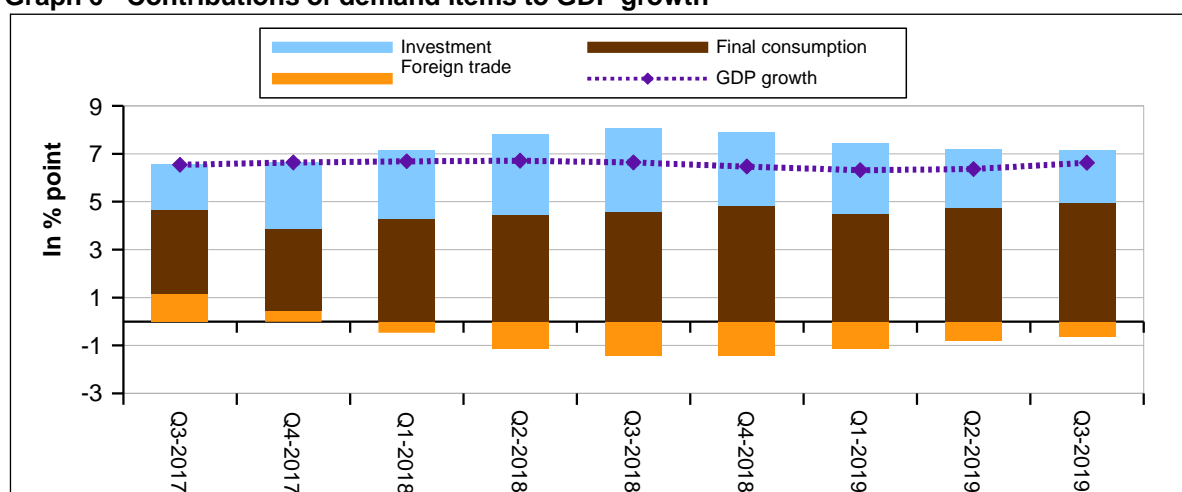
## 2.2 - Demand factors

### 2.2.1 - Trends in GDP uses

68. A breakdown by demand component shows that final consumption and investment continued to drive growth in the Union in the third quarter of 2019. Final consumption contributed 5.0 percentage points to GDP growth. Investment contributed 2.2 percentage points to economic expansion. In all, domestic demand contributed 7.2 percentage points to GDP growth in the third quarter of 2019. In contrast, the contribution of foreign trade remained negative at -0.6 percentage points.

69. Final consumption grew by 6.0% in the third quarter of 2019, up from 5.7% in the previous quarter, in line with the growth in household consumption.

**Graph 6 - Contributions of demand items to GDP growth**



Source: BCEAO

70. Investments in WAEMU increased by 9.5% year over year in the third quarter of 2019, from 10.8% in the previous quarter. They were mainly driven by the private sector.

71. The negative contribution of foreign trade to economic growth reflected a structural imbalance in goods and services trade. The improved contribution of the external sector was consistent with the reduced trade deficit.

## 2.2.2 - Budget execution of WAEMU Member States at the end of September 2019

72. The WAEMU Member States continued their fiscal consolidation efforts with a view to ensuring compliance with the budget balance convergence standard at the end of 2019, against a backdrop of satisfactory implementation of IMF-supported programs.
73. During the first nine months of 2019, budget execution resulted in a reduced budget deficit compared with the same period in 2018. This was due to a larger increase in total revenue and grants than in public spending. The overall deficit, on a commitment basis, including grants, stood at 1,503.2 billion or 2.7% of the GDP at the end of September 2019 compared with 1,830.1 billion or 3.3% of the GDP a year earlier.
74. Budget revenues and grants stood at 11,348.2 billion in the first three quarters of 2019, up 1,757.7 billion (or +18.3%) from the same period a year earlier. This increase was mainly due to a 1,309.0 billion (+16.7%) rise in tax revenues, largely ascribable to the efficiency of the authorities in collecting tax resources, in connection with projects to modernize the public administration and strengthen public finance management in member countries. Increased tax revenues were reported in all Union Member States. The largest increases were seen in Mali (+35.9%), Togo (+22.4%) and Senegal (+22.4%). In the case of Mali specifically, the increase in tax revenue was consistent with the return to normalcy after poor performances in 2018 by several tax base and collection services following the security unrest in the country.

**Table 10 - Financial operations of WAEMU Member States**

(in billions, unless otherwise indicated)

	Sept.-2018 (1)	Sept.-2019 (2)	Change (2)–(1)	
			(in billions)	(%)
<b>Budget revenue and grants</b>	<b>9,590.4</b>	<b>11,348.2</b>	<b>1,757.8</b>	<b>18.3</b>
<b>Budget revenue</b>	<b>8,946.7</b>	<b>10,525.9</b>	<b>1,579.2</b>	<b>17.7</b>
<i>incl. Fiscal revenue</i>	7,861.6	9,170.5	1,308.9	16.6
<i>in % of GDP</i>	14.2	15.8		
<b>Grants</b>	<b>643.7</b>	<b>822.3</b>	<b>178.6</b>	<b>27.7</b>
<b>Net expenditure and loans</b>	<b>11,420.5</b>	<b>12,851.4</b>	<b>1,430.9</b>	<b>12.5</b>
<i>incl. Current expenditure</i>	7,777.6	8,570.0	792.4	10.2
payroll	3,202.3	3,565.0	362.7	11.3
grants and transfers	1,337.5	1,475.3	137.8	10.3
interest on the debt	831.1	954.3	123.2	14.8
capital investments	3,458.7	3,923.6	464.9	13.4
<i>in % of GDP</i>	6.3	6.7		-
Other expenditures	184.2	358.4	174.2	94.6
Net loans	0.0	-0.6	-0.6	-
<b>Total balance, commitment basis (incl. grants)</b>	<b>-1,830.1</b>	<b>-1,503.2</b>	<b>326.9</b>	<b>-</b>
<i>in % of GDP</i>	-3.3	-2.7	0.6	-

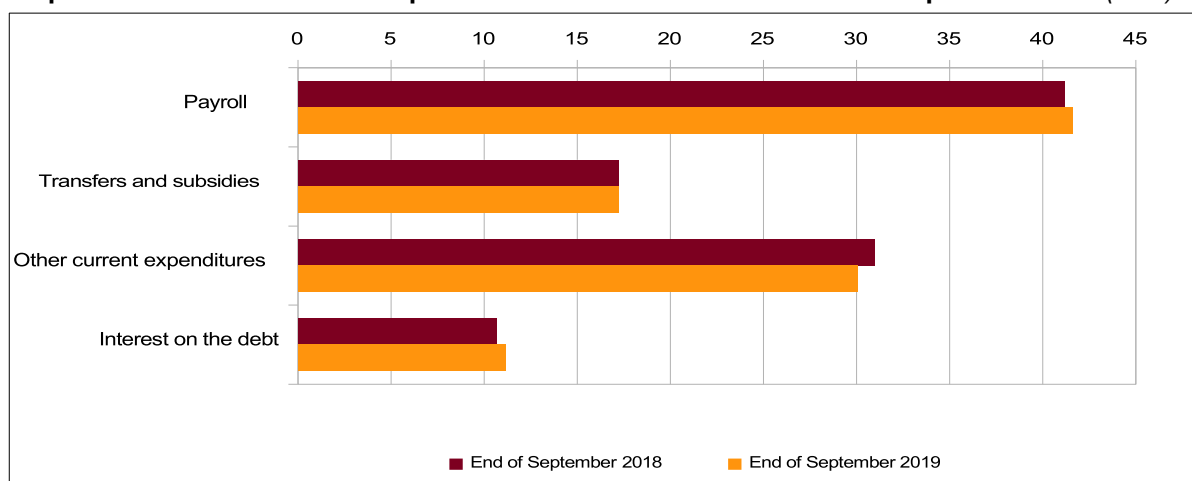
Sources: National departments, BCEAO

75. In relation to the forecasts for 2019, the tax revenue mobilization rate for the first nine months was 74.4%, compared to 74.3% recorded in the same period in the previous year. Despite strong revenue mobilization, the tax burden rate remained low, below the Union's standard of 20% by 2019. It was 15.8% at the end of September 2019, compared to 14.2% a year earlier.
76. Net expenditures and loans, valued at 12,851.4 billion at the end of September 2019, posted a 12.5% increase, year over year. This was due to combined increases in capital and current

expenditures.

77. The 10.2% increase in current expenditure, which was estimated at 8,570.0 billion, was driven mostly by changes in payroll costs (+11.3%), transfers and subsidies (+10.3%) and debt interest payments (+14.8%). Debt interest payments accounted for 10.4% of tax revenues in the first nine months of 2019 compared to 10.6% in the first three quarters of 2018.

**Graph 7 - Structure of current expenditures in WAEMU as at the end of September 2019 (in %)**



Sources: National departments, BCEAO

78. Capital expenditure increased by 13.4%, from 3,458.7 billion at the end of September 2018 to 3,923.6 billion at the end of September 2019, reflecting the continued implementation of public investments, especially in infrastructure.
79. Compared to the forecasts for 2019, the execution rate of capital expenditure stood at 63.5% at the end of September 2019, compared to 63.6% a year earlier.
80. Overall, the execution of the States' financial operations resulted, over the first nine months of 2019, in a reduction of the overall deficit, on a commitment basis, grants included, amounting to 2.7% of the GDP, compared with 3.3% over the same period of the previous year. To finance the deficit, the States resorted, internally, to the regional public debt market.

### 2.2.3 - Regional public debt market

81. The total gross amount of bonds issued on the regional public debt market during the first nine months of the year amounted to 3,370.1 billion compared to 2,318.2 billion during the same period in 2018. Net bond issues stood at 1,079.3 billion during the period, compared to 127.4 billion a year earlier. This trend in net annual bond issuance was correlated with a stronger presence of Côte d'Ivoire and Senegal on the regional financial market compared to the previous year when, due to resource mobilization on the international markets, the countries had scaled down their operations on the regional market.
82. The States continued to show a preference for medium- and long-term securities, mainly in relation to the funding of large infrastructure projects. Thus, 57.2% of the operations involved the bond segment, amounting to a volume of 1,928.6 billion. These operations were financed through auctions (1,278.0 billion) and syndication (650.6 billion). With 43.6% and 21.7% of total issues, respectively, the 3-year and 5-year maturities were the most sought-after.

**Table 11 - Gross public securities issues on the regional market***(in billions of CFA F)*

	Total 2017	2018				Total 2018	2019		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3
Bills	1,578.2	380.2	308.9	471.3	329.0	1,489.4	536.9	546.3	358.3
Bonds	2,121.9	224.8	374.4	558.6	630.4	1,788.2	555.0	686.4	687.2
By auction	1,165.2	112.9	218.1	394.0	218.9	943.9	349.5	474.2	454.3
By syndication	958.8	111.9	156.3	164.6	411.5	844.3	205.5	212.2	232.8
<b>Total</b>	<b>3,700.1</b>	<b>605.0</b>	<b>683.3</b>	<b>1,029.9</b>	<b>959.4</b>	<b>3,277.6</b>	<b>1,091.9</b>	<b>1,232.7</b>	<b>1,045.5</b>

Source: WAMU Securities

83. In the Treasury bill segment, sixty-three bonds were issued totaling CFA F 1,441.5 billion versus CFA F 1,160.4 billion in the first three quarters of 2018. The 12-month maturity was the most in demand with thirty-six bonds, with a total value of 775.1 billion, i.e., 53.8% of the total value of the bonds issued over the period.

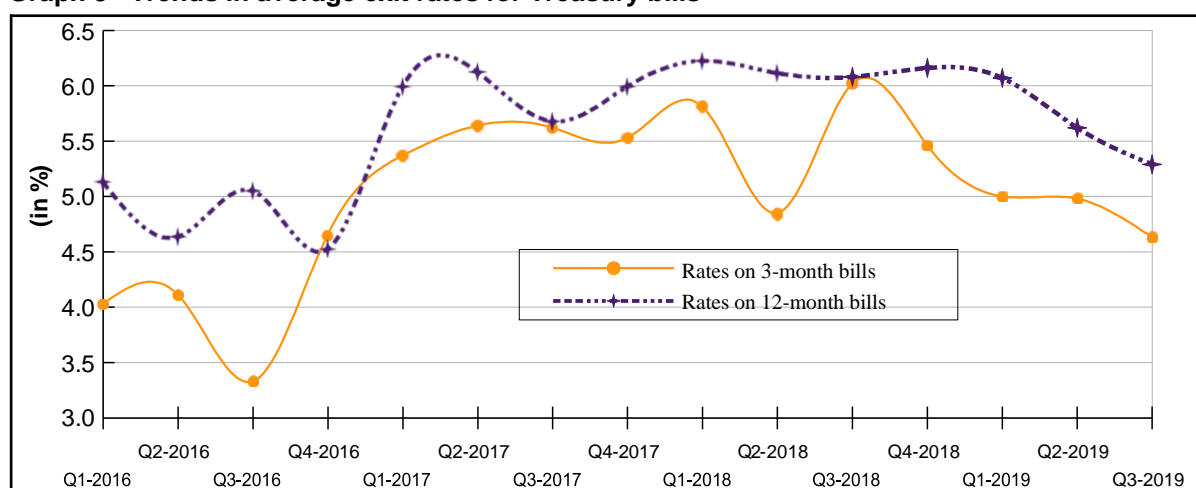
84. In the Treasury bill segment of the financial market, the average cost of resources raised by the States continued its downward trend. The weighted average interest rate for the July-September 2019 period was 4.93% compared to 5.61% a year earlier.

**Table 12 - Average interest rates for Treasury bills (%)**

	Average 2017	2018				Average 2018	2019		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3
1 month	4.91	-	-	-	3.90	3.90	-	-	-
3 months	5.53	6.38	5.81	4.85	6.02	5.46	5.00	4.98	4.63
6 months	5.77	6.09	6.17	5.86	5.99	6.06	5.69	5.40	-
12 months	5.99	6.25	6.22	6.11	6.08	6.16	6.07	5.62	5.29
24 months	5.78	-	5.80	-	-	5.80	-	-	-
<b>Average rate</b>	<b>5.71</b>	<b>6.22</b>	<b>6.00</b>	<b>5.61</b>	<b>5.78</b>	<b>5.90</b>	<b>5.78</b>	<b>5.32</b>	<b>4.93</b>

Sources: BCEAO, WAMU Securities

85. The Treasury bill exit rate curves for 3-month and 12-month maturities showed a downward trend during the reporting quarter.

**Graph 8 - Trends in average exit rates for Treasury bills**

Sources: BCEAO, WAMU Securities

86. The average return on bonds, across all maturities, rose to 6.46% in the third quarter of 2019, compared to 6.18% in the previous quarter and 7.42% a year earlier.

87. The overall outstanding amount of government securities, which was consistent with the trend in net bond issuance, stood at 11,007.1 billion at the end of September 2019. The breakdown confirmed the predominance of bonds, which accounted for 89.1% of the total.

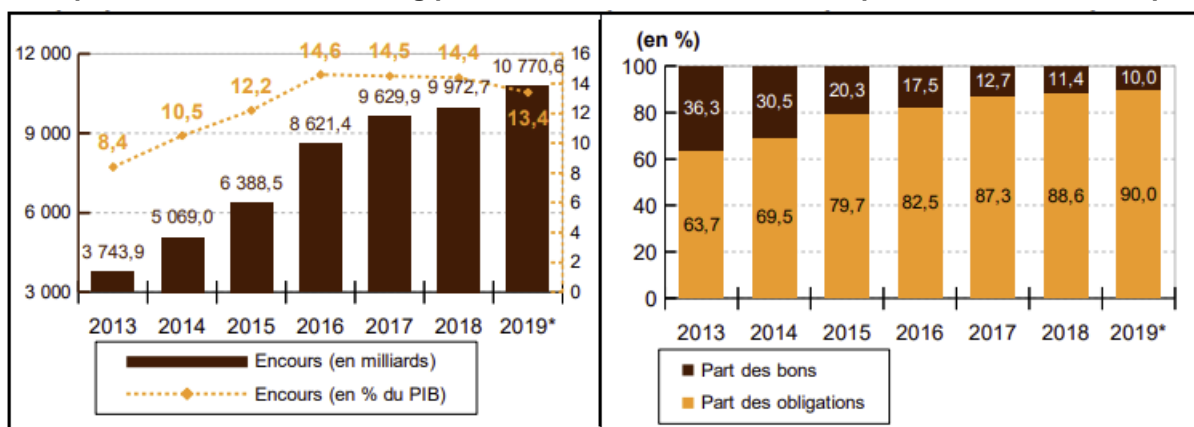
**Table 13 - Outstanding public securities at the end of September 2019 by country (\*)**  
(in billions of CFA F)

	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
<b>Bills</b>	49.4	250.3	335.7	12.8	137.5	337.2	0.0	75.5	1,198.4
<b>Bonds</b>	1,261.9	1,130.3	3,568.5	56.9	1,318.8	587.4	785.5	1,099.4	9,808.7
<b>Total</b>	<b>1,311.3</b>	<b>1,380.6</b>	<b>3,904.2</b>	<b>69.7</b>	<b>1,456.3</b>	<b>924.6</b>	<b>785.5</b>	<b>1,174.9</b>	<b>11,007.1</b>

Sources: WAMU Securities

(\*) These figures apply to bills and bonds issued on the regional financial market only.

88. The total amount of resources to be mustered on the regional public debt market for 2019 as a whole, based on the issuance schedules compiled from the Union's Member States, is estimated at 4,018.0 billion, up 22.6% compared to 2018. Maturities are estimated at 3,220.1 billion and net issuance is expected to be positive at 797.9 billion, bringing the stock of public securities to 10,770.6 billion, or 13.4% of the GDP, at the end of December 2019.

**Graph 9 - Trends in outstanding public securities at the end of the period and their makeup**

Sources: BCEAO, WAMU Securities

(\*): forecasts for the end of December 2019

## 2.2.4 Resource mobilization on international markets

89. In March 2019, Benin raised resources on the international markets by issuing Eurobonds for a nominal amount of €500 million, or CFA francs 328 billion, with a 5.75% interest rate and a maximum maturity of 7 years.

90. October 2019 saw Côte d'Ivoire tap into the international capital markets to raise €1,700 million in the form of Eurobonds in two installments: (i) one instalment of €850 million with a 5.875% interest rate at maturity 2031; (ii) a second instalment of €850 million at a 6.875% interest rate at maturity 2040. Part of these resources (€1,374.0 million) were used to redeem Eurobonds maturing in 2024 and 2025, and the remaining €316.0 million will be used to finance the 2019 deficit.

## 2.2.5 Foreign trade and intra-WAEMU trade

### 2.2.5.1 Foreign trade

91. In the third quarter of 2019, the Union's trade deficit shrank by 173.1 billion compared to the same period in 2018, standing at 523.1 billion. This was due to a greater increase in exports (+11.1%) than in imports (+5.2%). Overall, the import-export coverage rate was 88.2% in the third quarter of 2019, compared to 83.5% in the same period of 2018, representing an improvement of 4.7 percentage point.

92. The buoyancy of the export sector reflected higher sale volumes for gold (+30.9%), cocoa (+26.7%) and rubber (+26.1%), owing mainly to a positive trend in international prices and volumes for these products. The increase in cocoa volumes was correlated with the start of production at a new processing plant. However, this increase was partially offset by lower sales of cashew nuts (-7.7%), cotton (-5.8%) and oil (-4.4%) outside the Union, against a backdrop of falling prices on international markets.

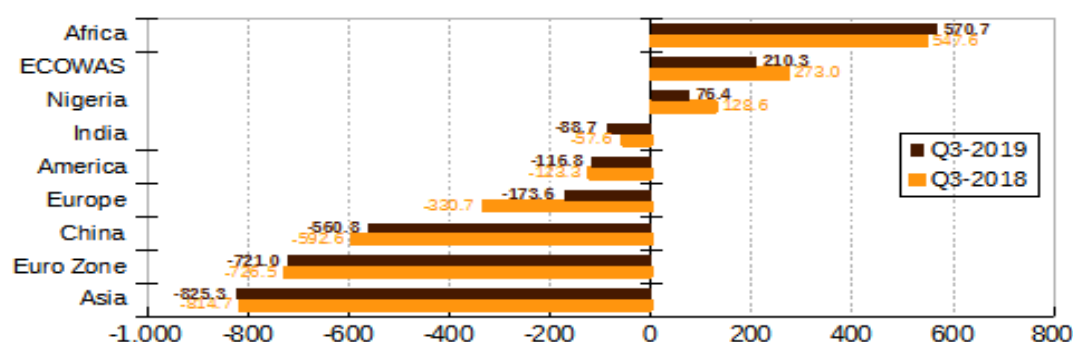
93. Higher imports reflected increased purchases of capital and intermediate goods (+9.6%) and supplies of food products and consumer goods (+7.5%). The rise in external purchases of capital and intermediate goods was driven by buoyant public and private investments, while growth in consumer goods was correlated with an upturn in international prices, especially for rice. Growth in imports was dampened by a drop in the energy bill (-7.9%) owing to prices easing on the international markets.

**Table 14 - Trends in the Union's trade in the third quarter of 2019**

	Q3-2018	Q3-2019*	Annual change	
	(in billions)	(in billions)	(in billions)	(in %)
<b>Exports (FOB)</b>	<b>3,532.3</b>	<b>3,924.9</b>	<b>392.6</b>	<b>11.1</b>
<i>incl. Cocoa products</i>	292.0	370.0	78.0	26.7
<i>Gold and precious metals</i>	970.0	1,269.7	299.7	30.9
<i>Petroleum products</i>	374.8	358.1	-16.7	-4.5
<i>Cotton products</i>	196.9	185.5	-11.4	-5.8
<i>Coffee products</i>	24.3	34.9	10.6	43.6
<i>Cashew products</i>	194.2	179.2	-15.0	-7.7
<i>Rubber</i>	108.3	136.7	28.4	26.2
<i>Uranium</i>	26.0	40.1	14.1	54.2
<b>Imports (FOB)</b>	<b>4,228.5</b>	<b>4,448.0</b>	<b>219.5</b>	<b>5.2</b>
<i>incl. Food products</i>	1,172.9	1,265.3	92.4	7.9
<i>Consumer goods</i>	407.2	433.6	26.4	6.5
<i>Energy products</i>	943.4	868.6	-74.8	-7.9
<i>Capital goods</i>	1,068.6	1,170.5	101.9	9.5
<i>Intermediate goods</i>	953.2	1,044.7	91.5	9.6
<b>Trade balance</b>	<b>-696.2</b>	<b>-523.1</b>	<b>173.1</b>	<b>24.9</b>
<b>(as a % of GDP)</b>	<b>-3.7%</b>	<b>-2.6%</b>		

Sources: BCEAO, NSIs, Customs - N.B.: Imports are quoted at CIF value, except where otherwise indicated - (\*) estimates

94. An analysis of the geographical pattern of the Union's trade flows during the period under review showed a trade surplus with Africa but a trade deficit with Asia, Europe, and America.
95. The Union's trade surplus with its main African partners amounted to 570.7 billion, including 377.2 billion with South Africa, reflecting gold shipments to that country by Burkina Faso and Mali. For the other countries in the ECOWAS zone, the trade balance showed a surplus of 210.3 billion. Specifically, the Union posted a surplus of 76.4 billion with Nigeria and 63.4 billion with Ghana. Sales to these countries consisted exclusively of petroleum products, live animals, chemicals, and food commodities. External purchases by Union countries from other African countries consisted exclusively of energy products and intermediate goods.

**Graph 10 - Trends in the trade balance with major partners (in billions)**

Sources: BCEAO, NSIs, Customs

96. The Union's trade with European countries showed a deficit of 173.6 billion. This negative figure reflects the shortfall recorded with the eurozone (-721.0 billion), which is a major supplier of capital and intermediate goods, food products and refined petroleum products to the Union.

**Table 15 - Geographical trends in WAEMU's external trade flows (%)**

	Exports		Imports		Foreign trade (Exports and Imports)	
	Q3-2018	Q3-2019	Q3-2018	Q3-2019	Q3-2018	Q3-2019
<b>I. Europe</b>	<b>38.0</b>	<b>40.4</b>	<b>39.6</b>	<b>39.6</b>	<b>38.8</b>	<b>40.0</b>
<i>Eurozone</i>	18.5	18.4	31.2	31.2	25.4	25.3
<b>II. Africa</b>	<b>30.6</b>	<b>33.0</b>	<b>15.1</b>	<b>16.3</b>	<b>23.5</b>	<b>24.2</b>
ECOWAS	17.9	16.1	8.5	9.5	12.8	12.6
<i>Nigeria</i>	11.3	10.2	6.4	7.3	8.7	8.6
<i>Ghana</i>	4.5	4.1	2.0	2.2	3.2	3.1
CEMAC	1.0	0.9	0.1	0.1	0.5	0.5
Other African countries	14.7	16.1	6.5	6.7	10.2	11.1
<i>South Africa</i>	9.8	11.5	1.7	1.7	5.4	6.3
<b>III. America</b>	<b>6.2</b>	<b>6.1</b>	<b>8.1</b>	<b>8.0</b>	<b>7.2</b>	<b>7.1</b>
<i>United States</i>	2.9	3.1	4.2	3.9	3.6	3.5
<b>IV. Asia</b>	<b>20.5</b>	<b>19.0</b>	<b>36.4</b>	<b>35.3</b>	<b>29.2</b>	<b>27.6</b>
<i>China</i>	2.3	2.1	16.0	14.5	9.7	8.7
<i>India</i>	6.1	5.6	6.5	6.9	6.3	6.3
<b>V. Other countries</b>	<b>1.6</b>	<b>1.4</b>	<b>0.8</b>	<b>0.8</b>	<b>1.2</b>	<b>1.1</b>
<b>VI. Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Sources: BCEAO, NSIs, Customs

97. Sales to the Eurozone consisted largely of cocoa, crude oil, fishery products and uranium. In relation to non-EU countries, WAEMU had a trade surplus of \$547.3 billion, driven by a surplus of \$703.8 billion with Switzerland. The goods exported to these countries consisted mainly of gold and cotton. Imports from these countries consisted mainly of intermediate goods, refined petroleum products and foodstuffs.

98. The Union's trade deficit with the Americas stood at 116.8 billion. The Union's purchases from America consisted of consumer goods, capital goods and refined oil products. Exports to the Americas consisted of cocoa, crude oil, and rubber.

99. Trade flows with Asia showed a deficit of 825.3 billion. More specifically, the Union had a 560.8 billion trade deficit with China. Sales to Asia consisted mainly of cashew nuts, cotton, gold, cocoa, and chemicals. Imports consisted mainly of capital and intermediate goods as well as food products, especially rice from Thailand and India. Intermediate goods from Asia were supplied mainly by China, Japan, and India.

#### 2.2.5.2 Intra-WAEMU trade

100. As for intra-WAEMU trade flows, they are estimated to have risen by 7.9% to €674.0 billion, which is equal to 16.1% of the Union's total trade volume. With a combined 55.4% of the total intra-Community offering, Côte d'Ivoire and Senegal remained the main suppliers. On the intra-WAEMU demand side, Mali and Burkina Faso were the main flow destinations, accounting for 51.6% of the total. The main commodities traded were oil, food preparations (milk, broths, etc.), commodities (cereals and animals), edible oils and construction materials.

### 2.3 - Recent trends in economic growth and outlook

101. The latest statistics published by the government departments showed that the union's gross domestic product (GDP) was expected to grow in volume by 6.6% in 2019, as was the case



in 2018. Growth in economic activity is expected to be driven by a buoyant service sector, a surge in construction and public works as a result of the continued implementation of investment projects under national development plans and increased agricultural production.

102. Compared to the situation presented in September 2019, the latest GDP growth estimates for 2019 were down by 0.1 percentage point, due to revised estimates in Burkina Faso, Guinea-Bissau, Senegal, Mali, and Togo.

103. In Burkina Faso, economic growth was estimated at 6.0% compared with 6.1% in the September 2019 report, reflecting the impact of lower gold production during the reporting year.

104. In Guinea-Bissau, the 1.2 percentage point downward adjustment of real GDP growth was reportedly due to delays in the implementation of certain investment projects.

**Table 16 - Real GDP growth rates in WAEMU Member States (%)**

	2018	2019		2020
		Forecast - September 2019 Report	Forecast - December 2019 Report	States' projections - October 2019
Benin	6.7	7.6	7.6	7.6
Burkina Faso	6.8	6.1	6.0	6.4
Côte d'Ivoire	7.4	7.5	7.5	7.3
Guinea-Bissau	3.8	6.3	5.1	5.6
Mali	4.7	5.0	5.6	4.9
Niger	7.0	6.3	6.3	6.0
Senegal	6.7	6.9	6.0	6.8
Togo	4.9	5.1	5.3	5.5
<b>Union</b>	<b>6.6</b>	<b>6.7</b>	<b>6.6</b>	<b>6.6</b>

Sources: BCEAO, NSIs

105. Senegal's growth rate has been adjusted downward by 0.9 percentage points and is now expected to stand at 6.0% in 2019, reflecting weaker performances than initially forecast in mining, construction, and transportation, accommodations, and restaurant services.

106. On the other hand, economic growth in Togo is expected to exceed forecasts in 2019, as a result of growth in manufacturing activities, especially in the production of foodstuffs, textiles, and cement. In Mali, the upward adjustment of economic growth is based on stronger-than-expected increases in manufacturing and electricity production.

107. With a 3.6 point contribution, the tertiary sector is expected to be the main driver of economic growth in 2019, followed by the secondary and energy sectors whose contributions to economic growth are forecast at 1.7 points and 1.1 points, respectively.

**Table 17 - Contributions to growth in the Union's gross domestic product**

	2018	2019 (*)	2020 (*)
Primary sector	1.5	1.1	1.2
Secondary sector	1.5	1.7	1.7
Tertiary sector	3.6	3.8	3.7
<b>Real GDP</b>	<b>6.6</b>	<b>6.6</b>	<b>6.6</b>
Final consumption	5.0	4.7	4.4
Investment	2.5	2.9	3.0
Foreign sector	-0.9	-1.0	-0.8
incl. - Exports	1.7	1.4	1.4

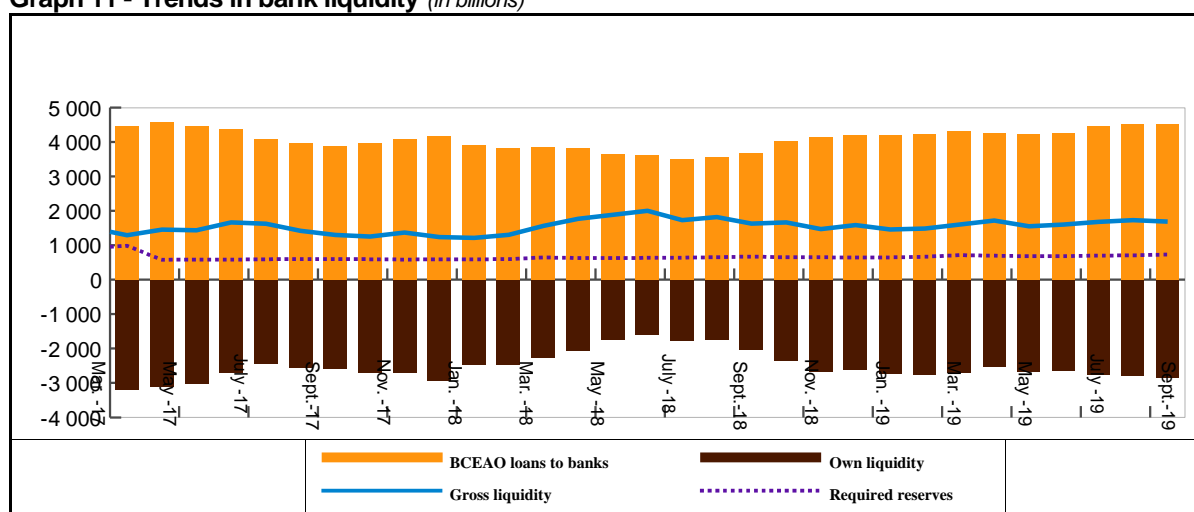
108. In 2020, real GDP growth in the Union is expected to reach 6.6%, driven by the service sector, due to growth in services and a positive trend in trade activities. This sector is expected to contribute 3.7 percentage points to economic growth. The secondary sector is expected to be the second pillar of the Union's economic expansion, with a contribution of 1.7 percentage points in 2020, as a result of higher construction and public works activity, increased industrial production, and a better electricity supply in most WAEMU Member States. In addition, the continued implementation of various agricultural production development projects by the Union's Member States, especially in emerging sectors such as cashew nuts and sesame, is expected to help increase agricultural production. The primary sector's contribution is estimated at 1.2 percentage points in 2020.
109. From a demand perspective, GDP growth in 2020 is expected to be driven mainly by strong domestic demand, which should contribute 7.4 percentage points in 2020.
110. To strengthen the economic performance of the Union's Member States, against a backdrop of increasing risk factors on the international scene, the Union's Member States will need to:
- continue measures aimed at broadening their tax base and improving the performance and efficiency of tax administrations, with a view to raising the tax base. Efforts could also be made to streamline tax exemptions, and
  - strengthen cooperation between national security services, with a view to creating a community environment that is conducive to the development of economic activities and the pursuit of investment in growth sectors.

### **III - CURRENCY, MONETARY CONDITIONS AND THE FINANCIAL MARKET**

#### **3.1 - Monetary conditions**

##### **3.1.1 - Bank liquidity**

111. Bank liquidity, which is measured through the balances of ordinary and settlement accounts on the books of the Central Bank, increased by 86.1 billion in the third quarter, standing at 1,686.0 billion at the end of September 2019 compared to 1,599.9 billion at the end of June 2019. This trend stemmed from increased outstanding refinancing facilities extended by the BCEAO over the period (+268.5 billion), mitigated by the negative impact of independent factors (-182.4 billion).
112. The negative variation in banks' independent liquidity supply was mainly due to net transfers initiated by banks (-939.5 billion). This trend was reduced by the balance of transactions with national treasury departments and other net factors (+621.1 billion) as well as returns of banknotes to bank counters (+136.0 billion).

**Graph 11 - Trends in bank liquidity (in billions)**

Source: BCEAO

113. The banks' reserve requirements over the maintenance period from August 16 to September 15, 2019, are estimated at 730.6 billion. Over the same period, the reserves held by banks averaged 1,711.8 billion, exceeding the minimum regulatory requirement by 981.2 billion.

114. With respect to the status during the reserve maintenance period from May 16 to June 15, 2019, surplus reserves were up by 29.4 billion. They accounted for 134.3% of required reserves compared to 139.2% in the previous quarter. The number of banks experiencing a shortfall in required reserves fell from six to four.

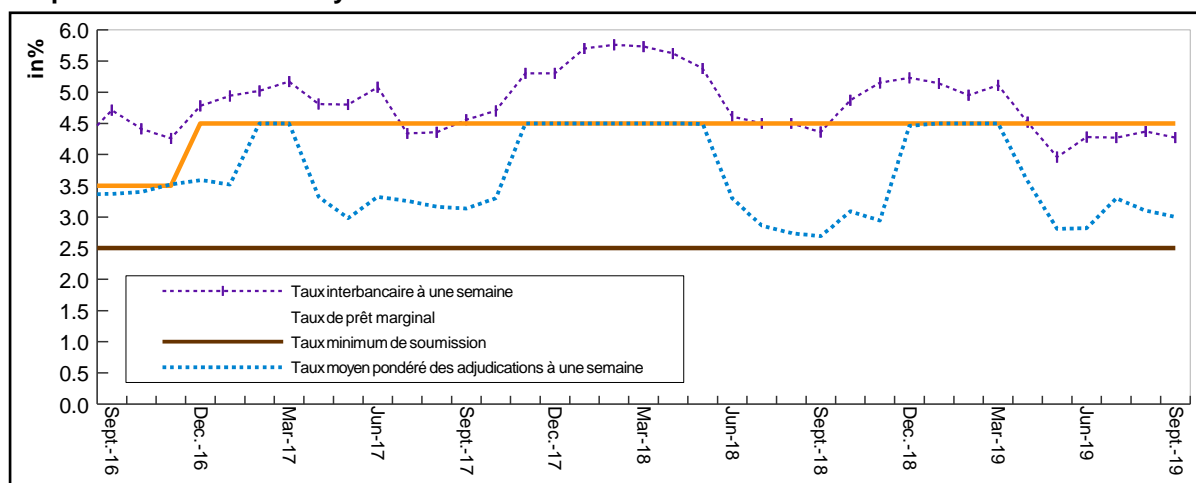
### 3.1.2 - Trends in interest rates on the money market

115. A review of refinancing conditions at BCEAO tender windows during the third quarter of 2019 showed a slight increase in money market rates.

116. The weighted average rate for weekly liquidity injection operations stood at 3.15% in the third quarter of 2019, compared to 3.10% in the previous quarter and 2.77% a year earlier.

117. On the one-month maturity, the weighted average rate was 3.48% compared to 3.15% in the second quarter of 2019. In the same period of 2018, the rate stood at 2.94%. On the other hand, the quarterly average money market rate<sup>2</sup> was almost stable from one quarter to the next, standing at 2.70%, compared to 2.50% a year earlier.

<sup>2/</sup> This quarterly average rate represents the average of the marginal rates on weekly auction operations weighted by the number of days accrued for these rates during the quarter.

**Graph 12 - Trends in money market rates**

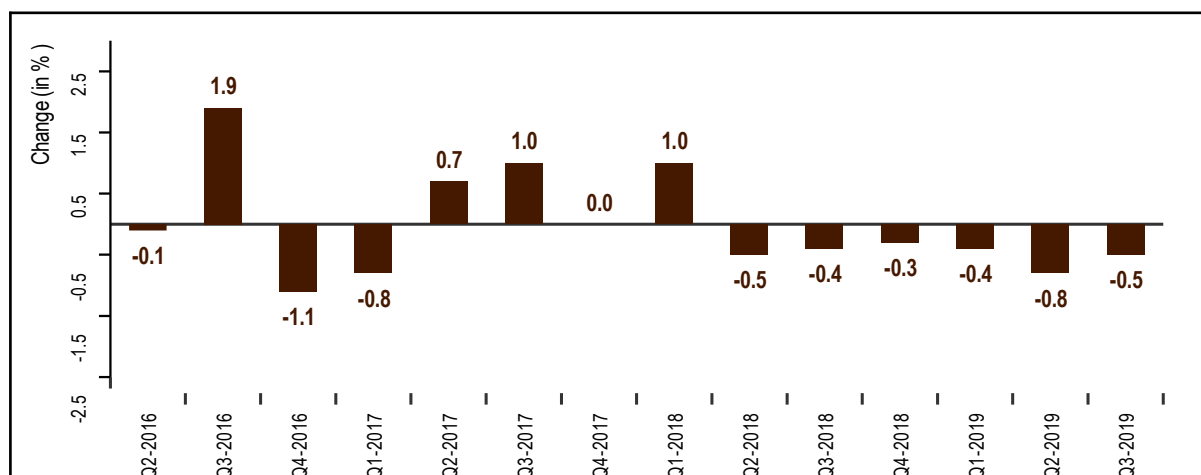
Source: BCEAO

118. Interbank market rates also rose during the period under review. The weighted average interest rate for all maturities combined was 4.5521% compared to 4.3374% a quarter earlier. It also increased by 8 basis points from its level in the third quarter of 2018 (4.4744%). The weighted average interest rate on the one-week maturity, which totaled 60% of the overall quarterly transaction volume, increased to 4.41% from 4.21% in the previous quarter and 4.31% a year earlier.

### 3.1.3 - Trends in monetary conditions<sup>3</sup>

119. Monetary conditions eased in the third quarter of 2019. The monetary conditions index fell by 0.5% compared to the previous quarter, reflecting a decline in the real effective exchange rate (-1.4%), mitigated by an increase in the real interest rate on the one-week interbank market (+0.2 percentage points).

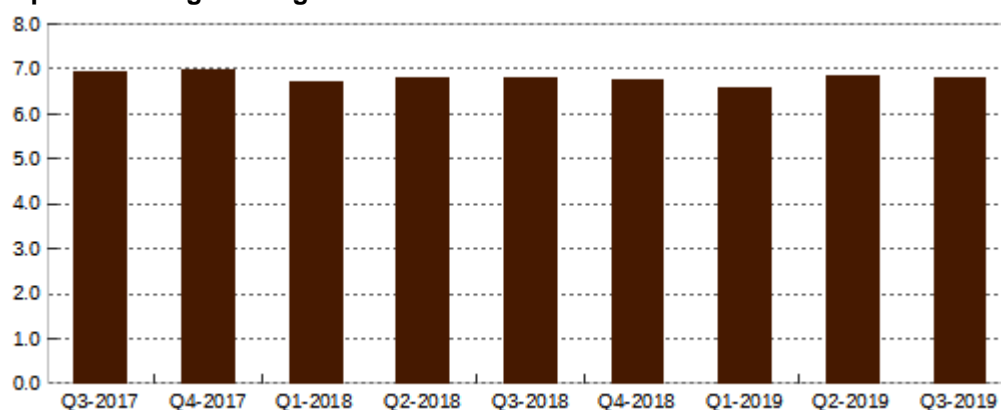
<sup>3/</sup> The monetary conditions index is a synthetic indicator for assessing the combined impact of interest and exchange rate policies on aggregate demand. It is calculated as a weighted average of the real effective exchange rate and the real interest rate and trends in the index are measured against the level of the index over the baseline period (average over the 2000-2010 period)

**Graph 13 - Quarterly trends in the monetary conditions index**

Source: BCEAO

### 3.1.4 Deposit and lending rates

120. The average lending rate, excluding taxes and fees, was 6.80% in the third quarter of 2019, compared to 6.85% in the previous quarter. In the same period last year, this indicator stood at 6.83%.

**Graph 14 - Average lending rates for WAMU banks**

Source: BCEAO

121. Lending rates by loan purpose showed contrasting trends in the various segments. Lower rates were reported for consumer loans (-56 basis points or bps), export loans (-44 bps) and equipment loans (-5 bps). On the other hand, rates increased for housing and cash flow loans.

**Table 18 - Trends in lending rates in WAEMU according to loan purpose (in %)**

	2017			2018				2019		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Housing	8.25	7.93	8.10	7.87	7.69	7.65	7.27	7.50	7.20	7.78
Exports	6.62	7.96	8.56	7.18	6.61	6.51	7.37	7.01	6.96	6.52
Equipment	7.16	7.39	7.74	7.93	8.12	7.63	7.45	7.01	7.79	7.74
Consumption	8.34	8.29	7.99	7.87	8.21	8.23	7.94	8.07	7.98	7.42
Cash flow	6.51	6.56	6.64	6.29	6.23	6.26	6.43	6.19	6.30	6.35
Other	7.26	7.38	7.23	6.74	7.21	7.45	7.00	7.03	7.79	7.05
<b>Total</b>	<b>6.89</b>	<b>6.97</b>	<b>7.00</b>	<b>6.75</b>	<b>6.80</b>	<b>6.83</b>	<b>6.78</b>	<b>6.61</b>	<b>6.85</b>	<b>6.80</b>

Source: BCEAO

122. Broken down by country, lending rates decreased in Guinea-Bissau (-122 bps), Niger (-26 bps) and Côte d'Ivoire (-15 bps). On the other hand, bank lending costs rose in Benin (+45 bps), Mali (+36 bps), Togo (+36 bps) and Burkina Faso (+11 bps).

**Table 19 - Trends in lending rates in WAMU by country (%)**

	2017			2018				2019		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Benin	7.93	7.96	7.84	7.91	8.22	7.71	7.53	7.52	7.03	7.48
Burkina Faso	6.83	7.45	7.35	7.51	7.45	7.53	7.30	7.21	7.24	7.35
Côte d'Ivoire	6.49	6.40	6.51	6.22	6.27	6.49	6.34	6.38	6.60	6.45
Guinea-Bissau	9.65	8.50	9.58	8.22	9.42	9.68	8.79	7.88	9.89	8.67
Mali	7.79	7.86	8.06	7.98	7.66	7.91	7.90	7.67	7.70	8.06
Niger	10.01	10.14	9.40	9.61	9.10	9.65	8.72	9.41	9.88	9.62
Senegal	5.93	5.94	6.29	5.79	5.81	5.71	6.21	5.56	5.91	5.89
Togo	7.69	8.22	8.33	8.26	8.50	8.09	7.82	7.80	7.64	7.99
<b>WAEMU</b>	<b>6.89</b>	<b>6.97</b>	<b>7.00</b>	<b>6.75</b>	<b>6.80</b>	<b>6.83</b>	<b>6.78</b>	<b>6.61</b>	<b>6.85</b>	<b>6.80</b>

Source: BCEAO

123. The average lending rate on time deposits stood at 5.36% in the third quarter of 2019 compared to 5.24% in the previous quarter.

**Table 20 - Trends in interest rates on term deposits in WAMU by country (%)**

	2017			2018				2019		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Benin	5.83	5.56	5.80	5.21	5.72	6.10	5.87	5.13	5.19	5.41
Burkina Faso	5.52	5.74	5.77	5.76	5.37	5.78	5.84	5.71	5.76	5.82
Côte d'Ivoire	5.07	4.97	4.92	4.80	4.96	5.04	5.11	4.96	4.83	4.83
Guinea-Bissau	3.70	4.73	3.88	3.79	4.85	4.67	3.83	3.51	5.31	4.67
Mali	4.91	4.90	4.86	4.95	4.91	4.82	5.12	5.03	5.14	5.06
Niger	6.04	5.32	5.42	5.20	5.81	5.71	6.05	5.65	5.58	6.03
Senegal	5.32	5.17	5.46	5.41	5.29	5.65	5.46	5.48	5.03	5.66
Togo	5.42	5.42	5.34	5.49	5.91	5.63	5.76	5.63	5.48	5.53
<b>WAEMU</b>	<b>5.33</b>	<b>5.30</b>	<b>5.35</b>	<b>5.25</b>	<b>5.32</b>	<b>5.50</b>	<b>5.54</b>	<b>5.35</b>	<b>5.24</b>	<b>5.36</b>

Source: BCEAO

### 3.2 - Monetary situation

124. During the third quarter of 2019, the Union's money supply declined compared to the previous quarter, reflecting a sharp drop in net external assets.

**Table 21 - Monetary situation at the end of September 2019** *(in billions, unless otherwise indicated)*

	Sept-2018	Dec.-2018	June-2019	Sept.-2019	Quarterly change (4)/(3)		Year-over-year change (4)/(1)	
	(1)	(2)	(3)	(4)	(amount)	(%)	(amount)	(%)
Money supply	26,020.0	27,726.8	28,409.8	28,221.2	-188.6	-0.7	2,201.2	8.5
Net foreign assets	5,093.1	5,375.1	5,760.8	5,315.6	-445.2	-7.7	222.5	4.4
Domestic claims	27,950.6	30,021.8	30,440.5	31,165.0	724.5	2.4	3,214.4	11.5
Net claims on CPAs *	7,455.5	8,110.5	7,779.6	8,710.5	930.9	12.0	1,255.0	16.8
Claims on the economy	20,495.2	21,911.4	22,660.9	22,454.5	-206.4	-0.9	1,959.3	9.6

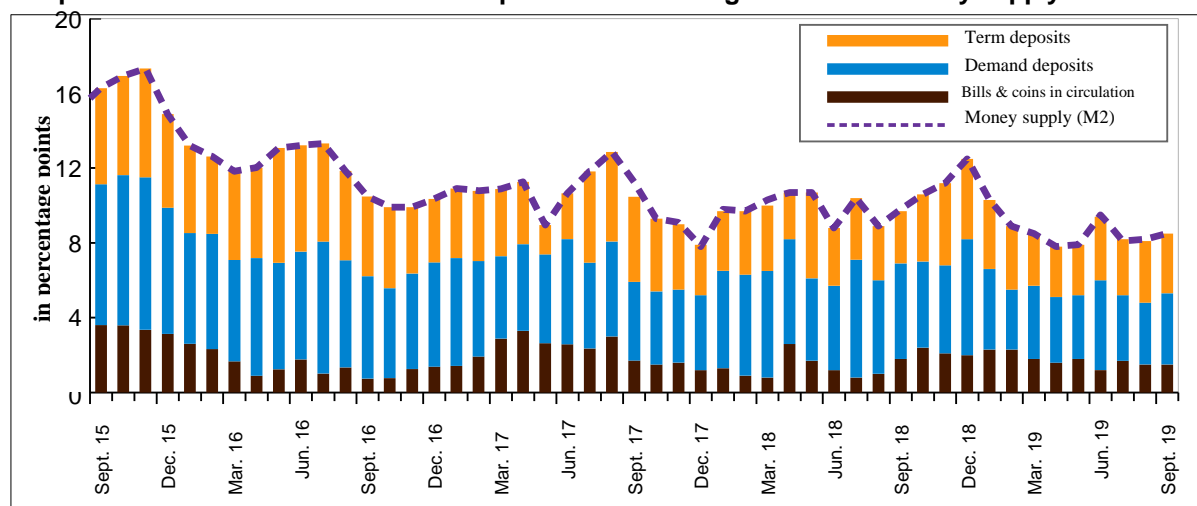
Source: BCEAO

(\*) CPAs: Central Public Administrations

#### 3.2.1 - The money supply and its components

125. During the third quarter, the money supply growth rate edged into negative territory at -0.7% at the end of September 2019, following a 2.3% increase at the end of June. The money supply grew by 8.5% on an annual basis, compared to 9.5% three months earlier.

**Graph 15 - Contributions of various components of annual growth in the money supply**



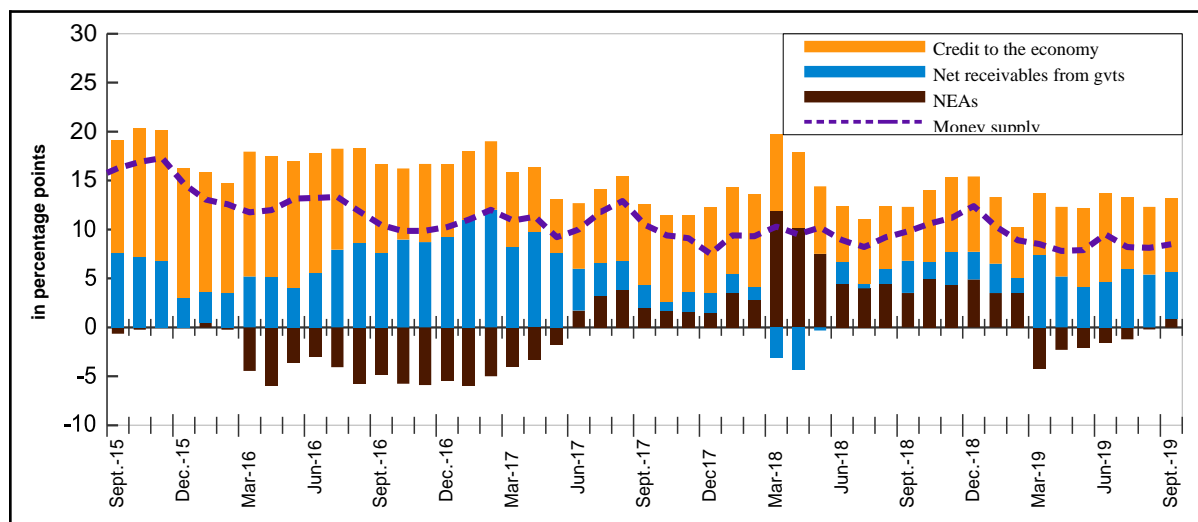
Source: BCEAO

126. The breakdown by components showed that the quarter-on-quarter decline in the money supply was reflected in the trends in deposits (-0.3% compared to +3.4% in the previous quarter) and in currency in circulation (-2.1% after -1.7%). The year-on-year increase in the money supply was reflected in increased deposits (+8.9% compared to +10.3% a year earlier) as well as in increased currency in circulation (+6.8% compared to +8.3%).

### 3.2.2 - Money supply counterparts

127. The decline in the money supply (-0.7%) during the third quarter of 2019 resulted from a 445.2 billion (-7.7%) decrease in net external assets after an increase of 47.1 billion in the previous quarter. Domestic claims, for their part, increased (+2.4% compared to +2.3% in the previous quarter), as a result of a recovery in net claims on the central public administrations (CPAs) of the Union (+12.0% versus -2.5%). On the other hand, claims on the economy declined (-0.9% after +4.1% in the previous quarter).

**Graph 16 - Counterpart contributions to annual growth in the money supply**



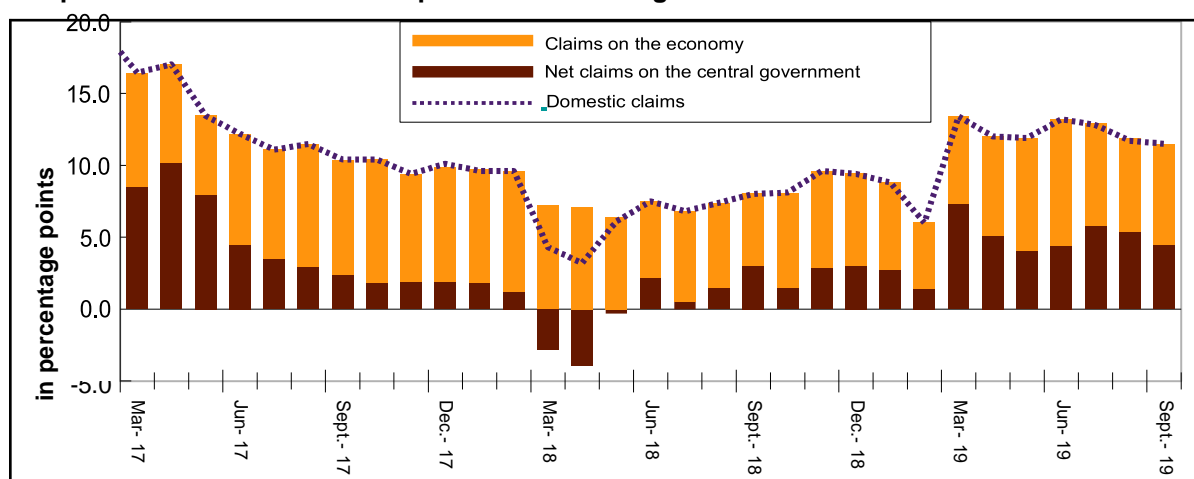
Source: BCEAO

#### **Domestic claims**

128. On a quarter-over-quarter basis, domestic claims rose, growing by 2.4% at the end of September 2019, on the heels of a 2.3% increase three months earlier. This trend reflected a sharp uptick in net claims by deposit-taking institutions on the central public administrations (CPAs) of the Union's Member States (+12.0% after -2.5%), with claims on the economy declining (-0.9%) over the period.

129. In terms of annual change, the increase in outstanding domestic claims stood at 11.5% at the end of September 2019, compared to 13.2% at the end of June 2019. This decline was due to combined slowdowns in claims on the economy (+9.6% versus +11.6% three months earlier) and net claims on CPAs (+16.8%, compared with +17.9% three months earlier). The contributions of claims on the economy and net claims on CPAs to the annual growth of domestic claims stood at 7.0 percentage points (pps) and 4.5 pps at the end of September 2019 compared to 8.8 pps and 4.4 pps, respectively, at the end of June 2019.



**Graph 17 - Contributions of components to annual growth in internal claims**

Source: BCEAO

**Net claims on the central public administrations (CPAs) of the Member States**

130. Net claims of deposit-taking institutions on CPAs increased by 12.0%, on a quarterly basis, following a 2.5% decline in the previous quarter. This renewed vitality reflected an increase in central government liabilities to banks (+477.5 billion or +5.7%), as a result of government securities issuances, combined with a decline in CPA deposits at the BCEAO (-441.4 billion or -22.9%).

**Claims on the economy**

131. Claims on the economy dropped slightly by 0.9% in the third quarter of 2019 compared to a 4.1% increase in the previous quarter. This decline was due mainly to a decrease in bank loans granted over the period to local governments (-17.1% after +21.0%) and to public non-financial enterprises (-1.2% from +0.7%). Growth in bank loans to the private sector slowed down, rising by 1.1% compared to +3.6% three months earlier.

132. On a year-over-year basis, claims on the economy grew by 9.6% at the end of September 2019, compared to 11.6% three months earlier.

**Net External Assets (NEAs)**

133. At the end of September 2019, net outstanding external assets at WAEMU deposit-taking institutions fell by 445.2 billion, following a 47.1 billion increase in the previous quarter. This was due to a decrease in the Central Bank's net external assets (-457.2 billion), whose impact was partially offset by a slight increase in banks' assets (+12.0 billion).

134. The sharp drop in the BCEAO's NEAs during the third quarter of 2019 was due to a decline in external assets (-344.3 billion), combined with an increase in external liabilities (+112.9 billion). This trend was driven by bank transfers, which showed a negative balance (-939 billion from one quarter to the next). These net outflows of resources from the banks, via the BCEAO, were used to hedge imports of foodstuffs (cereals) and hydrocarbons and to repatriate dividends. The Union's foreign exchange reserves stood at 8,697.9 billion at the end of September 2019, compared to 9,042.3 billion at the end of June 2019. This level of foreign exchange reserves provides for 4.8 months of imports of goods and services compared to 5.0 months at the end of June 2019 and reflects a 77.5% monetary issuance coverage rate, unchanged from the level recorded three months earlier.

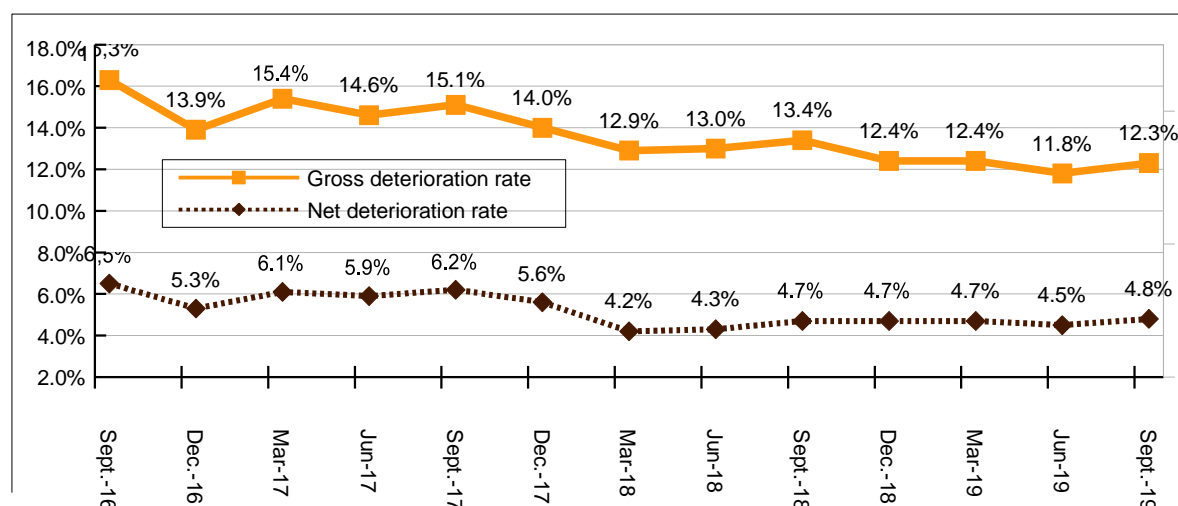
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135. Banks' NEAs were consolidated slightly in the third quarter of 2019 (+12.1 billion), following a drop in their external liabilities (-101.2 billion), which was larger than the decrease (-89.2 billion) in their external claims over the period.
136. Trends in the Union's net external assets on an annual basis showed a 222.5 billion increase at the end of September 2019, due to the combined effects of increases in banks' NEAs (+197.1 billion) and those of the BCEAO (+25.4 billion) over the period.

### **3.2.3 Banks' uses and resources**

137. Credit institutions' activity continued to grow during the third quarter of 2019. This upward trend resulted in a weakened cash position in the banking system, with a stronger growth in assets than in liabilities. Portfolio quality deteriorated slightly during the period under review.
138. On a quarterly basis, the resources of the banking system increased by 201.1 billion or +0.7% to 31,290.2 billion at the end of September 2019. This was due mainly to concomitant increases in net equity (+139.8 billion or +4.1%), following the strengthening of the capital of certain banks; in miscellaneous resources (+30.8 billion or +1.5%) and in deposits and borrowings (+30.4 billion or +0.1%).
139. Uses of lending institutions increased by 384.3 billion or 1.1% to reach 34,384.4 billion at the end of September 2019. This development was due to an increase in customer loans (+232.9 billion or +1.1%), especially medium-term loans (+343.1 billion or +3.5%), as well as overdrafts (+128.1 billion or +5.0%) and overdue loans (+74.0 billion or +7.6%). Other uses also increased (+151.4 billion or +1.2%) to 12,541.9 billion, reflecting growth in other fixed assets (+491.8 billion or +42.0%) and investment securities (+157.7 billion or +2.0%). On the other hand, miscellaneous other uses decreased by 478.8 billion or -28.7% to stand at 1,188.4 billion.
140. Total outstanding loans granted to the 50 largest businesses using bank credit (LBUBCs) in each Member State of the Union stood at 6,633.9 billion at the end of September 2019, compared with 6,461.7 billion at the end of June 2019 and 5,970.9 billion at the end of September 2018, i.e., an increase of 2.7% on a quarterly basis and 11.1% year over year. The ratio of loans reported to the Union's central credit bureau was 48.4% at the end of December 2019, compared with 47.4% at the end of June 2019. By sector, the major risks were mainly borne by companies operating in the "wholesale trade" (26.3%), "community services" (18.5%), "manufacturing industries" (15.4%), "transportation and communications" (11.8%) and "civil engineering and public works" (10.8%) sectors.

141. The quality of the portfolios of the Union's banks and bank-like financial institutions deteriorated by 0.5 percentage points from the previous quarter to 12.3%. Similarly, the net ratio deteriorated by 0.3 percentage points to 4.8% at the end of September 2019, reflecting a decline in risk hedging in terms of provisioning.

**Graph 18 - Trends in the quality of banking system portfolios in WAEMU**



Source: BCEAO

142. Year-over-year trends in banking activity were marked by an increase of 3,699.1 billion (+12.1%) in uses, driven by increases in loans (+2,622.4 billion or +13.6%) and other uses (+1032.3 billion or +9.0%). As for resources, they showed an increase of 3,230.9 billion (+11.5%), driven by deposits and borrowings as well as by net equity, which respectively rose by 2,388.0 billion (+10.3%) and 523.0 billion (+17.3%). In line with these trends, the structural deficit of the Union's credit institutions increased by 423.8 billion or 15.9% on an annual basis.

143. The gross portfolio deterioration rate, year over year, improved by 1.1 percentage point while the net rate deteriorated by 0.1 percentage point.

### 3.2.4 Central Bank interventions

144. The overall volume of BCEAO interventions stood at 6,534.0 billion, up by 315.7 billion compared to the end of June 2019. This development was attributable to increased refinancing granted by the Central Bank to the Union's banks (+268.5 billion), combined with an increase in the Central Bank's claims on national treasuries (+47.2 billion).

145. At the end of September 2019, the amount of outstanding loans granted to banks by the Central Bank stood at 4,531.1 billion.

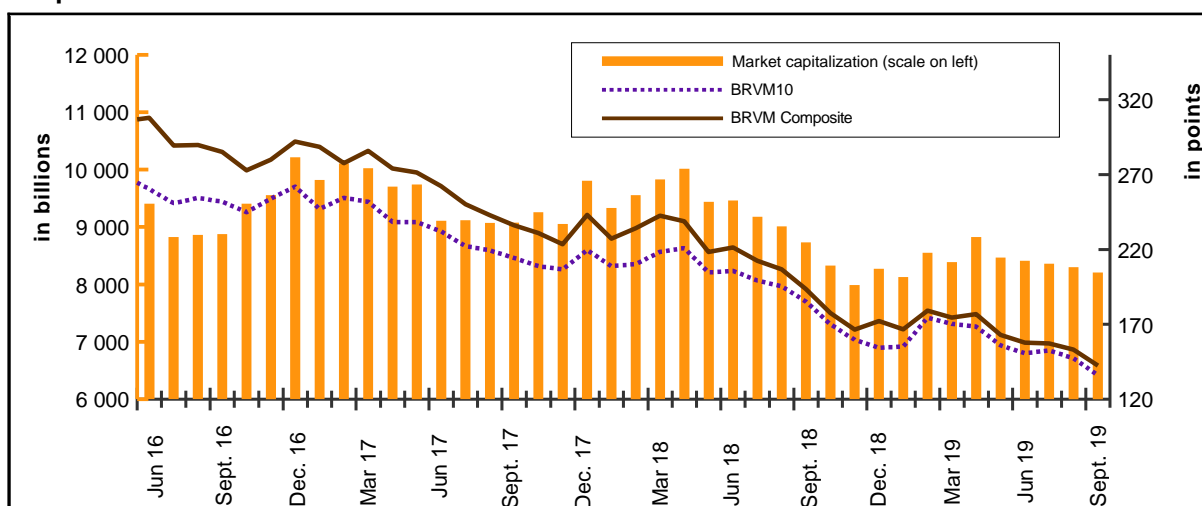
146. The Central Bank's increased claims on national treasuries (+47.2 billion) over the period were mainly due to an increase in IMF facilities (+73.6 billion), whose impact was partially offset by repayments made under facilities backed by SDR allocations (-26.0 billion) and consolidated monetary facilities (-0.7 billion).

147. The amount of outstanding refinancing facilities granted by the BCEAO to banks and backed by government securities stood at 3,251.6 billion at the end of October 2019, representing 32.3% of fiscal revenues in the penultimate fiscal year (2017), compared with 3,851.0 billion at the end of June 2019. In the same period of the previous year, it stood at 2,837.2 billion at the end of September 2018, accounting for 30.9% of the tax revenues of the penultimate fiscal year (2016).

### 3.3 - WAMU financial market

148. During the third quarter of 2019, sub-regional stock market activity continued its downward trend. The BRVM Composite index fell by 9.8% between June and September 2019, closing at 142.4 points compared with 157.79 points three months earlier. The index of the BRVM10, the ten most active stocks, stood at 136.03 points, down by 9.7% or 14.64 points from its level of 150.67 points recorded at the end of June 2019. On an annual basis, the BRVM Composite and BRVM10 indexes were down by 26.39% and 26.55% respectively.

**Graph 19 - Trends in BRVM indicators**



Source: BRVM

149. Apart from the “Other Sectors” index (+2.9%) and the “Transportation” index (0.0%), all the sector indexes were down during the quarter under review: “Agriculture” (-24.8%), “Industry” (-11.4%), “Utilities” (-11.2%), “Retail” (-10.7%) and “Finance” (-7.3%).

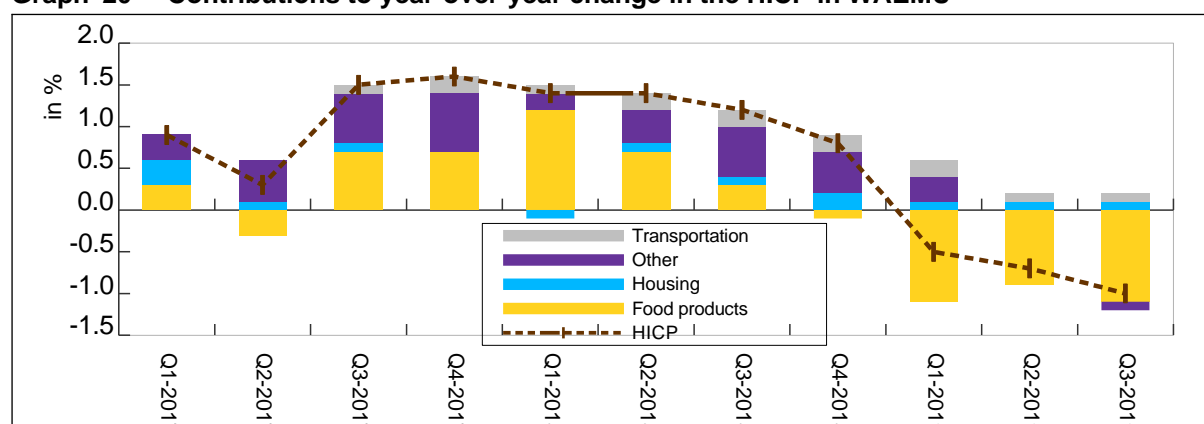
150. The market capitalization of all securities listed on the market stood at 8,205.50 billion, compared with 8,409.4 billion at the end of June 2019, down 203.9 billion or 2.4% from the end of June 2019. This development resulted from the decrease in the capitalization of the equity market (-459.9 billion or -9.8%) over the period, which could not be offset by increases in the capitalization of the bond market (+256.1 billion or +6.9%). The year-over-year analysis showed a drop of 532.2 billion or 6.1% in the overall market capitalization.

## IV - INFLATION AND EXTERNAL COMPETITIVENESS

### 4.1 - Recent trends in inflation

151. The year-over-year inflation rate in WAEMU remained in negative territory in the third quarter of 2019, standing at -1.0% compared with -0.7% a quarter earlier. The continued negative year-over-year trends in the general price level were mainly due to the continued decline in food prices in most of the Union's countries. Specifically, a significant decline in local cereal prices was observed in landlocked Sahelian countries. Prices for maize fell by 45% in Mali, 34% in Burkina Faso and 16% in Niger, while millet prices dropped by 37% in Mali, 24% in Burkina Faso and 21% in Niger. This development is correlated with a strong supply situation on the markets, induced by increased production in the previous crop year and anticipations of a substantial harvests in the current growing season.
152. Sales of cereals at moderate prices by public agencies and free distributions by humanitarian organizations in certain terrorism-plagued regions of the Sahel, where there were considerable numbers of internally displaced persons, also contributed to the downward trend. In addition, Burkina Faso's cereal exports to its neighbors declined in 2019, due to the security situation. There was also a decline in fruit and vegetable prices in Benin and Togo, mainly due to decreased demand owing to difficulties in selling the produce following the closure of the border between Benin and Nigeria.

**Graph 20 - Contributions to year-over-year change in the HICP in WAEMU**



Source: BCEAO

153. In addition to the factual elements mentioned above, the drop in food prices occurred against the backdrop of a steady improvement in food supplies in the Union over the past five years, combined with a drop in world food prices observed over several years (see Box).
154. The fact that the inflation rate remained in negative territory was also ascribable to the price decline noted under the "Communications" heading, in connection with the downward adjustment of rates, especially in Burkina Faso, Niger and Togo.
155. The decline in the overall level of consumer prices was, however, partially offset by an increase in the "Housing" and "Transportation" components, whose contribution to inflation was +0.1 percentage point. The upward trend in the "Transportation" function was attributable to increases in fuel prices, particularly in Burkina Faso, Côte d'Ivoire, Senegal, and Togo, and also to increases in the price of gasoline sold in bulk in Benin and Togo. With regard to the "Housing" heading, the trend was associated with increased prices for solid fuels (charcoal in particular) in Burkina Faso, Guinea-Bissau, Mali, and Niger.
156. The breakdown by product type showed a decline in prices for goods, which showed negative

growth of -1.9% in the third quarter of 2019, compared with -1.5% in the previous quarter, reflecting a fall in food prices. Services prices, meanwhile, rose by 1.2% in the third quarter of 2019, at a similar pace as in the previous quarter.

157. Core inflation, which measures trends in the general price level excluding fresh food and energy, came in at 0.3% year over year in the third quarter of 2019 compared with 0.5% a quarter earlier. In addition, energy prices rose by 2.4% in the third quarter of 2019, a faster increase than in the previous quarter when 1.8% growth was recorded. These developments suggest that the decline in the general price level only affected fresh produce, whose prices fell by 5.5% in the third quarter of 2019

**Table 22 - Trends in core inflation**

	Components	Weight. (in %)	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Annual changes (%)	Fresh produce	24.3	2.2	1.0	-3.5	-4.5	-5.5
	Energy	7.2	-1.9	1.5	0.6	1.8	2.4
	Core inflation index	68.5	1.1	0.7	0.5	0.5	0.3
Contributions (in % points)	Fresh produce	24.3	0.5	0.2	-0.9	-1.1	-1.4
	Energy	7.2	-0.1	0.1	0.0	0.1	0.2
	Core inflation index	68.5	0.8	0.5	0.4	0.3	0.2
<b>Total</b>		<b>100.0</b>	<b>1.2</b>	<b>0.8</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-1.0</b>

Sources: BCEAO, NSIs

158. Country-by-country analysis showed that the drop in inflation was mainly ascribable to the Sahelian countries (Burkina Faso, Mali, and Niger in particular) as well as Benin and, to a lesser extent, Guinea-Bissau. The price drop in the Sahelian countries was attributable to the "food" function, reflecting the extent of the decline in local cereal prices. In Benin, the drop was mainly due to the "Food" component, with a drop in fruit and vegetable prices. The trend observed in Guinea-Bissau was due to a drop in the price of gas and transportation services.

**Table 23 - Trends in core inflation by country**

Country	2017 (*)	2018 (*)	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Benin	1.8	0.8	1.7	-0.2	0.0	-2.1	-2.0
Burkina Faso	2.9	1.9	2.3	0.9	-1.6	-2.9	-4.9
Côte d'Ivoire	0.4	0.6	0.6	0.8	0.6	0.9	0.7
Guinea-Bissau	1.0	0.3	0.0	1.7	2.4	-0.5	-0.1
Mali	2.4	1.9	2.0	0.8	-4.3	-2.4	-1.8
Niger	0.1	2.8	2.7	1.2	-1.4	-3.3	-3.3
Senegal	2.2	0.5	-0.5	0.7	0.5	1.4	1.0
Togo	-0.2	0.9	0.7	1.7	2.2	0.2	0.3
<b>WAEMU</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>0.8</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-1.0</b>

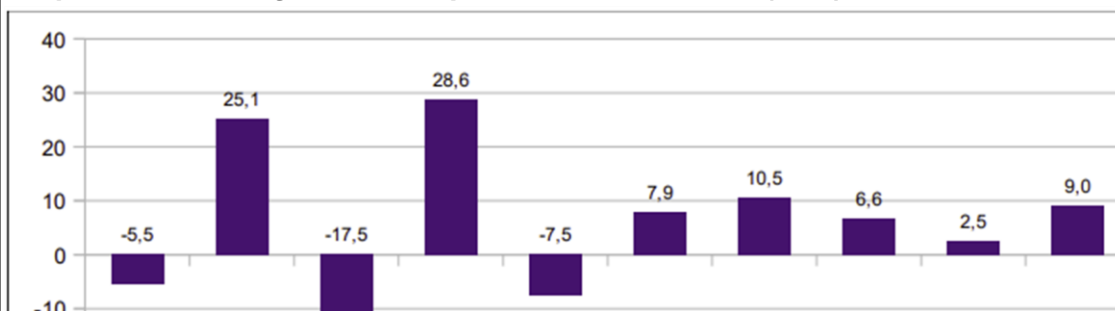
Sources: BCEAO, NSIs

### Box: Trends in cereal production in WAEMU and world food prices in recent years

The inflation rate in the WAEMU Union has followed a downward trend since the beginning of 2019. Food products, which accounted for almost half (42.5%) of goods and services consumed by households, were the main drivers of the recent decline in prices, contributing an average of -1.0 percentage point to total inflation over the first three quarters of the current year. These trends were driven mainly by cereal production in the Union and world food prices.

Following several episodes of irregular trends in cereal production between 2009 and 2014, which led to regular price fluctuations over the same period, cereal production has been on the rise in recent years. Since 2014, no downward shocks in cereal production have been noted in the Union.

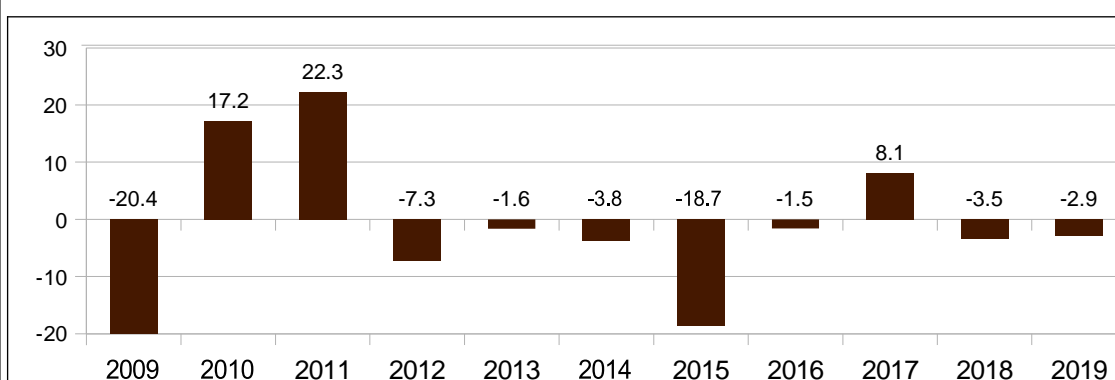
**Graph 1: Trends in gross cereal production in WAEMU (in %)**



Source: BCEAO

In addition, global food prices have also declined over the past seven years, with the exception of 2017 when they went up.

**Graph 2: Trends in global food prices (in %)**



Source: FAO/IMF

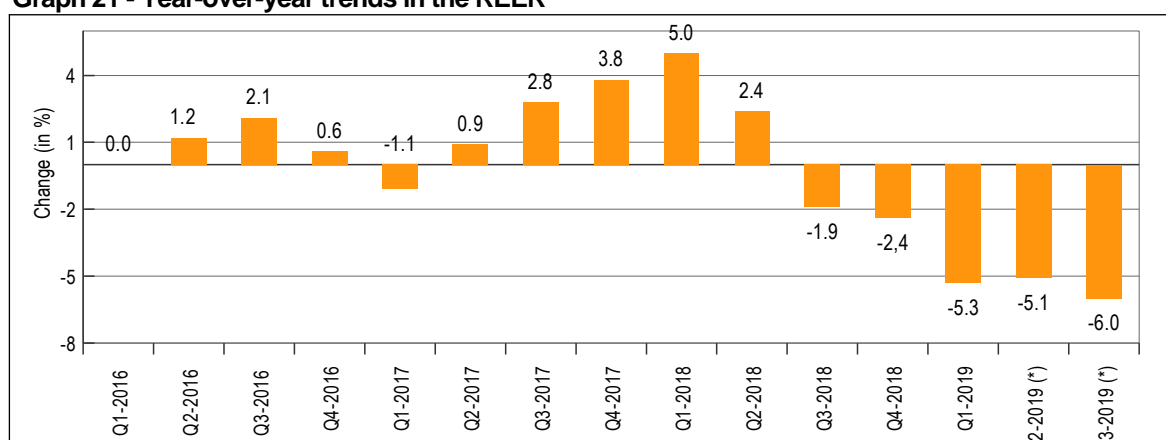
These trends partly explain the slowdown in inflation from an average of 2% over the 2009-2013 period to less than 1% between 2014 and 2018 (0.7%).

## 4.2 - External competitiveness

159. The real effective exchange rate (REER) fell by 6.0% in the third quarter of 2019 compared with the same period of the previous year, following a 5.1% drop a quarter earlier. This development reflected a gain in competitiveness for the Union, due mainly to an inflation differential that was favorable to WAEMU (-4.3%) over its partners, coupled with a decline in the nominal effective exchange rate (-1.8%).

160. Trends in the nominal effective exchange rate in the third quarter of 2019 mainly reflected the annual depreciation of the CFA franc against the naira (-4.6%), the U.S. dollar (-5.7%), the Japanese yen (-5.1%), the Swiss franc (-4.1%) and the Canadian dollar (-2.3%). In contrast, the CFA franc appreciated against the South African rand (+7.3%) and the Ghanaian cedi (+7.1%).

**Graph 21 - Year-over-year trends in the REER**



Source: BCEAO (\*) estimates (-) for gains in competitiveness and (+) for decreased competitiveness.

161. As for the inflation rate in the Union, it stood at -1.0% in the third quarter of 2019, compared with an average increase of 3.3% in the partner countries.

162. The table below tracks gains or losses in overall competitiveness with respect to partner groups.

**Table 24 - Trends in competitiveness by partner groups (%)**

Partner countries	Year		Quarterly change			Annual change		
	2017	2018	Q1-2019	Q2-2019 (*)	Q3-2019 (*)	Q1- 2019	Q2- 2019 (*)	Q3-2019 (*)
Developed countries	1.5	0.6	-1.6	-0.5	-0.6	-3.6	-3.6	-3.6
Eurozone	0.5	-0.8	-1.2	-0.5	-0.1	-2.2	-2.3	-2.3
Neighboring countries	5.4	-3.2	-3.1	-3.8	-3.0	-13.0	-12.1	-12.1
Asian countries	0.9	3	-0.8	-1.5	-2.3	-5.5	-4.4	-5.9
EU countries	0.9	-0.7	-1.3	-0.5	0.1	-2.2	-2.3	-2.3
Emerging countries	-1.8	3.3	-2.4	-1.4	-1.6	-2.9	-2.8	-6.3
CEMAC	1	0.8	-1.1	1.1	-0.4	-1.2	-1.3	-1.6
<b>All</b>	<b>1.2</b>	<b>0.7</b>	<b>-2.1</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-5.3</b>	<b>-5.1</b>	<b>-6.0</b>

Source: BCEAO.

(\*) Estimates

(+) REER appreciation or loss of competitiveness (-) REER depreciation or gain in competitiveness



## V - INFLATION FORECAST

163. Forecasts of overall price levels were based on the outlook for changes in the international environment and the domestic economic situation. More specifically, they were based on inflation forecasts for the Eurozone, international food and oil prices, and the euro/dollar exchange rate. At the domestic level, the outlook for food-crop production was taken into account.

### 5.1 - Assumptions used for inflation projections

164. Forecasting assumptions were based on an average crude oil price (WTI) of \$57 in 2019, compared with an initial forecast<sup>4</sup> of \$61 and an actual price of \$65 in 2018. The average price of crude oil is expected to remain stable at \$57 in 2020 and 2021.

165. On the foreign exchange market, the euro is expected to average \$1.12 in 2019, 2020, and 2021,<sup>5</sup> compared with \$1.18 in 2018.

166. Assumptions about imported inflation also incorporated the outlook for the overall global price level. Specifically, the inflation rate in the Eurozone<sup>6</sup> is expected to fall from 1.8% in 2018 to 1.2% in 2019 and 1.0% in 2020, before rising to 1.5% in 2021.

167. The IMF forecasts pointed to a decline in world food prices in 2019, followed by increases in 2020 and 2021. Following a 2.9% decrease in 2019, prices were expected to rise by 2.1% in 2020 and 0.1% in 2021. The anticipated price hike in 2020 reflects the expected 2.4% year-on-year decline in world grain production.

168. Based on agro-hydro-climatic forecasts by the Inter-State Committee for Drought Control in the Sahel (CILSS), the 2019-2020 agropastoral season was characterized by an early start to planting and also by heavy rains that caused flooding in some regions. Based on this, cereal production for the 2019/2020 season was estimated at a level 5.0% higher than in the previous season. A similar outlook is expected for the 2020/2021 season.

169. Considering the uncertainties surrounding trends in global economic activity, two additional scenarios, one positive and one negative, were developed to supplement the baseline scenario for the medium-term inflation outlook. These scenarios were built around the median projections, with margins of plus or minus 5 points (cereal production, imported food prices, exchange rate), or plus or minus 10 US dollars (price per barrel of crude oil).

<sup>4/</sup> Futures market data is Bloomberg data.

<sup>5/</sup> ECB projections, September 2019.

<sup>6/</sup> ECB forecasts, September 2019.

**Table 25 - Inflation projection assumptions (%)**

	2018	2019			2020			2021		
		Lower	Median	Higher	Lower	Median	Higher	Lower	Median	Higher
Barrel of oil (WTI, in dollars)	65	55	57	59	47	57	67	47	57	67
Euro/dollar exchange rate	1.18	1.13	1.12	1.11	1.17	1.12	1.07	1.17	1.12	1.07
Eurozone inflation (%)	1.8	1.0	1.2	1.4	0.5	1.0	1.5	1.0	1.5	2.0
Food prices (%)	-0.6	-4.0	-2.9	0.0	-2.9	2.1	7.1	-4.9	0.1	5.1
Cereal production in the Union (%)	9.0	10.0	5.0	0.0	10.0	5.0	0.0	10.0	5.0	0.0

Sources: Bloomberg, ECB, BCEAO

## 5.2 - Inflation profile over the next eight quarters

170. The projections presented in the table below take into account the low, high, and median assumptions.

171. Under the median scenario, the year-over-year inflation rate is projected at -0.9% in the fourth quarter of 2019 and is expected to return to positive territory starting in the first quarter of 2020, reflecting the impact of upward adjustments in fuel pump prices observed in some countries of the Union and the expected recovery in cereal product prices after the sharp decline noted in 2019.

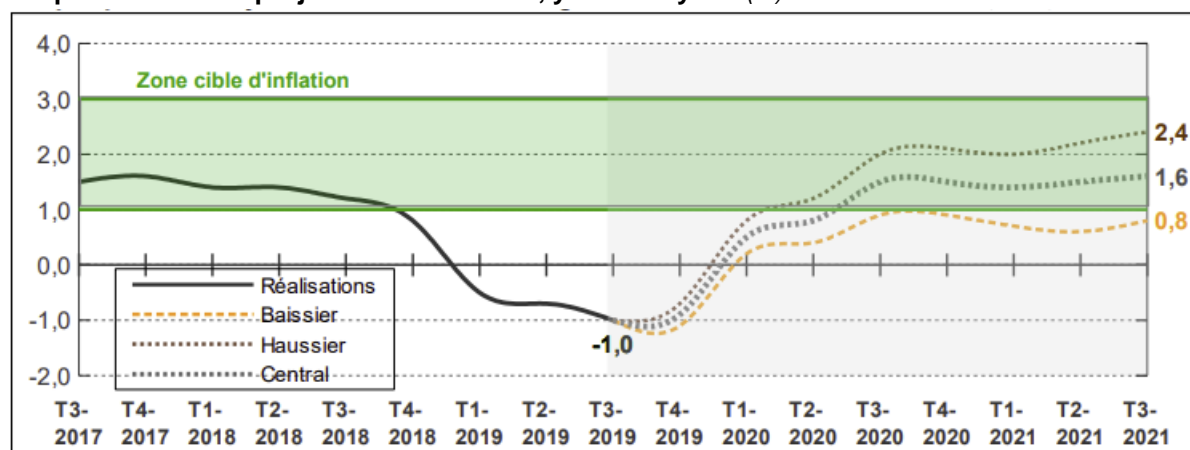
**Table 26 - Inflation outlook in WAEMU (%)**

		Year over year									Average			
		2019		2020				2021			2018	2019	2020	Eight quarters
		Q3 Actual	Q4 Fcst	Q1 Fcst	Q2 Fcst	Q3 Fcst	Q4 Fcst	Q1 Fcst	Q2 Fcst	Q3 Fcst				
Inflation rate	Lower scenario	-1.0	-1.1	0.2	0.4	0.9	0.9	0.7	0.6	0.8	1.2	-0.9	0.6	0.4
	Median scenario	-1.0	-0.9	0.5	0.8	1.5	1.5	1.4	1.5	1.6	1.2	-0.8	1.1	1.0
	Higher scenario	-1.0	-0.7	0.8	1.2	2.0	2.1	2.0	2.2	2.4	1.2	-0.7	1.5	1.5

Source: BCEAO

172. Looking ahead eight quarters, the inflation rate is expected to be 1.6% year on year, within the comfort zone (between 1.0% and 3.0%) defined for the implementation of the Union's monetary policy. The gradual rise in inflation until 2020 reflects the assumption of a decline in production growth during the next growing season (+5.0% compared to +9.1% previously), as well as the anticipated recovery in imported food prices from 2020.

Graph 22 - Inflation projections in WAEMU, year over year (%)



Source: BCEAO

### 5.3 - Risks to the inflation outlook

173. Risks to the inflation outlook, both upside and downside, appear to be balanced overall.

174. Downside risks pertaining to inflation over the next few quarters include the possibility of a larger-than-expected decline in food prices in EU countries, which would be caused by a larger-than-projected increase in cereal production and a further easing of world food prices.

175. The upside risks could include a reversal in oil price trends and the impact of the Benin-Nigeria border closure on bulk fuel prices.

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**APPENDICES**

- **Table A.1: Treasury bills issued in 2019**
- **Table A.2: Treasury bonds issued in 2019**
- **Table A.3: WAMU: Central Bank summary statement**
- **Table A.4: WAMU: Summary statement of banks**
- **Table A.5: WAMU: Monetary aggregates**
- **Table A.6: WAMU: Net claims on CPAs**
- **Table A.7: Breakdown of inflation in WAEMU**

**Table A.1: Treasury bills issued in 2019 (\*)**  
(in millions of CFA francs, unless otherwise indicated)

Issuer	Instrument	Maturity (in years)	Date issued	Value date	Due date	Amount advertised	Amount offered	Amount accepted	AR	WAR
Bénin	BT	0,50	21/02/19	22/02/19	22/08/19	25 000	26 890	25 000	6,35	6,10
	BT	0,50	16/05/19	17/05/19	14/11/19	25 000	50 911	27 500	5,35	5,07
	BT	0,25	13/06/19	14/06/19	12/09/19	25 000	26 646	26 646	6,00	5,70
Burkina	BT	1,00	08/01/19	09/01/19	07/01/20	25 000	25 313	25 313	6,50	6,23
	BT	1,00	23/01/19	24/01/19	22/01/20	15 000	16 323	16 322	6,49	6,40
	BT	0,50	06/02/19	07/02/19	07/08/19	30 000	32 381	30 000	6,40	6,16
	BT	1,00	20/02/19	21/02/19	19/02/20	15 000	26 897	15 791	6,40	6,23
	BT	1,00	06/03/19	07/03/19	04/03/20	30 000	51 329	33 000	6,32	6,25
	BT	0,25	03/04/19	04/04/19	03/07/19	25 000	61 179	27 500	5,85	5,81
	BT	1,00	17/04/19	18/04/19	15/04/20	25 000	87 362	27 500	5,80	5,80
	BT	1,00	22/05/19	23/05/19	20/05/20	20 000	67 554	22 000	5,38	5,12
	BT	0,25	26/06/19	27/06/19	25/09/19	25 000	32 867	25 597	5,75	5,33
	BT	1,00	24/07/19	25/07/19	22/07/20	20 000	91 880	22 000	5,25	5,15
Cote d'Ivoire	BT	1,00	21/08/19	22/08/19	19/08/20	20 000	70 994	22 000	5,25	5,16
	BT	0,25	11/01/19	14/01/19	14/04/19	30 000	40 702	30 000	5,10	4,88
	BT	1,00	15/01/19	16/01/19	14/01/20	35 000	46 735	38 500	5,80	5,50
	BT	0,50	29/01/19	30/01/19	30/07/19	30 000	44 330	33 000	5,70	5,53
	BT	0,25	04/02/19	05/02/19	06/05/19	30 000	47 273	33 000	5,15	5,06
	BT	1,00	12/02/19	13/02/19	11/02/20	35 000	35 510	33 002	5,80	5,75
	BT	0,50	26/02/19	27/02/19	27/08/19	30 000	30 508	26 500	5,50	5,36
	BT	0,25	05/03/19	06/03/19	04/06/19	30 000	46 040	33 000	5,10	5,05
	BT	0,50	13/03/19	14/03/19	11/09/19	30 000	18 168	16 158	5,55	5,38
	BT	0,50	26/03/19	27/03/19	24/09/19	30 000	18 260	15 750	5,55	5,38
	BT	1,00	01/04/19	02/04/19	30/03/20	30 000	6 900	0	0,00	0,00
	BT	0,25	12/04/19	15/04/19	14/07/19	25 000	45 955	27 500	5,05	5,03
	BT	0,25	26/04/19	29/04/19	28/07/19	30 000	69 645	33 000	4,85	4,84
	BT	0,25	14/05/19	15/05/19	13/08/19	25 000	57 211	27 500	4,49	4,38
	BT	1,00	21/05/19	22/05/19	19/05/20	20 000	20 512	18 512	5,60	5,17
	BT	0,25	27/05/19	28/05/19	26/08/19	25 000	34 707	27 500	4,50	4,48
	BT	0,25	24/06/19	25/06/19	23/09/19	25 000	45 952	27 500	4,40	4,33
	BT	0,25	09/07/19	10/07/19	08/10/19	27 500	23 700	18 700	5,05	4,84
	BT	1,00	09/07/19	10/07/19	07/07/20	27 500	35 107	30 503	5,60	5,32
	BT	0,25	16/07/19	17/07/19	15/10/19	25 000	30 558	27 500	5,50	4,80
	BT	0,25	05/08/19	06/08/19	04/11/19	25 000	53 237	27 500	5,05	4,81
	BT	0,25	20/08/19	21/08/19	19/11/19	25 000	44 039	27 500	4,80	4,76
	BT	0,25	16/09/19	17/09/19	16/12/19	25 000	55 705	12 127	4,49	4,45
	BT	0,25	24/09/19	25/09/19	24/12/19	25 000	73 508	27 500	4,30	4,21
	BT	0,25	27/09/19	30/09/19	29/12/19	25 000	56 506	27 500	4,09	4,07
Guinée-Bissau	BT	1,00	05/02/19	06/02/19	04/02/20	6 000	4 008	4 008	6,60	6,48
	BT	1,00	02/04/19	03/04/19	31/03/20	8 000	12 841	8 800	6,45	6,34
Mali	BT	1,00	16/01/19	17/01/19	15/01/20	20 000	39 584	22 000	6,25	5,96
	BT	1,00	13/02/19	14/02/19	12/02/20	20 000	37 742	22 000	6,31	6,06
	BT	1,00	15/05/19	16/05/19	13/05/20	25 000	70 430	27 500	5,59	5,49
Niger	BT	1,00	12/06/19	13/06/19	10/06/20	20 000	43 642	22 000	5,50	5,32
	BT	1,00	17/01/19	18/01/19	16/01/20	20 000	29 803	21 923	6,45	6,23
	BT	1,00	14/02/19	15/02/19	13/02/20	25 000	37 466	27 068	6,30	6,16
	BT	1,00	11/04/19	12/04/19	09/04/20	20 000	68 364	22 000	6,00	6,00
	BT	1,00	28/05/19	29/05/19	26/05/20	20 000	27 213	22 000	5,85	5,61
	BT	0,50	20/06/19	21/06/19	19/12/19	40 000	79 211	44 000	5,80	5,61
	BT	1,00	27/06/19	28/06/19	25/06/20	20 000	33 456	22 000	6,00	5,87
	BT	1,00	04/07/19	05/07/19	02/07/20	20 000	58 254	22 000	5,90	5,85
	BT	1,00	30/07/19	31/07/19	28/07/20	20 000	27 495	22 000	5,80	5,44
	BT	1,00	08/08/19	09/08/19	06/08/20	20 000	42 954	22 000	5,70	5,49
	BT	1,00	22/08/19	23/08/19	20/08/20	20 000	56 375	22 000	5,50	5,11
	BT	1,00	12/09/19	13/09/19	10/09/20	20 000	35 322	22 000	5,50	5,37
	BT	0,25	26/09/19	27/09/19	26/12/19	25 000	59 923	27 500	5,25	5,07
Togo	BT	1,00	19/04/19	23/04/19	20/04/20	20 000	77 135	22 000	5,75	5,631
	BT	1,00	14/06/19	17/06/19	14/06/20	20 000	21 354	15 729	6,00	5,826

Source: BCEAO

(\*) at the end of September 2019

**Table A.2: Treasury bonds issued in 2019 (\*)**  
(in millions of CFA francs, unless otherwise indicated)

Issuer	Instrument	Issued by	Maturity (in years)	Date issued	Value date	Due date	Amount advertised	Amount offered	Amount accepted	AR	WAR	Coupon
Bénin	OT	Adjudication	3.00	24/01/19	25/01/19	25/01/22	20 000	47 425	22 000	7,24	7,18	6,10
	OT	Adjudication	3.00	07/02/19	08/02/19	25/01/22	20 000	40 083	22 000	7,25	6,99	6,10
	OT	Adjudication	5.00	07/03/19	08/03/19	08/03/24	15 000	20 320	13 320	7,53	6,99	6,30
	OT	Adjudication	5.00	18/04/19	19/04/19	19/04/24	15 000	58 105	18 447	6,84	6,77	6,30
	OT	Adjudication	7.00	18/04/19	19/04/19	19/04/26	15 000	16 503	14 553	7,19	7,06	6,40
Burkina	OT	Adjudication	3.00	23/01/19	24/01/19	24/01/22	15 000	13 439	13 229	7,79	7,57	6,15
	OT	Adjudication	3.00	20/02/19	21/02/19	21/02/22	15 000	18 781	17 208	7,69	7,58	6,15
	OT	Syndication	8.00	30/04/19	07/05/19	07/05/27	60 000	86 363	86 363	6,49	6,49	6,50
	OT	Adjudication	3.00	08/05/19	09/05/19	09/05/22	12 500	59 872	7 417	6,14	6,07	6,15
	OT	Adjudication	5.00	08/05/19	09/05/19	09/05/24	12 500	22 044	20 083	6,97	6,72	6,25
	OT	Adjudication	3.00	07/06/19	11/06/19	09/05/22	20 000	44 436	22 000	6,33	6,19	6,15
	OT	Adjudication	3.00	10/07/19	11/07/19	11/07/22	25 000	49 064	27 500	6,52	6,37	6,15
	OT	Adjudication	3.00	06/08/19	07/08/19	07/08/22	20 000	35 763	22 000	6,51	6,40	6,15
	OT	Adjudication	5.00	04/09/19	05/09/19	05/09/24	20 000	57 990	22 000	6,48	6,41	6,25
	OT	Adjudication	3.00	22/01/19	23/01/19	23/01/22	35 000	12 500	0	0,00	0,00	5,70
Cote d'Ivoire	OT	Syndication	7.00	15/03/19	20/03/19	20/03/26	75 000	102 481	102 481	5,74	5,74	5,75
	OT	Syndication	10.00	15/03/19	20/03/19	20/03/29	50 000	31 533	31 533	5,99	5,99	6,00
	OT	Syndication	5.00	15/03/19	03/06/21	03/06/26	40 000	50 320	50 320	2,23	2,23	2,23
	OT	Syndication	7.00	15/03/19	03/06/19	03/06/26	70 000	75 480	75 480	5,74	5,74	5,75
	OT	Adjudication	5.00	19/03/19	20/03/19	20/03/24	30 000	31 500	31 500	7,29	6,81	5,80
	OT	Adjudication	3.00	03/05/19	06/05/19	06/05/22	75 000	121 568	116 248	6,84	6,80	5,90
	OT	Adjudication	5.00	03/05/19	06/05/19	06/05/24	75 000	40 985	40 985	6,84	6,71	6,00
	OT	Adjudication	3.00	21/05/19	22/05/19	22/05/22	20 000	28 458	25 488	6,44	5,75	5,70
	OT	Adjudication	3.00	23/07/19	24/07/19	24/07/22	25 000	27 002	26 202	6,45	6,42	5,70
	OT	Adjudication	3.00	05/08/19	06/08/19	06/08/22	25 000	40 500	27 500	6,45	6,41	5,70
Guinée-Bissau	OT	Adjudication	3.00	16/09/19	17/09/19	17/09/22	25 000	42 873	42 873	6,45	6,39	5,70
	OT	Adjudication	3.00	12/03/19	13/03/19	13/03/22	6 000	6 899	6 566	8,04	7,84	6,50
	OT	Adjudication	3.00	11/06/19	12/06/19	12/06/22	10 000	14 945	11 000	7,64	7,18	6,50
	OT	Adjudication	3.00	17/09/19	18/09/19	18/09/22	5 000	12 540	3 941	7,07	6,80	6,50
	OT	Adjudication	5.00	17/09/19	18/09/19	18/09/24	5 000	13 091	7 059	7,48	7,22	6,65
Mali	OT	Adjudication	3.00	08/10/19	09/10/19	18/09/22	7 500	11 952	6 200	6,97	6,91	6,50
	OT	Adjudication	5.00	08/10/19	09/10/19	09/10/24	7 500	30 333	10 300	7,37	7,28	6,65
	OT	Adjudication	3.00	30/01/19	31/01/19	31/01/22	20 000	14 778	14 708	7,68	7,42	6,15
	OT	Adjudication	3.00	27/02/19	28/02/19	28/02/22	25 000	50 182	41 850	7,69	7,14	6,15
	OT	Adjudication	5.00	27/02/19	28/02/19	28/02/24	25 000	13 150	13 150	7,47	7,07	6,40
	OT	Adjudication	3.00	27/03/19	28/03/19	28/03/22	20 000	52 944	22 000	7,67	7,42	6,15
	OT	Adjudication	3.00	10/04/19	11/04/19	11/04/22	20 000	74 107	22 000	7,19	7,10	6,15
	OT	Adjudication	5.00	24/04/19	25/04/19	28/02/24	15 000	57 195	16 500	6,80	6,73	6,40
	OT	Adjudication	5.00	29/05/19	31/05/19	31/05/24	20 000	32 979	22 000	6,75	6,69	6,40
	OT	Syndication	8.00	17/06/19	12/07/19	12/07/27	100 000	116 421	116 421	6,49	6,49	6,50
	OT	Syndication	8.00	05/07/19	12/07/19	12/07/27	100 000	116 421	116 421	6,49	6,49	6,50
	OT	Adjudication	3.00	31/07/19	01/08/19	01/08/22	20 000	50 621	22 000	6,62	6,43	6,15
	OT	Adjudication	5.00	14/08/19	16/08/19	16/08/24	20 000	19 246	16 746	7,38	7,06	6,40
	OT	Adjudication	3.00	28/08/19	29/08/19	29/08/22	25 000	70 288	27 500	6,59	6,47	6,15
	OT	Adjudication	5.00	11/09/19	12/09/19	12/09/24	20 000	48 745	22 000	6,79	6,66	6,40
Niger	OT	Adjudication	3.00	25/09/19	26/09/19	26/09/22	20 000	50 797	22 000	6,14	6,15	6,15
	OT	Adjudication	5.00	14/03/19	15/03/19	15/03/24	30 000	42 625	33 000	7,74	6,94	6,25
	OT	Syndication	7.00	25/03/19	28/03/19	28/03/26	60 000	71 500	71 500	6,49	6,49	6,50
	OT	Adjudication	3.00	28/03/19	29/03/19	29/03/22	20 000	69 325	22 000	7,48	7,38	6,15
Sénégal	OT	Adjudication	3.00	09/05/19	10/05/19	10/05/22	20 000	66 341	22 000	6,22	6,15	6,15
	OT	Adjudication	3.00	06/06/19	07/06/19	07/06/22	18 000	43 231	0	0,00	0,00	5,85
	OT	Adjudication	5.00	06/06/19	07/06/19	07/06/24	18 000	50 131	20 600	6,06	6,00	6,00
	OT	Adjudication	7.00	06/06/19	07/06/19	07/06/26	19 000	35 642	34 400	6,51	6,33	6,15
	OT	Adjudication	3.00	13/09/19	16/09/19	16/09/22	16 667	50 700	35 450	5,84	5,73	5,85
Togo	OT	Adjudication	5.00	13/09/19	16/09/19	16/09/24	16 667	88 000	0	0,00	0,00	6,00
	OT	Adjudication	7.00	13/09/19	16/09/19	16/09/26	16 667	39 321	19 550	6,41	6,30	6,15
	OT	Adjudication	3.00	25/01/19	28/01/19	28/01/22	20 000	36 094	22 000	7,58	7,38	6,25
	OT	Adjudication	3.00	08/02/19	11/02/19	11/02/22	20 000	27 847	20 000	7,99	7,57	6,25
	OT	Adjudication	3.00	22/02/19	25/02/19	23/04/21	15 000	35 679	13 000	8,00	7,88	6,25
	OT	Adjudication	3.00	08/03/19	11/03/19	11/03/22	10 000	19 780	16 588	7,39	7,26	6,25
	OT	Adjudication	5.00	08/03/19	11/03/19	11/03/24	10 000	5 815	5 412	7,48	7,34	6,50
	OT	Adjudication	3.00	05/04/19	08/04/19	11/03/22	20 000	77 239	22 000	7,22	7,17	6,25
	OT	Adjudication	5.00	17/05/19	20/05/19	11/03/24	20 000	62 070	22 000	6,73	6,62	6,50
	OT	Adjudication	3.00	31/05/19	03/06/19	03/06/22	15 000	41 789	16 500	6,60	6,29	6,25
	OT	Adjudication	3.00	28/06/19	01/07/19	03/06/22	20 000	40 205	22 000	7,01	6,62	6,25
	OT	Adjudication	3.00	12/07/19	15/07/19	15/07/22	20 000	43 060	22 000	6,62	6,52	6,25
	OT	Adjudication	5.00	26/07/19	29/07/19	11/03/24	20 000	37 525	22 000	6,74	6,68	6,50
	OT	Adjudication	3.00	09/08/19	13/08/19	15/07/22	20 000	29 557	22 000	6,82	6,55	6,25
	OT	Adjudication	5.00	06/09/19	09/09/19	09/09/24	20 000	48 466	22 000	6,73	6,62	6,50

Source: BCEAO (\*)

at the end of September 2019

**Table A.3: WAMU: Central Bank summary statement**

Encours en milliards - FCFA	2017				2018				2019		
	mars-17	juin-17	sept-17	déc-17	mars-18	juin-18	sept-18	déc-18	mars-19	juin-19	sept-19
Actifs extérieurs nets	4 743,9	6 106,5	5 378,5	5 304,6	7 504,8	7 594,8	6 461,9	6 584,5	6 815,1	6 944,5	6 487,3
Créances sur les non-résidents	6 722,6	8 103,5	7 335,9	7 188,8	9 403,3	9 632,0	8 561,2	8 565,7	8 879,3	9 047,0	8 702,7
Engagements envers les non-résidents	1 978,7	1 997,0	1 957,4	1 884,2	1 898,5	2 037,2	2 099,3	1 981,2	2 064,2	2 102,5	2 215,4
Créances sur les autres institutions de dépôt	4 478,9	4 373,1	3 892,5	4 180,8	3 841,5	3 607,0	3 673,3	4 196,2	4 315,5	4 262,6	4 531,1
Créances nettes sur l'administration centrale	575,8	-279,2	421,3	501,2	-975,2	-135,4	241,0	293,3	44,2	-1,3	470,3
Créances sur l'économie	245,9	256,4	262,2	209,5	229,1	244,3	250,1	437,3	466,7	472,1	478,9
<b>TOTAL ACTIF</b>	<b>10 044,5</b>	<b>10 456,8</b>	<b>9 954,4</b>	<b>10 196,2</b>	<b>10 600,2</b>	<b>11 310,7</b>	<b>10 626,3</b>	<b>11 511,3</b>	<b>11 641,5</b>	<b>11 677,8</b>	<b>11 967,6</b>
Base monétaire	8 023,2	8 402,4	7 883,3	8 016,1	8 501,9	9 080,7	8 522,3	8 969,5	9 073,1	9 036,3	9 044,2
Circulation fiduciaire	6 372,9	6 382,8	5 957,8	6 407,6	6 548,1	6 646,0	6 424,8	6 969,9	7 071,8	7 019,7	6 883,3
Dépôts des banques	1 291,4	1 664,1	1 296,9	1 231,9	1 557,6	2 001,8	1 631,3	1 581,7	1 600,9	1 599,9	1 686,0
Engagements envers les autres secteurs (1)	359,0	355,5	628,6	376,7	396,2	432,9	466,1	417,9	400,3	416,8	474,8
Dépôts exclus de la base monétaire (2)	1,1	2,8	1,0	8,4	0,4	3,2	0,5	0,5	7,0	1,8	0,5
Actions et autres titres de participation	2 048,5	2 021,4	2 006,4	1 950,4	2 045,4	2 150,6	2 098,2	2 363,7	2 504,6	2 465,0	2 661,3
Autres postes (net)	-28,3	30,2	63,6	221,3	52,5	76,3	5,3	177,6	56,8	174,6	261,5
<b>TOTAL PASSIF</b>	<b>10 044,5</b>	<b>10 456,8</b>	<b>9 954,4</b>	<b>10 196,2</b>	<b>10 600,2</b>	<b>11 310,7</b>	<b>10 626,3</b>	<b>11 511,3</b>	<b>11 641,5</b>	<b>11 677,8</b>	<b>11 967,6</b>
Source: BCEAO											
(1) Dépôts ouverts dans les livres de la BCEAO au profit des unités du secteur détenteur de monnaie, notamment les établissements financiers et les agents de la Banque Centrale.											
(2) Comptes de dépôt à caractère particulier ouverts dans les livres de la BCEAO par des sociétés non-financières publiques. Ces dépôts n'intègrent pas la définition de la monnaie au sens large.											

Table A.4: WAMU: Summary statement of banks

Encours en milliards - FCFA	2017				2018				2019		
	mars-17	juin-17	sept-17	déc-17	mars-18	juin-18	sept-18	déc-18	mars-19	juin-19	sept-19
Actifs extérieurs nets	-717,9	-1 054,3	-1 120,5	-1 132,2	-720,6	-1 417,5	-1 368,8	-1 209,4	-1 101,5	-1 183,7	-1 171,7
Créances sur les non-résidents	754,2	763,2	643,3	661,8	791,2	676,4	592,3	760,8	694,0	792,3	703,2
Engagements envers les non-résidents	-1 472,1	-1 817,5	-1 763,7	-1 794,0	-1 511,7	-2 093,9	-1 961,1	-1 970,2	-1 795,5	-1 976,1	-1 874,9
Créances sur la Banque Centrale	1 869,0	2 191,3	1 948,4	1 856,5	2 063,5	2 559,3	2 189,7	2 233,9	2 185,7	2 417,2	2 350,9
Créances nettes sur l'administration centrale	6 237,5	6 408,5	6 326,9	6 807,2	7 082,8	6 765,3	7 244,9	7 849,6	7 965,7	7 813,6	8 269,8
Créances sur l'économie	18 112,8	18 693,8	18 935,3	19 951,7	19 929,6	20 055,0	20 245,1	21 474,1	21 297,0	22 188,8	21 975,6
Créances sur les autres sociétés financières	1 060,6	1 058,0	980,6	1 059,8	1 029,9	1 060,6	946,7	856,2	806,8	726,7	703,5
Créances sur les sociétés non-financières publiques	1 034,3	1 121,7	1 174,2	1 139,2	1 387,3	1 260,3	1 354,7	1 651,4	1 706,7	1 951,4	1 698,6
Créances sur le secteur privé	16 018,0	16 514,0	16 780,5	17 752,7	17 405,5	17 706,0	17 878,7	18 861,3	18 670,2	19 372,4	19 509,1
<b>TOTAL ACTIF</b>											
Engagements envers la banque centrale	4 402,8	4 273,0	3 762,5	4 182,2	3 370,7	3 421,0	3 431,5	3 707,3	3 906,3	4 231,2	4 257,3
Dépôts transférables inclus dans la masse monétaire	9 131,7	9 531,8	9 538,3	10 097,8	10 515,0	10 710,8	10 687,0	11 636,1	11 449,2	11 953,9	11 637,6
Autres dépôts inclus dans la masse monétaire	7 748,9	7 941,9	7 983,6	8 157,8	8 513,4	8 586,4	8 860,1	9 127,4	9 281,8	9 494,7	9 704,1
Dépôts exclus de la masse monétaire au sens large	610,4	670,9	735,7	715,4	865,1	873,9	875,3	952,0	975,9	1 022,1	1 080,2
Titres autres qu'actions exclus de la masse monétaire	40,5	41,5	39,4	35,4	13,4	19,8	13,4	2,6	2,6	2,7	2,9
Emprunts	485,3	436,9	477,7	609,1	842,1	540,8	653,4	749,7	858,0	1 287,6	776,8
Actions et autres titres de participation	2 535,5	2 521,1	2 740,1	2 971,7	3 012,1	2 893,7	2 980,5	3 108,8	3 164,2	3 273,8	3 383,0
Autres postes (net)	546,4	822,2	812,8	713,8	1 223,6	915,8	809,6	1 064,3	709,0	-30,1	582,8
<b>TOTAL PASSIF</b>											

Source: BCEAO



Table A.5: WAMU: Monetary aggregates

En milliards de FCFA	2017				2018				2019		
	mars-17	juin-17	sept-17	déc-17	mars-18	juin-18	sept-18	déc-18	mars-19	juin-19	sept-19
<i>Circulation fiduciaire</i>	5 739,6	5 705,0	5 306,8	5 778,2	5 920,1	5 954,9	5 745,6	6 275,9	6 373,6	6 266,4	6 134,6
<i>Dépôts à vue</i>	9 608,1	10 024,7	10 031,4	10 660,6	11 047,6	11 273,9	11 249,7	12 189,3	12 061,9	12 533,8	12 239,6
<i>M1</i>	15 347,7	15 729,6	15 338,2	16 438,8	16 967,7	17 228,8	16 995,3	18 465,2	18 435,5	18 800,1	18 374,1
<i>Autres dépôts inclus dans la masse monétaire (1)</i>	7 860,1	8 032,1	8 352,3	8 211,0	8 630,8	8 718,6	9 024,7	9 261,7	9 345,5	9 609,7	9 847,1
<b>MASSE MONÉTAIRE (M2)</b>	<b>23 207,8</b>	<b>23 761,8</b>	<b>23 690,5</b>	<b>24 649,8</b>	<b>25 598,5</b>	<b>25 947,4</b>	<b>26 020,0</b>	<b>27 726,8</b>	<b>27 781,0</b>	<b>28 409,8</b>	<b>28 221,2</b>
<i>Actifs extérieurs nets</i>	4 026,0	5 052,2	4 258,0	4 172,5	6 784,2	6 177,3	5 093,1	5 375,1	5 713,6	5 760,8	5 315,6
<i>Banque Centrale</i>	4 743,9	6 106,5	5 378,5	5 304,6	7 504,8	7 594,8	6 461,9	6 584,5	6 815,1	6 944,5	6 487,3
<i>Banques</i>	-717,9	-1 054,3	-1 120,5	-1 132,2	-720,6	-1 417,5	-1 368,8	-1 209,4	-1 101,5	-1 183,7	-1 171,7
<i>Créances intérieures</i>	25 143,4	25 046,7	25 914,2	27 438,0	26 236,1	26 896,5	27 950,6	30 021,8	29 744,5	30 440,5	31 165,0
<i>Créances nettes sur l'administration centrale</i>	6 784,6	6 096,5	6 716,7	7 276,8	6 077,3	6 597,3	7 455,5	8 110,5	7 980,9	7 779,6	8 710,5
<i>Créances sur les autres secteurs</i>	18 358,8	18 950,2	19 197,5	20 161,2	20 158,7	20 299,3	20 495,2	21 911,4	21 763,6	22 660,9	22 454,5
<i>Passifs à caractère non monétaire (2)</i>	5 721,2	5 694,5	6 000,3	6 290,4	6 778,6	6 482,0	6 621,3	7 177,3	7 512,3	8 053,0	7 904,7
<i>Autres postes nets (3)</i>	240,3	642,7	481,5	670,3	643,2	644,5	402,5	492,8	164,8	-261,5	354,6
<b>TOTAL DES CONTREPARTIES DE M2 (4)</b>	<b>23 207,8</b>	<b>23 761,8</b>	<b>23 690,5</b>	<b>24 649,8</b>	<b>25 598,5</b>	<b>25 947,4</b>	<b>26 020,0</b>	<b>27 726,8</b>	<b>27 781,0</b>	<b>28 409,8</b>	<b>28 221,2</b>
Source: BCEAO											
(1) Dépôts à terme et comptes d'épargne à régime spécial ouverts auprès des banques, dépôts rémunérés ouverts dans les livres de la Banque Centrale.											
(2) Composés des actions et autres participations dans les institutions de dépôt et de leurs engagements non-monétaires envers les autres secteurs.											
(3) Composés des ajustements de consolidation et de la balance nette des actifs non-classifiés notamment les éléments divers et les actifs non-financiers.											
(4) Total des contreparties = Actifs extérieurs nets + Créances intérieures - Passifs à caractère non-monétaire - Autres postes nets.											

Table A.6: WAMU: Net claims on CPAs

En milliards de FCFA	2017				2018				2019		
	mars-17	juin-17	sept-17	déc-17	mars-18	juin-18	sept-18	déc-18	mars-19	juin-19	sept-19
<b>Créances nettes de la BCEAO</b>	<b>547,2</b>	<b>-312,0</b>	<b>389,9</b>	<b>469,6</b>	<b>-1 005,5</b>	<b>-168,0</b>	<b>210,6</b>	<b>260,8</b>	<b>15,1</b>	<b>-34,0</b>	<b>440,7</b>
Créances	1 802,3	1 842,9	1 836,9	1 884,6	1 861,1	1 943,5	1 918,2	1 978,3	1 952,3	1 955,7	2 002,9
Crédits	1 783,1	1 829,9	1 822,9	1 868,9	1 848,9	1 930,4	1 903,3	1 962,6	1 939,9	1 942,2	1 988,3
Concours adossés aux DTS	209,5	190,3	172,3	154,1	137,6	119,1	100,4	79,5	60,6	49,0	22,2
Découverts statutaires consolidés	229,7	229,0	228,4	227,7	226,9	226,2	225,5	224,8	224,0	223,3	222,6
Concours du FMI	1 089,5	1 156,2	1 170,6	1 239,4	1 236,6	1 337,3	1 332,5	1 416,0	1 413,0	1 427,6	1 501,2
Autres concours de Gouvernements étrangers (1)	12,4	12,4	9,4	5,5	5,5	5,5	2,7	0,0	0,0	0,0	0,0
Autres créances (2)	242,0	242,1	242,2	242,3	242,3	242,3	242,3	242,3	242,3	242,3	242,3
Engagements	1 255,1	2 154,9	1 447,0	1 415,0	2 866,6	2 111,5	1 707,5	1 717,4	1 937,1	1 989,7	1 562,2
Encaisses du Trésor	28,6	32,7	31,4	31,7	30,2	32,6	30,4	32,5	29,1	32,6	29,6
Dépôts	1 159,5	2 094,7	1 368,5	1 324,0	2 817,8	2 051,5	1 634,0	1 624,5	1 891,7	1 924,3	1 483,0
Autres engagements (3)	67,0	27,5	47,2	59,3	18,5	27,4	43,1	60,5	16,4	32,7	49,6
<b>Créances nettes des banques</b>	<b>6 237,5</b>	<b>6 408,5</b>	<b>6 326,9</b>	<b>6 807,2</b>	<b>7 082,8</b>	<b>6 765,3</b>	<b>7 244,9</b>	<b>7 849,6</b>	<b>7 965,7</b>	<b>7 813,6</b>	<b>8 269,8</b>
Créances	8 821,2	9 069,5	9 010,4	9 703,2	9 121,1	9 086,5	9 455,1	10 130,2	10 417,3	10 371,5	10 897,1
Crédits	1 613,2	1 734,2	1 619,1	2 051,0	1 395,0	1 232,1	1 563,3	1 821,3	1 966,3	2 065,3	2 113,4
Portefeuille de titres du Trésor	7 208,0	7 335,2	7 391,4	7 652,2	7 726,0	7 854,4	7 891,8	8 308,9	8 389,1	8 306,2	8 783,7
Engagements	2 583,7	2 661,0	2 683,6	2 895,9	2 038,3	2 321,2	2 210,2	2 280,5	2 451,5	2 557,9	2 627,3
<b>TOTAL CREANCES NETTES SUR L'ADMINISTRATION CENTRALE</b>	<b>6 784,6</b>	<b>6 096,5</b>	<b>6 716,7</b>	<b>7 276,8</b>	<b>6 077,3</b>	<b>6 597,3</b>	<b>7 455,5</b>	<b>8 110,5</b>	<b>7 980,9</b>	<b>7 779,6</b>	<b>8 710,5</b>
Source: BCEAO											
(1) Le concours kowetien à l'Etat du Sénégal.											
(2) Les dépenses pour le compte des Etats à récupérer, les taxes à récupérer, les créances diverses sur les Etats.											
(3) Taxes recouvrées, commissions sur transferts et autres sommes recouvrées pour le compte des Etats.											

**Table A.7: Breakdown of inflation in WAEMU****Table A.7-1: Year-over-year price change based on geographical origin**

	Components	Weight. (%)	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Annual changes (%)	Locale	70.0	0.5	0.4	-0.5	-0.7	-1.3
	Imported	30.0	2.8	1.9	-0.8	-0.8	-0.5
Contributions (in % points)	Local	70.0	0.4	0.3	-0.3	-0.5	-0.9
	Imported	30.0	0.8	0.6	-0.2	-0.2	-0.1
	<b>Total</b>	<b>100</b>	<b>1.2</b>	<b>0.9</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-1.0</b>

Sources: BCEAO, NSIs.

**Table A.7-2: Change in prices of goods and services (year over year)**

	Components	Weight. (%)	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Changes (%)	Goods	70.7	1.3	0.9	-0.7	-1.5	-1.9
	Services	29.3	1.1	0.8	0.1	1.2	1.2
Contributions (in % points)	Goods	70.7	0.9	0.6	-0.5	-1.1	-1.4
	Services	29.3	0.3	0.2	0.0	0.4	0.4
	<b>Total</b>	<b>100</b>	<b>1.2</b>	<b>0.8</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-1.0</b>

Sources: BCEAO, NSIs.





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